



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

REPORT OF THE OFFICE OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Performance Audit on the Monitoring of Implementation of the Sugarcane Development and Farmers Assistance Program



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 107 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

29 November 2021

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

Dear Sir

AUDIT REPORT FOR PERFORMANCE AUDIT ON MONITORING OF IMPLEMENTATION OF THE SUGARCANE DEVELOPMENT AND FARMERS ASSISTANCE PROGRAM

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 Performance Audit on Monitoring of Implementation of the Sugarcane Development and Farmers Assistance Program.

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

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 carrying out performance audits to determine whether an entity is achieving its objectives effectively, economically and efficiently and in compliance with relevant legislation. The Auditor-General, on behalf of Parliament, carries out these audits.

The Auditor-General must submit a report of performance audits carried out to Parliament. In addition, a single report may include two or more audits. This report satisfies these requirements.

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 and the general public as well.

Acknowledgment and Appreciation

We are grateful for the assistance and co-operation given to the Office of the Auditor – General during the conduct of our audit by:

- Permanent Secretary and staff of Ministry of Sugar Industry; and
- Chief Executive Officer and staff of Fiji Sugar Corporation

In addition, we acknowledge the valuable information provided to us through consultations by:

- Fiji Sugarcane Growers Fund;
- Fiji Sugarcane Growers Council; and
- Sugar Research Institute

The following table details the various meetings held with the Ministry and the stakeholders;

Date	Stakeholder	Officers
31/3/21	Ministry of Sugar Industry	Permanent Secretary
8/4/21	Fiji Sugar Corporation	Chief Executive Officer and his Team
8/4/21	Sugar Research Institute of Fiji	Chief Executive and his Team
9/4/21	Fiji Sugarcane Growers Council	Chief Executive and his Team
9/4/21	Fiji Sugarcane Growers Fund	Chief Executive and his Team

In addition to the above, an exit meeting could not be convened with the Permanent Secretary of Ministry of Sugar Industry on 14 October 2021 and on 20 October 2021 due to his work commitments. Subsequently, an Exit meeting was carried out on 11th November 2021 with Ministry of Sugar Industry, Director Sugar and Operation together with his team and the representatives of the Fiji Sugar Corporation.

Table of Contents

Audit at a Glance	3
List of Figures and Tables	4
EXECUTIVE SUMMARY	7
IVAKALEKA NI ITUKUTUKU	11
1.0 INTRODUCTION	17
2.0 ABOUT THIS AUDIT	20
2.1 Audit objective and scope	20
2.2 Audit methods and evidence	20
Audit techniques used for gathering evidence and conducting our audit included the following:	20
3.0 CHAPTER ONE: GRANT ADMINISTRATION FRAMEWORK.....	22
3.1 Grant Monitoring Framework.....	22
3.2 Probity Framework.....	23
3.3 Grant Allotment System	25
3.4 Grant Funding.....	26
4.0 CHAPTER TWO: ADMINISTRATION OF THE GRANT	28
4.1 Missing Grant Agreements.....	28
4.2 Monitoring of the safekeeping of grant payment records	31
4.3 Grant Processing	34
4.4 Delayed Grant Payments to Farmers	36
4.5 Monitoring of SDF Assistance at Farm Level	42
4.6 Absence of documentary approval for grant payments not in Annual Work Plan	49
5.0 CHAPTER THREE: MONITORING OF THE SDF GRANT	52
5.1 Lack of clearly defined accountability mechanisms.....	52
5.2 Ministry of Sugar SDF Grant Monitoring Plans and Strategies	53
5.3 Documented SOP for SDF Grants Assessment.....	57
6.0 CHAPTER FOUR: GRANT REVIEW AND EVALUATION.....	60
6.1 Review, evaluation and performance reporting	60
6.2 Assessment of grant program performance	62

7.0	Appendices	69
	Appendix 1: Grant agreements that were not available.....	69
	Appendix 2: Irregularities noted in payments.....	72
	Appendix 3: Details of Target vs Actual result of Grant Utilization 2016-2019	74

Audit at a Glance

Following is the key audit findings from the audit:

Grant Administration Framework

- Lack of comprehensive grant monitoring and administration framework
- Lack of transparency in grant allotment process

Administration of the Grant

- Weaknesses noted in record management system
- Missing grant agreements between FSC and farmers
- Delayed grant payments to farmers
- Weaknesses in grant administration processes



Monitoring of Grants

- Lack of resources to perform adequate monitoring
- Lack of monitoring plans.
- Monitoring not conducted as per Annual Work Plan

Grant Review and Evaluation

- Lack of evaluation and reporting of grants against the results
- Inadequate reporting of monitoring

List of Figures and Tables

Number	Name
Figure 1.1	Budgeted Programs for the sugar industry stakeholders for 2016-2019
Figure 3.1	SDF budgeted and actual expenditure 2016-2019
Figure 4.1	Grant agreement process between FSC and Farmers
Figure 4.2	Grant agreement for Lautoka and Rarawai Mill
Figure 4.3	SDF Grant payment process
Figure 4.4	SDF Annual Work Plan description
Figure 4.5	Timeline for processing and payment of grant
Figure 4.6	Grower visit card availability
Figure 4.7	Second level monitoring process
Figure 4.8	Third level monitoring process
Figure 4.9	Blacklisted farmers FY 2016-2020 Rarawai
Figure 4.10	Blacklisted farmers FY 2016-2020 - Lautoka
Figure 4.11	Process for approval for Record type payment outside Annual Work Plan
Figure 5.1	Monitoring of SDF grant administration
Figure 5.2	Monitoring of SDF grant by MoSI
Figure 5.3	SDF Grant processing and approval process
Figure 6.1	Cane Replanting target, actual and variance
Figure 6.2	Fallow cane planting targets, actual and variance
Figure 6.3	Aglime targets, actual and variance
Figure 6.4	Bulldozing targets, actuals and variance
Figure 6.5	Rehabilitation of ratoon crops target, actual and variance
Table 4.1	Payment vouchers not available for verification
Table 4.2	Grant payments made to FSC at Labasa Mill
Table 4.3	Delay in submission of RIE application
Table 4.4	Delayed grant payments to farmers 2017-2018
Table 4.5	Delayed grant payments to farmers 2018-2019
Table 4.6	Details of total cane production
Table 4.7	Cane planting targets, actuals and variance 2016-2017
Table 4.8	Cane planting targets, actual and variance 2017-2018
Table 4.9	Cane planting targets, actual and variances 2018-2019
Table 4.10	Missing grower visit cards
Table 4.11	Missing grower cards with no dates for next visit
Table 4.12	No documentation for approval for Unapproved expenditure 2016-2017
Table 4.13	No documentation for approval for Unapproved expenditure 2017-2018
Table 4.14	No documentation for approval for Unapproved expenditure 2018-2019

Number	Name
Table 5.1	Grant recipient not meeting lease term criteria
Table 6.1	Grant monitoring reports by MoSI
Table 6.2	Cane replanting targets and results 2016-2017
Table 6.3	Fallow cane replanting targets and results 2016-2017
Table 6.4	Aglime application target and results 2016-2017
Table 6.5	Bulldozer works target and results 2017-2019
Table 6.6	Rehabilitate of ratoon cane target and results 2018-2019

Acronyms

Abbreviation	Meaning
AWP	Annual Work Program
FSC	Fiji Sugar Corporation
HQ	Head Quarters
MoSI	Ministry of Sugar Industry
PS	Permanent Secretary
SCGC	Sugarcane Growers Council
SDF	Sugarcane Development and Farmers Assistance Program
WO	Work Order

EXECUTIVE SUMMARY

Why we choose to do this audit

The Ministry of Sugar Industry (the Ministry) was established as an independent Ministry in 2011 to focus on reviving the declining sugar industry. The Ministry is the government arm providing a regulatory and supporting role to the industry.

Cane production has reduced by over 50% from 3.8 million tonnes in 1999¹ to 1.63 million tonnes in 2017.² In 2019 it was 1.80 million tonnes. This is a critical issue for the Fijian economy as it is estimated that 20% of the population or 200,000 people rely on the industry as a source of income.³

What we wanted to find out

The aim of this audit was to find out whether there was an effective administration and monitoring of the Sugarcane Development and Farmers Assistance Program to in ensuring that objectives of the grant are met.

What we found

The following key issues were identified from our audit as summarized below:

Policy and framework

- The Ministry was still in the process of drafting the grant management framework to guide the Ministry and FSC in administration and monitoring of the SDF grants.

Administration of grants

- Accountability and transparency in the management of grant was found to be generally weak.
- Grant allotment lacked transparent system,
- Grant agreements and payment vouchers were found to be missing in some cases

¹ Deloitte Restructuring Fiji Sugar_ Report to the Fiji Government Sugar Taskforce on Restructuring The Fiji Sugar Corporation Ltd's Debt and Reforming the Fiji Sugar Industry_27th August 2010_Page 1, paragraph 1.1

² Fiji Sugar Corporation Annual Report 2018 – pg.14

³ Deloitte Restructuring Fiji Sugar_ Report to the Fiji Government Sugar Taskforce on Restructuring The Fiji Sugar Corporation Ltd's Debt and Reforming the Fiji Sugar Industry_27th August 2010_Page 1, paragraph 1.1

- Conflict of Interest not been declared by FSC for use of grants for farms held in joint venture
- Farmers did not always receive the grants on time

Monitoring of grants

- Monitoring of the grants were not performed according to the requirements in the approved Annual Work Plan at farm level.
- Absence of proper system, processes and resources for effective monitoring of grants was evident
- Independent checks of how grant administration was performed at FSC was not performed for additional assurance by the Ministry

Reporting and Evaluation

- Sugarcane Development Funds and Farmers Assistance program is yet to be evaluated and reported against its objective

What needs to Improve

- Governance of Sugarcane Development Fund and Farmers Assistance program can be further strengthened by implementation of grant administration and monitoring framework
- Roles and responsibility of stakeholders needs to be reviewed and specific roles are defined clearly to avoid any duplication
- System of grant allocation can be improved by developing a transparent system of grant allocation process which addresses the need for grants
- Payment and processing of grant by FSC should be independently reviewed by Ministry at regular intervals. Consideration should also be made by the Ministry to pay (grant recipients) farmers directly using electronic funds transfer facility instead of through the FSC.
- Data and records management system should be reviewed and best practice should be adopted for safe keeping of the records and documentation
- Resourcing for monitoring of grants should be increased to meet the appropriate level of monitoring
- Strategically, develop and implement effective evaluation and reporting mechanism for grant programs

Good practices adopted by Ministry and Fiji Sugar Corporation

- Ministry has commenced work on the draft grant administration and monitoring guideline
- Ministry has also commenced improving documentation of its monitoring process by incorporating some best practices in the Annual Work plan Standard Operating Procedures from 2020/2021
- Ministry has commenced with its oversight functions of its stakeholders in FY 2020/2021
- FSC has commenced to use efficient process and means for gathering data for monitoring using technology in 2021
- FSC has also incorporated a clause relating to recovery of grant funds in the grant agreement with farmers in view of preventing abuse of grant funds
- The Ministry has also commenced with preparing Annual Monitoring report for their site visits and providing their recommendations to the stakeholders and farmers

What we conclude

Based on the audit findings, we conclude that there is absence of effective and efficient monitoring processes in place to ensure grant objectives for Sugarcane Development and Farmers Assistance are being achieved.

