



STANDING COMMITTEE ON PUBLIC ACCOUNTS

**Consolidated Oversight Report -
Office of Auditor-General Reports 2010 - 2013**



**PARLIAMENT OF THE REPUBLIC OF FIJI
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CHAIRPERSON'S FOREWORD



I am pleased to present the Committee report on the Whole of Government Audit Reports for the 2010, 2011, 2012 and 2013 financial year. This consolidated Report was compiled by the previous Public Accounts Committee that was appointed in the last Parliament Term (2014-2018). The audit of all Government Ministries and Departments financial statements for each of these four (4) years was done by the Office of the Auditor General.

It is important to highlight that the Public Accounts Committee has reported back to Parliament on the Whole of Government Audit Reports for 2014, 2015 and 2016. Currently, the Committee is scrutinizing the Whole of Government audit reports for the years 2017 and 2018. In line with the instructions from Honourable Speaker on Wednesday 13 February 2019 for all pending reports before committees from the last Parliament term to be reported back to Parliament and this encourages the Committee to finalize this report and bring it back to the House for consideration.

It should also be noted that other factors contributed to the delay and the timely submission of this report back to Parliament. This bipartisan report summarizes the audit findings of the sixteen (16) Audit Reports and wishes to advise that the 2010-2013 Audits of Government Ministries and Departments was the only report that was pending from the last term and it was a privilege to present this outstanding report.

Many issues that are contained in this report may have been resolved and may have not occur today but for Transparency, Good Governance and Accountability purposes in all public sector entities including Government Ministries and Departments, it is important and appropriate to provide an oversight and reported how these entities effectively manage and utilize its budgetary allocations on its planned activities for each of those four (4) years. On that regard, the Committee is grateful to submit this report into Parliament given the time that this report has been pending before the Committee.

However, it is worth noting that due to a much higher standard of accountability in a decade, the internal Financial Management Information System (FMIS) is now being used much better and internal accounting standards for individual entity and Ministry is noticeably improving.

It should also be noted that the Fiji financial standards are improving, and the recent release of the 2018 audit report reads well as compared to many of the issues identified in this consolidated report. For this rapid improvement, I congratulate all those involved.

In politics, it is often easier to find fault than it is to praise. Certainly, there are faults that the Office of the Auditor-General and the PAC will find, reflect on, and work towards resolving. This work will be on-going, and that is why this is an important process.

I take this opportunity to thank all Ministries and Departments for participated in the public hearings that were conducted before the formulation of this consolidated report and most importantly, for clarifying many of the issues involved and my sincere appreciation extends to the previous Public Accounts Committee Members that contributed to the scrutiny process, formulation and the finalization of the report.

I also acknowledge the parliamentary staff for their on-going diligence in working through the detail. In particular, I thank the Opposition MP's of PAC for being sensible about many of the issues raised, and for recognizing the importance of reading them in the context of the time. This considered approach is acknowledged and appreciated.

With those few words, I now table this consolidated Committee report to Parliament.

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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. Ro Teimumu Kepa
(Opposition Member)



Hon. Vijendra Prakash
(Government Member)

INTRODUCTION

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. The Committee must only examine how public money has been dealt with and accounted for in accordance with the written law and must not examine the merits of the underlying policy that informs public spending

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 Members

The current members of the Public Accounts Standing Committee comprises of the following Members of Parliament:

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)

The former members of the Standing Committee on Public Accounts which was appointed in 2016 consisted of the following 2014 -2018 Members of Parliament:

1. Hon. Ashneel Sudhakar (Chairperson)
2. Hon. Mohammed Dean (Deputy Chairperson)
3. Hon. Alex O'Connor (Member)
4. Hon. Aseri Radrodro (Member)
5. Hon. Ratu Sela Nanovo (Member)

However, there were members of the Public Accounts Standing Committee which were appointed after the 2014 General Election and this comprised of the following 2014 - 2018 Members of Parliament:

1. Hon. Biman Prasad (Chairperson)
2. Hon. Aseri Radrodro (Deputy Chairperson)
3. Hon. Semi Koroilavesau (Member)
4. Hon. Alexander O'Connor (Member)
5. Hon. Balmindar Singh (Member)

The PAC Committee that was chaired by Hon. Biman Prasad had scrutinized these pending audit reports (2010 - 2013) and conducted the necessary consultations which engage the relevant line Government Ministries and Departments. The scrutiny process that were undertaken identified major significant matters and these concerns were further reviewed and highlighted in this report findings.

BACKGROUND

It is important to note that this consolidated report covered the whole of Government Audit Reports of the Office of the Auditor General from 2010 – 2013 financial statements. The review and consultation process were conducted by Hon. Biman Prasad's Committee and again reviewed by the previous PAC Committee Chair, Hon. Ashneel Sudhakar and now the current PAC Committee through the Hon. Chair reviewed and submits the report for tabling.

Resource Persons

The Committee in its review and consultation process sought the assistance of officials from the Office of the Auditor General Office and the Ministry of Public Enterprises during public hearings held in the Parliament precincts. The officials that assisted the Committee were:

Office of the Auditor General:

1. Mr Sairusi Dukuno, Director Corporate Service Group
2. Ms Finau Nagera, Director Audit
3. Mr Dineshwar Prasad, Acting Audit Director
4. Mr Esala Niubalavu, Audit Manager
5. Mr Moshin Ali, Audit Manager
6. Mr Ilaitia Varani, Audit Manager

Ministry of Public Enterprises:

1. Ms Salote Sukani, Senior Economic Planning Officer
2. Ms Karalaini Matau, Economic Planning Officer

Ministry of Finance (Internal Audit and Good Governance)

1. Mrs Mereani Naisara - Director, Internal Audit Unit
2. Mr Sailosi Sawana - Acting Principal Auditor

Fiji Independent Commission Against Corruption – Wednesday 24 June, 2015

1. Mr Umar Dean, Manager, Finance
2. Mr Isireli Tagicaki, Chief Investigator, Central/Eastern Division
3. Mr Niko Bukarau, Manager Investigations
4. Mr Sam Savumiramira, State Counsellor

Ministry of Finance – Tuesday 14 July, 2015

1. Mr David Kolitagane, Acting Permanent Secretary
2. Mr Isikeli Voceduadua, Acting Deputy Secretary, FAM
3. Mr Pankaj Singh, Acting Director DCFMU
4. Mr Irimaia Rokosawa, Acting Director FMIS
5. Mrs Sinate Mualaulau -
6. Mr Semesa Masau, Senior Accounts Officer AMMU
7. Mr Buisena Conivalagi, Senior Accounts Officer FMIS

Ministry of Women, Children and Poverty Alleviation

1. Dr Josefa Koroivueta, Permanent Secretary
2. Ms Arieta Moceica, Director, Women
3. Mr Rupeni Fatiaki, Director, Social Welfare
4. Ms Mereseini Tora, Principal Admin. Officer, Corporate
5. Mr Vamarasi Sai, Acting Principal Accounts Officer

