

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE  
AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  
VOLUME 4- AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2015**

<b>40</b>	<b>MINISTRY OF INFRASTRUCTURE AND TRANSPORT</b>				
	<b>DEPARTMENT OF WORKS</b>				
<b>No.</b>	<b>Heading</b>	<b>Issue</b>	<b>OAG Recommendations</b>	<b>Ministries/Dept.'s Comments</b>	<b>Departments Response on Current Status</b>
40.6.1	TMA with no Cash at Bank Account	The Ministry maintained only five bank accounts for the 17 TMA's that are in operation. However, audit noted that out of the 17 TMA's only five TMA's have Cash at Bank account in the Balance Sheet. The remaining 12 TMA's did not have Cash at Bank account in the Balance Sheet	The Ministry should: <ul style="list-style-type: none"> <li>• maintain proper records of cash received and paid for every TMA;</li> <li>• ensure that cash at Bank account is also updated and included in the TMA Balance Sheet for all TMA's; and</li> <li>• Take appropriate action to ensure that a correct set of accounts are presented for audit in future.</li> </ul>	Maintaining separate bank accounts for individual TMA entities is not feasible. Ministry of Finance (FMIS) has setup only one General Ledger Cash at Bank Account since the inception of the TMA entities which records all the receipts and payments.	Upon further discussions with CAT and AMU, the status quo on the number of bank accounts remains as per initial TMA setup.
40.6.2	Variance between Consolidated TMA Bank Account balance and FMIS General Ledger balance.	The Ministry stated cash at bank balance of \$5,285,919 in its consolidated TMA Balance Sheet as at	The Ministry should ensure that: <ul style="list-style-type: none"> <li>• all reconciliations prepared are thoroughly checked by</li> </ul>	The Cash at Bank figures cannot be adjusted since the Ministry (MoIT) is awaiting the outcome of this case under FICAC investigation	This has been disclosed in the 2015 AFS Notes and the variance still remains since the case is before the Court.

		<p>31/12/15. However, the consolidated cash at bank reconciliation had a balance of \$4,041,812 resulting in a variance of \$1,244,107 between the two records.</p> <p>The variance was due to revenue receipts totaling \$1,160,221.39 and payments totaling \$2,404,238.76 were not posted into FMIS general ledger.</p>	<p>the Senior Accounts Officer; and</p> <ul style="list-style-type: none"> <li>variances are investigated and rectified.</li> </ul>	<p>from 2009; this had been explained as a note in the AFS after discussions with OAG. It was advised by them that disclosing it under the notes will eliminate the issue from qualification.</p>	
40.6.3	Variance between Accounts Receivable Schedule and FMIS General Ledger Balances	<p>The Account Receivables Schedule total for all the TMA's was \$414,962.65 while the Ministry's FMIS general ledger balance for all TMA's had a NIL balance as at 31/12/15.</p>	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>ensure that accounts receivables schedules are updated and reconciled with the FMIS general ledger on a monthly basis;</li> <li>investigate the variance and take appropriate action to resolve it; and</li> <li>take appropriate action against officers responsible</li> </ul>	<p>Debtors show a nil balance due to the nature of recording sales. All sales in the TMA are recorded on cash basis. Once the entities receive money, it's receipted and recognized as sales or revenue.</p> <p>Under the cash basis of accounting, transactions are only recorded when there is a related change in cash. This means that there is no</p>	<p>As per TMA set up, the operations are on Cash basis; Accruals are not realized.</p> <p>The outstanding TMA Debtors details are manually recorded: hence this is disclosed in the AFS.</p>

			for poor record keeping .	accounts receivable to record on the balance sheet, since they are not realized until such time as they are paid by customers.	
40.6.4	Transfer of Operating Funds (Fund 1) to the Trading and Manufacturing Account (Fund 4)	The audit noted that the Ministry transferred a sum of \$448,680 from the Department of Water and Sewerage Operating Fund Account (OFA) (i.e. Fund 1) to the DECE Plumber Shop TMA (Fund 4) on 31/12/15 without approval of the Minister.	The Ministry of Economy should investigate the unauthorised retention of funds and take appropriate disciplinary action against those responsible.	TMA activity operates as a normal commercial business and generates revenue from private and public entities. All jobs received by TMA entities, funds are required to expedite the works hence in this instance, the Department of Water and Sewerage needed the job to be done by experts who are well experienced in this field of work thus the Plumbershop – TMA Entity was engaged and payment made accordingly.  The Plumbershop TMA undertakes most of the ministries plumbing works for maintenance and new projects. Furthermore, the Plumbershop TMA had licensed and expert plumbers	TMA and OFA operate separately. Payment from OFA is made to TMA for procurement of goods, works and services as is done for other suppliers/vendors.

