

### LIST OF WITNESSES WRITTEN EVIDENCES

### 2010-2013 Audit Report on Whole of Government

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### MINISTRY OF INDUSTRY, TRADE & TOURISM

Naibati House, 9 Goodenough Street, Suva G P O Box 2118, Government Buildings, Suva Phone: (679) 330 5411 Fax: (679) 331 0816 / 330 2617 Website: www.mit.gov.fj



EW

Please scan and email to me

File: 1/20/1

Date: 28 September 2015

and make hardcopies for Members please.

r Joeli Ditoka

The Secretary to Standing Committee on Public Accounts

Parliament of Fiji

P O Box 2353

**Government Buildings** 

Suva

Dear Mr Ditoka

### INFORMATION TO BE PROVIDED TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS OF THE PARLIAMENT OF THE REPUBLIC OF FIJI

- Reference is made to your letter regarding the above. \*
- Attached are the following information that was agreed to be provided to your office.
  - i) Annex I Documents regarding the consultant hired and the amount paid for the restructure of Rewa Dairy, Data on milk production and import figures and Information on FDL;
  - ii) Annex 2- A status report on Mind Pearl in terms of employees, sustainability and achieving of its intended objectives;
  - iii) Annex 3 A report on Government commercial companies and their performances;
  - iv) Annex 4 Additional information requested by the Public Accounts Committee

The delay is submission is highly regretted

Yours sincerely,

Shaheen Ali (Mr.)

Makeen &

Permanent Secretary for Industry, Trade and Tourism



### REWA CO-OP DAIRY CO LTD BOARD MEETING

May 07th 2009 @ 10,00am

### 3.6 Chilling Centre self-management proposal

Management was asked to write a proposal paper on self-management of Chilling Centres

The CEO's report was moved and seconded by Mr. P. Raj and Mr. H. Lakhan respectively.

### 4.0 AUDIT AND FINANCE COMMITTEE (AFC) REPORT

### 4.1 2008 Financial Report (provisional)

The AFC presented the 2008 financial performance prepared by management showing profit before tax of F\$1.405,230 and the board approved the non-distribution of the final profit to be determined by the external audit currently in progress.

- 4.2 The board noted the financial performance for the period ending 31<sup>st</sup> January 2009. The profit before tax for January was F\$103, 392.
- On the tenders presented to the board, the board approved BDO to provide services to manage the strategic workshop and draft a strategic plan at the cost of not more than F\$35,000. The workshop to be run after the Annual General Meeting. Three board members to inspect the Labasa Warehouse which is on sale and make recommendations to the board for its acquisition.
- 4.4 Capital expenditure for the period was approved and the AFC report was adopted after being proposed and seconded by Mr. D. Wilson and Mr. J. Veibuli respectively.

### 4.5 Human resources

The Human Resource report was moved and seconded for adoption by Mr. K. Singh and Mr. P. Raj respectively.

### 4.6 Revolving fund

The Revolving Fund report was moved and seconded for adoption by Mr. H. Lakhan and Mr. P. Raj respectively

### 5.0 SALES REPORT

The board observed that there is need for much aggressiveness in selling the products and if need be, to strengthen the Sales and Marketing Units. The sales

### REWA CO-OPERATIVE DAIRY COMPANY LTD HELD AT NABUA ON 20<sup>TH</sup> NOVEMBER 2009 AT 10.00HRS.

### 1.0 PRESENT:

- 1.1 Mr. J. Serulagilagi
- 1.2 Mr. M. Harness
- 1.3 Mr. H.R. Lakhan
- 1.4 Mr. V. Cegumalua
- 1.5 Mr. J. Veibuli
- 1.6 Mr. V. Prakash
- 1.7 Mr. D. Wilson
- 1.8 Mr. M. Compain

### Apologies

1.9 Mr. V. Cegumalua

1.10 Dr. A. Jokhan

### In attendance:

Mr. S Seniloli

Chief Executive Officer

Mr. K Banda

Chief Financial Officer/Company Secretary

Mr. Shiu Chand

Director Ministry of Agricultural

### **Opening Remarks**

The Chairman welcomed everybody to the meeting and thanked the directors for their input at the strategic seminar workshop held on 30<sup>th</sup> October 2009 and he sincerely hoped the implementation phase would start immediately. He also confirmed that contrary to the assertion by the petitioner (Mr. B. Singh), Mr. Michael Harness was not yet 75 years old and will not attain this age during this term of directorship and therefore the petition is invalid.

### 2.0 CONFIRMATION OF MINUTES

The minutes of the meeting held on 4<sup>th</sup> September 2009 were confirmed as a true reflection of the meeting except for the boards' observation on the performance of Sales, Distribution & Marketing which was not reflected (see matters arising), having been moved and seconded by Mr. V. Prakash and H. Lakhan respectively.

### 3.0 MATTERS ARISING

### 3.1 Sales, Distribution & Marketing

The board observed that the decline in sales value is attributed in part to poor performance of the Sales, Distribution & Marketing Department. Management

### 13. MILK POWDER

The major factor on poor margins is delayed price adjustments from PIB. Accounting for commission on rebates for the previous period and poor sales due to stock-outs are other contributors to poor performance.

### 14. LOCAL CHEESE

Cheese performance is good but the projection may not have been accurate.

### 15. LIQUIDITY

The debt restructure was done at the end of October. F\$3.5million overdraft has been replaced by long term debt (5 years) with FDB and F\$1.5million deposit has been opened with BOB to cover payments of up to F\$1.0million.

### 16. REVOLVING FUND

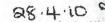
In deliberating on the RF loan, the committee noted that the procedure followed to grant a loan to a director to attend a training session in Israel was not acceptable. The committee is of the opinion that this practice is not the best practice and that the board should consider reversing this decision. The director must be asked to account for the whole amount and not to be granted loan as such facility does not exist in the current board members conditions.

### 17. STRATEGIC WORKSHOP REPORT

The committee has studied and deliberated on the report and finds it acceptable and recommends the document to be approved by the board.

Board Resolution to Proceed with the Corporate Re-structure:

- 1. To approve the corporate re-structure and re-branding proposal to proceed.
- 2. To appoint the Audit and Finance Committee to monitor implementation of the restructuring project and approve appointment of a working group team comprising of two management staff from RCDC and the Consultant (Dr Ali) to drive the restructure plan.
- 3. To give the mandate to the management team to engage the Consultant to prepare a finance proposal for the re-structure for presentation to various financing agencies
- 4. To proceed with the determination of the financing that will be required to achieve the corporate re-structure for RCDC, and the farmers co-operative.
- To register a Corporative Company (Fiji Dairy Cooperative Company Limited) after approval by RCDC members.



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### Office of the Prime Minister

### **MEMORANDUM**

To:

Solicitor General and Permanent Secretary for Justice

From:

Secretary to the Cabinet

Date:

28th April 2010

Subject:

**Cabinet Decision** 

Enclosed please find Cabinet Decision No. 147 on the subject of Rewa Co-operative Dairy Company for insertion in File No. or in an appropriate file.

Please acknowledge receipt.

[L. Vakarau]

for Secretary to the Cabinet

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CP(2010): 8th Meeting

Date: 27/04/10

### CABINET DECISION

Extract from Minutes of Meeting Held on Tuesday 27th April, 2010 at 9.00am

### 147. Rewa Co-operative Dairy Company

CP(10)124

### Cabinet:

- (i) approved the re-structure of Rewa Co-operative Dairy Company, as proposed in paragraph 3.1 of this Memorandum;
- (ii) approved the funding of \$500,000 and utilisation, as outlined in paragraphs 3.2 to 3.6 of this Memorandum;
- (iii) noted that this sum of \$500,000 is to be sourced from the National Export Strategy Budget and/or virement of funds through existing budgetary allocations in the Ministry's of Agriculture and Industry and Trade; and
- (iv) approved the registration of the two entities named Fiji Dairy Company Limited and Fiji Dairy Cooperative Company Limited.

[E Blakelock]

Acting Secretary to the Gabinet

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Copy No: 2

CP(10)124 23<sup>rd</sup> April 2010

### CABINET MEMORANDUM

### REWA CO-OPERATIVE DAIRY COMPANY LIMITED CORPORATE RESTRUCTURE PROPOSAL

(For Discussion)

(Memorandum by the Attorney General and Minister for Justice, Anti-Corruption, Public Enterprises, Industry, Tourism, Trade and Communications)

### 1.0 INTRODUCTION

- 1.1 The purpose of this Memorandum is to:
  - provide a background to Rewa Co-operative Dairy Company Limited ('RCDC');
  - seek approval for the restructure of RCDC and associated costs to carry out the restructure; and,
  - iii) approve the registration of the two companies required for the restructure: Fiji Dairy Limited and Fiji Co-operative Dairy Company Limited.

### 2.0 BACKGROUND

- 2.1 RCDC was incorporated under the Companies Ordinance in 1913. In 1974 it was registered under the Co-operative Dairy Companies Act.
- 2.2 The shareholders of RCDC are 234 farmers. RCDC has \$3 million issued capital of 3 million shares of \$1 each out of an authorised issued capital of \$6 million. Of the issued capital of \$3,000,000 only \$1,100,000 is paid up by the farmers.

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- 2.3 Government owns less than 1% of shares which translates into approximately 18,930 shares. Government owns these shares through the Koronivia Agricultural Station. The farmers own the balance with each farmer holding shares based on the level of milk fat in the supplied milk.
- 2.4 RCDC's recent corporate history and operations has been replete with allegations of mismanagement, corruption, inefficiencies, lagging in modern infrastructure and technology.
- 2.5 Under the leadership of Chairman, Josefa Serulagilagi, the RCDC Board commissioned a study through a tender process in 2009. Aliz Pacific was chosen by the Board. The study commenced in September 2009 and subsequently a workshop was held in October of various stakeholders including farmers, the RCDC Board, the respective ministries and agencies, including Ministry of Finance, PIB, Fiji Development Bank, Department of Co-operatives, Ministry of Agriculture, Ministry of Health and NLTB.
- 2.6 The proposal to restructure was a direct response to Government's vision to achieve self sufficiency in liquid milk supply for the country by 2014.
- 2.7 The workshop concluded that a restructure was essential for the greater good of the RCDC and the Dairy Industry as a whole. Following the workshop the Board of RCDC approved a proposed restructure plan and appointed a Project Team ('Team') to manage the process. The Team met with the Minister for Industry and Trade in December 2009 following which a meeting was held with the Prime Minister ('PM') on 25 March 2010.
- 2.8 Subsequently the PM visited the Nabua facility of RCDC on 16 April 2010 where the PM addressed the farmers and met with the Board members and the Team. (Copy of the PM's speech is **annexed**).
- 2.9 It should be noted that while the workshop had, as a compromise, concluded that there should be a 60% shareholding retained in the new structure by the farmers, it was acknowledged in subsequent meetings that the restructure would not be a viable proposition if this formula was implemented.

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2.10 The Chair of RCDC in his meeting with the PM had concurred that the restructure needed to have complete privatisation of the processing. This was again reaffirmed by the Board and the farmer shareholders when the PM visited the Nabua facility on 16 April 2010.

### 3.0 RESTRUCTURE

- 3.1 After various discussions and consultations as highlighted above, the following restructure program is proposed:
  - (i) terminate the current business structure of RCDC;
  - (ii) register a new corporate entity under the Companies Act 1983, called "Fiji Dairy Company Limited" ('FDCL');
  - (iii) transfer the assets and business operations of RCDC into FDCL;

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(iv) organise the farmers/milk suppliers into a co-operative which will be registered under the Co-operative Dairy Companies Act, 1974 to be known as "Fiji Dairy Co-operative Company Limited";

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- (v) issue shares to the farmers through the Cooperative Company up to the level of paid up capital in RCDC;
- (vi) the shareholding percentage of the farmers' co-operative FDCL will based on the existing paid up capital in RCDC;
- (vii) the balance of the shares in FDCL to be offered to private and institutional investors; and,
- (viii) the possible listing of FDCL on the South Pacific Stock Exchange.
- 3.2 At the preliminary stage its was put forward by the Team that the restructure would cost \$1.4 million. However, it should be noted that this is a preliminary estimate and is subject to input from Government.
- 3.3 Notwithstanding the finalisation of these costs, in order to expedite the process it is proposed that Government provide the initial \$500,000 while other funding agencies which have shown an interest such as AusAid and ADB fund the balance or the entire project cost. Should

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this funding not be possible then the business itself can fund the process by way of treating the Government funding as an advance.

- 3.4 The \$500,000 as Government's contribution for the restructure can be sourced from the National Export Strategy budget and/or virement of funding through existing budgetary allocations in the ministries of Agriculture and Industry and Trade. Thus there is no requirement for additional budgetary allocation.
- 3.5 The funds being sought from Government to progress the restructure will be managed through a separate special purpose bank account, if required. If external services are required it will be through a tender process, where appropriate and to be overseen by the Ministry of Trade and Investment officials. A full account of the utilisation of the funds will be submitted to the Ministers of Finance and Industry and Trade upon request at any time.
- 3.6 It is proposed that an official from the Ministry of Industry and Trade be part of the Team, which will consist of the Chair of RCDC, the current RCDC financial controllerand project manager, the current CEO of RCDC and the consulting firm of Aliz Pacific.

### 4.0 BENEFITS OF RESTRUCTURE

- 4.1 Government has poured millions of dollars over many years into RCDC to enable it continue operations. After the restructure is achieved, the financial dependency on Government will end. Currently RCDC also receives duty subsidy which is approximately \$5 million annually.
- 4.2 The restructure will also allow Government to target assistance directly to farmers to increase milk production, provide animal husbandry services and farm gate subsidies.

### 5.0 CONSULTATION

5.1 Consultations have been held with the Ministry of Agriculture, Rewa Diary Board, Dairy Farmer shareholders and the Prime Minister's Office.

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### 6.0 RECOMMENDATION

Cabinet is invited to:

- approve the re-structure as proposed in para 3.1 of this Memorandum;
- ii) approve the funding of \$500,000 and utilisation as outlined in para 3.2 to 3.6; and,
- iii) note that this sum of \$500,000 is to be sourced from the National Export Strategy Budget and/or virement of funds through existing budgetary allocations in the Ministry's of Agriculture and Industry and Trade; and
- iv) to approve the registration of the two entities named Fiji Dairy Company Limited and Fiji Dairy Cooperative Company Limited.

### [A.S-K]

File No.

Office of the Attorney-General and Minister for Justice, Anti-Corruption, Public Enterprises, Industry, Tourism, Trade and Communications Floor 7 Suvavou House

Suva

22 April 2010

### RESPONSE TO THE PUBLIC ACCOUNTS COMMITTEE (PAC) QUERY:

### **GOVERNMENT'S MINDPEARL WAGE SUBSIDY**



### 1.0 PURPOSE

1.1 The purpose of this report is to provide a response to the query by PAC on Government's three year wage subsidy provided to Mindpearl Limited for the period 2009 to 2012.

### 2.0 MINDPEARL: WHAT IT DOES

- 2.1 Mindpearl provides contact centre solutions for global names in the aviation, telecommunications, retail and weight management industries, offering multilingual services around the globe on a 24/7 basis. The company provides guidance on sales strategies, customer service enhancements, disaster recovery, systems usage, multichannel support on customer interactions. The client benefits immensely by 24/7 coverage, cost efficiencies, higher agent occupancy and business continuity.
- 2.2 Mindpearl offers a quality service that transcends traditional outsourcing. By completely adopting their clients' brands, they ensure a customer service that cannot be matched.

### 3.0 FIJI'S ATRACTIVENESS FOR CALL CENTRE OPERATIONS

- 3.1 Fiji's main driver for contact centre suitability was the deregulation of Fiji's telecommunications markets, particularly the opening of international telecom access in 2009.
- 3.2 The Southern Cross fibre-optic cable links Fiji directly to Australia, New Zealand and the US, enabling high bandwidth capacity needed for multiple call centres and high volume data transfers. The Southern Cross fibre optic cable effectively placed Fiji on par with any other competing location globally.
- 3.3 With first world telecommunications infrastructure in place; well educated staff with good command of English.
- 3.4 In addition, the compelling business case for Fiji is an irresistible cost advantage, which offers Australian, New Zealand, the UK and the USA companies' more than 50% savings when compared to delivering a contact centre or back office operation onshore.

### 4.0 THE WAGE SUBSIDY AGREEMENT

- 4.1 The wage subsidy agreement between Mindpearl Limited and the Fijian Government was signed on 19 March 2009. The objective of the agreement was to encourage Mindpearl Limited to maximize employment creation through its call centre operation in Fiji by granting wage subsidy for the first three years.
- 4.2 The Fijian Government, under the agreement, was to pay Mindpearl Limited a wage subsidy of F\$1,200 plus Value Added Tax (VAT) for every year Mindpearl Limited maintains a position during the term of the agreement.
- 4.3 Mindpearl Limited was not obligated under the agreement to meet the employment targets set out in the schedule to the agreement. The indicative schedule of intended hiring does not amount to a binding legal representation by Mindpearl that the targets would be met.
- 4.4 The effective date of the agreement was from 01 September, 2009. The agreement came to an end on 31 August, 2012. The eligible positions, however, were to be claimed up to 31 August, 2013.
- 4.5 Mindpearl Limited submitted altogether twelve (12) subsidy claims, certified correct by a chartered accountant in public practice, to the Ministry of Industry and Trade for payments.

### 5.0 WAGE SUBSIDY PAYMENTS

5.1 The total wage subsidies paid by the Fijian Government to Mindpearl Limited calculated as per the formula stipulated in Schedule B of the Deed, to the completion of this subsidy program amounted to FID\$565,626.05. This was for the 407 full time positions created over the 3 year period, September 2009 to August 2012. Mindpearl also employed temporary or casual workers for whom they were not entitled for wage subsidies.

### 6.0 WAGE SUBSIDY IMPACTS

- 6.1 Mindpearl Limited since 2009 expanded their business operations to secure ten (10) clients by the year 2013. The clients were namely Fiji Airways, Swiss International Airlines, American Airlines, Home Direct, Coca Cola Company, Recoveries Corporation, Travel Counsellors, Lebara Mobile, Coastwide Driving Schools and Weight Watchers. Most of the companies are internationally owned and the services they provide are in aviation reservations, insurance, travel and holiday, manufacturing, telecommunication, health & leaving and driving & education.
- 6.2 The Government wage subsidy, for the 3 year period, contributed 1.77% towards the company's turnover. The total subsidy paid by Government to Mindpearl

amounts to 11.92% of the total value of investment made by Mindpearl over the complete period. If the tax concession was not accorded by Government to Mindpearl Limited then 5.23% would have been as income tax to cover the subsidy amount. The company paid **FID\$358.325** to Fiji Revenue and Customs Authority as Pay As You Earn (PAYE) tax to the Government within the 3 year period. The FNPF contribution by Mindpearl Limited for the employee share from September 2009 to August 2012 amounted to **FID\$308.049**.

6.3 The company has contributed towards the growth and development of the economy in terms of generating employment, contributing towards government revenue in terms of paying vat and PAYE tax and contributing towards FNPF savings.

### Beyond Subsidy Period - 2013 to 2015

6.4 Employment for locals has increased by 343 since 2013 and Mindpearl currently employs 750 full time workers. Since 2013, Mindpearl has further secured another four (4) new clients and they are **Singapore Airlines**, **Australian Mortgage Brokers**, **Goodman Fielder** and **Avis**. The clients are from the following sectors; aviation reservations, home mortgage and insurance, manufacturing & retail and vehicle rental.

### **Brief Summary on Mindpearl Clients**

Client Name	Service	Country
Fiji Airways	Airline Reservation	Fiji
Swiss International Airlines	Airline Reservation	Switzerland
American Airlines	Airline Reservation	United States
Home Direct	Real Estate sales	United Kingdom
Coca Cola Company	Manufacturing & Retail	Asia Pacific Countries
Recoveries Corporation	Debt and Insurance Claim Recoveries	Australia
Travel Counsellors	Travel and Holiday experts	United Kingdom
Lebara Mobile	Mobile telecommunications	Australia
Coastwide Driving Schools	Driving educational courses	Australia
Weight Watchers	Health and life style	Australia and New Zealand
Singapore Airlines	Airline Reservation	Singapore
Australian Mortgage Brokers	Home mortgage packages	Australia
Goodman Fielder	Food manufacturing company	Australia
Avis	Vehicle rentals	Fiji

### REPORT ON THE HIRE OF CONSULTANT FOR REWA DAIRY RESTRUCTURE

### 1.0 Purpose

1.1 The purpose of this report is to provide background on the appointment of consultant

### 2.0 Background

2.1 The Rewa Cooperative Dairy Company (RCDC) Board in 2009, tendered for the services of a consultant to undertake the Strategic Planning exercise for the organization. In a letter, on 11 February 2009 Aliz Pacific (then known as BDO) outlined the background and objective of the strategic planning workshop (Annex 1), that was going to be undertaken. On 7 May 2009, the RCDC Board when through all the tenders and proposals of the workshop and approved Aliz Pacific to provide the service to manage the strategic planning workshop and draft the strategic plan at the cost of \$35,000. Refer to Board meeting Minutes in Annex 2.

On 20 November 2009, the RCDC Board discussed the report of the Strategic Planning Workshop and approved the report.

The RCDC Board resolved to proceed with the restructure of the RCDC. As part of their discussions they approved the:

- (i) re-structure and re-branding proposal,
- (ii) appointed an Audit and Finance Committee to monitor the implementation of the re-structure project and approved appointment of a working group team comprising of two management staff from RCDC and the Consultant (Dr. Ali) to drive the re-structure plan.
- (iii) To determine the financing of the re-structure of the RCDC and the farmers cooperative.

The Board also approved to give mandate to the management team to engage the Consultant to prepare the finance proposal for the re-structure for presentation to various financing agencies. (Annex 3 – Board meeting Minutes)

This re-structure plan was a direct response, by the RCDC Board, to the Government's vision to achieve self-sufficiency in liquid milk supply. Hence, it was important that the Government took part in the re-structure process. The need for funding and because the project was in relation to the development of businesses at the grassroot level and the growth of an industry, triggered the involvement of the Ministry of Industry, Trade and Tourism (Ministry).

Therefore, through a Cabinet decision on 23 April 2010, it was approved that the Government, through the National Export Strategy Budget and/ or virement of funds through existing budgetary allocations of Ministry of Agriculture and Ministry of Industry and Trade, will fund the re-structure process (Annex 4) and based on the RCDC decision of 20 November 2009 to continue with the same Consultant i.e. Aliz Pacific.

A sum of \$500,000 for the project was sourced from the unspent National Export Strategy budget.

### Information on Fiji Dairy Limited

Total Milk Supply	9.5million litres (2012)	10.3million litres (2014)
Total number of farmers	250 (2012)	370 (2014)
New farmers registered in Lautoka and Ba		80
Investment		Capital - \$3.2million Repairs and refurbishment - \$2.2million
Chilling Centres		2 new chilling centres in Ba and Lautoka - \$100,000 Working on 4 new centres in Nausori (Viria), Nadi, Sigatoka and Rakiraki - \$300,000 - \$400,000
New milk supply from areas that were never there		1,600 litres per day from the Ba and Lautoka chilling centres.
Annual income from the Ba and Lautoka Chilling centres		\$650,000 - \$700,000 additional income stream that was never available to the farmers in Ba and Lautoka area.
Local milk supply		Today, locally manufactured milk accounts for 85% of the total local liquid milk market share.
Dividends paid to Fiji Cooperatives Dairy Company Limited (farmers)		\$500,000
Total imports of Liquid milk	3.8million litres (2012)	3.5million litres (2014) Reduction by 0.3million litres.

- ➤ In February 2014 Fiji Dairy Limited managed to get its factory ISO22,000 Certified, HACCP Certified and GMP Certified.
- Appropriate measures and focus has also been placed on new product developments that are locally made with our local Fresh Milk from local dairy farms.
- > Fiji Dairy Limited is now working towards improving the upstream milk quality. Today only 75% to 80% of the milk received is premium quality.
- An expatriate Veterinary has been brought in to help the farmers to improve their quality of milk in a more efficient and effective manner. The consultancy services to farmers are provided free of charge.
- As part of improving upstream milk output a warehouse has also been set up to supply dairy feed (copra, mil mix, molasses etc.) to farmers at affordable prices. This has been actioned with a long term view to promote growth in raw milk output.
- > VAT is 15% on liquid milk and butter, whilst powdered milk is VAT free.



BDO AliZ
Chartered Accountants & Business
Advisors

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Email : <u>bdoaliz@bdofiji.com.fj</u>
Website : <u>www.bdointernational.com</u>

Aliz Payric Letter

11th February 2009

Mr Kaison Banda
The Chief Financial Officer/ Company Secretary
Rewa Co-operative Dairy Company Limited
Ratu Mara Road
P.O.Box 3678
Samabula

Dear Sir

### Strategic Planning Exercise - Rewa Co-operative Diary Company Limited

We write further to our meeting at your office of the 3<sup>rd</sup> February 2009 and your subsequent email of the 4<sup>th</sup> February 2009 to express our interest to facilitate your two day Seminar for the drafting of a five year Strategic plan for your company.

Rewa Co-operative Dairy Company Limited is undergoing a "Re-engineering" phase which is the fundamental re-thinking and radical re-design of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed" (Hammer and Champy, 2001).

This re-engineering is in response to the changing business environment, both internal and external which has to be addressed fairly urgently in order to achieve better business performance.

### **Background and Objective**

The objective of the workshop will be to address and discuss the changed business environment of Rewa Co-operative Dairy Company Limited which will now lead to the implementation of new policies and strategies. The changed environment for RCDCL is demanding of a direction and strategy which will see the business be driven more from a profit motive in order to address the changed environment within which the business has to now operate.

This changed direction will then be communicated to the board for formalization and approved implementation.

The planned workshop for management who will be the drivers for the change will be designed to restructure certain functions and job responsibilities including revision of reporting requirements. Communication of the changed policies to the various stakeholders will be defined with a time line to achieve the changed mode of operation.

Changes in the business operations including functions of the various departments will also be defined and timelines set for effecting those.

### Methodology and Scope

The methodology to be adopted for the change of policy direction will include the following steps:

- Collating of the material to understand the points of change
- Preparation of various material for the conduct of the workshop
- Preparation of a list of questions to be discussed and debated at the workshop
- Facilitating the brainstorming and discussions of the workshop
- De-briefing from the workshop
- Preparation of a briefing paper for the management and the board to inform them of the proposed changes in strategic direction for the business.

These are essentially the steps that need to be taken to achieve the desired outcomes.

### Costing

The costings for the work has been computed on a time engaged basis and may change depending on the amount of time which has to be spent to achieve the objectives of the assignment. Personell to be deployed is very high skilled and the rate is notably discounted.

Below is an estimated time and cost table:

	Time involved	Cost S
Collating information		3
Preparation for workshop	3 days (21 hours)*	
Facilitating workshop	2 days (14 hours)	the state of the s
De-briefing- board	3 hours *	
TOTAL	38 hours@\$400/hour	15,200
Drafting a five year plan	7 days ( 45 hours)@\$450 per hour	20,250
Total	14 days (83 hours)	
83 hours @\$425.00 (aver) per hour		
, , , , , , , , , , , , , , , , , , ,		\$35,450

<sup>\*</sup> These hours can be reduced depending on the suitability of available information.

Costing for the assignment has been calculated at \$400 and \$450.00 per hour for the workshop and the drafting of the plan respectively which includes two staff; one senior partner (Dr Nur Bano Ali) and one senior staff.

Therefore, the total cost for the assignment is calculated at \$35,450 which is exclusive of VAT and all out of pocket expenses and disbursements.

Please note that these costs may vary depending on the amount of time spent. Should the preparatory work involve lesser time then the costs will be adjusted accordingly.

### **Terms of Payment**

The terms of payment for the engagement is as follows:

- 40% upon engagement
- 40% upon completion of the workshop
- 30 % on delivery of the draft strategic plan

We hope our proposal meets with your expectations and look forward to working with your business for its improved performance.

You are requested to sign at the bottom where indicated in acceptance of this engagement.

Please feel free to discuss any aspect of this letter should you feel the need to do so.

Yours faithfully BDO AliZ

Dr Nur Bano Ali

MANAGING PARTNER

Signed in Acceptance

Kaison Banda Chief Financial Officer/ Company Secretary REWA CO-OPERATIVE DAIRY COMPANY LIMITED 2014

3.5% 26.0% 1.14 2 2 8,505 wernmen?								2013	2014
2007         2008         2009         2010         2011         2012         2013         2014 <th< th=""><th></th><th></th><th></th><th></th><th></th><th>2000</th><th>2012</th><th>CTO7</th><th></th></th<>						2000	2012	CTO7	
2007         2008         2009 <th< th=""><th></th><th></th><th></th><th>0000</th><th>2010</th><th>7707</th><th>1407</th><th></th><th>CL</th></th<>				0000	2010	7707	1407		CL
4,770,736)         10,673,751         22,306,616         27,615,653         67,401,523         89,665,996         05,440,500           -0.3%         10,673,751         22,306,616         27,615,653         67,401,523         89,665,996         05,440,500           -0.3%         0.7%         1.4%         1.6%         3.9%         5.0%         3.5%           -0.6%         1.3%         2.4%         3.1%         7.4%         9%         6.0%           14         12         13         13         10         11         14           2         4         3         3         3         6         5         5           2         4         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505           4,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505		1000	2008	2002	2010			03 0 V C2	26.820.758
(4,770,736)         10,673,751         22,306,616         27,615,653         6,7401,525         3.9%         3.5%         3.5%           -0.3%         0.7%         1.4%         1.6%         3.9%         5.0%         6.0%         6.0%           -0.6%         1.3%         2.4%         3.1%         7.4%         9%         6.0%         14           14         12         13         13         10         11         14         14           2         4         3         3         6         5         5         2         2           4,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505		7007	2007		1	C7 101 E72	89 665.996	63,440,300	1010-
(4,770,736)         10,673,/51         22,505,015         -1.6%         3.9%         5.0%         3.5%           -0.3%         0.7%         1.4%         1.6%         3.1%         7.4%         9%         6.0%           -0.6%         1.3%         2.4%         3.1%         7.4%         9%         6.0%           14         12         13         13         10         11         14           2         4         3         3         6         5         5         2           2         4         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505           4,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505				27 206 616	27.615,653	67,401,72	1000100		1 E0/
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-0.3% 0.7% 1.4% 1.5% 7.4% 9% 6.0% 6.0% 1.3% 2.4% 3.1% 7.4% 9% 6.0% 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4 1.4	ALOS Drofit After Tax (5)	(4,770,730)	, , , , , ,	,	709 1	3.6%	2.0%		
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OEs         1.3%         2.4%         3.1%         7.4%         1.4%	400	-0.3%	0.7%			/0 V L	%6	0.0%	
OEs         1.3%         2.4%         13         10         11         14         14         14         15         13         10         11         14         14         14         15         14         14         15         2         2         2         2         2         2         2         2         2         2         3         3         4         8,818,505         3         4         8,818,505         3         4,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505         3	Return on Asset			701 C	3.1%	0.4./	)		11/1
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14         12         13         15         6         5         5         2         2           Es         2         4         3         3         6         5,774,600         10,189,237         8,818,505           4,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505	Date on Fortity	-0.0%			13	10	11		
14	Keturn on Lyans		17	13	CT	1		C	2
OEs         2         4         3         3         3         3         6         10,189,237         8,818,505           A,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505		14	71	1		(	5	7	
OEs         2         4         3         4         3         4         3         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505           4,276,407         3,771,005         8,472,571         4,867,767         5,774,600         10,189,237         8,818,505	profitable SOES			6	3	0	,		00000-
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4,2		701 27C A	3,771,005	8,412,311	1.001		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	hy Govern	nent.
	Puopinia	4,2/0,401			TOIN	in which divide	suds were rece	בוורכת מו מבייו	
	DIVIDENT			Total out of	LOW ON DAY	II WILLIAM			

\*Dividend is recorded in the year of profit from which it was p

## Net Profit After Tax (NPAT)

In General:

2014 consolidated financial performance improved by an impressive 683.9% from 2007. The improved performance can be attributed to: Appointment of competent and qualified Board Directors based on merit. In this regard, the Ministry advertised for EOIs from

interested and qualified individuals and also conducted two (2) workshops in conjunction with Australian Institute of Directors to train existing Directors on financial, governance and ethical duties as a Board Director;

Industrial reforms through the implementation of the Mahogany Industry Development Decree, which simplified the role of Fiji The successful PPP performance of Fiji Ports Terminal Limited; and

Hardwood Corporation Ltd and appointed an interim Board who were able to establish better financial and operational controls.

A number of entities made notable improvements in the last few years, as they started to generate profits from incurring losses in 2011; these include Post Fiji Limited, PAFCO, Fiji Hardwood Corporation Limited and Fiji Meat Industry Board.

NPAT has been exponentially/rapidly improving between 2007 to 2012. The 1980% increase in NPAT during this period is attributed to: The reduction of losses made by SOEs;

Tariff increases for Fiji Electricity Authority and hence positive impact on total portfolio;

Improved performances of Airports Fiji Limited and Fiji Ports Corporation Limited.

Strengthening of Board of SOEs



annex 3

# State-Owned Enterprises- Key Financial Indicators 2007 -2014

- performance, dividend revenue to shareholders have also consistently increased. It is noted that Airports Fiji Limited paid an unprecedented Dividend: Dividends received by Government from SOEs has continued to increase over time. Due to the continued improvement in overall interim dividend of \$7.5million for 2015 and \$7.5m for 2014 – the highest dividend so far for any 100% Government-owned Company.
- Decline in NPAT in subsequent years from 2012 due to the following external economic reasons:
  - ▶ Reduction in FEA tariff rates by 5%.
- Adverse weather patterns (El-Nino Effect)
- Consistent increases in global fuel prices

### Future Outlook:

- Partial divestment of earmarked SOEs is envisaged to improve the efficiencies and service delivery benchmarked to international best practices, available to all Fijians. Further, the Fijian Government is engaging credible development partners to assist in the divestment
- It is expected that SOEs' financial performance will improve due to capital investment undertaken by some of the SOEs whose returns will be realized in the near future. SOEs currently undertaking capital investment include AFL, FBC and PAFCO
  - Modernization of the PE Act will strengthen the Ministry's monitoring role and align it with the Companies Act.
- some SOEs are partially subsidized for these NCOs (eg Post Fiji, FBC & AFL), others are not. Options of addressing these NCOs will be covered It is also worth noting that some SOEs undertake non-commercial obligations (NCOs) which affect their financial performance. Although under the revised PE Act.

## Return on Assets (ROA)

ROA has been consistently marginally improving since 2007 due to the improved efficient utilization of assets by SOE's. This has generated positive returns as reflected above.

## Return on Equity (ROE)

respective years. SOE's have been continuously encouraged to increase their ROE which generates greater benefits to the Fijian Government. ROE has been remained positive since 2008 with the highest return achieved in 2012. The ROE is dependent of the NPAT achieved in the

### Ministry of Public Enterprises

### Additional information required by the Public Accounts Committee

### 1. Status of unaudited accounts for the following companies:

Fiji Hardwood Corporation Limited and Food Processors (Fiji) Limited are urgently working on auditing their unaudited accounts to bring it up to date.

### Remedial steps taken by the Ministry:



annex 4.

The Ministry will write to the Chairpersons of these entities and give them a deadline of to sort out their unaudited accounts; The review of the Public Enterprise (PE) Act will also strengthen the monitoring role of the Ministry and with the proposed inclusion of penalty clauses into the PE Act – the Board and management will be held responsible for outstanding compliance issues.

### 2. Merger of Food Processors Fiji Limited (FPFL) & National Trading Corporation

The Ministry is currently discussing with the Office of the Solicitor General in addressing the liquidation of NATCO. However, it should be noted that assets formerly owned by National Trading Corporation Limited is now with FPFL.

### 3. FINTEL/ATH/Pacific Forum Line issue

To be referred to Ministry of Finance.

## MINISTRY OF FINANCE



Ministry of Finance

Report on Status of Issues Raised

**Auditor General Report** 

**Auditor General Report** Whole of Government

2010 Volume 1

AU	DIT REPORT ON T	REPOR AUDITOR-GEN HE WHOLE OF GOVERI	T OF THE PUBLIC ACCOUNT VERAL'S REPORT OF THE RE VMENT FINANCIAL STATEM VOLUME 1	REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 - VOLUME 1	THE I ISLANDS APPROPRIATION STA	TEMENT - 2010 -
No.	Heading	lssue	OAG Recommendation	Ministries/ Departments Comments	Response on Current Status	OAG Comments on Current Status
MINIS	MINISTRY OF FINANCE - TREASURY UNIT	REASURY UNIT				
CASH	CASH AT BANK					
2.7	Non Preparation of Bank Reconciliations	The Audit noted that numerous bank accounts for the domestic, overseas agents, trading and manufacturing accounts and trust fund accounts did not have bank reconciliations statements for the year ended 31/12/2010. Variance between bank statements and FMIS balances could not be explained by the Ministry as there was no bank reconciliations to verify their statements of whether the variance were unpresented cheques, interest received or other relevant incurred. In the absence of proper balances could not be substantiated and verified.	The Ministry should ensure that consolidated bank accounts with respect to domestic, overseas agents and trading and manufacturing accounts, trust fund accounts are regularly reconciled with the entity's records.	Treasury has reconciled the Consolidated Fund Accounts for Domestic Banks for year ending 31/12/2010 Overseas Agents - In Treasury Crown Agents posting is done in GL but for recon, not sure who should do.  Trust Fund Account  1) Department of Environment- Ministries been reminded so many times. The delay is due to the movement of this department from one ministry to another for the past few years and they are still trying to update their record.  2) Provincial devaccount is zero now as the balance have been transferred to the new accounts.	undertook a review exercise of all existing Cash General Ledger (GL existing in the FMIS part of this review exercise was to restructured its Cash General Ledger (GL) in order to better reflect the economic reality on the ground.  This will not only ease the Reconciliation process but also improve the Cash GL Reconciliation submissions.  Consolidated Fund Account (CFA)  As at the 31st of December 2014, all CFA's have been reconciled by the MoF. The balance in the GL tallies with the cash balance in the Bank Statementiall Dec 2014.	The audit of financial statement of the Whole of Government for financial year ended 31/12/14 is currently being conducted.  Reconciliations for Trust Bank Accounts and Consolidated Fund Account of Government were prepared by the FMIS unit of the MoF.  The Overseas missions have sent in reconciliations through the Min of Foreign Affairs and are currently being reviewed.
				3) Fisheries -		

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Heading	Issue	OAG Recommendation	dation Ministries/ Departments	Response on Current	OAG Comments on
			Comments reconciliation	Status Drawings Account	Current Status
			4) Energy- Rural Electrifications-	sular 2 of	
			Reconciliations submitted to FMIS	the Drawings Reconciliation requirement. This was	
			5) Chinese Aid- PMO- Accountant has	to enhance the	
			nindec	and to assist the	
			liation rep		
			Trading Account	Acco	
			1. 4-30351-77999-	at 3	
			540301 - Forestry \$176,825.69	December, 2014 all Drawings Accounts	
			Response:	been Rec	
			Department	12.	
			Reconciliation Report for	begun rolling out this	
			December 2010 had been	nistries a	
			Management Unit of the	departmentsthe	
			Ministry of Finance and a	the necessary training	
			obtained from the unit to	on the reconciliation of	
			halance	the accounting cadre is	
			77070 74007 7	being considered.	
			540201- Public works	Finance Circular No.	
			& infrastructure (Water	has been issued to	
			Supply \$940,666.61	address capacity issues	
			Doggood	in the various ministrias	

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 - VOLUME 1	OAG Comments on Current Status	
ALL WILLIAM SIAI	Response on Current Status	departments Ministries. In addition, MoF is also considering the setting up of a Monitoring and Risk Unit(s).  Trust Fund Bank Accounts  MoF issued Finance Circular 2 of 2013 on new reconciliation formats for preparation of the True Trust Account. This was to enhance reconciliation process and to assist the clearing process. MoF conducted training and offered assistance on the True Trust Reconciliation by 7 Ministries only. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted with commitment at the Permanent Secretary level.
E 1	Ministries/ Departments Comments	Their Water Supply Department under the Public Works and Infrastructure is not under Trade and Manufacturing Account. The account mentioned above is the DECE Building allocation and not of the Water Supply. A copy of the DECE Building Bank reconciliation can be obtained from the Asset Management Unit substantiating the cash balance.
VOLUME 1	OAG Recommendation	
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS I THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIVE I	Issue	
	Heading	
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MENT - 2010 -	OAG Comments on Current Status		Overseas bank account confirmations have been received from foreign banks. This was facilitated through the Ministry of Foreign Affairs.  JP Morgan Cash confirmation has been received for the year 2014.
APPROPRIATION STATE	Response on Current Status	the ministries and departments agencies to move to internet banking to lessen the issue of un-presented cheques that would efficiently enable them to prepare the bank reconciliations.	Foreign Bank Accounts  Overseas Pensions Bank Account- As at the foalls of December 2014, fall all Foreign Bank M Accounts pertaining to At the Pension Fund has been reconciled by the JE MoF.  As Foreign Mission Bank Accounts, despite the constant reminders and restrictions and restrictions enforced on the Ministry concerned, MoF only received 8 out of the 22 required Bank Accounts in 2014 till December.  In 2015 the MOF MOF MOF has placed a Senior Accounts Officer at the Ministry of Foreign
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	Ministries/ Departments Comments		No comment provided
	OAG Recommendation		Ministry of Finance should ensure that all bank accounts are verified with bank statements are carried out for accounts that do not exits and updated in the general ledger in order to reflect correct balances.  The Ministry should request the Bank for production of bank statements and confirmations for all bank accounts for all bank accounts for audit verification purposes.
	Issue		The Cash at Bank totaling \$311,359 with agencies overseas do not have overseas bank confirmations provided to audit for review. In addition, this issue was raised in previous years to audit and explanation provided was that these accounts have been closed but only in the General Ledger.  Moreover, the FPO office has two banks accounts with a balance of \$135,116 and \$49,567 in Wespac Australia New Zealand respectively. However, the Ministry of Finance did not disclose these in the overseas bank account allocation but have been disclosed into appendix 3 in the overseas bank account about have been disclosed into appendix 3 in the
	Heading		Overseas Bank Accounts without Bank Confirmations
AUL	No.		- 5.2

AU	OIT REPORT ON TH	REPOR AUDITOR-GEN HE WHOLE OF GOVERN	REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 - VOLUME 1	UNTS COMMITTEE ON 1 E REPUBLIC OF THE FIJ FEMENTS AND ANNUAL E 1	THE I ISLANDS APPROPRIATION STAT	TEMENT - 2010 -
No.	Heading	Issue	OAG Recommendation	Ministries/ Departments Comments	Response on Current Status	OAG Comments on Current Status
		Furthermore, the JP Morgan Accounts is understated by \$9,783,336 in the General Ledger; reason being the Foreign Exchanges difference in 2010 of \$5.1 million and funds transferred from operating fund to JP Morgan Account of \$15 million for 2010 has been updated in the General Ledger.			Affairs for secondment to assist in this outstanding reconciliation task.	
		Ine above reflects the lack of proper supervision, monitoring and reconciliation of bank accounts with the entity's record.				
2.3.1	Discrepancies in Drawings Account	SE ES SETEBE	Effective     measures shoul     implemented to     that differences     drawings a     reconciliations     Ministries/Departr     are corrected     updated onto     Financial Manag     Information     before the closure     accounts.      The Ministry	This Ministry should be directed to the accounting head of the Ministries concerned. We produce monthly reports to the ministries and departments which should be thoroughly reconciled and any variance/misallocation, anomalies etc. rectified. FMIS had been advising/reminding these Ministriess and programments.	Drawings Account With view of the response in 2.2 above, the MoF has issued Finance Circular 2 of 2014 on the Drawings Reconciliation process and procedures. As at 31st December, 2014 all Drawings Accounts have been Reconciled and postings resulting in the variance between the General Ledger and	No comment
		credit balances which	• The Ministry should	nts on the s	the General Ledger and	

Heading Issue OAG Recommendation Ministries/ Departments on current and perfect the adopt a check and uppresented cheques at a point in time.  Furthermore, a point in time and propriately address and for any anomalies account for the ministry of women & culture and became to 2010 ownshard to the stalfor exponent of the ministry account for the ministry account for the ministry account for the stalfor expanding the carried out as a subpersented with propriation and the carried out as a cocount for the ministry account for the ministry account for the stalfor expending the carried out as a paper and and large account and the carried out as a paper and and large accounts. The Committee noted the same bank files twice to the same bank files twice to the same bank in order to ensure that reconcilations is a cocount and the carried out as conditions. The balances reflected in the same bank and large saccount or believed to those accounts of the accounts of those accounts of the accounts of the accounts of the accounts of those accounts of the accounts	A review of the Ministries/Departments No comment provided. Should be encouraged unpresented cheques should be encouraged balances over the past to plan their layers for a order to avoid the past of a contract of
Sur	Unpresented A review of the unpresented cheques balances over the past 10 years indicate that it accounts for a significant portion of the domestic cash at bank

AUL	SIT REPORT ON	AUDITOR-GEN THE WHOLE OF GOVERN	AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPR VOLUME 1	REPUBLIC OF THE FIJI IS FEMENTS AND ANNUAL AP	PUBLIC OF THE FIJI ISLANDS ENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 -	TEMENT - 2010	
No.	Heading	enssi	OAG Recommendation	Ministries/ Departments Comments	Response on Current Status	OAG Comments on Current Status	uo
		significant unpresented cheque indicated that spending for some Ministries and Departments is concentrated towards the end of the year. Such spending often result in uneconomical purchases, which afflect the following years budgetary allocations and sometimes did not comply with procedures.	monitor such end year purchase; analysis needs to be prepared and justifications with compliance to Finance Circulars.		continuously propagating through accounting heads forum and finance circulars to the agencies:  To To Plan expenditure well during the year.  To reduceand reduce the cheque payment modes and take advantage of EFT payments/internet banking thus reducing unpresented cheques	forces government to float Treasury bills to fund the cash flow deficiencies.	Formatted: Not Highlight  s to flow flow flow flow Formatted: Indent: Left: 0", Hanging: 0.02", No bullets or numbering Formatted: Not Highlight Formatted: Not Highlight
7.7	TMA Balances Under Operating Fund 1	Some Ministries and Departments have their TMA and Domestic bank balances reflected under Operating Fund 1 as Standard Asset Group 54 instead of being recorded in Revolving Fund 4 as Asset Group 54 and Operating Fund 1 standard Asset Group 52.  Ministries and Department failed to provide satisfactory	Ministry of Finance should be more vigilant when checking reconciliations and investigate reasons for such mispostings and get balances adjusted accordingly.	The reason why such TMA particulars are appearing in the Operating Fund Account allocations in the GL is that of mispostings that were mostly due to human error. These errors are most of the time picked up during compilation of the Bank Reconciliation Reports. TMA teams have been constantly reminded to pass the reversals entries immediately once mispostings are detected.	MOF_MOF agrees to the recommendation by OAG and is presently creating different organization number (org) for TMA and Domestic Bank balances to avoid and transactions. This task is expected to be completed in 2015.  To overcome the issue of miss-posting, MOF's Asset Management and Monitoring UnitAMMU	This Issue has resolved.	peen

OAG Comments on Current Status		The OAG is currently reviewing the accounts for 2014. So far, for 2014. So far, for CFA reconciliations received the bank reconciliation tallies with the General Ledger. Majority of bank audit confirmations have been received from local banks for Trust, TMA and consolidated fund bank accounts.
Response on Current Status	is currently extracting Income Statement & Balance Sheet on a monthly basis to identify mis-posting and advises of the errors to TMAs operators for rectifications and corrective actions.	Consolidated Fund Account (CFA) As at of 31st December 2014, all CFA's have been reconciled by the MoF. The balance in the GL tallies with the cash balance in the bank statement. This was a task that was previously performed by individual Ministries is now performed by MOF, however MOF plans to transfer this activity to individual
Ministries/ Departments Comments	that is within the same months the miss postings occurred. Reversals that have to do with inter funding sometimes takes time and complicated for clerks to undertake whom Bank Reconciliation Reports are left at their disposal. However assistance is offered by the AMU unit should they insist. These particulars might have been the adjusting entries for the mispostings, however query should be directed to the ministries.	Reconciliations have been prepared by Treasury for all domestic Banks.  The recons are sent to Ministries and departments for verification of differences found.  The cash analysis is matched with the bank statement and posting done to GL.  Any differences found are to be adjusted by the Ministries/Departments
OAG Recommendation		The Ministry of Finance should ensure that  • bank reconciliations are regularly prepared for all the bank accounts; • bank statement/confirmation are made readily available to audit for verification purposes.
ens	explanation or the journal entries to have the above balances adjusted to its rightful accounts.	Variance between the bank certificate of confirmation and the FMIS balance for the cash balances with domestic bank as at 31/12/10. This indicates the lack of reconciliation between the General Ledger cash balances in Ministries/Departments and the actual cash holdings with the Ministry of Finance. As a result the General Ledger cash balance is understated by \$15,160,753.
Heading		Anomalies with Domestic Bank Account Balances
No.		

OAG Comments on Current Status		The CFA reconciliation sent to OAG by MoF has so far reconciled with Bank Reconciliation and the General Ledger (Cash Book).  The MoF have also reintroduced a Cash Clearance account named the Bank Lodgment Clearance (BLC) to accommodate receipts by Ministries/Departments. This account is then cleared once the deposits are reflected under the CFA bank accounts.
Response on Current Status	departmentsMinistries again following a thorough training.	Consolidated Fund Account (CFA)  As at the 31st of December 2014, all CFA's have been reconciled by the MoF. The balance in the GL tallies with the cash balance in the bank statement.  However the MOF is also pursuing further review of the Accounting system to address such issues from recurring.
Ministries/ Departments Comments	and not by Ministry of Finance. GL Access has been given Mins/Departments to post revenues in to CFA via AR and JV and majority of the Mins/dept are not posting on a daily basis before lodgment is done in the bank.  For RBF Account we would require additional time to verify and explain the difference.	The issue is always raised by AG for ANZ SUVA, WBC SUVA, CNB/BSP SUVA because of the followings:  CL Access has been given to Mins/Dept. to post revenues into CFA via AR and JV and majority of the Mins/Dept. are not posting on a daily basis before lodgment is before lodgment is done in the bank.  MOF cannot have control on this apart from doing the CFA recon to track those Min/Dept. that CFA GL accounts.
OAG Recommendation		Responsible officers should be disciplined for allowing the bank accounts to be overdrawn.
enssi		Audit noted that there are some bank accounts under Ministry of Finance were overdrawn by \$431,671,326 in the General Ledger. This reflects that there is no monitoring and reconciliation carried out by the Ministries and non-compliance with Finance Instructions 2010.
Heading		Overdrawn Domestic Bank Balances
No.		2.5.2

TEMENT - 2010 -	OAG Comments on Current Status	6 entities totaled \$24m.	3 of those listed entities are still listed under Governments investment schedule and are under liquidation. (NATCO, Air Fiji & Daily Post).
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT  VOLUME 1	Response on Current Status	MPE is also looking at areas of divestment in SOEs and also establishing a more coordinated approach on monitoring the performance of SOEs.	With view of the OAG findings, the following updates can be noted:  (i) Daily Post Fiji Ltd (DPFL) - Official Receiver has received winding up order of DPFL and subsequently a proof of debt to be filed to the Official Receiver with relevant information and the process of settling the
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS OLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIVE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIVE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIMENTS AND AND ANNUAL APPROPRIMENTS AND ANNUAL APPROPRIMENTS AND AND ANNUAL APPROPRIMENTS AND ANNUAL APPROPRIMENTS AND AND ANNUAL APPROPRIMENT	Ministries/ Departments Comments	acquainted themselves with the current Fijian Government reforms pertaining to entities which are being questioned.	1) Air Fiji Ltd – Noted. 2) Enquiry Investment Management Company Limited – This is part and parcel of the recommendation of the Sugar Reform Industry
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE OR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLACEMENTS AND ANNUAL APPLACEMENTS.	OAG Recommendation		The Ministry review the status of this inoperative entities and whether Government should continue to include this as investment for Governments.
REPORT AUDITOR-GEN HE WHOLE OF GOVERN	Issue	successfully which will be revised once the expected annual returns are establishes based on corporate plans.  Also, all Government Commercial Statutory Authorities are to pay at least 50% of the net earnings to the Government as dividends in consultation with the Minister of Finance and relevant Minister.  The non-remittance of dividends indicates a non-profitable investment portfolio and therefore warrants review.	Audit noted that there are entities that dormant, in liquidation or have ceased operations. This issue has been highlighted in the previous reports but to date no action has been taken. Furthermore, despite numerous requests to Fiji Development Bank which holds 50% shares
AUDIT REPORT ON THE WHO	Heading		Inoperative Entities
AUE	No.		9.6

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TEMENT - 2010 -	OAG Comments on		DAECO chara contificato
E OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	Response on Current Status	creditors to finalize the liquidation.  (ii) Air Fiji Ltd - Statement of Affairs needs to be served to Air Fiji Directors regarding company matters and process of settling the creditors to finalize the liquidation.  (iii) NATCO - this is currently being spearheaded by Ministry of Public Enterprises. AMMU continues to follow up with the reactivation of the Steering Committee for the liquidation for MATCO few years back. Still no responses from MPE. Both companies cannot settle creditors since there is no money recovered and Official Receiver has to file for court to close the companies which will take length of time to complete the liquidation and reach court order. MPE will be advising on the time line and the outlines.	Plases note that the
TEMENTS AND ANNUAL	Ministries/ Departments Comments	Framework for a 2 year period ending 31st December 2012.  3) Fiji Sugar Marketing Campany Ltd. – Noted.  4) International Hotels of Fj Ltd. – Noted Corporation Ltd - The NATCO assets are with Food Processing, and currently been considered under the Government's divestment plans.  6) Daily Post — The Company's status is before the Court as creditors are after their funds invested in the company.	Comments are noted and
VOLUME 1	OAG Recommendation		• The Ministry should
	Issue	in International Hotels of Fiji Limited and also manages the entity, on the status of the entity, there has been no response.  National Trading Corporation is still in the process of liquidation and the sale of NATCO building is to be completed in September 2010. This has been in liquidation status for 4 years.  There has been no development noted for the above by the Ministry compared to last year.	Audit confirmed dated
	Heading		Variance in Shares
	No.		3.7

ATEMENT - 2010 -	OAG Comments on Current Status				
THE II ISLANDS . APPROPRIATION ST	Response on Current Status	requested responses from MPE on the issue to which no reply was received to date (19/6/15).			
AUDITOR-GENERAL'S REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	Ministries/ Departments Comments				
ERAL'S REPORT OF THE RE IMENT FINANCIAL STATEM VOLUME 1	OAG Recommendation	with Food Processor and ensure that Government shareholding is correctly reflected into the books of Food Processors and statement and the whole of Government Accounts.			
AUDITOR-GEN HE WHOLE OF GOVERN	Issue	Government shares held in the Fiji Food Processors Ltd as at 3/1/2/10 totaling to \$1,687,679 while Government Accounts and Finance is recording an investment value of only \$687,679 through the statement investment.	The variance of \$1m relates to the loan converted to equity by Government for which the share certificate is awaited to be reflected in the statement of investments.	Furthermore, PAFCO in its memorandum dated 25/07/06 to the ministry of Finance assistance by Government to PAFCO to ordinary share capital and declared the same in the PAFCO financial statements for the year ended 31/12/02.	The actual share certificate for the government was assured by PAFCO to be forwarded to the Ministry. To- Date, the
IT REPORT ON TI	Heading	Government and Entity Records.			
AUC	No.				

