

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

**PART B: AUDIT FINDINGS**

<b>NO.</b>	<b>FINDINGS/QUERIES</b>	<b>AUDIT RECOMMENDATIONS</b>	<b>MINISTRY'S RESPONSE</b>	<b>MINISTRY'S UPDATE ON RESOLUTIONS</b>
<b>18.5</b> <b>Pg. 4</b>	<b>Double Posting of Revenue</b> The Revenue totalled \$32,254 was posted twice in the general ledger by creating the Journal Voucher twice.	Ministry should ensure that the ledger balances are reconciled to the general ledger reports in a timely manner and errors or misallocations are adjusted accordingly	<ul style="list-style-type: none"> <li>The Audit comments are duly noted.</li> </ul>	Resolved. <ul style="list-style-type: none"> <li>The Ministry has ensured that the Bank Lodgement Clearance Reconciliation is prepared on a monthly basis to detect any variances and adjustments made.</li> <li>The Ministry has ensured that Revenue Journal Voucher details are verified and endorsed to ensure that the correct allocation is posted.</li> <li>The Ministry is maintaining a Revenue Journal Voucher Register to record all revenue postings.</li> </ul>
<b>18.6</b> <b>Pg. 5</b>	<b>Incomplete Board of Survey</b> <ul style="list-style-type: none"> <li>CED did not conduct BOS in 2016</li> <li>No BOS in 2015 for the whole Ministry</li> <li>BOS members - officers involved in procurement must not be members of the BOS</li> </ul>	Ministry should ensure that the BOS for all Divisions are carried out annually in accordance with Section 49 of the FI and Section 24 of the Procurement Regulations 2010.	<ul style="list-style-type: none"> <li>The Ministry has noted the Audit comments and conducted BOS for CED Office in 2017 and submit to MoE on 3/5/17;</li> <li>The Ministry has taken into account Audit comments on the appointment of BOS members.</li> </ul>	Resolved. <ul style="list-style-type: none"> <li>The BOS exercise for the whole Ministry is up to date with approvals received from the Ministry of Economy.</li> </ul>
<b>18.7</b> <b>Pg. 6</b>	<b>Unauthorised Journal Vouchers</b> <ul style="list-style-type: none"> <li>JV posted without MF's approval</li> </ul>	Manager Finance must ensure that only approved JVs are posted into	<ul style="list-style-type: none"> <li>The Ministry has noted the Audit</li> </ul>	Resolved. <ul style="list-style-type: none"> <li>The Ministry has ensured that Journal Voucher details are verified and</li> </ul>

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	<ul style="list-style-type: none"> <li>Lack of monitoring by the MF and AO</li> <li>High risk of fraudulent or incorrect entries passed and processed into the general ledger</li> </ul>	the GL.	<ul style="list-style-type: none"> <li>Comments and will ensure that all JV's were approved by MF.</li> <li>Job rotation has also been carried out within the Accounts Dept. and identified JV's have been updated onto the JV register.</li> </ul>	<p>endorsed to ensure that the correct allocation is posted.</p> <ul style="list-style-type: none"> <li>All Journals are prepared by the officers and verified by the SAO/MF before the processing of JV to ensure that it is always verified.</li> <li>The Ministry is maintaining a Journal Voucher Register to record all posting.</li> </ul>
<p><b>18.8</b> <b>Pg. 6</b></p>	<p><b>Revolving Fund Account not properly maintained</b></p> <ul style="list-style-type: none"> <li>The outstanding Accountable advance \$62,516 for 31/7/16 was not cleared on a timely basis.</li> <li>Advance Register was not updated.</li> <li>Retirement JV raised without Adequate supporting documents</li> <li>Advance Reconciliation were not prepared on a timely manner.</li> </ul>	<p>The Ministry should ensure that:</p> <ul style="list-style-type: none"> <li>Officers retire their accountable advances within 7 days and recovering are made from officers who do not retire,</li> <li>Accountable advance register is kept up to date,</li> <li>Investigation is carried out on all accountable advances that were retired without supporting documents,</li> <li>Monthly Reconciliations are prepared in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry has noted the Audit comments.</li> <li>The Ministry has put in place stringent measures to recover outstanding arrears and retirement from officers concerned with 12% interest.</li> <li>A statement reminding the officers taking accountable advance is now issued once payment is received by the officer.</li> <li>Statement highlights to the officer the relevant standing policies relating to retirement of accountable advances and consequences of non-compliance to standing policies.</li> </ul>	<p>Resolved.</p> <ul style="list-style-type: none"> <li>The Ministry issues Advance Statements to officers to retire on time and those that do not comply and retired within the stipulated time faced penalties of salary deductions plus 12% interest.</li> <li>A register has been maintained and consistently updated.</li> </ul>
<p><b>18.9</b> <b>Pg. 8</b></p>	<p><b>Procurement Procedures not Followed</b></p> <ul style="list-style-type: none"> <li>Minimum of three (3) quotes not followed</li> <li>LPOs not signed</li> <li>Chief Accountant approval not obtained</li> </ul>	<p>The Ministry must ensure that:</p> <ul style="list-style-type: none"> <li>Competitive quotes for procurement above \$1,000 and below \$50,000 are obtained</li> <li>LPO is issued when procuring any goods, services or works from an org. in Fiji</li> </ul>	<ul style="list-style-type: none"> <li>Procurement internal controls will now be more vigilantly observed and HOD's have been advised and cautioned accordingly to ensure these issues are addressed at Divisional levels.</li> <li>As for HQ, the Director Corporate</li> </ul>	<p>Resolved.</p> <ul style="list-style-type: none"> <li>All efforts have been undertaken to ensure that all procurements processes and requirements are followed.</li> </ul>

