

Section 24

Ministry of Women, Children and Poverty Alleviation**Role and Responsibilities**

The Ministry of Women, Children and Poverty Alleviation oversees three departments:

1. Department of Social Welfare
2. Department of Women
3. Poverty Monitoring Unit

The Department of Social Welfare administers Fiji's recently reformed programmes, which include the Poverty Benefit Scheme (PBS), Child Protection Allowance (C&P), Social Pension Scheme (SPS) and the Food Voucher Program. In managing these programmes, the Department is responsible for ensuring that assistance targets those most in need without creating a culture of dependency, focusing efforts and energy on graduating individuals and families from "Welfare to Workfare" through its Welfare Graduation Program and Executive Support Unit Projects. Furthermore, together with the statutory responsibilities of ensuring that the protection and welfare of children are maintained, the Department is also responsible for managing the three state owned homes for Senior Citizens and leads the National Council for Older Persons (NCOP) and the National Coordinating Committee for Children (NCCC).

The Department of Women is responsible for mainstreaming gender in the public sector through the National Gender Policy, and does so by promoting and protecting the rights of women and girls through implementing of the National Women's Plan of Action. In addition, the Department of Women, through the National Women's Plan of Action is aimed at boosting women's employment opportunities, increasing women's participation in decision-making, eliminating violence against women and girls, improving women's access to basic services and addressing women's issues in new legislation. The Department is also responsible for promoting gender equality and ensures that gender perspectives are addressed in all Government policies and initiatives.

The Poverty Monitoring Unit is responsible for evaluating Governments poverty-related programmes and makes policy recommendations to the Ministry and Cabinet. The Unit is committed to ensuring that all programmes deliver tangible outcomes that improve livelihoods and reduce poverty

Table of Contents

1.0	INTRODUCTION	2
2.0	AUDIT MANDATE	2
3.0	AUDIT OBJECTIVE	2
4.0	AUDIT SCOPE	3
5.0	AUDIT METHODOLOGY	3
6.0	AUDIT LIMITATION	3
7.0	APPRECIATION	3
8.0	DETAILED AUDIT FINDINGS AND RECOMMENDATIONS	4

8.1	<i>Tropical Cyclone Winston assistance to Welfare beneficiaries</i>	4
8.2	<i>Limited Access to HFHI Records</i>	5
8.3	<i>Anomalies in the Administration and Implementation of HFHI Program</i>	6
8.4	<i>Unbudgeted Expenses - Diversion of Funds to Cater for DISMAC Operation</i>	9
8.5	<i>Liability at Period End - Unpaid 2016 Overtime Payments</i>	10
8.6	<i>Advance Payments at Year End – Misstatements in the General Ledger System</i>	11
8.7	<i>Returned Cheques recognised as Miscellaneous Revenue</i>	12
8.8	<i>Miss-statements of Social Protection Programs expenditure Recorded in the General Ledger</i>	13
8.9	<i>Care and Protection Program – Ineligible Recipients</i>	14
8.10	<i>Inconsistencies in Reconciliation of Food Vouchers</i>	17
8.11	<i>Failure to Implement Internal Control - Payment Anomalies</i>	18
8.12	<i>Fixed Assets Register Not Updated</i>	20
8.13	<i>Late and Non-retirement of Accountable Advances</i>	22
8.14	<i>General Ledger Misposting</i>	25
8.15	<i>Commitment Ledger not Updated</i>	26
	<i>Appendix 1: Details of Payment Anomalies</i>	27
	<i>Appendix 2: Details of Miss- Posting in to SEG 7 (Set – Up and Implementation)</i>	29
	<i>Appendix 3: Details of Commitment Ledger Not Updated</i>	30

1.0 INTRODUCTION

This Draft Audit Memorandum has been prepared following the completion of the regularity audit for the Ministry of Women, Children and Poverty Alleviation (Ministry) for the period ending 31 July 2016. The report contains the audit findings together with recommendations for improvement.

2.0 AUDIT MANDATE

Section 152 of the 2013 Constitution of the Republic of Fiji provides for the duties and the powers of the Auditor-General and the auditing of public accounts, government ministries or departments, statutory bodies and other body established by Law.

3.0 AUDIT OBJECTIVE

The primary objective of the audit was to perform sufficient tests on the accounts and subsidiary records maintained by the Ministry and subsequently form an opinion on whether:

- The accounts and subsidiary records have been faithfully and properly kept;
- All reasonable precautions have been taken to safeguard the collection of public monies and that the law, directions or instructions relating thereto have been duly observed;
- Expenditure have been properly authorized and applied to the purpose for which funds were appropriated by Cabinet; it has been properly accounted for; and the regulations and procedures

applied are sufficient to secure an effective control over expenditure, and that it has been incurred with due regards to economy and avoidance of extravagance and waste;

- Adequate stores regulations and procedures have been made to ensure the proper receipt, issue, and custody of stores and other property of whatever nature; and that such regulations have been duly observed; and
- The provisions of the Financial Management Act 2004, Finance Instructions, General Orders, Finance Manual, and the relevant provisions of any other law or subsidiary legislation has in all respects been complied with.

4.0 AUDIT SCOPE

This audit report contains the audit findings of the Ministry for the transactions relating to the financial period 1 January 2016 to 31 July 2016

5.0 AUDIT METHODOLOGY

The audit was conducted in accordance with the functions of the Auditor General specified in the 2013 Constitution of the Republic of Fiji. Relevant provisions, principles, and guidelines contained in the International Standards on Auditing (ISA) were applied.

Risk analysis of the overall control environment of the Ministry was carried out before the commencement of the actual audit to assist in assessing the inherent and control risks associated with the audit. The risk – based approach was used to obtain material account balances and test programs were designed for these items/systems and executed to form an opinion on the same.

The audit procedures included such tests and reviews of the accounting and subsidiary records maintained by the Ministry that were deemed necessary in the circumstances to achieve the audit objectives mentioned in paragraph 3.0 above.

6.0 AUDIT LIMITATION

This report contains findings that were detected from normal audit procedures designed primarily for the purpose of forming an opinion on the accounts of the Ministry. There is an unavoidable risk that some material misstatement(s), fraud, or irregularity may not have been detected despite the fact that the audit was planned and conducted with due care.

Hence, this Draft Audit Memorandum should not be regarded as a comprehensive statement of all the weaknesses that may exist or list of all the improvements that could be made.

The Ministry is therefore advised to maintain perpetual vigilance on the internal controls and conduct its own investigation where deemed necessary to ensure that irregularities are appropriately addressed.

7.0 APPRECIATION

This Office would like to thank the management and staff of the Ministry for the assistance and cooperation rendered during the audit and looks forward to the continuation of such fruitful relationship in future.

8.0 DETAILED AUDIT FINDINGS AND RECOMMENDATIONS

8.1 *Tropical Cyclone Winston assistance to Welfare beneficiaries*

The principles of responsible financial management are to ensure value for money in the use of money and resources and to report transparently.¹

The Ministry of Social Welfare is responsible for administering the Social Protection Program namely the Poverty benefit Scheme, Social Pension Scheme and the Care and Protection Scheme.

The schemes assist those household who are considered poor, individuals above the age of seventy (70) who do not have any other source of income and are not beneficiaries of any superannuation payments and those underprivileged children.

The Ministry received an additional fund of \$20,246,790 from the Ministry of Economy in March 2016 to assist the Social Protection Programs recipients after Tropical Cyclone Winston². Refer below for details of additional funds provided to the Ministry.

Table 8.1: Detail of Additional Funds Received from Ministry of Economy

General Ledger Allocation	Description	Amount (\$)
1-24101-24999-840102	DONOR FUND	20,246,790

The audit noted the following anomalies in the administration of funds.

- Cabinet decision on the use of the grant was not provided to audit.
- Ministry paid out the \$19.9 million to all the recipients of the Social Protection Program regardless of whether they are affected by the Tropical Cyclone Winston and the balance of \$0.3 million were returned to Ministry of Economy ;
- The Ministry did not have a guidelines on the utilisation of the \$20.2m provided by Ministry of Economy.
- Given the total number of 41,662³ welfare recipients, the total amount of payment at \$600 per person should be \$24,997,200. However, acquittals to the Ministry of Economy only totalled \$19,9m which was less than the estimated value of assistance. The difference of \$5,097,200 could not be explained by the ministry. Some beneficiaries may have not received their Cyclone Winston Assistance.

