



Ministry of Sugar Industry

Presentation to Standing Committee on Public Accounts

2016 Audited Reports

Presenter: Director Sugar Operations– Mr. Sanjay Kumar

Wednesday 25th April , 2018

Parliament Committee Room (East Wing)

Outline

1. 2014-2015 Audit reports

- Update on improvement of Internal Accounting System and Process
- Status update on Grant to FSC – Cane Planting Grant

2. 2016 Audit reports

- Anomalies in revenue records
- Supporting documentation to vouchers not stamped “PAID”
- No Segregation of duties
- Irregularities in accountable advance
- Anomalies in the reconciliation of underline accounts

2014-2015 Audit reports

Update on improvement Internal Accounting System and Process

Anomalies	Update
1. Monthly reconciliations not prepared	Ministry is now preparing and submitting all monthly reconciliations to Ministry of Economy on time.
2. Board of Survey	2016 Board survey for all asset were completed.
3. Variance in drawings accounts due to lack of supervisory checks	Ministry has three staff in accounts section to ensure proper supervisory checks are undertaken.
4. Unexplained balances in FMIS general ledger under APP surplus and deficit accounts	Ministry had rectified all unexplained balances. All unexplained balances are rectified end of each month through monthly reconciliations.
5. Anomalies in payment <ul style="list-style-type: none">✓ Double payment✓ Three quotation not obtained✓ Payment from incorrect allocations	<ul style="list-style-type: none">✓ Supervisory checks are undertaken to avoid double payments and Ministry is compliance to three quote requirement for procurement under \$50,000.✓ Funds are vired to correct allocations.
6. Audited reports were not provided by SRIF for release of funds	Ministry now ensures that all audit reports is provided before funds are released.

2016 Financial Statement

Audit Opinion -

- In 2016 the Ministry of Sugar Industry was issued a unqualified audit.

Audit Report	Ministry's Comments
Statement of Receipts & Expenditure	Ministry's expenditures increased by 88% due to increase in Fertilizer Subsidy grant (\$9.7m) to SPFL in 2016. Fertilizer Subsidy budget was allocated under Head 50) for the financial year 2015.
Appropriation Statement	The Ministry incurred expenditures amounting to \$19,841,904 in 2016 against the revised budget of \$23,788,345 resulting in an under spending of \$3,946,441 or 17% The table in the next pages shows details of expenditures:

2016 Financial Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	502,567	-	502,567	166,318	336,249
2	Government wage earner	68,731	-	68,731	22,857	45,874
3	Travel and communications	88,000	-	88,000	37,701	50,299
4	Maintenance & operations	86,000	-	86,000	51,085	34,915
5	Purchase of goods & services	21,000	-	21,000	13,131	7,869
6	Operating grants & transfers	2,009,347	-	2,009,347	2,009,347	-
7	Special Expenditure	2,945,000	-	2,945,000	221,305	2,723,695
	Total Operating Expenditure	5,720,645	-	5,720,645	2,521,744	3,198,901
8	Capital construction	3,000,000	-	3,000,000	2,745,866	254,134
10	Capital grants & transfers	14,722,100	-	14,722,100	14,322,100	400,000
	Total Capital Expenditure	17,722,100	-	17,722,100	17,067,966	654,134
13	Value added tax	345,600	-	345,600	252,194	93,406
	TOTAL EXPENDITURE	23,788,345	-	23,788,345	19,841,904	3,946,441

35.4 Grants to Fiji Sugar Corporation (FSCL) on Sugar Development

Anomalies	Ministry's Response
<p>✓ Grant provided for sugarcane farm rehabilitation was utilised for planting program without cabinet approval and agreement was not revised accordingly.</p> <p>✓ Only one progress report for the work carried out whole year was submitted to Ministry.</p>	<p>Ministry is now seeking proper cabinet and parliamentary approval before funds are utilised for other purposes. For instance, ministry obtained a cabinet decision to utilise the Special payment and Sugarcane Development grant for 2016 top-up payment and revised agreements accordingly.</p> <p>In 2016, a lump sum payment was made to FSC. All funds are released in quarters. FSC is required to provide quarterly progress reports.</p> <p>Both the progress report and financial reports are verified by the Ministry prior to release of funds.</p> <p>Ministry also undertakes quarterly physical monitoring exercise in partnership with FSC and SCGC.</p>

35.5 Anomalies in Revenue records

Anomalies	Ministry's Response
Ministry did not have revenue records such as government receipt book, revenue collectors, Analysis sheet and bank lodgement forms to receive revenue to record board sitting allowance of director. As a result, receipt were not issued and not correctly reflected in the FMIS ledger.	Ministry has obtained receipt book, cash analysis sheet, bank lodgement form from Ministry of Economy and has appointed revenue collectors. Ministry issues all receipt for the directors sitting allowance and has obtained access to FMIS system to ensure that all cash/cheque are recorded in appropriate FMIS Ledger.

35.6 Supporting documentation to Voucher Not stamped 'Paid'

Anomalies	Ministry's Response
Ministry did not stamp 'Paid' to supporting documentation to payment voucher.	Ministry now ensures that all supporting documents are stamped 'Paid' and has strengthened its supervisory checks.

35.7 No Segregation of Duties

Anomalies	Ministry's Response
Accounts Officer was involve in all phases of procurement and there was no segregation of duties in accounts sections	There is now clear separation of duties as the as LPO's are raised by clerical officer while authorised by Accounts officer for amount less than \$10,000 while payments are made by assistant accounts officer.

35.8 Irregularities in Accountable Advance

Anomalies	Ministry's Response
<ul style="list-style-type: none"> ✓ Travel advances were not acquitted with proper source documentations within stipulated timeframe ✓ Several advances issued were still outstanding and acquittal records were not provided at all. The advances were yet to be recovered from the officer. ✓ Request for travel and claims made by officer were not properly justified and scrutinized hence additional claims for refunds were made to the officer upon return to officer. ✓ Accountable advance issued for meals, subsistence and airfare were charged to Personal emoluments allocation. ✓ Retirement of advance details was not stipulated in the advance register. 	<ul style="list-style-type: none"> ✓ The officers are required to sign the accountable advance form whereby they guarantee accountable advance retirement within 7 days of returning. The Ministry also deducts salary for officers who do not retire advances on time even after reminders. ✓ Accounts officer case was referred to FCAC and awaiting court decision on recovery of advances. ✓ All travel has to be properly justified which includes travel itinerary, costs involved and purpose of travel and should be approved by the Director. ✓ No cash advances for hotel accommodation is provided to officers. Accommodation is done through LPO. Accounts team verifies each source document before retirement is done. ✓ Ministry has strengthened its supervisory checks. Cash flow adjustments and virement are done in cases of insufficient funds in the particular allocation. ✓ Ministry consistently update the accountable advance register when the retirement is done

35. 9 Irregularities in Accountable Advance

Anomalies	Ministry's Response
<ul style="list-style-type: none">✓ Reconciliations prepared for three to four months instead of monthly basis and submitted to Ministry of Economy. ✓ Reconciliations prepared were not reviewed and signed by the Preparer (accounts officer) and sby Director	<p>Ministry is now submitting the monthly reconciliation on monthly basis.</p> <p>The reconciliations are prepared by assistant accounts officer, checked by Accounts Officer before the Director Sugar operations endorses the monthly reconciliation.</p>

Thank You