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# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

## **Review of the 2019 Annual Report Office of the Auditor General of the Republic of Fiji**



**PARLIAMENT OF THE REPUBLIC OF FIJI  
Parliamentary Paper No. 146 of 2020**

***September, 2020***

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*Published and printed by the Department of Legislature, Parliament House, Government Buildings, Suva*

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## CHAIRPERSON'S FOREWORD



I am pleased to present the Committee review report on the 2019 Annual Report of the Office of the Auditor General. This report provides the details of the review that was carried out by the Committee.

The Office of the Auditor General (OAG) is established under section 151 of the Constitution of the Republic of Fiji, and the Audit Act 1969 further specifies the powers of the Auditor General to audit the whole of government financial statements and the reports of all entities of government. It also empowers the Auditor General to conduct performance audit of government entities to assure Parliament that the entities are achieving their objectives effectively and doing so economically and in compliance with all relevant legislations.

The Auditor-General is responsible, on behalf of Parliament to audit the accounts of all government agencies, state-owned entities, statutory authorities, municipal councils and provincial councils except for its own office and those entities that may be exempted by law. The Auditor General carried out the audit in accordance with the relevant provisions of the standards on auditing issued by the Fiji Institute of Accountants or other relevant standards considered appropriate.

Moreover, section 152 of the 2013 Constitution of the Republic of Fiji states that at least once in every year, the Auditor-General shall inspect, audit and report to Parliament on; –

- (a) the public accounts of the State;
- (b) the control of public money and public property of the State; and
- (c) all transactions with or concerning the public money or public property of the State.

At the outset, I commend the Office of the Auditor General in clearing 80 per cent of the backlogged accounts which involved 264 accounts being submitted to OAG for audit as at 31 July 2019. Of which, 151 accounts has been audited and out of the 264 accounts audited, there were 186 accounts audited were in backlog. The Committee has taken note of the challenges in clearing the backlog that involved:

1. the significant time taken to sign the audited financials;
2. the unavailability of key/responsible client personnel;
3. the untimely provision of records for audit verifications;
4. the unresolved accounting issues;
5. the late submission of draft financial for audit; and
6. the resources being tied up to undertake backlogged audits.

It is important to note that the Office of the Auditor General is funded through an annual appropriation by Parliament. This enables the OAG to fulfil its audit mandate on public sector entities and these include financial audits, performance audits and special investigations. In the 2018-2019 Financial Year, the Office of the Auditor General had received a one line budget with an allocation of \$6,623,600 compared to \$4,612,843 in 2017-18 Financial Year, which was an increase of 43.6 per cent.

The Committee commended the work of the Office of the Auditor General and the support provided throughout the scrutiny of all audit reports that was referred to the Public Accounts Committee and also the responses provided during the deliberation of this report.

I sincerely thank all the Honourable Members of the Committee for their valuable contribution in the successful compilation of this bipartisan report, namely Hon. Joseph Nand (Deputy Chairperson), Hon. Vijendra Prakash, Hon. Aseri Radrodro and Hon. Ro Teimumu Kepa.

I also wish to acknowledge the Secretariat for their support in the compilation and finalisation of this bipartisan report.

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



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

## **COMMITTEE MEMBERS**

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



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



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



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



**Hon. Ro Teimumu Kepa  
(Opposition Member)**



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

## ACRONYMS

<b>AFROSAI</b>	African Organisation of Supreme Audit Institutions
<b>BDO</b>	Binder Dijker Otte & Co. Chartered Accountants Fiji
<b>CIU</b>	Construction Implementation Unit
<b>COVID-19</b>	Novel Coronavirus 2019
<b>CSAs</b>	Commercial Statutory Authorities
<b>FMIS</b>	Financial Management Information System
<b>FRCS</b>	Fiji Revenue & Customs Services
<b>FY</b>	Financial Year
<b>GCCs</b>	Government Commercial Companies
<b>INTOSAI</b>	International Organisations for Supreme Audit Institutions
<b>ITC</b>	Information Technology & Computing Services
<b>IT</b>	Information Technology
<b>JEE</b>	Job Evaluation Exercise
<b>MOE</b>	Ministry of Economy
<b>NDP</b>	National Development Plan
<b>OAG</b>	Office of the Auditor General
<b>OBSEs</b>	Off-Budget State Entities
<b>OHS</b>	Occupational Health & Safety
<b>PASAI</b>	Pacific Association for Supreme Audit Institutions
<b>SAI</b>	Supreme Audit Institutions
<b>SDGs</b>	Sustainable Development Goals
<b>SDG 5</b>	Gender Equality
<b>SDG 8</b>	Decent Work and Economic Growth
<b>SDG 12</b>	Responsible Consumption and Production
<b>SO</b>	Standing Orders
<b>UN</b>	United Nations
<b>WGEI</b>	Working Group Extractive Industries

## INTRODUCTION

The 2019 Annual Report for the Office of the Auditor General (Parliamentary Paper No. 173 of 2019) was tabled in Parliament on Tuesday 18 February 2020 and was referred to the Standing Committee on Public Accounts, for its scrutiny pursuant to Standing Orders 38 (2).

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

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

### 1.1 COMMITTEE PROCEDURE

The Novel Coronavirus Disease renamed as COVID-19 was declared by the World Health Organization as a global pandemic on 11 March 2020<sup>1</sup>. The Parliament of the Republic of Fiji therefore undertook necessary precautionary measures to control the spread of the new virus strand outbreak.

In view of the above, pursuant to SO 112 (1) (b), the Standing Committee has the powers to “*compel the production of documents or other materials or information as required for its proceedings and deliberations*” The Committee had requested the Auditor-General to provide a substantive written response to the questions raised by the Members of the Committee within a specific timeframe in relation to the 2019 Annual Report.

