



OFFICE of the AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI

2019 Audit Report on Social Services Sector



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 27 OF 2021



OFFICE of the AUDITOR GENERAL
Republic of Fiji

VISION

**Promoting public sector accountability
and sustainability through our audits**

To provide independent value adding
audit services

MISSION

To provide an environment where
our people can excel

RESPECT

We uphold respect
in our relationships.

INTEGRITY

We are ethical, fair and
honest in our duties.

**INDEPENDENT
& OBJECTIVE**

We work independently
and report objectively.

VALUES

COMPETENCE

We deliver to the best
of our abilities and to
the highest standard of
professional conduct.

TRANSPARENCY

Our processes
are transparent.

CONFIDENTIALITY

We maintain audit
related information
confidential.

PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE
REPUBLIC OF FIJI

AUDIT
ACT 1969

ENVIRONMENT
MANAGEMENT ACT

NDP AND OTHER
LEGISLATION

Location : Level 8, Ratu Sukuna House
2-10 MacArthur Street
Suva, Fiji

Postal Address : P O BOX 2214, Government Buildings
Suva, Fiji
Telephone : (679) 330 9032
Email : info@auditorgeneral.gov.fj
Website : www.oag.gov.fj

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File: 102

01 June 2021

The Honorable Ratu Epeli Nailatikau
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
SUVA.

Dear Sir

2019 AUDIT REPORT ON SOCIAL SERVICES SECTOR

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the Social Services Sector for 2019 excluding Head 23 – Ministry of Housing and Community Development.

A copy of the report has been submitted to the Minister for Economy who as required under section 152(14) of the Constitution shall lay the report before Parliament within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ajay Nand', with a stylized flourish at the end.

Ajay Nand
AUDITOR-GENERAL

Encl.



The Office of the Auditor-General – Republic of Fiji

The Office of the Auditor-General is established as an Independent Office by the Constitution of the Republic of Fiji. Its roles and responsibilities include audit of the accounts of the Consolidated Fund and whole of Government financial statements and annual appropriation statement required to be included in the whole of Government annual report for a financial year under the *Financial Management Act 2004*. The audit extends to the accounts of all money received or held by a State entity, whether or not for purposes of Government. These audits are carried out by the Auditor-General on behalf of Parliament.

At least once every year, the Auditor General must report to Parliament on the audits conducted and on *other significant matters* the Auditor-General wishes to bring to the attention of Parliament. This report satisfies these requirements.

As a result of its mandate, the Office of the Auditor-General has a distinctive view of the entire public sector of matters affecting financial and non-financial performance. We use this perspective to achieve our vision of excellence in public sector auditing by providing comprehensive analysis and value-adding recommendations.

The Office of the Auditor-General notes the impact of its reports to Parliament on the ordinary citizens and strives for accuracy and high quality reporting including recommendations which are not only value-adding to the entity subject to audit but its customers, the general public as well.

TABLE OF CONTENTS

AUDITOR-GENERAL’S FOREWORD	3
1.0 Sector Summary	6
2.0 AUDIT OPINION RESULTS	7
3.0 Assessment of Financial Governance	11
3.1 Internal control framework	11
3.2 Internal controls	12
3.3 Preparation of draft 2018-2019 agency financial statements	12
3.4 Quality of draft financial statements by entities	13
3.5 Timeliness of draft financial statements for entities	13
3.6 Timeliness of Provision of Management Comments and Signing of Financial Statements	13
4.0 Result summary – Financial Governance.....	14

AUDITOR-GENERAL'S FOREWORD



I am pleased to present the report on the Social Services Sector. Permanent Secretaries and those charged with governance of the agencies under the Social Services Sector are responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards Cash Basis and requirements of *Finance Management Act 2004* and other applicable laws and regulations.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

It is important to note that the deficiencies highlighted in this report were identified during our audit and may have been subsequently resolved. These have been included in this report as they impacted on the overall system of control of the ministries and departments as at 31 July 2019.

The vision of the Office of the Auditor-General of “*Promoting Public Sector Accountability and Sustainability through our audits*” will be achieved when audits are completed on time and reported to Parliament on a timely basis.

Majority of the agencies have been very cooperative throughout the audit process, however, some agencies have not given the work of my office sufficient priority. The completion of audits of 2018-2019 and prior year Agency Financial Statements and timely preparation of the respective years’ Sector Audit Reports to parliament has been hampered due to the following:

- (i) Draft Agency Financial Statements submitted considerably late for audit or drafts submitted within the set timeline are found to be not acceptable hence need to be resubmitted.
- (ii) Considerable delay in providing comments to draft management letters.
- (iii) Cancellation of Exit Meetings or non-confirmation of date and time for Exit Meetings.
- (iv) Not providing supporting documents to support management comments for audit verification prior to finalization of management letters.
- (v) Delay in signing audited accounts and Management Representation Letters and returning them for issue of the Audit Report.

As a consequence of these delays, I modified my reporting approach to parliament in the past by issuing the Sector Audit Reports in volumes. However, the Chairperson of the Standing on Public Accounts (PAC) indicated to me in his letter dated 18 September 2020, that the modified reporting approach was causing difficulty to the Committee in its examination and scrutiny of the reports.

To effectively deal with the challenges I have described above, meet the expectations of the PAC and achieve the vision of OAG, I have approved the following key changes in processes of the OAG in preparing reports to parliament.

- In the event management comments are not received and/or exit meetings are not confirmed by the agency/entity audited, the Final Management Letter will be issued after 14 days from issue of Draft Management Letters (Audit Memorandum). It will be assumed that management has agreed to the audit findings reported in the Draft Management Letter. Significant matters will be included in the report to parliament.
- Where signed accounts with Management Representation Letter for issue of audit report are not returned within seven days from date of issue for signature, audited financial statements will be included in the report to parliament with relevant comments.
- In cases where management comments or information provided during the audit are found to be false, misleading or incorrect upon audit verification, the matter will be dealt in accordance with section 7(1)(d) of the Audit Act 1969. Section 7(1)(d) states that *“in the performance of his or her functions under section 152(2) of the Constitution of the Republic of Fiji and of his or her duties under this Act, the Auditor-General may examine upon oath, declaration or affirmation (which oath, declaration or affirmation the Auditor-General hereby empowered to administer) all persons whom her or she may think to examine respecting the receipt or expenditure of money or the receipt or issue of any stores affected by the provisions of this Act and respecting all other matters or things whatsoever necessary for the due performance and exercise of the duties and powers vested in him or her.”* Section 7 (3) of the Act further states that *“Any person examined pursuant to the provisions of section (1)(d) who gives a false answer to any questions put to him or her or makes a false statement on any matter knowing or believing it to be true shall be deemed to be guilty of perjury and shall be liable to be prosecuted and punished accordingly.”*

The relevant provisions of the Act will also be applied to cases where records and/or information required for audit purposes are not provided when requested during the audit and are produced after the issue has been reported in the Draft Management Letter or Draft Audit Report or not provided at all.

The changes in processes have been brought to the attention of Permanent Secretaries, Heads of Independent Bodies and Commissions and those charged with governance in agencies which are subject to my audit on 01 April 2021.

The audit for Heads 23 - Ministry of Housing and Community Development has been completed and issued for signing on 20/04/21. As at 27/05/21, the Ministry was yet to return the signed audited accounts to enable me to issue my audit opinion. The delay was largely due to the restrictions brought about by the containment zones and movement restrictions due to COVID-19 pandemic.

The results of the audit of the Head 23 will be included in my subsequent reports to Parliament.

This report contains summaries and my analysis of the audit findings, the quality and timeliness of financial reporting by agencies under the Social Services Sector, the audit opinions issued on the financial statements and the key reasons for such opinions, internal control assessments, other significant issues identified from the audits and high level recommendations aimed to strengthen financial reporting, governance and internal controls.

The issues discussed in this report require the immediate attention and prompt actions by the Permanent Secretaries and those charged with governance of the agencies to improve financial accountability by the Ministries and Departments.



Ajay Nand
AUDITOR-GENERAL

Date: 01 June 2021

1.0 SECTOR SUMMARY

This report includes the audit for agencies under the Social Services sector, namely:

Head 21	Ministry of Education, Heritage and Arts
Head 22	Ministry of Health and Medical Services
Head 24	Ministry of Women, Children and Poverty Alleviation
Head 25	Ministry of Youth and Sports
Head 26	Higher Education Institutions

Results of our Audits - Quality and Timeliness of Financial statements

Of the four agencies reported in this report, the audit resulted in the Auditor-General issuing modified audit opinion on three agencies. The details are contained in [Section 2.0](#).

The submission of acceptable draft financial statements for audit were generally delayed impacting the timeliness of financial statements.

2.0 AUDIT OPINION RESULTS

The main outcome of the audits are independent auditors' reports on the agency financial statements that were produced and submitted to the Auditor-General.

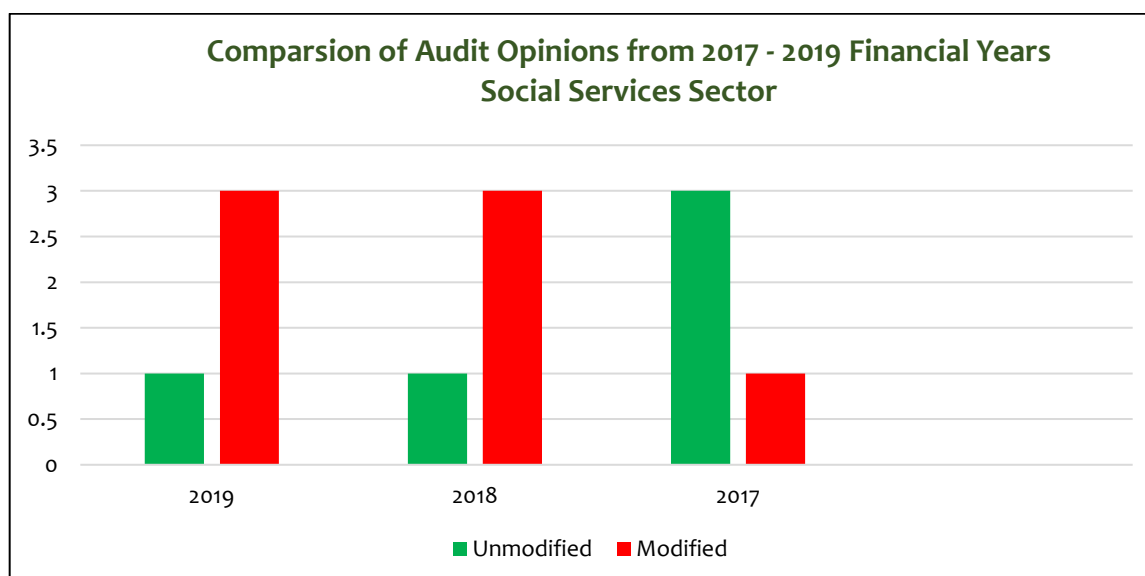
Comparatively, for the financial years 2017-2019, the quality of the agency financial statements for the agencies under the Social Services Sector has not improved. This indicates that significant matters reported in the independent auditors' report are not given adequate attention as a result, these matters remain unresolved resulting in modified audit opinion.

For financial year 2019, four agencies were issued with modified audit opinion compared to four agencies for financial year 2018.

The following table presents comparison of the results of our audit for last three financial years for ministries and departments under the Social Services Sector.

Ministry/Department	2018-2019 Financial Year		2017-2018 Financial Year	2016-2017 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Audit Opinion Type	Audit Opinion Type
21. Ministry of Education, Heritage and Arts	14/04/21	Modified	Modified	Unmodified
22. Ministry of Health and Medical Services	18/03/21	Modified	Modified	Modified
24. Ministry of Women, Children and Poverty Alleviation	04/01/21	Modified	Modified	Unmodified
25. Ministry of Youth and Sports	11/08/21	Unmodified	Unmodified	Unmodified

The graphical presentation below provides a comparison of the results of our audit for last three financial years for ministries and departments under the Social Services Sector.



In accordance with International Standards on Auditing, we express an *unmodified opinion* (unqualified) when the financial statements are prepared in accordance with the Financial

Management Act 2004, Finance Instructions 2010 and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit which would affect the financial statements of an entity.

We issue a *modified opinion* (qualified) when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

An **Emphasis of Matter** paragraph is included in the auditor's report to highlight an issue that will help the user better understand the financial statements. And an **Other Matter** paragraph highlights a matter that is relevant to users' understanding of the audit report.

The reporting framework on which the agency financial statements of Ministries and Departments are prepared are based on the Financial Management Act 2004, Financial Management (Amendment) Act 2016, Finance Instructions 2010, and Finance (Amendment) Instructions 2016.

Based on the above, we issued modified audit opinion for agencies on the following grounds:

Ministry of Education, Heritage and Arts

1. Included in Operating Grants and Transfers account balance of \$108.1 million is bus fare assistance program amounting to \$29.5 million. The Ministry was not able to provide the detailed breakdown of payments made to the supplier amounting to \$5.1 million. As such, the accuracy and completeness of the Operating Grants and Transfers account balance reflected in the Statement of Receipts and Expenditure could not be confirmed.
2. Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll reports for both Established Staff and Government Wage Earners of \$606,092 and \$731,875, respectively. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.

Without further qualifying the opinion expressed, attention was also drawn to the following matters:

1. Internal controls over revenue, administration of the Free Education Grant, reconciliation of accounts and records management were generally weak. These relate to misallocation of revenue, non-compliance to the policy on utilisation of Free Education Grant in accordance with prescribed percentage allocation and non-provision of accounting records for audit verification. If these issues are not addressed promptly, it will result in material misstatements and possible financial losses.
2. The administration and management over the Bus Fare Scheme were generally found to be weak as highlighted in the Performance Audit Report on the Administration and Management of Bus Fare Assistance through E-ticketing for School Children, Elderlies and Person with Disability (Parliament Paper No. 71 of 2020).

Ministry of Health and Medical Services

1. The Ministry recorded Capital Construction expenditures of \$21.7 million in the Statement of Receipts and Expenditure for the year ended 31 July 2019. The Ministry was unable to provide the payment and journal vouchers to support capital expenditures totalling \$4.7 million. As a result, the completeness and accuracy of the capital construction expenditures could not be confirmed.
2. Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll report for both Established Staff and Government Wage Earners for \$5.1 million and \$4.7 million respectively. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.
3. There was no movement for the Sahyadri Trust Fund Account during the year. The opening balance of \$20,609 was qualified in the 2018 financial statements as the Ministry was not able to provide a detailed listing of the closing balance of \$20,609 which included contributions from the patients and Government's assistance to approved patients. As a result, the accuracy and completeness of closing balance of \$20,609 reflected in the Sahyadri Trust Fund Account Statements of Receipts and Payments could not be substantiated.
4. Receipts totalling \$26,705 were not recorded in the FMIS general ledger for the Cardiology Services Trust Fund Account. As a result, the total receipts and closing balances were understated by the same amount at year ended 31 July 2019.
5. An unreconciled variance of \$26,683 exists between the FMIS general ledger and the Bank Reconciliation statement for the Cardiology Services Main Trust Fund Account. Consequently, the accuracy of the closing balance reflected in the Cardiology Services Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 could not be established.
6. Expenditures totalling \$12,060 were not posted to the FMIS general ledger for Fiji Children's Overseas Treatment Trust Fund Account. As a result, total expenditure and closing balance were understated by the same amount at year ended 31 July 2019.
7. An unreconciled variance of \$10,586 exists between FMIS general ledger and the Bank Reconciliation statement for the Fiji Children's Overseas Treatment Trust Fund Account. Consequently, the accuracy of the closing balance reflected in the Fiji Children's Overseas Treatment Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 could not be established.
8. Internal controls over purchases and procurement, receipting and recording of Trust Fund revenue, reconciliation of accounts and records management were generally weak and if not addressed promptly will result in material misstatements and possible financial losses.
9. Internal controls for the Bulk Purchase Scheme Trading and Manufacturing Account over receipting and payments were generally weak. This relates to price charged that were not in accordance with the approved price list and the understatement of utility costs which is not paid for by the Bulk Purchase Trading and Manufacturing Account.

10. The list of patients treated under Fiji Children's Overseas Treatment Trust Fund were not made available for audit.
11. A total of \$55.9 million was incurred by the Ministry of Civil Service for the payment of personal emoluments and FNPF for the doctors employed by the Ministry of Health and Medical Services. The Ministry of Civil Service was responsible for the administration of these expenditures in accordance with the budget approved by Parliament.

Ministry of Women, Children and Poverty Alleviation

1. The Statement of Receipts and Expenditure includes Operating Grants and Transfers of \$120.5 million. Included in this amount were the various Social Welfare Scheme payments totalling \$116 million. An unreconciled variance of \$365,360 existed between the General Ledger balance of \$116 million and the actual payments made totalling \$115.7 million for the year ended 31 July 2019. Consequently, the accuracy and completeness of Operating Grant and Transfers of \$120.5 million reflected in the financial statements could not be established.
2. An unreconciled variance of \$453,794 existed between FMIS general ledger and the Ministry's payroll report for Established Staff. Consequently, the accuracy of the Established Staff expenditure recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.

3.0 ASSESSMENT OF FINANCIAL GOVERNANCE

This section evaluates the effectiveness of the internal controls maintained by 4 Ministries and Departments.

Internal controls are processes designed and implemented by Permanent Secretaries, Heads of Departments and other personnel of Ministries and Departments to provide reasonable assurance about the achievement of a ministry or department's objectives with regard to reliability of financial reporting effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "control" refers to any aspects of one or more components of internal control.

Permanent Secretaries, Heads of Departments and other personnel of Ministries and Departments are responsible for the preparation of the financial statements in accordance with the Financial Management Act 2004, Financial Management (Amendment) Act 2016 and Finance Instructions 2010, and for such internal control as they determine is necessary to enable preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Internal control issues noted during our audit are reported to the Permanent Secretary or Head of Department of Ministries and Departments.

Our overall assessment of the financial governance of the agencies reported under the Infrastructure indicate no improvement around internal control, the financial statement preparing processes and responses to the Office of the Auditor-General. Details of our assessment is provided under [section 4.0 – Results Summary Financial Governance](#).

3.1 Internal control framework

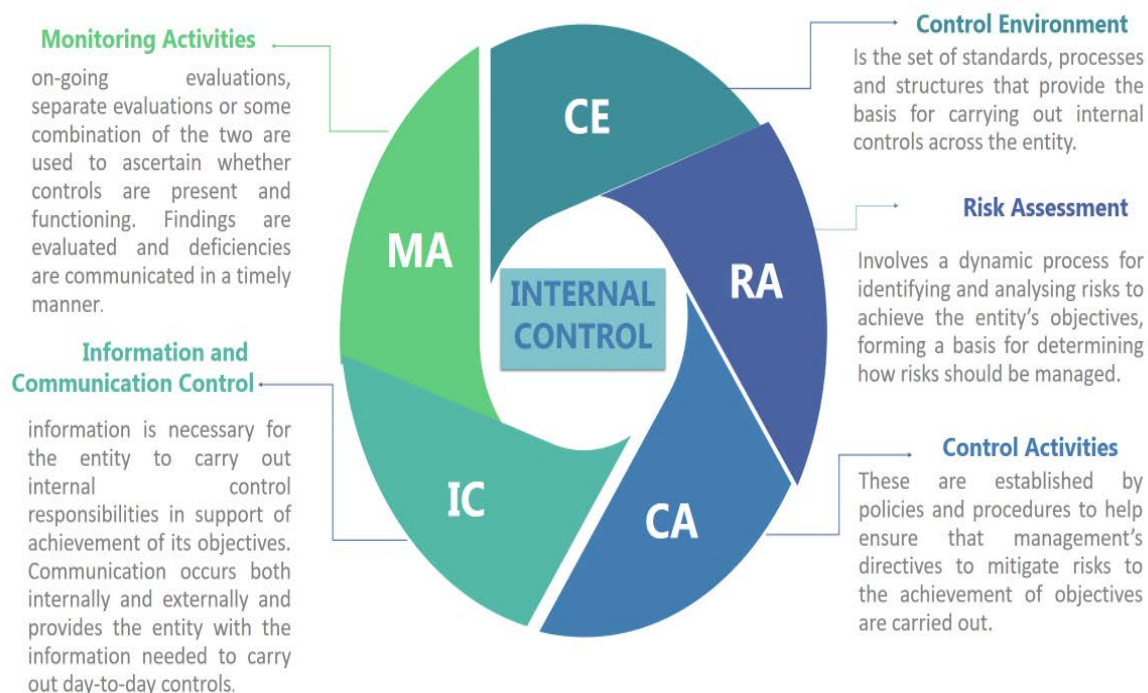
During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

3.2 Internal controls

Internal controls are categorized against the following five components of internal control.



3.3 Preparation of draft 2018-2019 agency financial statements

On 29 May 2019, Permanent Secretary for Economy issued Circular No. 09/2019 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2019 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 07 August 2019	✗	Cancellation of unprocessed purchase orders by 12 July 2019	✓
Clearance of Inter-departmental clearance accounts by 30 August 2019	✓	Processing of payments by 29 July 2019	✓
Clearance of stale cheques by 05 August 2019	✓	Processing of virement by 23 August 2019	✓
Annual Board of Survey on Drawings Account cheques by 30 August 2019	✓	Completion of reconciliations by 29 August 2019	✗
Retirement of imprests by 19 July 2019	✓	Submission of arrears of revenue returns by 30 August 2019	✓

When ministries and departments achieve the key focus areas highlighted by the Permanent Secretary for Economy by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

Rating	Year-end close process assessment
● Effective	All 10 key processes completed by due date
● Generally effective	Five of 10 key processes completed within two weeks of due date
● Ineffective	Less than five of 10 key processes completed within two weeks of due date

3.4 Quality of draft financial statements by entities

The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the impact these adjustments had on the total expenditures, operating results or net assets of the entity subject to our audit.

Rating	Quality of draft financial statements assessment
● Effective	No adjustments were required
● Generally effective	Adjustments on total expenditure, operating results/net assets were less than one percent
● Ineffective	Adjustments on total expenditure, operating results/net assets were more than one percent

3.5 Timeliness of draft financial statements for entities

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received.

Rating	Timeliness of draft financial statements assessment
● Effective	Acceptable draft financial statements received before or on 15 October 2019
● Generally effective	Acceptable draft financial statements received on or before 31 October 2019
● Ineffective	Acceptable draft financial statements received after 31 October 2019

3.6 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness for *Social Services Sector* as:

Rating	Timeliness of Management Comments Received
● Effective	Within 21 days from issue of Draft Management Letter
Rating	Timeliness of Signed Financial Statements Received
● Ineffective	After 15 days from issue of Financial Statements for signing

4.0 RESULT SUMMARY – FINANCIAL GOVERNANCE

The following table comparatively summarizes our assessment of controls, the financial statement preparing processes and responses to the Office of the Auditor-General across the ministries and departments in the Social Services Sector for financial Years 2017-2019 which were subject to our audit.

Ministry or Department	Internal controls										Financial Statement Preparation					Responses to OAG				
	CE	RA	CA	IC	MA	T	YE	Q	MC	SFS										
Financial Year	'19 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18	'17 '18
Social Services Sector																				
21. Ministry of Education, Heritage and Arts																				
22. Ministry of Health and Medical Services																				
24. Ministry of Women, Children and Poverty Alleviation																				
25. Ministry of Youth and Sports																				

'17 = 2017 '18 = 2018 '19 = 2019

CE=Control Environment RA=Risk Assessment Q=Quality of draft financial statements
 IC=Information and Communication Control CA=Control Activities YE= Year-end close processes
 T=Timeliness of draft financial statements MA=Monitoring Activities
 MC=Management Comments provided SFS=Signed Audited financial statements returned

Section 21

Ministry of Education, Heritage and Arts

Roles and Responsibilities

Government upholds education as the most effective pathway to growing the Fijian economy, enriching Fijian society, and advancing the upward mobility of the Fijian people. Through today's unprecedented access to all levels of education, more Fijians are armed with higher levels of skills and knowledge, opening new doors of opportunity and allowing new industries to take root by employing local talent. Over the past decade, Government's consistent and targeted investment in the education of Fijian students has led to the historic achievement of universal primary education, and given a record number of Fijian children access to secondary and tertiary education. The Ministry of Education, Heritage and the Arts ("Ministry") is responsible for building a knowledge-based society, ensuring that Fiji's young people have equitable access to high quality education at all levels of the Fijian education system.

To better serve Fijian teachers and students, the Ministry is currently undergoing an organisational restructure that will streamline its systems and strengthen its capacity to more effectively respond to the current needs of the sector. Further, this ongoing structural modernisation will provide strategic oversight for mapping out the long-term development of Fiji's education system, allowing the Ministry to adapt to the demands of rapid technological advances and globalisation. This restructure will be complemented by the work planned on reviewing the national curriculum to ensure the content and mode of delivery nurtures innovation amongst young Fijians, inspires them to set big goals and equips them with a strong foundation to pursue and achieve their goals.

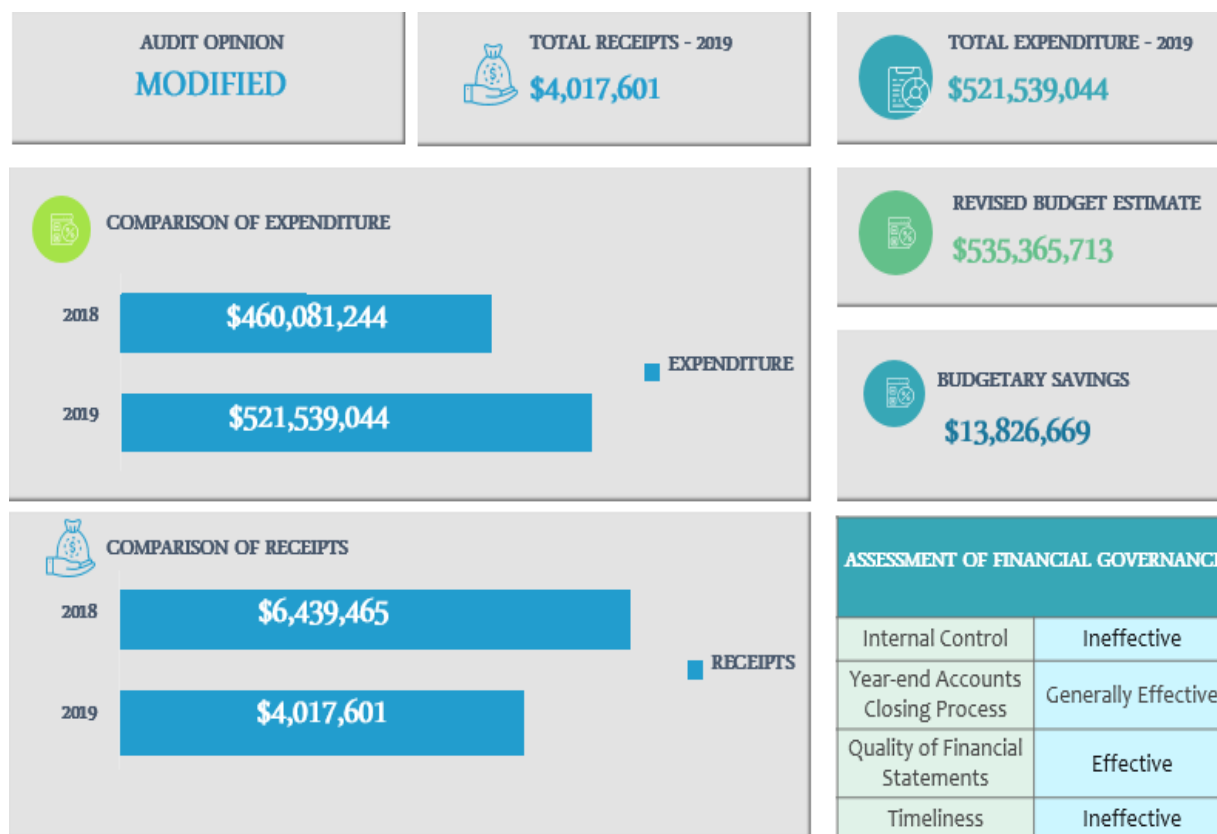
Within the Ministry, the Department of Heritage & Arts is charged with safeguarding Fiji's rich cultural and natural heritage. In addition, increased resources have been provided for the cultivation and conservation of various art forms, including those that highlight Fiji's cultural heritage.

Table of Contents

PART A: FINANCIAL INFORMATION	3
21.1 Audit Opinion	3
21.2 Appropriation Statement – Head 21	4
21.3 Appropriation Statement – Head 26	5
PART B: SIGNIFICANT MATTERS	6
21.4 Records Not Provided	6
21.5 Variance between FMIS and Payroll Report (Recurring Issue)	7
21.6 Collection of Government Boarding School Fees	8
21.7 Ration Rates for Boarding Schools	9
21.8 Accounting for donor fund	11
21.9 Misallocation of Expenditure	12
21.10 Bus Fare Assistance (Recurring Issue)	13
21.11 Free Education Grant (Recurring Issue)	15
21.12 Administration of Free Education Grant (Recurring Issue)	16
21.13 Anomalies in Accountable Advance (Recurring Issue)	18
21.14 FHEC Revenue Incorrectly Posted (Recurring Issue)	19
21.15 Under-Utilisation of Capital Expenditure Budget (Recurring Issue)	20
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	22
21.16 Internal Controls	22
21.17 Submission of FY 2018-2019 Draft Agency Financial Statements	23
21.18 Quality of Draft Financial Statements by entities	23
21.19 Timeliness of draft financial statements	24

21.20 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	24
---	----

APPENDIX 1: ANALYSIS OF GOVERNMENT BOARDING SCHOOL FEES REVENUE	25
--	-----------

PART A: FINANCIAL INFORMATION**21.1 Audit Opinion**

The audit of the 2019 accounts of the Ministry of Education, Heritage and Arts resulted in a modified audit opinion with Emphasis of Matters paragraphs. The qualifications were as follows:

1. Included in Operating Grants and Transfers account balance of \$108.1 million is bus fare assistance program amounting to \$29.5 million. The Ministry was not able to provide the detailed breakdown of payments made to the supplier amounting to \$5.1 million. As such, the accuracy and completeness of the Operating Grants and Transfers account balance reflected in the Statement of Receipts and Expenditure could not be confirmed.
2. Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll reports for both Established Staff and Government Wage Earners of \$606,092 and \$731,875, respectively. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.

The Emphasis of Matters paragraphs included the following:

1. Internal controls over revenue, administration of the Free Education Grant, reconciliation of accounts and records management were generally weak. These relate to misallocation of revenue, non-compliance to the policy on utilisation of Free Education Grant in accordance with prescribed percentage allocation and non-provision of accounting

records for audit verification. If these issues are not addressed promptly, it will result in material misstatements and possible financial losses.

2. The administration and management over the Bus Fare Scheme were generally found to be weak as highlighted in the Performance Audit Report on the Administration and Management of Bus Fare Assistance through E-ticketing for School Children, Elderlies and Person with Disability (Parliament Paper No. 71 of 2020).

