



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

2019 ANNUAL REPORT



Our brand



OFFICE *of the* AUDITOR GENERAL *Republic of Fiji*

Magnifying Glass:

The magnifying glass is an icon of detective fiction, where it represents our identity and describes our role as a Supreme Audit Institution.

Map of Fiji:

The map of Fiji represents our audit jurisdiction.

Green Tick: The tick has been used to depict our Audit Mandate, which is to give an assurance to Parliament on all transactions with or concerning the public money or public property of the State.

Globe:

The globe represents on our intent to have our auditing methodology aligned to international standards and adopt best practices.

LOGO color dominated by the color BLUE and is the color of trust and responsibility.



1. Navy Blue - are thought of as strength, associated with success. It reflects traits as an Auditor and these symbolizes trust, loyalty, wisdom, confidence, intelligence, faith and truth.

2. Ocean Blue - is linked to consciousness and intellect capability of the Auditor Generals office.

3. Green - suggests stability and endurance and also commonly associated with money.

4. Black - or any other black hues denotes strength and authority and it is considered to be a very formal, elegant, and prestigious status of the Office of the Auditor General in Fiji.

Contents

The Auditor-General's Foreword	4
Oag Executive Leadership	7
Highlight Of Our Performance In 2018/2019	8
Governance	12
Legislative and other framework	14
Executive Management Committee	15
External & Internal Review	15
Review of Audit Act 1969	16
Funding of OAG operations	18
Organisation Structure	19
Hosting of International Events	21
Reports to Parliament	23
Management of Financial Audits	24
Performance Audit	25
Our People	30
Human Resources	31
Professional Development	31
Staff Training & Development	31
Staff Ethics	33
Workplace Health, Safety and Welfare	34
Social Information	35
Community Engagement Exercises	38
Employee Participation	39
Our Finances	41
Financial Summary	42
Financial Performance	43
Audited Financial Statements – FY 2019	43

About This Report

This annual report summarizes the activities and performance of The Office of the Auditor General Republic of Fiji for financial year 2018–19 against the main Goals, strategies and targets.

Foreword



AJAY NAND
Auditor General

Our journey to achieve excellence continued during the financial year with greater focus on timeliness of audits and quality of audits carried out by the Office of the Auditor-General (OAG). This remains a significant challenge in view of significant backlog of provincial and municipal council audits which are yet to be submitted or audited. We remain strong in our commitment to update these audits within the existing resources of the OAG. We are making good progress and appreciate the support of the I-Taukei Affairs Board and Ministry of Local Government in this regards.

The percentage of financial statements received and audited and number of reports tabled in Parliament improved considerably during the year. The high number of reports relating to audits in backlog which were reported to Parliament confirm that we are moving in the right direction as far as back log of audits is concerned.

The OAG has a female dominated workforce. There is a good mix of experienced and millennial

who have worked together to achieve our collective results during the year. With better remuneration for all our staffs, the rate of attrition has declined substantially. We continued to prioritize the continued professional development of all our staffs during the year. Under our Performance Management System, all staffs have equal opportunity to excel and grow in the OAG.

We have made good progress to fully utilize the automated audit management system which we use for all our audits. We also introduced new policies to improve our operations during the year and reviewed existing policies to make them more practical and relevant.

Peer reviews of the work of Supreme Audit Institutions (SAI) can assist in improving the audit methodology and audit processes. During 2018-2019, we commenced work to engage independent reviewers to carry out a review of the OAG under the SAI Performance Management Framework (SAI PMF). This review is in addition to the review

which was carried out by our twinning partner, Tasmania Audit Office in December 2018. We also commenced the process to review and modernize our primary legislation, Audit Act 1969 during the year. We acknowledge and appreciate the support of the Office of the Attorney-General in the review of our legislation and Pacific Association for Supreme Audit Institutions for agreeing to fund the SAI PMF and review of our legislation.

OAG Quality Assurance and Research team completed a reasonable number of reviews during the year and provided very useful insight on areas where improvements can be made.

At the end of the year, OAG commenced the re-alignment of its resources to the mandate of the Auditor-General through organizational restructuring and revision of productivity targets for all staffs. We anticipate that the planned changes, we will move us closer to our vision. "Excellence in Public Sector Auditing".

I would like to express my sincere appreciation to Deputy Auditor-General, OAG Executive Management team and all staffs for their on-going commitment to the work of OAG. My gratitude is also extended to their families, friends and loved ones.

I am grateful to the Chairman and members of the Standing Committee on Public Accounts for their support and encouragement provided to OAG. I would like to express my gratitude to Permanent Secretaries, Chief Executive Officers and their staffs and other stakeholders for their cooperation in finalization of audits. I am also thankful to the Ministry of Civil Service for availing fully-funded local and overseas training and performance development opportunities to the staffs of OAG.

With the successful implementation of accounting and payroll software later this year, the OAG will move a step closer to full autonomy which will further strengthen my independence to deliver the responsibilities required by the Constitution and related legislation.



AJAY NAND
AUDITOR GENERAL

21/11/2019

Our Vision

Excellence in Public Sector Auditing

Our Mission

To provide world-class, independent and objective value-adding audit services.

To provide a working environment which allows our people to excel.

Our values

Impartiality, objectivity and fairness in our reports. (Due diligence and 3Es in all facets of our auditing which encompasses reducing costs of inputs (economy), the right effort allocation (efficiency) and to achieve the goals (effectiveness).

Continuously align all processes and procedures to international best practices.

Utmost of honesty and integrity displayed by our people.

www.oag.gov.fj

Our organization

Who we are

The Office of the Auditor-General is an independent Office established by the Constitution of the Republic of Fiji.

What we do

The Auditor-General is responsible, on behalf of Parliament to audit the accounts of all government agencies, state- owned entities, statutory authorities, municipal and provincial councils except for its own office and those entities that may be exempted by law.

The Auditor-General conduct audits in the manner considered appropriate but must ensure that they are conducted in a competent manner having regard to assessment of effectiveness of any relevant internal control system. The Auditor-General carried out the audit in accordance with the relevant provisions of the standards on auditing issued by the Fiji Institute of Accountants or other relevant standards considered appropriate.

Performance audits review whether public money is spent effectively, efficiently, economically and in accordance with the law.

Our Resources

As at 31 July 2019, there were 87 full time staff of which 52% are female staff and 48% are male. A budget of \$6,623,600 was appropriated by the Parliament for our operations during the FY 2019.

OAG Executive Leadership

The Executives provide the necessary leadership and support for the Office to achieve its strategic direction and goals. The Office Executive Management Committee is chaired by the Auditor-General



Standing (L-R) Deputy Auditor General Mr Sairusi Dukuno, Director Audit Mr Abele Saunivalu, Director Audit Mr Kuruwara Tunisalevu
Sitting (L-R) Auditor General Mr Ajay Nand, Director Audit Ms Finau Nagera, Director Audit Mr Moshin Ali, Director Audit Mr Dineshwar Prasad

2018/ 2019 YEAR IN REVIEW

Our Office gives the Parliament and every Fijian an independent view about the public sector performance, transparency and accountability.

OUR KEY TOOLS



Our Funding This Year

- \$6,623,600 was appropriated by the Parliament for our operations
- The Office utilized \$5,932,038 during the FY



Our People

- Average staff survey satisfaction rating was 3.22 out of 4
- There were 87 full time staff of which 52% represents female staff and 40% are male



Our Methodology

- Our methodology is aligned to International Standards and adopt best practices.



Our Independence and Mandate

- Section 151-152 of the Constitution of the Republic of Fiji
- The Audit Act 1969.

OUR KEY OUTPUTS



Provided advice and support for effective parliamentary scrutiny

- Average Public Accounts Committee survey satisfaction rating was 3.75 out of 4.
- The Public Accounts Committee engagement survey revealed that our reports provide valuable information on public sector performance.
- The Client Survey Questionnaire rating for this FY was 3.45 out of 4.



Parliamentary Reports on Financial Audits

8 Reports Tabled in Parliament



Parliamentary Reports on Performance Audit

2 Reports Tabled in Parliament



Parliamentary Reports on follow-up audit

1 Report Tabled in Parliament



Parliamentary Reports on Provincial Councils

1 Report Tabled in Parliament

Audit Opinion on Financial Statements Received for Audit

57% financial statements received were audited.



1.0 ACHIEVEMENTS AND REFLECTIONS DURING THE FY 2019

KEY HIGHLIGHTS

The key highlights for the OAG Strategic plan for the FY 2018 to 2021 with the revised Vision and Mission statement became effective from 1 August 2017. The key highlights on our strategic initiatives with targeted indicators for the year 2019 are discussed in the tables below:

Strategic Objective	Strategic Indicators	Key Highlights
Improve audit service delivery	All accounts submitted are audited – Backlogged account –80% Current Mandated Accounts – 80%	<p>264 account were submitted for as at 31 July 2019, of which 151 accounts or 57% of accounts received were audited.</p> <p>186 accounts out of 264 accounts received for audits were in backlog.</p> <p>The following factors affected the KPI:</p> <ul style="list-style-type: none"> (i) significant time taken to sign the audited financials; (ii) unavailability of key/responsible client personnel; (iii) untimely provision of records for audit; unresolved accounting issues; (v) late submission of draft financials for audits (vi) Resources being tied up to undertake back-logged audits
	Percentage of audit opinion issued within statutory deadline	<p>Less than required 80%</p> <p>The reasons for deadlines not being met were as follows:</p> <ul style="list-style-type: none"> (i) significant time taken to sign the audited financials; (ii) unavailability of key/responsible client personnel; (iii) untimely provision of records for audit; unresolved accounting issues; (iv) late submission of draft financials for audits (v) Back-logged audits undertaken during the year.
	Percentage of audit memorandum issued to agencies within established timeframe	<p>The required percentage of 80% were not met due to the following reason:</p> <ul style="list-style-type: none"> (i) 186 accounts out of 264 accounts received for audits were in backlog ; (ii) significant time taken to sign the audited financial statements (iii) untimely provision of records for audit (iv) Late submission of draft financials for audits.

Strategic Objective	Strategic Indicators	Key Highlights
	Percentage of client that acknowledge the value added OAG services	2019 client survey – A point of 3.49 out of 4 2018 client Survey - A point scale of 3.35 out of 4.
Improve visibility for OAG	Opening of Western Office	Office was operational from 1 July 2019.
	Outreach and Citizen engagement program	9 Media releases during the year 3 Quarterly release of “Daunifika” Number of website hits for year: August 2018 4,455 September 1,997 October 2,777 November 1,814 December 1,138 January 2019 4,023 February 3,752 March 2,257 April 1,754 May 3,688 June 3,044 July 2019 2,583
Reduce Operational Cost	Reduction in purchase of papers and toners; Efficient server system	Same number of ream of papers purchased every year – 350 reams New Server for the new accounting/payroll software system has been successfully installed.
Improve audit turnaround time	Improved rating in Client Survey	Increased client rating from 3.35 to 3.49 out of 4 during the year The backlogged audits continued to affect the turnaround time due to the following: (i) significant time taken to sign the audited financials; (ii) unavailability of key/responsible client personnel; (iii) untimely provision of records for audit; (iv) unresolved accounting issues; (v) late submission of draft financials for audits
Fully realize the returns on investment on TeamMate software	Use of all modules	6 of the 7 modules have been rolled out. The last module - TeamMate Risk Module will be rolled out during FY 2020.
Improve quality of audit and corporate processes	Percentage of QA reviews of financial statements finding no material departures from professional and regulatory standards	Overall 77% of planned quality assurance reviews (including follow up reviews) were completed in the year.



