



**FIJI CORRECTION SERVICE**  
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20 April 2018

C/O 5/91

**The Honourable Ashneel Sudhakar**  
The Chairperson  
Standing Committee on Public Accounts  
Parliament of the Republic of Fiji  
PO Box 2352  
Government Buildings  
SUVA

Dear Honourable A. Sudhakar

**FIJI CORRECTIONS SERVICE SUBMISSION ON CLARIFICATION OF ISSUES –  
AUDIT REPORT ON GENERAL ADMINISTRATION SECTOR 2016**

**Introduction**

The FCS PAC Audit responses on the highlighted issues of the Auditor General's report on the General Administration Sector for the year ended 31<sup>st</sup> July 2016. Highlighted below are the responses and assurances by the Fiji Corrections Service to the questions raised by your Standing Committee:

**Question1**

**Unsubstantiated Accounts Receivables**

Fiji Corrections Services adheres to the debtors aging report and confirms that all transactions are now transacted on cash basis. No sales are made on credit and all outstanding debtors as of to date are continuously being followed-up to complete payment of all outstandings. No product purchased is released past the main gate upon producing a receipt and invoice to confirm the item and quantity paid.

**Response**

Debtors are cleared through Journal Entries raised by the auditors in the beginning of the following year confirming that payments have been received in the new financial year. Journal Voucher reversals attached as **Annex a**.

## **Question 2**

Variances in TMA Cash at Bank is noted and rectified. These variance is in relation to debtors payments made but dishonoured hence not reflecting in the bank statement as credit.

With the introduction of non –credit sales, cheques are not entertained as a mode of payment but all purchasing to be made by cash for individual customers and not personal cheques. Bank reconciliation is maintained monthly and pay-ins for all cash transactions are processed daily into the FMIS system and checked against the bank statements ensuring that lodgments are reflected daily also.

## **Response**

The TMA journal voucher was raised to clear TMA debtors that were received in the bank statement but not adjusted in the Financial Management Information System. The JV is attached as **Annex b**.

## **Question 3**

### **Lack of Guidelines on Operation of Prisoner's Trust Fund Account.**

This lack of Guidelines has been attended to and rectified. The Prisoners Trust Fund Account was established to cater for cash held by inmates during process for admission. Inmates that have cash to the sum of \$25 and above are deposited into the trust account. This is payable back to them (inmates) upon discharge. The Fiji Correction Service (FCS) has been through many changes in roles and functions which it has not correlated well with the guidelines and standard operating procedures of this Trust Fund. The new role known as Correction from the usual containment, has seen the FCS introduce other inmate funds namely:

- a) Job Placement
- b) Sugar Cane Harvesting
- c) Commercial Wages (TMA)
- d) Art Gallery
- e) Prisoners cash

The guideline was reviewed and a Standard Operating Procedures (SOP) has been drafted for the change of the current process or guideline. The FMI System has already been re-structured paving the way for an SOP to be drafted and implemented.

Names of inmates has also been identified to match funds that has been lodged into this Trust Fund

## **Response**

Attach confirmation on FMIS with the new allocations of Trust funds. The New SOP has been drafted identifying listings of inmates that are beneficiary to the funds is attached as **Annex c**.

#### Question 4

##### **Expenditure recorded contrary to the Appropriation Provided.**

This has been noted and expenditure appropriation is carefully utilized according to its purpose. The utilisation of funds was still appropriate from the FMIS perspective of Budgetary SEG allocation. The two expenditures were allocated to the same SEG 4 (Maintenance and Operation) known as the highest level utilisation in the Financial Management Information System. The highest level utilisation will not affect the Income and Expenditure statement or the drawing up of FCS Balance Sheet. The under and over statements claimed at the lowest level is insignificant at the highest level to which it still maintains the Appropriation Bills Act. However as mentioned above FCS has rectified query and kept apprised with the "Appropriation Bills Act" to its accounting process.

Respectfully submitted.



**F.B.KEAN**  
Commander  
Commissioner

Audit Issues Raised	Department Response	Evidence
<p>1. Unsubstantiated Accounts Receivable</p>	<p>FCS adheres to the debtors aging report and confirms that all transactions will now be on a cash basis. No sales will be made on credit and all outstanding debtors as of to date are continuously being followed-up to complete payment of all outstandings. No product purchased is to be released past the main gate upon producing a receipt and invoice to confirm the item and quantity paid.</p>	<p>Debtors are cleared through Journal Entries raised by the auditors in the beginning of the following year confirming that payments have been received in the new financial year. JV reversals attached as <b>annex a</b>.</p>
<p>2. Variances in TMA Cash at Bank</p>	<p>Variances in the TMA cash at bank is noted and rectified. These variance is in relation to debtors payments made and but dishonoured hence not reflecting in the bank statement as credit.</p> <p>With the introduction of non –credit sales, cheques are not entertained as a mode of payment but all purchasing to be made by cash for individual customers and not personal cheques. Bank reconciliation is maintained monthly and pay ins for all cash transactions are processed daily into the FMIS system and checked against the bank statements ensuring that lodgments are reflected daily also.</p>	<p>The TMA JV was raised to clear TMA debtors that were received in the bank statement but not adjusted in the FMI System. The JV is attached as <b>annex b</b>.</p>

