

**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**

**SPECIAL AUDIT TROPICAL CYCLONE WINSTON- WESTERN DIVISION**

<b>NO.</b>	<b>FINDINGS/QUERIES</b>	<b>AUDIT RECOMMENDATIONS</b>	<b>MINISTRY'S RESPONSE</b>	<b>ACTIONS TAKEN /IMPLEMENTED/IMPROVEMENTS</b>
<b>18.18.1</b>  <b>Page 34</b>	<b>Variations in Stock Records against FPO.</b> <ul style="list-style-type: none"> <li>Records maintained at the procurement office on 23/03/2016 revealed that some items recorded at the FPO were not recorded in the tally cards maintained at the Warehouse.</li> <li>The Audit further noted that the records shown in the tally cards differed with the records maintained at the Fiji Procurement Office as shown in table 18.25.</li> </ul>	<b>The DEOC Coordinator should:</b> <ul style="list-style-type: none"> <li>Carry out a stock take rations under his authority;</li> <li>Ensure that stock cards are opened and maintained for all ration supplies received and delivered out of the warehouse;</li> <li>Ensure that the stock/tally cards are updated on a daily basis; and</li> <li>Ensure that reconciliation is carried out with the DHL records.</li> </ul>	<b>Response:</b> <ul style="list-style-type: none"> <li>The Ministry concurs with the audit comments and procedures outlined are good in normal peace times.</li> <li>Records kept at FPO are goods or items received by them and not necessarily the number of items held at the warehouse.</li> <li>It is only a matter of reconciliation of figures and items because items of similar class are received directly at the warehouse without FPO knowledge.</li> <li>FPO is not the controlling point or entry point of relief items at Divisional level.</li> </ul>	<b>Actions Taken:</b> <ul style="list-style-type: none"> <li>Divisional EOC has devised a template to capture the required information of all expendable and non-expendable items that are coming in and going out of the Yard. This will facilitate reconciliation.</li> </ul>
<b>18.18.2</b>  <b>Page 36</b>	<b>Variations in Stock Records against Logistics Company B Records.</b> <ul style="list-style-type: none"> <li>The audit noted as at 23/03/16, a physical</li> </ul>	<b>The Divisional EOC Coordinator should:</b>	<b>Response:</b> <ul style="list-style-type: none"> <li>Comments are noted and</li> </ul>	<b>Actions Taken:</b> <ul style="list-style-type: none"> <li>The renovation of the Yard has been</li> </ul>

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	<p>stock take was not carried out by the officers at the Warehouse. The store man had updated the tally cards based on the documents it maintained relating to items received at and issued from the warehouse as at 23/03/2016.</p> <ul style="list-style-type: none"> <li>On 23/03/2016, Logistics Company B carried out a physical stock take at the Warehouse.</li> <li>The Audit noted that some of the items highlighted in the records obtained Company B were not recorded in the tally cards maintained at the Warehouse. As shown in table 18.26.</li> <li>The audit also noted that there were variances in the physical stock recorded by Logistics Company B compared to the stock recorded in the tally cards maintained at the Warehouse. As per table 18.27.</li> </ul>	<ul style="list-style-type: none"> <li>Carry out a stock take of rations under his authority;</li> <li>Ensure that stock cards are opened and maintained for all ration supplies received and delivered out of the warehouse;</li> <li>Ensure that the stock/tally cards are updated on a daily basis; and</li> <li>Ensure that reconciliations is carried out with the logistics Company B records.</li> </ul>	<p>concurred with. West is working on the refurbishments and renovations of the Lautoka Yard.</p> <ul style="list-style-type: none"> <li>But then even so all relief rations received are receipted using CRV (Certificate receipt vouchers) and items issued are recorded on CIV (certificate issue vouchers).</li> <li>Logistics Company B spent only two days in the West and pulled out because they could not work in the harsh conditions that our men are exposed to.</li> <li>We do not carry out logistics audit at the height of an operation especially relief operations of this magnitude and which is highly fluid.</li> </ul>	<p>completed.</p> <ul style="list-style-type: none"> <li>All received items are properly recorded in a register and also their delivery</li> <li>A board of survey had recently been conducted for non-expendable items kept at the Yard.</li> </ul>
<p><b>18.8.3</b> <b>Page 38)</b></p>	<p><b>Population Figures:</b></p> <ul style="list-style-type: none"> <li>The audit noted that the data provided from these sources did not reconcile with the number of victims existing after the Cyclone.</li> <li>As a result, rations that were purchased were more than what was required.</li> <li>The Audit visit to the two districts on 15/3/2016 showed that the surplus family packs purchased were covered by a</li> </ul>	<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>The Ministry should maintain a population database which should be updated after every emergency relief supply.</li> </ul>	<p><b>Response:</b></p> <ul style="list-style-type: none"> <li>There was never any over-purchase or excessive purchase but it was actually the opposite for we had to make extra purchase when confirmed nos. is received.</li> </ul>	<p><b>Actions Taken:</b></p> <ul style="list-style-type: none"> <li>The division is working closely with the Ministry of iTaukei Affairs (Roko Tuis), District Advisory Councillors, and the Bureau of Statistics on the number of people affected in a particular area in an event of natural disaster.</li> <li>The need to have extra items purchased and have them in stock during emergency</li> </ul>