21.2 Appropriation Statement – Head 21

The Ministry collected revenue totalling \$4.0 million in 2019 and incurred expenditure totalling \$521.5 million against a revised budget of \$535.4 million resulting in a saving of \$13.9 million or 2.6%.

Details of expenditure against the revised budget are provided in Table 21.1.

Table 21.1: Appropriation Statement for 2019 – Head 21

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Established Staff	371,504,639	6,924,247	378,428,886	378,426,056	2,830
2	Government Wage Earners	6,389,576	---	6,389,576	6,261,943	127,633
3	Travel & Communication	2,079,080	(384,400)	1,694,680	1,259,731	434,949
4	Maintenance & Operations	2,689,455	(425,666)	2,263,789	1,898,272	365,517
5	Purchase of Goods & Services	22,399,486	(5,424,802)	16,974,684	16,156,636	818,048
6	Operating Grants & Transfers	108,271,646	798,771	109,070,417	108,119,583	950,834
7	Special expenditure	3,256,309	(1,540,100)	1,716,209	1,065,928	650,281
	Total Operating Costs	516,590,191	(51,950)	516,538,241	513,188,149	3,350,092
8	Capital Construction	6,642,292	303,470	6,945,762	2,381,736	4,564,026
9	Capital Purchase	1,570,685	---	1,570,685	752,805	817,880
10	Capital Grants & Transfers	7,100,000	99,604	7,199,604	3,967,157	3,232,447
	Total Capital Expenditure	15,312,977	403,074	15,716,051	7,101,698	8,614,353
13	Value Added Tax	3,462,545	(351,124)	3,111,421	1,249,197	1,862,224
	TOTAL	535,365,713	---	535,365,713	521,539,044	13,826,669

Significant budget savings of \$8.6 million in Capital Expenditure was largely due to the delay in the processing of applications for building grants from schools. The delay resulted from the extension of closing date for submission of applications, the high number of applications received and meeting the requirements of the Ministry of Economy's CIU. There were also delays in tender approvals for capital projects.

21.3 Appropriation Statement – Head 26

The Higher Education Institutions incurred expenditure totalling \$85.2 million in 2019 against a revised budget of \$123.8 million resulting in savings of \$38.6 million or 31.2%.

Details of expenditure against the revised budget are provided in Table 21.2.

Table 21.2: Appropriation Statement for 2019 - Head 26

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	104,789,107	---	104,789,107	73,972,559	30,816,548
	Total Operating Costs	104,789,107	---	104,789,107	73,972,559	30,816,548
10	Capital Grants & Transfers	19,000,000	---	19,000,000	11,233,743	7,766,257
	Total Capital Expenditure	19,000,000	---	19,000,000	11,233,743	7,766,257
	TOTAL	123,789,107	---	123,789,107	85,206,302	38,582,805

Significant budget savings were largely due to the following:

1. Savings of \$30.8 million in Operating Grants and Transfers was due to the partial release of Quarter 3 grants and more so the non-release of Quarter 4 grants to higher education institutions such as the Fiji National University, University of the South Pacific and the Centre for Appropriate Technology & Development. Approval to release the grants was not provided by the Ministry of Economy.
2. Savings of \$7.7 million in Capital Grants and Transfers was due to partial and non-release of quarterly capital grants to institutions such as the Fiji Museum, Fiji National University Nasinu and Labasa campuses and the Fiji Maritime Academy.

PART B: SIGNIFICANT MATTERS

The Audit Act 1969 require, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause* or *is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary action is not taken to address them.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2019.

21.4 Records Not Provided

The *Manager Finance* is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹

The following records were not provided for audit verification:

- Detail breakdown for payments of \$5.09 million made to the supplier for the Bus Fare Scheme. Refer to Table 21.3 for details.

Table 21.3: Detail of payments as not provided – Bus Fare Scheme

Payee	Cheque Number	Date	Voucher ID	Voucher Amount (\$)
Vendor A	207935	22/02/2019	576580	4,000,000
	1062809	04/10/2018	556654	1,098,222
Total				5,098,222

- Text books distribution listings to schools - The Ministry prints and distributes text books annually to all schools and in 2019 incurred expenditures totalling \$2.9 million. Records for the distributions of textbooks including the number of textbooks distributed to schools were not maintained.
- Payment vouchers and supporting documents for expenditures totalling \$338,363.26. Refer to Table 21.4 for details.

Table 21.4: Payment vouchers not provided

¹ Ministry of Education Finance Manual 2017, Section 19.2.1

Cheque Number	Date	Amount (\$)
222852	26/07/2019	155,872.12
219218	25/06/2019	12,120.00
193151	29/10/2018	16,692.78
190028	1/10/2018	94,503.07
208927	5/03/2019	48,880.44
60597	22/05/2019	10,294.85
Total		338,363.26

Root cause/Implication

Poor records management and the absence of effective monitoring and supervisory checks in the accounting function.

Recommendation

The Ministry should improve supervisory checks in its accounting function and also strengthen its records management practices to ensure that documents to support expenditures are appropriately maintained.

Agreed Management Action

Audit comments noted. Ministry was not able to provide all detail breakdown of payments made to the relevant supplier for the Bus Fare Scheme. This was mainly because of sudden change in staffing without any handing over. The records were also not found in the staff computer devices. Ministry had exhausted multiple avenues but no records were located. However, Ministry wishes to advise Audit that moving forward, Ministry will ensure that all records of detail breakdown of payments made is stored and kept both electronically and physically.

Text book distribution listing is being kept from 2021 as FEMIS has Textbook Module which consists of data on textbooks distributed. Also, EMS has records of textbook distributed to the schools. 2020 we started using FEMIS 2021 onwards all onwards all information available in

Officers Responsible

Manager Procurement, Manager Finance, Manager Grants and Director Asset Management Unit

21.5 Variance between FMIS and Payroll Report (Recurring Issue)

Salaries and wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorised payments, inaccurate payroll reports and invalid pay rates.²

We noted variances of \$606,092 and \$731,876 between the balances recorded in the FMIS general ledger and the Ministry's payroll report for Established Staff and Government Wage Earners, respectively.

² Ministry of Education Finance Manual 2013, Part 4 - Introductory Paragraph

Refer to the Table 21.5 below for details of the variances.

Table 21.5: Variances in payroll

	Established Staff	Government Wage Earners
	(\$)	(\$)
FMIS Personal Emoluments as at 31/07/19	319,212,285	5,643,637
Add Allowances	26,888,528	---
Add Overtime	1,000	6,122
Add Relieving Staff	415,257	64,860
Total FMIS General Ledger Balance	346,517,070	5,714,619
Total Payroll System Report	341,837,449	6,446,495
Less Manual payments as at 31/07/19	4,073,529	---
Variance	606,092	(731,876)

Root cause/Implication

Lack of reconciliation performed between the FMIS general ledger and Payroll Reports, which is currently not a requirement of the Ministry's Finance Manual.

Recommendation

The Ministry should incorporate into the Finance Manual the requirement to carry out reconciliation of weekly and fortnightly payroll report against FMIS general ledger.

Agreed Management Action

MEHA from this financial year has successfully prepared payroll reconciliation to reflect and record details of all expenses posted in SEG1 and SEG2. The GL is always correct. There are some transactions not captured in payroll report since the payroll software does not have provision to capture those transactions such as manual payments, journal adjustments, direct payments (compensations, contingency), salary reversals and Ministers emoluments & allowance. This financial year the GL reconciliation for SEG1 and SEG2 is well prepared and details of transactions are well defined. GL versus payroll reconciliation is available for audit purpose.

Officer Responsible

Manager Finance

21.6 Collection of Government Boarding School Fees

Each Accounting Head must ensure that:

- revenue is recorded against the correct account as per the Chart of Accounts;
- the Ministry of Finance (FMIS) is consulted before collecting a totally new revenue type;
- the recording of revenue is reconciled monthly with the Ministry of Finance;
- the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month; and

e) VAT is correctly accounted for and remitted as required.³

Audit review and analysis of fees revenue received from Government boarding schools revealed a variance of \$54,514 between the balance recorded in the FMIS general ledger of \$382,380 and the balance of \$436,894 that should have been collected according to the school rolls. Refer to **Appendix 1** for the analysis done.

Root cause/Implication

The lack of adequate checks through reconciliation process on the revenue collection and recording has resulted in the variance in boarding fees revenue.

Recommendation

The Ministry should strengthen the reconciliation process by undertaking a comprehensive analysis of the school rolls and boarding fees collected.

Agreed Management Action

The audit is noted. The Ministry will conduct comprehensive review of boarding fees collection, receipting and deposits. Appropriate analysis will be done such as quarterly reconciliation of border roll and revenue receipts books. Reports will be prepared and checked against GL and arrears of revenue report. School Principals, Bursars and Clerical Officers will be reminded via MEMO to carefully handle the enrolment and receipting of boarders. The receipts will be carefully examined to note the payments done are for current or previous terms.

Officer Responsible

Manager Finance

21.7 Ration Rates for Boarding Schools

The ration rates ranging from \$50 - \$70 per term for student boarders in government boarding schools was approved in 1994.

We noted that the ration rate has not been reviewed for over 25 years and was not sufficient to meet the current cost of consumption for students (boarders). In addition, the Ministry was not able to confirm the basis of deriving the ration rates of \$50 per student per school term. Refer to Table 21.6 below for the analysis of ration return for Term 2 of 2019:

³ Finance Instruction 2010, Section 21(1)

Table 21.6: Details of Ration Returns - Term 2 of 2019

No of Students	No. of Days	Ration Rate per student per term (\$)	Ration Rate per student per day (\$)	Actual Consumption for term 2, 2019 (\$)	Actual Consumption per student per day (\$)	Variance (\$)
(A)	(B)	(C)	(D) = C/B	(E)	(F) = E/ (A * B)	(G) = D - F
Ratu Kadavulevu School						
960	90	50	0.56	153,174.70	1.77	(1.21)
Adi Cakabau School						
454	96	50	0.52	95,706.74	2.20	(1.68)
Queen Victoria School						
780	90	50	0.56	216,156.11	3.08	(2.52)
Nasinu Secondary School						
299	96	60	0.63	130,473.12	4.55	(3.92)

Root cause/Implication

Regular review of ration rates for the boarding schools has not been undertaken over the years.

Recommendation

The Ministry should consider a thorough review of the ration rates for Government boarding schools to account for the current cost of consumption.

Agreed Management Action

Audit comments noted. We agree over the years, the budget and the per child allocation did not match. The amount of the child has been removed from the management handbook because different schools have different circumstances, including supplementary foods from farms, charging parents for boarding and thirdly by fundraising. This complements the amount of money that we give. Moving forward we will analyse the boarding students roll in government versus non-government school. The analysis will reflect the cost to run the boarding facility with similar boarding roll at government versus non-government school.

Four (4) Government boarding schools have boarding facility farms and gardens; Ratu Kadavulevu School, Queen Victoria School, Adi Cakobau School and Bucalevu Secondary School. These four schools have livestock in farms such as cattle, pigs and poultry. The livestock are utilized in meals therefore, \$50 ration rate / boarding fees is sustainable. Other five (5) government boarding schools do not have livestock. They have gardens of root crops, tree crop and vegetables. Ration rate / boarding fees range from \$60 to \$70 in these schools. The boarding facility funded by MEHA caters for fuel, schools services, farm & ground machinery, farm expenditure, food, materials & stores. Government boarding schools food supply is sustainable and there are no complains of stock shortage or malnutrition.

Officer Responsible

Manager Finance

21.8 Accounting for Donor Fund

An official government receipt must be issued for all monies received.⁴ Agencies must ensure that all commitments and invoices are promptly and accurately recorded in the accounting system to meet management and external reporting needs.⁵ The purpose of this Policy is to encourage accountability in the handling of donor funds.⁶

The Ministry received on 28/11/2018 a donation of \$F20,000 from an embassy to fund the Special Education Program.

We noted the following anomalies:

- There was no receipt issued to the donor for funds received.
- A review of SLG 84 accounts in FMIS general ledger indicated that there was no account on special education program in the 2019 financial year.
- On 11/02/19, an accountable advance for \$20,000 was issued to a staff of the Ministry. And on 18/02/19, revenue receipt No. 904124 of the same amount was issued by the Ministry's cashier to the same officer for clearance of accountable advance. No other supporting document was produced as acquittal.

The unit responsible for the implementation of the Special Education Program project confirmed not utilising the fund. We were unable to establish if the amount advanced to the Ministry's staff was retired or acquitted and deposited to the Consolidated Fund Account.

Root cause/Implication

The findings indicate revenue receipting and SLG 84 guidelines were not followed. There is a potential risk of misappropriation of donor funds.

Recommendation

The Ministry should ensure that the requirements of the Finance Manual and any other guidelines governing the receipting and utilisation of donor funds are complied with.

Agreed Management Action

Audit comment is noted. SOP has been developed for donor funds. Other checklists are available such as ad-hoc donor funds. The Officer involved has been dismissed and the case is with FICAC for litigation proceedings.

The Ministry will ensure that the donors name is written on the revenue receipt issued instead of the officer's name receiving the accountable advance. Fund will be transferred to Ministry of Economy so an SLG 84 account is activated and accountable advance is properly acquitted and monitored by both Ministry of Education and Economy.

⁴ Finance Instructions 2010, Section 20 (6)

⁵ Finance Instructions 2010, Section 53 (1)

⁶ SLG 84 Reporting Guide, Section 3.1 (v)

Officer Responsible

Manager Finance

21.9 Misallocation of Expenditure

The Accounts Officer Finance/ Ledgers shall enter details on payment vouchers in an Expenditure Ledger. The ledger shall record:

- I. date of payment and name of payee;
- II. type and amount of payment;
- III. cheque and payment voucher number;
- IV. expenditure account;
- V. cumulative totals.⁷

Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁸

Review of a sample of payment vouchers revealed that the Ministry had charged expenditures to incorrect allocations in the FMIS general ledger. Refer to the Table 21.7 below for details.

Table 21.7: Expenditure posted to incorrect allocations in the FMIS GL

Date	Voucher Number	Amount (\$)	Particulars	Allocation Posted to	Correct Allocation
11/03/2019	578377	1,848.37	Payment for Electricity Charges for January 2019	SEG 3 Telecommunications	SEG 4 Power Supply
22/11/2018	563042	1,719.34	Electricity Bill for October 2018	SEG 3 Telecommunications	SEG 4 Power Supply
11/06/2019	587525	1,324.34	Electricity Bill for May 2019	SEG 3 Telecommunications	SEG 4 Power Supply
12/03/2019	578579	1,376.78	Electricity Bill for May 2019	SEG 3 Telecommunications	SEG 4 Power Supply
01/07/2019	590080	36,000.00	Payment for Monthly Goodwill Rent from January 2018 - June 2019.	SEG 5 Consumables for Course Practical	SEG 5 Property Lease & Rent
26/07/2019	593810	42,000.00	Payment for Supply of Milk & Weetbix	SEG 9 Boat & Outboard Motor Engine	SEG 5 Free Milk Programme

Root cause/Implication

Lack of supervisory checks in the reconciliation process to ensure that expenditures are charged to the correct allocations at the close of accounts. The misallocation of expenditures is sometimes due to insufficient funds available in the relevant allocations.

⁷ Ministry of Education, Finance Manual 2017, Section 2.8.14

⁸ Ministry of Education, Finance Manual 2017, Section 16.3.4

Recommendations

The Ministry should:

- **vire funds from allocations with savings during the financial year to ensure that expenditures are correctly reflected.**
- **ensure supervisory checks in the reconciliation process are strengthened to ensure that mis-postings of expenditures are identified and adjusted in a timely manner.**

Agreed Management Action

Audit comments are noted. Moving forward this is what we have been doing; this financial year the procurement, grants and payments team ensure to seek period cash flow and virement. Internal budget books will be prepared and provided to team leaders in finance to enable them to check the active allocations. Internal training and awareness will be provided to ensure those who input allocations in FMIS use correct allocations for procurement and payments. If additional funding is required in any allocation then period cash flow and virements shall be done in accordance with guidelines and checklists.

Officer Responsible

Manager Finance

21.10 Bus Fare Assistance (Recurring Issue)

The Ministry engaged “Company A” to facilitate transport assistance scheme for school students through electronic ticketing. (E-Ticketing)

Issues relating to the bus fare assistance programme were raised in the Performance Audit report on the “*Administration and Management of Bus Fare Assistance through E-Ticketing for the School Children, Elderlies and Persons with Disability*”; Parliament Paper No. 71 of 2020. Refer to the summary below for details.

Administration of the Program

- The Policy on Transport Assistance, which was due for review in 2016, and Standard Operating Procedures (SOPs), to include the responsibilities of the e-ticketing service provider as required under the Electronic Fare Ticketing Act 2014 is yet to be carried out.
- There was no formal agreement (Service Level Agreement) between the Ministry of Education and the e-ticketing service provider.
- Although complaints are recorded, there is no clear process in the manner in which feedback is to be provided to the complainant.
- Policies and processes for declaration of conflict of interest for officers involved in the program has not been developed by the Ministry to manage conflicts.

Management of the Performance of the Program

- There has been an absence of acceptable data governance process where agreements are made to ensure that relevant information such as exception reports on the actual use of cards, travel patterns and behaviour of eligible students are captured and monitored.
- Regular reconciliation has not been carried out between the records kept by the Ministry against the records kept by the e-ticketing service provider.
- Our review of the MEHA internal audit report in May 2020 revealed six findings that are related to the Bus Fare Assistance program. For example, inconsistencies were noted in the approval and rejection of applications on bus fare assistance provided on the zoning of students based on their residential address even though the head of school considerably monitors this limit. The Transport Assistance Unit (TAU) is working towards implementing the recommendations made in respect of these issues.
- A significant number of anomalies were noted in the student bus fare assistance application process which needs to be addressed by the Policy on Transport Assistance.

Data Analytics

- There were inconsistencies between the records maintained by the ticketing service provider and the Ministry of Education.

Root cause/Implication

In the absence of the agreement, the interest of government is not protected and the Ministry may not be able to hold “Company A” responsible for not meeting the deliverables of the bus fare assistance program.

The Ministry did not implement stringent monitoring of the funds disbursed.

In the absence of accounting records and supporting documents, the accuracy and completeness of the account balances recorded in the FMIS general ledger could not be substantiated.

Recommendations

The Ministry should ensure that:

- **An agreement is drawn between Ministry and the e-ticketing service provider for the facilitation of transport assistance scheme for school students through electronic ticketing.**
- **Policy on Transport Assistance is reviewed and also update the SOPs to address the risks associated with the Bus Fare Assistance program through e-ticketing, amend outdated information and incorporate updated e-ticketing services application and guidelines.**
- **Processes are improved so that confirmation on income of parents of students applying for assistance under the program can be obtained from the Fiji Revenue and Customs Service.**
- **Zoning policy is strictly adhered to for bus fare assistance given to school students.**

Agreed Management Action

Ministry has drafted a service agreement and is currently under consultation process. The requirements and responsibilities of both the Ministry and E-Transport Service Provider are clearly outlined in the draft service

agreement. These will be aligned to the revised Transport Assistance Policy and the SOP for Transport Assistance. Ministry assures Audit that the service agreement will be finalized and vetted before the next financial year. Ministry also highlights that no reconciliation was done due to short of staff. Ministry however, assures audit that proper reconciliations against General Ledger and the amount disbursed and redeemed will be carried out with effect from this Financial Year. The Ministry is also currently in process of finalizing the Transport Assistance Policy and the SOP. The Policy and SOP will be implementing processes that will strengthen the internal controls around Transport Assistance and will outline regular reporting and monitoring of E-Transport Services and confirmation on income. Section 4.2 and 4.3 of the draft Policy respectively states that “Parents/Guardians shall be required to provide documentation as requested by MEHA to substantiate their income and MEHA will enter into a data-sharing Memorandum of Understanding with the FRCS to enable verification of parental/guardian income declarations”. The draft policy also covers adherence to the zoning policy as per Section 4.11 “Priority for transport assistance will be given to eligible students residing within their school’s home zone as defined in the Policy on School Zoning in Fiji (for urban schools only). PSEHA has the discretion to approve transport assistance for other students residing outside their school’s home zone as determined necessary”.

Officer Responsible

Manager Grant

21.11 Free Education Grant (Recurring Issue)

The Free Education Grant (FEG) amount paid to each School is determined by the number of students on the audited school rolls and will not be adjusted for student transfer after the completion of the class audit in Fijian Education Management Information System (FEMIS). The amount of FEG paid per student is determined by an equitable formula approved by the Permanent Secretary of Education.

We noted the following anomalies with regards to the free education grants:

Primary school grant

A variance of \$2.2 million existed between FMIS general ledger and total amount of primary schools grant recorded by the Grants Section of the Ministry. Refer to Table 21.8 below for details.

Table 21.8: Variance in Free Education Grant Year 1 – 8 School Grant

	Amount (\$)
Amount as per General ledger	33,592,150
Grant Paid to Primary Schools as per MEHA Grant Section records (Term 3 2018, Term 1 and 2 2019)	35,764,533
Variance	(2,172,383)

Secondary school grant

A variance of \$286,571 also existed between FMIS general ledger and total amount of secondary schools grant paid by the Ministry as per the record maintained by the Grant Section. Refer to Table 21.9 below for details.

Table 21.9: Variance in Free Education Grant Year 9 – 13 School Grant

	Amount (\$)
Amount as per General ledger	29,600,813
Grant Paid to Primary Schools as per MEHA Grant Section records (Term 3 2018, Term 1 and 2 2019)	29,887,384
Variance	(286,571)

Root cause/Implication

The Ministry did not reconcile the FMIS general ledger balance for school grants with the expected grant to be paid according to the school rolls in the FEMIS.

Variances between critical records may indicate the existence of errors and omissions.

Recommendation

The Ministry should improve the reconciliation process between the FMIS general ledger and the FEMIS records and investigate and resolve variances identified.

Agreed Management Action

The financial year budgetary provisions determine the grants to be paid out. Ministry will not be in a position to pay grants outside the budgetary provisions. Grant payments to Schools are subject to Grant payment conditions, therefore only those Schools grants are released that have updated its spending details, Class audits and has submitted in the Annual Financial Statements. Ministry has started with effect from 2020 with its restructure of the grant management processes. The School Management Handbook has been reviewed to strengthen the accountability requirements for schools to achieve increased efficiencies and effectiveness with grant funds and the Financial Management Arrangement Policy has been implemented to further enforce this. The FEMIS system is currently been reviewed and realigned to meet the requirements as stated in the School Management Handbook. One process review with effect from Term 1, 2020 is to have the grant payment schedule generated directly from FEMIS whereby grant for each school per term is calculated through FEMIS after verifying the class roll and removing non-eligible students. In order to strengthen the internal control procedures, Ministry with effect from Term 1, 2020 has implemented reconciliations of amounts paid out from FMIS general ledger against grant eligibility for Schools which is calculated from FEMIS. The reconciliations are done for each school on a termly basis to ensure that the correct amount of grant is paid and any variance is identified, noted and explained.

Officer Responsible

Manager Grant

21.12 Administration of Free Education Grant (Recurring Issue)

A review of the schools audited financial statement for the Free Education Grant (FEG) for the 2019 financial period revealed that the grants were not always utilised in accordance with the percentage allocations prescribed in the FEG Policy.

We noted that grants were not always utilised in accordance with the percentage allocations prescribed in the FEG Policy. Schools had exceeded the percentage allocations.

Refer to Tables 21.10 and 21.11 for more details.

Table 21.10: Primary schools – grants not utilised as per FEG Policy

School Registration No.	Administration/ Management & Office Operations 30%	Building and Compound Maintenance 20%	IT, Computer 15%	Library & Textbooks 10%	PEMAC & Science Equipment 10%	Stationeries 15%
1092	29%	19%	22%	9%	9%	13%
2033	41%	21%	12%	0%	10%	15%
2410	30%	20%	15%	10%	10%	15%
1064	25%	39%	11%	5%	8%	12%
1502	29%	22%	12%	13%	9%	15%
1333	22%	32%	6%	0%	21%	20%
1005	26%	39%	10%	10%	4%	10%
3073	27%	39%	6%	1%	3%	24%
1662	42%	33%	4%	0%	8%	12%
2554	31%	37%	8%	11%	4%	9%

Table 21.11: Secondary schools - grants not utilised as per FEG Policy

School Registration No.	Administration & Office Operations 30%	Building and Compound Maintenance 20%	IT, Computer and TEST-Materials 15%	Library Books & Textbooks 10%	Physical Education, Arts, Music and Science Equipment 10%	Stationery 15%
9229	51%	18%	6%	6%	6%	13%
2049	21%	48%	10%	7%	6%	8%
1539	53%	19%	9%	1%	5%	13%
1861	21%	51%	10%	5%	1%	12%
2352	30%	34%	3%	8%	10%	15%
3033	26%	23%	23%	9%	9%	10%

Root cause/Implication

The schools did not comply with the requirements of the Free Education Grant Policy.

Recommendation

The Ministry should regularly monitor the utilisation of the grant to ensure that they are utilised in accordance with the FEG Policy.

Agreed Management Action

As per the School Management Handbook 2020, it is the role of the School Head to monitor budget expenditure and prepare Virement requests in consultation with the SMC. The Ministry has drafted and developed a SOP for monitoring of governance and financial management practices in Schools which is currently under internal consultation. This SOP will ensure that there is a standardized approach to monitoring of Governance and Financial Management Practices in Schools. This monitoring is particularly important as it will ensure that school grants are being utilized in the most effective and efficient way, and thereby achieving the maximum impact on teaching and learning. The Ministry has also drafted and developed a monitoring checklist for school

governance and financial management which will assist Officers in monitoring schools and identifying areas of concerns and red flags of non-compliances to the sections of the School Management Handbook 2020, including utilization of grant in accordance with the percentage allocations prescribed in the FEG policy. This checklist is also under internal consultation and will be implemented once approved. The School Management Handbook 2020 clearly outlines the process of virement process for the School to request transfer of funds when they exceed an allocation. The Ministry is currently in process of automating a virement requests from Schools and approval controls will be built into this to ensure PSE approves it.

The ministry has recently redesigned the virement request form to include a compliance check list to make ensure that all virements requests are following the process set out in the Handbook 2020.

Officer Responsible

Manager Grant

21.13 Anomalies in Accountable Advance (Recurring Issue)

Where an advance has not been acquitted within seven days of travel, the Principal Accounts Officer shall effect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.⁹ Upon clearance of the advance, the Accounts Officer Payments/Clerical Officer Claims shall update the debtors register, offset the advance account and debit the appropriate expenditure account.¹⁰

The audit of the Revolving Fund Account revealed the following:

1. As at 31 July 2019, the Ministry's Revolving Fund Account (RFA) had an outstanding balance of \$207,739. The Ministry, on 2 November 2018 requested for a write-off of a balance of \$143,158 from Ministry of Economy as the officers concerned were no longer employed by the Ministry. The unretired advances have not been recovered. The remaining balance of \$64,581 comprised of accountable advances not retired from 2017 to 2019.
2. Outstanding balance of \$23,427 was not retired by staffs issued with advances.

Table 21.12: Outstanding balance of \$23,427 not retired

EDP No.	Outstanding Balance (\$)	Comments
95625	21,559	Deductions from salary was done till pay 16/2019 .The staff resigned on 02/08/2019 thus outstanding balance of \$21,559 was not recovered by the Ministry.
85527	1,868	Deductions from salary was done till pay 19/2019 and the outstanding balance was \$1,868.40.
Total	23,427	

The RFA balance as at 31/07/20 has reduced to \$175,921.

⁹ Ministry of Education Finance Manual 2013, Section 10.1.14

¹⁰ Ministry of Education Finance Manual 2013, Section 10.1.16

Root cause/Implication

Ineffective controls and lack of supervisory checks in the administration of the accountable advances.

Non-retirement of advances on timely basis has resulted in the understatement of expenditure in the statement of Receipts and Expenditure for the year.

Recommendation

The Ministry should ensure that accountable advances are retired on timely basis or effect recovery through salary deductions as stipulated in the Ministry's Finance Manual.

Agreed Management Action

The audit comments are noted. The Finance unit from this financial year conducts weekly meetings and detailed discussion is done to ensure accountable advance progress is noted. The relevant officers taking advance are reminded of retirement due dates via phone call and email. In case of late retirement, penalties are immediately charged and recovery processes are implemented.

Officer Responsible

Manager Finance

21.14 FHEC Revenue Incorrectly Posted (Recurring Issue)

The Assistant Accounts Officer Revenue shall prepare a journal voucher or journal entry input form before posting revenue transactions into the general ledger. The journal voucher for an adjustment should outline:

- i. reason for raising adjustments;
- ii. the accounts that should be debited and credited;
- iii. the amount debited and credited to each account.¹¹

The Fiji Higher Education Commission (FHEC) collected a total of \$44,785 registration fees as at 31/07/19. It was noted that only \$37,490 of the total registration fees received was posted to the FMIS general ledger with the remaining \$7,295 not recorded in the general ledger.

Moreover, the Ministry incorrectly posted the registration fees of \$9,790 to examination result fees allocation¹² and \$27,700 to the Fiji Teachers Registration Authority allocation¹³. The registration fee allocation¹⁴ had nil balance in 2019.

¹¹ Ministry of Education Finance Manual 2013, Section 5.5.5

¹² Allocation No. 1-21101-21999-279999

¹³ Allocation No. 1-21101-21999-230319

¹⁴ Allocation No. 1-21101-91012-230319

Root cause/Implication

The issue indicates the existence of inadequate supervisory checks in the accounting function, specifically, the reconciliation and closing of accounts.

As a result, registration fee was understated by \$37,490 and examination result fee and Fiji Teachers Registration Authority was overstated by \$9,790 and \$27,700 respectively.

The Ministry's total revenue was understated by \$7,295.

Recommendation

The accounts reconciliation process should be strengthened through improved supervisory checks and monitoring.

Agreed Management Action

The officer in-charge of revenue was confused with the two allocations as FTRA allocation is 12110121999230319 and FHEC is 1211019101223031. Therefore, the officer misposted FHEC revenue to FTRA revenue allocations. As of to date the officer is able to identify the differences of the two allocations, as a result the FHEC revenue is correctly posted.

Officer Responsible

Manager Finance

21.15 Under-utilization of Capital Expenditure Budget (Recurring Issue)

The Ministry was appropriated a revised budget of \$15.7 million to meet its capital expenditure for 2019.

We noted that the Ministry only utilised \$7.1 million or 45% of the total budget resulting in unutilised budget of \$8.6 million or 55% at year end.

There was a decline in capital expenditure utilisation rate when compared to 2018.

Root cause/Implication

Delay in the closing date for submission of building grant by schools and cumbersome selection process for the high number of applications from schools. There were also delays in receiving tender approvals.