6. Ms Rozia Bi, SSA
7. Ms Venina Duvuduvukula, Accounts Officer

Ministry of Health & Medical Services

1. Dr. Meciusela Tuicakau, Acting Permanent Secretary
2. Mr Marika Luveniyali, Deputy Secretary Admin/Finance
3. Mr Apolosa Vosanibola, Chief Pharmacist
4. Mr Ami Prasad, Principal Accounts Officer
5. Mr Rakesh Narayan, Acting Senior Accounts Officer – Audit

Fiji Elections Office (FEO) – Wednesday 15 July, 2015

1. Mr M. Saneem, Supervisor of Elections
2. Mr K. Sharma, Director Corporate Services
3. Ms N. Filipe, Head of Finance/Administration

Fiji Police Force

1. Mr Sikeli Ligairi, Acting Commissioner of Police
2. Mr Krishna Chand, Force Accountant
3. Mrs. Unaisi Vuniwaqa, Chief Administration Officer

Office of the Prime Minister – Thursday 16 July, 2015

1. Mrs Peniana Lalabalavu, Deputy Secretary Policy
2. Ms Susan Kiran, Secretary to Cabinet
3. Mr Moape Rokosuka, Actg. Director, Corporate Services
4. Mrs Asena Raiwalui, Actg. Deputy Secretary OPM
5. Ms Salote - Accounts Officer

Ministry of iTaukei Affairs Board (ITAB)

1. Mr Savenaca Kaunisela, Permanent Secretary
2. Mr Saimoni Waibuta, Deputy Secretary
3. Col. Apakuki Kurusiga, Deputy CEO. iTaukei Affairs Board
4. Mr Tomasi Volau, Director Corporate Services
5. Ms Sereana Matakibau, Principal Accounts Officer
6. Ms Finau Niumataiwalu, Senior Accounts Officer

Public Service Commission

1. Mr Parmesh Chand, Permanent Secretary
2. Mr Iliesa Lutu, Deputy Permanent Secretary
3. Ms Joana Koroituinakelo, Director Corporate Service
4. Mr Sanjeshwar Ram, Director Office Accommodation and Housing
5. Mr Vuli Ledua, Team Leader Finance

Ministry of Education – Friday 17 July, 2015

1. Ms Alumeci Tuisawau, Director Technical TEST
2. Mr Aseri Vatucicila, PEO (Asset)
3. Ms Kelera Daunibau, Senior Admin HR
4. Ms Makarita Fuata, Acting Director Finance

Ministry of Agriculture

1. Mr Uraia Waibuta, Acting Permanent Secretary
2. Mr Tomasi Tuinabuna, Director, Animal Health and Production
3. Mr Colin Simmons, Director (WRM)
4. Mr Paula Tuvore, PAO
5. Ms Mereseini Bou, Director (HRFI)
6. Mr Sikeli Baleisuva, Acting (PAO)

Ministry of Industry and Trade – Tuesday 4 August, 2015

1. Mr. Shaheen Ali PSITT/PSPE
2. Mr. Sujeet Chand A/Director
3. Ms. Laisa Bolalevu A/Director
4. Mr. Nitesh Chand PEPO
5. Ms. Joy Khan PAO
6. Ms. Meenal Khan A/PAS
7. Mr. Faizal Khan SEPO
8. Ms. Eta Boila EPO

Listed above are the witnesses that appeared before the Public Accounts Committee to provide evidences on issues that were raised and provide clarifications.

Given the PAC mandate, the Committee scrutinizes, investigated findings identified on these Auditor-General's reports and this was done through the calling of the respective government institutions listed above to explain irregularities identified and reported in those audit reports. This is to ensure proper stewardship of public resources.

The Committee enquiries were directed to all the Government Ministries/Departments in relation to spending as per budgeted for and as per the planned programmes/activities. The Committee questioned the irregularities in its financial performance and financial position statements and financial reporting standards used, assets, liabilities, loans, revenues and expenditures and the processes/systems and the discrepancy in evidences/figures provided by each entity.

Improving financial stability and accountability, as well as removing the attraction to do wrong in Fiji, are core functions of the Office of the Auditor-General and the Parliamentary Public Accounts Committee (PAC). This 2010-2013 consolidated report is the latest contribution to achieve these goals.

Like the previously tabled 2007-2009 report, the Committee is concerned of the Office of the Auditor-General which has raised issues that allege mistakes, maladministration, or potential corruption. In each case, it is not the role or authority of PAC to judge on any of these matters.

As with the 2007-2009 report (tabled in May 2015), it must be emphasised the Public Accounts Committee is not a court of law, nor is it the responsible body for such allegations. PAC remains dispassionate on each of the Auditor-Generals' allegations. Instead, the role of the PAC is to provide oversight to satisfy the Parliament on fiscal management. This challenge occupies the resources of the PAC.

However, considering several legacy issues that appear in these Audit reports from past years, PAC suggests each entity continually review their systems and procedures, as per comments made by the

FICAC to the PAC, when public hearings on issues took place. PAC invites all entities to consider the comments from FICAC contained in Recommendation One below;

In evidence to the PAC, the FICAC also referred to the welcome progress on a Memorandum of Understanding (MOU) between themselves and the Audit Office. Of concern, however, was that in the same evidence, it was revealed this MOU has been under discussion since 2010. This is an unacceptable timeframe on such a practical step for Fiji.

COMMITTEE FINDINGS

Financial management issues across all legacy reports from 2007-2013

There are issues raised by the Auditor-General on a regular basis from 2007 through to 2013. It is these on-going issues that concern PAC, and where attention is focussed.

The Auditor-General makes this point in their 2012 report, where they stated;

“...some of the matters raised have been reported in the past but very little improvement was noted or in some instances, no action was taken by respective ministries and departments”

PAC takes a firm view on inaction, and strongly encourages all entities to do likewise. These repeat failures identified by the Office of the Auditor-General include the following fourteen (14) items;

- The failure of certain agencies to meet public sector accounting standards, and in breach of the public sector accounting law of Fiji. For example, Section 70 (3) of the Finance Instructions states draft agency financial statements must in the hands of the Auditor-General by 31 March each year. In 2010, only 13 of 32 entities managed to follow the Finance Instructions, meaning 19 agencies were in breach of their foundation legal responsibilities;
- As well, several agencies continually failed to produce an annual report in one, or all, of the years in question. In 2010, the Auditor-General named one agency, the Ministry of iTaukei Affairs, for not providing an annual report for the past twenty years. This is a breach of foundation legal responsibilities;
- As well, in many agencies, financial statements were not presented in accordance with the Finance Management Act 2004, which is a technical, and unhelpful, breach of the law;
- While improving, there remain on-going problems with the Financial Management Information System (FMIS) not capturing all the revenue and expenditure activities. These gaps in FMIS were identified by FICAC as potential corruption threats (evidence to PAC public hearing, 24/6/2015);
- While improving, discrepancies remain between what certain departments and agencies provide as a record of holdings, compared to their actual cash-at-bank;
- The on-going problems with Trading and Manufacturing Accounts (TMA's) should be of concern to the people of Fiji. The continued under-performance or inadequate records of Fiji's TMA's, with dividend returns for 2007 coming from only 6 of 30 (20%) entities, only 7 of 30 (23%) in 2008, only 8 of 31(26%) in 2009, only 6 of 32 (19%) in 2010, only 6 out of 25 entities (24%) in 2012, and only 6 out of 26 entities (23%) in 2013. As at 2013, \$495.9 million of

taxpayer's money was held in these entities. In 2013, dividends of \$11.98 million were received, underperforming on forecast dividend payments by \$38.3 million. The overall rate of return on investment was recorded at 2%, which has remained consistently low over the past three years;