### 1.2 COMMITTEE MEMBERS

Pursuant to SO 118 (1), “*A majority of the members of the standing committee shall constitute a quorum*”. The substantive members of the Standing Committee on Public Accounts are:–

1. Hon. Alvick Avikirit Maharaj, MP (Chairperson)
2. Hon. Joseph Nitya Nand, MP (Deputy Chairperson)
3. Hon. Vijendra Prakash, MP (Member)
4. Hon. Ro Teimumu Kepa, MP (Member)
5. Hon. Aseri Masivou Radrodoro, MP (Member)

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<sup>1</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen>

## GOVERNANCE

The Office of the Auditor General (OAG) is established under Section 151 of the 2013 Constitution of the Republic of Fiji. Section 152 requires the Office that at least once every year, the Auditor-General must inspect, audit and reports to Parliament on the public accounts of the State, the control of public money and public property of the state and on all transactions with or concerning public money or public property of the State.

In extension, SO 103 states that *“The Minister responsible for Finance must lay the Auditor-General’s report before Parliament in accordance with Section 152 (14) of the Constitution”*

The Audit Act 1969 specifies the powers of the Auditor General to audit the Whole of Government Financial Statements and the reports of all entities of Government. It also empowers the Auditor-General to conduct performance audit of government entities to assure Parliament that the entities are achieving their objectives effectively and doing so economically and in compliance with all relevant legislation. The Act also extends the scope of audits to include those that are specified under the Public Enterprises Act, comprising of Government Commercial Companies (GCCs) and Commercial Statutory Authorities (CSAs) and agencies specified as Off-Budget State Entities (OBSEs) in the Financial Management Act.

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

The Office of the Auditor General was provided with an estimate budget of \$6,623,600 in the 2018-19 financial year. It should be noted that section 151 – 152 of the 2013 Constitution of the Republic of Fiji and the Audit Act 1969 allows the Office to operate autonomously.



## COMMITTEE REVIEW FINDINGS

### 2.1 The Reports of the Auditor-General

The Auditor-General is empowered by the 2013 Constitution, Audit Act 1969, Environment Management Act and Finance Management Act 2006 to carry out the following audits, investigations and reviews:

- a) Financial Audit
- b) Compliance Audit
- c) Performance Audit such as I.T, Environment and value for money – effectiveness, efficiency and economy
- d) Review of audits
- e) Monitoring and Evaluation of 5Year and 20Year National Development Plan

During 2019, the Office had resourced the following mandate to deliver Auditor-General's mandate which is (i) financial audits, (ii) performance audit and (iii) value for money audits. As a means of communicating to its stakeholders, all reports tabled by the Office can be accessible thru website [www.oag.gov.fj](http://www.oag.gov.fj).

As part of its reform for 2020, the Office had planned to resources these mandates from 1 August 2020 in consultation with Ministry of Economy to provide funding on its revised structure at the same establishment.

For the 2019 financial year, a total of 9 reports of the Auditor-General arising from financial audits and 3 reports of the Auditor-General arising from Performance Audits were tabled in Parliament. (Details of audit reports issued during the 2019 financial year are in Section 3.0 - page 24 & 25).

The following 10 audit reports which were being worked on during the financial year and tabled during November 2019 Parliament Sitting:

#### REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI:–

1. Provincial Councils Volume 2 (**Parliamentary Paper No. 146 of 2019**)
2. 2018 Audit Report on Economic Services Sector (**Parliamentary Paper No. 147 of 2019**)
3. 2018 Audit Report on General Administration Sector (**Parliamentary Paper No. 148 of 2019**)
4. 2018 Audit Report on Social Services Sector (**Parliamentary paper no 149 of 2019**)
5. 2018 Audit Report on Infrastructure Sector (**Parliamentary Paper No. 150 of 2019**)
6. *Compliance* Audit Reports on: Audit on Management of the Workers Compensation Trust Fund, Audit of Social Welfare Scheme, Audit of Government Subvention – Council of Rotuma and Audit of Fiji Procurement Office and the Construction Implementation Unit (**Parliamentary Paper No. 151 of 2019**)
7. Performance Audit of Effectiveness of Institutional Framework for Preventing Corruption - A look at the National Anti-Corruption Agency and a sector focus on Corruption Prevention for Free Education Grant (**Parliamentary Paper No. 152 of 2019**)

8. Performance Audit Reports on management of Rural Electrification Program & Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007 (**Parliamentary Paper No. 153 of 2019**)
9. 2018 Audit Report on Government Commercial Companies , Commercial Statutory Authorities and Other Entities (**Parliamentary Paper No. 154 of 2019**)
10. Audit Report on Statutory Authority 2017-2018 (**Parliamentary Paper No. 155 of 2019**)

## **2.2 Opportunities for Improvement for OAG**

The Office has finalized a draft strategic plan for 2021-2025 and going thru reviews. The Office took notice of the feedback from the Committee to raise the level of awareness on the functions and role of the Office. During the OAG Planning Consultations, the views from the Committee have been considered and one of the strategic themes for OAGs strategic plan for 2021-2025 is engagement with clients and other stakeholders.

The views of the Committee are being included as one strategic initiative to strengthen the collaboration with PAC and create awareness on the roles and functions OAG to citizens for the next 5 years from 2021 – 2025.

## **2.3 Financial Summary**

The actual expenditures for the year 2019 was \$5,932,038 whereas in 2018, it was \$4,380,933. The Office had developed its Strategic plan for 2018 to 2021 that sets out the platform for OAG to progress from an external audit service provider in the public sector to an institution which delivers efficient and timely audit services which are value-adding and relevant to its stakeholders.

One of OAGs strategic intent for the OAG to be fully autonomous and during FY 2017/2018, a one line budget was approved for independent office and this assisted in this journey. However the one-line budget does face interference during Ministry of Economy closure of accounts period whereby the Office has to obtain Treasury Division approval for expenditures above the limits set by Treasury Division during the closure of accounts period. Currently the Office accounting and payroll system are with FMIS.