3. Lack of Guidelines on Operation of Prisoner's Trust Fund Account

This lack of Guidelines has been attended to and rectified. The Prisoners Trust Fund Account was established to cater for cash held by inmates during process for admission. Inmates that carry cash to the sum of \$25 and above; are deposited into this trust account. This is payable back to them (inmates) upon discharge. The Fiji Correction Service (FCS) has been through many changes in roles and functions which it has not correlated well with the guidelines and standard operating procedures of this Trust Fund. The new role known as Correction from the usual containment, has seen the FCS introduce other inmate funds namely:

- a) Job Placement
- b) Sugar Cane Harvesting
- c) Commercial Wages (TMA)
- d) Art Gallery
- e) Prisoners cash

The guideline was reviewed and a Standard Operating Procedures (SOP) has been drafted for the change of the current process or guideline. The FMI System has already been re-structured paving the way for an SOP to be drafted and implemented.

Names of inmates has also been identified to match funds that has been lodged into this Trust Fund

The New SOP has been drafted and listing of inmates that are beneficiary to the funds is attached as **annex c**.

Confirmation on FMIS with the new allocations of Trust funds.

4. Expenditure recorded contrary to the Appropriation Provided.

This has been noted and expenditure appropriation are carefully utilised according to its purpose. The utilisation of funds was still appropriate from the FMIS perspective of Budgetary SEG allocation. The two expenditures were allocated to the same SEG 4 (Maintenance and Operation) known as the highest level utilisation in the FMI System. The highest level utilisation will not affect the Income and Expenditure statement or the drawing up of FCS Balance Sheet. The under and over statements claimed at the lowest level is insignificant at the highest level to which it still maintains the Appropriation Bills Act. However as mentioned above FCS has rectified query and kept apprised with the “**Appropriation Bills Act**” to its accounting process.

Fwd  Go GL - General Ledger AP - Accounts Payable PO - Purchasing GF - Fund Account

J/E by Journal Inquiry

J/E by Journal Inquiry - Header Journal Inquiry By Journal - Detail

Journal ID: 032062 DR/CR code:

Fiscal set: A Yr: 2017 Cum: FJD Type: S Net

Desc: Debits: Credits: More: +

Pd/Yr:	ACCOUNT NUMBER	JOURNAL AMOUNT	JRNL DESC (01-20)
06/2017	4-15251-71999-540101	140,443.65	JV 01/01/17
06/2017	4-15251-71999-540101	157,623.48	JV 02/01/17
06/2017	4-15251-71999-540101	176,056.60	JV 03/01/17
06/2017	4-15251-71999-540101	227,258.50	JV 04/01/17
06/2017	4-15252-91151-240199	28,531.79	JV 01/01/17
06/2017	4-15252-91151-240199	5.78	JV 02/01/17
06/2017	4-15252-91151-240199	48,931.55	JV 03/01/17
06/2017	4-15252-91151-240199	4.50	JV 04/01/17

**Infor** Infor FMS Masterpiece

Fwdl  Go GL - General Ledger AP - Accounts Payable PO - Purchasing GF - Fund Accounting

J/E by Journal Inquiry

J/E by Journal Inquiry - Header **Journal Inquiry By Journal - Detail**

Journal ID: 032062 DR/CR code: Debits: 701

Credits: 193

Fiscal set: A Yr: 2017 Curr: FJD Type: S Net: 507

More - +

Desc.	Pd/Yr:	ACCOUNT NUMBER	JOURNAL AMOUNT	JRNL DESC (01-20)
	06/2017	4-15253-91151-240199	3,000.00-	JV 01/01/17
	06/2017	4-15253-91151-240199	18,394.18-	JV 02/01/17
	06/2017	4-15253-91151-240199	3,293.80-	JV 03/01/17
	06/2017	4-15253-91151-240199	63,159.00-	JV 04/01/17
	06/2017	4-15255-91151-240199	1,883.49-	JV 01/01/17
	06/2017	4-15255-91151-240199	8,188.07-	JV 02/01/17
	06/2017	4-15255-91151-240199	5,523.85-	JV 03/01/17
	06/2017	4-15255-91151-240199	4,002.75-	JV 04/01/17