Strategic Objective	Strategic Indicators	Key Highlights
Move towards full autonomy-OAG to have the functional and organisational independence required to accomplish its task	Amended Audit Act	Office had initiated the review of the Act in 2018 undertaken by PASAI Legal advisor. At the end of July 2019, the Office commenced consultation with SG Office and Ministry of Economy before submitting a paper to Cabinet. A Cabinet paper is now being finalised and will follow due process.
	Separate bank account/ payroll software system	New account/payroll software being purchased and to be fully installed by FY 2020 due to technical issues on IT infrastructure
Improve OAG participation and contribution in international forums	Preparation and host WGITA and Commonwealth AG Meeting (CAG)	WGITA was successfully held. Commonwealth AG meeting to be held in May 2020 and preparation from next year.
	Attendance and Participation in INTOSAI working group activities	Attended and participated in INTOSAI working groups the Office is affiliated in.
Modern & responsive Corporate Service	Development and Implementation of HR Framework/IT Infrastructure	<p>Various policies/guidelines reviewed and developed during the year:</p> <ol style="list-style-type: none"> 1. CPE Policy 2. Bereavement of a Staff Policy 3. Communications Policy 4. Addendum to Leave Policy (revised) 5. Conflict of Interest Policy (revised) 6. Risk Management Policy 7. Uniform Policy 8. Mobile Policy (revised) 9. Audit Service Provider Independence Policy 10. Remuneration Policy 11. Innovation Policy (revised) 12. Allowance Policy (revised) 13. Frameworks & Guidelines 14. Executive Leadership Development Framework <p>IT Support Services Strategic Plan 2018 – 2021 was developed and its model is now business focused service delivery. Server for the new accounting/payroll software system been successfully installed.</p>
Implement open and transparent performance management system	Effective & efficient recruitment	Open merit recruitment guideline being adopted
	Achieving of OAG Training Plan	423 Officers attended the various trainings and meetings during FY 2019 compared to 317 in FY 2018.
Improve work-life balance	Improved rating on Medical check on a 6 monthly basis	Office continue to support the health screening and funded team building/ wellness activities
Provide opportunities for training and professional development	Implementation of OAG Competency Matrix for each occupational level	423 officers attended a total of 58 trainings, workshop, seminars and meetings during the year at all occupational level

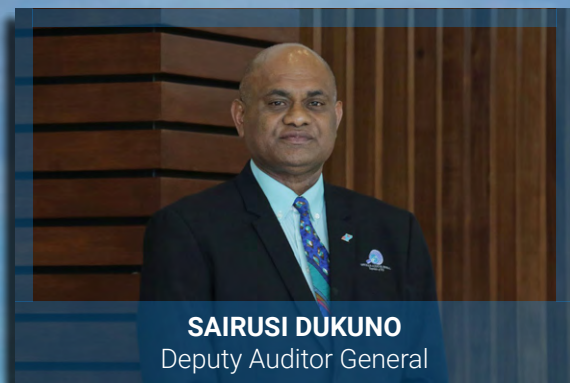


2.0 GOVERNANCE

- Legislative and other framework
- Executive Management Committee
- External & Internal Review
- Review of Audit Act 1969
- Funding of OAG operations
- Communications
- Hosting of International Events



AJAY NAND
Auditor General



SAIRUSI DUKUNO
Deputy Auditor General



FINAU NAGERA
Director of Audit



KURUWARA TUNISALEVU
Director of Audit



ABELE SAUNIVALU
Director of Audit



DINESHWAR PRASAD
Director of Audit



MOSHIN ALI
Director of Audit



2.0 GOVERNANCE

2.1 LEGISLATIVE AND OTHER FRAMEWORK

Legal Framework

The Office of the Auditor-General (OAG) is established under section 151 of the Constitution of the Republic of Fiji whilst section 152 requires that at least once every year the Auditor-General must 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 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 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, comprising Government Commercial Companies (GCCs) and Commercial Statutory Authorities (CSAs); and agencies specified as Off-budget State Entities (OBSEs) in the Financial Management Act.

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

Audit Manual/Guidelines

The audit practices of the Office of the Auditor-General are aligned with the International Standards for Supreme Audit Institutions (ISSAIs) or International Standards on Auditing. These standards guide the OAG in the conduct of its professional work.

The audit manuals which are now used by OAG were developed through the kind assistance of the Secretariat of the African Organisation of Supreme Audit Institutions for English Speaking (AFROSAI-E) countries through Pacific Associations of Supreme Audit Institutions (PASAI).

In addition, the manuals adopted by the Office are aligned to the ISSAIs issued by International Organisation for Supreme Audit Institutions (INTOSAI).

Office Policies

Section 152 of the Constitution provides that the Auditor-General has the power to determine all matters pertaining to the employment terms and conditions of all staff in the Office.

During the FY 2019, there were new and current policies developed or reviewed during the year. Those policies are listed below:

1. CPE Policy
2. Bereavement of a Staff Policy
3. Communications Policy
4. Addendum to Leave Policy (revised)
5. Conflict of Interest Policy (revised)
6. Risk Management Policy
7. Uniform Policy
8. Mobile Policy (revised)
9. Audit Service Provider Independence Policy

10. Remuneration Policy
11. Innovation Policy (revised)
12. Allowance Policy (revised)
13. Frameworks & Guidelines, and
14. Executive Leadership Development Framework

Current Office policies and guidelines can be viewed from www.oag.gov.fj

2.2 Executive Management Committee (EMC)

OAG's governance arrangements during the FY 2019 were facilitated by Executive Management Committee (EMC)

The committees are supplemented by in house committees that may be established for specific purposes from time to time. The Committees are the Audit Qualification Committee and OAG Policy Research Development Committee.

The objectives and composition of each committee are detailed below.

The Executive Management Committee Meetings are held once a month and is responsible for reviewing and taking effective actions on the management and general operations of the Office.

The committee consists of the following members:

Chairman: Auditor-General (AG)

Members: Deputy Auditor-General & Directors of Audit

The EMCM's primary purpose is to work in the best interests of the OAG for the long-term benefit of staff, clients and its primary stakeholder which is Parliament. These are as follows:

- OAG Strategic Plan and business plans;
- Policies and processes for implementation and monitoring of OAG's strategic and business plans and identification, mitigation and treatment strategic, operational and emerging risks affecting OAG;
- Policies and processes which are aimed at OAG achieving its corporate objectives, agreed values and external responsibilities; and
- Policies and processes for providing a safe working environment for our staff and contractors in consultation with the OAG Occupational Health and Safety Committee.

2.3 EXTERNAL AND INTERNAL REVIEW

The Office engaged internal and external reviewers to improve our business processes. The key elements of external/internal review are:

External Audit

The Chartered Accounting firm BDO was appointed by the Speaker of Parliament to audit the accounts of the Office of the Auditor General for the financial years 31 July 2019 as required under Section 14(1) of the Audit (Amendment) Act 2006.

The audit reports for the year ended 31 July 2019 are in Our Finance section of this report.

External assessments using Supreme Audit Institution (SAI) Performance Measurement Framework

The SAI Performance Measurement Framework (SAI PMF) is an international framework for external assessment of a SAI's performance against the International Standards of Supreme Audit Institutions (ISSAIs) and other established international good practices, thereby enabling the SAI to confidently engage internally and externally regarding its future.

During July 2019, a review team from the Pacific Association of Supreme Audit Institutions Secretariat (PASAI) visited the Office and undertook an external assessment of the Office which was purposefully conducted to provide objective baseline information about the SAI's performance that are built around six core organisational areas based on international good practices.

The review team, comprised of the PASAI Performance Audit Consultant Claire Kelly, PASAI Director of Practice Development, Sinaroseta Palamo-Iosefo and Tonga Assistant Auditor General, Kelepi Makakaufaki.



SAI PMF Review Team meeting Auditor-General & Executive Management during SAI PMF Assessments

2.4 Review of Audit Act 1969

On 12 March 2018, the Auditor-General formally communicated with Solicitor-General on plans to consider to review the Audit Act 1969. The Office sought assistance from the Pacific Association of Supreme Audit Institutions (PASAI) to commence the review process of the legislation and carry out a gap study to determine areas to be strengthened.

The purpose of the review was to undertake a comprehensive assessment of the effectiveness of the Act with the focus to achieve excellence in public sector auditing.

One of the key deliverables of the review was to identify the shortfalls of the Act and recommend changes to meet and address the challenges and developments taking place in the public sector auditing environment and incorporate international best practices.

During the year, shortfalls of the Act was identified by the PASAI consultant and the preliminary meeting with stakeholders such as Solicitor-General Office and Ministry of Economy Budget Division were held during August 2019.

The process of preparing Cabinet papers, obtaining Cabinet approval and drafting of a revised Audit Act would be those key event for the next financial year. The Office hopes that the revised legislation can be submitted to Parliament during the next financial year by working closely with Solicitor-General's Office.

2.5 INTERNAL REVIEWS

Quality Assurance

The function of the Quality Assurance Team (QAT) is to review the adequacy of the OAG's quality control system at the individual audit level and the institutional level. The team provides assurance to the Auditor General that the office complies with International Standards of Supreme Audit Institutions (ISSAIs), and that the office's quality control systems in audit engagements are effective.

Quality Assurance drives improvement in the OAG's audits and reporting. The areas identified for quality improvement is communicated to Executive Management for necessary improvements. Overall 77% of planned quality assurance reviews (including follow up reviews) were completed in the year. The planned and actual quality assurance reviews conducted during the year were as follows:

Table 2.5

Audit Type	Planned Reviews	Completed Reviews
Financial Audits	7	5
Performance Audits	2	2
Total	9	7

During the year, the QAT participated during a Regional Quality Assurance Workshop organised by the Pacific Association of Supreme Audit Institutions (PASAI) in collaboration with the INTOSAI Development Initiative (IDI). The workshop aimed to develop a pool of Quality Assurance reviewers in the region and was hosted by Vanuatu National Audit Office. Two participants from OAG attended the workshop while the OAG Quality Assurance Team Leader (QATL), Meresimani Katuba assisted as workshop facilitator.