¹ Financial Management Act 2004, Section 5

² Acquittals from Ministry of Economy

³ Based on the total number of recipients in January 2016

Recommendations

- **The ministry should prepare guidelines for any program implemented by the ministry.**
- **The Ministry should update their lists of beneficiaries and continually review the beneficiaries of their entitlements.**

Management Comment

The Ministry was given the additional funding by MOE after TC Winston and was directed to allocate these funding to all the social protection recipients as part of government's TC Winston rehabilitation programs. This was a decision made by Government during a time when the country was in a state of emergency and the Ministry was directed to implement immediately.

This was the first time Government had used the social protection platform as part of its rehabilitation programs in the aftermath of a natural disaster.

Payments of these additional funds to recipients were done using the existing system which only required the depositing of the allocated amounts to recipients bank accounts or the printing of vouchers to those in maritime locations. There was no need to develop a new system. The approved amount for the recipients differs in the different programs, a decision that was made at executive level. PBS beneficiaries were given the amount of \$600, while SPS and C&P recipients were given the amount of \$300. It was initially agreed that these amounts be paid for 3 months (PBS - \$200x3=\$600; SPS & C&P - \$100x3=\$300, however, it was finally agreed by management that because of the nature and severity of the disaster that the funds be paid to the recipients in one installment.

8.2 Limited Access to HFHI Records

The Help For Home Initiative (HFHI) is a special program initiated by Government to assist families whose Homes have been destroyed or partially destroyed by Tropical Cyclone Winston. The assistance was in the form of cash which was distributed through electronic cards developed by Vodafone Fiji whereby applicants will be able to procure approved building material from selected Hardware Companies for the rebuilding of their homes⁴.

The Ministry of Economy pay Vodafone Fiji the funds to be distributed to the recipients through electronic cards for which the administration and distribution of cards are to be made by the Ministry of Women Children and Poverty Alleviation.

The Ministry of Women, Children and Poverty Alleviation shall report to Ministry of Economy on the progress of the exercise⁵.

The audit could not scrutinise any records of the distribution of cards to the various recipients as the Ministry did not have any records pertaining to the actual distribution of the cards. The ministry is unable to follow up on the recipients of the assistance without the records of the recipients.

⁴ Help For Home Initiative Standard Operating Procedures, clause 1.1.

⁵ Help For Home Initiative Standard Operating Procedures clause 4.2, sub clause (f).

As a result the audit was not able to obtain distribution of card records to whether all approved applicants have been provided with the assistance.

Recommendations

- **Records should be made available when requested for audit.**
- **The Ministry (MWCPA) should obtain the list of the recipients of the assistance and conduct a follow up to the recipients to ensure that materials are delivered with the correct quantity and quality and those affected are assisted.**

Management Comment

The HFH Program was supposed to be a partnership between different stakeholders (MOE, MWCPA, MOITT, Vodafone, Elections Office, and NDMO), each stakeholder was given a specific responsibility.

The MWCPA was given the task to organize and verify applicants based on the list provided by the NDMO's office. However, issue of M Paisa cards was the role of Vodafone. Funds were deposited from MOE to a Trust Account with Vodafone and Vodafone was supposed to provide MOE with the list of recipients and payments done as per exercise. MOE was also responsible to ensure the delivery of the building material to the most affected areas.

Audit team was provided statistics which was recorded by MWCPA HFH teams. Detailed records were available in the Vodafone system which MWCPA did not have access to the system generated reports in phase I. Audit team was referred to contact person Mr Tomasi Raqina at Ministry of Economy. Audit team was also advised that forms were available with MWCPA if they needed to check that.

8.3 Anomalies in the Administration and Implementation of HFHI Program

The Help For Home Initiative (HFHI) is a special program initiated by Government to assist families whose Homes have been destroyed or partially destroyed by Tropical Cyclone Winston. The assistance was in the form of cash which was distributed through electronic cards developed by Vodafone Fiji whereby applicants will be able to procure approved building material from selected Hardware Companies for the rebuilding of their homes⁶.

The Ministry of Economy pay Vodafone Fiji the funds to be distributed to the recipients through electronic cards for which the administration and distribution of cards are to be made by the Ministry of Women Children and Poverty Alleviation.⁷

The Ministry of Women, Children and Poverty Alleviation shall report to Ministry of Economy on the progress of the exercise⁸.

The Ministry shall ensure that;

- Recipients must produce valid ID Cards (Passports, Voter Registration, FNPF, Social Welfare Cards).⁹

⁶ Help for Home Initiative Standard Operating Procedures, clause 1.1.

⁷ Help for Home Initiative Standard Operating Procedures, clause 4.1.

⁸ Help for Home Initiative Standard Operating Procedures clause 4.2, sub clause (f).

- the amount on the card will depend on the amount of damage to an individual's home which will include:
 - \$1,500 – for partial roofing damage
 - \$3,000 – for serious roofing damage
 - \$7,000 – for almost or completely demolished house¹⁰

The Distribution Teams must ensure that thorough verification of each recipient is done before card is issued to avoid the wrong distribution of cards and fraudulence.¹¹

The review of electronic cards recipients maintained by Vodafone revealed the following anomalies;

- The audit noted that recipients were registered with fictitious Voter Registration Number indicating that vetting process were not conducted thoroughly for which applications are to be cross checked with the Voters Registration list from Election office. Refer below few examples.
- Table 8.2: Detail of Fictitious Voter Registration ID Number**

Recipient ID No.	Amount (\$)	Vodafone ID Remarks
889115	7,000	Fictitious Voter Registration Identification Number
31408400903	7,000	
1816702378	7,000	
30906500711	7,000	
337201574	7,000	

- Instances were noted where recipients received the amount of funds contrary to the prescribed amount which indicates unauthorised amount loaded into the cards. Below are the unauthorised prescribed amounts with the total number of recipients.

Table 8.3: Summary of Un-Prescribed Fund Load On the Cards

Amount Issued (\$)	No. of Recipients	Total Amount (\$)
4,000	25	100,000
5,500	420	2,310,000

- Audit established that few recipients whom resided on unaffected areas. Refer below for details.

Table 8.4: Details of Recipients resided on Unaffected Areas

Recipient ID No.	Residential Address	Amount (\$)
1008781	Korovou prison complex	7,000
4575400069	lot 11 voce rd nadawa	7,000
4001901968	lot 22 tomanu rd nadera	7,000
46601000231	lot 48 matana st nakasi nausori	7,000
132988106	Nadera ,Dovi Road	7,000

⁹ Help for Home Initiative Standard Operating Procedures clause 5.2.

¹⁰ Help for Home Initiative Standard Operating Procedures clause 2.5.

¹¹ Help for Home Initiative Standard Operating Procedures clause 5.4

- The audit also further noted that some cards distributed does not have funds; Refer below for details;

Table 8.5: Detail of Cards without Funds

Recipient ID No.	Residential Address
38141900024	badrau settl namosau
18435100379	driti village
43305800636	koro No:1 vatukoula tavua ba
4802401657	lot 67 family place nasinu
40332300353	waikubukubu village

Failure to properly administer and deliver government assistance increases the risk of mismanagement, and fraudulent activity.

Recommendations

- **The Ministry should ensure that proper and detailed vetting process are conducted to ensure accuracy of information processed to avoid mismanagement and fraudulent activity ;**
- **The Ministry in consultation with the Ministry of Economy should investigate the anomalies above.**

Management Comment

The MWCPA works with the list of names provided by NDMO who had done the initial assessment after the cyclone. Part of the process is the provision of ID cards, (any valid ID card which could include FNPF, TIN, Voter ID, Driving Licence and Social Welfare ID), only when an applicant does not have any valid ID were they referred to the Election Office team for the making of a new ID card.

