



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Review of the 2016/2017 Audit Report on Statutory Authorities



PARLIAMENT OF THE REPUBLIC OF FIJI
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CHAIRPERSON'S FOREWORD



This report follows the Report of the Auditor General of the Republic of Fiji – 2016/2017 Audit Report on Statutory Authorities. The 2016/2017 Audit Report on Statutory Authorities covered audit for 15 entities. The Auditor General issued 21 audit opinions out of which 15 related to the 2016 financial statements while 4 were on the 2017 financial statements.

The Committee deliberated and compiled a report on the audit findings of 15 entities comprising of 25 audited financial statements. For the audits undertaken on the 2016 financial year, the Auditor General issued an unmodified opinion on 13 of the financial statements audited for the various entities whilst the audit opinion on one entity was modified and one was issued with a Disclaimer of Opinion. For the audits undertaken on the 2017 financial year, the Auditor General issued an unmodified opinion on 6 of the financial statements audited for the various entities.

The Audit Report highlights that the majority of the 15 statutory authorities are yet to be audited due to the following reasons:

- Delay in submission of draft accounts for audits or draft accounts submitted were incomplete;
- Delay in provision of management comments;
- Delay in returning the signed audited financial statements for issues of audit opinion;
- Relevant information/records not provided for audit on a timely basis; and
- Authorities deciding to address issues raised in draft audit reports and resubmission of financial statements for audit.

The Committee strongly encourages the Chief Accounting Officers of the respective agencies to take responsibility for the deficiencies that have been highlighted in the audit report and work towards resolving them. The clarifications provided to the Committee revealed that the Statutory Authorities have taken the Auditor-General's recommendation in a positive manner and are taking necessary actions accordingly.

I would like to thank the Executives of these Statutory Authorities and the Staff of the Office of the Auditor General for appearing before the Committee to provide clarifications on the issues.

I also wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of this bipartisan report namely Hon. Joseph Nand, Hon. Vijendra Prakash, Hon. Aseri Radrodro and Hon. Ratu Naiqama Lalabalavu.

On behalf of the Committee, I extend my appreciation to the Secretariat Staff for their timely support in the compilation and preparation of this report.

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

A handwritten signature in blue ink, appearing to be 'Alvick Maharaj', written over a horizontal dotted line.

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. Aseri Masivou Radrodoro
(Opposition Member)**



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



**Hon. Vijendra Prakash
(Government Member)**

INTRODUCTION

The 2016/2017 Audit Report on Statutory Authorities was tabled in Parliament during the May 2019 sitting and referred to the Standing Committee on Public Accounts, for its scrutiny.

Standing Order (SO) 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 Order 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

The Committee conducted a review on the 2016/2017 Audit Report on Statutory Authorities. The Members formulated questions on the control issues identified by the Auditor General and invited the Statutory Authorities to provide clarifications of the issues.

The agencies that provided evidence to the Committee include:

1. Public Rental Board;
2. Civil Aviation Authority of Fiji;
3. Fijian Competition and Consumer Commission;
4. Fiji Teacher's Registration Authority;
5. Investment Fiji;
6. Fiji Meats Industry Board;
7. Fiji National Sports Commission;
8. Film Fiji;
9. Fiji National Council for Disabled Persons;
10. Fiji Higher Education Commission;
11. Land Transport Authority;
12. Fiji Revenue and Customs Services;
13. Fiji Roads Authority;
14. Consumer Council of Fiji; and
15. Maritime Safety Authority of Fiji

COMMITTEE MEMBERS

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

1. Hon. Alvick Maharaj (Chairperson)
2. Hon. Joseph Nand (Deputy Chairperson)
3. Hon. Vijendra Prakash (Member)
4. Hon. Aseri Radrodro (Member)
5. Hon. Ratu Naiqama Lalabalavu (Member)

BACKGROUND

Annual financial statements are prepared by the statutory authorities. It is important for the management to ensure that the preparation and fair presentation of the financial statements are in accordance with International Financial Reporting Standards and requirements of applicable laws and regulations. The 2016/ 2017 Audit Report on Statutory Authorities covered audit for 15 entities. The Auditor General issued 21 audit opinions out of which 15 related to the 2016 financial statements while 4 were on the 2017 financial statements.

For the audits undertaken on the 2016 financial year, the Auditor General issued unmodified opinion on 13 of the financial statements audited for the various entities while the audit opinion on one entity was modified and one was issued with Disclaimer of Opinion. For the audits undertaken on the 2017 financial year, the Auditor General issued unmodified opinion on 6 of the financial statements audited for the various entities.

The Auditor General has highlighted some common findings which include control weaknesses which could cause or is causing severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

The Audit Report also highlights that about half of statutory authorities are yet to be audited due to the following reasons:

- Delay in submission of draft accounts for audits or draft accounts submitted were incomplete;
- Delay in provision of management comments;
- Delay in returning the signed audited financial statements for issues of audit opinion;
- Relevant information/records not provided for audit on a timely basis; and
- Authorities deciding to address issues raised in draft audit reports and resubmission of financial statements for audit.

Abridge financial statements are presented in the Audit Report for each statutory authority. The abridged statements of financial performance reflects revenue, expense and net income while the abridge statements of financial position presents the authorities assets and liabilities.

COMMITTEE FINDINGS

1. PUBLIC RENTAL BOARD

Audit Opinion

The audit of Public Rental Board for the financial year 2016 resulted in the issuance of unmodified opinion.

Public Rental Board - Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$)
Rental Revenue	3,882,818	3,511,301
Operating Revenue	163,521	154,259
Interest Revenue	84,684	42,812
Total Operating Income	4,131,023	3,708,372
Depreciation	690,755	662,459
Staff Costs	983,479	1,020,899
Other Operating Expenses	1,149,390	1,416,472
Finance Cost	229,538	248,600
Total Expenditure	3,053,162	3,348,430
Net Profit for the year	1,077,861	359,942

Net profit substantially increased by 199% or \$0.7 million in 2016 compared to 2015. This was mainly due to the increase in rental revenue generated by the housing flats and decrease in total expenditures, specifically, repairs and maintenance.

Public Rental Board - Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$)
Cash	5,486,265	6,776,564
Investments	95,893	77,585
Other Assets	436,961	156,222
Property, Plant & Equipment	29,241,863	28,424,228
Total Assets	35,260,982	35,434,599
Creditors	2,804,938	3,317,847
Deferred Revenue	694,569	756,152
Borrowings	9,274,604	10,014,712
Employee Entitlements	330,038	266,916
Total Liabilities	13,104,149	14,355,627
Net Assets	22,156,833	21,078,972

Net assets increased by just over \$1 million or 6% in 2016 compared to 2015. This was mainly attributed by the decreases in creditors, deferred revenue and borrowings.

Other Significant Matters - 2016

i. Unallocated Government Subsidy

The Committee was informed that the balance of 2017 subsidy amounted to \$423,662 was not fully utilised in 2017 due to the following reasons:

- delay in completion of the two projects at Kalabu and Savusavu low cost housing
- increase in rent for flats after general maintenance due to the rent freeze.

The balance subsidy was fully utilised in 2018 after completion of the two projects.

ii. Reminder Notices Not Issued

The Committee was advised that the reminder notices were issued on a timely manner but the copies of notices were not filed in the respective tenant files. However, the Public Rental Board has reviewed this process.

The arrears recovery process is as follows:

- Generate Month-end report from Navision System for all tenant arrears;
- Categorize this arrears into age groups;
- New arrears occurring in the report are sent reminder notice;
- Discuss with tenants and enter into a repayment arrangement on the arrears;
- If tenant dishonor the arrangement after 14 days, a second reminder notice is sent to the tenant;
- If tenant still dishonor the arrangement, a Notice to Vacate is served to the tenant;
- If tenant do not pay or vacate, the case is referred to the small claims tribunal or the solicitors for final eviction.