The QAT has assisted in the establishment of a Customer Advisory Service (CAS) in OAG in April 2019. The CAS is a function independent of the audit role of the OAG and is aimed to assist its customers to enhance accountability to their stakeholders. This is in line with the OAG's mission to provide value adding services. Public value creation and audit-based advisory activities is important in our work, and enhances the value and benefits of the OAG. We will endeavor to make an impact with our audits on public policies and their implementation, through the dissemination of best practices.

The QAT also assisted in the Supreme Audit Institution Performance Measurement Framework (SAI PMF) programme. The QATL was part of the assessment team for the National Audit Office of Vanuatu in June 2019, while Samuela Tupou (from OAG Performance Audit Group) was part of the assessment team for the Kiribati Audit Office in August 2019. The SAI PMF assessment provides SAIs with a framework for voluntary assessments of their performance against the ISSAIs and other established international good practices for external public auditing. This programme is part of the Strengthening of Public Finance Management and Governance in the Pacific Project. It is funded by the European Union and implemented by the United Nations Development Programme in partnership with the PASAI.

The quest to achieve the highest standard of quality in all our engagements is a journey on our road to excellence.

2.6 Audit Qualification Committee (AQC)

The Audit Qualification Committee (AQC) is responsible for reviewing Audit Reports with proposed qualified audit opinions.

During FY 2019, the membership of the AQC included:

Chairperson: Auditor-General

Members: Directors of Audit

The Auditor-General issued a total of 151 audit opinions during the FY 2019. There were 98 modified audit reports issued during the financial year.

Table 2.6

Entity	Completed	Modified
Ministry/Department	26	9
Statutory Authority	17	10
Government Commercial Company/Commercial Statutory Authority & Off Budget State Entity	7	7
Municipal Council	9	9
Provincial Council	59	59
Projects	12	2
TOTAL	151	98

2.7 Funding Of OAG Operations

The Office is funded by an annual appropriation by Parliament to undertake audits of public sector entities which are mandated financial audits, performance audits and special investigations.

The Office for the FY 2019 received a one line budget funding appropriated by Parliament totalling \$6,623.600 compared to \$4,612,843 in FY 2018.

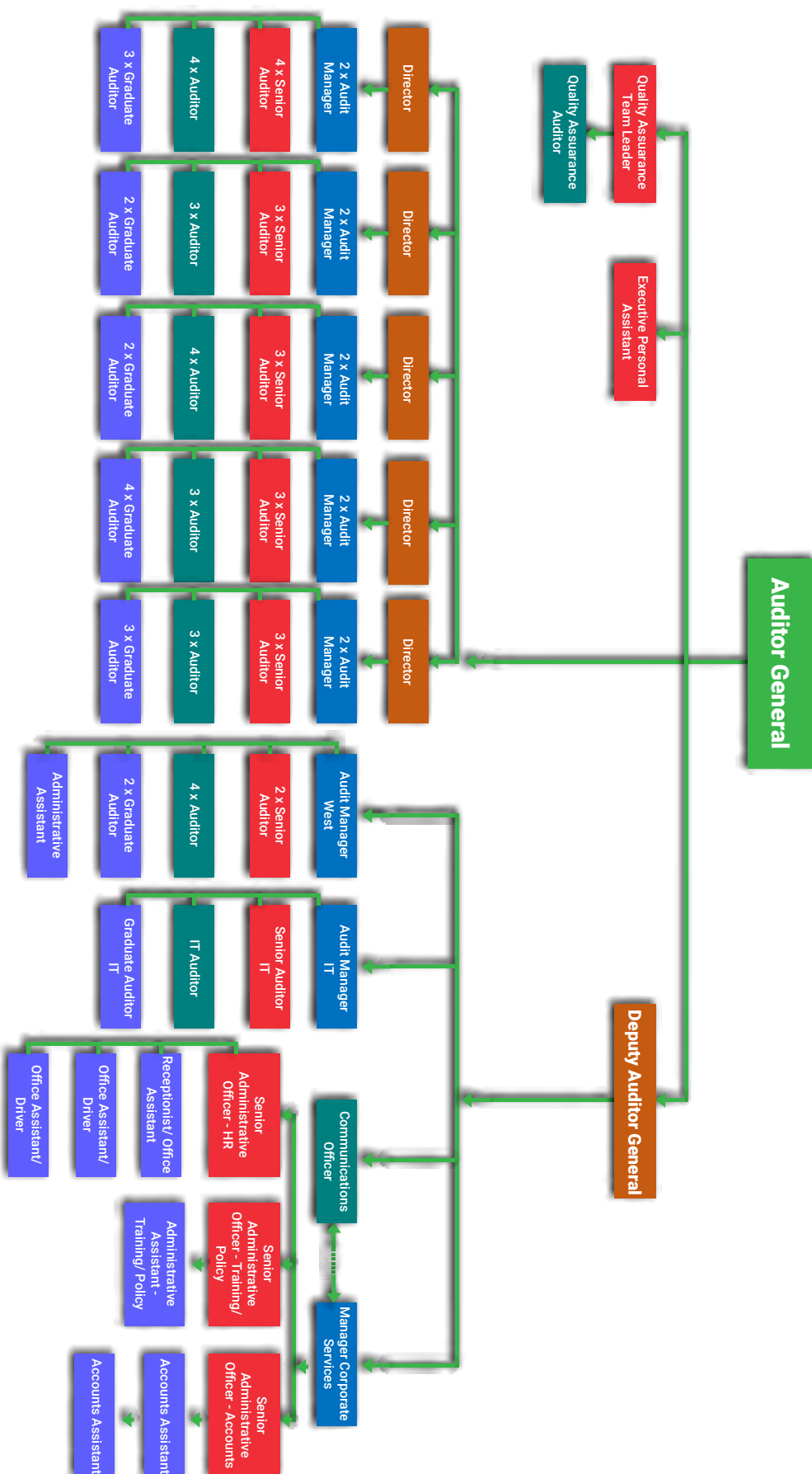
The audit result on our financial performance against budget are comprehensively dealt with in the audited financial statements in the Our Finances (Section 7) of this report.

Operational costs include salaries, wages and other benefits, travel accommodation and communication, maintenance of office equipment, vehicle, books and publications, professional development electricity, international subscriptions, OHS, stationery and printing, training and directory expenses.

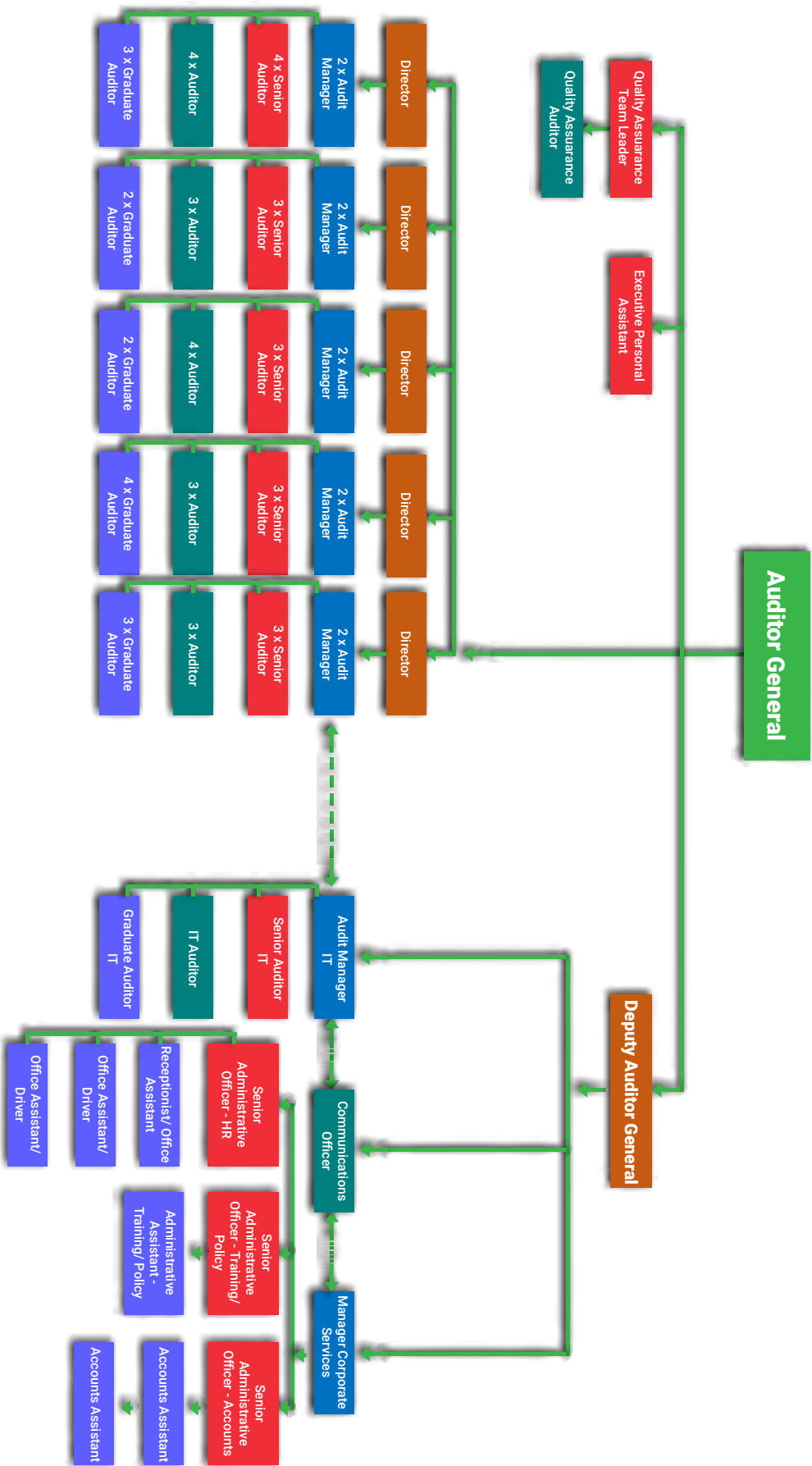
The Office are in twinning arrangement with Tasmania Audit Office who organised the Executive Leadership Development program workshop at Fiji's Warwick Hotel from 30 October – 1 November 2018 totalling \$12,573. The workshop was attended by the Executive Management comprising of the Auditor-General, Deputy Auditor General and Directors and aimed at strengthening the Executive Management's leadership skills.

The Office acknowledges the training provided under the twinning arrangement funded by Australia Department of Foreign Affairs & Trade.

2.8 ORGANISATION STRUCTURE FY 2019



ORGANISATION STRUCTURE FY 2018



2.11 Hosting of International Events

INTOSAI Working Group on IT Audit meeting.

The 28th meeting of the INTOSAI Working Group on IT Audit (WGITA) hosted by the Office was a great success. The Chair of the working group Mr Rajiv Mehrishi, the Comptroller and Auditor General of India, acknowledged the Office in organising the international meeting. The Working Group meeting in conjunction with the 9th Performance Audit Seminar was held at the Sofitel Fiji Resort and Spa from the 2nd to 5th of April, 2019.