Infor

Infor FMS Masterpiece

Fwd

Go

GL - General Ledger

AP - Accounts Payable

PO - Purchasing

GF - Fund Accounting

J/E by Journal Inquiry



Exit Priv

J/E by Journal Inquiry - Header

Journal Inquiry By Journal - Detail

Journal ID

032062

DR/CR code:

Debits:

701

Credits:

683

Fiscal set

A

Yr

2017

Cum:

FJD

Type:

S Net

More

-

+

20

Desc:

Pd/Yr:

ACCOUNT NUMBER

JOURNAL AMOUNT

JRNL\_DESC(01-20)

Pd/Yr	ACCOUNT NUMBER	JOURNAL AMOUNT	JRNL_DESC(01-20)
06/2017	4-15256-91151-240199	46,608.00- JV 01/01/17	
06/2017	4-15256-91151-240199	63,836.00- JV 02/01/17	
06/2017	4-15256-91151-240199	48,715.50- JV 03/01/17	
06/2017	4-15256-91151-240199	87,611.00- JV 04/01/17	
06/2017	4-15257-91151-240199	34,554.00- JV 01/01/17	
06/2017	4-15257-91151-240199	39,538.00- JV 02/01/17	
06/2017	4-15257-91151-240199	28,919.50- JV 03/01/17	

**Infor** Infor FMS Masterpiece

Fwdl  Go GL - General Ledger AP - Accounts Payable PO - Purchasing GF - Fund Account

J/E by Journal Inquiry

J/E by Journal Inquiry - Header **Journal Inquiry By Journal - Detail**

Journal ID: 032062 DR/CR code:

Debits:  
Credits:

Fiscal set: A Yr: 2017 Cum: FJD Type: S Net More:

Desc	ACCOUNT NUMBER	JOURNAL AMOUNT	JRNL DESC (01-20)
06/2017	4-15258-91151-863201	1,597.46- JV	01/01/17
06/2017	4-15258-91151-863201	1,970.76- JV	02/01/17
06/2017	4-15258-91151-863201	2,716.18- JV	03/01/17
06/2017	4-15258-91151-863201	1,821.18- JV	04/01/17
06/2017	4-15259-91151-240199	3,782.00- JV	01/01/17
06/2017	4-15259-91151-240199	3,056.00- JV	02/01/17
06/2017	4-15259-91151-240199	2,875.50- JV	03/01/17

# JOURNAL VOUCHER

G.P. 13

The Chief Accounting Officer.

02/01/17.
 Number: \_\_\_\_\_ month \_\_\_\_\_ year \_\_\_\_\_

Reasons for adjustment:

2015 Audit Adjustment for Debtors already collected but not updated in FMIS System

Source Reference: As per attached FMIS Details.

Debit:

4-15251-71999-540101	157,623	48
Total:	157,623	48

Credit:

4-15252-91151-240199	5	78
4-15252-91151- <del>863201</del>	0	52
4-15253-91151-240199	18,394	18
4-15255-91151-240199	8,188	07
4-15255-91151-863201	736	93
4-15256-91151-240199	63,236	00
Total:		

Signature \_\_\_\_\_

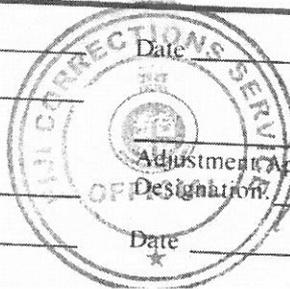
[Handwritten Signature]

Date \_\_\_\_\_

30/08/16

Verified and endorsed.

Distribution:



Adjustment Approved.

Designation:

Date



# JOURNAL VOUCHER

G.P. 13

The Chief Accounting Officer.

Number: 03/01/17 month \_\_\_\_\_ year \_\_\_\_\_

Reasons for adjustment:  
2015 Audit Adjustment for Debtors already collected but not updated in FMIS system

Source Reference: As per attached FMIS Details.

Debit:

<u>4-15251 - 71999 - 540101</u>	<u>176,056.60</u>
Total:	<u>176,056.60</u>

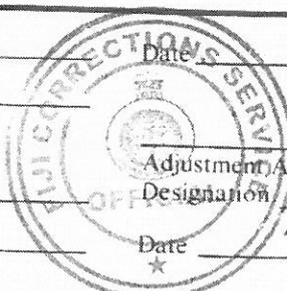
Credit:

<u>4-15252 - 91151 - 240199</u>	<u>48,931.55</u>
<u>4-15252 - 91151 - 863201</u>	<u>4,403.85</u>
<u>4-15253 - 91151 - 240199</u>	<u>3,293.80</u>
<u>4-15255 - 91151 - 240199</u>	<u>5,523.85</u>
<u>4-15255 - 91151 - 863201</u>	<u>497.15</u>
<u>4-15256 - 91151 - 240199</u>	<u>48,715.50</u>
Total:	

Signature: [Signature] Date: 31/08/16

Verified and endorsed. \_\_\_\_\_

Tribution: \_\_\_\_\_


 Adjustment Approved. \_\_\_\_\_  
 Designation \_\_\_\_\_  
 Date \_\_\_\_\_







# JOURNAL VOUCHER

G.P. 13

The Chief Accounting Officer,

Number: 010117. month \_\_\_\_\_ year \_\_\_\_\_

Reasons for adjustment:

2015 - Audit Adjustment for Debtors already collected but not updated in FMIS system.