The Auditor-General being the Chief Accounting Officers does get scrutiny from Treasury Division and always at the mercy to advise Treasury on what, how and when to spend.

The Committee was informed that some of the major activities that resulted in the increase in budgetary provisions are discussed below:

### **(i) Create more visibility for the Office**

The Office had planned to open another Office in the West as part of strategic intent of value added auditing services. The Office was resourced with 10 staff and budgetary support provided during 2018.

The plan was for the Office to be refurbished and all 10 staff to be appointed by December 2019 and based in Suva until the Office was to be refurbished.

The audit for West audit clients were carried out by the Team West in Suva temporarily while awaiting Ministry of Economy CIU to complete the refurbishment work from November 2018. The Office understood the hardship faced by our Team West staff while in Suva and decided that the Office was to be operational from 1 July 2019.

The refurbishment work for the West Office just commenced from 7 May 2020 and the planned refurbishment work is for 3 weeks.

**(ii) Conducive/Ideal work place**

To create an environment in which their staff are not only remunerated in line with the market but provided opportunities for training and professional development that will allow them to excel.

Following a Job Evaluation Review carried out by Price Waterhouse Coopers in 2017, remuneration of all staffs except for the Auditor-General was revised with effect from 1 March 2018. This has improved staff retention significantly. The Office has been advised to relocate to Modyl Plaza in Vatuwaqa before 31 May 2020 by Ministry of Economy (CIU) after the expiry of the tenancy agreement with Fijian Holding Limited who is the owner of Ratu Sukuna House.

The planned relocations does also provide challenges in working with MoE CIU Team regarding uncertainty on the proposed relocation dates and affecting our planning especially as we approach end of financial year. The Office can only hope that an early decision from CIU will be made soon so that we can inform our staffs in advance.

The Committee was informed that the Office had initially requested budgetary funding for Level 6 to 8 Ratu Sukuna House occupied by the Office for refurbishment during 2018/2019 but not being approved. The condition of the rugs, work stations, meeting room environment at Ratu Sukuna House have become a deterrent to conducive physical environment for our staff.

**(iii) Improve OAG participation and contribution in International Forums**

As part of OAGs plan where it anticipates the support of Government for provision of more budgetary funding to host international forum. During 2019, the Office has hosted the INTOSAI Working Group for IT Audit and in August 2019, the Office hosted the PASAI Annual Congress. During 2019/20, Government had supported the Office to host the Commonwealth Auditor-General's Office unfortunately it was deferred due to COVID-19.

**(iv) Functional Independence**

The Committee was informed that the Office was able to acquire the accounting & payroll software and its server during 2019 and due to technical matters which required ITC assistance which could not get off the ground by the end of the financial year. ITC was able to facilitate on the hosting issue at the beginning of FY 2020. The Office have carried out data migration from FMIS system/payroll data to this software and the software should be up and running by end of this financial year.

## 2.4 Audit Fees Accrued

The Committee was informed that the total audit fees Collected as at 30 April 2020 was \$555,044.88 and total outstanding debtors as at 30 April 2020 was \$431,770.64

The Office has been issuing reminders with iTaukei Affairs Board who would then consult with Roko Tui and the same exercise for Municipal Councils. The latest Arrears of Revenue report as at 30 April 2020 showed that the current age of the arrears of revenue which are more than 1 year does **not** include Municipal Council and Provincial Councils.

The Municipal Council and Provincial Council arrears are aged between 1 to 3 months old for the arrears of revenue report as at 30 April 2020. With respect to arrears of revenue for Provincial Council and Municipal Council as at 30 April 2020 it is as follows

Entity	Arrears as at 30 April 2020	Collection as at 30 April 2020
<b>Municipal Councils</b>	\$153,360.64	\$124,412.86
<b>Provincial Councils</b>	\$245,982.83	\$125,269.16

The Office received a lump sum payment from iTaukei Affairs Board for the audit of 6 Councils totalling \$125,269 in February 2020. Additionally there were payments received from 6 Municipals Councils between November 2019 and March 2020 totalling \$124,412.86. The Committee was advised that the Office would continue to carry out follow up with Councils and make arrangement for the audit fees payment.

## 2.5 Public Accounts Committee Hearings

The Office tables the report of the Auditor-General to Parliament and referred to the Standing Committee on Public Accounts. Thus the Office can assist with expediting the identifications of key matters or elements within them. There are mutual benefits in participating in the meeting.

- (i) The Office could assist to bring in their audit expertise and provide professional development to OAG staff to understand how PAC works;
- (ii) The Office are able to take matters raised by PAC as future audit focus;
- (iii) Assist to guide the Committee to expedite on the identification of the report of Auditor-General and result in the Committee being well informed of objective information and advice for the Committee's attention.

## 2.6 BDO Independent Auditor's Report

The Committee was informed that the increase in the Offices expenditure for goods and services from \$585,975 in 2018 to \$591,667 in 2019 was due to the following (Note 3f):

- The Office had utilized external audit services totalling \$226,261
- Trainers from AFROSAI Secretariat to undertake training for Performance Audit/Compliance Audit to staff
- The Office had launched its new uniform on a 50% cost sharing with each officers and incurred \$17,700

- Purchase of Office merchandise as part of OAG awareness activities
- Relocation cost of West Staff to Nadi Office
- Office Merchandising

## **2.7 Variations in Established Costs, Travelling, Accommodation & Communications and Other Expenses**

### Established Cost

The Committee was informed that the officer's salaries are now pegged at 95 per cent of the JEE package from 80 per cent after satisfactory performance when JEE was implemented. In addition, the Officers also paid health insurance benefit of \$1,043 for each staff except Auditor-General as part of staff well-being. In addition, the payments of performance bonus were part of the incentive to high performing staff.