The current practice is to file the copies of notices that are being issued in in tenant files after tenant acknowledges the notices. The arrears decreased in 2017 as compared to 2016 by 11% and further decreased in 2018 by 32%.

2. CIVIL AVIATION AUTHORITY OF FIJI

Audit Opinion

The audit of Civil Aviation Authority of Fiji for the financial year 2016 resulted in the issuance of unmodified opinion.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$) (Restated)
Revenue		
Revenue from operations	5,407,031	5,772,327
Other operating income	325,431	305,438
Finance income	54,248	29,625
Total Revenue	5,786,710	6,107,390
Expenditure		
Administrative expenses	1,278,449	1,208,819
Operating expenses	1,206,654	1,372,758
Personal expenses	2,926,981	2,725,658
Total Expenditure	5,412,084	5,307,235
Operating profit before tax	374,626	800,155
Income tax expense	654,215	132,433
Net (Loss)/Profit after tax	(279,589)	667,722
Other comprehensive income		
Change in fair value of investments	556,699	463,916
Total comprehensive income for the year	277,110	1,131,638

The Authority recorded a net loss of \$279,589 compared to a net profit of \$667,722 in 2015, a decrease of \$947,311 or 141.87%. The decrease was mainly due to an increase in income tax expense by \$521,782 in 2016 due to write-back of deferred tax asset amounting to \$602,851 to expense which related to prior year tax losses as these could not be carried forward after lapse of four years. In addition, the grant revenue from Government decreased by \$624,101 or by 46.72% in 2016 compared to 2015.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$) (Restated)
Assets		
Cash and cash equivalents	1,604,080	1,253,118
Trade receivables	75,777	424,124
Investments	9,608,222	8,051,523
Other current assets	1,030,685	1,491,857
Property, plant and equipment	4,616,219	4,826,289
Other non-current assets	783,407	1,454,144
Total Assets	17,718,390	17,501,055
Liabilities		
Creditors and other payables	702,288	640,316
Employee benefits	119,765	241,512
Total Liabilities	822,053	881,828
Net Assets	16,896,337	16,619,227

Net assets of the Authority increased by \$277,110 or 1.67% in 2016 compared to 2015. This was mostly attributed to increase in investments (increase in fair value) by \$1,556,699 or 19.33% compared to 2015.

Other Significant Matters – 2016

i. Enterprise Risk Management

The Committee was informed that the electronic enterprise risk register was developed by the senior staff of the Authority with assistance from Insurance Brokers, Marsh Pte Ltd in 2017. However, a separate Risk Register independent of Insurance brokers was finalised in 2018. The enterprise risk register includes administrative, technical and operational risks some of which are insurable.

The Authority in liaison with the insurance brokers continues to conduct a review of all insurance policies and risks insurability on an annual basis at the time of their expiry or as appropriate including the Authority's own review of risks outside insurability. The Authority identifies risks by "level of risk" affecting or likely to affect its operations and measured with control effectiveness against the severity of risks. The risk assessment process used by the Authority generally follows the global risk management standards where risks are identified according to the severity of the Consequence and Likelihood of it eventuating.

The Authority uses the previously developed risk register for both insurable and non-insurable risks and updates it through consultation with senior staff on an annual basis.

The various steps from identifying risks and updating a Risk Register are as follows:

1. Develop and update Risk Register.
2. Assign Accountabilities.
3. Evaluate Existing Controls.
4. Review Severity Risks Mitigation.
5. Initiate Reporting Procedures.
6. Monitor and Review Risks.

Audit Opinion

The audit of Civil Aviation Authority of Fiji for the financial year 2017 resulted in the issuance of unmodified opinion.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Performance

Description	2017 (\$)	2015 (\$) (Restated)
Revenue	5,481,747	5,407,031
Other Operating Income	402,541	325,431
Total Revenue	5,884,288	5,732,462
Administrative Expenses	1,372,549	1,278,449
Operating Expenses	1,514,496	1,206,654
Personnel Expenses	2,891,100	2,926,981
Total Expenditure	5,778,145	5,412,084
Net Financing Income	112,099	54,248
Operating profit before tax	218,242	374,626
Income Tax Expense	(481,483)	(646,878)
Net loss after tax	(263,241)	(272,252)
Other comprehensive income		
Change in Fair Value of Investments	1,206,182	556,699

Description	2017 (\$)	2015 (\$) (Restated)
Revaluation of Property, Plant and Equipment, net of tax	1,847,543	---
Total comprehensive income for the year	2,790,484	284,447

Net loss of the Authority declined by \$9,011 or by 3% in 2017 compared to 2016. In addition, Total comprehensive income increased by \$2,506,037 or by 881% in 2017 compared to 2016. This was attributable to the following:

- Increase in revaluation gain for Unit Trust of Fiji Units due to better market price of the units as at 31 December 2017 compared to 2016; and
- Increment in property

Civil Aviation Authority of Fiji - Abridged Statement of Financial Position

Description	2017 (\$)	2015 (\$) (Restated)
Assets		
Cash and Cash Equivalents	748,130	1,604,080
Trade Receivables	146,248	75,777
Income Tax Refundable	---	3,780
Other Assets	1,082,546	1,026,905
Investments	11,814,404	9,608,222
Property, Plant and Equipment	6,608,966	4,616,219
Intangible Assets	352,924	210,821
Deferred Income Tax Asset	---	207,054
Total Assets	20,753,218	17,352,858
Liabilities		
Trade and Other Payables	738,883	702,288
Income Tax Payable	4,669	---
Employee Benefits	95,620	119,765
Deferred Income Tax	592,757	---
Total Liabilities	1,431,929	822,053
Net Assets	19,321,289	16,530,805

Net assets increased by \$2.79 million or 16.88% in 2017 compared to 2016. This was mainly attributed to the significant increase in property, plant and equipment and investments which increased by \$1.99 million and \$2.2 million respectively. These increases were mainly due to the revaluation of PPE and Unit Trust of Fiji investment.

Other Significant Matters – 2017

ii. Anomalies in Consultancy Agreement

The Committee was informed that the tender to procure a Management Database was first advertised in July/August 2015 and attracted interests from 5 local and 1 overseas vendors. This was based on an initial Scope of Works developed by the Authority. However, after the proposals were presented by the vendors, it was noted that the Scope had to be re-done for which there were no expertise within CAAF. Subsequently, and after further review, it was decided that instead of CAAF attempting to revise the Scope of Works, and face the same predicament of lack of technical expertise in house, a Consultant or Project Manager be hired to do a scoping work to be advertised. The plan was to involve the consultant for all phases of the work until implementation of the entire database.

Phase I

In view of the above, the scoping for the database was re-advertised in March 2016 and the Contract awarded to the Digital Group of Suva based on an hourly basis. The hourly rate and the estimated project timeline of 6 - 8 weeks were used to arrive at the project cost of **\$55,520.00**. The Digital Group brought in an expert from abroad for preparation of **Phase I** to establish High Level Requirement (HLR) and a Request for Proposal (RFP) document. A fixed timeline was not considered since the deliverable and the final outputs not only depended on the Consultant but also on the Authority's staff being available when required by the Consultant for discussions since most staff for the database project are technical staff who could not be available when required due to prior operational commitments. Also, since the project scope perimeters and the magnitude were not initially understood, a fixed timeline was not insisted on as it would have penalized the Authority as well for delay on its part.

Phase II

Once the HLR was completed as part of Phase 1 for the estimated cost of **\$55,520.00**, the tender was advertised locally and on the CAAF website which attracted ROI's from 14 vendors of which three were shortlisted for submission of their proposals (RFP's).

All the shortlisted vendors were from abroad with whom at least two rounds of presentations from each of them, including many correspondences by email seeking clarifications took place. One vendor came over to CAAF whilst others presented through skype or conference calls. Once tenders were received, the Authority retained the same Consultant, who by now had an intimate knowledge of the CAAF requirements and also of the tenders received, to proceed to Phase 2 to include additional work up to project commissioning stage.