- *ID card - MWCPA will check with FEO on the numbers recorded as per ID provided by the recipient. Few forms checked have same number recorded.*
- *Addresses – Applicants who had their houses completely destroyed and had moved to live with relatives during the time of application would have filled in those addresses. MWCPA will extract the forms and verify with applicants.*
- *Varying amount – Complaint cases which was initially approved with an amount and later verified to be eligible for a higher amount was adjusted with additional amount. For example if land type was verified not to be informal and had total damage then amount of approved \$1500 was adjusted with approved \$5500 for \$7000 eligibility, likewise, those initially approved \$3,000 were adjusted with \$4,000 to make it \$7,000*
- *No Funds in card – network fluctuations continued in some areas due to the damage after the cyclone. Cases that were registered in such areas were recorded offline and did not have funds uploaded instantly. These cases were updated later by Vodafone HQ team.*

The MWCPA is working with MOE and Vodafone to rectify these anomalies.

8.4 **Unbudgeted Expenses - Diversion of Funds to Cater for DISMAC Operation**

The authority to incur expenditures is subject to:

- a) Appropriation from cabinet;
- b) Virements approved by the Minister for Economy or the Permanent Secretary ;
- c) Requisitions to incur expenditure;¹²

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorization of the Ministry of Finance, pending approval by Cabinet.¹³

Agencies must ensure that the accounts are paid and charged correctly to allocations within the 2016 financial year.¹⁴

The audit noted that the Ministry paid a total of \$440,966 to staff as overtime payment contrary to the approved Appropriation Act and Budget Estimates. The audit established that the payment of overtime was made from the Operating Grant and Special Expenditure funds.

Refer below for details of funds paid out from Operating Grant and Special Expenditure funds as overtime payment.

Table 8.6: Budget Votes that funded HFHI Overtime

Allocation No.	Allocation Name	Amount (\$)	Remarks
1-24-102-24999-071301	INPEP	145,274	The officers of the MWCPA were engaged for DISMAC duties from February to April, 2016 and there was no budget provide for Disaster Management Committee (DISMAC) operations
1-24-301-75999-060151	NGO Grants	139,490	
1-24-102-24999-060152	Women	156,202	
Total		440,966	

The audit could not ascertain the authority for the payment as there was no approval from Ministry of Economy. The Ministry did not request for the transfer of funds from the above allocation to overtime allocation.

Failure to transfer funds to overtime allocation increases the risk of misstatement of expenditure recorded in the general ledger system.

Expenditure recorded in the general ledger contrary to the budget is in breach for the purpose for which the budget appropriation is provided and misstates the expenditure reported in the Statement of Receipts and Expenditure.

¹² Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 - Section 2.1.1

¹³ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013, Section 2.1.2

¹⁴ Ministry of Economy Circular No. 04/2016, Part 7.2, Section 7.2.1

Recommendations

- **The Principal Accounts Officer should ensure that the processes of transfer of funds are implemented to avoid misstatement in the general ledger balances.**
- **The Ministry should ensure that funds are used for the purpose it has been approved for in the budget**

Management Comment

Ministry's staffs were engaged for DISMAC operation and as per NDMO's circular all funds utilized in this operation are to be met internally by the ministry.

The budget allocation used was authorized by the PSWCPA.

8.5 Liability at Period End - Unpaid 2016 Overtime Payments

Liabilities represent the amount owed and are expected to be paid at some time in the future. It is important to be fully aware of commitments and the resources that will be required to settle these obligations in future. Funds need to be appropriately managed to enable liabilities to be paid on time.¹⁵

The audit noted that a total of \$329,900 was paid out in August and September 2016 as outstanding overtime for the period 01/01/16 to 31/07/2016 as outlined in Table below.

Table 8.7: HFHI 2016 Overtime funded from the following 2017 Budget Votes

Date	Details	Virement From	Virement To	Amount (\$)
05/08/16	DSW Request for the funding application date	Poverty Benefit Scheme (1-24202-00000-060308)	Overtime (1-24101-24999-010401)	\$329,900
01/09/16	MOE Minute date to Minster			
05/09/16	Approval from Minister			

It is apparent that funds were not expended for its intended purpose and this may hinder the successful implementation of Poverty Benefit Program.

Failure to settle accounts and record the expenditure for the current year increases the risk of misstatement of expenditure recorded in the general ledger system.

As a result, expenditure recorded in the general ledger contrary to the budget is in breach for the purpose for which the budget appropriation is provided and misstates the expenditure reported in the Statement of Receipts and Expenditure.

Recommendations

- **The Ministry should ensure that all current year liability is settled within the current year and expenditures incurred should be correctly charged to the relevant expenditure allocation and to the correct accounting period.**

¹⁵ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 13 - Liabilities

Management Comment

Yes, there was a late submission of the HFH overtime from our Divisional Officers. Another problem we had encountered was the verifying of officers' HFH OT from DISMAC and HFH Team Leaders which had taken a lot of time.

As we had learnt from our weaknesses, we now have collated all OTs irrespective of DISMAC or HFH two months away from the due date of submission to MOE to avoid late payments.

8.6 Advance Payments at Year End – Misstatements in the General Ledger System

The Senior Accounts Officer is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁶

The preparation of management reports allows senior management to analyse the standing of the agency for a particular period and assists in meeting the management responsibilities imposed by the Act. Timely and accurate management are necessary for effective management decisions. As well, annual reports and financial statements act as an accountability tool for external stakeholders to assess the operations and performance of the agency.¹⁷

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.¹⁸

The Ministry of Social Welfare is responsible for administering the Social Protection Program namely the Poverty benefit Scheme, Social Pension Scheme and the Care and Protection Scheme.

The total average pay-outs for the Social Protection Program in the first six months were approximately \$2,599,279. The audit noted that the monthly pay-outs in July totaled \$5,271,362 which increases significantly by 103% from the average monthly pay-outs for the first 6 months. Refer below for details.

Table 8.8: Monthly Pay-out to Banks

Month(s)	Amount (\$)			Total Amount (\$)
	WBC	BSP	ANZ	
January	2,404,457.90	62,403.00	43,044.00	2,509,904.90
February	2,417,900.50	61,778.00	42,531.00	2,522,209.50
March	2,427,029.70	62,118.00	41,633.00	2,530,780.70
April	2,450,121.50	62,523.00	41,583.00	2,554,227.50
May	2,623,219.50	65,168.00	42,753.00	2,731,140.50
June	2,638,400.20	66,923.00	42,093.00	2,747,416.20
July	5,054,730.20	135,896.00	80,736.00	5,271,362.20

¹⁶ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 16 – Ledger Accounts

¹⁷ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 18 – Reporting

¹⁸ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 16.1.1 – Ledger Accounts

The audit established that the July pay-outs also include the August pay-outs resulting in the significant increase in the pay-outs in July.

As a result, expenditure recorded in the general ledger is contrary to the budget appropriation for the financial period ending 31st July 2016.

Failure to adjust the August expenditure to the next financial period commencing in August 2016 results in the misstatement of the expenditure reported in the Statement of Receipts and Expenditure.

Recommendations

- **The Ministry should consult Ministry of Economy to adjust the August pay-outs to the new financial year commencing in August 2016 to avoid misstatement in the Statement of Receipts and Expenditure.**
- **The Ministry should ensure that current year expenditures and advance payment should be correctly charged to the correct accounting period to avoid misstatement in the Statement of Receipts and Expenditure.**

Management Comment:

The Bank payments for month of August are done in end of July due to changes in financial year that is on 31st July, 2016 and the new financial year for 2016-2017 begins in August.

This is always the case like for the previous years when comes to end of financial year bank payments for the next month is done before to allow timely payments to all our social protection programmes recipients.

Also payments are done in consultation with Budget Division of the Ministry of Economy and funding proposals are approved through respective RIE approval.

8.7 Returned Cheques recognised as Miscellaneous Revenue

If a replacement cheque is not required, the Accounts Officer shall clear the stale cheques to the *expenditure account* for current year and for previous year's stale cheques to be cleared to the RFA-Recoveries of Overpayment in Previous Years account.¹⁹

The audit noted that cheques for Social Welfare Allowances²⁰ were returned from the banks due to incorrect recipient's bank account details. The audit established that the Ministry recognised the returned cheques totalling \$368,528 from the banks as miscellaneous revenue contrary to the above finance regulation. Refer below for detail observation.