				and like any other business, TMA receives funds from Government Ministries/Departments and other entities and records revenue accordingly.	
40.6.5	Annual Stock Take Not Observed By the Auditors	In the absence of an independent stock take, the audit could not determine the correctness of the Closing Inventory balance of \$542,722 stated in the Consolidated TMA Balance Sheet as at 31/12/15.	The Ministry should ensure independent annual stock take is undertaken in future.	The stock take was carried out in a transparent manner as per the Ministry's Finance Manual. The Ministry maintains credibility of the independent BOS report carried out as per requirements by FPO.	<p>This had been the first instance whereby OAG had requested to be present during the annual stock take.</p> <p>However it is emphasized that by the time this request came in, DEWCE had already concluded the TMA stock take.</p> <p>The department had agreed to repeat the stock take process in the presence of OAG staff whereby OAG auditor Mr. Sailosi attended.</p> <p>The same process was requested by SAO [DEWCE] to be conducted for the other two Divisions [West and North] where stock take were yet to be undertaken.</p> <p>The Ministry considers this</p>

					qualification a non-issue as OAG had cancelled the visitation when the transportation was already arranged but OAG themselves did not attend.
40.6.6	TMA Sales Revenue Understated in VAT Returns	The total sales amount for all TMA as per the FMIS general ledger as at 31/12/15 was \$9,070,829. However, the Ministry stated total sales of \$7,202,702.92 in its VAT return for the year 2015. The audit noted that the total sale amount was under stated by \$1,868,126 by the Ministry in its VAT Return for the year 2015.	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>state correct sales revenue in its VAT returns to FRCA; and</li> <li>investigate this matter and take appropriate action to ensure correct VAT is paid to FRCA.</li> </ul>	<p>Since the Department is preparing and lodging monthly VAT Return however one of our entity (Workshop Wages) is VAT Exempted therefore the Total Sales and total VAT will vary will vary.</p>	Wages is VAT exempt hence VAT Payable on total Sales will always vary.
40.6.7	Sales Recorded at VIP Amounts	The audit of the TMA revenue receipts revealed that the sales revenue was recorded and posted into the FMIS general ledger at VAT inclusive prices (VIP). The VAT portion was not deducted nor was it posted to the VAT on Revenue allocation.	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>VAT is properly recorded in the FMIS general ledger under the VAT allocations; and</li> <li>monthly VAT reconciliation is carried out and checked by supervising officers for</li> </ul>	<p>The comments are noted however the Department was not quite familiar with the AR Module but the staffs are now well versed after attending the FMIS Training.</p> <p>Note that RR 631842/631844 and 632013 are VAT Exempt account while RR 631843 is</p>	<p>Monthly VAT is prepared from the FMIS GL and lodged to FRCA.</p> <p>AR Module in FMIS is used for receipting online where VAT is calculated automatically for those TMA entities which attract VAT; this excludes Workshop Wages which VAT exempted</p>

			accuracy.	Wages Allocation which is not vatable.	entity.
40.6.8	Receipts and Payments not posted into FMIS General Ledger (Building and Mechanical TMA Bank accounts)	The bank reconciliation for Buildings bank account (Joinery & Plumber Shop TMA) with FMIS general ledger included receipts totaling \$1,133,752.39 which were not posted (Receipts Not Posted) into FMIS general ledger. However, receipts totaling \$309,419.54 included in the Receipts Not Posted listing were actually posted into the FMIS general ledger.	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>necessary action is taken to rectify the anomalies;</li> <li>appropriate disciplinary action is taken against the Assistant and Senior Accounts Officer for failing to carry out their duties diligently; and</li> <li>adequate training is provided to accounting officers in TMA.</li> </ul>	The figures cannot be adjusted since the Ministry is awaiting the outcome of the Case under FICAC investigation since 2009.	<p>The case is currently before the Court.</p> <p>Regular trainings are provided to the TMA officers by FMIS on a quarterly basis and by AMU as and when required.</p>
40.6.9	Understated Cash Account balance	<p>The audit noted that a number of TMAs had Unearned Income in their respective balance sheet as at</p> <p>31/12/15 for which there was nil balance in the cash</p>	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>ensure that a correct set of accounts is presented for audit;</li> <li>take appropriate action to rectify the anomalies</li> </ul>	<p>The breakdown of the Unearned Income was available however it was not requested by the OAG during the Audit.</p> <p>All the Entities do not have Cash at Bank Allocation as</p>	The TMA bank account has been set up by MoE and MoIT complies with the structure in place.

