



# MINISTRY OF ECONOMY

P.O Box 2212, Government Buildings, Suva, Fiji; Tele: (679) 3307011, Fax: (679) 3308654  
Website: [www.economy.gov.fj](http://www.economy.gov.fj) Email: [EconomyInformation@economy.gov.fj](mailto:EconomyInformation@economy.gov.fj)  
Ro Lalabalavu House, 370 Victoria Parade, Suva

File: 90/10

11 April 2019

Hon. Alvick Maharaj  
Chairman  
Public Accounts Committee  
Parliament of the Republic of Fiji  
Government House  
**SUVA**

Dear Mr. Maharaj

**Attention: By email:** [mateo.lagimiri@parliament.gov.fj](mailto:mateo.lagimiri@parliament.gov.fj)

**Re: Audit of Rural Postal Offices for the financial years ended 2013 - 2017**

1. We refer to and thank you for the 02 April 2019 email in relation to the above mentioned subject.
2. Enclosed are the responses to the Public Accounts Committee in relation to the audit of the Rural Postal Office Quarterly Returns.
3. For any further clarifications, please do not hesitate to contact undersigned.

Yours sincerely

Raveena Kumar  
for **Permanent Secretary for Economy**

Encl.

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**Responses to the Public Accounts Committee**  
**Audit of Rural Postal Services**

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**Hon. Chairman and Members of the Committee,**

On behalf of the Permanent Secretary for Economy, we are pleased to appear before the committee on the deliberations / interview in relation to the Rural Postal Service.

**1) What actions were taken by the Ministry of Economy given that the Financial Information provided by PFL Rural Postal Services lacked detailed supporting documentation?**

The losses reimbursed for the year 2013 and 2014 was carried out in these years. Subsequently, the accounts of Post Fiji for these years were audited. The audited accounts were unqualified and did not raise any matters related to the operation of the rural postal services accordingly.

**The Process for the Reimbursement of Losses from Rural Postal Services**

Post Fiji Limited submits the signed claim for the reimbursement of the losses from the Rural Postal Services ('services') with the following:

- (i) Invoice for the claim on the services;
- (ii) Summary financial performance report for the quarter on the services;
- (iii) Detailed financial Performance report for the quarter on the services by revenue and expenses per postal office and agency.

These documentations are reviewed for the reimbursement of the losses of services as per the existing agreement between the Government and the Post Fiji Limited ('agreement'). The Ministry also reviews for any substantial increase in expenses that are noted with Post Fiji Limited ('PFL') for its justifications and verifications wherever necessary.

The quarterly financial performance reports are directly extracted from the PFL accounting system which is subject to audit on an annual basis. The review of the audited financial statement gives the Ministry of Economy assurance on the reimbursements claimed.

Rural Development is one of the key national priority via the 5 Year and 20 Year National Development Plan for an all-inclusive development agenda of the Fijian Government where *'no one is to be left behind regardless of geographical location, gender, ethnicity, physical and intellectual capability and social and economic status'*.

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The aim is to expand the rural services to provide a conducive environment for commerce, provide enhanced public services and make available to the rural communities the needed access to finance where our banking facilities cannot be reached.

The Ministry and PFL are in discussions to further review the services offered through the postal services and agencies. A review has been endorsed by Permanent Secretary for Economy where the intention is to visit the postal offices and agencies and hold meetings with key stakeholders on the current services offered via the rural postal services and agencies and services that may be needed further in the current environment in the rural and maritime areas.

**2) Did the Ministry subsidize the amount of \$816,229 VEP to PFL?**

Yes, the Ministry had reimbursed the losses that was claimed in year 2013 (\$444,047) and 2014 (\$372,182).

The following documentations were provided by PFL for the reimbursement of the losses:

- (i) Invoice for the claim on the services;
- (ii) Summary financial performance report for the quarter on the services;
- (iii) Detailed financial Performance report for the quarter on the services by revenue and expenses per postal office and agency.

These were reviewed prior to the payment of the reimbursement of the losses.

The financial statements of PFL were subsequently audited for the years – year 2013 and 2014 and the accounts were unqualified and there were no issues raised related to the Postal Services.

**3) How does the Ministry of Economy and PFL conduct reconciliation on the quarterly returns?**

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- (iii) Detailed financial Performance report for the quarter in the services by revenue and expenses per postal office and agency.

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These documentations are reviewed for the reimbursement of the losses of services as per the existing agreement between the Government and the PFL. The Ministry also reviews for any substantial increase in expenses that are noted with PFL for its justifications and verifications wherever necessary.

The quarterly financial performance reports are directly extracted from the PFL accounting system which is subject to audit on an annual basis. The review of the audited financial statement gives the Ministry of Economy assurance on the reimbursements claimed.

The results of the audited accounts of the PFL is our final check on the reimbursements made being in order as per the agreement. The agreement also makes provision for PFL to return reimbursements made by the Ministry should there be any anomalies noted.