- There have been repeat problems with Trust Fund Accounting identified across most agencies;
- Revenue substantiation remains an on-going problem. The gap between revenue that should have been collected as compared to what was collected is unusually high;
- The 'staff to work ratio' continues to be blamed by several agencies for their failure to perform expected functions. As just one example, in 2015, FICAC has confirmed its difficulties to provide corruption oversight due to resource and staff constraints;
- Government has been left to make payments after acting as guarantor of last resort for several under-performing agencies, or projects;
- There remain many examples of very low rates of loan and debt recovery across most agencies. Due to inaction on this, a secondary problem is now emerging of what to do with outstanding debts greater than five years, and whether to write some, or all, of these off the Government books. Where write-off is done, it must then be done in a detailed, explicit and transparent way. The lack of appropriate process when writing-off outstanding debts was an emerging issue of concern in the 2013 Auditor-General's report;
- Repeat concerns about the low rate of student loan recovery, and an on-going breakdown in the policy throughout 2007-2013;
- Repeat failure to pursue revenue from Court fines, including the associated problem of what to do about long-term outstanding debts;
- Repeat evidence of over-expenditure on salaries, wages and conditions by various agencies, particularly the portfolios of the Republic of the Fiji Military Forces and the Fiji Police Force.

Specific issues identified by the Auditor-General in years 2010, 2011, 2012 and 2013

There are a lot of individual issues identified in the four reports from the Auditor-General in 2010, 2011, 2012 and 2013 that continue to concern the PAC.

Many of these are outlined below. The PAC lists these to make sure they are placed on the parliamentary record, and all agencies continue to address these matters, if not already resolved.

PAC will not pursue each of these issues. Instead, it has once again chosen to focus on the wider systemic issues that continue to repeat themselves within the Fijian public sector, such as submission of annual reports, adhering to FMIS and international accounting standards, and other audit-related matters.

However, PAC does expect the central agencies to review the matters attached, and ensure they have been adequately resolved.

Matters have been listed in reverse chronology due to the relevance of the more contemporary issues raised by the Audit office;

2013

- All 35 ministries and departments appropriated in the 2013 Appropriation Decree submitted their draft agency financial statements for audit on time as required under section 70(3). 18 were issued unqualified audit opinions while 17 were qualified.
- The Cash at Bank balance increased significantly from \$96.6 million in 2012 to \$206.7 million in 2013. The increase was due to a significant increase in domestic bank balances and trust fund account cash at bank by 137% and 20% respectively.
- Unpresented cheques have decreased by \$32.2 million to \$75.5 million in 2013 compared to \$107.7 million recorded in 2012. This has been a major problem in previous years, and indicates poor spending practices and uneconomical purchases affecting the following year's cash flow.
- Accounts receivables decreased from \$21.2 million in 2012 to \$18.7 million in 2013. The decline of 12% is attributed to the write-off of dormant accounts amounting to \$3.4 million as approved by the Minister for Finance.
- Prepayments and accrued income decreased by \$9.4 million or 68.6% from \$13.7 million in 2012 to \$4.3 million in 2013. The decrease was noted for unclaimed monies, dishonoured cheques and surcharge balances attributed to a write-off of \$9.9 million as approved by the Minister for Finance.

- The outstanding loans owed to Government have decreased by \$9.4 million or 14% from \$67.8 million in 2012 to \$58.4 million in 2013. The decrease is attributed to the write-off of dormant accounts in the general ledger amounting to \$5.8 million as approved by the Minister of Finance.
- Deferred income and accrued expenses had a balance of \$0.3 million, an increase of \$1.6 million or 128% from a debit balance of \$1.3 million in 2012. The increase resulted from the write off of \$1.8 million of expenses in relation to the Telstat operations carried out by the Republic of Fiji Military Forces (RFMF) in 2006 on behalf of Telecom Fiji to set up satellites in rural areas and outer islands. Telecom Fiji was to reimburse the RFMF on the overspending.
- Public debt owed in 2013 totalled \$3.8 billion and comprised of domestic borrowings of \$2.6 billion or 69% of total debt; overseas borrowings of \$1.08 billion or 28%, and treasury bills of \$102.3 million or 3%. Public debt has increased steadily over the period since 2007.
- The trust fund account had a balance of \$79.5 million as at 31/12/13, an increase of \$5.8 million or 7.8% from 2012. The increase is a result of a new trust account opened for the Ministry of Strategic Planning, National Development and Statistics and an increase in Chinese grants for the Prime Minister's office and immigration bond. Trust accounts with debit general ledger balances amounted to \$13.7 million indicating these trust accounts have been overdrawn. A total of \$4.1 million was written-off for dormant and unreconciled trust accounts as approved by the Minister for Finance.
- The actual revenue collections made by Government from its normal operations in 2013 totalled \$2,293,114,626 thus recording a shortfall of \$214,267,572 or 9% of the total estimated revenue collection.
 - Government spending for the year ending 31/12/2013 as authorised under the National Budget totalled \$2,315,635,533, and increase of 2% spent in 2012. Expenditure for the past ten years has been increasing at a steady rate even though there was a marked decrease in 2008, 2010, and 2012. From 2004 to 2013, the annual average increase for operating expenditure was \$39.9 million, rising 5.2% from 2012 to 2013 alone.
 - Office of the Director of Public Prosecutions; The Office incurred a total expenditure of \$3.9 million in 2013 against a revised budget of \$5.1 million, resulting in a saving of 23%.
- Inadequate systems of internal control for cash at bank included the absence of bank reconciliations for various accounts, lack of evidence of cash held in various accounts,

unrecorded cash relating to domestic bank balances, overdrawn accounts without explanation, variances between account ledgers and the respective board of survey reports. These combined errors and omissions provided a net impact for cash at bank totalling \$25.5 million.