		at bank account in respective TMA's. Except for the Unearned Income balance of \$448,680 in Plumber Shop (DECE) TMA, the Ministry was not able provide details of the Unearned Income balance totaling \$185,255 noted in other TMA's.	<p>highlighted above; and</p> <ul style="list-style-type: none"> <li>ensure that adequate training is provided in TMA accounting to accounting staff.</li> </ul>	one Cash at Bank operates for more than one entity therefore, some of Unearned Income mentioned above in Table 40.14 has nil cash at bank in the AFS TMA as it is recorded under the respective common Cash at Bank Entity.	
40.7.1	Main Trust Fund Account for Security and Retention Deposits	<p>The audit noted that the Department of Water and Sewerage collected security deposits totaling \$1,161,883.81 from the contractors engaged by the Department for water and sewerage projects. The security deposits were deposited into the Consolidated Fund account and recorded in the Operating Trust Fund account number 1-41201-85999-860101.</p>	<p>The Department should:</p> <ul style="list-style-type: none"> <li>liaise with Ministry of Economy to open up a Main Trust Fund account for receipt and payment of security deposits from contractors; and</li> <li>prepare a Trust Fund Account Statement of Receipts and Payments.</li> </ul>	<p>The Ministry's special purpose financial statements did not include the Security Deposits collected by Department of Water &amp; Sewerage i.e. Retention Security Deposits existed with Department of Water &amp; Sewerage (DWS) when Water Rates Department (WRD) was still in existence before the transition towards the formation of Water Authority of Fiji (WAF). This retention security deposit is a non-cash deposit received from the contractors but instead is the sum retained from the contract</p>	<p>The Ministry had submitted the request to transfer the liability of \$1,161,883.81 under Ministry of Economy which is pending for approval and still appears in MoIT accounts.</p>

				<p>sum which is payable to the Contractor after completion of the project and its defect liability period.</p> <p>The transfer of assets and liabilities of WRD to WAF is still pending with government awaiting prior approval from Minister for Finance &amp; Attorney General's Office.</p> <p>On the same, the Ministry had submitted the request for transfer of credit balances from Operating Trust Account under Department of Water &amp; Sewerage.</p> <p>The retentions sum retained from the 2015 released projects funds amounting to \$1,952,172.79 which are held with Fiji Procurement Office Main Trust Fund account to avoid mastication of 2016 budgetary funds for the projects whose retentions</p>	
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				<p>sums are due in 2016.</p> <p>The other operating revenues for the Ministry are captured under Consolidated Receipts and Payments account including for Department of Works, Government Shipping Services and Fiji Metrological Services.</p> <p>The Ministry's Main Trust Receipts and Payments captured only receipts and payments of public funds only for Department of Energy as the Ministry has only one Main Trust Account.</p> <p>As result a total trust fund balance of \$3,114,056 was captured appropriately under relevant accounts.</p>	
40.7.2	<p>Variances in Main Trust Fund Cash at Bank and Liability Accounts (Department of Energy)</p>	<p>The audit also noted variances of \$276,122.22 between the total receipts as per the Main Trust Fund Liability FMIS</p>	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>proper monthly reconciliations between cash</li> </ul>	<p>The unreconciled variance of \$889,161 had been reconciled and "Written Off" via approval of Minister for Finance in 2016.</p>	<p>The unsubstantiated variances have been reconciled from the inception of the trust account, Thus, this has been approved and written off by MoE in 2016.</p>