This was the first time the Office as a member of the working group hosted the event. The meeting brought together delegates from 47 countries and observers that are affiliated with the working group. The working group meets annually to discuss the progress of ongoing projects according to its Triennial Work Plan, and to decide on future projects.



22nd Pacific Association of Supreme Audit Institution (PASAI) Congress

The 22nd Pacific Association of Supreme Audit Institution (PASAI) Congress was held at the Intercontinental Fiji Golf Resort and Spa, Natadola from the 13th - 16th August 2019.

The Auditor-General of Fiji Mr. Ajay Nand also took over as Chairman for the PASAI Governing Board from Mr. Grant Hehir, the Auditor-General of Australia. Mr. Nand in his remarks during the handing over ceremony thanked the Governing Board for the opportunity provided to him and reassured the PASAI Board of the continuous support to the respective SAI's in the Pacific.

The Congress was officially opened by the Speaker of the Parliament of the Republic of Fiji, Hon. Ratu Epeli Nailatikau who highlighted the significance of SDGs and the role good governance plays in being able to deliver the 2030 Agenda.

The weeklong event was attended by representatives of 19 PASAI member countries, which included state or territory auditors from Australia, Cook Islands, Fiji, French Polynesia, Kiribati, Marshall Islands, Nauru, New Caledonia, New South Wales, New Zealand, Papua New Guinea, Pohnpei, Queensland, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, and Victoria. Fifteen observer representatives together with PASAI Secretariat staff were also part of the 22nd PASAI Congress.





3.0 REPORTS TO PARLIAMENT

- Management of Financial Audits
- Performance Audit



3.0 REPORT TO PARLIAMENT

The Office of the Auditor-General (OAG) is required by section 152 of the Constitution of the Republic of Fiji to report to Parliament on the public accounts of the State, the control of public money and public property; all transactions with or concerning the public money or public property of the State.

The Auditor-General provides independent assurance to Parliament and the public at large that public sector entities have used public funds for the purposes they have been appropriated and in accordance with legislations, financial management rules and regulations.

OAG output include the reports of the Auditor-General to Parliament of the Republic of Fiji on all audits completed which are mandated to the Auditor-General

Details of audit reports completed and tabled to Parliament during the financial year 2019 are discussed here.

Section 152(13) of the Constitution of the Republic of Fiji provides that the Auditor-General must submit a report to the Speaker of Parliament and a copy to the Minister responsible for Finance.

Section 152(14) of the Constitution of the Republic of Fiji states that within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period, the Minister responsible for Finance must lay the report before Parliament.

Reports to Parliament on the Outcomes of these Financial Audits can be viewed and/or downloaded from:
www.oag.gov.fj

The following 9 reports were tabled in Parliament

1. 2016-2017 Financial Statements of Government & 2016-2017 Agency Financial Statement of Ministry of Economy
2. Audit Report on Municipal Councils for 2014-2017
3. Audit Report on General Administration Sector 2017
4. Audit Report on Infrastructure Sector 2017
5. Audit Report on Social Services Sector 2017
6. Audit Report on Economic Services Sector 2017
7. 2016/2017 Audit Report on Statutory Authorities
8. Audit Report on Provincial Councils Volume 1
9. 2016/2017 Audit Report on Government Commercial Companies and Commercial Statutory Authorities

3.1 Management of Financial Audits

Under Section 13(1) of the Audit Act [Cap 70], the Auditor-General may authorize any person publicly carrying on the profession of accountant to audit the books of accounts of a body corporate or other body established by the law which he is legally empowered to audit.

The selected firm will carry out the audit work. However, the Auditor-General retains responsibility for forming the audit opinion and issuing the audit report.

During the 2019 financial year, the Office outsourced 11 audited clients. There were 4 statutory authorities, 6 Government Commercial entity, 1 Municipal Council. From the 30 draft accounts received for audit, 23 of these accounts were in backlog and the contact audit service providers were assisting the Office to audit them. Refer to table below for details.

Table 3.1

Entity	FS received	Backlogged Audits	Completed
Statutory Authority	16	15	10
Government Commercial Company/Commercial Statutory Authority	10	4	6
Municipal Council	4	4	4
TOTAL	30	23	20

A total of 10 financial statements have not been finalized by our contract auditors during the year. This is for one statutory authority with 6 years accounts for audit and commercial statutory authority with 4 years account for audit.

Performance Audits

Section 6A of the Audit Amendment Act 2006 allows the Auditor-General the mandate to carry out performance audit.

The objectives of a performance audit are to determine whether a state entity was achieving its objectives effectively, economically and efficiently and in compliance with relevant Act.

During the FY 2019, there were three performance audit reports that were tabled with Parliament.

- Follow-up Audit on Management of the Land Reform Program
- Audit Report on Preparedness for Implementation of Sustainable Development Goals
- Performance Audit on Coordination of Actions on Elimination of Violence against Women

3.2 Details of Audits Completed by Financial Audit Group

A total of 264 accounts were received for the period 1 August 2018 to 31 July 2019. A total of 151 accounts were issued with audit reports.

The turnaround time for finalising these audits are affected by the following:

- significant time taken to sign the audited financials;
- unavailability of key/responsible client personnel;
- untimely provision of records for audit;
- unresolved technical/accounting issues;
- late submission of draft financials for audits;
- Accounts received this FY cannot be finalised unless prior years have been finalised
- Errors in draft accounts submitted for audit.

Table 3.2

Entity	No of Accounts Received from Clients	Backlogged Accounts	Completed	% as
Ministry/Department	37	0	26	70%
Statutory Authority	63	39	17	27%
Government Commercial Company/Commercial Statutory Authority & Off Budget State Entity	16	7	7	44%
Municipal Council	17	17	9	69%
Provincial Council	123	123	80	65%
Projects	12		12	100%
TOTAL	264	186	151	57%

During the financial year 2018/2019, a total of 151 financial statements audit were completed. This equates to 57% of audits completed during 2018-2019 FY compared to 40% of audits completed in 2017- 2018 financial year.

Of the 264 draft financial statements received for audit, 186 or 70.5% of the financial statements were in backlog. This was primarily due to the following:

- Delay in submission of draft accounts for audits or draft accounts submitted were incomplete;
- Relevant information/records not provided for audit on a timely basis; and
- Entities deciding to address issues raised in draft audit reports and resubmission of financial statements for audit.

Efforts are being made to complete the audit of accounts which have been received.

3.3 Standing of Public Accounts Committee Survey

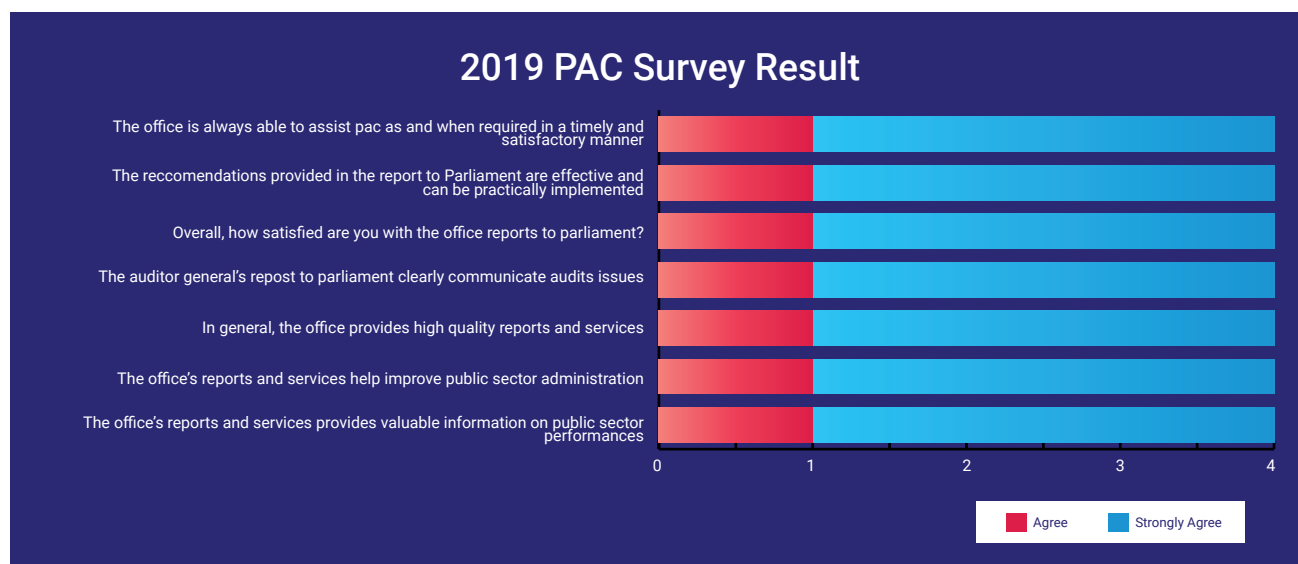
Our annual survey of Members of Parliament who are members of the Standing Committee on Public Committee who examines Auditor General's report to Parliament referred to the committee by Parliament.

Table 3.3 shows the results received against the 7 key areas where all responses strongly agreed to our performance and services.

Members were very positive about the Auditor General's reports and services, with the majority perceiving them as:

- Office able to assist the Committee as when required
- Recommendations in the report are effective and practical
- Satisfied with the Reports and clearly communicates audit issues
- High quality reports
- Helps to improve public sector administration and performance

Table 3.3



During the year, the Office assisted the Public Accounts Committee to be better placed to fulfil its role as provided under the Parliament Standing Orders. There were 10 meetings where the Office were required to be present.

3.4 IT AUDIT DIVISION

The IT Division facilitates corporate service excellence through the provision and planned evolution of technology and related support services. Improvement in the audit methodology to best practices and international standards is one strategic intent of the Office. The IT Audit function would be devolved into two role for IT Support and IT Audits.



