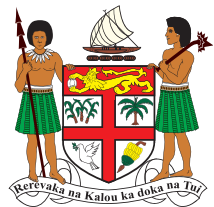




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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

### Review of the Office of the Auditor General's 2018 Annual Report



**PARLIAMENT OF THE REPUBLIC OF FIJI**  
**Parliamentary Paper No. 110 of 2019**

**September 2019**

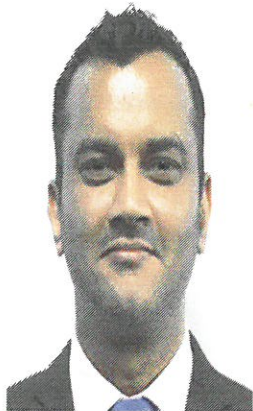
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# Table of Contents

CHAIRPERSON'S FOREWORD .....	1
COMMITTEE MEMBERS .....	2
LIST OF ACRONYMS .....	3
INTRODUCTION .....	4
COMMITTEE PROCEDURE .....	4
COMMITTEE MEMBERS .....	4
FUNCTIONS OF THE OFFICE OF THE AUDITOR GENERAL.....	5
OVERVIEW OF THE OAG 2018 ANNUAL REPORT .....	5
FINDINGS .....	6
SUSTAINABLE DEVELOPMENT GOALS (SDGs) .....	7
GENDER ANALYSIS.....	8
RECOMMENDATION.....	9
CONCLUSION.....	10
APPENDIX.....	12

## CHAIRPERSON'S FOREWORD



The Office of the Auditor General ('OAG') provide a critical role in auditing the public accounts of the state, the control of public money and public property of the state, and all transactions with or concerning public or public property of the State in accordance with Section 151 of the Constitution of the Republic of Fiji.

The Audit Act of 1969 further specifies the powers of the Auditor-General to audit the Whole of Government Financial Statements and the reports of all entities of Government. It also empowers the Auditor-General to conduct performance audit of government entities to assure Parliament that the entities are achieving its objectives effectively and economically in compliances with the relevant legislation.

The OAG major highlights for the 2017 – 2018 Financial Year which also need improvements in moving forward are as outlined below:–

1. Out of the 192 Accounts submitted for audit as at 31 July 2018, 76 Accounts received has been audited and a total of 104 accounts is still in backlog (see written responses).
2. A budget allocation in the 2018-19 FY was provided to establish an Office in the West.
3. Approved Job Evaluation Exercise (JEE). The Office pays Annual Performance rewards based on assessments using the Annual Performance Assessment developed by the Office to recognise staff contribution to the overall OAG Annual Outputs.
4. Enhancement of its media awareness and outreach through its revamped website, stakeholders consultation, newsletters, format of the Report of the Auditor General to Parliament that is aligned to the National/State Audit Offices in Australia and New Zealand.

In addition, with effect from 1 August 2017, a separate budget head was allocated for Independent Bodies which included the Office where there was a change in funding from Standard Expenditure Groups (SEGs) to a one-line budget. This is in line with Section 37A of the Financial Management (Budget Amendment) Act 217 ensuring that all independent offices may independently and effectively exercise its powers and performs its functions and duties.

There are four (4) Committee recommendations in this report which proposed ways on how to address the issues identified. Over the course of the report inquiry with the OAG, the audit office also shared their audit experience for the respective Government entities.

The Committee acknowledges the continuous support and collaboration provided by the Office Auditor-General throughout the scrutiny of this report and other audit reports that were referred to the Committee. Finally, I would like to also sincerely thank all the PAC Committee Members and Secretariat for the compilation and finalisation of this bi-partisan report.

With those few words, I now commend this report to Parliament.

  
**Hon. Alvick Maharaj**  
**Chairperson**

## **COMMITTEE MEMBERS**

The substantive members of the Standing Committee on Public Accounts are as follow:



**Hon. Alvick Avikirit Maharaj  
(Chairperson)**



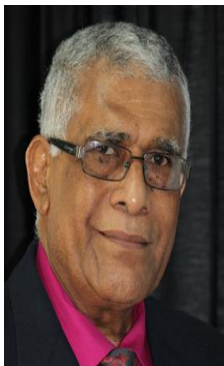
**Hon. Joseph Nitya Nand  
(Deputy Chairperson)**



