

*Sherleen*



FIJI POLICE FORCE  
OFFICE OF THE COMMISSIONER OF POLICE

Vinod Patel Building, 4½ Miles, Nasinu, P O Box 239, Suva, Fiji Islands  
Telephone: (679)3343 777 Fax: (679)3343 818 email: [fjcompol@gmail.com](mailto:fjcompol@gmail.com)

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C/1/15

The Chairman

Public Accounts Committee

Parliament of Republic of Fiji

P O Box 2353

Government Buildings

Suva.

Hon Sir,

**RE: CLARIFICATION OF ISSUES**

**FPF AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

Reference is made to your memorandum referenced Parl 3-1 dated 24<sup>th</sup> May, 2017 and addressed to the Commissioner of Police. We are pleased to provide responses as follows:

**PART A: FINANCIAL STATEMENT**

**20.1 Audit Opinion**

The independent auditor gave an un-qualified opinion to the FPF 2015 financial report. It means, the financial records provided by the Force was free from any misrepresentation and that the financial records have been maintained in accordance with Government's Accounting standards stipulated under the Financial Management Act 2004, Finance Instructions, FPF Finance Manuals, Procurement Regulations, Fiji Police Act and etc.

## 20.2 Statement of Receipts & Expenditures

The Fiji Police Force concurs with the Statement of Receipts and Expenditure.

### a) Revenue

In 2015 the FPF collected revenue amounting to \$2,552,320, an increase of 8.5 % or \$199,167 when compared to financial year 2014. The increase is due to increase in commission and increase in number of application processed for the Police Clearances and licenses. Also, recoveries were made from overpayment of salaries and allowances made to police officers.

### b) Expenditure

- The FPF spent \$109,046,124.00, increase of 5 % (or \$6,189,419) when compared with 2014 expenditure. The increases were in:
  - SEG 1- the payment of salary increment to civilian officers and lodging allowances to officers in grade PL 01 – PL 04, in the filling of vacancies
  - An increase in SEG 4 and SEG 5 on Spare Parts and Power Supply
  - An increase in SEG 13 on VAT.

## 20.3 Appropriation Statement

The FPF agrees as reported.

The Force had incurred expenditure of \$109,046,124 from the revised budget of \$120,499,901 resulting in surplus/savings of 9.5% or \$11,453,778.

In Operating, the major savings was in SEG 1 due to unfilled vacancies. New recruits and filling of vacancies is on-going now. In addition, in accordance with the delegated powers of the Commissioner of Police and within the approved provision, virement were made into critical allocations that were not fully utilized.

For Capital expenditure savings resulted from unutilized funds, where a few projects were not implemented. These are as follows:

- SEG 8 - Construction of New Valelevu Police Station (\$2,350,000) - Tender recalled and was re advertised due to increase in labor cost as a result of substantial increase in the bid price in reference to the National Minimum Wage increase. Now, construction is in Progress.

- SEG 8 - Construction of Beqa Police Post & Quarters (\$710,000.00) - Work did not eventuate due to the landowner's refusal to give consent.
- SEG 9 - Forensic Science Project due to the closure of the RIE the purchase of a generator could not be accomplished which is valued at \$209,000 VIP.
- SEG 9 - Upgrade of Criminal Records Information System the Tender was called by ITC however it could not be implemented due to technical reasons.

## PART B: AUDIT FINDINGS

### 20.4 Anomalies in Underline Accounts

As per the Auditors recommendations, FPF has thoroughly scrutinized all the RFA, Trust Fund, Drawings, BLC and IDC account reconciliations with the FMIS General Ledger. It has been confirmed that all the reconciliations submitted to MOE balanced with the FMIS General Ledger. However, MOE posted journals after the period was closed. The revised reconciliation was resubmitted.

#### 1. Drawings: Refer to Appendix '1'

The Auditors had audited the Drawings Reconciliation Statement; the variance of \$2,765,529.81 has been rectified and adjusted by MOE in the month of December 2015 reconciliation. The variances consist of the following: bank fees, foreign cheques (mismatched cheques), slow sweep of charges by the bank, void cheques and reversals due to incorrect bank accounts. There is no misappropriation.