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	<p>tarpaulin and stored outside the yard exposed to the risk of theft and damage due to adverse weather conditions.</p> <ul style="list-style-type: none"> <li>The audit finding indicates that the data provided by the different sources were not reliable and resulted in excess purchases of rations.</li> </ul>			<p>situations is so necessary because of the survival of affected people. These items are accounted for to avoid misapplication.</p>
<p>18.18.4</p> <p><b>Page 39</b></p>	<p><b>Nadarivatu District Officer.</b></p> <p>The audit noted that the District Officer Nadarivatu was not stationed at Nadarivatu but at the Nadovu Warehouse in Lautoka. Even though Nadarivatu was also one of the severely affected areas following Cyclone Winston.</p> <ul style="list-style-type: none"> <li>No explanation was provided for absence of the officer from Nadarivatu</li> <li>The Audit noted that on 29/2/16, the Division issued a PO003727 to Supplier A for \$39,062 for supply of one month's ration for the Nadarivatu District.</li> <li>On 02/03/2016, the Division again issued PO 003762 to supplier A for \$38,853 supply of one month's ration for the District.</li> <li>In addition to this, the Division issued PO003763 to the same supplier for \$56,829.21 to supply another month's ration.</li> <li>The issue three purchases orders totalling</li> </ul>	<p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>The District Officer should be stationed at the District in times of Emergency to ensure that correct information is provided when required.</li> </ul>	<p><b>Response:</b></p> <ul style="list-style-type: none"> <li>Audit comments are noted.</li> </ul>	<p><b>Actions Taken:</b></p> <ul style="list-style-type: none"> <li>DO Nadarivatu was moved back and operated from Nadarivatu and also information received from his office was verified and corrected.</li> <li>All Provincial Administrators and District Officers have been reminded to remain and be on standby in their respective stations of any impending hazards.</li> </ul>

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	<p>\$134,744 within three days with similar narration indicates possible duplicate ordering and/or lack of proper information on the ration needs at Nadarivatu.</p> <ul style="list-style-type: none"> <li>The problem was further aggravated due to the absence of the District Officer from the station.</li> </ul>			
<p><b>18.18.5</b> <b>Page 40</b></p>	<p><b>Verification of Charges</b></p> <ul style="list-style-type: none"> <li>The audit noted the following anomalies:</li> <li>There were instances where items ordered were not supplied; and</li> <li>There were instances where the prices used in the purchase order were different from the prices shown in the invoice.</li> <li>Due to over reliance on one supplier for supply of goods, there is a high risk of price manipulation and short supply which might go unnoticed if responsible officers are not vigilant.</li> </ul>	<p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>The Divisional EOC accounts should ensure that proper reconciliation is conducted before any payment is made to the supplier and alternate suppliers are considered for future purchases.</li> </ul>	<p><b>Response:</b></p> <ul style="list-style-type: none"> <li>The Audit comments are noted.</li> </ul>	<p><b>Actions taken:</b></p> <ul style="list-style-type: none"> <li>All items that were still yet to be supplied at the time of audit as well as short supplied items had all been supplied and delivered to affected communities.</li> <li>Divisional EOC will ensure that three (3) quotes will be obtained in any future emergency operations.</li> </ul>
<p><b>18.18.6</b> <b>Page 40</b></p>	<p><b>No Documentation of Authority to purchase Family Packs</b></p> <ul style="list-style-type: none"> <li>The Audit noted that on 7/3/2016 the Division had started purchasing family packs rather than bulk purchases of rations at a rate of \$41 per pack for the victims situated in the Districts of Lautoka, Ba, and Tavua.</li> <li>No documentation was provided on the</li> </ul>	<p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>The rationale and authority for decisions made in emergency situations which have financial implications should be properly documented for information and records.</li> </ul>	<p><b>Response:</b></p> <ul style="list-style-type: none"> <li>The decision to purchase family packs was from the Hon.PM and the AG who is also the Minister of Economy together with the Commissioner West.</li> </ul>	<p><b>Actions taken:</b></p> <ul style="list-style-type: none"> <li>Divisional EOC does not have any control over any decisions made by the Minister, especially the purchase of family packs, but will ensure that these items are properly documented when received at the Yard or at the District EOCs and delivered to affected communities.</li> <li>All requests for food rations originating</li> </ul>