This added to the initial estimate of **\$55,520.00** which was for scoping alone. Phase 2 of the project involved the following:

- Review of Proposals submitted by vendors;
- Evaluation of the proposals submitted by the vendors;
- Evaluation of the shortlisted products;
- Answer queries from vendors;
- Arrange for presentations from vendors;
- Prepare proposal review report;
- Prepare Gap Analysis Report;
- Prepare requirement traceability matrix;
- Working out a solution for the integration of two separate databases;
- Working out a solution to integrate several existing databases with the proposed database;
- Working out a solution to integrate the connectivity's between the database and the existing and proposed New Website;
- Prepare Cost benefit analysis report;
- Prepare recommendation report.

The scoping project as per Phase I and additional work as per Phase II by 'The Digital Group' was completed in 2018 for **\$150,975.00**. The recommendations by the Digital Group was referred to the Board for approval, however, for due diligence, the Board requested for a peer review of the project which is in progress.

3. FIJIAN COMPETITION AND CONSUMER COMMISSION

Audit Opinion

The audit of Fijian Competition and Consumer Commission for the financial year 2016 resulted in the issuance of unmodified opinion.

Fijian Competition and Consumer Commission Abridged Statement of Financial Performance

Description	31 July 2016 \$	Restated 31 Dec 2015 \$
Government Grant	1,016,194	1,524,258
Other Income	75,873	77,045
Total Income	1,092,067	1,601,303
Personnel Expense	666,440	1,014,146
Operating Expenses	139,179	296,651
Administrative Expenses	62,325	81,035
Depreciation	42,803	75,432
Total Expenditure	910,747	1,467,264
Net Surplus	181,320	134,039

Consistent with the changes in the financial year of Government, the Commission changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus, the significant variances with the comparative balances.

Fijian Competition and Consumer Commission Abridged Statement of Financial Position

Description	31 July 2016 \$	Restated 31 Dec 2015 \$
Cash at bank and on hand	798,642	352,824
Deposits	9,963	10,260
Other receivables	22,801	53,767
Property, Plant & Equipment	185,976	220,661
Total Assets	1,017,382	637,512
Accounts Payable	449,526	220,407
Other current liabilities	38,595	26,593
Deferred Income – Non-current	79,032	121,603
Total Liabilities	567,153	368,603
Net Assets	450,229	268,909

The net assets position of the Commission increased for the seven months period ended 31 July 2016 compared to 12 months period ended 31 December 2015. This was due to high cash balance held for the seven months period.

Audit Opinion

The audit of Fijian Competition and Consumer Commission for the financial year 2017 resulted in the issuance of unmodified opinion.

Fijian Competition and Consumer Commission - Abridged Statement of Financial Performance

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Government Grant – Operational	2,278,656	1,016,194
Other Income	140,649	75,873
Total Income	2,419,305	1,092,067
Personnel Expense	1,352,394	671,497
Operating Expenses	333,444	138,813
Administrative Expenses	214,881	57,634
Depreciation	98,092	42,803
Total Expenditure	1,998,811	910,747
Net Surplus	420,494	181,320

The Commission recorded a net surplus of \$420,494 in 2017 compared to \$181,320 in 2016. The increase in net surplus was due to the Commission changing its financial year in 2016 and as such 2017 financial year is being reported for 12 months while 2016 financial year reported for 7 months.

Fijian Competition and Consumer Commission Abridged Statement of Financial Position

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Cash and Cash Equivalents	630,274	798,642
Deposits	31,556	9,963
Trade and Other receivables	644,138	22,801
Property, Plant & Equipment	450,037	185,976
Total Assets	1,756,005	1,017,382
Trade and Other Payable	214,512	449,526
Deferred Income	666,326	113,183
Other Liabilities	4,444	4,444
Total Liabilities	885,282	567,153
Net Assets	870,723	450,229

Net assets increased by \$420,494 or 93% in 2017 compared to 2016. The increase in net assets was due to 2017 financial year being reported for 12 months while 2016 financial year reported for 7 months. The major increase of \$621,337 was noted in trade and other receivables which was due to the delay in receipt of government grant for last quarter which is recorded as receivable.

Other Significant Matters – 2016 & 2017

There were no control issues that were identified by the Auditor General.

4. FIJI TEACHER'S REGISTRATION AUTHORITY

Audit Opinion

The audit of Fiji Teacher's Registration Authority for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji Teacher's Registration Authority – Abridged Statement of Financial Performance

Description	13 Months Period Ended 31 July 2016 (\$)
Government grant	462,969
Amortization	4,335
Total Income	467,304
Depreciation expense	17,317
Employee benefit expense	299,384
Administrative expenses	88,409
Interest expenses	4,239
Total Expenditure	409,349
Surplus for 13 months period ended	57,955

The Authority recorded a surplus of \$57,955 for the 13 months period ended 31 July 2016.

In 2009, the Fiji Teachers Registration Board (FTRB) was under the Ministry of Education as a Department. In 2013, through a Cabinet Decision CP (13) 61 FTRB was declared a Government Statutory body which was renamed as Fiji Teachers Registration Authority (FTRA). Up until June 2015 FTRA's cash flow and payments were handled by Ministry of Education.

The Authority commenced to manage its own affairs from 01 July 2015 and has been audited for the first time.

Fiji Teacher's Registration Authority – Abridged Statement of Financial Position

Description	31 July 2016 (\$)
Cash and short term deposits	58,724
Prepayment and other assets	140
Property, plant and equipment	83,840
Total Assets	142,704
Trade payable and other accruals	2,500
Deferred revenue	28,822
Obligations under finance lease	44,427
Employee entitlement	9,000
Total Liabilities	84,749
Net Assets	57,955

The Authority recorded net asset of \$57,955 for the 13 months period ended 31 July 2016.

Other Significant Matters – 2016

There were no control issues that were identified by the Auditor General.

5. INVESTMENT FIJI

Audit Opinion

The audit of Investment Fiji for the financial year 2016 resulted in the issuance of unmodified opinion.

Investment Fiji - Abridged Statement of Financial Performance

Description	2016 (7 months) (\$)	2015 (12 months) (\$)
Income		
Government grant	1,091,831	1,739,130
Registration Fees	218	459
Trade Promotion Income	41,284	321,290
Other Income	25,805	40,801
Total income	1,159,138	2,101,680
Expenditure		
Administrative expenses	155,839	392,631
Depreciation	50,327	78,061
Finance Cost	---	559
Operating expenses	202,002	330,414
Personnel expenses	789,859	820,435
Trade Promotion - Expenses	39,968	341,254
Total expenditure	1,237,995	1,963,354
Net (deficit) / surplus for the year	(78,857)	138,32

Consistent with the changes in the financial year of Government, the Commission changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances. However, personnel expenses which were proportionately higher in 2016 for the 7 month period compared to 2015. This was mostly attributable to filling up of some vacant positions in 2016 by Investment Fiji.

Investment Fiji - Abridged Statement of Financial Position

Description	2016 (7 months) (\$)	2015 (12 months) (\$)
Assets		
Cash on hand and at bank	1,011,485	935,134
Receivables	292,069	32,149
Property, plant and equipment	337,558	373,670
Total Assets	1,641,112	1,340,953
Liabilities		
Trade creditors and accruals	71,582	101,470
Payable to Ministry of Finance	522,500	275,000
Provisions for employee entitlement	72,638	53,435
Deferred grant income	142,202	---
Total Liabilities	808,922	429,905
Net Assets	832,190	911,048

Other Significant Matters – 2016

There were no control issues that were identified by the Auditor General.

Audit Opinion

The audit of Investment Fiji for the financial year 2017 resulted in the issuance of unmodified opinion.