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Account	Total	Reconciliation Statement	FMIS	Variance
Drawings	Debits	79,881,477.10	82,647,522.18	(2,766,045.08)
	Credits	77,120,900.91	79,886,430.72	(2,765,529.81)
IDC	Debits	1,130,544.37	1,322,704.23	(192,159.86)
	Credits	1,130,544.36	1,322,704.23	(192,159.87)
BLC	Debits	5,813,792.04	5,945,062.09	(131,270.05)
	Credits	5,813,792.04	5,945,062.09	(131,270.05)

## 2. IDC: Refer to Appendix '2'

The Police IDC reconciled with FMIS General Ledger and there was no variance as stated by the Auditors. The minute attached was for January reconciliation instead of February reconciliation statement.

Month		Reconciliation Amount	FMIS Amount	Variance	Remarks
January	Debit	3,167.34	3,167.34	-	Correct
	Credit	3,254.58	3,254.58	-	
February	Debit	2,163.19	2,163.19	-	Correct recon was submitted however the minute attached was for Jan Recon. There was no variance in the reconciliation submitted to MOE. Find attached the copy
	Credit	4,089.33	4,089.33	-	
March	Debit	62,330.32	62,330.32	-	Correct
	Credit	2,404.50	2,404.50	-	
April	Debit	23,138.09	23,138.09	-	Correct
	Credit	17,137.08	17,137.08	-	
May	Debit	9,477.61	9,477.61	-	Correct
	Credit	55,884.91	55,884.91	-	
June	Debit	41,315.45	41,315.45	-	Correct
	Credit	9,956.89	9,956.89	-	
July	Debit	101,466.78	101,466.78	-	Correct
	Credit	156,093.90	156,093.90	-	
August	Debit	182,373.63	182,373.63	-	Correct
	Credit	1,682.55	1,682.55	-	
September	Debit	124,089.51	124,089.51	-	Correct
	Credit	105,910.04	105,910.04	-	
October	Debit	205,736.41	205,736.41	-	Correct
	Credit	237,183.57	237,183.57	-	
November	Debit	120,770.84	120,770.84	-	Correct
	Credit	700.24	700.24	-	
December	Debit	446,645.06	446,645.06	-	Correct
	Credit	728,406.64	728,406.64	-	
TOTAL	Debit	1,322,704.23	1,322,704.23	-	There is no variance in IDC reconciliation. It was only the minute which was attached for February was incorrect. The minute was for January but by mistake it was attached with Feb Reconciliation.
	Credit	1,322,704.23	1,322,704.23	-	

### 3. BLC: Refer to Appendix '3'

The variance of \$131,270.05 as stated by the Auditors is incorrect. We have the BLC Reconciliation variance of \$1,034.05 which was cancelled from FMIS after the submission of the BLC reconciliation Statement to MOE.

Month		Reconciliati on Amount	FMIS Amount	Variance	Remarks
January	Debit	130,236.00	130,236.00	-	Correct
	Credit	268,223.13	268,223.13	-	
February	Debit	295,095.12	295,095.12	-	Correct
	Credit	333,476.86	333,476.86	-	
March	Debit	280,076.28	280,076.28	-	Correct
	Credit	248,949.11	248,949.11	-	
April	Debit	2,922,841.10	2,922,841.10	-	Correct
	Credit	2,848,709.61	2,848,709.61	-	
May	Debit	315,335.54	315,335.54	-	Correct
	Credit	354,170.67	354,170.67	-	
June	Debit	206,739.76	206,739.76	-	Correct
	Credit	215,056.87	215,056.87	-	
July	Debit	206,230.53	206,230.53	-	Correct
	Credit	281,957.19	281,957.19	-	
August	Debit	429,769.12	429,769.12	-	Correct
	Credit	387,926.25	387,926.25	-	
September	Debit	237,912.99	237,912.99	-	Correct
	Credit	298,971.43	298,971.43	-	
October	Debit	447,151.33	447,151.33	-	Correct
	Credit	219,031.65	219,031.65	-	
November	Debit	250,220.02	287,104.12	-	Correct
	Credit	250,220.02	287,104.12	-	
December	Debit	222,420.25	223,454.30	1,034.05	Variance identified. The debit offsets the credit.
	Credit	200,441.15	201,475.20	(1,034.05)	
TOTAL	Debit	5,944,028.04	5,945,062.09	1034.05	The mentioned entry was cancelled from FMIS after the BLC reconciliation was submitted to MOE. Since there was no variance in the closing amount, this entry was not identified. The debit of \$1034.05 offsets the credit of \$1034.05.
	Credit	5,944,028.04	5,945,062.09	(1034.05)	

