



Ministry of Public Enterprises

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19 April 2017

Honorable Ashneel Sudhakar
Chairman
Standing Committee on Public Accounts
PO Box 2353
Government Buildings
SUVA

Dear Honorable Sudhakar

CLARIFICATION OF ISSUES

Sir, I refer to the Ministry of Public Enterprises' ("Ministry") meeting with the Public Accounts Committee on Wednesday 12 April 2017.

Please find attached as Appendix 1, the Ministry's response to the issues that was raised by the Committee in relation to the 2014 and 2015 audits.

Please do not hesitate to contact us if you need further clarifications.

Sincerely,

A handwritten signature in black ink, consisting of a large loop and several strokes.

David Kolitagane
PERMANENT SECRETARY

Ministry of Public Enterprise
MEETING WITH PUBLIC ACCOUNTS COMMITTEE

9.20am, Wednesday 12 April 2017

Honorable Chair and Honorable Members of the Public Accounts Committee, I thank you for inviting the Ministry of Public Enterprises to clarify queries relating to the 2014 and 2015 Ministry audit.

Honorable Members; before we proceed further, I would like to clarify the following:

- **The 2014 audit was for the Ministry of Public Enterprises and Tourism. The committee may wish to note that since 2015, the Department of Tourism is now merged with the Ministry of Industry and Trade.**
- **The 2015 audit for the Ministry includes the Government Printing Stationery Department accounts, but excludes the Department of Tourism.**

MINISTRY RESPONSE TO 2014 ACCOUNTS

Volume 4: Audit Report on the Economic and Infrastructure Sector – Parliamentary Paper No. 66 of 2015

Section 34: MINISTRY OF PUBLIC ENTERPRISES AND TOURISM

Part A: Financial Statement

34.1 Audit Opinion

The Ministry had an unqualified audit report with attention drawn to one matter; being Capital Expenditure relating to Fiji International (PGA) Tournament 2014.

With respect to any queries relating to the PGA Tournament, we request that this be referred to the Ministry of Industry, Trade and Tourism –which now looks after the Tourism Budget.

34.2 Statement of Receipts and Expenditure

As alluded to in the Audit report, the revenue received by the Ministry was from the fees received from State Owned Enterprises' Board of Directors who had attended the Australian Institute of Directors training, which was organized by the Ministry.

34.3 Appropriation Statement

No comment

PART B: AUDIT FINDINGS

- 34.4 It is recommended that the Ministry disclose as Notes to the financial statements other expenditure incurred for its operations which have been paid for by the Ministry of Finance and other donors.**

It is recommended that this query be directed to the Ministry of Industry, Trade and Tourism.

34.5 Unexplained Account balances

- a. The Ministry should ensure that transaction posted to the FMIS general ledger and any write-offs made are supported with documentary evidences which should be produced during the audit.**

- Recommendation from OAG is noted.
- This matter is now resolved and there are no more balances carried forward in the Ministry's Financial Statement.
- Balances of \$181,993.87 have been dormant since 2005, as clearances were not done previously.
- The balance of \$80,270.03 was cleared in 2014 during the adjustment exercise by Ministry of Economy.
- Going forward, the Ministry will continuously ensure that there are no balances carried forward to the next financial year and also ensure that the Ministry has records of supporting documents for audit purpose.

- b. The Ministry should also seek clarifications from the Ministry of Finance on allocation its Head that it cannot explain neither have records to substantiate the balances.**

- Issue is now resolved. The unsubstantiated allocation of \$101,723.84 is no longer appearing in the 2016 Financial Statements.
- This amount has been adjusted by the Ministry of Economy in 2014.

In this case, the amount of \$181, 993.87 (\$80,270.03 + \$101,723.84) was written off in the adjustment exercise.

MINISTRY RESPONSE TO 2015 ACCOUNTS

Volume 4: Audit Report on the Economic and Infrastructure Sector – Parliamentary Paper No. 61 of 2017

Section 36: MINISTRY OF PUBLIC ENTERPRISES

PART A: FINANCIAL STATEMENTS

36.1 Audit Opinion

We note the unqualified audit opinion given by the Auditor General.

36.2 Statement of Receipts and Expenditure

The net increase in Ministry expenditure by \$5.6million from 2014 is mainly due to the inclusion of Biosecurity Authority of Fiji (BAF) operating (\$4.2m expenditure) and capital grants (\$2m expenditure) in the Ministry Budget.

36.3 Appropriation Statement

Substantial savings of \$847,477 in SEG 1 is due to a large number of vacancies in Ministry and also at Government Printing and Stationary Department.

The Ministry is now recruiting for vacant positions at the Ministry.

36.4 Manufacturing Account (TMA) to 36.7 Balance Sheet (TMA)

No further comments.

PART B: AUDIT FINDINGS

GOVERNMENT PRINTING AND STATIONERY DEPARTMENT

36.8 Anomalies – Trading and Manufacturing Account for 2015

Accounts Officers take necessary action to ensure that direct bank deposits are promptly identified and FMIS general ledger is updated in a timely manner to capture the amounts received; and bank reconciliation are properly checked and any variances are promptly investigated and rectified.

- The recommendations made by the OAG are noted.
- **The 2013 to 2015 amount in question of \$99,551 has now been cleared.**

The delays in clearing of deposit are mainly due to the following reasons:

- Majority of payment from our customers are now made via Electronic Fund Transfer (EFT) between the customers bank and our bankers (ANZ)
- In such cases, it is mandatory that our customers forward us a copy of their Remittance Advice which would enable us to credit their account accordingly.
- However; in 2013 to 2016 most customers failed to submit their Remittance Advice.
- Consequently, we were not able to credit their respective accounts and this eventually led to a high number of un-posted EFT showing in our records which was highlighted by the Auditors.
- GPSD Accounts officer has now been given access to internet banking, allowing the officer to extract bank statement daily and reconcile the EFTs.
- In addition, some Accounting Heads are now sending their Remittance Advices to the Department which has allowed for quicker clearance of EFTs.
- To further decrease the outstanding EFTs, the Debtors clerk will now be assisted by the cashier who will continuously follow up with the Accounting heads on a weekly basis.

b. Bank reconciliation are properly checked and any variances are promptly investigated and rectified

- OAG Recommendations are noted
- The bank reconciliations are properly checked and are now up to date.

The Ministry commits that GPSD will clear outstanding EFTs against corresponding debtors as soon as possible.

Additionally, the Ministry and GPSD's accounts sections will shortly finalise their Standard Operating Procedures (SOP). SOPs will ensure that officers follow the correct accounting processes and systems and as such avoid audit queries.

We are also working to ensure that queries raised in these audits are not repeated in the 2016 audit.