Heading Issue OAG Recommendation Ministries/ Departments Response on Current OAG Comments on Current Status
Accounts.  Non Submission of The audit noted that I and the Ministry should commercial companies out of follow up with these only fine entitles out of commercial Companies or and Accounts.  Accounts.  Accounts.  Accounts.  The Ministry of Finance and More Soles on their Audited and Accounts.  The Ministry of Finance and More Soles on their Audited and Soles on their Audited and accounts that will benefit these annual reports are a tool to Ministry of Finance and Independent accounts that will benefit these annual reports are more of annual reports are marked released to the capacity of Finance and F

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OAG Comments on	Safter Sa	This issue has been resolved.
Response on Current	Status	MOF maintains that the Term Deposit is still in a very liquid form of asset and can be easily converted into cash. For this characteristic it should be categorized as Cash.
Inist		So. Smillion term deposit that report recommends to be reflected in the statement investment in accordance with section 55 of the Financial Management Act 2000, it should be noted that these deposits are
OAG Recommendation M		ensure that the term deposit of \$5.5million is reflected in the statement investments in accordance with section \$5 of the Financial Management Act 2004.
Issue	Government to monitor the financial status and adjust its investment plan accordingly.  As most entities do not submit their annual reports, their performance cannot be monitored and the viability of their business operation is unknown. Thus, it is not possible to assess their financial performance which could limit Government from making essential and sound decisions in regards to the operations of the entities.  This could be one of the entities.  This could be one of the entities of the dividend remittance compared to the dividend rewelled.	Audit noted that a sum of \$5.5million is appearing in the General Ledger as invested in Economic Services, a term deposit with Colonial National BankBank of the South Pacific (CNB/BSP) and Westpac Banking
Heading		Westpac and Colonial National Bank Term Deposit
No.		හ. හ

AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 - VOLUME 1	eading Issue OAG Recommendation Ministries/ Departments Response on Current OAG Comments on Status	Corporation that have been invested as in terms of 3 months deposit and they are rollover based on a number of factors. These deposits would be a better disclosed in the Cash Balances of Government as Cash Deposit held as Term Deposit for the year ending 31/12/2010.	TRUST FUND ACCOUNT	Monies It was noted that trust of Finance work agiles so totaling should ensure that suppropriately supported at bank percentage to the operations of the provisions of the pr	drawn Trust The audit noted that 17 • Disciplinary actions with a contract that trust against contracts to overdrawn that trust trust stands at mispostings for the stands at trust contract to overdrawn Trust contract to overdrawn Trust contract to overdrawn Trust contract to overdrawn actions actions actions and trust trust and accounts totaling to overdrawn actions are recurring.  No Comments Received With view of the Fins is a recurring as a 31/12/13 as a recurring as a securing as a securing an increase by \$6.3m in 2012.
OIT REPORT ON	Heading		TRUST FUND AC	Trust Monies Anomalies	Overdrawn Trust Account

57	
of	
17	
Page	

- 010	ents on tatus	had assisted is departments in reconciliation in Figures for 2014 currently under sview.	has been
TEMENT - 20	OAG Comments on Current Status	MoF had assisted various departments in their reconciliation in 2014. Figures for 2014 are currently under audit review.	resolved.
I ISLANDS APPROPRIATION STA	Response on Current Status	departmentsall Ministries Account Reconciliation in by 2045/2016. Following the completion of the reconciliation exercises all Liability accounts (Trust) will be set up under Fund Control to eurbcontrol the MinistryMoF is working closely with the Banks to allow the agencies to move to	MoF's position on the issue remains as the position in 4.2.
REPORT OF THE PUBLIC ACCOUNTS COMPAINEE ON THE OR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPLICATION OF THE FIJI IS SOVERNMENT FINANCIAL APPLICATION OF THE FIJI IS SOVERNMENT FIJI I	Ministries/ Departments Comments		The difference in the Operating Trust Accounts as highlighted Table 8 is a result of Constant Head, programme and Activity changes during Budget reshuffles. It shough there may be difference in the opening and closing balances, the Ministry will endeavor to consult the respective Ministries and transfer balances to the correct programments and
DITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 - VOLUME 1	OAG Recommendation	Accounts.  The Ministry should review these mispostings and strategies be put in place in forms of access control in the system that any overdrawn Trust Accounts should be flagged to Supervisors to ensure that correct allocations are taken.	The Ministry of Finance should ensure that opening balances of trust fund are correctly taken in the current year and agree to prior years closing balances.  Ministries/Department responsible for the variance should be asked to correct their respective
AUDITOR-GEN HE WHOLE OF GOVERN	Issue	Ministries/Department could not provide explanations for these overdrawn accounts.  The overdrawn Trust Funds could be the result of misposting and unauthorized expenditure. It also indicates lack of adequate internal control and supervision and blatant disregard of the Finance Instruction 2010.	Opening balances should agree to previous year's figures and ensure that brought forward balances have been correctly reflected into the current year's Trust Fund amount.  The audit noted a variance of \$14,781 between the opening balances of 2010 Trust Fund and the 2009 closing balances of the Trust Fund Account.
AUDIT REPORT ON THE WHOLE	Heading		Variance in 2010 trust fund account opening balance
AUE	No.		8.3

AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENTS.	Response on Current		MgOF's position on the Issue remains as the position in 4.2		It is vital to note that in The issue has been first time prepared a government reporting word Statement report.  Statement report.  Statement report.  It is from this point that sales are differentiated accounts.  The issue has been approximately approx
AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPER	E 1 Ministries/ Departments Res	bu			The FMIS can distinguish the recording of revenue transactions so to allow first time to us to segregate how wos collected as Statement regrams and Credit Sales. However it must be noted that the Chart of Accounts is structured so that revenue is captured in such a way that it accounts. Reporting of Revenue frequired to report on the different types of revenue that the Government Coollects through Government Fiscal
TOF THE PUBLIC ACCONERAL'S REPORT OF THE NAMENT FINANCIAL STATE	VOLUME OAG Recommendation M		Ministry of Finance should put in place measures and strategies to ensure that recurring issues that are affecting Trust Fund accounts are resolved and also ensure that amounts in the Trust Fund Accounts are correctly stated.		* The Ministry of Finance should consult the Ministries/Department and take lead role in providing training for users.  The Ministry should be aware of the capability of the FMIS and whether the system is able to generate revenue for the FMIS and whether the system is able to generate revenue for the Rinistries/Departments using AR Module.  The Ministry should densure that the amounts treflected in the accounts of the fact.
REPOR AUDITOR-GEN HE WHOLE OF GOVERI	enssl	provided.	ted certain transcription 2010. The issues the blatant of the Instructions Financial at Act 2004 of proper	supervision.	It was noted that revenue totaling \$25,042,858 was recorded in the general ledger of Ministries/ Departments using AR Module in 2010.  This amount was inclusive of both accrued sales and cash sales. As such, the General Ledger does not accurately reflect the Cash Revenue Collected by the Department to be consistent with cash basis of accounting adopted by government.
AUDIT REPORT ON THE WHO	Heading		Recurring Audit Issues – Trust Fund Account	REVENUE	unts lodule
AU	No.		4.	5.0	5.1

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Be	
age	

No. Heading					
	ens	OAG Recommendation	Ministries/ Departments Comments	Response on Current Status	OAG Comments on Current Status
	Information System (FMIS) is not generating any revenue reports that could distinguish between cash sales and accrued revenue in their general edger accounts. The officer in charge of the AR module at Ministry of Finance could not confirm whether FMIS has the capability to make a distinction between cash sales and accrued sales.  Explanation by the ministry in previous years audit noted that the onus is on the users of AR module to only receipt the partially paid amount.  Since government reports on cash basis accounting, the accrued revenue recorded by the AR module does not confirm to this.  Ministries/departments failed to show its true performance in terms of revenue collection.	adopted by the government.	Parliament/Cabinet. The Chart of Accounts has natural account for Cash Sales (240202). However, most agencies prefer to record the revenues collected as Income Tax Natural Account, although this was paid as cash to MoF by FIRCA. If all Cash Sales were recorded under the natural account number for Cash Sales (240201), then MoF would not be able determine how much was collected for the different types of revenues that Government has, in the past decades not being following Strict Cash accounting concepts as we have been dealing with debtors but were being reflected under the Lending Funder the Lending Fund (ie, Scholarshin Repear).		

CTATEMENT	ant OAG Commonts		and This issue has been resolved. Formatted: Not Highlight has been resolved.  All VAT on revenue for transactions are now orgo posted to SLG 86 for dearence to FRCA at month end. SRG 22 is now restricted for FRCA revenue postings only.  and the revenue postings only.  and the revenue postings only.  and the revenue postings only.	lssue has been de resolved.
N THE IJI ISLANDS AL APPROPRIATION	Response on Current		d b b he mont now,	To improve on the revenue forecasting and reflecting the revenue in
AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	Ministries/ Departments	Receipt". TMA Debtors etc).  It is hoped that all these would be addressed when we adopt the IPSAS Cash so that we can only report on those transactions that have an effect on cash movements, and disclose	Financials that are not strictly cash related.  The Natural Account 220199 cannot be deactivated as the VAT revenue that FRCA pays to MoF is captured under this natural account. FMIS will work on restricting posting to SRG 220000 so that it only MoF users to access this account.	Comments noted. The FMIS unit can only upload the revenue forecast if it is submitted to us
OR-GENERAL'S REPORT OF 1	OAG Recommendation		The Ministry of Finance should restrict Ministries/Department from posting to Standard Revenue Group 220199 by deactivating SRG 220199. Control measure to be in place in the FMIS to restrict users SRG 220199.	The Ministry should ensure that there is coordination between divisions in having
AUDITOR-G THE WHOLE OF GOVE	lssue		The controls existing in the system were not being strengthened to restrict using VAT revenue codes.  Failure to account for VAT on revenue in accordance with Ministry of Finance directives resulted in the VAT portion of Agency Revenue not accurately reflected in the books of Fiji Revenue & Customs Authority. (FIRCA).	The following cash flow information must be provided to the Budget Division, Financial
JDIT REPORT ON	Heading		Accounting for Value Added Tax (VAT) on Revenue	
A	No.		2.5	

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	u C	for
TEMENT - 2010 -	OAG Comments on	now loaded into General Ledger each revenue item.
LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 -	Response on Current	the FMIS System, the MOFMOF had undertaken a review of the processes. The Budget Division now submits detailed monthly revenue forecast to FMIS at the beginning of every financial year that is uploaded into the FMIS.
LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRI VOLUME 1	Ministries/ Departments Comments	according to the different items as shown in the budget estimate. Budget divisions will be requested in future to submit cash flow forecast for all the revenue estimates.
VOLUME 1	OAG Recommendation	budget division confers the annual forecast to FMIS section.
	Ssue	Information System Unit and the Debt and Cash Flow & Management Unit within the ministry of Finance:  An annual forecast of expenditure (by output/activity and SEG)- fifteen working days, before the start of each year;  An annual forecast of revenue (by type) for each monthit fifteen working days before the start of each year.  An updated monthly forecast of each year of each year of each year.  An updated monthly forecast of each working days before the start of each year.  The 2010 National budget estimates for operating and investing revenue was \$1.5 billion and \$1.8 million respectively. According to Director FMIS, failure to record the revenue
Londina	neading	
ON DESCRIPTION		

This issue has been resolved. Ministries are restricted to their revenue account codes only.	Page 22 of 57
In 2013 the M-OF-MoF- FMIS Unit embarked on a review of the FMIS exercise where all allocations that were not utilized over period of time were deactivated. -Flexibility was given to m-Ministries and gdepartments as a form of autonomy to its operators.	

FMIS cannot restrict all the accounts in the system as it is used by Accounting heads must corrections are done to any mis-posting as soon as they receive the report at the end of each month.

and plnous

Ministry

Audit noted that some

he Ministry.

revenue collections as General Ledger showed that revenue

General Ledger

Unidentified Postings.

5.4

per

strictly comply with the Finance Manual when collecting revenues for

departments

agencies,

other make

sure

The FMIS should have revenue collector form

were not in line with

nature

ministries/departments

operations and indicated that access

other departments.

by the

account used

collecting

restrict

to

facilities

using account numbers which is not in line with

nature

accounts numbers were

not restricted.

revenue

other

There are no restrictions

from posting revenue in the FMIS to prevent

ministries/departments

operations.

OAG Comments on Current Status

Response on Current Status

Ministries/ Departments

Comments

AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 -

VOLUME 1

OAG Recommendation

no to

was due Division

Issue

Heading

No.

the revenue for budget

providing

Budget

orecasts

oading.

The unavailability of annual projected figures results in complexity to undertake comparative analysis and judge the Ministries

respective

performance

and departments. The above indicate the lack

of proper coordination divisions which hinders performance delivery by

two

the

between

AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE

OAG Comments on Current Status	issi n	Fage 23 of 57
Response on Current Status	Forecast for items such as excise duties, export duty and import duty are now provided and given to FMIS for loading.  The Ministry of FinanceMoE provides detailed revenue forecast as per the Budget Estimates structure. However, most non-tax revenue collecting mMinistries and down to reflect their cost centres and these minute collections these	

should be identified and forecasted realistically to enable Government to

revenues

Anticipated

that

noted

Unbudgeted Revenue

5.5

peen

has

remedial

taken. Audit

government collected

amounting

revenues

\$150,402,410 that was not budgeted in 2010

highlighted in previous years audit and despite the Ministry of Finance

management comments that FMIS will restrict unauthorised access, no

through

assurance

The issue has been

ledgers.

its financial

allocate

resources accordingly.

financial resources to deserving projects if revenue forecasting is not correctly in the

budget estimates.

the past years, the Ministry has failed to set

Government may not

adequately

provisions. allocate

budgetary

noted for the above

revenue categories over

collections

Despite

national budget.

AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 -

VOLUME 1

OAG Recommendation

Issue

Heading

No.

This has

collectors. authorized

revenue

they are allocations

resulted in unidentified revenue entries being shown in the FMIS

Ministries/ Departments Comments

AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE

TEMENT . 2010	OAG Comments on	Salas	According to the GL \$2.3m (unaudited) was receipted by MoF as profit for 2014 from some TMA operators.  This issue will be reviewed again in 2014 along with necessary policies and directives.
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	Response on Current Status	contribute to budgeted revenue item. To project revenue using the most detailed levels used by line ministries would be too detailed and regarded as materiality accounting principle. In that respect, the revenue forecast detail will continue to follow the structure in the Budget Estimates.	A memorandum on remittance was sent to respective <u>mMinistries</u> & <u>dDepartments</u> annually to remind TMAs operators to remind and follow up was strictly undertaken by AMMU to ensure that TMAs do remit excess cash over its celling.  All TMAs operating are now remitting to MoF at the end of the financial year.
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRI	Ministries/ Departments Comments		The Ministry of Finance does not have authority to demand the ministries and departments to transfer profit excess cash over ceiling in to the consolidated account as there are no legislation to provide us the mandate to do so. The financial manual only act as a guidance as a standard operating procedures for ministries and departments to adhere to as remittance of profit into the CFA is left at the discretion of the secretaries.  The FMA of 1981 was not even clear on the remittance of TMA profits
TOF THE PUBLIC ACCONERAL'S REPORT OF THE NAMENT FINANCIAL STA	OAG Recommendation Min		The Ministry should ensure TMA profit is transferred to consolidated fund in accordance with stipulated regulations.
REPOR AUDITOR-GEN THE WHOLE OF GOVERI		NII collections where there were budgets and collections on unbudgeted revenue results in government borrowings.	Profit from the operation of the Trading and Manufacturing accounts has not been transferred to consolidated fund as at 31/12/10. The estimated revenue from TMA as at 31/12/10 is \$4,211,097. Failure to transfer profits from the TMAs would result in shortfalls in government's revenue collections which subsequently affects government operation.
AUDIT REPORT ON THE WHO	Heading		TMA Profit not Transferred to Revenue
AU	No.		Ø. ——

VOLUME 1	OAG Comments on	Current Status	The issue on the significant decrease in collection of revenue items not on the total revenue.  Variances may be due to factors unforeseen in the budget process that affects operations and generations of such revenues.
	Response on Current		It must be noted though that the actual non-tax revenue for 2010 was above the collections by 5.9 percent. It either implies that revenues for large items such as "Miscellaneous Fees and Receipts." Recoveries of OPR; were realised but misposted into other revenues codes or there were actually low collections realised.
ME 1	Ministries/ Departments Comments	as it referring to the TMAs at the whole of government level in section 18.2. However, the 1981 FMA had now been repealed by the usually reminded and encouraged to remit excess funds during the TMA annual training workshop and towards the end of the year. In addition, as of early this year we have been granted access to view ANZ and Westpac TMA bank accounts through online banking making us aware of the level cash they hold and reminding and encouraging them to remit profile.	provided
VOLUME 1	OAG Recommendation		• Ministry of finance should review their revenue collection policies and guidelines as to ensure maximum collection.
	enssi		A review of the estimated revenue over the actual revenue collected showed that a significant portion of the revenue or about 69% of the estimated revenue have not be collected in 2010. No explanation was received from the respective Ministries and departments
	Heading		Significant Decrease in Actual Collections.
Ale	j.		5.7

AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2010 - VOLUME 1	OAG Recommendation Ministries/ Departments Response on Current OA	continue accounts accounts collecting post reverse so that against the against	should impose stringent and should are stringent and recovery metabanism of policies on ministries/departments on deformable debts over 3 to 5 years.  The above paragraphs should be reported in the various audit reports of the respective agencies by OAG for appropriate
HE WHOLE OF GOVERNMENT FIN	lssue	shortfalls in government revenue collections which subsequently affect government operations.	• • • • • • • • • • • • • • • • • • • •
AUDIT REPORT ON T	No. Heading		Significant Balances of Arrears by Ministry/ Department

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- 2010 -	OAG Comments on	No update from OAG,
VOLUME 1	Response on Current Status	n order to take a proactive stance to assess the quality and recovery mechanism of the respective Ministries and Agencies in respect to their debt recovery plans, a Arrears Taskforce Committee was established in 2013.  The underlying objective of the Taskforce was to take a stock take on the quantum of outstanding debtors of the Government and the measures Government and the measures Government and the areas where the improvement can be done. In hindsight, it has been noted that there has been some miss-postings by line agencies. In some instances, MoF have formally advised the respective hardulgence to rectify the accounting anomalies.
VOLUME 1	Ministries/ Departments Comments	Furthermore, audit could also provide examples of their experience in recovering their own debts which could be a benchmark for other ministry and labor and immistry and immistry and immistry and immistry a
The second secon	OAG Recommendation	The ministry of finance should impose stringent measures and recovery policies on ministries/departments which employ ineffective procedures.  There is a need to review the administration of debt recovery mechanism due to the significant numbers of irresolvable debts over 3 to 5 years.
	SS	• Long outstanding arrears do have higher risk of becoming irrecoverable.  • Arrears that are more than 1 year old amounted to \$189.8million or \$3.6% of arrears of arrears of arrears of revenue for loans to Rewa Limited is over 5 years old. The ministry of Finance has not recovered any arrears from the outstanding balances nor has it enforced obligation contained in the loan agreement.  • 98% of arrears of revenue for agriculture are over 5 years old. Arrears deemed irrecoverable have been requested for write off. Despite a written submission for write- off submission for surears of \$3.8million. This is yet to be approved as they do not meet the
	Heading	Aging and recovery of arrears of revenue by ministry/ department
	o So	——————————————————————————————————————



**Auditor General Report** 

Whole of Government Auditor General Report 2011 Volume 1



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OAG Comments on	Carrein Status		The audit of for the financial statement of the Whole of Government for financial year end for 31/12/14 is current for 31/12/14 is current for being conducted.  Reconciliations for Trust Bank accounts and Consolidated Fund Account of Government were prepared by the FMIS unit of the MOF.  The Overseas missions have sent in their reconciliations through the Min. of Foreign Affairs and are currently being reviewed.
ROPRIATION STATEMENT Departments Response on Current Statuss			undertook a review exercise—of all existing Cash General Ledger (GL), existing in the FMIS; part of this review exercise was to restructured its Cash General Ledger (GL) in order to better reflect the economic reality on the ground.  This will not only ease the Reconciliation process but also improve the Cash GL Reconciliation process but also improve the Cash GL Reconciliation submissions  Consolidated Fund Account (CFA)  As at the—31st of December 2014, all CFA's have been reconciled by the MoF. The balance in the GL tallies with the cash balance in the bank statement till Dec 2014.  Drawings Account  MoF ijssued Finance Circular 2 of 2014 on the annings Account the bank statement till bec 2014.  Drawings Account the bank statement till bec 2014 on the on an order or the reconciliation process
FGOVERNMENT FINANCIAL STATEMENTA AND ANNUAL APPROPRIATION STATEMENT - 2011 VOLUME Comments Comment Comments Com			
MENT FINANCIAL STATEM OAG Comments			The Ministry should ensure that consolidated bank accounts with respect to Domestic, Overseas Agencies, Trading and Manufacturing and Manufacturing and Accounts, Trust Fund Accounts are regularly reconciled with the entity's records.  Bank Reconciliations should be disciplined for failing to prepare timely reconciliations of the account balances.
AUDIT REPORT ON THE WHOLE OF GOVERNMENT Heading Issue OF COVIENNIE OF GOVERNMENT	WHOLE OF GOVERNMENT FINANCIAL STATEMENT	1	Numerous bank accounts for the Domestic, Overseas Agencies, Trading & Manufacturing Accounts, and Trust Fund Accounts did not have bank reconciliation of the vear ended 31/12/2011. In spite of the issue of non-reconciliation of the cash at bank raised previously, no effort was made by the Ministry to ensure that monthly is undertaken for all the cash at bank balances. In the absence of proper bank reconciliations, correctness of cash at bank balances totaling to \$25.93 million as reflected in the whole of Government Financial Statement of Assets and Liabilities could not be substantiated.
Heading	COL GOVERNME	CASHA BANK	Reconditations
No.		2 4 6	

undertaking further by undertaking burndrags proceeding and providing proceedings for and providing for an 31st Desember, 2014 all Drawings Account Desember, 2014 all Drawings Accounting have been factorially stand (in 2015) Mof has been ministries by providing on the recessary training on the reconciliation of Defrawings account.  Furthermore, a review of the accounting cade is review of the accounting cade is review of the accounting cade is review of the accounting account.  Furthermore, a review of the accounting account.  Furthermore, a review of the accounting and research training on the reconciliation of Mof is also considered. A Finance Circular No. 1970/15 to this effect has been issued to a Monitoring and Risk Account.  Mof is also considering the Moritoring and Risk Account of the True Truet Fund Remander of the True Truet Account This was to enhance and to assist the reconciliation of the process	Issue	OAG Comments Ministries/Departments Departments-Response OAG Comments on Current Statuse Current Statuse	Ministries/Departments Comments	Departments-Response on Current Statuss	OAG Comments on Current Status
notiliations  As at  As at  mber, 2014  ings Accolor  anatters curr  at (in 2015) Mo.  n rolling out  format to rolling out  format to prove  format a ru  erconciliati  wings account  ermore, a ru  er reconciliati  wings account  ing consider  ce Circular  for this  been issue  been issue  ses capacity is  the been issue  the account  the prove  ing and  setting up  toring and  setting up  reconciliation pre  to assist				went a step further by undertaking	
mber, 2014 ings Accibeen reconcibeen reconcibeen reconcibent to format to recessary trainers by proversessary trainers by proversessary trainers by proversessary trainers of counting wings accounting wings accounting ing considers on e Circular the varies. In adoless also considers of setting up to form and trainers. In adoless also considers also considers are for preparate for the True unit.  Fund  with Fund  units  issued Fire in adoless for preparate for preparate for preparate for the True unit. This we unit. This we unit. This we note assists for assists for assists for assists for assists for assists for assists.				igs Acc	
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unatters curry fin 2015) Mon rolling out format to stries by provereessary transcessary transcessary transcentiation for conciliation wings accounting wings accounting considerates. In additional sesse capacity is the values. In additional setting up to foring and is also considerates. In additional setting up to foring and units.				Drawings Accounts have been reconciled.	
format to trities by provessary transcessary transcessary transcessary transcessary transcentifiation wings accounting wing considering considering to this considering and setting up to the true was trained. It is such that the true was setting up to the true was trained for the trained for				As matters currently stand (in 2015) MoF has	
recessary transfer by provessary transfer counciliating wings accounting ing considers of the consideration of the c				out	
wings accountified wings accounting wings accounting ing consider for this of been issue as capacity is the values. In additions and setting up toring and setting units issued Fir ilar 2 of 201 reconciliation proceutification assists.				ministries by providing	
wings accounting ermore, a rate accounting onsider nee Circular 115 to this of been issue the varieties. In addition, and tries, in addition and setting up toring and sold is setting up to Fund unts issued Fire reconciliation pre true unt. This wa nee reconciliation pre to assist				the necessary training on the reconciliation of	
ermore, a re accounting ining considers one Circular one Circular the value is sue been issued the value on the value of 201 and value of 201 and value on the True one. This walue one one of 201 and value on the value one one of 201 and value one o				Derawings account.	
ing consider to this oben issue been issue been issue the varies. In additional triangular triangular triangular triangular to follow the True the				Furthermore, a review of the accounting cadre	
been issued been issued been issued the varieties. In ado setting up setting up foring and varieties. In ado setting up foring and varieties. In ado setting up to reconciliate or prepare the True the T				is being considered. A Finance Circular No.	
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setung up toring and seture toring and seture to 2 of 201 reconciliation to assist				MoF is also considering	
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. 2011 VOLUME 1	OAG Comments on Current Status			Overseas bank account confirmations have been received from foreign banks along with reconciliations from Overseas Missions. This was facilitated through the Min. of Foreign Affairs. Domestic cash accounts have been confirmed from local banks.  JP Morgan Cash confirmation has been received for the year
AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2011 VOI 11ME	Departments Response on Current Statuss	conducted training and offered assistance on the True Trust Reconciliation with participation by 7 Ministries only. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted, with commitment at the Permanent Secretary level.	The Ministry is working closely with the Banks to allow the agencies to move to internet banking to lessen the issue of un-presented cheques that would efficiently enable them to prepare the bank reconciliations.	The Ministry of Finance has widened its reconciliation monitoring net to include all Balance Sheet Items by allocation whereby as soon as a ministry posts into a Balance Sheet item, they are required to present reconciliation.  Therefore, as at 31st December, 2014 all postings into a Cash GL allocation has a corresponding bank
HE REPUBLIC OF THE FIJI ENTS AND ANNUAL APPR	Ministries/Departments Comments			No comment provided from the Ministry.
AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATIC	OAG Comments			The Ministry of Finance should ensure that all bank accounts are verified with bank statements and adjustments are carried out for accounts that do not exist and updated in the general ledger in order to reflect correct balances.  The Ministry should request the banks for production of bank statements and confirmations for all bank accounts for audit verification purposes.
AUDITOR-G THE WHOLE OF GOVERNM	Issue			deducestic bank accounts in the general ledger totaling to \$11.05 million were held without any bank audit certificate nor were bank statements produced to confirm existence and completeness of bank accounts. Of the 16 accounts 5 bank accounts were overdrawn.  19 overseas bank accounts accounts recorded   the CL totaling \$1.897 m did not have any bank statement record or were not made available. Out of
AUDIT REPORT ON THE WHOI	Heading			Bank Balances without evidence of Cash Held
	No.			22

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Heading		Variance in Cash Bank General Ledger Balance and cash held with bank	Cash at bank with Negative Balances
Heading Issue OAG Comments Ministries/Departments Departments-Response Comments Comments Comments Comments Comments Comments on Current Statistics	the 19 three accounts were overdrawn. As a result a total of \$31.78 million of cash at bank reflected in the statement of assets and liabilities in the whole of Government Financial Statements could not be substantiated.	There were variances between the bank confirmations provided by the banks and the bank balances reflected in the general ledger. The current cash management and monitoring process did not adequately address the issue of proper reconciliation by Accounting Heads to enforce and ensure that proper reconciliation of the general ledger cash balances is carried out regularly. Hence cash at bank balance cash at bank balance reflected in Whole of Government of Financial Statement of Assets and Liabilities was overstated by \$67,217,811	A total of \$423.6 million in the cash at bank general ledger was recorded as a credit balance, contrary to the nature of cash at bank balances. These negative balances have been offset with the overdrawn cash at bank balances and reflected in the whole of
MEN I FINANCIAL STATEN OAG Comments	system for cash at bank should be strengthened.	• The Ministry of Finance should ensure that bank reconciliations are prepared on regular basis for all bank accounts, the variances are explained and the general ledger is adjusted accordingly to reflect actual cash held. • The ministry should advise Accounting Head of the importance of preparing reconciliations as it provides a check mechanism that the cash at bank accounts is materially correct.	The Ministry should ensure that the negative cash at bank balances are reconciled and adjusted to reflect the actual held by the Government.
Ministries/Departments Comments		No comment provided from the Ministry.	No comment provided from the Ministry.
Departments-Response on Current Statuse	Part the process is to match the existing pank statements.	MOF's position on the issue remains as the position in 2.1. Additional comment is needed!!!	MOF's position on the issue remains as the position in 2.1.
OAG Comments on	2014.	Recurring issue also Formatted: Not Highli the 2013 report.  As the accounts for 2014 is under audit review, CFA bank reconciliation have been provided by the MOF.  Trust & TMA bank accounts are being sought from Ministries & Departments.	This issue was raised again in the 2013 GR with a total of 10 general ledger accounts totaling (\$6,726,976).  Reviews of the General Ledger for those accounts listed have been noted to have

Page 5 of 34

- 2011 VOLUME 1	OAG Comments on Current Status	the audit for the year 2014 is still underway, the confirmation of the correctness of the rectification of these accounts will be confirmed thereafter.	
'HE I ISLANDS ROPRIATION STATEMENT	Departments-Response on Current Statuse		Drawings Account  MoF Issued Finance Circular 2 of 2014 on the Drawings Reconciliation requirement. This was to enhance the reconciliation process and to assist the clearing process. MoF went a step further by undertaking all Drawings Account Reconciliations of 2014. As at 31st December, 2014 all Drawings Accounts have been Reconciled. As matters currently stand (in 2015) MoF has begun rolling out this new format to the ministries by providing the necessary training on the reconciliation of drawing account. Furthermore a review of the accounting cadre is being considered. A Finance Circular No. 10/2015 to this effect has been issued to
KEPORI OF THE PUBLIC ACCOUNTS COMMITTEE ON THE OR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISI ERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROF	Ministries/Departments Comments		No comment provided from the Ministry.
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  E OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2011 VOLUME 1	OAG Comments		measures should be implemented to ensure that the differences in the drawings account reconciliations.  Ministries/ Departments are corrected and updated onto the Financial Management Information System before the closure of the accounts.  The Ministry should adopt a check and review mechanism for all reconciliations to ensure that agencies appropriately address errors and discrepancies in their monthly reconciliations before the next reconciliation is an important control check in order to ensure that balances reflected in the accounts are correctly and fairly stated.
		Statement of Assets and Liabilities.	to drawings account in the general ledger totaled to \$5.475 million recorded in the Whole of Government Financial Statement of Assets and Liabilities which has debit balances contrary to its nature. The cash at bank balance reflected in the Whole of Government Financial Statement of Assets and Liabilities was overstated by \$5.5 million.
AUDIT REPORT ON THE WHOL	Heading		Discrepancies in Drawings Account
	Ö Ö		2.5

falling to rectify these ministries. In addition, balances are to be the setting up of a monitoring and Risk Unit(s).	444
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- 2011 VOLUME 1		Net impact of errors & omissions of the cash at bank balance for WOG have been the basis of qualification of the WOG financial statement.  2011: \$(287,774,958)  2013: \$(25,475,360)  The 2014 accounts are under audit review and the impact of these errors and omissions will be determined after the audit.	3 of those listed entities are still listed under Governments investment schedule and are under liquidation. (NATCO, Air Fiji & Daily Post)
HE ISLANDS ROPRIATION STATEMENT	Departments-Response on Current Statuss	Consolidated Fund Account (CFA)  As at the 31st ef December 2014, all CFA's have been reconciled by the MoF. The balance in the GL tallies with the cash balance in the bank statement.	With-In view of the OAG findings, the following updates can—is to be noted:  (i) Daily Post Fiji Ltd - Official Receiver has received winding up order of DPFL and subsequently a proof of debt to be filed to the Official Receiver with relevant information and the process of settling the creditors to finalize the liquidation.  (ii) Air Fiji Ltd - Statement of Affairs needs to be served to Air Fiji Directors regarding company matters and process of settling the creditors to finalize the liquidation.
JUNTS COMMITTEE ON THE FIJI THE REPUBLIC OF THE FIJI ENTS AND ANNUAL APPR	Ministries/Departments Comments	No comment provided from the Ministry.	Comments are noted, we are currently liaising with Solicitor- General and the Official Receiver on the processes to be undertaken of records operative companies, before we can make amendments to our records.
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS F GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATIC	OAG Comments	The Ministry should ensure that bank balances are reconciled monthly under adequate supervisions.  The Ministry should put in strategies to ensure that those one controls and errors are rectified and controls mechanisms are strengthened.	The Ministry should review the status of these inoperative entities and ensure that the Statement of Investments only reflects those entities which are in existence and in operation.
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	Issue	The net impact on Cash at Bank of the errors and omissions in the 2011 accounts is substantial and reflects the existence of weak internal controls in cash management.	The inoperative entities are being reflected in the Statement of Investments over the years without any remedial action. This issue has been highlighted in previous reports but to date no action has been taken.
AUDIT REPORT OF	Heading	Net Impact of Error and Omission on Cash at Bank Balances	Inoperative Entities
		2.7	<del>ए</del>

- 2011 VOLUME 1	OAG Comments on Current Status		
	Departments-Response on Current Statuss	currently being spearheaded by Ministry of Public Enterprises. AMU continues to follow up with the reactivation of the Steering Committee for the liquidation for NATCO few years back. Still no responses from MPE.  Still no responses from MPE.  Still no responses from MPE.  Still no responses from Settle creditors since there is no money recovered and Official Receiver has to file for court coder to close the court coder to take length of time; to complete the liquidation and reach court order. MPE will be advising on the time line and the other inoperative entities.	No further response received from Ministry of Public Enterprises.
-	Ministries/Departments Comments		Comments are noted, we will work towards getting the necessary authority and documents for audit review.
74000	UAG Comments		The Ministry of Finance in consultation with the Ministry of Public Enterprise should make available those necessary authority and documentation for audit records should be updated for changes and correctly reflect those investment balances with the consultation of
	ssue		The change in ownership structure of FSHIL after being acquired by the Fiji Ports Corporation Limited (FPCL) continued to be reflected as Government of Fiji investment in the Statement of Assets and Liabilities. In the absence of the authority for the acquirement, investments were overstated by \$7.66 million in the Whole of Government
Hooding			Fij Ships and Heavy Industries Limited (FSHIL)
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OAG Comments on Current Status			PAFCO share certificate has been obtained. 2013 Reports Fijl Ports, Rewa Rice, AFL, Food Processors. MOF had assisted various departments in their reconciliation in 2014. Figures for 2014 are currently under audit review.	
1		No further response received from Ministry of Public Enterprises.	No further response received from Ministry of Public Enterprises.	No further response received from Ministry of Public Enterprises.
Ministries/Departments Comments		Comments are noted, we will work towards identifying the investments and ensuring that Appendix 9 is fully and correctly reflected.	Noted. We will contact the Company Secretaries and the Companies Registrar on issuance of new share certificates.	Comments are noted, this is currently under discussions with MPE on improving their monitoring role on the sustainability of the enterprises and Ministry of Finance's role in ensuring minimum fiscal implications to Government on its investments and increased returns (dividends).  Discussions are underway in improving way in improving which should improve
OAG Comments	Ministry of Finance and Ministry of Public Enterprise.	The Ministry of Finance in consultation with the Ministry of Public Enterprise should ensure all investments are fully and correctly reflected.	The Ministry should ensure that these share certificates are securely locked and readily made available during audit for verification.	• The Ministry of Finance in co-ordination with the Ministry of Public Enterprise should have a joint committee to monitor these Government investments on a regular basis.
	Liabilities.	Investments totaling 4.86 million shares were not included in the accounts. As such investments reflected in the Statement of Assets and Liabilities cannot be deduced to be fairly stated.	Investment totaling \$52.6 million reflected I the Statement of Assets and Liabilities did not have share certificates. Share certificates are vital to verify the existence and completeness government shareholding in these entities.	All enquiries in relation to the performance, monitoring, acquisition/disposal and reforms initiatives for Government investments had to be directed to the Ministry of Public Enterprise. In spite of all dividend revenues being remitted to Ministry of Finance, the Ministry of Finance, the Ministry of Finance does not monitor or manage these investments for sustainable and maximum collection of the dividend revenue. In the absence of effective co-ordination of the
Heading		Investments not reflected in the Statement of Assets and Liabilities	Missing Share Certificate	Management of Government Investments
No.		3.7	ဆ ်	<u>ن</u> ن

S.	AUDIT REPORT ON THE WHO Heading Issue	N THE WHOLE OF GOVERN Issue	LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT OAG Comments Ministries/Departments Departments Response	ENTS AND ANNUAL APPRINGENT MINISTRIES/Departments	ROPRIATION STATEMENT Departments Response	- 201
		investments between the two Ministries, it has become difficult for the Ministry of Finance to monitor the investment portfolio on the return on Government shareholding which has been diminishing over the last ten years.		Comments	on Current Statuss	Current Status
3.10	Failure to Provide Independent Audit Confirmation	The Ministry of Finance only prepares the financial statements from the previous records it holds and do not check with the entities for any changes through acquisition or sale of the Government shares.	• The Ministry of Finance in consultation with the Ministry of Public Enterprise should ensure that the Government entities does confirm of any changes in share structure, dividend payment during the year at the end of each financial year to ensure that the investment balances are fairly stated.	MOF will work towards getting confirmation from the respective SOE's on the recommendation on changes in share structure during the year.	No further response received from Ministry of Public Enterprises.	
	Overdrawn Trust Accounts	Departments were identified who had their Trust Fund Accounts overdrawn as at 31 December 2011 contrary to the Finance Circular 4 of 1998. The Accounts Officers were not exercising proper control measures nor checking the reconciliations to eliminate overdrawn accounts.	The Ministry should assistance to these Ministries and Departments to ensure that accounts are not overdrawn.      Reconciliations are to be submitted as required and scrutinized thoroughly by the Ministry of other irregularities or mispostings noted are rectified appropriately.	Poor record keeping by ministries and departments leads to difficulties. Locating the source of a mistake becomes more and more difficult the longer it foes undiscovered. Lack of supervision by the Accounting Head's while endorsing the monthly reconciliation by not verifying entries for errors or mis- posting as they are in a better	Trust Fund Bank Accounts MoF issued Finance Circular 2 of 2013 on new reconciliation formats for preparation of the True Trust Account. This was to enhance the reconciliation process and to assist the clearing process. MoF conducted training and offered assistance—on the True Trust Reconciliation with	This is a recurring issue, Overdrawn Trust Account as at 31/12/13 stands at \$13.6million an increase by \$6.3m from \$7.3m in 2012. Top 5 Min with DR balances are RFMF, Works, Dept of Agriculture, Police and Fisheries & Forestry.  MOF had assisted various departments in their reconciliation in 2014. Figures for 2014 are currently under

OAG Comments on Current Status		
	only 7 Ministries onlyparticipated. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted, with commitment	The MoF FMIS has formed a new Team within its existing structure to ensure that this repetitive audit queries are curbed.  The team designed new SAG 56, SAG 57, and SLG 84, True Trust formats through Circular 02/2013. It also designed a new Drawings  Reconciliation through Circular 02/2014.  After issuance of these Circulars the team conducted training on a conducted training on a one to one basis to ensure adherence and
Ministries/Departments Departments Response Comments on Current Statuss	or mis-postings.	• Ministries & Departments are given two weeks from the closing of each months and submit their reconciliation to FMIS. Accounting the monthly meetings the monthly meetings the reconciliation on time and it is their responsibility to make sure accounts are reconciled correctly and signed by the Permanent Secretary. Before it is submitted to FMIS.
OAG Comments Ministries/Departments Departments Response Comments on Current Statuss	on a timely basis.	should consistently follow up with the Ministries/Departments to ensure prompt submissions of reconciliations.  The Accounting Officers should be reminded the importance of submitting reconciliations as a control check of amounts reflected in the general ledger system.
Issue		Three departments failed to submit to Ministry of Finance their monthly Main Trust Fund Reconciliation in 2011.
Heading Issue		Non Submission of Reconciliation
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6. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4.	Account on old Appropriation Head Head Variance noted	Some trust fund accounts were still reflected under the old heads of appropriation for some Ministries and Departments instead of the new appropriation heads.	• The Ministries/ Departments with the assistance of the FMIS section should transfer the accounts to the appropriate head and ensure that these accounts are closed off properly.	Comments noted,     FMIS teams are     working on transferring     of these balances to     the correct accounts     and all accounts will be     corrected in 2012.      Accounting Heads take	The commendation is noted however, it is the responsibility of the ministries & departments to notify and request the FMIS unit for the transfer of these balances when appropriation the year and before closing of accounts. Ministries and departments are transferred during the year and before closing of accounts. Ministries and departments are tresponsible for managing and closing their accounts with the assistance of FMIS unit and Treasury Division.  FMIS has widened its reconciliation net to capture all Balance Sheet posting in the General Ledger (GL). Therefore any balance not transferred will be easily detected by the reconciliation team.	This is a rounring issue
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HE ISLANDS COPRIATION STATEMENT	Departments-Response on Current Statuse		The Ministry of Finance, in conjunction with the Fiji Revenue and Customs and analyses revenue forecast that is tabled in the Revenue Policy Committee, the Revenue Policy Committee, before it is presented to the Minister for Finance for approval.  The forecast method follows various methodologies of extrapolations and uses economic growth as a proxy to reflect extrapolations and uses economic growth as a proxy to reflect extrapolations and uses economic growth as a proxy to reflect extrapolations.  This process will continue to be followed and refined moving forward.
DUNTS COMMITTEE ON TI TE REPUBLIC OF THE FIJI ENTS AND ANNUAL APPR	Ministries/Departments Comments	reminders every time they receive unbalanced reconcilation.  All Ministries and departments will now be informed to reconcile and resubmit proper reconciliations	Finance always ensures that all the expected revenues are identified and reflected in the national budget during the budget preparation process. However, during the fiscal year, new revenues may incur due to changes in economic activities which may not have been predicted during the budget preparation process. For example, in 2011, revenue from mining licenses was received resulting from significant forming sector.  Obtaining a financial performance every month from very ministry/department would be a cumbersome task. The revenue received by
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	OAG Comments		The Ministry should ensure that all expected avenues of revenue are accurately identified avenues of revenue are accurately identified budget preparation process.  The Ministry of Finance should ensure that Ministries/ Departments submit their financial performance report at the end of each month providing an analysis of the financial and budget position of the agency.  The Ministry should closely monitor the collection of anticipated revenues by various Ministries/Departments and obtain explanation for the variance between actual and forecasted revenue on regular basis.  The Ministry should liaise with individual Ministries/ Departments.
REPC AUDITOR-GI THE WHOLE OF GOVERNM	Issue	accounts for mentioned Ministries in the Report.	Unrealistic forecast of revenue is a burden to the timely cash flow of the Government to carry out planned Government expenditure hence resulting in unplanned borrowing, in terms of Treasury bills and the borrowing through the RBF facility of the ways and means.
AUDIT REPORT ON THE WHOLE	Heading		Forecast Forecast
	NO.		ري 1-

Heading Issue		OAG Comments	OAG Comments Ministries/Departments Departments Response OAG Comments	Departments-Response	OAG Comments on
		collection.	into the consolidated fund accounts and the budget Division of the extracts information on revenue collected from the FMIS and analyses the performances monthly. In terms of revenue maximization, the comments of OAG are noted. However, the MOF during the budget process undertakes relevant forecast of the revenues to be collected for the budgeted year.	on Current Statuss reports the ministry will be reviewing its process in 2016.	Current Status
Gain in Exchange Rate Not Recorded in the General Ledger	The Ministry failed to recognize the exchange rate gain/loss as a result of foreign investments held for the year ended 31 December, 2011. As a result, the statement of receipts and payments was understated by \$475,969	• The Ministry of Finance should ensure that gain or losses arising as a result of the foreign investments are recognized in the statement of receipts and payments in accordance with accounting standards.	• The MOF notes the comments of the OAG and would ensure that gains and losses arising from foreign investments are recognized and captured accordingly in the statement of receipts and payments.	Management has ensured that proper accounting treatment for Foreign Investment is recognized and captured onto the FMIS on a monthly basis.  There is a SOP to provide guidance to provide guidance to ensure the correct reflection of the correct reflection of the ground.	

DI	Heading	Heading Issue whole of Government Financial STATEMENTS AND MINUAL APPROPRIATION STATEMENT - 2011 VOLUME	OAC Commont	With the Court of	S NATION SINGLE	- ZUTT VOLUME T
2	B	27.00	OAG COMIMEMIS	Ministries/Departments Comments	Departments Response on Current Statuss	OAG Comments on Current Status
A A A A A A A A A A A A A A A A A A A	nadequate Direction on Recording Receipts through AR Module	The general ledger did not accurately reflect the cash revenue collected by the Ministries/Departments to be consistent with cash basis of accounting adopted in Government. This is because the Accounts Receivable test plan failed to consider the impact the Accounts Receivable on the cash basis of Government accounting. It recognized revenue in the general ledger irrespective of whether it was received or not. Failure to record cash revenue only as required by the cash basis of accounting has overstated the revenue being recorded in the accounts.	The Ministry of Finance should advice all the Ministry/Departments of the posting of the invoices and receipts in accordance to the journal entries outlined.  Training sessions should be held with Accounting Heads and responsible officers within the Ministries/Departments which are utilizing the Accounts Receivable Module.	sures od of it and in the utlined the counts of the dules. Sounts of the o 22nd o 29th	rhe OAG recommendations are noted. The MoF FMIS team conducts Accounts Receivable trainings twice a year in the three Divisions in which Accounting Heads and AR users are encouraged to attend. In 2012 MoF for the first time prepared a WoG Cash Flow Statement. From this report you one can easily distinguish between cash sales and accrued revenue in their general ledger accounts.	
ÃÃÃÃŽÕ	Aging and Recovery of Arrears of Arrears of Ministries/ Department	Arrears of Revenue that have been outstanding for more than 5 years have a high risk of becoming irrecoverable. Recovery actions for such case, if necessary can become a very costly exercise	The Ministry of Finance should continue to encourage Ministry's and Departments to pursue recovery of arrears until all recovery avenues have been exhausted and assess debt that can be written off.	The Ministry of Finance fully agrees with the recommendation. FRCA'S balance declined in 2011 by \$19.2m and this showed that the following have been solved quickly.  Audit cases underobjection-further actions required.  Where recovery actions have been "Put on Hold".  Audit cases that are awaiting Court Rulings Agriculture's write-off	In order to take a proactive stance to assess the quality and recovery mechanism of the respective Ministries and Agencies in respect to their debt recovery plans, a Revenue Arrears Taskforce Committee was established in 2013. The underlying objective of the Taskforce was to take a stock take on the quantum of outstanding debtors of the Government and the properties.	

	sene	OAG Comments Ministries/Departments Departments-Response	Ministries/Departments		OAG Comments on
			Comments	on Current Statuse	Current Status
			was approved by Cabinet on 6th December	undertaken so far and	
			2011 and the amount	the-improvements can	
			was written from the	be done. In hindsight, it	
			books after the formal	has been noted that	
			letter signed by PM on	there has been some	
			2nd Ought Donort for	miss-postings by line	
			2012, the arrears foures	instances MoF have	
			declined to \$0.8m.	formally advised the	
_				respective Heads of	
			Judicial- It was noted	-	
_			that after the 1st and 3rd	their indulgence to	
			quarterly visit in 2011,	rectify the accounting	
				anomalies. Overall, the	
			resources	outcome of the reviews	
			the	q ua	
			Enforcement Team		
			which was established in	Taskforce Team has	
-			Ouarterly visite to the	peen very-positive.	
			Ministries/Departments	Doctor	
			is still ongoing so that	have reviewed their	
			Accounting Heads are	indina De	
			reminded every now and	portfolio and eliminated	
			then about the write off	the impaired assets	
			5	greater extendt. The	
				ffs wer	
_				through Cabinet	
				approvai.	
				The outstanding arrears	
_				\$226.5150 million as at	
				end of December, 2014	
_				as opposed to	
	2			recorded in December	

Expenditure created. The FMIS officer is even account is returned to the FMIS officer in set up for new account is responding broud are trappositionally should a properly Comments have been account in the system are not being requested to be wired.  Expenditure street between the system are not being requested to be wired. The control is the system are not being requested to be wred when their amounts that are system are not being requested to be wred and make succeed the transposition of a control at the beginning protection and accounts. The ministries are not being requested to be wred and make succeed the truncal years of the system are not being requested to be wred some segal as a control at the beginning protection and accounts. The ministries are not being requested to be wred and make stretch at the payroll system are not being requested to be wred when their accounts in the FMIS succeed the rounds are being system.  The Ministries can only proper checks on the period of the proper checks on the war and mounts in the farmal area of the period of the proper checks on the war and mounts in the farmal area of the period of the proper checks on the period of the period of the proper checks on the period of the proper checks of the period of the period of the proper checks of the period	Ö	Heading	Issue	OAG Comments	OAG Comments Ministries/Departments Departments Resources	Donartmente Poenoneo	1
When the Water ordated, the FMIS Officer is set with a tem account in the system controls in the first set exeming it account in the system ordated, the system ordated between the system ordates are all ordated and the system ordated between the system and the system and the system and the system are the system are the system and the system are the system and the system are the system are the system and the system are the system and the system are the system and the system are not being inputed into the system are not being a record to be wired.  With a special system and not a three system are not being a special amounts incurred the system are not being are not being inputed into the funds are being inspected. As the system are not being a special system and the system are not being a special system and their actual expenditures exceed the revised figures.  It is a special system and the system are not being a special system and their actual expenditures are all systems. The systems is the system are not being inspected automatically when their actual expenditures are not being a special system and their actual expenditures are not being a special system and their actual expenditures are not being a special system and their actual expenditures are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special system and the system are not being a special					Comments	on Current Statuss	Current Status
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ded control. It is not a meror but a human demonstrolly and control to the system and control. It is not a meror but a human control to the bear of the control to the control to the control of the control to the cont			responsible should set up	fund controls in the	FMIS has been advised	allocations at the time	Appropriation) level
The control it is not at the actual and the second are for SEGS 3 to 13.4 story overall budget san automatically rejects set up properly for fund are the budget san and set in place amounts that are control at the beginning and SEG 1 & 2, these are This superance amounts that are countrol at the beginning actual set in proper decided country and set in places to the very set in poper or checks on the decided ower nor being requested to be vired.  The mounts of the country in the first actual and another set in the first actual and the first actual a			the account in the system	General Ledger so that	to make sure all new	an allocation is created	even though there is an
The controls for the country for the beginning set to see a sucretary the controls of the beginning automated in the peguinning set to see a sucretary country and the beginning actual exceeds revised the revised the control at the beginning actual exceeds revised the country of each financial year. The control as the beginning actual exceeds revised the country of			as fund control. It is not a		allocations created are	for SEGs 3 to 13. As for	overall budget saving.
The street of the variety of the vired when or eviced when or evic				automatically rejects	set up properly for fund	SEG 1 & 2, these are	This issue is
actual expenditures standard and actual expenditures self-self-self-self-self-self-self-self-			SEG1 and SEG2 were in	still heing inputted when	of each financial year	not under fund controls	hlighted in the re
FMIS as they were exceeds controlling accounts.  FMIS as they were exceeds control make over on the automatically their actual amounts are and figures.  FMIS as they were exceed the excee			the payroll system and not	actual expenditure	Also Virament will be	implications affine to	Ministries
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Author tell former						addressing this issue to	
						that	

no s		raised in and the ot provided let Division. have been a Bureau of but it is provisional	neen
OAG Comments on Current Status		Issue was raised in 2013 again and the figure was not provided by the Budget Division. GDP figure have been sought from Bureau of Statistics but it is always a provisional figure.	Issue has resolved.
OAG Comments Ministries/Departments Departments-Response OAG Comments Comments on Current Status Current Status	The supervision and control mechanism for recording of debt data has been strengthened in 2012 with the CS-DRSM system upgrade and the training of staff on the MTDS (Mid Term Debt Strategy)	The GDP and other fiscal indicators are readily available. In fact, the fiscal indicators namely Debt as % of GDP are reflected in the Annual Debt Report which is published on the MoF website subsequent to Cabinet endorsement.	MOF Debt Unit Management has ensured that proper Reconciliation are performed on a monthly basis and verified by Supervisors before being sent to the FMIS Reconciliation Team for the following:  JP Morgan Sinking Fund Reconciliation.  RBF Government Central Account Reconciliation.
Ministries/Departments Comments	Comments noted. The supervision and control mechanism for recording of debt data will be strengthened in 2012.	The comments noted. The supervision and control mechanism for recording of debt data will be strengthened in 2012.	The Ministry of Finance fully agrees with the recommendation. Debt unit will ensure that monthly reconciliations is carried out and properly checked by supervisor.
OAG Comments	The Ministry should ensure that proper supervision and control mechanism for the recording of debts are strengthened and reconciliation of debts is carried out regularly.	The Ministry of Finance in consultation with the Ministry of Strategic Planning and National Development and Statistics should ensure that the Gross National Product per capita is readily made available with the Gross Domestic Product on a yearly basis.	The Ministry should ensure that  • Proper handing over is carried out by outgoing officers to ensure that work progress is noted and all outstanding work are addressed accordingly.  • Senior staffs must take the leading role in the preparation of loan account balances, reconciliation and review before submitting to the auditors.  • The Ministry should undertake monthly reconciliations of the
	Debt balances may not have been fairly stated due to the lack of control checks on the correctness of the recording of debt for the year ended 31/12/2011	The ratio as at 31/12/01 was 51% representing the average burden on the population to meet the debt per capita to GNP capita could not be analyzed as the data for the GNP/capita was unavailable.	No proper handing over was done following the resignation of two key staffs within the Debt Unit during 2012 who were responsible for the recording of borrowing transactions. There was a tendency to rely on audit to carry out its audit check without any effort shown by the Debt Unit. This was coupled by the unavailability of the reconciliations being prepared and thus considerably time was taken to verify the borrowing amounts.
Heading	Borrowings over the 15 Year Period	Public Debt per Capita to GDP per Capita Ratio	Incorrect Submission of Borrowing Fund Account
No. Heading Issue	7.2	7.11	2

OAG Comments on Current Status		Currently under review for 2014 but general ledger checks noted that those listed accounts are cleared in 2014. This issue was raised in 2013 as well.		Resolved.	
	The issue has been thoroughly dealt with.  All debt related accounts are now reconciled on progressive basis.	In 2013, the Ministry of Finance after consultation with the OAG conducted a write off exercise which was specifically targeted at Dormant accounts.  This was approved by the then Minister for Finance.		The issues have been rectified and since then MOF has made necessary changes to incorporate Revenue Arrears.	
Ministries/Departments Comments		Debt Unit will strengthen the role of proper supervision and also to adjust these account balances accordingly as this issue will not be repeated in 2012 audit year.		No Comments received from the Ministry	
OAG Comments Ministries/Departments Besponse Comments on Current Statuse	ensure that records supporting the account balances in the financial statements are made available to audit upon request without any delay.	The Ministry should explain, review and adjust these account balances accordingly.		The Ministry should ensure that loan repayments from these Lending Fund Accounts are correctly reflected in the accounts for the Whole of Government and to be consistent with the cash basis of accounting adopted by the Government.	
Issue		An unexplained dormant general ledger account totaling \$26.3 million existed in the Borrowing Fund Account without any history of transaction since 2005. Despite being raised in the 2010 Auditor General's Report, no corrective action was taken to explain and adjust these balances accordingly.	count	Loan recoveries collected in 2011 totaling to \$2,677,182 have not been recorded as revenue in the general ledger (FMIS) after it has been credited to the Lending Fund Account. The postings into the general ledger for these recoveries were made to increase the cash and reduce the respective debtor accounts in the Lending Fund Account. The non recognition of revenue contradicts the cash basis accounting to \$2.000.	D
Heading		Dormant General Ledger Balance	Lending Fund Account	Recoveries Not Recorded as Revenue	
No.		7.13	0.0	Σ.	