		<p>general ledger in SLG 89 and the trust receipts database. Similarly, a variance of \$1,070,108.24 was noted between the total payments as per the Main Trust Fund liability general ledger in SLG 89 and the Trust payments cash book.</p>	<p>book, general ledger, and trust fund liability account are carried out; and</p> <ul style="list-style-type: none"> <li>variances are investigated and resolved accordingly.</li> </ul>	<p>The revised Bank Reconciliation has been prepared for December 2015 where the Trust Fund revenue and bank account both reconciles.</p>	
40.7.3	Main Trust Reconciliations (Department of Energy)	<p>The audit noted that the Main Trust Liability and Trust Bank account reconciliations were not prepared by the Department of Energy on a monthly basis for whole of 2015. However, an annual reconciliation was prepared by the Ministry of Finance.</p>	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>trust fund reconciliations are prepared monthly by the Department;</li> <li>the posting of main trust receipts are done at transaction level and not in bulk amounts; and</li> <li>appropriate disciplinary action is taken against staffs responsible for monthly preparation of reconciliations and timely positing of receipts.</li> </ul>	<p>In 2015 the Trust Fund Monthly Reconciliation for Receipts &amp; Payments and Bank Reconciliations were prepared and submitted to MOE.</p> <p>Posting of main trust receipts are now done at transaction level.</p> <p>Rotation of staff has ensured timely preparation of monthly reconciliations and posting of receipts.</p>	<p>In 2015 the Trust Fund Monthly Reconciliation for Receipts &amp; Payments and Bank Reconciliations were prepared and submitted to MOE.</p> <p>Posting of main trust receipts are now done at transaction level.</p> <p>Rotation of staff has ensured timely preparation of monthly reconciliations and posting of receipts.</p>

40.8.1	Underline Account Anomalies	<p>Variance existed between the FMIS general ledger and the respective Department's reconciliations for the underline accounts as at 31/12/15.</p> <p>Several underline account reconciliations for the year 2015 were not provided by the Ministry for audit review.</p> <p>For several underline account reconciliations the closing balance from the last month's reconciliation was not carried forward as opening balance for the next month's reconciliation.</p> <p>The Revolving Fund account had a closing balance of \$52,521.75 as at 31/12/15. However, the balance of \$52,521.75 was written off by the Ministry</p>	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>• the respective Department reconciliation balances reconcile with the FMIS general ledger balance;</li> <li>• all reconciliations are properly prepared and maintained up-to-date;</li> <li>• the closing reconciliation balance is carried forward as opening balance for the next month; and</li> <li>• all write offs above \$50,000 is approved by the Minister for Economy.</li> <li>• The Ministry for Economy should investigate the write off of Revolving Fund account balance for the Department of Water and take appropriate disciplinary action.</li> </ul>	<p>The rotation of staff and verification by Supervisors now ensures timely and accurate preparation of monthly reconciliation with identification and adjustment of variances on timely basis.</p> <p>The RFA Closing Balance of \$52,521.75 was written off by Ministry of Economy vide approval from Minister for Economy.</p>	<p>Reconciliation is prepared on a monthly basis and variances are cleared in the following month.</p>
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		without the approval of the Ministry of Economy			
40.9.1	Delay in Award of Tender	The audit noted a significant delay in the Rebuilding of the Plumbing Workshop and the Construction of the Office for the DEW at Lautoka Depot.	The Ministry must ensure capital works programme is strictly followed to ensure that projects are completed within the financial year;	The Class A Estimate was prepared and submitted for the DEW's Office and New Plumber Shop. The estimates were provided to the Department of Works with the understanding that the Ministry had the capacity in-house to carry out these works and construct its own buildings. The Ministry therefore had opted to request a waiver of tender procedures to carry out these works. Upon the advice of the Ministry of Economy (formerly Finance), the Ministry advertised for tenders which further delayed the commencement of this project.	The Ministry now consults Construction Implementation Unit (CIU) for all Capital Projects.
40.9.2	Anomalies in Contract Agreement	There was no evidence that the contract agreement was vetted by the Solicitor General's office.	The Ministry must ensure that due diligence processes are properly followed at all times.	All contract agreement is vetted by the Solicitor General's office. The start and completion date would be taken from the date it was signed in the contract and	All contract agreement is vetted by the SG's Office.