¹⁹ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Section 7.5.1(Standard Revenue Group 28 – SEG 28)

²⁰ The cheques comprised of Poverty Benefit Scheme, Social Pension Scheme and Care & Protection Allowances allocated for SEG 6

Table 8.9: Details of Returned Cheques wrongly adjusted to Miscellaneous Revenue

Period	Amount (\$)	Remarks
2015	365,141	The amount were credited to Miscellaneous revenue (SRG 27) rather than RFA-Reimbursement and Recoveries of Overpayment in Previous Years account (SRG 28)
01/01/16 – 31/07/2016	535	The amounts were wrongly adjusted to Miscellaneous revenue (SEG 27) as it should have been adjusted to the expenditure account.
Total	365,676	

Failure to correctly adjust the above returned cheques results in the misstatement of the expenditure recorded in the general ledger and the Statement of Receipts and Expenditure.

Recommendation

- **The Ministry should ensure that current year re-turned cheques are to be cleared to expenditure account and previous years are to be cleared to Standard Revenue Group 28.**

Management Comment

Ministry's noted that the above is the returned cheques from the monthly bank payments. This is due to dormant accounts of the recipients which it has not been activated from previous years.

The amount is not an accountable advance issued to be credited to RFA; it is a returned funds from previous years the need to be credited to miscellaneous revenue.

8.8 Miss-statements of Social Protection Programs expenditure Recorded in the General Ledger

The Ministry of Social Welfare is responsible for administering the Social Protection Program namely the Poverty benefit Scheme, Social Pension Scheme and the Care and Protection Scheme which are all budgeted for in the Standard Expenditure Group six (SEG 6).²¹

The Senior Accounts Officer is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.²²

The preparation of management reports allows senior management to analyse the standing of the agency for a particular period and assists in meeting the management responsibilities imposed by the Act. Timely and accurate management are necessary for effective management decisions. As well, annual reports and financial statements act as an accountability tool for external stakeholders to assess the operations and performance of the agency.²³

²¹ Republic of Fiji Budget Estimates 2016 – 2017, page 173 – Ministry of Social Welfare, Women, and Poverty Alleviation

²² Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 16 – Ledger Accounts

²³ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 18 – Reporting

Scrutiny of the Standard Expenditure Group six (SEG 6)²⁴ revealed that in certain instances, funds were diverted to other programs within SEG six (6) and SEG five (5) to finance the shortfalls of allowances for programs that have insufficient funds available at a particular period. The audit noted that the adjustments were not made by the Ministry upon receiving the funds for the next period from Ministry of Economy. Refer below for the detail of diversion of funds which were not adjusted as at 31/07/2016.

Table 8.10: Monthly Payouts summary yet to be adjusted

CHQ/ EFT No.	DATE	AMOUNT (\$)	Overstatement / (Understatement)			
			PBS (\$)	SEG 6 SPS (\$)	C&P (\$)	SEG 5 Commission (\$)
09172	17/03/16	28,013	187	-	-	-
9953	25/05/16	204,832	101,190	(80,700)	(20,490)	-
10260	09/06/16	722,500	(626,150)	0	(96,350)	-
10512	29/04/16	276,649	(108,562)	0	108,562	-
10803	02/07/16	781,300	(9,297)	0	9,297	-
61527	01/07/16	67,133	(35,398)	0	35,398	-
61638	20/07/16	2,545,546	215,284	38,705	(215,284)	(38,705)
61640	20/07/16	1,720,042	73,679	-	(73,679)	-
Total to be adjusted		\$6,346,015	(389,067)	(\$41,995)	\$252,546	(38,705)

As a result expenditure recorded in the general ledger for Standard Expenditure Groups five and six (SEG 5&6) and does not accurately record the correct expenditure incurred for the respective Social Protection Programs.

Recommendations

- **The Accounting Heads must ensure that payments are made from the respective allocations of the particular programs and make the necessary adjustments in a timely manner.**
- **The Ministry should properly plan the monthly pay-outs and ensure that sufficient funds are available before making payments from a particular program.**

Management Comment

Verified vouchers and noted with the recommendations to ensure that in future, proper adjustments is done as it is currently.

8.9 Care and Protection Program – Ineligible Recipients

All approved cases will be subject for review; this will be done annually (from the date of approval) either through desk review or home visitation.²⁵ The purpose for the reviews is to gather information on

²⁴ Republic of Fiji Budget Estimates 2016 – 2017, page 173 – Ministry of Social Welfare, Women, and Poverty Alleviation

²⁵ Care & Protection Allowance Standard Operating Procedures Section 9.1

the current status of the case, which will determine the continuation of the assistance or its termination depending on the information that will be derived.²⁶

This assistance can be given until the child turns eighteen (18) years, however, five (5) years is the maximum time a recipient can be assisted from the date of approval, and after that cases will be reviewed to determine continuing eligibility.²⁷

Review of the care and protection program revealed that in certain instances case files²⁸ were not reviewed on a yearly and after five years. Refer below for some examples of recipients which were assisted more than five years without review.

Table 8.11: Detail Examples of Case Files not reviewed after five years

Recipient Name	Approval Date	Date to cease assistance	Monthly assistance (\$)
Lautaimi.T. Matadradra	26/02/14	26/02/19	110
Sunia Vosataki	15/07/10	15/07/15	90
Sarita Devi	10/01/14	10/01/19	40
Alanieta Marama	23/06/10	23/06/15	100
Karalaini Ratu	2015	2020	25
Vika Mata	2015	2020	100
Oma Vakaloloma	2015	2020	25
Litia Tinai Samisoni	2015	2020	25
Tulia Liku	2015	2020	30
Katalaini Selala	2015	2020	25
Mereoni Vakaloloma	17/10/15	17/10/20	70
Alarita Kasanawaqa	12/03/14	13/03/19	60
Viniana Sala	24/07/14	24/07/19	110
Ilisapeci Marama	09/03/15	09/03/20	110
Katia Rarava	12/03/15	12/03/20	30
Fulori Naitabusoli	12/03/15	12/03/20	40

Instances were noted where six of the recipients were over the age of 18 years. Refer Table 8.13 for over the age of 18 years which are ineligible continue to be paid allowances for Care and Protection program.

Table 8.12: Care and Protection Program Recipients Over the age of 18 years

Recipient Name	Approval Date	Date to cease assistance	Loss Incurred (\$)	Remarks
Lautaimi.T. Matadradra	26/02/14	26/02/19	560	Four children, two over the age of 18 in 2016, so allowance supposed to be paid in 2016 is \$70/month. Amount to be saved is \$40/month for each child for the six months. (\$80 x 6 = \$560)
Sarita Devi	10/01/14	10/01/19	880	Child paid allowance of \$40 but child turned 18 years in 15.09.2014. (\$40 x 22 months = \$880 overpayment)
Fulori	15/05/13	15/05/15	560	The child turned 18 on 16.07.2015 but payment of allowance

²⁶ Care & Protection Allowance Standard Operating Procedures Section 9.1

²⁷ Care & Protection Allowance Standard Operating Procedures Section 1.4

²⁸ 25 Case Files were selected in random to be reviewed

Recipient Name	Approval Date	Date to cease assistance	Loss Incurred (\$)	Remarks
naitabusoli				still has not ceased. (\$40 x 14 months = \$560)
Vasiti Drodrovakawai	03/12/13	03/12/15	280	The child turned 18 on 28.11.2015 but payment of allowance still has not ceased. (\$40 x 7 months = \$280 unauthorised payment)
Sainimili Kalou	07/06/13	07/06/14	1,040	The child turned 18 on 13.04.2014 but payment of allowance still has not ceased. (\$40 x 26 months = \$1,040 overpayment)
Lavenia Ulunivanua	30/10/12	30/10/14	1,080	The child turned 18 on 29.04.2014 but payment of allowances still has not ceased. (\$40 x 27 months = \$1,080 overpayment)

The audit further noted that two of the recipients continued to be paid for more than five years without conducting the review to determine the eligibility of applicant to be assisted from the program. Refer Table 8.13 below for recipients paid over five (5) years.