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8.2	Heading	Heading Issue OAG Comments Ministries/Departments Departments-Response	OAG Comments	Ministries/Departments Comments	Departments Response	OAG Comments on
8.2		policy of Government.				2000
_	Scholarship Unit	The Commission prepared the Lending Fund Account Reconciliation and initiated discussion with an officer in the Debt Unit. In Addition, was preparing reconciliation from the new allocations report received from the Ministry of Finance while the Debt Unit still recorded both the old and new allocations.	The Debt Management Unit of the Ministry should liaise with the Commission over these credit balances and ensure that the amounts are accurately reflected in the Whole of Government Account.	No Comment received from the Ministry	The Internal Audit Report No. 40/2014 covers all the issues raised by OAG's office and also provides identifies way forward to be pursued by the for Public Service Commission's Scholarship Unit. PSC needs to take the lead role in this, MOF can only assist and guide PSC.	The Scholarship account for financial year 2014 is under review. Currently, the general ledger is showing negative account balances for PSC Private Students (\$3,758,829); Student Loan Scheme (\$6,756,513); Tertiary Education (\$4,354,316) which reduces the Debtoos MODE Incomediate of the parameters of the peakers.
რ დ	Anomalies and Recurring Issues in the Lending Fund	Balances continued to appear in the general ledger system since 2009 being adjustments made into the Lending Fund Account in respect of Scholarship Unit by officers at the Prime Ministers of Finance agreed in 2010 to put in place those internal control procedures however this has yet to be auctioned even though there was a verbal assurance from the Debt Unit that it would be done in 2011.	The Ministry should ensure that control measures and proper authorization are put in place to avoid unauthorized users postings to the Lending Fund Account Numbers in the general ledger.  Reconciliation of the entities records and the FMIS GL should be carried out regularly, variances noted should be investigated and necessary adjustments made.	No Comments received from the Ministry	The Internal Audit Report No. 40/2014 covers all the issues raised by OAG's office and also provides identifies way forward forto be pursued by the Public Service Commission's Scholarship unit. PSC needs to take the lead role as MOF can only provide assistance and guidance.	

- 2011 VOLUME 1	OAG Comments on	With the current FS disclose, TMA account balances are consolidated with operating fund account and are presented as a consolidated account.	The movements or changes in Equity balance can now be explained by the FMIS Unit. This is also reflected as a statement in the new format of the FS adopted from 2012.
I ISLANDS ROPRIATION STATEMENT	Departments-Response	The Odd recommendation is noted.  A review of the process was conducted resulting in the issuance of Finance Circular 11/2012 to address the TMA VAT treatment.	Issues have been resolved by MoF Asset Management and Monitoring Unit (AMMU) and OAG will be able to access this information with AMMU as they are the custodian of documents in relation to the TMA equity allocation.
HE REPUBLIC OF THE FIJI IENTS AND ANNUAL APPI	Ministries/Departments Comments	Noted. AMIU has already discussed the issue with FRCA Audit Division and had been advised that TMA have to treat VAT differently from other government department and agencies. A finance Circular will be issued to government departments and agencies that operate a TMA regarding the correct TMA VAT treatment. The amount of VAT on Revenue in the SLG will be cleared off against the Equity as VAT on expense is already incorporated in the account through profit and loss transferred. The FMIS department will be informed and requested to facilitate the new TMA VAT.	AMU is working towards resolving the issues of substantiating TMA Equity.
AUDI OK-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS F GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATIC	OAG Comments	• The Ministry should ensure having an immediate review of Finance Circular 10/2009 be carried out and if VAT component on the purchase of goods and services should be a contra entry to VAT on revenue with the same allocation in the general ledger accounts allocations numbers. As such the difference should be treated either VAT payable or receivable which are liability and asset accounts respectively.	The Ministry should ensure that:  • Quarterly performance reports received are consolidated in a separate record and the consolidated balance reconciled against the general balance for the accuracy of the TMA balances  • Ministries/ Departments operating TMA are to be held liable for the proper record keeping
WHOLEO	issue	While VAT on revenue have been transferred to a separate Standard Liability Group (SLG) VAT paid on purchase of goods and services was still treated as an expense, but recorded in the FMIS GL under the Standard Revenue Group. With the current VAT on revenue policy, the matching principle of accounting has not been fully adopted by government in its financial statements, hence understating the 2011 Total RFA Suspense receipts.	Audit could not substantiate the TMA surplus and TMA accumulated surplus balance totaling to \$24.6 million appearing in the FMIS general ledger as balances in these accounts have accumts have accumulated over the years. Move over the movement from year 2010 to 2011 balances could not be substantiated.
AUDIT REPORT ON	Heading	RFA (Suspense) Receipts Understated	Unsubstantiated Equity balances
No		5.	9.1.2

AUDIT REPORT ON THE WHOLE	ON THE WHOLE OF GOVERN	E OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	ENTS AND ANNUAL APPR	ROPRIATION STATEMENT	
n	ance	CAG COMMents	Ministries/Departments Comments	Departments-Response on Current Statuss	OAG Comments on Current Status
		and the production of the TMA performance reports			
		for			
		Consolidated TMA balance to facilitate the			
		audit verifications and that the amounts in the			
		accounts are fairly stated.			
Above Their	Government Ministries/	The Ministry should:	Noted	A memorandum on	Currently there is no
Financial Ceiling	Departments h			respective Ministries	clear procedure on the
	operating above their	Commercial		P	gements w
	appropriated celling.	(Agriculture) and Brilk		annually to remind	operators. However,
		e of Dr		excess ca	remitting profits back to
		(Health) for the		above its ceilings.	MOF.
		excess		All TIMAs operating	
		the ceiling to the Consolidated Fund		above their ceilings are	
		• Ensure that revenue			
		in place for			
		departments holding			
		cash in excess of the			
		appropriated celling in			
		Finance Instructions			
Misallocations -	The Fiii Handicraft Centre	Z010, Section 30	Motor of the second		The state of the s
Fiji Handicraft	TMA under Ministry of	ensure	closing off Handicraft	Issue has been	
Centre TMA	Industry and Trade	-	LWA.	of Centre	
	where the TMA hank	account numbers		been closed.	
	account was closed				
	together with the balance	accordingly; and			
	Consolidated Fund	Changes in general ledger halances are			
	Account. Audit noted that	monitored regularly			

9.1.4

9.1.3

No.

	AUDIT REPORT O	AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2011 VOLUME 1	MENT FINANCIAL STATEN	The latest and the second seco	THE PROPERTY OF THE PARTY OF TH	- ZULL VOLUME 1
Ö Z	Heading	ssue	OAG Comments	Ministries/Departments Comments	Departments-Response on Current Statuss	OAG Comments on Current Status
		transactions were being posted into the Handicraft Centre general ledger account during 2011 thus showing incorrect financial information.	significant variances investigated and adjusted accordingly.			
9.2	RFA Miscellaneous	snou				
9.2.1	Outstanding/ Overdrawn RFA Miscellaneous	Substantial accumulating balances if not cleared on time are susceptible to becoming bad debts as a result of resignations or retirements of officers, migration, deaths, closure of companies or change in accounting personnel or management over the years.	The Ministry of Finance should regularly follow up with Ministries/Departments to investigate variances, allocate them to their correct allocations and put in place stringent measures such as reconciliations to be prepared and checked by supervising officers.	The Financial Management Act 2004, Part 5, Division 1, Section 28 clearly outlines the responsibility of the Chief Executive officer and other responsible authority for a budget sector agency.  "28- (1) The responsible authority for a budget sector agency.  "28- (1) The responsible authority for a budget sector agency.  "28- (1) The maintenance of an effective system of internal control for money and property.  (g) The maintenance of an effective system of internal controls for money and property.  Furthermore. Finance Instructions 2010. Part 10: Internal controls:  59 - (1) Each agency must have in place a cost effective system of internal controls which—a) Safeguards money and property against loss.	In 2013, the Ministry of after consultation with the OAG conducted a write off exercise specifically targeted at Dormant accounts.  This was approved by the then Minister for Finance.  Some of these RFA balances have been carried forward for a number of years and have lost their meaning and chance for verifiability over time.	There was a write off exercise conducted by MOF in 2013 & in 2014. Most of these dormant and large balances were written off then. While the OAG agreed to the need to clean up governments books, it should not compromise the due diligence process in ensuring the write off was done with proper consultations with Ministries and that the write off was correctly done.
				ing		

No. Heading	Issue	OAG Comments Ministries/Departments Departments Response OAG Commen	Ministries/Departments	Departments-Response	OAG Comments on
			and c) Avoids unfavorable audit reports.	asimple of the second	Current Status
			(2) The Accounting Head of an agency is		
			responsible o the Permanent Secretary		
			design and operation		
			Although the Finance		
			Management Act, 2004		
			2010 are quite clear on		
			the burden of		
			inc.		
			ciliations		
			the CMIS Unit has seen,		
			the-less been		
			/ liaising		
			Accounting Heads and		
			responsible officers in		
			200		
			Departments on		
			outstanding balances in		
			Unit has gon		
			the extent of assisting		
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			exercise.		
			The FMIS Unit whist		
			receiving reconciliations		

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	OAG Comments on	SUBSC	
-	on Current Statuss		• The FMIS AR Module has a variety of system customized reports and enquiries capabilities at the disposal of ministries and departments. • These reports were designed and extracted from the extracted from the C&A FMIS in 2014. The extracted report is in eExcel format which should assist in complying with the OAG recommendation of for a quarterly recommendation of outstanding invoices.
Ministries/Departments	Comments	to provide details and justification for the outstanding balances. Accounting Heads are also reminded every month on the process of clearing advances or outstanding balances under their Ministry/Department. Since they are the responsible authorities for financial management of their entity, it should be their responsibility to clear outstanding transactions	
OAG Comments	Ministries/Department	with increasing balances.	The Ministry of Finance should regularly follow up with with Ministry/Department to ensure that outstanding invoices are recovered from debtors.  A quarterly review of the outstanding invoices from the Accounts Receivable module should be carried out by the FMIS unit of the Ministry of Finance.
Issue	outstanding/overdrawn	balance as at 31/12/10. The above indicated that misallocations, transfer of balances from other accounts in the Revolving Fund Account allocations and carrying over of ongoing capital projects were major reasons for the increase in the RFA-Miscellaneous balances.	The recovery of outstanding invoices has been fluctuating over the 3 year period 2009-2011. While percentage recovery rate has improved in 2011, audit is concerned at the low recovery rate indicated little effort put in by Ministries/ Departments to fully recover the amount invoiced.
Heading			Analysis of Outstanding invoices in Accounts Receivable Module
Š.		C	S. — — — — — — — — — — — — — — — — — — —

No.	Heading Issue	INSTITUTE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION	OF COVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	MEN IS AND ANNUAL APP		- 2011 VOLIME 4
			OAG Comments	Ministries/Departments Comments		ò
						Current Status
6.24	Carried over Projects- SLG 840101	While an overall decline was noted some Ministries/ Departments respective SLG84 balances as at 31/12/11 denoting that capital projects were not completed within the current financial year and were carried. It indicated that proper planning was not done on the implementation of capital projects during the financial year.	The Ministry of Finance should continuously follow up with the Ministries/Departments to ensure that funds appropriated within the same financial year in which those funds were appropriated.	Following the lessons learnt from the 2010 SLG accounts we were able o reduce the carryover of specific unutilized balances on a case by case basis for 2011. We continue to encourage the agencies to use these funding as soon as possible falling which, we will look at options such as blocking the account or withholding approvals. However in certain circumstances.	The MoF issued a Circular 25/2014 on Discontinuation of Carry Over. This also encuraged operators on the ground to quicken up their process and project completion time.  SFCCO also took an initiative in 2014 to ensure that 60% of budgets were utilized by mid-year. This also fast tracked the utilization of funds and projects completion time.	

F - 2011 VOLUME 1	3	Salar Care	Resolved.	Resolved.	
IF.	Departments-Response on Current Statuss		The OAG recommendation is noted and MoF FMIS has taken corrective measures to ensure the accounts structure are mapped correctly as per the Chart of Accounts.	FMIS has widenwidened the reconciliation net to capture all Balance Sheet posting in the General Ledger (GL). Therefore anyTherefore balance any transferred will be easily detected by the reconciliation team.	
MENIS AND ANNUAL APP	ministries/Departments Comments	factors beyond the control of these agencies may adversely affect projects. E.g unfavorable weather conditions etc. In such cases carryovers are anticipated.	Comments are noted. FMIS will liaise with all concerned Ministries and Departments to transfer all balances to the appropriate allocations in 2012.	Comments are noted. We have noted that an account was not included in the 2010 report which we have now included in the 2011 report which results in the differences between the closing balance for 2010 and the opening balance for 2011.	The
OAG Commente			The Ministry should ensure that the general ledger balances in the FMIS are correctly mapped to the correct Heads as in the 2011 Appropriation Decree.	The Ministry should ensure that the opening balances are based upon the closing balances of the prior period.  The Ministry of Finance should review the transfer of fund process in place which should not affect the opening balances for the following year.	Follow up action should
ssue			Department of Environment and Ministry of Public Enterprise in the FMIS general ledger were not mapped to the new account structure as set out in the 2011 Appropriation Decree. It indicated that the Ministry did not maintain accurate balances in the general ledger in accordance to the Annual Appropriation Act and as a result, distorted the FMIS – GL balance.	was variance ne 2011 opening miscellaneous as per the FMIS sening balances of the Whole of the W	A balance of \$1.8 million .
Heading		FMIS Account	Structure not in accordance with Annual Appropriation Act	Variance in the 2011 Opening Balance	Overdrawn
Š		9.2.5		0.7.0	-

"	OAG Comments on	SUBJECT		There was a write off exercise conducted by MOF in 2013 & in 2014. Most of these dormant and large balances were written off then. While the OAG agreed to the need to clean up governments book, it should not compromise the due diligence process in ensuring the write off was done with proper consultations with Ministries and that the write off was
E OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT  OAG Comments  Ministries/Departments	Departments-Response	Finance Circular 12/2013 on SLG Reporting Guideline to ensure that there is guidance when dealing with SLG allocations. In 2013, the Ministry of Finance of exercise specifically targeted at dormant accounts.  This was approved by the Minister for Einance of Finance of Exercise Specifically targeted at dormant accounts.	Ministries have cleared their provisional tax payments.	We have reiterated to the agencies the importance of clearing the accounts on time. It is also stated in the Agency Finance Manual for clearance of accountable advances within 7 days upon return. In 2013, the Ministry of Finance of affer consultation with the OAG conducted a write off exercise specifically targeted at dormant accounts.
HE REPUBLIC OF THE FIJ	Comments	Management Act 2004, Part 5, Division 1, Section 28 clearly outlines responsibility of the Chief Executive Officer and other responsible authority for a budget sector agency. As such, the Permanent Secretary and/or the Accounting Head are directly responsible for proper accounting of agency funds. Comments are however	While this matter would be best answered by each of the agencies listed, we will be bringing this matter up with the accounting heads in the mext accounting head	Management Act 2004, Part 5, Division 1, Section 28 clearly outlines responsibility of the Chief Executive Officer and other responsible authority for a budget sector agency. The desk officers in the FMIS Unit do scrutinize balances in RFA reconciliations and follow-up with Accounting Heads and Accounting Heads and Reconciliation Clerks in
F GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION OAG Comments		be taken with Telecom Fiji Ltd for the payment of the outstanding debt. Legal recovery action should also be considered through the Solicitor General's Office.	The Ministry of Finance should consult and liaise with Accounting Heads over the increasing balances for withholding tax which should be paid to FRCA at month end	The Ministry should ensure that:  • Outstanding balances in the RFA-Miscellaneous are cleared by the respective Ministries and Departments as prolonged delays could increase the risk of non-recovery.  • All RFA reconciliations submitted by Ministries and Departments are thoroughly scrutinized for regular clearance per month.
V THE WHOLE OF GOVERN Issue		are elst as a second of control o	Ministries/ Departments were not remitting the 15% provisional taxes deducted from contract payments to FRCA as confirmed by the increasing trend over the 3 year period.	Accumulations of balances over the years increase risk of non recovery of these outstanding balances thus making it more difficult for Ministries/Departments to clear these balances.
AUDIT REPORT ON THE WHOL	Chandon	(SLG) 85	Non Kemitance of Provisional Taxes	Analysis of Outstanding Advances, Dishonoured Cheque, Unclaimed Monies & Surcharges

9.2.8

No

9.2.9

- 2011 VOLIME 4	OAG Comments on		Resolved.	
AUDIT REPORT ON THE WHOLE OF GOVERNMENT AND ANNUAL APPROPRIATION STATEMENT - 2011 VOLUME 4 Heading Issue OAG Communication 1 1850.	Departments Response on Current Statuss	approved by the then Minister for Finance.  DCFMU's role in terms of assessment of recovery mechanisms, if the agency has exhausted all avenues.	write off as stated in Fl 2010. In line with Ministry's Annual Corporate Plan and DCFMU Business plan, the Unit conducts quarterly visits/assessments on guaranteed entities. In addition, the Unit undertakes assessment and debt sustainability analysis on high risk entities and	reports to Management.  The Fiji Sports Council Loan Agreement is currently being finalized and endorsement.  All variances have been rectified. The Ministry currently only recognizes the ANZ loan as guaranteed which as at 31st December 2014 has a balance of \$8.5 million. The Fiji Sports Council.
GOVERNMENT STATEMENTS AND ANNUAL APPROPRIATION OAG COMMINE	Ministries/Departments Comments	agencies.	Ministry of currently the of the order of th	Variances could be attributed to adjustments made after Entities received confirmation from FNPF. However to ensure consistency for all Entities, DCFMU relies on the figures submitted by the Entities as this reflects the liabilities that will be appearing in their Moreover, the MOF has the sought clarification and
MENT FINANCIAL STATEM			The Ministry should continue to closely monitor and report to relevant authorities on the servicing of the liability of entities to avoid incurring extra cost to Government.	The Ministry should discuss the anomaly with the Council and ensure that balance in the Statement of Contingent Liability is correct and fairly stated.
Issue			sed a sec and sec a sec	repayment of the outstanding loans.  The confirmation received from Fiji Sports Council dated 28/21/2012 indicated of \$3.2 million approved government guarantee in 11997 of which only \$2.9 million were drawn with a balance as at 31/12/2011 of \$926,725
Heading			Increased Liabilities for Domestic Loan Guarantee	Unexplained variances of Fiji Sports Council Loan Government Guaranteed Confirmations
No.			10.2	10.3

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Account Fund and the JP Morgan cash account  The bank reconciliation of amounts in JP Morgan amounts in JP Morgan amounts in JP Morgan account was not being amounts in JP Morgan account was not being set aside for the cash at bank account by S68.66 million could not be substantiated. It is a serious accounting issue where the Ministry of Finance staff failed to record accounting issue where the Ministry of Finance staff failed to assume that the accounting transactions in respect to journalize accounting should be supported with your accounting transactions and keep up transactions and kee	Ministries/Departments Departments Departments On Current Statuss On Current Status	The comments are duly OAG conducted the reconciliations and duly adopted. For 2012, for the year ended 31st the sinking fund Account formed stabilished anomalies highlighted an
Account Fund and the JP Morgan case of the The bank reconciliation of the JP Morgan bank account was not being made available as it was not prepared. The increase in JP Morgan Desubstantiated. It is a serious accounting issue where the Ministry of Finance staff failed to record accounting transactions in respect to the policy decision undertaken. Failure to journalize accounting transactions and keep up to-date reconciliations over the years has resulted in the unsubstantiated.	Ministries  Comments  Ministries  Comments  Co	that the rind Account aside for the care of the care o
Sinking Clearan JP Morg	ensse same	Account Fund and the JP Morgan cae to the The bank reconciliation of the JP Morgan bank account was not being made available as it was not prepared. The increase in JP Morgan cash at bank account by \$68.66 million could not be substantiated. It is a serious accounting issue where the Ministry of Finance staff failed to record accounting transactions in respect to the policy decision undertaken. Failure to journalize accounting transactions and keep up to-date reconciliations over the years has resulted in the unsubstantiated

- 2011 VOLUME 1			Audit has obtained audit confirmation from JP Morgan through the assistance of the RBF. Reconciliation has been submitted from MOF. The issues pertaining to the reconciliations and other documentation of the Sinking Fund account has been resolved.	Audit has obtained audit confirmation from JP Morgan through the assistance of the RBF. Reconciliation has been submitted from MOF.
ROPRIATION STATEMENT	Departments-Response on Current Statuse	reconciliation of the movements in balances are included in the Notes to the accounts.	Same as above	Same as above
5 14	Comments Comments		The comments are noted. MOF is undertaking monthly reconciliations for all Government investments accounts for 2012.	The comments are noted
OAG Comments			The Ministry should ensure that bank reconciliations are prepared for any bank or investments accounts.	The Ministry of Finance should ensure that reconciliations are performed for these accounts and that all the necessary documents for the accounts are located and made available for
Issue			Despite, the substantial holdings and movement of the cash balance into the account, the Ministry of Finance did not prepare monthly bank reconciliation of the account. As such variances existed between JP Morgan cash at bank GL and the JP Morgan bank statements.	Despite the significant debt proceeds, the Ministry of Finance failed to maintain simple accounting and administrative procedures and reconciliation of the accounts. In the absence
Heading Issue			Monthly JP Morgan Cash at Bank Reconciliations not provided.	Management of Global Bond Proceeds
No.		_	2.	?

NT - 2011 VOLUME 1	e OAG Comments on	The issues pertaining to the reconciliations and other documentation of the Sinking Fund account has been resolved.		Audit has obtained audit confirmation from JP Morgan through the ASSISTANCE of the RBF. Reconciliation has been submitted from MOF.	The issues pertaining to the reconciliations and other documentation of the Sinking Fund account has been	resolved.	Audit has obtained audit confirmation from JP Morgan through the assistance of the RBF. Reconciliation has been submitted from MOF.  The issues pertaining to the reconciliations and other documentation of the Sinking Fund account has been resolved.
Heading Issue OAG Comments Ministries/Denartment STATEMENT - 2011 VOLUME	Departments Response on Current Statuss			Same as above			Same as above
OAG Comments Ministries/Denartments Ministries/Denartments	Comments		We don't same to the	above to differ a special of the above to the above to commendations. The USD \$250 Global Borrowing was part of the 2011 Budget. Apart from the \$150m intended for the repayment of the 2006 Global Bond	funds were utilized for capital projects. This is clearly highlighted in the 2011 Budget.	14	The comments are noted.
OAG Comments	audit review		The Ministry of Finance	should make available to audit as to where the funds withdrawn have been utilized and ensure that the internal controls are strengthened for accountability when daily transactions.		The Ministry of Fireman	should review the JP Morgan cash at bank account from the year 2006 to year 2011 and perform reconciliation statement to show that the account is fairly stated in the Whole of Government.
enss	of reconciliations, the	proceeds from the global bonds cannot be determined to be accurately and fairly accounted for in the Whole of Government Financial Statements.	A total of \$162.3 million	was drawn from the bond proceeds held in the JP Morgan bank main account overseas. However, the audit was not provided any record to show how the funds were utilized.		made an	the were of Audit of of moial properties of the seral
Heading			Records not	More count		Inability to Trace	JP Morgan Bank Account
NO.			11.4			11.5	



## Report on Status of Issues Raised Auditor General Report

Whole of Government Auditor General Report 2012 Volume 1

sh is is is the shape of the sh	The consolidated whole of government accounts showed the bank account held locally and with overseas bank.  There is no disclosure of cash in transit, cash imprest and cash on hand as at 31/12/12 to be disclosed separately in the cash balance as cash equivalents.  There is no policy in place that clearly defines the composition of cash and cash equivalents.

No. Heading	ssue	VOLUME		VOCUME I	
		OAG Comments	ents Comments	Response on	OAG Update
			Silla collinos cars	Current Status	
				to enhance the	
				roc	
				and to assist the	
				clearing process. MoF	
				went a step further by undertaking	
				Iccol	
				ciliations	
				December 2014 21	
				Re	
				As matters currently	
				stand (in 2015) MoF	
				this new format to the	
				ministries by providing	
				the necessary training	
				drawing account.	
				Firthormore	
				of the accounting	
				cadre is being	
				considered. A Finance	
				Circular No. 10/2015 to	
				issued to address	
				issue	
				various Ministries. In	
				Considering the cotting	
				up of a Monitoring and	
				Risk Unit(s).	
				Trust Fund Bank	
				Accounts	

No.	Heading	leello	NOTOM	EMENIS AND ANNU	Heading Issue VOLUME 1	ATEMENT - 2012 -
	0	enser Series	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	
					Circular 2 of 2013 on new reconciliation of the True Trust Account. This was to enhance the reconciliation process and to assist the clearing process. MoF conducted training and offered assistance on the True Trust Reconciliation by 7 Ministries only. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted with commitment at the Permanent Secretary level.  The Ministry is working closely with the Banks to allow the agencies to move to internet banking to lessen the issue of unpresented cheques that would efficiently enable them to prepare the	

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		VOLUME 1	VOLUME	-		
Š.	Heading	Issue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
	foreign bank account balances	The variances between the variances between the general ledger and the bank reconciliation statement balances as at 31/12/12 of overseas bank accounts after the conversion to Fijian dollars using the December 2012 exchange rates provided by Ministry of Finance.  Proper reconciliation by Accounting Heads to enforce and carried out regularly.  The cash at bank balance for overseas bank accounts is overstated by \$20.47 million.	The Ministry of Finance should follow up with Ministry of Foreign Affairs about the variances which need to be rectified by relooking at the bank reconciliations of all bank accounts and those variances if it can be explained and those variances if it can be explained and the general ledger being adjusted accordingly to reflect actual cash held.  The Ministry of Finance should constantly follow up with Accounting Heads of these accounts to submit proper and correct reconciliation.  Officers failing to reconciliation.  Officers failing to reconciliation to explain the variances are to be disciplined.	from management	Accounts Overseas Overseas Overseas Overseas Overseas Bank Account- As at the 31st of December 2014, all Foreign Bank Accounts pertaining to the Pension Fund has been reconciled by the MoF. As Foreign Mission Bank Accounts, despite the constant reminders and restrictions enforced on the Ministry concerned, MoF only received 8 out of the 22 required Bank Reconciliations of Foreign Mission Bank Accounts in 2014 till December. In 2015 the MOF has placed a Senior Accounts of Foreign Affairs for secondment to assist in this outstanding reconciliation task.	
7.3.1	Non Preparation of Bank reconciliations	▶ All bank accounts must be reconciled monthly with the bank reconciliation and signed and dated by the responsible officer. ▶ Numerous bank accounts for the Domestic and Overseas Agencies did	• The Ministry of Finance should maintain a separate cash book for each bank account to track all transactions effected through the banks.	No comment received from management	The ministry through its own initiative has gone out to the various agencies and has helped them in reconciling their drawings accounts. A new format has been introduced that has	The audit of the financial statement of the Whole of Government for financial year ended 31/12/14 is currently being conducted.

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AUD	AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1		VOLUME	-		
O	Heading		OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
		not have bank reconciliation statements for the year ended 31/12/12.  There were variances between the bank statements for domestic bank balances which could not be explained by the Ministry. Moreover, there was no evidence in the bank.  Issues of not preparing proper could not be explained by the Ministry which bank.  Issues of not preparing proper proper bank have yet to be resolved by the Ministry which is also recurring audit issues.  The absence of proper cash books and monthly bank reconciliation statements increases the likelihood of inappropriate transfers, undetected payments and makes it impossible to determine the actual cash position of government at any given time.	close of each month should prepare a formal bank reconciliation statement for each bank account with discrepancies fully documented and followed-up.  The Ministry of Finance cash position at bank at any time should be the balances on the reconciled bank accounts which should be checked and approved by the Chief Accountant.		simplified the reconciliation format. The issue is now better handled.	Trust Bank Accounts and Consolidated Fund Account of Government were prepared by FMIS Unit of the MOF.  The overseas missions have sent in reconciliations through the Ministry of Foreign Affairs and currently being reviewed.
23.2	Bank Balances Without Evidence of Cash Held	Four overseas mission accounts maintained by Ministry of Foreign Affairs with the bank reconciliation statements being prepared for these accounts.  It was noted that these bank accounts are not	The Ministry should ensure that it takes a lead role in ensuring that all bank accounts maintained with Ministries/Departme nts are reported with Ministry of Finance	No comment received from management	The Ministry continues to remind the agencies to reduce cheque issues and take advantage of EFT payments.	Overseas Bank Accounts confirmations have been received from foreign banks along with reconciliations from Overseas Missions. This was facilitated through the

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AUD	IT REPORT ON TI	AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	VOLUME	ביייים אויי אוייטא	E ALTROPATALION SI	TATEMENT - 2012 -
No.	Heading	SSI	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
		recorded in the general ledger and as a result there is an understatement of \$818,896.15.  Findings reflect that the Ministry has not taken any positive or remedial action to ensure that cash at bank are correctly stated.	and that bank reconciliations agree to the general ledger balances.  The Ministry of Finance should ensure that all bank accounts are verified with bank statements and adjustment are carried out for accounts are verified with bank statements and adjustment are carried out for accounts that do not exist and updated in the general ledger in order to reflect correct balances;  The Ministry should request the banks for production of bank statements and confirmations for all bank accounts for audit verification purposes.			Ministry of Foreign Affairs.  Domestic cash accounts have been confirmed from local banks.  JP Morgan Cash confirmation has been received for the year 2014.
2.3.3	Variance in the Cash at Bank Balance as per the General Ledger and Cash held with bank	There were variances in the bank confirmation provided by the banks to the bank balances reflected in the general ledger.  The domestic bank balances is noted to be understated by \$129.39 million or by 45% of the cash at bank balance	Finance should ensure that bank reconciliations are prepared on regular basis for all bank accounts, the variances are explained and the general ledger is adjusted accordingly	No comment received from management	Consolidated Fund Account (CFA)  As at the 31st of December 2014, all CFA's have been reconciled by the MoF. The balance in the GL tallies with the cash balance in the bank	Recurring issue also in the 2013 report.  As the accounts for 2014 is under review, CFA bank reconciliation have been provided by the MOF.

AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT	4		VOLUME	-		
No.	Heading	lssue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
		of assets and liabilities in the whole of Government financial statements.  The general ledger is showing that the bank	to reflect actual cash held.  The Ministry of Finance should regularly follow up with Accounting		statement.  Drawings Account  MoF Issued Finance Circular 2 of 2014 on	accounts are being sought from Ministries and Departments.
		account held with BSP-Suva is overdrawn by \$54.33 million while the bank confirmation indicating \$28.14 million held in the account	unts er a ociliat		the Drawings Reconciliation requirement. This was to enhance the reconciliation process	
		The general ledger for overseas bank balances is overstated by \$112.217 million or by			ing process.  a step further traking	
		39% of the cash at bank balance reflected in the Whole of Government statement of assets and liabilities.			s s	
		The current cash management and monitoring process do not adequately the issues of proper reconciliation			As matters currently stand (in 2015) MoF has begun rolling out this new format to the	
		by Accounting Heads to enforce and ensure that proper reconciliation of the General ledger cash			ministries by providing the necessary training on the reconciliation of drawing account.	
		balances are carried out regularly.			Furthermore a review of the accounting cadre is being	
		balance reflected in Whole of Government financial statement			idered. A Fi	1 1
		and liabilities			this effect has been issued to address	
		\$17,166,878 or 6% of the			capacity issues in the various Ministries. In	

the financial statements.  Considering the setting the financial statements.  The financial statements and financial statements.  The financial statements are statements.  The financial statements and financial statements.  The financial statements are statements and financial statements.  The financial statements are statements.  The financial statements are statements and financial statements are statements.  The financial statements are statements are statements.  The financial statements are statements are statement		OAG Update		
OAG Comments	The second secon	Response on Current Status	considering the setting up of a Monitoring and Risk Unit(s).  Foreign Bank Accounts  Bank Account- As at the 31st of December	Accounts pertaining to the Pension Fund has been reconciled by the MoF.  As Foreign Mission Bank Accounts, despite the constant reminders and restrictions enforced on the Ministry concerned, MoF only received 8 out of the 22 required Bank Reconciliations of Foreign Mission Bank Accounts in 2014 till December. In 2015 the MOF has placed a Senior Accounts of Foreign Affairs for secondment to assist in this outstanding reconciliation task.
		Ministries/Departm ents Comments		
cash at bank reflected in the financial statements.	VOLUME	OAG Comments		
		Issue	the financial statements.	
		No.		

ATEMENT - 2012 -	OAG Update		This issue was raised again in the 2013 GR with a total of 10 GL accounts totaling (\$6,726,976).  Reviews of the General Ledger for those
PUBLIC ACCOUNTS COMMINE ON THE SEPORT OF THE REPUBLIC OF THE FIJI ISLANDS NANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	Response on Current Status	MoF issued Finance Circular 2 of 2013 on new reconciliation formats for; amongst other accounts, The True Trust Account. This was to enhance the reconciliation process and to assist the cleansing process. MoF conducted training and offered assistance on the True Trust Reconciliation. However, only 7 ministries were forthcoming. These seven ministries were assisted to the point where all their Trust Accounts reconciled and balanced. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted.	Consolidated Fund Account (CFA)  As at the 31st of December 2014, all CFA's have been reconciled by the MoF. The balance in the GL.
PUBLIC ACCOUNTS COMMINEE ON THE EPORT OF THE FIJI IS NANCIAL STATEMENTS AND ANNUAL API VOLUME 1	Ministries/Departm ents Comments		No comment received from management
AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRI VOLUME 1	OAG Comments		The Ministry should ensure that bank reconciliation are prepared on a monthly basis and Ministry of Finance should follow up with Ministry/Department
AUDIT REPORT ON THE WHOLE OF GOVERNMENT FI	Issue		That a total of \$114.13 million in the cash at bank general ledger was recorded as a credit balance, contrary to the nature of cash at bank balances.
T REPORT ON TH	Heading		Cash at bank with Negative Balances
AUDI	O		2.3.4

	TI NELOWI ON	VOLUME 1	VOLUME	-		
No.	Heading	enssi	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
		have been offset with the debit cash at bank balances thus reducing the cash at bank balances as at 31/12/12. A satisfactory explanation could not also be provided by the Ministry of Finance for these general ledger balances without any evidence of cash held.  The cash at bank balances cannot be deducted to be fairly stated of the actual cash held.	on the reasons for these negative cash at bank balances and rectify these irregularities to reflect the actual cash held by Government.		tallies with the cash balk statement.	accounts listed have been noted to have been corrected. Since the audit for the year 2014 is still underway, the confirmation of the correctness of the rectification of these accounts will be confirmed thereafter.
2.3.5	Discrepancies in Drawings Account	The following anomalies were noted for the drawings account balances held in the general ledger:  ► Five drawings accounts in the general ledger totaled to \$2.192 million have a debit balance which is contrary to its nature.  ► Drawings account general ledger balances number 3 to 5 have been brought forward from previous years;  ► The Ministry of Finance is yet to facilitate the reconciliation and clearance of these balances.	measures should be implemented to ensure that the differences in the drawings account reconciliations for Ministries/Departme nts are corrected and updated into the Financial Management Information System before the closure of the accounts.  The Ministry should adopt a check and review mechanism for all reconciliations to ensure that agencies	No comment received from management	As at 31st December 2014 all Drawings accounts have Credit balances with the exception of the Drawings Account for Commissioner Central-11810191991530301.  Commissioner Central-11810191991530301.  Commissioner Central-11810191991530301.  Commissioner Central-11810191991530301.  Commissioner Central-11810191991530301.  Commissioner Central-1181019199191919191919191919191919191919	

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		VOLUME	1		
	issue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
	general ledger.  The cash at bank balance for the drawings accounts may be overstated by \$2.2 million.	address errors and discrepancies in their monthly reconciliations before the next reconciliations are due.  Proper supervision should be carried out as reconciliation is an important control check in order to ensure that balances reflected in the accounts are correctly and fairly stated.  Ministries/Departme these balances are to be disciplined accordingly.		pass a journal to reflect the duplicate payment which will bring the Drawings account to Credit Balance.  ii) Since 2013, MoF has been monitoring all movements in all Drawings accounts. Furthermore, Finance Circular 2/2014 was issued on the Drawings Account Reconciliation format which is assisting MoF in monitoring the various Drawings	
Drawing Account	There was not furnished with any explanation by the respective Ministries/Departments accounts officers for these significant balances in unpresented cheques at end.	A to to a	No comment received by management	The ministry through its own initiative has gone out to the various agencies and has helped them in reconciling their drawings accounts. A new format has also been introduced that has simplified the reconciliation format. The issue is now better handled.	The Un-presented Cheque amount at 31/12/14 (unaudited) stands at \$150,319,406. Un-presented cheques at year end causes unnecessary pressure on government cash flow in the first quarter of the new year and forces government to float Treasury bills to fund the cash flow deficiencies.

AUL	VOLUME 1		VOLUME	-		
No.	Heading	lssue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
5.3.7	Net Impact of Error and Omission on Cash at Bank Balances	The net impact on Cash at Bank of the errors and omission in the 2012 accounts is substantial and reflects the existence of weak internal controls in cash management.  In spite of this being reported and qualified in the 2011 audit of the whole of Government financial statements, the Ministry failed to instigate the reconciliation of these balances to correctly reflected cash at bank at year end.	The Ministry should ensure that bank balances are reconciled monthly under adequate supervisions.  Any omission and errors should be investigated and coordination between the treasury and ministries and departments on the resolving of these anomalies.	No comment received from management	As at 31st December 2014, all drawings accounts have been reconciled and the variances between the General Ledger and the Un-Presented Cheque Listing have been shown in the Drawings Account Reconciliation.  Consolidated Fund Account (CFA)  As at 31st December 2014, all CFA's have been reconciled and balanced, i.e. there is no variance between the Balance and the balance in the	Net impact of errors & omissions of the cash at bank balance for WOG have been the basis of qualification of the WOG financial statement.  2011: \$(287,774,958) 2012: \$28,988,521 2013: \$(25,475,360)  The 2014 accounts are under audit review and the impact of these errors and omissions will be determined after the audit.
3.0 Acc	3.0 Accounts Receivable				General Ledger.	
3.1.1	Lack of Consolidated Debtors Schedule to Support Accounts Receivables balances	There was no consolidated supporting schedule at whole of government level to substantiate the accounts receivable balance of \$21,252,166 at year end.	• In view of full accrual basis of accounting to be adopted by government, the Ministry of Finance should consider upgrading the FMIS to allow the generation of a Schedule of Receivables both at agency and whole of government level.	No comment received from management	The issue was resolved through further consultation with OAG. OAG had agreed to take the reconciliation in place of Debtors schedule.  In 2014, MoF also came up with a new semi-automated SAG	

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EMENT - 2012 -	OAG Update			
AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	Response on Current Status	56 Report and this will be used to satisfy the OAG level of assurance.	MoF maintains its position as in 3.1.1.	The provision of Doubtful Debts will commence once Government adopts Accrual Basis of Accounting. The existing accounting basis is modified accounting.
MENTS AND ANNUAL	Ministries/Departm ents Comments		No comment received from management	No comment received from management
NT FINANCIAL STATE VOLUME	OAG Comments	Finance should ensure that all Ministries/Departments maintain a debtor register and reconciled to the account receivable reconciliations on a monthly basis and submit to the Ministry of Finance for consolidation and verification purposes.	Finance should ensure that opening are properly supported and consider upgrading the FMIS system to allow the generation of the consolidated accounts receivable schedule and an age of debtors schedules both at agency level and at whole of government level.	basis of accounting to be adopted by Government, the Ministry of Finance should consider upgrading the FMIS system to allow the generation of the Age of Debtors report both at agency level and at
	Issue		The absence of a consolidated receivable schedule and aging of debtors' schedule, audit could not satisfactorily deduce that opening balances did not contain misstatements that materially affect the current period's financial report.	No provision for doubtful debts has been made by government for those uncertain recoverable amounts.
	Heading		Uncertainty of Opening Balances – Accounts Receivable	Provisions for Doubtful Debts
	No.		3.1.2	3.1.3

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TEMENT - 2012 -	OAG Update			
L APPROPRIATION STA	Response on Current Status		In 2012 MoF for the first prepared a WoG cash Flow Statement. From this report you can easily distinguish between cash sales and accrued revenue in their general ledger accounts.  In 2015 the MoF and ITC are working closing together to design a new Receipting Application which will bring some uniformity to Ministries.	In order to take a proactive stance to assess the quality and recovery mechanism of the respective Ministries and Agencies in respect to their debt recovery plans, a Revenue Arrears Taskforce Committee was established in 2013.
MEN IS AND ANNUA	Ministries/Departm ents Comments		No comment received from management	The MOF is looking into setting up a Taskforce to spearhead the review of all Arrears of Revenue and examine the internal control machinery of the respective revenues collection entities. Generally, the Taskforce will be responsible for reviewing the existing
ENT FINANCIAL STATE VOLUME	OAG Comments	level as a tool for making reliable provisions for doubtful debts.	In view of the full accrual basis of accounting to be adopted by government, all government ministries/departmen ts should be encouraged to use the AR module of the FMIS when receipting revenue to ensure full accrual adoption.	Ministry of Finance should review their strategies/policies to ensure debts over 1 year can be collected and improve its debt position.      The Ministry of Finance could take proactive role to discuss strategies put in by Ministries/Departments to improve the
VOLUME 1	Issue		Ministries/Departments, 8 which are currently using the Account Receivable module of the FMIS includes Government Printing and Stationery Department, Ministry of Health, Ministry of Works, Department of Agriculture, Office of the Auditor General, Public Service Commission, Bureau of Statistics and Ministry of Fisheries and Forests.  Other ministries/departments are still adopting the cash basis of accounting when recognized revenue.	• Arrears of revenue which are more than a year old amounted to \$124 million or 64% of the total arrears of which the FRCA – Inland Revenue Department has the highest arrears of \$54,245,762 as at 31/12/12 which are taxes outstanding to Government.
	Heading		Difference in Revenue Recognition Criteria across Government Ministries/ Departments	Ageing and Recovery of Arrears of Revenue
	No.		4.	3.2.3 2.3

	OAG Update	
VOLUME 1	Response on Current Status	Taskforce was to take a stock take on the quantum of outstanding debtors of the Government agencies have undertaken and the areas where the improvement can be done. In hindsight, it has been noted that there has been some mis-postings by line agencies. In some instances, MoF have formally advised the respective Heads of Line agencies to rectify the accounting anomalies.  Overall, the outcome of the reviews undertaken by the Revenue Arrears December 2014 excluding Customs Duties totaled \$50.5 million thus showed a reduction of \$82 million or -162.4% as compared to \$132.5 million as at 31st
L	Ministries/Departm ents Comments	place to ensure swift collection of debt and irrecoverable debts reduced and will also be conducting meetings with Ministries/ Department representatives to discuss internal control procedures and policies. The underlying intention is to eliminate the existing anomalies in the revenue recovery process and have an efficient system in place.
VOLUME	OAG Comments	situation.
01100	ansel	uncollected for over 5 years. The Ministry declared that arrears deemed irrecoverable amounting to \$3,153,259.74 was approved.  • Arrears of revenue outstanding for over 5 years for the Judicial Department stood at 77% of total arrears of revenue as at 31/12/12. The execution of warrants for revenue collection is undertaken by Fiji Police Force. Lack of resources had been a factor to the untimely collection of revenue which are more than year old amounting to\$28.2million or 74% of the authority. The substantial amount of arrears has resulted due to dispute with the billing system.  • Keeping debtors in over ninety-day category for a long time reflects a weak system of revenue collection mechanism in
	Heading	
NIC	NO.	

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7	OAG Update		
	Response on Current Status	recovery mechanisms undertaken by FRCA.  Respective agencies have reviewed their Outstanding Debtors portfolio and eliminated the impaired assets through write offs to a greater extend. The write offs were done through Cabinet approval.  The outstanding arrears of revenue stands at \$226.5million as at end of December, 2014 as opposed to	in December, 2010.  Through the Revenue Arrears Taskforce Meeting and consultation meeting, Accounting Heads are reminded about the correct submission of the Quarterly Revenue Arrears Reports.
1	Ministries/Departm ents Comments		The Ministry has noted the recommendation above and will continue to remind Ministries/Department s HOD'S for the timely and accurate submission of their quarterly arrears of revenue report. Accurate submission is important as it weighs 15% of their annual Permanent Secretary
THE ANIOCE OF GOVERNMEN	OAG Comments		Ministry of Finance should remind Ministries /Departments to always check the arrears of revenue reports and returns are correct in all aspects.
	lssue	the financial position of the government.  There is risk that debtors would default in their payments which would result in increase losses in government revenue.	The audit of arrears of revenue returns noted the following anomalies:  The Ministry of Labour, Industrial Relations and Employment failed to include amount totaling \$685 in their arrears of revenue return for the year ending 31/12/12. This was related to arrears for the Nadi and Savusavu Office of \$595 and \$90 respectively.  The Ministry of Fisheries and Forests failed to
77	Heading		Errors in Arrears of Revenue Quarterly Report
	No.		3.2.4

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STATEMENT - 2012 -	OAG Update			was ough ation had the olace le. been been after OAG.	d to ation btors been by e off after	of
L APPROPRIATION	Response on Current Status			The issue was resolved through further consultation with OAG. OAG had agreed to take the reconciliation in place of Debtors schedule.  The issue has been improved further by the approved write off exercise after consultation with OAG.	OAG had agreed to take the reconciliation in place of Debtors schedule.  The issue has been improved further by the approved write off exercise after consultation with OAG.	In 2013, the Ministry of Finance after
MENTS AND ANNUA	Ministries/Departm ents Comments	assessment by PSC.		No comment received by management.	No comment received by management	No comment received by management
ENI FINANCIAL SIATE VOLUME	OAG Comments			In view of full accrual accounting adoption by Government, the Ministry of Finance should consider upgrading the FMIS system to allow the generation of prepayments schedule both at agency level and at whole of government level.	In view of full accrual accounting adoption by Government, the Ministry of Finance should consider upgrading the FMIS system to allow the generation of prepayments schedule both at agency level and at whole of government level.	The Ministry should ensure that:
VOLUME 1	lssue	provide the aged debtors listing as at 31/12/12 totaling \$17,308.  This shows that the Ministry of Finance is not checking the returns submitted by miniseries/departments and state owned entities.	ccrued Income	de as at a de la	The absence of a schedule of prepayments at the agency and whole of government level, movement in the prepayments balances may not be properly explained hence it could not be verified by audit.	• The average of the total outstanding
THE CONTRACTOR	Heading		Prepayments and Accrued Income	Lack of Supporting Schedules- Prepayments and Accrued Income Balances	Audit of Opening Balances	Analysis of Outstanding Advances
	No.		4.0 F	4. 2.	7. 7.	4.1.3

	OAG Update			
VOLUME 1	Response on Current Status	off exercise specifically targeted at dormant accounts.  This was approved by the then Minister for Finance.  Some of these RFA balances have been carried forward for a number of years and have lost their meaning and chance for verifiability overtime.  DCFMU's role in terms of assessment of recovery mechanisms, if the agency has exhausted all avenues then it will request for write off as stated in FI 2010.		The MoF is in the process of writing up a assets framework which will address the formulation of policy and accounting standards that are to be applied.
	Ministries/Departments Comments			No comment received by management
	OAG Comments	are cleared by the respective Ministries and Departments as prolonged delays could increase the risk of non-recovery.  All RFA reconciliations submitted by Ministries and Departments are thoroughly scrutinised regular clearance per month.  Static and long outstanding balances carried over the years should be reviewed and necessary action be taken to clear this balances.		The Ministry should consider drafting and adopting clear accounting policies, valuation methods write off policies, provision obsolesce and developing supporting schedules that can provide accurate
	Issue	million mark whilst the outstanding figure for unclaimed monies has been between the ranges of \$7.5 to \$8.2 million for the past 5 years.		• The Whole of Government financial statements only showed the ending balances of inventories.
	Heading	Cheque, Unclaimed Monies Surcharges	Inventory	Non Disclosures of Accounting Policies Adopted in Valuing Inventories
	No.		5.0	5.1.1

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EMENT - 2012 -	OAG Update			
L APPROPRIALION SIAI	Response on Current Status		The MoF is in the process of writing up a national assets framework which will address the policy on valuation.	AMU and FMIS is liaising with FMIS consultant on the need to establish an Inventory module.  AMU has continued to request the submission of Stock
FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	Ministries/Departm ents Comments		No comment received by management	No comment received by management
VOLUME	OAG Comments	value of inventory at any given time.  The Ministry should disclose in the financial statement the valuation methods and accounting policies adopted accountability and transparency purposes and for the benefit of users of the financial statement.	• The Ministry must work towards ensuring that an assessment of net realizable value or current replacement cost is done to certify that the future economic benefits to be realized from the scale, exchange, distribution or use are accurately determined.	The Ministry should consider:     Establishing a programme of regular stock takes for entities that hold significant balances of inventory to
-	lssue		• There was no assessment of net realizable value of the inventories held by Government as at 31/12/12 and the Asset Management Unit revealed that the inventories are recorded at cost.	\$978,349 or 13% of the total inventory disclosed in the financial statement could not be substantiated or verified to supporting documents or stock certificated.
-	Heading		Valuation of Inventories	Unsubstantiated Inventory Balances and Ineffective Inventory Management System
	No.		5.1.2	5.1.3

that balances held in inventory at any given time are accurate;  Training stock taking staff so that they are adequately skilled to identify evidence of obsolescence or damage.  Acquiring an effective computerized inventory
management system interfaced with purchasing, accounts payable and accounts receivable systems to ensure that all inventory movements are reflected in the general ledger.
Balance of \$873,950 • Static and long for the Ministry of Agriculture has been reflected in the general ledger since 2006 was in relation to a project for the Alternative be substantiated and continued to be raised during audit.