Source Reference:

As per attached FMIS details.

Debit:

4-15251-71999-540101	140,443.65
Total:	140,443.65

Credit:

4-15251-71999-240199	28,531.79
4-15252-91151-963201	2,867.86
4-15256-91151-240199	46,608.00
4-15257-91151-240199	34,554.00
4-15258-91151-240199	17,949.54
4-15253-91151-240199	3,000.00
Total:	

Signature

31/08/16.

Date

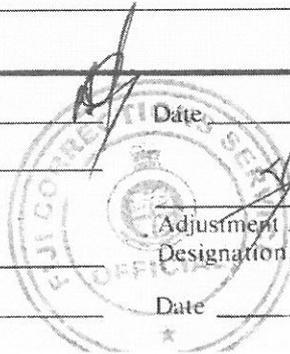
Verified and endorsed.

Distribution:

Adjustment Approved.

Designation

Date





Welcome Helen Koi (FCS) on Monday, March 19, 2018

Infor FMS Masterpiece

GL - General Ledger    AP - Accounts Payable    PO - Purchasing    GF - Fund Accounting

Account ID:     Transfer:    
 Period From:  To:     Chase Function:    
 Fiscal Set 1:      FJD:     Source:    
 Fiscal Set 2:         

list of Accounts

Account ID	Org	Type	Status	Description	SIC
91520100000895000	1571	B	A	INDIVIDUAL TRST & SEPRTE BANK	-776,714.42
<input type="checkbox"/> 91520171084895006	0000	2	A	PRISONERS CASH	-608,721.52
<input type="checkbox"/> 91520171084895007	0000	2	A	JOB PLACEMENT	-4,037.74
<input type="checkbox"/> 91520171084895008	0000	2	A	ART GALLERY	-12,380.00
<input type="checkbox"/> 91520171084895009	0000	2	A	SUGAR CANE HARVESTING	-149,817.16
<input type="checkbox"/> 91520171084895010	0000	2	A	COMMERCIAL WAGES	-1,758.00



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## **FIJI CORRECTIONS SERVICE**

### **PRISONERS TRUST FUND (PTF)**

#### **STANDARD OPERATING PROCEDURE (SOP)**

**AUTHORITY – Section 14 of the Financial Management Act  
Section 60 of the Finance Instruction  
Part 15 of the FCS Finance Manual**

#### **1.0 OBJECTIVE**

The objective of this SOP is to safeguard, protect and administer accordingly prisoner funds held under trust.

#### **2.0 SCOPE**

This SOP applies to all institutions, correction officers, staff, management and prisoners who are incarcerated in all correction institutions. This SOP also applies to the five main trust funds:

- 2.1 Prisoners Cash.
- 2.2 Job Placements Wages.
- 2.3 Sugar Cane Harvesting Fund.
- 2.4 Commercial Wages.
- 2.5 Art Gallery Fund.

#### **3.0 INSTRUCTION**

All prisoners' funds are to be collected under this SOP scope (2.0) and:

- 3.1 lodged into the trust banked account.
- 3.2 attached original receipt in inmates file and update file.
- 3.3 despatched banking details to Headquarters Accounts Unit.

## 4.0 PROCEDURE

### 4.1 Prisoners Cash

- 4.1.1 All inmates cash held during processing of inmate possession must be receipted; this applies to both above and below \$25.
- 4.1.2 Original receipt for cash for over and below \$25 are to be attached in the inmates file. Carbon copy receipts for both cash categories' are to be sent to Headquarters Accounts Section.
- 4.1.2 \$25 and above are to be lodged into the PTF bank account number 9801916413 managed by the Westpac Banking Corporation.
- 4.1.3 Cash below \$25 are to be placed safely in the institutional safe awaiting the inmates discharge date.
- 4.1.4 Cash over \$25 will be paid out to the inmate on the following process:
  - A Submission shall be made to the Commissioner of Corrections seeking approval for payout to the inmate.
  - The submission shall attach the original receipt that is kept in the inmates file.
  - The submission should be signed by the Division Supervisor.
- 4.1.5 The inmate should present himself/herself in person for the collection of the approved trust fund.