IT Support Services Key Initiative Summary for 2018/2019

a) IT Support Services Strategic Plan 2018 – 2021

Developed the approved first ever IT Support Strategic Plan that changes the model for IT to business focussed service delivery. The strategy include the objectives and activities in terms of enterprise administrative information systems, infrastructure, cyber security, IT service excellence and IT staff skills capacity development including the proposed Capital Renewal Plan (CAPEX) Project.

b) Team Mate (TM) Module Roll – Out

There are 7 modules altogether in TM and only 2 modules were yet to be rolled at the commencement of this financial year. TM Schedule Module was piloted and this has been rolled – out effective from 1st August 2019. The TM Risk Module will be rolled out in the 2019/2020 financial year once the appetite for the OAG office business risks and audit clients is populated and stored in the TM Store risk library.

c) Configurations of laptop, software and hardware

New staff laptop that were bought and configured. Newly installed and configured OAG virtual server infrastructure hardware were bought for the purpose to host the Microsoft Dynamics NAV Financial and MYOB Pay Global Systems production environment.

d) Improvement in networking services and facilities

The newly established Western Office Financial Audit Group wireless network connectivity has been made possible for the OAG switch with an uplink to the Ministry of Employment Office and for the cabling of the telephony system.

e) Preparation of an annual ICT plan

The preparation of the new financial year ICT infrastructure equipment needs was done based on the Office priority to procure a new TM server to migrate the current database to a new database server because the current server hosted by ITC is almost exhausting its capacity. Another planned project is to develop and design an OAG intranet in the new financial year to add value in the current business processes. The replacement of staff laptop for machines that have lapsed its years of usage due to wear and tear required to substituted in order to minimize repair and maintenance costs. Also an IT Needs Assessment was conducted during the financial year to evaluate the future ICT infrastructure for the Office to facilitate the autonomous transition process in years to come.

f) Assist in the roll out of the HR/Payroll Software and NAV Financial System

The implementation of a new Financial, Payroll and Human Resource solution is based on the Microsoft Dynamics NAV and MYOB Pay Global solutions which is part of the Office reforms to move away from the Government Financial Management and Payroll solutions currently being used. The two new systems is yet to be fully rolled out by the Office but this is until ITC approves the adding of the OAG server on the govnet domain and expected to be completed by the second quarter of the next financial year.



g) **Continuous updating and monitoring of OAG website**

The OAG website has been continuously updated when tabling recent reports in parliament, quarterly publishing of newsletter, newly developed and amendment policies, advertising for expression of interests and vacancies, and banners. Another initiative undertaken was also on the development of an OAG Events website for the purpose of facilitating conferences and events organized by the Office. OAG website is still hosted by the government ITC while the events website is hosted outside until the new project for the OAG domain and internet service provider (ISP) will be provided in the next financial year. Even through the OAG website, it also provides the means and form of facilitating the communication strategy with the provision of information to interested stakeholders by advocating the work of the Office.

h) **Conferences and Meeting IT Support Services**

The team was also instrumental in securing the latest information technology supplier during the WGITA and PASAI conferences with world class equipment that was used to capture and provide timely quality services for the benefit and purpose of the event. Also in the next financial year, it is also earmarked that similar quality service providers will be sought for the XXIV Commonwealth Auditors-General Conference in May 2020.

IT Audit Services Key Initiative Summary for 2018/2019

The diversity of the audit clients and using of data analytic tools makes the IT auditing to be one of a challenging and very interesting area to audit information technology and information systems.

The use of ACL data analytic tool really assisted on the interrogation of clients data to identify and assess the risks that these technology database hardware stores for the purpose of its operations.

Since this is the first year of establishment for the IT audit team, capacity building within the team would further enhanced and developed to build confidence and unlock individual capability of each officer(s) to lead the audits going forward.





4.0 OUR PEOPLE

- Human Resources
- Professional Development
- Staff Training & Development
- Staff Ethics
- Workplace Health, Safety and Welfare
- Social Information
- Internal Grievance Procedure
- Employee Participation

4.0 OUR PEOPLE

Human Resources (HR)

The Corporate Services Group provides administrative and support services to the audit groups which includes human resources matters, administration, and finances, information technology support and other roles as and when required.

The OAG had a total staff establishment of ninety-three (93) positions.

Professional Development

The Office is committed to providing high quality learning and development opportunities for all our employees.

Trainings, Workshop, Meetings & Congress

The Office is committed to providing high quality learning and development opportunities for all our employees.

During the year, a total of 58 trainings, workshop, seminars and meetings were attended by staff. There was 423 staff that attended these various training, workshop, meetings and congress compared to 317 Officers during the last financial year 2018.

The Office are affiliated members with various institutions such as International Organisation of Supreme Audit Institution (INTOSAI), Pacific Association of Supreme Audit Institution (PASAI) and Australasian Council of Auditor-General (ACAG).

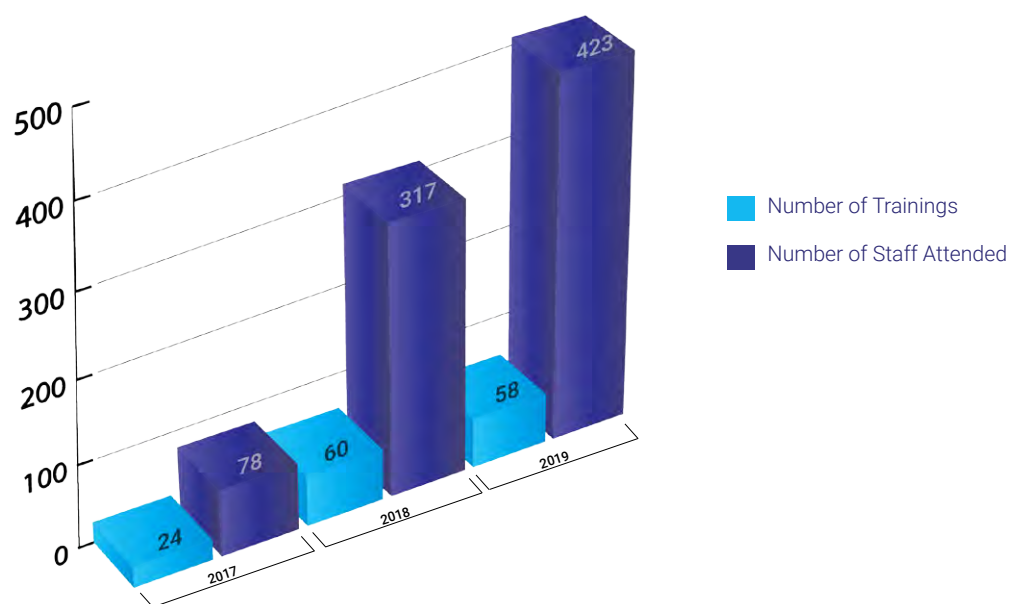
Every year there are various meeting held where the Auditor-General or his nominated representative attend on his behalf.

Provided below are details of local and overseas trainings, workshop, seminars and meetings over the 3 financial year 2017 to 2019.

Table 4.1

	2017		2018		2019	
Training, Workshop, Seminars & Meetings	No of Trainings	No of Staff Attended	No of Trainings	No of Staff Attended	No of Trainings	No of Staff Attended
Local Training/Workshops	9	59	25	274	22	364
Online Trainings	2	5	1	4	6	13
Overseas Trainings	6	6	15	15	15	21
Overseas Secondment			1	1		
Overseas Meetings	6	6	16	19	14	24
Leadership Fiji Program			1	2	1	1
Staff Academic Development						
Overseas Studies	1	2	1	2		
Total	24	78	60	317	58	423

Number of Training by Number of Staff by Years



Resource Personnel

The Quality Assurance Team Leader was nominated as a facilitator for the Regional Quality Assurance Workshop in November 2018 coordinated by the Pacific Association of Supreme Audit Institutions (PASAI) in collaboration with the INTOSAI Development Initiative (IDI).

Apart from training opportunities, staff were also appointed to be members of the SAI PMF Assessment Team and tabulated below are the details:

Table 4.2

Performance Assessment of Other SAI's			
DATES	COUNTRY	SAI Assessment	PARTICIPANTS
06/05/2019-10/05/2019	Nadi, Fiji	SAI PMF Planning Workshop	Meresimani Vosawale, Samuela Tupou
10/06/2019 - 21/06/2016	Vanuatu	SAI Vanuatu PMF Assessment	Meresimani Vosawale



STAFF ETHICS

All our employees must adhere to the values and principles of State Services as provided under section 123 of the Constitution of the Republic of Fiji. In FY 2019. The Office continued to comply with relevant provisions of General Orders that form part of the terms and condition of employment for Fiji public service.

The Auditor-General under Section 152(7) of the Constitution of the Republic of Fiji has the authority to determine all matters pertaining to the employment of staff including terms and condition of employment. The Office has customised provisions from the General order and included the following policies approved during 2017.

- (i) Conflict of Interest Policy 1/2017
- (ii) OAG Grievance Policy 20/2017
- (iii) OAG Staff Disciplinary Policy 16/2017.

In addition, the policies approved by the Office are available in its website www.oag.gov.fj.

As auditors by profession and member of the professional body like the Fiji Institute of Accountant, each officer are required to comply with the professional conduct enforced by Fiji Institute of Accountants (FIA) under the FIA Act and FIA Rules including those standards enforced by International Federation of Accountants.

Formal procedures require disclosure of any real or apparent conflict of interest and in this regard employees are required to take no part in decisions or audits where real or apparent conflicts of interest may arise.

All employees must sign an annual declaration stating that they will conduct their work in accordance with codes, policies and values and must state real or apparent conflicts of interest.

Conflicts are also documented and assessed prior to the commencement of each audit. Our annual performance appraisal process also includes an assessment of performance against our values.

EMPLOYEE PROFILE

The OAG staff establishment is 93 and classified as 7 officers for Executive Management positions; 12 at Middle Management position and sixty-four (64) officers who are in the core business which is auditing while ten (10) officers are in support services.

From a total of 93 positions, 6 positions remained vacant as of 31 July, 2019.

Table 4.3

Position	Total	Male	Female
Auditor General	1	1	0
Deputy Auditor General	1	1	0
Director Audit	5	4	1
Audit Manager	12	4	5
Senior Auditor	19	10	8
Senior IT Auditor	1	1	0
IT Auditor	1	1	0
Auditor	22	6	16
Graduate Auditor	17	6	10
Manager Corporate	1	1	0
Senior Admin Officer	2	1	1

Position	Total	Male	Female
Senior Accounts Officer	1	1	0
Senior Secretary	1	0	1
Communications Officer	1	0	1
Admin Assistant	2	0	2
Accounts Assistant	2	0	2
Administrative Support Officer	3	2	1
Total	93	39	48

WORKPLACE HEALTH & SAFETY

The Office has identified essential prominence to provide variety of initiatives to support the health and wellbeing of OAG employees.

In terms of wellness program, the office had organized health screening for all staffs and allocated funds for team building/wellness activities to be undertaken by staffs.

Respective Sections had allocated different times within the week to attend to team building, and wellness programs. The office also participated in the Fiji Institute of Accountants games where different sports are being played such as Basketball, Soccer, Touch Rugby, Netball, Volleyball and squash.

The Office participated in sports such as soccer, Netball, Volleyball and Touch Rugby.

The Office also has Occupational Health and Safety (OHS) Committee which provides a forum for employees and management to work together to solve health and safety problems that may arise.

The OHS committee is charged to increase awareness of health and safety issues among workers, Supervisors, and Managers, assist prevent any injury and illness on the job; and develop strategies to make the work environment safe and healthy.

The OHS Committee meets on a quarterly basis to discuss any issues relating to staff health and safety. During the year, 1 wheel chair, 5 pieces of triangular bandages, 3 foam neck collars, and a stretcher were purchased to improve the office ability to respond to occupational health needs.