		VOLUME 1	VOLUME	1		7107
No.	Heading	lssue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
			ministries/departmen ts for adoption and to ensure that they are responsible for the preparation for their financial statements.  The Ministry should consider having monthly stock adjustments postings at month end.			
7.0 Ter	7.0 Term Loans Receivables	S				
7.1.1	Lending Fund Account Anomalies	• This reflects the laxity of officers and supervising officers in the Ministry in carrying out necessary reconciliation to ensure that the general ledger and loan accounts are accurately maintained and reflects true and fair information of the transactions of the accounts in the financial year.	<ul> <li>The Ministry should ensure that control measures and proper authorization are put in place to avoid unauthorized and incorrect postings into the general ledger;</li> <li>Reconciliation of the entities records and the FMIS GL should be carried out regularly, variances noted should be investigated and necessary</li> </ul>	DCFMU Unit has commenced reviewing the comments and will ensure that reconciliation of the entities records and the FMIS GL are carried out on a quarterly basis. A meeting with relevant stakeholders in July has resulted in consensus of how to address issues above and the possibility to write off Dormant/Inactive Loan Accounts.	There is already a policy and procedure put in place for the issue of access in the EMIS system and the access level depends on the accounting head since they have a better understanding of individual staff's responsibility.  Accounting Heads had been reminded on internal controls of the EMIS system.	
7.1.2	Scholarship Unit Loan Account	Government pays all fees and allowances at the outset and the 1/3 contribution by the students is treated as an interest free loan which will be paid at the end of their studies and on assumption of	The Ministry should follow up with Public Service Commission to remind them of their responsibility to ensure that all lending fund account reconciliation are being updated and	A meeting held with the PSC Accounts Team on 18th July about to be written off DCFMU will ensure to follow up with PSC about the lending fund	The Internal Audit Report No. 40/2014 covers all the issues raised by OAG's office and also provides way forward for Public Service Commission's Scholarship Unit. PSC	The Scholarship account for financial year 2014 is under review. Currently, the general ledger is showing negative account balances for PSC Private Students

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AUD	IT REPORT ON TH	AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPR. VOLUME 1	EMENTS AND ANNUA	L APPROPRIATION ST	ATEMENT - 2012 -
No,	Heading	lssue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
		employment.	details of receipts and payments are supported with relevant documents.  The Ministry should consider establishing a task force team as to ensure that records needed for whole of government accounts are readily available.  Inactive accounts are readily available.  Inactive accounts are looked into and if appropriate be removed from the system.	account reconciliation to be submitted on a monthly basis.	role as MOF can only provide assistance and guidance.	Loan Scheme \$6,756,513); Tertiary Education (\$4,354,316) which reduces the Debtors account balance at WOG level.
7.1.3	I Taukei Affairs Board (ITAB)	• Loan repayments made by ITAB since 1999 did not reduce their loan account as the allocation used for the loan repayments was incorrect.	Reconciliation of the entities records and the FMIS GL should be carried out regularly, variances noted should be investigated and necessary adjustments made to correct the material misstatements	DCFMU staffs will ensure that reconciliation of the entities records and the FMIS GL are carried on a quarterly basis. Standard operating procedures will be created to minimize misposting in future. In addition, a meeting was held on 19th July advising I Taukei Affairs Board the Dormant/Inactive Loan Accounts to be written off	A reconciliation exercise was carried out in 2013 in which the Debt Unit's records tallied with the I-Taukei Affairs Board records.	
7.1.4	Copra Industry Stabilisation Fund	• The Receipts from farmers and producers of copra have not been receipted into any	The Ministry should ensure that an accounting manual for the treatment of loan	DCFMU will review entries and ensure proper recording are done from now	This issue has been rectified. DCFMU management has an endorsed Standard	

TEMENT - 2012 -	OAG Update		Issue resolved.
L APPROPRIATION STA	Response on Current Status	Operating Procedure (SOP).  Copra Millers records currently reconciles with the Debt Units records.	The Fiji Sports Council Loan Agreement is finalized and currently awaiting Minister of Finance's approval. FSC loan has been reflected under Standard Asset Group 62 in FMIS.
MENTS AND ANNUA	Ministries/Departm ents Comments	onwards. In addition, these errors arise due to staff movement within ministry. Quarterly reconciliation of the entities records and the FMIS GL will be carried out on a quarterly basis and proper accounting entries to be taken into account.	We believe that the Cabinet decision approving the repayment of FSC loan by government is sufficient. However, we will draft a loan agreement considering further loan undertaken by the Council lately that government has made a commitment to prepay.
ENT FINANCIAL STATE VOLUME	OAG Comments	repayment should be developed and written instruction made available to all staffs so that they are aware of the accounting entries to be effected.  Reconciliation of the entities records and the FMIS general ledger should be carried out regularly, variances noted should be investigated and necessary adjustments made.  Officer responsible for maintaining this account should be disciplined for failing to perform her duties.	The Ministry should ensure that a loan agreement between the Fiji Sports Council and the Government is drawn up immediately and the loan account is reflected in Government books  The Cabinet Decision number CP (05) 320 of 30/08/2005 should be compiled with by the Ministry and if there are non-compliance the Ministry should
AUDII KEPOKI ON IHE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	enssj	revenue allocation and these receipts been credited to the Copra Industry Stabilisation of Earnings loan account and have reduced the loan balance by \$257,321 in 2012.	• The Loan agreement between Government and Fiji Sports(FSC) is yet to be drawn up contrary to the cabinet decision number CP(05)320.
II KEPOKI ON IF	Heading		Absence of Loan agreement with the Fiji Sports Council
AOD	No.		7.15

AUI	IT REPORT ON TH	AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT - 2012 VOLUME 1	LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRI VOLUME 1	EMENTS AND ANNUA	L APPROPRIATION ST	ATEMENT - 2012 -
. No.	Heading	Issue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
6.1.5	Failure to Make Loan Repayments during 2012	Explanation from the liaising officer with the officer in the Ministry noted that these borrowing institutions are facing solvency problem in their ability to make payment.      These entities included Fiji Pine Limited, National Trading Corporation Limited and Rewa Rice Limited and Rewa Rice Limited whereas Native Land Trust Board/NLDC, Timber Exporters and Production Loan to Farmers are now considerable number of years.	Stringent recovery measures should be in place to ensure that all loans are recovered yearly by the government.     The Ministry should review its recovery procedure in its Finance Manual and should make arrangement with these entities as to how they can repay their loan obligations.	Accounting Heads/Desk officers at the respective agencies have been reminded via e-mail or meeting about the repayments. Debt Unit will ensure that loans are recovered.	No further response received from Ministry of Public Enterprises.	There are some entities who are still not making any repayments to government eg Fiji Sports Council, FSC, Rewa Rice, Viti Corp. While it is acknowledged that government in meeting its social obligationa decade or so ago assisted these entities, to date, no repayments have been made.
8.0	Investment					
3.1.5	Non-remittance of Dividend over the 5 years Period	All Government Companies and Commercial Statutory Authorities pay at least 50% of the net earnings to the Government as dividends in consultation with the Minister for Public Enterprises, Minister of Finance and relevant Minister.	The Ministry should ensure that proper analysis are carried out in order to ascertain the nature and status of an investment entity, and also to ensure to entities remit dividends on an annual basis in accordance with requirements under the Public Enterprises 2003 Corporate  Governance Policy	The Ministry would like to state that payment of dividend from state owned entities are dependent on the performance of the respective state owned entities. As per section 114 of Table 3 A. Second Schedule, pg 125 of the Fiji Companies Act which states "No dividend shall be paid otherwise than out of profits.	No further response received from Ministry of Public Enterprises.	The audit is currently underway and confirmations of dividends received by government have not been confirmed. But in 2014 (unaudited) dividend received from 6 entities totaled \$24m.

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VOLUME 1		The second secon		4		
No.	Heading	lssue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
<del>ο</del>	Missing Share Certificates	• Investment totaling to \$42,490,246 as reflected in the statement of assets and liabilities are without share certificates and the Ministry of Public Enterprise stated that the Ministry is in the process of obtaining new share certificates from Register of Companies after being misplaced.	• The Ministry should follow up with the Ministry of Public Enterprise on the issuance of the new share certificates and ensure that these are filed in the respective investment files.	The Ministry noted the comments of the Office of the Auditor General and will take action accordingly. The Ministry will forwardly request to the Ministry of Public Enterprise for copies of new share certificates and file accordingly.	No further response received from Ministry of Public Enterprises.	PAFCO share certificate has been obtained. 2013 Reports Fiji Ports, Rewa Rice, AFL, Food Processors.
8.2	Sinking Fund	The Debt Management Unit which maintains a reconciliation of the JP Morgan acknowledges acknowledges the variances in the general ledger balance and the bank statement; however postings and maintenance of the general ledger are handled by the Treasury Division,	• The Ministry should clearly identify which Unit (AMU/DMU or Treasury) should be responsible for the maintenance of the Investment in Sinking Fund accounts and to take responsibility of the maintenance of investment reconciliation as well as the general ledger accounts and ensure that postings into the general ledger to correct any incorrect postings of balance into these accounts.	No comment received from management	OAG conducted the audit in Investment in Sinking Fund Account for the year ended 31st December 2013 and noted that those anomalies highlighted in previous year audits have been resolved. The following issues were discussed and resolved with the Debt Unit Team:  • Adjustment of year end balances. • Reclassification of accounts-Investment in Sinking Fund Account and Cash. • Restatement of prior year figures; and Additional reconciliation of the movements in balances included in the Notes to the	The issues pertaining to the reconciliations and other documentation of the sinking fund account has been resolved.  Audit has obtained audit confirmation from JP Morgan through the assistance of the RBF.  Reconciliation has been submitted from MOF.

	VOLUME 1		VOLUME	T		- 7107 - 7017 -
No.	Heading	lssue	OAG Comments	Ministries/Departm	Response on	OAG Update
9.0 Ter	9.0 Term-Loans Payable				current status	
0 +-	Ledger Balance	An unexplained dormant general ledger accounts reflected in the borrowing fund account ledger totalling \$46.3million.	The Ministry should review these dormant accounts and make appropriate adjustments to ensure that amounts reflected in the whole of Government Accounts are correctly reflected.	The recommendation is noted and the ministry is currently working on the adjustments to ensure that amounts reflected in the Whole of Government Accounts are correctly reflected.	Loans to NLTB, Production loan to Farmers and Timber Exporters has been written-off as per Ministers for Finance approval in 2013. As for NATCO, the Cabinet Decision dated 16th November, 2009 for CP (09) 346, cabinet "approved that the Batiri Farm be partially leased to Fiji Development Bank for sheep farming purpose and the remaining area on the Batiri Farm to be retained by FPFL and that any proceeds to be channelled towards the payment of the \$ 1,940,000 loan". Therefore the Loans were reduced to \$1,940,000 and the current balances stands. Public Enterprise is currently liaising with NATCO	Currently under review for 2014 but general ledger checks noted that those listed accounts are cleared in 2014. This issue was raised in 2013 as well.
9.10	Public Debt Per Capita to GDP Per Capita Ratio	• The lower the ratio of debt/capita to income is an indication that the population income has not been over burdened by the Government debt.	The Ministry of Finance in consultation with the Ministry of Strategic Planning & National Development and Statistics should	The recommendation is noted and the Ministry has set up a database to record the annual GNP and GDP figure from MSPNDS.	The GDP and other fiscal indicators are readily available. In fact, the fiscal indicators namely Debt as % of GDP are	

MA	110000		VOLUME	- 1		
	neading	Issue	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
			ensure that the Gross National Product per capita is readily made available with the Gross Domestic Product on a yearly basis.		reflected in the Annual Debt Report which is published on the MoF website subsequent to Cabinet endorsement.	
11.0 Ac	11.0 Accrued Expenses and Deferred Income	Deferred Income				
<del>-</del>	Accounting Issues	• That the standard liability group (SLG) 85 has been overdrawn by \$1.28 million as at 31/12/12, a decrease of \$66,614 or 34% compared to the overdrawn balance as at 31/12/11 and the balance of \$1.8 million relates to overexpenditure by the RFMF ON the Telstat Operations which was contracted to set up satellites in rural areas and outer islands.	The Ministry of Finance and RFMF should liaise with Telecom Fiji about the outstanding debt.      If TFL fails to repay its debt, then legal recovery action should be considered through the Solicitor General's Office.      Ministry of Finance should ensure that incorrect balances are reviewed and cleared on the monthly basis.		The MoF issued a Circular 12/2013 on SLG Reporting Guideline to ensure that there is guidance when dealing with SLG allocations.  In 2013, the Ministry of Finance after consultation with the OAG conducted a write off exercise specifically targeted at Dormant accounts.  This was approved by the then Minister for Einance	
12.0 T	Trust Fund Account				mance:	
12.1	Overdrawn Trust Accounts	The overdrawn trust funds are the results of incorrect postings, lack of proper supervision and monitoring of overdrawn accounts	Ministry of Finance should inform the Ministries/Departments to ensure that Trust Fund Accounts are not overdrawn at any time the overdrawn Trust Fund Accounts to be investigated and	The FMIS Unit of the Ministry of Finance has beefed up on its Reconciliation Team. The Team is currently monitoring all Balance Sheet items. From a very high level Items such as Trust Account need to be at a Debit balance.	Trust Fund Bank Accounts MoF issued Finance Circular 2 of 2013 on new reconciliation formats for the True Trust Account. This was to enhance the reconciliation process and to assist the clearing process. MoF	This is a recurring issue. Overdrawn Trust Account as at 31/12/13 stands at \$13.6 million an increase by \$6.3m from \$7.3m in 2012. Top 5 Min with DR balances are RFMF, Works, Department of Agriculture Police and

FATEMENT - 2012 -	OAG Update	Fisheries and Forestry.
APPROPRIATION ST	Response on Current Status	conducted training and offered assistance on the True Trust Reconciliation. However, only 7 ministries were assisted to the point where all their Trust Accounts were reconciled and balanced. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted. Liability accounts (Trust) will be set up under fund control to curb this overdraft. The Ministry is working closely with the Banks to allow the agencies to move to internet banking.  FMIS is in a process to fund accounts. The fund accounts. The fund accounting module will disallow any over expenditure and will prevent overdrawn issues.
EMENTS AND ANNUAL	Ministries/Departm ents Comments	Furthermore, Trust Cash needs to tally with Trust liability Accounts. When the team notices that trust Account Cash Balances do not tally with Trust Account Liabilities, Audiences are sort with Accounting Heads as well as Deputy Secretaries of guilty ministries to create awareness on the issues at hand. The team has also noticed that Ministries and Departments have unverifiable balances in their Accounts. This was discovered in RFA, Drawings, and Main Trust Reconciliations.  Hence, the RFA AND sig84 Reconciliations in the First Quarter of 2013 which was published in Finance Circular 2/2013. The new formats were specially designed to
AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT VOLUME 1	OAG Comments	accordingly.
WHOLE OF GOVERN	enssi	
REPORT ON THE	Heading	
AUDI	No.	

Page 29 of 36

	OAG Update		This is a recurring issue and in 2013 there was a net effect variance of \$697,878. While MOF have assisted Min/Dept. in constructing bank reconciliations and write off, the 2014 accounts is underway and after which this issue will be reviewed again.
	Response on Current Status		Accounts MoF issued Finance Circular 2 of 2013 on new reconciliation format for the True Trust Account. This was to enhance the reconciliation process and to assist the clearing process. MoF conducted training and offered assistance on the Trust
	Ministries/Departm ents Comments	unverifiable balances in the Accounts from the General Movements within the Accounts. The Team is also working on Formats for the other four Reconciliations; however, the Team will have to gather all the relevant data from the field before firming up on new formats to publish in a Finance Circular.  Once all the unverifiable balances have been ascertained, they will be submitted for writeder off at the end of the wear.	We totally agree with the issues raised by the OAG. The Reconciliation team found that there were instances were funded by the True Trust Fund Cash. The Anomaly could have arisen in the two scenarios mentioned below:
VOLUME	OAG Comments		The Ministry of Finance should investigate and assists these Ministries and Departments in correcting their records and ensuring that sufficient cash is held to meet government's obligation for monies kept in trust.  The Ministry of Finance surcharge action
	enss		• That trust monies totalling \$53,920,400 were not properly supported by cash at bank indicating that trust monies were being used for the operations of government contrary to the provision of the Act.
	Heading		Variance noted in Cash and Main Trust Balances
	No.		12.1.2

ON STATEMENT - 2012 -	n OAG Update	were These These ies were the point eir Trust were and F will be the same 2015 to emaining to are yet if the same hrough
THE WOLLD	Response on Current Status	However, only 7 ministries were seven ministries were assisted to the point where all their Trust Accounts were reconciled and balanced. MoF will be carrying out the same process in 2015 to assist the remaining ministries, who are yet to be assisted.  Separation of access for True Trust and Operating Fund in the FMIS to avoid interfunding through profiling.
VOLUME 1	Ministries/Departm ents Comments	Everything was processed for Fund 1 – Drawings Bank Account     EMIS Bank ID chosen referred to FUND 1- Drawings Bank Account     Error- Cheque Leaf used was for Fund 9- Cash System will reflect that Fund 9- Cash was used.  Bank statement will show that Fund 9- Cash was used.  Bank statement will show that Fund 9- Cash was used.  Bank statement will show that Fund 9- Cash was used.  Bank statement will show that Fund 9- Cash was account was used.  Assuming that the cheque has already been accepted by the Bank.  Reverse the original Transaction that was issued in the system.  Post the error to in a) iii) to Fund9-Cash in the Form of 'Fund 1- Cash to 'Fund9-Cash in the Form of 'Fund 1- Cash to 'Fund9-Cash in the Form of 'Fund 1- Expense.
VOLUME	OAG Comments	taking responsibility to ensure that these trust fund amounts are not overdrawn.
	Issue	
	Heading	
	No.	

Page **31** of **36** 

ATEMENT - 2012 -	OAG Update																																	
APPROPRIATION ST	Response on Current Status																																	
EMENTS AND ANNUAL	Ministries/Departm ents Comments	Allocation to	0	stated in b)iii)	c) Scenario 2 - Trust	Operations	<ul> <li>Payment Vouchers</li> </ul>	for true trust were	undertaken	Error- FMIS Bank     ID for Find 1 was	-	<ul> <li>Cheque leaf for Fun</li> </ul>	9- Cash was	correctly issued	when the cheque	was printed	statemen	show that True	Trust account was	correctly used	<ul> <li>System will reflect</li> </ul>	that Drawings Cash	Was used	Transaction that	was issued in the	system to nullify the	<ul> <li>Post the correct</li> </ul>	entry to affect Fund	9-Cah and Fund 9-	ses.	However, the	ciliation	noted that when	114 11111111111111111111111111111111111
VOLUME 1	OAG Comments																																	
WHOLE OF GOVERN	Issue																																	
NEFORI ON THE	Heading																																	
1	No.																																	

OAG Update		
Response on Current Status		The OAG recommendation is noted and revenue reconciliation has been carried out in regular intervals.
Ministries/Departm ents Comments	usually raise a Journal Vouchers (JV) where the following entry is made:  The JV raised above becomes problematic later on, because as depicted in the illustration, while the Debit is in Fund 1, the Corresponding Credit in sitting in Fund 9.  Furthermore, there are some ministries who do not discover the miss-posting, and there is nothing done about it. This contributes to the Unreconciled Balances in Drawings Account as well as the Variance between the Trust Cash and Main Trust Account.	No comment received from management
OAG Comments		The Ministry of Finance should obtain monthly revenue reports from FRCA and carry out revenue reconciliations  The Ministry of the control o
Issue		That \$269.8 million in refunds (debit amounts in the Operating Revenue Account) are included in Operating Revenue resulting in the understatement of the operating revenue by the same amount.
Heading	Revenue	Accounting Issues
No.	13.0	13.1

AUD No.	IT REPORT ON T	AUDIT REPORT ON THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT  VOLUME 1  Neading Issue	AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS LE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRI VOLUME 1	REPUBLIC OF THE FIJI IS EMENTS AND ANNUAL AP  1	THE JI ISLANDS L APPROPRIATION ST	TATEMENT - 2012 -
440	A	onee	OAG Comments	Ministries/Departm ents Comments	Response on Current Status	OAG Update
14.0 EX	14.0 Expenditure					
21. 21.	Over-Expenditure	<ul> <li>The Ministry of Education, National Heritage, Culture and Arts, Prime Minister's Office, Charges on Account of Public Debt and the Ministry of Health overspent their total budget appropriation in 2012.</li> <li>Furthermore the audit also noted that SEGs 1 and 2 are still being excluded from Fund Accounting as these SEGs cannot be monitored effectively because they involve the payment of salaries and wages through the Payroll system.</li> </ul>	• The Ministry's FMIS Division should review the software program with the assistance of IT consultants set up all accounts for fund controls in the General Ledger so that the system automatically rejects those amounts that are still being inputted when actual expenditure exceed revised estimated.	No comment received from management	The Ministry has already commenced work this year to implement fund control in the Payroll system; where ministries can only spend up to the budget allocated for SEGs 1 and 2.	This is a recurring issue at Ministries (Heads of Appropriation) level even though there is an overall budget saving. This issue is highlighted in the report as Ministries and Departments spend above and beyond what the appropriated and approved by Parliament in the Budget process.
£.1.3	Virements Maintenance Anomalies	The anomalies noted, the revised budget estimates still ties to the Original Budget. The Officer in charge at FMIS section was unable to provide to a satisfactory explanation for the weaknesses noted.	The Officer responsible should improve on the record keeping of account changes authorized through Virements, departmental Virements and cash flow adjustments.  Officer responsible should conduct month end reconciliations to ensure that all Virements are	No comment received from management	MoF can extract the virement listing from the FMIS system at whole of Government level.  Accounting Heads are being advice through their monthly meetings with MoF to maintain a virement register.	Resolved

Resnonce on OAC Hadata	Current Status			In 2012 MoF for the first time prepared a WoG Equity Statement that should have resolved this issue.
Ministries/Denartm	ents Comments			No comment received from management
OAG Comments		into their respective account allocations to avoid errors from occurring and accumulating at the end of the financial	year	The Ministry of Finance should ensure that opening balances are properly supported and substantiated.  In view of the current practice, postings into the Equity accounts should be restricted to relevant postings only and should be monitored by FMIS section to ensure that contra transactions are balanced at month end.  Incorrect postings to the equity account should be reviewed and adjusted account should be reviewed and adjusted accordingly.
Issue				unsubstantiated opening balances and high volume of the usage of the equity account, the equity balance may be either over or understated.
Heading			lity	Uncertainty of Opening Balances and usage of equity accounts
No.			15.0 Equity	15.1.1

O V	OAG Update		Resolved
VOLUME 1	Current Status		The Unit undertakes risk assessment and debt sustainability analysis on high risk entities and report to Management.  In line with Ministry's Annual Corporate Plan and DCFMU Business plan, the Unit conducts quarterly visits/assessments on guaranteed entities.
Minietrice/Donorton	ents Comments		Comments are noted. Proper analyses were undertaken by DCFMU for any request for Government Guarantee. Furthermore, DCFMU also produce Annual Contingent Liability Report which provides a more detailed analysis of the performance of the guaranteed entities. Audit should also note that most request for guarantees were mainly for public institutions such Fiji Development Bank (FDB), Fiji Electricity Authority (FDB), Fiji Electricity Authority (FEA), Housing Authority (FEA), Housing Authority (FDB), who perform services that are consistent with Government's social obligations and also play a vital role in infrastructure and financial
OAG Commente	CAG COMMENTS		Management Unit should carry out risk analysis and advise Government prior to signing loan guarantees or declarations.
COLID	DDCC!		• Increase in contingent liability poses a significant financial risk to Government as it puts pressure on Government cash flows and resources should these entities fail to honour their loan agreements with respective lenders and Government will have no choice but to activate the guarantor role.
Heading	3	16.0 Contingent Liability	Liabilities for Domestic Loan Guarantee
No.		16.0 Cor	16.2. 1.

# OFFICE OF THE AUDITOR GENERALS OFFICE

(RESPONSE ON ISSUES RAISED WITH PAC)

## Deculoral

 Employers and employees must fully comply with these Regulations within 4 months from the date of their publication in the Coretie.

### Western

24. The Income Tax (Employments) Regulations are hereby repealed.

Made the 21st day of November 2013:

## J. V. BAINIMARAMA

Prime Minister and Minister for Finance, Strategic Planning, National Development, Statistics, Public Service, People's Charter for Change and Progress, Information, ITaukei Affairs, Provincial Development, Sugar Industry, Lands and Mineral Resources

[LEGAL NOTICE NO. 67]

## AIRPORT DEPARTURE TAX ACT 1986 (ACT No. 5 of 1986)

## Airport Departure Tax (Amendment) Regulations 2013

IN exercise of the powers conferred upon me by section 8 of the Airport Departure Tax Act 1986, I hereby make these Regulations—

## Short title and commencement

- 1.—(1) These Regulations may be cited as the Airport Departure Tax (Amendment) Regulations 2013, and shall come into force on 1 January 2014.
- (2) The Airport Departure Tax Regulations 1986 shall be referred to as the "Principal Regulations".

### Regulation 4 amended

2. The Principal Regulations are amended by deleting regulation 4 and substituting the following—

## "Distribution of tax payable

- 4.-(1) The tax collected under regulation 3 shall be paid as follows-
  - (a) \$175 shall be paid directly to the Consolidated Fund;
  - (b) \$10 shall be paid to Airports Fiji Limited;
  - (c) \$5 shall be paid to the Civil Aviation Authority of Fiji; and
  - (d) \$10 shall be the environmental levy paid directly to the Consolidated Fund.
- (2) The distribution of tax payable specified in sub-regulation (1) shall be shown on every purchased airline ticket."

## New regulation inserted

3. The Principal Regulations are amended by inserting the following new regulation after regulation  $6 \sim$ 

## "Transilional

- Any passenger who pays Airport Departure Tax on or after I January 2014 shall be subject to the new rate of \$200.
- (2) Any passenger who pays Airport Departure Tax before 1 January 2014 shall be subject to the old rate of \$150."

Dated this 21st day of November 2013,

## J. V. BAINIMARAMA

Prime Minister and Minister for Finance, Strategic Planning, National Development, Statistics, Public Service, People's Charter for Change and Progress, Information, iTaukei Affairs, Provincial Development, Sugar Industry, Lands and Mineral Resources

## FIJI REPUBLIC GAZETTE SUPPLEMENT

No. 34

FRIDAY, 30th SEPTEMBER

1994

[LEGAL NOTICE NO. 84]

## CIVIL AVIATION AUTHORITY OF FIJI ACT (Cap. 174A)

## CIVIL AVIATION AUTHORITY (PASSENGER SERVICE CHARGE) REGULATIONS, 1994

In exercise of the powers conferred upon it by section 29 of the Civil Aviation Authority of Fiji Act (Cap. 174A), the Civil Aviation Authority of Fiji, with the approval of the Minister for Tourism and Civil Aviation, hereby makes the following Regulations:

### Short title, commencement

- 1.—(1) These Regulations may be cited as the Civil Aviation Authority (Passenger Service Charge) Regulations, 1994
  - (2) These Regulations shall come into force on 1st October 1994.

## Passenger service charge

- 2.—(1) Unless exempted under these Regulations, any passenger embarking on an aircraft at any airport within Fiji for a destination outside Fiji shall pay to the Authority a passenger service charge of \$7.50.
- (2) The charge prescribed by paragraph (1) shall be inclusive of any value-added tax chargeable in relation thereto.

## Method of payment

The manner in which the passenger service charge shall be paid and collected and all forms and procedures appropriate thereto shall be determined by the Authority.

### Exemptions

- The following passengers shall be exempted from the payment of a passenger service charge:—
  - (a) a Head of State;
  - (b) transit passengers scheduled to depart within 12 hours of arrival from outside Fiji, whether they leave the airport or not;
  - (c) children under 12 years of age;
  - (d) aircraft crews travelling on duty, including positioning crews;

- (e) passengers travelling in a state aircraft or an aircraft being used for the ceremonial purposes of a Government;
- (f) passengers travelling in an aircraft being used to calibrate navigational aids in Fiji;
- (g) passengers travelling on an aircraft engaged in a search and rescue flight;
- (h) any passenger specifically exempted in writing by the Minister for Civil Aviation.

Emergencies

5. In any case where an aircraft lands at an airport within Fiji because of an emergency, no passenger service charge will be payable in respect of the later departure of a passenger arriving on that aircraft, whether he leaves on the same aircraft or not or whether he leaves the airport or not.

Penalty

6. Any passenger who knowingly fails to pay the passenger service charge imposed by these Regulations shall be guilty of an offence and liable to a fine not exceeding \$200 or to imprisonment for a period not exceeding one month or to both such fine and imprisonment.

Made this 21st day of September 1994.

C. WALKER Chairman Civil Aviation Authority of Fiji

Made this 26th day of September 1994.

HAROLD POWELL Minister for Tourism and Civil Aviation



Vol. 14

FRIDAY, 22nd NOVEMBER 2013

No. 103

[1436]

## GOVERNMENT OF FLII

## AIRPORT DEPARTURE TAX (AMENDMENT) DECREE 2013 (DECREE No. 32 of 2013)

In exercise of the powers vested in me pursuant to section 4 of the Office of the Vice-President and Succession Decree 2009 and section 165(4) of the Constitution of the Republic of Fiji, I hereby make the following Decree—

## A DECREE TO AMEND THE AIRPORT DEPARTURE TAX ACT 1986

Short title and commencement

1. This Decree may be cited as the Airport Departure Tax (Amendment) Decree 2013, and shall come into force on 1 January 2014.

Section 3 amended

2. Section 3 of the Airport Departure Tax Act 1986 is amended by deleting "\$150" and substituting "\$200".

GIVEN under my hand this 21st day of November 2013.

A. H. C. T. GATES Chief Justice

## MINISTRY OF iTAUKEI AFFAIRS

## FINAL Audit Report - 2010

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current Status	Responsible
		PART B: AUDIT FINDINGS	INDINGS		Division
5.4 Agency Financial Statement	The Ministry should ensure that the requirements of Section 71 of the Finance Instructions are compiled with in the preparation of the Agency Financial Statements.	Recommendation noted. The Ministry did not provide any statement of losses because the Board of Survey done was not finalized by Ministry of Finance.	Ministry of Finance approval was submitted on 10/6/2010	Refer to evidence attached	AMU/HR
5.5 Overdrawn Operating Trust Fund Account	<ul> <li>The Ministry must ensure that Trust Funds are not overdrawn at any time.</li> <li>The Ministry must investigate these overdrawn Trust Funds and take appropriate action.</li> </ul>	Auditor's recommendation noted. The monthly reconciliation of the Individual Accounts have been carried out since the year 2006 when the Ministry went live through FMIS. Therefore from then onwards, some individual accounts have not been reconciled hence the summary of the Trust Fund Account which have been verified, signed by various officers before submitting to	2010- # of overdrawn accounts = 11 2011 - no issues on overdrawn accounts 2012 - # of overdrawn accounts = 6	Out of the 6 overdrawn accounts in 2012, 3 a/cs are now closed, 2 now have CR balances and 1 still overdrawn	FAU

	Audit Recommendation		Action Taken	Current Status	Responsible
		Ministry of Finance. Copies of these reconciliations are properly filed for ease of reference. Also note that thorough check have now been carried out and being signed by the Permanent Secretary and Accounting Head. These have contributed to the strengthening of supervisory checks as recommended. Individual Account Reconciliation will be reviewed and carried out so that incorrect posting to be adjusted accordingly.	Copies of 2013 Trust Fund Reconciliation (Dec)	reference	DIVISION
5.6 Unexplained Account Balance	<ul> <li>The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.</li> <li>All records should be made available to audit for verification purposes.</li> </ul>	According to our 2010 Budget we were only given \$30,000.00 for Capital Purchase in our activity 2 [Native Lands & Fisheries Commission – maintenance and preservation of records]. Also according to the compost report that was printed in January 2011 the Ministry had a balance of	The normal process of posting in the General Ledger (FMIS) is supported by evidence. However, for this amount was a wrong posting made to us who has been written off in 2014.	A debit was posted to clear off the posting.  Evidence attached.	FAU

	Audit Kecommendation	MTA Response	Action Taken	Current Status	Responsible
		and not a debit balance of \$4,107,166.09 as quoted in your query.			Division
5.7 Vat Reconciliation	<ul> <li>The Ministry should review its VAT records and reconciliations and provide explanations for the variances.</li> <li>Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT returns reconcile with the GL.</li> </ul>	The recommendation is acknowledged. Proper reconciliation will be effected immediately, but otherwise manual verification process has always been the practice with us whereby we compare the figures paid to FIRCA with the amount in the General Ledger System.	Vat reconciliation is done every month prior to payment.	Refer to attachment	FAU
5.8 FNPF Reconciliation	The Ministry should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.	Recommendation is noted. Supervisory checks will be strictly monitored by Accounting Head and proper reconciliation of FNPF.	The Ministry has been conducting its monthly reconciliation for all trust accounts which included FNPF.	The Ministry continues to reconcile monthly contributions through CS, CR and the GL before cheque is disbursed to FNDE.	FAU

tsauc 140.	Audit Kecommendation MTA Response	MTA Response	Action Taken	Current Status	Responsible
5.9 Excessive Annual Leave	The Ministry should ensure that officers utilize their leave when its due and only 10 annual leave days is carried forward to next leave year. The Administrative Officer should ensure that leave records are kept up to date including long service leaves.	Yes indeed, this is a matter needing redress by the Ministry. From the beginning of 2011 the Ministry has compiled all leave accumulated by staff and is currently working on scheduling officers to utilize leave due to them. An internal instruction has been issued by the PS on this aspect and the management is working towards its implementation on both annual and long service leave.	Those who were issued with reminders had utilized their outstanding leave. Many of the officers were requested to take their leave on piece meal basis to avoid disruption of services.	Leave Policy (attached) was compiled as a control measure so that officers utilize their leave when due. Internal Circular was issued to address this (copy attached) Leave clerk is closely monitoring administering of leave to ensure that any officer with excess leave is notified	HRM HRM
5.10 Retirement of Accountable Advance	The Ministry should take appropriate action to ensure that Officer clear their accountable advance	The Ministry is working towards improving this matter right now. An internal instruction has been issued to all HODs	The compilation of the Ministry's Finance Manual, has shown an impact particularly on the retirement of Advances	A lot of improvements have been witnessed in this area which our	FAU/PIRTRU

rosme Ivo.	Audit Kecommendation	-	Action Taken	Current Status	Responsible
	after returning from official duty.  The Ministry should impose interest on outstanding accountable advance.	reiterating the policy on retiring of accountable advance. The SAO has also been instructed to strictly adhere to the time limit of 7 days and to enforce deductions with 12% interest if officers fail to comply.	Part 7.1.18 of the MTA FM clearly spelt out the consequences for non compliance.  The interest fee of 12% per annum is also charged as when applicable.	be witnessed in the RFA reconciliation.	
5.11 Annual Reports	<ul> <li>The Ministry should ensure that annual reports are published as specified in Finance Instructions 2010.</li> <li>The results of Annual Report should be compared with the Annual Corporate Plan and any deviation should be addressed accordingly in order to enhance service delivery.</li> </ul>	No comments received.	The MTA annual reports are published as specified in Finance Instructions 2010.  The results of ACP are translated to be the MTA Annual Report with trends and comparisons from past years  2012, 2013 published and submitted to Cabinet.	Copies attached. 2014 will be published shortly.	DEVELOPMENT
5.12 Grants to Provincial Councils through FAB	<ul> <li>The Ministry should ensure that FAB prepares its financial statements for the</li> </ul>	The Ministry acknowledged the issue rose. Further the Ministry has been working with the IAB on its	1997 – 2000 annual accounts have been signed.	Evidence Attached	TAB

	Taras teconimentaling	MIA Kesponse	Action Taken	Current Status	Responsible
	years 1996-2009 and are audited.  The Ministry should ensure that grant money provided to FAB is properly utilized and accounted for.	backlogged financial accounts. To fast tract this, the IAB has engaged the services of Chartered Accountant to audit its outstanding financial statements. On the other hand the Ministry from 2011 will be working on issuance of MOU to IAB to ensure grant allocated are for official purposes and acquittals are submitted on time.	TAB has submitted its 2001 – 2007 annual account to OAG for audit in 2014.		Division
5.13 Vat Arrears for iTaukei Affairs Board	The Ministry and the Board should liaise with FIRCA to resolve the matter.	The matter raised is acknowledged. The Ministry will formally reiterate the issue officially to the IAB Management expressing the outstanding VAT to be paid. Both the Ministry and the IAB will continue to discuss the matter with the FIRCA management on an amicable solution to the outstanding VAT.	VAT arrears was cleared in 2013	Evidence	TAB
5.14 Formalisation of	The Ministry should ensure that grant	The matter raised is acknowledged. The Ministry	Great improvement on this area. The Ministry has been compliant in	2015 grant agreement	DEVELOPMENT

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current Status	Responsible
Grant Agreement	agreements are prepared and signed before grants are disbursed.	has come to realize this non compliance and will administer Grant Agreements to be signed by both parties where payments of grants are applicable.	terms of compiling Grant agreement.	signed	Division
5.15 Lack of Monitoring and Review of Grants Provided	The Ministry should ensure that in addition to acquittals received from the grant recipients, periodic reviews are also carried out.	The Ministry will put in place process to review of projects and monitor grants disbursed as indicated.		Several mechanisms in place:	DEVELOPMENT
5.16 Recovery on Termination or Withdrawal of Scholarships	The Ministry should consider implementing policies to recover cost of scholarships from students on termination of scholarships.	The Ministry is very much concerned on the matter raised. It has in 2011 strengthened its policies in view of students absconding or those dropping out prematurely and not completing their studies. The Ministry of iTaukei has already identified and advised absconding students etc to return and serve their bonds with copies sent to	Demand notice letters were sent to students/guarantors to demand payment of bond from those that breaches their bond under the following categories. 1 Incomplete studies 2.absconded cases 3.termination cases Appendix 1 A revised bond form was approved by SG's office	Scholarship has been relocated to TELS.	TASU/CSD

	The second secon	M I A Response	Action Taken	Current Status	Responsible
		guarantors.  It has also taken drastic measures to release names to the Immigration department watch list and the Solicitor General's Office advice has been sought on instituting legal actions to recover outstanding bonds from guarantors. This will be further strengthened.	which includes relevant clauses mention above  Appendix 2		Division
5.17 Non Monitoring of Students are Completion of Studies	The Ministry should implement strategies to ensure that students comply with the requirements of the scholarship bond and submit the details of their employment status.	This is being looked at now and the Ministry is working on strengthening the processes to monitor students who have completed their studies and are employed in Fiji.	MTA graduation list are submitted to Immigration Dept Annually for Inclusion in the Watch List. A congratulatory letter is sent to the students and also reminds them of the following;  1. Bond Commitment to the Govt & penalties imposed if bond is breached.  2. Calculation of bond period upon resumption of duties.  3. Advise them that their names are in the Immigration Watch List.		TASU/CSD

	Audit Kecommendation MTA Response	MTA Response	Action Taken	Current Status	Responsible
			must be obtained before students travel abroad.		Division
5.18 Assessing New Awardees based on Parent's Income	The Ministry may relook at its scholarship policies and consider parents income as one of the assessment criteria for new awardees to ensure students from poor families also get scholarships.	The Ministry is administering its scholarship based purely on merit. The Ministry will consider the advice to relook at the granting of scholarships to students with consideration to parents income.  However, this will be considered after taking into considered after taking into considered after taking into considered after taking into consideration other aspects by the Scholarship Committee and endorsement of iTaukei Affairs Board if			TASU/CSD

## Audit Report - 2011

rssue 1vo.	Audit Kecommendation	MTA Response	Action Taken	Current	Responsible	
5.4 Bond	The Ministry should set	We are currently working on	The Unit had drawn up a Bond		TASU/CSD	
Exercise	up a unit to specifically look after the bond	the above recommendation, as	recovery list.			
	recovery in order to	allocated to perform the said	Appendix 4.			
	quicken up the collection	duties on full time as the two	Bond is a legal			
	ol bawo spirit	(2) officers, a Senior	document and			
	government.	Administrative Officer and a	prior consultation			
		Clerical Officer, have to	was always			
		firstly perform the duties of	conducted with			
		their relevant positions and at	SG's Office in all			
		the same time are required to	aspect of this			
		perform the added	exercise.			
		cumbersome, bond recovery				
		responsibilities.	Overseas			
		There are no current,	absconders who			
		available positions in this	silently sneak into			
		Ministry that we may be able	the country to			
		to realign to be utilized for	visit their love			
		Officers to be able to	ones are			
		specifically carry out the bond	apprehended at			
		recover responsibilities.	the airport upon			
		We are therefore, organizing	their return.			
		our request before presenting				
		our submission to the Public	Such cases are			
		Service Commission, to	referred to SG's			

un a  y is he SG he SG he SG he SG he SG he SG no	Issue No.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible	
puo			humbly request for the	office and an	Status	Division	
puo			allocation of additional	office and an a			
puo			relevant staff together with	new bond			
			their positions to take up bond	drafted by the SG			
			recovery responsibilities in	where by the			
			our proposed Scholarship	absconder is			
upfront with monthly installments that is to be remitted every month. Once student pays deposit to bond account he bas to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5 With the current resource the unit			Unit – Kecovery Section.	required to pay			
upfront with monthly installments that is to be remitted every month. Once student pays deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5  With the current resource the unit				10% bond deposit			
monthly installments that is to be remitted every month.  One student pays deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration  Dept.  Appendix 5  With the current resource the unit				upfront with			
installments that is to be remitted every month.  Once student pays deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To limit be issued To limit pation Dept.  Appendix 5  With the current resource the unit				monthly			
is to be remitted every month.  Once student pays deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5  With the current resource the unit				installments that			
every month.  Once student pays deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5  With the current resource the unit				is to be remitted			
Once student pays deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5  With the current resource the unit				every month.			
deposit to bond account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept.  With the current resource the unit resource the unit				Once student pays			
account he has to produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5 With the current resource the unit				deposit to bond			
produce evidence to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5 With the current resource the unit				account he has to			
to the unit and only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5 With the current resource the unit				produce evidence			
only the PS will endorse undertaking and travel clearance will be issued To Immigration Dept. Appendix 5 With the current resource the unit				to the unit and			
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Domeration	Division				
Current	Status				
Action Taken	Started with	digging of old	records to verify	their current	Status
MTA Response					
Audit Recommendation					
Issue No.					

## Audit Report - 2012

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current Status	Responsible Division	
J.1 Audil Opimon						
5.4 Un-reconciled and Significant Unpresented Cheques	The Senior Accounts Officer should reconcile the drawings account and ensure that payments for the year are planned well and paid accordingly.	Table 5.5 of the MTA's ACP reflects the MOF Deliverables and the preparation of Drawings Accounts Reconciliation is one important Strategy highlighted which we have been complying with.  The variances highlighted comprises of the amount of cheques that did not hit the General Ledger even though the processes were done. Bond Repayments were also directly deposited into the Drawings Account before the opening of proper Bond Account. Most of the cheques were reflected in AP 470, but somehow missed out when scheduling into GL 350. These cheques will	Continue to liaise with FMIS on the cancellation of these payments that did not heat GL and Ensuring that proper and timely reconciliation is done.  MOF has created separate Bank Account for Bond recovery.	FMIS has designed a new format of Drawings Recon.  Evidence attached.	FAU	

		Action Taken	Current	Responsible
	be rectified and Bond		Status	Division
	repayment cheques to be			
	journalized in the correct			
	Bond Repayment			
	Account.			
	<ul> <li>The Scholarship</li> </ul>			
	payments for 2013 had to			
	be made in 2012 upon			
	careful consideration of			
	the balances of funds.			
	The decision was made			
	by the Taukei Education			
	Committee as per extract			
	from the TEC 12/12			
	meeting held on			
	27/12/2012 on the			
	payment of the 2013 fees			
	(UOF/FCM & Overseas).			
	<ul> <li>The Committee endorsed</li> </ul>			
	the information paper			
	presented.			
	<ul> <li>The delay in submission</li> </ul>			
	of 3rd qrt Acquittals from			
	the Taukei Institution:			
	CATD and TAB had			
	resulted in the delay in			
	our submission to budget,			
	followed by			
	disbursement.			

ISSUE NO.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible
FNPF payments made and General Ledger	Officer should ensure that FNPF payments made are reconciled to the general ledger on a monthly basis.	The comment is duly noted.  The Ministry has 2 special projects: Cultural Mapping—6 staffs and survey project—11 staffs including one driver and two technical assistant.  These 20 personals are paid from SEG 7 and SEG 10 respectively and therefore FNPF had also been form the same allocation. As for the Reconciliation of FNPF, this is one area which the Ministry needs to improve on and the officer responsible should ensure this is done monthly.	Currently posting employers share to the respective allocation of various projects.	Refer PV – Breakdown of allocation.	
5.6 Operating Trust Fund Account	The Senior Accounts Officer should ensure that monthly reconciliation is carried out and any overdrawn trust fund account is investigated and rectified. Surcharge action should be instituted against the Senior	The Ministry has been carrying out this very important exercise all along and without this; stringent measure is normally put into place for respective Agencies.	Response as in 2010 issues	Write off as attached	

issue 140.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible
	Accounts Officer for failing to carry out monthly reconciliation and for the trust fund account being overdrawn.			Status	Division
5.7 Dormant Operating Trust Fund Account	The Senior Accounts Officer should ensure that balances in the trust fund account are journalized and any transaction recorded in these trust fund accounts are reviewed on a monthly basis. The Senior Accounts officer in consultation with the Ministry of Finance should de- activate the trust fund accounts that are not used by the Ministry.	The Ministry in 2010 has raised journals to rectify these Operating Trusts which were not in use. But somehow FMIS was not advised to close off these trust accounts hence continuing to be reflected in General Ledger. We have highlighted the non-used accounts and will advise FMIS to de-activate them.	Allocation not in use have been identified with FMIS and deactivated.	Currently the only Operative accounts are showing in GL report and reconciled accordingly.  Refer to write offs.	
5.8 Outstanding Taxes Held in Trust	The Senior Accounts Officer should ensure that the taxes collected in trust are timely remitted to FRCA.	The PAYE tax deducted from GWEs weekly is normally credited into trust account no. 105101-05101-861901 and is practicably paid out to FIRCA ever end of the week.	Weekly submission of PAYE is now practiced.	With the introduction of EFT, the Ministry has now been	MOF

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current Status	Responsible Division
		penalized for the late submission of GWE's taxes. The amount showing at opening balance \$34,014.96 has been a carried forward amount of previous years. The amount of \$34,027.47cr reflected under the Allocation 105101-05101-861901 (CODE 201) is not the right amount due for payment to FIRCA. You will not that the Opening Balance of \$34,014.96 is a large amount that has been passed down from previous periods. In 2010 Journals were raised to rectify this anomalies, however the figures continue to throw back and according to FMIS then, this could have been a system problem.		Submitting PAYE through Bank Transfer.	
5.9 Anomalies Noted in the Issue and Clearance of Accountable Advance	The Senior Accounts Officers should ensure that the advance account register is up to date and reconciled with the general ledger for its issue	Comments are duly noted. The monthly reconciliation has been a continuous process with us and officers with outstanding advances are normally deducted from	There has been great improvement over the years on the accounting for Accountable	The compilation of the Ministry's Finance Manual, has shown an	MOF/FAU

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible Division
	and retirement.	their salaries. The cancelled cheque totaling \$11,786 had to be voided because it was wrongly raise in the system.	Advance.	impact particularly on the retirement of Advances. Part 7.1.18 of the MTA	
5.10 Board of Survey Report	The Senior Accounts Officer and the Administrative Office must ensure that section 49 and section 71(f) of the Finance Instruction 2010 is strictly complied with.	The Board of Survey for 2012 was conducted last year; however the report is yet to be received for the BOS Committee. This is one of the biggest challenges faced in terms of alignment to Part 8.4.2 of the Agency Finance Manual on the appointment of the Chair of BOS from outside of the Agency. The delay in producing the BOS for sighting during Audit proper was entirely due to the above. The Fixed Assets and the Expandable items register need to be updated as and when purchases are made.	compiled and submitted to Ministry of Finance. Approval by MOF was received on 22/7/2013  Fixed Asset Register was compiled and updated Expandable items register updated	Copy of register attached	AMU/HR
5.11 Non-reconciliation of	The Senior Accounts Officer in consultation	Comments are duly noted. Please note that this is an	With the assistance of the	This portion of the Revenue had to be	MOF/FAU

Responsible		FAU/MOF
Current	included to reflect true Revenue received in the Year.	AFS 2014 reflects the Revenue portion collected during the year.
Action Taken	FMIS, we have been able to resolve the issue. The AFS extraction scope was set up in such a manner that will only pick revenues between SRG 21-29 (Operating revenue) as confirmed by SAO Rahat, it disregards Investment revenue (SRG 31-39) and Financing revenue (SRG 41-49).	Refer to response of 5.11 above.
MTA Response	area where the Ministry will have to buff up in terms of preparing journals to rectify all the cash collections by the Ministry. This is basically Bond Recoveries that are wrongly deposited into our Drawings Account. Now that we have a separate Bank Account for Bond Recoveries these transactions will be journalized and we will ensure that Absconding students are reminded to use correct Bank Accounts.	The FMIS unit of the Ministry of Finance has been consulted on the need to implement the Accounts Receivable module with this Ministry due to a rapid increase in the no. of receipts from absconding students
Audit Kecommendation	with the Ministry of Finance should reconcile the increase in cash at bank general ledger to the revenue collected during the year and adjust the cast at bank general ledger for the actual cash held in the bank account.	The Senior Accounts Officer in consultation with the Ministry of Finance should record revenue collected from the recovery of bond to correctly reflect the financial performance of
Issue No.	Cash Collections recorded in the General Ledger	5.12 Revenue Collected from Recovery of Bonds not reflected in the Agency Financial Statement

th	Audit Kecommendation	MTA Response	Action Taken	Current	Responsible Division
	the Ministry.	which has qualified us as Revenue Collecting Agency. This has not eventuated yet due to the tight schedule of the trainers then.			
5.13 Overpayment of Salary	The Senior Accounts Officer should make available edit reports for the change in salary payments; The Senior Accounts Officer should re- calculated the overpayment and instigate the recovery of salary accordingly The Manager Corporate Services in consultation with the Ministry of Finance should investigate the overpayments where the authority (edit reports) for change in the payment of salary is not available.	The Ministry is mindful of the pertinent recommendations that your good selves have raised, but at the same time, humbly wish to point out the following:  i) Reversal of salary was done for Pajiliai Waqabaca(PAO) and a Form 'S' was received from the Ministry of Finance for the confirmation of reversal. Also note that a journal was raised to journalize the issue, and the error was rectified by the bank. There was no salary change input submitted my	This was resolved and evidence was shown to the auditors.	Evidence	SALARIES - FAU

rssuc ivo.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible
		ii) Payment details were explained to Auditors and were supported with evidence.		Status	Division
5.14 Absence of Planned Spending for the Scholarship Funds	The Manager Scholarship should ensure that annual plans are prepared for the categories in which scholarship will be provided.  The Manager Scholarship and the Information technology Officer should review the Awards Management system to generate reports to awardees for analysis.  The Manager Scholarship should ensure that public awareness programmes are undertaken for the availability of the scholarships for the iTaukei and the	The following control measures has been implemented from year 2013 to ensure that the above is note repeated: Updated sponsored students population list including cost is verified with respective Institutions and before it sis submitted to the itaukei Education Committee for approval. The approved Population List is forwarded to the Accounts Section for reference purposes on the process of bill payments; Implement and update of Payment Card system in all sponsored student files; and Institutions are required to provide confirmation	The selection of awards is normally based from the National Training need compiled by National Planning Office. That is a guiding document for all scholarship agencies.  A detail budget on the allocation of funds to all sponsored Institution is tabled to the Committee on the first Board meeting.		TASU/CSD/IT

Issue No.	Audit Recommendation Rotumans.	MTA Response sponsored students from	Action Taken	Current Status	Responsible Division
		previous semesters before any new semester payment is made.	through the year. This also includes invitation from the communities.		
evaluation and improper selection of CATD Leadership Training Recipients	<ul> <li>The manager scholarships should ensure that CATD recipients are selected through the Scholarship committee;</li> <li>The manager scholarship should ensure that the results of the trainees are obtained and evaluated of the desirable outcome of the CATD leadership programme for future improvement to the programme;</li> <li>The Manager Scholarship should ensure that an agreement is entered with CATD Nadave and the Ministry for</li> </ul>	CATD recipients are selected by a different committee and not the Scholarship committee. Manager Scholarship confirmed on 21/8/13, that there is no agreement due to which monitoring is lacking.	The list is submitted to PS who is also the chairman of the board who makes final decision of all CATD applicants. The chairman update the committee members in their next sitting  Evaluation and monitoring are done by the CATD trainers who visited the students and monitor their projects on the ground level and also reports on students, success		TASU/CSD