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	<p>for advance payment</p> <ul style="list-style-type: none"> <li>Assets procured were not recorded in the Fixed Asset Register</li> <li>Procurement done from incorrect allocation</li> <li>PVs and supporting documents not stamped paid; and</li> <li>PVs were not certified/authorised by MF</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the CA is obtained for advance payments</li> <li>Payment Vouchers are authorised or certified by MF</li> <li>All fixed Assets and expandable items purchased are recorded in the fixed Asset register and expandable items register respectively</li> <li>Immediately after the payment has been affected, all vouchers and supporting documentations are stamped paid to avoid double payments</li> <li>Payments are recorded in the correct expenditure accounts.</li> </ul>	<p>will be requiring monthly updates which the PS will be regularly briefed on to ensure all officers concerned are continually reminded and ensure strict adherence to standing policies.</p> <ul style="list-style-type: none"> <li>Management is adamant on penalising non-compliant officers by reflecting this on their performance assessments as they fall due. HOD's and Divisional Commissioners have been briefed on this decision.</li> </ul>	<ul style="list-style-type: none"> <li>The Ministry issued an Internal Circular memorandum dated 06/11/2017 subject Procurement Regulations which covers competitive procurement, Issue of Purchase Orders and Tax Compliance Certificate and the breach of advance privileges.</li> <li>Fixed Asset Record has been updated according to the MoE template and submitted to Asset Management Unit.</li> </ul>
<p><b>18.10</b> <b>Pg. 10</b></p>	<p><b>Non Compliance with SOPs for Non Cane Access Roads</b></p> <ul style="list-style-type: none"> <li>Monitoring and Evaluation of Projects</li> </ul>	<p>The Ministry must ensure that:</p> <ul style="list-style-type: none"> <li>The MoUs include important clause such as defect, liability period, variations, payment structure, project commencement and completion dates;</li> <li>The project proposal forms are received by the Provincial Administrator for District Officers by no later than 30<sup>th</sup> July every year for the next financial year; and</li> <li>The Provincial Administrators and DO's provide monthly progress report to the Divisional Commissioners</li> </ul>	<ul style="list-style-type: none"> <li>The Audit comments have been noted.</li> <li>The Ministry will ensure to follow these recommendations and abide by the relevant rules and regulations.</li> </ul>	<p>In Progress.</p> <ul style="list-style-type: none"> <li>The Ministry is currently reviewing the SOP which will include the amendments in the MOU.</li> <li>A draft copy of the MOU has been prepared which will be sending for SG's Vetting.</li> </ul>

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18.11 Pg. 11	<b>Non Compliance with SOPs for Self Help Projects</b>	<p>The Ministry must ensure the following:</p> <ul style="list-style-type: none"> <li>• The Commissioners and PA's should ensure that all completed projects are certified by the respective Technical Officers after completion</li> <li>• Where necessary a MOU is signed by the Divisional Commissions and the recipients</li> <li>• Project proposals are received by the PA's or DO's no later than 30/7 every year;</li> <li>• Pas and DO's provide monthly progress report or assessment report to the Divisional Commissioners</li> <li>• The Community's one third contributions are clearly quantified (in kind/cash) for all the self-help projects.</li> <li>• Proper feasibility studies on sustainability of projects are carried out before funds are invested;</li> <li>• Records are kept for all Self-Help</li> </ul>	<ul style="list-style-type: none"> <li>• The comments are duly noted and the issues highlighted herein will be thoroughly addressed with the Divisional Commissioners and Divisional Planning Officers to ensure proper execution of projects from initiation to completion stage as dictated by the SOP.</li> <li>• A review of the SOP's with a view of updating any out-dated clauses and minimising any possible gaps or loopholes between SOP requirements and generally accepted practices.</li> </ul>	<p>In Progress.</p> <ul style="list-style-type: none"> <li>• The Ministry is currently reviewing the SOP which will include the amendments in the MOU.</li> <li>• The Draft copy of a standard MOU has also been prepared which will be sent to SG's office for vetting.</li> </ul>

