

**THE PERMANENT SECRETARY
MINISTRY OF RURAL & MARITIME DEVELOPMENT &
NATIONAL DISASTER MANAGEMENT**

(RESPONSES TO PUBLIC ACCOUNTS COMMITTEE ISSUES)

2015 AUDIT REPORTS

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PART A: FINANCIAL STATEMENT

18.1 AUDIT OPINION

- The Ministries procurement Unit is currently working with the Divisional offices to ensure that the Board of Survey is carried out on an annual basis. The Statement of Losses (other than money) is thus derived from this Board of survey. The BOS for 2016 has been completed.

18.2 STATEMENT OF RECEIPTS AND EXPENDITURE

- The decrease in Liquor Licenses could be due to businesses being closed, Licenses not renewed by licensees, pending Liquor License applications at time of Audit. We have also upgraded the post of the Divisional Secretaries and have posted more senior officials to the post. These are the Secretariats to the Liquor Tribunal for each division. The incumbents are strategically placed with a view of tightening up divisional administration and part of their work is secretariat work to the Liquor Tribunals.
- We had under-utilized some Public Sector Investment Projects (PSIP) project funds.

18.3 APPROPRIATION STATEMENT

- We under-utilized our capital funding because of the drought that affected the nation. This meant that we shift our attention to mitigating the effects of the drought.

18.4 TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS

- The reconciliations are now up to date. The write-off was approved in 2015 to regularize the books.

PART B: AUDIT FINDINGS

18.5 WRITE OFF FOR RECEIVABLES AND TRUST ACCOUNTS.

- As alluded to in 18.4, the write-off was formalized in 2015.

18.6 BOARD OF SURVEY REPORTS NOT PROVIDED

- Even though the Board of Survey (BOS) was not completed fully in 2015, the BOS reports for 2016 have been completed and properly authorized, and we are now progressing in to the 2017 Board of Survey.

18.7 UNSUBSTANTIATED EXPENDITURE - MAIN TRUST FUND ACCOUNT

- The recommendations are noted and vouchers have been filed accordingly and will be done so in future.

18.8 LONG OUTSTANDING PROJECT DEPOSITS IN THE TRUST FUND ACCOUNT

Unclaimed Wages

- We admit that we have not been able to complete this exercise on time and we are working to complete this.

Outstanding Trust Fund Monies

- Further the Ministry has also begun to apply appropriate measure by withholding the process of new projects whilst it first clears unclaimed funds in its Trust Fund Account. Even though we have tried to clear the outstanding projects by withholding processing of new applications, we have to say that it is impossible to stop receiving and processing of new applications because of the need that exists on the ground. But due to the nature of the customers we serve, it is impossible to ignore the current need while we focus on the outstanding. But we are trying our best to improve on this and outstanding projects are incorporated into project lists as well together with the current ones identified.

18.9 POOR IMPLEMENTATION AND OTHER ANOMALIES FOR SELF HELP PROJECTS

- The Ministry will ensure that completion certificate certified by the technical officers is verified by the Divisional Planning Officer and, if need be, accompanied by pictures before payment is done.
- The Ministry will ensure that where necessary a Memorandum of Understanding (MOU) is entered into between the Provincial Administrators/District Officers and the project recipient(s) specifying the roles of the recipient(s) in the timely implementation and satisfactorily completion of projects, including the use of project-related equipment by the recipients.

Commissioner Northern Division

- **Fish Ponds** – The ponds dried up and could not be utilized because of the long period of drought that hit the Northern Division at the latter half of the year which eventually culminated in the occurrence of TC Winston very early 2016.

Commissioner Western Division

- **Project 1 : Poultry Farming Project:**– This project has been completed as confirmed by DO Keiyasi upon verification 31/05/2017.
- **Project 2 : Koro#2 Settlement Water Project:-** This project has been completed as confirmed by DO Tavua 31/05/2017, the community now has access to water supply.

The Ministry will ensure that the projects are visited again and again for continued evaluation.

Commissioner Eastern Division

- Proper documentations required were made available after the audit issues were highlighted. These included completion certificates, bills of lading and stock cards for those deliveries done.

18.10 NON-ISSUANCE OF PURCHASE ORDER FOR EMERGENCY WATER SUPPLY

Commissioner Northern Division

- LPO were not issued for this exercise since contractors engaged have signed the contract agreement and were working according to the guideline set under the contract.