### 4.2 Job Placement

- 4.2.1 All job placement wages shall be collected by the appointed Rehabilitation Unit revenue collector from the employer of the inmate. The revenue collector is to enter all wages detail into the wages register kept at the Rehabilitation Unit.
- 4.2.2 The Rehabilitation Unit shall present all wages earned from job placement to the Cashier for an original receipt.
- 4.2.3 The Cashier (HQ) shall lodge all wages into the PTF bank account number 9801916413 managed by the Westpac Banking Corporation.
- 4.2.4 The Cashier (HQ) shall forward all receipt carbon copy and supporting documents to the Trust Clerk for filing and referencing.
- 4.2.5 The original receipt is to be kept in a file kept at the Rehabilitation Unit, specifically opened for the inmate job placement.
- 4.2.6 All job placements shall be paid out to the inmate on the following process:
  - A Submission shall be made to the Commissioner of Corrections seeking approval for payout to the inmate.

- The submission shall attach the original receipt that is kept in the inmates file.
- The submission should be signed by the Director Rehabilitation.

### 4.3 **Sugar Cane Harvesting**

- 4.3.1 All Sugar Cane Harvesting shall be collected by the division accounts clerk (AC) from respective farmers. The AC is to enter all sugar revenue detail into a register kept at divisional office.
- 4.3.2 The AC shall lodge all sugar harvesting funds earned into the PTF bank account number 9801916413 managed by the Westpac Banking Corporation.
- 4.3.3 The original receipt is to be kept in a file specifically opened for the inmate sugar cane harvesting. Each inmate should be written an original receipt and filed individually with copies of cash analysis and bank lodgement.
- 4.3.4 All claims of sugar cane monies shall be paid out to inmates on the following process:
- A Submission shall be made to the Commissioner of Corrections seeking approval for payout to the inmate.
  - The submission shall attach the original receipt, Cash Analysis and Bank Lodgement that is kept in the inmates file.
  - The submission should be signed by the Divisional Supervisor.

### 4.4 **Commercial Wages**

- 4.4.1 All Commercial wages listing shall be submitted daily to Headquarters Accounts Unit.
- 4.4.2 The Trust Clerk shall submit the list to the Payment Clerk on a monthly basis. The Payment Clerk shall write a cheque from the TMA Bank of the South Pacific bank account, to be lodged into the PTF bank account number 9801916413 managed by the Westpac Banking Corporation.
- 4.4.3 The original receipt is to be despatched to the Naboro Institutions and filed in individual inmate file engaged for TMA.
- 4.4.4 All claims of commercial monies shall be paid out to inmates on the following process:
- A Submission shall be made to the Commissioner of Corrections seeking approval for payout to the inmate.

- The submission shall attach the original receipt that is kept in the inmates file.
- The submission should be signed by the Divisional Supervisor Southern.

#### 4.5 **Art Gallery Fund**

4.5.1 All revenue for the Art Gallery (AG) shall be collected by the appointed AG revenue collector.

4.5.2 The AG revenue collector shall lodge all AG monies into the PTF bank account number 9801916413 managed by the Westpac Banking Corporation.

4.5.3 The original receipt, carbon copies of cash analysis and bank lodgement copies are to be filed in the inmates' folder for referencing. Receipt carbon copies, original cash analysis and bank lodgement are to be despatched to the Trust Clerk at HQ Accounts Unit.

4.5.4 All claims of commercial monies shall be paid out to inmates on the following process:

- A Submission shall be made to the Commissioner of Corrections seeking approval for payout to the inmate.
- The submission shall attach the original receipt that is kept in the inmates file.
- The submission should be signed by the Divisional Supervisor Central Eastern.

#### 5.0 **INMATES MOVEMENT**

It is the duty of the Officer in Command in the institution to ensure that inmates move with their files when transferred from one institution to another. It is also the responsibility of the Supervisors in the respective Divisions to ensure Inmate's files are transferred with them when moving to other Divisions. Any loss of accounting information from any inmates file; shall warrant concerned institutional staff and administration officer compensation of the missing payout information.

A proper statutory declaration shall be prepared by the FCS legal section as the legal procedure to process missing accounting documents for inmate payout; only if **compensation** to institutional SOs is successfully implemented.

#### 6.0 **REVENUE LEDGER CARD**

A revenue ledger card shall be placed inside the inmates file detailing all documentation and revenue earned per trust activity and the total revenue earned for incarcerate dates. The trust amount in the inmates file shall reconcile with ledger balance maintained at HQ accounts Unit and the FMI System.

Approved by:   
F.B. KEAN  
Commander  
Commissioner

## 6.0 APPRECIATION

The assistance provided by the Management and staff of the corrections service during the course of the audit is acknowledged. We look forward to the continuation of such fruitful relationship in future audits.