Table 8.13: Ineligible recipients paid over 5 years Without Review Done

Recipient Name	Amount (\$)	Approval Date	Date to cease assistance	Loss Incurred (\$)	Remarks
Sunia Vosataki	90	15/07/2010	15/07/2015	3,240	Applicant ²⁹ has three children whereby one child is over 18 years old; hence the other two children are receiving the sum of \$90 per month. The applicant is still receiving allowances after 12 months from cessation date. (\$90 x 12 months = \$1,080) overpayment) In addition, one of the child turns 18 years on 04/11/2010 but the applicant is still receiving assistance for the same child for the past six years till date amounting to \$2,160, (\$30 x 72 months). Hence total loss incurred is \$3,240.
Alanieta Marama	100	23/06/2010	23/06/2015	6,240	Applicant has two children whereby one child is nineteen (19) years old on the date of approval but was still being paid \$100 per month, when in actual fact the applicant was only supposed to receive \$30 per month for the past six years to cater for the eligible child only (\$70 x 72 months) = \$5,040 overpayment). In addition, the applicant is still receiving allowances after 12 months from cessation date. (\$100 x 12 months = \$1,200) overpayment. Thus Total Loss incurred is \$6,240.

Failure to implement stringent internal controls documented in the standard operating procedures for the schemes increases the risk of overpayment which may not be recovered thus resulting loss of public's funds.

²⁹ Applicant – The guardian or parent of the assisted child/children.

Recommendations

The Ministry to ensure that:

- reviews of the Care and Protection Allowances recipients status is carried out periodically;
- Establish mechanisms so that recipients being assisted more than 5 years and children above the age of 18 years are easily identified and necessary actions are taken to terminate the provision of assistance to them.

Management Comment

This is an ongoing challenge for the Ministry, though reviews of the programs (PBS, C&P, &SPS) are done annually and is part of the Annual Work Plan, the number is so great that it is impossible to review all cases within a year (Current Figures – PBS-24,452; C&P-3984; SPS – 25,212; Total= 53,648)

Reviews done in the last 8 months (Aug-Mar) – PBS-1505; C&P-570; SPS-915; Total Reviewed = 2,990

However, the Ministry will continue to ensure that cases highlighted are reviewed and anomalies are rectified.

8.10 Inconsistencies in Reconciliation of Food Vouchers

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.³⁰

All payment transactions that are processed through the cashing agency must be reconciled against our voucher listing.³¹ All relevant staff shall ensure that the correct official forms are used in the purchasing and payments.³² Particulars on any required form must be fully completed and signed by the preparing officer and supervisor before it is processed.³³ All vouchers are to be cashed in their respective months³⁴ and for late encashment the voucher must be authorised by the Divisional Heads.³⁵

Audit noted that there were no proper reconciliations undertaken by the Ministry on the electronic food voucher systems in place. Scrutiny of the few payment vouchers, summary of electronic food voucher and Ministry reconciliations revealed the Ministry was not able to reconcile the following;

- a) Payment Vouchers records with Food Voucher (A vs B)
- b) Payment Voucher records with Ministry Reconciliations (A vs C). Refer below for details.

Table 8.14: Discrepancies in Food Voucher System

³⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, Part 2 - Expenditure

³¹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 4.1.42

³² Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 19.1.1

³³ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 19.1.2

³⁴ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 4.1.35

³⁵ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 4.1.36

Date	Cheque/ EFT #	Payee	Payment Voucher (\$) (A)	Food voucher summary (\$) (B)	Ministry Reconciliation (\$) (C)	Variance (\$) (A – B)	Variance (\$) (A – C)
12/02/16	8817	Post Fiji	108,986.21	109,973.52	106,661.00	(987.31)	2,325.21
15/02/16	8827	MH	190,362.70	291,790.64	291,790.64	(101,427.94)	(101,427.94)
17/03/16	9171	MH	309,074.72	309,074.72	309,076.15	0.00	(1.43)
17/03/16	9172	Post Fiji	46,493.17	45,559.31	46,493.17	933.86	0.00
19/04/16	61226	Post Fiji	73,937.45	72,619.33	72,360.00	1,318.12	(1,577.45)
08/06/16	10186	MH	218,850.00	219,350.00	218,850.00	(500.00)	0.00
30/06/16	10512	Post Fiji	276,649.28	291,542.13	270,747.00	(14,892.85)	5,902.28
08/07/16	10612	Post Fiji	284,075.73	286,717.69	278,015.00	(2,641.96)	6,060.73
14/07/16	10691	MH	771,493.84	771,493.84	771,493.84	0.00	0.00
TOTAL			\$2, 279, 923.10	\$2,398,121.18	\$2,365,485.80	(\$109,727.42)	(\$85,563.70)

In addition, audit noted on certain instances that reconciliation prepared by the Ministry were not verified and checked accordingly by the Supervising Officers.

As a result the Ministry failed to reconcile and rectify the variances between the two records.

In the absence of reconciled records, programs undertaken by the Ministry are not properly accounted for and therefore reconciliation maintained by the Ministry cannot be relied for assistance provided over the years.

Recommendation

The Ministry should investigate and rectify the variances noted and ensure that the reconciliation are carried out properly and accurately, and checked by the responsible supervising officer.

Management Comment

Ministries after verification of the individual vouchers noted that Auditor quoted the amount of food voucher summary figure that excludes the vat and commission figures.

Amounts stated under payment vouchers is the total amount paid after reconciling the physical vouchers against the food voucher summary, the reason of the variance.

Currently the amounts verified and paid are checked by the responsible officer.

8.11 Failure to Implement Internal Control - Payment Anomalies

The quotation process is intended to ensure that the agencies receive value for money based on fair competition and ethical dealing.³⁶ Quotations may be received verbally for the purchase of goods or services estimated to cost less than \$1,000. A minimum of three competitive quotes must be obtained for

³⁶ Ministry of Economy Procurement Regulations 2010, Section 4

the procurement of goods, services or works valued at \$1000 and more but \$50,000 and less.³⁷ These quotes must be recorded and certified by the officer receiving them.³⁸

A local purchase order (LPO) shall be issued when procuring any goods, services or works from an organization within Fiji, unless a contract or agreement has been entered into.³⁹ The Senior Accounts Officer must make sure the following checks are done before authorizing any payment and reviewing vendor invoices for accuracy by comparing charges to purchase order.⁴⁰

All payments must be processed through payment vouchers prepared by the Accounts Clerk (Payment). Separate vouchers are to be used for separate payees and for the payment of different services. The Senior Accounts Officer and Accounts Officer must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indent, contract, invoice, PSTA's or DSTA's authorization. Immediately after payment has been effected, the Accounts Clerk (Payment) must stamp "paid" on all vouchers and supporting documentation to avoid any double payments.⁴¹

Upon receipt 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 and the receiving officer must be an officer other than the officer authorizing the LPO.⁴²

The audit noted the following anomalies upon review of the payment records maintained by the Ministry;

- Competitive quotations not obtained from suppliers for purchases over \$1,000 and instances were noted where verbal quotations were obtained for purchases costing more than \$1,000;
- Local Purchase Orders were not issued prior to making payments and invoices were not attached to the payment voucher;
- missing payment vouchers;
- payment vouchers are not verified and checked by the authorized officers;
- details on the payment vouchers were incorrect and EFT/Cheque numbers not stated on the payment voucher;
- payment vouchers not stamped "PAID";
- remittance advice not attached and Ministry of Economy approval not attached; and
- Invoices were not signed and delivery docket were not attached to the payment records.

Refer to **Appendix 1** for details of the above anomalies.

The findings indicate that proper payment procedures were not followed by the Ministry and adequate internal controls may have been overlooked in the purchase and payments system.

Failure to implement internal control already in place and processing payments without proper documentation increases the risk of double, unauthorized and fraudulent payments which allows room for corrupt practices. Also in the absence of records and supporting documents, transactions recorded in

³⁷ Ministry of Economy Procurement Regulations 2010, Section 29 (1)

³⁸ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.3.1.

³⁹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.1.

⁴⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 17.2.1

⁴¹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.8.1, 2.8.4 and 2.8.5.

⁴² Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.9 and 2.5.10

the general ledger are unauthenticated.

Recommendation

The Ministry should strengthen internal control for payments and ensure proper checking is done to avoid the above anomalies.

Management Comment

The Ministry's has noted the auditor's recommendation and has verified and takes necessary actions in all incomplete documents.

Currently vouchers are being ensured that it completes all necessary checking and verification by the supervising officer before payment is made.