### Travelling, Accommodation & Communications

The Committee was informed that the Office paid for the official travel of officers for local/overseas meetings including subsistence. Detail of their attendance of training, workshop, seminar and meetings is provided in page 31 of the report. The Office paid for the Trainers from AFROSAI Secretariat to undertake training for performance audit in 2019 for Audit Managers and Senior Auditors.

### Other Expenses

The Committee was informed that the other expense was related to the TeamMate Licence. During 2018, there was an upgrade of TeamMate version and no upgrade in 2019.

## **2.8 Provision for Annual Leave and VAT Issue**

The Committee was advised that the Office intends to resolve the issue on Annual Leave and VAT by:

### 1. Provision of Annual Leave

An electronic annual leave register is maintained and updated daily at the Registry Office. Annual leave due to all staff is circulated to all section supervisors on a monthly basis and staffs with overdue leave are encouraged to take leave. Given the working environment and demands such as audits in back log, this is sometimes challenging to manage but staff are encouraged to take leave by alternating leave dates with colleagues, making necessary arrangements for delivery of duties with supervisors; working through busy times, taking leave during not so busy times; or taking leave on certain days of the week so their leave balances are reduced and operations are not affected.

### 2. VAT Issue

A series of meetings have been held with the Ministry of Economy including the Head of Treasury on this issue. The Ministry of Economy has yet to come back on their formal communication and inform the Office of the outcome since the balance of unused fund for the year ended 31 July 2018 has been returned to the Ministry of Economy. The Office will continue to follow up with Ministry of Economy who are liaising with Fiji Revenue & Custom Services (FRCS).

## SUSTAINABLE DEVELOPMENT GOALS

Pursuant to Standing Orders 110 (2), *“where a committee conducts an activity listed in clause (1), the committee shall ensure that full consideration will be given to the principal of gender equality so as to ensure all matters considered with regard to the impact and benefit on both men and women equally”*

### 5.1 Understanding the 2030 Agenda from an Audit Lens

World Governments recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. So in 2015, World Governments committed to achieving sustainable development in its three dimensions (i.e. economic, social and environmental) in a balanced and integrated manner through the adoption of the *2030 Agenda for Sustainable Development*. The 2030 Agenda provides a framework for shared action for people, planet and prosperity to be implemented by all countries and all stakeholders in collaborative partnership.

The vision of the 2030 Agenda is to achieve a just, rights-based, equitable and inclusive world and it is envisaged that all stakeholders will commit to working together to promote *sustained, inclusive and sustainable economic growth, social development and environmental protection, and to benefit all including women, children, youth and future generations, ensuring that no one will be left behind*. The Agenda adopts sustainable development as the organising principle for global cooperation, integrating economic development, social inclusion and environment sustainability.

As a results framework, the Agenda includes 17 sustainable development goals (SDGs) which establish quantitative and qualitative objectives across the social, economic and environmental dimensions of sustainable development which are to be achieved by 2030. The 17 goals are further disaggregated into 169 targets which are global in nature and universally applicable. Each government can set its own national targets based on national circumstances and decide on how these global targets should be incorporated into national planning processes, policies and strategies.

Implementing the Agenda requires global partnership that brings together governments, civil society, the private sector, the UN system and other actors such as national parliaments, regional and local authorities, academia and volunteer groups among others.

The goals are accompanied by a set of indicators and a monitoring framework. Countries commit to engage in systematic follow up and review of the implementation of the Agenda to maximise and track implementation progress in order to ensure that no one is left behind. Each Government is responsible for follow up and review at the national, regional and global level in relation to the progress made in implementing the goals and targets over the ensuing 15 years (2016 to 2030).

### 5.2 Understanding which of the 17 Sustainable Development Goals (SDGs) does OAG align itself with

The OAG, like all other SAs, contributes to the implementation of **SDG 16** which envisages effective, accountable and transparent institutions at all levels (Target 16.5). It is anticipated that such institutions will be an outcome of our audits. Approaches to achieving this include:

- a) Audit of preparedness at the sector level in implementing the NDP. An audit of preparedness at the national level to implement the 2030 Agenda has already been conducted and a report submitted to Parliament.
- b) Audits of anti-corruption approaches (i.e. preventative measures) at the sector level since corruption is seen as a critical obstacle to achieving the SDGs. An audit of the institutional framework for fighting corruption has already been conducted and a report tabled in Parliament.

**NB.** *Corruption represents a major obstacle to reaching many of the goals by hampering economic growth and increasing poverty in terms of income inequality, access to services and resource distribution. In addition, corruption occurs at every stage of the service delivery chain, from policy design and budgetary allocations to procurement and bribery, thereby undermining the quantity and quality of public services and restricting access to quality health, water and education services, with a disproportionate impact on the poor. Positive outcomes in the short term will not be sustained over the longer term if corrupt practices persist, thus the need for audit to ensure the adequacy of preventative measures in place.*

- c) Proposed audits on the implementation of the SDGs by checking and assessing progress of implementation of the NDP.
- d) OAG acting as a model organisation of transparency and accountability in our operations. As a model organisation, the OAG is accountable for the use of resources allocated to it. We require our people to perform their duties with integrity (professional ethics, code of conduct).

Furthermore in its operations, the OAG also upholds certain targets under **Goals 5, 8 and 12** as follows.

