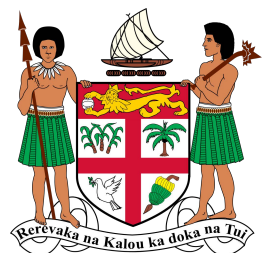




OFFICE of the AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

2016/2017 Audit Report on Statutory Authorities



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 62 OF 2019



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

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Excellence in Public Sector Auditing

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- To provide world-class, independent and objective value-adding audit services
- To provide a working environment which allows our people to excel

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File: 102

9 May 2019

The Honorable Ratu Epeli Nailatikau
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
SUVA.

Dear Sir

AUDIT REPORT ON STATUTORY AUTHORITIES FOR 2016-2017

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on Statutory Authorities for 2016-2017.

A copy of the report has been submitted to the Minister for Economy who as required under section 152(14) of the Constitution shall lay the report before Parliament within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period.

Yours sincerely

Ajay Nand
AUDITOR-GENERAL



Encl.

The Office of the Auditor-General – Republic of Fiji

The Office of the Auditor-General is established as an Independent Office by the Constitution of Republic of Fiji. Its roles and responsibilities include expressing an opinion on the financial statements of statutory authorities. These audits are carried out by the Auditor-General on behalf of Parliament.

At least once every year, the Auditor General must report to Parliament on the audits conducted and on *other significant matters* the Auditor-General wishes to bring to the attention of Parliament. This report satisfies these requirements.

The Office of the Auditor-General notes the impact of its reports to Parliament on the ordinary citizens and strives for accuracy and high quality reporting including recommendations which are not only value-adding to the entity subject to audit but its customers, the general public as well.

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1.0 Introduction

All statutory authorities prepare annual financial statements. Management of these authorities are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and requirements of applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Auditor-General is responsible, on behalf of Parliament, for audit of the accounts of all state-owned entities except for its own office and those entities which may be exempted by law.

The Auditor-General may conduct audits in the manner considered appropriate but must ensure that they are conducted in a competent manner having regard to assessment of effectiveness of any relevant internal control system. The Auditor-General must carry out the audit in accordance with the relevant provisions of the standards on auditing issued by the Fiji Institute of Accountants or other relevant standards considered appropriate.

Following completion of an audit, the Auditor General must give an opinion on each set of financial statements audited. In addition, an audit memorandum or management letter should be issued to the responsible authority for each entity audited.

The Auditor General's responsibility is to express an opinion on these financial statements based on his or her audit in accordance with the International Standards on Auditing (ISA). Those standards require the Auditor General to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

This report summarizes our analysis of the internal controls of statutory authorities for which audit opinions were issued on the 2016 financial statements and the timeliness and quality of financial reporting by these entities.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the entity. These have been included in this report as they impacted on the overall system of control of the authorities during 2016.

2.0 Types of Audit Opinions Issued

In accordance with International Standard on Auditing, we express an *unmodified opinion* (unqualified) when the financial statements are prepared in accordance with the International Financial Reporting Standards and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit, which would affect the financial statements of an entity.

We issue a *modified opinion* (qualified) when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

An *adverse opinion* is expressed when we, having obtained sufficient appropriate audit evidence, conclude that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

We issue a *Disclaimer of Opinion* when we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, and we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

We include an *Emphasis of Matter* paragraph in the audit report to highlight an issue that will help the user better understand the financial statements. We also include an *Other Matter* paragraph to highlight a matter that is relevant to users' understanding of the audit report.

3.0 Results of Our Audits

As at 30 November 2018, we issued 21 audit opinions out of which 15 related to the 2016 financial statements while four were on the 2017 financial statements for the various entities.

3.1 Quality and Timeliness of Financial Reports

The financial statements of most authorities audited were untimely and generally of poor quality. Improvements needs to be made to enhance the quality and timeliness of submission of financial statements for our audit.

3.2 Audit Opinions Issued

For the audits undertaken on the 2016 financial year, we issued unmodified opinions on **13** or **87%** of the financial statements audited for the various entities while the audit opinion of one entity was modified and one was issued with Disclaimer of Opinion.

For the audits undertaken on the 2017 financial year, we issued unmodified opinions on **6** or **100%** of the financial statements audited for the various entities.

3.3 Other Significant Matters

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause* or *is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the authorities in future, if necessary action is not taken to address them.

Common findings which have been reported under other significant matters include the following:

- Fixed assets were carried at zero book values although these assets were used by entities in their operations. Consequently, the depreciation expense has not been charged on these assets hence indicating a better financial result.
- Variances were noted in reconciling VAT control account maintained by an Authority with the VAT statement provided by Fiji Revenue and Customs Service.
- Authorities do not maintain a risk register to record potential risks which could affect business operations.
- The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (“IFRS for SMEs”). Few Authorities are yet to comply with IFRS for SMEs are required for general purpose financial statements.
- Authorities do not maintain comprehensive accounting manual to take into account the accounting policies approved by those charged with governance.

3.4 Internal Controls

Good internal controls provide reasonable assurance that an entity is achieving its objectives relating to operations, reporting and compliance. We assess the financial controls used by the public sector entities using the following five key elements:

- (i) Control environment – actions, attitudes and values that influence daily operations.
- (ii) Risk assessment – processes for identifying, assessing and managing risk.
- (iii) Monitoring activities – oversight of internal controls for existence and effectiveness.
- (iv) Control activities – policies, procedures, and actions taken to prevent or detect errors.
- (v) Information and communication – systems to inform staff about control responsibilities.

When we identify that internal controls in any of these elements are missing or are not operating as intended, we refer to them as *control deficiencies (audit finding)*. If we identify that a control deficiency, either alone or in combination with other deficiencies, may lead to a material misstatement in the entity's financial statements, we refer to this as *a significant audit finding*.

If we identify a deficiency (audit finding) with any of these internal controls as part of our audits, we report the finding to the entity's management.

The Results Summary in Section 7; Pages 46 and 47 shows the strength of controls in key elements for entities for which 2016 and 2017 financial statements were audited. Our audit indicated that Controls Activities was an area where majority of the significant deficiencies were identified.

3.5 Delays in Completion of Audits

The table below shows the status of audits as at 30 November 2018.

Type of entity	Total no. of Entities Audited	Audits up-to-date	Audits delayed	% Delayed
Statutory Authorities - 2016	26	15	11	43
Statutory Authorities - 2017	26	4	22	85

Audits of about half of statutory authorities are also yet to be completed. Audits of statutory authorities have not been completed primarily due to the following:

- Delay in submission of draft accounts for audits or draft accounts submitted were incomplete;
- Delay in provision of management comments;
- Delay in retuning the signed audited financial statements for issue of audit opinion;
- Relevant information/records not provided for audit on a timely basis; and
- Authorities deciding to address issues raised in draft audit reports and resubmission of financial statements for audit.

Efforts are being made to complete the audit of accounts which have been received.

Details of audits not completed are provided in **Appendix A**.

3.6 Entities not Subject to Audit by Auditor-General

The Auditor-General did not audit the financial statements for a number of entities as their governing bodies had appointed Chartered Accountant firms as external auditors. Details of entities together with the audit requirements are shown in **Appendix C**.

3.7 Audit Conclusion

Unmodified (unqualified) opinions were issued on 87% of the 2016 and 100% of the 2017 financial statements audited which reflects very positively on the authorities. However, close attention should be given to address matters which have been highlighted as other significant matters in management letters.

Timely preparation of quality draft annual financial statements is a major issue which needs to be addressed by those charged with governance of the authorities. Delay in submission of financial statements for audit prevents the Auditor-General from issuing an opinion on them on a timely basis and informing Parliament and other stakeholders of the outcome of such audits.

Furthermore, other significant findings arising from audit of authorities for which the Auditor-General is no longer the external auditor cannot be reported to Parliament under the current legislative framework. Therefore proper consideration should be given prior to change of auditors for state-owned entities.

The involvement of line ministries in improving accountability in statutory authorities is noted. However, there is room for further improvement through regular and active interaction with the authorities. It has been noted that it becomes challenging for authorities to prepare annual accounts when these have not been done for some time resulting in a backlog. Line ministries can encourage entities to prepare and submit draft financial statements for audit annually.

3.8 Reference to Comments

The comments provided by those charged with governance in the Authorities during the audit have been incorporated in this report.



Ajay Nand
AUDITOR-GENERAL

Date: 09/05/2019

4.0 Context

4.1 Legislative Framework – Statutory Authorities

Statutory Authorities are established as body corporate by their specific legislation. They are required to deliver various goods and services to customers. In most cases, government grants are paid to statutory authorities for their operations, capital expenditures or special projects.

The following legislation establishes the financial accountability frameworks and legislative time frames to complete financial statements audits for Statutory Authorities.

Entity Type	Legislative Framework	Legislative Timeframe
Statutory Authorities	<ul style="list-style-type: none"> • Legislation establishing entity and related regulations • Finance Management Act 2004 • Finance Management (Amendment) Act 2016 	<ul style="list-style-type: none"> • 3-6 months following end of financial year • Not specified/ as soon as practicable

The respective legislative frameworks indicate the minimum requirements for financial accountability and reporting such as:

- Good governance
- Financial management and performance
- Entity's performance against corporate intent or plan
- Financial reporting
- Annual reports

Each year, statutory authorities are required by the legislation governing their operations to submit an annual report containing the audited financial statements and the audit report on the financial statements which are tabled in Parliament by the Minister responsible for the authority.

The audited financial statements are used by a broad range of users such as parliamentarians, non-governmental organisations, donor agencies, employees, suppliers, lenders and the general public.

The Auditor-General's audit opinion on these financial statements gives assurance to the users that the financial statements are accurate and can be relied upon.