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	<p>Authority given to purchase the family packs and not bulk purchases. Compared to purchases made in family packs were found to be more expensive.</p> <ul style="list-style-type: none"> <li>• Details of purchases of family packs purchased as at 21/3/2016 are shown in table 18.29.</li> <li>• It is prudent to create balance between need and financial implications of decisions made in state of emergency.</li> </ul>			<p>from the Divisional EOC are properly documented.</p>
<p><b>18.18.7</b></p> <p><b>Page 41</b></p>	<p><b>Poor Maintenance of Accounting Records.</b></p> <ul style="list-style-type: none"> <li>• The Audit noted several instances where appropriate supporting documents were not attached when the Purchase Orders were raised for rations.</li> <li>• As a result the audit could not ascertain whether all requests for the purchase of rations were genuine. Refer to Appendix 18.7 for examples.</li> <li>• The Finance Team did not comply with its Finance Manual on maintaining proper process of purchases. Without sufficient supporting documentation, there is a risk of items not delivered, misappropriation of funds and items purchased without immediate need.</li> </ul>	<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Accounting records and supporting documents are properly filed and made available for audit purpose; and</li> <li>• Going forward, a template should be prepared to document the request or the purchase. The Template should also be attached with a table showing the calculation of how the amount stated in the template or the amount requested to be utilised for the purchase, is calculated.</li> </ul>	<p><b>Response:</b></p> <ul style="list-style-type: none"> <li>• All payments have been done. However, Audit recommendations are noted.</li> </ul>	<p><b>Actions Taken:</b></p> <ul style="list-style-type: none"> <li>• Divisional EOC will ensure that all purchases made do comply with the standing rules and regulations.</li> </ul>

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<p>18.18.8</p> <p>Page 42</p>	<p><b>No Delivery Notes at the District Offices</b></p> <ul style="list-style-type: none"> <li>The Audit visit on 23/3/2016 revealed those rations were received at the District Ba and Tavua without proper delivery dockets being signed.</li> <li>A total of 23,326 fortnightly family packs costing \$956,366 were purchased for the District of Ba.</li> <li>However, delivery notes were sighted at the Warehouse in Ba for only 9,754 packs. A total of 13,562 packs worth \$556,042 which were said to have been delivered could not substantiated as delivery notes were not sighted;</li> <li>A total of \$10,952 fortnightly family packs costing \$449,032 were purchased for the District of Tavua. However, delivery notes were sighted at the District for only 8,452 packs. A total of 3,300 packs worth \$135,300 which were said to have been delivered were not supported by delivery notes.</li> <li>Due to lack of delivery notes, the audit could not substantiate whether all rations were delivered to the districts. There is a high risk that pilferage of items occurred during the carting of items from Lautoka to outer districts.</li> </ul>	<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>The Divisional EOC Coordinator should ensure that:</li> <li>Delivery dockets are used for all future distribution of rations and aid items.</li> <li>Persons receiving the items should provide the following on the delivery dockets;</li> <li>Name of person receiving the items</li> <li>Contact details(mobile)</li> <li>Actual Time the goods delivered.</li> <li>Signature</li> <li>Vehicle registration number.</li> </ul>	<p><b>Response:</b></p>	<p><b>Actions Taken:</b></p> <ul style="list-style-type: none"> <li>Divisional EOC has designed a template to ensure that items purchased and delivered to affected areas are properly accounted for and also to capture all the necessary information as outlined in the audit report.</li> <li>Divisional EOC will be sending a team down to the District EOCs to verify and reconcile all transactions undertaken in any future disasters to ensure compliance.</li> </ul>