- (i) We aspire towards the attainment of Targets 5.5 and 5.c by promoting gender equality through policies giving equal opportunities for all in recruitments, trainings, leave entitlements, and leadership roles. (Refer Recruitment and Selection policy; Leave Policy; Flexitime Policy; OAG Remuneration Policy, etc.) According to the Annual Report, page 8 states that there is 87 full time staff of which 52 per cent represents female staff and 40 per cent are male.
- (ii) For Targets 8.5 and 8.8 we promote equal pay for equal value (OAG Remuneration Policy) and are committed to promoting a safe and secure working environment for our people (OHS Policy, Sexual Harassment Policy; HIV Aids Policy; Grievance Policy)
- (iii) The Environment Committee spearheads our contribution to the reduction of waste generation (Targets 12.5) by encouraging reduction of our carbon footprints (reducing electricity, fuel and paper consumption) and recycling (PET bottles).

### **5.3 Understanding the role of OAG in monitoring the NDP and the SDGs**

The OAG has a role in the monitoring and evaluation of the NDP and the 5 Year Development Plan. Through its audits the OAG will be checking and assessing compliance with systems and processes for effective management of public resources. As part of resourcing for this audit mandate, OAG has revised its structure wef 1 August 2020, whereby it would undertake this monitoring and evaluation role and provide an assurance to Parliament on the implementation of the roadmap of Government 20 Year NDP and 5 year plan. The Office have not made requests for additional resources for this new role.

## COMMITTEE RECOMMENDATIONS

- 1. The Office of the Auditor General (OAG) should be properly resourced such as provision of vehicles to ensure that its Auditors are able to visit all Government Ministries and Departments for the purposes of effectively and efficiently carrying out its functions.***
- 2. The OAG should ensure that proper strategies are in place to retain staff for a longer period of time.***
- 3. The OAG should carry out a cost-benefit analysis on contracting audits and taking in house for Financial Audits.***
- 4. The OAG should ensure that the Officers located in all major Divisions work closely with the Internal Audit and Governance Teams from the Ministry of Economy.***
- 5. Promoting the OAG visibility on Good Governance to all governing institutions upholding the Accounting standards.***
- 6. The OAG should ensure that the Payroll Data software that was acquired to replace the FMIS System to be operational.***
- 7. The OAG should implement strategies to ensure that the audit fees are collected in a timely manner. The OAG should continuously follow-up to the line Ministries to facilitate the payments of the outstanding arrears of audit fees from the respective Municipal Councils and Provincial Councils.***



## CONCLUSION

The Standing Committee on Public Accounts acknowledges and takes note the key highlights of the Office of the Auditor General for the year 2019 as tabulated in pages 9 – 11 of the Annual Report. The review of the Office's 2019 Annual Report was conducted in a timely and succinct manner in light of the pandemic which has enabled the Members of the Public Accounts Committee to submit to Parliament a more reliable and a cohesive report.

The Committee notes the efforts of the OAG in pursuing to undertake a review of the Audit Act 1969 in addressing some of the shortfalls in the current legislation and recommending changes to meet and address the challenges and developments taking place in the public sector auditing environment and incorporating international best practices. In line with the OAG's Strategic Objective that is 'Move towards full autonomy-OAG to have the functional and organisation independence required to accomplish its task' the Committee is optimistic that the review will achieve its intended objective.

Furthermore, the Committee also acknowledges the contributions from various regional and international audit institutions in identifying key areas and strengthening Public Financial Management in its efforts to achieve and uphold good governance practices. Establishing effective internal and external peer reviews is deemed essential in providing values adding services to clients, public value creation and audit-based advisory activities to enhance the works of the Office of the Auditor General.

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



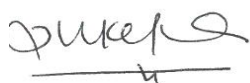
.....  
**Hon. Alvick Maharaj**  
**(Chairperson)**



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



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



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**Hon. Ro Teimumu Kepa**  
**(Member)**



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

# APPENDICES

**APPENDIX 1:**  
**PUBLIC ACCOUNTS COMMITTEE QUESTIONS**

# **PUBLIC ACCOUNTS COMMITTEE QUESTIONS**

## **Office of the Auditor General Republic of Fiji 2019 Annual Report (Parliamentary Paper No. 173 of 2019)**

1. Can the Office of the Auditor General ('Office') explain the type of reports the Office prepares and provide a brief summary of these reports?
2. Can the Office provide details on audit reports that the Office was working on and how many reports were tabled in Parliament in 2019?

### **Standing of Public Accounts Committee Survey**

3. How does the Office intend to improve on their performance with regards to the survey results on table 3.3?

### **Financial Summary**

4. What was the rationale behind the increase of the Office's Budget from \$4.3m in 2017 to \$6.6m in 2019?
5. How can the Office improve the revenue collection as the Committee notes the outstanding audit revenue? What actions have been taken by the Office to recover the outstanding revenue in particular Municipal Council and Provincial Councils?
6. What are some of the benefits for the Office of the Auditor General for participating in the Public Accounts Committee meetings?

### **BDO Independent Auditor's Report**

7. Please explain the reason for the expenditure increase of purchasing of goods and services from \$585,975 in 2018 to \$591,667 in 2019?
8. Explain the significant variations listed on page 55 and 56 of the Report?
9. How does the office intend to resolve the issues on trade and other receivable, provision for annual leave and VAT Payable listed on page 57 of the Report?

### **SUSTAINABLE DEVELOPMENT GOALS**

1. What is your understanding of the 2030 Agenda on SDGs and explain which of the 17 Sustainable Development Goals (SDGs) does your entity align itself with (including Gender Equality in particular)?
2. Provide a brief on how your agency plans to achieve the relevant SDG targets?
3. Does the Office play a role in the monitoring of the National Development Plan and the Sustainable Development Goals? If so, how?

**APPENDIX 2:**  
**Published Written Evidence – Office of the Auditor  
General**

# OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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File: 1336

19 May 2020

Hon Alvick Maharaj  
The Chairperson  
Standing Committee on Public Accounts  
Parliament of Fiji  
**SUVA**

Dear Hon Maharaj

**Re: RESPONSE TO OFFICE OF THE AUDITOR GENERAL ANNUAL REPORT**

**PARLIAMENTARY PAPER 173/2019**

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We hereby enclose the response to those question raised by the Public Accounts Committee to the Annual Report for 2019 for the Office of the Auditor General.