		<p>The start and completion dates were not specified in the contract.</p> <p>There was no Schedule of Works summary specified in the contract upon which the progress payments were to be made.</p>		<p>often the completion worked out from the duration agreed by the Government Tender Board.</p> <p>Exemption would be if the mobilization to site was done later. The progress payment would be based on the Progressive Payments thus the reason why there was no schedule of works summary included.</p>	
40.9.3	Diversion of Funds to Other Projects	<p>The audit noted that total of \$1,033,478 or 34% of the total funds allocated for repairs and upgrade of public buildings and water and sewer lines were diverted to projects in other groups/areas which were not in the Ministry's PSIP submission for 2015. These projects were not approved by the Permanent Secretary for Infrastructure and Transport and the Ministry of Finance.</p>	<ul style="list-style-type: none"> <li>• The Ministry of Infrastructure and Transport must ensure that funds provided are utilised for the purpose it is provided for in the budget; and</li> <li>• The Ministry of Finance should investigate the diversion of funds and take appropriate action against Officers responsible for diversion of funds.</li> </ul>	<p>The audit recommendations are acknowledged, however as stated in earlier response that the projects highlighted by OAG were undertaken subsequent to the withdrawal of the allocated projects; the substitute projects undertaken were as follows:</p> <p><b><u>Repair and upgrading</u></b></p> <ul style="list-style-type: none"> <li>• Joinery Shop (phase 2), DECE</li> <li>• Plumber shop, DECE</li> </ul>	<p>Although there are programmed project works for the Divisions, however there are certain instances when the programmed projects are required to be dropped to accommodate other urgent projects which were not part of the programme e.g. PM's projects, natural disasters, urgent maintenance works, etc.</p>

**Routine and Special upgrading**

- Grp 30 – Mech Yard, DECE (phase1)
- Grp 5M – Mech Yard, DEW (phase 3)
- Grp 3B – DEN Yard, DEN (phase 2)

**Water and Sewer lines**

- Ono-i-Lau – please note that this project was also carried out with the available materials from plumber shop; it was the wages component only that was allocated from Maintenance and Operations of Public Buildings.
- Domain (phase 2 & 3)
- Delainamasi (phase 2)

				<ul style="list-style-type: none"> <li>• MRD</li> </ul> <p>The Delainamasi (phase 2) and MRD projects were carried out to replace the project for Toorak area that was in the 2015 PSIP. There are only (2) projects under water and sewer lines that replaced the Toorak area project. These projects was prioritized due to the need at hand and since the PSIP is a (3) years project, we will consider the Toorak area in the next financial year.</p>	
40.9.4	Construction of Light Houses	Audit noted that two of the lighthouses constructed by the Ministry between 2013 and 2014 collapsed while another two were leaning to one side and were about to collapse. For the two collapsed light houses, the Ministry diverted funds from Repairs and Upgrading of Public	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>• ensure that all factors are considered to minimize risks during the construction phase;</li> <li>• ensure that all future designs and plans are formally approved by the Permanent Secretary of Infrastructure and Transport; and</li> </ul>	<p><b><u>Cakaumomo lighthouse</u></b></p> <p>Cakaumomo is regarded as the most unfavorable site out of the three lighthouses constructed due to extreme weather conditions and strong sea currents. Twice during construction, the workers had to retrieve the barge back to the original position, as the rope snapped</p>	

		<p>Buildings (SEG 8) allocations to reconstruct the lighthouse</p>	<ul style="list-style-type: none"><li>• appoint an independent committee to investigate all the light house that collapsed or are leaning and about to collapse and submit a report to the Ministry of Economy for appropriate disciplinary action for poor performance and loss of funds through reconstructions.</li></ul>	<p>and allowed the barge to drift. The vessel itself needed to move out from the reef before night falls thus restricting the team to maximize the opportunity of any good weather conditions.</p> <p>Due to reasons mentioned above particularly in the difficulty faced in constructing a tripod, a single pile structure was recommended. The Department received the allocation of \$57,164. In addition \$50,266.66 was transferred to TC Evans Rehabilitation works.</p> <p>Funds to rehabilitate Cakaumomo Light house were sourced from Repair and Upgrading of Public Buildings (SEG 8). A sum of \$199,215 was approved by MoE for the rehabilitation works. Initially, the Ministry has sought for waiver of the</p>	
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tender to the Ministry of Finance to carry out this project in-house. This was not approved hence the tender was called for outsourcing.

DEWCE bids with the total cost of \$377,954 which was awarded to the Division as they were the only bidder. Currently a team from DECE is reconstructing the light house on site. Some of the materials are stored at the shipping yard for safe keeping and culverts at the mechanical yard. Currently a team from DECE is reconstructing the light house on site.

**Curacao**

Due to destruction of all project records in a fire at DEW in 2014, the audit query cannot be substantiated.