- Accounts receivable totalling \$18.7 million were not supported with reconciliations to be prepared by responsible Ministries/Departments.
- No record was provided to validate \$2.4 million relating to accountable advances for the Department of Agriculture.
- Term Loan Receivable of \$58.4 million includes a negative balance of \$12.7 million relating to Public Service Commission Scholarship Funds not fully supported.
- Trust Fund account totalling \$79.5 million includes various trust accounts with negative balances totalling \$13.7 million contrary to the nature of the trust.
- Inventory totalling \$3.7 million includes TMA Closing Stock of Finished Goods of over \$1 million could not be validated because the Department of Agriculture did not carry out an independent stock take.
- Various Ministries did not reconcile their expenditure with the FMIS as required under section 15 of the Finance Instruction 2010.
- As at 31 December 2013, a total just over \$1 million of accounts receivable showed a credit balance which indicates debtors have overpaid their accounts, with no supporting evidence as to why this has occurred.
- Numerous Ministries did not prepare reconciliations nor did they maintain debtors register. There were examples where balances could not be explained nor supported.
- The value of inventory held by Government decreased by \$3.5 million from \$7.2 million in 2012 to \$3.7 million in 2013, a decrease of 49%.
- Governments' record of investment shares held in three entities is understated by \$3.97 million.
- There were investments totalling \$42.5 million for four entities, for which the share certificates could not be located.
- A variance of \$399,544,329 was noted between total revenue estimates as per the national budget and total revenue estimates as per the FMIS. This indicates a fundamental problem of aligning the two.
- A variance of \$19 million exists between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2013.
- At Head (Ministry) level, the Ministry of Education, National Heritage, Culture and Arts and the Ministry of Health overspent their total budget appropriation in 2013.

- Nineteen Ministries did not maintain an expenditure ledger to record payments made during the year for reconciliation purposes contrary to the requirements of the Finance Instructions 2010.
- Office of the Prime Minister has an unreconciled variance of \$1,055,236 between the FMIS general ledger Trust cash at bank account and the bank reconciliation balance. The nature of payments in the 2013 trust fund statement of receipts and payment were also not disclosed appropriately to ensure disclosure consistency and comparability to the 2012 figures.
- Office of the Prime Minister has a variance of \$6,392,023.79 between the Office reconciliation and the FMIS general ledger records in the drawings accounts balance. No board of survey report was submitted for the drawings account.
- Contrary to Finance Instructions, the Attorney Generals department does not maintain an expenditure ledger, meaning reconciliation of expenditure in the FMIS general ledger maintained by the Ministry for Finance was not possible.
- Ministry of i-Taukei Affairs; \$509,934 revenue recovered from bond monies was not reflected in the Statement of Receipts and Expenditure.
- Ministry of i-Taukei Affairs; \$1,959,998 recorded in the general ledger system had no details attached to explain the dormant trust fund cash at bank balance.
- Ministry of i-Taukei Affairs; No expenditure ledger was maintained meaning an inability to reconcile the FMIS general ledger.
- Ministry of i-Taukei Affairs: Only \$7.2 million or 72% of the scholarships funds were utilized from the total of \$9.7 million allocated for the year. A total of \$4.56 million is owed by sponsored and bonded students who have absconded.
- Ministry of Defence, National Security and Immigration; An unreconciled difference amounting to \$1,794,695 exists between the FMIS general ledger cash at bank and the bank statement balance.
- Ministry of Defence, National Security and Immigration; No expenditure ledger was maintained meaning no reconciliation with FMIS could occur.
- Ministry of Defence, National Security and Immigration; 228 passports totalling \$17,328 were damaged in preparation throughout 2013, with a combination of machine and human errors.
- Ministry of Labour, Industrial Relations and Employment; The Ministry has several workmen's compensation cases pending over the years. An analysis carried out indicated that the largest number of cases was closed in 2010 whereas the following three years saw a reduction in the number of closed cases.

- Ministry of Foreign Affairs and International Co-operation; Board of surveys were not carried out for all Fiji Missions overseas contrary to section 49(1) of the Finance Instructions 2010. As such, the completeness and accuracy of the statement of losses cannot be ascertained.
- Ministry for Foreign Affairs and International Co-operation; An un-reconciled difference of \$469,775 exists for expenditure recorded in the FMIS general ledger and the department expenditure ledger. The Ministry did not perform any reconciliation for expenditure, and as a result, the accuracy of the amounts stated as expenditure cannot be verified.
- Judicial Department; As at 31/12/13, the Department had total arrears of revenue of \$11.9 million compared to \$11.3 million in 2012.
- Judicial Department: There is a substantial number of pending cases under each category of Court. The highest number was for the Magistrates Court (136,634) followed by the High Court (4,951) and then Family Court (2,863).
- Judicial Department; A Contractor, Western Builders Ltd, was overpaid by \$89,786.26 on the contract for the construction of new Tribunal Court 2 and Registry at Government Buildings. There was no evidence of approved variations to allow this.
- Parliament; The Department overpaid sitting allowance to the Public Accounts Committee members.
- Ministry of Justice and Anti-Corruption; There was an unreconciled difference of \$892,480 between the FMIS general ledger expenditure and expenditure as per cash book. No reconciliation occurred of expenditure in the general ledger (FMIS) to the cash book or any other separate record.
- Ministry of Justice and Anti-Corruption; Record keeping in the Titles office is a problem. The Office lacked a Disaster Recovery Plan and there was no certificate of fire proof by the National Fire Authority.
- Ministry of Justice and Anti-Corruption; The office computer system (Titles, Deeds Registration System – TDRS) is very slow and cannot cater for the high day to day demand from customers.
- Ministry of Justice and Anti-Corruption; For the 820 moneylenders on record who have been issued licenses up to 2012, 423 (52%) have yet to renew their licenses. No action has been taken against a single defaulting moneylender.
- Department of Communications; A variance of \$13,523,173 was noted between the departments cash at bank balance and the cash balance reported in the FMIS general ledger as at 31/12/13.

- Department of Communications; No tender and no contract agreement was signed for the engagement of City Security Services. A total payment of \$93,628 was made to the company in 2013.
- Ministry of Rural and Maritime Development and Natural Disaster Management; A variance of \$3.7 million exists between the trust fund cash at bank recorded in the FMIS general ledger and the trust fund liability account balance, contrary to section 58 of the Finance Instructions 2010. Therefore, these accounts cannot be verified as accurately stated.
- Ministry of Rural and Maritime Development and Natural Disaster Management; A variance of \$3.1 million exists between the Provincial Development trust fund cash at bank recorded in the general ledger and the Provincial Development bank statement balance, contrary to section 32(6) of the Finance Instructions 2010. As such, verification of accounts was not possible.
- Ministry of Rural and Maritime Development and Natural Disaster Management; Projects were not yet initiated under various programs which were recorded on the Provincial Development Trust Fund Account totalling \$359,139. This comprises seventy (70) Rural Housing Assistance Scheme II totalling \$280,229, nine (9) Prime Ministers Relief and Rehabilitation Projects totalling \$77,230 and five (5) self-help projects for individuals and communities totalling \$1,680. Some of the contributions dated back more than a decade to 2003, hence a problem with delay in project implementation.
- Ministry of Rural and Maritime Development and Natural Disaster Management; The Commissioner-Eastern Division was only able to facilitate 30% payment from the \$2 million allocated to the Eastern Division to facilitate the implementation of the various projects appropriated under the Public Sector Investment Program of the 2013 Budget.
- Ministry of Rural and Maritime Development and Natural Disaster Management; An inspection of stores held at Top-Yard, Walu Bay revealed unaccounted project building materials stacked outside the yard that had been there for some years and were deteriorating. The Tropical Cyclone Tomas Rehabilitation materials that were received in 2011 were still stacked and stored at the top yard store and were not delivered to those affected by the cyclone in the northern division.
- Ministry of Rural and Maritime Development and Natural Disaster Management; There was poor control over the implementation of the Tropical Cyclone Evans Housing Rehabilitation operation in the Western Division where Purchase Orders (PO) were not issued. A total of \$227,028 was paid to Kasabia Ltd based on the invoice received for the thirty-one (31) house material delivered, and \$543,251 was paid to RC Manubhai for the forty-four (44) house