Investment Fiji - Abridged Statement of Financial Performance

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Government grant	2,136,580	1,091,831
Registration fees	286	218
Trade Promotion income	504,697	41,284
Other income	4,721	25,805
Total income	2,646,284	1,159,138
Administrative expenses	269,030	155,839
Depreciation	95,835	50,327
Operating expenses	515,971	202,002
Personnel expenses	1,338,977	789,859
Trade Promotion - expenses	323,932	39,968
Total expenditure	2,543,745	1,237,995
Net surplus/(deficit) for the year/period	102,539	(78,857)

Investment Fiji recorded net surplus of \$102,539 for the financial year ending 31 July 2017 compared to deficit of \$78,857 in 2016. The surplus in 2017 is mainly attributable to the full calendar year (12 months) in 2017 compared to 7 months reporting in 2016.

Investment Fiji - Abridged Statement of Financial Position

Description	2016 (7 months) (\$)	2016 (7 months) (\$) (Restated)
Cash on hand and at bank	927,882	1,011,485
Receivables	283,521	310,603
Property, plant and equipment	675,274	337,558
Total Assets	1,886,677	1,659,646
Trade creditors and accruals	181,880	90,115
Payable to Ministry of Finance	545,023	522,500
Provisions for employee entitlement	82,842	72,638
Deferred grant income	142,202	142,202
Total Liabilities	951,947	827,455
Net Assets	934,730	832,191

Investment Fiji recorded increase in the net assets which increased by \$102,539 or 12% in 2017 compared to 2016. The increase in net assets was mainly attributable to acquisition of CRM software amounting to \$313,974 in 2017.

Other Significant Matters – 2017

There were no control issues that were identified by the Auditor General.

6. FIJI MEATS INDUSTRY BOARD

Audit Opinion

The audit of Fiji Meats Industry Board for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji Meats Industry Board - Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$)
Operating Revenue	3,235,586	3,337,475
Other Income	122,696	149,940
Total Revenue	3,355,282	3,487,415
Changes in Inventories – finished goods	853,035	800,752
Raw Materials and Consumables used	221,753	165,847
Staff Cost	974,330	990,899
Depreciation	299,776	309,248
Other Operating Expenses	1,065,627	1,117,913
Finance Cost	67,987	78,604
Total Expenses	3,482,508	3,463,263
Net (Loss)/Profit from Operations	(127,226)	24,152
Other comprehensive Income	---	---
Total Comprehensive (Loss)/Income	(127,226)	24,152

The company recorded a net loss in 2016 compared to the previous year as a result of decrease in revenue from its abattoir operations and increase in operating costs. The cost of operating and maintaining the abattoir increased due to the high number of cattle being slaughtered for tuberculosis, high chemical expenses and utility costs and also the maintenance of abattoir equipment.

Fiji Meats Industry Board - Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$)
Cash	39,099	111,223
Investments	201,957	249,950
Trade and Other Receivables	423,063	440,985
Inventory	67,174	85,658
Property, Plant & Equipment	1,873,805	2,049,228
Total Assets	2,605,098	2,937,044
Trade Creditors and Payables	197,424	226,960
Deferred Income	361,100	434,700
Interest Bearing Borrowings	913,342	1,014,926
Total Liabilities	1,471,866	1,676,586
Net Assets	1,133,232	1,260,458

The decrease in net assets in 2016 compared to the previous year was largely due to the low cash balance at year end, decrease in term deposits held and decrease in property, plant and equipment. Repayments of term loan resulted in the decrease in total liabilities.

Other Significant Matters – 2016

i. Accounting Manual not Reviewed since 2011

The committee was informed that the Management and Board have reviewed the Finance Manual. The new manual reflects current fees and prices of FMIB products, buying prices of livestock for slaughter and fine tuning existing controls.

ii. Anomalies in Procurement Procedures

The Committee was advised that the Board is in the process of formulating additional policies. The Board has decided to further fine tune the finance manual together with its internal policies. These include operational policy, communication and public disclosure policy, company vehicle usage policy, procurement policy, HRM policy, OHS policy, sexual harassment policy, corporate governance policy and internet/social media policy. The Board will hire a consultant who would further look at the above policies.

iii. Absence of Policy for Variation in 'Magiti' Prices

The Committee was informed that the changes in "Magiti" prices are approved by the CEO as and when required as per the financial instruction. The prices are subject to change as the buying price fluctuates.

7. FIJI NATIONAL SPORTS COMMISSION

Audit Opinion

The audit of Fiji National Sports Commission for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji National Sports Commission - Abridged Statement of Financial Performance

Description	2016 (7 months) (\$)	2015 (12 months) (\$)
Operating revenue	7,689,703	5,936,981
Other Operating revenue	40,399	65,565
Total Revenue	7,730,102	6,002,546
Expenses		
Sports Grant Expenses	6,328,996	4,042,344
International Coaches Salary expenses	736,843	1,442,006
Personal Expenses	241,556	407,738
Operating Expenses	153,640	267,117
Other Expenses	73,543	116,732
Total Expenses	7,534,578	6,275,937
Net Surplus/(Deficit)	195,524	(273,391)

The Commission recorded net surplus of \$195,524 in 2016 compared to a net deficit of \$273,391 in 2015. The net surplus in 2016 was significantly attributable to increase in total revenue which substantially increased by 29% or \$1.73 million in 2016 compared to 2015. This was due to increase in grant allocation due to the Rio Olympic Games held in 2016.

Fiji National Sports Commission - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 months) (\$)
Cash and cash equivalents	959,897	205,216
Other current assets	13,258	7,655
Property Plant & equipment	244,420	295,758
Total Assets	1,217,575	508,629
Trade and Other Payables	436,740	162,728
Employee entitlements	21,189	20,963
Deferred revenue	433,119	157,299
Finance lease liability	68,402	105,038
Total Liabilities	959,450	446,028
NET ASSETS	258,125	62,601

Net assets increased by \$195,524 or 312% in 2016 compared to 2015. This was mainly due to the increase in cash and cash equivalent balance due to the Rio Olympic Game Event held in 2016.

Audit Opinion

The audit of Fiji National Sports Commission for the financial year 2017 resulted in the issuance of unmodified opinion.

Fiji National Sports Commission - Abridged Statement of Financial Performance

Description	2017 (12 months) (\$)	2016 (7 months) (\$)
Operating Revenue	6,434,203	7,689,703
Other Operating revenue	100,899	40,399
Total Revenue	6,535,102	7,730,102
Expenses		
Sports Grant Expenses	4,764,848	6,328,996
International Coaches Salary expenses	860,409	736,843
Personal Expenses	446,447	241,556
Operating Expenses	283,604	153,640
Other Expenses	131,616	73,543
Total Expenses	6,486,924	7,534,578
Net Profit	48,178	195,524

The Commission's net profit declined by \$147,346 or by 75% in 2017 compared to 2016. The decline was mostly attributable to decline in operating activities in 2017 for the Commission compared to 2016. The major reason for the decline was due to Rio Olympic Games Event which was held in 2016 and as such operating activities of 2016 was higher compared to 2017.

Fiji National Sports Commission - Abridged Statement of Financial Position

Description	2017 (12 Months) (\$)	2016 (7 Months) (\$)
Cash and cash equivalents	752,177	959,897
Other current assets	15,563	13,258
Property, plant & equipment	282,034	244,420
Total Assets	1,049,774	1,217,575
Trade and other payables	126,223	436,740
Employee entitlements	23,069	21,189
Deferred revenue	583,469	433,119
Finance lease liability	10,710	68,402
Total Liabilities	743,471	959,450
NET ASSETS	306,303	258,125

Net assets increased by \$48,178 or 19% in 2017 compared to 2016. Decline in liabilities was noted to be more than decline in assets. This was mainly attributed to the significant decline in trade and other payables which declined by \$310,517 or by 71% in 2017 since the grant was for the full twelve months in 2017 which enable the Commission to clear their dues.

Other Significant Matters – 2016 & 2017

There were no control issues identified by the Auditor General.

8. FILM FIJI

Audit Opinion

The audit of Film Fiji for the financial year 2016 resulted in the issuance of unmodified opinion.