The resources allocated for monitoring of the grants appears to be inadequate and is the key contributing factor in the lack of effective monitoring of grants when comparing this to the volume of grants.

The Ministry's and FSC's monitoring processes are not consistent with the requirements of the Annual Work Plan of the SDF and Farmers Assistance Program which exposes risk of grants not being utilized appropriately.

Absence of appropriate and comprehensive monitoring framework has led to many gaps in the internal control system, accountability and transparency, monitoring processes, evaluation and reporting of the results of the grants disbursed. We also did not find any follow-up mechanism on the implementation of recommendations of the monitoring team

Grant funds are dispersed by Ministry to FSC which increases the responsibility of the Ministry to monitor the grants utilization and administration. However, this responsibility was not effectively administered by the Ministry where the monitoring was mostly to extent of grant acquittals.

The deficiencies discussed above have contributed to the Ministry's inability to properly measure the effectiveness of the grants to its objectives.

IVAKALEKA NI ITUKUTUKU

Na vu ni neitou lewā me caka na vakadidike qo

A tauyavu na Tabacakacaka ni Dovu (na Tabacakacaka) ena 2011 me qarava kena vakabulabulataki na cakacaka ni suka. Na Tabacakacaka na tabana ni matanitu e vakatulewā ka veitokoni ena cakacaka ni suka.

Sa lutu na dovū ena sivia na 50%, ni a qaqi e 3.8 milioni na tani ena 1999, qai lutu me 1.63 milioni na tani ena 2017. Ena 2019 sa 1.80 milioni na tani. Qo e dua na leqa levu ena bula vakailavo ni noda vanua, ni vakabauti ni 20% ni lewe Viti, se le 200,000, era vakararavi kina me ivurevure ni ilavo.

Na ka keitou a vaqaga

Na inaki ni vakadidike qo, me vakadeitaki se qaravi ka yadravi vakavinaka na iLavo ni Vakatorocaketaki ni Dovu (Sugarcane Development Fund) kei na iLavo ni Veivuke ni Dauteitei (Farmer Assistance Grant program) me rawa kina na kena inaki.

Na kena macala

Qo e vica na leqa keitou sa kunea ena neitou vakadidike:

Kena polisī kei na ituvatuva

- Na Tabacakacaka se volā tiko na ituvatuva me idusidusi ni qaravi kei na yadravi ni iLavo ni Vakatorocaketaki ni Dovu vei ira na lewe ni Tabacakacaka kei na Kabani ni Suka (FSC).

Qaravi ni ilavo

- Sa kune ni malumalumu na saumitaro (accountability) kei na savasavā ni qaravi ni ilavo.
- Sega ni matata nai tuvatuva ni vota ilavo,
- Yali e so na ivola ni veiyalayalati ni ilavo kei na ivola ni sausaumi (payment voucher).
- Sega ni tusanaka na Kabani ni Suka nona kauwai (conflict of interest) ena votai ni ilavo baleta na loganidovu e taukena vata (joint venture).
- Sega ni dau saumi taudonu nodra ilavo na dauteitei.

Yadravi ni ilavo

- Sega ni yadravi na ilavo votai me vaka e lavaki ena iTuvatuva ni Cakacaka Vakayabaki vakadonui me taurivaki ena veiloganidovu.
- Macala ni sega tu na icakacaka tudei ni yadravi ni ilavo, se na iyaragi me caka vakavinaka kina.
- Na Tabacakacaka e sega ni bau yadrava kena votai na ilavo mai na Kabani ni Suka me vakadeitaka ni caka vakavinaka.

Dikevi vakaivola

- Na iLavo ni Vakatorocaketaki ni Dovu kei na iLavo ni Veivuke ni Dauteitei se bera ni dikevi vakaivola se vakayacora dina tiko na kena inaki.

Veika me vakadodonutaki

- Na cakacaka ni iLavo ni Vakatorocaketaki ni Dovu kei na iLavo ni Veivuke ni Dauteitei me vaqacacotaki tale ena kena davo e dua na ituvatuva ni kena qaravi ka yadravi
- Nodra itavi kece na kauwai kina me lesuvi, qai lavaki vakamatata na itavi yadua, me kua ni le rua e qarava e dua na itavi
- Me dua na ituvatuva savasavā ni vota ilavo me ganita, me torocake kina na kena icakacaka
- Me dau lesuva wasoma na Tabacakacaka na saumi ilavo ni Kabani ni Suka kei na kena vakaivolataki. Me dikeva talega na Tabacakacaka de vinaka mera saumi kina vakalivaliva na dauteitei, me kua ni vakaitavi kina na Kabani ni Suka.
- Me dikevi na icakacaka ni kena vakaivolataki, me qai muri na itovo uasivi ni maroroi ivola vakailavo kei na ivolatukutuku kece
- Me vaqacacotaki na yadravi ni ilavo votai.
- Me vakadavori edua nai tuvatuva matau ni kena yadravi nai ilavo votai kei na kena vakaivolataki

Eso na itovo vinaka sa muria na Tabacakacaka kei na Kabani ni Suka

- Sa tekivu cakacaka na Tabacakacaka ena ituvatuva vakatovolei ni qaravi ni ilavo votai kei na kena yadravi
- Sa tekivu talega na Tabacakacaka me toroya cake na vakaivolataki ni yadrayadravi ena kena lavaki e so na kena itovo vivinaka ena Lawa ni iTuvatuva Vakayabaki ni 2020/2021
- Sa tekivutaka na Tabacakacaka na kena itavi ni yadrayadravi ena yabaki vakailavo 2020/2021

- Na Kabani ni Suka sa tekivu taurivaka na icakacaka vivinaka eso ni kumuni itukutuku ni yadrayadravi ena misini ena 2021
- Na Kabani ni Suka sa vakacuruma talega e dua na tikina ena veiyalayalati baleta na kena vakasukai na ilavo ke vakayagataki vakatani
- Sa tekivu talega na Tabacakacaka me vakarautaka na itukutuku vakayabaki ni yadrayadravi yavutaki ena nodra taletaleva na veiloganidovu, wili kina na vakatutu vei ira na dauteitei kei ira kece na kauwai kina

Neitou isoqoni levu

Sa macala ena neitou vakadidike ni sega tu na icakacaka mana se maqosa ni yadravi ni ilavo votai ni Torocaketaki ni Dovu kei na Veivuke ni Dauteitei, me vakadeitaki kina ni rawa na kena inaki.

Na ivotavota me baleta na yadravi ni ilavo qo e rairai sega ni veirauti, qori saraga na vuna levu e yadravi vakaca kina na ilavo votai, ni sega ni veiraurau kei na levu ni ilavo e votai.

Na itovo ni yadrayadravi ni Tabacakacaka kei na Kabani ni Suka e veicalati kei na kena e virikotori ena iTuvatuva ni Cakacaka Vakayabaki ni ilavo ni Torocaketaki ni Dovu kei na Veivuke ni Dauteitei, koya e rawa sara kina ni vakayagataki vakatani na ilavo.

Ni sega tu na ituvatuva tudei ni yadrayadravi e ganita, sa mai tavacicila sara kina na kena qarauni e loma ni Tabacakacaka, na saumitaro (accountability) kei na savasava, na itovo ni yadrayadravi, kena vakalewai kei na itukutuku ni vakayagataki ni ilavo votai. Keitou sega talega ni bau kunea e dua na iwalewale ni kena cakacakataki na vakatutu ni mataveivaqai.

Na ilavo votai e dewa mai na Tabacakacaka ina Kabani ni Suka, koya e bibi kina na itavi ni Tabacakacaka me yadrava na vakayagataki ilavo kei na kena qaravi. A mani sega ni vakayacora vakavinaka na Tabacakacaka na itavi qo, ni yala ga ena kena vakaivolataki (grant acquittals).

Na leqa kece sa cavuti e cake sa mai sega ni rawata kina na Tabacakacaka na kena itavi me dikeva se yaco dina tiko na inaki ni ilavo votai.

कार्यकारी सारांश

हम यह ऑडिट करने का चुनाव क्यों करते हैं

चीनी उद्योग मंत्रालय को गिरते चीनी उद्योग को पुनर्जीवित करने पर ध्यान केंद्रित करने के लिए 2011 में एक स्वतंत्र मंत्रालय के रूप में स्थापित किया गया था। मंत्रालय उद्योग को नियामक और सहायक भूमिका प्रदान करने वाली सरकारी शाखा है।

गन्ने का उत्पादन 1999⁴ में 3.8 मिलियन टन से 50% से अधिक घटकर 2017⁵ में 1.63 मिलियन टन हो गया है। 2019 में यह 1.80 मिलियन टन था। यह फिजी की अर्थव्यवस्था के लिए एक महत्वपूर्ण मुद्दा है क्योंकि यह अनुमान है कि 20% आबादी या 200,000 लोग आय⁶ के स्रोत के रूप में उद्योग पर निर्भर हैं।

हम क्या जानना चाहते थे

इस लेखापरीक्षा का उद्देश्य यह पता लगाना था कि अनुदान के उद्देश्यों को पूरा करने के लिए गन्ना विकास निधि और किसान सहायता अनुदान कार्यक्रम का प्रभावी प्रशासन और निगरानी था या नहीं।

हमने क्या पाया

हमारी लेखापरीक्षा से निम्नलिखित प्रमुख मुद्दों की पहचान की गई, जिनका सारांश नीचे दिया गया है:

नीति और ढांचा

- मंत्रालय अभी भी SDF अनुदानों के प्रशासन और निगरानी में मंत्रालय और FSC का मार्गदर्शन करने के लिए अनुदान प्रबंधन ढांचे का मसौदा तैयार करने की प्रक्रिया में था।

अनुदान का प्रशासन

- अनुदान के प्रबंधन में जवाबदेही और पारदर्शिता सामान्यतः कमजोर पाई गई।
- अनुदान हिस्सा में पारदर्शी व्यवस्था का कमी,
- कुछ मामलों में अनुदान समझौते और भुगतान वाउचर गायब पाए गए
- संयुक्त उद्यम में रखे गए खेतों के लिए अनुदान के उपयोग के लिए FSC द्वारा हितों के टकराव की घोषणा नहीं की गई
- किसानों को हमेशा समय पर अनुदान नहीं मिलता था

अनुदान की निगरानी

- अनुदानों का अनुश्रवण कृषि स्तर पर अनुमोदित वार्षिक कार्य योजना में आवश्यकताओं के अनुसार नहीं किया गया था।
- अनुदानों की प्रभावी निगरानी के लिए उचित प्रणाली, प्रक्रियाओं और संसाधनों का कमी स्पष्ट था