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible Division	
	the funds provides and the acquittal of the funds utilized.		An earlier agreement between the Ministry & CATD was developed whereby the students' pays 20% and Ministry pays for the 80%. This agreement had lapsed.			
5.16 Agreement for Payment by Arrangement	The Manager Scholarships and the Information Technology Officer should review the Awards Management System to capture the issues raised above.	The recovery Unit has invoked guarantor's clause and will continue in its effort to recover from guarantors if awardees cannot pay. The Ministry's Scholarship Unit is trying to recover all the data that have been fled in the institutions respective files for back-up. MTA Recovery unit with its limited resources has been working very hard to collect monies owed to the Government and stringent	The recovery unit had tried its best but staff is a challenge with only 2 officers and had to manually search to and fro to get the required information. In most cases in the past guarantors information are not there and this makes matters		TASU/CSD	

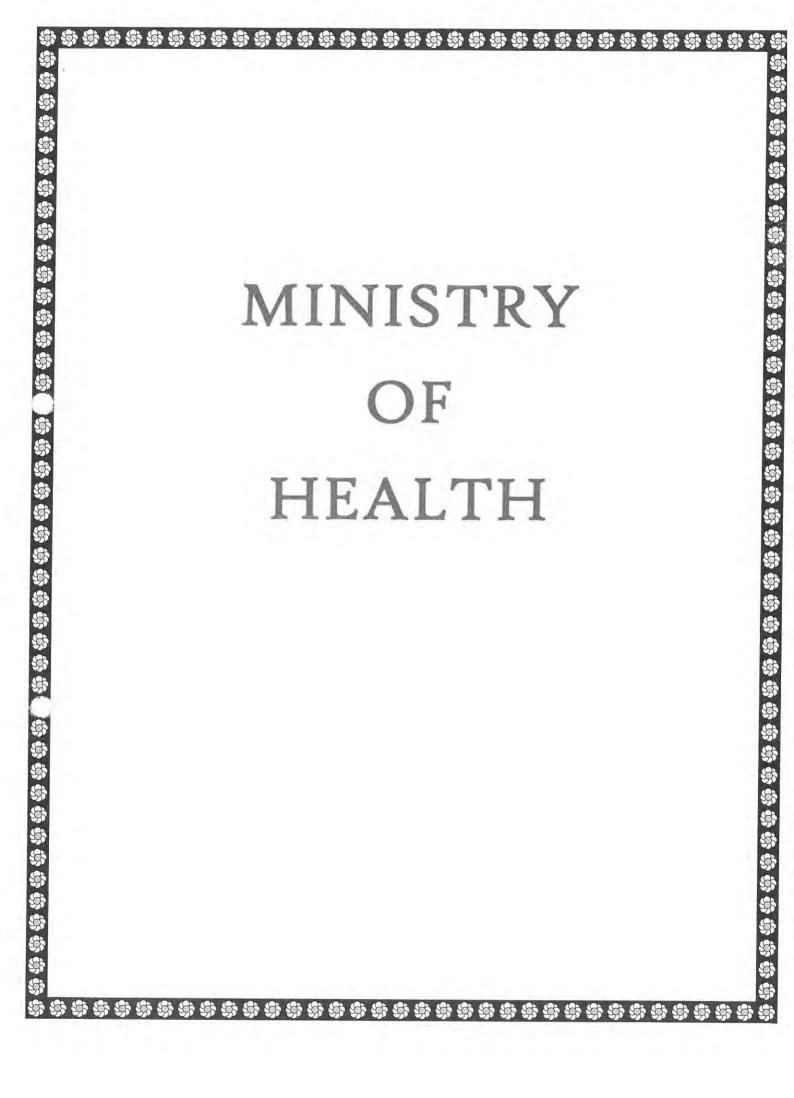
Responsible		TASU/CSD	TASU/CSD
Current			
Action Taken	complicated for the team.	The FNU desk officers had verified this bill together with our current records which resulted in the payment of only \$46,993. The rest of the bills had been paid as confirmed from our past payment records.	The scholarship team was reinforced in
MTA Response	measures have been put in place to ensure that arrears of revenue are minimized. The recommendation has been noted and the Unit will make sure that we are complying with existing regulations and policies.	The payment of outstanding bill from 1999 was something that previous scholarship management did not settle for past years. The FNU had initially submitted an outstanding bill of \$253,024 in 2010, however, after further verification of payments with Accounts Section of the Ministry and FNU, the Scholarship Unit managed to reduce the outstanding bill and settle only \$46,993.	The Management is currently reviewing the establishment in the Ministry. However, in
Audit Kecommendation		The Manager Scholarship and Senior Accounts Officer should ensure that invoices are settled within the current year and controls are in place to detect outstanding bills.	The Manage Scholarship and Information
Issue No.		5.17 Payment of Outstanding Scholarship Bills	5.18 Failure to Instigate the Recovery Bond

Issue No.	<b>∀</b>	Audit Recommendation	MTA Response	Action Taken	Current Status	Responsible Division
	2.0	Technology should review the Awards Management System to automate reports on students that have absconded their bonds.  The Manager Scholarship should benchmark scholarship operations with other scholarship providers such as the Public Service Commission to effectively manage its scholarship.	year 2013, we have mobilized the current staffing in the Scholarship Unit to establish a Bond Monitoring and Tracer Studies Team.  The Bond Recovery and Tracer studies Team which is headed by a Senior Administrative Officer (who will also supervise the Overseas Sponsored Team) and 4 existing clerical officers (who are also responsible for Data Entry of scholarship application form into the Application  Processing system). The above bond recovery process is also factored in the Scholarship Unit Business Plan and also the Bond Recovery and Tracer Studies Team Positions Descriptions and Individual Work Plans.	2013 with additional staff joining the team  The team met with PSC bond recovery unit a lot of ideas were floated to us by the PSC team.		
5.19 Non- maintenance of Bank records for		The Accounts Officer in consultation with the Ministry of	No comments provided.	Bond Recovery account and allocation were created in 2013	The Bond recovery reconciliation is prepared	FAU

the Recovery of	Finance charita	MTA Response	Action Taken	Current	Responsible
Bond Receipts	prepare bank reconciliation for the above account on a monthly basis.  The Accounts Officer in consultation with the Ministry of Finance should issue receipts to those that have paid their bonds as direct deposit to the bank.  The Senior Accounts Officer should provide the scholarship bank account number to students to deposit the bond monies paid.		by Treasury, MOF	every month. Latest Recon attached.	
5.20 Fixed Asset Register not Updated	The Accounts Officer should ensure that fixed assets are recorded in the Fixed Assets Register as and when they are procured to minimize the risk of theft or loss.	The recommendation is duly noted and the Ministry has set up a Unit (Asset Management Unit) to strictly look into this in 2013.	Fixed Asset Register was compiled and updated Expandable items register updated	Evidence	AMU/HR

Issue No.	Audit Recommendation	MTA Response	Action Taken	Current	Responsible
	The Account Officer should strictly comply with section 46 of Finance Instruction 2010.			Status	Division
5.21 Failure to submit progress report on Key Result Areas	The Senior Accounts officer should ensure that the statement of acquittals are received and reviewed prior to the release of the quarterly grant to the respective organization.	Your comments and recommendation is duly noted.	The Ministry has been complying with the RIE Checklist, which includes the acquittals report, work programme, cash flow forecast etc before submitting to Budget Division of MOF, who also conducts there checking and verification before the final approval.	The Ministry has also created a Monitoring Unit who looks after Quarterly Performance of the Unit.	FAU
5.22 Monitoring of Telecommunication Charges through CABB Software	<ul> <li>The Manager         Corporate Services         should probe into the loss of the software and record the loss;         Officers should be surcharged for ailing     </li> </ul>	The recommendations have been noted and the Unit will make sure that we are complying with existing regulations and policies. The loss of the software was noticed after the repair of the	Furthermore, a telephone policy for the Ministry is now in place.	Evidence	IT/CSD

issue 140.	Audit Kecommendation	MTA Response	Action Taken	Current	Responsible
	to take due care in	Committee that had the		Status	Division
	maintaining the	Software	software was		
	CABB software		purchased		
	■ The Manager		from Telecom		
	Corporate Services		Fiji Limited in		
	and Senior Accounts		December of		
	Officer should prepare		2014 and		
	the loss report for the		installed in		
	software.		March of 2015		
	■ The Manager		The system is		
	Corporate Services		now operating		
	should implement		and staffs		
	internal controls		have been		
	immediately to		issued with		
	monitor telephone		their individual		
	calls made.				
	<ul> <li>The Manager</li> </ul>		codes.		
	Corporate Services				
	should ensure that				
	telephone policy on				
	the usage and				
	responsibility of				
	unique codes is				
	prepared				



## PUBLIC ACCOUNTS COMMITTEE REPORT ON 2010 AUDITOR GENERAL REPORT

AUDIT	AUDIT ISSUE HEADING	MINISTRYS PREVIOUS COMMENTS	CURRENT STATUS
21.5	Agency Financial Statements - Delay in Submission	There was no provision for system generated reports for liabilities in our Epicor system. MOF FMIS were able to generate this report as required hence resulted in delay in submission.	Agency Financial Statements are submitted on a timely manner in compliance with Financial Instruction.
21.6	Drawings Account	Ministry of Health and Medical Services faced problems of the Epicor system which amounts were posted to different accounts in Epicor but match to one account in FMIS which	Monthly reconciliations for Drawings account are carried out promptly.
		offsets amounts and that resulted in less amounts uploaded to FMIS system.	The Ministry of Health and Medical Services are working closely with FMIS preparing the reconciliation and checking with FMIS.
21.7	Operating Trust Fund Account	A journal was raised to adjust previous year's balances once the journal is approved by Chief Accountant.	The officer responsible has been informed to reconcile the accounts in the proper manner and will be monitored from now onwards. The Operating Trust Fund Account are undated on a monthly basis and presented in the budget
			meetings. Refer to attached Annexure I
21.8	FNPF Reconciliation	Our reconciliations will be more effective once we move to MOF FMIS.	The unreconciled variances can also be attributed to nontaxable salaries, wages and allowances.
			There are also officers paid from other Segs e.g. Seg 5 and Seg 7 and other donor funded allocations.

For example a project officer based in HQ, will be included in the HQ cost centre.  For Established Project Officers their names were being transferred to the "Study Leave" cost centre (Seg1).  Subsequently necessary JV adjustments have been done at HQ from the Study Leave cost centre to the project allocation for the duration.	The variance in vat payments is a result of certain programme  Priority will be given to timeline for thorough check by both and activity figures incorporated in the overall expenditure figure but are not subject to vat for e.g. Seg 1 & 2.  Comments noted and in future supervisor will scrutinize calculation prior to approval for payments are made.	Trading and No comments provided  Audit comments are noted.  As explained by Ministry of Finance. There are two equity account is 940400 and the other account (TMA)  TMA Surpluses  TMA Surpluses  TMA Surpluses  TMA Surpluses  TMA Surpluses  TMA Account. From 2013, there has been no equity account. From 2013, there has been no interfered and interpretations between the main purpose of TMA Account. From 2013, there has been no interfered and interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, there has been no interpretations between the main purpose of TMA Account. From 2013, the main purpose of TMA Account. From 2013, the main purpose of TMA Account. From 2013, the main purpose of TMA Account.	0.1	VAT Reconciliation  Trading and Manufacturing Account (TMA) TMA Surpluses		For example a project officer based in HQ, will be the HQ cost centre.  For Established Project Officers their names wer transferred to the "Study Leave" cost centre (Seg Subsequently necessary JV adjustments have be HQ from the Study Leave cost centre to the proj allocation for the duration.  Priority will be given to timeline for thorough choofficer preparing the payment and supervisor to reoccurrence.  Comments noted and in future supervisor will so calculation prior to approval for payments are m Audit comments are noted.  As explained by Ministry of Finance. There are accounts. One equity account is 940400 an 940300. The account g40300 is not supposed to this relates to inter fund transactions between fund 1. The equity account 940400 is only f
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21.10.2	TMA Comparative Figures	No comments provided	FPBS is currently working on the reconciliations of the same.  FPBS conducts reconciliation on the monthly period from 2015.
21.10.3	TMA Net Profit	No comments provided	Audit recommendations have been taken note of.  All net profit from now onwards are transferred to the balance sheet in the correct accounting period to which they
21.10.4	Variance in Sales Revenue	No comments provided	Processes are in place to ensure those variances are picked out early and reconciled.
21.11	HEADQUARTERS Excessive Payment to Casual Labourers	<ol> <li>The Desk Officer implicated in the non-compliance of this activity has been suspended.</li> <li>The Ministry has adopted strict measures in ensuring that the new recruitment of Casual Labourers is done in the most transparent manner.</li> <li>Also the Ministry is keeping a separate record of entries in terms of hours of work and attendance.</li> <li>Ministry has also considered majority of its maintenance work for outsourcing as this will negate with the unethical culture hence will concentrate on key activities.</li> <li>The mentioned team in the audit query was engaged at CWM Hospital in 2010. As per the progress report from the team supervisor Mr. Meli Talia, they were given directive from higher authority to complete the maintenance work in a given timeframe after the PMs and to do so they had to work beyond normal working hours i.e. more than 44 hrs and this resulted in excessive hours claimed by the workers which was</li> </ol>	An Asset Management Unit has been established since. Repair and maintenance works are now being outsourced

6. The same team was engaged at Kadavu doing the maintenance at Vunisea Hospital and the Health Centres around.	Since the team from the main land were working outside station they were paid three meals per day as well as country allowance for each night.  7. The PAYE was not deducted since the casual workers	were engaged only for a certain period of time and their appointment could have been terminated any time upon the completion of the work and the payment of wages was on weekly basis. The appointment was only further extended upon the need. PAYE is deducted based on the annual salary as	8. The ministry has looked into the above issue and noted that in future all maintenance work will be properly supervised and take control measures on overtime hours through its internal circular no.14/2012. We would also ensure that work on the mainland could be outsourced and work on the outer island cannot be outsourced therefore to be arranged with the workers to avoid overtime pay and other allowances.  [Refer Appendix9]	
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Measures have been taken if an officer has tendered resignation, deemed resignation, deceased, terminated by sending copies of request to cease salary immediately. Copies of request are faxed or emailed to cease salary immediately. The uses of this medium of communication have improved the processing of cessation.	The Ministry has been pro – active in the cessation of salaries by treating it as a priority before formalising of resignations are done.	Recovery communication between Divisional Offices and Headquarters needs to be improved and these overpaid salaries may be written off if not recovered.	The HR officers are reminded to strictly adhere to their roles and responsibilities.	
- S ii S O ii E	Th by	Re He	-F ne	
vided				
No comments provided				
Salary Overpayment				
77.77				

	No comments provided	Only 7 officers out of the 11 currently exist in the ministry.  During the period highlighted, all officers were on acting positions, and leave were then utilised after being promoted. As of today, balances of annual leave days are in order
Reconciliations	No comments provided	The wages and salaries reconciliations are updated on a monthly basis and presented in the senior management meetings.  Accounts Officer Salaries will ensure weekly monitoring and checks are carried out to avoid repetition of the same.
Excessive Payment of Manual Salary	When the pay is due but the letters for extensions of appointment or acting are delayed from the Public Service Commission for over months and we cannot victimise the officer but to pay them upon the receipt of approval.	We have restricted manual payments and seek prior approval from the Chief Accountant. Staffs are informed on contract renewal to be pro –active and process contract documents 6 months before expiry.
Non Deduction of PAYE Tax	No comments provided	Per diem payments is not a taxable allowance hence PAYE is not deducted.
Excessive Materials Quoted on Projects	No comments provided	Ministry is now outsourcing most of its maintenance works. Quantity Surveyor post was advertised however few applications came in and selected person declined due to minimal salary offered compared to PWD and Private sector. Ministry in hiring the next set of Clerk of Works will require applicants to have some experience in Quantity Surveyor field.  Refer to attached Annexure II

21.18	Non Monitoring of Capital Works	No comments provided	The Ministry did not have the staff to monitor projects. Since the establishment of AMU, 2 clerks of Works are with the Unit to monitor works
21.19	Capital Works Undertaken by Ministry of Works	No comments provided	All projects through AMU is being outsourced to private companies now.
21.20	Additional Costs related to Laundry Equipment Project	No comments provided	Three quotes were obtained for installation. PWD quoted the lowest approximately \$90,000 where as others quoted \$900,000. MOHMS approved PWD, however where FEA came in picture, 3phase line had to be installed which PWD
21.21	Global Funds to	No comments provided	The Ministry of Health is the Principal Recipient for the Global Fund Grant for Rounds 8 and 9 that started on 1 April 2010 and to end 30 June 2015. This funding modality is known as the Single Stream Funding.  Under the Government of Fiji (GoF) budgeting requirements, large sums of investment are required to be reflected in the annual GoF Budgeting process each year. In 2009, the MoH submitted a budget proposal for the receipt of the Global Fund Grant for the year 2010.  The budget value submitted by the MoH for the GoF budget 2010 was lower than the \$5, 569, and 273 that the Global Fund would disburse in 2010. The MoH then was required to source from one of its expenditure account the difference of \$1,986, 015 that was received on 21 May 2010.  FPSC Drug Allocation was approved by PSH to off-set the

PSH had looked into detail on any adverse events that may occur and mitigation of these possible events, thus for the Office of the Auditor General to infer that drug issues may arise is questionable. PSH had assured that other budget allocations within MoH can be vired from should there be any shortfall.  Shortages of drugs may be due to many factors inclusive of:  - Poor forecasting and quantification;  - Delayed tender processes;  - Epidemiological changes;  - Responses to natural disasters where need for certain drugs may increase and not factored in forecasting.

21.22 Procureme of Fij University	21.23 Neglig Staffs			
Procurement of Fiji University	ence			
on Behalf National	by Medical			
No comments provided	Audit Recommendations have been acknowledged.  1. The Ministry is negotiating with insurance Companies in trying to put together a Medical Indemnity Insurance cover for Government Medical Officers.  Under the Medical Indemnity Cover, the Government will no longer be liable for the medical negligence by Government doctors will be covered by the insurance company.  2. When Medical Professionals become liable in tort for Medical Negligence they are covered:	Under the principles of vicarious liability Sections (3) of the Crown Proceeding Act.	Under the principles of vicarious liability common law dictated that in any Master/Servant or employer/employee relationship the liabilities for the act done or omitted which gave rise to damages, the master is held vicariously liable. The Master may recover part of the damages awarded from the servant but it cannot escape liability at all. The relevant common law principle was clearly set out by the Fiji Court of Appeal in CMLA V Attorney General 1974]20 FLR 102	The Statutory basis for the State liability under the Crown Proceedings Act provided that the crown [State] shall be liable for all those liabilities. The provision required that if an employer employed a person as its social that it and the contract that it is the cont
FNU being a government entity at its implementation stage, FPBS was obliged to assist FNU which taken some responsibilities of FPBS. However MOHMS has charged FNU for any purchases from the Ministry.	The government will continue to pay for medical negligence. Clinical practice improvement is an ongoing agenda.			

Acquittals to Dor Agencies  21.25 Non Submission of Acquittals  21.26 Collection of Smoking Fines		
	Once the program Is finished, program managers provide  Donor acquittals directly to the donors through their Head of Units in the manner required by their donors.	Program Officers will be notified to act in accordance with their donor requirements
	Once the program Is finished, program managers provide reports directly to the donors through their Head of Units.	Program Officers will be notified to act in accordance with their donor requirements
	<ul> <li>Briefly, the fines collected back then by the LTA were part of an MOU that was signed between the Ministry and the Authority in 2006.</li> <li>Part of the agreement was that the Ministry would enforce the Land Transport Act 47/98 particularly the provisions related to the smoking in PSV and the Authority would prosecute offenders booked and collect fines.         There was no provision related to the retention of a portion of the fines by the Ministry     </li> </ul>	<ul> <li>From 2011 onwards the Ministry has been collecting fines derived from enforcement operations</li> <li>This was only made possible after our enabling legislation were reviewed and amended</li> <li>All fines (including those paid into Magistrates Court) for offences under the Tobacco Control Decree 63/2010 are retained by the Ministry as required under Section 38 of the said Decree and then channelled to the Consolidated Fund Account.</li> <li>Copies of all revenue receipts are photocopied and filed for record purposes</li> <li>Refer to attached Annexure III</li> </ul>

21.27	Non Maintenance of Stock Cards	No comments provided	Such materials are no longer being purchased by Headquarters and all works outsourced. Hospitals and
21.28	Motor Vehicle Quarterly Returns	No comments provided	The transport unit is providing adequate training to all staff associated with transport regarding the policy and procedure, creating awareness which is carried out every
21.29	Non Maintenance of Vehicle Records	No comments provided	Log books are in place and the Clerical Officer/Executive Officer is to fill in every month and submit reports to Headquarters. Random Inspections are carried out to monitor if log books are filled. This is done either quarterly or every second quarter.  Refer to attached Annexure IV
21.30	Excessive Vehicle Maintenance Cost	No comments provided	The repair and maintenance of MOHMS vehicles are outsourced and a Panel of garages will be selected to repair
21.31	CENTRAL EASTERN HEALTH SERVICES Non Deduction of Rent for Government Quarters	The HRM unit has been to reconcile the quarter's occupations in respective stations and sub divisions and activate quarter's deductions at a rate of 8% per annum accordingly in accordance of PSC circular. The unit has also been tasked to install separate water and electricity meters for connections the respective unit	A submission has been done to those occupying the quarters.  A submission has been submitted to Headquarters together with quotes from WAF and FEA in 2009.
21.32	Excessive Unutilised Leave Due	The medical officers have accumulated leave due to the shortage of personals at key supervisory levels. The unit notes the importance of the general orders but it could not help itself due to the situation. All the officers noted are sub divisional medical officers who hold key administrative positions while performing the medical officer's portfolio as well. Never the less the division	Human Resource Officers have been advised to comply with the instruction and will be monitored by the Administrative officer.  Some of our staff could not utilise their annual leave due to staff shortage and some were acting on higher position.

	etween DMOCE's e quarantine fees	Total Value		\$1.351.308.23			923		\$63	7077				\$382,368.75			
ire of leave.	al arrangement be	Value	\$81,975.43	\$2,984.96	\$1,266,347.62	\$0.23	\$405.32	\$305,588.05	\$1,601.44	\$322,794.29	\$5,256.75	\$13,660.55	\$51,611.02	\$55,538.93	\$5,419.17	\$243,740.72	\$17.398.37
basis to avoid any forfeiture of leave.	There has been an internal arrangement between DMOCE's office and HR for a Clerical Officer to handle quarantine fees and follow-up arrears.	Category	Consumable 2011	Dressing 2011	Drugs 2011	Family Planning 2011	Consumable 2012	Drugs 2012	Family Planning 2012	Laboratory 2012	Vaccines 2012	Consumable 2013	Dental 2013	Drugs 2013	Family Planning 2013	Laboratory 2013	Vaccines 2013
takes the point by the auditors and expects the medical officers taking leave in the current financial year	The current arrears of is high due to the fact that there is a rise in quarantine fees. There has been some arrears for which the unit has written to the official receiver for the recovery. The accounts section has been closely been liaising with the agents for prompt payments.  Audit findings are noted.	The six month forecasted Expiry Report is one of the three reports are now regularly generated on a monthly		distribution. The outcome of this activity is to move near expired items for utilization.		Management has engaged in the review of the computerized inventory system from the beginning of the	intory management	of the operations in FPBS warehouse to address the expiry issue.		recommendation of the report and will oncur that	put in p	stocks value.	The management has set re-order level for all common	items to be ordered regularly in the computerized Inventory System. In addition to this 3 'helpur minimum	stock level 'report or basically the re-order report list is	generated on monthly or other regular intervals to	crisale stock out includince is kept to the minimum.
	Arrears of Revenue	FIJI PHARMACEUTICAL SERVICES	Expired and Out of														
	21.33	21.34															

The management has established a Logistic Manage Unit with the key role of actively monitoring stock utilization, re-deployment of existing stocks in the facilities and communicating with the users on the availability at FPBS and otherfacilities. The unit was launched in August of 2011  The management has also acknowledged recommendation of the report to strengthen activients.	Over-Expenditure  Over-Expenditure  of officers given acting was d vacant positions at FPBS.  SEG 3 and 4 over expen in tariff for fuel and elec FPBS operational financi our services as the centr procurement, warehous essential medical suppli view of this managemen to ensure that operation minimum and a strategy establishment of the En to find ways of controlli  The cost of raw mate consumables and dressi light of the increased gla devaluing of the Fiji Government spending a manufactured internat
The management has established a Logistic Management Unit with the key role of actively monitoring stock level, utilization, re-deployment of existing stocks in the health facilities and communicating with the users on the stock availability at FPBS and otherfacilities. The unit was launched in August of 2011  The management has also acknowledged the recommendation of the report to strengthen activities to ensure minimum stock outs incidences.	Over expenditure in SEG 1 and 2 is due to the number of officers given acting which is approved in PSC in 2011. The acting was due to delay in the filling of the vacant positions at FPBS.  SEG 3 and 4 over expenditure is due to the increase in tariff for fuel and electricity in 2010. This affects FPBS operational financial investments to ensure that our services as the central medical store for the procurement, warehousing and distribution of essential medical supplies are not compromised. In view of this management have taken measures as well to ensure that operational cost are kept to the minimum and a strategy put in place is the establishment of the Energy Management Program to find ways of controlling electricity consumption. The cost of raw materials to manufacture drugs, consumables and dressings has increased globally in light of the increased global filel prices in 2010. The devaluing of the Fiji dollar has aggravated Fiji Government spending as 98% of medical items are manufactured internationally irrespective.
LMU continues with the processes and improvement has been noticed.	MOHMS HQ has rectified process that resulted in the overspending of SEG 1 and 2 such as filling the vacant positions conducted a P 2 P assessment.  Other measures have taken place which has contributed to improvements in the spending.  Operational costs that results in over expenditure in payment of wages and overtime and now it's under control. Consumer able and Drugs dollar devaluation reduced the buying power.

	The canteen is no longer operational and Ba Holdings will have to advise the Ministry in future if they decide to resume the canteen operations so prior arrangements can be made regarding water & power usage.
<ul> <li>origin of the vendors (supply agents).</li> <li>FPBS maintained that VAT input tax budget cannot be zero.</li> <li>The management acknowledges the recommendation of the report and will implement activities to avoid over expenditure.</li> </ul>	<ul> <li>The setting up of the canteen operations was based on direct consultation between Ba Holdings and PSC accommodation (S Galuvakadua's (PSC) e mail dated 14110110 refers). Copy attached for ease of reference</li> <li>Attachment No. 6.</li> <li>Ba Holdings has been reminded several times to arrange for separate meters for both electricity and water but unfortunately, no action has been taken up to date.</li> <li>Water and electricity lines connected to our meters have now been disconnected and arrangements are now being made for them to settle their outstanding bills.</li> </ul> Their Manager Operations have been advised accordingly and is willing to pay.
	WESTERN DIVISION HOSPITALS Operation of a Canteen at Western Health Services
	21.37

Z1.38 N	21.39 D
Absence of Nurses at Nursing Stations	Defective Refrigeration Units at Mortuaries
<ul> <li>Nagado Nursing Station was closed on 28/11/11 as the staff nurse was on approved annual leave from 20111111 to 912111.</li> <li>During her leave, all patients were being referred to the Health Centers at Namaka and Nadi.</li> </ul>	<ul> <li>The Lautoka Hospital mortuary coolers Nos. 2 and 3 (2 berths each,) have now been thoroughly repaired and arefully operational.</li> <li>Plans are now underway to extend the existing facility in order to house an additional 10 berths.</li> <li>As for the Sigatoka Hospital freezers, continuous repairs are becoming a costly exercise and uneconomical and as such, arrangement has been made to conduct a board of survey for disposal and replacement purposes.</li> </ul>
The current practise now is that when station nurse decides to go on leave, prior approval is requested so a reliever nurse is organised so services are not disrupted.	The Sigatoka Hospital has only 2 coolers operational now.  The 2 berth cooler has already been boarded.  The Morgues services at Lautoka Hospital have been outsourced since January 2014.

21.40.1	Non Compliance OHS Regulations Flooding	with and a second	Lautoka Hospital  The quotation for the necessary repair/improvement works on the drainage system had been forwarded to Head Office in Suva in .March 2011 and still awaiting for the provision of fund in order to start the works.  Nailaga Health Centre As confirmed by the M0 Nailaga, the staff quarters only gets flooded when there is continuous heavy rainfor a couple of days and to state that it was often flooded is incorrect.  Rakiraki Hospital  The drainage system is being improved to preserve	Nailaga Health Centre only floods during adverse weather conditions when there is continuous rain for days but currently it is not flooded under normal weather conditions. Maintenance work is scheduled for the whole Rakiraki hospital during this year 2015.
21.40.2	Leaking Roofs	• • • •	For Lautoka Hospital the laundry roof was repaired/replaced last year, 2010 and one ridge cap needs to be replaced this year, 2011.  The other leaking roof at the stores, a quotation will be prepared and shall be forwarded together with request for funding to HQ, Suva.  For Nadi and Rakiraki Hospital, scope of work and obtaining of quotes is being arranged.  With financial support from HQ we hope to sort things out this year.  The leakage infront of the Lab waiting area at Ba Mission Hospital has been fixed through funding from HQ. (See attached photos No. 4 & 5)	Scope of works has been done for Nadi Hospital.  Maintenance work is scheduled for the whole Rakiraki hospital during this year 2015.  Laundry Roof works at Lautoka hospital completed in 2013.  Roof has been temporarily repaired. Major repair works for the roof of Lautoka Hospital building will be for 2016 budget.

Unhealthy State of the Sathroom at the Nurses a Bachelors Quarters	Repairs and H	L.		
Scoping work for and the request i purposes.	HOSPITAL	Rakiraki	Rakiraki	Rakiraki
Scoping work for the nurse's home has been done and the request is now with HQ for funding purposes.	REPAIRS TO BE DONE	Construction of drainage in front of the laundry Room.	Construction of soak pit for laundry.	Fixing of toilets.
nding	COMMENTS	Arrangement has been made with our hospital maintenance team to rectify this problem.	Rakiraki laundry has been commissioned and is nowfully operational.	Anomalies identified are to be investigated and appropriate disciplinary
Scope of works has been done for Nadi Hospital.	Maintenance work is scheduled for the whole Rakiraki hospital during this year 2015.			

		measure will be taken if justified.	
21.42	Expired Drugs	<ul> <li>Action has now been taken to keep stock cards/or all drugs in stock and which is updated every month.</li> <li>Bi – monthly drug ordering is done from stock cards and therefore no occurrence of overstocking (sample of aphotocopied stock card is attached No. 7).</li> <li>Drugs are re – distributed 2 – 3 months before expiry and not when it is almost expired.</li> <li>Near expiry drugs are returned to FPBS if it was supplied by them.</li> <li>Slow going drugs are ordered in minimum quantities so that they are used up before expiry and to avoid overstocking.</li> <li>Drug allocation review was done for Tavua hospital.</li> <li>Drugs not regularly used were decreased and those in demand were increased. (Copy of allocation review sheet submitted to FPBS attached No. 8)</li> </ul>	Ba hospital employing pharmacy assistants have organised and distributed drugs in a manner no expired drugs remain in stock after their expiry date. Drugs nearing expiry date are sent to Lautoka Hospital where there is more demand and used accordingly or disposed in the required manner.  Nadi Hospital – drug utilisation plan is drawn up where the drugs are grouped in expiry dates in the next 6 months and drugs with slow movement can be sent to Lautoka Hospital to be used where there is faster dispensing of drugs due to high demand.  The same process is being practised in the other subdivisions to avoid expired drugs in stock.  Process of disposal and boarding of expired drugs is a chronic issue.
		Tavua hospital was provided with a new pharmacy assistant in May 2010 which helped lighten the workload.  Good networking with the sub divisional health facilities helped with the flow of redistributed drugs nearing expiry dates.	

The clerk advised that she has sent request for rent deductions have been done to those occupying the deductions already and once the deductions has started she will update the payroll for recovery of arrears. Copy attached  The Home needs to arrange for separate water and electricity accounts for respective quarters accordingly Probably the meter needs to set up on the individual users itself so that the users receive the bills and pay directly and whenever there is a change over the staff arranges accordingly (Water & electricity).	Operations of the Samabula Senior Citizens Home were Human Resource Officers have been advised to comply with the instruction and accounting back ground and no knowledge of leave conditions and Finance managements. Since a clerk is based to manage the administration of the stations she has reconciled the leave taken against the entitlements and any outstanding or over used leave. She became responsible to update all files and grant procedures and instructions.  Human Resource Officers have been advised to comply with Earlier Senior Administrative officer.  Administrative officer.  Reminders have been sent to the officers concerned through their Head of Department's to comply with the laid down procedures and instructions.
The clerk advised deductions already she will update the attached  The Home needs electricity accounts Probably the metel users itself so that directly and whenevarranges accordingly	
SAMABULA OLD PEOPLES HOME Non Deduction of Rent for Government Quarters	Sick Leave and Bereavement Leaves Carried Forward
21.43	21.44

21.45	21.46 S	21.47		21.49
Motor Vehicle Records	SAINT GILES HOSPITAL Revised Revenue Rates not effected	COLONIAL WAR MEMORIAL HOSPITAL Non Deduction of Rent for Government Quarters	Store Room	Arrears of Revenue
The vehicle record book was not in place until the clerk started there  The management respects and takes the findings and recommendations of the audit to ensure proper recording and management of the affairs on the Samabula senior citizens home.	No comments provided	No comments provided	No comments provided	No comments provided
The transport officer at Divisional Office has updated the vehicle log book filling in all the required details till to date.	This is fully complied with as per fees schedule under Hospital and Dispensaries Regulations.	Request was made for the necessary rent deductions to be made for all occupants who are occupying the Government quarters. All occupants are paying relevant rentals. The conditions of our quarters are in pathetic state and we have made a submission to HQ for its replacement or major renovations.	Currently the stores department is scattered in different locations and is a major challenge for monitoring of supplies. Request has been made to HQ for construction of a new store room and this could solve lot of issues.	Reminders are being sent to all patients to clear their arrears and few have cleared. We had a meeting with all the agents including Embassies concerned. Arrears are from 1999 and request has been made to MOF to write this off.

	of Stock Reagents	No comments provided	There is vast reduction in terms of expired drugs now and reagents are available on timely manner therefore the services are not affected.
21.51	Motor Vehicle Quarterly Returns	No comments provided	The vehicle quarterly returns are now submitted on timely basis.

## PUBLIC ACCOUNTS COMMITTEE REPORT ON 2011 AUDITOR GENERAL REPORT

DIMINENTS CURRENT STATUS	The Audit Recommendations have been acknowledged  The Ministry has put in place a SOP for collection of quarantine fees but still in a draft state and yet to be formalized (Appendix – 1)	<ul> <li>The increase in arrears of revenue from 2010-2011 are due to reasons below:  The Ministry has informed all divisional accounting officers responsible to strengthen its revenue collection processes and to take a more proactive stance to ensure prompt speedy repayment rate we have requested our officers collecting outstanding debts to send if possible pay a visit in person to the debtors or the respective island embassy.</li> <li>To strengthen revenue collection the doctors/nurses on duty have been informed to notify accounts personnel before discharging patients.</li> <li>Collection of Quarantine Revenue Collectors are playing more crucial and active role in collecting arrears of revenue.</li> <li>Environmental Health Officer bill the agents and also do regular follow ups but are not revenue collections.</li> <li>Most Shipping Companies are in Overseas and payments take more than 3 months to be cleared.</li> <li>Local Agents play a "ball passing game".</li> <li>Environmental Health Officer bill the agents and also do regular follow ups but are not revenue collectors.</li> <li>Most Shipping Companies are in Overseas and payments take more than 3 months to be cleared.</li> <li>Local Agents play a "ball passing game".</li> <li>Environmental Health Officer founciers at the earliest possible time and if possible time and officers.</li> <li>In person to the debtors or the respective island embassy.</li> <li>Ministry of Health and Medical Services will refer to collection of balance of arrears.</li> <li>Ministry of Health and Medical Services will refer to collection of balance of arrears.</li> </ul>
MINISTRYS PREVIOUS COMMENTS	<ul> <li>The Audit Recommendations have been acknowledged</li> <li>The Ministry has put in place a SOP for collection of quarantine fees but still in state and yet to be formalized (Append</li> </ul>	<ul> <li>4) The increase in arrears of rever 2010-2011 are due to reasons below 2010-2011 are due to reasons below accounting officers responsible to strenggits revenue collection processes and to the more proactive stance to ensure prompt settlement of debts. In order to maintain speedy repayment rate we have request officers collecting outstanding debts to follow up notices at the earliest possible and if possible pay a visit in person the debtors or the respective island embassy.</li> <li>2. To strengthen revenue collection the doctors/nurses on duty have been informatify accounts personnel before discharge patients.</li> <li>3. To draw up a standard discharge docum that binds patients, next of kin or the islastates themselves responsible parties for</li> </ul>
AUDIT ISSUE HEADING	Arrears of Revenue	
AUDIT	21.5	

	Accounts Officer will ensure monitoring and checks are carried out to avoid the repetition of the same.  The Revolving Fund Account Reconciliation are updated on a monthly basis and presented in the Senior Management Meetings.
<ul> <li>4. FPBS has reverted terms of sales from credit to cash basis.</li> <li>5. In respect of quarantine fees our officers have informed registrar of companies to assist in recovery for such monies.</li> <li>• The Ministry is also going to draft a SOP for prompt collection for the rest of the otherfees.</li> <li>B) The actions that the Ministry is pursuing for effective recovery of outstanding revenue are as follows: Currently the Ministry has informed all divisions to identify; age of debtors 2-5 years and over and to submit details for write off details and will submit as soon as it is completed before the end of the 2nd Qtr.</li> </ul>	The Audit Recommendations have been acknowledged  The problem of ending and opening figures not balancing with FMIS GL are based on the following reasons:  1. The reports generated by Ministry of Finance and used for reconciliation purpose are accessed in this location  Missuva2k3b/02\Reports\Healt[\\2011.]  The figures generated in this report match the reconciliation balances however, upon checking with GL670 variance does exist between period 12 and 14. Attached are the variances in report figures. (Refer Appendix - 8)
	Variance in Ending and Opening Balance in Revolving Fund Account
	21.6

	The officer responsible while in process of monthly reconciliation will ensure that Journal vouchers are raised to rectify the errors on the accounts  Our reconciliations are more accurate once we move to MOF FMIS		
2. There was a variance of \$2,022,479.32 between July and August 2011 pertaining from TMA unidentified postings during Epicor to FMJS system due to mapping of allocations cumulative from 2003. The anomaly was then transferred to RFA in August in order to close TMA for 2010 in the Epicor system and balance with FMIS GL. The posting cannot be reversed however we will submit for write off to Ministry of Finance at the earliest possible time this year.  (Refer Appendix - 9 Recon Jul and Aug 2011 & JV No.AVDbPS3)	The Audit Recommendations have been acknowledged.  The variance infigures in the Operating Trust Account was due to closing balances for 2010 not taken into account as opening balances in January 2011 for the following trust accounts.	l) 1-22701-22999-861920 600.00 2) 1-22201-22999-861920 14,903.1 3) 1-22701-75999-961920 34.181.1 49,684.2	The error above continued in 2011 hence affected the closing and opening balance resulting in variance of \$592,867.16 in 2011. We are currently working on amending the returns with effectfrom Dec, 2010 to date thereafter submit to Ministry of Finance for records.
	Operating Trust Fund Account		
	21.7		

		The Audit Recommendations have been acknowledged Attached is vat comparison for vat reconciliation and payments against GLfigures. Variances are a result of miscalculation on vat figures. We will ensure to reconcile thoroughly to avoid such errors arising in future. (Refer Appendix – 10)	Priority will be given to timeline for thorough check by both officer preparing the payment and supervisor to avoid reoccurrence.
21.9	Variances in FNPF Figures	Reconciliation is now been done by verifying 501 and 502 contribution from payroll with total CS report and cumulative report at the end of the month	However, it was truly said that that there are also officers paid from other Segs e.g. Seg 5 and Seg 7 and other donor funded allocations.  The unreconciled variances can also be attributed to nontaxable salaries, wages and allowances.
		Payment done at the end of the month has been checked that it ties with the figure in GL	
		• Listing of project officers that are paid from other allocation apart from SEG 1 and 2 has been prepared and has been forwarded to auditor Manish Dewan on Thursday 10105112. (listing attached Appendix - II)  FNPF clerk is working on journalizing all FNPF payment that was supposed to have been paid from project allocation from January & February. Payment for March paid in April has been paid from the correct project allocation.	
		<ul> <li>Staff shortages is an issue in salaries which jeopardize work result</li> </ul>	

	TMA Balance Sheet	MOF to answer	Audit comments are noted.  As explained by Ministry of Finance. There are two equity accounts. One equity account is 940400 and the other 940300. The account 940300 is not supposed to be there as this relates to interfund transactions between fund 4 and fund 1. The equity account 940400 is only for the main purpose of TMA Account. From 2013, there has been no interfund transaction between fund 4 and fund 1, therefore, the balance has been accumulated from previous years.
21.12	Lodgement Not Credited	<ul> <li>The Audit Recommendations have been acknowledged.</li> <li>In 2010 we have written to the ESP branch in Nausori and there was still no response from the bank. We followed up last week and we manage to correspond on email and they are doing their own investigation and will give us a feedback. (Email correspondence attached. Appendix - 13)</li> <li>More effort will be put into ensuring that monthly bank reconciliation is carried out promptly.</li> </ul>	Audit recommendations have been taken note of.  The lodgement not credited has already been credited by the bank. The amount \$258.75 of the lodgement has still not been identified as it relates to 2008 for which there is no previous documentation to proof the amount.  BPS has taken necessary steps to reconcile all the receipts on a daily basis with the bank statement to ensure there are no uncredited lodgements.
21.13	Unpresented Cheques	<ul> <li>The Audit Recommendations have been acknowledged.</li> <li>Have email correspondence regarding the cheques. For chq # 001165 of \$200.00 was presented but was not shown in any of our statement so that we can clear it outfrom our listing. For chq # 001102 of \$4989.55 is still not</li> </ul>	Audit recommendations have been taken note of.  Both the cheques (chq # 1165 and 1102) have not been presented as confirmed by the bank. Any cheque that remains un presented for more than 6 months are regarded as stale cheque therefore it has been adjusted in the system

e cheque and and cleared of.	we are filling up all the vacant positions.  Unestablished officers in the ray Relieving alth Workers, c. The FMIS GL amounts to a mounts to	Staff List is out in each even though ded such as L figures on re for 2011 e Established ance of \$11,	sion allocated o cater for the cial year 2011 ound remains
presented to date which is a stale cheque and have raised a JV for this adjustment. (Appendix - 14 JV No. 33/05112)	1. Audit Recommendations have been acknowledged.  2. Our P2P approved GWE List is lower than the number paid out in each weekly Unestablished Payroll due the inclusion of other officers in the GWE Payroll such as, Temporary Relieving Clerical Officers and Allied Health Workers, Project Officers, Locum Doctors etc. The FMIS GL figures for GWE PE expenditure for 2011 amounts \$12,909,145.00 and the GWE PE Budgetary Provision for 2011 amounts to	3. Our P2P approved Established Staff List is higher than the number paid out in each fortnightly Established Payroll even though there are other officers included such as Project Officers. The FMIS GL figures on Established Staff PE expenditure for 2011 amounts to 12,989,484.11 and the Established Staff PE Budgetary Provision for 2011 amounts to \$6'/, '835,100.00 with a variance of \$11, 154,384.11.	4. We can say that the budget provision allocated for PE was not sufficient enough to cater for the actual PE expenditures for the financial year 2011 even though our staffing on the ground remains within the approved P2P number.
	HEADQUARTERS  Over Expenditure in Payroll		
	21.14		

been done monthly to journalise from the Seglallocation to the project allocations.

11. It was evident from 2012, that most of the above anomalies have been rectified by the divisions in doing master file change to seg 5, 6, 7, 8.

Seg 5-Ambulance Service Seg 6-National Blood Service Seg7-Special Projects Seg8- Maintenance Team to be approved by PSC.

- 12. Furthermore, over expenditure was also due to payment of acting allowances to Nurses and Doctors, payment of environmental and On Call allowances payable to Principal Medical Officers and below including Dental Officers in hospitals and Nursing Practitioners in Health Centres (without Medical Hospitals) who are doing calls, payment of night allowances, Consolidated allowances payable to Staff Nurses and payment of location allowances, for overtime work to nurses and salary for
- relievers and for locum doctors.

  13. After the completion of updating the P2P exercise for both Established and GWE staffs, we will be able to determine the realistic figures to be estimated for Seg 1 and 2 against the provision of the budget for the ministry.

Por all arbitration cases be that resignations, deemed resignations, terminations, external posting etc. the Ministry continues to sternly enforce that the current SOP is adhered to and that is, all monies owed to government by the exiting		watch list to	enue from	action is	e list of	Data	. Owing.	the ministry		nal approval of ount is cleared,	ndertaken that	ce of the owed	amount.	commendation	certificate shall be withheld.		aff Nurse –	he offleer is	the service.	salaries on	ary for pay	e was being	
Audit Recommendations have been acknowledged.  PSC Loan & Owing Amount  1. The Ministry will ensure prompt action is taken when the officers apply for resignation	and at the same time letters will be prepared for those owing to Govt to be submitted to PSC who shall formally advise the Dispersor	Immigration accordingly for their watch list to	avoid government losing its revenue scholarship payments.	2. The Ministry will ensure prompt action is also taken when the officers analyfor	resignation and at the same time list of	names snall be forwarded to PSC Data Bureau.	<ol> <li>Refer to Table of Names of Staffs Owing. (Appendix 1)</li> </ol>	<ol> <li>Some current strategies taken by the ministry are as follows</li> </ol>	, , , , , , , , , , , , , , , , , , , ,	<ul> <li>Not to release the formal approval of resignations until all owed amount is cleared,</li> </ul>	<ul> <li>To arrange with PSC for an undertaken that</li> </ul>	shall be responsible for clearance of the owed		<ul> <li>The release for any service recommendation</li> </ul>	certificate sha	Rent Arrears	1. Rent Arrears in respect of Staff Nurse -	Rozileen Narayan, EDP # 3330, the ofJ1cer is	now been reinstated back into the service.	Her PF was forwarded to salaries on	12107112 to reactive her salary for	16112.It was ascertained that she was being	Cronsis calar 64010
Ministry																							
Owed by																							
Amount Staffs																							
21.15																							

	Measures have been taken if an officer has tendered resignation, deemed resignation, deceased, terminated by sending copies of request to cease salary immediately. Copies of request are faxed or emailed to cease salary immediately. The uses of this medium of communication have improved the processing of cessation.  The Ministry has been pro – active in the cessation of salaries by treating it as a priority before formalising of resignations are done.  Recovery communication between Divisional Offices and
resigned. There was no mention of any other details except that she was overpaid and will be recovered in Pay 16112.  Internet Control measures needs to be strengthened to ensure that laid down procedures/instructions are followed closely and promptly all stations in liaising with HQ to avoid any loss to government.  Union Dues  1. This is an agreement between the officer and the unions. The government has no obligation in recovering of union dues. The officer and the union should liaise in regards to union dues.  2. There is no loss of revenue to the government charges payroll levy (commission) from the unions.	<ol> <li>Audit Recommendations have been acknowledged</li> <li>Our Payroll Section is centralised at HQ and our Salary Section usually received advice to cease salary very late from our officers in the divisions and late to stop the pay, resulting in overpayments.</li> <li>The Ministry will ensure prompt action is taken when the officers apply for resignation to implement effective process of communications within the ministry for the immediate cessation of salary with the Salary Department.</li> <li>When all means of recovery are exhausted then necessary disciplinary actions shall be</li> </ol>
	Salary Overpayment
	21.16

- 7. The same team was engaged at Kadavu doing the maintenance at Vunisea Hospital and the Health Centres around Since the team from the main land were working outside station they were paid three meals per day as well as country allowancefor each night.
  - 8. The PAYE was not deducted since the casual workers were engaged only for a certain period of time and their appointment could have been terminated any time upon the completion of the work and the payment of wages was on weekly basis. The appointment was only further extended upon the need PAYE is deducted based on the annual salary as per hourly rate of pay.
    - The ministry has looked into the above issue and noted that in future all maintenance work will be properly supervised and take control measures on overtime hours through its internal circular no. 1412012. We would also ensure that work on the mainland could be outsourced and work on the outer island cannot be outsourced therefore to be arranged with the workers to avoid overtime pay and other allowances.

(Appendix 3 - Excessive Payments to Casual Labourers)

21.19	Letter of Temporary Appointment	the Ministay for the maintenance work in the previous years and had performed satisfactorily.  4. The Labourers are mostly recruited from the location of the maintenance work to avoid extra costs.  7. It is noted that there is no MQR for the GWEs set by the Public Service Commission and the Ministry is currently in the process of setting MQR for its GWEs and will ensure that a panel of senior staff is involved in the selection and recruitment of casual workers.  7. Audit Recommendations have been acknowledged.  7. The officer handling this issue has been taken to	Letter of Appointments are now being issued after endorsement of appointments from the Permanent Secretary for Health and Medical Services for Temporary
21.20	LaundryEquipments	from 2/16/2011 and his case is before the PSC Tribunal. This is also one of the reason for the over spending in item 8.1.1. The new officer in charge of these temporary appointments has been informed to keep records updated.  3. We are now adopting improved recruitment standard operating procedures for Government Wage Earners in 2012 and are currently being implemented before the issue of LOA. (Refer to 8.1.5[2])  1. Audit Recommendations have been acknowledged.  2. All laundry machines for Labasa hospital are in the newly refurbished	All recruitments in the Ministry are to go through the normal process be that at Divisional Level or at HQ's level, GWE's or established positions.  GWE vacancies [Casual or Permanent] – these are advertised and processed by Divisions. Divisional recommendations are then forwarded to HQ's for PSHMS's final approval.  Established Positions – these are advertised and processed by HQ's  Ceptubishment of Labasa Hospital Laundry Services completed in 2013 and was officially handed over on 22/08/13. This fully operational since then.
		laundry room and waiting commissioning. Steam & Boiler works	Electricity meter is separated and work is complete. New

	Tender procurement commission was carried out and the Incinerator constructed and installed in 2013.
to be completed by end of July and PWD (Labasa) is ordering for specific parts which is not available with them and is the cause of the current delay. Electrical upgrading works completed also.  3. Refurbishment Works in the Lautoka hospital is about 70% complete. All equipments will be transported to Lautoka by 25 <sup>1</sup> July. Electrical upgrading works by PWD is 80% complete.  4. An Indenting Department Copy is attached containing the following-total in u m be r of units purchased & cost of each unit. (Refer Appendix 4)  5. Amount outstanding to the supplier = \$  187,101.20.  The AMU is now being directed to maintain records for these Laundry Machines	<ul> <li>Audit Recommendations have been acknowledged.</li> <li>The delay to install the Incinerator was due to the following reasons.</li> <li>There were the land lease issues for the site at Tamavua.</li> <li>The delay in finalising the specifications for the incinerator as new technology was made known to the Ministry of Health in 2010 that will reduce pollution/smoke etc.</li> <li>PWD were not able to complete the building/construction of the incinerator housing in Tamavua.</li> </ul>
	Purchase of Incinerator
	21.21

	The commissioning of the buildings are complete and the chairs are now installed and in operational.	FPO is the agency that does payment to suppliers
3. The reason/or the virement of funds from Incinerator since MOH only have to factor 50% from the original cost which is \$43,263.24 and the balance we need to factor the balance in 2012 once the items has been received.  4. As per breakdown all this funding for this project was not included in budget and we had to factor this urgent request since we were coming to end of year and find where fund was available. (Refer Appendix 5 - Write Up - Authority for virement from Incinerator Vote.)	<ol> <li>Audit Recommendations have been acknowledged</li> <li>The Dental Chairs were purchased for various Health Centres including Raiwaga Health Centre.</li> <li>The completion of the construction was carried out by PWD through Commissioner Eastern's Office and is expected to open in July 2012.</li> </ol>	<ol> <li>FPBS management acknowledges the comments and findings of the report.</li> <li>FPO is the responsible agency that does the payment to international suppliers. FPBS and FPO have met to review the processes to improve on the documentation flow between the two agencies so that such incident does not happen again.</li> <li>The overpayment was recovered by FPO after the notification was received and meeting with FPO convened to rectify the problems as raised above.</li> </ol>
	Dental Chairs	Double Payments Made by Fiji Procurement Office
	21.22	21.23

Currently, the Ministry calls for open tender with the assistance of DBGA's office (Ministry of Industry and Trade)	
1 Audit Recommendations have been	acknowledged.  2 It is believed that all Government agencies when dealing through PWD expect that the procurement and calling of tender for various works will be carried by them, being the sole agent for government assets as far as buildings are concerned.  3 This however is not clearly spelled out in the Fiji Procurement Regulation as for scope of works, PWD has the right expertise to carry out majority of works required for any construction such as drafting, scoping, evaluating and estimating.  4 The Ministry agrees that there was no regular update sought from PWD as far as acquittals are concerned, but assures the Office of the Auditor General that from 2012, all Divisions respective officers as well as representatives from Head Quarters are keeping close update with all funds released to PWD and ensure the commitments and accountability is maintained from both parties.  5 For transparency reasons, it was confirmed by the DBGA that quotations for the purchase of materials were soughtfrom private companies.
Repair Works at Rotuma	Hospital by Ministry of Works.
21.24	

Audit Recommendations have been acknowledged. Please note that Lautoka Hospital and DMOW Asaleo Care which approved contractor purchased toilet tissue from C J Patel with 3	quotes since they didn't have or knew there was an approved contractor for this item.  They have stopped buyingfrom them once they knew about the approved contractor.	For paper towel they have to source from C J Puriyayawa and National Produce. Frozen meat and fish is purchased from Freshet.  The Ministry of Health and Medical Services will ensure that		ration apart from Meat, Fish, Eggs, Fruits and Vegetables, they had to	Source from Shiu Prasad with quotes if possible since other two sources MH and Ashabhai always turned their hackforth one	due to payments problems hence they had to source from Shiu Prasad because they didn't stopped their supplies.	For Mean Products they source our laundry	detergents from them because their laundry LH	opt their quality only and they don't have any other supplier with their quality detergents.	Please note that they don't have any approved	contractor for laundry detergents yet. For CJ Patel & Company lautoka – This Company	was supplying milk which was agent for Rewa Daily.	The Contract for Rewa dairy was not sent to them hence they were not aware of the	contractor until last week when it has expired	and they were working on three quotes now. Toilet paper was also purchased from this	since it was wholesaler and with three	They were not aware of the Contractor SCA
Failure to Obtain Competitive       I. Audit Record         Quotations       2. Please note         purchased       purchased	an approvec 3. They have s:	4. For paper t Patel since them and	types of p dispensers.	for dry Roots, F	source rrom since other Ashabhai alw	due to payments probl source from Shiu Prasa stopped their supplies.	6. For Mean	detergents f	opt their q other suppl	Please note	contractor fo	was supplying m	S. The Contract them hence	contractor u	and they we	company quotes of	10. They were

	Currently Lautoka Hospital is purchasing laundry Chemical from ECOLAB as per directive from former Minister of Health.  As per new FPO regulations, tenders are to be called for more than \$50,000.  Most of the dry ration is now contracted and LH is buying from approved contractors only.
Hygiene hence purchasing was done until they received the copy of Contractfor SCA Hygiene.  11. As per Procurement Regulation 2010, the Permanent Secretary or Head of Department may waive the requirement to obtain competitive quotes for the procurement of goods, services or works where- (z) there is only one supplier capable of supplying the goods and services.  12. On 15102111 FPBS purchased PCB Detector block, a part specifically for KX 21 Hematology analyzer from Roche Diagnostic. Roche Diagnostic NZ Ltd is the sole supplier of these analysers and their parts in the Pacific - reagents are analysers pecific.	provision of three quotes  I. Audit Recommendations have been acknowledged  2. Lautoka Hospital have been buying from Mean Product and 2 quotes were attached, as for more than 30Ks, approval was sought from PSH, later on they were just buying from Mean Products as the items they had could not be supplied by other companies.  3. Purchasing was done from Shiu Prasad and sons by the Subdivisions on their own arrangements as they were having difficulties purchasing from their Local suppliers.  4. These suppliers wished to have cash payments h ence they refused to supply goods.
	Tenders Not Called for Purchase More Than \$30,000
	21.26

They were convenient too because they deliver on site.