Film Fiji - Abridged Statement of Financial Performance

Description	31 July 2016 (7 months) (\$)	31 Dec 2015 (12 months) (\$)
Government Grant	491,235	751,642
Sponsorship and Ticket sales – Kula Awards	88,978	67,285
Other Revenue	17,703	36,776
Total Revenue	597,916	855,703
Expenses		
Administrative Expenses	255,493	308,174
Promotional Expenses	102,401	189,297
Personal Expenses	211,381	352,607
Depreciation	17,061	30,131
Other Expenses	2,000	3,813
Total Expenses	588,336	884,022
Net Surplus/(Deficit)	9,580	(28,319)

Film Fiji recorded net surplus of \$9,580 in 2016 compared to a net deficit of \$28,319 in 2015. Film Fiji changed its financial year from December to July in 2016 and hence the 2016 financial year is for 7 months only.

Film Fiji - Abridged Statement of Financial Position

Description	31 July 2016 (7 months) (\$)	31 Dec 2015 (12 months) (\$)
Cash and cash equivalents	387,790	282,656
Receivables	33,392	34,375
Other current assets	20,674	59,368
Property Plant & equipment	107,701	108,120
Total Assets	549,557	484,519
Trade and Other Payables	53,119	5,331
Employee entitlements	20,103	14,015
Deferred revenue	107,702	108,120
Provisions	12,000	10,000
Total Liabilities	192,924	137,466
Net Assets	356,633	347,053

Film Fiji recorded net assets of \$356,633 in 2016 compared to \$347,053 in 2015. This was mainly due to increase in cash holding in 2016.

Other Significant Matters – 2016

i. Lack of VAT Reconciliation

The Committee was advised that the VAT payable and VAT refunds are reconciled on a monthly basis against VAT Notice of Assessments received from the Fiji Revenue and Customs Service. Film Fiji carries out yearly VAT reconciliation against the Statement of Account for VAT.

9. FIJI NATIONAL COUNCIL FOR DISABLED PERSONS

Audit Opinion

The audit of Fiji National Council for Disabled Persons for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji National Council for Disabled Persons - Abridged Statement of Financial Performance

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Government Grant	227,500	290,000
Other Income	15,669	37,906
Total Receipts	243,169	327,906
Salaries, Wages and Related Expenses	130,364	208,427
European Union Projects	9,007	110,369
National Disability Week	10,245	11,337
Travel and Subsistence	1,215	1,778
Telephone Fax	7,539	12,147
Board and Committee Expenses	13,813	18,899
Maintenance and Repairs	9,550	12,938
International Disable Persons Day	---	11,140
Fiji Vocational Technical Training for Disabled People	11,000	1,208
Workshop/Training Programs	---	10,714
Caregiver Allowance	2,240	4,080
Office Equipment	1,348	5,831
Other Expenses	27,022	37,741
Total Expenditure	223,343	446,609
Net Surplus/(Deficit) for the year	19,826	(118,703)

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Fiji National Council for Disabled Persons - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Cash	31,722	11,896
Telephone Deposit	600	600
Total Assets	32,322	12,496
Total Liabilities	---	---
Net Assets	32,322	12,496

Net assets increased by \$19,826 million or 159% in 2016 compared to 2015. This was mainly attributed to the net surplus incurred for the period ended 31 July 2016. The increase in net surplus was mainly due to decrease in expenditure as only 7 months expenditure is recorded due to change in Government's fiscal year.

Other Significant Matters – 2016

i. Non-Adoption of International Financial Reporting Standards for Small Medium Entities (IFRS for SME's)

The Committee was informed that the Council has a cash basis system which consists of receipts and payments. The Council has installed a program called Standss Paymaker Version 4.5.91B Windows for Wages and Salaries. The accountant has undergone training process and the system has been implemented in 2019.

ii. Absence of a Comprehensive Accounting Manual

The Committee was informed that the council is engaged in the compilation and finalization of a financial manual to ensure that all accounting tasks are carried out in compliance with the set guidelines in the accounting procedures manual. The financial manual will be tabled in the next council meeting.

10. FIJI HIGHER EDUCATION COMMISSION

Audit Opinion

The audit of Fiji Higher Education Commission for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji Higher Education Commission - Abridged Statement of Financial Performance

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Government Grant	841,424	1,359,599
MFAT grant	---	134,678
EU PAC TVET	---	105,000
Release of deferred income	42,229	50,206
Conference collection	147,198	---
Other refunds	20,122	704
Total Operating Income	1,050,973	1,650,187
Depreciation and amortization expense	37,302	50,206
Salaries and Wages	696,143	1,096,364
Operating expenses	615,604	778,727
Total Operating Expenses	1,349,049	1,925,297
Deficit for the year	(298,076)	(275,110)

Consistent with the changes in the financial year of Government, the Commission changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Fiji Higher Education Commission - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Cash and cash equivalents	2,306,490	669,410
Receivable from staff	---	213
Other debtors, deposits and prepayments	37,118	80,338
Property plant and equipment	233,946	218,196
Intangible assets	166,610	133,292
Total Assets	2,744,164	1,101,449
Trade payables and accruals	82,826	72,334
Deposits	---	7,341
Provisional Tax	6,012	982
Provision for annual leave	26,799	50,468
Deferred Income	2,310,891	430,390
Total Liabilities	2,426,528	561,515
Net Assets	317,636	539,934

The Commission's net asset decreased by \$222,298 or 41% in 2016 compared to 2015. This was due to increase in deferred income by \$1,880,501 or 437% when compared to 2015.

Other Significant Matters – 2016

i. Non-disclosure of grants administered by the Commission

The Committee was informed that the grants are given from the Ministry straight to the institutions. It does not come to the Commission. It goes straight from the Ministry of Economy and Ministry of Education straight to the institutions. The Commission only administers the acquittal process which is done on a quarterly basis.

ii. Absence of Grant Agreement

The Committee was informed that 42 percent of the funding is provided by the Government grant that the Commission receives from the Fiji Government; 58 percent is provided by the New Zealand Ministry of Foreign Affairs and Trade. These are the grant agreements that the Commission has in place for this financial period.

11. LAND TRANSPORT AUTHORITY

Audit Opinion

The audit of Land Transport Authority for the financial year 2016 resulted in the issuance of unmodified opinion.

Land Transport Authority - Abridged Statement of Financial Performance

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Grant received	8,763,652	13,041,562
Other income	1,094,551	1,451,134
Total Revenue	9,858,203	14,492,696
Administration expenses	6,116,913	8,692,064
Operating expense	3,882,322	5,977,649
Other expenses	790,724	811,665
Total Expenditure	10,789,959	15,481,378
Loss for the period	(931,756)	(988,682)

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus, the significant variances with the comparative balances.

Land Transport Authority - Abridged Statement of Financial Position

Description	2016 (7 Months) (\$)	2015 (12 Months) (\$)
Cash and cash equivalents	1,968,488	1,639,570
Receivables	342,416	266,237
Inventories	781,167	758,142
Property, plant and equipment	14,527,018	14,644,985
Total Assets	17,619,089	17,308,934
Creditors and other accruals	1,419,712	1,738,493
Owing to Government consolidated account	336,705	44,615
Capital grant	9,404,790	8,282,935
Provisions	1,118,706	748,522
Finance Lease Liability	635,850	859,287
Total Liabilities	12,915,763	11,673,852
Net Assets	4,703,326	5,635,082

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus there is significant variance with the comparative balances in some cases.

Other Significant Matters – 2016

i. Errors in Draft Financial Statement Submitted for Audit

The Committee was advised that the authority has taken on board the recommendations on disclosures and the accounting treatment highlighted by Office of the Auditor General. The authority has put in place the following measures to ensure that the draft financial statements submitted are free from errors:

- All adjustments are accompanied with proper explanatory notes to the Financial Statements
- Postmaster revenue is no longer recorded as receivables as advised by the Office of the Auditor General
- The reconciliation of the accruals account are now carried out on monthly basis and monitored to ensure only genuine expenses are accrued.