Recommendation

The Ministry should review the processes and procedures governing the utilisation of building grants and other capital expenditure allocations and ensure proper planning and timely implementation of the capital projects.

Agreed Management Action

Underutilization of funds in the 2018/19 financial year was something beyond our control as former PS had instructed through Circular 63 to extend closing date for building grant submission. This attracted 512 applications from schools with proposal over \$52M. A lot of red tape was instituted in selection process and by the time RIE was approved, the financial year was over.

Officer Responsible

Director Asset Management Unit

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

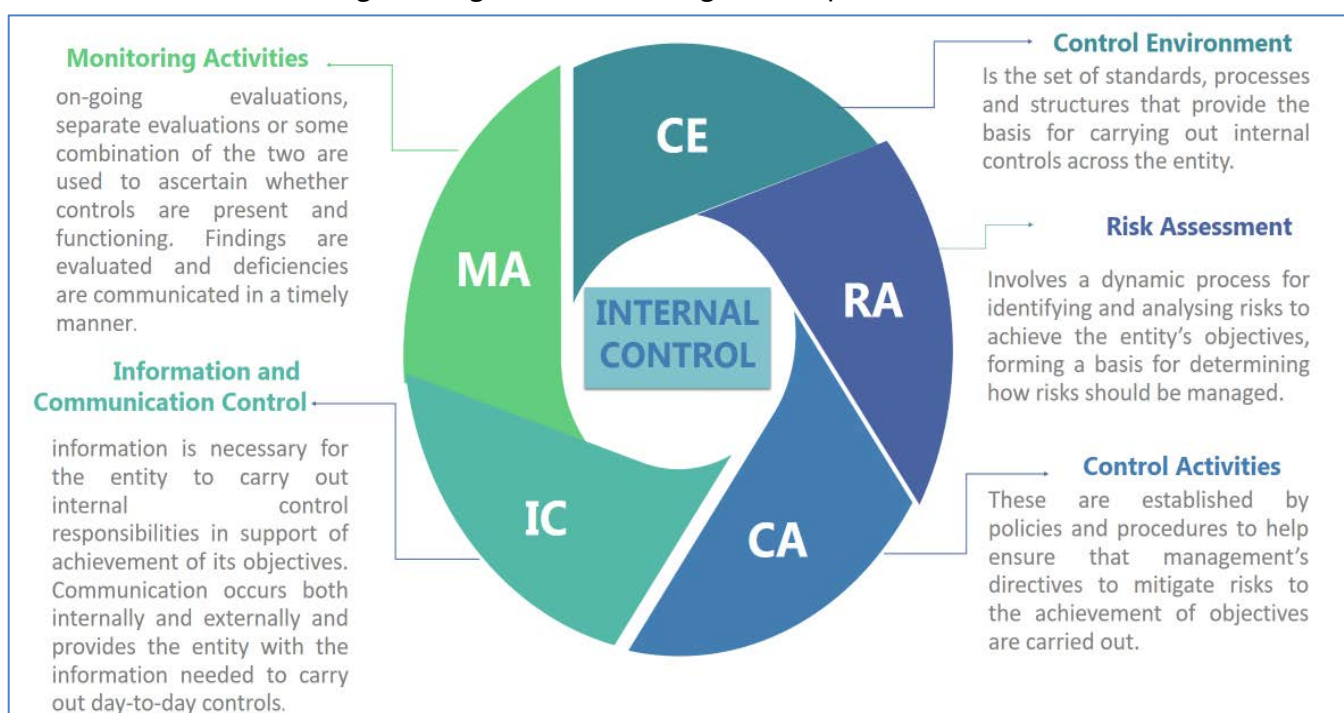
21.16 Internal Controls

During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

Internal controls are categorised against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☠	☠	☀	☠

In view of the above, we have assessed the internal controls of the Ministry as:

Rating	Internal control assessment
☠ Ineffective	Significant deficiencies identified in internal controls

21.17 Submission of FY 2018-2019 Draft Agency Financial Statements

On 29 May 2019, Permanent Secretary for Economy issued Circular No. 09/2019 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2019 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 12 July 2019	✗	Processing of <u>virement</u> by 23 August 2019	✗
Retirement of <u>imprests</u> by 19 July 2019	✓	Completion of reconciliations by 29 August 2019	✓
Processing of payments by 29 July 2019	✓	Clearance of Inter-departmental clearance accounts by 30 August 2019	✓
Clearance of stale cheques by 05 August 2019	✓	Annual Board of Survey on Drawings Account cheques by 30 August 2019	✓
Closing date for journal adjustments by 07 August 2019	✓	Submission of arrears of revenue returns by 30 August 2019	✗

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Economy by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

Based on information received, we have assessed the year-end close process as:

Rating	Year-end close process assessment
☀ Generally Effective	7 out of 10 key processes completed within due date

21.18 Quality of Draft Financial Statements by entities


The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Rating	Quality of draft financial statements assessment
☠ Ineffective	No adjustments were required but issues identified resulted in a qualified audit opinion.


21.19 Timeliness of draft financial statements


To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Rating	Timeliness of draft financial statements assessment
 Ineffective	Acceptable draft financial statements received after 31 October 2019

21.20 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to entity and the date management comments and signed accounts were received. Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Ineffective	After 21 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
 Effective	Within 5 days from issue of Financial Statements for signing

APPENDIX 1: ANALYSIS OF GOVERNMENT BOARDING SCHOOL FEES REVENUE

School Registration No.	Rate per Term	School Roll Term 3 of 2018	Expected Fees Term 3 2018	School Roll Term 1 of 2019	Expected Fees Term 1 2019	School Roll Term 2 of 2019	Expected Fees Term 2 2019	Total Expected Fees
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1825	50.00	456	22,800.00	429	21,450.00	430	21,500.00	65,750.00
2538	50.00	830	41,500.00	780	39,000.00	748	37,400.00	117,900.00
2541	50.00	830	41,500.00	1,010	50,500.00	960	48,000.00	140,000.00
1638	70.00	118	8,260.00	139	9,730.00	135	9,450.00	27,440.00
1504	60.00	26	1,560.00	45	2,700.00	47	2,820.00	7,080.00
1057	70.00	95	6,650.00	116	8,120.00	105	7,350.00	22,120.00
2392	60.00	241	14,460.00	284	17,040.00	284	17,040.00	48,540.00
1310	50.00	208	10,400.00	189	9,450.00	208	10,400.00	30,250.00
1215	50.00	174	8,700.00	180	9,000.00	174	8,700.00	26,400.00
Total			155,830.00		166,990.00		162,660.00	485,480.00
Less partially paid fees								4,578.00
Less Withdrawals								26,190.00
Less Arrears of Revenue (Excluding Technical College of Fiji)								13,878.00
Less Term 2 boarding fees posted in period 1/2020								3,940.00
Total Expected Fees								436,894.00
Balance as per General Ledger								382,380.29
Variance								54,513.71

Section 22

MINISTRY OF HEALTH AND MEDICAL SERVICES

Roles and Responsibilities

The Ministry of Health and Medical Services is responsible for the promotion of health and well-being, protection of life and prevention & cure of disease, injuries and substance abuse. The Ministry of Health and Medical Services for the financial year 2018 –2019 was budgeted for the following measurable/verifiable improvement in outcomes for the citizens of Fiji.

- Upgrade nursing quarters and maritime facilities
- Increase in service delivery outcome under broad priority areas such as Non-Communicable Diseases, Maternal & Child Health and Communicable Diseases including environmental health and disaster preparedness.
- Increase in primary health care outcomes by expanding outreach programmes, improving continuum of care and improving quality and safety standards at health facilities.
- Increase in availability and accessibility of medicinal products and medical equipment to ensure effective service delivery.

Table of Contents

PART A: FINANCIAL INFORMATION	3
22.1 Audit Opinion.....	3
22.2 Appropriation Statement.....	4
22.3 Trading and Manufacturing Account.....	6
22.4 Trust Fund Account.....	8
PART B: SIGNIFICANT MATTERS	11
22.5 Limitation of scope with records not provided (Recurring Issue).....	11
22.6 Poor Records Management.....	13
22.7 Variance between FMIS GL and Payroll Report (Recurring Issue)	14
22.8 Other Payroll Anomalies.....	15
22.9 Significant Payment of Overtime (Recurring Issue)	16
22.10 Significant Savings in Capital Budget (Recurring Issue)	17
22.11 Absence of contract between the Ministry and Service Providers.....	19
22.12 Other non-compliance with the Finance Manual.....	21
22.13 Expenditure Charged to Wrong Allocation (Recurring Issue).....	22
22.14 Misallocation of Revenue	22
22.15 Condition of Health Facilities	23
22.16 Anomalies - Cardiology Services Trust Fund Account	26
22.17 Anomalies - Fiji Children's Treatment Trust Fund Account	27
22.18 Other Anomalies in Underline Accounts	29
22.19 Anomalies noted in Free Medicine Program (Recurring Issues)	30
22.20 Fiji Pharmaceutical and Biomedical Services (Recurring Issue)	32
22.21 Bulk Purchase Scheme (Recurring Issue)	33
22.22 Variance in Pharmaceutical Stock (Recurring Issue)	34
22.23 Fixed Assets Register not updated (Recurring Issue).....	35
22.24 Absence of Risk Management Policy	36
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	38
22.25 Internal Controls.....	38
22.26 Submission of FY 2018-2019 Draft Agency Financial Statements	39
22.27 Quality of Draft Financial Statements by entities.....	39
22.28 Timeliness of draft financial statements.....	40
22.29 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	40

APPENDIX 22.1:	POOR RECORDS MANAGEMENT	41
APPENDIX 22.2:	PROCUREMENT ANOMALIES.....	42
APPENDIX 22.3:	EXPENDITURE CHARGED TO INCORRECT ALLOCATIONS.....	44
APPENDIX 22.4:	AUDIT SITE VISIT – CWM HOSPITAL.....	46
APPENDIX 22.5:	AUDIT SITE VISIT – NAKASI HEALTH CENTRE.....	50
APPENDIX 22.6:	AUDIT SITE VISIT – NAUSORI HEALTH CENTRE	50
APPENDIX 22.7:	STORAGE SPACE AT FPBS	53
APPENDIX 22.8:	MISSTATED REVENUE IN BPS TMA	54
APPENDIX 22.9:	BPS ITEMS – DIFFERENT CODE & DIFFERENT SELLING PRICE.....	60
APPENDIX 22.10:	ITEMS WITH ZERO UNIT COST	61

PART A: FINANCIAL INFORMATION

<div>AUDIT OPINION</div> <div>QUALIFIED</div>		<div>TOTAL RECEIPTS - 2019</div> <div>\$6,297,889</div>		<div>TOTAL EXPENDITURE – 2019</div> <div>\$273,502,016</div>									
<div>COMPARISON OF EXPENDITURE</div> <div><div><div>2018</div><div>\$253,932,368</div></div><div>2019</div><div>\$273,502,016</div></div> <div>EXPENDITURE</div>				<div>REVISED BUDGET ESTIMATE</div> <div>\$334,960,248</div>									
				<div>BUDGETARY SAVINGS</div> <div>\$61,458,232</div>									
<div>COMPARISON OF RECEIPTS</div> <div><div><div>2018</div><div>\$6,233,916</div></div><div>2019</div><div>\$6,297,889</div></div> <div>RECEIPTS</div>				<div>ASSESSMENT OF FINANCIAL GOVERNANCE</div> <table><tr><td>Internal Control</td><td>Ineffective</td></tr><tr><td>Year-end Accounts Closing Process</td><td>Ineffective</td></tr><tr><td>Quality of Draft Financial Statements</td><td>Ineffective</td></tr><tr><td>Timeliness</td><td>Ineffective</td></tr></table>		Internal Control	Ineffective	Year-end Accounts Closing Process	Ineffective	Quality of Draft Financial Statements	Ineffective	Timeliness	Ineffective
Internal Control	Ineffective												
Year-end Accounts Closing Process	Ineffective												
Quality of Draft Financial Statements	Ineffective												
Timeliness	Ineffective												

22.1 Audit Opinion

The audit of the 2019 accounts of the Ministry of Health and Medical Services resulted in a modified audit opinion. The qualifications were as follows:

Operating Fund

- The Ministry recorded Capital Construction expenditures of \$21.7 million in the Statement of Receipts and Expenditure for the year ended 31 July 2019. The Ministry was unable to provide the payment and journal vouchers to support capital expenditures totalling \$4.7 million. As a result, the completeness and accuracy of the capital construction expenditures could not be confirmed.
- Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll report for both Established Staff and Government Wage Earners for \$5.1 million and \$4.7 million respectively. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.

Sahyadri Trust Fund Account

- There was no movement for the Sahyadri Trust Fund Account during the year. The opening balance of \$20,609 was qualified in the 2018 financial statements as the Ministry was not able to provide a detailed listing of the closing balance of \$20,609 which included contributions from the patients and Government's assistance to approved patients. As a result, the accuracy and completeness of closing balance of \$20,609 reflected in the Sahyadri Trust Fund Account Statements of Receipts and Payments could not be substantiated.

Cardiology Services Trust Fund Account

- Receipts totalling \$26,705 were not recorded in the FMIS general ledger for the Cardiology Services Trust Fund Account. As a result, the total receipts and closing balances were understated by the same amount at year ended 31 July 2019.
- An unreconciled variance of \$26,683 exists between the FMIS general ledger and the Bank Reconciliation statement for the Cardiology Services Main Trust Fund Account. Consequently, the accuracy of the closing balance reflected in the Cardiology Services Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 could not be established.

Fiji Children's Overseas Treatment Trust Fund

- Expenditures totalling \$12,060 were not posted to the FMIS general ledger for Fiji Children's Overseas Treatment Trust Fund Account. As a result, total expenditure and closing balance were understated by the same amount at year ended 31 July 2019.
- An unreconciled variance of \$10,586 exists between FMIS general ledger and the Bank Reconciliation statement for the Fiji Children's Overseas Treatment Trust Fund Account. Consequently, the accuracy of the closing balance reflected in the Fiji Children's Overseas Treatment Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 could not be established.

Other Matters

- Internal controls over purchases and procurement, receipting and recording of Trust Fund revenue, reconciliation of accounts and records management were generally weak and if not addressed promptly will result in material misstatements and possible financial losses
- Internal controls for the Bulk Purchase Scheme Trading and Manufacturing Account over receipting and payments were generally weak. This relates to price charged that were not in accordance with the approved price list and the understatement of utility costs which is not paid for by the Bulk Purchase Trading and Manufacturing Account.
- The list of patients treated under Fiji Children's Overseas Treatment Trust Fund were not made available for audit.
- A total of \$55.9 million was incurred by the Ministry of Civil Service for the payment of personal emoluments and FNPF for the doctors employed by the Ministry of Health and Medical Services. The Ministry of Civil Service was responsible for the administration of these expenditures in accordance with the budget approved by Parliament.

22.2 Appropriation Statement

The Ministry collected revenue totalling \$6.3 million in 2019 and incurred expenditure totalling \$273.5 million against a revised budget of \$334.9 million and savings of \$61.4 million or 18%.

Details of expenditure against the revised budget are provided in Table 22.1.

Table 22.1: Appropriation Statement for 2019

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	134,782,388	(2,123,918)	132,658,470	130,362,299	2,296,171
2	Government Wage Earners	19,606,078	2,123,918	21,729,996	21,655,372	74,624
3	Travel & Communication	6,811,364	407,334	7,218,698	6,514,006	704,692
4	Maintenance & Operations	17,168,763	670,050	17,838,813	15,558,794	2,280,019
5	Purchase of Goods & Services	67,341,393	792,616	68,134,009	58,690,257	9,443,752
6	Operating Grants & Transfers	972,520	---	972,520	696,920	275,600
7	Special expenditure	13,307,176	230,000	13,537,176	6,373,581	7,163,595
	Total Operating Costs	259,989,682	2,100,000	262,089,682	239,851,229	22,238,453
8	Capital Construction	44,877,058	(2,100,000)	42,777,058	21,688,922	21,088,136
9	Capital Purchase	12,084,800	---	12,084,800	5,245,730	6,839,070
10	Capital Grants & Transfers	3,500,000	---	3,500,000	74,425	3,425,575
	Total Capital Expenditure	60,461,858	(2,100,000)	58,361,858	27,009,077	31,352,781
13	Value Added Tax	14,508,708	---	14,508,708	6,641,710	7,866,998
	TOTAL	334,960,248	---	334,960,248	273,502,016	61,458,232

The budget savings were largely due to the following:

1. Savings of \$2.3 million in Established Staff was due to the high number of vacant positions not filled during the year.
2. Savings of \$2.3 million in Maintenance and Operations was due to processing issues of the biomedical services and spare parts and delay in the time of arrival into the country.
3. Savings of \$9.4 million in Purchase of Goods and Services:
 - i. Annual procurement plans /estimated time of arrival of orders received were late from abroad;
 - ii. Minor works funding had been centralised to Headquarters for better management and control by Ministry of Economy. Fund control was strict and funding was only provided if relevant requirements of the Standard Operating Procedures were followed; and
 - iii. For drugs and vaccines, this were roll-over orders which were paid in the first quarter of the 2019/2020 financial year. This was because of the period dictated by the technical team for orders, space issues in the warehouse, production schedules and expiries that limits the Ministry from having everything delivered as one-off during the year. This will always be the case as the Ministry has a routine ordering system as and when required. For bedding & linen, the tender was approved in February 2020 hence funds were not fully utilised.
4. Grants to the Productive & Family Health Association and National Food and Nutrition Centre were not released resulting in the savings of \$275,600 in Operating Grants and Transfers. The

Memorandum of Agreement for the Productive & Family Health Association was not renewed whilst the National Food and Nutrition Centre now operates under Ministry of Health & Medical Services.

5. Savings of \$7.2 million in Special Expenditure:
 - i. Most allocations were pledged and were under requisition ('R') against donor budget, which were not always approved. As these were special expenditure funds, expenditure fluctuations affected the trend of utilisation.
 - ii. There was a decrease in the number of litigation cases resulting in underutilisation of indemnity charges.

6. Savings of \$21.0 million in Capital Construction was because the budget was utilised based on the progress of individual projects. Various other factors that resulted in the budget not being fully utilised include delays in processes such as tender, contracts, delays in progress of work and the unfavourable weather condition, unavailability of construction materials and delays in commencement of project. Most of the major capital works are not within the control of the Ministry as these are administered through the Ministry of Economy's Construction Implementation Unit (CIU).

7. Savings of \$6.8 million in Capital Purchases:
 - i. Delay in the tender process for the MRI intended for CWMH.
 - ii. Major equipment purchases planned such as the CWMH boiler was delayed due to the tender process. By the time all processes were completed, the Ministry was unable to utilise the funds due to lapse in funding appropriation. Another major tender that was not awarded was the for furniture, fixtures and equipment for the new Ba Hospital under the Public Private Partnership (PPP) as there were a misunderstanding by the Ministry on what was to be provided by the incoming company.
 - iii. The Ministry had also budgeted for the incinerators, however, due to the continuous failure of existing incinerators, the Ministry made the decision to explore engaging technical consultants to guide the purchase of appropriate incinerators.

8. Only the claims for dialysis subsidy received were processed and paid resulting insavings of \$3.4 million in Capital Grants and Transfers.

22.3 Trading and Manufacturing Account

The Bulk Purchase Scheme (BPS) is the commercial arm of the Ministry of Health's Fiji Pharmaceutical & Biomedical Supply Centre which has a revolving fund ceiling of \$500,000.

The primary purpose of the BPS is to engage in the acquisition and the sale of affordable pharmaceutical products in Fiji. Since its inception in 1981, the BPS was established to source pharmaceuticals both for the Government and non-government sector.

The volume in terms of the inventory for BPS to sustain gave it the capacity and edge to negotiate for low prices with international suppliers/traders and manufacturers. These low price have also benefited patients accessing health services via the private sector and non-government organization.

Table 22.2: TMA - Manufacturing Account – Bulk Purchase Scheme

Description	2019 (\$)	2018 (\$)
Sales	498,713	464,573
Total Revenue	498,713	464,573
Opening Stock of Finished Goods	34,785	5,975
Add: Purchases	415,187	338,735
	449,972	344,710
Less: Closing Stock of Finished Goods	37,633	34,785
Cost of Goods Sold	412,339	309,925
Gross Profit Transferred to Profit & Loss Statement	86,374	154,648

Table 22.3: TMA - Profit and Loss Statement – Bulk Purchase Scheme

Description	2019 (\$)	2018 (\$)
Income		
Gross Profit Transferred to Profit & Loss Statement	86,374	154,648
Expenses		
Salaries and Related Payments	44,343	54,076
Travel Domestic & Communications	1,234	1,912
Lease & Rental Payments	17,257	16,514
Office Up keep & Supplies	173	272
Special Fees and Charges	101	396
Total Expenses	63,108	73,170
Net Profit	23,266	81,478

Table 22.4: TMA – Balance Sheet – Bulk Purchase Scheme

Description	2019 (\$)	2018 (\$)
Current Assets		
Cash at Bank	508,892	550,479
Finished Goods	37,633	34,786
VAT Receivable	16,489	13,545
Accounts Receivables	11,353	---
Total Current Assets	574,367	598,810
Liabilities	---	---
Total Liabilities	---	---
Net Assets	574,367	598,810
Equity		
Accumulated TMA Surplus	1,103,016	1,069,247
TMA Surplus Capital Retained to CFA	(551,915)	(551,915)
Net Profit	23,266	81,478
Total Equity	574,367	598,810

22.4 Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use.

The Ministry of Health and Medical Services operated and maintained five main trust fund bank accounts details of which are discussed below. However, the decision not to extend the Sahyadri contract has led to the closure of the Trust Fund account.

CWM Hospital Staff Amenities

The Trust Fund account was set up for the emergency purchases of medicines, consumables or other medical items that staff members urgently require for patient care. The trust account has a balance of \$25,571 as at 31 July 2019.

Detailed statements for trust receipts and payments are provided below:

Table 22.5: Main Trust Fund Account – CWM Hospital Staff Amenities

Description	2019 (\$)	2018 (\$)
Receipts	---	4,901
Total Receipts	---	4,901
Payments	25	13,198
Total Payments	25	13,198
Net (Deficit)	(25)	(8,297)
Opening Balance as at 01/08/18	25,596	33,893
Closing Balance as at 31/07/19	25,571	25,596

Cardiac Taskforce Account

The Trust Fund account was set up to assist in the catering of annual visit by SDA Open Heart Cardiac Surgery. Cash donations from sponsors and supporting companies are deposited into this account. The fund is used for registration fees for doctors, nurses and farewell functions for the Cardiac Surgery team at the end of the visit. As at 31 July 2019, the account had a balance of \$862.

Detailed statements for trust receipts and payments are provided below:

Table 22.6: Main Trust Fund Account – Cardiac Taskforce

Description	2019 (\$)	2018 (\$)
Receipts	---	---
Total Receipts	---	---
Payments	---	66
Total Payments	---	66
Net (Deficit)	---	(66)

Description	2019 (\$)	2018 (\$)
Opening Balance as at 01/08/18	862	928
Closing Balance as at 31/07/19	862	862

Fiji Children's Overseas Treatment Fund

The Children's Overseas Treatment Trust Fund was initially established in the 1990s to assist in sending children overseas for operations and other treatments not available in Fiji, before the Ministry established its overseas treatment funding and guidelines.

The source of funds for this account has been donations from sponsors and supporting companies.

Over the years, with the Ministry providing more overseas treatment in addition to other civil society organisations assisting, the fund has been used to procure medicines, consumables, assist families with passports/visa preparation. The trust account receives donations from local and overseas donors which is used to buy medication and consumables related to children's treatment not available through government funding. The balance of this accounts as at 31 July 2019 was \$286,473.

Detailed statements for trust receipts and payments are provided below:

Table 22.7: Main Trust Fund Account – Fiji Children's Overseas Treatment

Description	2019 (\$)	2018 (\$)
Receipts	30,000	20,774
Total Receipts	30,000	20,774
Payments	10,476	16,557
Total Payments	10,476	16,557
Net Surplus	19,524	4,217
Opening Balance as at 01/08/18	266,949	262,732
Closing Balance as at 31/07/19	286,473	266,949

Cardiology Services Fund

The Trust Fund was set up for the purchase of expensive cardiology investigation consumables. These consumables are used for diagnostic and therapeutic angiography. The source of funds for this account is the fees charged for the cardiology investigations offered. The closing balance as at 31 July 2019 was \$591,745.

Detailed statements for trust receipts and payments are provided below:

Table 22.8: Main Trust Fund Account – Cardiology Services

Description	2019 (\$)	2018 (\$)
Receipts	139,520	300,861
Total Receipts	139,520	300,861
Payments	133,545	531,149
Total Payments	133,545	531,149
Net Surplus/(Deficit)	5,975	(230,288)
Opening Balance as at 01/08/18	585,770	816,058
Closing Balance as at 31/07/19	591,745	585,770

Sahyadri Trust Fund

The Sahyadri Trust Fund was established following the Joint Venture agreement entered into between the government through the Ministry of Health and Sahyadri Speciality Pacific Hospital Ltd in July 2012. The purpose was to provide various services in cardiology, neurology and joint replacements as well as providing specialised doctors, trained paramedical staff, technicians and other health related speciality services to the general public of Fiji.

The joint venture agreement dated 12 July 2012 expired on 16 September, 2017. In absence of a formal arrangement between Sahyadri and the Ministry of Health & Medical Services., this Trust account will be closed and the remaining amounts will be transferred to government revenue. The Trust account had a balance of \$20,609 as at 31 July, 2019.

The Ministry was unable to provide a detailed listing of the closing balance of \$20,609, which included contributions from the patients and government's assistance to approved patients. As a result, the opening balance was a basis of qualification in the 2018 Agency Financial Statements. An approval for the closure of the Sahyadri Trust Fund was received on 3 June 2020. All remaining balances in the account will be transferred to the Consolidated Fund Account.

Table 22.9: Main Trust Fund Account – Sahyadri

Description	2019 (\$)	2018 (\$)
Receipts	---	1,190,999
Total Receipts	---	1,190,999
Payments	---	1,509,315
Total Payments	---	1,509,315
Net (Deficit)	---	(318,316)
Opening Balance as at 01/08/18	20,609	338,925
Closing Balance as at 31/07/19	20,609	20,609

PART B: SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause* or *is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary action is not taken to address them.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2019.

22.5 Limitation of scope with records not provided (Recurring Issue)

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹

The Ministry was unable to provide for audit verification critical records such as payment vouchers, invoices, receipts to substantiate expenditures incurred and revenue totalling \$5.4 million and \$57,018 respectively. Refer to Table 22.10 and 22.11 for details.

Table 22.10: Expenditures without supporting documents

Date	Cheque Number	Amount (\$)	Date	Cheque Number	Amount (\$)	Date	Cheque Number	Amount (\$)
SEG 3 – Travel and Communications			SEG 5 – Purchase of Goods and Services			SEG 7 – Special Expenditures		
26/09/18	320177	18,586.95	25/09/18	33097	25,045.87	03/04/19	320947	197,049.67
21/11/18	320437	44,967.88	26/10/18	34441	67,374.60	SEG 8 – Capital Construction		
				990000018				
10/12/18	320557	12,733.18	26/02/18	282	34,140.54	04/12/18	320519	1,976,469.70
11/12/18	320563	15,151.43	21/03/19	41254	23,055.05	30/10/18	320351	233,216.00
15/02/19	320800	11,735.36	28/06/19	46877	52,147.94	14/02/19	39855	177,689.77
03/07/19	321171	16,096.76	20/11/18	35296	11,477.06	18/06/19	46095	2,302,922.60
03/07/19	321171	24,093.58	03/04/19	41868	10,131.63	Total		4,690,298.07
						Overall Total		5,435,302.87
03/07/19	321171	27,645.27	03/04/19	41868	14,495.41			
Total		171,010.41	28/06/19	46893	12,472.00			
SEG 4 – Maintenance and Operations								
14/02/19	39852	16,853.75	11/07/19	48681	12,497.09			
14/02/19	39852	16,853.75	28/03/19	41518	7,552.29			
14/02/19	39852	16,853.75	02/04/19	41949	16,121.95			
			Total		286,511.43			
25/07/19	49685	14,872.04	SEG 6 – Operating Grants & Transfers					
Total		65,433.29	20/12/18	37180	25,000.00			

¹ Ministry of Health Finance Manual 2014, Section 18.1.3

Table 22.11: Revenue Receipts not provided

Period	Journal No.	Amount (\$)
Rental for Official Quarters		
29/03/19	TR1513	1,371.15
	Total	1,371.15
Hospital Fees		
21/08/18	TR4532	1,009.20
23/08/18	TR1768	11,870.95
07/08/18	TR1849	4,646.40
	Total	17,526.55
Health Fumigation		
13/09/18	TR8833	17,736.89
17/10/18	TR5517	0,383.70
	Total	38,120.59
Overall Total		57,018.29

In addition, the following other records were also not provided for audit:

SEG 8 – Capital Construction

- Contract agreement for the extension of the CWM Maternity hospital (Yanjan Group Ltd);
- Public Private Partnership (PPP) Agreements between Aspen and Ministry of Health and Medical Services;
- Government Tender Board (GTB) approval document (WSC 1/2018) to Yanjan Group for the Extension of the CWMH Maternity Unit – Civil Works;
- Contract between Ministry of Health and Medical Services and Yanjan Group Limited for construction of Navosa Hospital;
- Contract between Ministry of Health and Medical Services and Yanjan Group Limited for Navua hospital boundary and fence landscaping; and
- Evidence of performance bond could not be verified for the following projects: Navosa Hospital (Yanjan as contractor); Navua hospital for fencing and landscaping works; Extension of CWMH Maternity Unit Civil Works by Yanjan Group Limited and Maintenance of CWM Maternity Unit Washrooms by Rams Maintenance.

Main Trust Fund Account

- Fiji Children's Treatment Trust Fund Account Bank Audit Certificate;
- Detailed listing of patients who have made payments/contributions in 2018/2019 for Sahyadri Trust Fund Account; and
- List of patients treated under the Fiji Children's Treatment Fund.

Root cause/Implication

Poor records management where documents have not been properly maintained for ease of reference and to support the expenditures incurred and revenue received.

There is high risk of mismanagement of funds in the absence of adequate audit trail and documentary evidence.

Recommendations

- **The Ministry should improve records management to ensure that documentary evidence is maintained, properly stored and are easily made available for audit.**
- **The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.**

Agreed Management Action

The Ministry will ensure that proper record keeping is done, and the requested audit information / documents is provided accordingly. Improvements have been made to the filing process in Accounts and it envisaged that this will assist in locating the vouchers and receipts and providing these documents.

Officer Responsible

Head of Finance, Head of Fiji Pharmaceutical Biomedical Services and Principal Administrative Secretary (PAS)

22.6 Poor Records Management

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.²

We noted that payment vouchers and supporting documents were not properly maintained and stored. The following were noted:

- Payment vouchers were not filed in order.
- Difficulties in retrieving documents as EFT and cheque payment vouchers were filed together and the files were not clearly labelled with Cheque/EFT numbers but only with dates.
- Documents were stacked on the floor.
- The store room was congested with boxes of old records and other items kept in the store room.

