

**MINISTRY OF RURAL & MARITIME DEVELOPMENT AND NATIONAL DISASTER MANAGEMENT -  
RESPONSES TO THE AUDIT QUERIES FOR FINANCIAL PERIOD 1<sup>ST</sup> JAN TO 31<sup>ST</sup> JULY 2016**

**SPECIAL AUDIT FINDINGS FOR CYCLONE WINSTON - EASTERN DIVISION**

NO.	FINDINGS/QUERIES	AUDIT RECOMMENDATIONS	MINISTRY'S RESPONSE	ACTIONS TAKEN /IMPLEMENTED/IMPROVEMENTS
<p><b>18.16</b></p> <p><b>Page 30</b></p>	<p><b>Excessive/Unauthorised Supply of Food Rations</b></p> <p>Upon receipts of the goods, services or works, the receiving Officer shall verify that their receipt in good order and that the invoice is in accordance with the LPO. If the LPO of the goods received is less than shown in the suppliers invoice or delivery note, the receiving Officer shall furnish a report to the Administration Manager who shall arrange a claim against the supplier or carrier.</p> <p>Manual LPOs no.</p>	<ul style="list-style-type: none"> <li>▪ A proper reconciliation mechanism is put in place to ensure that all future orders are properly monitored and reconciled in terms of item description, brands, unit, prices and quantity ordered and supplied; and</li> <li>▪ A thorough investigation is to be carried out and disciplinary action should be instigated against those Officers responsible.</li> </ul>	<p>The item was over supplied due to the following reasons:</p> <p>a) We admit that a mistake occurred which was caused by oversight because we had been loading the items in the middle of the night till morning to allow for the boat to set sail the next day as per the directives given. TC Winston hit Fiji on the 20<sup>th</sup> of February and we are directed to supply food on the 22<sup>nd</sup> day of February. There was not enough time given to fully make a thorough check on the supplies hence error occurred.</p> <p>b) Secondly the Strategy</p>	<p>A. We admit that actions taken were not aligned with the Proforma Financial Manual of 2011. This is due to the following reasons.</p> <ul style="list-style-type: none"> <li>• Firstly, Commissioner Eastern Division was tasked to deliver the materials as soon as possible to the affected communities.</li> <li>• Secondly, this particular issue occurred during times of disaster and under circumstances that dictated the need for urgent response to the needs of the affected communities.</li> <li>• Thirdly, we did not have both the manpower and time to undertake the necessary steps in accordance with Proforma Financial Manual of 2011 given the short time frame for the delivery of the rations.</li> </ul> <p>B. There was no misuse, abuse of rations or collusion with the suppliers and that all surplus rations were supplied to Taveuni as it was also a severely affected area.</p>

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	<p>735651-735670 totalling \$1,411,568 were issued on 21/02/2016 for supply of food ration for Lomaiviti, Northern Lau, southern Lau and Yasayasa Moala based on the estimated number of adults/children per village.</p> <p>Reconciliations of suppliers invoices/delivery dockets against the Eastern division's approved purchase orders for food rations on 21/2/16 revealed that there was excessive and unauthorised purchase of tin fish, powdered milk and canola oil amounting to \$240,095.</p> <p>The above findings denoted weaknesses in controls over the procurements</p>		<p>for the Eastern Division was to use the Iloilovatu to start the distribution from Koro and all the affected islands in the Eastern Division</p> <p>c) Fortunately for the Eastern Division was to the Iloilovatu to start distribution from Koro and all the affected Islands in the Eastern Division.</p> <p>d) MV Iloilovatu after supplying food rations to Koro returned and food items were properly stacked at the Warehouse at the FPO awaiting shipment for the next round of ration distribution.</p> <p>e) Population data provided for the preparation of 1<sup>st</sup> Round Food Distribution was for 2007 and population on the ground differs after Provincial Administration reported that minority</p>	