The authority is following all review processes to ensure that the future Financial Statements are free from errors.

ii. Recording of Cashier Shortage as Receivables

The Committee was advised that as of July 2016, the Authority recognized receivables amounting to \$21,783, relating to misappropriation of cash by staff at Nadi Town office in 2013 amounting to \$18,006 and destruction of Labasa Office by fire in 2014 with a cash loss of \$3,777. The Authority has written off the balance on 21 July 2017 as these receivables could not be recovered. However, the Authority has placed the following measures to ensure that cash is not misappropriated:

- The Authority has signed a Memorandum of Understanding with BSP on 17 August 2018 for overnight safekeeping of cash to ensure cash is not misappropriated by theft or fire in future.
- The Authority has embedded stringent controls in the system whereby receipt cancellation has been removed from the system which prevents the Customer Service Officers from directly cancelling receipts without the various levels of checks and approvals by the Branch Managers to prevent staff from fraudulently taking cash through cancelling receipts.
- From 29 October 2018, the Authority has replaced the Regional Managers setup to individual Branch Managers dedicated to respective branches for better control, monitoring and accountability of revenue processes and cash handling.
- The Authority has also reviewed the minimum qualification requirements for Customer Service Officers to ensure that skilled staff is hired with some financial qualifications.

12. FIJI REVENUE AND CUSTOMS SERVICE

Audit Opinion

The audit of Fiji Revenue and Customs Service for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji Revenue and Customs Service - Abridged Statement of Financial Performance

Description	31 July 2016 (7 Months) (\$)	31 Dec 2015 (12 Months) (Restated) (\$)
State Revenue	1,314,322,381	2,354,035,377
Less: Payment to government	(1,314,322,381)	(2,354,035,377)
Grants from Government	23,261,526	39,736,956
Fees and Charges	4,666,257	7,078,710
Other Income	5,187,703	3,131,647
Total Agency Revenue	33,115,486	49,947,313
Employee Costs	19,203,944	32,168,358
Recurrent Expenditure	6,762,632	10,561,562
Total Expenditure	25,966,576	42,749,920
Net Surplus for the year	7,148,910	7,217,393
Other Comprehensive Income	5,425,707	---
Total Comprehensive Income	12,574,617	7,217,393

Consistent with the changes in the financial year of Government, FRCS changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances in some cases. Other income increased by \$2,056,056 or 66% in 2016 due to the revaluation gain from the investment property. Similarly, other comprehensive income increased by \$5,424,707 or 100% due to the revaluation gain from land and building.

Fiji Revenue and Customs Service - Abridged Statement of Financial Position

Description	31 July 2016 (7 Months) (\$)	31 Dec 2015 (12 Months) (Restated) (\$)
Cash at bank	35,363,223	25,497,734
Investments	33,461,093	32,984,852
Other Current Assets	2,460,533	6,810,720
Property, Plant and Equipment	26,736,518	16,492,758
Total Assets	98,021,367	81,786,064
Current Liabilities	5,070,825	4,942,088
Deferred Grant Income	21,539,622	18,007,673
Total Liabilities	26,610,447	22,949,761
Net Assets	71,410,920	58,836,303
Total Equity	71,410,920	58,836,303

Total assets increased by \$16,235,303 or 20% in 2016. This was due to the increase in Property, Plant and Equipment by \$10,243,760. In addition, the change in the financial year contributed to the increase in cash at bank by \$9,865,489 or 39%. Total liabilities increased by \$3,660,686 or

16% in 2016 as compared to 2015. This was due to the increase in deferred grant income by \$3,351,949.

Other Significant Matters – 2016

i. Contingent Assets and Liabilities

The Committee was informed that the recommendation by the Office of Auditor General has been taken into consideration and necessary changes have been done.

ii. Ownership of Land and Buildings

The Committee was advised that the initial transfer was done through FRCA Act, which formally gave the legal right to FRCA of those assets. Scheme plan has been prepared and is lodged with Ministry of Lands for the issuance of formal lease.

13. FIJI ROADS AUTHORITY

Audit Opinion

The audit of Fiji Roads Authority for the financial year 2016 resulted in the issuance of unmodified opinion.

Fiji Roads Authority - Abridged Statement of Financial Performance

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Grants and contributions	10,136,746	17,804,425
Amortisation of deferred income	103,584,724	146,605,738
Other Income	227,202	1,240,285
Total Income	113,948,672	165,650,448
Employee related expenses	2,035,661	3,595,570
Maintenance	51,761,478	115,280,305
Depreciation and amortization	73,502,382	115,072,390
Other operating expenses	10,854,906	21,417,904
Total Operating Expenditure	138,154,427	255,366,169
Deficit for the period	(24,205,755)	(89,715,721)
Total Other Comprehensive Income	---	3,505,794,232
Total Comprehensive (Loss)/Income	(24,204,755)	3,416,078,511

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

The significant variance in the total comprehensive income was due mainly to the accounting of revaluation reserve as other comprehensive income in 2015.

Fiji Roads Authority - Abridged Statement of Financial Position

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Cash and cash equivalents	109,560,052	137,320,297
Receivables	3,935,487	2,639,269
Other Current Assets	129,825,285	132,460,557
Property, plant and equipment	8,802,947,890	8,739,358,937
Intangible Assets	36,623	52,603
Total Assets	9,046,305,337	9,011,831,663
Payables	79,130,077	93,993,617
Provision	43,840,142	45,880,891
Deferred Income	662,790,518	630,971,980
Total liabilities	785,760,737	770,846,488
Net Assets	8,260,544,600	8,240,985,175

The slight increase in net assets for the 7-month period in 2016 compared to the 12-month in 2015 was mainly due to the increase in the value of property, plant and equipment.

Other Significant Matters – 2016

i. Lack of Proper Reconciliations of Donated Fixed Assets

The Committee was informed that Fiji Roads Authority has temporarily shelved the ERP system as the organization is still undergoing a restructure and the mapping processes under the consolidated budget. The need for ERP in FRA will be re-evaluated at the end of 2020 by when we expect to have the organizational structure and departmental operating procedures finalized.

As for the Assets Management System, FRA is currently using two platforms namely Road Assets Maintenance & Management and Environmental Systems Research Institute – Geographic Information System. FRA has had these platforms in use for over the two years and is in the process of evaluating the benefits against alternative database soft wares that can provide real time assets valuation. By the end of 2020 FRA intends to have in place an AMS that can facilitate Operation and Maintenance and at the same time can provide real time valuation report.

14. CONSUMER COUNCIL OF FIJI

Audit Opinion

The audit of Consumer Council of Fiji for the financial year 2016 resulted in the issuance of unmodified opinion.

Consumer Council of Fiji - Abridged Statement of Financial Performance

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Government Grant	564,144	663,274
Grant from EU	9,161	54,566
Sundry Income	6,658	808
Deferred Grant Income	22,175	24,522
Total Income	602,138	743,170
Depreciation	22,175	24,522
Rent and rates	35,609	61,200
Salaries, wages and related payments	351,260	484,239
Telephone and postage charges	8,165	11,851
Travelling expenses	3,122	11,154
National Consumer Helpline	44,453	---
Office expense	20,069	19,943
Advertising	34,547	7,930
Sundry expenses	107,136	104,665
Total Expenditure	626,536	725,504
Net (Deficit)/Surplus for the year	(24,398)	17,666

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus, the significant variances with the comparative balances.

Consumer Council of Fiji- Abridged Statement of Financial Position

At period end	2016 (7 months) 31 July (\$)	2015 (12 months) 31 December (\$)
Cash on hand and at bank	168,302	103,180
Other current assets	17,493	14,208
Property, plant and equipment	136,462	93,050
Total Assets	322,257	210,438
Accounts payables and accruals	33,945	19,515
Provision for annual leave	16,686	11,120
Deferred Grant	136,461	93,050
Unutilized capital grant	67,890	---
VAT payable	4,920	---
Total Liabilities	259,902	123,685
Net Assets	62,355	86,753

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect

transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus the significant variances with the comparative balances.