material delivered and \$46,272 for the eleven (11) house material delivered. The materials purchased as recorded in the supplier's invoice were not fully delivered to recipients. The recipients could not commence with the rehabilitation works due to only part supply of materials, despite full payment already made.

- Fiji Military Forces; No expenditure ledger for 2013, so reconciliation could not occur with the FMIS general ledger.
- Fiji Military Forces; As at 31/12/13, \$2.6 million was held in a BSP bank account under the RFMF Engineers Project Fund Account, for capital works to be taken out by the RFMF engineers. The fund was not included in the agency statement. As well, some RFMF Engineers projects lacked an MOU between the engineers and the Prime Minister's office regarding the actual capital projects to be undertaken.
- Fiji Military Forces; Despite budgetary provisions for the Sukanaivalu Barracks upgrade, no work was carried out as at 31/12/13 to the married quarters or the mess hall. A sum of \$1.8 million was allocated, with only \$212,256 being used.
- Fiji Police Force; A variance of \$872,812 exists between the Force's Drawings bank account reconciliation and the FMIS general ledger balance.
- Fiji Police Force; A total of \$2.7 million in un-presented cheques were over six months old, however the force did not clear these stale cheques at the end of the year.
- Fiji Police Force; Poor control over payroll was evident where \$3.45 million for Special Constables could not be properly audited.
- Fiji Police Force; The Force did not put in place a contract for the procurements of footwear worth \$374,225 as required by the Government Tender Board.
- Ministry of Finance; The general ledger balances totalling \$8.1 million in relation to TMA equity were not provided for audit and is a recurring problem from prior audit years.
- Ministry of Finance; A variance of \$18.4 million was noted in the drawings account with the Ministry and the FMIS balance.
- Ministry of Finance; There was no acquittal guideline for the payment of salaries to Cabinet Ministers. The acquittal reports provided by the Ministry were not fully supported with documents to agree with Head 50 funds released by the Ministry.
- Ministry of Finance; Ministries/Departments did not submit competitive quotes to Finance in their request for Head 50 funds for the payment of airfares for the Ministers during 2013.

- Government Printing and Stationary Department; The Department outsourced its printing services without any evidence of the approval of the Minister as required under section 32 of the Procurement Regulation 2010.
- Fiji Procurement Office; Contract documents from the 2012 and 2013 approved tenders relating to the Ministry for Education, Fiji Police Force, Fiji Navy, and the Republic of Fiji Military Forces are not available at the Procurement office as required under the Finance Circular No.3/2014.
- Information Technology and Computing Services (ITC); Numerous documents or information requested from the ITC Steering Committee were not made available.
- The Public Private Partnership Agreement between the Government of Fiji and Yalamanchili International PTE Ltd on 28/9/2012 was not clear on the IT strategy put in place with this agreement.
- Ministry of Works and Transport; Five of the eleven TMA's under the Ministry are inoperative, and those still active were operating at a loss. In addition, accounting records were inadequate to provide sufficient evidence to substantiate balances.
- Ministry of Works and Transport; Procurement and payment procedures were being circumvented, increasing the risk of fraud and mismanagement of public funds.
- Ministry of Agriculture; Overall financial performance of the TMA's from previous years has been poor.
- Ministry of Agriculture; \$688,334 or 85% of arrears of revenue have been outstanding for more than five years. The arrears are mainly related to the outstanding repayments from farmers for assistance provided to them under different agricultural programs in previous years.
- Ministry of Agriculture; Machines purchased and constructed at the Koronivia Research Station have not been utilized for several years.
- Ministry of Lands and Mineral Resources; Recovery of arrears of revenue for Crown land leases has been slow as the balances over the past five years have been increasing up to \$25.2 million in 2013, up 40% from 2010.
- Government Shipping Services; Transactions in the FMIS general ledger totalling \$1.18 million could not be substantiated to any accounting records maintained by the Department.
- Government Shipping Services; There is a lack of records to substantiate the use of fuel and oil. More generally, procurement and payment procedures were being circumvented, increasing the risk of fraud and mismanagement of public funds.
- Health; The Ministry's un-presented cheques in the drawings account increased by \$4.15 million or 75% compared to 2012.

- Health; A range of problems with the FMIS verification from variances in VAT paid, variances in revenue collected, and variances in the Ministry's main trust account reconciliation.
- Health; The Ministry paid for further treatment of patients in India since the surgeries conducted by local doctors failed due to their negligence. The Ministry paid for overseas medical treatment costs which were higher than the amount initially quoted by the overseas hospital. The Ministry did not perform independent verification of the final claim sent by the overseas hospital to justify the variation in costs for patients sent for overseas treatment.
- Health; The Ministry paid \$41,400 to Zuriel's Security Services for sponsoring the Uprising 7's even though the payment did not in any way relate to promoting awareness for non-communicable diseases.
- Fiji Pharmaceuticals and Biomedical Services; Drugs and consumables worth \$369,328 expired as at 31/12/13.
- Fiji Pharmaceuticals and Biomedical Services; Items ordered in 2012 and 2013 totalling \$8.9 million from overseas suppliers were not received when checked.
- Education; a variance of \$6.8 million existed between the Ministry's drawings account and the FMIS general ledger as at 31/12/13.
- Education; Un-presented cheques jumped from \$4.3 million in 2012 to \$8.1 million in 2013. This was due to a large amount of purchases made towards the end of the year.
- Education; \$182,000 was paid to Hot Spring Investment Ltd for upgrading and renovation works carried out at Ratu Kadavulevu School. Onsite inspection, significant portions of the works were not carried out.
- Education; \$200,000 of acquittal reports were not provided for three schools repairs and maintenance within the declared World Heritage Zones.
- Education; Bus fare coupons and ticket butts for the year 2013 were destroyed without proper approvals. This has been standard practice since 2010. This means a proper audit trail of vouchers used and payments made to operators does not exist.
- Education; There were inadequate segregation of duties for the purchase of goods and services in the TVET section, resulting in double payments to vendors, unsubstantiated repair works, fraudulent dealings with Korea Auto Traders and fictitious quotations used for the purchase of stationary.
- Department of Water and Sewerage; The Department purchased equipment worth \$230,359 to carry out quality water testing. However, no laboratory exists to carry out the tests, nor is there regulatory legislation for water and sewerage services.