⁴ डेलोइट रीस्ट्रक्चरिंग फिजी शुगर_ फिजी शुगर कॉर्पोरेशन लिमिटेड के कर्ज के पुनर्गठन और फिजी चीनी उद्योग में सुधार पर फिजी सरकार चीनी कार्यबल को रिपोर्ट_27 अगस्त 2010_पृष्ठ 1, पैराग्राफ 1.1

⁵ फिजी चीनी निगम की वार्षिक रिपोर्ट 2018 - पृष्ठ.14

⁶ डेलोइट रीस्ट्रक्चरिंग फिजी शुगर_ फिजी शुगर कॉर्पोरेशन लिमिटेड के कर्ज के पुनर्गठन और फिजी चीनी उद्योग में सुधार पर फिजी सरकार चीनी कार्यबल को रिपोर्ट_27 अगस्त 2010_पृष्ठ 1, पैराग्राफ 1.1

- मंत्रालय द्वारा अतिरिक्त आश्वासन के लिए FSC पर अनुदान प्रशासन कैसे किया गया था, इसकी स्वतंत्र जांच नहीं की गई थी

रिपोर्टिंग और मूल्यांकन

- गन्ना विकास निधि और किसान सहायता कार्यक्रम का मूल्यांकन किया जाना बाकी है और इसके उद्देश्य के खिलाफ रिपोर्ट किया जाना बाकी है

क्या सुधार करने की जरूरत है

- गन्ना विकास निधि के शासन और किसान सहायता कार्यक्रम को अनुदान प्रशासन और निगरानी ढांचे के कार्यान्वयन से और मजबूत किया जा सकता है
- हितधारकों की भूमिकाओं और उत्तरदायित्वों की समीक्षा करने की आवश्यकता है और किसी भी दोहराव से बचने के लिए विशिष्ट भूमिकाओं को स्पष्ट रूप से परिभाषित किया गया है
- अनुदान हिस्सा की प्रणाली को अनुदान हिस्सा प्रक्रिया की एक पारदर्शी प्रणाली विकसित करके सुधारा जा सकता है जो अनुदान की आवश्यकता को संबोधित करती है
- FSC द्वारा अनुदान के भुगतान और प्रसंस्करण की नियमित अंतराल पर मंत्रालय द्वारा स्वतंत्र रूप से समीक्षा की जानी चाहिए। मंत्रालय द्वारा FSC के बजाय सीधे इलेक्ट्रॉनिक फंड ट्रांसफर सुविधा का उपयोग करने वाले किसानों को (अनुदान प्राप्तकर्ताओं) को भुगतान करने पर भी विचार किया जाना चाहिए।
- डेटा और रिकॉर्ड प्रबंधन प्रणाली की समीक्षा की जानी चाहिए और रिकॉर्ड और दस्तावेज़ीकरण को सुरक्षित रखने के लिए सर्वोत्तम अभ्यास अपनाया जाना चाहिए
- निगरानी के उपयुक्त स्तर को पूरा करने के लिए अनुदानों की निगरानी के लिए संसाधनों को बढ़ाया जाना चाहिए
- अनुदान कार्यक्रमों के लिए प्रभावी मूल्यांकन और रिपोर्टिंग तंत्र को रणनीतिक रूप से विकसित और कार्यान्वित करना

मंत्रालय और फिजी चीनी निगम द्वारा अपनाई गई अच्छी प्रथाएं

- मंत्रालय ने अनुदान प्रशासन और निगरानी दिशानिर्देश के मसौदे पर काम शुरू कर दिया है
- मंत्रालय ने 2020/2021 से वार्षिक कार्य योजना मानक संचालन प्रक्रियाओं में कुछ सर्वोत्तम प्रथाओं को शामिल करके अपनी निगरानी प्रक्रिया के प्रलेखन में सुधार करना भी शुरू कर दिया है।
- मंत्रालय ने वित्त वर्ष 2020/2021 में अपने हितधारकों के निरीक्षण कार्यों के साथ शुरुआत की है
- FSC ने 2021 में प्रौद्योगिकी का उपयोग करके निगरानी के लिए डेटा एकत्र करने के लिए कुशल प्रक्रिया और साधनों का उपयोग करना शुरू कर दिया है
- FSC ने अनुदान राशि के दुरुपयोग को रोकने के लिए किसानों के साथ अनुदान समझौते में अनुदान राशि की वसूली से संबंधित एक खंड भी शामिल किया है।
- मंत्रालय ने उनकी स्थान के दौरे के लिए वार्षिक निगरानी रिपोर्ट तैयार करने और हितधारकों और किसानों को अपनी सिफारिशें प्रदान करने के साथ भी शुरुआत की है

हम क्या निष्कर्ष निकालते हैं

लेखापरीक्षा निष्कर्षों के आधार पर, हम निष्कर्ष निकालते हैं कि गन्ना विकास और किसान सहायता के अनुदान उद्देश्यों को प्राप्त करने के लिए प्रभावी और कुशल निगरानी प्रक्रियाओं का कमी है।

अनुदानों की निगरानी के लिए आवंटित संसाधन अपर्याप्त प्रतीत होते हैं और अनुदानों की मात्रा से इसकी तुलना करते समय अनुदानों की प्रभावी निगरानी के कमी में प्रमुख योगदान कारक है।

मंत्रालय और FSC की निगरानी प्रक्रियाएं SDF और किसान सहायता कार्यक्रम की वार्षिक कार्य योजना की आवश्यकताओं के अनुरूप नहीं हैं जो अनुदान के उचित उपयोग के जोखिम को उजागर करती हैं।

उपयुक्त और व्यापक निगरानी ढांचे के कमी में आंतरिक नियंत्रण प्रणाली, जवाबदेही और पारदर्शिता, निगरानी प्रक्रियाओं, मूल्यांकन और वितरित अनुदान के परिणामों की रिपोर्टिंग में कई अंतराल पैदा हुए हैं। हमें निगरानी दल की सिफारिशों के कार्यान्वयन पर कोई अनुवर्ती तंत्र भी नहीं मिला

मंत्रालय द्वारा FSC को अनुदान राशि वितरित की जाती है जिससे अनुदान के उपयोग और प्रशासन की निगरानी के लिए मंत्रालय की जिम्मेदारी बढ़ जाती है। तथापि, इस उत्तरदायित्व को मंत्रालय द्वारा प्रभावी ढंग से प्रशासित नहीं किया गया था, जहां निगरानी ज्यादातर अनुदान मुक्ति की सीमा तक थी।

ऊपर चर्चा की गई कमियों ने अपने उद्देश्यों के लिए अनुदानों की प्रभावशीलता को ठीक से मापने में मंत्रालय की अक्षमता में योगदान दिया है।

1.0 INTRODUCTION

The sugar industry in Fiji has been in decline over the past 15 years. Cane production has reduced by over 50% from 3.8 million tonnes in 1999⁷ to 1.63 million tonnes in 2017.⁸ In 2019 it was 1.80 million tonnes. This is a critical issue for the Fijian economy as it is estimated that 20% of the population or 200,000 people rely on the industry as a source of income.⁹ Increasing costs of sugarcane farming, including for fertilizer, land preparation, labour, harvesting, and transportation were factors contributing to the decline.¹⁰ Other factors include expiry of land leases, farmers switching to other cash crop farming, and farmers moving to urban areas as children find better jobs.

The sugar cane industry is heavily concentrated around the Fiji Sugar Corporation. The Corporation is a public company, and the Government of Fiji is its major shareholder. It carries responsibilities that extend throughout the value chain including: grower input procurement and supply; extension services; financial services for growers and management of grower accounts; management and operation of three sugar mills; sugar sales and price negotiation. Following a submission by the Fiji Sugar Corporation (FSC) to Government in April 2009 in which FSC declared inability to service its debts, Government engaged Deloitte of New Zealand, an international consultancy firm, to undertake a comprehensive review of the sugar industry in Fiji.

The Sugar Industry Action Group (SIAG) is made up of Industry Institutions and was formed after the Deloitte review. SIAG compiled the Sugar Industry Strategic Action Plan (SISAP) 2013 – 2020 containing six focus areas identified as essential for the revival of the Industry. Government efforts have been aimed at a sustainable sugar industry, where industry reforms have been undertaken to improve milling efficiency and increase cane production. Government has supported FSC and farmers in efforts to raise cane production to 3 million tonnes each year. Programmes on farm access roads, cane replanting and fertiliser subsidy have also continued in order to ensure that production costs remain stable.¹¹ The goals of Government for the sugar industry are listed below:

- Improve industry governance through introduction of relevant legislation to support reform and reorganisation for growth of the industry.

⁷ Deloitte Restructuring Fiji Sugar_ Report to the Fiji Government Sugar Taskforce on Restructuring The Fiji Sugar Corporation Ltd's Debt and Reforming the Fiji Sugar Industry_27th August 2010_ Page 1, paragraph 1.1

⁸ Fiji Sugar Corporation Annual Report 2018 – pg.14

⁹ Deloitte Restructuring Fiji Sugar_ Report to the Fiji Government Sugar Taskforce on Restructuring The Fiji Sugar Corporation Ltd's Debt and Reforming the Fiji Sugar Industry_27th August 2010_ Page 1, paragraph 1.1