**Mali Passage East**

Due to extreme weather conditions and strong sea currents at the location, Management recommended that another location within the vicinity of the initial location be identified which would meet the conditions for a single pile structure.

**Narara Island**

During the course of construction, the team was instructed to report back to Lautoka due to the drought experienced in the Yasawas.

The vessel was requested by the Commissioner Western to cart water. The abandoned incomplete structure was exposed to extreme conditions and sea water hence compromising on the structural integrity. This may

have caused the structure to collapse.

**Vomo Island South Reef**

A suitable location within the vicinity of the initial was identified which had the required depth and met the conditions for the construction of a tripod structure.

**Tivoa Island**

The site had been determined by MSAF however when the team mobilized to the site there were further changes made by MSAF.

Please note that the Ministry had carried out its investigations and submitted the report with recommendations to Ministry of Economy (formerly MoF).

40.10.1	<p>DEWW - Weaknesses in Control of Stores</p>	<p>The Storeman did not maintain tally cards at the Transit Stores in the Divisional Engineer Western Depot for hardware stores purchased for various projects.</p> <p>The Purchase Order Register maintained at the Transit Stores was not updated with the delivery numbers for the materials delivered to various projects sites.</p>	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>ensure that all hardware items are appropriately recorded upon receipt of items from the supplier, delivery of items to the project site and the return of leftover items to the transit stores when the project is completed; and</li> <li>take appropriate disciplinary action against the Storeman and the Construction Engineer at the depot for not performing their duties diligently.</li> </ul>	<p>The present transit stores were temporarily built to accommodate the operational needs of the Department after the fire. The construction of a new building is in progress which will accommodate Plumber shop and Transit stores thus it will eliminate the current problems faced by the storeman.</p> <p>Currently one Established Storeman is looking after both Building Transit Stores and TMA Plumber shop (EPS and Sewer Riling) for the Division.</p> <p>Due to cost cutting measures, no Store man/Clerks were engaged since the foreman and the Supervisors were responsible for their stores. Although the tally cards were issued to various projects, due to other assigned responsibilities the technical officers had failed to</p>	<p>The documents and records are now properly filed and stored according to sequence by responsible officers to avoid misplacement of records and cards.</p> <p>The Ministry's Compliance Unit is also responsible for undertaking spot-checks on all regulatory operations at all Departments' stores and accounts.</p>
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				maintain and update the tally cards. The Ministry will conduct spot checks to ensure that proper stock records are maintained in all stores.	
40.10.2	Anomalies in Project Records	<p>Out of 14 projects reviewed by the audit, 7 projects had variance in project cost compared with the project job record sheet and the project cost in the Western Division.</p> <p>For some projects such as Fencing of Mechanical Yard, Fencing of Building Yard, Group 5M (DEW Yard) Phase1 and Group 4A Varadoli, the commitment ledgers were not up to date. Hence the total amount committed for the projects was not known.</p> <p>Two job record sheets had same job number indicating two job sheets</p>	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>• ensure that project records are properly maintained; and</li> <li>• investigate and take appropriate disciplinary action against officers for poor record keeping.</li> </ul>	<p>The mentioned statement on the over expenditure is incorrect as expenditure incurred were due to Management's advice to undertake additional works whilst the team was carrying out programmed maintenance work in the area, even though this was not factored in the initial estimate/scope. It should be noted that funds are being controlled by the Work Study Unit and released according to stages of works as was done in this case.</p> <p>Upon receipt of materials, store man updates the records and forwards the invoices for ledger update, verification by inspection team and payment</p>	All project records are properly maintained and submitted to CIU unit of MOE for project inspections.