Refer to Appendix 22.1 for illustrations.

Root cause/Implication

Poor records management increases the risk of fraud and misappropriation in the absence of audit trail.

Recommendations

- **The Ministry should improve records management by ensuring that documents are organised and filed in chronological order for ease of reference.**
- **The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.**

² Ministry of Health Finance Manual 2014, Section 18.1.3

Agreed Management Action

After the destruction of old records till 2012, space has been created. The cleaning of the records room and filing of records is ongoing.

Officer Responsible

Head of Finance

22.7 Variance between FMIS GL and Payroll Report (Recurring Issue)

Salaries and wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorised payments, inaccurate payroll reports and invalid pay rates.³

We noted variances between the FMIS general ledger and the Payroll Report for Established Staff and Government Wage Earners. Refer to Table 22.12 below for details.

Table 22.12: Variances in Payroll

	Established Staff (\$)	Unestablished Staff (\$)
FMIS Personal Emoluments as at 31/07/19	111,991,394	18,650,551
Add: Overtime	5,969,288	890,582
Allowances	1,072,087	484,219
Relieving Staff	380,908	127,696
Project Staff paid from SEG 5, 6 and 7	544,588	--
Total FMIS GL	119,958,265	20,153,048
Less Payroll Report	114,817,931	24,861,683
Variance between GL and Payroll Report	5,140,334	(4,708,635)

Root cause/Implication

The Ministry's Finance Manual does not require reconciliation to be performed between the FMIS general ledger with the payroll report.

Recommendations

- The Ministry should incorporate into the Finance Manual the requirement to carry out reconciliation of weekly and fortnightly payroll report against FMIS general ledger.
- The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.

³ Ministry of Health Finance Manual 2014, Part 4, Introductory paragraph

Agreed Management Action

The variance that exist in payroll and FMIS system is due to direct payments done for manual payments, reversals and leave compensation which is captured in GL but not in payroll therefore GL is overstated and payroll is understated. There are some adjustments and misposting also which is captured in GL and not in payroll. As a way forward we will monitor and reconcile the payroll data against FMIS every fortnightly pay.

Officer Responsible

Head of Finance

22.8 Other Payroll Anomalies

The salary reconciliation shall be signed by the Head of Salaries and forwarded to the Principal Accountant and endorsed by PSHMS, with a copy to the Ministry of Economy, within one week from the pay date.⁴

Salaries/Wages for project staff were budgeted under the respective project allocations. It was noted that a total of \$553,900 paid out of the Personal Emoluments (SEG 1) to project staff were not journalised to the respective project allocations in SEGs 5 – 7. Refer to Table 22.13 for details.

Table 22.13: Project staff paid from SEG 1

EDP Number	Salary Amount (\$)	EDP No.	Salary Amount (\$)
Correct Allocation (SEG 5)		Correct Allocation (SEG 7)	
92837	46,627.14	96541	14,428.13
96150	20,506.50	96539	14,428.13
96916	22,215.38	96540	14,428.13
96939	19,041.75	32278	40,553.70
Total	108,390.77	32049	59,945.18
Correct Allocation (SEG 6)		33986	32,038.10
63196	43,296.63	33449	32,038.10
96875	28,605.45	96138	20,506.50
97037	32,038.10	33478	47,684.02
98654	22,215.38	96873	24,261.72
34668	19,041.75		
Total	145,197.31	Total	300,311.71
		Overall Total	553,899.79

Root cause/Implication

The issue indicated the inadequate supervisory checks in the accounting function, specifically, the reconciliation and closing of accounts.

⁴ Ministry of Health Finance Manual 2019, Section 4.6

As a result, SEG 1 was overstated by \$553,900 and SEGs 5, 6 and 7 were understated by \$108,391, \$145,197 and \$300,312 respectively.

Recommendations

- The accounts reconciliation process should be strengthened through improved supervision and monitoring.
- The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.

Agreed Management Action

The irregularities between HRMIS and payroll data is noted. To strengthen the monitoring process Salaries section will payroll reports to HR to reconcile HRIMS data with payroll to identify any mismatch in records.

This process will be used to update the payroll. In addition, termination reports will be submitted to HR Unit as well to work on upcoming contract expiry so that employees are paid on time.

Officer Responsible

Head of Finance

22.9 Significant Payment of Overtime (Recurring Issue)

Salaries and wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorised payments, inaccurate payroll reports and invalid pay rates.⁵

We noted that officers in the X-ray and Pathology Departments worked excessive overtime with allowances paid were more than double their annual salary. This was also noted for the 2018 financial year.

Refer Table 22.14 for details.

Table 22.14: Significant payments of overtime allowances

EDP Number	Annual Salary (\$)	Total Overtime Allowance Paid (\$)	Percentage over Salary
96758	22,528.74	42,496.07	189%
93435	26,283.53	30,255.43	115%
91110	26,283.53	67,483.36	257%
97040	16,832.82	17,786.43	106%
63764	22,215.38	11,950.60	54%

*Figures for annual salary, gross salary and total overtime allowance were extracted from payroll system.

⁵ Ministry of Health Finance Manual 2014, Part 4, Introductory paragraph

Root cause/Implication

Due to the lack of staff in this field of work, the officers are required to work overtime, and are on call or pull through the next shift so that public service is not affected. In addition, vacant positions have not been filled.

Excessive overtime hours worked without rest can lead to fatigue and stress posing significant risk to the quality of services provided by these staffs.

Recommendation

The Ministry should ensure that any vacant positions that relate to X-ray and Pathology Departments are filled to minimise excessive overtime work.

Agreed Management Action

The high overtime cost incurred is from the Nursing and Health Allied cadres. Some contributing factors are shortage of staff and absence of nurses on shift due to sick leave. Overtime is payable in this instance for other nurses recalled to cover the shift. As a way forward management will need to work closely with the HR Unit to ensure that posts are filled to avoid shortage. Director of Nursing will need to re-organise the staff roster and re-direct work to accommodate short fall of nurses in other wards affected due to absence of nurses on sick leave.

Officer Responsible

Head of Finance and Head of HR

22.10 Significant Savings in Capital Budget (Recurring Issue)

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency.⁶

We noted significant savings from the budgetary allocations for capital construction and capital purchases. Refer to Table 22.15 for details.

Table 22.15: Capital expenditure allocations with significant savings

Allocation	Account Description	Revised Budget (\$)	Actual Expenditure (\$)	Savings (\$)	Savings (%)
Capital Construction					
1-22101-22101-080224	Divisional Deployment Projects	1,000,000	417,322	582,678	58%
1-22101-22101-080229	Construction of Biomedical Equipment	250,000	0	250,000	100%
1-22101-22101-080422	New Naulu Health Centre	400,000	0	400,000	100%
1-22101-22101-080423	Upgrade & Maintenance of Urban Hospitals and Inst Quarter	1,000,000	403,387	596,613	60%

⁶ Finance Instructions 2010 – Section 7

Allocation	Account Description	Revised Budget (\$)	Actual Expenditure (\$)	Savings (\$)	Savings (%)
1-22101-22101-080424	Maintenance of Health Centres & Nursing Stations	3,900,000	2,264,831	1,635,169	42%
1-22101-22101-080425	Extension of CWM Emergency Department	250,000	0	250,000	100%
1-22101-22101-080426	Extension of CWM Maternity Unit	6,437,396	1,842,705	4,594,691	71%
1-22101-22101-080428	Construction of Lodon Health Centre	1,000,000	0	1,000,000	100%
1-22101-22101-080429	Construction of Ba Hospital Final Payments	3,440,000	2,066,304	1,373,696	40%
1-22101-22101-080431	Upgrade of Valelevu Health Centre	2,500,000	340,963	2,159,037	86%
1-22101-22101-080432	Upgrade of Valelevu Health Centre	3,000,000	195,768	2,804,232	93%
1-22101-22101-080435	Navua Hospital Boundary – Fence/Landscape	487,058	306,199	180,859	37%
1-22101-22101-080437	Construction of Navosa Sub-Divisional Hospital	15,562,604	13,672,223	1,890,381	12%
1-22101-22101-080499	Upgrade of Labasa Hospital	1,750,000	143,301	1,606,699	92%
1-22101-22101-080699	Fiji Centre for C D Control	1,000,000	0	1,000,000	100%
1-22401-85101-080999	Maintenance FPBS Property	300,000	35,919	264,081	88%
Capital Purchases Capital Construction					
1-22101-22101-090133	Purchase of Equipment – Urban Hospital	890,000	576,551	313,449	35%
1-22101-22101-090153	New Equipment HC, NS	1,000,000	662,542	337,458	34%
1-22101-22101-090174	ICT Infrastructure & Network	694,800	432,895	261,905	38%
1-22401-85101-090308	Biomedical Supplies Urban Hospital	5,000,000	3,529,319	1,470,681	29%
1-22401-85101-090309	Dental Equip Purch Hospital & Sub Divisional Hsp	500,000	44,422	455,578	91%
1-22401-85101-090313	MRI Machine CWM	4,000,000	0	4,000,000	100%
	Total	54,361,858	26,934,651	27,427,207	50%

Root cause/Implication

Delay in the tendering process resulting in the funds not being utilised at year end. In addition, planning processes employed by the Ministry for capital expenditures are weak and not working as expecting.

Recommendation

The Ministry should review the current planning process for capital projects and strengthen procurement timeliness and compliance to the procurement regulation.

Agreed Management Action

The budget in the capital projects are mostly allocated based on the project estimates (best case scenario) however, the expenditure is based on the:

1. Actual progress of works in Capital construction and
2. Actual procurement of equipment in capital purchases.

Proper planning processes will be put in place to ensure maximum use of funding allocated.

Officer Responsible

Principal Administrative Secretary (PAS) and Asset Management Unit (Headquarters).

22.11 Absence of contract between the Ministry and Service Providers

Public tenders must be called for any procurement of goods, services or works valued at \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).⁷ The Board may approve that tenders procedures be waived where there is only one supplier capable of supplying the goods, services or works.⁸

A written contract or agreement must be entered into with the approved tenderer for the supply of the goods, services or works tendered.⁹

All property, plant or equipment with a value in excess of \$2,000 or more must be recorded in the -
(a) asset module of the financial management information system; and
(b) asset register for those without the financial management information system.¹⁰

Laundry Service

The Ministry engaged a laundry service provider for the CWM Hospital after the Boiler Room caught fire on 26th May 2019.

Complying with the requirements of the procurement regulation in relation to the tender process for a new supplier was waived by the Minister for Economy due to the urgency of the laundry services. It was noted that there was no written contractual agreement established when the supplier was engaged by the Ministry.

Payments made to the Laundry Services from June 2019 to October 2020 totalled \$814,228.

Bio-medical Supplier

Two payments totalling \$330,000 (VIP) was made to a company for the supply of six (6) operating theatre lights with steel brackets for the Lautoka Hospital. It was noted that these payments were made in the absence of a written contract agreement. Furthermore, only three operating theatre lights were physically verified during the audit to have been delivered at the minor operating theatre. The Hospital Head Administrator confirmed that no other operating lights was received by the hospital, except for the three already installed.

We were also unable to verify whether the theatre lights and steel brackets have been recorded in the Fixed Assets Register as it was not provided during the audit.

Supplier of oxygen and medical air

⁷ Ministry of Health and Medical Services Finance Manual 2014 Section 2.3.1

⁸ Procurement Régulations Section 48(1)

⁹ Finance Manual 2014 Section 2.4.17

¹⁰ Finance Instructions 2010, Section 46 (1)

We noted that there was no written contract agreement established with the supplier of oxygen and medical air. Payments made to the vendor during the 2019 financial year totalled \$3.8 million. The vendor was the sole supplier of oxygen, medical air and refill of liquid oxygen.

The Ministry on 21/06/2019 paid the same vendor \$129,722 for the temporary relocation and permanent infrastructure upgrade of medical oxygen main as part of the CWM Maternity Extension & Upgrading project. As of 21/06/20, the Company is yet to provide upgraded appropriate sized tank to the Ministry.

Root cause/Implication

The expectations of the Ministry of the service providers and the obligation of each party including the purpose for which the payments are made are not explicitly expressed in the absence of a written contract agreement.

Inadequate controls over recording of fixed assets which could result in the inability of the Ministry to identify items which are missing or unserviceable.

The risk of unauthorised purchases and collusion with suppliers is high when proper procurement procedures are not complied with.

Recommendations

The Ministry should ensure that:

- **Contract agreements are established between the Ministry and the service providers before payments are made.**
- **Fixed assets purchased are recorded in the Fixed Assets Register in accordance with Section 46 of the Finance Instructions 2010.**
- **Investigate the non-delivery of operating theatre lights that have been fully paid.**

Agreed Management Action

Laundry – A contract agreement with the service provider will be signed under new tender. Due to emergency, Waiver approval was sought by CWMH thus there was no contract agreement in place.

Agree that all assets be entered in the Asset Register as and when they are purchased - Ministry will be working with Ministry of Economy to improve this. A new National Fixed Asset Register exercise is being undertaken by the Ministry of Economy. This will resolve the updating of the Asset registers.

Agree with the OT lights issue to be investigated.

The Ministry will ensure that Tender Board approval is sought for the procurement of goods and services valued more than \$50,000.

Officer Responsible

Principal Administrative Secretary (PAS) Asset Management Unit and Head of Finance

22.12 Other non-compliance with the Finance Manual

The Accounting Head or accounts supervisor must not certify a payment as correct unless they are satisfied that:

- i. it is in accordance with an LPO, indent, contract, invoice or other authorisation;
- ii. there is documentation that the goods, services or works have been received;
- iii. sufficient uncommitted funds are available for payment of the account;
- iv. the account is not fraudulent and has not been previously paid;
- v. the expenditure account it is charged to be correct.¹¹

From the samples for expenditure records audited, the following anomalies were noted:

- Payment vouchers and supporting documents were not stamped “PAID”.
- Purchase orders were not attached to payment vouchers.
- There were no delivery dockets to evidence delivery of goods/services.
- Pro-forma invoices were used to facilitate payments of goods and services.
- Officers authorising payments above approval limits.
- Copies of National Health card to confirm that patients were recipients for kidney dialysis were not disclosed.
- Dialysis report sheets of patients not provided.

Refer to Appendix 22.2 for details.

Root cause/Implication

Weak supervisory checks within the accounting function resulting in non-compliance with payment/procurement procedures.

Recommendations

The Ministry should strengthen supervisory control and monitoring with the accounting function to ensure compliance with the requirements of the Finance Manual.

The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.

Agreed Management Action

The Ministry will ensure that the procurement guidelines are followed. Proper checks are done by PAO/SAO/AO to ensure all SOP's are filled in and is strict on processing the request for payments and procurement. Segregation of duties is also followed at the Ministry.

Officer Responsible

Head of Finance

¹¹ Ministry of Health and Medical Services Finance Manual 2014, Section 2.8.5

22.13 Expenditure Charged to Wrong Allocation (Recurring Issue)

Details of each invoice or other source document for a payment must be promptly and accurately entered into the fields provided, these includes –

- (a) the correct tax code;
- (b) the ledger account it is charged to.

We noted that expenditures were posted to wrong allocations in the FMIS general ledger. Refer to Appendix 22.3 for details.

Root cause/Implication

The Ministry did not rectify the misallocation which indicated that supervisory checks were not carried out by the accounting function.

Recommendation

The Ministry should ensure that supervisory checks with the accounting function is strengthened to ensure that all transactions are posted to the correct allocations in the FMIS general ledger.

Agreed Management Action

The Ministry has restricted access to allocation by officers. Officers can only access allocations for their respective cost centres. Any mis-postings are journalised on a timely manner.

Officer Responsible

Head of Finance

22.14 Misallocation of Revenue

After reconciling details in the cashbooks, the accounts supervisor shall submit the cashbooks, duplicate receipts and lodgement forms to the data entry clerk for posting into the General Ledger.¹²

We noted from the sample selected that revenue receipts were charged to incorrect allocations in the FMIS general ledger. Refer to Table 22.16 for examples.

Table 22.16: Misallocation of revenue

Date	Receipt No.	Amount (\$)	Description	Allocation Revenue Receipt was Posted to	Correct Allocation
27/08/18	678822 (TR4220)	43.55	Health Fees - Sawani Village	Hospital Fees 1-22101-22999-230312	License & Others 1-22101-22999-230499
27/08/18	678824 – 678825	87.10	Health Fees - Nagaivatu and Viria Village	Hospital Fees 1-22101-22999-230312	License & Others 1-22101-22999-230499

¹² Ministry of Health Finance Manual 2019, Section 5.5.3

Date	Receipt No.	Amount (\$)	Description	Allocation Revenue Receipt was Posted to	Correct Allocation
(TR4220)					
28/08/18	678829 (TR4220)	521.85	Health Fees - Princeway Ltd - Nausori	Hospital Fees 1-22101-22999-230312	License & Others 1-22101-22999-230499
11/09/18	704366 (TR9162)	1148.90	Quarantine fees	Health Levy 1-22101-22999-229999	Health Fumigation & Quarantine 1-22101-22999-230311
31/10/18	788715 (TR0174)	4,919.23	Quarantine Fees	Health Levy 1-22101-22999-229999	Health Fumigation & Quarantine 1-22101-22999-230311
05/11/18	7788721 (TR0187)	2,795.56	Fiji Health Radiation Board Fees	Health Levy 1-22101-22999-229999	Hospital Fees 1-22101-22999-230312
02/08/18	682779 – 682780 (TR3334)	3,735.60	Reimbursement of medical standby for COP 23 and birth notification	Health Levy 1-22101-22999-229999	Hospital Fees 1-22101-22999-230312
30/08/18	678836 – 678837 (TR7230)	168.02	Building fees	Health Levy 1-22101-22999-229999	License & Others 1-22101-22999-230499
13/07/18	675739- 675741 (TR4334)	2,608.00	Health license, medical report and imprest reimbursement	Rental –Official Quarters 1-22101-22999-270202	License & Others 1-22101-22999-230499 Hospital Fees 1-22101-22999-230312

Root cause/Implication

The Ministry did not rectify the misallocation which indicated that supervisory checks were not carried out by the accounting function.

Recommendations

The Ministry should ensure that supervisory checks with the accounting function is strengthened to ensure that all transactions are posted to the correct allocations in the FMIS general ledger.

The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.

Agreed Management Action

The revenue clerks at various divisions and sub-divisions were advised to be vigilant in terms of postings of revenue allocation. The revenue clerks from HQ will conduct regular visits to the cost centres to conduct appropriate checks and also conduct on the job training on revenue allocations and postings.

Officer Responsible

Head of Finance

22.15 Condition of Health Facilities

During the audit, a number of health facilities were visited with the following defects noted:

<p>CWM Hospital</p> <p>Refer to Appendix 22.4 for illustrations captured during the site visits.</p>	<p>Maternity Rest room - Defects were noted at the CWMH Maternity restroom after maintenance was completed on 7 August, 2019.</p> <p>Inpatient Pharmacy</p> <ul style="list-style-type: none"> • A faulty refrigerator was used resulting in medicine packets getting wet from ice forming inside the refrigerator. • Gallons of chemicals were stacked next to the refrigerator. • Crisper drawer was used to collect Sodium Hypochlorite that was leaking from its gallon. • Chemical was leaking onto the floor. • Damaged ceiling with ceiling lights also not in working condition. • Cables were exposed to water leaking from the ceiling. <p>Blood Bank & Cytology lab</p> <ul style="list-style-type: none"> • Machines in the Cytology Lab, Blood Bank Unit and Donor Blood Service were not operational. • Damaged seats used by the public in the Donor Blood Service Unit. <p>Mammogram Screening Lab</p> <ul style="list-style-type: none"> • Damaged open ceiling causing water to sip into the Lab. • Mammogram machine covered in plastic to keep away water leaking from the open ceiling. <p>Dental unit - Water leaks into the Dental Department when it rains.</p> <p>Kitchen - Damaged ceiling in the dietician's room.</p> <p>Operating theatre</p> <ul style="list-style-type: none"> • Open ceiling at the new operating theatre recovery room. • Collapsed ceiling at the new operating theatre.
<p>Nakasi Health Centre - 11/06/20</p> <p>Refer Appendix 22.5 for illustrations</p>	<ul style="list-style-type: none"> • The Health Centre has only one suction machine in use and is not always operational [Suction machines are used to remove substances such as blood, saliva, mucus and vomit from a person's airway]. • Electrical power points - Most of the power points are not operational and at times affects operations.
<p>Nausori Health Centre – 11/06/20</p> <p>Refer Appendix 22.6 for illustrations</p>	<p>Outpatient</p> <ul style="list-style-type: none"> • The building is old requiring major renovations. • The air-conditions were damaged and not working in rooms where there were x-ray machines and computers. The rooms were also stuffy and dusty. • Drain blockage and flooding - The outpatient area faces an issue of drain blockage and flooding during heavy rains. This leads to minor flooding in the waiting area and poses a health risk to patients.

	<p>Maternity Unit</p> <ul style="list-style-type: none"> • Renovation work needed in the drainage, sewerage, and air conditioning - The maternity unit has a major sewerage and drainage problems. A lot of the sinks, taps and toilets were not working and there was a leak in the sewerage system which poses a major health risk. In addition, air conditioners were damaged and have not been working for a while. Windows were also without louver blades. • Lack of Auto Clave Machine - The maternity hospital is in need of a new auto clave machine. An auto clave machine is used to sterilize equipment used in delivery to remove bacteria. • Telephone extensions issue - Most of the telephone extensions were not working and have not been for some time and is affecting operations. <p>Dental - The dental department needed renovations and a new air conditioning unit to ensure that the environment is conducive for the staff and patients. Air conditions have not been working for some time.</p>
--	--

Root cause/Implication

Lack of monitoring and coordination between the relevant units on the upkeep, maintenance, refurbishment of hospitals and facilities.

Recommendations

- **The Asset Management Unit should strengthen its monitoring process to ensure that the hospitals and its facilities are maintained.**
- **The Asset Management Unit should strengthen its monitoring process to ensure maintenance and refurbishment works are of good quality as agreed to in the contract.**

Agreed Management Action

As a way forward, it would be appropriate if the unit (AMU (HQ)) are given the role to monitor and initiate /identify areas for improvements to Cost Centres as recommended herewith.

Currently there were resource constraints at the Asset Management Unit to monitor all the minor works projects at all health facilities.

Nadi Sub-divisional Hospital - The anomalies identified herewith were Issues were also highlighted by the Ministry of Infrastructure (MoIT) team to the contractor. It has now been agreed that the contractor will not paid for all the incomplete works.

Officer Responsible

Principal Administrative Secretary (PAS), Asset Management Unit (Headquarters) & SAO Western (Divisional Medical Officer West).

22.16 Anomalies - Cardiology Services Trust Fund Account

Within 5 days after the end of each month, the trust officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.¹³ All revenue receipted to be updated at Hospital and Divisional Level in the FMIS on a daily basis for reporting and audit purposes.¹⁴ Any errors or misallocations must be immediately adjusted by way of journal vouchers.¹⁵

We noted the following anomalies:

- Reconciliation of accounts were not performed on a monthly basis. Consolidated reconciliations statements were prepared for the months of August 2018 to May 2019 and June to July 2019 on 02/07/19 and 13/08/2019 respectively.
- Receipts totalling \$26,705 were not posted to the FMIS general ledger. Consequently, there was a variance between the FMIS general ledger cash account and balance as per bank audit certificate.
- Patients earning below \$16,000 per annum are exempt from paying for angioplasty treatment.¹⁶ There was no procedure in place for Cardiology to verify the earnings of patients coming in for treatment.
- Monthly reconciliation was not performed to reconcile the total fees collected with the number of patients treated.
- Patient register book was not updated for patients who have paid their fees. Audit could not determine if patients have been treated or not.

Root cause/Implication

Delay in performing account reconciliations will result in the accumulation of errors that may not be identified in a timely manner.

Proper procedures were not in place requiring the verification of whether patients meet the income eligibility criteria, as this is the basis for charging applicable fees. In addition, fees collected were not reconciled against the number of patients treated.

Failure to implement proper procedures increases the risk of fraudulent activities.

Recommendations

- **Supervisory function in the Accounts Section should be improved to ensure that monthly reconciliation of accounts is performed on time, transactions are correctly posted in the FMIS general ledger and proper procedures established and complied with.**
- **The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.**

¹³ Ministry of Health Finance Manual 2014, Section 15.4.1

¹⁴ Ministry of Health Finance Manual 2014, Section 5.5.10

¹⁵ Ministry of Health Finance Manual 2014, Section 16.3.4

¹⁶ Legal notice No. 46 (2013)

Agreed Management Action

The CWM Hospital is now improving the preparations and submissions of reconciliations on a monthly basis. They will also ensure that all transactions (Revenue) are posted in the FMIS general ledger. The current reconciliation submitted to Ministry of Economy is for the month of September 2020.

Officer Responsible

Head of Finance

22.17 Anomalies - Fiji Children's Treatment Trust Fund Account

Within 5 days after the end of each month, the trust officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.¹⁷ Immediately after payment has been effected, the cashier must stamp “paid” on all vouchers and supporting documentation to avoid any double payments.¹⁸

All payments, including VAT, must be immediately recorded in the financial management information system and an Expenditure Ledger.¹⁹ The officer requesting the use of the funds shall complete the Request for Funds form and submit to the office of Medical Superintendent (MS).²⁰ Any errors or misallocations must be immediately adjusted by way of journal vouchers.²¹

The Children's Overseas Treatment Trust Fund was initially established in the 1990s to assist in sending children overseas for operations and treatments not available in Fiji before the Ministry of Health and Medical Services had established its overseas treatment funding and guidelines.

We noted the following anomalies:

- Reconciliation of the trust fund accounts were not performed on a monthly basis. One consolidated reconciliation was prepared on 31/07/19 for the months of September 2018 to May 2019 and another prepared on 21/05/2020 for the months of June and July 2019.
- List of patients who have made payments/contributions during the year 2018/2019 and details of consumables purchases for patients and list of patients treated/diagnosed were not provided for audit review.
- Payment vouchers and supporting documents were not stamped “PAID”. Refer to Table 22.17 for examples.

Table 22.17: Payments vouchers and supporting documents not stamped “PAID”

Date	Cheque No.	Amount (\$)
22/02/2019	261	2,074
29/05/2019	263	1,337
31/07/2019	266	1,622
01/03/2019	262	159
18/09/2018	247	5,068
Total		10,260

¹⁷ Ministry of Health Finance Manual 2014, Section 15.4.1

¹⁸ Ministry of Health Finance Manual 2014, Section 2.8.7

¹⁹ Finance Instructions 2010. Section 15

²⁰ CWMH SOP for use of Trust Funds, Section A, II,(a)

²¹ Ministry of Health Finance Manual 2014, Section 16.3.4

- Payments totalling \$12,060 were not posted to the FMIS general ledger. Refer to Table 22.18 for details.

Table 22.18: Payments not posted to FMIS GL

Date	Cheque No.	Amount (\$)
06/12/18	253	855
04/01/19	259	5,232
15/02/19	260	360
25/04/19	248	420
26/02/19	261	2,074
29/05/19	263	1,337
31/07/19	266	1,623
01/03/19	262	159
Total		12,060

- As at 31/07/19, a variance of \$10,586 existed between the FMIS general ledger of \$286,472 and bank reconciliation statement balance for the trust Children's Overseas Treatment Trust Fund account of \$275,886.

Root cause/Implication

Weak supervisory function in the Accounts Section resulting in delays in performing reconciliations of accounts with errors and omissions not detected in a timely manner.

Non-compliance with the Standard Operating Procedures for CWMH Trust Funds increases the risk of unauthorised/double payments.

Recommendations

- **Supervisory function in the Accounts Section should be improved to ensure that monthly reconciliation of accounts is performed on time and requirements of the Finance Manual and complied with.**
- **The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.**

Agreed Management Action

The audit recommendation is noted and CWMH, who manages the Fiji Children's Treatment Trust fund account, will ensure that posting are done to the FMIS General on a monthly basis, and reconciliations are prepared and submitted on a regular and timely basis. Reconciliation submitted till September 2020.

Officer Responsible

Head of Finance

22.18 Other Anomalies in Underline Accounts

The Principal Accounts Officer shall certify and date the reconciliation. If required by the Ministry of Economy, the reconciliation statement shall be forwarded to them by the date specified by the Ministry.²² Within 3 days of receiving the monthly general ledger reports from the Ministry of Economy, the Senior Accounts Officer Ledgers shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.²³

We noted the following anomalies:

- Reconciliation of these underline accounts were not performed on time resulting in the late submission of reconciliation statements to the Ministry of Economy for Interdepartmental Clearance Account (IDC), BLC Account, Imprest and Drawings Accounts. Refer to Table 22.19 for details.

Table 22.19: Late submission of monthly reconciliations to Ministry of Economy

Month	Date Submitted to Ministry of Economy	Months Lapsed		Month	Date Submitted to Ministry of Economy	Months Lapsed
IDC Account				Drawings Western Division		
August 2018	05/10/18	2		August 2018	20/11/18	3
March 2019	08/05/19	2		September 2018	20/11/18	2
July 2019	02/09/19	2		November 2018	21/01/19	2
Imprest Account				January 2019	05/03/19	2
August 2018	05/10/18	2		January 2019	July 2019	2
September 2018	22/08/19	11		Drawings Northern Division		
February 2019	22/08/19	6		August 2018	20/11/18	3
March 2019	08/05/19	2		September 2018	20/11/18	2
BLC Account				November 2018	21/01/19	2
August 2018 – April 2019	21/05/19	9		December 2018	02/02/19	2
Drawings Headquarters				January 2019	05/03/19	2
August 2018	20/11/18	3		July 2019	10/09/19	2
September 2018	10/09/19	11				
October 2018	10/09/19	11				
November 2018	21/01/19	2				
January 2019	05/03/19	2				
July 2019	02/10/19	3				

²² Ministry of Health Finance Manual 2014, Section 16.3.7

²³ Ministry of Health Finance Manual 2014, Section 16.3.3

- One consolidated reconciliation statement was prepared for BLC account for the nine months from August 2018 to April 2019 and was submitted to Ministry of Economy on 21/05/2019.
- No evidence that the drawings account reconciliation statements were endorsed by the Principal Accounts Officer, which indicated that reconciliation statements were not checked for accuracy and completeness. Refer Table 22.20 for details.

Table 22.20: Drawings Account reconciliation not checked by PAO

Headquarters	Western Division	Northern Division
December 2018	December 2018	January 2019
January 2019	January 2019	February 2019
February 2019	February 2019	July 2019
July 2019	March 2019	

Root cause/Implication

Lack of monitoring and supervision in the Accounts Section is a contributing factor to the above. Delay in performing reconciliations of accounts will result in errors and omissions not detected in a timely manner.