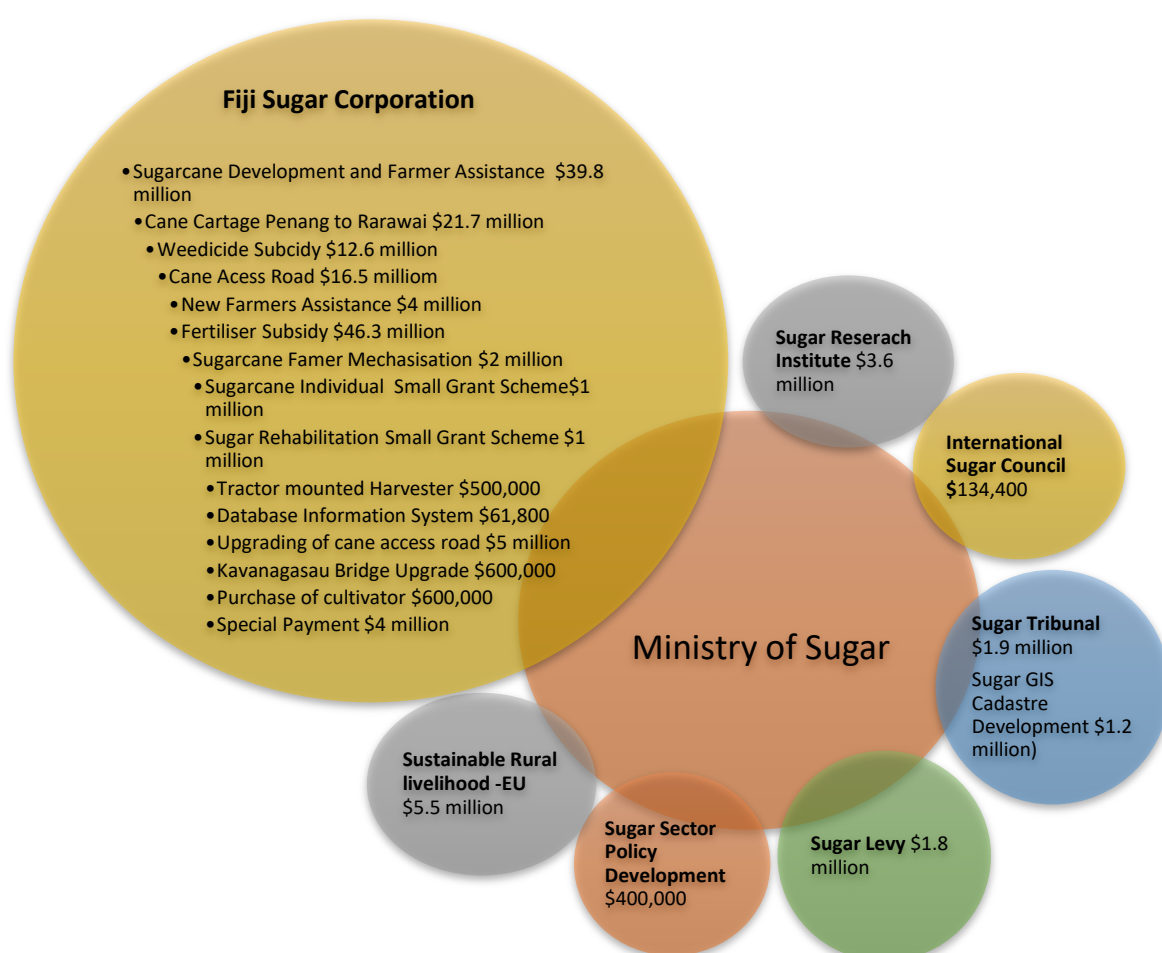
¹⁰ Adapted from *Benefits of crop diversification in Fiji's sugarcane farming* –Arman Singh. Asia Pac Policy Stud. 7: page.66.

¹¹ Adapted from the *5 Year and 20 Year National Development Plan November 2017 – Section 3.2.11: Sugar*. Ministry of Economy, page 106.

- Secure new sugar markets, promote programmes to entice young and active farmers into sugar cane farming.
- Establish FSC owned farms to support production, increase support for and adoption of mechanisation.
- Increase cane production to 3.0 million tonnes per annum by 2022/23.
- Introduction of mechanical harvesting and establishment of lorry to rail transfer stations.
- Full implementation of the cane quality payment system by 2022/23.
- Develop climate resilient cane varieties¹²

Government, through the Ministry of Sugar, provides annual budgets to 22 grant programs in support of its objective of a sustainable sugar industry in Fiji. Total 2016-2019 budget allocations and administering agencies are shown in Figure 1.1.

Figure 1.1 Budgeted Programs for the sugar industry stakeholders for 2016-2019



¹² 5 Year and 20 Year National Development Plan November 2017 – Section 3.2.11: Sugar. Goals, Policies and Strategies: Ministry of Economy, page 107

For the period 2014 to 2019, the Sugarcane Development and Farmers Assistance component of the SDF programme received the second highest amount of funding of \$39.8 million, after the Fertilizer Subsidy component of \$46 million. As the implementing agency, FSC's roles involves assessing farmer's SDF grant applications based on set criteria, the SDF programs works plans, approval and processing of grants payments, grants draw down and recording and disseminating of grants to eligible farmers. Its tasks for the overall management of the projects include coordination of assisted farmers, farmers' awareness and training, and monitoring of progress on implementation.

The objective of the overall Sugar Development Programme is to improve productivity and increase cane production. It also aims to regain confidence and promote active participation and cost-effective farming practices by cane farmers.

2.0 ABOUT THIS AUDIT

2.1 Audit objective and scope

This performance audit focused on the efficiency and effectiveness of monitoring for the Sugar Development and Farmer Assistance (SDFA) grant. The audit sought to answer the following audit questions:

- Has the Ministry of Sugar implemented a robust monitoring framework for the SDFA grant?
- Does the Ministry of Sugar effectively and efficiently administer the SDFA grant?
- Has the Ministry of Sugar effectively monitored implementation of the SDFA Grant funding?

These audit questions had further sub-questions, which were addressed during the engagement.

The Ministry of Sugar as the administrator of the grant was the main auditee. The audit also examined the Fiji Sugar Corporation's activities in implementing the grant, including assessing and awarding grants to applicants, payment of grant funding to applicants, and monitoring of implementation. The audit covered the period 2016 to 2019.

2.2 Audit methods and evidence

To answer our audit questions, we examined the frameworks governing the SDFA program, the SDFA annual work programs, the development of standard operating procedures and the monitoring framework. We also examined the processing, verification and endorsement of SDF applications against the process and procedures stipulated in the SDF Annual Work Program. Field visits were made to selected farms of SDF beneficiaries to verify the progress of implementation of SDF at farm level.

Audit techniques used for gathering evidence and conducting our audit included the following:

- i. Interviews were carried out with personnel from the following stakeholders:
 - Ministry of Sugar Industry
 - Fiji Sugar Corporation
 - Sugarcane Farmers
 - Fiji Sugarcane Growers Council

- ii. Documentary review of legislation, policies, development plans, reports, media articles, payment vouchers, grant agreements and grower visit cards.
- iii. Analysis of statistical data obtained from the Fiji Sugar Corporation.

3.0 CHAPTER ONE: GRANT ADMINISTRATION FRAMEWORK

This chapter reviews how well the Sugar Development Fund grant is administered and monitored. Our analysis involved reviewing the hierarchy of Sugar Industry framework to assess whether the Ministry of Sugar Industry had implemented effective governance frameworks for the grant, to protect public money from waste and risk of fraud.

3.1 Grant Monitoring Framework

The Ministry of Sugar is yet to develop and implement a grant monitoring framework

Grant monitoring is the process by which administrator's review and measure operational and financial performance over the grant implementation period. Grant monitoring should assess progress, identify risks and their mitigating measures, ensure that funds are used as intended, and that the program achieves impact. According to internationally accepted good practice, a monitoring framework increases understanding of the program goals and objectives, defines the relationships between factors key to implementation, and articulates the internal and external elements that could affect the programme's success.¹³

The Ministry of Sugar had not developed a monitoring framework focused on ensuring that the grant objectives are met. Without implementation of such a monitoring framework, the Ministry of Sugar Industry cannot effectively demonstrate that the Fund is achieving its objectives.

However, monitoring guidelines and responsibilities of the Ministry, the Fiji Sugar Corporation (FSC) and Fiji Sugarcane Growers Council (SCGC) are briefly mentioned in the Annual Work Programs of the SDF. The Annual Work Program¹⁴ specifies the following on monitoring functions:

- *FSC's Sector Team Leaders and SCGC's Senior Executive Officers will conduct the first level of monitoring on a daily basis.*

¹³ <https://www.endvawnow.org/en/articles/335-monitoring-and-evaluation-frameworks-3-parts.html>

¹⁴ SDF AWP for 2016, 2017/2018, and 2018/2019

- *The second level of monitoring will be monthly audits on at least 10% of work done for the period by the FAMs. The Ministry of Sugar Industry, the SCGC and FSC will also carry out joint monthly audits.*
- *Random audits will be carried out by FSC Head Office accompanied by officials from Ministry of Sugar Industry.¹⁵*
- *The third level of monitoring will be quarterly audits on at least 5% of payments for the period by the Cane Development Manager¹⁶ and by a team from MoSI or as decided by the National Steering Committee.¹⁷*

There is no clear link between the monitoring guideline, which is very briefly discussed in the Annual Work Program (AWP), and the objective of the grant.

The Ministry have commenced quarterly monitoring of the grant utilization and is in the process of developing a monitoring framework.

Recommendation

The Ministry of Sugar should prioritize finalizing the monitoring framework that details each institution's strategy of monitoring for the Sugar Development Fund. This should include specifying posts of staff to undertake monitoring, the duration and intervals of monitoring activities, and the resources required to implement these activities, in order to ensure the overall objectives of the grant are met.

3.2 Probity Framework

Key probity controls are not being implemented

A probity framework is an essential component of effective grants administration. Effective probity controls include specific strategies to prevent and detect fraud, misconduct and maladministration and ensure the equitable and transparent use of public resources.

Since the inception of Sugar Development Fund Assistance (formerly known as the Cane Planting Grant) in 2014, no probity framework has ever been implemented in the grants administration process of the Ministry, and day-to-day probity practices are minimal at best.

¹⁵ This was only for the SDF AWP 2017/2018

¹⁶ SDP AWP 2017/2018

¹⁷ SDP AWP 2018/2019

Sector officers who assess and award grants to growers do not document their assessment of the applicants, and the basis for decisions made on awarding grants to recipients. There is also an absence of any person-specific conflict of interest declarations.

A probity framework (which includes policies) would clearly explain the principles and procedures for identifying, disclosing, managing and monitoring of issues such as conflict of interest and fraud. It would also state clear requirements for all relevant groups of staff and management within the Ministry and the FSC, as the implementing agency for the grant. This will ensure that staff of both the Ministry and FSC are aware of their obligations in the grants administration and implementation process.

Assessment processes are ad-hoc and unstructured

This audit considered the Cane Payment Grant Manuals for the financial years 2016/2017, 2017/2018, and 2018/2019. We note that the Ministry of Sugar and FSC has documented procedures for the Sugar Development & Farmer Assistance Grant administration processes but these exclude the following critical areas:

- assessing applications and awarding of grants
- management of conflict-of-interest register
- monitoring and evaluation by the Ministry and the FSC
- a program of regular assurance, internal audit, or fraud detection
- risk management ie. identify risks involved in processing and approvals of SDF applications and ways to mitigate them

There are no policies and procedures in place by the Ministry for ensuring the integrity of the grant administration process, such as those covering conflict of interest management and fraud.

The absence of these fundamental policies and practices mean that the Ministry cannot exclude the possibility that fraud is occurring and cannot effectively identify and manage conflicts of interest.

The Ministry has indicated that it will incorporate the key requirements into the Sugarcane Development and Farmers Assistance program framework in 2021/2022 financial year. Fiji Sugar Corporation also has a conflict-of-interest policy and further improvements could be made to have an up-to-date conflict of Interest register which could be perused to identify and manage possible conflicts.

Recommendations

- All decision-making staff involved in the grant application and assessment process should be required to declare their interests. Any conflict should be managed accordingly.
- The Ministry should develop and implement a probity plan for the Sugar Development and Farmer Assistance grant program which includes a requirement to create, maintain and update probity "risk registers" at appropriate times during the process. Such registers may include conflict of interest registers, gift registers and probity training registers.

3.3 Grant Allotment System

Grants are provided on a 'first-come-first-serve' basis

FSC has not implemented a systematic and transparent method to allot grants in accordance with the grant objectives. Even though system and internal controls exists to administer the processing of grant payments, allotment of grants is made on the first-come-first serve-basis. FSC officials informed audit that a 'first-come-first -serve' approach is applied because grant funds are not adequate to provide to all farmers who apply. There is also a lack of appraisal procedures to target the available resources to targeted areas, as well as a lack of Appraisal plans.