8.12 Fixed Assets Register Not Updated

Each agency must have in place a cost effective system of internal controls which safeguard money and property against loss and avoids or detects accounting errors.⁴³

All property, plant or equipment with a value in excess of \$2,000 or more must be recorded in the asset module of the financial management information system; and asset register for those without the financial management information system.⁴⁴ The Executive Officer/Cost Centre Manager Assets must ensure that the fixed assets register is kept updated.⁴⁵

The audit noted that the following items were not recorded in the Fixed Assets register. Refer below for details of fixed assets not updated into the fixed asset register.

Table 8.15: Details of computer hardware's purchased and not recorded in the FAR.

Date	Cheque/ EFT No.	Vendor	Item	Quantity	Amount (\$)
21/07/16	61648	Daltron	HP Lazerjet Pro M402DN Printer	25	14,625
03/07/16	61585	GEM (FIJI) LTD	Laptops	20	34,600
20/07/16	61639	GEM (FIJI) LTD	Desktop Computers	60	103,800
22/07/16	61672	Sharma Music Centre	Audio System	1	4,350
					157,375

The audit further noted that fixed assets for 2015 were also not recorded in the Fixed Assets register. Refer below for details of 2015 fixed assets not yet recorded in the fixed assets register.

Table 8.16: Detail of Fixed Assets identified in the Board of Survey for 2015 not recorded in the Fixed Assets Register.

⁴³ Finance Instruction 2010 – Section 59 (1)

⁴⁴ Finance Instructions 2010, clause 46.1.

⁴⁵ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual clause 11.2.2.

Asset ID No.	Location	Description	Quantity	Remarks
S/N-CH-04H09R-72872	Nabouwalu Department of Social Welfare	Monitor – Dell	1	Still in use
S/W-H7P3F2S219-DPMS	Nabouwalu Department of Social Welfare	CPU – Dell	1	Still in use
M1536dnf	Nabouwalu Department of Social Welfare	HP-Lazerjet 4 in 1 scannk8er	1	Still in use
Not available	Sigatoka Department of Social Welfare	Computer Set	3	Still in use
2CE2390IT6	Sigatoka Department of Social Welfare	Laptops	2	Still in use
Optiplex CPU 1621325688	Sigatoka Department of Social Welfare	CPU	1	Still in use
Not available	Sigatoka Department of Social Welfare	Computer Screen	1	Still in use
S# 0inptt-64180-35P-116L	Sigatoka Department of Social Welfare	Computer Monitor	1	Still in use
S# 5ZHWWXI	Sigatoka Department of Social Welfare	Computer CPU	1	Still in use
S# 1YHWWI	Lautoka Department of Social Welfare	Dell CPU	1	Still in use
S# MR1212NTMFPCNU	Lautoka Department of Social Welfare	HP Lazer Jet	1	Still in use
Not available	Lautoka Department of Social Welfare	Divisional Laptop	1	Still in use
CN01NP77064880	Ba Department of Social Welfare	Computer Screen	1	Still in use
113ON	Ba Department of Social Welfare	Dell Printer	1	Still in use
HP 36Q0256 - 1 28DOH3SBC -2 7426192J05 – 3 22P014B - 4	Tavua Department of Social Welfare	Computer Screen	4	Still in use
AUD046 - 1 CPU – 2 GNCT21S – 3 E2KD052001 - 4	Tavua Department of Social Welfare	Computer CPU	4	Still in use
Not available	Tavua Department of Social Welfare	Dell Printer	1	Still in use
2CE2340033	Tavua Department of Social Welfare	Laptop	1	Still in use
0340-0468400	Tavua Department of Social Welfare	HP Printer P2055DN	2	Still in use
CNG9D3R04N	Tavua Department of Social Welfare	4 in 1 Printer/ phorocopier/ scanner/ fax	1	Still in use

It is apparent that the Ministry continues to ignore and follow internal control in place for fixed assets. Failure to update fixed assets and expandable register increase the risk of misuse and theft of fixed asset undetected.

Recommendations:

The Executive Officer should ensure that:

- all items valued above \$2,000 are recorded in the FAR;
- all procurement of fixed assets to be entered first in the FAR before being disseminated to other departments of the Ministry.

Management Comment

This was one of our weaker points as we did not establish an Fixed Asset Register, as of today we have updated our assets that are under the FAR.

8.13 Late and Non-retirement of Accountable Advances

Loans or advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.⁴⁶

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel. Where an advance has not been acquitted within seven days of travel, the Senior Accounts Officer shall affect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.⁴⁷ Interest on all advances will accrue at the rate set by the Minister of Finance from time to time. The current rate is 12 % per annum.⁴⁸

It shall be the responsibility of the Accounts Officer to ensure that a travel advance for an officer is not to be approved if he/she had taken an earlier advance and it has not yet been cleared.⁴⁹ Upon clearance of the advance, the *accounts officer* shall update the debtors register, offset the advance account and debit the appropriate expenditure account.⁵⁰

A review of advances issued during the year reveal that advances were not retired on time by most officers without interest charged. Refer to the table 8.17 below for examples.

Table 8.17: Late retirement of Accountable Advance

Payee	Division	Amount (\$)	Due Date ⁵¹	Date advance retired ⁵²	No. of days overdue	Date received at office ⁵³	Total no. of days overdue
Vasemaca Uqeuge	SW ⁵⁴ – Savusavu	40.35	21/01/16	19/02/16	29 days	01/03/16	40 days
Nunia Kini	SW – Ba	49.10	17/02/16	16/02/16	Na ⁵⁵	23/02/16	72 days
Leela Naicker	SW-Lautoka	200.00	16/01/16	18/01/16	2 days	21/02/16	36 days
Gordon Bingwor	SW-HQ, Toorak	338.00	02/02/16	12/02/16	10 days	15/02/16	13 days
Abinesh Prasad Nand	SW - HQ, Toorak	496.00	21/01/16	19/01/16	Na	05/04/16	75 days
Melaia Simpson	SW –Lautoka	629.56	23/02/16	19/02/16	Na	05/04/16	42 days
Tomasi Basilio	SW – Nausori	200.00	23/03/16	09/05/16	47 days	31/05/16	69 days
Josefa Ratawake	SW –Samabula Boys centre	1,608.00	19/02/16	Not specified	Na	31/05/16	102 days

⁴⁶ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013 – Part 10 – Loans and Advances

⁴⁷ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.11, 10.1.12 and 10.1.14

⁴⁸ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.15

⁴⁹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.6.

⁵⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.12 and 10.1.11

⁵¹ 7 days upon return to station

⁵² Date acquittals retired by Officer

⁵³ Date acquittals received by Accounts Section

⁵⁴ SW – Social Welfare

⁵⁵ Not Applicable as the officer retired on time but the received late by Accounts

Payee	Division	Amount (\$)	Due Date ⁵¹	Date advance retired ⁵²	of	No. of days overdue	Date received at office ⁵³	Total no. of days overdue
Dilitiana Baleinabuli	SW – HQ, Toorak	225.00	24/02/16	02/05/16		68 days	30/06/16	127 days
Filipe Nayacalevu	SW-Civic Tower	2,000.00	25/02/16	29/02/16		4 days	30/06/16	126 days
Filipe Nayacalevu	SW-Civic Tower	2,500.00	03/02/16	05/02/16		2 days	16/02/16	13 days
Uliano Tikoilakeba Kaitawai	W – FWF, Domain	1,206.00	23/02/16	26/02/16		3 days	27/04/16	64 days
Filipe Nayacalevu	SW-Civic Tower	2,000.00	20/01/16	05/02/16		16 days	27/04/16	98 days
Ratu Ravulo Naulumatua	W – Civic Tower	1,449.50	21/03/16	16/03/16		Na	27/04/16	37 days
Alena Waqasiwa	W – Civic Tower	2,467.00	14/03/16	03/03/16		Na	19/04/16	36 days

The audit also noted that advances were approved for payment even though the officers had not cleared their previous advances. Few examples of non-retirement of advance are listed below;