Staff Grievances

During FY 2019, the Office would continue to comply with grievance procedure practiced by civil service. These procedures encourage that grievances be addressed at the earliest possible opportunity to avoid escalation to a formal grievance process.

The office has adopted counselling, consultation, co-operation and mediation to reach amicable resolutions and has policies and procedures benchmarked to those employed in the public service.

Engagement with Staff

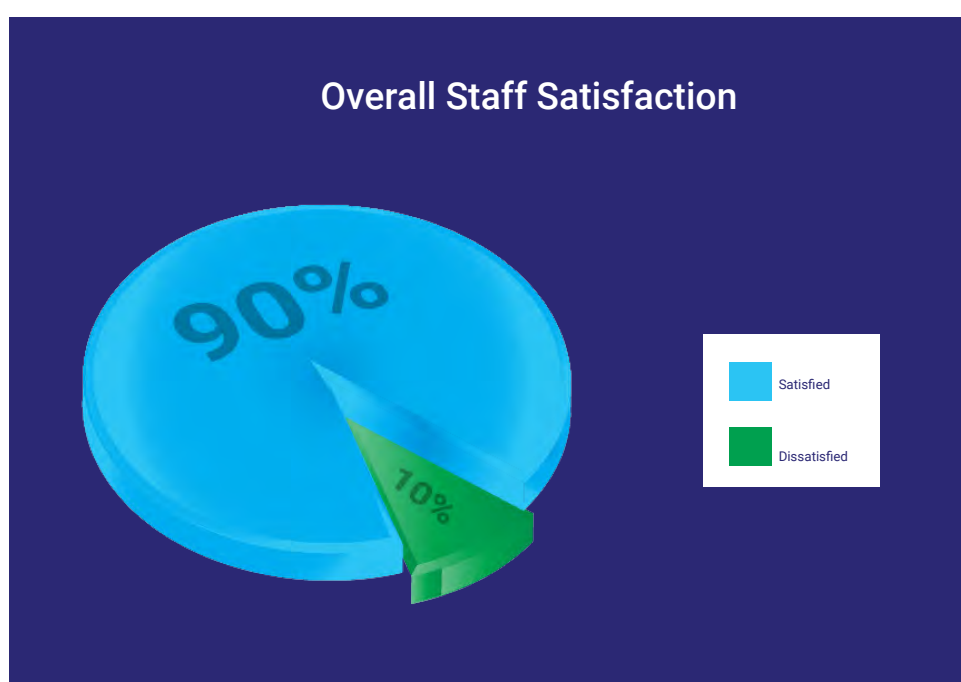
The recognition of involving employees in decisions that may affect them is of primary importance to us.

The Office promotes a culture based on mutual respect and trust, facilitating innovation, customer focus and continuous improvement.

The Office organise Staff Meetings in which the Auditor-General and Deputy Auditor-General provides updates/clarifications on important matters including the progress made by the office.

Staff Survey

OAG Staff Engagement Survey for the FY 2018 showed that the 90% were satisfied with the Office as an employer and the remaining 10% indicated some degree of dissatisfaction.



4.1 SOCIAL INFORMATION

The Office of the Auditor General (OAG) encourages our employees to actively participate in all aspects of their work and professional lives. Therefore, in order to strike a balance, the OAG Sports and Social Club Committee assists and facilitates the organizing of sporting and social activities.

The OAG Sports and Social Club committee members are elected annually.

The following activities were organized:

- 09, October 2018 – Fiji Day celebrations
- 02, November 2018 – Diwali Celebrations
- 01, December 2018 – OAG year-end Retreat at the InterContinental Resort and Spa
- 18 April 2019 – Easter Celebration
- 12 June 2019 – Eid Celebrations
- 10th May 2019 – WGITA & Mother's Day

Communications

The new Communications Unit was established in October 2018.

The Unit was tasked to develop, support and promote Office vision and mission and key strategic goals. In addition the Unit was to facilitate message development, social media content creation and media outreach with the objective to boost the visibility of the Office.

During the year, there were various activities undertaken by the Unit.

Newsletter

The Office newsletter was renamed “Na Daunifika” which is an iTaukei word that resemble the role of the Office.

The Unit released three newsletters which covered the events, meetings and other activities that the Office was involved in and the newsletter created opportunities for publicity with external stakeholders through the website and using the government email portal.

The Media

During the FY 2019, the Office released 9 media releases on activities, meetings and international meetings hosted or attended by Auditor-General or his representative.



Office Merchandise

As part of creating awareness merchandise materials were acquired and were used during the Official events hosted by the Office, meetings and visitors/delegates that came to the Office.



University Open Day

The Office took the opportunity to showcase during the 2019 USP careers fair.

More than 170 students visited the Office booth where students were informed of their career pathways and attachment opportunities with the Office.

The Office has initiated to provide opportunity for University student attachments for 3 to 6 months and this will be implemented from December 2019.

Sponsorship

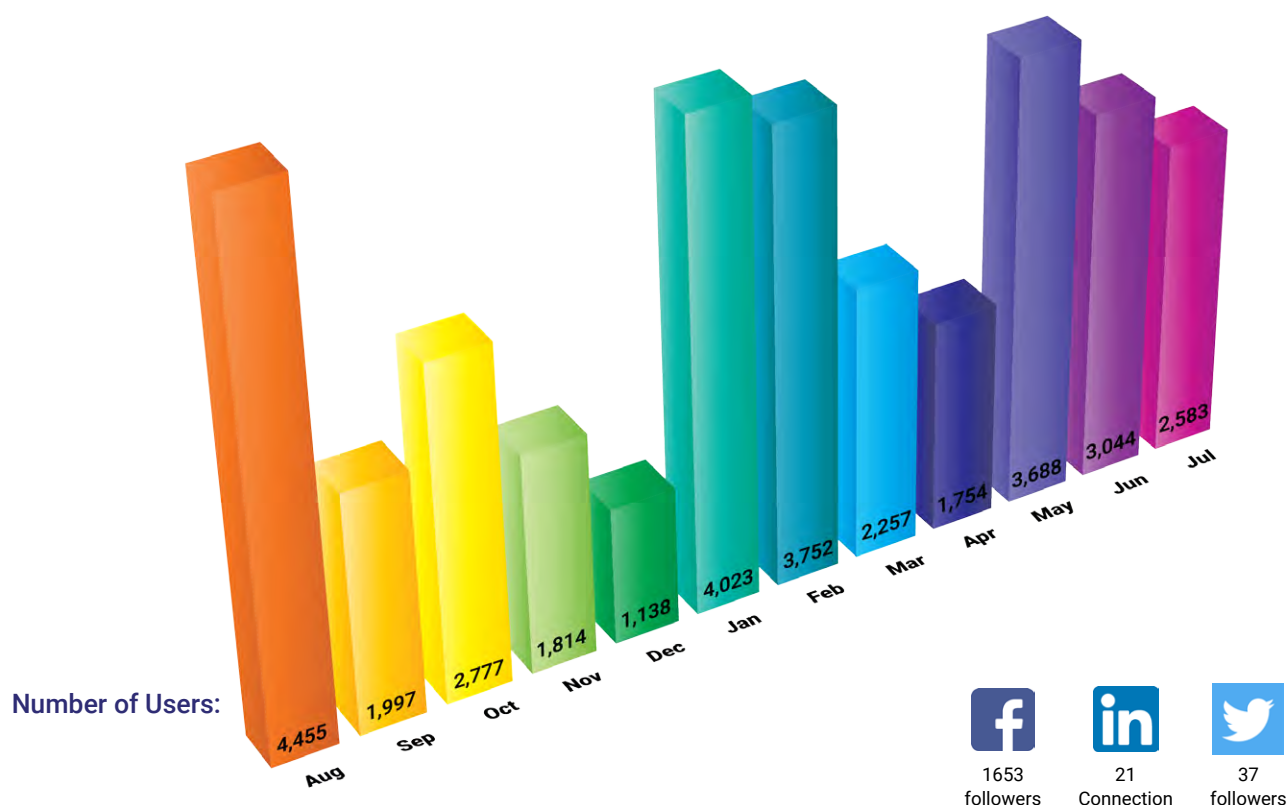
A three-year Memorandum of Agreement between the Office and Fiji National University was signed on October 2018 to provide a cash prize award for the most outstanding postgraduate auditing student.

During the 2018 Fiji National University's (FNU) Graduation, held on 7th December 2018, the Auditor General presented the OAG's Award for Best Postgraduate Auditing Student to the first recipient Mr Sarwan Kumar. This was an historical occasion for the Office as a sponsor of an award and partner with Fiji National University to strengthen public awareness of the roles and responsibilities of OAG.

The second Fiji National University graduation ceremony in May 2019 was attended by the Deputy Auditor General where he presented the award on behalf of the Office.

Office Website and Social Media

The revamping of the Office website continued to see interest to our social media platform and the significant increase in website traffic.



4.2 Community Engagement Exercises

During the financial year, the Office also took advantage of opportunities to reach out and help the Fijian Citizens where ever possible.

During October 2019, the Office participated in the Pinktober Campaign and organised an in house fundraising initiative for the Fiji Cancer society.

The OAG Women's Committee had also organised a gift drive for children of inmates held in the Suva Corrections Facilities during the Christmas holidays. This was part of the Angel Tree initiative by the Prisons Fellowship.

Officers also took out time to visit the CWM Maternity unit in August 2019. Each mother received a gift pack comprising of essential items. The funds for the donations were collected through a morning tea fund raiser.



Participations with International Organization of Supreme Audit Institutions Community

Working Groups and Committees update.

For the last two years, SAI Fiji embarked on the initiative to increase its contribution to the INTOSAI Community by getting involved through participation in the various INTOSAI Committees, Working Groups and programs. This is in line with SAI Fiji's strategic objective of improving and increasing participation in international forums. Greater awareness of the work of the INTOSAI and getting involved is a way SAI Fiji is building its workforce for the future through exposing, preparing and empowering them for what the future of public audits hold.

SAI Fiji is a member of the INTOSAI Capacity Building Committee (CBC) and the following working groups of the Knowledge Sharing Committee.

SAI Fiji became a member of the INTOSAI Working Group on Audit of Extractive Industries (WGEI) Steering Committee in September 2017 to promote the audit of extractive industries in order to stimulate good governance and sustainable development in the Pacific Association of Supreme Audit Institutions (PASAI) region.

1. Extractive Industry
2. IT Audit
3. Public Debt
4. Environmental Audit
5. Big Data
6. Fight Against Corruption and Money Laundering

To ensure the sustainability and continuity of this initiative, SAI Fiji formed internal working groups aligned to the Terms of Reference and work plans of INTOSAI committees/working groups.