To avoid this situation, the FSC could instead appraise the applications in batches through grant rounds. Comparisons then can be made between applications on their relative merits. In practice this system requires a good standard of management information to assess accurately the likely demand for assistance¹⁸

No supporting documents was made available to us that indicates that financial appraisal has been performed to determine applicant's ability to still continue with sugarcane farming without the grant.

The Ministry stated in the Exit meeting held on 11 November 2021 that no differentiation is made between farmers in terms of providing the assistance and since there is large number of farmers it is only option to allocate grants to farmers on first come first serve basis.

¹⁸ Best practice Guide for Administration of grants, Department of Treasury and Finance, Tasmania

Recommendation

The FSC in consultation with Ministry of Sugar should consider developing and implementing an effective appraisal system which should be able to support the target group and meet the objectives of the grant scheme.

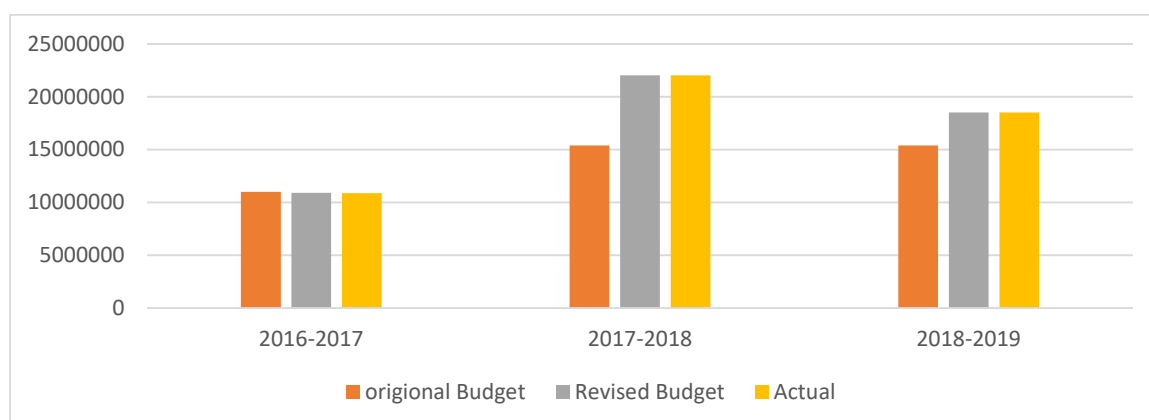
3.4 Grant Funding

The budgeted grant amount is not objectively determined

We found no evidence that indicates that the Ministry has objectively determined the total value of grants that would be required to support eligible farmers in each of the years we audited.

The Ministry prepares the budget for Sugar Development Fund and is determined through the budget paper submitted to Ministry of Economy. We were advised that there is no consultative approach undertaken by the Ministry with farmers specifically for budget purposes that could assist the Ministry in assessing the needs of the farmers for support. The budget trends for the period 2016 to 2019 are denoted in the graph below:

Figure 3.1: SDF Budgeted and Actual Expenditure for the years 2016 to 2019



The Ministry's lack of resources to visit and cover a wider range of farmers for consultation could be the primary reason for precisely determining the grant amount to be requested from the Government. Absence of valuable data also contribute in the financial planning for grant amount.

The Ministry indicated that consultations are carried out by Sugar Cane Growers Council with the farmers¹⁹. We have also noted from the physical performance report of the Council which was provided to us those consultations are held with farmers as per their workplan. However, we couldn't identify if there were specific consultations to get a data of farmers requiring immediate assistance from Government.

In absence of a target consultation with farmers and absence of appropriate data, it is highly likely that the grant scheme will not be able to achieve its intended purpose.

Recommendation

The Ministry should strengthen its financial planning to budget for SDF grant. A more consultative approach and stakeholder engagement can be explored, and the quantum of funding requested to support the grant should be based on an objective assessment of likely demand.

¹⁹ Ministry of Sugar Response on 17 September 2021

4.0 CHAPTER TWO: ADMINISTRATION OF THE GRANT

4.1 Missing Grant Agreements

Record management is insufficient

The grant has not been administered in a consistent and transparent manner. We noted instances of missing grant agreements.

Grant Agreements were introduced in 2015²⁰ to set the terms and conditions surrounding the implementation of the SDF grant. Conditions set out for farmers under the grant agreement is stipulated below:

Figure 1.1: Grant Agreement between FSC and Farmers

Grant Agreement Between FSC and Farmers

The Fiji Sugar Corporation will administer the grant on my behalf and provide necessary guidance and supervision to ensure proper utilisation of the grant.

To adopt recommended intended farming practice with regards to crop rehabilitation, crop rehabilitations, seed cane selections and treatment, cane planting, fertilization, cultivations and weed control.

That grant monies will be paid upon the successful completion of activities under the program

I further undertake that failure on my part to abide by any of the above conditions shall results in my forfeiture of the grant and the amount expended on my farm under this agreement shall be deducted by FSC from my cane proceeding including an additional 10%of the said amount to cover administration costs.

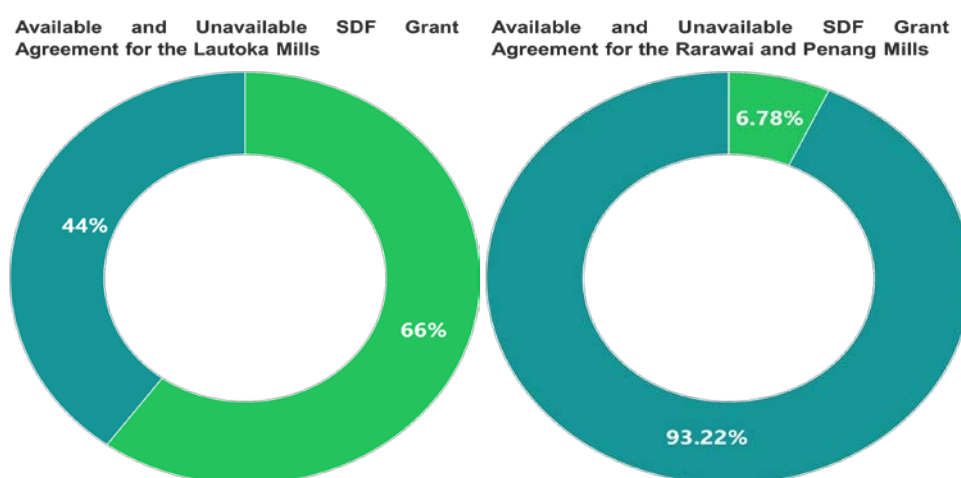
The SDF grant processing documents²¹ are maintained at the various FSC sector offices which are spread over the geographical area from Sigatoka to Rakiraki. Our visits to the sector offices involved reviewing an overall sample of 44 grant applications and payments. We noted that 29 or 66% of the sampled grant agreements that were to have been signed by farmers and FSC, were not available for audit verification at the Lautoka Mill at the monetary value of \$43,410. Moreover, 55 or 93.22% from 59 of the grant agreements requested from the

²⁰ CPG Work Plan 2015 – Appendix 2: Grant Agreement Form - pg.15

²¹ The only copies of Grant Agreements, copies of work orders and debit notes.

Rarawai mills were also not provided for audit verification. Consequently, we could not sight grant agreements totalling to \$81,120 during our audit.

Figure 4.2: SDF Grant Agreement for Lautoka and Rarawai Mill



To meet their statutory obligations, the Ministry and FSC must ensure that records relating to this agreement are retained and made available by both parties for examination by duly authorised law enforcement officials and agencies of the Republic of Fiji for a period of seven years.²²

FSC is accountable for the disbursement of these funds and ensure that proper record keeping and financial requirements are met.²³

The reasons for missing agreements varied between sector offices are as depicted below:

Lautoka Mill Sectors	Reason for Missing Grant Agreement	Rarawai Mill	Reason for Missing Grant Agreement
Drasa	Misplaced Files	Varoko	Misplaced Files
Cuvu	Relocation of office	Mota	Misplaced Files
Lsutoks	Relocation of sector office	Koronubu	Misplaced Files
Lovu	Relocation of sector office	Rarawai	Misplaced Files
Natova	Leaking sector office rooms	Vesaru	Misplaced Files
		Varavu	Misplaced Files
		Naloto	Misplaced Files

²² Grant Agreement between the Ministry of Sugar Industry and the

²³ FSC 2016 Work Programme Sugarcane Planting Grant

Rakiraki Mill	Reason for Missing Grant Agreement
Ellington 1	Misplaced Files
Malau	Misplaced Files
Nanuku	Misplaced Files
Ellington 2	Misplaced Files

Overall, based on our sample, the grant agreements for grants paid out amounting to \$124,530 could not be verified during the audit engagement. Refer to the **Appendix 1** for details.

FSC had not reported these gaps in their documentation to the Ministry, as there was no requirement for them to prepare or submit such reports.

The gaps in documentation mean it would be difficult to monitor the output which would otherwise be provided by the grant agreement. Enforcement of the grant conditions would not have been in effective or impossible and farmers with missing agreements would have been excluded from monitoring. Furthermore, there may be difficulty of recouping funds from non-performing farmers whose agreements has been misplaced.

Missing documentation has also limited our ability to provide robust external assurance. The grant agreements that were not available have caused limitation in our review of related payments. This limitation has prevented us from being able to form a conclusion on these payments and we are unable to fully preclude the possibility of fraud.

The Ministry has indicated that it will ensure that strict adherence towards book keeping is complied by FSC sector offices. In addition, the Ministry indicated that all grants issued to any grower is entered into the Sugar 4 system and individual grower details are available in the Cane Accounting System in FSC Head office.

Ministry has commenced visiting FSC to monitor disbursement of grants from 2021 and is also in the process of developing a monitoring framework which will guide them in effective and efficient monitoring of grants.