- 15. As for Pratap Investments, Nadi Hospital was buying from them before they ceased accepting orders. No other companies were accepting POs at that time and when goods & services were urgently needed Prataps was always on hand to supply
- reason that Ravendra was the only supplier that accepted our LPG on that time from Sigatoka area and payments was not up to date and they not allowing them to purchase thru PO and that are the reason why they purchase from Shiu Prasad
- 17. Mean Product-There was no contract for laundry product and three (3) quotes have to be obtained & that is why they were purchasing from Mean Product s thru 3quotes.
- 18. There were three quotes given if purchases are done on certain items not Government tendered, and this is

the practice done in previous years. We are not authorize to purchase items more than \$30K on one PO this had to go through our HQ Suva and dealt with minor or major tender board. When we ask quotes from the companies at the same time we ask them whether they accept our PO's. At that time there was no tender awarded for groceries and laundry products. As and when the tender was awarded then buying was done through contractors.

19. A list of approved contractors for the supply of goods and services shall be distributed to all our divisional and sub-divisional officers to inform them to abide by it and to seek FPO assistance and approval if required to go out elsewhere.	Design and Documentation  Addit Recommendations have been acknowledged.  Evidence cannot be obtained from the file to confracts for the two consultancy works at CWMH and Nausori Maternity Wards been awarded to the two Companies  CArchStudio@2011 Fiji Ltd and Orton  Architects. (Refer Appendix 6 & 27)  3. The CWMH and Nausori Maternity Wards projects proposal with the design were submitted to the Budget Committee in Mid 2011 requesting for donor funding. AUSAID have now agreed to fund Nausori project.  Addit Recommendations have been acknowledged. Nausori project is being is progressing with Archite to contract from the fine I plan form the new hospital.  Working on the final plan form the new hospital. Working with Architect is a need to engage a contract of the two consultancy works at CWMH Maternity - there is a need to engage a contract of the two Companies of drawn up and expected to be advertised in June will be funded by Government of Fiji.  Architects. (Refer Appendix 6 & 27)  3. The CWMH and Nausori Maternity Wards projects proposal with the design were submitted to the Budget Committee in Mid 2011 requesting for donor funding. AUSAID have now agreed to fund Nausori project.	Audit Recommendations have been acknowledged  2. In recommending to the Government Tender Board to award the tender to Grids & City Securities the Ministry was aware of the experience of the 2 companies since they were already contracted to Ministry of Health, actually performing duties, well versed with contractual requirement and developed professional working partnership inplace.  Audit Recommendations have been acknowledged accommodates the variation hours and also the accommodates the variation and accommodates the contract from 1 year to 2 years based on the advertisement.  All invoices were verified by respective divisions and hospitals before payment is done.  Medical Officers and Divisional Medical Officers verify the
	ect is being is progressing ver the final plan form the new arnity - there is a need to erge scale project. Terms of it expected to be advertised by Government of Fiji.	rice has been adjusted in the tes the variation hours and s to the tenure of the contron the advertisement.  Vere verified and certified be hospitals before payment cers and Divisional Medical
	Nausori Project is being is progressing with Architects Pacific working on the final plan form the new hospital.  CWMH Maternity - there is a need to engage a consultant for such a large scale project. Terms of Reference has been drawn up and expected to be advertised in June 2015. This will be funded by Government of Fiji.	Corrective price has been adjusted in the new contract that accommodates the variation hours and also the amendments to the tenure of the contract from 1 year to 2 years based on the advertisement.  All invoices were verified and certified by respective divisions and hospitals before payment is done.

on individual employees to make contact with Grids.  Audit Recommendations have been acknowledged.  2. The increase in hourly rates was due to Wages Regulation Order and VAT. From my understanding of the system this would mean automatic increase is in order. (refer to Appendix 9)  7. FPBS management acknowledges the comments.
ō

			1	\$635,645.86	2012	1			\$382,368.75	2013			v software	quired to ve a formal proper cost laim.
\$1,266,347.62	\$0.23	\$405.32	\$305,588.05	\$1,601.44	\$322,794.29	\$5,256.75	\$13,660.55	\$51,611.02	\$55,538.93	\$5,419.17	\$243,740.72	\$12,398.37	f procuring the nev 115.	led with bidders re all works now ha ayments whereby ed with payment o
Drugs 2011	Family Planning 2011	Consumable 2012	Drugs 2012	Family Planning 2012	Laboratory 2012	Vaccines 2012	Consumable 2013	Dental 2013	Drugs 2013	Family Planning 2013	Laboratory 2013	Vaccines 2013	MOHMS is in the process of procuring the new software after a \$1M was given in 2015.	Open tenders are being called with bidders required to submit their trade costs etc. all works now have a formal contract with progressive payments whereby proper cost breakdown is to be submitted with payment claim.
	items from 18 months to 12 – 13 months annually.	a monthly basis run a 3 me	communicated to the hospitals for action	of using those items first if necessary.  c. Especially for cancer medicines, patients	have not returned to complete their treatment and thus stocks are left not	used.	<ul> <li>a. Prbb are conducting regular inspection at healthfacilities on improving stock</li> </ul>	management and as well	e. Changing prescribing pattern demands	new sets of medicines to be used. FPBS is involved in the Clinical Service Network	meetings to strengthening the	management of transition to newer products in the market.		I. Audit Recommendations have been acknowledged  2. As explained in 8.1.11 above, the Ministry relies on PWD for compliance in terms of competitive quotes and tenders.  3. However, as from 2012, Ministry is very vigilant in obtaining acquittals on time.  4. The Construction of Nabouwalu Hospital materials quotation was required by PWD.  5. The site levelling for the new Navua Hospital
														Exemption of PWD from Tender Process
														21.31

	At FPBS there were two different products with two different quotations being called and purchased. This is the standard processes in place and being used.		
<ul> <li>this project was initiated from the Prime Minister's Office and Ministry was requested as the receiving agency to fund the cost of site levelling. Thus money was forwarded to P WD.</li> <li>6. PWD has yet to respondfurther on this. Basically our response would be along these lines.</li> </ul>	<ol> <li>Audit Recommendations have been acknowledged</li> <li>Terms of References for Consultancy was issued by MOH 23103111 endorsed by Permanent Secretary on understanding the process was followed and accounts are available to facilitate since the work has been carried out.</li> </ol>	CArchStudio 2011 Fijj 3. Payment is based on three invoices no 0382, 0383 and 0384 where three LPO's 22101- 001266, 22101- 001319 P022101-001320 were issued 4. Attached are copies of Invoices, Purchase Orders and Cheques issued (Appendix 12,13 & 14)	Pacifica SP Ltd  5. There were 2 different items that were ordered [called on different quotations] on 2 different dates but the items were sourced from the same supplier after the evaluation of the quotes. The value of the individual order was less than \$30,000.  6. Management ensures that items of more than
	Splitting of Local Purchase Orders		
	21.32		

The unit will ensure that tax exemption certificates are attached with payment claims where applicable and adhered to at all time.	
Audit Recommendations have been acknowledged. The issue of Provisional Tax was not very clear to the users of the system then since most companies had vat registration and we assumed that was the requirement by FRCA. Since we had on-going training effective from this year, the team from FRCA has clarified all related issues on provisional tax and we have implemented withhold status on vendors that have not complied with the income tax act.  The mentioned companies on Table 18 whom we have overlooked to deduct provisional tax, FRCA will recover the 15% PT after verification on annual summary at the beginning of the year since they have access to these company registration.	
15% 1	
5	
Non Deduction Provisional Tax	
21.33	

The finding revealed that during there was a process ase of the overview and MOHMS has ensured that this is not repeated one before by all vehicles purchases will now be handled by Headquarters.  Headquarters.  Due to this ministrative inption until understood emption as of vehicles of by the	comments  Process of Quotation and tender purchases differ especially due to an with the time duration involved and validity of prices.  Therefore all quotations purchases have to ensure that before quotation calling is carried out [form], fund availability has to be confirmed by Accounts before approval of purchase is carried out.  Pofrom the  Process of Quotation and tender purchases differ especially with the time duration involved and validity of availability of swill not.
I. FPBS management acknowledges the comments and findings of the report.  2. FHSJP was responsible for the purchase of the forklift. The raising of order was done before the end of the FHSJP program period ends in mid-2011where FNU took over the administrative operations of the completion of the outstanding activities for 2011. Due to this transition, there was an administrative oversight by the FNU to seek exemption until the goods were in the wharf FHSJP understood about the requirement of the exemption as history shows on their purchases of vehicles where exemptions were provided by the Ministry of Finance.	I. FPBS management acknowledges the comments and findings of the report.  2. The purchasing of the bed was due to an oversight of the processes of raising an order within FPBS. Therefore FPBS has established new step whereby all orders that need to be raised will be endorsed by the Chief Pharmacist before quotations are called. One of the Criteria of checking includes the availability of funds for the purchase.  3. FPO and FPBS have reviewed the processes to ensure that overpayments such as this will not recur again.  4. The overpayment was recovered by FPO from the supplier.
FIJI PHARMACEUTICAL SERVICES Payment of Duty and VAT for Forklift	Purchase of Hospital Beds
21.34	21.35

21.36	Surcharge for Advance Payment (Purchases of Hospital Beds)	<ol> <li>PPBS management acknowledges the comments and findings of the report</li> <li>Narendra Gounder resigned. From the services in 2004 and immediately migrated to Australia.</li> <li>FPBS management has taken note of other recommendations in the audit report.</li> </ol>	The issue has been reported to the relevant authorities for necessary processes.
21.37	DIVISIONAL MEDICAL OFFICE - NORTH Installation of Laundry Equipments	Audit Recommendations have been acknowledged.  The work at Labasa hospital did not commence as expected because of the need to properly refurbish the interior by MOH prior to the installation of the new laundry machines  Laundry installation works at Nabouwalu hospital is complete and in operation  Laundry installation works at Savusavu hospital is complete and in operation  MOH is closely monitoring the contractor to meet timelines. Any change of timelines has to be discussed first between both parties	Refurbishment of Labasa Hospital Laundry Services completed in 2013 and was officially handed over on 22/08/13. This fully operational since then.  Currently the Nabouwalu Hospital Laundry is not fully operational due to the leaks and can only wash 3 linens at a time.  Also, the Savusavu Hospital laundry is not fully operational due to leaks & electrical fault, also to note that since the machine was installed, the Hospital electricity bill has increased dramatically that caused us to shift funds earlier this year.
21.38	Allowance for Village Health Workers	acknowledged.  Cheques were received /or SDMO Macuata which is mentioned on the audit report for DMON Chq# 257890 amount \$ 6930.00 and SDMO Bua Chq# 257891 amount \$ 4290.00 on the 251112011.  The other two cheques for SDMO Cakaudrove Chq# 257892 (\$9075.00) and SDMO Taveuni Chq# 257893 (\$3300.00) were sent directly to them from HQ Suva.	As of end of 2014 all allowances were dispatched to the SDHS who then dispatched them to the Village Health Workers, any unclaimed allowances are receipted to revenue. Currently no cash or allowances are kept here.

with the cash sers and spective spective aunt the spective ount the village not be e then pt with	dged The same process i.e. to pay through Proforma invoice, until cor that 2014 since we were still classified under Cash on Delivery by the customer by total.  er and From Jan 2015 we have started purchasing through Purchase officer order.  I officer order.  I unless lassified sable if n MOF n COD, awment
arrangements was made at that time with the Senior sisters feach divisions to dispatch cash to the village health workers, as the Sisters and s/nurses of each districts would know the villages. We also need to take into account the locations in our rural areas.  5. At that time the auditors were conducting their auditing the cash were being kept and arrangements were made for dispatching.  6. Cash were all dispatched to concerned village health workers and the one's that could not be located at that time the cash were then receipted back to Government before 3151. December 2011. All documents are kept with respective sub-divisions.	Audit Recommendations have been acknowledged  2. Total Fiji Ltd is a Government contractor that supplies fuel to hospitals on the request by the Boiler Dept through Local Purchase Order and payment is done through Proforma invoice and delivery is upon COD. Upon delivery an officer should be present to reconcile the fuel delivered with the delivery docket and invoice.  3. If delivery is not fully supplied than they will advise us on the next delivery day and the invoice than is reconciled when it is fully delivered than we will forward original invoices to HQ for recording purposes.  4. Total Fiji cannot deliver our diesel order unless a payment is done because we are classified under COD customer. It would be advisable if arrangement could be done direct from MOF level to have our Ministry exempted from COD, then only we would be able to do the bayment
	Purchase of Diesel
	21.39

		after we receive the diesel.	
21.40	Defective Boiler	<ol> <li>Audit Recommendations have been acknowledged.</li> <li>We will provide our report once the assessment is completed. Management to</li> </ol>	The boiler has been repaired in 2011 and certified by Labour Department.
		appoint a team to do the assessment required	Currently it is operational and normal serving is being done on a yearly basis. Other minor works are being attending to as well on as and when need arise basis.
			Proactive actions are taken to ensure the boiler is repaired/serviced in a timely manner.
			Labour Department is also involved to advice.

## PUBLIC ACCOUNTS COMMITTEE REPORT ON 2012 AUDITOR GENERAL REPORT

AUDIT	Arrears of Revenue
AUDIT ISSUE HEADING	Revenue
MINISTRYS PREVIOUS COMMENTS	Audit recommendations have been acknowledged.  1. The increase of revenue is due to increase from CWMH through hyperbaric fees and electricity bills owed by FNU.  2. The hyperbaric fees will be recovered through the insurance company however, the FNU bills cannot be recovered to date since there is no MOU binding the institution with MOH so that we can recover through other means.  3. The Ministry has informed all divisional accounting officers responsible to strengthen its revenue collection process and to take a more proactive stance prompt settlement of debts. In order to maintain a speedy repayment rate we have requested our officers collecting outstanding debts to send follow up notices at the earliest possible time and if possible pay a visit in person to the debtors or the respective island embassy.
CURRENT STATUS	Reminders are being sent to all patients to clear their arrears and few have cleared. We had a meeting with all the agents including Embassies concerned. Arrears are from 1999 and request has been made to MOF to write this off.

21.7	21.8
Overdrawn Operating Trust Fund Account	Operating Trust Fund
Recommendations have been acknowledged.  Operating Trust Account is not overdrawn. The payments are made from the correct trust accounts however the deductions are loaded to other trust allocations.  To rectify these problems effective from January 2013, the reconciliation proper is now handled AIAAO (LP) where she will be deactivating all non-active allocations and journalising the misposting to the correct allocation. Previously reconciliation of this account was done by the clerks.	Recommendations have been acknowledged  The variance in the closing balance as at 31/12/111 and opening balance as at January 2012 is a result of reconciliation done on first report loaded however, a revised report was loaded later after adjustments were made for the closing of the year accounts.  Adjustments are also made after the Auditor General completes an audit hence another reconciliation should have been informed by Ministry of Finance that reconciliation should be based on reports amended  The officer responsible has been informed to
The payments are made from the correct trust accounts however the deductions are loaded to other trust allocations.  The anomalies will be rectified and deactivating all non active allocations and journalising the mis-posting to the correct allocation is being carried out.	The officer responsible has been informed to reconcile the accounts in the proper manner and will be monitored from 2013 onwards by the Accounts officer.

		The trust account is now well maintained by the Hospital Management to ensure that all receipts are properly maintained for future reference. Reconciliations are conducted on timely basis and the last one was done on April 2015.
reconcile the amounts in the proper manner and will be monitored from 2013 onwards.	The officer responsible while in process of doing 2013 monthly reconciliation will ensure that Journal Vouchers are raised to rectify the errors on the amounts. All inactive accounts will be zerorized after the reconciliation is done and Ministry of Finance will be informed to inactivate the accounts.	Ministry noted Auditors comments and all government regulations and policies will be strictly adhered to in future.  Reconciliation was submitted last year without the receipts and payments. These have been submitted this year for verification of funds received and utilized.  Refer appendix – 1 for the breakdown of reconciliations.  Agency trust accounts on bank account only will need to be captured on the general ledger system.  1. Submission has been given to HQ make submission to MOF for creating the GL accounts for the three trust accounts and this has operative for more than 10 years.
		Main Trust Account
		21.9

		For the current all pending reconciliations for CWMH have been updated and receipts and payment vouchers attached.	
		Main Trust Account - St Giles Hospital Patients comfort and Patients Cash Trust Fund had been reconciled and updated until November 2011. Refer <u>Appendix</u> 21.2.f (for the breakdowns of reconciliations.	
21.10	TRADING AND MANUFACTURING ACCOUNT Unaccounted Rent	Auditor's comments are noted and will be complied with.  Other expenses which include rent, power supply, water bill, transportation and office cleaning now have been paid back to FPBS in addition to the other expense such as drugs	Audit comments are noted.  As stated, rent was not paid previously. However, we have started paying for it since October 2012 together with all other expenses that were not paid in the previous years. This payments are on going on a monthly basis and the expense is
		supplies.  BPS is in the process of securing a separate allocation to properly account all expense made by BPS'.	reflected in the TMA expenses We have requested MOF for a separate allocation for recording rent expense.
21.11	Expenses Relating to 2011	The Management acknowledged the findings and recommendations of the Auditor's report.	Audit comments are noted.
		BPS noted the unpaid expense in 2012 for 2011 and have done due diligence to clear the outstanding expenses and this has affected	BPS had noted the 2011 expenses that were not cleared and thus accounted for it in 2012 in order to clear off any outstanding balance.
		balance statements at end of 2012 as a major loss.	As stated a majority of expenses paid for in 2012 relates to 2011 which accounted to a huge amount of loss. However this has
		BPS has put in place polices that monthly expenses to be paid within the same month	been taken into account and effort is made every month to identify all the expenses for a particular month and paying it in

21.12	TMA Balance Sheet	also to report true profit and losses quarterly.  The audit recommendation is acknowledged.  BPS will write to the Ministry of Finance to seek explanation of thefictitious report and request for Ministry of Health to control its own TMA equity account.	the same month in order to avoid incurring a loss. This has enabled us to correctly identify the true profit and loss for each quarter without understating or overstating any expense.  Audit comments are noted.  As explained by Ministry of Finance. There are two equity accounts. One equity account is 940400 and the other 940300. The account 940300 is not supposed to be there as this relates to inter-fund transactions between Fund 4 and Fund 1. The
			Account: From 2013, there has been no inter-fund transaction between fund 4 and fund 1, therefore, the balance has been accumulated from previous years.  Currently MOHMSS is working with the audit team to have this cleared and MOHMS to have access to the GL to clear its own journal rather than relying on the MOF.

HEADQUARTERS 21.13 Over expenditure Payroll				
in  We are now carrying out the regularized exercise where we are filling up all the vacant positions.	Our budgetary provisions for 2012 do not match the total cost of our establishment as per the P2P listings. We need to submit a true costing for the 2014 budget submissions.	Some of the factors that resulted in the over expenditure of salaries is:	1. Newly appointed nurses, doctors, paramedics' staff and projected officers paid from Personal emoluments due to late submission of project funds.  2. Accumulated salary arrears for suspended officers after reinstatement.  3. Salary arrears for confirmation of medial officers and nurses.  4. Payment of remote, consolidated allowances backdated 3 to 4 years.	
After the completion of updating the P2P exercise for both Established and GWE Staffs, we will able to determine the realistic figures to be estimated for Seg 1 and 2 against the provision of the budget for the Ministry of Health and Medical Sarvices				

41.14	In House Service Training	Audit recommendations are acknowledged There is proper planning and budget analysis conducted The issue here is that the Ministry of Health has never been granted the budget request it has asked for, thus, over expenditure.  The Ministry of Health nominates officers for training based on the clinical needs at hospitals. Our business is saving lives. There is a criterion that is used in the policy documents.	With the ministry's objective to train and develop its workforce, Continuous Professional Development (CPD) and In Service Training (IST) has been an ongoing Learning and Development strategy so that the Ministry will be able to achieve its strategic vision, missions and objectives and at the same time ensure that sufficient, professional and knowledgeable health workforce is available to meet the growing health care demand and needs.  Increase of Training Budget from \$400,000 to \$900,000 in 2013 and allocation of \$1,000,000 in 2014 & 2015 has allowed more clinical/professional staff to be trained.
21.15	Water Bills paid by Ministry	Audit recommendations are acknowledged  The initial set up of the utility service for all health facilities are including provisions of all utility connections into the main facility. This has been rectified and gradually ministry is conducting this separation of utilities in each facility. Since there is no separate allocation for this work and it requires private companies as well as statutory bodies, the costing are exorbitant, but still Ministry is able to fund some gradually and progressing well. Notably, St. Giles Hospital and Tamavua Quarters are done whereas CWMH, Lautoka Hospital and Labasa Hospital are progressing well depending on the funding availability.	The water and FEA meter for Mortuary Services has been separated since 2014.  Request for separation of utilities for Laundry and kitchen has been submitted on 16/09 to AMU for funding assistance.  Water Bills are paid by Lautoka Hospital. AMU to fund for separation of meters. Submission sent in 2014.

	Previously there was no medivac tender and late last year the tender has been finalised and the agreement is currently being vetted by the SG Office.  The recommendations made by the TEC are currently being followed in calling for Aircraft charter and rotor wing services for all medical evacuations.
If the Government. Ministry wishes to reduce ending of funds on oversees referral of patients we have to stop sending cancer and brain tumour patients.  The demanding and increasing of cases received from this unit, the government should upgrade and train our doctors to meet the demand of our citizen.	Audit recommendations are acknowledged.  CWM hospital does not have any control on medical evacuations and only one supplier was providing this services. Now there three companies who can provide this services and the hospital is in the process of obtaining relevant quotations once the other two companiesfulfil the criteria from CAAF.  The Ministry is the processes of submitting a proposal to Ministry of Finance in regards to funding where we have notified the urban hospitals to provide a cost analysis for the last three years.  We cannot cease the fuel surcharge applied by the aircraft as they are based in Nadi when they called for evacuations that start charging
	Charter of Aircraft
	21.17

		from the Departure until arrival.	
		Since they are only Monopolist Company in Fiji MOH need to seek consultations with	
		companies on the signing of agreement for charter flight for medical.	
21.18	Engagement of Architect	Audit recommendation is acknowledged.	For such instances, the RFQ procedure is being used which is a
		Those officers who have initiated the project have left or resigned from the service.	closed quotation system. Eminent companies are contacted via written requests for quotation which includes closing dates. Upon closure, relevant analysis are done and forwarded to
		Three Competitive quotes were being obtained by the Ministry. No agreement was	PSHMS (or DS depending on cost) for approval and appointment.
		signed while the project ·was carried out.	The Ministry will continue to look into improving this process
		The Ministry has adopted very transparent and compliant measures under the current	where applicable.
		rmanent S ecre e, it ensures	
		procedures surrounding the government machinery is fully adhered to.	
		The Ministry inherited many decision made by former office holders who have either resigned or retired from service, however tried all its best in formalizing from the day it	
		rectified anomalies to ensure past errors are not repeated.	

The unit only design and order for production based on the need by each relevant unit of the Ministry and the process happens on ad hoc basis therefore three Competitive quotes are being obtained for such printing.		The Ministry requests for Chief Accountant Approval for any advance payments that are to be made. Furthermore, contracts are also put in place.
Audit recommendation is acknowledged.  The production of IEC materials is a core activity of the NCHP. It is all communication to enable to create healthy behaviour NCHP is now moving from IEC, Radio cassettes and video cassettes/tapes to TV, DVD, Banners and Billboards. All is about improving communication to create healthy behaviour in population.	The tender of production will be totally new thing since we do not produce in lump sum and the quality of print and colour will differ from each company as money saving but the poor quality of the print since some use four colours and others use two colour combinations.  The unit only design and order for production based on the need by each relevant unit of the Ministry and the process happens on adhoc basis.	Audit recommendations are acknowledged.  For the procurement of such nature normally there is no contracts formulated. However, ministry will adhere to this in future that if there is any works requiring 50% upfront payments, a binding contract shall be executed.
Tenders not called for Purchases more than \$50,000		Procurement of Marquee
21.19		21.20

Missing Payment Vouchers	Audit recommendations are acknowledged.	We will ensure that vouchers are kept in a proper filing manner	ers are kept in a pr	oper filing manner
	The vouchers are sometimes misplaced when officers apart from accounts staff search for vouchers e.g. FICAC	for ease of reference and strictly allow accounts staff only to search for payment vouchers.	strictly allow accou ers.	nts staff only to
	We will ensure that vouchers are kept in a proper filing manner/or ease of reference			
	and strictly allow accounts staff only to search for payment vouchers.			
LPO's raised after Invoice	Audit recommendations are acknowledged.	Standing Operating Procedures and processes are put in place	dures and processe	s are put in place
Date	We have constantly reminded our officers to comply with finance regulations and we will continue to enforce that instruction to ensure issuance of purchase order is mandatory.	to avoid recurrence. This is being noted and we will try to adhere to in future.	e will try to adhere	to in future.
	We will request our internal audit inspection team to investigate and submit their findings.			
FIJI PHARMACEUTICAL	The managements acknowledge the report and	Category	Value	Total Value
SERVICES		Consumable 2011	\$81,975.43	
value of Expired Stock	As stated in the report that more than 50% reduction in the wastage as compared to 201	Dressing 2011	\$2,984.96	\$1,351,308.23
	report. This is due to strategies	Drugs 2011	\$1,266,347.62	2011
	implemented such as review of the minimum	Family Planning 2011	\$0.23	
	minimum and maximum level at Health	Consumable 2012	\$405.32	
	facilities and review of the purchasing	Drugs 2012	\$305,588.05	\$635,645.86
	quantityfrom 18 months to 12 months.	Family Planning 2012	\$1,601.44	2012
	The processes conducted last has been	Laboratory 2012	\$322,794.29	

			\$382,368.75	2013			ny factors and inventory oharmaceuticals
\$5,256.75	\$13,660.55	\$51,611.02	\$55,538.93	\$5,419.17	\$243,740.72	\$12,398.37	are related to ma les in purchasing, ues on the use of
Vaccines 2012	Consumable 2013	Dental 2013	Drugs 2013	Family Planning 2013	Laboratory 2013	Vaccines 2013	Expiries of Pharmaceuticals are related to many factors and they are categorised as issues in purchasing, inventory practices, products, and issues on the use of pharmaceuticals in
reviewed again as management have noted that shortages have also being related to the	review. Management has noted that diseases	are unpredictable to plan therefore whether to	Management will review accepted wastage	Ē			

practise.

Interventions carried out according to the relevant categories are:

- Purchasing review of the quantification processes and the maximum level to purchase from the central warehouse has resulted in the decrease of expiry value. However there were changes in the in the equipments introduced in the hospitals which resulted in the purchased products not compatible with the new machines. MOHMS has reviewed the processes and ensure that coordination of introducing new products is well planned.
  - Inventory Practices poor inventory practices in health facilities can lead to disparity in the quantification at the central level. Therefore training on inventory management conducted regularly, SOP developed and

			<ol> <li>regular supervisory visits conducted.</li> <li>Products – some of the products shelf life are very short such as within 12 months of manufacturing. Contract clauses emphasised that products within 75% of shelf life will be accepted. In addition, procurement strategies have been introduced where shelf life has improved.</li> <li>Uses in practises – Standard Treatment Guidelines have been introduced to guide prescribers on medicines available to treat. The guidelines aim is to avoid irregular prescribing of products which contributes to expiry. The Logistics Management Unit formation at FPBS maintained the monitoring and use of products in the field regularly.</li> <li>The new WIMS software will be purchased this year after</li> </ol>
21.24	Unreasonable Expiry Dates	The Management acknowledges the report and	Expiries of Pharmaceuticals are related to many factors and
		Reagents when manufactured currently have the ability to live only for 1.2 months.	they are categorised as issues in purchasing, inventory practices, products, and issues on the use of pharmaceuticals in practise. The interventions that have been carried out are mentioned above in 21.23.
		The lab reagents specifically Biochemist1y reagents shelf life are usually 12 months. The contracted supplier in this case, Roche New Zealand manufacturers the reagent in Germany, then supplied to New Zealand before it is distributed to Fiji by which the products are less than 9 months old.	For the laboratory reagents, the revision of the purchasing strategy has contributed in the reduction of the expiry over the years. Currently reagents are purchase 4 times a year to ensure that new batches of products are supplied and quantity demanded from the health facilities are recent.
		At times Roche NZ supplies stock from their warehouse rather than the freshly prepared stocks from Germany. Ministry of Health also has not engaged Roche to supply equipments and its	MOHMS has also change suppliers to affect improvements in the shelf life and purchasing.

reagents an company.  Management that stocks that stocks the shipments in reagents are agents are current soft current soft stock life motor procure information.	1 t e m s Ordered Not finding of the finding of the The purchase awarded to the contractor in the new local did not have to be ordered which usually stocks to arrifuced to a the delayfro
reagents and has source from a different company.  Management through the LMU have ensured that stocks to be ordered are split into 3 or 4 shipments in a year to ensure freshly prepared reagents are supplied.  Management has also noted the inability of the current software to appropriately report on stock life monitoring, it has engaged in the EDI to procure new software, Warehouse Information Management System.	The management agrees with the auditor's report finding of the not received products.  The purchase was awarded to the new contractor in 2012.  The new local suppliers when was approached did not have these items in stock and have to be ordered from their overseas principles which usually takes them 3-4 months for the stocks to arrive into the country.  The delayfrom overseas is because stock has to
	MOHMS have introduced a new position at the central warehouse, Contract Manager in 2014. The role is to monitor purchases activities and performances of suppliers.  In addition, the regular reporting of ETAs from suppliers is monitored on monthly basis with a report generated.

be manufactured for Fiji supplies.	All of these order	terms i.e. supplier	received. Manage	contracted supplie	and improvements.	Contracts are inpart and this will strenexpectations.	Nil Stock The management a the report. The establishment or years to rectify; nummanagement at FPB ongoing. The nil in standard in standar
for Fiji supplies.	orders are on post payment or credit	terms i.e. suppliers will be paid once stocks are	received. Management has also called in the	contracted suppliers this year to raise concerns		Contracts are in place as well with the suppliers and this will strengthen performance expectations.	The management acknowledges the .finding of the report.  The establishment of the LMU has tried over the years to rectify; numerous issues in the inventory management at FPBS and the improvement is still ongoing. The nil in stock at FPBS as reported meant thefollowing
							The LMU [Logistic Management Unit] continues to maintain the monitoring and evaluation of stock status at FPBS.  Communication with the health facilities are continuing to ensure availability of products.  Planning for the future is also part of their processes where reports on usage and disease data are being used to determine the demand.

facilities.				
though it is not FPBS)  2. Items have alternatives to be used instead.  3. Items do not need to be orderedfor the year.  4. Obsolete items in 2012.  5. Delays from suppliers on these items have made it difficult for the purchasing unit to raise orders again against a committed order in transit.	Management have implemented the following:	<ol> <li>Order quantity has been reviewed.</li> <li>List of items in the report have been terminated due to delays.</li> <li>Non performing suppliers have been terminated due to delays.</li> </ol>	Management is also conducting investigation of shortages at FPBS and Health facilities level to determine the cause and develop solutions.	Nil in stock is also contributed by the delays in supplies because of the scare of the raw materials which was a global issue, inability to for manufacturers to produce only Fiji stocks as they have to wait for consolidated amount before manufacturing begins.

Excess as reported were of the following reasons:  Excess as reported were of the following reasons:  Excess as reported were of the following reasons:  I. Quantity to be purchased are consulted with the hospitals.  I. The purchase quantity was introduction of the IMCI program that introduction of the IMCI program that now allows the trained nurses in the Nursing Station to prescribed antibiotics such as Amoxicillin for the children trather than referring them to a far health centre that has a doctor.  2. Maximum level have reviewed down due to the slow moving and stocks were purchased during the last maximum level.  3. Stocks were donated by UN agencies based locally of Filt outlifize stocks were microluttablets.
d is being verified by LMU Uries to be purchased are tals. d monthly for LMU to advice ols. Ind products listing – Essentia be purchased this year after

ported.	Excess in stock is usually unused stocks on the shelf after the review of the max level because it has not been requested by health facilities.	Reasons facilities has not requested are changing in prescribing patterns because of the changing nature of the disease, Doctors preference of use and availability of other alternative to prescribe for the patients.	The processes of acquiring the replacement software, WIS is to strengthen demand management/qualification especially with slow moving items. Demand management at FPBS is most importantly contributed by the demand by health facilities. Poor inventory management at facilities leads to poor demand planning. SOPs have been revised to guide technical officers on managing inventory management.	
products reported.	Excess in s the shelf a because it f facilities.	Reasons fa changing ir the changin preference alternative	The process software, W management slow moving FPBS is most demand by management guide tech inventory m	

MOHMS have further re-categorised the standard items listing into 5 groupings where the first 3 groupings are essential for closer monitoring of BMSI rather than the others.	Apart from the Annual Stock count, the routine stock variances	count is conducted on a quarterly basis,					
Management acknowledges report of the auditor.		undertaken before orders can be raised. There are also reasons why there are no orders in place such as:	<ol> <li>The items do not need to be ordered as they can be obsolete.</li> <li>Items are available in the facilities which are sufficient for the time being.</li> </ol>	<ol> <li>During the time of audit due processes could have been in progress such as awaiting</li> </ol>	suppliers confirmation, awaiting GTB or decision or advices.	Management has put in place monthly reporting matrix to monitor stock level and appropriate re order point.	
Minimum							
Stock below Stock Level							
21.28							

67.12	Variances in Stock Take	Management acknowledges and agreed with the variances repots reported by the AOG's report.	The WMIS will be purchased this year to overcome issues related to software.
		A management observance of these variances was on going from last 2 years. The introduction of the security service and CCTV in the warehouse together with appropriate of possible thefts has deterred risks of thefts from the warehouse. Further investigation has confirmed that variances were the cause of	
		I. Data Entry 2. EPICOR System Errors	
		Management has decided to purchase a new system and FPBS has completed the EOI processes with the tender to be called in July.	
21.30	Damaged Stock	The management takes note of the recommendation of the report and will ensure that processes are in place to safe keep the items and disciplining staff	Proper care and diligence is taken by staff to avoid any stock damages, however if there be any damages due to negligence of staff, disciplinary procedures will be activated.
21.31	Administration Costs	Management acknowledges and agrees with the findings of the report. Management has sought clarification and removal of the administration charges from the Ministry of Finance.	FPO advices that this is a chargeable service.

21.32	Foreign Exchange Losses	Management acknowledges and agrees with the findings of the report.	Hedging has been tried and has shown positive impact and report will be made available by December 2015.
		Payment turnaround timefrom the date the order is raised depends on the lead time, the supplies are completely received at the warehouse and payment processes time at FPO.	
		FPBS has set a turn- around time for the processing of receiving supplies at the warehouse.	
		Lead time is the range from 1 to 6 months before the supplies are received at FPBS while payment processes at FPO takes another 21 days maximum.	
		Management in consultation with Ministry of Finance have provided the green light for MOH to trial out the hedging mechanism with Westpac.	
21.33	Un-installed Lithotripter Analyzer	Management acknowledges the findings of the report.	Machine has been installed and providing services
		Management has reviewed the procurement planning processes and in 2013 through the MOH Budget Steering Committee capital projects planning have been implementing. It is noted that lessons learned for 2013 will be implemented /or 2014 purchases.	
		FPBS will ensure that the contract will be developed and signed by the two parties	

	21.34 Incorrect postings	21.35 DIVISIONAL MEDICAL OFFICE – WESTERN Kitchen Renovation
once the installation is completed.  Follow up on the installation is done on a weekly basis and estimated installation time is		allocation and appropriate authority will be notified at once for further actions.  All payments that were forwarded to DMO (W) for the Divisional team to come and inspect the projects and compile the reports before the payments are processed. Initially the DHI used to visit and see the progress of the works. The retention amount of the payments is still on hold part of the work has been done by the contractor after the cyclone. The MOU did not clearly spelled out on specific items.  Regarding the usage of materials we can request the contractor to furnish the copies of invoices for vetting to see actually what materials was used. The chimney leaks were fixed but during the cyclone, the extension above the roof shook during the cyclone Evan
	All charges are being posted to the correct allocations. Any transfer of funds to be supported with a virements.	Currently the kitchen is still having problems with leaks from the roof during heavy rain and the Divisional team will look into this issue and address it urgently.  This is a chronic problem with kitchen chimney.  Much maintenance was done even by MOHMS handyman and not permanently fixed. Cyclone Evan made it worse. Need to get expat opinion on this. Chief Health Inspector's knowledge and understanding the kitchen work was done as per scope. Auditors have little knowledge on building in materials.  SDMO Ba and Dietician were not happy with the sink as it was shallow. They preferred the old sink.

The Executive Officer has been questioned and our findings are as follow:  All payments that was forwarded to DMO Western for the Divisional Team to come and inspect the projects and compile the reports before the payments are processed.  Initially the DHI used to visit and see the	progress of the works and forward invoices for payment after satisfactory completion of the work as they are our Ministry liaison officers on buildings.	Kitchen Sink – Copies of invoice has	been asked by the contractor to	provide after location. Contractor	supplied with stainless steel double	bowl sink as was stated in the	agreement. Stainless steel table-	according to contractor has	supplied stainless steel table.
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Contractor will also provide pictures	of the work completed and	material used.	He also had damaged to his office and house so will lookfor all copies of invoices.	Paint according to contractor the paint used was Deco which is Premium Quality paint.	Existing Screen Door – this was replaced by the contractor but it got damaged during Cyclone Evans and was replaced by the contractor again in January 2013.	Old gauze was fully replaced after cyclone.  Leakage of Chimney was fixed by the contractor but got damaged again during cyclone Evans.	Contractor completed all the work as per Agreement undertaken however due to catastrophe of Cyclone Evans on J7 December 2012further damages were done to the building and the structure was further shaken.	The retention amount of the payment is still on hold part of the work has been done by the contractor after the cyclone. The MOA done was not clearly spelled out on specific items example for Sink it should have stated deen sink for naint
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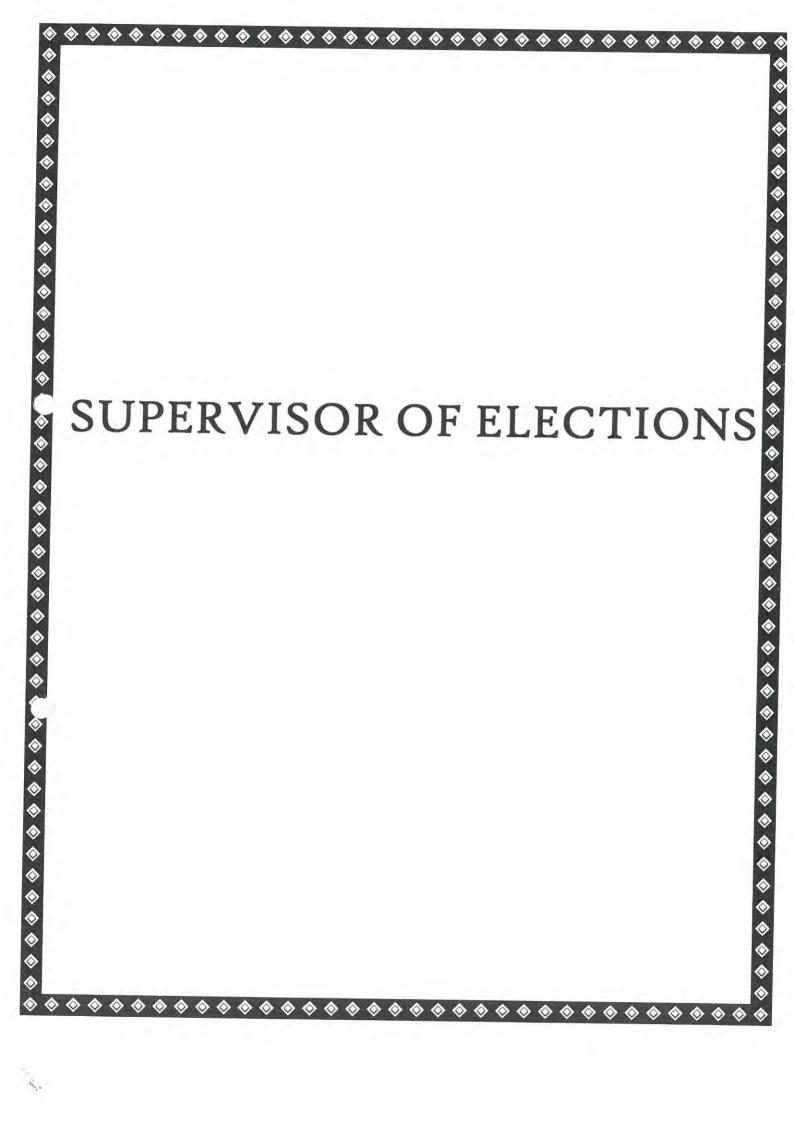
		The Divisional office had to follow the instructions as per the circular.  For Masuk Ali, he is still employed in Ba Mission hospital as the recorder. The Divisional office will certainly pursue this case further and make sure proper measures undertaken accordingly.			
it just quotes premium quality paint and does not the brand to be used.	Regarding the usage of materials we can request the contractor to furnish the copies of invoices for vetting to see actually what materials were used.	The audit recommendation is acknowledged.  The first four drivers, Manasa, Arun, Arish and Sikeli were all terminated without any attempts to recover expenses arisingfrom accidents. The termination came about due to MOH Internal Circular 0512012.	Masuk Ali's recovery was supposed to be effected after the repair of the vehicle GP195. Now that the repair is completed as confirmed by the transport officer, that insurance were to have forwarded full cost of repairs so that recovery is effective immediately.	Further OAG Comments	The MOH Internal Circularr 05/12 was not consistently applied in Masuk Ali's case. Mr. Masuk Ali was charged with careless driving.
		Accident - Government Vehicles			
		21.36			

	LAUTOKA HOSPITAL  Diabetic Hub Centre  of a a a defermination of the control of t	The audit recommendation is acknowledged.  This is another project carried out by former office bearers whereby the current administration was left to execute the works. The contract was in place but not as detailed as the ones the Ministry executes now after prior vetting by the Office of the Solicitor General.  The Ministry has now adopted very stringent measures to ensure value for money and compliance in accordance with the contracts are adhered to.  Although the centre was built within the hospital compound a tender was awarded on 16/06/11, unfortunately there was no funding for the project then. It was then advised by the former Permanent Secretary to acquire finding in the following year in 2012.  The audit recommendation is acknowledged  Despite request for funding, it was not approved in 2011; however, it was approved this year 2013.  The works have been awarded to P WD and is in progress.	All works over \$50 are now being tendered. Contracts are put in place with all relevant information and vetted by the SG's office before execution.  Boiler is currently in operation.
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completed. The ith relevant onsible. Now the se staff involved	ny chemicals for ased in HQ has supply of laundry					
The necessary works as per scope has been completed. The Shortfalls have been identified and sorted with relevant authorities with charges laid on officers responsible. Now the matter is with Police Department and all those staff involved has been terminated from the service.	Currently ECO Lab is still supplying the laundry chemicals for washing of linen. The Laundry Coordinator based in HQ has been advised to re-advertise the tender for supply of laundry chemicals to all hospitals in Fiji.					
Comments by auditors are acknowledged, and MOH Assets Management Unit has since applied due diligence in the awarding of contracts and procurement of material for projects at CWMH.  The Ministry has ensured that contracts for the renovations to Tailevu/Namosi Wards and the painting of the external surface of the Maternity Unit awarded in 2012have adhered to procurement procedures.	Management at CWMH has taken heed of the recommendation that a tender for the supply of laundry chemicals be called for. Following intensive consultation between management and the laundry supervisors, a trial with several suppliers was conducted commencing in 2012. The washing chemicals trailed are based on the requirements of the new machines and the recommendations of the Ministry of Health's Infection Control policies.  This was undertaken to ensure that not only was the tender the most economical as well the effective in terms of reducing re1'vash and wear and tear on linen.  To this end three companies were trailed in 2012 with an additional two being assessed in 2013 with a view to recommending the best service provider as assessed during the trial to the MOH by early December 2013.					
CWM HOSPITAL Upgrading of Waste Pipe Line-WestWing	Engagement of ECOLAB for Laundry Service					
21.39	21.40					

0
3

21.41	Rental of Rubbish Bins	Auditor 's recommendations are acknowledged	Currently the contractor is adhering to the waste management
			guidelines and additional bins have been provided so the all
		Management will comply with procurement	wastes are collected on timely basis. A tender to be called for
		process in obtaining three quotes and inclusion	managing of general waste at CWM Hospital.
		in the agreement of performance criteria. The	
		contractors to also be comply with the Waste	
		Management policy of the MOH.	



## PUBLIC ACCOUNTS COMMITTEE REPORT 2012

#### PART B: AUDIT FINDINGS

## 9.4 Overdrawn Operating Trust Fund Accounts

#### Recommendations 1

The Accounting Head should ensure that the trust fund account is not overdrawn at any point in time in accordance with the Finance Circular 4/98.

#### Comments

The trust fund account is a record of employee deductions for PAYE tax, FNPF contributions, insurance, housing deductions etc. The deductions from employee salary and wages were posted to the trust fund account and paid to the relevant organisation at end of every month. The overdrawn of the trust fund account occurred when the deductions were wrongly posted to other allocations and monthly payment was made from the trust fund account.

Monthly reconciliations are carried out to ensure that deductions are correctly posted to the correct trust fund allocation. A checking system is in practise that payments raised for employee deductions are verified against the General Ledger trust fund report to ensure that the amount paid out reconciled with the balance on the General Ledger. Errors identified will be adjusted at the same time and attached with the payment voucher for endorsement.

#### Recommendations 2

The Accounting Head must investigate the overdrawn (debit) trust fund account and take appropriate action.

## Comments

The overdrawn amounts related to deduction and payments mis-posted in the 2006 General Ledger Accounts which the office was not able to reconcile because of the unavailability of the 2006 payment vouchers. The overdrawn amounts were approved and written off in 2013 and 2014 by the Minister for Finance. The current balances shown in the trust fund reflects the FNPF debit balance that the office is working with Ministry of Finance Salaries Section to identify the credit balance postings for the fortnightly paid staff that was previously posted to Prime Ministers' Office FNPF Trust Fund Account.

## Recommendations 3

The internal control procedures in the accounts sections, specifically supervisory checks should be strengthened to avoid such discrepancies.

### Comments

Internal control procedures implemented:-

- The monthly reconciliation of the trust fund accounts that highlighted the variances in the General Ledger report.
- Payments made during the month must match with the balance on the General Ledger Trust Fund Account.
- iii. Adjustments of mis-postings are raised immediately to correct the errors.

# The current status of the trust fund balance

Account	Description	2010	2011	2012	2013	2014	2015
11010110999861101	OPR Current Year	10.00	10.00	10.00	10.00	0	0
11010110999861105	Public Rental Board	69.00	69.00	69.00	(69.00)	0	0
11010110999861201	Fiji Care Insurance	(789.83)	(789.83)	(789.83)	0	0	0
11010110999861202	CMLA	(29.56)	(29.56)	(29.56)	(29.56)	0	0
11010110999861204	LICI	165.25	165.25	165.25	0	0	0
11010110999861601	Maintenance - Suva	(12.50)	(12.50)	(12.50)	0	0	0
11010110999861901	Tax Arrears/PAYE	400,484.24	400,484.24	400,484.24	398,028.45	(15,570.21)	(915.10)
11010110999861902	Dep A/C Recoverable	(6,373.56)	(6,373.56)	(6,373.56)	0	0	0
11010110999861920	Employees FNPF	120,213.82	121,674.46	98,886.91	111,675.75	20,004.92	39,417.96
11010110999861921	Employees FNPF	5,419.20	5,419.20	5,419.20	(5,149.20)	0	0

# 9.5 Long Outstanding Revolving Fund Accounts

#### Recommendations

The Accounting Head must investigate these long outstanding balances and take appropriate action.

## Comments

The long outstanding balances were from 2006 payment that was manually updated in the FMIS System. The 2006 payments documents were not available and the record in the FMIS did not clearly provide the full information on the recipient of the payments, therefore it was a difficult task to reconcile the 2006 accounts. The Minister for Finance had approved the write off in 2013 and 2014 and the current balances reflect the records for 2014 and 2015.

Monthly reconciliation is carried out and an update advance register is maintained. Checks and follow ups been carried out every month with the officers that yet to clear their advances. Interest of 12% is charged if officer does clear advance within the seven days on return to the station.

# 9.6 Funds not refunded by Unique Events

## Recommendation

The Accounting Head should ensure to recover the money from Unique Events and be more vigilant in performing her duties.

## Comments

Funds are not recovered by the company and efforts were made by the office in December 2012 and February 2013 but response from the company manager was not successful.

## 9.7 Poor Record Keeping for EVR Clerks

#### Recommendation No 1

The Permanent Secretary should ensure that a master list of the EVR clerks is compiled and properly maintained.

## Comments

The record of EVR clerks was manually kept in the Personnel Files kept by the Human Resource Department. In 2014 the recruitment of clerks for Election was updated in a data base that is currently managed by the Human Resource Department.

#### Recommendation No 2

The Accounting Head must ensure to reconcile the EVR clerks list for each division with the master list before processing the allowance.

#### Comments

The payment of allowances and salary are processed according to the signed contracts and approved memorandum from Supervisor of Elections. Employee timesheets are certified by Division Cordinator and Directorates to confirm the attendance of the employee.

# 9.8 Unethical Behaviour of the Electronic Voter Registration Clerk

### Recommendation

The Permanent Secretary should conduct an internal investigation and ensure appropriate action is taken on those EVR clerks found guilty.

#### Comments

The EVR clerks were employed in 2012 for the first Phase of the Electronic Voter Registration and were terminated on the completion of the first Phase project. The office was not able to conduct investigation since the clerks involved were no longer employed by the office at the time complains was received.

The current practise followed by the Fijian Elections Office is that all new appointees will attend an induction course to familiarise themselves with the policies, procedures and the code of conduct of the Office.

## 9.9 Cash Payment for Incidental Expenses

## Recommendation

The Accounting Head should ensure that officers retire advances within the stipulated timeframe and all advances must retire before taking any new advances.

## Comments

Currently the following procedures were implemented on the retirement of accountable advances.