- Energy; Prior approval for variations to the approved tender specification for the supply, installation and commissioning of 1200 Solar Photovoltaic Home Systems was not obtained from the Government Tender Board. The Department paid \$1.4 million or 40% of the tender value to Powerlite Generators (Fiji) Limited before the components of Solar Photovoltaic Home Systems were delivered.
- Energy; Payments for Mauna House Wiring Projects were made without inspection reports.
- Energy; The Department purchased 15 complete sets of 50 metre Wind Monitoring Systems out of which only one has been installed, as installation sites for the other 14 have yet to be identified.
- Energy; On 5/8/13, the Department paid \$1.2 million to Fiji Electricity Authority for the Nayala Grid Extension. As at 20/5/14, FEA was yet to commence the work. As well, the contract failed to contain performance bonds, retention sums, delay damages, project commencement and completion dates.
- Energy; The Government Tender Board approved the installation of PV Solar Home Systems for 649 households in Vanua Levu and 351 households in Maritime Areas. During the installation phase, the Department cancelled all 649 applications from Vanua Levu without the approval of the Tender Board.
- Ministry of Youth and Sports; The Ministry developed only one rural sports field out of the eight planned for 2013.
- Ministry of Local Government, Urban Development and Environment; The Ministry did not properly manage the design and construction of Naboro Landfill Stage 2 project as an Engineer was not appointed to monitor and supervise the project and the contractor did not use appropriate materials as required by the special conditions of the contract. The revenues collected as gate fees were not deposited into the nominated bank account by the contractor. In addition, separate records were not kept and reconciliation prepared to ascertain the accuracy of the daily gate fees collected.
- Department of Housing; The contractor failed to complete the construction of seven (7) low cost houses at Wailekutu Settlement despite the contractor being paid \$75,600 or 63% of the contract sum.

2012

- Bank reconciliations were not undertaken for various bank accounts, there were bank balances without any cash held, certain cash at bank balances were not recorded, there were cash at bank with negative balances and material variances were noted between the general ledger and the actual cash.
- Investment in the Sinking Fund was overstated by \$138.5 million with only \$53.7 million supported by independent confirmations.
- Share certificates were not produced for investments totalling \$42.5 million.
- Balances disclosed as Accounts Receivable totalling \$21.3 million and Term Loan Receivable of \$67.8 million could not be substantiated as supporting schedules for accounts receivables were not provided; errors and omission, receivables with negative balances and the absence of reconciliations to substantiate term loans receivable balances were lacking.
- Prepayments and accrued income balance of \$13.7 million, accounts payable balance of \$17.3 million and accrued expenses and deferred income with a debit balance of \$1.3 million were not supported;
- Trust accounts with Ministries/Departments were overdrawn by \$7.3 million contrary to Finance Circulars 4 of 30/3/98.
- The correctness, completeness and existence of the equity opening balance amounting \$2,815,628,265 could not be substantiated.
- A variance of \$10 million exists between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2012.
- The correctness of operating revenue receipted through the Accounts Receivable Module of the FMIS, totalling \$10.7 million was not correctly accounted in accordance with cash basis of accounting as stated in Note 1 to the Financial Statements.
- Inventory totalling \$7.2 million is misstated by \$978,349. In addition, closing stock of finished goods of \$1,128,750 could not be verified.
- The Office of the President had account balances recorded in the general ledger that were not reconciled, remained outstanding for long and were recorded erroneously.
- The Office of President did not carry out a Board of Survey, contrary to section 49 (1) of the Finance Instructions 2010.
- The Office of President had sixteen (16) staff occupying the government quarters, contrary to General order 601 and 607.

- The Office of the Prime Minister had account balances recorded in the general ledger without adequate supporting documents, had un-reconciled variances, with some outstanding for a long time while some had balances that were contrary to the nature of the account.
- The Office of the Prime Minister had capital construction expenditure allocations over-spent by \$1,243,830 and there was expenditure that was paid contrary to the budget appropriation provided.
- The Office of Prime Minister did not carry out a Board of Survey contrary to section 49 (1) of the Finance Instructions 2010.
- Chinese Aid – Main Trust Fund. Audit noted a total of \$204,195 operated as true trust fund account that relates to the Office of the President. However, this is an overdrawn trust fund account that relates to the Office of Prime Minister.
- An advance of \$50,000 was paid to the Official Secretary to accompany His Excellency for his travel to the 2012 London Olympic Games and visit the various missions. In addition, a per diem totalling \$15, 730 was paid for the same travel. Audit did not receive payment details such as expenditure details.
- Office of Prime Minister – the Auditor-General noted that revenue totalling \$85,840 was not verified.
- Main Trust Account – Taiwanese Grant - Office of the Prime Minister – the Auditor-General identified anomalies with this grant, including a variance of \$59,661, purchase of a photocopier from the Chinese grant for \$9,630 that was recorded in the Taiwan grant, stale cheques, and no acquittal report to Taiwan Trade and Mission Office for 2012.
- Main Trust Account – Chinese Grant – Office of the Prime Minister – the Auditor-General identified anomalies with this grant, including a variance of \$811,026, a change of use by the Prime Minister’s office without proper approvals, and overdrawn on paper. The audit was unable to ascertain that receipts and payments are accurately accounted and disclosed.
- The Office of Prime Minister was paid \$136,426 contrary to the budget appropriation provided.
- The Office of the Prime Minister – payments were made to the ANZ Bank of \$56,005 in 2011 and \$39,355 in 2012 for credit card use. Lack of reconciliation made auditing more difficult.
- The Office of the Attorney-General and the Solicitor-General raised journals that lacked authority and supporting documents. Government Wage Earners expenditure was overspent by \$49, 801.
- The Office of the Attorney-General and the Solicitor-General manually processed over 70% of payroll expenditures for the operating grant for the Legal Aid Commission.

- The Board of Survey was not carried out by many agencies, including the Department of Defence.
- Former Members of Parliament owed the Ministry \$214,443 for outstanding car advances. While a Bailiff has repossessed 5 vehicles, \$65, 110.24 was outstanding. Outstanding ones included the son of Mr Sanjeet Maharaj (Mr Mesh Maharaj) who resides in Australia, and Mr Ralulu who is in America, and the former Minister for Agriculture who has agreed to repay this advance as soon as possible.
- Elections Office - Several anomalies in regard payments and staffing identified by the Audit office, including funds not recovered, poor record keeping, unethical behaviour of clerks, and unreported car accidents of hired vehicles.
- Legislature - \$426, 690 was paid for works that were incomplete by Pacific Construction and Building Design with a range of anomalies in the process, leading to contract termination which has not been remedied, and showing gross mismanagement and lack of capacity by the department in the implementation and monitoring of the renovation, with significant public funds wasted as a result.
- Office of Education – approximately \$50,000 missing due to three staff at Natabua High and Suva Grammar.
- Office of Education – unsatisfactory budget forecasting leading to over expenditure of the Bus Fare Expenditure Scheme.
- Office of Education – ‘Salami slicing funds’ as an internal budgeting strategy, as the only way Education thinks it can manage slim internal budgets, leading to difficulties in accounting on actual expenditures.