Other Significant Matters – 2016

There were no control issues highlighted by the audit.

15. MARITIME SAFETY AUTHORITY OF FIJI

Audit Opinion

The audit of Maritime Safety Authority of Fiji for the financial year 2016 resulted in the issuance of unmodified opinion.

Maritime Safety Authority of Fiji - Abridged Statement of Financial Performance

At period end	2016 (\$)	2015 (\$)
Government operating grant	2,635,216	---
Qualification and Licensing	208,168	361,123
Ships Inspections	196,782	298,118
Aids to Navigation levies	469,319	805,669
Interest Income	99,404	86,694
Other Income	59,340	50,884
Total Revenue	3,668,229	1,602,488
Staff Cost	1,681,374	1,700,476
Administration Expenses	574,467	606,538
Depreciation Expenses	648,527	718,208
Other Operating Expenses	803,565	838,727
Loss on sale of fixed assets (net)	3,013	36,049
Total Expenditure	3,710,946	3,899,998
Total Comprehensive Loss	(42,717)	(2,297,510)

All grants extended to the Authority from 2011 to 07 March 2016 were treated as capital contribution in accordance with the circular issued by the Ministry of Public Enterprises of the Cabinet Decision No. 357 of 2012. However, this circular was rescinded as per Cabinet Decision No. 59 of 2016. As such, effective from 08 March 2016, the accounting treatment of grants/or special funding given to the Authority is in accordance with IFRS for SMEs.

Due to the treatment of Government grant as revenue in 2016, the Authority recorded a comprehensive loss of \$42,717 compared to a loss of \$2,297,510 in 2015.

Maritime Safety Authority of Fiji - Abridged Statement of Financial Position

As at 31 December	2016 (\$)	2015 (\$)
Cash & Cash Equivalents	5,545,905	4,511,973
Held-to-maturity investments	2,820,311	2,743,520
Trade and Other Receivables	555,437	378,845
Prepayments and Deposits	63,537	57,477
Inventory	150,400	---
Property, plant & equipment (Non-current)	8,861,337	8,675,442
Total Assets	17,996,927	16,367,257
Trade and Other Payables	543,832	242,003
Provision for employee entitlement	119,497	114,432
Grants received in advance	299,614	---
Deferred Income – Government grant	1,065,879	---
Total Liabilities	2,028,822	356,435
Net Assets	15,968,105	16,010,822

The decrease in net assets by \$42,717 was largely due to the increase in liabilities. The increase in liabilities was due to booking of grants received in advance and booking of deferred grant.

Increase in total assets were also noted which was largely due to increase in cash at bank, held-to-maturity investments and property, plant and equipment.

Other Significant Matters – 2016

i. Overstatement of Assets

The Committee was informed that a letter was written to Ministry of Infrastructure and Transport dated 22nd June 2016, informing on the collapse of newly built light houses and if the remedial work could be carried out by the Ministry on its own cost. To date only Cakau Momo Reef and Curacoa Rock has been restructured by MoIT. No Official Correspondence has been received regarding the reconstruction. Remedial action and reconstruction Remedial action and reconstruction of other lighthouse structures remains pending.

The expected useful life of a light structure is 50 years. This is in accordance with the specification supplied with the design by DBGA.

Investigation was carried out by the gazette under water surveyor which identified the following root cause:

- Structural base had no penetration in the sea bed
- Based culverts were resting on the sea bed with gaps packed with sand bags.
- Pouring of concrete was through manual methods without using concrete pumps as a result concrete was not binded with aggregate due to concrete washing in the salt water as in was manually filled into the base.
- There was only a single 'H' beam pile driven into the sea bed to hold the whole structure.

MSAF was consulted on the design phase and not on the construction phase which was entirely under Ministry of Infrastructure and Transport control. MoIT is responsible for the structural failure as they were in-charge of the construction.

The Current leaning light houses have remained the same with no remedial work carried out. The light is in operation; however the structure is not repaired and is not safe for access. Remedial works were carried out of Curacoa Rock and Cakau Momo Reef Light via MoIT funds. The cost of the re-construction was not disclosed.

The totally collapsed Light Houses remain under water and have not been replaced. The initial cost of the Light House (Mouva Reef) was \$197,450 and Narara Island Light were \$193,326, however the replacement is pending.

As discussed with DBGA and Marine Structural Contractors, MSAF will review the designs and construction methodology. In Additional MSAF will have independent check on the structural design.

There are multiple issues raised and MSAF is looking at the technicalities of the issues and will get the MSAF board to take into consideration of the issues and look at best practice. We are currently reviewing all MSAF finance processes. MSAF deliverables include invoices to Shipping Agents who are major contributors to MSAF revenue. Ship Agents normal accounting practice is to invoice Principals on month end for payment os ships expenses. Upon payment, shipping agents will clear accounts with MSAF.

ii. Income Tax Exemption Status

MSAF advised the Committee that a memorandum was written to the Permanent Secretary for Ministry of Economy from Permanent Secretary for Ministry of Infrastructure and Transport daed 22nd June 2018 for extension on Income Tax Exemption for MSAF from 2013 to 2018. MSAF have had meetings with FRCA on to issue and the MSAF awaits the reply to correspondence between

Ministry of Economy and Ministry of Infrastructure and Transport. Approval on extension of Income Tax Exemption is granted by Ministry of Economy dated 10th December 2018.

iii. Establishment of Marine Spill Pollution Advisory Committee

The Committee was informed that the current balance of Environment Levy Fund is \$848,736.25 as of 31 August 2019 and in Term Deposit, the invested figure is \$6.46m.

MSAF have written to the Line Ministry for the appointment of the Marine Spill Advisory Committee in 21st May 2018 and reminder letter was written on 7th January 2019. Currently, no appointment has been made and MSAF will continue to pursue with the line Ministry on the appointment.

iv. Incomplete Ships System Software Database

The Committee was informed that old data fields were different compared to the new database field format. For migration of old system to new system, data were manually entered where approximately 3000 ship entries by 15 fields in each.

The uploading for the remaining ships data has been completed. MSAF is now using the database for its ships online survey approval process.

Training was conducted in phases with all relevant MSAF staffs to fully utilize the database by the Software Provider. MSAF Database and Records staff does internal training to all MSAF offices located around Fiji. This also includes trainings for newly recruited relevant staffs.

The version of the software is BMC Footprints Version 12.1.09 Build 44.9 installed in 2016. The current version is useable for the intended purpose and version changes are not needed.

COMMITTEE RECOMMENDATION

The Committee after conducted its consultations with all relevant entities covered on this audit report in relation to all audit issues that were raised have agreed to the following recommendations:

- 1. *The Committee recommends that improvements be made on the timely submission of the financial statements be done on timely basis and the quality of the report.***
- 2. *The Committee recommends the improvement on control weaknesses and deficiencies which can prevent severe disruption to achieve the audit objectives and comply with relevant legislation.***
- 3. *The Committee recommends that all relevant information/records/risk register are properly kept for timely submission for audit.***
- 4. *The Committee recommends that all financial statements be prepared in accordance with International Financial Reporting Standards and Medium-sized Entities (“IFRS for SMEs”).***

CONCLUSION

The Committee notes that the Auditor General has issued Unmodified (unqualified) opinions issued on 87% of the 2016 and 100% of the 2017 financial statements audited. This is a positive reflection on the authorities. However, the authorities need to give close attention to the deficiencies highlighted under other significant matters.

The Committee also emphasises on the timely preparation of quality draft annual financial statements. This is one of the major issues which need to be addressed by those charged with governance of the authorities. The involvement of line ministries in improving accountability in statutory authorities is noted. However, there is room for further improvement through regular and active interaction with the authorities. It has been noted that it becomes challenging for authorities to prepare annual accounts when these have not been done for some time resulting in a backlog. Line ministries can encourage entities to prepare and submit draft financial statements for audit annually.