Recommendations

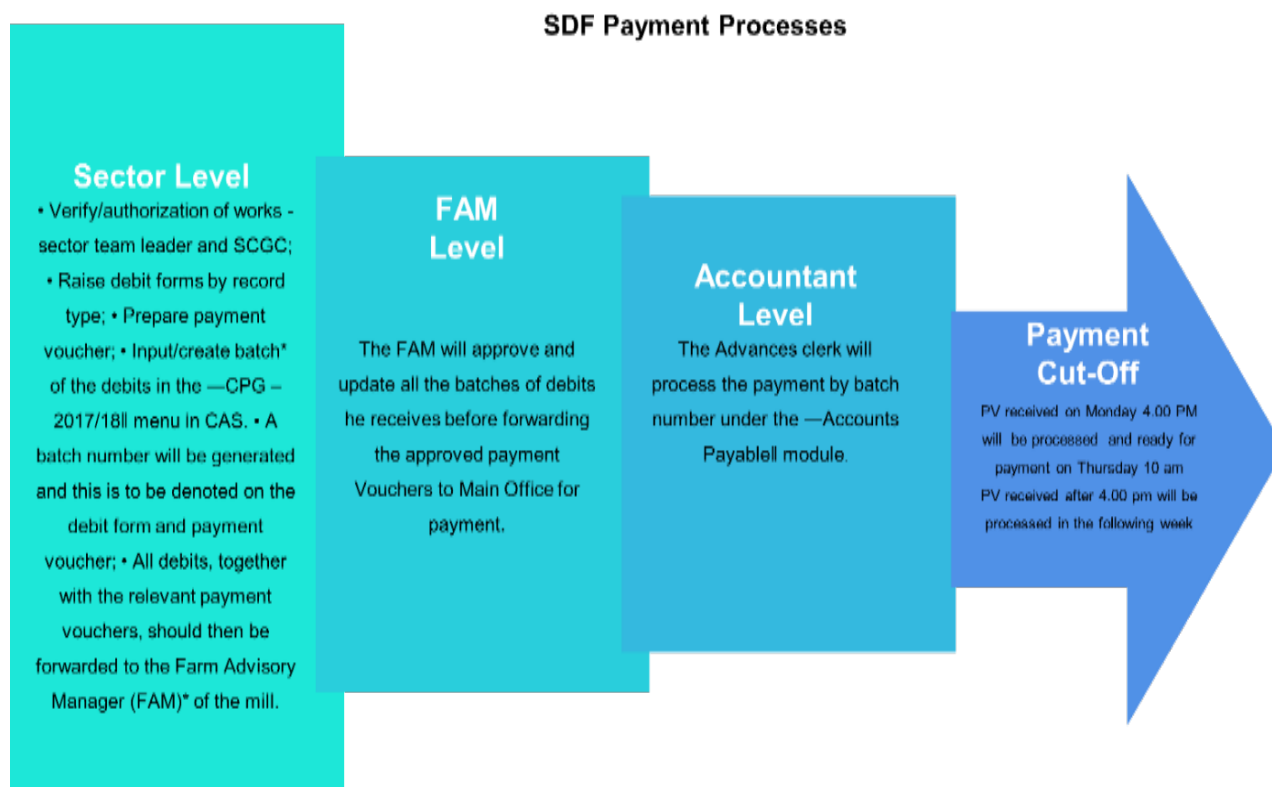
- The Ministry should ensure that FSC develops and implements a records management system which should focus mainly on safe maintenance of records, retention and protection during disasters.
- The Ministry and FSC could also evaluate cost and benefits of digitizing the records which could be backed up and easily available post any natural disaster.

4.2 Monitoring of the safekeeping of grant payment records

The Ministry is not ensuring key documentation about grant payments is maintained

The Ministry did not carry out monitoring activities on the proper filing and storage of grant payment records by the FSC. There were instances noted of missing payment vouchers and supporting documents for the years 2016, 2017 and 2019 totalling \$14,700. It was also noted that there were grant payments made to the FSC as contractors for land clearing for growers in the Labasa Mill sector.

Figure 4.3: SDF Payment Process



- Farmers are required to advise the FSC sector office upon completion of planting.
- This has to be verified by FSC within two weeks of receipt of farmer's report.
- Grant agreement forms are then signed and work orders raised for the actual area successfully planted.
- Payments of \$2,000 per hectare are to be made within two weeks after verification.
- Raise debit forms by record type; prepare payment voucher
- All debits, together with the relevant payment vouchers, should then be forwarded to the Farm Advisory Manager (FAM) of the mill.
- On receipt of payment vouchers from the sectors, FAM approves and update all the batches of debits received before forwarding the approved payment vouchers to Finance Department for payment.
- Finance Department processes payments by batch number under the Accounts Payable module.²⁴

From a review of a sample of 90 payment vouchers, a number of irregularities were noted in eight samples. These included the absence of supporting documents for payments such as payment vouchers, debit notes, and tax invoices. Payment details such as cheque numbers and dates were also not available. There was also an instance of the issuing of work order and verification date being on the same day. OAG has requested confirmation and explanation from the FSC via email²⁵ on the reasons for the irregularities, however we have not received any response as at the date of this report. **Appendix 2** provides the details of the irregularities in the payments.

Our review of the sample of payment vouchers also noted that five vouchers were not available for testing as they were stated to be destroyed due to termite infestation and also due to flooding. These amounted to \$14,700. The FSC is yet to provide the details of the total amounts for the batches of payment vouchers that were lost due to flooding in 2018 and termite infestation in 2016.²⁶

Table 4.1: Payment vouchers not available for verification

Date	Chq No.	Amount (\$)	Sector No.	Farm No.	Area (Ha)	Work Order		Reasons from FSC for payment vouchers not being available
						No.		
NA	NA	\$1,100	111	18832	2.2	NA	NA	<i>No reason provided</i>
4/12/17	40335	\$2,000	223	19573	4	NA	NA	<i>The whole batch was lost in Easter weekend floods around 19/04/18</i>

²⁴ CPG 2016 Work Programme FSC –pg.8-9

²⁵ May 3 and July 16 2021

²⁶ Email sent to FSC on 17/07/21

Date	Chq No.	Amount (\$)	Sector No.	Farm No.	Area (Ha)	Work Order		Reasons from FSC for payment vouchers not being available
							No.	
								(Cheques were made in early December of 2017) as flood water entered in main office.
4/6/19	10452	\$3,600	311	10207	6	NA	NA	Originals with FICAC
2016 – NA		\$4,000	114	750	Not available			Payment vouchers and supporting documents had to be destroyed due to termite infestation
2016 – NA		\$4,000	114	750	Not available			
TOTAL		\$14,700						

Additionally, we noted from our sample that some grant payments were being made to FSC in the Labasa Mill sector for the FY 2018/2019. Amounts totalling \$96,000 were paid to FSC for preparation of land in July 2019. Enquiries were made by the OAG with the Ministry on the these large payments that were being made to FSC indicated that the payments were for tractors owned by FSC that were hired by the growers to prepare their farms for planting, and also for farms contracted out to growers by FSC. FSC personnel stated that this farm is a joint venture farm with the grower²⁷. This situation should have been declared by FSC as conflict of interest, as it is the implementing agency for the grant and is also receiving grant payments.

Farmers are free to choose any contractor for land preparation but the rate remains the same for any contractor used. For example, in 2016 the rate was \$2,000 per hectare, and in FY 2017/2018 it was \$1,000 per hectare²⁸. According to the Ministry, farmers can also engage FSC tractors to clear/prepare their land.

Table 4.2: Grant payments made to FSC at the Labasa Mill

Payee	Date	Cheq No.	Amount (\$)	Sector No.	Farm No.	Area (Ha)		
							No.	Date
FSC	25/07/19	11215	\$11,200	323	34055	11.2	85753	10/07/19
FSC	25/07/19	11215	42,000	323	34055	42	85751	10/07/19
FSC	25/07/19	11215	42,000	323	34055	42	85752	10/07/19
			96,000					

Missing payment records indicate that taxpayer funds are not properly accounted for. Absence of proper records management results in absence on an audit trail on the expenditure of public funds hence cast doubt on monies spent by the ministry.

²⁷ Reply from FSC personnel on an email sent on 18/07/21

²⁸ CPG AWP 2016 and CPG AWP 2017/2018

The Ministry has commenced checking documents with FSC from 2020/2021. It has further stated that no payment is done without being entered into the Cane Accounting System

Recommendations:

- The Ministry should ensure that FSC maintains proper records management in place for custody of records relating to grant payments. The records should be provided when requested for audit or other reviews.
- The Ministry should also communicate its concerns to FSC on missing documentation to eliminate the risk of fraudulent activities.
- The Ministry should obtain confirmation from FSC on grant monies which were received by the Corporation from the Ministry for hire of tractors to farmers, those relating to farms maintained by the Corporation of other purposes since the commencement of the SDF.

4.3 Grant Processing

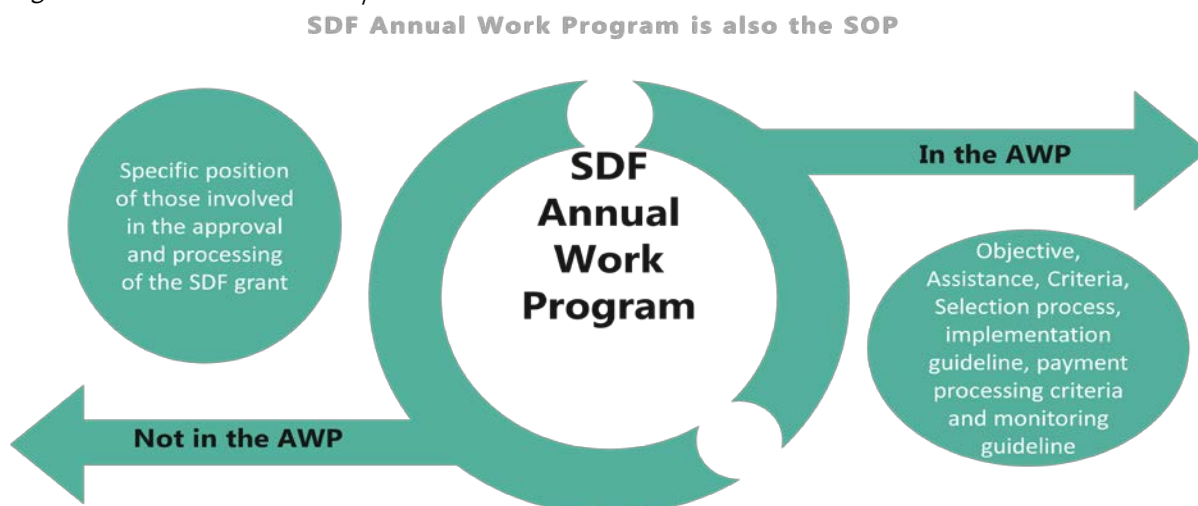
Standard operating procedures would help ensure consistency in processing grant applications

It is important to clearly define the roles and responsibilities for all parties involved in the administration of the grant program. Staff should be adequately trained and basic procedure manuals should be available before processing the applications. These safeguards are particularly important if grant administration is given to regional offices, where competing demands on staff time and scarcity of expertise may lead to variations in the standards of appraisal and administration.²⁹

The Ministry of Sugar currently refers to the Annual Work Program to define the processes and procedures pertaining to the overall utilisation of the Sugar Development Fund including the monitoring functions. There is no standalone standard operating procedure that outlines the processes and procedures for the overall administration and monitoring of the grant.

²⁹ Best Practice Guide for the Administration of Grants - 4th Edition, December 2013 pg.8 (Department of Treasury and Finance, Tasmania, Australia)

Figure 4.4: SDF Annual Work plan



The Annual Work Program is the guiding document for the programme, which includes the grant components, objectives, assistance criteria, selection process, implementation guidelines, payments processing criteria and monitoring guidelines. Although the AWP outlines such criteria, it does not specify the positions of those involved in processing and approval of grant applications, including other relevant processes of implementing and monitoring the SDF program at farm level.