5.0 Abridged Financial Information and Other Significant Matter(s)

For each statutory authority, abridge financial statements are presented. The abridged statement of financial performance reflects revenue, expenses and net income while the abridge statement of financial position presents the authorities assets and liabilities.

In addition, for each statutory authority, any significant matter(s) noted during the course of audit were brought to the attention of respective authority's management. It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.

In the following sections, we provide the abridged financial information and significant audit findings for each statutory authority.

5.1 Public Rental Board

Financial Information – 2016

The audit of Public Rental Board for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Public Rental Board for the financial year 2016.

Public Rental Board - Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$)
Rental Revenue	3,882,818	3,511,301
Operating Revenue	163,521	154,259
Interest Revenue	84,684	42,812
Total Operating Income	4,131,023	3,708,372
Depreciation	690,755	662,459
Staff Costs	983,479	1,020,899
Other Operating Expenses	1,149,390	1,416,472
Finance Cost	229,538	248,600
Total Expenditure	3,053,162	3,348,430
Net Profit for the year	1,077,861	359,942

Net profit substantially increased by 199% or \$0.7 million in 2016 compared to 2015. This was mainly due to the increase in rental revenue generated by the housing flats and decrease in total expenditures, specifically, repairs and maintenance.

Public Rental Board - Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$)
Cash	5,486,265	6,776,564
Investments	95,893	77,585
Other Assets	436,961	156,222
Property, Plant & Equipment	29,241,863	28,424,228
Total Assets	35,260,982	35,434,599
Creditors	2,804,938	3,317,847
Deferred Revenue	694,569	756,152
Borrowings	9,274,604	10,014,712
Employee Entitlements	330,038	266,916
Total Liabilities	13,104,149	14,355,627
Net Assets	22,156,833	21,078,972

Net assets increased by just over \$1 million or 6% in 2016 compared to 2015. This was mainly attributed by the decreases in creditors, deferred revenue and borrowings.

Other significant matters – Public Rental Board - 2016

Unallocated Government Subsidy

In 2016, the Board received \$1 million subsidy from the Government to provide affordable rental accommodation to low income earners as they work towards home ownership.¹

¹ 2016 Supplement to Budget Estimate pg. 172

Our review of the Government subsidy scheme revealed that the Board has not been able to allocate the subsidy promptly to the tenants. As at 31 December 2016, a sum of \$387,320 remained unallocated which included unallocated balances of \$44,618 for 2016 and \$342,702 from previous years.

The Board has agreed with the recommendation that subsidy has to be effectively allocated to qualifying tenants and government objectives in providing the affordable rental accommodation to low income earners are achieved.

Reminder Notices Not Issued

The Board recorded rent receivable balance of \$127,997 as at 31 December 2016. We noted that the Board did not always issue arrears reminder notices to the tenants. As a result, rent outstanding over 90 days period increased by 46% in 2016 compared to 2015.

The Board agreed with the recommendation to issue reminder notices on time.

Access Logs not reviewed for Super Access

A review of the controls around the IT Systems revealed that the Coordinator Information Technology had super access to the system enabling the Officer to:

- Create new tenants in the system;
- Enter the rent amount;
- Change the rent amount;
- Change the flat status to either occupied or vacant in the system; and
- Extracts the vacant flat listing and emails to Properties Department.

We noted that the Board does not have mechanisms in place to review the access logs or review the edits report generated by the system to ensure the integrity of the data.

The Board agreed with the recommendation to have a mechanism in place to ensure the integrity of the data derived from the system.

5.2 Civil Aviation Authority of Fiji

Financial Information - 2016

The audit of Civil Aviation Authority of Fiji for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Civil Aviation Authority of Fiji for the financial year 2016.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$) (Restated)
Revenue		
Revenue from operations	5,407,031	5,772,327
Other operating income	325,431	305,438
Finance income	54,248	29,625
Total Revenue	5,786,710	6,107,390
Expenditure		
Administrative expenses	1,278,449	1,208,819
Operating expenses	1,206,654	1,372,758
Personal expenses	2,926,981	2,725,658
Total Expenditure	5,412,084	5,307,235
Operating profit before tax	374,626	800,155
Income tax expense	654,215	132,433
Net (Loss)/Profit after tax	(279,589)	667,722
Other comprehensive income		
Change in fair value of investments	556,699	463,916
Total comprehensive income for the year	277,110	1,131,638

The Authority recorded a net loss of \$279,589 compared to a net profit of \$667,722 in 2015, a decrease of \$947,311 or 141.87%. The decrease was mainly due to an increase in income tax expense by \$521,782 in 2016 due to write-back of deferred tax asset amounting to \$602,851 to expense which related to prior year tax losses as these could not be carried forward after lapse of four years. In addition, the grant revenue from Government decreased by \$624,101 or by 46.72% in 2016 compared to 2015.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$) (Restated)
Assets		
Cash and cash equivalents	1,604,080	1,253,118
Trade receivables	75,777	424,124
Investments	9,608,222	8,051,523
Other current assets	1,030,685	1,491,857
Property, plant and equipment	4,616,219	4,826,289
Other non-current assets	783,407	1,454,144
Total Assets	17,718,390	17,501,055
Liabilities		
Creditors and other payables	702,288	640,316
Employee benefits	119,765	241,512
Total Liabilities	822,053	881,828
Net Assets	16,896,337	16,619,227

Net assets of the Authority increased by \$277,110 or 1.67% in 2016 compared to 2015. This was mostly attributed to increase in investments (increase in fair value) by \$1,556,699 or 19.33% compared to 2015.

Financial Information - 2017

The audit of Civil Aviation Authority of Fiji for the financial year 2017 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Civil Aviation Authority of Fiji for the financial year 2017.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Performance

Description	2017 (\$)	2015 (\$) (Restated)
Revenue	5,481,747	5,407,031
Other Operating Income	402,541	325,431
Total Revenue	5,884,288	5,732,462
Administrative Expenses	1,372,549	1,278,449
Operating Expenses	1,514,496	1,206,654
Personnel Expenses	2,891,100	2,926,981
Total Expenditure	5,778,145	5,412,084
Net Financing Income	112,099	54,248
Operating profit before tax	218,242	374,626
Income Tax Expense	(481,483)	(646,878)
Net loss after tax	(263,241)	(272,252)
Other comprehensive income		
Change in Fair Value of Investments	1,206,182	556,699
Revaluation of Property, Plant and Equipment, net of tax	1,847,543	---
Total comprehensive income for the year	2,790,484	284,447

Net loss of the Authority declined by \$9,011 or by 3% in 2017 compared to 2016. In addition, Total comprehensive income increased by \$2,506,037 or by 881% in 2017 compared to 2016. This was attributable to the following:

- Increase in revaluation gain for Unit Trust of Fiji Units due to better market price of the units as at 31 December 2017 compared to 2016; and
- Increment in property, plant and equipment due to revaluation carried out by the Authority in 2017 compared to nil in 2016.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Position

Description	2017 (\$)	2015 (\$) (Restated)
Assets		
Cash and Cash Equivalents	748,130	1,604,080
Trade Receivables	146,248	75,777
Income Tax Refundable	---	3,780
Other Assets	1,082,546	1,026,905
Investments	11,814,404	9,608,222
Property, Plant and Equipment	6,608,966	4,616,219
Intangible Assets	352,924	210,821
Deferred Income Tax Asset	---	207,054
Total Assets	20,753,218	17,352,858

Description	2017 (\$)	2015 (\$) (Restated)
Liabilities		
Trade and Other Payables	738,883	702,288
Income Tax Payable	4,669	---
Employee Benefits	95,620	119,765
Deferred Income Tax	592,757	---
Total Liabilities	1,431,929	822,053
Net Assets	19,321,289	16,530,805

Net assets increased by \$2.79 million or 16.88% in 2017 compared to 2016. This was mainly attributed to the significant increase in property, plant and equipment and investments which increased by \$1.99 million and \$2.2 million respectively. These increases were mainly due to the revaluation of PPE and Unit Trust of Fiji investment.

Other significant matters

Civil Aviation Authority of Fiji - 2016

Enterprise Risk Management

Risk assessment involves a dynamic and iterative process for identifying and analyzing risks to achieving the entity's objectives, forming a basis for determining how risks should be managed. Management considers possible changes in the external environment and within its own business model that may impede its ability to achieve its objectives.

It is imperative that a risk register is maintained by the Authority to record all the risks that has been identified, rated based on probability of occurrence and plans and controls for mitigation of risks identified.

We noted that the Authority does not maintain a risk register which may prevent it from taking proactive actions to mitigate risks that may exist in the Authority which could adversely affect its business operations.

The Authority has defended its position that it carries out annual risk survey through its insurance brokers which resulted in the preparation of a risk register.

It is apparent that the Authority has not fully considered the principles of risk for insurance purposes and integrated enterprise risk management.

Civil Aviation Authority of Fiji - 2017

Anomalies in Consultancy Agreement

The Authority engaged an Information Technology Services & Solutions company as a consulting partner to tender out the requirements for implementation of Management database.

The Consultant's Services were executed on a Time and Material basis.

Review of the consultancy contract and payments revealed the following anomalies:

- As at 31/12/17, the Authority had incurred a total cost of \$150,975 which had exceeded the estimate cost of \$55,520 by \$95,455 or 63%.
- The initial timeline from the date of contract on 16/1/17 to 31/12/17 was actually 11 months and two weeks which had exceeded the initial timeline of 6-8 weeks. The actual work however had commenced on 24/4/17 (Meeting Number 03/2017) a delay by 98 days.

There is no fixed timeline due to the changing requirements of the Authority for the new software. The Authority intends to retain this contract as an open project until finalized and tested.