Yours sincerely

Sairusi Dukuno  
Deputy Auditor-General  
for **AUDITOR-GENERAL**

Encl

**1. Can the Office of the Auditor General ('Office') explain the type of reports the Office prepares and provide a brief summary of these reports?**

The Auditor-General is empowered by the 2013 Constitution, Audit Act 1969, Environment Management Act and Finance Management Act 2006 to carry out the following audits, investigations and reviews:

- 1) Financial Audit
- 2) Compliance Audit
- 3) Performance Audit –
  - a. IT
  - b. Environment
  - c. Value for money – effectiveness, efficiency and economy
- 4) Review of audits
- 5) Monitoring and Evaluation of 5Year and 20Year National Development Plan

During 2019, the Office had resourced the following mandate to deliver Auditor-General's mandate which is (i) financial audits, (ii) performance audit and (iii) value for money audits. As a means of communicating to its stakeholders, all reports tabled by the Office can be accessible thru website [www.oag.gov.fj](http://www.oag.gov.fj)

As part of its reform for 2020, the Office had planned to resources these mandates from 1 August 2020 in consultation with Ministry of Economy to provide funding on its revised structure at the same establishment.

**2 Can the Office provide details on audit reports that the Office was working on and how many reports were tabled in Parliament in 2019?**

For FY 2019, a total of 9 reports of the Auditor-General arising from financial audits and 3 reports of the Auditor-General arising from Performance Audits were tabled in Parliament. (Details of audit reports issued during FY 2019 are in Section 3.0 - page 24 & 25)

The following 10 audit reports which were being worked on during the financial year and tabled during November 2019:

1. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI Provincial Councils Volume 2 **(Parliamentary paper no 146 of 2019)**
2. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI 2018 Audit Report on Economic Services Sector **(Parliamentary paper no 147 of 2019)**
3. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI 2018 Audit Report on General Administration Sector **(Parliamentary paper no 148 of 2019)**



4. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI 2018 Audit Report on Social Services Sector **(Parliamentary paper no 149 of 2019)**
5. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI 2018 Audit Report on Infrastructure Sector **(Parliamentary paper no 150 of 2019)**
6. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI Audit Reports on: 1. Audit on Management of the Workers Compensation Trust Fund 2. Audit of Social Welfare Scheme 3. Audit of Government Subvention – Council of Rotuma 4. Audit of Fiji Procurement Office and the Construction Implementation Unit **(Parliamentary paper no 151 of 2019)**
7. REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI Performance Audit of Effectiveness of Institutional Framework for Preventing Corruption - A look at the National Anti-Corruption Agency and a sector focus on Corruption Prevention for Free Education Grant **(Parliamentary paper no 152 of 2019)**
8. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI PERFORMANCE AUDIT REPORTS ON: Management of Rural Electrification Program & Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007 **(Parliamentary paper no 153 of 2019)**
9. REPORT OF THE AUDITOR-GENERAL OF REPUBLIC OF FIJI 2018 Audit Report on Government Commercial Companies , Commercial Statutory Authorities and Other Entities **(Parliamentary paper no 154 of 2019)**
10. REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI Audit Report on Statutory Authority 2017-2018 **(Parliamentary paper no 155 of 2019)**

### Standing of Public Accounts Committee Survey

3. **How does the Office intend to improve on their performance with regards to the survey results on table 3.3?**

The Office has finalized a Draft Strategic Plan for 2021-2025 and going thru reviews. The Office took notice of the feedback from the Committee to raise the level of awareness on the functions and role of the Office.

During the OAG Planning Consultations, the view from the Committee have been considered and one of the strategic theme for our strategic plan for 2021-2025 is engagement with clients and other stakeholders.

The views of the Committee is being included as one strategic initiative to strengthen the collaboration with PAC and create awareness on the roles and functions OAG to citizens for the next 5 years from 2021 – 2025.

## Financial Summary

### **4. What was the rationale behind the increase of the Office's Budget from \$4.3m in 2007 to \$6.6m in 2019?**

There should be a correction to the questions - there is a typo error of the year 2007 and should state that year 2017 Office budget was \$4.3 m.

The actual expenditures: 2019 - \$5,932,038 (2018: \$4,380,933).

The Office had developed its Strategic plan for 2018 to 2021 that sets out the platform for OAG to progress from an external audit service provider in the public sector to an institution which delivers efficient and timely audit services which are value-adding and relevant to its stakeholders.

One of our strategic intent for the OAG to be fully autonomous and during FY 2017/2018, a one line budget was approved for independent office and this assisted in this journey.

However the one-line budget does face interference during Ministry of Economy closure of accounts period whereby the Office has to obtain Treasury Division approval for expenditures above the limits set by Treasury Division during the closure of accounts period. Currently the Office accounting and payroll system are with FMIS.

The Auditor-General being the Chief Accounting Officers does get scrutiny from Treasury Division and always at the mercy to advise Treasury on what, how and when to spend.

Major activities that resulted in the increase in budgetary provisions are discussed below:

#### **(i) Create more visibility for the Office**

The Office had planned to open another Office in the West as part of strategic intent of value added auditing services. The Office was resourced with 10 staff and budgetary support provided during 2018.

The plan was for the Office to be refurbished and all 10 staff to be appointed by December 2019 and based in Suva until the Office was to be refurbished.

The audit for West audit clients were carried out by the Team West in Suva temporarily while awaiting Ministry of Economy CIU to complete the refurbishment work from November 2018. The Office understood the hardship faced by our Team West staff while in Suva and decided that the Office was to be operational from 1 July 2019.

The refurbishment work for the West Office just commenced from 7 May 2020 and the planned refurbishment work is for 3 weeks.