The Ministry of Sugar is yet to finalize development of a comprehensive standard operating procedure that defines specific positions and roles of those involved in the processing of applications, payments, and monitoring of SDF implementation and progress.

The undefined roles of personnel involved in grant applications processing, implementation and monitoring can allow any staff to carry out these activities, and also does not encourage segregation of duties. This limits transparency and creates a risk of collusion and inefficiency in the management of SDF grant funds. Absence of these requirements also increased the risk of inconsistencies in processing of applications, payments and monitoring.

The Ministry has incorporated the Standard Operating Procedure in the 2020-2021 Sugar Development Fund annual work plan. In addition, the Ministry has commenced work on development of a grant monitoring framework which will specify specific monitoring requirements and roles of stakeholders.

Recommendation

The Ministry of Sugar should ensure that standard operating procedure clearly defines roles and functions in the processing of SDF program applications.

4.4 Delayed Grant Payments to Farmers

Payments to growers are often delayed, and made outside the two major seasonal planting windows

Cane planting season is in two windows, the first and major is from April – May when fallow planting takes place and the second window is from late September to October where replanting takes place. Land preparation should be initiated at least One month before planting.³⁰ Selection of planting time is influenced by three factors, the first being climatic conditions which include moisture levels and soil temperature, secondly, the variety of cane being used, and the final factor being crop rotation, that is, whether the grower is going to use the plough out replant strategy (not recommended) or one of the fallow plant options (recommended).³¹

The Ministry has not effectively administered the grant process in relation to submission of acquittals and Request to Incur Expenditure, which led to delay in release of SDF grants in numerous occasions and has caused FSC to make payments to growers outside of the two major planting windows.

Decisions to delay planting seasons are not effectively coordinated

Weather conditions are a significant factor in determining when grants are to be distributed to growers. If there is a drought, the National Steering Committee³² meets and decides to delay the planting season which needs to be approved by the Sugar Industry Tribunal (SIT). This occurred in the 2017/2018 season, where planting was done in December to January, which was significantly later than usual, and outside the planting window, due to a drought in the Western Division. This decision was made by the National Steering Committee.³³ We were unable to verify this as there was no complete record maintained by the Ministry of the National Steering Committee Meeting Minutes for the fiscal years 2016/2017, 2017/2018 and 2018/2019. In addition, we were not provided with the approval of SIT.

For the financial years, 2016/2017, 2017/2018, and 2018/ 2019 the Ministry of Sugar submitted five RIE applications to the Ministry of Economy, of which three were delayed in submission – according to the planting windows. Details are listed in the table below.

³⁰ Fiji Sugar Corporation Website Cane Husbandry Practice, Cane Planting.

³¹ Adapted from The Sugarcane Advisors Information Kit – Sugar Research Australia 2018 Edition, pg.50

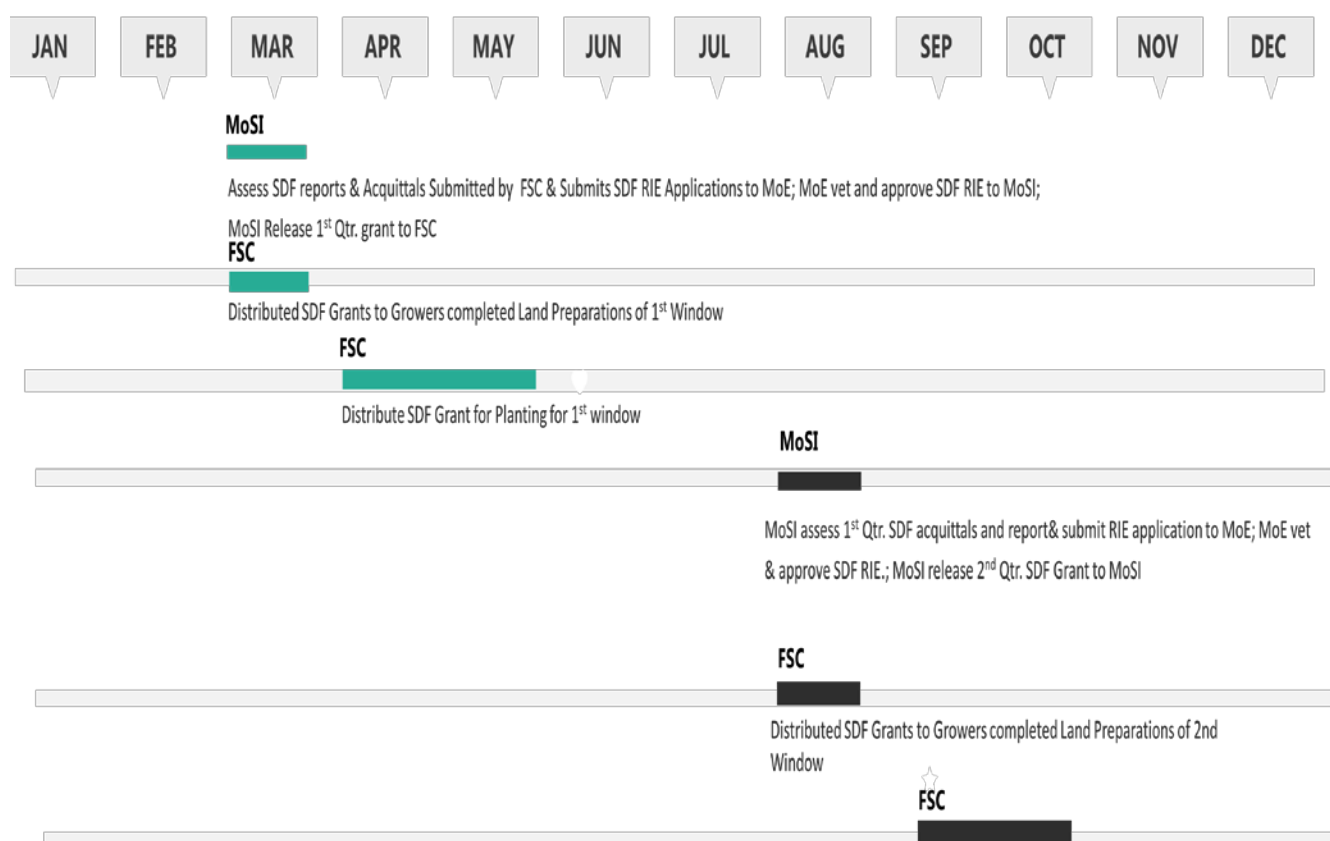
³² Consists of heads of the 6 institutions in the Sugar Industry and Directors from the Ministry of Sugar

³³ Audit Tour Entry Meeting Minutes 04/04/21

Table 4.3 Delay in submission of RIE application

Amount	Financial Year	Payment Number	RIE Application Date	PV Date	Payment Schedule as per Grant Agreement	Planting Windows
\$8,683,976	2017/2018	1	19.09.17	06.10.17	<i>Date as per original grant agreement NA</i> October 2017 ³⁴	1. April-May when fallow planting takes place 2. Sep-Oct when replanting takes place
\$12,265,705	2018/2019	1	21.09.18	16.10.18	September 2018	
\$3,134,295	2018/2019	2			November 2018 ³⁵	
		3	28.10.18	12.11.18	February 2019	

Figure 4.2: Timeline for processing and payment of SDF grant



Analysis of the 2017/2018 Grant Utilisation Data provided by the Ministry showed that 4,293 valuing \$3,540,119 out of 15,470 payments or 28% were delayed in the fiscal year. Details are shown in the table below:

³⁴ As per Deed of Variation signed on 26 March 2018 by FSC and the Ministry of Sugar

³⁵ Grant Agreement for FY 2018/2019 - Schedule 1: Government Grant Disbursement Details

Table 4.4: FY 2017/2018 Delayed SDF Grant Payments to farmers

Mill	Total Farmers Paid	Delay in 2 nd Planting Window of 2017	Dollar Amount of Delayed SDF Payments to Farmers
Lautoka	3,061	637	482,095
Rarawai	5,316	1,308	1,043,175
Labasa	5,398	1886	1,603,796
Penang	1,695	462	411,053
Totals	15,470	4,293	3,540,119

Analysis of the 2018/2019 Grant Utilisation Data provided by the Ministry showed that 3,876 out of 14,794 or 26% of payments were delayed and made outside the planting windows. This is detailed in the table below:

Table 4.5: FY 2018/2019 Delayed SDF Grant Payments to farmers

Mill	Total Farmers Paid	Delay in number of payments for 2 nd Planting Window of 2018	Dollar Amount of Delayed SDF Payments to Farmers
Lautoka	2896	291	501,710
Rarawai	4931	1213	1,169,552
Labasa	5282	1768	1,700,372
Penang	1685	604	484,855
Totals	14,794	3876	3,856,489

The delay in RIE Application submissions could have resulted in FSC also delaying the payment of SDF grants to farmers for the two major planting windows in April to May and September to October.

There was no documentation maintained by the Ministry for the decisions made to defer the planting season in FY2017/2018, which would have delayed the submission of the RIE Application. There was also no documentation available on the decision for amendment to the Grant Agreement in the same year.

The Ministry³⁶ stated that the planting season does not coincide with the quarterly grant payment from Ministry of Economy which is causing delay in release of funds to farmers in a timely manner. The Ministry further stated that there are instances when the funds are released from Ministry of Economy, the process gets delayed for the payments to farmers for land preparation and cane planting.

³⁶ Exit meeting 11th November 2021

Grant acquittals are not being provided in a timely manner, causing further delay in payment

We observed that there is an absence of a timeline in the grant agreement for FSC to furnish the grant acquittals to the Ministry. The Grant Agreement only states that FSC must furnish acquittals before the next round of grant payment is due. It was revealed by the Ministry through an interview³⁷ that the absence of a documented due date/timeline for submission of acquittals by FSC, hindered the timely verifying and assessment of acquittals by the Ministry.

It was revealed by FSC³⁸ that situations do arise where the grants received for the previous quarter needs to be paid out to farmers before acquittals can be submitted by FSC. This process sometimes led to delayed submission of the grant acquittals to the Ministry.

Late payments can affect sugar cane targets

Late payments can affect the cane planting targets. The table below lists the cane production in tonnes for all farmers which shows that the target of 3 million tonnes of sugarcane was not achieved.

Table 4.6: Details of total cane production

Year	Cane production (tonnes)
2016	1,387,254.88
2017	1,631,420.64
2018	1,697,386.05
2019	1,806,571.54

The FSC stated³⁹ that there is possibility of smaller farmers to be affected due to the late release of funds as there may be lack of funds to continue with the land preparation which can affect the cane planting.

In addition, the Ministry has indicated⁴⁰ that there are also cases where farmers are not performing their part by preparing the land in the appropriate manner which results in rework and delays payment to them.