The Authority while noting the audit findings provided the following response:

- The initial cost of \$55,520 was based on scoping for the database only, however, as requested by the Board in Meeting Number 3/2016 (Resolution Numbers 5005, 5006, 5007 & 5040) that the Authority consider revising this to include other areas up to implementation and commissioning stage, costs escalated.
- The project progressed beyond the initial timeline of 6 to 8 weeks due to the complexity of the project which required more interaction and consultation with staff and other stakeholders and the need to integrate it with some existing databases which will be retained.

5.3 Fijian Competition and Consumer Commission

Financial Information - 2016

The audit of Fijian Competition and Consumer Commission for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fijian Competition and Consumer Commission for the seven months ended 31 July 2016.

Fijian Competition and Consumer Commission - Abridged Statement of Financial Performance

Description	31 July 2016 \$	Restated 31 Dec 2015 \$
Government Grant	1,016,194	1,524,258
Other Income	75,873	77,045
Total Income	1,092,067	1,601,303
Personnel Expense	666,440	1,014,146
Operating Expenses	139,179	296,651
Administrative Expenses	62,325	81,035
Depreciation	42,803	75,432
Total Expenditure	910,747	1,467,264
Net Surplus	181,320	134,039

Consistent with the changes in the financial year of Government, the Commission changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Fijian Competition and Consumer Commission Abridged Statement of Financial Position

Description	31 July 2016 \$	Restated 31 Dec 2015 \$
Cash at bank and on hand	798,642	352,824
Deposits	9,963	10,260
Other receivables	22,801	53,767
Property, Plant & Equipment	185,976	220,661
Total Assets	1,017,382	637,512
Accounts Payable	449,526	220,407
Other current liabilities	38,595	26,593
Deferred Income – Non-current	79,032	121,603
Total Liabilities	567,153	368,603
Net Assets	450,229	268,909

The net assets position of the Commission increased for the seven months period ended 31 July 2016 compared to 12 months period ended 31 December 2015. This was due to high cash balance held for the seven months period.

Financial Information - 2017

The audit of Fijian Competition and Consumer Commission for the financial year 2017 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fijian Competition and Consumer Commission for the financial year 2017.

Fijian Competition and Consumer Commission - Abridged Statement of Financial Performance

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Government Grant – Operational	2,278,656	1,016,194
Other Income	140,649	75,873
Total Income	2,419,305	1,092,067
Personnel Expense	1,352,394	671,497
Operating Expenses	333,444	138,813
Administrative Expenses	214,881	57,634
Depreciation	98,092	42,803
Total Expenditure	1,998,811	910,747
Net Surplus	420,494	181,320

The Commission recorded a net surplus of \$420,494 in 2017 compared to \$181,320 in 2016. The increase in net surplus was due to the Commission changing its financial year in 2016 and as such 2017 financial year is being reported for 12 months while 2016 financial year reported for 7 months.

Fijian Competition and Consumer Commission Abridged Statement of Financial Position

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Cash and Cash Equivalents	630,274	798,642
Deposits	31,556	9,963
Trade and Other receivables	644,138	22,801
Property, Plant & Equipment	450,037	185,976
Total Assets	1,756,005	1,017,382
Trade and Other Payable	214,512	449,526
Deferred Income	666,326	113,183
Other Liabilities	4,444	4,444
Total Liabilities	885,282	567,153
Net Assets	870,723	450,229

Net assets increased by \$420,494 or 93% in 2017 compared to 2016. The increase in net assets was due to 2017 financial year being reported for 12 months while 2016 financial year reported for 7 months. The major increase of \$621,337 was noted in trade and other receivables which was due to the delay in receipt of government grant for last quarter which is recorded as receivable.

5.4 Fiji Teacher's Registration Authority

Financial Information

The audit of Fiji Teacher's Registration Authority for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji Teacher's Registration Authority.

Fiji Teacher's Registration Authority – Abridged Statement of Financial Performance

Description	13 Months Period Ended 31 July 2016 (\$)
Government grant	462,969
Amortisation	4,335
Total Income	467,304
Depreciation expense	17,317
Employee benefit expense	299,384
Administrative expenses	88,409
Interest expenses	4,239
Total Expenditure	409,349
Surplus for 13 months period ended	57,955

The Authority recorded a surplus of \$57,955 for the 13 months period ended 31 July 2016.

In 2009, the Fiji Teachers Registration Board (FTRB) was under the Ministry of Education as a Department. In 2013, through a Cabinet Decision CP (13) 61 FTRB was declared a Government Statutory body which was renamed as Fiji Teachers Registration Authority (FTRA). Up until June 2015 FTRA's cash flow and payments were handled by Ministry of Education.

The Authority commenced to manage its own affairs from 01 July 2015 and has been audited for the first time.

Fiji Teacher's Registration Authority – Abridged Statement of Financial Position

Description	31 July 2016 (\$)
Cash and short term deposits	58,724
Prepayment and other assets	140
Property, plant and equipment	83,840
Total Assets	142,704
Trade payable and other accruals	2,500
Deferred revenue	28,822
Obligations under finance lease	44,427
Employee entitlement	9,000
Total Liabilities	84,749
Net Assets	57,955

The Authority recorded net asset of \$57,955 for the 13 months period ended 31 July 2016.

5.5 Investment Fiji

Financial Information - 2016

The audit of Investment Fiji for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Investment Fiji for the seven months ended 31 July 2016.

Investment Fiji - Abridged Statement of Financial Performance

Description	2016 (7 months) (\$)	2015 (12 months) (\$)
Income		
Government grant	1,091,831	1,739,130
Registration Fees	218	459
Trade Promotion Income	41,284	321,290
Other Income	25,805	40,801
Total income	1,159,138	2,101,680
Expenditure		
Administrative expenses	155,839	392,631
Depreciation	50,327	78,061
Finance Cost	---	559
Operating expenses	202,002	330,414
Personnel expenses	789,859	820,435
Trade Promotion - Expenses	39,968	341,254
Total expenditure	1,237,995	1,963,354
Net (deficit) / surplus for the year	(78,857)	138,326

Consistent with the changes in the financial year of Government, the Commission changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

However, personnel expenses which was proportionately higher in 2016 for the 7 month period compared to 2015. This was mostly attributable to filling up of some vacant positions in 2016 by Investment Fiji.

Investment Fiji - Abridged Statement of Financial Position

Description	2016 (7 months) (\$)	2015 (12 months) (\$)
Assets		
Cash on hand and at bank	1,011,485	935,134
Receivables	292,069	32,149
Property, plant and equipment	337,558	373,670
Total Assets	1,641,112	1,340,953
Liabilities		
Trade creditors and accruals	71,582	101,470
Payable to Ministry of Finance	522,500	275,000
Provisions for employee entitlement	72,638	53,435
Deferred grant income	142,202	---
Total Liabilities	808,922	429,905
Net Assets	832,190	911,048

Financial Information - 2017

The audit of Investment Fiji for the financial year 2017 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Investment Fiji for 2017.

Investment Fiji - Abridged Statement of Financial Performance

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Government grant	2,136,580	1,091,831
Registration fees	286	218
Trade Promotion income	504,697	41,284
Other income	4,721	25,805
Total income	2,646,284	1,159,138
Administrative expenses	269,030	155,839
Depreciation	95,835	50,327
Operating expenses	515,971	202,002
Personnel expenses	1,338,977	789,859
Trade Promotion - expenses	323,932	39,968
Total expenditure	2,543,745	1,237,995
Net surplus/(deficit) for the year/period	102,539	(78,857)

Investment Fiji recorded net surplus of \$102,539 for the financial year ending 31 July 2017 compared to deficit of \$78,857 in 2016. The surplus in 2017 is mainly attributable to the full calendar year (12 months) in 2017 compared to 7 months reporting in 2016.

Investment Fiji - Abridged Statement of Financial Position

Description	2016 (7 months) (\$)	2016 (7 months) (\$) (Restated)
Cash on hand and at bank	927,882	1,011,485
Receivables	283,521	310,603
Property, plant and equipment	675,274	337,558
Total Assets	1,886,677	1,659,646
Trade creditors and accruals	181,880	90,115
Payable to Ministry of Finance	545,023	522,500
Provisions for employee entitlement	82,842	72,638
Deferred grant income	142,202	142,202
Total Liabilities	951,947	827,455
Net Assets	934,730	832,191

Investment Fiji recorded increase in the net assets which increased by \$102,539 or 12% in 2017 compared to 2016. The increase in net assets was mainly attributable to acquisition of CRM software amounting to \$313,974 in 2017.

5.6 Fiji Meats Industry Board

Financial Information

The audit of Fiji Meats Industry Board for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji Meats Industry Board.

Fiji Meats Industry Board - Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$)
Operating Revenue	3,235,586	3,337,475
Other Income	122,696	149,940
Total Revenue	3,355,282	3,487,415
Changes in Inventories – finished goods	853,035	800,752
Raw Materials and Consumables used	221,753	165,847
Staff Cost	974,330	990,899
Depreciation	299,776	309,248
Other Operating Expenses	1,065,627	1,117,913
Finance Cost	67,987	78,604
Total Expenses	3,482,508	3,463,263
Net (Loss)/Profit from Operations	(127,226)	24,152
Other comprehensive Income	---	---
Total Comprehensive (Loss)/Income	(127,226)	24,152

The company recorded a net loss in 2016 compared to the previous year as a result of decrease in revenue from its abattoir operations and increase in operating costs. The cost of operating and maintaining the abattoir increased due to the high number of cattle being slaughtered for tuberculosis, high chemical expenses and utility costs and also the maintenance of abattoir equipment.