- The accountable advance register is maintained by the Payments Clerk and checked during the month to send reminders to officers that yet to clear their advances.
- An interest of 12% is added to the outstanding amount if advance is not cleared within the seven days after completing the trip.
- Monthly reconciliation is carried out to highlight the uncleared advances and salary recovery is taken to recover the outstanding advance with interest.

#### 9.10 Anomalies in Retirement of Cash Advances

#### Recommendation 1

The Permanent Secretary should instigate an investigation into these matters.

#### Comments

The advances were retired in the normal manner and explanations were submitted to the internal audit of the Ministry of Finance, however the internal auditors will further take action against the Assistant Accounts Officer if they were not satisfied with the comments provided by the officer. The contract of the Assistant Accountant mentioned is no longer employed by the Fijian Election Office.

### Recommendation 2

The Accounting Head should ensure that all advances are adequately supported.

## Comments

We have implemented a procedure that all retirement of accountable advances must include the certified subsistence form and the attachment of invoices and receipts if cash was used for purchase of grog or hire of boats etc.

## Recommendation 3

The Permanent Secretary should review the current arrangement of keeping large sum of cash as standby fund. Should the need arise for keep standby funds, proper internal control and monitoring mechanism must be implemented.

#### Comments

The keeping of large sum of cash as standby was stopped in 2013, and the approval of a petty cash of \$200.00 was issued by Ministry of Finance. It was increased to \$1,000 in 2014 to cater for the immediate requests for postage and freight charges of envelopes, recharge cards etc.

Procedures were implemented on the release of petty cash that requests are signed by the directorate of the requesting department and the Director Corporate before petty cash is release to the requesting department. Receipts and invoices are submitted immediately after the purchase or payment of the items.

## 9.11 Catering at EVR Training Programmes

#### Recommendation 1

The Accounting Head should ensure that payment is only initiated on the original invoices provided by the service providers.

#### Comments

A Procurement policy was developed in 2014 to guide the officers on the procurement of goods and services for the 2014 Elections. Processes were in line with the 2014 Procurement policy for payment of local purchase orders with the original invoices from the suppliers. The invoices are stamped received by the Procurement Department once goods or services are supplied before forwarding to the Finance Department for payment. The invoices are also verified against the TIN Number and the exemption certificate provided Fiji Inland Revenue and Customs Authority

### Recommendation 2

The Accounting Head should ensure that a local purchase order is issued when procuring any goods and services or work from an organisation within Fiji, unless a contract or agreement has been entered into.

#### Comments

Processes were in line with the Fijian Elections Office 2014 Procurement policy and purchases orders are issued according to endorsed requests by Supervisor of Elections, Deputy Supervisor and Directorates. Officers were also informed during the induction training on the issue of the purchase orders and quotations.

The signed purchase orders are issued to the suppliers for the supply of goods and services and all invoices and the duplicate copy of the purchase order is stamped and signed by the Procurement Officer on receipt of goods or services.

#### 9.12 Accident of Hired Vehicles

### Recommendation 1

The Acting Principal Administration Officer should immediately submit the accident report to the Ministry of Finance and Solicitor General's Office.

#### Comments

We confirm that copies of the accident report for LR285 was submitted to the Ministry of Finance and Solicitor General's Office, but the accident report for LR760 was not submitted to Ministry of Finance since the original copy of the report was filed away in the motor vehicle file. The drivers of the two vehicles of the two vehicles were terminated after internal investigation was conducted by the office.

The office is currently working on a fleet policy that will guide the officers on the management of the Fijian Elections Office vehicles.

## Recommendation 2

The acting Principal Administration Officer should be more vigilant in performing the administration duties of the office.

#### Comments

The restructure of the Fijian Elections Office in 2014 had reassigned the responsibilities of the administration of the motor vehicles that is now under the Director Corporate Services. The office is currently working on a fleet policy that will guide the officers on the management of vehicles and providing reports on vehicles.

### PUBLIC ACCOUNTS COMMITTEE REPORT 2011

PART B: AUDIT FINDINGS

## 9.4 OVERDRAWN OPERATING TRUST FUND ACCOUNT

## Recommendation

The office should ensure that the trust fund account is not overdrawn at any point in time in accordance with the Finance Circular 4/98.

#### Comments

The trust fund account is a record of employee deductions for PAYE tax, FNPF contributions, insurance, housing deductions etc. The deductions from employee salary and wages were posted to the trust fund account and paid to the relevant organisation at end of every month. The overdrawn of the trust fund account occurred when the deductions were wrongly posted to other allocations and monthly payment was made from the trust fund account.

Currently monthly reconciliations are carried out to ensure that deductions are correctly posted to the correct trust fund allocation. A checking system is in practise that payments raised for employee deductions must be verified against the General Ledger trust fund report to ensure that the amount paid out reconciled with the balance on the General Ledger. Errors identified will be adjusted at the same time and attached with the payment voucher for endorsement.

Current balances under FNPF will be reconciled and adjusted in the current year. The FNPF balance should reflect a credit balance of the employees FNPF contributions for the previous and current month.

The current status of the trust fund balance

Account	Description	2010	2011	2012	2013	2014	2015
11010110999861101	OPR Current Year	10.00	10.00	10.00	10.00	0	0
11010110999861105	Public Rental Board	69.00	69.00	69.00	(69.00)	0	0
11010110999861201	Fiji Care Insurance	(789.83)	(789.83)	(789.83)	0	0	0
11010110999861202	CMLA	(29.56)	(29.56)	(29.56)	(29.56)	0	0
11010110999861204	LICI	165.25	165.25	165.25	0	0	0
11010110999861601	Maintenance - Suva	(12.50)	(12.50)	(12.50)	0	0	0
11010110999861901	Tax Arrears/PAYE	400,484.24	400,484.24	400,484.24	398,028.45	(15,570.21)	(915.10)
11010110999861902	Dep A/C Recoverable	(6,373.56)	(6,373.56)	(6,373.56)	0	0	0
11010110999861920	Employees FNPF	120,213.82	121,674.46	98,886.91	111,675.75	20,004.92	39,417.96
11010110999861921	Employees FNPF	5,419.20	5,419.20	5,419.20	(5,149.20)	0	0

## 9.5 Long Outstanding Revolving Fund Accounts

#### Recommendations

The Office must investigate these long outstanding RFA balances and take appropriate action

## Comments

The long outstanding balances were from 2006 payment that was manually updated in the FMIS System. The 2006 payment documents were not available and the record in the FMIS did not clearly provide the full information on the recipient of the payments, therefore it was a difficult task to reconcile the 2006 accounts. The Minister for Finance had approved the write off in 2013 and 2014 and the current balances reflect the records for 2014 and 2015.

Monthly reconciliation is carried out and an update advance register is maintained. Checks and follow ups been carried out every month with the officers that yet to clear their advances. Interest of 12% is charged if officer does clear advance within the seven days on return to the station.

Account	Description	2010	2011	2012	2013	2014	2015	Comments
11010110999560302	GL Employees Advances Open Item	50,294.78	50,753.70	51,683.35	50,607.22	312.44	312.44	\$50,294.78 was writter off in 2014.
11010110999570101	AP Prepaid Expenses	1,730.00	1,730.00	1,730.00	(1,730.00)	0	0	Dr of \$2,056 was written off in 2013
11010110999570301	Advances	12,874.50	12,874.50	7,874.50	144.36	33,784.22	20,581.24	\$7,548.00 written off in 2013. Pending advances will be cleared in 2015
11010110999840602	Withholding tax payable	(84.00)	(84.00)	(84.00)	0	0	0	Written off in 2013.

## 9.6 Unutilised Building Space

#### Recommendations

The Election Office should consult with the Public Service Commission on the viability of continuing to rent the same building

## Comments

The office space is fully utilised due to increase of ongoing staff positions from 14 to 52 from 2014 and also space was provided for the Electoral Commissioners. The office has arranged with the Public Service Commission to extend the lease of the building for another five years.

#### PUBLIC ACCOUNTS COMMITTEE REPORT 2010

#### 9.4 Overdrawn Operating Trust Account

#### Recommendation

The office must ensure that Trust Funds are not overdrawn at any time.

#### Comments

The trust fund account is a record of employee deductions for PAYE tax, FNPF contributions, insurance, housing deductions etc. The deductions from employee salary and wages were posted to the trust fund account and paid to the relevant organisation at end of every month. The overdrawn of the trust fund account occurred when the deductions were wrongly posted to other allocations and monthly payment was made from the trust fund account

Currently monthly reconciliations are carried out to ensure that deductions are correctly posted to the correct trust fund allocation. A checking system is in practise that payments raised for employee deductions must be verified against the General Ledger trust fund report to ensure that the amount paid out reconciled with the balance on the General Ledger. Errors identified will be adjusted at the same time and attached with the payment voucher for endorsement.

#### Recommendation

The office must investigate the overdrawn Trust Fund and take appropriate action.

#### Comments

The overdrawn balances were backdated to 2006 and 2007 that the office was not able to obtain the manual payment records to verify the postings in the FMIS for the above years.

The overdrawn amounts were written off in 2013 and 2014 as approved by the Minister for Finance. Current balances under FNPF will be reconciled and adjusted in the current year. The FNPF balance should reflect a credit balance of the employees FNPF contributions for the previous and current month.

Account	Description	2010	2011	2012	2013	2014	2015
11010110999861101	OPR Current Year	10.00	10.00	10.00	10.00	0	0
11010110999861105	Public Rental Board	69.00	69.00	69.00	(69.00)	0	0
11010110999861201	Fiji Care Insurance	(789.83)	(789.83)	(789.83)	0	0	0
11010110999861202	CMLA	(29.56)	(29.56)	(29.56)	(29.56)	0	0
11010110999861204	LICI	165.25	165.25	165.25	0	0	0
11010110999861601	Maintenance - Suva	(12.50)	(12.50)	(12.50)	0	0	0
11010110999861901	Tax Arrears/PAYE	400,484.24	400,484.24	400,484.24	398,028.45	(15,570.21)	(915.10)
11010110999861902	Dep A/C Recoverable	(6,373.56)	(6,373.56)	(6,373.56)	0	0	0
11010110999861920	Employees FNPF	120,213.82	121,674.46	98,886.91	111,675.75	20,004.92	39,417.96
11010110999861921	Employees FNPF	5,419.20	5,419.20	5,419.20	(5,149.20)	0	0

#### 9.5 Revolving Fund Account Recommendation

The office must investigate these long outstanding balances and take appropriate action.

The long outstanding balances were from 2006 payment that was manually updated in the FMIS System. The 2006 payment records is not available and the record in the FMIS does not clearly provide the full information on whom the advance was paid and when it was cleared, therefore it was a difficult task to reconcile the 2006 accounts. The Minister for Finance had approved the write off in 2013 on the reasons stated above.

Currently the monthly reconciliation is carried out and an accountable advance register is maintained. The accountable advance clerk checks the register every month and follows up with the officers that are to clear their advances. An interest of 12% is added on the advance amount if advance is not cleared within the seven days after completing the trip.

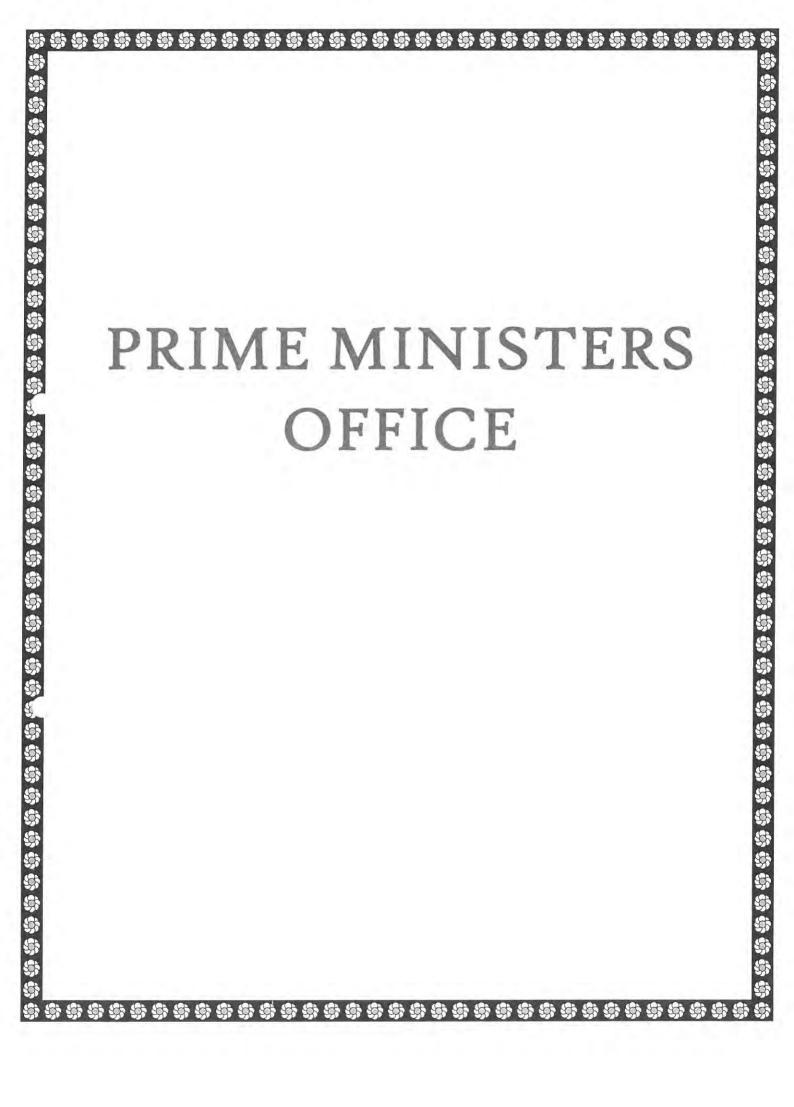
Account	Description	2010	2011	2012	2013	2014	2015	Comments
11010110999560302	GL Employees Advances Open Item	50,294.78	50,753.70	51,683.35	50,607.22	312.44	312.44	\$50,294.78 was written off in 2014.
11010110999570101	AP Prepaid Expenses	1,730.00	1,730.00	1,730.00	(1,730.00)	0	0	Dr of \$2,056 was written off in 2013
11010110999570301	Advances	12,874.50	12,874.50	7,874.50	144.36	33,784.22	20,581.24	\$7,548.00 written off in 2013, Pending advances will be cleared in 2015
11010110999840602	Withholding tax payable	(84.00)	(84.00)	(84.00)	0	0	0	Written off in 2013.

#### 9.6 Engagements of Consultants

#### Recommendations

The office should ensure that approval from its line Minister is obtained and competitive selection and tender process is abided for hiring of consultants.

The Fijian Election Office has a tender policy that all purchase or hire of goods and services are covered in the 2014 tender policy. The office has not hired any consultant after 2010 and the technical advisors that were engaged in the 2014 Elections were funded by the European Union, Australia and New Zealand governments.



# Permanent Secretary Opening Remarks in meeting with the Public Accounts Committee on the 2010-2012 Auditor General Report.

- · Hon Biman Prasad , Chair PAC
- Hon Committee Members
- Colleagues from Government Agencies

#### A very Good morning to you all.

Before I proceed further, I wish to convey the apologies of the PSOPM since he is accompanying the Hon PM in his official visit to China

#### 1. Introduction

At the outset, as the Committee is well aware that the past 8 years, were challenging year for Government in getting the Government machinery rolling 24/7.

- Apart from the usual functions of the OPM, from 2010 there
  were a whole lot of Government intiatives which the Office of
  the Prime Minister had to oversight which included the
  monitoring and evaluation of the Roadmap for Democracy
  Social and Sustanable Economic Development (RDSSED) which
  required the OPM staff to assist Ministries and Departments in
  the translation of these in their ACPs.
- The OPM had also been extensively involved in the awareness process/ programs of the Peoples Charter for Change Peace and Progress at all levels of society with an aim of facilitating a thoroughly informed and knowledgeable society of Government's initiatives.
- The establishment of the Strategic Framework for Change Coordinating Office as a new division within the OPM now known as ICO had put a totally new dimension into the

operations of the Office of the Prime because it was tasked with a vigilant role of monitoring the whole of Government performance. In fact this was the first time ever that a whole of Government performance was being monitored and evaluated by Government over the last decades.

With the establishment of the new initiatives, the structures and systems of the operations at the OPM had also shifted as we tried to develop capacity quickly to be able to undertake the new work that was being introduced specifically given that the required skills and competencies were unavailable at that point in time, therefore we were multitasking and maximising allocated resources as much as we can within the given budget.

With these swift changes taking place we continuously made an effort to improve our internal processes to ensure our compliance to the stipulated procedures at time trying to effectively deliver our services.

# I wish to highlight some major Initiatives implemented:

#### FOCUS - RAISING AWARENESS ON FINANCIAL COMPLIANCE

- In-house Refresher course on the Finance Manual for all staff. Officers are more knowledgeable and aware of the Accounting requirements (Acts and Policies)
- Consistently review of Finance Manual to ensure alignment to the changes;
- 3. Each OPM Staff issued a copy of the OPM Finance Manual;

#### LINCLUSIVENESS - DECISION MAKING

- Establishment of internal committees to address critical issues like Disciplinary Committee , Budget Focus , HOD forums, Deputy Secretary forums , SEA etc.;
- Financial Statements and critical emerging issues are presented to the HODs Meetings on monthly basis for management information and decisions;
- Management attended Fiji Institute of Accountants Forum and other major Accounting and Financial forums .

#### **ONGOING PROCESS IMPROVEMENTS**

- 7. Annual review of SOPs;
- 8. Quarterly Performance Assessments (ACP/BP and IWP)
- 9. Learning Development Plan implementation to address training needs (individually and organisational)
- 10. Development of MOU for Small Grant Projects with contractors
- 11. Monthly preparation of Vehicle returns
- 12. Quarterly Monitoring Of Budget for Capital Projects
- 13. Chinese Technical Grant to be approved first by Cabinet.

#### 2. MAJOR DRAWBACKS FOR IMPLEMENTATION.

- (i) MIGRATION FROM MANUAL TO AUTOMATED SYSTEM SUPPORTED BY STAFF CAPACITY MANAGING ACCOUNTS.
  - One factor that contributed to the reoccurring of some issues was the transformation period from the manual to automation of the Government Accounting system.
  - The migration of data from manual to the FMIS system supported by the staff capacity in the Accounting Cadre managing the Accounts of Government was a challenge for management.
  - We wish to highlight that the Accounts Office of OPM also facilitated Accounting function for the following Offices:
    - √ Election Office
    - √ President Office
    - √ Office of Accountability and Transparency
    - √ Fiji Roads Authority

Staff capacity is quite a challenge in managing the accounts of the OPM and other offices.

 Most staffs are accustomed to manual processes and with limited knowledge of computer using the FMIS system; it takes a lot of time for them to adjust.

#### (ii). Insufficient Budget Appropriation

- Another major factor too is the insufficient budget approved annually to meet operational costs.
- Management have to resort to the limited resources to meet operation and in most cases fall back to any savings identified to meet procurements and payments.
- In some instances, requirements of processing guidelines were not adhered to especially on cases where urgent requests have to be facilitated.
- With the Prime Minister handling more than one portfolio, in most cases all of his commitment irrespective of which Ministry he officiates, all costs are borne by our Office.

#### 3. Response to identified queries

With regards to your request on the two issues as per 2.10 and
 2.11 highlighted in your invitation letter,

### 2010, item 2.10, OAG Report - FENC Fiji - Absence Grant Agreement

On 2.10 the Grant to FENC Fiji was an initiative of Government to assist
the poor of the poorest family of Fiji with their children's education. We
admit that there was no grant agreement done when it was initially
implemented but our office always resorts to quarterly updates and
reports provided by the administrators of this grant. To date, we have a
grant agreement in place

#### 2010 , item 2.11 ,OAG Report – Payment to Agility Pty Ltd

 For 2.11, on payment done to Agility PTY Ltd, our office have acknowledged the recommendation given by OAG but as we have responded earlier, our actions at that time was due to the strict timelines that we have to meet and the urgency of the Government project in question.

#### 4. Attached Matrix.

Tabulated in a matrix which will be submitted to the Secretariat a detailed explanations on the Ministry actions on the issues raised with control measures and initiatives implemented to date.

#### 5. Conclusion.

We would like the Committee to note that our office has over the years treated Office of the Auditor General recommendation with high importance and we are currently working with OAG and Ministry of Finance to improve financial prudence practices.

		Recommendation		Initiatives
1	a. Variances found in our Accounts namely RFA, True Trust, Drawings, operating Trust, VAT and the Reconciliation.	Variance to be corrected and the reconciliation to be	the variances and also	a. Officers undertook training organized by
				e. 2010-2012: Officers were still familiarizing themselves on the FMIS; f. Two levels of checking undertaken; g. Stringent measures put in place for noncompliance; h. Recruiting of Staff with Accounting background i. Write-off of recurring variances in consultation and approval by the MoF.
2.	Funds utilized on expenditure items that were not budgeted for. e.g.: fuel budget was used for purchase of stationeries.	OPM should not utilized funds that was not budgeted for and should seek MoF approval whenever the need arise	now, OPM apply for virement in such instance but the action taken at that time was a one off exercise at nearly year ends when	<ul> <li>a. Have been under budget in SEGs 3-5 (Operation costs);</li> <li>b. Adhered to virement and approvals from MoF;</li> <li>c. Adjustment of cash-flow;</li> <li>d. Journalizing to the correct expenditure allocation;</li> </ul>
ľ		adequately supported with appropriate and valid documents.	process in consultation with the project implementers for the submission of timely	a. Acquittal requirements has been included in the MOU; b. Conduct of quarterly site visits; c. On-going engagements with key stakeholders – PWD, FPO, Strategic Planning, RFMF Engineer, Private Contractors, Divisional Commissioners Office, MoF, WAF

		acquittals.		
4	Office to prepare BOS	The Accounting Head should ensure that a Board of Survey is carried out annually in accordance with Section 49 of the Finance Instruction	The office has conducted its annual BOS	a. BOS has been undertaken annually since 2013. b. In-house training conducted for Office Superintendent; c. Inventory Ledgers consistently updated.
5	Absence of Grant Agreement	PM's Office must have an agreement with FENC Fiji for the grants provided.  PM's Office should monitor how grants provided to FENC Fiji are used.	The office have drawn up its grant agreement as attached on the report	<ul> <li>a. Grant Agreement have been put in place since 2014;</li> <li>b. Quarterly reports and acquittals are being submitted to the OPM by FENC.</li> </ul>
5	Payment to Agility Co, without proper approval form PSC on the hiring of consultants.	PM's Office to seek PSC approval first for the hiring of Consultants.	The project is an urgent project of government that needs to be implemented urgently.	We acknowledge the recommendation of OAG. The Office has been working closely with relevant stakeholders on HR and Finance matters affecting the office.
7	The office to prepare vehicle quarterly reports.	PM's Office must prepare a vehicle quarterly report and submit to Ministry of Finance as required by Section 12.7 of the Finance Manual 2011.	OPM consistently preparing the returns as per latest return attached.	<ul> <li>a. Quarterly reports have been submitted to the MoF.</li> <li>b. Monthly returns are monitored internally by our designated transport officer.</li> </ul>
}	Acquittals Payments and reconciliation of PM Visa Card for Overseas travel.	the submission of acquittals and	OPM is currently put in place process to address Audit recommendation but in the meantime the office	a. We acknowledge the recommendations by OAG.  b. Conduct monthly reconciliation on the

	reconciliation on the usage of PM Visa Card.		bank statement and with any supporting documents provided by the PM, Private Office.
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# PUBLIC SERVICE COMMISSION

	ent OAG Update		with per	i files ies up agoing were now that is those cation arship. Ship.
OLUME - 2 AUDIT ON THE GENERAL ADMINISTRATOR SECTOR 2013	Departments Response on Current Status		PSC, now have maintain a manual expenditure Ledger register with effect from 2013 to date as per Auditor General Request.	PSC only maintain students files who have completed their studies up to 2012. In 2013 all ongoing scholarship students that were administered by PSC are now managed by TELS.  The Students Loan Recovery that is administered by PSC is for those students that were offered education assistance under PSC scholarship and Multi Ethnic Affairs scholarship.
VOLUME - 2 AUDIT ON THE GENERAL ADMINISTRATOR SECTOR 2013	Ministries/Depts. Comments		The Auditors comment is noted, Accounts Section now maintains a register Ledger to highlight all payment made.	All scholarship file is with the TSLB, Auditor General should liaised directly with them rather than PSC to ensure that all document is provided to OAG.
AUDIT ON THE GE	OAG Comments		The Ministry should maintain an expenditure ledger up to date and reconcile its expenditure with the FMIS records on a monthly basis.	The Commission should ensure that all documents necessary for the successful completion of an audit should be provided to the Auditor General or a person authorized by him.
VOLUME - 2	Issue	PUBLIC SERVICE COMMISSION	The audit noted that the Commission does not maintain an expenditure ledger	Audit made several requests to the Tertiary Scholarships and Loans Board (TSLB) for selected scholarship files of students to be provided for audit inspection however, these were not provided. The files requested for audit included 25 awards for PSC scholarship and 15 awards for the Multiethnic scholarship.  The scholarship.  The audit could not verify whether the requirements or criteria of the two scholarships were met when selecting or awarding scholarships.
	Heading	PUBLIC SE	Expenditu re Ledger not maintaine d	Scholarsh ip files not produced for audit
	No.	2.0	2.12	2.13

VOLUME - 27	AUDIT ON THE G	VOLUME – 2 AUDIT ON THE GENERAL ADMINISTRATOR SECTOR 2013	SECTOR 2013	200
Issue	OAG Comments	Ministries/Depts. Comments	Departments Response on Current Status	Update
on on	_	The Minister of Finance has been informed accordingly	The carry-over of fund approval by the Minister for Finance was not	
Works, a sl for the th	should ensure that the Minister of	when Surplus from TMA was to remit back to MOF. The	obtained as per Financial Requirement.	
-	ance's ag		Approval was given by the MOF	
nouse and not clearly is show the timeline for the fu	is sought before funds are carried	companies should have come from the Operation Vote	(PM) for PSC to complete the project within the same year.	
project to be completed. or	over.	y) and	The state of the s	
concerned		of fc	ut the project	
revealed that the project was delayed by the		delayed by Judicial Ministry	satisfactory completed by the	
		wanted more clarification and	Government Money. But the	
Commission also		confirmation on the work plan	comments from the Auditor General	
entered into a contract		and agreement made before	are duly noted.	
the		building.		
Carnarvon fencing in		As for Carnarvon Fencing, the		
		work was delayed due to some		
The and of the year was		misunderstanding between the		
the		ation and the		
Commission deposited		City Council due to SCOPE of		
funds for these projects		work to be done towards the		
trading and		end of the year (December). In		
manufacturing account		for PSC to comp		
used the following year.		approved by MOF (PM) during		
This was done as the		that the year, we transferred		
Finance		the total cost to TMA. The		
would take back the		approval have already been		
funds that are not used		given by Minister of Finance,		
at the end of the year.		so if Funds was not transferred to TMA than PSC would have		
above indicates		to go back and again request		
blatant disregard of		MOF in the following year.		
<u>.</u>		On 1/09/2014, a team from		

	OAG Update		
OR-GE, ERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS  E - 2 AUDIT ON THE GENERAL ADMINISTRATOR SECTOR 2013	Departments Response on Current Status		-Mr. Tuinamoala's family was occupying the Quarters when he was a driver at the President's office 20 years agoHowever, he then moved back to RFMF sometime in 2011 and began to serve in Iraq until June 2012.  then it was extended to November 2012.  then it was extended to November 2012.  then it was extended to November and entitlement, he was then asked to pay market rate of \$500.00 per month (as per PM's approval) until his return in June and then pay the full market rate of \$1000.00 thereafter.  The officer have not been paying his rental Payment and as such we wrote an eviction notice on 1st July, 2013.  -Further, we had sought the assistance of the RFMF to recover from his salary but proved futile.  -We have been informed that the officer had retired and we have yet to locate and charge the person accordingly.
AUDITOR-GE, ERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS VOLUME — 2 AUDIT ON THE GENERAL ADMINISTRATOR SECTOR 2013	Ministries/Depts. Comments	inspected the fencing project and was satisfied with the outcome of the completed project. The building in Carnarvon is now occupied by the Prime Minister's Office.	The collection of revenue is done by Accounts and Finance where information is submitted to Office Accommodation on a Monthly basis, the monitoring of Arrears is the Fresponsibilities of OA where they have to Inform the UTenants accordingly.
SELERAL'S REPORT AUDIT ON THE GE	OAG Comments		The Commission should take appropriate action to collect all outstanding rents.
AUDITOR-6 VOLUME - 2	Issue		The trading and manufacturing account had arrears of revenue or rent totalling \$83,561.87 as at December 2013. The audit noted that some of these tenants owed rent but continued to occupy the quarters while some tenants were either evicted or have been given notices to vacate the quarters.  Mr. Luvu Tuinamoala occupied quarters 7 without any agreement. Without strict recovery procedures, arrears of revenue will continue to increase.
	Heading		arrears of revenue
	No.		2.15

VOLUME - 2 AUDIT ON THE GENERAL ADMINISTRATOR SECTOR 2013
Issue OAG Comments

# MINISTRY OF EDUCATION





# MINISTRY OF EDUCATION, HERITAGE AND ARTS RESPONSES TO PUBLIC ACCOUNTS COMMITTEE REPORT ON AUDITOR GENERAL'S REPORTS 2010- 2012.

The Ministry submits the responses to the 2010- 2012 Public Accounts Committee queries of the Auditor- General's report as tabulated.

YEAR	ISSUES	MINISTRY RESPONSES
2010	I. The Ministry overspent its budgetar allocation for the year ende 31/12/10 by \$14,070,990.64	The over expenditures comprised of incorrect P2P for both Established and Unestablished staff.
	II. The Ministry had shortfall in SEG and SEG2 to pay salaries for pay 25 and pay 26 of 2010 due to payment made for bus fares to school students. The Ministry made request to the Ministry of Finance for additional funds. Instead, or redeploying the funds into the Ministry's budget allocation, Ministry of Finance passed a negative journal entry [credit entry] of \$8,198,467.74 in the expenditure allocation for SEG 1 and SEG 2	shortfall in Transport Assistance Scheme which was a Government Initiative but was not included in the 2010 Budget Estimates and Ministry of Finance had asked to source from within. Ministry of Finance had passed the direct credit journal to our accounts rather than redeploying funds.  Virement was made to ensure that the Ministry meets its output on the provision of Transport
	III. A total of \$46,620.85 was noted by audit as overpayment of salaries by the Ministry. The overpayments comprised of double payment of acting allowances, payment of maternity leave on forth	The Ministry has put measures in place with processes outlined in the MOE Finance Manual with specific timelines on reporting of

	to rescindment of promotion and late arrivals.	overpayments.  Staffs with outstanding arrears are instructed to clear the full amounts before the Letter of
IV.	Some of the officers who resigned continued to be paid for a few pay periods by the Ministry. This amounted to \$55,168.00	Acceptance of resignation is given and those
V.	Some of the staffs had outstanding PSC loan amounting to \$13,318.00 and had resigned from the service.	and any other overpayments that is still owed.
VI.	A total of \$12,300,695 was vired by the Ministry from its operating and capital to fund unbudgeted bus fare scheme.	It was the Government's initiative but no budget was provided for hence this was sourced from within in order to implement the Transport Assistance Scheme.  The budget was provided in 2011.
VII.	The Ministry made payments in excess of \$30,000.00 without Ministry of Finance approval which totaled \$1,272,378.00	All payments made in excess of \$30,000 had Ministry of Finance approval as this is a requirement under Debt Management Unit for cheques/ payments to be accepted by the banks. Furthermore, had the Ministry made payments without the approvals the cheques would have been returned to the Ministry of Finance.
		The Ministry continues to liaise with the Ministry of Finance for payments in excess of \$150,000 daily.
1.	Expenditure totaling \$1,350,307 incurred in 2011 was not included in the Ministry's Financial Statements for the year ended 31/12/11. These were posted to the Prepaid Expenses accounts in the Resolving Fund Account. These expenses were carried forward and out of \$1,350,507 the Ministry cleared	Expenditure of \$1.3m incurred in 2011 was part of the Advances taken by the officers of the Ministry for their sections initiatives. Due to limited funding in 2011 most of these were cleared from the 2012 budget for the respective units.  A balance of \$336k comprised of UNICEF donor funding for Literacy training program the Ministry's Project which overlapped into the
	V. VI.	IV. Some of the officers who resigned continued to be paid for a few pay periods by the Ministry. This amounted to \$55,168.00  V. Some of the staffs had outstanding PSC loan amounting to \$13,318.00 and had resigned from the service.  VI. A total of \$12,300,695 was vired by the Ministry from its operating and capital to fund unbudgeted bus fare scheme.  VII. The Ministry made payments in excess of \$30,000.00 without Ministry of Finance approval which totaled \$1,272,378.00  I. Expenditure totaling \$1,350,307 incurred in 2011 was not included in the Ministry's Financial Statements for the year ended 31/12/11. These were posted to the Prepaid Expenses accounts in the Resolving Fund Account. These expenses were

	The balance of \$335,126 remained unclear as at the date of audit on 9/5/12.	Ministry of Finance pending acquittals which were later cleared in 2012 financial year.  The Ministry continues to strive for clearances of the Prepaid expenses in the Revolving Fund Account ensuring that all acquittals are submitted within the current year other than Donor Agencies whose reimbursements are made after the acquittals are submitted to them which could also overlap to the following year.  Measures have been put in place to ensure that all Accountable Advances are cleared within 7 days after their tour of duty or salaries will be recovered until the Advance is cleared.
	II. There was a significant increase in Ministry's total amount of unpresented cheques in 2011. The total amount of cheques unpresented as 31/12/11 was \$1347, 618 which increased by \$814,005 or 153% compared to 2010.	<ol> <li>Significant Increases of the UP cheques were due to:         <ul> <li>✓ Transport Assistance providers[weekly basis]</li> <li>✓ Grants to schools</li> <li>✓ Exam markers/supervisors [mostly in late December]</li> <li>✓ Payments to suppliers –back log payments[daily]</li> </ul> </li> <li>The amount of unpresented cheques is now being addressed through Electronic Fund Transfer (EFT) payment process made direct to the creditors Bank Account.</li> </ol>
2012	<ol> <li>The Ministry lost \$47,674.56 through embezzlement by the Ministry's staff.</li> <li>Board of survey was not carried out for a number of sections of the Ministry.</li> </ol>	Officers involved in Embezzlement namely:  1. Elia Matawalu - \$3324-15 case handled by Ethics Disciplinary Unit for mismanagement of funds at Natabua High School. Case now handled by Police.  The officer has requested for 50% quantum salary and which we will begin the recovery of amount at \$50 per fortnight.  2. Ratnesh Chandar -\$44,350.41 case handled by FIFAC. Mismanagement of funds at Suva

Grammar school, Officer is terminated. 3. Mohammed Zameer - \$1776-59 case handled by Ethics Disciplinary Unit. Officer is terminated. Processes have been in place in order to counter embezzlements and abuse of funds. Spot checks are carried out every now and then and lodgements are being monitored from HQ. An audit Unit has been set up this year to counter check all possibilities of embezzlement and abuse and audit checks are carried in all schools, units and sections on a timely basis. **Board of Survey** Most schools have now submitted their BOS reports and it has been submitted to Ministry of Finance. The Ministry has also taken to task Heads of Units/ Sections who have not complied with FPO Procurement Regulations on carrying out an Annual board of Survey and submitting their reports to HQ as the losses in the Board of Survey reports will also be reflected in the Ministry's Annual Financial Statements. 2. Staffs were overpaid salaries totaling The Ministry has put measures in place with \$255,169.29 as at 31/12/12. processes outlined in the MOE Finance Manual with specific timelines on reporting of resignations, retirements, Study Leave and deemed resignation cases to address salary overpayments and disciplinary action against staff negligence if overpayments are incurred. 3. The Ministry vired funds from other Total budget for 2012 was \$12,000,000.00 allocations to provide an additional \$6,758,350 to the bus fare scheme. Ministry expenditure was \$18,753,984.00 Ministry was advised by Ministry of Finance to source the shortfall of \$6m from within its

allocations. Original budget submission was \$18m however Ministry of Finance had only provided \$12m. Since 2014 The Transport Assistance Budget has since increased to \$21m which conveniently covers the Busfare expenditure as well as setup of the Transport Assistance Unit (TAU) to administer and be accountable for the processes and procedures in place and to counter any abuses by the transport providers, students or anyone involved. 4. The Ministry did not reconcile bus fare coupons distributed to the The variance did not take into account all the schools with the used coupons unused bus fare coupons that remained with all the received from transport providers. A schools around Fiji then. significant variance of 3,622,694 coupons with a total value of Proper processes have been put in place since \$2,035,541 was noted between the the Transport Assistance Unit was setup with two records. Schools sending in reports of Coupons received, used and balance required and at the end of the year the schools send in reports of the number of coupons still on hand with them 5. The Ministry paid a total of \$230,312 to Telecom Fiji for e-ticketing cards The payment was approved by the then Deputy which were not received by the Secretary (Primary/ Secondary) and processed Ministry. A contract between the by the Accounts Section through the Senior Ministry and Telecom Fiji was not Accountant. produced for audit. The purchase order and the cheque was signed the The Ministry had written to Telecom Fiji Ltd Senior Accountant in excess of his (TFL) for reimbursement but no response has authorized limit of \$3000.00 been forthcoming. Case was referred to TAU to pursue but to no avail. The case will now be referred to SG's office to instigate legal action against TFL. 6. The Ministry diverted \$115,156 from This was sourced through virements from tuition fee grant allocation for tuition grants for primary and secondary to secondary schools and \$115,156 from meet payment of e-ticketing cards as was Primary schools to pay Telecom Fiji. directed and agreed to by the former PSE Mr Filipe Jitoko instead of having the students pay for their cards at a cost of \$5 per e-ticket.

	Any cards lost by the students thereafter would be borne by the parents.
7. The Ministry paid a total of \$376,742.35 to Fonelogy as cost of top up for bus fare cards without valid contract.	
	the bids to other stakeholders for CONSOLE MACHINES which had to be inter-operable.
8. The Ministry vired funds totaling \$926,365 from various allocations to other setup and implementation allocation which had a zero balance according to FMIS records. A total of \$681,099.85 was utilized for various payments during the year.	efficient in providing funding for unforeseen/ unplanned initiatives by the Government and needs by schools due to the upgrading of schools to Form 7 level around the country. It has provided adequate funding to cater for various activities like;  • Providing additional equipment to
	<ul> <li>sections to improve their efficiency.</li> <li>Funding the Minister's School visits through charters.</li> <li>Funding school requests made to the Minister and PSE on the School Visits.</li> <li>Assisting the 5 Japanese students from the Tsunami affected area stay and education</li> </ul>

in 2012

- Court settlements
- Implementation of FINED curriculum workshops
- Outstanding payments from previous years etc
- In 2013 payment of Pacific Island Government sponsored students attending FNU 50% concession fees.

The Ministry of Finance is aware of this Internal sourcing of funds as most times when requests for additional funds for unforeseen expenditures are made to Finance we have been advised to 'Source from within' and with a Ministry as big as the Ministry of Education Salami Slicing has always acted as a buffer for funding initiatives and other activities and needs. The ministry does not have surplus funds but need to make reductions in order to cater for the many unbudgeted needs and has been approved by PSE through the proper process of virements.

Virements were prepared once savings from allocations were identified and were forwarded to Finance for approval. This practice began in 2010 and has acted as a buffer for all unforeseen/ unplanned programs, projects, purchases and requests for assistance from Schools that the Ministry encountered.

9. The Ministry paid a total of \$20,450 to Davui Printery for printing of TVET Achievement Level Booklets without obtaining competitive quotes.

The TVET Achievement Levels were first printed in 2011 whereby 3 quotations were obtained. The approval stated that Davui Printery had the lowest printing cost. All costs remained the same with only additional quantities requested by the SEO (Office Technology) and SEO (Home Ec) due to a short supply in 2011 Comparing the payment of \$20,450 with the inclusion of one extra booklet for Form 3 Basic Technology Option 3, the company still had the overall lowest printing cost compared to Star Printery and Max Marketing. The TVET Achievement Levels needed to be in the

	classrooms before the end of Term 1. Since there were no changes in the booklets and having a fair idea of the other 2 companies cost, recommendation was therefore submitted to PSE for the re-printing to be done by the same company.  Proper Procurement processes have been put in place to address procurement issues and refresher courses are being run for all staff handling procurements in their sections to ensure strict adherence to the Procurement Regulations.
10. The Ministry paid a total \$1,086,239.91 to Dynamic Solutions during the year 2012 for purchase of goods and services. A review of a sample of items purchased revealed that the items were of inferior quality as some of the items became unserviceable within one year from date of acquisition.	All the sections in the Ministry have a choice of whichever suppliers they choose to procure from provided there are no government contractors for the items to be purchased and adhere to the procurement regulations.  FICAC was also carrying out investigations on Dynamic Solutions and we have ceased making purchases from this Supplier.
11. The TVET section of the Ministry purchased 60 computers in 2012 from various suppliers. The total cost of the computers was \$78,591.89 for which tenders were not called.	The 60 computers were purchased in 6 batches of 10 computers per batch. The various companies provided computer specifications sufficient for the schools office technology students and at a reasonable price. We believed it was a good approach to give different suppliers a chance in providing for the computers and determining the quality of their product and back-up service. The batches were approved by the PSE according to his approval limit of below \$30,000.  Strict adherences to PR and purchase of IT wares are made through the Government
12. Tenders were not called for contracts awarded for school improvement works exceeding \$50,000.00	<ul> <li>MoE have been using the Ministry Building         Grant Policy for project allocation that is         not under "R" and this applies to the         Heritage Sites School mentioned. This has         been the practice for the past years.</li> </ul>

Building Grant Funds will be deposited into the school development account where the PEOs/SEOs will be one of the signatories in order to monitor and control the movement of funds plus the final project acquittals.

The Ministry adheres strictly to PR and purchases over \$50,000 have been forwarded to FPO to call for tenders or due to the urgency of the services required a 'waiver for tender process' is applied for through GTB. This practice applies only to government institutions.

13. The Ministry purchased laptops and desktop computers totaling \$50,009.95 in 2012 from suppliers other than the contracted supplier of Office Products.

The Ministry is aware of CTN 26/2012 that was awarded to Office Products for the purchase of computers and laptops but because this was a quantity license we were informed by Fiji Procurement Office that we could no longer purchase these from Office Products because they had surpassed the quantity of computers to be supplied and further advised to obtain three quotes for these purchases hence we believe the purchases were in order and should a contract for laptops and computers is awarded we would definitely purchase from the Government contractor.

The Ministry is strictly adhering to PR 2010 since and awareness workshops have been held for senior management staff to comply with.

14. One notebook computer lost while in the custody of a Senior Education officer Mr. John Vincent was neither reported to police nor investigated by the Ministry.

The officer has since resigned and the Ministry has not been able to contact him. The Ministry continues to strictly adhere to FI 2010 and ensures Loss Reports are completed for any items reported stolen or missing. The IT Unit also monitors and checks all the electronic devices purchased by the Ministry and issued to the staff.

from various suppliers in total cost of \$86,687.03 seeking approval from Information Technology computing [ITC].	2012 at a We wish to further comment that ITC is aware of the purchases made as request for purchase of these items are forwarded to our IT Unit for
16. The Ministry paid a total of to Government Printing Stationery department for page 55 pc. Stationery department for page 55 pc. Stationery department for page 55 pc. Stationery department of 30/01/12 using 2013 pc. The payment was allocation. The payment was on strength of the quotation the invoice.	\$149,219  Ing and Due to insufficient budget provided, and the amount of printing works required by Exams  For 2012 Office they continue to try to work within their budget or additional funds are vired from other operating activities to cater for the shortfall.
17. The Ministry approved a \$90,480 to 31 schools to furniture, however none schools assisted provided according to the school of the school o	purchase of furniture.  of the
18. The Ministry deliberately in posted expenditure to allocations to avoid expenditures in certain allocations	various usage of allocations; however, due to over insufficient funds in the allocations of a





03/08/2015

# MINISTRY OF EDUCATION, HERITAGE AND ARTS UPDATES TO PUBLIC ACCOUNTS COMMITTEE (PAC).

The Ministry submits the updates on the following requests from the Standing Committee on PAC:-

#### (i) Diversion of Funds from certain Schools to areas other than intended purpose

The diversion of funds happened solely to a number of Schools under one Controlling Authority which is the Arya Prathindhi Sabha (APS) Schools.

The diversions took place through direct bank transfers from schools under this Controlling Authority to another of its institution and funds are then refunded to these accounts through the Bank Transfers. We were advised by the Management that this had been a long standing practice with their Bankers to avoid them taking out a bank loan. The Schools have been investigated and the transfers have been confirmed to be true. Since then the Ministry has withheld the release of the grants into the respective school accounts.

The grants are now handled by the Grants Unit. All expenses related to the daily operations of the schools must be forwarded to the Grants Unit by the Head Teachers or Principals and payments are being made directly to the creditors. Payment of wages and petty cash are forwarded to the Schools for them to disburse them accordingly. The acquittals of the same are then returned to the Ministry to be filing for audit purposes.

Tabulated below are the details of the funds diverted from the respective schools and refunded to date:

School	FEG \$	(\$)	Re-paid (\$)	Balance (\$)
Bhawani Dayal Arya College		230,000	143,100	86,900
DAV College - Suva		65,000	97,700	(32,700)*
DAV Girls College		5,500	5,500	
Pt. Vishnu Deo Arya College		136,900	117,000	19,900

Total	718,400	546,900	\$171,500
Bhawani Dayal Arya Primary	75,000	40,600	34,400
Dr Ram Lakhan Primary	20,000	14,200	5,800
SSM Primary	75,500	69,400	6,100
Arya Samaj Primary	25,000	14,600	10,400
Nadroga Arya College	35,500	14,700	20,800
DAV College - Ba	50,000	30,100	19,900

The Ministry will continue with this practice until the controlling authority refunds the outstanding amounts into the respective school accounts.

### ii) <u>Update on Telecommunications Fiji Ltd (TFL) Refund of Payment of \$230,312.00 for Supply of 100,000 Busfare</u> <u>Cards</u>

We have been gathering documentations of correspondences sent to TFL since 2012 together with copies of the payment vouchers and are in the process of forwarding this case to the Solicitor- General's Office and FICAC as directed by PAC by the end of this week.