2011

- Cash at bank was not properly supported with bank reconciliations for various bank accounts, some bank balances held no cash, some cash at bank balances were not recorded, there were cash at bank balances with general negative ledger balances and there were instances of material variances between the general ledger and actual cash.
- Under the Ministry for Finance, no acquittal or policy guidelines to support an account (SLG84) with expenditures of \$14.5 million. As such, none of the transactions could be verified.
- \$27.3 million in the FMIS could not be substantiated and was not correctly accounted for in accordance with the cash basis of accounting as per Note 1 to the Financial Statements.

- Investments totalling \$14.2 million were not properly evaluated, including inoperative entities of \$6.5 million, the disposal of \$7.66 million by Fiji Ships and Heavy Industries Ltd was not properly recorded.
- No share certificates were produced for investments totalling \$52.6 million.
- Records to substantiate accuracy and completeness of borrowing revenue totalling \$650.5 million were lacking.
- Records to substantiate accuracy and completeness of total debt of \$3.5 billion owed by Government were lacking.
- Without reconciliations, \$43.5 million of revenue collected for Land Transport Authority fees could not be substantiated.
- Likewise, \$61.3 million of departure tax could not be substantiated.
- Likewise, \$24.7 million of water rates could not be substantiated.
- \$9.7 million identified as overdrawn in Trust Accounts with Ministries/Departments, contrary to Finance advice to agencies.
- \$24.6 million could not be substantiated due to no supporting documents from balances in the Trading Manufacturing Accounts (TMA).
- 6 out of 29 TMA's were operating above their appropriated ceiling.
- \$1.7 million of errors and omissions contained in the Lending Fund Account.
- A prior year adjustment of \$48,853,126 could not be substantiated for adjustments made in 2011.
- Unpresented cheques at \$50.3 million, indicating uneconomical purchases affecting the following year's cash flow.
- Ministry for Finance failed to reconcile its overseas loan balances as reflected in the FMIS general ledger to the Commonwealth Secretariat Debt Recording Management System and the Loan Financial Management Information System.
- The Ministry for Finance did not record overseas loans received by cash through the consolidated fund account, direct disbursement of loan made to contractors, and the interest and commitment fee capitalized on the overseas loans.
- A failure to record a domestic loan of \$35 million into the FMIS general ledger.
- Records to substantiate \$7.5 million of overseas loans were lacking.
- Loans continue to be made by Government, with \$70.4 million outstanding in 2011. Repayments totalled \$3.5 million, while interest capitalized and additional loans given were \$139,063.

- \$6.5 million of the Revolving Fund Account – Miscellaneous indicating large outstanding/overdrawn balances for various Ministries and Departments.
- The Revolving Fund Account – Miscellaneous in 2011 for Whole of Government stood at \$23 million.
- \$43,224 was on the general ledger as an outstanding balance in 2011 for the Fiji Handicraft Centre TMA, when it ceased operation in 2010.
- Total contingent liabilities in 2011 were \$1.93 billion, 99.6% of which were domestic loans.
- The Ministry for Finance failed to prepare the JP Morgan cash account and the sinking fund account reconciliations for the 2006 and 2011 global bond raising of \$US150 million and \$US250 million.
- 11 Ministries did not submit their agency paperwork to the Auditor-General on time, as per section 70(3) of the Finance Instructions 2011.
- The Office of the President failed to prepare and submit the VAT Returns to Fiji Revenue and Customs Authority from March 2011 to December 2011.
- Under the Office of Prime Minister, a variance of \$263,831.96 existed in the Office reconciliation and FMIS balance.
- Under the Office of Prime Minister, 18 of the Operating Trust Fund accounts were overdrawn in 2011.
- Under the Office of Prime Minister, \$275,435.51 for two projects run by the Fiji Military Engineers failed to report properly in progress, acquittal and finals.
- Under the Office of Prime Minister, there was a lack of supporting documents for personal credit card use, and overdue payments leading to unnecessary finance charges from the bank.
- Under the Attorney-General, \$5,134,622 of credit balance in an account had no details attached to the account allocation.
- Under the Ministry for Finance, \$14.5 million could not be verified as expenditure due to no acquittal or policy guidelines.
- Under the Ministry for Finance, \$152,083 was paid for excess mileage cost in 2011 on leased vehicles.
- Under the Ministry for Finance, a \$59,584 service to print cheques was purchased from Quality Print Ltd without calling for tender as required under Fiji law.
- Under the Fiji Procurement Office, \$12.33 million (10%) of all tenders awarded in 2011 were waived without any correspondence of those waivers being maintained by the Department.

- Under the Fiji Procurement Office, a \$2 million variance exists between the departmental arrears of revenue return against the FMIS general ledger balances.
- Under the Fiji Procurement Office, the authority to operate the TMA was not made available for audit, contrary to Fiji law.
- Under the Information Technology and Computing Services (ITC), regular payments were made to Solutions for Business (Fiji) Ltd without any documentation of the work carried out.
- Under the ITC, \$123,247 was spent engaging Satellite Services Pty Ltd for the purchase of 10MB bandwidth, without Tender Board approval, and contrary to Fiji law.
- Under the ITC, \$45 million e-government project did not have proper records of equipment and items which were received through the Chinese company, Alcatel Shanghai Bell Company Ltd.
- Under the ITC, the actual cost for the construction of the new data centre could not be determined with a budget totalling \$6.97 million.
- Under the Department of Defence, the department was not able to provide any details of an account with a credit balance of \$9,090,182.
- Under the Department of Immigration, an amount totalling \$1,260,897.24 has been in the account for more than 10 years, yet the Department has failed to advertise for these refunds.
- Under the Ministry for Labour, Industrial Relations and Employment, \$13,891.40 was noted as a variance between the Ministry's record and the FMIS.
- Under the Ministry for Foreign Affairs and International Cooperation, \$64,101.66 was noted as a variance in the Revolving Fund Account between the Ministry's record and the FMIS.
- Under the Ministry for Foreign Affairs, the Beijing Mission continued to employ the Third Secretary even though the post was abolished through variation notice issued by the Public Service Commission.
- Under the Judiciary, the Department in 2011 had substantial arrears of revenue of \$11,397,061, which has continuously increased over the years.
- Under Prisons and Corrections Department, some discharged officers continued to receive their salaries after their effective date of discharge.
- Under the Ministry for Information, seven (7) of the Revolving Fund Advance accounts of the Ministry have long outstanding balances carried forward from previous years.
- Under the National Planning Office, actual project spending could only spend 53%, or \$586,406 of their budget allocation of \$1.1 million in 2011. Where this 53% was spent cannot be confirmed as the general ledger balances do not reconcile with projects on the ground.