**(ii) Conducive/Ideal work place**

To create an environment in which our people are not only remunerated in line with the market but provided opportunities for training and professional development that will allow them to excel.

Following a Job Evaluation Review carried out by Price Waterhouse Coopers in 2017, remuneration of all staffs except for the Auditor-General was revised with effect from 1 March 2018. This has improved staff retention significantly.

The Office has been advised to relocate to Modyl Plaza in Vatuwaqa before 31 May 2020 by Ministry of Economy CIU after the expiry of the tenancy agreement with Fijian Holding Limited who are owners of Ratu Sukuna House.

The planned relocations does also provide challenges in working with MoE CIU Team regarding uncertainty on the proposed relocation dates and affecting our planning especially as we approach end of financial year.

The Office can only hope that an early decision from CIU will be made soon so that we can inform our staffs in advance.

The Office had initially requested budgetary funding for Level 6 to 8 Ratu Sukuna House occupied by the Office for refurbishment during 2018/2019 but not being approved. The condition of the rugs, work stations, meeting room environment at Ratu Sukuna House have become a deterrent to conducive physical environment for our staff.

**(iii) Improve OAG participation and contribution in International Forums**

As part of OAG plan where it anticipates the support of Government for provision of more budgetary funding to host international forum. During 2019, the Office has hosted the INTOSAI Working Group for IT Audit and in August 2019, the Office hosted the PASAI Annual Congress. During 2019/20, Government had supported the Office to host the Commonwealth Auditor-General's Office unfortunately it was deferred due to COVID-19.

**(iv) Functional Independence**

The Office was able to acquire the accounting & payroll software and its server during 2019 and due to technical matters which required ITC assistance which could not get off

the ground by the end of the financial year. ITC was able to facilitate on the hosting issue at the beginning of FY 2020. The Office have carried out data migration from FMIS system/payroll data to this software and the software should be up and running by end of this financial year.

**5. How can the Office improve the revenue collection as the Committee notes the outstanding audit revenue? What actions has been taken by the Office to recover the outstanding revenue in particular Municipal Council and Provincial Councils?**

Total Audit Fees Collected as at 30 April 2020 was \$555,044.88 and Total outstanding debtors as at 30-04-2020 was \$431,770.64

The Office have been issuing reminders with ITaukei Affairs Board who would then consult with Roko Tui and the same exercise for Municipal Councils.

The latest Arrears of Revenue report as at 30 April 2020, showed that the current age of the arrears of revenue which are more than 1 year does **not** include Municipal Council and Provincial Councils.

The Municipal Council and Provincial Council arrears are aged as 1 to 3 months old for the Arrears of Revenue report as at 30 April 2020.

With respect to arrears of revenue for Provincial Council and Municipal Council as at 30 April 2020 it is as follows

Entity	Arrears at 30 April 2020	Collection at 30 April 2020
<b>Municipal Council</b>	\$153,360.64	\$124,412.86
<b>Provincial Council</b>	\$245,982.83	\$125,269.16

The Office received a lump sum payment from ITaukei Affairs Board for the audit of 6 Councils totaling \$125,269 in February 2020. Additionally there were payments received from 6 Municipals Councils between November 2019 and March 2020 totaling \$124,412.86

The Office would continue to carry out follow up with Councils and make arrangement for the audit fees payment.

**6. What are some of the benefits for the Office of the Auditor General for participating in the Public Accounts Committee meetings?**

The Office tables the report of the Auditor-General with Parliament and referred to the standing committee of public accounts. Thus the Office can assist with expediting the identifications of key matters or elements within them.

There are mutual benefits in participating in the meeting.

- (i) The Office could assist to bring in their audit expertise and provide professional development to OAG staff to understand how PAC works;
- (ii) The Office are able to take matters raised by PAC as future audit focus;
- (iii) Assist to guide the Committee to expedite on the identification of the report of Auditor-General and result in the Committee being well informed of objective information and advice for the Committee's attention.

**BDO Independent Auditor's Report**

**7. Please explain the reason for the expenditure increase of purchasing of goods and services from \$585,975 in 2018 to \$591,667 in 2019?**

The major expenditures for purchase of goods and services are provided under Note 3(f) of the accounts and included the following:

- The Office had utilized external audit services totaling \$226,261
- Trainers from AFROSAI Secretariat to undertake training for Performance Audit/Compliance Audit to staff
- The Office had launched its new uniform on a 50% cost sharing with each Officers and incurred \$17,700;
- Purchase of Office merchandise as part of OAG awareness activities
- Relocation cost of West Staff to Nadi Office
- Office Merchandising

**8. Explain the significant variations listed on page 55 and 56 of the Report?**

**Established Cost** – The Officers salary are now pegged @ 95% of JEE package from 80% after satisfactory performance when JEE was implemented.

In addition, the Officers also paid health insurance benefit of \$1,043 for each staff except Auditor General as part of staff well-being. In addition, the payment of performance bonus were part of the incentive to high performing staff.

**Travelling, Accommodation and Communication** – The Office paid for the official travel of officers for local/overseas meetings including subsistence. Detail of our attendance of training, workshop, seminar and meetings are provided in page 31 of the report.

The Office paid for the Trainers from AFROSAI Secretariat to undertake training for performance audit in 2019 for Audit Managers and Senior Auditors

### **Other Operation Expenses**

TeamMate Licence expenses – During 2018 there was an upgrade of TeamMate version and no upgrade in 2019.

### **9. How does the office intend to resolve the issues on trade and other receivable, provision for annual leave and VAT Payable listed on page 57 of the Report?**

**Trade Receivable** – This has been discussed in Question 5.

#### **Provision for Annual Leave -**

An electronic annual leave register is maintained and updated daily at the Registry Office.