Commissioner Western Division

- We would like to confirm that an LPO was issued to the supplier identified in the audit.

18.11 ABSENCE OF DELIVERY DOCKETS & COMPETITIVE QUOTATIONS

Commissioner Northern Division

- There are only a few contractors that have “mounted water tanks” in the Northern Division. In addition to this, the Water Authority of Fiji (WAF) officials had recommended the contractor engaged based on their past performance while engaged by the WAF for their services. These were in our view at the time, sufficient justification for the hiring of this contractor for the project.

Commissioner Western Division

- At that point in time the area was facing a water crisis due to the drought; Government Shipping Services (GSS) and other companies were not able to provide the immediate service needed all Barging & Marine (Fiji) Limited. The Ministry has learned their lessons from such process that is needed to be taken during water crisis,

18.12 PAYMENT MADE FOR INCOMPLETE NON CANE ACCESS ROAD

Commissioner Northern Division

- These were the roads which were reprioritized for Rakenitai and Rabi farm Road project. Due to time limitation the project paper was done without the scope of work from the RFMF Engineer. All the work was completed and certified by the RFMF engineer as per completion certificate. We accept that there were differences in the length of the road quoted in the project paper and the actual work that was done but the work was done as per expected. We do agree with the points highlighted and we ensure that we will improve and strengthen our internal controls

Commissioner Western Division

- **Project1: Namilamila Farm Road :-** The NCAR has been separately funded through out 2014 to 2015. The initial MOU was for the 3.6 km but after wear and tear due to weather conditions, the total funding was only able to capture 0.9 km.
- **Project 2: Naduadua Farm Road:-** The division initial plan for the project did not change according to the contractors quotation given and that the extra costing involves gravelling and transportation of plants to the project site.
- **Project 3: Tokoni Farm Road :-** The quotation initially given by the contractor did not include gravelling and the project paper stated that the gravelling was part of the project. The adjustment of the project paper was not carried out to exclude the gravelling. Lessons learned that adjustments to project paper will need to be aligned to the quotation from the contractors.

18.13 RURAL HOUSING ASSISTANCE - DELAY IN CONSTRUCTION

Commissioner Western Division

- **Project 1: S. K. Tonuve Village, Bemana, Navosa:-** We had supplied the materials for the initial plan and the recipient will provide the carpenter. But the recipient did not follow through as planned.

- **Project 2: V. B. Vatiyaka, Sorokoba, Ba:-** The Ministry will only engage in the delivery of materials to the project site. The project completion will depend on the owners and the community.

Commissioner Eastern Division

Project 1: N.W, Qarani, Gau, Lomaiviti

Project 2: W.P, Vagadaci, Levuka, Lomaiviti

Project 3: K.V, Mabula, Cicia, Lau

Completion certificates and bill of lading for the above projects were furnished after the audit was conducted.

18.14 ANOMALIES NOTED FOR PUBLIC SECTOR INVESTMENT PROGRAM - NORTHERN DIVISION

- ***Kubulau Duplex quarters & Rabi Duplex Quarters***

For both projects with anomalies identified in the audit report, the Ministry of Transport & Infrastructure & Transport (MOIT) has submitted to us this year the Progress Payment Certificate for the completion of the final stages of the two projects after a joint inspection conducted by the officers of the Commissioner Northern Division and the Architecture Unit from MOIT on 3rd May – 4th May 2017.

18.15 INADEQUATE MANAGEMENT OF PROJECT MATERIALS/ITEMS AT TOP YARD STORE

Headquarters (Top Yard)

The Ministry will be shipping all building materials at the yard at the next available boat. This includes only Eastern division materials and the CED has been tasked to complete this exercise.

We have a new store-man engaged at the Stores and is implementing all the Audit recommendations. Now we have all files properly updated, labeled and maintained. We currently have only quarters upgrade materials and 2 Rural Housing building materials bound for Levuka that are stored at the yard, ready to be shipped across. The Commissioner Eastern Division is attending to this and arrangements are in place to ensure carting to be done within the next two weeks as soon as the Ministry truck comes available.

In addition to the above the Ministry is currently working with our Development partners in the Rationalization and refurbishment of the Yard, particularly on the NDMO items. The work includes Clean up, Conduct of Special BOS, distribution of Humanitarian stores to the Division and refurbishment.