Recommendations

- **Supervisory function in the Accounts Section should be improved to ensure that monthly reconciliation of accounts is performed on time and requirements of the Finance Manual and complied with.**
- **The Ministry should carry out a review of its accounting function including policies, procedure and the roles and responsibilities of all officers in the Finance Section.**

Agreed Management Action

All reconciliations are prepared and submitted to Ministry of Economy on a monthly basis, and are certified by the Principal Accountant and endorsed by the Permanent Secretary.

Officer Responsible

Head of Finance

22.19 Anomalies noted in Free Medicine Program (Recurring Issues)

The program aims to provide quality healthcare with easy access to price-controlled medicines, including for non-communicable diseases, free of charge to all Fijians who earn less than \$20,000 a year. The Ministry was allocated a budget of \$10 million for the program out of which a total of \$8.7 million was spent.

Audit reviews noted the following:

- It is not a requirement for pharmacies to submit reports to the Ministry at regular intervals on the stock of medicines dispensed and the balance at the end of that period. Therefore, the Ministry is unable to determine, at any point in time, how much stock is available at each pharmacy.
- The Ministry purchased \$364,240.50 worth of medicine that were not included in the free medicine program list. Refer to Table 22.21 for details.

Table 22.21: Medicines procured from the Free Medicine Scheme

Date	Cheque Number	Payee	Invoice Number	Description	Amount (\$)
27/03/2019	44908	Alphamed Pty Ltd	19651	Adreline Injection 1MG/ML, Pack size-	6,763.64
			19663	5AMPS/PK.UNIT	11,836.36
			19729	Clexane Grad/PFS (Enoxapirin Injection) 80mg	69,962.12
			19812	Minirin 4MCG x 1ML x 10	4,935.94
			19844	Triumeq tablets (Dolutegravir/Abacavir/Lamivudine)	47,272.73
			19869	Diflucan Vial IV (Fluconazole Injection) 100mg/50mL 1's	4,804.55
29/03/2019	44936	Novo Nordisk Pharmacauticals Limited	9820003037	Mixtard 30 100 IU/ML 1x10ML	12,944.98
	9820003071		Mixtard 30 100 IU/ML 1x10ML	51,779.94	
	9820003048		Mixtard 30 100 IU/ML 1x10 ML	51,779.94	
02/04/2019	44979	South Austral Pty	6577	Imipramine tab 25mg pack of 28 tabs	4,218.03
	8690		Water for injection, 100ml	20,439.91	
	9341		ECG Gel tube, 250ml, box of 40; ECG Gel tube	8,317.81	
	10026		Glutaraldehyde 2% solution, 5L; Chlorhexidine/Cetrimide 1.5%, 500ml; Povidone Iodine, 10% Aqueous Solution, 500ml	65,472.10	
	10108		Etchant Liquid Bottle 7mL	3,712.45	
Total					364,240.50

- There are no written agreements with private pharmacies engaged in the Free Medicine Scheme.
- The Ministry has not disclosed in the notes to the financial statements, the monetary value of closing stock of medicines held by private pharmacies engaged in the Free Medicine Scheme as at 31 July 2019.

Root cause/Implication

In the absence of a reporting requirement from the pharmacies on the balance of medicines held, timely replenishment of medicine would not be done by the Ministry. This can result in the public not being able to access free medicine when required.

The purchase of other medicines apart from those in the free medicine program means that funds were utilised for purpose other than intended.

In the absence of written agreements, the expectations of the Ministry in meeting the objectives of the scheme is not clearly communicated. The Ministry may not be able to hold private pharmacies responsible for not achieving the objectives of the scheme.

Recommendation

The Ministry should review/reform the scheme and develop guidelines on stock management, utilisation of budget, and contract agreements with pharmacies.

Agreed Management Action

The FMP reform is currently underway, and is expected to roll out in phases. The pilot roll out had already initiated and the second revised phase will be initiated in the next few months. Under this model (second phase), retail pharmacies will be dispensing FMP listed products from their own inventory and billing Ministry of Health and Medical Services for reimbursements. This will address majority of the issues concerning stock availability with retailers.

In the next few weeks, price ceilings will be determined for the FMP products which the retailers will adhere to, while dispensing products and submitting their claims to the Ministry post roll out.

SOP's have already been developed and contracts will also be in place for this revised model. Second phase roll out will be initiated with contracts too.

Officer Responsible

Head of Fiji Pharmaceutical and Biomedical Services

22.20 Fiji Pharmaceutical and Biomedical Services (Recurring Issue)

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that:

- i. adequate space is available for incoming stock as and when required;
- ii. storage facilities are properly secured;
- iii. stocks are kept in an orderly manner allowing for safe access;
- iv. stocks are handled with care and well stored so as to reduce the risk of damage; and
- v. quantity of stock is closely monitored to avoid excess holdings or shortages.²⁴

We noted the need for additional proper storage space for pharmaceuticals. Refer to Appendix 22.7 for illustrations.

Root cause/Implication

Lack of space has resulted in pharmaceuticals being stored in areas not conducive for storage.

Recommendation

The Ministry should consider additional proper storage space to cater for the increasing stock of pharmaceuticals.

²⁴ Ministry of Health Finance Manual 2014, Section 8.2.1

Agreed Management Action

Through the end to end review of the supply chain completed in December 2019, the need for additional storage was recommended therein. A mini Warehouse will also be constructed at the Northern Division by JICA.

Officer Responsible

Head of Fiji Pharmaceutical and Biomedical Services

22.21 Bulk Purchase Scheme (Recurring Issue)

Goods or services shall only be sold at the prices set out in the Schedule of Prices as recommended by the Commerce Commission.²⁵

The storekeeper shall keep an inventory card for each inventory item to determine the value of items. Each card must provide the following details:

- i. date and description of each item purchased
- ii. quantity purchased and cost price;
- iii. quantity sold and at which price;
- iv. quantity remaining and price; and
- v. expiry date.²⁶

Any errors or misallocations must be immediately adjusted by way of journal vouchers.²⁷

We noted the following anomalies in the review of the Bulk Purchase Scheme (BPS) TMA.

- Bulk purchase scheme revenue were misstated as a result of differences between the price charged and the approved price list. Refer *Appendix 22.8* for details.
- Review of BPS price list revealed that identical items were coded differently with different selling prices. Refer to *Appendix 22.9* for details.
- There were items with zero-unit cost. Refer to *Appendix 22.10* for details.
- Understatement of utility costs which was not paid by the Bulk Purchase Scheme (BPS) Trading and Manufacturing Account (TMA) but by the Fiji Pharmaceutical and Biomedical Services (FPBS).

Root cause/Implication

Weak supervisory function in the management of TMA resulting in customers have been incorrectly charged.

Recommendation

Supervisory function in the management of the TMA should be improved to ensure that customers are charged the approved prices and that expenses are correctly posted and reflected in the accounts.

²⁵ Ministry of Health Finance Manual 2014, Section 6.4.1

²⁶ Ministry of Health Finance Manual 2014, Section 8.1.6

²⁷ Ministry of Health Finance Manual 2014, Section 16.3.4

Agreed Management Action

The operations of the Bulk Purchase Scheme has also been considered in the supply chain review and audit recommendations will be taken into account when considering the reforms needed. Furthermore, the FPBS Accounts team, who directly deals with the Bulk Purchase Scheme will conduct regular reviews in the current system to identify and rectify the different coding of the same items as highlighted herewith in this audit issue.

Officer Responsible

Head of Fiji Pharmaceutical and Biomedical Services & Senior Accounts Officer Fiji Pharmaceutical Biomedical Services

22.22 Variance in Pharmaceutical Stock (Recurring Issue)

The PSHMS/DMO's shall appoint two stock take officers, one of whom is independent of the inventory function, to undertake a stock take of all inventories at least once a year. The stock take officers shall count the stock and verify it to the inventory register. The stock take officers shall prepare their stock take report noting any surplus, damaged, obsolete or unaccounted stock and their recommendations.²⁸

The stocktaking officers must ensure that:

- i. stocks are properly stored;
- ii. actual stock corresponds to supporting records; and
- iii. records are properly maintained and up to date.²⁹

We noted instances where the quantity of stock recorded in the Stock Card did not reconcile with the quantity recorded in the system. Refer to Table 22.22 below for details.

Table 22.22: Variances in Pharmaceutical Stock

Item Code	Item Description	Item Category	Quantity as per System	Quantity as per Physical Verification	Variance
0030	Benztropine Injection 2mg/2ml	Drug	1,030	610	420
00322	Uritix100	Drug	906	978	(72)
00987	Fetal monitor chart paper	Consumable	68	720	652
03560	Wipes alcohol	Laboratory	701	358	343

In addition, as at July 2020, the 10ml Gentamicin ear drops (drug code 02246) in stock of 172 bottles valued at \$3,753 had expired in October 2019. The average cost of each bottle was \$21.82. Refer to the figures below for details.

²⁸ Ministry of Health and Medical Services Finance Manual 2014, Section 8.3.1, 8.3.2 & 8.3.3

²⁹ Ministry of Health and Medical Services Finance Manual 2014, Section 6.3.2



Root cause/Implication

Stock cards are not updated in a timely manner when there is movement in stock.

Recommendation

The Ministry should strengthen controls over management of Pharmaceutical Stock by regularly updating stock cards when there is movement in stock.

Agreed Management Action

The Ministry will continue with its internal control processes already implemented to curb the issues of updating and recording of stock tally cards. The current internal processes implemented are as follows:

- Continuous refresher training and workshops on inventory management
- Enforcing responsibilities or ownership to the department supervisors;
- Regular monitoring of departments concerned;

However, the supply chain reform and recommendations will also help strengthen controls especially the need for an accurate and robust inventory software system.

Officer Responsible

Head of Fiji Pharmaceutical and Biomedical Services.

22.23 Fixed Assets Register not updated (Recurring Issue)

All property, plant and equipment acquired with a cost in excess of \$2,000, shall be recorded in the assets module of the Financial Management Information System (FMIS) or a fixed assets register for those without the FMIS.³⁰ All agencies must maintain a Fixed Asset Register (FAR) until the asset module of the financial management information system is implemented. Details to be recorded in

³⁰ Finance Instructions 2010, Section 46 (1)

the asset register should include, at a minimum – description; cost or fair value; date of acquisition (where known); make, model and identification number, where applicable; and location.³¹

The Fixed Asset Register (FAR) for the Western Division was not provided for audit, although the register for the 2019 was prepared and made available for Central Eastern and Northern Divisions.

Root cause/Implication

In the absence of a complete Fixed Asset Register, the risk of theft and misappropriation of assets is high.

Recommendation

The Ministry should ensure that the Fixed Assets Register is maintained and updated regularly.

Agreed Management Action

The continuity and consistency of update is still a challenge. The Ministry will be working with the Ministry of Economy (pilot program) to improve this issue as the same issues are faced by other Ministries.

Officer Responsible

Principal Administrative Secretary (PAS) Asset Management Unit.

22.24 Absence of Risk Management Policy

It is a good practice to establish a risk management framework, to have the Ministry's Management, and respective Divisional Heads, to jointly plan, implement, monitor, and take action on evolving risks affecting the Ministry.

The Ministry has established a Draft Risk Management Policy at the end of July 2018. However, it was noted that the policy is still in its draft form. In addition, the disaster recovery plan and fraud risk policy have not been developed by the Ministry.

Root cause/Implication

This is an indication of weak governance and accountability function to drive the risk management framework.

Recommendation

The Ministry should formalise the risk management policy and develop its disaster recovery plan and fraud risk policy.

Agreed Management Action

The Ministry will ensure that the draft Risk Management Policy is reviewed and approved accordingly.

³¹ Finance Instructions 2010, Section 46 (2)

Officer Responsible

Heads of Finance and Asset Management

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

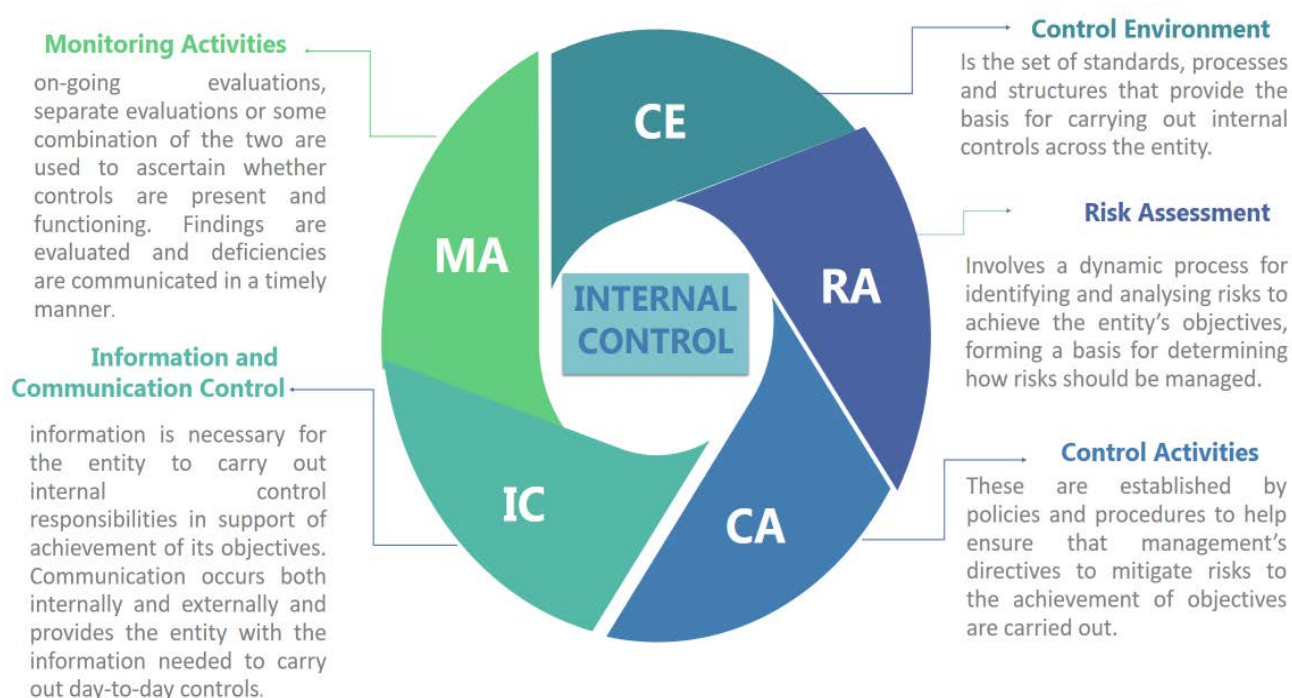
22.25 Internal Controls

During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

Internal controls are categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
✖	✖	✖	✖	✖

In view of the above, we have assessed the internal controls of the Ministry as:

Rating	Internal control assessment
✖ Ineffective	Significant deficiencies identified in internal controls

22.26 Submission of FY 2018-2019 Draft Agency Financial Statements

On 29 May 2019, Permanent Secretary for Economy issued Circular No. 09/2019 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2019 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 12 July 2019	✗	Processing of <u>virement</u> by 23 August 2019	✗
Retirement of <u>imprests</u> by 19 July 2019	✗	Completion of reconciliations by 29 August 2019	✗
Processing of payments by 29 July 2019	✓	Clearance of Inter-departmental clearance accounts by 30 August 2019	✓
Clearance of stale cheques by 05 August 2019	✗	Annual Board of Survey on Drawings Account cheques by 30 August 2019	✗
Closing date for journal adjustments by 07 August 2019	✗	Submission of arrears of revenue returns by 30 August 2019	✓

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Economy by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

Based on information received, we have assessed the year-end close process as:

Rating	Year-end close process assessment
✗ Ineffective	7 out of 10 key processes completed after due date

22.27 Quality of Draft Financial Statements by entities


The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Rating	Quality of draft financial statements assessment
✗ Ineffective	Adjustments on net assets were more than 1%, in addition errors and misstatements resulted in the qualified audit opinion.

22.28 Timeliness of draft financial statements


To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:


Rating	Timeliness of draft financial statements assessment
 Ineffective	Acceptable draft financial statements received after 31 October 2019. Two additional draft financials were received on 03/03/20 and 25/06/20 respectively.

22.29 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Ineffective	After 21 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
 Effective	Within 5 days from issue of Financial Statements for signing

APPENDIX 22.1: POOR RECORDS MANAGEMENT



Figure 1: Payment vouchers were not filed in order



Figure 2: EFT payment vouchers stored together with cheque payment vouchers – not in sequence



Figure 3: Files stacked on the floor



Figure 4: Files stacked on the floor



Figure 5: Files stacked on the floor



Figure 6: Other items taking up space in the store room

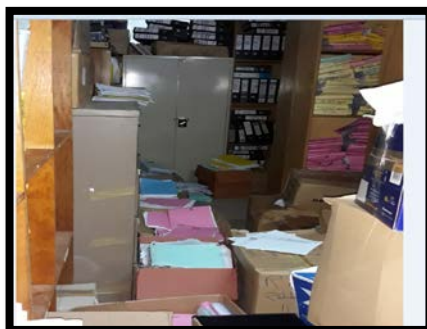


Figure 7: Boxes of old payment vouchers stacked along the passage making it difficult to move around the store room



Figure 8: Boxes of old payment vouchers stacked along the passage making it hard to move around the store room



Figure 9: Cheque numbers/EFT numbers not marked on cover files

APPENDIX 22.2: PROCUREMENT ANOMALIES

Date	Cheque No.	Amount (\$)	Description
Purchase orders not attached to payment voucher			
09/07/2019	47771	250,392	Being payment to the payee for the payment of Claim 9 Architectural Consultancy.
09/07/2019	47769	100,000	Being payment to the payee for the payment of claim 14 - Architectural Consultancy.
21/07/2019	46315	129,722	Being payment for Container Pipeline Rerouting - CWM Hospital Maternity Unit claim 1 & 2.
29/07/2019	49997	2,107,625	Being payment for claim 10 for the extension & upgrading of New Navosa hospital.
29/07/2019	49999	2,397,751	Being payment for claim 11 for the extension & upgrading of New Navosa hospital.
Payment vouchers and supporting documents not stamped "PAID"			
21/07/2019	46315	129,722	Being payment for Container Pipeline Rerouting - CWM Hospital Maternity Unit claim 1 & 2.
13/09/2018	32781	1,006,402	Being payment for supply of phase 3 items as per GTB 19/2015 and CTN 56/2015.
8/07/2019	47670	17,025	Being payment to the Northern Dialysis Centre for cost of treatment provided to the Northern patients.
Delivery dockets not provided			
4/01/2019	37920	151,376	Being payment for purchase of operation theatre lights with steel brackets.
18/10/2018	34292	426,957	Being payment for supply of hospital beds to health facilities.
Pro-forma invoice attached			
26/10/2018	34492	226,982	Being payment for supply installation & Commissioning of Anaesthetic machines.
Officer authorising payments above approval limit			
29/11/2018	320483	504,587	Being payment of compensation of payments.
4/12/2018	320520	45,872	Being payment of compensation.
16/05/2019	44296	22,362	Being payment of 50% dialysis subsidy for treatment provided to the Northern patients as per documents attached. PAO authorised the payment which is over his approval limit of \$15,000.
8/07/2019	47670	17,025	Being payment to the Northern Dialysis Centre for cost of treatment provided to the Northern patients as per attached and dialysis report sheet. PAO authorised the payment which is over his approval limit of \$15,000.
11/12/2018	36456	26,147	Being advanced payment to the above named payee for Kidney Dialysis treatment at Labasa. This payment will assist for payment of medicines, consumables and machine services. PAO authorised the payment which is over his approval limit of \$15,000.
Copies of National Health card confirming that the patient is a recipient for kidney dialysis not attached			
16/05/2019	44296	22,362	Being payment of 50% dialysis subsidy for treatment provided to the Northern patients.
8/07/2019	47670	17,025	Being payment to the Northern Dialysis Centre for cost of treatment provided to the Northern patients.
11/12/2018	36456	26,147	Being advanced payment to the above named payee for Kidney Dialysis treatment at Labasa. This payment will assist for payment of medicines, consumables and machine services.
22/07/2019	49601	8,550	Being payment for 50% dialysis subsidy (June) for the treatment provided to Northern patients.
Dialysis report sheets of patients not attached			
16/05/2019	44296	22,362	Being payment of 50% dialysis subsidy for treatment provided to the Northern patients.

Date	Cheque No.	Amount (\$)	Description
11/12/2018	36456	26,147	Being advanced payment to the above named payee for Kidney Dialysis treatment at Labasa. This payment will assist for payment of medicines, consumables and machine services.

APPENDIX 22.3: EXPENDITURE CHARGED TO INCORRECT ALLOCATIONS

Date	Cheque Number	Amount (\$)	Description	SEG expenditure was incorrectly Posted to	Correct SEG
26/09/18	33262	22,834.99	MOH Data IP Link August 2018 (TFL)	SEG 3 – Overseas Medical Consultancy	SEG 3 – Telecommunications
06/05/19	321025	20,898.16	Payment of Lease Offer for the Nausori Highland Nursing Station	SEG 5 – Minor Works	SEG 5
11/10/18	33785	23,633.03	Payment of mercy flight (medical evacuation)	SEG 5 - Rations	SEG 5 – Charter of Aircraft
05/06/19	45687	26,009.17	Payment of mercy flight (medical evacuation)	SEG 5 – Rations	SEG 5 – Charter of Aircraft
24/07/19	49991	51,853.21	Payment of mercy flight (medical evacuation)	SEG 5 – Rations	SEG 5 – Charter of Aircraft
14/12/18	36697	47,870.00	Payment of claim 1 for upgrading & reconstruction of Lautoka Hospital	SEG 8 – Upgrade of Valelevu Health Centre	SEG 8 – Upgrade and maintenance of Urban Hospitals
29/11/18	320483	504,587.00	Being payment of compensation	SEG 9 – Capital Purchases	SEG 7 – Indemnity Charges
04/12/18	320520	45,872.00	Being payment of compensation	SEG 9 – Capital Purchases	SEG 7 – Indemnity Charges
16/05/19	44296	22,362.00	Being payment of 50% dialysis subsidy for treatment provided to the Northern patients	SEG 10 – Capital Grants & Transfers	SEG 7 – Special Expenditures
08/07/19	47670	17,025.00	Being payment to the Northern Dialysis Centre for cost of treatment provided to the Northern patients	SEG 10 – Capital Grants & Transfers	SEG 7 – Special Expenditures
22/07/19	49601	8,550.00	Being payment for 50% dialysis subsidy (June) for the treatment provided to Northern patients	SEG 10 – Capital Grants & Transfers	SEG 7 – Special Expenditures
11/12/18	36456	26,147.00	Being advanced payment to the above named payee for Kidney Dialysis treatment at Labasa for approx 21 patients	SEG 10 – Capital Grants & Transfers	SEG 7 – Special Expenditures
4/01/2019	44493	15,579.33	Being payment for HIV test kit	SEG 4 – Bio Spare Parts and Maintenance	SEG 5 – Purchases of Goods and Services
31/05/19	45276	133,112.66	TFL Bill	SEG 4 – Water, Sewerage and Fire Services	SEG 3 – Telecommunication
Various	Various	258,806.68	Various expenses including water bills, ration and payments for oxygen and laundry	SEG 4 – Power Supply – GL 1-22202-81201-040499	Various SEGs
Various	Various	69,087.49	Various expenses including cleaning services and meal allowances	SEG 4 – Power Supply – GL 1-22203-84201-040499	Various SEGs
Various	Various	186,247.17	Various expenses including travel, ration, toners and travel	SEG 4 – Power Supply – GL 1-22204-83201-040499	Various SEGs
18/02/19	39914	31,418.83	Payment for Energy Fiji Limited bill	SEG 5 - PC-Non Communicable	SEG 4 – Power Supply
20/06/19	321140	21,547.75	Payment for Energy Fiji Limited bill	SEG 5 - PC-Non Communicable	SEG 4 – Power Supply

Date	Cheque Number	Amount (\$)	Description	SEG expenditure was incorrectly Posted to	Correct SEG
11/07/19	45440	575,830.25	Payment for vaccines	SEG 5 – Drugs	SEG 5 – Vaccines
10/07/19	45426	76,841.42	Payment for laboratory items	SEG 5 – Consumables	SEG 5 – Laboratory
17/06/19	45302	541,575.49	Payment for consumables	SEG 5 – Vaccines	SEG 5 – Consumables
15/07/19	45458	27,625.62	Payment for consumables	SEG 5 – Vaccines	SEG 5 – Consumables
25/04/19	45068	21,964.19	Payment for consumables	SEG 5 - Vaccines	SEG 5 - Consumables
8/02/19	44672	619,658.11	Payment for consumables	SEG 5 – Free Medicine Program	SEG 5 – Consumables
27/03/19	44908	17,918.45	Payment for consumables	SEG 5 – Free Medicine Program	SEG 5 - Consumables
27/03/19	44908	19,157.58	Payment for consumables	SEG 5 – Free Medicine Program	SEG 5 - Consumables
02/04/19	44963	154,505.78	Payment for consumables	SEG 5 – Free Medicine Program	SEG 5 - Dressing
2/04/19	44979	10,890.56	Payment for consumables	SEG 5 – Free Medicine Program	SEG 5 - Consumables
17/07/19	45480	174,692.29	Payment for consumables	SEG 5 – Free Medicine Program	SEG 5 - Consumables
Various	Various	35,440.37	Payment for medivac expenses	SEG 5 Outsourcing – GL 1-22101-22101-059149	SEG 5 – Charter of Aircraft
Various	Various	7,505.51	Payment for catering, meal claim, electricity bill and safety shoes	SEG 5 Outsourcing – GL 1-22203-84201-059149	Various SEGs
Various	Various	442,782.38	Payment for travel, hire of rental, fuel, catering, electrical works, water tank, office chair, compressor, generator, water pump, sofa, building materials and aircraft services.	SEG 5 Outsourcing – GL 1-22303-84101-059149	Various SEGs
28/11/2018	320473	229,357.80	Being payment of compensation	SEG 7 – Medical HR Contingencies	SEG 7 – Indemnity Charges
09/10/2018	320246	91,743.12	Being payment of indemnity charges	SEG 7 – Medical HR Contingencies	SEG 7 – Indemnity Charges
30/01/2019	320748	37,000.00	Being payment of indemnity charges	SEG 7 – Medical HR Contingencies	SEG 7 – Indemnity Charges
17/05/2019	44344	182,770.92	Payment for construction claims	SEG 7 - Kidney Dialysis Treatment Centre	SEG 8 – Capital Construction
28/06/2019	46888	125,005.62	Payment for construction claims	SEG 7 - Kidney Dialysis Treatment Centre	SEG 8 – Capital Construction

APPENDIX 22.4: AUDIT SITE VISIT – CWM HOSPITAL

CWM HOSPITAL MATERNITY WASHROOM

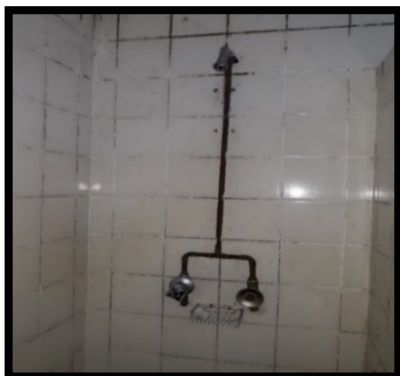


Figure 10: Missing shower head (Ante-Natal Ward)



Figure 11: Damaged new tap



Figure 12: Damaged ceiling for staff bathroom at Maternity Unit



Figure 13: Damaged washroom with Out of Order sign on the door



Figure 14: Missing shower knob

CWM HOSPITAL - INPATIENT PHARMACY







Figure 15: Wet medicine packets



Figure 16: Ice forming in the refrigerator



Figure 17: Chemical was leaking unto the floor

		
<p>Figure 18: Gallons of chemicals stacked next to the fridge</p>	<p>Figure 19: Crisper drawer used to collect Sodium Hypochlorite leaking from the gallon</p>	<p>Figure 20: Damaged ceiling and lights not working</p>
		
<p>Figure 21: Cables exposed to water leaking from ceiling</p>		

CWM HOSPITAL - BLOOD BANK & CYTOLOGY




		
<p>Figure 22: Blood Bank refrigerator not working</p>	<p>Figure 23: Faulty Digital Freezer thermometer</p>	<p>Figure 24: Thin-prep not operating due to the lack of filters</p>



Figure 25: Centrifuge not working



Figure 26: Damaged seat at the Donor Blood Service

CWM HOSPITAL - MAMMOGRAM SCREENING LAB



Figure 27: Damaged open ceiling causing water to leak in



Figure 28: Mammogram machine covered in plastic to keep away water leaking from open ceiling

CWM HOSPITAL - DENTAL UNIT



Figure 29: Water leaking into Dental Department



Figure 30: Damaged ceiling in dietician's room



Figure 31: Open ceiling at the new operating theatre recovery room





Figure 32: Collapsed ceiling at the new operating theatre



Figure 33: Collapsed ceiling at the new operating theater

APPENDIX 22.5: AUDIT SITE VISIT – NAKASI HEALTH CENTRE

	
<p>Figure 34: Faulty suction machine (the only suction machine in the Health centre)</p>	<p>Figure 36: Faulty Power point</p>

APPENDIX 22.6: AUDIT SITE VISIT – NAUSORI HEALTH CENTRE

		
<p>Figure 37: Renovation needed – building structure is old</p>	<p>Figure 38: Renovation needed – building structure is old</p>	<p>Figure 39: Renovation needed - building structure is old</p>
		
<p>Figure 40: Renovation needed – lack of space and building structure is old</p>	<p>Figure 41: Renovation needed</p>	<p>Figure 42: Renovation needed</p>

		
<p>Figure 43: Renovation needed</p>	<p>Figure 44: Renovation needed for toilets</p>	<p>Figure 45: Renovation needed for male toilets</p>
		
<p>Figure 46: Faulty air-condition unit at x-ray room</p>	<p>Figure 47: Faulty air condition unit at outpatient area</p>	<p>Figure 48: Poor drainage at outpatient area that causes flooding during heavy rain</p>
		
<p>Figure 549: Poor drainage</p>	<p>Figure 50: Outpatient records room – air-condition unit not working</p>	<p>Figure 51: Outpatient records room – lack of space and ceiling leaks when there is heavy rain</p>
		
<p>Figure 52: Maternity Unit – Drainage and leakage in the sewer system</p>	<p>Figure 53: Maternity unit – damaged sink</p>	<p>Figure 54: Maternity unit – damaged sink</p>

		
<p>Figure 55: Damaged toilet</p>	<p>Figure 56: Toilet out of order at the Maternity Unit</p>	<p>Figure 57: Dental records room</p>
		
<p>Figure 58: Maternity labour room – missing louver blades and faulty air-condition unit</p>	<p>Figure 59: Maternity labour room – missing louver blades and faulty air-condition unit</p>	<p>Figure 60: Air-condition unit not working in Dental department</p>
		