APPENDICES

APPENDIX 1:
PUBLIC ACCOUNTS COMMITTEE QUESTIONS

QUESTIONS

2016/2017 Audit Report on Statutory Authorities

5.1 Public Rental Board

Unallocated Government Subsidy

What measures the Board has taken to ensure subsidy is allocated promptly and provide status of subsidy outstanding for 2017 and 2018?

Remainder Notices Not Issued

What remainder notices sent on time now? What is the process of sending the remainder notices?

5.2 Civil Aviation Authority of Fiji

SIGNIFICANT FINDINGS - 2016

Enterprise Risk Management

Does the Authority maintain a detailed risk register? What is the process of identifying the Enterprise risk?

Anomalies in Consultancy Agreement

What didn't the Authority see it useful to have a fixed timeline for the consulting work?

How does the Authority justify the actual cost of \$150,975 against the estimated cost of \$55,520?

Section 5.5 Investment Fiji

Provide background of CRM system and how has it improved operation of Investment Fiji?

Section 5.6 Fiji Meats Industry Board

Other Significant Matters

The Committee notes that the Board is in the process of reviewing the Accounting Manual.

What is the process of the review, has it been completed and approved? If yes, what are some new matters included in the reviewed manual? If not, provide the reason(s) for not finalising the review.

The Board has been complying with the requirements of the Accounting Procedure Manual as far as procurement of goods and services were concerned.

Is the Board now complying with the Accounting Procedures Manual? Please explain.
Is this issue repetitive in the 2017 audit? (confirmation to be provided by the Office of the Auditor General)

The Committee notes that changes in the approved prices for 'Magiti' sales were made without proper documented approval, rather changes are made based on verbal approvals given by the

Chief Executive Officer.

Has the Board addressed this issue? Please explain and provide evidences of the documentation of the approval process of the changes in 'Magiti' prices.

Internal Controls

The Assessment of the Board's internal controls noted significant deficiencies

What has the Board done to strengthen internal controls? How often does the Board review the internal controls and address weakness identified?

Timelines of draft financial statements

The Committee notes that the draft financial statements were submitted for audit late (less than 30 days before legislative deadline)

What were the reason(s) for the delay in submission and what mechanisms have the Board put in place to ensure that draft financial statements are submitted to OAG on time?

Quality of draft financial statements by Authorities

The Committee notes that the extent of audit adjustments made to the draft financial statements indicates the ineffectiveness of the Board's internal review processes before the accounts are submitted for audit.

What has the Board done to strengthen the internal review processes before the accounts are submitted for audit to avoid undertaking substantial audit adjustments to rectify errors or misstatements?

Section 5.7 Fiji National Sports Commission

What is the process of providing sporting grants?

How does the Commission ensure that the grant has met the objective of promoting sports in Fiji?

How is the international Coach's salary determined?

Section 5.8 Film Fiji

GENERAL

What is the quantitative benefit to the country from overseas Film Making for 2016, 2017 and 2018?

How many films making were done in 2016, 2017 and 2018?

SIGNIFICANT FINDINGS

Lack of VAT Reconciliations

Are VAT reconciliation performed? Provide evidence.

Section 5.11 LAND TRANSPORT AUTHORITY

Errors in Draft Financial Statements submitted for Audit

What measures the Authority has put in place to ensure that the draft financial statements submitted for Audit is free from errors?

Cashier Shortages

What measures are there to ensure that cash is not misappropriated?

Section 5.13 FIJI ROADS AUTHORITY

Lack of Reconciliation of Donated Assets

What is the status of new ERP and Assets Management System?

Section 5.15 - Maritime Safety Authority of Fiji

The audit of Maritime Safety Authority of Fiji for the financial year 2016 resulted in the issue of modified opinion or qualified audit opinion. The qualification were as follows:

Overstatement of Assets

Note 2.14 - Impairment of Asset states that each reporting date Property, Plant and Equipment (PPE) of the Authority are reviewed to determine whether there is any indication that PPE have suffered an impairment loss. As at the date of issue of audit, no impairment assessment of the Aids to Navigation (Lighthouse) which sustained major structural damages arising from the construction defects and Cyclone Winston was carried out by the Authority. As a result, the Auditor-General was unable to ascertain the reasonableness and impact of it on the carrying amount of the PPE disclosed in Note 8 of the Financial Statements.

What steps that MSAF has taken to address this issue? What is the timeline for completing this exercise?

The Ministry of Infrastructure and Transport (MoIT) constructed Lighthouse during the years 2013 to 2015 at a cost of \$1,358,043. The cost of construction of the Lighthouses was capitalized into the Property, Plant and Equipment of the Authority.

The Auditors noted that the Lighthouses constructed by MoIT from 2013 to 2015 have suffered structural failure whereby lighthouse have either leaned or totally collapsed this not in operation.

The lighthouse serves a very crucial role in aiding navigations of ships and without proper navigational lights there is a high risk of marine accidents. For the benefit of the Committee, please briefly explain:

1. What is the normal expected useful life of a light house?
2. Significant cost was involved in the construction of the lighthouses. Was any investigation carried out to identify the root cause of the structural failure? What was the root cause of the structural failure? Was MSAF consulted during the design and construction phase of the construction? Who is responsible for the structural failure - MoIT or MSAF?
3. What is the current status of the leaned and structural damaged lighthouses? Is it repaired and in operation? What was the cost of the remedial work and who met the cost?
4. What is the current status of the totally collapsed lighthouse? Has it been replaced? What was the cost of the replacements and who met the cost?
5. What mechanisms are put in place by the MSAF to ensure that the above incident does not repeat in future?

Qualification 2

Not 18 - The Authority disclosed \$795,144 as funds received and transferred to Governments Consolidated Fund Account (CFA). However, the CFA Bank Statements revealed that out of the \$795,144, the Authority had only transferred a total sum of \$584,921. In addition, the Authority has booked Relievable Amounting to \$435,531 and Payable to Ministry of Economy amounting to \$234,769 in the Statement of Financial Position.

The Authority did not prepare year-end reconciliations to support the above balances. As a result, the Auditor-General was unable to ascertain the accuracy and completeness of these amounts disclosed in the financial statements

What has the MSAF done to address this issue? What internal controls have been implemented to ensure it is not repeated?

Income Tax Exemption Status

Note 2.7 - Income Tax to the financial statements states that the Authority is exempted from income tax under Section 55 of the Maritime and Safety Authority of Fiji Act 2009 for the first three years commencing 1 January 2011. Consequently, the tax exemption period should cease from 1 January 2014. As at the date of issue of audit opinion, the Authority did not provide documentary evidences to support Note 2.7 and its continuous tax exemption status.

Has this issue been resolved? If not, why not.

Establishment of Marine Spill Pollution Advisory Committee

Section 155 of the Marine Transport Act 2013 establishes the Marine Spill Pollution Advisory Committee, to give advice to the Authority on the use of environmental levy.

As at the date of the audit was conducted, the Marine Spill Pollution Advisory Committee has not been established as required by the Marine Transport Act and the Marine (Pollution Levy) Regulation.

1. What is the current balance of the Environment Levy Fund?
2. Why was there a significant delay in the appointment of the Marine Spill Advisory Committee? What is the current status?

Incomplete Ships System Software Database

The Authority invested a sum of \$163,385 for the purchases and installation of a Ships System Database Software in 2015. The development of the software was incomplete. In the absence of the databases and required features, the new Ships System Database Software does not support the core function of Marine Investigation, Compliance and Enforcement.

The Authority carried that although all features of the new software have been installed, staff are unable to fully utilize them due to having insufficient vessel data and lack of knowledge pertaining to the software. Transition to the new system had led to old vessel data not being transferred adequately hence staffs are now manually entering data into the system.

Significant period of time has lapsed since 2015. For the benefit of the Committee, please briefly explain:

1. What it took so long for the MSAF to implement and migrate the data?
2. What is the current status of the Ships System Software Database?
3. What the training provide by the Software Provider?
4. What version of the Software is in use? Software version changes, is it relevant to the needs of MSAF?