Fiji Meats Industry Board - Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$)
Cash	39,099	111,223
Investments	201,957	249,950
Trade and Other Receivables	423,063	440,985
Inventory	67,174	85,658
Property, Plant & Equipment	1,873,805	2,049,228
Total Assets	2,605,098	2,937,044
Trade Creditors and Payables	197,424	226,960
Deferred Income	361,100	434,700
Interest Bearing Borrowings	913,342	1,014,926
Total Liabilities	1,471,866	1,676,586
Net Assets	1,133,232	1,260,458

The decrease in net assets in 2016 compared to the previous year was largely due to the low cash balance at year end, decrease in term deposits held and decrease in property, plant and equipment. Repayments of term loan resulted in the decrease in total liabilities.

Other significant matters – Fiji Meats Industry Board**Accounting Manual not reviewed since 2011**

The Board's accounting manual has not been reviewed since 2011 to take into account the changes in accounting policies and also to include new policies that have been established, approved and implemented. For example, the buying and selling prices for Abattoir operations to be reviewed to reflect the current market prices. In addition, the Board does not have any written policy to support the disclosures on Property, Plant and Equipment in the 2016 financial statements.

The Board is in the process of reviewing the Accounting Manual.

Anomalies in Procurement Procedures

Review of a sample of payment records, revealed non-compliance to the requirements stated in the Accounting Procedure Manual as far as procurement of goods and services were concerned. The non-compliance was generally related to competitive quotations not obtained, payments vouchers not authorized and stamped paid.

The Board has considered our recommendation to comply with the Accounting Procedures Manual.

Absence of Policy for Variations in “*Magiti*” Prices

Changes in the approved prices for “*Magiti*” sales were made without proper documented approval, rather changes are made based on verbal approvals given by the Chief Executive Officer. The new prices are handwritten over the initially approved prices.

The Board agreed to properly document the approval process of the changes in “*Magiti*” prices.

5.7 Fiji National Sports Commission

Financial Information – 2016

The audit of Fiji National Sports Commission for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji National Sports Commission for the seven months ended 31 July 2016.

Fiji National Sports Commission - Abridged Statement of Financial Performance

Description	2016 (7 months) (\$)	2015 (12 months) (\$)
Operating revenue	7,689,703	5,936,981
Other Operating revenue	40,399	65,565
Total Revenue	7,730,102	6,002,546
Expenses		
Sports Grant Expenses	6,328,996	4,042,344
International Coaches Salary expenses	736,843	1,442,006
Personal Expenses	241,556	407,738
Operating Expenses	153,640	267,117
Other Expenses	73,543	116,732
Total Expenses	7,534,578	6,275,937
Net Surplus/(Deficit)	195,524	(273,391)

The Commission recorded net surplus of \$195,524 in 2016 compared to a net deficit of \$273,391 in 2015. The net surplus in 2016 was significantly attributable to increase in total revenue which substantially increased by 29% or \$1.73 million in 2016 compared to 2015. This was due to increase in grant allocation due to the Rio Olympic Games held in 2016.

Fiji National Sports Commission - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 months) (\$)
Cash and cash equivalents	959,897	205,216
Other current assets	13,258	7,655
Property Plant & equipment	244,420	295,758
Total Assets	1,217,575	508,629
Trade and Other Payables	436,740	162,728
Employee entitlements	21,189	20,963
Deferred revenue	433,119	157,299
Finance lease liability	68,402	105,038
Total Liabilities	959,450	446,028
NET ASSETS	258,125	62,601

Net assets increased by \$195,524 or 312% in 2016 compared to 2015. This was mainly due to the increase in cash and cash equivalent balance due to the Rio Olympic Game Event held in 2016.

Financial Information – 2017

The audit of Fiji National Sports Commission for the financial year 2017 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji National Sports Commission for the financial year 2017.

Fiji National Sports Commission - Abridged Statement of Financial Performance

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Operating Revenue	6,434,203	7,689,703
Other Operating revenue	100,899	40,399
Total Revenue	6,535,102	7,730,102
Expenses		
Sports Grant Expenses	4,764,848	6,328,996
International Coaches Salary expenses	860,409	736,843
Personal Expenses	446,447	241,556
Operating Expenses	283,604	153,640
Other Expenses	131,616	73,543
Total Expenses	6,486,924	7,534,578
Net Profit	48,178	195,524

The Commission's net profit declined by \$147,346 or by 75% in 2017 compared to 2016. The decline was mostly attributable to decline in operating activities in 2017 for the Commission compared to 2016. The major reason for the decline was due to Rio Olympic Games Event which was held in 2016 and as such operating activities of 2016 was higher compared to 2017.

Fiji National Sports Commission - Abridged Statement of Financial Position

Description	2017 (12 Months) (\$)	2016 (7 Months) (\$)
Cash and cash equivalents	752,177	959,897
Other current assets	15,563	13,258
Property, plant & equipment	282,034	244,420
Total Assets	1,049,774	1,217,575
Trade and other payables	126,223	436,740
Employee entitlements	23,069	21,189
Deferred revenue	583,469	433,119
Finance lease liability	10,710	68,402
Total Liabilities	743,471	959,450
NET ASSETS	306,303	258,125

Net assets increased by \$48,178 or 19% in 2017 compared to 2016. Decline in liabilities was noted to be more than decline in assets. This was mainly attributed to the significant decline in trade and other payables which declined by \$310,517 or by 71% in 2017 since the grant was for the full twelve months in 2017 which enable the Commission to clear their dues.

5.8 Film Fiji

Financial Information - 2016

The audit of Film Fiji for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Film Fiji for the financial year 2016.

Film Fiji - Abridged Statement of Financial Performance

Description	31 July 2016 (7 months) (\$)	31 Dec 2015 (12 months) (\$)
Government Grant	491,235	751,642
Sponsorship and Ticket sales – Kula Awards	88,978	67,285
Other Revenue	17,703	36,776
Total Revenue	597,916	855,703
Expenses		
Administrative Expenses	255,493	308,174
Promotional Expenses	102,401	189,297
Personal Expenses	211,381	352,607
Depreciation	17,061	30,131
Other Expenses	2,000	3,813
Total Expenses	588,336	884,022
Net Surplus/(Deficit)	9,580	(28,319)

Film Fiji recorded net surplus of \$9,580 in 2016 compared to a net deficit of \$28,319 in 2015. Film Fiji changed its financial year from December to July in 2016 and hence the 2016 financial year is for 7 months only.

Film Fiji - Abridged Statement of Financial Position

Description	31 July 2016 (7 months) (\$)	31 Dec 2015 (12 months) (\$)
Cash and cash equivalents	387,790	282,656
Receivables	33,392	34,375
Other current assets	20,674	59,368
Property Plant & equipment	107,701	108,120
Total Assets	549,557	484,519
Trade and Other Payables	53,119	5,331
Employee entitlements	20,103	14,015
Deferred revenue	107,702	108,120
Provisions	12,000	10,000
Total Liabilities	192,924	137,466
Net Assets	356,633	347,053

Film Fiji recorded net assets of \$356,633 in 2016 compared to \$347,053 in 2015. This was mainly due to increase in cash holding in 2016.

Other significant matters – Film Fiji

Lack of VAT Reconciliation

Monthly general ledger reconciliation were not performed with Statement of VAT Account. The monthly reconciliations would allow Film Fiji to identify and rectify the understatement or overstatement of VAT input and VAT output in the VAT returns on a timely basis.

Film Fiji has agreed to perform monthly VAT reconciliations.

5.9 Fiji National Council for Disabled Persons

Financial Information - 2016

The audit of Fiji National Council for Disabled Persons for the financial year 2016 resulted in the issue of disclaimer of opinion.

The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs"). The Council is yet to comply with IFRS for SMEs as required for general purpose financial statements. The impact on the financial statements of the Council if any, adjustment which may be necessary if the financial statements were prepared under IFRS for SMEs cannot be determined.

Presented below is the abridged financial information of Fiji National Council for Disabled Persons for seven months ended 31 July 2016.

Fiji National Council for Disabled Persons - Abridged Statement of Financial Performance

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Government Grant	227,500	290,000
Other Income	15,669	37,906
Total Receipts	243,169	327,906
Salaries, Wages and Related Expenses	130,364	208,427
European Union Projects	9,007	110,369
National Disability Week	10,245	11,337
Travel and Subsistence	1,215	1,778
Telephone Fax	7,539	12,147
Board and Committee Expenses	13,813	18,899
Maintenance and Repairs	9,550	12,938
International Disable Persons Day	---	11,140
Fiji Vocational Technical Training for Disabled People	11,000	1,208
Workshop/Training Programs	---	10,714
Caregiver Allowance	2,240	4,080
Office Equipment	1,348	5,831
Other Expenses	27,022	37,741
Total Expenditure	223,343	446,609
Net Surplus/(Deficit) for the year	19,826	(118,703)

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Fiji National Council for Disabled Persons - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Cash	31,722	11,896
Telephone Deposit	600	600
Total Assets	32,322	12,496
Total Liabilities	---	---
Net Assets	32,322	12,496

Net assets increased by \$19,826 million or 159% in 2016 compared to 2015. This was mainly attributed to the net surplus incurred for the period ended 31 July 2016. The increase in net surplus was mainly due to decrease in expenditure as only 7 months expenditure is recorded due to change in Government's fiscal year.

Other significant matters – Fiji National Council for Disabled Persons

Non-Adoption of International Financial Reporting Standards for Small Medium Entities (IFRS for SME's)

Smaller accounting entities will, following Fiji Institute of Accountant's adoption of the International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) Standard from 1st January 2011, need to comply with that Standard. The old Fiji Accounting Standards (FASs) have been withdrawn.²

Our audit noted that the Council did not prepare its annual financial statements for the seven months ended 31 July 2016.

