

## Ministry's Comments – Audit Special Purpose Financial Statements 2015

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### 8.1 **Variance in Bank Reconciliation and FMIS General Ledger**

The Ministry has been working closely with FMIS Unit in Ministry of Economy (MoE) on these variances of General Ledger and bank reconciliations. It is to be noted that these variances have been accumulated over the years.

To effectively address the matter, the Ministry has adopted a new format of posting since January 2016 to capture all Mission's transaction into the FMIS General Ledger. We are adamant that it will clearly demarcate various Missions Cash Accounts [Seg 51] and aligning Mission's Bank Account balances and the General Ledger.

### 8.2 **Unexplained Account Balances**

The unexplained balances have been accumulated over the years and the Ministry is liaising with FMIS on the details of these variances.

It is to be noted that the Ministry never uses Seg 91 allocation for daily posting, thus, we are of the view that FMIS would be in a better position to explain how the figures are derived.

### 8.3 **Reconciliations Not Prepared.**

The Ministry duly noted the queries and wishes to assure that it has undertaken a thorough reshuffling of duties within the Finance Division of the Ministry as part of strengthening its internal control measures particularly on generally improving the Ministry's financial reporting.

The issue of delay reconciliations especially for Missions was an ongoing issue which we anticipate to alleviate through some recent initiatives made to curb these recurring audit issues. This includes:

- a) *Introduction of New Financial Manual for Missions specially depict format of Bank reconciliations for Missions cash Account. The manual is the guideline for process and procedures for missions;*
- b) *Introduction of new posting system reflecting all expenditures and revenues in appropriate accounts and aligning transactions in bank account.*
- c) *Strict measures taken for submissions of acquittals in order for quick update of expenses and revenue and reconciliations to MOF. This includes change of timelines for financial reporting by missions which is before 5<sup>th</sup> of every month.*

At present, two Senior Accounts Officers has been assigned to carry out and strictly monitor reconciliations for all accounts including those accounts for the Missions. All Ministry's reconciliations are now checked and monitored on a monthly basis.

#### **8.4 Late Submission of Draft Agency Financial Statements**

The Ministry noted the queries and wishes to assure that it is not going to be repeated. The Finance Division of the Ministry has been restructured lately to address some of these issues, particularly adhering to timelines for its financial reporting.

#### **8.5 Incomplete Board of Survey Report**

We currently have 17 Missions abroad and the Ministry is currently embarking on an exercise to consolidate an overall Asset Register both for the Mission and for Headquarters. This will mean each Division and Missions should have a complete set of Asset Register which will be updated and used to assist in preparation of Board of Survey report for a particular financial year.

Further to this, the Ministry has established its own Asset Management Unit to specifically monitor and evaluate all assets within the Ministry and is working closely with our IT Division in terms of developing an online Asset Register system. This, we hope will address all queries relating to BOS.

#### **8.6 Capital Purchase Over Expensed**

A new vehicle was purchased for the Fiji Mission in New York in December 2015 and this was posted when acquittals from the Mission were received in 2016 when the timeline for processing of virements for 2015 accounts were already closed. As a result, the Ministry couldn't regularize the over expenditure.

As a way forward, the Ministry has put in place stringent measures to avoid such situation. Missions are advised to move forward all major expenditures to be incurred during the financial year and not into the last month of the financial year.

#### **8.7 Non Clearance of Remittance Between Chests Balance**

This RBC balance of \$1.3million was not cleared due to the format of General Ledger Posting used. Since January 2016, the Ministry has introduced a new format of posting as alluded to in 8.1 above. The new posting format will allow clearance of RBC account as payment is remitted to overseas accounts.

Please note that this issue has also been resolved with the Ministry of Economy through Journal Voucher entry and the account has now being zerorised for year 2015 through the Audit Adjustment period.