SIGNIFICANT ACTIVITIES

1. The OAG Working Group on Extractive Industry (OAG WGEI) undertook the following activities in FY 2018/2019:

- Participated in 7 of the 8 skype meetings of the INTOSAI WGEI Steering Committee held at 3pm Uganda time (1am Fiji time)
- Attended and presented at the WGEI Steering Committee meeting held in Pretoria, South Africa, 25 – 27 September, 2018.
- Attended and presented at the 4th INTOSAI WGEI meeting held in Manila, Philippines, 27 – 29 May, 2019. SAI Fiji made a presentation on the progress of activities from the 2017 – 2019 Work Plan of the INTOSAI WGEI Steering Committee.
- Conducted a PASAI wide survey. SAI Fiji is still hoping that more PASAI members will respond.

Planned upcoming activities include:

- Completion of a compliance audit on Fiji's extractive industry, which is currently in progress.
- Extractive industry workshop to be hosted by SAI Fiji in August 2020.
- WGEI Steering Committee meeting to be hosted by SAI Fiji in 2021.

2. As a member of the INTOSAI Working Group on IT Audit (WGITA), SAI Fiji hosted the 28th meeting of the working group and 9th Performance Audit Seminar from 2 – 5 April 2019 at the Sofitel Fiji Resort & Spa. In concurrence with the WGITA Secretariat, invitations were also extended to important stakeholder including all members of PASAI and ACAG.

A total of 74 delegates and accompanying persons from 34 countries attended the meeting and seminar. Ten Heads of SAIs were in attendance.

3. SAI Fiji attended the 13th meeting of the INTOSAI Working Group on Fight Against Fraud, Corruption and Money Laundering held in Nanjing, China from 25 – 26 April 2019.

The Committee planned to circulate a survey questionnaire SAIs in the Pacific Region through PASAI for training needs. Upon receiving the feedback this will be presented in the next INTOSAI Working Group meeting.

4. SAI Fiji was represented at the INTOSAI Working Group on Public Debt held in Baku, Azerbaijan from 23 – 26 May 2019.

The Office plan to carry out a survey across the PASAI region in relation to public debt and public debt reporting through PASAI Secretariat.

5. SAI Fiji was represented in the 19th meeting of the INTOSAI Working Group on Environmental Audit held in Bangkok, Thailand from 6 – 9 August 2019.

6. SAI Fiji also participated during the 2019 SAI Young Leaders Program and attended INTOSAI Capacity Building Committee held in Tokyo, Japan from 1 – 4 July 2019.





5.0 OUR FINANCES

- Financial Summary
- Financial Performance
- Audited Financial Statements – FY 2019

5.0 OUR FINANCES

The Office is an Independent Office established under the Constitution and is funded through annual appropriation by Parliament.

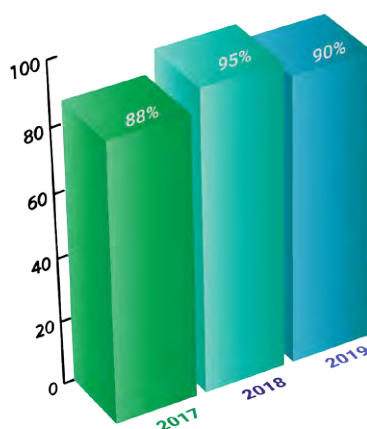
The current financial objective of the Office is to move towards operational efficiencies and aim at recovering costs.

FINANCIAL SUMMARY

The OAG was allocated a budget of \$6.623 million for FY 2019 and utilised \$5,932 million or 90% of total appropriation.

Tabulated below are the budget appropriation and actual expenditures incurred by the Office for the past 5 years:

Financial Year	2017	2018	2019
Budget Appropriation (\$)	4,331,018	4,612,843	6,623,600
Total Expenditure (\$)	3,819,777	4,380,933	5,932,038
Percentage Budget Utilised (%)	88%	95%	90%



Budget utilisation by year

- A total of \$448,221 were incurred for the Accounting & Payroll Software - \$86,254, Hosting of IT Audit Meeting - \$201,343, the Pacific Association for Supreme Audit Congress - \$90,711 and purchase of a server - \$69,913
- Office paid for the Health Insurance benefit for the Staff except for the Auditor-General totaling \$97,846
- The Officers were paid bonus of \$75,285 which was in accordance with the Office Performance Management Framework except for Auditor-General.

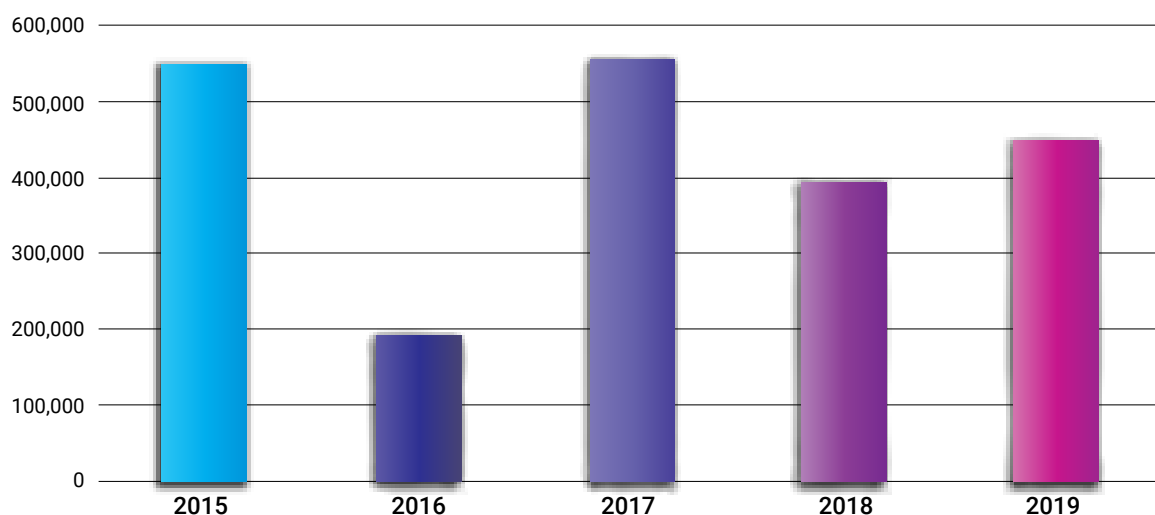
TOTAL REVENUE COLLECTED OVER A 5 YEAR TREND

The total revenue collected for FY 2019 was \$446,872 compared to \$389,729 in year 2018, an increase by \$57,143 or 15%.

Year	Audit Fees
2015	\$ 546,275
2016	\$ 188,186
2017	\$ 549,965
2018	\$ 389,729
2019	\$ 446,872

The increase during FY 2019 was attributed due to more audits conducted in this F.Y compared to last F.Y.

TOTAL REVENUE COLLECTION BY YEAR



- The total revenue collected for the financial period ended 31 July 2019 was \$446,872 compared to \$389,729 in financial period ended 31 July 2018, an increase of 15%. This was attributed to more audits conducted in this F.Y
- A total number of 51 clients were invoiced in this F.Y amounting to \$757,360. From this we manage to collect \$446,872

TOTAL REVENUE INCLUSIVE OF ARREARS

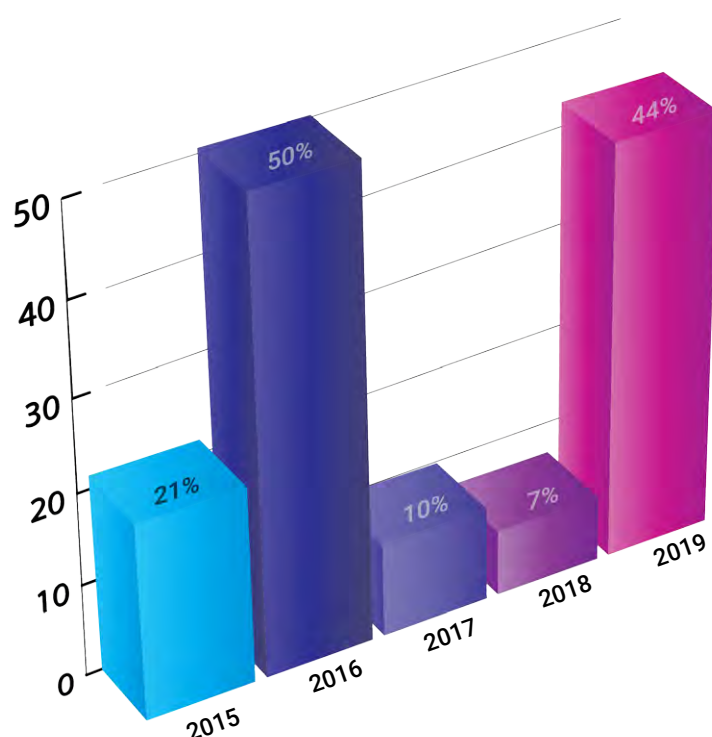
OUTSTANDING REVENUE VIA AUDIT FEES OVER A 5 YEAR TREND

The arrears of revenue for the Office are provided below.

Year	Arrears of Revenue – Audit Fees
2015	\$ 80,829
2016	\$ 107,746
2017	\$ 51,532
2018	\$ 24,335
2019	\$ 334,823

The arrears of revenue has drastically increased during this year and attributed to audit fees levied for audits completed without any payment made by audit clients during the financial year.

ARREARS OF REVENUE BY YEAR (% OF TOTAL REVENUE)



Arrears of Revenue for the year was \$334,823 compared to only \$24,335 during the F.Y 2018. The increase of arrears of revenue was due to a number of provincial and municipal council audits completed during the financial year 2019 who have not made any payments.



**OFFICE OF THE AUDITOR GENERAL STATEMENT OF
FINANCIAL OPERATIONS FOR THE YEAR ENDED 31
JULY 2019**



contents

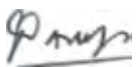
Management Certificate	47
Independent Auditor's Report	48-49
Statement of Receipts And Expenditure	50
Statement of Output Costs	51
Appropriation Statement	52
Statement of Losses	53
Notes to the Statement of Financial Operations	54-57



We certify that the accompanying Statement of Financial Operations:

- a) fairly reflect the financial performance and appropriation statements of the Office of the Auditor General for the year ended 31 July 2019; and
- b) have been prepared in accordance with the requirements of the Financial Management Act 2004 and the Finance Instructions.

Dated this day, 18th of October 2019



Ajay Nand
Auditor General



Sairusi Dukuno
Deputy Auditor General



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INDEPENDENT AUDITOR'S REPORT

To the Minister for Economy

Report on the Audit of the Special Purpose Statement of Financial Operations

Opinion

We have audited the special purpose statement of financial operations of the Office of the Auditor General (the Office), which comprise the statement of receipts and expenditure, statement of output costs, appropriation statement, statement of losses for the year ended 31 July 2019 and a summary of significant accounting policies and other explanatory information.