**Hon. Vijendra Prakash  
(Member)**



**Hon. Aseri Masivou Radrodoro  
(Member)**



**Hon. Ratu Naiqama Lalabalavu  
(Member)**

## LIST OF ACRONYMS

CSAs	-	Commercial Statutory Authorities
GCCs	-	Government Commercial Companies
FY	-	Financial Year
NDP	-	National Development Plan 2017
OAG	-	Office of the Auditor-General
OBSEs	-	Off-budget State Entities
PWC	-	PricewaterhouseCoopers
SO	-	Standing Orders of Parliament
SAIs	-	Supreme Audit Institutions
SDGs	-	Sustainable Development Goals

## **RECOMMENDATION:**

The Standing Committee on Public Accounts has conducted a review of the Annual Report of the Office of the Auditor-General for 2018, and recommends that Parliament takes note of its report.

## **INTRODUCTION**

The 2018 Annual Report of the Office of the Auditor-General was tabled in Parliament during the April 2019 sitting and referred to the Standing Committee on Public Accounts, for its scrutiny.

Standing Orders 109(2) (d) allows Standing Committee on Public Accounts to examine the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review.

Standing Orders 110(1)(c) authorises the Standing Committee to *scrutinise the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.*

## **COMMITTEE PROCEDURE**

We met on the 20<sup>th</sup> of May, 2019 to conduct a review of the Office of the Auditor General's 2018 Annual Report. We heard evidence from the Office of the Auditor General which was represented by the following officials:

- Mr Ajay Nand, Auditor-General
- Mr Sairusi Dukuno, Deputy Auditor-General
- Mr Kuruwara Tunisalevu, Director of Audit
- Mr Dineshwar Prasad, Director of Audit
- Mr Moshin Ali, Director of Audit

## **COMMITTEE MEMBERS**

The substantive members of the Standing Committee on Public Accounts are:

- Hon. Alvick Maharaj (Chairperson)
- Hon. Joseph Nand (Deputy Chairperson)
- Hon. Vijendra Prakash (Member)
- Hon. Aseri Radrodro (Member)
- Hon. Ratu Naiqama Lalabalavu (Member)

Pursuant to Standing Order 115 (5), Hon. Adi Litia Qionibaravi stands in as an alternate member to Hon. Aseri Radrodro and Hon. Mikaele Leawere stands in as an alternate member to Hon. Aseri Radrodro in few of the Committee meetings.

## **FUNCTIONS OF THE OFFICE OF THE AUDITOR GENERAL**

The Standing Committee noted that pursuant to section 152 of the Fijian Constitution, the primary role of the Office of the Auditor General is to inspect, audit and report to Parliament on the public accounts of the State, the control of public money and public property of the State; and on all transactions with or concerning public or public property of the State.

Moreover, the Audit Act 1969 further provides powers to the Auditor-General to audit the whole of government financial statements and the reports of all entities of government. It also empowers the Auditor-General to conduct performance audit of government entities to assure Parliament that the entities are achieving their objectives effectively and doing so economically and in compliance with all relevant legislation.

The Act also extends the scope of audits to include those that are specified under the Public Enterprise Act 1996 which are now repealed, comprising Government Commercial Companies (GCCs) and Commercial Statutory Authorities (CSAs); and agencies specified as Off-budget State Entities (OBSEs) in the Financial Management Act 2004.

The Environment Management Act 2005 requires the Auditor-General to conduct a sustainable development assurance audit on natural resources managed by ministries, departments, authorities or local authorities.

## **OVERVIEW OF THE OAG 2018 ANNUAL REPORT**

The OAG reports on its activities for the period 1 August 2017 to 31 July 2018. The report makes reference to three (3) strategic focuses of the OAG as provided in the OAG Strategic plan which are as follows:

- (i) Firstly to deliver the value adding audit service to its customers by focusing on addressing customers concerns, better understanding of its customers, providing expertise advice, creating awareness of its roles to its customers and delivering high quality and timely audit reports.
- (ii) Secondly, to align OAG systems and processes to international standards and best practices that will allow OAG to excel in public sector auditing; and
- (iii) Thirdly, to create an environment in which our people are not only remunerated in line with the market but provided opportunities for training and professional development that will allow them to excel.

In the 2018 financial year, a total of 192 mandated audits were received as at 31 July 2018 of which 76 accounts or 40% of accounts received were audited.