Table 8.18: Non retirement of Accountable Advance

Payee	Previous Advances Taken			Subsequent Advances Taken			No. days lapsed
	Cheque/ EFT #	Date	Amount	Cheque/ EFT #	Date	Amount	
Arieta Tagivetaua	8847	23/02/16	\$1,000.00	9220	23/03/16	\$500.00	29
Clement Dari	8865	25/02/16	\$500.00	9176	17/03/16	\$564.00	21
Filipe Nayacalevu	60914	13/01/16	\$2,000.00	8866	25/02/16	830.00	9
	60948	22/01/16	\$2,500.00				34
	61045	25/02/16	\$2,000.00				
Nitishma Lata	61078	03/03/16	\$147.00	61253	27/04/16	\$3,500.00	55
	61080	03/03/16	\$198.00				
Rupeni Fatiaki	9008	03/03/16	\$928.00	9016	07/03/16	\$234.00	4
Salote Biukoto	8845	23/02/16	\$1,000.00	9219	23/03/16	\$500.00	29
Thomas Martin Singh	8769	11/02/16	\$1,705.00	9326	07/04/16	\$177.00	22
	61082	04/03/16	\$580.00				25
	9225	29/03/16	\$177.00				9
Vasemaca Uqeue	8755	10/02/16	\$718.60	8773	11/02/16	\$40.35	1
Venina Duvuduvukula	61182	04/04/16	\$268.00	61322	10/05/16	\$20,000.00	31
Maria Kolikoli	61252	28/04/16	\$3,000.00	61347	17/05/16	\$40,000.00	19
Ilaitia Tokalaulau	61207	04/04/16	\$945.00	61409	31/05/16	\$926.40	57
Asenaca Qiolevu	8921	29/03/16	\$2,000.00	61294	06/05/16	\$5,000.00	38
Uliano Tikoilakeba Kaitawai	8593	25/01/16	\$1,206.00	61254	28/04/16	\$564.10	51
	61128	16/03/16	\$752.00				43
Sailasa Bakata	9078	08/03/16	\$197.00	61211	12/04/16	\$324.00	35

Instances were noted where the Ministry recorded the retirements and refunds of advance to a different general ledger account as detailed in the table below.

Table 8.19: Examples of Anomalies in Retirement of Accountable Advances

Cheque/ EFT #	Date	Name	Amount	Amount Retired	Remarks
61280	04/05/16	Maria Kolikoli	\$10,000.00	\$8,575.80 via JV12/06	The balance of \$1,424.20 was returned by the officer via JV 33/06 but credited to WPA (12430175999060152) when it was supposed to be credited to NGO grants (12430175999060151). Agreed by the Accounts Officer that incorrect postings was made.
61082	04/03/16	Thomas Martin Singh	\$580.00	\$580.00 via JV02/05	Advance paid from Department of Social Welfare's Advance Account, but upon retirement, the Department of Women's Advance Account was credited. Thus closing balance for Department of Women RFA account is understated by \$580.00 and Department of Social Welfare is overstated by the same amount.
8843	19/02/16	Sinate Vunakece	\$252.00	\$252.00 via JV 08/05	There is a double credit entry to the Department of women advance account, understating the Women's advance account by \$252.00. Overstatement in the Subsistence A/C by \$252.00.

Non-timely retirement of advances accumulates accounts receivable and results in unrecorded expenditure for the period. Hence the expenditure will be understated at year end resulting in the misstatement of the Ministry's financial statement.

The above indicates failure of the Ministry in the administration of advances and as such will be one of the compounding factors of large balances in advance accounts at year end.

Recommendations

- **The Ministry should strengthen supervisory checks for the clearance of advances in accordance to section 10.1.15 of the Finance Manual.**
- **The Ministry should ensure that recovery actions are carried out on officers who failed to retire advances within seven days upon return from duty.**

Management Comment

Recommendation noted for clearance of accountable advances.

Reasons for delay in acquitting accountable advances are as follows:

- ***Delay in programs being implemented or activities carried out in the field.***
- ***Delay in returning to the station due to adverse weather conditions.***

Currently Ministry's is taking action for not acquitting accountable advances on time and they are as follows:

- ***Officers are reminded on email when accountable advances are due.***
- ***Officers are now surcharged for not able to acquit accountable advances on time.***

8.14 General Ledger Misposting

The Senior Accounts Officer is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.⁵⁶

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.⁵⁷ The SAO or AO must check that:

- i. all relevant details are included on the voucher;
- ii. balances are adequately supported;
- iii. the correct accounts have been debited or credited.⁵⁸

Financial transactions shall be posted into the automated information system (General Ledger System) using journal entry input forms or directly from source documents such as journal vouchers or payment vouchers.⁵⁹

When inputting using journal entry input forms, the Accounts Clerk (Ledger) must check that details on the input form correspond to the attached batch of source documents.⁶⁰

The audit established that transactions have been recorded in other account contrary to the correct account in the general ledger system. Refer below for details of transaction that were not recorded correctly in the general ledger system.

Table 8.20 : Details of Miss-posting into the General Ledger System.

Date	Chq/ EFT/ JV #	Payee	Amount (\$)	Understatement/Overstatement
04/04/16	61180	BSP Bank	62,523	PBS (SEG 6) expenditures overstated by \$23,500. Donor Funds (SEG 84) expenditures understated by \$23,500
	9467	Fiji Gas	1,035	Boys Centre (SEG 5) – ration account understated by \$956.
Various	Various	Various	20,946	Overstatement in SEG 7 Set Up and Implementation allocation. Refer to Appendix 4 for details.

Failure to correctly journalize the above expenditure increases the risk of misstatement of expenditure recorded in the general ledger system. The above also increases the risk of misleading financial information generated from the general ledger system. Hence the general ledger system may not provide an accurate measure of the Ministry's operation for the financial period.

Incorrect general ledger balances misstate financial balances and hence distort the financial statement balances.

Recommendations

- **Accounting Staff to exercise due diligence whilst preparing, checking, verifying and authorizing vouchers.**

⁵⁶ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013 – Part 16

⁵⁷ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 16.1.1

⁵⁸ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 16.1.2

⁵⁹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 16.2.1

⁶⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 16.2.3

- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comment

PBS: noted on the misposting of the allocation but will ensure that proper supervisory checks is done to avoid any discrepancies.

Boys centre: Audited stated wrongly that payments made from boys centre seg 5. Verification done and was found that right posting was done in ration allocation for Homes.

Seg 7: There was no overstatement in the seg 7. Adjustment was done correctly as in JV raised. Upon verification was found that few adjustments was carried out as according to the Ministers directive. Seg 7 allocation is ESU budget specialized and authorized only by the Hon. Minister.

8.15 Commitment Ledger not Updated

The Senior Accounts Officer is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.⁶¹

The Senior Accounts Officer (SAO) must maintain a Commitment Ledger in which he/she shall record all known commitments as required under Finance Instruction 13⁶², which stipulates that all system generated purchase orders, indents and other commitments of funds must be recorded in the financial management information system and a commitment ledger immediately after they have been approved.⁶³

The SAO must ensure that the Commitment Ledger is entered up to date⁶⁴ and have the following details:

- i.* the LPO or indent number;
- ii.* the date the commitment was incurred;
- iii.* the amount committed;
- iv.* the balance available;
- v.* the invoice number (where applicable);
- vi.* the voucher number;
- vii.* the cheque number⁶⁵

The audit noted that the Ministry failed to update the expenditure ledger which could be used to ascertain that payments had been accurately accounted for in the general ledger system maintained by Ministry of Economy.

Refer **Appendix 3** for examples of Un-updated Manual Commitment Ledger Accounts.

⁶¹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013 – Part 16

⁶² Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section, clause 2.7.1.

⁶³ Ministry of Economy Finance Instructions 2010, section 13.

⁶⁴ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section, clause 2.7.3.

⁶⁵ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section, clause 2.7.2.

The Ministry would not be able to ascertain the accuracy of the expenditure recorded in the general ledger system if the expenditure ledgers are not updated.

Recommendation

The Ministry should update the expenditure ledger and reconcile expenditure recorded in the expenditure ledger with expenditure recorded in the general ledger system.

Management Comment

FMIS system is in place and certain reports are extracted to detect any misposting done or double payments raised.

FMIS panel AP470 is verified and checked by the supervising officers.

Previous queries in relation to the expenditure ledger are accepted by previous years auditor taking into account considering duplication of duties.