## 7.0 DETAILED AUDIT FINDINGS AND RECOMMENDATIONS

### 7.1 Expenditure recorded contrary to the Appropriation Provided

The expenditure of money appropriated by an Appropriation Act from the consolidated fund or any other fund may be incurred only in accordance with the authorisation effected by the Appropriation Act as indicated in the Act.<sup>1</sup> The appropriation for power supply (\$500,000) and water, sewerage and fire services (\$170,000) was appropriated for the year 2016 accordingly.<sup>2</sup>

The audit noted that expenditures incurred for water, sewerage and fire services totalling \$35,811 was recorded partly as "repair & maintenance – land" (\$25,180)<sup>3</sup> and "electricity" (\$10,632)<sup>4</sup> expenditure.

In addition, "electricity" expenditure of \$3,432 was recorded in the "water, sewerage and fire services" expenditure.

As a result, water, sewerage and fire services expenditures in understated (\$32,379) while electricity (\$7,200) and repair and maintenance - land (\$25,180) expenditure is overstated for the year ended.

Incorrect recording of transactions contrary to the appropriation is un-authorized and affect decision making for the expenditure incurred.

Misposting of transactions affects decision made by management with regards to expenditures.

#### Recommendation

The Corrections Service should ensure that expenditures are recorded in the correct allocations.

#### Management Comments

*The misallocation is noted and the reversal was not made due to the time constraints including the change of office of the accounting head (former SAO) thus divulging the corrections to these misallocations. These payments were made due to the urgency of the matter, as the institutions safety and security demands that water and electricity should never be disconnected because it is directly linked to the National Security Issues of Government. Virement was also made to address the shortfall to which it was returned back to its allocation.*

• change of acc. period.  
• process was done + reconciliation maintained

### 7.2 Unsubstantiated Accounts Receivable

The Accounts Officer shall prepare a quarterly report on the level of outstanding and overdue debts. This report shall be included in the quarterly management report to the Commissioner of Correction Services. The report must outline:

- (i) the amount outstanding but not yet due;

<sup>1</sup> Financial Management Act 2004 – Division 2 – Activity 1 – General Administration - Section 14 (1)

<sup>2</sup> 2016 Budget Estimate – Fiji Corrections Service – Page 85

<sup>3</sup> Payment ID number 9469

<sup>4</sup> Payment ID number 642892 and 8927

- (ii) the total for each overdue age category;
- (iii) name of each debtor within each age category; and
- (iv) the recovery actions taken for each overdue debt.<sup>5</sup>

The aging of overdue debts shall be within the following categories:<sup>6</sup>

Not Yet Due	Overdue	Overdue	Overdue	Overdue
	0-3 months	4-6 months	7-9 months	10-12 months

Within the first week of each month, the Officer in Charge shall prepare a list of debts that are not yet due and those that are overdue.<sup>7</sup>

Review of the TMA debtors revealed the following anomalies:

- 1) The audit noted a variance of \$27,700 between general ledger balance and debtors listing as at 31/07/16. Refer to Table 7.1 below for details.

**Table 7.1: Variances between Debtors listing and FMIS**

Particulars	Amount (\$)
GL balance: 4-15200-00000-56000	241,118
Less:	
Debtors listing - Tailor	19,520
Debtors listing - Joinery	13,201
Debtors listing - Bakery	43,400
Debtors listing - Poultry	121,515
Debtors listing - Other	13,148
Debtors listing - Piggery	2,634
	213,418
Variance	27,700

- 2) The Department failed to prepare individual debtors reconciliation showing opening balance, movements and closing balance as at 31/07/16.
- 3) The Department failed to prepare debtors ageing report as at 31/07/16.

The above findings indicate the lack of reconciliation of the debtors recorded in the general ledger.

This can result in the misstatement of the amounts reported in the financial statements.

### Recommendations

- The Department must prepare individual debtor reconciliation on a monthly basis.
- The Department should consider reconciling the variances and make necessary adjustment. Long outstanding debtors must be followed up and appropriate action to be taken.

<sup>5</sup> Fiji Corrections Services Agency Manual – Section 9.3.1-9.3.3

<sup>6</sup> Fiji Corrections Services Agency Manual – Section 9.3.4

<sup>7</sup> Fiji Corrections Services Agency Manual – Section 9.2.2

**Management Comments**

The Tailor and Joinery debtors as listed in the report correlates to that on the ground, the variance raised in the report is from the debtors of the Poultry SBU.