The IFRS for SMEs has simplifications that reflect the needs of users of SMEs' financial statements and cost-benefit considerations.

Thus, the annual financial statements prepared by the Council are contrary to the IFRS for SMEs.

The Council has agreed that it has a cash basis system which consists of receipts and payments. It is in the process of transiting from cash basis accounting to IFRS for SMEs.

Absence of a Comprehensive Accounting Manual

The Council does not have its own accounting manual. This issue has been highlighted to the Council in previous years' audits. However, the Council is yet to develop an accounting manual.

The Council was in the process of compilation and finalization of the financial manual.

² Fiji Institute of Accountants Annual Report for 2011 – page 14

5.10 Fiji Higher Education Commission

Financial Information - 2016

The audit of Fiji Higher Education Commission for the seven months ended 31 July 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji Higher Education Commission for the seven months ended 31 July 2016.

Fiji Higher Education Commission - Abridged Statement of Financial Performance

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Government Grant	841,424	1,359,599
MFAT grant	---	134,678
EU PAC TVET	---	105,000
Release of deferred income	42,229	50,206
Conference collection	147,198	---
Other refunds	20,122	704
Total Operating Income	1,050,973	1,650,187
Depreciation and amortization expense	37,302	50,206
Salaries and Wages	696,143	1,096,364
Operating expenses	615,604	778,727
Total Operating Expenses	1,349,049	1,925,297
Deficit for the year	(298,076)	(275,110)

Consistent with the changes in the financial year of Government, the Commission changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Fiji Higher Education Commission - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Cash and cash equivalents	2,306,490	669,410
Receivable from staff	---	213
Other debtors, deposits and prepayments	37,118	80,338
Property plant and equipment	233,946	218,196
Intangible assets	166,610	133,292
Total Assets	2,744,164	1,101,449
Trade payables and accruals	82,826	72,334
Deposits	---	7,341
Provisional Tax	6,012	982
Provision for annual leave	26,799	50,468
Deferred Income	2,310,891	430,390
Total Liabilities	2,426,528	561,515
Net Assets	317,636	539,934

The Commission's net asset decreased by \$222,298 or 41% in 2016 compared to 2015. This was due to increase in deferred income by \$1,880,501 or 437% when compared to 2015.

Other significant matters – Fiji Higher Education Commission

Non-disclosure of grants administered by the Commission

The Ministry of Education, Heritage and Arts paid a total operating grant of \$50,580,511 to the Higher Education Institutions (HEI) in 2016.

The amount of operating grants paid to the Commission is not disclosed in the financial statements. The non-disclosure of the grant administered by Commission is a non-compliance to section 7(g) of the Higher Education Promulgation 2008.

The Commission acknowledged the recommendations and is in the process of clarifying this with Ministry of Economy.

Absence of Grant Agreement

The Ministry of Education, Heritage and Arts paid a total grant of \$931,086 to the Commission. However there was no grant agreement signed between the Ministry and the Commission.

In addition, government grant was utilised to cover for the shortfall in the expenses for the International Network for Quality Assurance Agencies in Higher Education (INQAAHE) forum and Asia Pacific Quality Network (AQPN) conference and annual general meeting. No approval was obtained for the use of \$16,066 of government grant for this purpose.

In the absence of a grant agreement, the purpose for which the grant is given is not explicitly expressed and so are the expectations on the Commission.

This can lead to misunderstandings on the requirements of the Commission on the use of the grant.

The Commission has acknowledged the recommendations raised on the issue.

Survey of Higher Education Institutes

The Commission collected and disclosed revenue from registration fees, annual fees and renewal of registration fees totaling \$26,025 which was deposited in the Consolidated Fund account of the Government.

The Commission has not carried out a detailed survey of the institutes registered with the Commission for the seven month period ended 31 July 2016. Therefore, the Commission is not in a position to determine if all institutes operating in Fiji for the seven month period ended 31 July 2016 were registered and paid their registration fees.

This issue was raised as an emphasis of matter in the Independent Auditor's Report issued for the seven months period ended 31 July 2016.

The Commission has acknowledged the recommendation raised on this issue and informed that systems have been put in place to address the issue.

5.11 Land Transport Authority

Financial Information

The audit of Land Transport Authority for the financial year 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Land Transport Authority for the seven months ended 31 July 2016.

Land Transport Authority - Abridged Statement of Financial Performance

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Grant received	8,763,652	13,041,562
Other income	1,094,551	1,451,134
Total Revenue	9,858,203	14,492,696
Administration expenses	6,116,913	8,692,064
Operating expense	3,882,322	5,977,649
Other expenses	790,724	811,665
Total Expenditure	10,789,959	15,481,378
Loss for the period	(931,756)	(988,682)

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Land Transport Authority - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Cash and cash equivalents	1,968,488	1,639,570
Receivables	342,416	266,237
Inventories	781,167	758,142
Property, plant and equipment	14,527,018	14,644,985
Total Assets	17,619,089	17,308,934
Creditors and other accruals	1,419,712	1,738,493
Owing to Government consolidated account	336,705	44,615
Capital grant	9,404,790	8,282,935
Provisions	1,118,706	748,522
Finance Lease Liability	635,850	859,287
Total Liabilities	12,915,763	11,673,852
Net Assets	4,703,326	5,635,082

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus there is significant variance with the comparative balances in some cases.

Other significant matters – Land Transport Authority

Errors in Draft Financial Statement Submitted for Audit

The Authority amended the draft financial statement three times during the course of the audit. Amendments valued at \$1,917,252 were made to the draft financial statements. Refer to the table below for details

Details	Date submitted	Stages of audit	Value of Adjustments Made by Authority
1 st draft financial statement	25/01/2017	Before audit planning commenced	\$1,917,252
2 nd draft financial statement	13/07/2017	After Audit Conduct was completed.	
3 rd draft financial statement	17/11/2017	After Draft Management Letter was issued on 12/09/17.	

The following errors were noted which were subsequently corrected by the Authority.

- Prior year adjustment relating to VAT was disclosed on the face of the financials in the Statement of Changes in Equity contrary to the requirements of International Accounting Standards (IAS 8 Section 42 and 49).
- Adjustment of \$195,885 made to retained earnings without any explanatory notes.
- Postmasters receivable of \$189,587 comprising of government revenue on behalf of LTA by Post Fiji was booked into the Statement of Financial Position. However, these are not a receivable for LTA as it is a receivable for the Government of Fiji hence the Authority total receivables were overstated by \$189,587.
- Accruals were overstated by \$242,672 as accruals related to years 2013 to 2015 were not effectively cleared.

The Authority agreed to ensure that all review processes are followed before the draft financial statements are submitted for our audit.

Recording of Cashier Shortage as Receivables

The Authority recognized receivable of \$21,783 relating to monies that have allegedly been stolen and are under investigation. We are of the view that the above recovery is subject to outcome of an investigation and as such contingent asset should have been more appropriate disclosure.

The Authority agreed with the recommendation to record such transaction as contingent asset while investigations are in progress.

Long Outstanding Accruals

Reconciliation of accruals was not effectively carried out on a monthly basis resulting in the overstatement of accruals of \$242,672 in 2016 which was mainly cancelled purchase orders carried forward from 2013. This was subsequently cleared by the Authority during the audit except for the following.

- Designgrafix (FIJI) Limited – a balance of \$16,732 carried forward from 2013
- The Digital Group – balance of \$141,357.99 carried forward from 2014
- Prime Vision Limited – balance of \$37,375 carried forward from 2015

The Authority agreed with audit recommendation and has indicated that it will strictly monitor the reconciliations and outstanding accruals on a monthly basis and will ensure such issues do not arise again in the future.

Recording of Leasehold Land

Records to substantiate leasehold land such as lease documents are not maintained by the Authority. The leasehold land were not amortised over the leasehold period.

The buildings on the land have been incorporated in the books of account of the Authority on the principal assumption that the titles of the land will be registered under the Land Transport Authority in Future.

This issue has been highlighted in prior years. However the Authority has not made much progress to resolve the issue.

Consolidated Fixed Assets Register not maintained

The Authority did not maintain a consolidated Fixed Assets Register. All new additions for 2015 and 2016 were maintained in separate worksheet.

This issue has also been highlighted in prior years. However, the Authority has not made much progress to resolve the issue.

5.12 Fiji Revenue and Customs Service

Financial Information

The audit of Fiji Revenue and Customs Services for the seven months ended 31 July 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji Revenue and Customs Service.

Fiji Revenue and Customs Service - Abridged Statement of Financial Performance

Description	31 July 2016 (7 Months) (\$)	31 Dec 2015 (12 Months) (Restated) (\$)
State Revenue	1,314,322,381	2,354,035,377
Less: Payment to government	(1,314,322,381)	(2,354,035,377)
Grants from Government	23,261,526	39,736,956
Fees and Charges	4,666,257	7,078,710
Other Income	5,187,703	3,131,647
Total Agency Revenue	33,115,486	49,947,313
Employee Costs	19,203,944	32,168,358
Recurrent Expenditure	6,762,632	10,561,562
Total Expenditure	25,966,576	42,749,920
Net Surplus for the year	7,148,910	7,217,393
Other Comprehensive Income	5,425,707	---
Total Comprehensive Income	12,574,617	7,217,393

Consistent with the changes in the financial year of Government, FRCS changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances in some cases.

Other income increased by \$2,056,056 or 66% in 2016 due to the revaluation gain from the investment property. Similarly, other comprehensive income increased by \$5,424,707 or 100% due to the revaluation gain from land and building.