Appendix 1: Details of Payment Anomalies

Date	Cheque/ EFT #	Payee	Amount (\$)	Remarks
04/04/16	61178	ANZ	41,583	Missing Payment Vouchers
04/04/16	61181	DSW	10,800	
04/04/16	61209	DSW	32,100	
04/07/16	61549	WBC	2,509,184	
20/07/16	61639	GEM (Fiji) Ltd	103,800	
04/01/16	60879	ANZ	43,044	Payment voucher not authorized
04/01/16	60880	BSP	62,403	
04/01/16	60881	WBC	2,404,458	
08/06/16	10186	MH	218,850	
30/06/16	10512	Post Fiji	276,649	
02/06/16	61422	WBC	2,638,400	
19/07/16	10760	MH	1,289,333	
13/01/16	60915	You Can Hire	4,200	
14/01/16	60921	Party & Event Hire	2,402	
19/07/16	61603	Dragon Music	4,810	
15/02/16	8827	MH	190,363	Payment voucher not stamped PAID.
06/07/16	61558	Sky Pacific	997	Details on payment voucher is incorrect
15/07/16	10692	FVTTTC - Persons with Disabilities	4,360	
21/03/16	61085	Shop & Save Supermarket	13,605	Payment voucher is not passed for payment, it is only checked and authorized
07/05/16	61301	Tavua Hotel	7,580	Payment voucher is passed for payment without being checked
22/06/16	10402	Kasabias	2,695	Remittance advice not attached

02/02/16	60990	ANZ	42,531	Checking officer also the receiving officer
02/02/16	60991	BSP	61,778	
02/02/16	60992	WBC	2,417,901	
04/07/16	61549	WBC	2,509,184	Ministry of Economy approval not attached
20/07/16	61636	GEM (Fiji) Ltd	103,800	
20/07/16	61637	BSP	68,763	
20/07/16	61638	WBC	2,545,546	
20/07/16	61640	MH	1,720,042	
21/06/16	61484	Tents & Awnings	7,125	Officer preparing the minute also signed the payment voucher as per receipt of cheque
22/07/16	61679	Dragon Music	8,540	
22/07/16	61687	Tents & Awnings	7,125	
26/04/16	9463	Daud Musa	40,500	Invoice from supplier not authorized
06/05/16	9630	Daud Musa	34,000	
13/05/16	9807	Daud Musa	34,100	
10/06/16	10292	Daud Musa	7,125	
21/03/16	61148	Quality Rentals	2,200	Competitive Quotations not obtained
07/05/16	61301	Tavua Hotel	7,580	
09/05/16	61313	Central Transport Co. Ltd	9,000	
17/03/16	9169	Vinod Patel	11,235	Verbal Quotations for purchases costing more than \$1,000
09/06/16	61356	Café Thirty Ltd	7,560	
29/02/16	61055	Dick Smith	4,560	Local Purchase Orders not raised
15/07/16	61602	Dragon Music	3,600	
19/07/16	61624	Rup Investments Ltd	1,143	
21/07/16	61648	Daltron	14,625	
13/07/16	61585	GEM (Fiji) Ltd	34,600	
20/07/16	61639	GEM (Fiji) Ltd	103,800	
21/03/16	61085	Shop&Save Supermarket	13,605	
07/05/16	610301	Tavua Hotel	7,580	
09/05/16	61313	Central Transport Co. Ltd	9,000	
21/06/16	61484	Tents & Awnings	7,125	
05/07/16	10585	Go Advertising Ltd	42,074	
15/07/16	61603	Dragon Music	8,540	
19/07/16	61625	South Pacific Recording Ltd	4,810	
22/07/16	61679	Dragon Music	8,540	
22/07/16	61687	Tents & Awnings	7,125	
13/01/16	60915	You Can Hire Ltd	4,200	Invoices not obtained
14/01/16	60921	Party & Event Hire	2,402	
20/07/16	61639	GEM IT (FIJI) LTD	103,800	Missing invoices and delivery dockets
19/07/16	61625	South Pacific Recordings Ltd	4,810	
15/07/16	61602	Dragon Music Ltd	3,600	
21/06/16	61484	Tents & Awnings	7,125	
09/05/16	61450	Sports World	1,404	
21/03/16	61148	Quality Rentals	2,200	
21/03/16	61085	Shop & Save Supermarket	13,605	

Appendix 2: Details of Miss- Posting in to SEG 7 (Set – Up and Implementation)

Allocation No: (1-24101-24999-070299) Particulars	Date	Chq/EFT #	Amount (\$)
Initial Postings	25/02/16	61046	715.60
	26/02/16	8899	2,310.11
	07/03/16	61096	820.00
	08/03/16	61099	2,130.73
	17/03/16	9169	10,307.34
	17/03/16	9165	2,752.29
	21/03/16	9193	5,240.34
	06/04/16	9325	10,089.91
	08/04/16	9336	1,793.58
	27/04/16	9519	565.23
	09/05/16	9661	5,252.30
Total Postings (A)			41,977.43
Adjustments	03/16	JV01/03	10,988.00
	03/16	JV02/03	1,955.02
	03/16	JV03/03	5,725.00
	03/16	JV04/03	3,000.00
	03/16	JV05/03	5,712.28
	03/16	JV06/03	616.09
	03/16	JV07/03	11,250.00
	03/16	JV08/03	2,518.00
	03/16	JV09/03	780.00
	03/16	JV10/03	2,000.00
	03/16	JV11/03	2,322.50
	03/16	JV12/03	893.80
	03/16	JV13/03	893.80
(Double posting)			
Total Adjustments (B)			(48,654.49)
Adjustments	03/16	JV14/03	48,654.49
	03/16	JV22/03	(2,752.30)
	03/16	JV23/03	(5,240.34)
	03/16	JV24/03	(10,307.34)
	05/16	JV01/05	39,246.39
Total Adjustments (C)			69,600.90
Total Postings & Adjustments			62,923.84
Less Correct Posting			41,977.43
Overstatement/(Understatement)			20,946.41

Appendix 3: Details of Commitment Ledger Not Updated

Account Number	Account Name	Date of Last Entry	Vendor of Last Entry	Amount of Last Entry (\$)
124-202-95011-030401	Telecom	28/01/16	Telecom	68.61
124-203-95011-040421	Power Supply	16/02/16	Fiji Electricity Authority	377.01
124-203-95011-130101	VAT	13/04/16	Pacific Hai	33.70
124-203-95011-05914	Rations	23/05/16	Director Social Welfare	190.40
124203-95011-040361	R&M Vehicle Civil	06/04/16	Replenish Imprest	5.00
124-201-24301-030301	Subsistence	26/04/16	Replenish Imprest	135.00
124-201-24301-010101	PE - Salaries	05/04/16	Balance of Pay 07/06	329.25
124-201-24301-020101	Wages	01/02/16	Wages 21/01/16 – 27/01/16	3,543.74
124-201-24301-030301	Subsistence	22/01/16	Meals	72.00
124-201-24301-040421	PS Building Office	10/02/16	Bills	440.65
124-201-24301-130101	VAT	12/04/16	J.Santaram	77.83
124-201-24301-030401	Telecommunication	10/02/16	Telecom Fiji Ltd	236.83
124-201-24301-040351	Minor Repairs Buildings & Equipment	27/01/16	Wing Lee Ltd	170.19
124-201-24301-040321	Juvenile Centre MTCE	12/04/16	J.Santaram	864.80
124-201-24301-050499	Training Materials	12/04/16	Vinod Patel	1,471.87
124-201-24301-059199	Expenses of Juvenile	21/04/16	Replenish Imprest	150.00
124-201-24301-040101	Fuel	23/02/16	Tradeeinds Marine Ltd	113.91
124-201-24301-040201	Office Stationery & Printing	26/04/16	Director Social Welfare	29.60
124-101-24999-040299	Incidental	06/04/16	Director Social Welfare	319.90
124-101-24999-040361	Repair & Maintenance	17/03/16	Asco Motors	2,301.02
124-101-24999-060113	FNCDP ⁶⁶	13/01/16	FNCDP	97,500.00
124-101-24999-030191	Office Furniture	17/02/16	Autocare	1,605.50
124-202-91011-060309	Care & Protection	19/07/16	Dhan Raj	1,950.00
124-202-91011-060308	Poverty Benefit Scheme	19/07/16	World Food Program	150.00

⁶⁶ FNCDP – Fiji National Council of Disabled Persons
Ministry of Women, Children and Poverty Alleviation