The department has adhered to the comments made by the audit team to which a directive has now been issued that there will no more collecting cheques for payment of outstanding balances. Improvement was also made to the debtor's record for the 2016 -2017 period and has progressed well with the debtors ageing report as shown below:

Tailor SBU Debtors as 31 July 16									
Date	Debtors	Description	Invoice	Current	0-3 months	4 - 6 Months	7 - 9 Months	10 - 12 Months	Total
31.01.16	FCS QM	Inmate s Uniform	24238			\$3,444.00			\$3,444.00
25.02.16	FCS QM	Inmate s Uniform	25239			\$1,406.00			\$1,406.00
17.05.16	FCS QM	Inmate s Uniform	25242		\$650.00				\$650.00
19.05.16	COC Vaviano	Sutujaba	64246		\$76.00				\$76.00
11.06.16	Kalis Fashion	Sutujaba and Shirt	67108		\$1,602.00				\$1,602.00
07.07.16	Kalis Fashion	Sutujaba	67122	\$7,644.00					\$7,644.00
19.07.16	Tees Fashion	Men's Shirt	67130	\$2,450.00					\$2,450.00
19.07.16	Tees Fashion	Sutujaba	67131	\$2,248.00					\$2,248.00
31.07.16	<b>Total</b>			\$12,342.00	\$2,328.00	\$4,850.00			\$19,520.00

**7.3 Variances in TMA Cash at Bank**

The Accounts Officer should ensure that all irregularities in the Bank Reconciliation is investigated and rectified within 7 work days and all irregularities are documented.<sup>8</sup>

For credit sales, the Supervisor Trading and Manufacturing Account shall prepare a sales invoice and delivery docket (if delivery is required). The original invoice shall be handed to the purchaser and the copies retained.<sup>9</sup>

The Officer in charge of Correction Institutions must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions shall be taken:

- a) No further credit shall be extended to the debtor;
- b) A demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month; and
- c) If the account remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.<sup>10</sup>

The audit noted that there was a variance of \$15,859.70 between the Cash Book balance and the Bank Reconciliation Statement balance as follows:

<sup>8</sup> Fiji Corrections Services Agency Finance Manual, Part 6, Section 6.5.4

<sup>9</sup> Fiji Corrections Services Agency Finance Manual, Part 6, Section 6.4.6

<sup>10</sup> Fiji Corrections Services Agency Finance Manual, Part 9, Section 9.2.1

**Table 7.2: Variances in Cash at Bank Reconciliation Figures**

Description	Amount (\$)
<b>General Ledger Balances</b>	
Opening balance – 01/01/16	489,961.33
Add: Receipts – 01/01/16 – 31/07/16	1,480,689.31
Less: Payments - 01/01/16 – 31/07/16	(1,331,230.71)
<b>Closing balances as per Cash Book</b>	<b>639,419.93</b>
<b>Bank Reconciliation Statement</b>	
Closing Balance as per Bank Statement	627,483.23
Add: Lodgements not yet credited	-
Less: Un-presented Cheques	(3,923.00)
<b>Closing Balance as per Bank Reconciliation</b>	<b>623,560.23</b>
<b>Variance</b>	<b>15,589.70</b>

The audit noted that a significant portion of the variance consists of outstanding debtors from 2015 and 2016 who have issued cheques as payment for various TMA goods which were later dishonoured by the bank. The details are as follows.

**Table 7.3: Unpaid TMA Debts through Dishonoured Cheques**

Description	Amount (\$)
Dishonoured Cheques January	3,730
Dishonoured Cheques – Drawer 775864	4,884
Dishonoured Cheque 28.07.15	1,246
Dishonoured Cheque – 16.1.15 (392)	520
Dishonoured Cheque – 16.1.15 (390)	520
Dishonoured Cheque – 16.1.15 (394)	600
Dishonoured Cheque – 16.1.15 (395)	690
Dishonoured Cheque – 16.1.15 (396)	1,058
Dishonoured Cheque – 16.1.15 (397)	300
<b>Total</b>	<b>13,548</b>

Poor monitoring of the TMA Cash at Bank could lead to misappropriation of funds.

#### Recommendations

The Department should ensure that monthly reconciliations are properly carried out to avoid loss of government revenue through outstanding debts. All variances should be rectified.

The Department should ensure that TMA reports are properly maintained in registry.

#### Management Comments

*This dishonoured cheques records were carried forward from the 2015 financial period. Check and balances were made against the Bank Statements from 2015 to July 2016. From the listing of dishonoured cheques shown in the report; only one cheque that was actually dishonoured is chq number 775864 -\$4,884.00. The other dishonoured cheques highlighted cannot be confirmed, whether it's a cheque or receipt serial numbers.*

*The variances between FMIS GL balance and the Bank Reconciliation balance cannot be ascertained that it contains the dishonoured amount due the Cash Basis and Accrual Basis of accounting inter-woven in our revenue collection for TMA.*

*FCS will rectify this issue through the implementation of the AR Module in the FMIS. This module will eliminate the accrual process completely and other delays of updating in the FMI system correlating to the transactions completed on the Ground. Submission will be made to the Commissioner of Correction for approval of implementation.*