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		Project application received and selection criteria used.		
<b>18.12</b> <b>Pg. 15</b>	<b>Significant Arrears of Revenue</b>  Overdue Accounts must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual	The Ministry must ensure the following: <ul style="list-style-type: none"> <li>The MF in consultation with the Divisional Commissioner should maintain list of business required to pay liquor licenses and ensure that fees are paid in a timely manners</li> <li>The Ministry should follow up on defaulters after 21 days of arrears</li> <li>The Ministry should ensure that a debt recovery procedure is developed</li> <li>The Ministry should assess the recoverability of the arrears of revenue to ensure that it is correctly reflected in books</li> </ul>	<ul style="list-style-type: none"> <li>Audit comment is noted.</li> <li>The Arrears relate mostly to overdue business licenses and work plans have now been put in place by Divisional Commissioners through the Divisional Accounts Officers and PA's &amp; DO's to ensure collection of arrears as well as proper documentation of inactive or dormant businesses for writing off their bad debts. Specific attention has been given those arrears that fall into the over 2 years &amp; above category.</li> </ul>	In Progress. <ul style="list-style-type: none"> <li>AOR submissions from the Divisional offices have been incorrect for a good while.</li> <li>As part of the Ministry's effort to resolve this issue, an exercise was undertaken last year on AOR reporting which resulted in the issuance of a circular instructing all revenue collectors to follow the draft Business Licensing SOP and an e-register excel template which they are currently updating.</li> </ul>
<b>18.13</b> <b>Pg. 17</b>	<b>Drawings Accounts Not Properly Maintained</b> <ul style="list-style-type: none"> <li>Accounts Officer must</li> </ul>	The Ministry must ensure the following:	<ul style="list-style-type: none"> <li>Responsible officers in the</li> </ul>	Resolved. <ul style="list-style-type: none"> <li>The Ministry has improved on the</li> </ul>

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	<p>reconcile all accounts to be submitted to MoE within 2 weeks after the closing of Accounts</p> <ul style="list-style-type: none"> <li>PS must appoint 3 officers to part of the BOS to conduct physical stock take of all money on hand and other stock held in safes.</li> </ul>	<ul style="list-style-type: none"> <li>Supervisory controls and checks should be strengthened in the Accounts Section to avoid such discrepancies</li> <li>The Ministry should ensure that the Drawings account is reconciled monthly and any errors or omissions noted should be investigated and adjusted accordingly.</li> </ul>	<p>Divisional and HQ accounts units have been tasked to conduct the BOS and monthly reports will be submitted accordingly to the PS for scrutiny and endorsement.</p> <ul style="list-style-type: none"> <li>As a supervisory control, the Director Corporate is now also roped into the process to ensure accountability assisting the PS &amp; A/MF.</li> <li>The Drawings Reconciliation is now up to date.</li> </ul>	<p>Drawings Reconciliation processes and a reduction in the unrepresented cheque listings.</p>
<p><b>18.14</b> <b>Pg. 19</b></p>	<p><b>Governance Issues</b> Accounting Head must provide a signed and dated report to the PS on the following issues:</p> <ul style="list-style-type: none"> <li>Reconciliations and checks required in the Agencies financial manuals have been carried out;</li> <li>The current status of any unresolved issue external or internal audit issue.</li> </ul>	<p>The Ministry must ensure the following:</p> <ul style="list-style-type: none"> <li>The PS must ensure that all the monthly reports and reconciliations are prepared in a timely manner as required by the Finance Manual 2013 and FI 2010.</li> </ul>	<ul style="list-style-type: none"> <li>Monthly update on reconciliations and any unresolved issues will be provided to the DS and the PS on a weekly basis and with any other report he may require.</li> </ul>	<p>Resolved.</p> <ul style="list-style-type: none"> <li>The Ministry is providing monthly reports on the Status of Reconciliation.</li> </ul>