**4. Revolving Fund Account (RFA): Refer to Appendix '4'**

- a.) The RFA increased by \$157,643 or 202% in 2015 compared to 2014. This was due to the non-clearance of advances by officers. Refer table below for details.

Year	Balance
2011	677,466
2012	739,708
2013	697,909
2014	78,131
2015	235,774

The reasons for the increase in 2015 when compared to the 2014 balances was because in 2014 Ministry of Economy had initiated the book cleanup processes whereby \$697,909 was written off to clear the advance account. The Accountable advances issued in 2015 had been acquitted and cleared.

From 2016 Force have strict monitoring system whereby officers who fails to acquit Accountable advances within seven days a 12% interest is charged on late submission of acquittals and the balance of the amount is recovered from the officers' salaries.

- b.) RFA allocations 12010120999570101 and 12010220101570301 had debit balances of \$114,920.52 and \$432.00 respectively. Since the reconciliations were not provided for audit verification, the audit could not substantiate the correctness of the above balances.

These two allocations have been inactivated by FMIS. The reconciliations have been prepared, certified and have been forwarded to Ministry of Economy. Find attached are the signed copy of the reconciliation. (Refer to Appendix '5')

- c.) As at 31 December 2015, the Provisional Tax (liability) account had a debit balance of \$11,391.06.

It has been noted that the Provisional Tax allocation was overdrawn by \$11,391.06. This was due to the payments of the Provisional Tax for the month of December 2014 which was paid in January 2015. This allocation was written off with the amount of \$101,755.78.

### **Trust Fund Account: Refer to Appendix '6'**

As at 31/12/2015 the TFA balance was \$3,319,947.63, out of which \$2,553,429.59 was for previous year's accumulated balances.

The majority of balance carried forward was for payment of deductions made from salary and wages payroll for the month of December 2014 and that were payable in January 2015. For example: FNPf contributions for the month of December 2014 paid in January 2015, the tax arrears and Provisional Tax to be paid to FIRCA. Recoveries made under Code 204 due to officers late submission of the acquittals.

However, there were a few variances due to mis-postings, misallocations, incomplete FMIS transactions (cancellations/voiding), etc. FPF has strengthened its checks and balances, through capacity and capabilities. A team had been tasked to verify and reconcile all the Trust Fund Accounts maintained by Fiji Police Force.

Furth more, detailed timely verifications will be carried out by the Reconciliation Officers and a senior officer has been assigned to scrutinize the monthly reconciliations and errors detected are to be adjusted immediately.

### **20.5 Raising Of Journal Vouchers - Refer to Appendix ' 7'**

The findings had been noted and the recommendations of the Auditors had been implemented. Furthermore, clear instructions has been given to the Accounts staff that no postings to be done into the FMIS without journals being approved.

### **20.6 Absent without Leave**

This case is registered as SDHQ Cap 97/14. The file is currently perused by the Legal officer before a decision is made on relevant charges.