Annual leave due to all staff is circulated to all section supervisors on a monthly basis and staff with overdue leave are encouraged to take leave.

Given the working environment and demands such as audits in back log, this is sometimes challenging to manage but staff are encouraged to take leave by alternating leave dates with colleagues, making necessary arrangements for delivery of duties with supervisors; working through busy times, taking leave during not so busy times; or taking leave on certain days of the week so their leave balances are reduced and operations are not affected.

#### **VAT issue**

A series of meetings have been held with the Ministry of Economy including the Head of Treasury on this issue. The Ministry of Economy has yet to come back on our formal communication and inform the Office of the outcome since the balance of unused fund for the year ended 31 July 2018 has been returned to the Ministry of Economy. The Office would continue to follow up with Ministry of Economy who are liaising with Fiji Revenue & Custom Service.

## **SUSTAINABLE DEVELOPMENT GOALS**

### **1. What is your understanding of the 2030 Agenda on SDGs and explain which of the 17 Sustainable Development Goals (SDGs) does your entity align itself with (including Gender Equality in particular)?**

(i)

World Governments recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. So in 2015, World Governments committed to achieving sustainable development in its three dimensions (i.e. economic, social and environmental) in a balanced and integrated manner through the adoption of the *2030 Agenda for Sustainable Development*. The 2030 Agenda provides a framework for shared action for people, planet and prosperity to be implemented by all countries and all stakeholders in collaborative partnership.

The vision of the 2030 Agenda is to achieve a just, rights-based, equitable and inclusive world and it is envisaged that all stakeholders will commit to working together to promote *sustained, inclusive and sustainable economic growth, social development and environmental protection, and to benefit all including women, children, youth and future generations, ensuring that no one will be left behind*. The Agenda adopts sustainable development as the organising principle for global cooperation, integrating economic development, social inclusion and environment sustainability.

As a results framework, the Agenda includes 17 sustainable development goals (SDGs) which establish quantitative and qualitative objectives across the social, economic and environmental dimensions of sustainable development which are to be achieved by 2030. The 17 goals are further disaggregated into 169 targets which are global in nature and universally applicable. Each government can set its own national targets based on national circumstances and decide on how these global targets should be incorporated into national planning processes, policies and strategies.

Implementing the Agenda requires global partnership that brings together governments, civil society, the private sector, the UN system and other actors such as national parliaments, regional and local authorities, academia and volunteer groups among others.

The goals are accompanied by a set of indicators and a monitoring framework. Countries commit to engage in systematic follow up and review of the implementation of the Agenda to maximise and track implementation progress in order to ensure that no one is left behind. Each Government is responsible for follow up and review at the national, regional and global level in relation to the progress made in implementing the goals and targets over the ensuing 15 years (2016 to 2030).

### **(ii) Explain which of the 17 Sustainable Development Goals (SDGs) does your entity align itself with (including Gender Equality in particular). Provide a brief on how your agency plans to achieve the relevant SDG targets?**

The OAG, like all other SAls, contributes to the implementation of SDG 16 which

envisages effective, accountable and transparent institutions at all levels (Target 16.5).

It is anticipated that such institutions will be an outcome of our audits. Approaches to achieving this include:

- a) Audit of preparedness at the sector level in implementing the NDP.

An audit of preparedness at the national level to implement the 2030 Agenda has already been conducted and a report submitted to Parliament.

- b) Audits of anti-corruption approaches (i.e. preventative measures) at the sector level since corruption is seen as a critical obstacle to achieving the SDGs.

An audit of the institutional framework for fighting corruption has already been conducted and a report tabled in Parliament.

**NB.** *Corruption represents a major obstacle to reaching many of the goals by hampering economic growth and increasing poverty in terms of income inequality, access to services and resource distribution. In addition, corruption occurs at every stage of the service delivery chain, from policy design and budgetary allocations to procurement and bribery, thereby undermining the quantity and quality of public services and restricting access to quality health, water and education services, with a disproportionate impact on the poor. Positive outcomes in the short term will not be sustained over the longer term if corrupt practices persist, thus the need for audit to ensure the adequacy of preventative measures in place.*

- c) Proposed audits on the implementation of the SDGs by checking and assessing progress of implementation of the NDP.
- d) OAG acting as a model organisation of transparency and accountability in our operations.

As a model organisation, the OAG is accountable for the use of resources allocated to it. We require our people to perform their duties with integrity (professional ethics, code of conduct).

Furthermore in its operations, the OAG also upholds certain targets under Goals 5, 8 and 12 as follows.

- i. We aspire towards the attainment of Targets 5.5 and 5.c by promoting gender equality through policies giving equal opportunities for all in recruitments, trainings, leave entitlements, and leadership roles. (Refer Recruitment and Selection policy; Leave Policy; Flexitime Policy; OAG Remuneration Policy, etc.)



- ii. For Targets 8.5 and 8.8 we promote equal pay for equal value (OAG Remuneration Policy) and are committed to promoting a safe and secure working environment for our people (OHS Policy, Sexual Harassment Policy; HIV Aids Policy; Grievance Policy)
- iii. The Environment Committee spearheads our contribution to the reduction of waste generation (Targets 12.5) by encouraging reduction of our carbon footprints (reducing electricity, fuel and paper consumption) and recycling (PET bottles).

**Does the Office play a role in the monitoring of the National Development Plan and the Sustainable Development Goals? If so, how?**

The OAG has a role in the monitoring and evaluation of the NDP and the 5 Year DP. Through its audits the OAG will be checking and assessing compliance with systems and processes for effective management of public resources.

As part of resourcing for this audit mandate, OAG has revised its structure wef 1 August 2020, whereby it would undertake this monitoring and evaluation role and provide an assurance to Parliament on the implementation of the roadmap of Government 20 Year NDP and 5 year plan.

The Office have not made requests for additional resources for this new role.