Fiji Revenue and Customs Service - Abridged Statement of Financial Position

Description	31 July 2016 (7 Months) (\$)	31 Dec 2015 (12 Months) (Restated) (\$)
Cash at bank	35,363,223	25,497,734
Investments	33,461,093	32,984,852
Other Current Assets	2,460,533	6,810,720
Property, Plant and Equipment	26,736,518	16,492,758
Total Assets	98,021,367	81,786,064
Current Liabilities	5,070,825	4,942,088
Deferred Grant Income	21,539,622	18,007,673
Total Liabilities	26,610,447	22,949,761
Net Assets	71,410,920	58,836,303
Total Equity	71,410,920	58,836,303

Total assets increased by \$16,235,303 or 20% in 2016. This was due to the increase in Property, Plant and Equipment by \$10,243,760. In addition, the change in the financial year contributed to the increase in cash at bank by \$9,865,489 or 39%. Total liabilities increased by \$3,660,686 or 16% in 2016 as compared to 2015. This was due to the increase in deferred grant income by \$3,351,949.

Other significant matters – Fiji Revenue and Customs Service

Contingent Assets & Liabilities

We noted that the accounting policy adopted to determine “Contingent Liabilities” & “Contingent Assets” and the basis for its measurements (best estimate, taking into account risk & uncertainties, present value and future events) are not disclosed in the financial statements – “Statement of Significant Accounting Policies”.

Furthermore, the contingent liabilities (\$11 million) and assets (\$45.6 million) are aggregated into a single statement despite it not being similar – includes litigation claims made by the Authority and that against the Authority and related to taxation (various types) and customs matters.

The Authority has taken note of the issue moving forward and has agreed that revised standards will be implemented. These contingent assets and liabilities are for government and not of FRCS.

Ownership of Land and Buildings

We noted that land recorded in the books of the Authority did not have land titles or lease documents. As such, the ownership and the type of land (freehold or leased) recorded in the financial statements cannot be ascertained.

Furthermore, the Authority does not have a lease agreement for “buildings” recorded in Property, Plant & Equipment worth \$515,000 at Nadi International Airport.

The Authority has been liaising with relevant stakeholders since 2008 and until this is properly finalised, it cannot be ascertained that Property, Plant & Equipment and Investment Property recorded in the financial statements is accurately presented.

The transfer of assets was made through Fiji Revenue and Customs Service Act which formally gives legal rights to FRCS of those assets. The Authority has taken note of the issue and is in the process of getting the legal title sorted from the Registrar of Titles Office.

5.13 Fiji Roads Authority

Financial Information

The audit of Fiji Roads Authority for the seven months ended 31 July 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji Roads Authority for the seven months ended July 2016.

Fiji Roads Authority - Abridged Statement of Financial Performance

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Grants and contributions	10,136,746	17,804,425
Amortisation of deferred income	103,584,724	146,605,738
Other Income	227,202	1,240,285
Total Income	113,948,672	165,650,448
Employee related expenses	2,035,661	3,595,570
Maintenance	51,761,478	115,280,305
Depreciation and amortization	73,502,382	115,072,390
Other operating expenses	10,854,906	21,417,904
Total Operating Expenditure	138,154,427	255,366,169
Deficit for the period	(24,205,755)	(89,715,721)
Total Other Comprehensive Income	---	3,505,794,232
Total Comprehensive (Loss)/Income	(24,204,755)	3,416,078,511

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

The significant variance in the total comprehensive income was due mainly to the accounting of revaluation reserve as other comprehensive income in 2015.

Fiji Roads Authority - Abridged Statement of Financial Position

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Cash and cash equivalents	109,560,052	137,320,297
Receivables	3,935,487	2,639,269
Other Current Assets	129,825,285	132,460,557
Property, plant and equipment	8,802,947,890	8,739,358,937
Intangible Assets	36,623	52,603
Total Assets	9,046,305,337	9,011,831,663
Payables	79,130,077	93,993,617
Provision	43,840,142	45,880,891
Deferred Income	662,790,518	630,971,980
Total liabilities	785,760,737	770,846,488
Net Assets	8,260,544,600	8,240,985,175

The slight increase in net assets for the 7-month period in 2016 compared to the 12-month in 2015 was mainly due to the increase in the value of property, plant and equipment.

Other significant matters – Fiji Roads Authority

Lack of proper reconciliations of donated fixed

The Authority does not maintain a reconciliation to reconcile the write down value of donated assets to the amortized value of deferred income. Consequently, deferred income recorded for donated assets are not adjusted on a timely basis for revaluation and disposal of donated assets.

In addition to the above, Fixed Asset Register has not been updated to record the revaluation performed for property, plant and equipment.

The Authority indicated that it was in the process of getting a new ERP system and asset management system to address the above issue.

5.14 Consumer Council of Fiji

Financial Information - 2016

The audit of Consumer Council of Fiji for the seven months ended 31 July 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Consumer Council of Fiji for the seven months ended 31 July 2016.

Consumer Council of Fiji - Abridged Statement of Financial Performance

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Government Grant	564,144	663,274
Grant from EU	9,161	54,566
Sundry Income	6,658	808
Deferred Grant Income	22,175	24,522
Total Income	602,138	743,170
Depreciation	22,175	24,522
Rent and rates	35,609	61,200
Salaries, wages and related payments	351,260	484,239
Telephone and postage charges	8,165	11,851
Travelling expenses	3,122	11,154
National Consumer Helpline	44,453	---
Office expense	20,069	19,943
Advertising	34,547	7,930
Sundry expenses	107,136	104,665
Total Expenditure	626,536	725,504
Net (Deficit)/Surplus for the year	(24,398)	17,666

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Consumer Council of Fiji- Abridged Statement of Financial Position

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Cash on hand and at bank	168,302	103,180
Other current assets	17,493	14,208
Property, plant and equipment	136,462	93,050
Total Assets	322,257	210,438
Accounts payables and accruals	33,945	19,515
Provision for annual leave	16,686	11,120
Deferred Grant	136,461	93,050
Unutilized capital grant	67,890	---
VAT payable	4,920	---

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Total Liabilities	259,902	123,685
Net Assets	62,355	86,753

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

5.15 Maritime Safety Authority of Fiji

Financial Information

The audit of Maritime Safety Authority of Fiji for the financial year 2016 resulted in the issue of *modified opinion* (qualified) audit opinion. The qualifications were as follows:

- Note 2.14 – Impairment of Asset states that at each reporting date Property, Plant and Equipment (PPE) of the Authority are reviewed to determine whether there is any indication that PPE have suffered an impairment loss. As at the date of issue of audit opinion, no impairment assessment of the Aids to Navigation (Lighthouse) which sustained major structural damages arising from the construction defects and Cyclone Winston was carried out by the Authority. As a result, I was unable to ascertain the reasonableness and impact of it on the carrying amount of the PPE disclosed in Note 8 of the Financial Statements.
- Note 18 - The Authority disclosed \$795,144 as funds received and transferred to Governments Consolidated Fund Account (CFA). However, the CFA Bank Statements revealed that out of the \$795,144, the Authority had only transferred a total sum of \$584,921. In addition, the Authority has booked Receivable Amounting to \$435,531 and Payable to Ministry of Economy amounting to \$234,769 in the Statement of Financial Position.

The Authority did not prepare year-end reconciliations to support the above balances. As a result I was unable to ascertain the accuracy and completeness of these amounts disclosed in the financial statement.

Without further qualifying the opinion expressed above, attention is drawn to the following matters:

- Note 2.7 – *Income Tax* to the financial statements states that the Authority is exempted from income tax under Section 55 of the Maritime and Safety Authority of Fiji Act 2009 for the first three years commencing 1 January 2011. Consequently, the tax exemption period should cease from 1 January 2014. As at the date of issue of audit opinion, the Authority did not provide documentary evidence to support Note 2.7 and its continuous tax exemption status.
- The Authority invested a sum of \$163,385 for the purchase and installation of a Ships System Database Software in 2015. The development of the software was incomplete. In the absence of the databases and required features, the new Ships System Database Software does not support the core function of Marine Investigation, Compliance and Enforcement.

Presented below is the abridged financial information of Maritime Safety Authority of Fiji for the financial year 2016.

Maritime Safety Authority of Fiji - Abridged Statement of Financial Performance

At period end	2016 (\$)	2015 (\$)
Government operating grant	2,635,216	---
Qualification and Licensing	208,168	361,123
Ships Inspections	196,782	298,118
Aids to Navigation levies	469,319	805,669
Interest Income	99,404	86,694
Other Income	59,340	50,884
Total Revenue	3,668,229	1,602,488
Staff Cost	1,681,374	1,700,476

At period end	2016 (\$)	2015 (\$)
Administration Expenses	574,467	606,538
Depreciation Expenses	648,527	718,208
Other Operating Expenses	803,565	838,727
Loss on sale of fixed assets (net)	3,013	36,049
Total Expenditure	3,710,946	3,899,998
Total Comprehensive Loss	(42,717)	(2,297,510)

All grants extended to the Authority from 2011 to 07 March 2016 were treated as capital contribution in accordance with the circular issued by the Ministry of Public Enterprises of the Cabinet Decision No. 357 of 2012. However, this circular was rescinded as per Cabinet Decision No. 59 of 2016. As such, effective from 08 March 2016, the accounting treatment of grants/or special funding given to the Authority is in accordance with IFRS for SMEs.

Due to the treatment of Government grant as revenue in 2016, the Authority recorded a comprehensive loss of \$42,717 compared to a loss of \$2,297,510 in 2015.