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	<p>exacerbated by the absence of a proper reconciliation mechanism to keep track of the quantity of goods ordered and supplied.</p> <p>Possibility of collusion between the suppliers and the Officers involve in the procurement of the goods cannot be ruled out.</p>		<p>were left out. After consultation with the MOH, who also have records of population data, it was found that there were differences and MOH record was more by close to double. This resulted in rations reordering and verbal approval was given to divert food items that were left out.</p> <p>f) We regret the mistake made by the team and the team assures that this will not happen again.</p>	
<p>18.16.2</p> <p><b>Page 31</b></p>	<p>Upon receipt of the goods, services or works, the receiving officer shall verify that their receipt in good order and the invoice is in accordance with the LPO. If the quantity of the goods received is less than shown in the suppliers invoice or delivery note, the receiving officer shall furnish a</p>	<p>The ministry should ensure that a proper reconciliation mechanism is put in place to ensure that all future orders are properly monitored and reconcile in terms of item description, brands, unit prices and quantity ordered and supplied.</p>	<p>a) The recommendations given by the audits were taken into consideration and the office of the CED accepts the fact that it did not carry out the necessary checks and reconciliation to ensure stores are safeguarded.</p> <p>a) In this instance because of the</p>	<p>We admit that actions taken were not aligned with financial regulations due to the following reasons:</p> <ul style="list-style-type: none"> <li>• The need to urgently procure material and load the boat for cartage to affected areas.</li> <li>• In regards to PO 735670, there was no stock of corned beef thus given the short time frame; other food items were procured as replacement but within the limit of the amount on the PO.</li> <li>• In regards to PO 735657, given that there was no corned beef in stock, replacement food items were procured to ensure that rations were delivered on time.</li> <li>• Both the procurement mentioned above was within the LPO amount and the items procured were in line with the ration scale formula.</li> <li>• Process dictates that a new LPO should be issued but, given the short time frame for deployment that would have delayed the process of</li> </ul>

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	<p>report to the Administration Manager who shall arrange a claim against the supplier or carrier.</p> <p>Manual Local Purchase Orders no. 735651- 735670 totalling <b>\$1,411,567.88</b> were issued on 21/02/16 for supply of food ration for Lomaiviti, Northern Lau, Southern Lau and Yasayasa Moala based on the estimated number of adults/children per village.</p> <p>The audit noted that items supplied as per the invoices received/signed did not reconcile with item description and quantity as per the approved LPO's issued.</p>		<p>urgency to send rations to the affected population, verbal notes were given to the supplier via phone to supply the necessary stores required by the Eastern Emergency Operation Centre( EECC)</p> <p>b) This Prompted suppliers, who already has PO's to supply the needed items, so supplier makes sure that goods supplied do not exceed the value of the invoice even though suppliers have orders which contains which were initially ordered.</p> <p>c) Corned Mutton was also ordered due to the unavailability of corned beef from the supplier and also there was an instruction from the National Controller for the</p>	<p>loading and delivery of rations and shipment to affected areas.</p>