### **20.7 Delayed Capital Projects - Refer to Appendix ' 8'**

We want to refute the statements that the projects were not thoroughly assessed at the preliminary stage and it was not due to improper planning. Please allow us to explain the process

In order to call a tender an Estimate needs to be obtained from the MoIT - DGBA who upon verifying the architectural drawings provides an estimated Engineer's cost for tender calling purposes and also for the Agency to confirm the availability of funds to undertake this project. As such upon receiving bids, proper Engineer's estimates are provided by the DGBA. We now turn to **Table 20.8**

Role  
CIU ⇒ overseers of all capital construction

FPF ⇒ provide all scope of work.

1. Renovation of Nadi Police Station

After discussions with the then PS MoIT, FPF had intended to outsource all its renovation works of major Police institutions and quarters to MoIT to strengthen the inter-agency relation-ship. However, given the waiver of Tender process been declined by the Hon. MoE there was insufficient time to complete the tender process to utilize the fund within the financial period and it has been rolled over to the next financial year.

2. Renovation of Band Barrack A&B

After discussions with the then PS MoIT, FPF had intended to outsource all its renovation works of major Police institutions and quarters to MoIT to strengthen the inter-agency relation-ship. However, given the waiver of Tender process been declined by the Hon. MoE there was insufficient time to complete the tender process to utilize the fund within the financial period and it has been rolled over to the next financial year.

For information, FPF was following the same process whereby the President's office engaged the MoIT to build exactly the same barrack at the President's compound which amounted to \$254,644.

3. Renovation of Kadavu Police Quarters

In order to fund Band Barrack A & B this project was put on hold as there was insufficient fund to undertake the project.

4. Refurbishment of Lautoka Police Station - West Wing

For budget processing, engineer's estimate was \$130,000. When the actual scoping was done the cost increased to \$193,828.00.

The MoIT carried out the renovation work. After 58% of the work was done, they discovered that the structural reinforcement rods were corroded. The work was stopped and this was referred to CIU at MOE for way forward. MoIT transferred the left over funds to MOE. This project has been rolled over to financial year 2017/2018 whereby a tier 1+ will be constructed.

5. Construction of Beqa Post and Quarters

As explained earlier, this project was not undertaken.

✗ Valelevu was held up due to the shortage in cement in the market

⇒ end of year timeline for completion.

Project manages  
MoE - ministry of works,  
- FPF  
- CIU.

## 20.8 Payment of Retention

The recommendation is noted and in future any retention of monies for contractual payment will be transferred to the Ministry of Economy operating trust fund account.

## 20.9 Underline Accounts

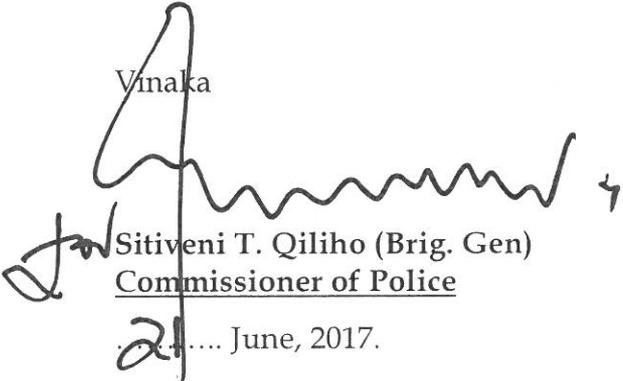
The Auditors recommendations have been noted. The monthly reconciliations are timely carried out and the variance are rectified and corrected.

The date for submission of reconciliations to Ministry of Economy is on the 15<sup>th</sup> of the following months. There were delays in submission of trust reconciliations and we will ensure that future reconciliations are with MOE on the due dates. (Refer to attached the copy of dispatch book as **Appendix**)

The FPF has carried out the reconciliation and verified the balances stated in the Statement of VAT and PAYE which has a difference of \$2,725,793.00. This is PAYE deductions being deducted from the arrears of JEE for various police officers and payments made to FIRCA VAT (vendor).

Sir, we appreciate the audit findings and the recommendations contain therein are noted. However, we would be pleased to further clarify issues, if needed.

Vinaka



Sitiveni T. Qiliho (Brig. Gen)  
Commissioner of Police

21 June, 2017.