Maritime Safety Authority of Fiji - Abridged Statement of Financial Position

As at 31 December	2016 (\$)	2015 (\$)
Cash & Cash Equivalents	5,545,905	4,511,973
Held-to-maturity investments	2,820,311	2,743,520
Trade and Other Receivables	555,437	378,845
Prepayments and Deposits	63,537	57,477
Inventory	150,400	---
Property, plant & equipment (Non-current)	8,861,337	8,675,442
Total Assets	17,996,927	16,367,257
Trade and Other Payables	543,832	242,003
Provision for employee entitlement	119,497	114,432
Grants received in advance	299,614	---
Deferred Income – Government grant	1,065,879	---
Total Liabilities	2,028,822	356,435
Net Assets	15,968,105	16,010,822

The decrease in net assets by \$42,717 was largely due to the increase in liabilities. The increase in liabilities were due to booking of grants received in advance and booking of deferred grant.

Increase in total assets were also noted which was largely due to increase in cash at bank, held-to-maturity investments and property, plant and equipment.

Other significant matters – Maritime Safety Authority of Fiji

Overstatement of Assets

The Ministry of Infrastructure & Transport (MoIT) constructed Lighthouses during the years 2013 to 2015 at a cost of \$1,358,043. The cost of construction of the Lighthouses were capitalised into the Property, Plant and Equipment of the Authority.

We noted that Lighthouses constructed by MoIT from 2013 to 2015 has suffered structural failure whereby lighthouses have either leaned or totally collapsed thus not in operation.

Review of the fixed asset register revealed that although economic benefits are not generated from the non-operational Lighthouses, the Authority continuous to depreciate the Lighthouses without carrying out impairment assessment.

The Authority informed audit that remedial work were in progress to get the Lighthouses in operation.

Income Tax Exemption Status

The Income Tax disclosure in the financial statements states that the Authority is exempt from income tax under section 55 of the Maritime and Safety Authority of Fiji Act 2009 for the first three years commencing from 01 January 2011. Consequently, the tax exemption period should cease from 01 January 2014.

There was no documentary evidence provided to confirm the continuation of income tax exemption status beyond 01 January 2014.

The Authority agreed with the audit finding and agreed to liaise with relevant authorities to resolve the issue.

Establishment of Marine Spill Pollution Advisory Committee

Section 155 of the Maritime Transport Act 2013 establishes the Marine Spill Pollution Advisory Committee, to give advice to the Authority on the use of environmental levy.

As at the date of our audit, the Marine Spill Pollution Advisory Committee has not been established as required by the Marine Transport Act and the Marine (Pollution Levy) Regulation.

According to the Authority, a formal letter and nomination was sent to the Ministry on 21 May 18 seeking approval to appoint of the said Committee, however response to the letter was yet to be provided.

Incomplete Ships System Software Database

The Authority invested a sum of \$163,385 for the purchase and installation of a Ships System Database Software in 2015. The development of the software was incomplete. In the absence of the databases and required features, the new Ships System Database Software does not support the core function of Marine Investigation, Compliance and Enforcement.

The Authority clarified that although all features of the new software have been installed, staff are unable to fully utilize them due to having insufficient vessel data and lack of knowledge pertaining to the software. Transition to the new system had led to old vessel data not being transferred adequately hence staff are now manually entering data into the system.

6.0 Assessment of Financial Governance

6.1 Auditing Internal Controls

During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

6.2 Internal controls

Internal controls are categorized against the following five components of internal control.

- **Control Environment (CE)** – is the set of standards, processes and structures that provide the basis for carrying out internal controls across the entity. These include commitment to integrity and ethical values, independence of management to exercise oversight for the development and performance of internal control, documented structures, reporting lines and appropriate authorities such as delegated levels of authority and responsibilities in the pursuit of the entity's objectives. It also includes commitment to attract, develop and retain competent individuals, and holding them accountable for their internal control responsibilities.

Examples of issues which fall under this category are ethical breaches, gaps in internal controls or controls are non-existent, individuals are not held accountable for breaches in control or entities code of ethics, staff recruitment, and training and professional development, performance assessment and succession planning matters.

- **Risk Assessment (RA)** – involves a dynamic process for identifying and analyzing risks to achieve the entity's objectives, forming a basis for determining how risks should be managed.

Examples of issues which would fall under this category are absence of risk management framework, operational including fraud and enterprise risks not identified, assessed and mitigated and impact of changes in business processes on controls not identified and assessed.

- **Control Activities (CA)** – these are established by policies and procedures to help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of an entity and at various stages within business processes, and over the technological environment.

Examples of issues which would fall under this category are general controls relating to information technology, documentation of procedures which have in-built checks and balances which are aligned to the policies of the entity. Specific control activities include those relating to authorization, performance reviews, information processing, physical controls, and segregation of duties.

- **Information and Communication Control (IC)** – information is necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the entity with the information needed to carry out day-to-day controls. Communication enables personnel to understand internal control responsibilities and their importance for the achievement of objectives.

Examples of issues which would fall under this category are reporting to boards and line ministries of entities on matters relating to internal controls

- **Monitoring Activities (MA)** – on-going evaluations, separate evaluations or some combination of the two are used to ascertain whether controls are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner.

Examples of issues which would fall under this category are self-assessment by entities to determine whether internal controls are present and function. This may include the establishment of independent internal audit functions within entities which would assist in identifying any gaps in controls.

A deficiency occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A significant deficiency is a deficiency that either or alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

The following table outlines the rating we have used to assess internal controls:

Rating	Internal control assessment
🟢 Effective	No deficiencies identified in internal controls
🟡 Generally effective	Deficiencies identified in internal controls
🔴 Ineffective	Significant deficiencies identified in internal controls

6.3 Quality of Draft Financial Statements by Authorities

The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the number of audit adjustments made to the first draft of financial statements and the impact these adjustments had on the operating results or net assets of the entity subject to our audit.

Rating	Quality of draft financial statements assessment
🟢 Effective	No adjustments were required
🟡 Generally effective	Adjustments on operating results/net assets were less than five percent
🔴 Ineffective	Adjustments on operating results/net assets were more than five percent

6.4 Timeliness of Draft Financial Statements for Authorities

To assess the timeliness of draft acceptable financial statements, we have compared the date the draft financial statements were received for audit after allowing for at least 30 days before the legislative deadlines for our audit.

Rating	Timeliness of draft financial statements assessment
🟢 Effective	Acceptable draft financial statements received within 60 days before legislative deadline
🟡 Generally effective	Acceptable draft financial statements received within 30 days before legislative deadline
🔴 Ineffective	Acceptable draft financial statements received less than 30 days before legislative deadline

7.0 Our Assessment of Financial Governance

This section presents the results on our assessment of financial governance of the Authorities audited for the financial year 2016 and 2017.

Internal Controls

It is evident from our assessment that more concerted efforts are needed to improve the internal control environment of the Authorities. Out of the 15 Authorities audited for 2016 financial year, we noted control environment deficiencies in 9 or 60% of the Authorities.

Timeliness of Financial Reporting

To be useful to users, financial statements should be completed and made available as soon as possible after close of financial year. Information in financial statements becomes less relevant to users as the time passes from close of financial year. Out of the 15 Authorities audited for 2016 financial year, only three authorities submitted the draft financial statements on a timely manner.

Quality of Draft Financial Statements

The extent of audit adjustments made to draft financial statements indicates the effectiveness of the Authority's internal review processes to identify and correct errors before these are provided for audit.

Five (5) Authorities prepared good quality complete draft financial statements that did not require any adjustments. Adjustments passed on draft financial statements for four (4) Authorities were not material. The most material adjustment was made for financial statements of six (6) Authorities.

The following table summarizes our assessment of controls and the 2016 financial statement preparation processes across the entities which were audited.

Entity	Internal controls					Financial Statement Preparation	
Statutory Authorities	CE	RA	CA	IC	MA	T	Q
1. Public Rental Board	✱	✱	✱	✱	✱	✱	✱
2. Fiji Meats Industry Board	✱	✱	✱	✱	✱	✱	✱
3. Investment Fiji	✱	✱	✱	✱	✱	✱	✱
4. Fiji Teacher's Registration Authority	✱	✱	✱	✱	✱	✱	✱
5. Fijian Competition & Commerce Commission	✱	✱	✱	✱	✱	✱	✱
6. Civil Aviation Authority of Fiji	✱	✱	✱	✱	✱	✱	✱
7. Fiji National Sports Commission	✱	✱	✱	✱	✱	✱	✱
8. Film Fiji	✱	✱	✱	✱	✱	✱	✱
9. Fiji National Council for Disabled Persons	✱	✱	✱	✱	✱	✱	✱
10. Fiji Higher Education Commission	✱	✱	✱	✱	✱	✱	✱
11. Land Transport Authority	✱	✱	✱	✱	✱	✱	✱
12. Fiji Revenue and Customs Services	✱	✱	✱	✱	✱	✱	✱
13. Fiji Roads Authority	✱	✱	✱	✱	✱	✱	✱
14. Consumer Council of Fiji	✱	✱	✱	✱	✱	✱	✱
15. Maritime Safety Authority of Fiji	✱	✱	✱	✱	✱	✱	✱

The following table summarizes our assessment of controls and the 2017 financial statement preparation processes across the entities which were audited.