# MINISTRY OF AGRICULTURE

Issue OAG Ministries/Dept.'s comments Departments  Recommendations Comment on Current	Auditor General by 31 March each year.  Auditor General by 31 March each year.  Auditor General by 31 March each year.  Many changes that were required to the formatting as well as the formatting as well as the formatting as well as the fighlighted in the report.  The preparation of Statement was prepared by staff that did not undergo any training and were not fully familiar with the required preparation processes.
ans:	The draft financial statements must be submitted to the Auditor General by 31 March in the following year or within such other time as agreed by the Permanent Secretary with the Auditor General. The Ministry of Primary Industries Agency Financial Statement was submitted to the Auditor General on 12 May 2011.
Heading	Delay in the Submission of Agency Financial Statements for Audit
ě	8 52 8 8 8 9 8 9 8 9 8 9 8 9 8 9 8 9 8 9 8

Write Off authority:  CD 448 of 6.12.11 –  Amount approved that was written- \$3,153,259.74	The issue was experienced when the Department of Quarantine was with MoA and now is with Bio Security of Fiji. Currently MoA in its effort to curb late lodgment of revenue has standard scheduled pay in periods which is monitored by Headquarters . Currently an AAO and 2 Clerical Officers are solely responsible for revenue collection, monitoring and reconciliation where reports are submitted to MoF according to Finance Deliverables. Revenue Collectors have now clear, defined roles and responsibilities.	All donor funds are received in SLG 84
Most recent re-submission to write- off the arrears for Cocoa Development which was vetted by Ministry of Finance and will be presented for Cabinet approval once signed by the minister for Primary Industries.	As per telephone conversation (SA (O) & CO Quarantine ) he has said that the late lodgment was due to him being the only officer around collecting revenue at that time for Quarantine and also he was engaged with the "Termite Program" in the West, so he had to always be travelling down to the west and that did not give him the time to make lodgments daily. This Clerical cal Officer is now employed by the Bio-Security Authority of Fiji.	Funds received from donor sources were not reflected under SLG 84, this is now being rectified and a
<ul> <li>The Department should make cor 'ed efforts to recover long outstanding arrears of revenue.</li> <li>The Department should follow up on the outstanding debts in accordance with the debt recovery procedures prescribed in the Ministry's Finance Manual.</li> <li>The Department should follow up with the Ministry of Finance on its submission to write-off the Cocoa Development arrears of revenue of \$3,390,720.</li> </ul>	The Department should ensure that all revenues received are banked on a daily basis.     Supervising Officer must ensure that subordinate officers responsible for revenue lodgments perform their duties promptly in accordance to financial regulations.	The Department should ensure that all interdepartmental transactions are processed in line with the procedures set in
arrears of revenue we been unsatisfactory. The arrears of revenue for the Department as at 31/12/10 totaled \$3,995,811. Major component of the arrears is from Cocoa Development totaling \$3,390,720 - 85% of total arrears. 96% of the Cocoa Development arrears have been outstanding for over 5 years.	Audit noted delays in lodgments of revenue received by the Department at various quarantine stations.	Audit noted that funds totaling \$212,962 received from other Government Departments and
Revenue	Late Lodgments of Revenue Collected - Quarantine	Inter Departmental Transactions
	25.10	11:57

approval. Monthly reconciliation is submitted to MoF. Acquittal is submitted to MoF and Donor agencies at the end of the project. Evidence attached.	The Department in coordination with the Ministry of Finance (Asset Management Unit) are currently and currently undertaking the review of the overall TMA operations which includes reconciling the TMA Account. In addition the Ministry has closed the TMA ORG Account and opened a new one in order to review the old one properly. Independent BOS members will be appointed to do BOS for TMA in August 2015 whilst MoF is carrying out the review.	The result of the review will determine the size of operation and also will have an impact on the no. and level of officers that will be dealing with TMA. Systems and Processes will be put in place to reduce discrepancies in the TMA
new allocation is opened under \$LG85.	A copy of the Profit/Loss report that was prepared by CUT Unit in Vatuwaga is attached as Annex 5	The responsibility of TMA/Operating Bank reconciliation has always been the responsibility of clerical officers. The Department's request for a new Assistant Accountant post has been declined by PSC. The department is now strictly monitoring reconciliation from HQ.
Finance Circular 01/2010	• The Department should maintain records and be able to provide evidence to substantiate accounts and balances reported in its Trading and Manufacturing Accounts.	<ul> <li>The Department should ensure that proper reconciliations are carried out and any errors arising out of the reconciliations are investigated and adjusted accordingly.</li> <li>The responsibility of carrying out bank reconciliations should be given to Accounts officers with appropriate seniority and level of knowledge.</li> <li>The Department should provide appropriate training to Accounts Officers involved in carrying out reconciliations covering the areas of source systems,</li> </ul>
Agriculture Show were, uredited to the expenditure allocation for Agriculture Show (1-30202-30201-80514),Import Substitution Programme (1-30202-30201-080699) and the Export Promotion Programme (1-30202-30201-080619) instead of natural account number 840101.	Audit noted that the Department did not maintain adequate accounting records to provide sufficient appropriate audit evidence to substantiate the balances reflected in the TMA Balance Sheet.	Variance of \$238,966 was noted between the Department's TMA cash at bank balance and the cash balance reported in the GL [FMIS] as at 31 Dec 2010.  Some discrepancies were revealed following the review of the Department's monthly TMA bank reconciliations.
	TMA Balance Sheet - Commercial Undertaking	Errors in TMA Bank Reconciliations
	25.12	25.13

bank reconciliations.	This is noted and currently TMA Operations for agriculture is VAT exempted.	Under Finance Deliverables, reconciliation of accounts is currently taking place and monthly reports has been submitted to MoF on the 15th of every month.  Records have been maintained.  A Senior Accounts Officer is responsible for looking after reconciliation of MoA Accounts and provide on the job training to the COs under his supervision.  Evidence of RFA recon.
	The process of preparing Operating Vat return is similar to the process followed for TMA.	The reconciliation for SLG 84 account is in process and some credits are now being transferred to SLG 85.
obtaining relevant reports and the Dose and nature of reconcilications.  • Disciplinary actions should be instigated against relevant senior officers for failing to carry out proper checks and verifications on reconciliations before they are certified as correct.  The Department should ensure that figures disclosed in the VAT Returns are accurate.  • Supervisory checks should be improved		The Department should reconcile its records with Ministry of Finance on regular basis and any variance identified should be rectified immediately.  The Department should maintain record of all Revolving Fund Account transactions.  The responsibility of carrying out reconciliations should be given to Accounts Officers with appropriate seniority and level of knowledge.  The Department should provide appropriate training to Accounts Officers involved in carrying out reconciliations.
	Incorrect preparation of TMA Vat Returns for 2010	Failure to prepare and reconcile Accounts Payable [Standard Liability Group 84000) under the RFA - Miscellaneous
	Errors in TMA VAT Return	Revolving Fund Account (RFA)  – Miscellaneous
	25.14	25.15

nder Finance Deliverables, MoA is keeping record of Revolving Fund Account transactions and submit monthly reports to MoF on the 15 <sup>th</sup> of every month. Currently errors are being rectified by raising JVs.	The Ministry carried out a reconciliation on Trust Fund Account and the surplus cash has been transferred to Consolidated Fund Account. Currently, reconciliation is done monthly and report is submitted to MoF. A Senior Accounts Officer is responsible for the reconciliation, and rectify un-reconciled variances. Monthly meetings is done to all Accounting Heads of the Ministry for awareness and to be in par with the current Financial rules and regulations.  Evidence attached.	1) We admit receipting of funds in the Trust Account is wrong instead should be receipted in
No Comments Received	The variances highlighted were an oversight by the department during the reconciliation process and this was not deliberate.	As a result of the redeployment of \$2million, allocations were affected and as such payments were sourced from within.
<ul> <li>The Department should ensure the error is rectified.</li> <li>The Department should maintain record of all Revolving Fund Account transactions so that all errors and anomalies are identified and resolved.</li> </ul>	<ul> <li>▶ The Department should ensure that its Trust Fund Account records are reconciled with the general ledger [FMIS] on a monthly basis</li> <li>▶ The Department should investigate and rectify un-reconciled variances carried forward from 2009.</li> <li>▶ The Trust Fund Cash Book should be updated regularly and the bank reconciliation should be promptly carried out and verified by a Senior Accounts Officer.</li> <li>▶ Iournal vouchers should be raised to reflect the bank charges/fees/interest in the general ledger [FMIS]</li> <li>▶ Trust Funds account should not be overdrawn.</li> <li>▶ The responsibility of carrying out reconciliation should be given to Accounts Officers with appropriate seniority and level of knowledge.</li> <li>▶ The Department should provide appropriate training to Accounts officers involved in carrying out reconciliation covering the areas of source systems, obtaining relevant reports and the purpose and nature of reconciliations.</li> </ul>	<ul> <li>Retention monies should not be utilized for settling operating capital expenditures that are supposed to be funded through the budget.</li> </ul>
Audit noted that a deft tentry was passed to the liability a sunt instead of a credit entry.  Adjusting entries may not have been properly verified before posting to the general ledger [FMIS]	The Operating Trust Fund Account had an overdrawn balance of \$1,367,131 as at 31 December 2010.  2Audit noted that the Department has not taken any action to reconcile the variances highlighted in the 2009 audit report.  The Department did not make necessary adjustments in the general ledger [FMIS] to record bank fees and other interest directly deducted or added by the Bank.  The Trust Fund Cash Book maintained by the Department only record trust payments and not trust monies receipted in 2010.  The bank reconciliation format used was incorrect.	Audit noted that retention monies maintained as trust funds were utilized by the Land and Water Resources Management Division to
Withholding Lax Payable	Variance in Trust Fund Account	Payment of Operating/Capit al Expenditure Items from the
25.16	25.17	25.18

SLG Account. Money receipted was utilized according to its approved activity. Now all revenues are accounted properly in their correct allocations and donor funds are receipted in SLG 84 Account.  All Trust monies are deposited into one bank account and records are maintained properly and reconciliation submitted to MoF monthly.  ii)Payment made to hall Contracting Pty was from Retention funds because it was a 10% retention funds to be paid after completion of the project.  Evidence attached.	A Senior Accounts Officer is responsible for reconciling the Accounts. On the job training is done to the clerical officers under this Unit. The Ministry is now making payments through EFT and cheques are written only on urgent cases. The list of unpresented cheque has been reduced significantly. Internal Circulars are always issued on closure of Accounts for relevant officers to be proactive in
For the payment from AMA an amount of 45,000 was receipted into the Trust Fund Account. A Total sum of \$45,000 (3) was paid from Trust Bank account but only \$40000 was utilized from the Trust allocation. The remainder of \$5,000 was used from main accounts allocation, for Revenue Vat.	The RIEs were approved late, that's why this large purchase was done in December, and was sitting in the unpresented list.
The Division should ensure that deductions of retention money are correctly accounted as Trust Funds and paid only as retention claims submitted by contractors.  Trust monies should be kept in separate bank accounts as required by the Finance Instructions.	<ul> <li>The Department should ensure that monthly Drawings reconciliations are carried out with the General Ledger [FMIS] and any variances should be rectified forthwith.</li> <li>The responsibility of carrying out reconciliations should be given to Accounts Officer with appropriate seniority and level of knowledge.</li> <li>The Department should provide appropriate training to Accounts office involved in carrying out reconciliations.</li> <li>The Department should ensure that purchases are properly planned to avoid substantial purchases and payments of goods and services at year end which may lead to non-compliance with procurement procedures.</li> </ul>
meet operating c capital expenditure totaling \$52,794.  Audit also noted that the LWRM Division utilized trust funds to pay Hall Contracting Pty Ltd \$311,144 for dredging works at the Nadi River.	Audit noted that unpresented cheques increased rapidly in December which is an indication that spending was concentrated towards the end of the year.
Main Trust Fund	Variance in Drawings Account Balance
	25.19

their purchasing schedules. Evidence attached.	Currently all IVs go through the Principal Accountant and Senior Account for verification before being posted to CL (FMIS)	Currently VAT is paid to FIRCA monthly. Reconciliation is done monthly with FMIS expenditure and revenue reports from MoF.	There is an Overtime Policy in Place which is 44being strictly followed. Evidence attached.	Currently all payments of salaries, wages and allowances are processed through the payroll system and manual payment is done through the approval of MoE.
	Some of the clearances were correct, but Audit has said that clearances from July to November 2010 should have gone under OPR [previous years].	The figures that are inputted into the VAT return form is all derived from the CL on the system. This is for all the Programmes and Activities, which fall under Department of Agriculture. The figures are then compiled under each programme and Activity, on an excel spreadsheet.	Staff turnover in the Accounts Section was one of the contributing factors and also staff coming in as replacement for retirements, transfers and promotions were completely new to the system. Staffing issues were frequently addressed with management and PSC, However, due to existing policies and the non-availability of experienced, skilled and well qualified staff this area continues to be a major concern. Currently the Director Human Resources and Finance, Principal Accountant and Senior accountant positions are	The Government payroll system was not updated at all. However, approved manual payments if any, are updated on the appropriate forms and signed by the Assistant Accountant – Salaries. The latter was also advised
	<ul> <li>The Department should ensure that all journal entries are properly verified by Principal/Senor Accounts Officers before they are processed or posted to the General Ledger [FMIS].</li> </ul>	• The Department should carry out VAT reconciliations on a regular basis.	<ul> <li>With substantial overtime hours worked by officers in the Department, management and those with supervisory roles need to proactively engage in management of overtime hours.</li> <li>Working overtime should be closely monitored and properly managed and procedures developed to closely monitor overtime costs.</li> <li>Prior approval should be sought from those with the authority to approve overtime.</li> <li>Routine task should be appropriately planned and allocated to be completed during official working hours.</li> <li>Processes for evaluating the efficiency and effectiveness of various work production should be developed.</li> </ul>	<ul> <li>It is recommended that all payments of salaries, wages and allowances are processed through the payroll system.</li> <li>For approved manual payments of salaries, the Accounts Officer should ensure that they are updated in Government's payroll system.</li> </ul>
	Audit noted that the Department incorrectly passed a journal entry to clear stale cheques issued on 2010 totaling \$57,499.	Audit noted a variance of \$174,952 from a VAT reconciliation carried out during the audit.	<ul> <li>▶ The Department paid overtime totaling \$434,458 for overtime hours claimed in 2010. The Department vired funds allocated for capital projects to cater for overtime payments.</li> <li>▶ Prior approvals were not obtained to work overtime.</li> <li>▶ Officers worked overtime to complete routine tasks that should have been carried out during official working overtime officers at the Accounts Section were unable to rectify variances in the reconciliation of underlying accounts which have been prevalent from previous years.</li> </ul>	de de
	Incorrect Clearance of Stale Cheques	VAT Reconciliation	Excessive Overtime Payments	Payroll Records Not Updated in the Automated Payroll System
	75.20	25.21	25.22	25.23

Manual payments within the month are updated in the Government payroll system in that	For internal measures the the Ministry is using e mails to take action on cessation of salaries and wages when officers retires resigns or absconds from the Ministry. Other alternative is that copies of letters are given to Salaries/Wages Section first for cessation of pay before any other formalities is done.  We had written to Min. of Local Government for recovery of overpayment of salaries whilst at the Min. of Agriculture.	The Department has emphasized on the implementation of Standard Operating Procedures on purchasing and its dissemination to all Officers and Locality Officers accompany Companies during delivery of items to ensure items are delivered to the right farmers and also correct items and no of items
through an internal minute to take appropriate actions if a similar situation as highlighted in the audit report is encountered in future.	The Department of Environment was advised vide memorandum referenced and dated to recover the overpayment from Mrs Wagairamasi's salary.  The Department will also follow through with the Department of Environment on progress of recovery.  In addition, the Personnel and Accounts Section are currently working together to ensure that there is no delay in the cessations of salaries for officers who leave the department through resignations, retirements and terminations.	In the past, the department processed and passed vouchers for payment, based on signed certification at the bottom of purchase orders, confirming receipt of goods or completion of services or work. The departments recently signed Agency Financial Manual which took effect on 10th June 2011, stipulates at Part 2.8.4 (ii) that "the authorised officers must not certify a payment as correct unless they are satisfied that there is documentation that the goods.
	The Department should implement an effective and efficient communication process between the Personnel and Accounts section to ensure that correspondences relating to resignation are processed in a timely manner to avoid overpayment of salaries.      Salary overpayment should be recovered from the relevant officer in consultation with the Department of Environment.	• The Department should implement strategies to ensure that materials ordered are delivered in full and to the rightful recipient. It is recommended that delivery dockets are maintained and farming materials verified at the respective Divisional Offices before given to the farmers. Headquarters should be furnished with delivery dockets to allow payments to be effected.
under the National Spriculture Census were not readed in the input form& consequently not updated in the payroll records in the General Ledger[FMIS]	Project Assistant Senivasa Wagairamasi resigned from the Department with effect from 24/03/10. However, the officer continued to be paid her salaries until 20/05/10 resulting in an overpayment of \$2,728.	Audit could not determine whether farming materials were delivered and received by the respective farmers as relevant supporting documents have been misplaced.
	Overpayment of Salary	Delivery Dockets not Kept as Evidence of Goods Received
	25.24	25,25

delivered are in order.	The MoA procurement process is implemented as per the Procurement Policy and payments are made on goods and services already supplied with delivery dockets and certification of services rendered have been confirmed by officers concurrently, Chief Accountant's approval is sought before any advance payment is done and in accordance with the Advance Payment Dolicy.	Currently, Chief Accountant's approval is sought before any payment is done on proforma invoice. Evidence attached.
services or works have been received". In addition a memorandum has also been sent out to the various Directors emphasizing the importance of obtaining signed delivery dockets from recipients.	Department will ensure that prior approval is obtained from Chief Accountant before advance payments are made.	The department's image with suppliers/companies was totally tarnished after the year 2000 Agriculture scam, as a result purchase orders issued by the department were not accepted by most regular suppliers, and instead they demanded cheque payments for services rendered to the department had no option but to
	The Department must ensure that payments are only made for goods and services already supplied.  The Department must follow up on the supply of the above item and ensure that they are received in good condition.	<ul> <li>The Department should comply with financial instructions and regulations of Government and avoid paying goods and services on pro-forma invoices</li> </ul>
	On 31/12/10, the Department paid for the purchases of goods and services although they were yet to be delivered to the Department.	Audit noted numerous instances where pro-forma invoices were used to support payments without referral to the Ministry of Finance
	Advance Payments of Goods and Services	Payments on Pro-forma Invoice
	25.26	25.27

	The current procedure requires a Memorandum of Agreement to be approved by Solicitor General's Office whereby both parties should sign before implementation of the project and payment is to be done according to the MOA. Acquitalo of funds released is a basis of the released is a basis of the released of the next funding allocation.	The current process is that funds released are specifically used for the purpose it was requested for.
request for proforma invoices to support the payment of accounts and this continued until the Permanent Secretary for Finance issued a circular requiring all government ministries to obtain prior approval to use proforma invoices.  In addition, accounts staffs have always been pressured with urgent payments, hence the oversight which contributed to the nonsubmission of request as required under Ministry of Finance Circular 09/10 dated 27/0702010.  Responsible officers have been additional accordingly	As per Cabinet Decisions funds were utilized for Cyclone Mick Rehabilitation Program, Cabinet approved 43,280,492.00. Due to the late submission of Acquittals by the intended recipient funds were requested later in the year and therefore the delay in its release.	PS approved payment for the \$46,000 to 5PF. In view of the department's concerns on the use of capital grants for operating expenses, and other issues surrounding the financial affairs of the authority, an investigation was undertaken by
	Budget provided for capital grants should not be utilized for operating expenditures unless approved by the Ministry of Finance.  The Department must ensure that grants are paid on quarterly basis for effective monitoring of the utilization of grants.  The Department should minimize or avoid purchases of goods and services at year end to utilize savings.	<ul> <li>Acquittals should be thoroughly scrutinized to ensure that funds are utilized for the purposes they were provided and proper approvals should be obtained from the Department and Ministry of Finance for any diversion of funds.</li> <li>The Management of AMA should be</li> </ul>
	Audit noted:-  The Department made a lump sum payment instead of quarterly installments of which on 29/12/10, it paid \$1,785,060 to Rewa Dairy [Fiji Ltd]. A sum of \$2,570,000 was allocated in the 2010 budget as milk price subsidy.  The department utilized \$57,488 for unrelated expenses from the budget allocated for the subsidy.	Acquittals were not thoroughly scrutinized by the Department to ensure that funds are utilized for the purpose they were provided.
	Subsidy to Rewa Dairy	Diversion of Funds — Agriculture Marketing Authority [AMA]
	25.28	25.29

for non R, the Permanent Secretary has the authority to approve. Any change in activity for R, prior approval for the PS Finance is to be sought before any changes takes place MoF to submit a copy of the report on the investigation done	Lttg A o n. A.	Our earlier response remains. Response to 2010 Audit Report is enclosed together with the Independent Audit Opinion from Ernest & Young (SOPAC Auditor).
the Ministry of Finance Internal Audit as requested by the Permanent Secretary of Agriculture.	Since the disbanding of the authority, fund allocated was still under the department and since most of the activities undertaken had insufficient funds, the only option was to source from within, hence the expenditures.  Recommendations are noted and the Department will ensure that prior approval is obtained from Ministry of Finance for diversion of funds.	Acquittals for the project clearly state the entries in the month of November and December in 2009 and not 2010. Acquittals submitted included the following source documents:  -Receipts -Cheques -Purchase Order -Invoice from the company -Quotations -Quotatio
cautioned for the unauthorized desion of funds.	* Operating and capital grants should be used for the purposes they were provided for and prior approval should be obtained from the Ministry of Finance for any diversion of funds for others purposes.	Disciplinary action should be taken against the Project Manager for providing misleading reports to SOPAC.     The Project Manager should properly scrutinize all acquittal reports to ensure accuracy prior to their submission.
	Audit noted that the Department utilized funds allocated for CIDA to fund its operating expenditures.	Audit noted that the acquittal was misleading as it included payments effected in 2009. The dates on the acquittals were for 2010 but the actual payments were made in 2009.
	Grants to Coconut Industry Development Authority [CIDA]	Acquittals – Integrated Water Resources management [IWRM]
	25.30	25.31

	Currently, the Ministry now has drawn up MOA with every grant it provides to the individual stakeholder.  Evidence attached.
2010 and does not reflect anywhere for the 2009 acquittals. Acquittals for both years 2009-2010 are filed in the same file which may have been mistakenly picked by the Auditors.  Also be further advised that before sending the acquittals to SOPAC it is vetted by Director LWRM and PMLI IWRM Project Manager and Assistant and if there were any misposting or charges for 2009 appearing, this would have been immediately identified.	The amount totalling \$130,000 was given to FPFL from our Export Promotion Program. The Project paper was taken through the normal approval process of approving capital programs; the technical Working Group and the National Steering Committee, both of which the Permanent Secretary of Agriculture is the chairman.  The payment was not a grant but a direct assistance through the criteria under our Public Private Parhership.  The fund was fully utilized by FPFL for creating a Cassava, Dalo, Fish and vacuumed packed vegetables.  FPFL was impressed with the results of the assistance and the impact it has increased market shares and on the other hand farmers/producers were assured with a market and increase in revenue was also realized.
	The Department should ensure that an agreement is drawn up and signed between the Department and grant recipients prior to any payment of grant.  The Department should follow up on the submission of acquittal reports for all grants paid to FPFL.
	Audit noted the following anomalies:-  There was no Grant Agreement between the Department and FPFL  Acquittal reports were not submitted by FPFL detailing how the grant was utilized: and The Department did not follow up on the submission of acquittals.
	Grant Food Processors Fiji Limited [FPFL]
	25.32

From the Ministry's /Dept's comments. This has been settled. Currently, acquitals is always provided as the basis for the next RIE release.	The current process is that funds released are specifically used for the purpose it was requested for.  Any change of activity for non R. The Permanent Secretary has the authority to approve. Any change in activity for R, prior approval for the PS Finance is to be sought before any changes takes place. Payments are made upon receipt of items otherwise advance payment will follow Advance Payment	From the Ministry's /Dept's comments. This has been settled.
Acquittals was submitted, but in a different format, this has now been rectified, the various drainage boards have been advised to reformat their Acquittals to include cheque nos.	Payment to the Department of provincial Development totaling \$48,000 did not require Tender approval as the deal was made between two government. departments. Although an agreement was not drawn, maintenance works undertaken at Wainigata Research Station and Sigatoka Research Station and Futrently occupied by civil servants. However, recommendations are noted and the department in future will ensure that funds released are utilized for the purposes as budgeted for.	Please note that the stores officer has physically identified and verified the items with the Plant Pathology Lab. All items have now been delivered as per delivery docket # 519480 & 519481 As confirmed by the officer in charge of the laboratory, the payment was done after full delivery of the items.  Recommendations are noted and the department will ensure that shortcomings are avoided and Finance Manual is adhered to.
The Department should ensure that cands released are fully accounted for and acquittal report are submitted and reviewed before grants for the next quarter are released.	<ul> <li>The Department must ensure that funds should be utilized for the purposes as appropriated in the budget and any deviation should be authorized by the Ministry of Finance.</li> <li>The Department should ensure that payment should only be made upon receipt of items.</li> </ul>	Follow up with the supplier on the delivery of the above equipments.     Comply with the procedures stated in its Finance Manual     Ensure that payments are made upon receipt of goods/service in good condition.
Addit noted a numb of statutory authorities and institutions have yet to submit acquittals for funds disbursed to them in 2010.	Audit noted that the expenditure allocation was utilized by the Department for purchasing of building materials for divisional quarters in 2010	<ul> <li>▶ Department purchased \$15,817         worth of laboratory equipment         from Media Pacific South Pacific             Ltd.             Ltd.             ➤ Relevant LPO was not certified nor             the delivery dockets provided to             confirm that the items have been             received. However physical             verification of equipment at the             Koronivia Research Station and             discussions with the Storeman             confirmed that the equipment             have yet to be supplied by the             company.</li> </ul>
Non Submission of Acquittal Reports	Fiji College of Agriculture Grants Utilised to Repair Quarters	Purchase of Lab Equipments – Plant Protection Lab
25.33	25.34	25.35

N THE	FIJI ISLANDS	2011
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE	uditor-general's report of the republic of the fiji islands	VOLUME - 4 AUDIT ON THE ECONOMIC SECTOR - 2011
SLIC ACCOUNT	ORT OF THE RE	T ON THE ECON
RT OF THE PUR	ENERAL'S REPO	UME - 4 AUDI
REPO	AUDITOR-GI	NOF

pti. Current Status	oted. The Ministry had deactivated all total unfunded allocations in 2014. In unfunded allocations in 2014. Currently it runs compost report monthly to ensure all expenditures sider are charged to correct allocations. from lils to	and is currently undergoing review of TMA the MoA TMA Account.  The disting A submission of review of fees and charges is with MoF to increase rates had ROI purpose. Currently Extension division is operating under loss as lining the current rate of machine hire is the
Ministries/Depts.	The comment by OAG is noted.  The DOA will deduct the total expenditure of \$51,646.45 should be recovered from BAF. The Department should consider deducting the amount from grant paid to BAF if BAF fails to refund this amount.	Currently the management is reviewing the existing fees and charges of the three (3) TMA accounts in operation. The management feels that existing fees and charges are well below the current marketable rates hence, the TMA operations had incurred losses. The management is also looking into streamlining and aligning process to match all expenses and revenue within the
OAG Comments	The Department should ensure that she general ledger balances in the FMIS are in accordance to the Budget Estimates.  Expenses for BAF totaling \$51,646.45 should be recovered from BAF. The Department should consider deducting the amount from grant paid to BAF fails to refund this amount.	A review should be carried out on the viability of the TMA operation     The Department should ensure that the TMA should break even to ensure that all costs incurred in its operations are recouped for the financial year.
Issue	Scrutiny of the allocations above revealed that the charges related to payroll expenses of BAF. The above indicated that the Department did not maintain accurate balances in general ledger in accordance to the annual appropriation act and hence amounts reported in the Agency Financial Statement are overstated.	The audit noted also noted that the Scrutiny of TMA record reveals that TMA incurs losses of \$587,148 in its operation. If the current system of operation is allowed then the problem will continue to escalate resulting in more losses.
Heading	Anomalies Zero Budget Estimates	Lesses TMA Operation
ž	23.7.	e N

	25.9	25.10	25.11
	Trading and Manufacturing	Revolving Fund Account (Miscellaneous)	RFA – Inter Departmental Clearance (IDC) Account – Agricultural Tribunal
	The audit noted that adjustments were made to the Trading and Manufacturing Account during the year, however documents to support these adjustments were not provided for verification.	The Department of Agriculture's RFA-Miscellaneous balance for 2011 constituted all balances appearing under accounts receivables (5AG 560000), prepayments and clearing accounts (5AG570000) and accounts payable (5LG840000). A variance of \$129685 was noted in the RFA- Miscellaneous balance compared to the balance reflected in the FMIS.	A variance of \$23,725.92 was noted between the Agricultural Tribunal's closing balance and FMIS in the IDC account.
	• The Department should ensure that proper records of TMA adjustments are maintained and provided for audit when requested.	The Department should investigate and rectify the variance noted between its reconciliation and the General Ledger (FMIS).  The department should ensure that monthly reconciliations are carried out properly and accurately.	<ul> <li>The Tribunal should investigate and rectify the variance noted between its reconciliations and the General Ledger.</li> </ul>
indical year.	The unsubstantiated TMA adjustments were made by MOF to cater for the introduction of the new TMA Account for Fuel and Oil.	The DOA is looking into the huge balance that is carried forward from previous years under SAG 560000. There is a mix transaction for Fisheries and Forests with DOA when both departments were under the same Ministry. Now that the two departments are separated, DOFF transactions needs to be identified and either transferred to DOFF transactions needs to be identified and either transferred to DOFF or submitted to MOF for appropriate actions DOA is currently in the process for finalizing this.  The balances in SAG 570000 just need to be cleared as these are accountable advances given out in yester years. Currently the department in consultation with the Ministry of Finance FMIS unit is preparing a list of accountable advance that was retired manually but not updated in the system and to seek approval for write off.	This \$23,725.92 was paid by MOF being tax owed to FRCA. MOF debited the DOA's IDC and has been adjusted now from savings in the SECI. The Department of
price and current fuel cost.	MOF Assets Management section is currently undergoing review of the overall MoA TMA Account.  This will also include reviewing the systems and processes and record keeping currently in place.	In 2014 the Ministry in collaboration with Ministry of Finance has written off all past years figures  Under Finance Deliverables, reconciliation of accounts is currently taking place and monthly reports has been submitted to MoF on the 15th of every month.  Evidence Attached	Tribunal Department is currently with Judicial Department.

C adjustment this year,	ln 2011 there were a lot of senior The Ministry carried out reconciliation on Trust Fund section and as a result some Account and in 2014 the Ministry of maintaining ledgers without Finance has written off all past proper supervision. However this pears figures. A Senior Accounts years figures. A Senior Accounts year figures of the Ministry for reconciled variances. Monthly meetings is done to all Accounting Heads of the Ministry for awareness and to be in par with the current Financial rules and regulations.  Evidence attached.	e In 2011 the Accounts Payable In 2014 the Ministry in (AP) process were not completed collaboration with Ministry of and as a result a lot of expenses thad not been posted in the GL sears figures and other control accounts such as trust were affected. The department is currently in the process to identify and complete all this AP process so that not are reported accurately.	e had no option but to manage department with whatever resources and manpower available to get the reconciliation and transferred job done. Only the independent record keeping and Fund Account due to posting error
closing balance in the IDC account is zero at the end of the year.	The Department should investigate and rectify the variance noted between its reconciliation and the General Ledger (FMIS).  The department should ensure that monthly reconciliations are carried out properly and accurately.	The Department must ensure that Trust Funds are not overdrawn at any time.  The Department must investigate these overdrawn Trust Funds and take appropriate action.  The internal control procedures in the Accounts Section specifically supervisory checks should be strengthened to avoid discrepancies.	• The Department should ensure that proper records of Trust are maintained, updated and provided for audit when requested.
	A variance of \$26,721.21 was noted in the Operating Trust Fund balance compared to the balance reflected in the FMIS.	It was noted that the operating trust fund account of the Department had several accounts with overdrawn balance totaling \$1,409,903 as at 31 December 2011. In the absence of proper records and reconciliations, it is difficult to authenticate the accuracy of the Operating Trust Fund balance as stated in the general ledger (FMIS).	The audit could not substantiate the Department's LWRM Trust Funds receipts and payments figures in the financial statements as
	Variance in Operating  Trust Fund Account	Overdrawn Trust Fund Account	Lands and Water Resources Management (LWRM) Trust Fund -
	23.22	25.13	28.14

	25.15 Variance Drawings Balance	25.16 Anomalie	Temporary Senior Agriculture Officer		
	Account	b	ry Senior re Officer		
documents were not produced for audit. As a result the audit as not able to substantiate the accuracy of Trust Funds receipts and payments as at 31/12/11.	The Drawing Account balance as per Departments reconciliation did not reconcile with the FMIS balance as at 31/12/11. A variance of \$1,030,146,34 was noted between the two records.	dit noted that	Department failed to seek approval from the Public Service Commission to remunerate the officer outside the approved salary	range of a Senior Agriculture Officer. However the audit noted that the position was still to be	advertised and the officer is yet to sign a new contract.  Moreover scrutiny of the officer payroll records
Proper monthly reconciliations between bank and department cash book records are to be performed and properly checked by the supervising officer before certifying it.      The Department should ensure that board of survey is	ornancea at the end of the year and any errors are investigated and adjusted accordingly.  The Department should ensure that monthly reconciliations are carried out properly and accurately.  The internal control procedures in the Accounts Section, specifically supervisory checks	should be strengthened to avoid such discrepancies.  • The Department should seek	approval from Public Service Commission before remunerating officers outside the salary scale and the decision made by the Commission should be unheld	The Department must ensure that the officer signs a new contract as directed by the	Public Service Commission.  The unauthorized salary payment should be recovered
reconciliations was not carried out but now staffs have been advised to improve from this year.	In previous years the Accounts Payable (AP) process were not completed. This had led to huge amount of variance in Drawings Account and underreporting of DOA expenditure. The DOA is working closely with MOF (FMIS) to identify those transactions for		decision from PSC. However the officer has refused to take PSC's offer and the matter is being referred back to PSC. Mr. Waaabaca was initially	appointed as Senior Agri Officer with effect 30/09/2007 to 23/09/2 Senior Agricultural	(Monitoring Task Force) and held against a Senior Research Officer Post paid at the maximum salary point of 436,399. The
from previous years.  Monthly reconciliation is done and submitted to MoF.  Evidence attached.	The Ministry now ensures daily that all transactions are posted to GL and every month proper reconciliation done on drawings account and have worked in collaboration with Ministry of Finance to write off past years balances.	Evide PSC		Evidence Attached	

	25.17
	Salary
	° c
revealulation that the officer is still receiving and annual salary of \$38,315. Since the appointment of the officer on 24 September 2007, he has been overpaid \$42,551.97 in terms of unauthorized salary.	The review of the payroll records revealed that the Department failed to cease the payment of salaries for officers upon termination, leave without pay, resignation or retirement.
from the officer and appropriate action to be instigated against the officers responsible for authorizing incorrect salary payment.	implement an effective and efficient communication process between the Personnel and Payroll section so that the correspondence relating to resignation, termination and retirement are processed in timely manner to avoid overpayment of salaries.
Assistant Accounts Officer salary then (Mr. Uddy Kumar – deceased) confirmed that upon inquiry with the then Director HRF&I (Bulou Rakuita). It was revealed that the increase in salary was a directive from the PM's office through the P5 p5C however there was no written approval from P5C to this effect.	The department will review the communication process and ensure that those who are leaving the services are not paid any extra salary. The details are as follows:  1. Osea Rasea: The officer tendered his resignation on 21/12/2011 giving a 1 month notice and was processed and dispatched to Salary Section on 16/03/2011, signed by AAO (Salaries). 7 days left is an ample time to reverse his salary from MOF.  2. Eroni Tamani: The officer applied for overseas leave on 03/03/2011 and left the country at 7 am on 04/03/2011. The PSA in his directive had approved and that his salary is ceased with immediate effect abd a minute was signed on 14/03/2011. His salary was ceased on pay 07/2011.  3. Lusiana Tuimaitoga, Temp AA- The officer whilst being a temporary appointment proceeded on full time study have for a signed on full time study
	Previously actions were taken upon receipt of official memorandum however seeing the amount of overpayment done on salaries and wages due to late notification the Ministry has now actioned on e-mails received to fasten action taken. This has reduced the overpayment of salary and wages.

	and services was vultipout the Durchase Order Permainform Tonaca Taskform Tower Permainform Tower Perm	25.19 Payment of The utilize Operating Money /Capital Expenditure Items highlighte
	Audit noted that a memo was written on 16/06/11 by the Assistant Accounts Officer (Ledgers) the Permanent Secretary was informed that a Sergeant Tomasi Delana from the Taskforce unit was responsible for taking the vehicles for repair without local purchase orders. However the audit has established that the Department has not taken any action on the officers responsible for the anomaly.	The utilization of trust fund money to cater for operating and capital expenditure was first highlighted in the 2010 Draft
	The Department must ensure that all expenses committed are within the approved budget and paid within the same year.  The Department must ensure that local purchase orders are issued when procuring goods and services.  The Department should investigate the officers responsible for not adhering to the financial regulations and institute appropriate disciplinary actions where warranted.	The Department must ensure that only retention payments are to be made from Trust Fund Account and operating and capital expenditure should be
terminated with effect from 25/05/2010 vide memo dated 24/05/2010 copy of the memo was marked to Principal Accountant for the necessary actions on the same date.	The matter has been referred to the office of the Drime Minister where the officers are based.	Two cheques were received for works carried out on behalf of other government agencies.  Details are as follows:
	The Ministry has now strictly following on Financial rules and regulations in that:  • Expenses committed are within the approved budget and paid the same year;  • Pos are issued when procuring goods and services;  • Procurement Policy in place for guidance on procurement of goods and services; and  • Disciplinary measures are in place for breaching rules and regulations of Government.  Procurement Policy as evidence.	1) We admit receipting of funds in the Trust Account is wrong instead should be receipted in SLG Account. Money receipted was utilized

approved svenues are rly in their and donor d in SLG 84	e deposited count and intained onciliation i monthly.		
according to its approved activity. Now all revenues are accounted properly in their correct allocations and donor funds are receipted in SLG 84 Account.	All Trust monies are deposited into one bank account and records are maintained properly and reconciliation submitted to MoF monthly.		
RR # 663020 02/02/11 \$78.015.52(Water Authority of Fiji Nalili Dredging Wo	28/01/11 \$18,000(Provincial Development Irrigation works Navua).	The expenses mentioned above were charged against the above receipt. As for China Railway when submission was made to Ministry of Finance the VAT portion was not included in the initial submission. The Ministry will write to Finance to seek the shortfall and credit the referention	fund account.
correct			
charged to the allocations.			
Audit Memorandum on 19/08/2011. The Department however failed to take immediate action by not using trust fund money to meet payment for its	2 5		
from Trust Fund			

cuttings were supplied to to the farmers but again no delivery dockets made. We Cheque No 183854 - Semi Rotubuli for supply of 80 Some of these kumala farmers and noted on tally cards. The rest were delivers deliveries to the recipients weekly Debit Note is Ratubuli for the supply of made. These deliveries were Staffs who were unaware of the procedures. We have rectified this and advised deliveries to the recipients bags of kumala cuttings. have since rectified this and are now made on delivery Lautoka does not have a oil. Therefore all vehicles are filled at the DE Western are made in advance to DE to keep our in credit. Then Cheque No 184797 - Emoni yams. The yams were delivered to the recipients made by the Technical the officers to ensure that are made on delivery which bowser for filling of fuel and Bowser for daily operation and PWD Fuel Requisition (GP86) is used. Payments obtained for reconciliations but no delivery docket to avoid over expenditure. currently the practice. Western Western account receive the delivery dockets from the Department for delivery regarding Cheque the 2. The Audit Office is yet to receive the receipts from the fuel 3. The Audit Office is yet to No 18479 and Cheque No purchase from Divisional Department for buildozing works done by A Kumar Engineer Works Western. for bulldezing Works. Department completion

The current process is that funds released are specifically used for the purpose it was requested for.  Any change of activity for non R, the Permanent Secretary has the authority to approve. Any change in activity for R, prior approval for the P5 Finance is to be sought before any changes takes place				
1. Lifesaving equipment was purchased for staff engaged in Coconut  Development Programme. They had to travel by sea from Islands to promote coconut expansion works. It is also a requirement by FIMSA that all outboard engines are fully equipped with such equipment.	2. There was no intension to purchase time clock from Coconut Development Programme but this was overlooked and was purchased. Such misallocations will not be reposed in 6, the constant of t	3.A lot of printing works for Coconut Programme is done at Headquarters and Lakena to ensure timely services is provided to staff engaged in coconut development. This works includes Coconut Day	Celebration in Savusavu, the stakeholders meeting in Savusavu, Agriculture Show and other important consultations. As such, the photocopier had to be repaired to print technical bulletins and other materials for coconut works.	4. Director is responsible in coordinating all Coconut Development Programme. He has to facilitate all Coconut Development works compile reports and reports to management on progress.
• Funds should be used for the purpose they were provided and prior approval should be obtained from the Ministry of Finance for any diversion of funds. • Expenditure incurred should be correctly charged to the relevant expenditures,				
Fund. allocated for the Coconut Development Programme, Rural and Outer Island and Value Added Tax were used to meet other operating expenditures.				
Diversion of Funds				

	25.25
	Procurement Reofing Iron
	7
	Contrary to the approval by the Government Tender Board (GTB), the Department purchased roofing iron from other companies apart from the Roofing and Profiles (Fiji) Ltd.
	The Department must ensure that all zincalume and galvanized roofing products are purchased from Roofing and Profiles (Fiji) Ltd as per tender approval.  Appropriate action should be taken against responsible officers who continue to disregards the above tender approval.
such cartridges had to be purchased from Coconut Development Programme to ensure Director input in Coconut Development is not affected. The construction of the whole Nut Processing Facility in TCC, Taveuni requires a lot of correspondence especially in the procurement of machines.	All staff involved in this told us that they were not aware of the contact being awarded to Roofing and Profiles Limited and also in some cases the contracted company could not deliver to the remote areas.
	MoF Circulars and MoA internal Circulars on Contracted items once received are disseminated widely to all officers in the Ministry.  Any breach will result in investigation and disciplinary action taken against the officer concerned.

## 2012 Audit Comments

25.6.1		25.6.2
Anomalia in John State of Stat	The TMA	Review of Financial Performance
OAG Recom	<ul> <li>The Ministry should maintain records and be able to provide evidence to substantiate accounts and balances reported in its TMA.</li> <li>The Ministry should ensure that proper reconciliations are carried out and any error is investigated and adjusted accordingly Annual boards of survey must be conducted by 3 officers who are independent from the officer responsible for the custody of TMA stock.</li> <li>The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid discrepancies.</li> </ul>	<ul> <li>The Ministry should review its TMA operations and develop strategies to strengthen their financial performance.</li> <li>Adequate financial management practices should be put in place to facilitate the semi-commercial nature of TMAs.</li> </ul>
Ministry/Dept. Comments	The comment by OAG is noted. The MOA has now maintained records so that evidence is provided to substantiate accounts and balances in the TMA. Proper reconciliation is now carried out and errors are adjusted accordingly.  The MOA will ensure that annual board of survey is conducted by three (3) independent officers. Also discussions have been with the officers responsible of TMA to strengthen their internal control and supervisory checks to avoid discrepancies.  As for repair of vehicles, it was agreed between the TMA Section and Animal, Health & Production (AH&P) Division that the vehicle will be used for both the TMA section and normal operations of the AH&P Division.  TMA funds used by former Assistant Accountant in relation to Mr. Napolioni Seru was due to the fact all operational funds were exhausted. The Assistant Accountant of AH&P Division, being the responsible officer at that time, had failed to make appropriate	The MOA will review the operations of TMA at two divisions (Extension and AH&P) and will develop internal strategies and monitor the financial performance of TMA.
Department Comments on Current Status	MOF Assets Management Section is currently undergoing review of the overall MoA TMA Account.  This will also include reviewing the systems and processes and record keeping currently in place.  Any breach of financial regulation and discrepancies found will result in officers responsible to be investigated and disciplinary actions taken.	MOF Assets Management section is currently undergoing review of the overall MoA TMA Account. This will also include reviewing the systems, processes and record keeping currently in place.

	25.6.3		25.8
	Irregularities in TMA Bank Reconciliations	LWRM Trust Fund Account	Statement of Losses
<ul> <li>Proper books of account should be maintained for all TMAs and provide for audit when requested.</li> <li>All TMA's operation related costs should be appropriately taken in account in the financial statements.</li> <li>The Ministry should ensure that audit qualification issues are promptly dealt with.</li> </ul>	<ul> <li>The responsibility of carrying out bank reconciliations should be given to Senior Accounts Officers having adequate knowledge of the bank reconciliation process.</li> <li>The Ministry should provide appropriate training to Accounts Officers involved in carrying out reconciliations.</li> <li>The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid such discrepancies.</li> </ul>	<ul> <li>Monthly reconciliation be strengthened to mitigate the various issues highlighted above.</li> <li>The Ministry should ensure that errors and discrepancies identified during the reconciliation process are corrected promptly. The Ministry should seek the Ministry of Finance assistance where necessary.</li> <li>Proper books of account be maintained and provided for audit when requested.</li> </ul>	<ul> <li>All property, plant and equipment purchased by the Ministry must be properly recorded in the FAR.</li> <li>The Ministry should carry out a Board of Survey annually to take stock of all its assets and update its fixed assets</li> </ul>
	The MOA is adhering to the format required by Ministry of Finance (MOF). The MOA has had a meeting with MOF on this issue.	The comment is noted. The MOA has now opened a cash book for Trust Account to show receipts and payments. As for the discrepancies identified, the MOA is working on reconciling the whole Trust Account again from 2011 to identify these discrepancies before seeking MOF's advice to correct it.	Audit comments are noted. The MOA is working on corrective measures to improve the current process of purchasing, recording and management of all assets.  The delay to carry out a Board of corrections of the delay to carry out a Board of corrections.
Evidence attached.	The review of the overall TMA operations will include a Senior Accounts Officer to be responsible for reconciling the TMA Accounts. This also include on the job training to the Clerical Officers under this Unit and the monitoring of financial operations of TMA.	The Ministry carried out the reconciliation on Trust Fund Account and surplus cash has been transferred to Consolidated Fund Account. Currently, reconciliation is done monthly and report is submitted to MoF. A Senior Accounts Officer is responsible for the reconciliation, and rectify un-reconciled variances. Monthly meetings are done to all Accounting Heads of the Ministry for awareness and to be in par with the current Financial rules and regulations.	The Ministry has established an Asset Division to monitor and control assets of the Ministry. A Fixed Asset Register is currently in the process of been updated.

	Drawings Account Balance — Operating Account	25.10 Revelving Fund Account - (Miscellaneous)
<ul> <li>A statement of Losses should be submitted for audit as required by section 71(f) of the Finance Instructions.</li> </ul>	<ul> <li>Monthly reconciliations process should be strengthened to mitigate the various issues highlighted above.</li> <li>The internal control procedures in the Accounts section, specifically supervisory checks should be strengthened to avoid such discrepancies.</li> <li>The Ministry should ensure that all errors and discrepancies are corrected promptly. The Ministry should seek Ministry of Finance assistance where necessary.</li> </ul>	Monthly reconciliation process be strengthened to mitigate the various issues highlighted above.     The Ministry should investigate and rectify variances noted between its reconciliation and the General Ledger (FMIS)     The ministry should ensure that monthly reconciliations are carried out properly and accurately. All advances are retired with seven days of completion of travel.     Accounts Officers should be proactive in resolving un-reconciled balances.
that an independent person from another Ministry is required to be part of MOA's BOS team as per the Fiji Procurement Officer (FPO) Regulations.  The MOA has clarified with FPO and the advised given by FPO is that officer from different divisions within the MOA can be part of the BOS teams.	The variance in Drawings account is reflected as a result of past years transactions that were not posted to general ledger. The approach taken by the new Principal Accountant in 2012 was to request MOF for write off. However MOF requested the MOA to identify funds for write off which the MOA did not have last year.  However the MOA is again liaising with MOF for write off, its reason being that expenditure has already occurred but the books were not adjusted on time.  The current reconciliation is up to date.	
Complete BOS processes are now being implemented to correctly state losses incurred in the Ministry.	The Ministry with the assistance of the FMIS Unit of the MoF has carried out a reconciliation of the Drawings Account in 2014 and unidentified variance has been written off. Currently, reconciliation is done monthly and report is submitted to MoF. A Senior Accounts Officer is responsible for the reconciliation, and rectifies un-reconciled variances.	Under Finance Deliverables, reconciliation of accounts is currently taking place and monthly reports have been submitted to MoF on the 15 <sup>th</sup> of every month.  Records have been maintained.  A Senior Accounts Officer is responsible for looking after reconciliation of MoA.  Accounts and provides on the job training to the COs under his supervision.  Evidence attached.

	Pund Account		Acount Balances
between the records reconciliation statements and the general ledger	<ul> <li>The Ministry should investigate and rectify the variance noted between the reconciliation and the General Ledger (FMIS).</li> <li>Monthly reconciliations should be carried out properly and accurately and Accounts Officers should e proactive in resolving un-reconciled balances between the records reconciliation statements and the general ledger (FMIS).</li> <li>The Ministry must ensure that Trust Funds are not overdrawn at any time.</li> <li>The Ministry must investigate these overdrawn Trust Funds and take appropriate action.</li> <li>The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthen to avoid such discrepancias.</li> </ul>	<ul> <li>The ministry should improve its debt collection strategies to enable the recovery of outstanding revenue.</li> <li>The Ministry must ensure that adequate accounting records are maintained to substantiate arrears of revenue balance at year end.</li> </ul>	<ul> <li>The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during the audit.</li> <li>The Ministry should seek clarifications from the Ministry of Finance on allocations under its Head that it cannot explain nether have records to substantiate the halones.</li> </ul>
	The MOA has reconciled most of the trust funds account that were dormant from past years with debt balance. The MOA will request MOF for adjustment of these accounts with debit balance from previous years.	The MOA is currently preparing a Cabinet paper requesting for write off of past years irrecoverable debts.	Comments are noted. Some allocations are not in use but appearing under our Head. Hence, the MOA will need to work with the MOF to deactivate unused accounts.
	In 2014 the Ministry in collaboration with Ministry of Finance has written off all past years figures. Under Finance Deliverables, reconciliation of accounts is currently taking place and a monthly report has been submitted to MoF on the 15th of every month.  Records have been maintained.  A Senior Accounts Officer is responsible for looking after reconciliation of MoA.  Accounts and provides on the job training to the COs under his supervision.	evenue Collectors have now clear, defined roles and responsibilities as stated in their appointment letters. Arrears of revenue report are submitted to HQ on monthly basis and to MoF on a quarterly basis	

The recommendation is noted and the Ministry will put emphasis on proper survey done for the project to be sustainable.  Standard Operating Procedures for pre and post project implementation is in place to alleviate the issues currently faced. There is a Monitoring and Evaluation Unit, recently established to monitor and evaluate projects.  Evidence attached.	The Ministry is currently conducting agricultural household survey and this will enable us to capture data and establish database on all agricultural schemes to assist in reviewing the effectiveness of the programmes and improving the policies and programmes and improving the policies
No comments	No comments
In Strengthen the agricultural initiative, the Ministry should ensure that:  Continuation assessment of its selection and vetting processes is undertaken to address gaps identified during the practical implementations of the projects.  Applicants have proper lease to the land to be farmed and that 'matagali' concerns and land ownership are addressed prior to the assistance being provided.  Ceographical location of the farm assessed against the viability of the project prior to providing assistance.  Proper assessment reports suitable for effective and informed decisionmaking are prepared together with pictorial evidences, where possible.  Proper documentations are maintained at the various stations and Headquarters. The delivery dockets, project papers and assessment reports are properly filed in the respective project files and reviewed for improvement opportunities.  Project are monitored on a regular basis to strengthen the implementation process and to also ensure that necessary technical support and advice are provided with training regarding the requirements of the ROI programme addressing performance management, monitoring evaluation and documentation projects.	it is recommended that the Ministry establish a database to consolidate and capture data on all agricultural schemes to assist in reviewing the effectiveness of the programmes and improving the policies and procedure guidelines.
ROI Project	farming assistance Program
だ 近	

All donor funds are received in SLG 84 Account with MoF approval. Monthly reconciliation is submitted to MoF. Acquittal is submitted to MoF and Donor	agencies at the end of the project.  MOF Assets Management section is currently undergoing review of the overall MoA TMA Account.  This will also include reviewing the systems and processes and record keeping currently in place.	MOF Assets Management section is currently undergoing review of the overall MoA TMA Account. This will also include reviewing the systems and processes and record keeping currently in place.
No comments	No comments	No comments
The Ministry should ensure that all records in relation to assistance received from donor agencies are properly maintained and produced for audit purposes when requested.	<ul> <li>All stock should be kept in an orderly manner to allow for stock take to be undertaken efficiently.</li> <li>The Ministry should ensure that all items ordered and paid for are delivered in full quantity and properly accounted for.</li> <li>The internal control procedures in the Trading and Manufacturing account of AH&amp;P, specifically supervisory checks should be strengthened in order to avoid such discrepancies.</li> </ul>	out a board ck stored at 1 items have anger viable, ed for other usable etts and e properly d seriously r storage at are diately hand, the olan the olan the olan the are prieds of ar periods of at have been at have been
Records not maintained for Aid-in-Kind	TMA Stores	Proper records
25.16	25.17	25.18

	Procurement procedures of the lowest bidder went to Clyde Engineering Ltd. Machine supplied incapable of doing work in swampy fields. FPO awarded the Tender to Cydle equipment. Matter was referred to FPO.	Better control has been put in place with security checks on delivery dockets at the gates for all deliveries done Investigation done Tribunal set and decision delivered for the storemen but report from Police Department on the theft of fertilizers is still pending.	The comments are noted.  Lakena store now has stock cards in place for all items under its custody.
	No comments	No comments	No comments
may no longer be used, an old machine and damaged vehicles should be auctioned or appropriately disposed off.	The Ministry should:  • Properly conduct its research into the usefulness and suitability of such machines and carry out cost benefit analysis before procuring them.  • Consider returning the machines to suppliers and obtain refunds.  • Investigate how much machines are able to be procured and fully paid without testing thems.	<ul> <li>The Ministry should take a proactive approach in liaising with the Police Department on the outcome of the investigation with regards to the theft of fertilizers.</li> <li>Security risks should be resolved and controls over the custody of stock should be improved.</li> <li>Regular inspection should be carried out to ensure that all stores under custody are safeguard from thefts and misappropriation.</li> <li>Records on the movements of stock should be properly maintain and produced for audit purposes when required.</li> </ul>	<ul> <li>A stock take should be carried out at the Lakena Station and all items in stock should be recorded in the stock register or tally card.</li> <li>Proper handing over should be conducted when officers in charge of the stores change. All items should be stored properly for longevity, acceibility and accountability. Regular inspection should be carried out to ensure that the Officer responsible for</li> </ul>
	New machines lying idle	Discrepancies noted in the FAO aids received	Stores without having tally card
	25.19		25.30

	The Comments are noted.  The Ministry has established an Asset Division to monitor and control assets of the Ministry. This includes vehicles that are been used in the division.	Currently the Ministry is using e mails to take action on ceasation of salaries and wages when officers retire resigns or absconds from the Ministry. Other alternative is that copies of letters are given to Salaries/Wages Section first for ceasation of pay before any other formalities is done.
		No comments
the stores is supplied with protective clothing and equipment while handling chemicals and fertilizers.  Unless formally requested to the Ministry and properly approved, storing of items in government stations that do not belong to the Ministry should be avoided.	<ul> <li>A fuel usage is a high risk area, proper records on purchases, delivery and utilization of fuel are to be maintained and produce for audit when requested. The officer responsible should be disciplined for failing to maintain appropriate records.</li> <li>Records of vehicles that have been damaged and are still kept at the station should be maintained until they are disposed off.</li> <li>The Ministry should liaise with the Ministry of Finance for allocation of funds for the repair and maintenance of the above vehicles. Vehicles that are uneconomical to repair should be boarded after a proper Board of Survey is carried out and proper approval obtained from the Ministry of Finance for disposal</li> </ul>	A recoveries of overpayments of salary/allowance and personal expenses are difficult when an employee leaves the service, the Principal Accounts Officer should be more vigilant in checking salary regulations and ensuring salary payments to those that have retired or resigned are ceased as soon as practicable.  The Ministry can address the delay in submitting salary change advice by effectively communicating and coordinating matters affecting payroll in a timely manner between the
	Notor Vehicle Pecords at Lakena Station	Salary
66.20		25.23

		25.31 Payment of Salary without any evidence (Attendance Register) of Presence at Work
Administration/Stations and the Accounts Sections.  • Where an overpayment to an employee who has left the employment of the Ministry is substantial, legal proceedings is an avenue that can be considered for debt recovery if other arrangements with the relevant officer are not possible	<ul> <li>Any salary/allowances paid to Eroni         Tamani whilst absconded from the service should be immediately fully recovered from the officer.     </li> <li>The Ministry should seek clarifications/confirmations from FNU for Eroni Tamani's employment status from 2012 to date. As the officer's request to work as a part-time lecturer with FNU was denied by the PSC, any salary/allowances paid to the officer whilst with FNU should be fully recovered.     <li>The officer should be appropriately disciplined for failing to abide by the directives of the Ministry and the Dsc</li> </li></ul>	<ul> <li>Salary paid during the periods of unauthorized absence from work should be fully recovered from the officer.</li> <li>Appropriate disciplinary actions should be taken against the officers for breaches of the General Orders.</li> <li>The officer's work performance should be closely monitored and in case of poor performance, the matter should be referred to the management of the Ministry for further actions to be be taken.</li> </ul>
	The comments are noted and the process of disciplinary will take place in July 2015 once we have:  i) Determined period of abscondment FNU has confirmed that he was engaged with them from February to November 2012; although PSC considered his absence as LWOP. Disciplinary actions to be recommended will include recovery of salary.	The comments are noted and will take action immediately.

PSC leave policy and internal Circulars emphasing on these policies have been circulated for implementation.	Comment is noted. The Ministry has now strictly following the PSC leave policy and compensation. MoA would adhere to rules and regulations binding leave compensation salary level.	The Administration Division and other divisions are communicating and coordinating on leave administration avoids bulging leave entitlements. Leave entitlements are updated once leave is taken.
No comments	No Comments	No comments
<ul> <li>Administration of leave should be improved and officers should be encouraged to take leave when due or on a piece meal basis after considering the service delivery of the Ministry.</li> <li>The Ministry should comply with circulars issued by the PSC from time to time regarding the administration of leave.</li> <li>Overpayments of leave compensation should be recovered from relevant officers. And in cases where recovery is not possible, the Ministry should investigate the cause of the overpayments and take appropriate actions.</li> </ul>	<ul> <li>Leave allowances paid to contracted officers should be fully recovered.</li> <li>It is recommended that senior officers in the Administration and the Accounts Section update themselves on the provisions of the General Orders to minimize or avoid non-compliance.</li> </ul>	<ul> <li>The internal control procedures in the Leave Section, specifically supervisory checks should be strengthened to avoid such discrepancies.</li> <li>The Ministry should ensure that Leave Schedules are immediately updated when leave are approved to be taken</li> <li>Regular reconciliations should be carried out between the attendance register, individual leave files (leave schedule) and leave return forms to avoid or minimize the risk of incorrect leave entitlements</li> <li>The Ministry should address these shortcomings by communicating and coordinating matters on leave administration in a timely manner</li> </ul>
Leave Compensated to Staff not meeting the condition set by PSC	Payment of Leave Allowance to Contracted Officers	leave records
25.33	25.34	25.35

	The Ministry has updated each officer's information against P2P format including APA.  Extension of Contract depends on the assessment rating of each officer's performance.
	No comments
<ul> <li>Information reflected in the Motor Vehicles Returns should be correct and up to date. A board of survey should also be carried out to determine the conditions of all vehicles under the Ministry and information correctly reflected in the Motor Vehicle Returns.</li> <li>The Ministry should liaise with Ministry of Finance for funds needed for the repair and maintenance of roadworthy vehicles. Damaged vehicles that are uneconomical to repair should be appropriately disposed off.</li> </ul>	<ul> <li>The evaluation and review process of works performed by each officer annually should be improved to ensure that all staffs submit required reports to their supervisors for assessments.</li> </ul>
	Examples of Officers not submitted their ACR
	25.39