<p>Figure 61: Renovation needed in Dental department</p>	<p>Figure 62: Renovation needed in Dental department</p>	<p>Figure 63: Broken windows</p>

APPENDIX 22.7: STORAGE SPACE AT FPBS



Figure 68: Pharmaceuticals were stored in the aisle



Figure 69: Pharmaceuticals were stored up to ceiling



Figure 70: Pharmaceuticals were stored in the aisle



Figure 71: Pharmaceuticals were stored on top of cold storage room



Figure 72: Pharmaceuticals were stored in energy room due

APPENDIX 22.8: MISSTATED REVENUE IN BPS TMA

Date	Receipt Number	Item Code	Quantity sold as per receipt	Item Price (VIP) per unit as per price list (\$)	Price as per receipt (\$)	Sub total as per audit (\$) D = A x B	Sub total as per receipt (\$) E = A x C	Variance (\$)
			A	B	C			
1/10/2018	696129	811	3	13.26	13.21	39.78	39.63	0.15
1/10/2018	696130	00160	1	11.10	12.70	11.10	12.70	(1.60)
1/10/2018	696133	00888	1	0.18	15.00	0.18	15.00	(14.82)
1/10/2018	696133	05621	1	22.87	21.80	22.87	21.80	1.07
1/10/2018	696134	00160	2	11.10	12.70	22.20	25.40	(3.20)
1/10/2018	696136	06722	80	2.08	2.00	166.40	160.00	6.40
1/10/2018	696137	00160	2	11.10	12.70	22.20	25.40	(3.20)
1/10/2018	696138	05622	2	41.26	44.00	82.52	88.00	(5.48)
1/10/2018	696138	00160	4	11.10	12.70	44.40	50.80	(6.40)
1/10/2018	696140	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/10/2018	696141	00160	4	11.10	12.70	44.4	50.80	(6.40)
1/10/2018	696142	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/10/2018	696143	06887	1	34.66	40.00	34.66	40.00	(5.34)
1/10/2018	696144	06887	1	34.66	40.00	34.66	40.00	(5.34)
1/10/2018	696144	00160	2	11.10	12.70	22.2	25.40	(3.20)
1/10/2018	696145	06722	40	2.08	2.00	83.2	80.00	3.20
2/10/2018	696146	00161	1	12.76	13.00	12.76	13.00	(0.24)
2/10/2018	696147	00888	1	0.18	15.00	0.18	15.00	(14.82)
2/10/2018	696148	06450	2	1.30	31.00	2.6	62.00	(59.40)
2/10/2018	696149	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/10/2018	696150	00160	10	11.10	12.70	111.00	127.00	(16.02)
2/10/2018	696150	00191	600	0.02	0.01	12.00	6.00	7.07
2/10/2018	696150	00021	700	0.03	0.03	21.00	21.00	(3.02)
2/10/2018	696150	00126	400	0.15	0.05	60.00	20.00	41.82
2/10/2018	696151	05621	1	22.87	21.80	22.87	21.80	1.07
2/10/2018	696151	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/10/2018	696152	00160	2	11.10	12.70	22.2	25.40	(3.20)
2/10/2018	696152	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/10/2018	696153	00160	2	11.10	12.70	22.2	25.40	(3.20)
2/10/2018	696154	00119	100	19.26	0.54	1926	54.00	1,872.00
2/10/2018	696155	05107	5	0.07	2.35	0.35	11.75	(11.40)
2/10/2018	696155	00236	3	3.59	3.43	10.77	10.29	0.48
2/10/2018	696156	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/10/2018	696158	00160	2	11.10	12.70	22.2	25.40	(3.20)
2/10/2018	696159	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/10/2018	696160	00234	20	0.68	0.67	13.6	13.40	0.20
2/10/2018	696161	00234	20	0.68	0.67	13.6	13.40	0.20
2/10/2018	696162	06722	80	2.08	2.00	166.4	160.00	6.40
2/10/2018	696163	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/10/2018	696166	00160	1	11.10	12.70	11.1	12.70	(1.60)
3/10/2018	696169	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/10/2018	696170	01024	100	1.93	0.45	193	45.00	148.00
3/10/2018	696170	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/10/2018	696171	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/10/2018	696172	00160	4	11.10	12.70	44.4	50.80	(6.40)
3/10/2018	696173	06450	1	1.30	31.00	1.3	31.00	(29.70)
4/10/2018	696174	00374	3	42.89	40.00	128.67	120.00	8.67
4/10/2018	696174	00888	2	0.18	15.00	0.36	30.00	(29.64)
4/10/2018	696174	00740	1	4.29	4.40	4.29	4.40	(0.11)
4/10/2018	696175	05622	1	41.26	44.00	41.26	44.00	(2.74)
4/10/2018	696176	06886	1	42.01	37.90	42.01	37.90	4.11
4/10/2018	696177	05622	2	41.26	44.00	82.52	88.00	(5.48)
4/10/2018	696177	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/10/2018	696180	05622	1	41.26	44.00	41.26	44.00	(2.74)

Date	Receipt Number	Item Code	Quantity sold as per receipt	Item Price (VIP) per unit as per price list (\$)	Price as per receipt (\$)	Sub total as per audit (\$) D = A x B	Sub total as per receipt (\$) E = A x C	Variance (\$)
			A	B	C			
4/10/2018	696181	00160	2	11.10	12.70	22.2	25.40	(3.20)
4/10/2018	696181	00742	1	4.32	4.29	4.32	4.29	0.03
4/10/2018	696182	00160	3	11.10	12.70	33.3	38.10	(4.80)
4/10/2018	696182	06450	1	1.30	31.00	1.3	31.00	(29.70)
4/10/2018	696183	06887	2	34.66	40.00	69.32	80.00	(10.68)
4/10/2018	696183	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/10/2018	696184	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/10/2018	696185	00888	2	0.18	15.00	0.36	30.00	(29.64)
4/10/2018	696185	05621	1	22.87	21.80	22.87	21.80	1.07
4/10/2018	696185	05622	1	41.26	44.00	41.26	44.00	(2.74)
4/10/2018	696186	05622	1	41.26	44.00	41.26	44.00	(2.74)
4/10/2018	696186	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/10/2018	696186	05621	1	22.87	21.80	22.87	21.80	1.07
4/10/2018	696192	06887	1	34.66	40.00	34.66	40.00	(5.34)
4/10/2018	696195	06887	1	34.66	40.00	34.66	40.00	(5.34)
4/10/2018	696197	06450	1	1.30	31.00	1.3	31.00	(29.70)
4/10/2018	696197	00160	1	11.10	12.70	11.1	12.70	(1.60)
4/10/2018	696198	00374	3	42.89	40.00	128.67	120.00	8.67
4/10/2018	696200	00739	1	4.26	4.29	4.26	4.29	(0.03)
3/01/2019	767601	00452	1	3.43	3.34	3.43	3.34	0.09
3/01/2019	767602	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/01/2019	767603	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/01/2019	767604	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/01/2019	767605	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/01/2019	767607	00138	200	0.09	0.22	18	44.00	(26.00)
4/01/2019	767607	00463	6	1.84	1.87	11.04	11.22	(0.18)
4/01/2019	767608	06886	1	42.01	37.90	42.01	37.90	4.11
4/01/2019	767608	06887	1	34.66	40.00	34.66	40.00	(5.34)
4/01/2019	767608	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/01/2019	767610	05622	1	41.26	44.00	41.26	44.00	(2.74)
4/01/2019	767610	00888	1	0.18	15.00	0.18	15.00	(14.82)
4/01/2019	767612	00281	1500	0.04	0.01	60	15.00	45.00
4/01/2019	767612	00261	800	0.03	0.01	24	8.00	16.00
4/01/2019	767612	00425	900	0.05	0.01	45	9.00	36.00
4/01/2019	767612	00015	600	0.07	0.01	42	6.00	36.00
4/01/2019	767612	00159	10	7.96	12	79.6	120.00	(40.40)
4/01/2019	767613	05622	1	41.26	44	41.26	44.00	(2.74)
4/01/2019	767613	05621	1	22.87	21.8	22.87	21.80	1.07
4/01/2019	767613	00888	1	0.18	15	0.18	15.00	(14.82)
4/01/2019	767614	05622	2	41.26	44	82.52	88.00	(5.48)
4/01/2019	767615	00997	5	4.34	4.29	21.7	21.45	0.25
4/01/2019	767615	00742	5	4.32	4.29	21.6	21.45	0.15
4/01/2019	767616	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767617	00888	1	0.18	15	0.18	15.00	(14.82)
7/01/2019	767617	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767618	05622	1	41.26	44	41.26	44.00	(2.74)
7/01/2019	767619	00888	1	0.18	15	0.18	15.00	(14.82)
7/01/2019	767619	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767620	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767622	06886	1	42.01	37.9	42.01	37.90	4.11
7/01/2019	767622	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767622	00888	1	0.18	15	0.18	15.00	(14.82)
7/01/2019	767623	00888	1	0.18	15	0.18	15.00	(14.82)
7/01/2019	767623	05622	1	41.26	44	41.26	44.00	(2.74)
7/01/2019	767625	06886	1	42.01	37.9	42.01	37.90	4.11
7/01/2019	767625	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767626	06886	1	42.01	37.9	42.01	37.90	4.11

Date	Receipt Number	Item Code	Quantity sold as per receipt	Item Price (VIP) per unit as per price list (\$)	Price as per receipt (\$)	Sub total as per audit (\$) D = A x B	Sub total as per receipt (\$) E = A x C	Variance (\$)
			A	B	C			
7/01/2019	767626	06887	1	34.66	40	34.66	40.00	(5.34)
7/01/2019	767626	00888	1	0.18	15	0.18	15.00	(14.82)
7/01/2019	767626	05622	1	41.26	44	41.26	44.00	(2.74)
8/01/2019	767629	06722	40	2.08	2.00	83.2	80.00	3.20
8/01/2019	767630	06887	1	34.66	40	34.66	40.00	(5.34)
8/01/2019	767630	00888	1	0.18	15	0.18	15.00	(14.82)
8/01/2019	767631	06887	2	34.66	40	69.32	80.00	(10.68)
8/01/2019	767631	05622	2	41.26	44	82.52	88.00	(5.48)
8/01/2019	767631	00159	4	7.96	12	31.84	48.00	(16.16)
8/01/2019	767632	06887	1	34.66	40	34.66	40.00	(5.34)
8/01/2019	767632	00159	1	7.96	12	7.96	12.00	(4.04)
8/01/2019	767634	06887	1	34.66	40	34.66	40.00	(5.34)
8/01/2019	767635	06887	1	34.66	40	34.66	40.00	(5.34)
8/01/2019	767637	05622	1	41.26	44	41.26	44.00	(2.74)
8/01/2019	767637	00888	1	0.18	15	0.18	15.00	(14.82)
8/01/2019	767638	05622	1	41.26	44	41.26	44.00	(2.74)
8/01/2019	767639	06722	80	2.08	2.00	166.4	160.00	6.40
8/01/2019	767640	00230	50	1.08	0.88	54	44.00	10.00
8/01/2019	767641	00159	1	7.96	12	7.96	12.00	(4.04)
9/01/2019	767642	06887	1	34.66	40	34.66	40.00	(5.34)
9/01/2019	767643	00008	10	0.65	0.47	6.5	4.70	1.80
9/01/2019	767643	01298	2	1.73	3.46	3.46	6.92	(3.46)
9/01/2019	767644	05622	1	41.26	44	41.26	44.00	(2.74)
9/01/2019	767646	06887	1	34.66	40	34.66	40.00	(5.34)
9/01/2019	767647	06450	2	1.3	31	2.6	62.00	(59.40)
9/01/2019	767648	06887	1	34.66	40	34.66	40.00	(5.34)
9/01/2019	767649	05622	1	41.26	44	41.26	44.00	(2.74)
9/01/2019	767652	00888	6	0.18	15	1.08	90.00	(88.92)
9/01/2019	767652	00159	3	7.96	12	23.88	36.00	(12.12)
9/01/2019	767653	05622	1	41.26	44	41.26	44.00	(2.74)
9/01/2019	767654	05622	1	41.26	44	41.26	44.00	(2.74)
9/01/2019	767655	00129	3	1.4	1.73	4.2	5.19	(0.99)
9/01/2019	767656	05622	1	41.26	44	41.26	44.00	(2.74)
9/01/2019	767657	00282	20	0.37	0.73	7.4	14.60	(7.20)
9/01/2019	767657	00463	6	1.84	1.87	11.04	11.22	(0.18)
9/01/2019	767657	00171	20	0.32	1.15	6.4	23.00	(16.60)
9/01/2019	767658	05622	1	41.26	44	41.26	44.00	(2.74)
10/01/2019	767659	00159	5	7.96	12	39.8	60.00	(20.20)
10/01/2019	767660	00888	3	0.18	15.00	0.54	45.00	(44.46)
10/01/2019	767661	06887	1	34.66	40.00	34.66	40.00	(5.34)
10/01/2019	767662	07012	64	3.7	3.85	236.8	246.40	(9.60)
10/01/2019	767662	07013	32	2.05	2.15	65.6	68.80	(3.20)
10/01/2019	767664	00452	5	3.43	3.34	17.15	16.70	0.45
10/01/2019	767665	00438	1	32.43	33.43	32.43	33.43	(1.00)
10/01/2019	767666	00432	6	4.67	3.83	28.02	22.98	5.04
10/01/2019	767667	00643	6	0.6	0.66	3.6	3.96	(0.36)
10/01/2019	767667	00723	1	10.66	10.5	10.66	10.50	0.16
11/01/2019	767669	00452	2	3.43	3.34	6.86	6.68	0.18
11/01/2019	767670	00452	2	3.43	3.34	6.86	6.68	0.18
11/01/2019	767671	05621	1	22.87	21.80	22.87	21.80	1.07
11/01/2019	767671	05622	3	41.26	44.00	123.78	132.00	(8.22)
11/01/2019	767671	00888	2	0.18	15.00	0.36	30.00	(29.64)
11/01/2019	767672	06886	1	42.01	37.90	42.01	37.90	4.11
11/01/2019	767672	06887	1	34.66	40.00	34.66	40.00	(5.34)
11/01/2019	767672	00888	1	0.18	15.00	0.18	15.00	(14.82)
11/01/2019	767673	06887	2	34.66	40.00	69.32	80.00	(10.68)
11/01/2019	767674	05622	1	41.26	44.00	41.26	44.00	(2.74)

Date	Receipt Number	Item Code	Quantity sold as per receipt	Item Price (VIP) per unit as per price list (\$)	Price as per receipt (\$)	Sub total as per audit (\$) D = A x B	Sub total as per receipt (\$) E = A x C	Variance (\$)
			A	B	C			
11/01/2019	767677	05622	1	41.26	44.00	41.26	44.00	(2.74)
11/01/2019	767678	06722	40	2.08	2.00	83.2	80.00	3.20
11/01/2019	767680	06886	1	42.01	37.90	42.01	37.90	4.11
11/01/2019	767682	06887	1	34.66	40.00	34.66	40.00	(5.34)
11/01/2019	767683	050107	40	0.07	1.35	2.8	54.00	(51.20)
11/01/2019	767683	00023	20	1.65	1.68	33	33.60	(0.60)
11/01/2019	767684	06887	1	34.66	40.00	34.66	40.00	(5.34)
11/01/2019	767684	05622	1	41.26	44.00	41.26	44.00	(2.74)
11/01/2019	767686	00810	5	8.13	8.16	40.65	40.80	(0.15)
11/01/2019	767686	00739	5	4.26	4.29	21.3	21.45	(0.15)
11/01/2019	767686	00997	5	4.34	4.29	21.7	21.45	0.25
11/01/2019	767686	00742	2	4.32	4.29	8.64	8.58	0.06
14/01/2019	767688	00448	2	9.62	9.60	19.24	19.20	0.04
14/01/2019	767689	05622	1	41.26	44.00	41.26	44.00	(2.74)
14/01/2019	767690	06722	40	2.08	2.00	83.2	80.00	3.20
14/01/2019	767690	06450	1	1.30	31.00	1.3	31.00	(29.70)
14/01/2019	767691	00888	1	0.18	15.00	0.18	15.00	(14.82)
14/01/2019	767692	05622	1	41.26	44.00	41.26	44.00	(2.74)
14/01/2019	767692	00888	1	0.18	15.00	0.18	15.00	(14.82)
14/01/2019	767693	00468	3	1.49	9.60	4.47	28.80	(24.33)
14/01/2019	767693	00452	2	3.43	3.34	6.86	6.68	0.18
14/01/2019	767694	06450	3	1.30	31.00	3.9	93.00	(89.10)
14/01/2019	767695	00463	6	1.84	1.87	11.04	11.22	(0.18)
14/01/2019	767695	00448	3	9.62	9.60	28.86	28.80	0.06
14/01/2019	767695	00739	3	4.25	4.29	12.75	12.87	(0.12)
14/01/2019	767696	00822	1	1.67	2.65	1.67	2.65	(0.98)
14/01/2019	767697	06722	80	2.08	2.00	166.4	160.00	6.40
14/01/2019	767698	05622	1	41.26	44.00	41.26	44.00	(2.74)
14/01/2019	767698	00888	1	0.18	15.00	0.18	15.00	(14.82)
14/01/2019	767699	06886	1	42.01	37.90	42.01	37.90	4.11
14/01/2019	767699	06887	1	34.66	40.00	34.66	40.00	(5.34)
14/01/2019	767699	00888	1	0.18	15.00	0.18	15.00	(14.82)
14/01/2019	767700	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/05/2019	944151	06887	2	34.66	40.00	69.32	80.00	(10.68)
1/05/2019	944151	00888	1	0.18	15.00	0.18	15.00	(14.82)
1/05/2019	944152	00160	2	11.10	12.70	22.2	25.40	(3.20)
1/05/2019	944153	00124	1,000	4.81	0.10	4810	100.00	4,710.00
1/05/2019	944153	00160	10	11.10	12.70	111	127.00	(16.00)
1/05/2019	944154	00742	2	4.32	4.29	8.64	8.58	0.06
1/05/2019	944154	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/05/2019	944155	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/05/2019	944156	06886	1	42.01	37.90	42.01	37.90	4.11
1/05/2019	944156	06387	1	34.66	40.00	34.66	40.00	(5.34)
1/05/2019	944157	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/05/2019	944158	05622	1	41.26	44.00	41.26	44.00	(2.74)
1/05/2019	944158	00888	1	0.18	15.00	0.18	15.00	(14.82)
1/05/2019	944159	00040	12	0.12	4.47	1.44	53.64	(52.20)
1/05/2019	944159	00064	4	9.21	4.47	36.84	17.88	18.96
1/05/2019	944160	00160	3	11.10	12.70	33.3	38.10	(4.80)
1/05/2019	944161	06886	2	42.01	37.90	84.02	75.80	8.22
1/05/2019	944161	06887	2	34.66	40.00	69.32	80.00	(10.68)
1/05/2019	944161	00888	1	0.18	15.00	0.18	15.00	(14.82)
1/05/2019	944162	00160	4	11.10	12.70	44.4	50.80	(6.40)
1/05/2019	944163	06450	1	20.40	31.00	20.4	31.00	(10.60)
1/05/2019	944164	00160	10	11.10	12.70	111	127.00	(16.00)
1/05/2019	944165	00161	1	12.76	13.00	12.76	13.00	(0.24)
1/05/2019	944165	00159	1	7.96	12.00	7.96	12.00	(4.04)

Date	Receipt Number	Item Code	Quantity sold as per receipt	Item Price (VIP) per unit as per price list (\$)	Price as per receipt (\$)	Sub total as per audit (\$) D = A x B	Sub total as per receipt (\$) E = A x C	Variance (\$)
			A	B	C			
1/05/2019	944165	00888	4	0.18	15.00	0.72	60.00	(59.28)
1/05/2019	944167	07012	20	3.70	2.15	74	43.00	31.00
1/05/2019	944168	06886	1	42.01	37.90	42.01	37.90	4.11
1/05/2019	944168	06887	1	34.66	40.00	34.66	40.00	(5.34)
1/05/2019	944168	00888	1	0.18	15.00	0.18	15.00	(14.82)
1/05/2019	944169	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/05/2019	944172	00448	1	9.62	9.60	9.62	9.60	0.02
2/05/2019	944174	06887	2	34.66	40.00	69.32	80.00	(10.68)
2/05/2019	944175	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/05/2019	944176	00031	60	0.33	0.26	19.8	15.60	4.20
2/05/2019	944176	00160	20	11.10	12.70	222	254.00	(32.00)
2/05/2019	944176	00159	70	7.96	12.00	557.2	840.00	(282.80)
2/05/2019	944177	00230	20	1.08	0.71	21.6	14.20	7.40
2/05/2019	944177	05621	1	22.87	21.80	22.87	21.80	1.07
2/05/2019	944177	05622	2	41.26	44.00	82.52	88.00	(5.48)
2/05/2019	944178	00452	4	3.43	3.31	13.72	13.24	0.48
2/05/2019	944179	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/05/2019	944181	00160	1	11.10	12.70	11.1	12.70	(1.60)
2/05/2019	944182	05621	1	22.87	21.80	22.87	21.80	1.07
2/05/2019	944183	06887	1	34.66	40.00	34.66	40.00	(5.34)
2/05/2019	944184	00160	1	11.10	12.70	11.1	12.70	(1.60)
2/05/2019	944185	00256	1	8.82	8.83	8.82	8.83	(0.01)
2/05/2019	944187	05622	1	41.26	44.00	41.26	44.00	(2.74)
2/05/2019	944187	00888	1	0.18	15.00	0.18	15.00	(14.82)
2/05/2019	944188	05722	6	2.08	80.00	12.48	480.00	(467.52)
2/05/2019	944189	00230	50	1.08	0.74	54	37.00	17.00
2/05/2019	944190	00160	10	11.10	12.70	111	127.00	(16.00)
2/05/2019	944190	00159	3	7.96	12.05	23.88	36.15	(12.27)
2/05/2019	944190	00161	1	12.76	13.00	12.76	13.00	(0.24)
2/05/2019	944190	00021	420	0.03	0.01	12.6	4.20	8.40
2/05/2019	944190	00191	1,200	0.02	0.01	24	12.00	12.00
2/05/2019	944190	00425	700	0.05	0.01	35	7.00	28.00
2/05/2019	944190	00261	600	0.03	0.01	18	6.00	12.00
2/05/2019	944190	00015	300	0.07	0.05	21	15.00	6.00
2/05/2019	944191	06887	1	34.66	40.00	34.66	40.00	(5.34)
3/05/2019	944192	07013	60	2.05	3.55	123	213.00	(90.00)
3/05/2019	944192	07012	30	3.70	2.15	111	64.50	46.50
3/05/2019	944194	00160	4	11.10	12.70	44.4	50.80	(6.40)
3/05/2019	944198	05622	1	41.26	44.00	41.26	44.00	(2.74)
3/05/2019	944198	00888	1	0.18	15.00	0.18	15.00	(14.82)
3/05/2019	944199	05622	2	41.26	44.00	82.52	88.00	(5.48)
3/05/2019	944201	00161	2	12.76	13.00	25.52	26.00	(0.48)
3/05/2019	944201	06450	1	1.30	31.00	1.3	31.00	(29.70)
3/05/2019	944204	01048	1	26.72	37.9	26.72	37.90	(11.18)
3/05/2019	944205	00160	4	11.10	12.70	44.4	50.80	(6.40)
3/05/2019	944208	01048	1	26.72	37.90	26.72	37.90	(11.18)
3/05/2019	944209	00432	2	4.67	3.34	9.34	6.68	2.66
3/05/2019	944212	00160	2	11.10	12.70	22.2	25.40	(3.20)
3/05/2019	944213	00160	2	11.10	12.70	22.2	25.40	(3.20)
6/05/2019	944216	00160	6	11.10	12.70	66.6	76.20	(9.60)
6/05/2019	944216	05622	2	41.26	44.00	82.52	88.00	(5.48)
6/05/2019	944217	06886	1	42.01	37.90	42.01	37.90	4.11
6/05/2019	944217	06887	1	34.66	40.00	34.66	40.00	(5.34)
6/05/2019	944218	00888	1	0.18	15.00	0.18	15.00	(14.82)
6/05/2019	944219	00888	1	0.18	15.00	0.18	15.00	(14.82)
6/05/2019	944220	06887	1	34.66	40.00	34.66	40.00	(5.34)
6/05/2019	944221	05622	1	41.26	44.00	41.26	44.00	(2.74)

Date	Receipt Number	Item Code	Quantity sold as per receipt	Item Price (VIP) per unit as per price list (\$)	Price as per receipt (\$)	Sub total as per audit (\$) D = A x B	Sub total as per receipt (\$) E = A x C	Variance (\$)
			A	B	C			
6/05/2019	944222	05622	1	41.26	44.00	41.26	44.00	(2.74)
6/05/2019	944223	06887	1	34.66	40.00	34.66	40.00	(5.34)
6/05/2019	944225	06886	1	42.01	37.90	42.01	37.90	4.11
6/05/2019	944225	06887	1	34.66	40.00	34.66	40.00	(5.34)
6/05/2019	944225	00888	1	0.18	15.00	0.18	15.00	(14.82)
6/05/2019	944226	00417	5	7.82	7.80	39.1	39.00	0.10
6/05/2019	944227	06450	1	1.30	31.00	1.3	31.00	(29.70)
6/05/2019	944228	05622	1	41.26	44.00	41.26	44.00	(2.74)
7/05/2019	944229	06886	1	42.01	37.90	42.01	37.90	4.11
7/05/2019	944229	06887	1	34.66	40.00	34.66	40.00	(5.34)
7/05/2019	944229	00888	1	0.18	15.00	0.18	15.00	(14.82)
7/05/2019	944230	05622	2	41.26	44.00	82.52	88.00	(5.48)
7/05/2019	944232	05622	1	41.26	44.00	41.26	44.00	(2.74)
7/05/2019	944233	00160	3	11.10	12.70	33.3	38.10	(4.80)
7/05/2019	944233	06887	1	34.66	40.00	34.66	40.00	(5.34)
7/05/2019	944234	06887	2	34.66	40.00	69.32	80.00	(10.68)
7/05/2019	944235	05622	3	41.26	44.00	123.78	132.00	(8.22)
7/05/2019	944236	00160	4	11.10	12.70	44.4	50.80	(6.40)
7/05/2019	944237	01024	300	1.93	0.22	579	66.00	513.00
7/05/2019	944238	06887	1	34.66	40.00	34.66	40.00	(5.34)
7/05/2019	944239	00643	5	0.6	0.66	3	3.30	(0.30)
7/05/2019	944239	00673	3	4.2	2.06	12.6	6.18	6.42
7/05/2019	944239	00997	1	4.34	4.29	4.34	4.29	0.05
7/05/2019	944239	01166	1	3.56	1.85	3.56	1.85	1.71
7/05/2019	944240	00160	2	11.10	12.70	22.2	25.4	(3.20)
7/05/2019	944241	00160	2	11.10	12.70	22.2	25.4	(3.20)
7/05/2019	944242	05622	1	41.26	44.00	41.26	44	(2.74)
7/05/2019	944245	00138	100	0.09	0.22	9	22	(13.00)
8/05/2019	944246	00160	1	11.1	12.7	11.1	12.7	(1.60)
8/05/2019	944248	05622	2	41.26	44.00	82.52	88	(5.48)
8/05/2019	944249	05622	1	41.26	44.00	41.26	44	(2.74)
							Total	4,676.93

APPENDIX 22.9: BPS ITEMS – DIFFERENT CODE & DIFFERENT SELLING PRICE

Product Code	Description	Average Unit Cost (\$)	Unit Cost (\$)	Comments
Drugs				
00066	Chlorpromazine Tablets 25mg	0.088	0.115	Same item with different code and different selling price
05795	Chlorpromazine Tablets 25mg	0.000	0.000	
00073	Cloxacillin Injection 500mg	0.155	0.202	Same item with different code and different selling price
07412	Cloxacillin Injection 500mg	0.000	0.000	
00091	Prochlorperazine Injection 12.5mg/ml	0.497	0.650	Same item with different code and different selling price
00267	Prochlorperazine Injection 12.5mg/ml	1.427	1.867	
05944	Nuprep Skin Prep Gel	0.000	0.000	Same item with different code and different selling price
06854	Nuprep Skin Prep Gel	34.149	44.666	
07302	Sodium Chloride Injection 0.9% Ampule (20mL)	0.000	0.000	Same item with different code
00294	Sodium Chloride Injection 0.9% Ampule (20mL)	0.000	0.000	
Consumables				
06302	Sterile Shoe Covers	0.000	0.000	Same item with different code and different selling price
06400	Sterile Shoe Covers	15.599	20.403	
Appliances				
02075	Rubber Tips for Crutches Large 24mm Diameter	3.131	4.095	Same item with different code and different selling price
02573	Rubber Tips for Crutches Large 24mm Diameter	5.016	6.560	
03021	Infant limb elctrodes Mortara ELI ECG Machines	0.000	0.000	Same item with different code
03022	Infant limb elctrodes Mortara ELI ECG Machines	0.000	0.000	