		<p>were maintained for one job.</p> <p>The total cost for Group 4A Varadoli projects were more than the budgeted cost. Hence the DEW incurred over expenditure for this project.</p>		<p>purposes. Due to non-receipt of all items as ordered, the store man withhold the invoices in anticipation of full delivery, hence there are delays in updating ledgers.</p> <p>The issues raised by the auditors in regards to JRS and commitment ledger have been noted and the division has strengthened the inadequacies by implementing proper procedures and monitoring to ensure that financial records are updated regularly.</p>	
40.11.1	DEWN - Surplus Materials upon Completion of Project	<p>The audit noted that large quantities of materials purchased for these projects were not used. This indicated that excessive materials were purchased by the DEN for these projects.</p> <p>The audit noted that several items returned to the DEN depot for</p>	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>• ensure that bill of quantities are properly prepared to avoid unnecessary purchase of materials;</li> <li>• investigate purchase of excessive materials and take appropriate disciplinary action against officers responsible; and</li> </ul>	<p>The audit recommendations are noted and investigations will be carried out to ascertain anomalies as reported and appropriate disciplinary actions will be undertaken.</p> <p>Upon completion of projects DEN will ensure that proper handing over and accounting of surplus will be undertaken.</p>	<p>The Ministry has centralized all its calling of quotations, procurements and implemented restrictions on PO approvals for the 3 Divisions.</p> <p>The setting up of a Compliance Unit in the Ministry has overcome the circumvention of procurement and payment procedures and reduced the risk of fraud and mismanagement of public</p>

		<p>Nabouwalu Group maintenance were less than the items recorded in the handing over statement at the site.</p>	<ul style="list-style-type: none"><li>investigate the missing items and take appropriate disciplinary action against the stores Officer.</li></ul>	<p>Initial estimate was done for 10 buildings but only seven buildings were maintained under the Group. The other three buildings were not maintained since there were occupied by FRA contractors and were not in a position to vacate. All materials purchased for the project was delivered to the site on supervisor authority including materials purchased for the 3 excluded Buildings. Un-used materials for the three excluded buildings were returned to Depot stores after completion of Nabouwalu Group Project.</p> <p>The audit comments are noted and investigations will be carried out to ascertain anomalies as reported and appropriate disciplinary actions will be undertaken. Upon completion of projects DEN will ensure that proper</p>	<p>funds.</p>
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				handing over and accounting of surplus will be undertaken.	
40.11.2	Store cards not properly maintained	<p>The audit noted that the site stock cards were maintained by the Leading Hand on the site and not the site Storeman.</p> <p>The irregularity indicates poor supervision in the Stores at the Wainunu Infant School and Kavula/Banikea Infant School project sites.</p>	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>• stocks are properly recorded when received or issued;</li> <li>• stock cards are maintained up to date at all times; and</li> <li>• appropriate disciplinary action is taken against the supervisor for poor supervision and the Leading Hand for not updating the stock cards.</li> </ul>	<p>The audit recommendations are noted and DEN will ensure that random checks are carried out at all project sites to ensure that physical stocks are correctly accounted with tally cards. Supervisors and Project Foremen will be tasked to ensure that appropriate site stock records are maintained at all times.</p>	<p>This practice has now stopped and Departments have been advised to plan their procurements. The Ministry has centralized all its calling of quotations, procurements and implemented restrictions on PO approvals for the 3 Divisions.</p> <p>Stock takes are carried out periodically by all stores and reports are submitted quarterly to PSIT for control and monitoring purposes. The Ministry had trained its stores and accounts personnel in the maintenance of store record, inventory register management and asset register management with the assistance of Fiji Procurement Office.</p>
40.11.3	Items Not Taken On Charge at the Project Site	<p>The review of the records of building materials at the project sites for Wainunu Infant School and Kavula/Banikea Infant School revealed</p>	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>• ensure that a site Clerk/Storeman is appointed at all major project sites;</li> <li>• ensure that copies of</li> </ul>	<p>The audit recommendations are noted and DEN will ensure that random checks are carried out at all project sites to ensure that physical stocks are correctly</p>	<p>Stock takes are carried out periodically by all stores and reports are submitted quarterly to PSIT for control and monitoring purposes. The Ministry had trained its stores and accounts personnel in the</p>