## 3 7.4 Lack of Guideline on Operation of Prisoners Trust Fund Account

Details of balances must be attached to the reconciliation statement.<sup>11</sup>

Subject to subsection (2)-

- a) the supervisor, in the case of any person sentenced to imprisonment, whether by one sentence or cumulative sentences, for any period not exceeding twelve months; or
- b) the Controller, in the case of any person who is serving a sentence of imprisonment for any period exceeding twelve months and who is within twelve months of his earliest possible date of release with remission,

-may, with the written consent of such person, release him to undertake public work outside the prison.<sup>12</sup>

Such person may, in addition to the public work which he is required to perform under this section, undertake for remuneration such other work as the supervisor or the Controller may approve.<sup>13</sup>

Subject to the provisions of this Act, every convicted criminal prisoner may be kept to labour, within or without the precincts of any prison, in any employment that may be prescribed and may be paid such remuneration in respect thereof as may be prescribed.<sup>14</sup>

The audit noted the following anomalies in relation to the operation of the Prisoner's Trust Fund Account.

- 1) The general ledger showed amount totalling \$440,360.23 as at 31/07/16. The details of the balances as required under Finance Manual Section 15.4.2 were not made available for audit purposes.
- 2) Partial withdrawals were noted from Prisoners Trust Fund Account general ledger without any proper policy guidelines.
- 3) The portion of the Prisoners Income which is to be transferred to government through the consolidated fund Account cannot be ascertained by audit.
- 4) Absence of policy guideline for receipt and payment of money into the Trust Fund account except for draft job placement policy. The audit noted that there are 3 kinds of income recorded in Prisoners Trust Fund Account general ledger without any guidelines. Refer to Table 7.4 below for details.

<sup>11</sup> Fiji Corrections Services Agency Finance Manual, Part 15, Section 15.4.2

<sup>12</sup> Prisons Act (Cap 86), Section 61(1)

<sup>13</sup> Prisons Act (Cap 86), Section 61(5)

<sup>14</sup> Prisons Act (Cap 86), Section 62(1), pp 31

**Table 7.4: Deficiencies Noted on the Prisoners Main Trust Fund Account**

Purpose	Criteria	Remarks
Safekeeping of cash in the possession of inmates upon their admission	The full 100% of money deposited into the Trust Account is eligible to inmates upon their discharge	-No policy guideline -No list provided
Job placement – When Prisoners with less than 12 months left on their sentences are offered work attachments upon satisfactory progress.	<u>Draft Job Placement Policy- Section 5.0</u> <ul style="list-style-type: none"> <li>• 60% to inmates bank accounts</li> <li>• 40% to Trust Account which will be transferred to Consolidated Fund at the end of the year</li> <li>• On early release for employment, then 90% to inmates bank accounts and 10% to Trust Account which will be transferred to Consolidated Fund at the end of the year.</li> <li>• On full release 100% to inmates</li> </ul>	-No list of inmates with 60% -No evidence of funds transferred to CFA as at 31/07/16
Income earned by inmates from TMA Commercialisation	The full 100% of money earned from Prisoners engagement in TMA Activity is kept in Trust to be paid to Prisoners.	-No policy guideline -No list provided

Documented policy on the operations of Prisoners' Trust was not provided upon request except for the Draft Job Placement Policy.

In the absence of relevant policy guidelines on the Prisoner's cash Trust Account, the operation of the account in accordance with policies and guidelines cannot be determined.

#### Recommendations

**The Department must provide details of funds held as at 31/07/16.**

**The Department must develop a policy guideline for the Operation of Prisoners Trust Fund Account.**

#### Management Comments

*The Prisoners Cash Trust Fund Account was guided by the amended CAP 86 – Prisons Act. The Prisoners Cash Trust Account has expanded its nature as we have introduced more Rehabilitation Programs for inmates such as the Art Gallery for paintings sold, job placements, sugarcane harvesting and pine propping.*

*There was a written memorandum by the then Commissioner Mr. Ioane Naivalurua on the portion of payment for the pay-out of paintings by the inmate sold at the Art Gallery which was a 60% for the inmate and 40% for government, for the painting materials requested by inmates.*

*The Job Placements was initiated during the then Commissioner Mr. Ifereimi Vasu and this was done through the signing of an Memorandum of Agreement between the companies that will take on the inmate on a temporary basis to work in their organisation whilst under the custody of the Fiji Corrections Service. The pay-out portion is similar to the paintings a 60% and 40%.*

*The last two earnings by the inmates are from the sugarcane harvesting and pine propping which is also a 60% and 40% pay-out. This undertaking were done through the advice of the then Commissioner Ifereimi Vasu in agreement with FSC and Fiji Pine.*

*FCS will review and amend the financial policies on all latest development as guidelines and will incorporate these policies into the Financial Manual for a guideline on the Operation of the Prison Trust Fund.*