APPENDIX 22.10: ITEMS WITH ZERO UNIT COST

Item Code	Description	Item Code	Description	Item Code	Description
DRUGS					
32609	Abacavir Tablets 300mg	2927	Lamivudine 150mg/Zidovudine 300mg + Efavirenz 600mg Tablets	294	Sodium Chloride Injection 0.9% Ampule (20mL)
02937	Albendazole Tablets 400mg	6617	Lamivudine 300mg + Tenofovir 300mg Tabs	1174	Sodium citrate 1kg
06985	Amoxicillin/Clavulanic Acid Tablets 250mg/125mg	6002	Lamivudine/Tenofovir/Efavirenz 300mg/300mg/600mg	6988	Sodium Hypochlorite 1% 20Litre
06880	Aurogel Plus 1.6 % W / V Solution Hyaluronate Ophthalmic Solution	1879	Lamivudine/Zidovudine Tablets 150mg/300mg	5943	Ten20 Conductive Gel
05951	Azithromycin Tablet 250mg	2752	Lamivudine/Zidovudine/Nevirapine Tablets 150mg/300mg/200mg	2917	Tenofovir Tablets 300mg
06684	Carboplatin Injection 150mg/15ml	7086	Latanaprost Eye Drops 50 MCG	6982	Therapeutic Food [Plumpy Nut]
00059	Chlorambucil Tablets 2mg	180	Lignocaine Topical Solution 4%	6981	Therapeutic Milk
05795	Chlorpromazine Tablets 25mg	32610	Lopinavir/Ritonavir Tablets 200mg/50mg	311	Thiamine HCl inj 100mg/2ml
00338	Ciprofloxacin Tablets 500mg	7092	Metoprolol CR Tabs 4705 mg	319	Trifluoperazine HCl Tablets 1mg
00075	Cisplatin Injection 10mg	7498	Multivitamin Syrup 100ml	2741	Ultrasound Transmission Gel 5 Litre [X-RAY]
07412	Cloxacillin Injection 500mg	214	Nitrofurantoin Capsules 100mg	6950	Vitamin A Capsules 60mg (Donation)
00076	Coal Tar Ointment 100g	5944	Nuprep Skin Prep Gel	6979	Vitamin and Mineral Powder
00086	Dapsone Tablets 100mg	2704	Osetamivir (Tamiflu) 75mg Tablets	6951	Zinc Sulphate 20mg (Donation)
00085	Dapsone Tablets 50mg	220	Oxyphenbutazone ointment 10%	7102	Pantoprazole Tablets 20 mg
05649	Didanosine Capsules 250mg	6889	Paclitaxel Injection 100mg /16.7ml	94	Digoxin Tablet 62.5mcg
32613	Efavirenz Tablets 200mg	241	Phenytol Sodium Chewable Tablets 50mg	6545	Rifampicin/Isoniazid Capsules 150mg/75mg
01279	Emulsifying Wax pulv 500g	2187	Prostaglandin E1 Injection 500mcg/ml (Alprostadil)	193	Methotrexate Tablets 2.5mg
05942	Erythropoietin Injection 4,000IU	277	Pyridoxine Tablets 25mg	6992	Ranitidine Tablets 150mg
00116	Ethanolamine Oleate Injection 100mg/2ml	5902	Rifampicin 150mg/Isoniazid 150mg Tablets Film Coated	7101	MMT Suspension 100 mls
01139	Ether solvent BP 500ml	5900	Rifampicin 60mg / Isoniazid 30mg dispersible Tablet,84 blister pack	7006	Efavirenz (EFV) 30mg/ml Oral Solution
00118	Ethosuximide Capsules 250mg	6612	Rifampicin 60mg+INH 30mg+Pyrazinamide 150mg Dispersible Tab	162	Indomethacin Capsules 25mg
00123	Ferrous Gluconate Elixer 200mg/5ml	2257	Rifampicin Oral Solution 100mg/5mL - 60mls	Consumables	
01143	Formalin BP - 500mls	4927	Risperidone 4mg Tablets	2992	Adaptor for Faec mask DF22 resuscitation mask adult 552076
02246	Gentamicin Ear Drop 0.3% - 10ml	6652	Sertraline Tabs 50mg	2995	Adult Anaesthetic Circuit-filter and airbag
00423	Hydrocortisone Tablets 20mg	2258	Simvastatin Tablets 10mg	2990	Anaesthetic machines devices corrugated tubings 30mm-OBM 135/355
07080	Isosordibe Mononitrate 60 MG	2412	Sodium Chloride 0.9% Injection 500ml Bag	640	Bag Colostomy (Stoma) drainable pouch(45mm)with Skin Barrier with flange(45mm - 50mm)
06983	Kotex and Smooth Pad	7302	Sodium Chloride Injection 0.9% Ampule (20mL)	6709	Bubble Generator Bottle

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – 31 JULY 2019 – SOCIAL SERVICES SECTOR

Item Code	Description	Item Code	Description	Item Code	Description
Consumables (Continued)					
6709	Bubble Generator Bottle	32663	Mouth pieces Disposable for PEFR meters box 200 - 30mL	Appliances	
665	Cannula Epidural Set (thoracic trochal) cannula 16G, Radio-opaque, 915mm	2898	Nasal Tubing 100mm x 5, BC182 - 05 for Paediatric Ventilator	770	Scissors Dressing 7" blunt/sharp
674	Catheter Foley Silicon treated 18FG, Sterile, individually wrapped	2899	Nasal Tubing Universal 50mm x 5 for Paediatric Ventilator	907	Handle for Surgical Blades BP No. 4
2435	Chemosafety Gloves (Box of 100) - Small	748	Needle scalp vein set 23G X 19mm	1087	Speculum Vaginal duckbill Stainless Steel - Size Medium
702	Connector Polythene Straight ID 6.0mm OD 8mm (Portex 700/170/671)	6307	Port Seals	1136	Bowls Stainless steel 7"
4840	Cuff Less Fenestrated (CFN) Size 4 - Shiley Brand	759	Redivac Needle Curved for Apparatus	2617	Bed Pan Oval Stainless Steel - Adult
3582	Disposable Apron White (810mm x 1320mm)	762	Redivac Straight Needle 1800M	3033	Specs-13.75 L X 11.5 W X 4 H Steriliser drums Doomed top and bottom with sliding removal band stainlesssteel
3584	Disposable Apron White (810mm x 1450mm)	768	Redivac Tubes 1800G Perforated	719	Guedel Airway- adult
3583	Disposable Apron White (810mm x 1600mm)	766	Redivac Tubes 1800H	754	Redivac Apparatus Manometer Stopper 1800 (Coupling)
3552	Disposable Latex Gloves - Large - Box of 100	6707	Relief Valve Assembly	755	Redivac Bottle No. 1800B
846	feeding tube 10FG-xray detectable	5064	Respiration Mask - Disposable x 20 pieces	756	Redivac Bottle Screw cap 1800cc
6974	Gloves Disposable Polythene/Vinyl, [Latex Free and Powder Free] Box of 100 - Medium	6314	Spill Kit (2)	761	Redivac Single Rubber Connection 1800kg
6708	Humidifier Cap with O-Ring	6302	Sterile Shoe Covers	874	Wick for Spirit Lamp
2999	Humidifiers Anaesthetic machines	978	Suture polyglycolic acid coated 0 90cm , 37mm taper pt half circle Box of 36	1138	Galipots Stainless steel 5"
32712	Indoplas PEDI Leg Bag	1077	Suture polypropylene monofilament 5/0 (prolene sutures) 90cm, 16mm dbl arm rev Box of 12	1150	Scissors Mayo Straight 7"
6703	Infant Nasal Circuit Kit, No: 0	1089	Suture steele 54 x45cm , 48mm modified spatula half circle needle Box of 12	1151	Towel clips 5"
6702	Infant Nasal Circuit Kit, No: 00	6403	Syringe Insulin 10ml	2027	Speculum Sim Stainless Steel - Size Medium
6704	Infant Nasal Circuit Kit, No: 1	6402	Syringe Insulin 3ml	2300	Calibrated Stainless Steel Jug - 2L
6705	Infant Nasal Circuit Kit, No: 2	2989	T -- Adaptors, Tubings, Masks (various sizes) A, R Harris Model 6026	2309	Stainless Steel Bucket (Calibrated) - 3L
6706	Infant Nasal Circuit Kit, No: 3	4837	Tracheostomy tubes (LPC) Size 8 - Shiley Brand	2616	Sputum Mug Stainless Steel
32710	K - Lube Tube	32536	Trachostomy Gas Mask	3031	Needle holder mayo 159mm
6637	Ligature Clip - Large	32711	Trident 750mL Long Ster	720	Guedel Airway (Oropharyngeal)-Child
6635	Ligature Clip - Medium	849	Tube Levin D/Ryles (Duodenal Catheter/feeding tube)	729	Lamp spirit

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – 31 JULY 2019 – SOCIAL SERVICES SECTOR

Item Code	Description	Item Code	Description	Item Code	Description
6636	Ligature Clip - Medium/Large	834	Tube Suction Yankas	753	Redivac Apparatus Complete 1800 set
6634	Ligature Clip - Small	1117	Twine post mortem	2003	Double Drill Sleeve 3.5/2.5mm
6530	Litmus paper book Red Packet of 10	6745	YM812i ECG Paper-mediana	2012	1.0mm Cerclage Wire, Coil
3016	Mouth gags			2014	3 Piece Anti-Slip Titanium Adaptor
Appliances (Continued)		Vaccines		Dressing (Continued)	
2578	Isoflurane Vapour Fill Fitting	1291	PPD Human Tuberculin (Heaf) inj 10000units / 1ml	6972	Non Stick Pads
2754	Foetal Doppler	32573	Autodestruct syringes 0.5mL with integrated 23G cannula (For Hep B, MR, TT vaccines) box of 100	3042	Skull Cap
2908	Bonnet Midline (25 - 29 cm) for Paediatric Ventilator	32637	UNICEF - NORM-JET 5ml with 21G needle for mixing of Measles/Rubella		
3020	Adult limb elctrodes Mortara ELI ECG Machines	1290	HBV Adult Injection 20mcg		
3021	Infant limb elctrodes Mortara ELI ECG Machines	1294	Oral Polio Vaccine 10 dose (OPV)		
3022	Infant limb elctrodes Mortara ELI ECG Machines	7011	Influenza Vaccine		
3023	Infant chest elctrodes Mortara ELI ECG Machines	1299	tetanus Immunoglobulin Injection 250iu		
3028	Liston amputation saw Boc joint stainless steel 159mm/box joint with tundsten impregnate jaw	32632	UNICEF - Themometers-Long/Round		
3029	Amputation with hinged back 229mm 9 inches in blade	32633	UNICEF - Vaccine Carriers 0.85litres		
3030	Ring cutter with circular blade	32634	UNICEF - Vaccine Carriers 1.6litres		
3032	Graves and blower varicose vein stripper 101cm with detachable heads nickel plated	32635	UNICEF - Vaccine Carriers 30litres		
5596	Cervical Collars Universal - 2.5' x 21'	1302	Varicella zoster immunoglobulin inj 125iu 1		
5597	Cervical Collars Universal - 3.25' x 21'	Dressing			
5598	Cervical Collars Universal - 4.25' x 21'	7235	Adhesive Plaster 5cm x 1cm (Skin Sensitive)		
5692	Extracting Forcep No.150	3041	Apron - Full BIP		
5695	Extracting Forcep No.150	7236	Dressing Gauze 5cm x 5cm		
6638	Multifire Clip Applicator 10MM	7237	Elastic Bandage 1m		
6639	Clip Applicator 5MM	458	Gauze Absorbent ribbon 7.5cm x 5m		
32566	Spatula for Counting Tablets	6973	Gauze Pads 2"x2" Small		
32589	2 Section Variable Height Standard Hospital Bed With Folding Safety Rails	6970	Gauze Sponges 4"x4" 12ply		
32661	Aquaplast T Perforated (1.6mm) size:18' x 24'	6971	Gauze Sponges 4"x4" 8ply		
32662	Viscose Sponge Size: 65mm diam x 20mm - Pack of 4	32713	Hypoallergenic microporous tape 1.25cm		

Section 24

Ministry of Women, Children and Poverty Alleviation

Roles and Responsibilities

The Ministry of Women, Children and Poverty Alleviation ('Ministry') is responsible for providing services and administering programmes that protect Fiji's most vulnerable groups. The Ministry's work provides a social safety net that uplifts disadvantaged Fijians, creating a more level playing field in Fijian society. It aims to break down barriers of gender, disability, age, and economic standing, allowing all Fijians to fully participate in society and benefit from the nation's growing prosperity.

The Ministry oversees three departments, namely: Department of Social Welfare, the Department of Women and the Poverty Monitoring Unit. The Department of Social Welfare administers Fiji's well reformed social welfare programmes, with key focus of ensuring all Government assistance is well targeted and administered in a transparent and accountable manner. It is equally committed to ensuring that these programmes do not create a culture of dependency, focusing efforts and energy on graduating Fijian families and individuals from "welfare to workfare".

Through the Department of Women, the Ministry is responsible for providing Fijian women and girls, particularly those in rural communities, with the skills and education they need to participate as equal members in society. It works to provide the necessary support to enable them to bring about positive changes for themselves, for their families and for their communities.

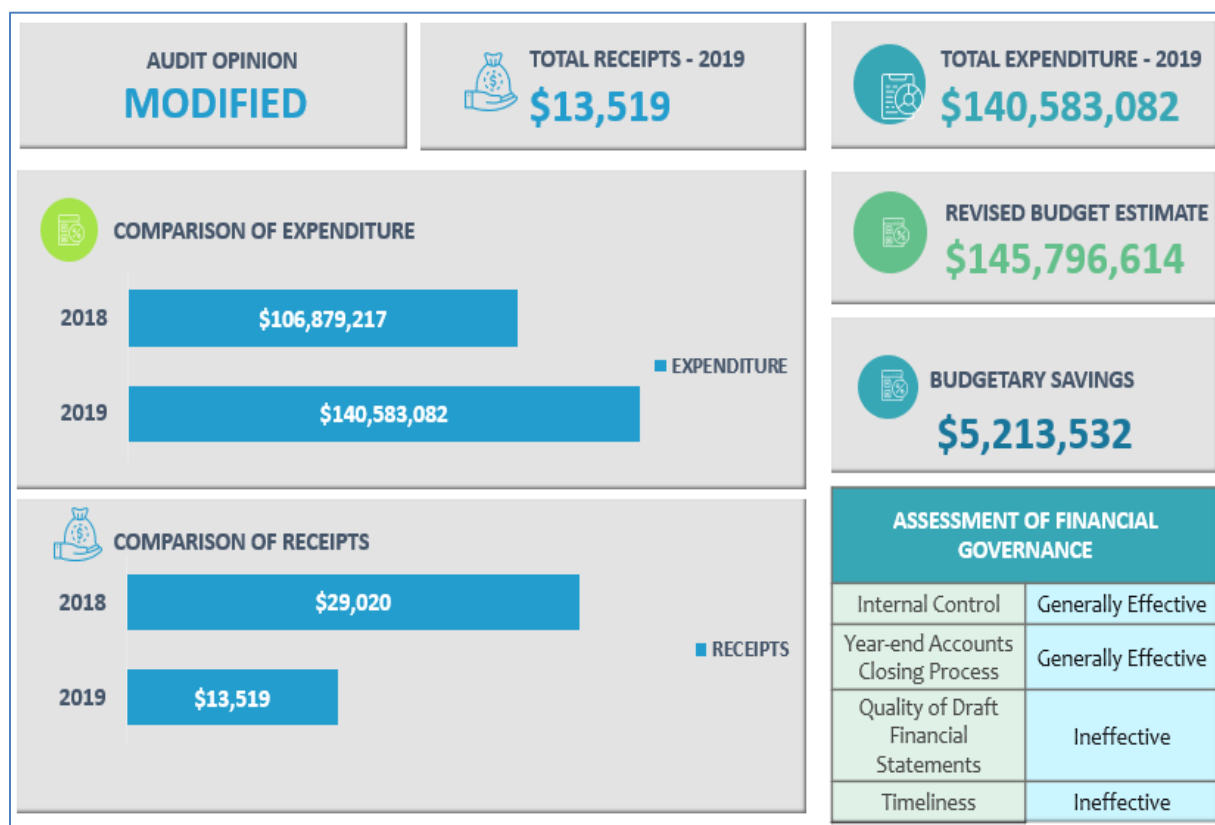
The Poverty Monitoring Unit monitors and reports on the impact of Government's Poverty Alleviation Programme under the Integrated National Poverty Eradication Programme framework across ministries and agencies.

Table of Contents

PART A: FINANCIAL INFORMATION	3
24.1 Audit Opinion.....	3
24.2 Appropriation Statement.....	4
24.3 Trust Fund Account.....	5
PART B: SIGNIFICANT MATTERS	7
24.4 Variances in the Scheme Allocation	7
24.5 Payroll Variance between FMIS General Ledger and Payroll Report.....	8
24.6 Significant Number of Vacant Positions.....	10
24.7 OMRS Guideline for Temporary Appointments not followed.....	10
24.8 Anomalies in Revolving Fund Account (RFA)	11
24.9 Non-Compliance to Health and Safety Act.....	12
24.10 Non-compliance with internal controls on procurement and payments - <i>Recurring Issue</i>	13

24.11	Misallocation of expenditures - <i>Recurring Issue</i>	14
24.12	Finalisation of the Financial Statement - <i>Recurring Issue</i>	16
24.13	Risk Management Framework - <i>Recurring Issue</i>	17
24.14	National Council for Older Persons Not Established as Body Corporate - <i>Recurring Issue</i> 17	
PART C:	ASSESSMENT OF FINANCIAL GOVERNANCE	19
24.15	Internal Controls	19
24.16	Submission of FY 2018-2019 Draft Agency Financial Statements	20
24.17	Quality of Draft Financial Statements by entities.....	20
24.18	Timeliness of draft financial statements.....	21
24.19	Timeliness of Provision of Management Comments and Signing of Financial Statements.....	21
APPENDIX 24.1:	OHS ISSUES	22

PART A: FINANCIAL INFORMATION



24.1 Audit Opinion

The audit of the 2019 accounts of the Ministry of Women, Children and Poverty Alleviation resulted in a modified audit opinion. The qualifications were as follows:

1. The Statement of Receipts and Expenditure includes Operating Grants and Transfers of \$120.5 million. Included in this amount were the various Social Welfare Scheme payments totalling \$116 million. An unreconciled variance of \$365,360 existed between the General Ledger balance of \$116 million and the actual payments made totalling \$115.7 million for the year ended 31 July 2019. Consequently, the accuracy and completeness of Operating Grant and Transfers of \$120.5 million reflected in the financial statements could not be established.
2. An unreconciled variance of \$453,794 existed between FMIS general ledger and the Ministry's payroll report for Established Staff. Consequently, the accuracy of the Established Staff expenditure recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.

Other Matters included the following:

- Internal controls over procurement were generally found to be weak. In addition, the detailed listing of officers who have yet to retire accountable advance as reflected in the Revolving Fund Account was not maintained by the Ministry.

- The administration and management over Bus Fare Scheme were generally weak as highlighted in the Performance Audit Report on the *Administration and Management of Bus Fare Assistance through E-ticketing for School Children, Elderly and Person with Disability*. (Parliament Paper No. 71 of 2020)
- The National Council for Older Persons Act 2012 establishes the National Council for Older Persons (NCOP) to be a body corporate. However, the NCOP is still operating as part of the Ministry of Women, Children and Poverty Alleviation.

24.2 Appropriation Statement

The Ministry collected revenue totalling \$13,519 in 2019 and incurred expenditure totalling \$140.6 million against a revised budget of \$145.8 million resulting in savings of \$5.2 million or 3.6%.

Details of expenditure against the revised budget are provided in Table 24.1.

Table 24.1: Appropriation Statement for 2019

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	8,124,022	118,299	8,242,321	8,230,732	11,589
2	Unestablished Staff	1,723,960	1,466,170	3,190,130	3,190,110	20
3	Travel & Communication	559,500	67,294	626,794	626,365	429
4	Maintenance & Operations	1,130,000	98,775	1,228,775	1,227,896	879
5	Purchase of Goods & Services	2,681,404	(143,032)	2,538,372	2,538,006	366
6	Operating Grants & Transfers	107,807,757	13,187,127	120,994,884	120,492,360	502,524
7	Special Expenditure	4,333,395	(610,413)	3,722,982	3,033,407	689,575
	Total Operating Costs	126,360,038	14,184,220	140,544,258	139,338,876	1,205,382
8	Capital Construction	2,500,000	(1,393,245)	1,106,755	217,953	888,802
9	Capital Purchase	50,000	---	50,000	---	50,000
10	Capital Grants & Transfers	3,100,000	---	3,100,000	686,523	2,413,477
	Total Capital Expenditure	5,650,000	(1,393,245)	4,256,755	904,476	3,352,279
13	Value Added Tax	987,200	8,401	995,601	339,730	655,871
	TOTAL	132,997,238	12,799,376	145,796,614	140,583,082	5,213,532

The budget savings were largely due to the following:

(a) Savings of \$502,524 under SEG 6 - Operating Grant & Transfers:

- I. Late release of grants to relevant organisations for persons with disability due to delayed submission of audit reports to the Ministry.
- II. Administrative issues on staffing the Fiji National Council for Disability Persons.

(b) Savings of \$689,575 under SEG 7 - Special Expenditure:

- I. For the allocation towards promoting and supporting the economic empowerment of persons with disability, there was slow implementation of the program by the Fiji Disabled People's Federation.
- II. Late release of funding from the allocation for implementation of rights of persons with disability and involvement of officers in the Home Care program.
- III. Delays in meeting the requirements of the Requisition to Incur Expenditure (RIE) process for the release of funds under the Executive Support Unit allocation.
- IV. Child Protection Programme (UNICEF) allocation was not utilised as the donor made direct payments to vendors.

(c) Savings of \$888,802 under SEG 8 - Capital Construction was a result of the delays in construction by the contractor for Barefoot College in Nadogo, Macuata.

(d) Savings of \$2.4 million under SEG 10 - Capital Grants & Transfers:

- i. For Welfare Graduation Programme, the 2nd RIE request was not released as the Ministry did not meet requirements for the RIE request of the Ministry of Economy.
- ii. Budgeted funds for Capital Grants to Organisations for Persons was not fully utilised.
- iii. Upgrade of State Homes for the Elderly allocation was not fully utilised.

24.3 Trust Fund Account

The Ministry maintains a Help for Home Trust Fund Account. The Trust Fund caters for refunds to Fijians whose houses sustained damages during TC Winston and had self-funded the repairs.

Refunds were made as follows with the maximum amount which can be reimbursed:

- Roofing damage (partial or full) or destruction of supporting walls and home is on squatter land or land under a "vakavanua" arrangement or similar arrangement - \$1,500
- Partially damaged roof - \$1,500
- Fully damaged roof - \$3,000
- Destruction of roof and supporting walls - \$7,000

As at 31 July 2019, the Ministry had a credit balance of \$190,047 in the Help for Home Main Trust Fund Account. Except for bank fees, there were no payments made from this account during financial year 2018/2019 as stated on Table 24.2.

Table 24.2: Statement of Trust Account

Description	31 July 2019 (\$)	31 July 2018 (\$)
Opening Balance	190,107	---
Receipts:		
Revenue	---	980,000
Returned Cheque's	---	10,500
Total Receipts	---	990,500
Payments:		
Bank Fees	60	62

Description	31 July 2019 (\$)	31 July 2018 (\$)
Help for Homes Refund Payment to Recipients	---	800,331
Total Payments	60	800,393
Closing Balance as at 31 July	190,047	190,107

PART B: SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause* or *is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary action is not taken to address them.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2019.

24.4 Variances in the Scheme Allocation

Each agency must have in place a cost-effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors, and avoids unfavourable audit reports.¹

We noted significant variances when comparing the monthly pay-out reports with the general ledger balances of the individual schemes under SEG 6 - Operating Grants and Transfers allocation. Refer to Table 24.3 for details of variances.

Table 24.3: Variance between Social Protection Scheme Pay-out Report and General Ledger

Scheme	Pay-out Report (\$)	GL Amount (\$)	Variance (\$)
Social Pension Scheme	49,865,027	50,921,567	1,056,540
Poverty Benefit Scheme	38,380,573	39,237,767	857,194
Care & Protection Allowance	9,269,079	9,821,782	552,703
Disability Allowance Scheme	5,087,963	4,506,877	(581,086)
Bus Fare Allowance Scheme	13,114,080	11,594,080 ²	(1,520,000)
Total	115,716,722	116,082,073	365,351

In addition, there was no segregation of duty for the loading of bank files and validation to the correct recipients' bank accounts.

Root cause/Implication

The above was mainly due to the absence of reconciliation between the pay-out reports and the general ledger, which resulted in the misallocation of Social Protection Schemes payments in the FMIS general ledger not being detected on time for adjustment.

¹ Finance Instructions 2010 Section 59(1)

² General ledger amount \$11,619,636 less other Bus Admin cost \$25,556 equals \$ 11,594,080

Recommendations**The Ministry should:**

- perform monthly reconciliation of Social Welfare Pay-outs Report against the FMIS general ledger; and
- strengthen internal controls on bank pay-outs such as segregation and rotation of duties in the loading of bank files and performance of reconciliations.

Agreed Management Action

The Ministry has noted the recommendation; however, the Ministry will ensure to appoint a responsible officer who will perform the reconciliation.

Bank payout list are compiled from district offices. It is done by the assigned clerical officers. A district office has one clerical officer and performs this task as per their job description. At HQ level, the consolidation of the payout list from all districts is again a manual process and requires one to perform all the possible checking within a limited timeframe. This is again done as per one's job description. Rotation of duties may be a challenge if there is only one officer recruited for that job description at different locations. The issue may be better resolved with the development of a payout system which will have security features and access to officers with different privileges. It would require verification of records on any amendments and before final payout by the authorized officers only. Ministry had some discussion with Ministry of Economy's FMIS section on this and is currently liaising with the consultant.

Officers Responsible

Principal Accounts Officer /Senior System Analyst/Assistant Director Family Services.

24.5 Payroll Variance between FMIS General Ledger and Payroll Report

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at ministry/department level and/but most importantly at whole of government level.³

We noted variances between the FMIS general ledger and the Ministry's payroll report balances for both SEG 1 - Established Staff and SEG 2 - Government Wage Earner. Refer to Table 24.4 below for details.

Table 24.4: Variance between Payroll Report and General Ledger

Payroll Summary Analysis	Established Staff (\$)	Government Wage Earner (\$)
PE-Salaries (FMIS GL)	7,500,151	2,408,766
Add Allowances (FMIS GL)	42,990	150,338
Add Overtime	-	376,209
Add Relieving Staff	-	9,992

³ Ministry of Women, Children & Poverty Alleviation Finance Manual 2013 - Section 17.2.4

Payroll Summary Analysis	Established Staff (\$)	Government Wage Earner (\$)
Total Salaries - FMIS	7,543,141	2,945,305
Less Payroll Summary Report as at 31/07/2019	5,606,426	4,957,878
(Less)/Add Salaries for Project Officers and Salaried Staff	(1,482,921)	1,925,703
Variance	453,794	(86,870)

Root cause/Implication

The need to reconcile the FMIS general ledger balances to the Payroll Reports is not specified in the Ministry's Finance Manual, thus reconciliation between these two records are not performed.

Recommendation

The Ministry should incorporate into the Finance Manual the requirement to carry out reconciliation of weekly and fortnightly payroll report against FMIS general ledger.

Agreed Management Action**SEG 1:**

The Ministry notes the variance in SEG 1.

The Ministry as per table in SEG 2 has identified that the total number of salaried staff being paid on a weekly basis during the period was 112 out of the 259 staff being paid. The total amount of salary (established officers paid weekly) identified in the GWE payroll if all the Officers worked for the whole year amounted to \$2,055,466.92

The variance however is \$118,752.87. This variance reflects the point in time Officers were appointed as the above figure of \$2,055,466.92 is calculated if all the 112 officers work for the full year. The other contributing factor to the variance is that the P2P stated a higher salary, however Officers were being appointed at a lower rate e.g. the Disability Unit Welfare Officers in the P2P was reflecting pay as \$28,605, however officers were appointed on WOII level with a salary of \$22,574.

The recommendation is noted, however reconciliation mechanism has been put in place, to reconcile staff on the ground through MAR and Payroll report on a monthly basis. In addition, the Ministry has reconciled with MOE on both Payroll and P2P for alignment of Post against Salary into the next FY budget. This is done in agreement with the Ministry.

SEG 2:

The Ministry notes the variance highlighted in SEG 2.

The Ministry has always been under budgeted in SEG 2. One of the reasons on the over expenditure is the overtime done by Government Wage Earners. A contributing factor is the number of Driver's positions. There are 52 vehicles allocated to the Ministry, however we only have 37 drivers posts which means that there were 15 more vehicle without Drivers. As a result, we hired around the same number of drivers to ensure the full utilization of the new vehicles being leased to Government.

The Ministry is putting measures to curb the over-expenditure. In addition, the Ministry has reconciled with MOE on both Payroll and P2P for alignment of Post against Salary into the next FY budget. This is done in agreement with the Ministry.

Officer Responsible

Principal Assistant Secretary

24.6 Significant Number of Vacant Positions

All vacant positions (both substantive and temporary) will be advertised for a minimum period of one week, through the means deemed appropriate with regards to the term of the positions and the skills, knowledge and abilities required to perform the duties of the position.⁴

We noted that the Ministry had a significant number of vacant positions at year end. There was a total of 156 vacant positions or 41% of the total establishment not filled as shown below.

Table 24.5: Vacant positions

Description	Established Staff	Government Wage Earners	Total
Staff Established Positions as per P2P 31 July 2019	289	94	383
Number of Vacant Positions	121	35	156
% Vacant	42%	37%	41%

Root cause/Implication

The Ministry's Corporate Services Section was not fully staffed to ensure that the recruitment process was promptly carried out.

Recommendation

The Corporate Services Section should be adequately resourced to carry out the recruitment process for the Ministry.

Agreed Management Action

The Ministry has noted the recommendation and the Ministry's recruitment plan has been established.

Officer Responsible

Principal Assistant Secretary

24.7 OMRS Guideline for Temporary Appointments not followed

Section 2.5 of the Open Merit Based Recruitment and Selection guideline (OMRS) state that the guideline applies to all positions in ministries, including government wage earners, temporary and

⁴ Open Merit Based Recruitment and Selection guideline (OMRS) - Section 3.3

project staff and to all appointments including promotions, secondments and acting on higher positions.

We noted that the Ministry does not follow the OMRS guideline for the recruitment Temporary Officers (TRCO). Of the 33 TRCO appointments verified, none complied with the requirements of the open merit recruitment process.

Root cause/Implication

The Corporate Section was not adequately resourced to ensure the recruitment process is carried out. Appointment of temporary officers are done through expression of interest to the Ministry, without being advertised.

There is high risk of biased and subjective appointments when the requirements of the recruitment process are not followed.

Recommendation

The Corporate Services Section should be adequately resourced to carry out the recruitment process for the Ministry in accordance with the OMRS.

Agreed Management Action

Effective immediately, all temporary positions will be advertised internally through Expression of Interest

Officer Responsible

Principal Assistant Secretary

24.8 Anomalies in Revolving Fund Account (RFA)

The Accounts Officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account upon clearance of the advance.⁵

The Ministry's RFA, which records Accountable Advance, had an outstanding balance of \$75,555 at year ended 31 July 2019. The detailed report attached to the reconciliation statement did not include the outstanding balances each officer owed as at 31/07/2019. Hence, we were not able to ascertain the correctness of the balance.

Root cause/Implication

Proper reconciliation is not being carried out by the Ministry which is contributing to the issue highlighted above. In addition, proper maintenance of accountable advance records, supervision and monitoring were lacking in the Accounts Section.

⁵ Ministry of Women, Children & Poverty Alleviation Finance Manual – Section 10.1.16

Recommendations

The Ministry should ensure that:

- accurate and proper reconciliations are prepared on a monthly basis and supervised by Accounting Heads;
- outstanding accountable advances is reconciled and the debtors listing to be updated monthly; and
- accountable advance register and records are properly maintained for reconciliation purposes.

Agreed Management Action

The recommendation is noted by the Ministry.

Clearance of RFA for previous years has been reconciled and most charges are yet to be verified against its JV raised and records. Also noting the previous balance from 2018 has been forward to MOE for clarification.