In our opinion, the special purpose statement of financial operation, which has been prepared on cash basis of accounting and comprising of statement of receipts and expenditure, statement of output costs, appropriation statement and statement of losses, presents fairly, in accordance with the accounting policies stated in Note 2, the financial operation of the Office for the year ended 31 July 2019.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Statement of Financial Operations section of our report. We are independent of the Office in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial operations and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Auditor General for the Special Purpose Statement of Financial Operations

The Auditor General is responsible for the preparation and presentation of the special purpose statement of financial operations in accordance with the cash basis of accounting as described in Note 2(a) to the special purpose statement of financial operations and for such internal control as the Auditor General determine is necessary to enable the preparation of special purpose statement of financial operation that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Statement of Financial Operations

Our objectives are to obtain reasonable assurance about whether the special purpose statement of financial operations of the Office as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the special purpose statement of financial operations.

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

INDEPENDENT AUDITOR'S REPORT [CONT'D]

To the Minister for Economy (Cont'd)

Report on the Audit of the Special Purpose Statement of Financial Operations [Cont'd]

Auditor's Responsibilities for the Audit of the Special Purpose Statement of Financial Operations (Cont'd)

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose statement of financial operations of the Office, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, - forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Office.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor General.

We communicate with the Office of the Auditor General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

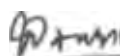
**BDO CHARTERED ACCOUNTANTS**

SUVA, FIJI
18 October 2019

	Notes	12 Months Ended July 2019 \$	12 Months Ended July 2018 \$
Revenue Allocation for Activities			
Audit fees	3 (a)	446,872	388,943
Miscellaneous revenue		<u>13,993</u>	<u>786</u>
Total Revenue		<u>460,865</u>	<u>389,729</u>
Expenditure for Activities			
Salaries, wages and other benefits	3 (b)	4,307,998	3,386,671
Travel and accommodation	3 (c)	257,510	238,778
Maintenance	3 (d)	13,278	13,930
Contract audit fees	3 (e)	226,261	185,262
Other operation expenses	3 (f)	490,235	465,168
Computers & IT Hardware	3 (g)	55,827	32,443
Special Expenditure	3(h)	448,221	
VAT		<u>132,708</u>	<u>58,681</u>
Total Expenditure		<u>5,932,038</u>	<u>4,380,933</u>

The accompanying notes form an integral part of this statement.

This statement of financial operations has been approved by me.



Ajay Nand
Auditor General

	12 Months Ended July 2019 \$	12 Months Ended July 2018 \$
EXPENDITURE		
Operating Cost		
Established staff	4,254,644	3,348,290
Unestablished staff	53,354	38,381
Travel, accommodation and communication	257,510	238,778
Maintenance and operation	182,184	98,053
Purchase of goods and services	591,667	585,975
Operating grants and transfers	11,750	12,775
Special Expenditure	448,221	
Total Operating Cost	5,799,330	4,322,252
Capital Expenditure		
Value Added Tax	132,708	58,681
TOTAL EXPENDITURE	5,932,038	4,380,933

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry Over \$	Lapsed Appropriation \$
1	Established staff	4,575,260	-	4,575,260	4,254,644	-	320,616
2	Unestablished staff	56,510	-	56,510	53,354	-	3,156
3	Travel, accommodation and communication	288,000	-	288,000	257,510	-	30,490
4	Maintenance and operations	199,364	-	199,364	182,184	-	17,180
5	Purchase of goods and services	760,000	-	760,000	591,667	-	168,333
6	Operating grants and transfers	15,000	-	15,000	11,750	-	3,250
7	Special expenditures	592,000	-	592,000	448,221	-	143,779
	Total Operating Costs	6,486,134	-	6,486,134	5,799,330	-	686,804
8	Capital Expenditure						
8	Construction	-	-	-	-	-	-
9	Purchases	-	-	-	-	-	-
10	Grants and transfers	-	-	-	-	-	-
	Total Capital Expenditure	-	-	-	-	-	-
13	Value Added Tax	137,466	-	137,466	132,708	-	4,758
	TOTAL EXPENDITURE	6,623,600	-	6,623,600	5,932,038	-	691,562

Loss of Assets

The board of Survey was conducted for the financial year and report, submitted to Ministry of Economy for approval for disposal of items arising from normal wear and tear and obsolescence.

1. REPORTING ENTIIY

The Office of the Auditor General ('Office') is an Independent office whose function is to inspect and audit, and report to the Parliament on:

- the public accounts of the State;
- the control of public money and public property of the State; and
- all transactions with or concerning the public money or public property of the state.

2. STATEMENT OF ACCOUNTING POLICIES

a) Basis of Accounting

In accordance with Government accounting policies, the special purpose Statement of Financial Operations of the Office is prepared on cash basis of accounting. All payments related to purchases of fixed assets have been expensed.

b) Revenue Recognition

Fees are charged for financial audits. Fees in respect of audit work performed during the year, which are invoiced, are recognized as revenue when funds are received by the Office. There were audits performed by the Office for which no fees were charged because of the constitutional function of the Office.

c) Accounting for Value Added Tax (VAT)

All income is inclusive of VAT while all expenses are VAT exclusive. VAT paid is presented separately on the Statement of Receipts and Expenditure. The Office on a monthly basis takes out VAT output on total money received (for expenditure) from the Ministry of Economy. VAT input on the other hand is claimed on payments made to the suppliers and sub-contractors for expenses incurred.

The VAT payment as per the Statement of Receipts and Expenditure includes VAT paid to suppliers and sub-contractors for expenses incurred and VAT payments to FRCS. Actual amount paid to FRCS during the period represents the difference between VAT Output and VAT Input (VAT payment made to the suppliers and sub-contractors for expenses incurred) and VAT portion of total revenue earned for the month.

d) Budget Appropriation.

Office of the Auditor General has been classified as independent office and is given 1 line budget under operations grants and transfer. Currently we are still using financial management Accounting System (FMIS) to process our normal operations work.

3. SIGNIFICANT VARIATIONS

	12 Months Ended July 2019 \$	12 Months Ended July 2018 \$
a) Audit fees		
Government Commercial Companies, Commercial Statutory Authorities, Off-Budget State Entities and Majority Owned Entities	307,731	218,815
Statutory Authorities	65,330	145,328
Municipal Councils	73,811	24,800
	446,872	388,943
b) Salaries, Wages and Other Benefits		
Established Staff		
Salaries	3,624,904	2,901,739
FNPF	389,850	276,447
Acting Allowance	31,852	38,209
Health Insurance Benefit	97,846	59,852
Bonus Payment	75,285	42,774
FNU levy	33,502	28,059
Fringe Benefit Tax	1,405	1,210
Total established staff	4,254,644	3,348,290
c) Travelling, Accommodation and Communication		
Travel	93,482	116,131
Subsistence	131,443	89,015
Telephone and fax	32,585	33,632
	257,510	238,778
d) Maintenance		
Maintenance		2,392
Motor vehicle expenses	13,278	11,538
	13,278	13,930

3. SIGNIFICANT VARIATIONS continued

	12 Months Ended July 2019 \$	12 Months Ended July 2018 \$
e) Contract Audit Fees		
These are fees paid to private audit firms who were contracted to carry out audits on behalf of the Office of the Auditor General for the following types of clients:		
City and Town Councils	28,136	4,993
Statutory Authorities	23,908	45,150
Government Commercial Companies, Commercial Statutory Authorities, Off Budget State Entities	165,625	129,527
Others	8,592	5,592
	226,261	185,262
f) Other Operations Expenses		
Books, pamphlets and publication	1,580	1,032
Electricity and power supply	16,323	15,085
Incidentals	26,549	13,297
International subscription	11,750	- 12,775
OHS	1,865	1,150
Stationery and printing	53,854	36,524
Training	189,154	178,573
Directory expenses		1,482
Office Equipment	39,747	6,009
Teammate License Fees	88,476	152,193
Advertising	14,287	10,980
Office Meeting Logistics	1,601	1,078
Team Building	900	4,189
Web Site Design		12,261
Uniform	17,700	
Job Evaluation Exercise	618	18,540
Legal Fees	3,866	
Office Cleanings Service	10,814	
Awareness	11,151	
	490,235	465,168
g) Computers and IT Services		
Computers and IT Services	55,827	32,443
h) Special Expenditure		
Accounting & Payroll Software	86,254	
Working Group IT Audit	201,343	
Pacific Association of Supreme Audit Institution Congress	90,711	
Server	69,913	
	448,221	

4. APPROPRIATION CHANGES

For the 2018-2019 financial year office of the Auditor General was given 1 line budget under operations grant and transfer. For internal control and recording purpose funds were allocated to expenses line item. Saving was transferred within this line items where necessary. This has been reported accordingly in the appropriation statement for the financial year 2018-2019.

5. TRUST FUND ACCOUNT

At balance date, there were funds amounting to \$68,768.59 (July 2018: \$44,514.61) under the Trust Fund Account. These monies relate to VAT payable, FNPF contribution for July 2019 and other payroll deductions made during the period that were subsequently paid.

6. DRAWINGS ACCOUNT

At balance date, there were funds amounting to \$10,991.45 (July 2018: \$1,043.16) under Drawings Account. These monies relate to cheques written by the Office during the period that have yet to be presented to the bank at balance date.

7. TRADE AND OTHER RECEIVABLES

At balance date, the outstanding audit fees yet to be received amounted to \$334,822.50 (July 2018: \$24,335). These have not been reflected in the Statement of Financial Operations in accordance with the accounting policies adopted by the Office.

8. PROVISION FOR ANNUAL LEAVE

At balance date, there was annual leave owing to staff amounting to \$285,296 (July 2018: \$213,404). This has not been reflected in the Statement of Financial Operations in accordance with the accounting policies adopted by the Office.

9. LITIGATION CLAIM

A defamation action against the Office has been taken by Aliz Pacific and Dr Nur Bano Ali in which the plaintiffs are seeking damages against the Office. The High Court in it's ruling on 31st January 2018 has dismissed the claim of Aliz Pacific and Dr. Nur Bano Ali however they have appealed the case. The appeal is set down for hearing on 19 November 2019.

The ultimate outcome cannot be presently determined; accordingly, no provision has been made in the books of accounts.

10. VAT PAYABLE

Fiji Revenue and Customs Authority (FRCS) has issued an audit discrepancy letter dated 2 May 2019 to the Office on the VAT payable amounting to \$26,945 relating to the financial year ended 31 July 2018, for which the Office of the Auditor General has written to Ministry of Economy since the balance of unused fund for the year ended 31 July 2018 has been returned to Ministry of Economy. This VAT payable includes \$23,847 on the grant income spent for overseas travelling and per diem payments for travelling treated as 'zero rated' for VAT purpose and VAT input disallowed amounting to \$3,098.

As at balance date the above VAT has not been paid to FRCS. Ministry of Economy is liaising with FRCS on this and will advise the Office on the outcome.



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