

**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**

40	MINISTRY OF INFRASTRUCTURE AND TRANSPORT				
	DEPARTMENT OF WATER AND SEWERAGE				
No.	Heading	Issue	OAG Recommendations	Ministries/Dept.'s Comments	Departments Response on Current Status
40.15.1	Refurbishment of Office (DWS)	<p>The Department paid a total \$43,086.45 on 30/12/14 for the refurbishment of the office and network cabling at Gaunavou House.</p> <p>In October 2015, the Water and Sewerage Department vacated the Office at Gaunavou House and moved to Nasilivata House. The Department once again paid a total \$44,005 to the Divisional Engineer Central/Eastern (DEC/E) for the refurbishment and electrical works at Nasilivata House.</p> <p>Therefore expenses totalling \$43,086.45</p>	<ul style="list-style-type: none"> • The Department should properly plan the relocation of office to avoid wastage of public funds in future; and • Ministry of Economy should investigate the waste of public fund and consider surcharge action against those responsible. 	<p>The DWS was first relocated from Richards Road in Domain to Gaunavou House upon the mandatory directive from PSC. Later on the Department was relocated to Nasilivata House as a cost cutting measure whereby in doing so the government had saved monthly rentals and the department had saved on expenditure on hired security services and utility bills.</p> <p>Furthermore it should be noted that upon refurbishment works at Level 3, Nasilivata House, more unutilised office space was created for which rental was being paid. In view of the above, the Department was relocated to Nasilivata House; hence the savings outweighed the cost involved in the relocation.</p>	The recommendations are noted. The Ministry will ensure that for all future projects due diligence is maintained.

		incurred to refurbish the Office space at Gaunavou House was a waste of public funds as the Department occupied the Office for only 10 months before moving to Nasilivata House.			
40.15.2	Construction of Portable Lab	<ul style="list-style-type: none"> • DECE initially constructed the base for the portable water laboratory behind DECE office at Walu Bay at a cost of \$2,717. However, the location of the lab was later changed to another place within the DECE'S compound. Hence \$2,717 used for constructing the lab base was wasted due to relocating the lab site. • The construction of the laboratory was supposed to be completed in seven weeks on 5/10/15. However the project was completed after a 	<p>The Department should:</p> <ul style="list-style-type: none"> • call for tenders to select the most economical and efficient contractor for any project to be completed on time and within the approved contract sum; • ensure that lab is used to obtain value for money; and • take appropriate disciplinary action against responsible officers for additional costs incurred. 	<p>The initial location identified (which had been unoccupied upon vacation by DNR) for construction of portable lab was ideal since it was in isolation and enough space around it. Later on whilst base was being casted it was established that due to movement of heavy vehicles, vibrations were experienced which would have distorted the test results. It was then decided to relocate and construct the lab on a more stable and firm foundation.</p> <p>This is in line with the Ministry of Finance Circular on the Engagement of Government Agencies for Work (FIN 21/2/6).The delay in completion of the project was due to time taken to identify a new suitable site for relocation.</p>	The recommendations are noted. The Ministry will ensure that for all future projects due diligence is maintained.

		<p>delay of 85 days on 29/12/15.</p> <ul style="list-style-type: none"> Some of the equipment purchased for the laboratory costing \$19,829.95 were not installed and were still packed in cartons stored at the DECEs. Hence the lab was not fully used and the Department did not obtain value for money from public monies spent. 		<p>The field equipment from the purchase have been used by staff, however the bench equipment required a laboratory setup and these are now in use (after the completion of the laboratory at DECE, Walu Bay). Note, all equipment are in use except for spare stock such as glass wares and chemicals which are kept in the original cartons for safe storage till the lab shelves are constructed by Joinery shop in the coming weeks.</p>	
40.15.3	Items not received for Payments made in Advance	<ul style="list-style-type: none"> The Department of Water and Sewerage made an advance payment of \$19,829.95 on 29/12/15 to a supplier for the purchase of laboratory items. The Department paid \$9,900 to a supplier on 29/12/15 for purchase of 9 x 1000 litres portable septic tanks. The Department made advance payment to 	<p>The Department should:</p> <ul style="list-style-type: none"> follow up with the suppliers for not supplying the items ordered; take disciplinary action against Officers responsible for advance payment without following proper procedures; consider surcharge action against officers responsible for 	<p>The department has received all the items that were ordered except for the two items which needs to clear as it is listed under dangerous goods and the supplier is awaiting Belgium Customs to approve the freight. Listed below are the two chemicals that we have not received as yet. The supplier is regularly updating the Department on the status of the chemicals;</p> <ul style="list-style-type: none"> Hydrogen Sulphide Kit 	<p>Recommendations are noted. It should also be noted that some of the items ordered were classified as dangerous goods and appropriate clearances had to be obtained prior to shipment, hence the delay in delivery.</p>

		the supplier without approval of Ministry for Finance	advance payment for items not delivered.	<ul style="list-style-type: none"> N.N Diphenyl Diamine 	
40.15.4.1	Installation of EPS in Rural Arrears – Actual Costs of Projects exceeding estimated costs	<ul style="list-style-type: none"> The Department implemented 28 EPS projects in 10 Provinces. The audit noted that actual cost for all the EPS projects exceeded the estimated cost prepared by the Divisional Engineers. Although the total estimated cost for 28 projects was \$981,030, the actual cost of implementation was \$1,228,031.27. The Department incurred over expenditure of \$247,001.27 compared to the total estimated cost; For the Northern Division changes were made to the design of the project by the EPS expert (JICA). The change in project 	<ul style="list-style-type: none"> The Department should investigate the cost overruns and take appropriate action to complete the projects within the estimated cost. The Department should ensure that interested stakeholders are consulted during project planning phase to avoid additional costs. 	<ul style="list-style-type: none"> In order to make the EPS projects operate more efficiently and provide better quality and safe drinking water for rural populations, design of the systems had to be reviewed by JICA counterparts taking into consideration the quality of water source, environment and the community need. The JICA counterpart also joined the Department whilst the EPS projects were underway and thus the original designs had to be amended based on his expertise. In view of these, the designs were amended for successful operations of the EPS projects, hence additional costs were incurred. <p>It is to be further noted that the actual costs for implementation were based on cost estimates for initial designs submitted by the</p>	The recommendations are noted. The Ministry will ensure that for all future projects due diligence is maintained.

		design led to additional expenses incurred by the Department totalling \$48,581.88		<p>respective Divisional Engineers.</p> <ul style="list-style-type: none">• Management has noted the recommendations made and will ensure stakeholders are consulted during project planning phase to avoid additional costs. <p>Management also advises that since EPS is a relatively new technology that has been trialled for the first time for rural communities in Fiji as compared to anywhere else in the world, review of designs are necessary to ensure systems operate effectively and efficiently and best designs and practices are able to be replicated in other countries elsewhere.</p>	
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