Officer Responsible

Principal Accounts Officer

24.9 Non-Compliance to Health and Safety Act

Every employer shall ensure the health and safety at work of all his or her workers.⁶ An employer who employs 20 or more workers in a workplace shall establish a Health and Safety committee for that workplace.⁷ The Act also require that the employer to develop a policy relating to health and safety at work.⁸

We noted that the Ministry does not have a Health and Safety at work policy in place and a committee on health and safety has also not been established. As such, the various OHS issues were noted in the Ministry as illustrated on **Appendix 24.1**.

Root cause/Implication

The Ministry has breached the requirements of the Health and Safety Act 1996.

Recommendation

The Ministry should comply with the requirements of the Health and Safety Act 1996.

Agreed Management Action

The Ministry is liaising with Ministry of Labour on the processes to take to register the Ministry under OHS.

⁶ Health and Safety at Work Act 1996, Part 2 - Section 9(1)

⁷ Health and Safety at Work Act 1996, Part 3 - Section 18(1)

⁸ Health and Safety at Work Act 1996, Part 2 - Section 9(2f)

Officer Responsible

Principal Assistant Secretary

**24.10 Non-compliance with internal controls on procurement and payments
- Recurring Issue**

Immediately after payment has been effected, the Accounts Clerk must stamp “paid” on all vouchers and supporting documentation to avoid any double payments. Additionally, all payment vouchers prepared by the Accounts Clerk must be certified by the Accounts Officer or the Senior Accounts Officer.⁹

Section 2.3.2 of the Finance Manual requires that competitive quotes must be obtained for payment less than \$50,000.

Section 2.8.4 (ii) of the Finance Manual requires that payment must not be certified as correct unless there is documentation that the goods, services or works have been received.

Various anomalies relating to non-compliance with the requirement of the Finance Manual concerning procurements and payments of goods and services were noted. These included the following:

- Competitive quotations not obtained for purchases of goods and services.
- Payment vouchers and supporting documents were not stamped “PAID” once payments were processed.
- Lack of supporting documents for journal adjustments.

Refer to Table 24.6 for examples.

Table 24.6: Examples of Non-compliance with Finance Manual

Date	Payment ID	Payee ID	Amount (\$)
Competitive quotations not obtained			
8/10/2018	22359	Vendor 1	2,335
8/28/2018	65679	Vendor 2	4,095
5/3/2019	28079	Vendor 3	4,044
10/30/2018	24071	Vendor 4	633
2/7/2019	26277	Vendor 5	340
2/7/2019	26289	Vendor 7	454
3/20/2019	27182	Vendor 8	400
8/30/2018	22745	Vendor 9	580
3/22/2019	27268	Vendor 10	3,549
4/18/2019	27872	Vendor 11	300
Payment vouchers and supporting documents not stamped PAID			
3/6/2019	26947	Vendor 12	8,568
10/15/2018	23412	Vendor 13	4,837

⁹ Ministry of Women, Children & Poverty Alleviation Finance Manual 2013 - Section 2.8.9

Date	Payment ID	Payee ID	Amount (\$)
12/20/2018	25325	Vendor 14	19,364
11/28/2018	24710	Vendor 15	18,576
11/28/2018	24711	Vendor 16	80
11/28/2018	24715	Vendor 17	2,042
11/28/2018	24715	Vendor 18	3,450
3/19/2019	27174	Vendor 19	188
4/2/2019	27513	Vendor 20	17,760
Lack of supporting documents			
Journal 09/11	Adjustment for misposting (Clearing of advance) into the Women's Institution allocation. Reversed and posted into the WPO allocation		9,749

Root cause/Implication

Non-compliance with the requirements of the Finance Manual increases the risk of double payments, unauthorised payments and creates opportunities for fraud.

Recommendation

The Ministry should strengthen compliance with internal controls over procurement of goods and services.

Agreed Management Action

The Ministry has noted the recommendation and has rectified some irregularities, adjustments been carried out and also noted that in future, this will not be repeated and necessary adjustments to be carried out if mispostings happens.

Officer Responsible

Principal Accounts Officer

24.11 Misallocation of expenditures - Recurring Issue

Senior Accounts Officer or Accounts Officer must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.¹⁰

A review of the FMIS general ledger revealed misposting of expenditures in various Standard Expenditure Group (SEG). Refer to Table 24.7 for examples.

¹⁰ Ministry of Women, Children & Poverty Alleviation Finance Manual 2013 section 2.8.4

Table 24.7: Misallocation in the Expenditure General Ledger

Date	Payment ID	Amount (\$)	Posted to Allocation	Correct Allocation
10/5/2019	28184	1,121	SEG 5 – Purchases of Goods & Services	SEG 3 – Travel & Communications
12/18/2018	24867	10,418	SEG 4 – Maintenance & Operations	SEG 5 – Purchases of Goods & Services
11/01/2019	25669	5,011	SEG 4 – Maintenance & Operations	SEG 5 – Purchases of Goods & Services
6/10/2019	28714	6,133	SEG 4 – Maintenance & Operations	SEG 5 – Purchases of Goods & Services
22/8/2018	22579	100,000	SEG 10 – Capital Grants & Transfer	SEG 6 – Operating Grants & Transfer
29/05/2019	28442	10,000	SEG 10 – Capital Grants & Transfers	SEG 6 - Operating Grants & Transfer
22/07/2019	29542	10,000	SEG 10 - Capital Grants & Transfers	SEG 6 - Operating Grants & Transfer
07/06/2019	28705	29,170	SEG 6 - Operating Grants & Transfer	SEG 5 – Purchases of Goods & Services

The mispostings identified during the audit could not be adjusted /corrected as savings in the respective allocations were inadequate to cover the mispostings.

Root cause/Implication

Accounts Officers did not properly check the allocations where the payments were to be charged before certifying payments, which indicated that expenses in each expenditure allocation were not appropriately monitored.

Recommendations

The Ministry should ensure that all transactions are posted to the correct allocations in the FMIS general ledger. If there are unavailability of funds in an allocation, the Ministry should ensure that virements of funds are considered for any savings from another allocation as required by the Financial Instructions 2010.

Agreed Management Action

The Ministry has noted the recommendations. One have been adjusted – (Organisation X) refer to FMIS printout.

Payments to (Organisation Y) – allocation has been debited correctly as this payment falls under Grants to Voluntary organizations.

Officer Responsible

Principal Accounts Officer /Senior Accounts Officer

24.12 Finalisation of the Financial Statement - Recurring Issue

Permanent Secretaries are requested to ensure that Accounting Heads comply with requirements to ensure that all AFS are properly prepared and financial accounts for the financial year ending 31 July 2019 are properly closed off and are ready for audit by Office of the Auditor General prior to the 31 October 2019.¹¹

The financial statements of the Ministry for the year ended 31 July 2019 was received for audit on 28/02/20, four months after the deadline of 31 October 2019. Second draft financial statements was submitted on 02/06/20.

Root cause/Implication

The delay in the submission of the draft agency financial statements for audit was due to the late redeployment of funds which was approved by Cabinet on 4 December 2019 and uploaded onto FMIS on 16 January 2020. The resubmission of the draft accounts for audit was due to incomplete statement of losses and disclosures.

Recommendation

The Ministry should ensure that draft financial statements submitted for audit are accurate and complete.

Agreed Management Action

The Ministry has noted the recommendation and will ensure to adhere to the timeline given and improve in the next financial year. Resubmission was due to various reasons stated.

Officer Responsible

Principal Accounts Officer

¹¹ Ministry of Economy Circular 09/2019 - Closing of Accounts Processes and Procedures 2018-2019 – Section 19.2

24.13 Risk Management Framework - Recurring Issue

A review of the Ministry's Corporate Governance revealed that there is no risk management framework in place. As a result, the Ministry does not have written policies, procedures and guidelines to manage the following:

- Fraud control and anti-corruption
- Disaster recovery and business continuity

Root cause/Implication

The above finding was due to the lack of capacity within the Ministry to draw up a risk management framework. In the absence of a framework, the Ministry may not be able to effectively identify risks and appropriately manage them in a timely manner.

Recommendation

The Ministry should build capacity to ensure the risk management framework is put in place.

Agreed Management Action

The recommendation is noted by the Ministry. However, the mentioned plan for the Ministry will be included in COP for 2020-2021.

Officer Responsible

Principal Assistant Secretary

24.14 National Council for Older Persons Not Established as Body Corporate - Recurring Issue

Section 3 of the National Council for Older Persons Act 2012 states that the Council shall operate as a body corporate.

We noted that the National Council for Older Persons is yet to be established as a body corporate. The Council operates within the Ministry and had been paid \$1.1 million within the last five years, from 2015 to 2019.

Root cause/Implication

Resourcing constraints is contributing to the delay in establishing the National Council for Older Persons as a body corporate.

Recommendation

The Ministry should ensure that the requirements of the National Council of Older Persons Act 2012 are complied with.

Agreed Management Action

The Ministry notes the audit recommendation. The establishment of a statutory aspect via resourcing will be subject to the budgetary resourcing of the requirements to operate a statutory arm. Thus, the Ministry will progressively implement accordingly.

Officer Responsible

Principal Welfare Officer /Old Persons' Unit

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

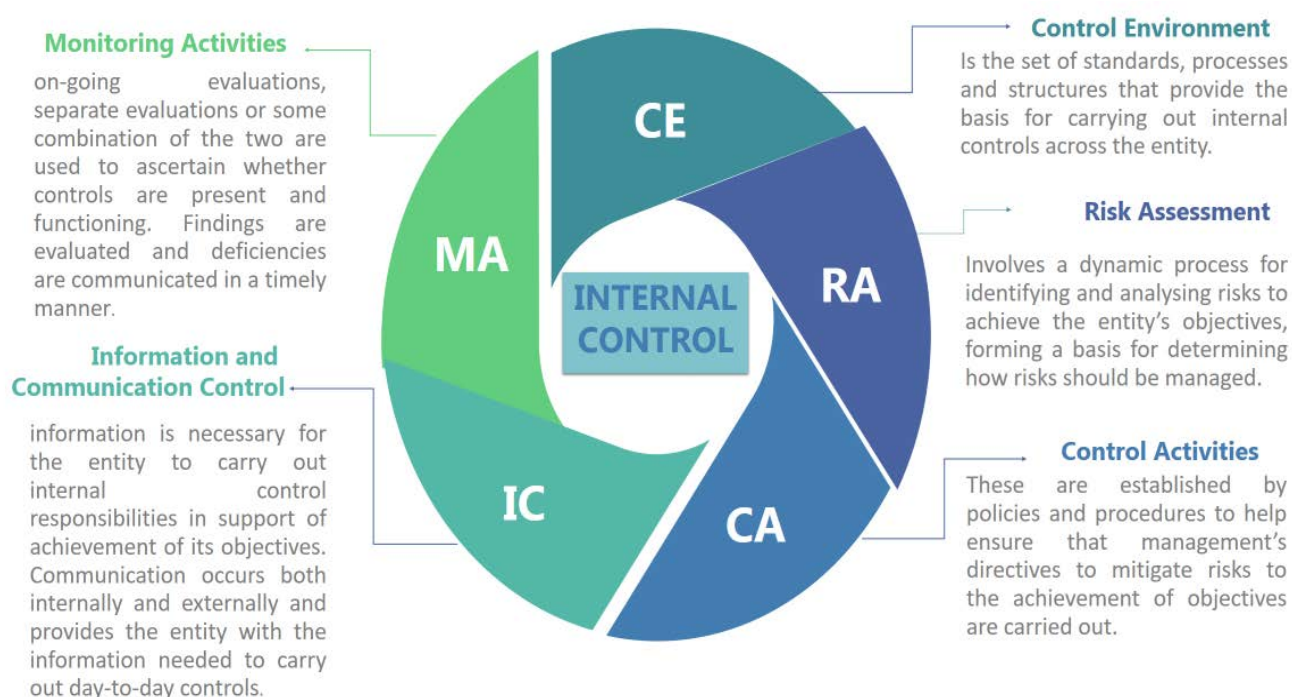
24.15 Internal Controls

During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

Internal controls are categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:










Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☀	☠	☀	☀

In view of the above, we have assessed the internal controls of the Ministry as:

Rating	Internal control assessment
☀ Generally effective	There were some deficiencies identified in internal controls


24.16 Submission of FY 2018-2019 Draft Agency Financial Statements

On 29 May 2019, the Permanent Secretary for Economy issued Circular No. 09/2019 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2019 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 12 July 2019		Processing of virement by 23 August 2019	
Retirement of imprests by 19 July 2019		Completion of reconciliations by 29 August 2019	
Processing of payments by 29 July 2019		Clearance of Inter-departmental clearance accounts by 30 August 2019	
Clearance of stale cheques by 05 August 2019		Annual Board of Survey on Drawings Account cheques by 30 August 2019	
Closing date for journal adjustments by 07 August 2019		Submission of arrears of revenue returns by 30 August 2019	Not Applicable

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Economy by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.


Based on information received, we have assessed the year-end close process as:

Rating	Year-end close process assessment
 Ineffective	Only four of nine key processes completed within two weeks of due date

24.17 Quality of Draft Financial Statements by entities


The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Rating	Quality of draft financial statements assessment
 Ineffective	No adjustments were required but the issues raised resulted in the qualified audit opinion.

24.18 Timeliness of draft financial statements


To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:


Rating	Timeliness of draft financial statements assessment
 Ineffective	Acceptable draft financial statements received four months after the due date of 31 October 2019

24.19 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

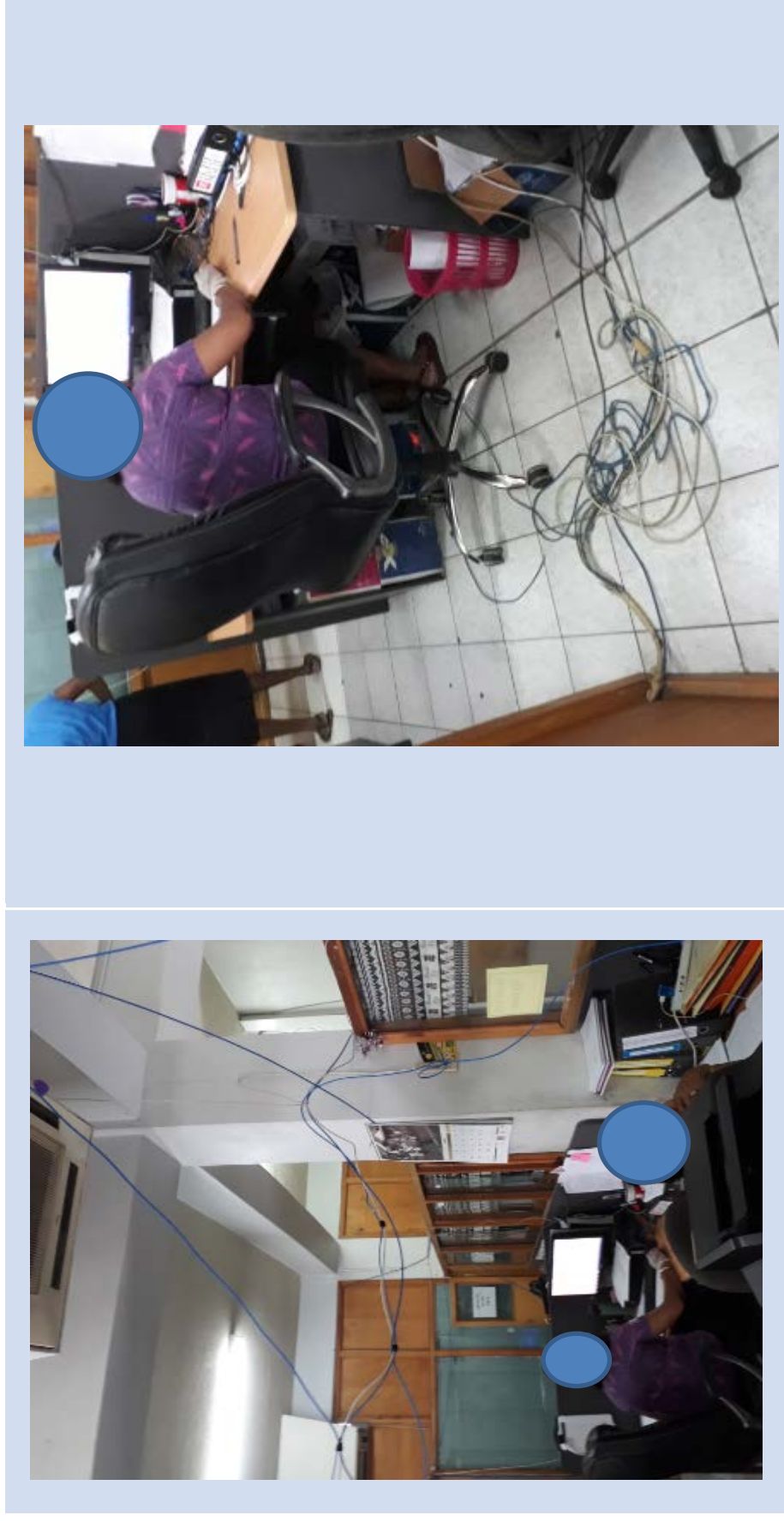
Rating	Timeliness of Management Comments Received
 Generally effective	Within 21 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
 Effective	Signed financial statement received within 15 days

APPENDIX 24.1: OHS ISSUES

Exposed wires running through the passages (walking area)





Section 25**Ministry of Youth and Sports****Roles and Responsibilities**

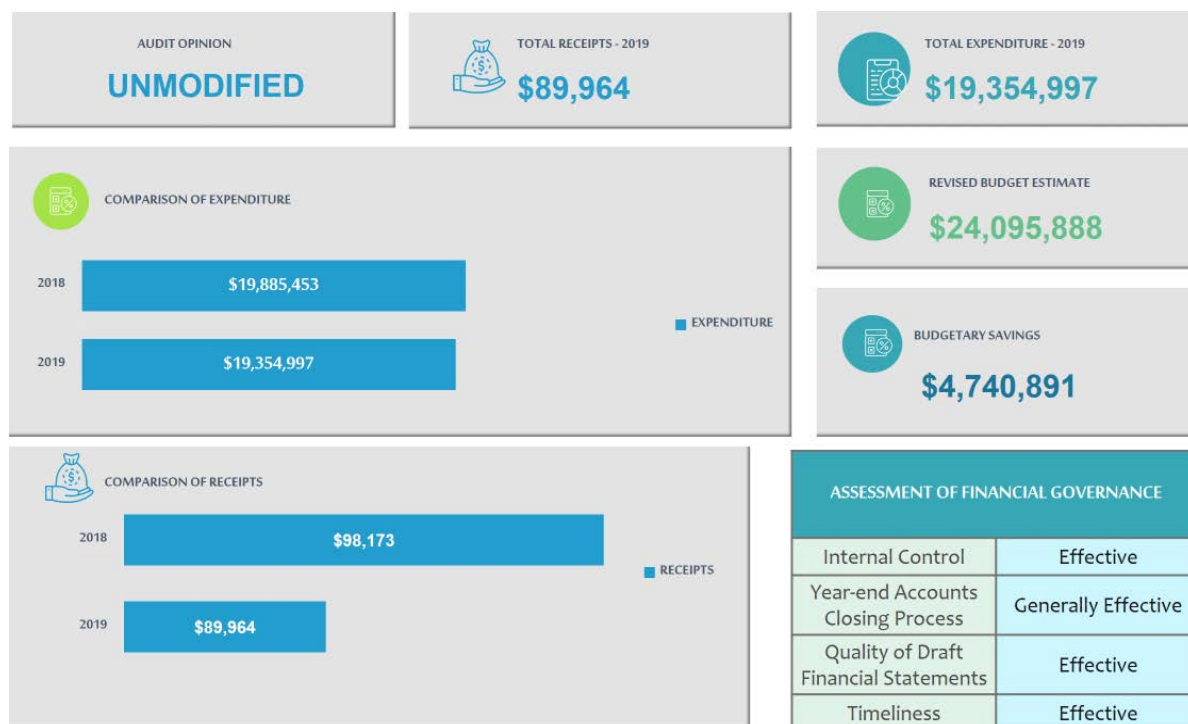
The Ministry offers training to youths through five Youth Training Centres around the country, along with mobile training in rural and urban areas. The training is run in close cooperation with other ministries, particularly the Ministries of Agriculture, Fisheries, Forests, and iTaukei Affairs. The training is aimed at empowering young people to be productive members of the community and equipping them with the knowledge and skills to venture into specific income-earning opportunities.

The Ministry also drives sporting development in Fiji to encourage healthy lifestyle choices among Fijians of all ages, in addition to maintaining and building upon Fiji's position as the Pacific hub for athletic competition. The Ministry's work falls within the framework of a number of existing policies that govern national sporting development.

Table of Contents

PART A: FINANCIAL INFORMATION	2
25.1 Audit Opinion.....	2
25.2 Appropriation Statement.....	2
PART B: OTHER SIGNIFICANT MATTERS	4
25.3 Operating Trust Account Anomalies - Recurring Issue	4
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	6
25.4 Internal Controls.....	6
25.5 Submission of FY 2018-2019 Draft Agency Financial Statements	7
25.6 Quality of Draft Financial Statements by entities.....	7
25.7 Timeliness of draft financial statements.....	7
25.8 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	8

PART A: FINANCIAL INFORMATION



25.1 Audit Opinion

The audit of the 2019 accounts of the Ministry of Youth and Sports resulted in an unqualified audit opinion.

25.2 Appropriation Statement

The Ministry collected revenue totalling \$89,964 in 2019 and incurred expenditure totalling \$19.3 million against a revised budget of \$24.1 million resulting in savings of \$4.7 million or 19.5%.

Details of expenditure against the revised budget are provided in Table 25.1.

Table 25.1: Appropriation Statement for 2019

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,790,024	(63,704)	2,726,320	2,232,456	493,864
2	Government Wage Earners	359,838	---	359,838	232,855	126,983
3	Travel & Communication	359,400	1,200	360,600	261,968	98,632
4	Maintenance & Operations	445,100	14,700	459,800	384,864	74,936
5	Purchase of Goods & Services	1,288,945	31,800	1,320,745	1,070,748	249,997

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	13,345,273	---	13,345,273	13,092,560	252,713
7	Special expenditure	1,768,808	(25,283)	1,743,525	1,209,568	533,957
	Total Operating Costs	20,357,388	(41,287)	20,316,101	18,485,019	1,831,082
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	41,287	41,287	41,285	2
10	Capital Grants & Transfers	3,391,000	---	3,391,000	654,250	2,736,750
	Total Capital Expenditure	3,391,000	41,287	3,432,287	695,535	2,736,752
13	Value Added Tax	347,500	---	347,500	174,443	173,057
	TOTAL	24,095,888	---	24,095,888	19,354,997	4,740,891

The budget savings were largely due to the following:

- For Established Staff (SEG 1) of \$380,411, this was due to vacant positions not filled during the financial year.
- Savings in Special Expenditures (SEG 7) was mainly due to the following:
 - A balance of \$194,450 was recorded under the allocation for Youth Workers Pilot Project allocation as the appointments of youth workers were suspended until the endorsement of restructure.
 - A balance of \$148,618 was recorded in the Special Training allocation due to the delay in implementing empowerment training for the Eastern Division, specifically for Gau, Nairai, Batiki and Koro Islands.
 - A balance of \$136,140 was recorded under the Volunteer Youth Organisation Training allocation as training requests were withheld due to the delay in endorsement of Youth Grant Policy. This was completed on 10 February 2020.
- Savings in Capital Grants & Transfers (SEG 10) budget was mainly due to the following:
 - Major savings of \$1.78 million was recorded in the Construction of Rural Sports Complex allocation due to the delay in the engagement of a lead consultant for the assessment of 10 rural sports field as per the Constructions Implementation Unit requirements. In addition, there were changes in the scope of works from the Ministry of Infrastructure and Transport due to drainage issues.
 - Major savings of \$288,880 was recorded in Youth Training Centre Upgrade due to the delay in obtaining Government Tender Board's approval for the Naleba Youth Training Centre project in Labasa. In addition, the implementation of projects for Nasau (Sigatoka) and Naqere (Savusavu) were deferred to the following financial year.

PART B: SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matter highlighted in this report, include control weakness which *could cause or is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that this issue may have an impact on the operations of the Ministry in future, if necessary action is not taken to address them.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2019.

25.3 Operating Trust Account Anomalies - Recurring Issue

Within 3 days of receiving the monthly general ledger reports from the Ministry of Economy (FMIS), the Assistant Coordinator Finance (Ledger) shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers.¹

The Ministry maintains an Operating Trust Fund account for payroll deductions and others such as for superannuation (FNPF), insurance, deductions for Credit Union and VAT on revenue.

We noted that a sum of \$20,532 has been carried forward from prior year ending 31/07/2017 and has not been rectified at the end of financial year 31/07/2019. Refer to Table 25.2 for details:

Table 25.2: Balances carried forward since 2017

Particulars	Balance at Year End 31/07/19 (\$)	Balance as at 31/07/17 (\$)
12510125101861599 – PD Others	(7.87)	(7.87)
12510125101861901 – PD Tax Arrears/PAYE	(4,617.53)	(4,247.61)
12510125101861920 – PD Employees FNPF	(24,313.64)	(10,745.81)
12510125101863201 – VAT on Revenue	(70.21)	949.26
12510125101899999 - Miscellaneous	(6,479.98)	(6,479.98)
TOTAL		(20,532.01)

Root cause/Implication

The Operating Trust Account was not properly reviewed and reconciled for the prior year's balances.

¹ Ministry of Youth & Sports Finance Manual 2017- Section 15.3.4 & 15.3.5

Recommendation

The Ministry should improve the Operating Trust Account reconciliation process by strengthening supervisory checks and identifying long outstanding balances to be rectified.

Agreed Management Action

The Ministry concurs with the audit finding on the operating Trust fund anomalies due to the accumulated balances within SEG 86 (Operating Trust fund) and SEG 89 (Miscellaneous Trust Fund). Re-assessment and verification of the balances as accumulated in the General ledgers for SEG 86 and SEG 86 had been carried out through the Ministry's Finance Team and necessary adjustments were facilitated, with the accumulated balances further requested for adjustment to the Ministry of Economy for SEG 86 dated 30 July 2018 and SEG 89 dated 30 April 2018.

The Ministry has been continuously following up on the adjustments since the submission and further written to the Ministry of Economy through the Permanent Secretary's office on 08 November 2019. Thus, the Ministry is continuously liaising with the Ministry of Economy on possible adjustment of balances with the Operating Trust Accounts.

The Ministry had strengthen its internal controls and standard operating procedures since the issue noted and established adequate supervision to monitoring timely reconciliation of accounts and rectification of balances to avoid such discrepancies from incurring in future.

Officer Responsible

Manager Finance

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

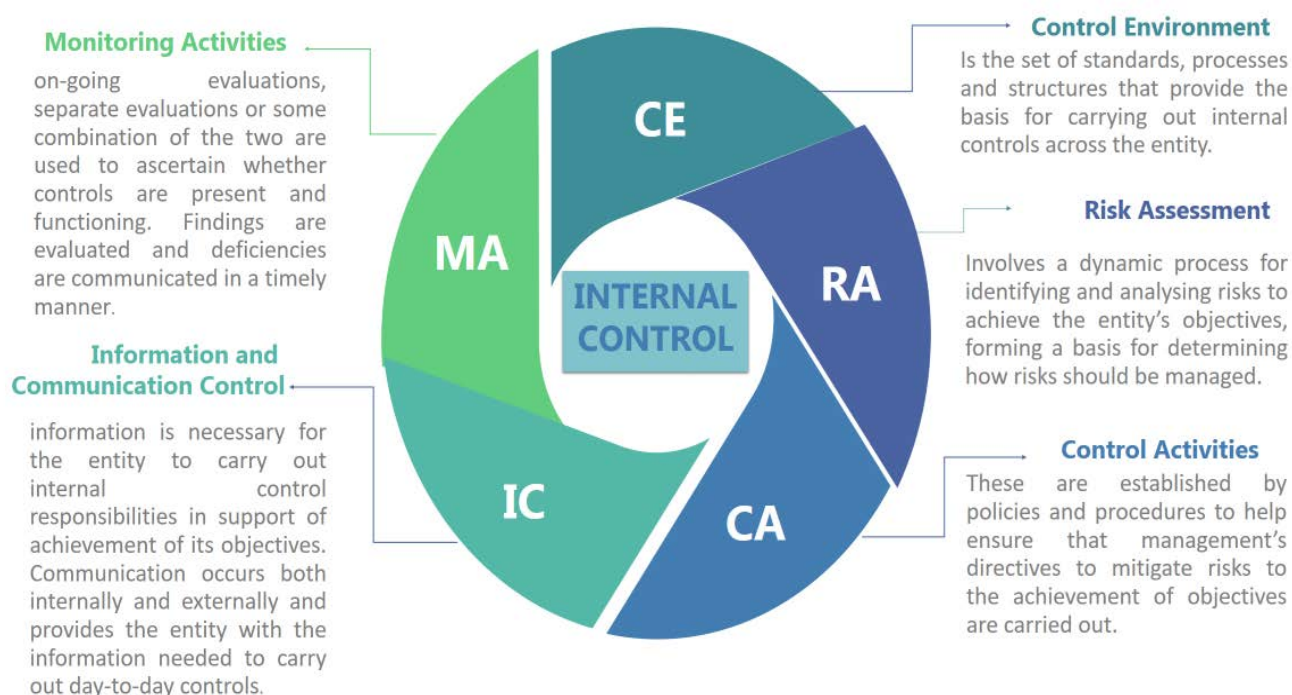
25.4 Internal Controls

During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

Internal controls are categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:











Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
✱	✱	✱	✱	✱

In view of the above, we have assessed the internal controls of the Ministry as:

Rating	Internal control assessment
✱ Effective	No deficiencies identified in internal controls


25.5 Submission of FY 2018-2019 Draft Agency Financial Statements

On 29 May 2019, Permanent Secretary for Economy issued Circular No. 09/2019 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2019 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 07 August 2019		Cancellation of unprocessed purchase orders by 12 July 2019	
Clearance of Inter-departmental clearance accounts by 30 August 2019		Processing of payments by 29 July 2019	
Clearance of stale cheques by 05 August 2019		Processing of virement by 23 August 2019	
Annual Board of Survey on Drawings Account cheques by 30 August 2019		Completion of reconciliations by 29 August 2019	
Retirement of imprests by 19 July 2019		Submission of arrears of revenue returns by 30 August 2019	

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Economy by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.


Based on information received, we have assessed the year-end close process as:

Rating	Year-end close process assessment
 Generally effective	Nine of Ten key processes completed within two weeks of due date

25.6 Quality of Draft Financial Statements by entities

The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Rating	Quality of draft financial statements assessment
 Effective	No adjustment on operating results/net assets

25.7 Timeliness of draft financial statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Rating	Timeliness of draft financial statements assessment
• Effective	Acceptable draft financial statements received before 31 October 2019

25.8 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
• Effective	Within 14 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
• Effective	Within 15 days from issue of Financial Statements for signing



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

www.oag.gov.fj