		several anomalies.	<p>delivery books are signed at the project site when materials are delivered;</p> <ul style="list-style-type: none"> <li>ensure that tally cards are maintained and updated regularly; and</li> <li>take appropriate disciplinary action against the Storeman for not updating the stock cards.</li> </ul>	<p>accounted with tally cards. Supervisors and Project Foremen will be tasked to ensure that appropriate site stock records are maintained at all times.</p>	<p>maintenance of store record, inventory register management and asset register management with the assistance of Fiji Procurement Office.</p> <p>Fixed Asset Register and Inventory Register are updated regularly and Quarterly Reports are also submitted to PSIT.</p>
40.11.4	Delay in Supply of Hardware Items By Approved Contracted Suppliers	The audit noted that hardware Company C was not able to provide building materials to DEN on several occasions within the agreed time frame of 2 – 3 days and 4 – 5 days. Significant delays were noted for supply of building materials to the DEN by hardware Company C.	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>discuss the matter with Fiji Procurement Office to ensure materials are supplied on time; and</li> <li>seek approval from FPO to purchase materials from second choice supplier, where the first choice supplier is unable to provide them.</li> </ul>	<p>Delay in the supply of materials by the contracted suppliers has been addressed with FPO and upon advice materials have been procured accordingly.</p>	<p>The Ministry has centralized all its calling of quotations, procurements and implemented restrictions on PO approvals for the 3 Divisions.</p> <p>Any issues relating to the Standing order contract is referred to FPO.</p>
40.11.5	Highly Overstated Project Cost Estimates	DEN did not implement two projects, namely Group 7C Mua Coconut Research and Mua Coconut Centre in 2015	<p>The Ministry should:</p> <ul style="list-style-type: none"> <li>ensure that project cost estimates are reasonable and not highly overstated;</li> </ul>	<p>The audit recommendations are noted and appropriate actions will be implemented by DEN. Estimates are prepared as a guide to ensure</p>	<p>All project costings are undertaken by DBGA in consultation with Divisional Engineers. DBGA ensures that all cost components are</p>

		<p>with budget estimates of \$55,946 and \$18,190, respectively. These projects were not implemented because they were located far from Taveuni and due to time constraints were placed last to be carried out in 2015.</p> <p>The audit also noted significant savings in actual cost of implementing four out of the eight projects compared to the project cost estimates. The savings were as high as 48%. This shows that project costs estimates were not properly prepared and were highly overstated</p>	<ul style="list-style-type: none"> <li>• ensure that all project cost estimates and materials are reviewed and approved by the DEN; and</li> <li>• investigate and take appropriate disciplinary action for poor cost estimates.</li> </ul>	<p>that expenditure is within the ambits. Funds are released according to the implementation stages of the project to ensure that expenditure is prudently maintained. Other means of saving that is achieved through reduction in the number of workmen engaged on the project.</p>	<p>incorporated in the Project estimates.</p> <p>Middle Managers that are normally assigned to supervise these works are continuously being trained to oversee the physical progress of the Projects and institute corrective measures during the construction phase.</p> <p>DBGA has been reminded to consider weather conditions and stability of the environment (location, rough seas, high/Low tide) whilst providing estimations for Lighthouse constructions.</p> <p>Costs of such constructions are affected by such factors.</p>
40.12.1	DEWCE - Non Compliance to Project Implementation Schedule	The audit noted that a project for Routine and Special Upgrading of Public Buildings was not implemented in 2015. It	The Ministry should apply for release of funds from Ministry for Economy in advance to ensure that projects are implemented and completed in	The compilation of PSIP schedule is compiled by DBGA and his team (Work-study Section) acted upon the allocation of funds submitted	All contract agreement has the timeline for commencement and completion.

was also noted that the remaining six projects were completed but after significant delays compared to the completion timeline as per the PSIP schedule for the year 2015.

accordance with the PSIP schedule.

by the Work-study Section. Commencement of all specified projects according to PSIP depends on the allocation of funds from HQ that is upon the approval from Ministry of Finance. Request for release of funds from Ministry of Finance are to be submitted well before time so funds can be available for commencement of projects as according to PSIP schedule.

Also even when DEWCE managed to receive funds in time another obstacle that we also faced is that the 3 months' time period contract given for all the project workers. Once their term are expired so there is also a standstill of all the half completion projects as there is no man power to continue the work. Completion of jobs would only continue once appointments of project

				<p>workers are received. We agree with the audit team on the total of (7) projects that were supposed to be implemented under the Maintenance and Operations of Public Buildings vote.</p> <p>In response to the audit comments on the non-implementation of (1) project namely Grp 13A – Government Buildings and Environment. Please be advised that the subject project was not being implemented after funds were stalled for a period of time.</p> <p>In response to the audit team’s comments on the significant delays to complete project refers; delay in carrying out projects was due to the following challenges:</p> <ul style="list-style-type: none"><li>•Delay in supply of materials</li></ul>	
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from contracted suppliers

- Delay in the process of releasing approval for contracted items to request for (3) quotations
- Delay in engagement process and approval
- It should also be noted that the implementation schedules may differ because projects to be carried out are again prioritized in terms of the need at hand. Audit's comment is noted and we will work on improving the implementation process.