Entity	Internal controls					Financial Statement Preparation	
	CE	RA	CA	IC	MA	T	Q
Statutory Authorities							
1. Investment Fiji	★	★	★	★	★	★	★
2. Fijian Competition & Commerce Commission	★	★	★	★	★	★	★
3. Civil Aviation Authority of Fiji	★	★	★	★	★	★	★
4. Fiji National Sports Commission	★	★	★	★	★	★	★

CE=Control Environment

RA=Risk Assessment

CA=Control Activities

IC=Information and Communication Control

MA=Monitoring Activities

T=Timeliness of draft financial statements

Q=Quality of draft financial statements

Appendix A: Audits not complete as at 30 November 2018

Entity	Year Last Audited				Comments
	Prior 2013	2014	2015	2016	
1. Tourism Fiji	✓				2014 audited accounts issued for signing on 23/07/18 and yet to be returned.
2. National Fire Authority	✓				The draft 2014 accounts were submitted on 05 March 2018. The contract auditor was appointed on 04 July 2018. Audit yet to commence due to unavailability of relevant accounting records.
3. Agricultural Marketing Authority	✓				The contract auditor was appointed on 15 November 2018. 2010 – 2014 audit in progress.
4. I-Taukei Affairs Board	✓				2003-2005 audit being finalized.
5. Fiji Servicemen's After-care Fund		✓			2015 accounts yet to be received.
6. Real Estate Agents Board	✓				2013-2015 accounts received on 10 April 2017. The audit is delayed due to absence of source documents and errors in draft financial statements.
7. Fiji Human Rights & Anti-Discrimination Commission	✓				2008 – 2016 audit in progress. The draft accounts were received on 27 August 2018.
8. Independent Legal Services Commission			✓		2016 accounts yet to be received.
9. Telecommunication Authority of Fiji		✓			2015 accounts yet to be received.
10. Fiji Arts Council	✓				2004 – 2015 Accounts received. Council to appoint their own auditor.
11. Fiji Medical & Dental Secretariat		✓			2015 audit being finalized.

Entity	Year Last Audited				Comments
	Prior 2013	2014	2015	2016	
12. National Food & Nutrition Centre			✓		2015 account received on 29/9/17. 2015 accounts to be resubmitted by the Secretariat as it contained errors.
13. Sugar Industry Tribunal			✓		2016 account received on 08/11/18.
14. Fiji Meats Industry Board				✓	2017 audit being finalized.
15. Fiji Teacher's Registration Authority				✓	2017 audit in progress.
16. Film Fiji				✓	2017 accounts yet to be received.
17. Fiji National Council for Disabled Persons				✓	2017 audit in progress.
18. Fiji Higher Education Commission				✓	2017 audit in progress.
19. Land Transport Authority				✓	2017 audit being finalized.
20. Fiji Revenue and Customs Services				✓	2017 audit in progress.
21. Fiji Roads Authority				✓	2017 audited accounts issued for signing on 17/07/18 and yet to be returned.
22. Maritime Safety Authority of Fiji				✓	2017 accounts yet to be received.
23. Public Rental Board				✓	2017 audit being finalized.
24. Consumer Council of Fiji				✓	2017 audit being finalized.

Appendix B: Audit Opinion Results

The following tables present the results of our audit of **2016** financial statement for statutory authorities.

Entity	Legislative time frame	Date audit report signed	Audit opinion type
1. Fiji Roads Authority	31 January 2017	31 July 2017	Unmodified
2. Civil Aviation Authority of Fiji	30 June 2017	23 June 2017	Unmodified
3. Fijian Competition & Commerce Commission	31 January 2017	21 August 2017	Unmodified
4. Investment Fiji	31 January 2017	13 April 2017	Unmodified
5. Fiji Teachers Registration Authority	31 January 2017	02 October 2017	Unmodified
6. Film Fiji	31 January 2017	30 July 2017	Unmodified
7. Public Rental Board	30 April 2017	18 October 2017	Unmodified
8. Fiji Meats Industry Board	30 April 2017	07 March 2018	Unmodified
9. Fiji National Sports Commission	31 January 2017	01 December 2017	Unmodified
10. Maritime Safety Authority of Fiji	31 January 2017	30 November 2017	Modified
11. Fiji National Council for Disabled Persons	31 January 2017	16 October 2017	Disclaimer of opinion
12. Fiji Higher Education Commission	31 January 2017	17 September 2018	Unmodified
13. Land Transport Authority	31 January 2017	26 February 2018	Unmodified
14. Fiji Revenue and Customs Services	31 January 2017	09 June 2017	Unmodified
15. Consumer Council of Fiji	31 January 2017	17 November 2017	Unmodified

The following tables present the results of our audit of **2017** financial statement for statutory authorities.

Entity	Legislative time frame	Date audit report signed	Audit opinion type
1. Fijian Competition & Commerce Commission	31 January 2018	03 July 2018	Unmodified
2. Investment Fiji	31 January 2018	16 March 2018	Unmodified
3. Fiji National Sports Commission	31 January 2018	12 November 2018	Unmodified
4. Civil Aviation Authority of Fiji	30 June 2018	14 August 2018	Unmodified

Appendix C: Entities not subject to audit by the Auditor-General

Entity	Audit requirement	Audited by/Comments
1. National Centre for Small and Micro Enterprises Development	Auditor-General or any other independent auditor appointed by the Board	Aliz Pacific appointed as auditors for 2010-2018 financial statements.
2. National Trust of Fiji	Auditor-General or such other auditor approved in that behalf by the Minister responsible for finance.	Auditor appointed by Trust as follows: <ul style="list-style-type: none"> • 2006-2007 RP Singh & Company. • 2008-2010 HN Pande & Company. • 2011-2013 I Naiveli & Company. • 2014-2016 HN Pande & Company.
3. Fiji Museum	Auditor appointed by the Minister of Education under Fiji Museum Act.	<ul style="list-style-type: none"> • Ernst & Young appointed as auditor for 2005-2009 financial statements. • 2010-2015 financial statements yet to be audited.
4. Tertiary Scholarship and Loans Board	<p>In accordance with the Audit Act (Cap. 70) and the Financial Management Act 2004;</p> <p>(b) by an independent auditor appointed by the Minister; or</p> <p>(c) by an independent auditor as so directed by the Minister for Finance.</p>	KPMG appointed as auditors for 2014-2017 financial statements.

Appendix D: Glossary

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws.
Accounting estimates	An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation.
Amortised	Gradually write off the initial cost of an asset.
Assessment for impairment	Assessment done to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use).
Audit evidence	A difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Audit Memorandum	Management Letter highlighting areas where improvements can be made by an entity following an audit.
Audit strategy	The strategy that sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan.
Business continuity risk	Business interruption can result from natural occurrences and accidental or deliberate criminal acts. Those interruptions can have significant financial and operational ramifications. Over time, an organization will experience an event that will result in the loss of information, access to properties (tangible or intangible), or the services of personnel. Exposure to those types of risks and the planning for business continuity is an integral part of an organization's risk management process.
Capital works	Amount capitalized to the balance sheet for contributions by an entity to major assets owned by the entity, including expenditure on: <ul style="list-style-type: none"> capital renewal of existing assets that returns the service potential or the life of the asset to that which it had originally. capital expansion which extends an existing asset at the same standard to a new group of users.
Completion of Audit	The audit is considered complete when audit opinion is issued by the Auditor General.

Term	Definition
Consolidated fund account	The main bank account of the government where public monies are paid into for the operations of government. Trust money is not paid into this account.
Deferred income	Deferred income) refers to money received by an entity before it provides the related goods or services to the customer.
Deficiencies	Failing, weakness or shortcoming.
Depreciation	The systematic allocation of a fixed asset's capital value as an expense over its expected useful life to take account of normal usage, obsolescence, or the passage of time.
Estimated useful lives	Estimated lifespan of a depreciable fixed asset, during which it can be expected to contribute to an entity's operations.
Express an opinion	A written expression of the auditor's overall conclusion on the financial report based on audit evidence obtained.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Governance	Governance is defined as the manner in which those in vested authority uses its powers to achieve the institution's objectives, including its powers to design, implement and innovate the organization's policies, rules, systems and processes and to engage and involve its stakeholders.
Governing bodies	A body of persons or officers having ultimate control. They are mainly constituted for the purpose of administration.
Impairment	When an asset's carrying amount exceeds the amount that can be recovered through use or sale of the asset.
International Financial Reporting Standards	Standards adopted by Fiji Institute of Accountants for financial reporting by large and medium entities in Fiji.
Management	Those with the executive responsibility for conducting an entity's operations.
Management services	Organisation and coordination of the activities of a business done by another person or entity outside the business.
Material misstatement	A significant difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Materiality	This relates to the size or nature of the item or error judged in the particular circumstances of its omission or misstatement. Information is material if its omission or

Term	Definition
	misstatement could influence the economic decisions of users, taken on the basis of the financial statements.
Misstatement	A difference between the amounts, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Other significant matters	<p>Include control weaknesses which <i>could cause</i> or <i>is causing</i> severe disruption of the process or severe adverse effect on the ability of an auditee to achieve process objectives and comply with relevant legislation.</p> <p>It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.</p>
Provision for loan accounts	A provision made to allow for the possibility that some debts due for payment in the future may never be paid.
Reasonable assurance	A high but not absolute level of assurance.
Recognition criteria	Criterion which is used to recognise assets, liabilities, expenditure and revenue in financial statements.
Revaluation	The action of assessing the value of something again.
Risks	The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.
Signed Financial Statements	Means when audit opinion is issued by the Auditor General on the financial statement.
Standards on auditing	International Standards on Auditing adopted by Fiji Institute of Accountants and applied by Office of the Auditor-General for audits carried out.
Leasehold land	Real property held by a tenant (lessee) under a lease for a fixed term, after which it is returned to the owner (the lessor).
Valuation	The process of determining the fair value of an asset.
Value-adding	Financial or non-financial gains arising from improved compliance or mitigation of risks.
Work in progress	The total value of the materials and labor for unfinished projects.
Written- down value	The value of an asset after accounting for depreciation or amortization.
Zero-book values	Arises when fixed assets are fully depreciated.

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