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			cessation of the Procuring of corned beef and mutton. All these instruction came when the Purchase orders were with the suppliers.															
18.16.3  <b>Page 32</b>	<p><b>Absence of Reconciliation of Food Ration Distribution</b></p> <p>Reconciliation is the control measure to ensure that at least 2 sets of records are in agreement. Reconciliation provides assurance that all items purchased, received at the stores and distributed to the end users, have been accounted for.</p> <p>Review of the food ration distribution operations and records for the Eastern Division noted that food ration distribution details were recorded</p>	<p>The EOC coordinator should ensure that:</p> <ul style="list-style-type: none"> <li>Quantity of goods distributed are reconciled against the delivery dockets and the total distributed to be matched against the total quantity of good received and balance in stock; and</li> <li>Any discrepancies noted should further investigated and disciplinary action taken against the officers responsible.</li> </ul>	<p>The office of the CED will not deny the fact that due diligence was not done in relation to the procurement and delivery of stores, as was indicated earlier that the situations inhibits the addressing of issues being highlighted.</p> <p>Due to lack personnel coupled with the lack of qualification in the areas of inventory procurement/Control in the office, certain internal control procedures have to be by-passed.</p> <p>As was mentioned earlier that the situation the situation the nation is facing at the time does not allow for proper/careful scrutiny of personnel appointed to this section.</p>	<p>A. We admit that the reconciliation mechanism that was used was very weak.</p> <p>B. In response, the Office of the Divisional Commissioner Eastern has adopted a reconciliation mechanism to prevent any future query on ration distribution. This is in the form of NDMO forms 1, 2 and 3. Form 1 is warehouse inward reconciliation form. Form 2 is warehouse outward reconciliation form, and form 3 is for ration distribution.</p> <p>Anomalies in the Procurement of Goods and Services (refer to page 47)</p> <table border="1" data-bbox="1240 842 2186 1390"> <thead> <tr> <th data-bbox="1240 842 1379 946">Date/ Cheque/ EFT No.</th> <th data-bbox="1379 842 1509 946">Details</th> <th data-bbox="1509 842 1632 946">Amount (\$)</th> <th data-bbox="1632 842 1814 946">Remarks</th> <th data-bbox="1814 842 2186 946">Comment</th> </tr> </thead> <tbody> <tr> <td data-bbox="1240 946 1379 1390">17/06/16  Chq # 12209</td> <td data-bbox="1379 946 1509 1390">Payment of Earthmoving</td> <td data-bbox="1509 946 1632 1390">11,750</td> <td data-bbox="1632 946 1814 1390"> <ul style="list-style-type: none"> <li>No LPO sited</li> <li>Competitive quotes were not obtained</li> <li>PO No for the \$23,500 is PO 94991002</li> </ul> </td> <td data-bbox="1814 946 2186 1390"> <p>We admit that there was no LPO was issued and that there was also no additional 3 quotation provided. These actions were based on following:</p> <ol style="list-style-type: none"> <li>The contractor, Central Eastern Civil Construction, had already been engaged on site to do clearing work (PO 949910025675). Given that additional work was</li> </ol> </td> </tr> </tbody> </table>					Date/ Cheque/ EFT No.	Details	Amount (\$)	Remarks	Comment	17/06/16  Chq # 12209	Payment of Earthmoving	11,750	<ul style="list-style-type: none"> <li>No LPO sited</li> <li>Competitive quotes were not obtained</li> <li>PO No for the \$23,500 is PO 94991002</li> </ul>	<p>We admit that there was no LPO was issued and that there was also no additional 3 quotation provided. These actions were based on following:</p> <ol style="list-style-type: none"> <li>The contractor, Central Eastern Civil Construction, had already been engaged on site to do clearing work (PO 949910025675). Given that additional work was</li> </ol>
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	<p>in an MS Excel spread sheets which were not been reconcile to the total quantity of items received from the supplier and delivered from the bulk.</p> <p>Therefore, the objective of maintaining these records was not fully achieved indicating a high risk of goods being unaccounted due to pilferage.</p>		<p>The office of the CED has put in place measures to minimise errors and inconsistencies that may arise.</p>	<table border="1"> <tr> <td data-bbox="1240 261 1379 842"></td> <td data-bbox="1379 261 1509 842"></td> <td data-bbox="1509 261 1635 842"></td> <td data-bbox="1635 261 1814 842">5675</td> <td data-bbox="1814 261 2197 842"> <p>required for site leveling, it was only logical to engage the same contractor because of the time limit for the commencement of house construction by Grace Road.</p> <p>2. The urgent need to undertake construction immediately was because much of the houses in the village were destroyed leaving people homeless. We will ensure that processes and procedures are followed in future disaster operations.</p> </td> </tr> <tr> <td data-bbox="1240 842 1379 1011">18/3/16 Chq # 12028</td> <td data-bbox="1379 842 1509 1011">Clutch for GP 222</td> <td data-bbox="1509 842 1635 1011">2,905</td> <td data-bbox="1635 842 1814 1011">Expenditure charged to SEG 5 instead of SEG 4</td> <td data-bbox="1814 842 2197 1011">We admit that misposting was made on this item. We will take the necessary steps to ensure that this does not occur again in the future.</td> </tr> <tr> <td data-bbox="1240 1011 1379 1181">29/6/16 Chq # 12252</td> <td data-bbox="1379 1011 1509 1181">District Fuel Order</td> <td data-bbox="1509 1011 1635 1181">2,366</td> <td data-bbox="1635 1011 1814 1181">Expenditure charged to SEG 5 instead of SEG 4</td> <td data-bbox="1814 1011 2197 1181">We admit that mis-posting was made on this item. We will take the necessary steps to ensure that this does not occur again in the future.</td> </tr> </table>								5675	<p>required for site leveling, it was only logical to engage the same contractor because of the time limit for the commencement of house construction by Grace Road.</p> <p>2. The urgent need to undertake construction immediately was because much of the houses in the village were destroyed leaving people homeless. We will ensure that processes and procedures are followed in future disaster operations.</p>	18/3/16 Chq # 12028	Clutch for GP 222	2,905	Expenditure charged to SEG 5 instead of SEG 4	We admit that misposting was made on this item. We will take the necessary steps to ensure that this does not occur again in the future.	29/6/16 Chq # 12252	District Fuel Order	2,366	Expenditure charged to SEG 5 instead of SEG 4	We admit that mis-posting was made on this item. We will take the necessary steps to ensure that this does not occur again in the future.
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