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Page 18: Modified audit opinion

Audit Findings	WAF Response & Action taken
<p>Cash received from water rates customers are not banked in the Authority's account. Instead it is banked in Government's consolidated Fund account. However, the Authority has recorded the rates received as Authority's. The Authority has departed from International Accounting Standards (IAS18). The revenue of the Authority amounting \$29,979,842 is not reported fairly in accordance with IAS 18.</p>	<p>The Authority's view is water & sewerage rates billed to customers is revenue to the Authority. The Authority's ordinary activities comprise the provision of water supply and waste water services as set out in section 7 of the Water Authority of Fiji Promulgation 2007. The Authority enters into contractual arrangements with domestic and commercial customers and provides these services directly to customers. The Authority invoices customers for the services and customers pay to the bank account specified by the Authority. All fees and charges billed by the Authority to customers are payable by the customers to the Authority. The Authority bears the credit risk if customers do not pay their invoices. The Authority's promulgation does not specifically state that the collections have to be deposited in a specified account.</p> <p>The Authority enters into contracts to customers directly with domestic and commercial customers to supply water and provide waste water services. These services are provided to customers directly by the Authority using its own assets and resources. The Authority invoices customers on a quarterly basis following the provision of the water and waste water services.</p> <p>The Authority has an arrangement with the Fiji Government, in its capacity as the Authority's shareholder, to pay the remittances from its customers into the Government's consolidated bank account. The</p>

Audit Findings	WAF Response & Action taken
	<p>Authority's view is that this should be treated as either a loan to the government or a distribution to the Government (as the sole shareholder of the Authority).</p>
<p>Opening balance of 2010 for PPE amounting to \$1,888,909,608 was not subject to valuation at the time of its transfer from Public Works Department. These assets were valued in 2006. Consequently, accuracy of the opening balance could not be determined.</p>	<p>The Director of Lands and WAF are awaiting Legal Opinion from Solicitor General's office advice on Transfers of Assets on I-Taukei Lands and Freehold Land while we are applying leases to Lands Department for Assets on State Land.</p> <p>Currently monthly fixed asset general ledger reconciliation to fixed asset register is prepared and reconciled. In 2018/19, the Authority plans to conduct a full Board of survey and upload its results in the asset management module in Sage 300 ERP system.</p>

Audit Findings	WAF Response & Action taken
<p>Internal controls in the maintenance and issue of inventories need to be strengthened to avoid possible leakages.</p>	<p>The following improvements have been implemented:</p> <ul style="list-style-type: none"> • New Inventory Management Policy was prepared in 2017 to cater for the new improved process of stores. • Periodic stock takes performed on all stores and making storemen accountable for his/her results; • Up-skilling technical / functional competencies of the stores staff. In 2017/18 FNU and USP training was provided to staff and continuous on the job training. • Monthly General ledger inventory reconciliation. • Improvements to stores facilities and storage areas. Additional storage space being looked at. • Updating of work order forms to account for inventory usage and • Additional security controls in place on inventory movements.
<p>Project monitoring system and its documentation needs to be improved to further enhance efficiency and effectiveness in delivery of project works.</p> <p>It is imperative that an effective monitoring system is put in place to monitor the project works of the Authority. This will ensure that project works are carried out effectively and efficiently.</p> <p>The Authority was unable to provide relevant details or a monitoring report for projects that commenced in 2015 or that was brought forward from 2014. In absence of a report there is no evidence to</p>	<p>Effective monitoring of project progress is conducted by the Quality Assurance unit in collaboration with the Planning, Design and Construction units. Respective files for individual projects are progressively compiled when projects are issued job numbers to begin implementation.</p> <p>From a project finance perspective, work in progress (WIP) are reconciled on a periodic basis and project delivery reports are produced for project monitoring purpose. These reports are submitted to senior management on a monthly basis.</p>

Audit Findings	WAF Response & Action taken
<p>establish whether the projects were monitored in terms of its progress and timeliness.</p> <p>The above anomaly may result in inefficient and ineffective delivery of project works.</p> <p><u>Recommendation</u></p> <p>It is highly recommended that an effective monitoring system is put in place to monitor the progress of the project works.</p>	

Pages 33 & 34 (6.4.9)

Audit Findings	WAF Response & Action taken
<p>High provision for water and sewerage rates debtors.</p> <p>It is important that the Authority exhaust all avenues for collection of water and sewage rates prior to writing off the bad debts.</p> <p>Audit noted that the Authority's provision for rate debtors is 70% of the total water and sewage rates. Refer to the Table 7.2 for details.</p>	<p>The following are some of the procedures that have been implemented by WAF to avoid accumulation of arrears:</p> <ul style="list-style-type: none"> • Mandatory requirements in place for new customer registration as TIN number, phone contact, email address .For new customers registered in the new billing system the TIN number is used as the primary identifier. Hence customers relocating to new residence, the meters are plugged off from the former site and arrears is moved to the new account in the new location. In addition to this for customers whose meters are disconnected customers are required to register the full details before meters

Audit Findings	WAF Response & Action taken
	<p>and a disconnection of meters was basically turning off the stock cork. WAF noted instances where customers turn on the stock cork and continue to use water resulting in the accumulation of the arrears. This has been a real challenge and main cause of the huge bills in the customer's account. To prevent this WAF has begun to install a new device "Lockable value". With the use of lockable value WAF has managed to control the accumulation of bills in customers account and enable them to make payments for the debts.</p> <ul style="list-style-type: none"> • Continuous meter replacement – WAF is involved in the replacement of all cease and under registering meters. This will reduce the incidents of estimate bills, incorrect estimate billing and refusal to pay estimates. • Lease agreements to be formalized between WAF and landowners whereby WAF would pay lease rentals to landowners for water source utilized whilst landowners would be required to pay water rates.
<p>Authority's plant and equipment not insured.</p>	<p>In 2018, the Authority identified its critical plant and equipment sites and in the process of finalising call of tender for insurance purposes.</p> <p>The Director of Lands and WAF are awaiting Legal Opinion from Solicitor General's office advice on Transfers of Assets on I-taukei Lands and Freehold Land while we are applying leases to Lands Department for Assets on State Land.</p>