# **FINDINGS**

## **1.0 BACKLOG OF ACCOUNTS**

The OAG 2018 Annual Report recorded that out of the 192 accounts received, 104 accounts were in backlog and included 65 Provincial Council accounts, 16 Statutory Authority, 4 Government Commercial Companies and 19 Municipal Council accounts.

## **2.0 NON-SUBMISSION AND LATE SUBMISISON OF ACCOUNTS FOR AUDIT BY MUNICIPAL COUNCILS AND PROVINCIAL COUNCILS**

The Committee noted that the backlog of audit for the Municipal Councils accounts was slightly better than those for the Provincial Councils. The reason being 65 accounts out of the 104 in backlog are from the Provincial Councils and only 19 from Municipal Councils.

The OAG has dedicated ten (10) Auditors alone to Provincial Councils to audit backlog of accounts.

## **3.0 OUTSTANDING AUDIT REVENUE /AUDIT FEES**

The Committee noted the delay in payments of audit fees and request that OAG liaise with respective Ministries to get all payments done on time. The Report notes that the decrease in the revenue attributed to the following:

- a) Accounts sent for signing have not been returned for the issuance of audit report;
- b) Huge number of backlogged audits;
- c) Accounts not finalised from previous financial year were completed during this financial year;
- d) Delay in submission of financial statements;
- e) Delay in the provision of records/information required for audit purposes; and
- f) Unavailability of key personnel charged with governance to sign audit reports.



## **SUSTAINABLE DEVELOPMENT GOALS (SDGs)**

The UN Resolution acknowledges the role of Supreme Audit Institutions (SAIs) in fostering government accountability for the use of resources and their performance in achieving development goals under *Goal 16 – To promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.*

The OAG plays a critical role in ensuring efficient and transparent use of resources and the achievement of target 16.6, which is to develop effective, accountable and transparent institutions at all levels.

Through the execution of its mandate, the OAG promotes efficient, accountable, effective and transparent public administration and governance in achieving nationally and internationally agreed development plans. The SAI can also be considered as an oversight mechanism under the review and monitoring frameworks, as evident in its inclusion in the National Development Plan (NDP) 2017.

The Committee notes that OAG is currently undertaking performance audits and that relates to SDGs.

## **GENDER ANALYSIS**

Gender is a critical dimension to parliamentary scrutiny. Standing Order 110 (2) requires committees to consider gender equality and ensure that the impact on both men and women is explored in all matters.

The policies that govern the operations of OAG have been developed so as not to discriminate between gender in the areas of recruitment, employment and compensation, career and professional development.

The OAG currently adopts the Open Merit Based Recruitment and Selection Policy developed by the Ministry of Civil Service.

The Committee notes that the OAG is positively promoting gender balance in the audit office and 52 % of employees are females. Some are holding senior positions with one of its Directors elected as the President of the Fiji Institute of Accountants in 2016/2017.

## **RECOMMENDATION**

Listed below are the Committee recommendations for Parliament to take note of:

- 1. That the audit of accounts should be mandated to be completed by specific dates through legislation;**
- 2. That the audit fees shall be paid within the agreed timeframe between OAG and the relevant Government entities;**
- 3. That the various line Ministries, Permanent Secretaries and Heads of Departments submit their Accounts in a timely manner; and**
- 4. That OAG partners with line Ministries, Heads (Permanent Secretaries), Provincial Councils and Municipal Councils to train their staff to prepare and submit quality draft annual financial statements for audit in a timely manner as set by the OAG.**

## **CONCLUSION**

The Standing Committee on Public Accounts noted that the core function of the OAG Office is to inspect, audit and report on the public accounts, property and transactions of the State as legislated in the Constitution and Audit Act 1969.

The review of the Office's 2018 Annual Reports was conducted in a very tactful and comprehensive manner. This would enable the committee for Public Accounts to submit to Parliament a more reliable and a cohesive report.

The Committee is looking forward to the Office of the Auditor-General working closely with all Ministries and Departments Heads in addressing all cross cutting audit issues that were continuously highlighted during an audit.

We, the Members of the Standing Committee on Public Accounts agree with the contents of this report:



Hon. Alvick Avikirit Maharaj

(Chairperson)

.....


Hon. Joseph Nitya Nand

(Deputy Chairperson)



Hon. Vijendra Prakash

(Member)



Hon. Aseri Radrodro

(Member)



Hon. Ratu Naiqama Lalabalavu

(Member)

# **APPENDIX**

**WRITTEN SUBMISSION BY OFFICE OF THE AUDITOR-  
GENERAL**