- Under the National Planning Office, non-submission of accurate progress reports was a factor why the Ministry was not able to take strategic remedial action to avoid the failure of two integrated human resource development projects – Nadali Piggery and the Nausori Bakery.
- Under the National Planning Office, payments of per diem allowances and travel advances were given to officers travelling overseas to workshops even though these trips were fully funded by host countries.
- At the Fiji Bureau of Statistics, 34 of the 80 approved staff positions were vacant in 2011.
- At the Ministry for Health, they overspent their payroll allocations by \$14,498,121.48 despite having 96 established and 276 un-established positions vacant.
- At the Ministry for Health, staff owed \$99,771.94 to the Ministry in 2011.
- At the Ministry for Health, \$2.7 million was spent on laundry equipment from ACLEPL, and no records of purchase, including numbers of laundry systems received could be verified.
- At the Ministry for Health, \$43,263.24, or 10%, of an allocation for the purchase of an incinerator at CWM Hospital was spent, with no incinerator yet installed, and monies left over used for other expenses.
- Under the Ministry for Health, \$547,159.63 was purchased from grocery and laundry suppliers not approved by the Government Tender Board.
- Under the Ministry for Health, \$1,518,435.50 of expired drugs were held in stock.
- Under the Ministry for Health, tenders were not called for \$1,791,365.10 of Ministry of Works' capital works.
- Under the Ministry for Health, \$340,000 allocated was not used for water tanks and sanitation in the Northern Division.
- Under the Ministry for Local Government, tenders were not called for the erection of nine billboards around Viti Levu costing \$76,194.
- Under the Department of Youth and Sport, \$77,042 from JR White sports was spent, without any tenders being called.
- Under the Ministry of Lands and Mineral Resources, an arrears for Crown Land Lease in 2011 has increased by \$5,792,625.64 or 43% in just one year.
- Under the Ministry of Lands and Mineral Resources, a Toyota Hilux was washed into the Wainibuka River after the driver attempted to cross an overflowed bridge.
- Under the same Ministry, the RV Yautalei was not properly maintained and not registered with the Fiji Island Maritime Safety Administration.

- Under the Ministry for Industry and Trade, an advance of \$60,000 for an Officer for the Shanghai Expo in 2010 was not acquitted accordingly, including a laptop worth \$3,000.
- Under the Department of Energy, the Department failed to submit its main Trust fund account statement of receipts and payments contrary to Fiji law.

2010

- Term deposits of \$5.5 million not recorded properly, thereby understating the cash at bank balance.
- Tax expenditures of \$183 million on income tax and value added tax refunds incorrectly recorded, thereby understating total operating revenue.
- Investments of \$6.5 million have been incorrectly processed, thereby overstating the investment balance.
- Lending Fund Account contained errors/omissions of \$23.64 million
- In defiance of the central Ministry, Finance Circular 4, Trust Accounts with Ministries and Departments were overdrawn by \$9.1 million.
- Errors were identified in the Sinking Fund Account of \$19.9 million (interest payments made in 2009), and \$14.9 million (transfers of funds from the Operating Fund in 2010).
- No supporting documentation to substantiate \$22.5 million of Trading and Manufacturing Account surplus.
- No supporting documentation to substantiate \$1.77 million and \$9.66 million in the Revolving Fund Account – Standard Liability Group 85 and 84 balances.
- No supporting documentation to substantiate \$63 million of membership subscriptions for International Agencies for Guarantee of Overseas Loan.
- No supporting documentation to substantiate general ledger balances of \$9 million reflected as outstanding debt of Government.
- In breach of the Fiji Appropriation Act, failure to correctly map the Revolving Fund Account balances of \$10.9 million resulting in general ledger balances not being correctly reflected.
- Receipts totalling \$26.4 million for the Revolving Fund Account – TMA included credit sales of \$6.94 million, contrary to Note 1(a) to the Accounts.
- \$25 million of operating revenue receipted through the Accounts Receivable Module of the FMIS could not be substantiated, and was not accounted in accordance with the cash basis of accounting as in Note 1 to the Accounts.

- TMA balances of \$3.6 million of Accounts Receivable, \$6.3 million Inventory, \$0.53 million Inventory, \$2.1 million Deposits and Retention Money, \$1.5 million TMA Surplus, and \$24.0 million TMA Accumulated Surplus were all not reflected in the whole-of-government Financial Statements.
- \$9.56 million of prior year adjustments made in the Consolidated Fund Statement of Receipts and Payments could not be substantiated.
- \$3 million term deposit with Colonial National Bank/Bank of South Pacific not reflected in the whole of government financial statement
- \$2.5 million term deposit with Westpac not reflected in the whole of government financial statement.

Economic reporting by the Auditor-General

A welcome addition to the Auditor-Generals work throughout this reporting period has been the addition of 10-year trend graphs on key economic indicators, particularly in Volume Four of 2012. This allows for the Fijian community to see progress, or not, on the economic choices being made.

By graphically presenting key indicators for the Fijian economy, this engages the Fijian community in a user-friendly way.

PAC encourages the Office of the Auditor-General to continue with these 10-year graphic presentations of Fiji's financial indicators.

Committee Recommendations

The Committee recommends the following;

- 1. All entities should reflect upon comments made by FICAC at the public hearing of PAC on 24/6/15; “We (FICAC) also note gaps in the FMIS system, the Ministry of Finance (Economy) should engage consultants to review the FMIS system and most importantly to ensure that all revenue and expenditure activities of all Government bodies are accounted. These gaps lead to corrupt and fraud activities”.**
- 2. The Office of the Auditor-General and the FICAC finalize their Memorandum of Understanding on information-swapping to help minimize corruption in Fiji.**
- 3. All entities review the attached fourteen (14) on-going issues identified in this 2010-2013 PAC consolidated report, to ensure systems and procedures within their own entity are improving.**
- 4. Each of the individual issues identified by the Auditor-General in 2010, 2011, 2012, or 2013 should be reviewed by the agency in question, with the assistance of the responsible Minister, to ensure internal processes of each agency are working as best as possible.**
- 5. The Office of the Auditor-General continues presenting financial indicators of Government in 10-year trend graphics to allow easy analysis of the ‘state-of-play’ for the communities of Fiji.**

CONCLUSION

The Committee acknowledges the contribution of all relevant stakeholders including the Office of the Auditor General in the consultation process and clarified audit issues that were raised. It was noted that given the time that has lapsed on the audit issues that were raised on the financial period 2010 – 2013, the Committee understand that some issues may have been addressed.

In terms of audit issues that are not yet addressed until to date, it is necessary that appropriate actions be taken by relevant authorities so that it is addressed as every taxpayers money is accounted for. This will develop effective, accountable and transparent institutions at all levels within the public sector.

However, all entities that were covered in these audit reports need to also take corrective actions in addressing audit issues that may still pending so that there is no disruption in the business operation in moving forward and ensure to have a clear financial report in future as far as financial audits is concerned.