³⁷ Interview held with Ministry of Sugar on 7th April 2021

³⁸ Exit meeting 11th November 2021

³⁹ Exit meeting 11th November 2021

⁴⁰ Exit meeting 11th November 2021

The variances in the cane planting targets and actual area planted for the FY 2018/2019 are detailed in the following table:

Table 4.7: FY 2016/2017 Cane Planting Targets, Actual and Variances due to delay in SDF grant payments

Mills	Component	Code	Target Ha	Actual Ha	Variance Ha
Lautoka	Planting Inputs - Fallow	167	550	272	278
	Planting Inputs - Replanting	173	80	102	(22)
Rarawai	Planting Inputs - Fallow	167	770	747.4	22.6
	Planting Inputs - Replanting	173	560	130.2	429.8
Labasa	Planting Inputs - Fallow	167	994	735.5	258.5
	Planting Inputs - Replanting	173	100	369.3	(269.3)
Penang Mill	Planting Inputs - Fallow	167	3000	169.1	2,830.9
	Planting Inputs - Replanting	173	200	19.4	180.6
Totals			6,254	2,544.9	3,709.1

The actual hectares planted was only 41% of the targeted amount

Table 4.8: FY 2017/2018 Cane Planting Targets, Actual and Variances due to delay in SDF grant payments

Mills	Component	Code	Target Ha	Actual Ha	Variance Ha
Lautoka	Planting Inputs - Fallow	167 & 221	2000	605.4	1394.6
	Planting Inputs - Replanting	173&224	300	126.94	-305.4
Rarawai	Planting Inputs - Fallow	167 & 221	2316	1552.44	1710.6
	Planting Inputs - Replanting	173&224	430	212.98	-175.4
Labasa	Planting Inputs - Fallow	167 & 221	1302	1402	696.6
	Planting Inputs - Replanting	173&224	620	856.8	14.6
Penang	Planting Inputs - Fallow	167 & 221	664	493.8	58.6
	Planting Inputs - Replanting	173&224	150	9.2	-455.4
			7,782	5,259.56	2,938.8

The actual hectares planted was 68% of the targeted amount.

Table 4.9: FY 2018/2019 Cane Planting Targets, Actual and Variances due to delay in SDF grant payments

Mill	Component	Record Type	Target Ha	Achieved Ha	Variance Ha
Lautoka	Planting inputs - Fallow	321	1,000	859.5	140.50
	Planting inputs – Replanting	324	120	78.9	41.10
Rarawai	Planting inputs - Fallow	321	1,620	1452.7	167.30
	Planting inputs – Replanting	324	230	99.9	130.10
Labasa	Planting inputs - Fallow	321	2,115	1477.75	637.25
	Planting inputs – Replanting	324	750	977.1	227.10
Penang	Planting inputs - Fallow	321	600	513.1	86.90
	Planting inputs – Replanting	324	45	5.4	39.60
Totals			6,480.00	5,464.35	1,015.65

The actual hectares planted was 84% of the targeted amount.

The Ministry has indicated that it has incorporated the funding timelines in its Annual workplan for 2021/2022. The Ministry also ensured that it will take necessary steps to ensure grant payments to farmers are processed on a timely manner to avoid any repercussion.

The Ministry has commenced with reminder letters to FSC for timely submission of the grant acquittals which is a positive approach to ensure timeliness. However, a more stringent approach could also be explored to ensure timeliness in reporting of acquittals.

Recommendations

- The Ministry should improve its record management system to ensure that important decisions regarding the deferment of planting season is readily available. In addition, the Ministry should continue to monitor the timely delivery of acquittals by FSC to the Ministry.
- The Ministry should continue to liaise with Ministry of Economy and put up a strong case for the alignment of release of grant in line with cane planting season.

4.5 Monitoring of SDF Assistance at Farm Level

Monitoring of grant effectiveness at the farm level is limited

Adequate on-the-ground monitoring is needed to ensure deliverables and outputs are being achieved by growers. However, there is limited physical monitoring of assisted farms. This is a non-compliance to stipulated grant criteria as underlined in the grant agreement and annual work Program, as set out below:

First level of monitoring

FSC's Sector Team Leaders and SCGC's Senior Executive Officers will conduct the first level of monitoring on a daily basis.⁴¹

Second level of monitoring

Year	Criteria ⁴²
2016-2017	The second level of monitoring will be monthly audits on at least 10% of work done for the period by the FAMs. Joint monthly audits will also be carried out by the Ministry of Sugar Industry, the SCGC and FSC.
2017-2018	The second level of monitoring will be monthly audits on at least 10% of work done for the period by stakeholder representatives.
2018-2019	The second level of monitoring will be monthly audits on at least 10% of work done for the period by the ASMs.

Third level of monitoring

Year	Criteria ⁴³
2016-2017	The third level of monitoring will be quarterly audits on at least 5% of payments for the period by the Cane Development Manager.
2017-2018	Random audits to be performed by FSC Head Office accompanied by officials from Ministry of Sugar Industry.
2018-2019	The third level of monitoring will be quarterly audits on at least 5% of payments for the period by Team from MoSI or as decided by the National Steering Committee.

⁴¹ SDF Annual Work Program 2016- 2017 to 2018 - 2019

⁴² SDF Annual Work Program 2016- 2017 to 2018 - 2019

⁴³ SDF Annual Work Program 2016- 2017 to 2018 - 2019

Inadequacies found in first level monitoring

FSC sector team leaders and SCGC senior executive officers as stipulated in the grant agreement have not carried out systematic and consistent monitoring. Based on an interview held with Senior Agriculture Officer ⁴⁴FSC, we gathered that FSC sector team leaders randomly conduct farms visitations in their respective sectors. During the random visits, Sector team leaders fill grower visit cards with the following details:

- The date and purposes of visits
- commitments and next visit date

It was established during our audit that 16 or 44% of the 38 sectors have not been properly updating and maintaining grower visit cards. Factors leading to absence of growers visit cards as confirmed by sector officers are the relocation of sector offices, an old office with a leaking roof, a fire, and no proper handing over of documents during staff movement.

Table 4.10: Missing Grower Visit Cards (GVC)

Sector	Sector Number	Requested GVC	Total provided	Reason for missing Grower Visit Card
Drasa	111	8	4	Fire that destroyed the old buildings
Natova	115	5	3	Wet documents due to leaking roof
Cuvu	132	4	1	Relocation of sector office
Ellington I	411	4	0	Improper handing over of documents
Malau	412	5	0	Not provided when requested
Nanuku	413	3	0	Not provided when requested
Ellington II	414	2	0	Not provided when requested
Wailevu	312	2	0	Not provided when requested
Labasa	314	1	0	Not provided when requested
Natua	321	4	0	Not provided when requested
Bulivou	323	1	0	Not provided when requested
Varoko	211	2	0	Not provided when requested
Varavu	216	1	0	Not provided when requested

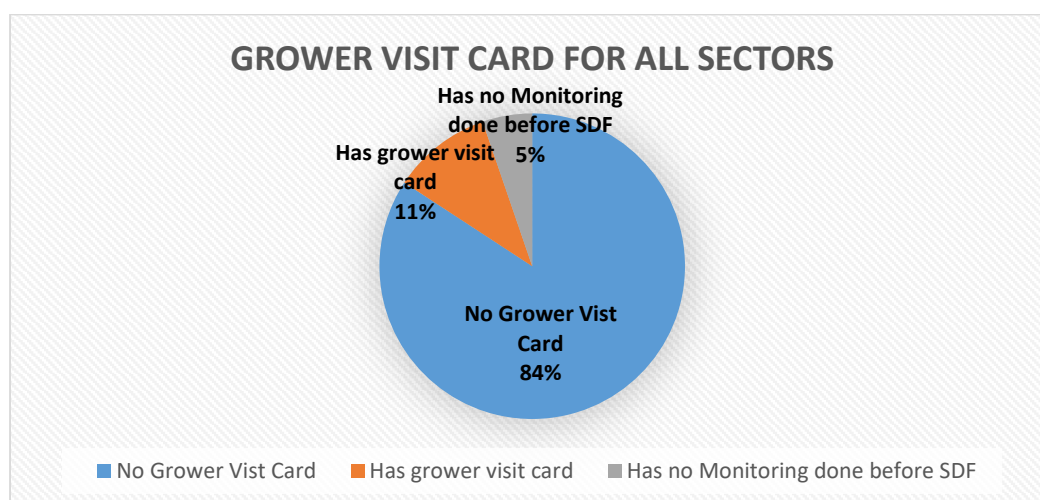
⁴⁴ Interview with SAO of FSC on 8th April 2021

Sector	Sector Number	Requested GVC	Total provided	Reason for missing Grower Visit Card
Yalodro	223	3	0	Not provided when requested
Naloto	217	4	0	Not provided when requested
Tagitagi	221	4	0	Not provided when requested

Source: FSC Sector offices interview and requests made on Grower Visit Cards

However, we reviewed the available grower cards on a sample basis and found that the next visit stated in the card to follow up on sector officer's recommendations were not performed in a timely manner. In most instances the delay was by several months. Refer to figure 4.6 and table 4.11 for details.

Figure 4.6: Grower visit cards availability and frequency of monitoring undertaken on farmers



Review of grower visits cards on sample basis also revealed that five grower visit cards had no dates for the next planned visit.

Table 4.11 Grower visit cards with no dates for next visits

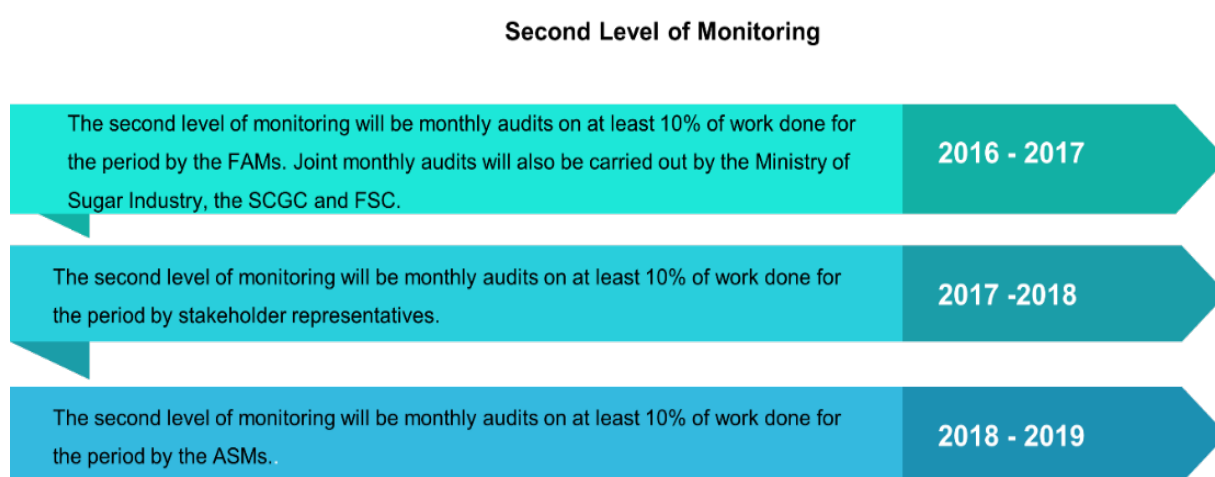
Growers Name	Farm No	Sector No	Last Visit Date	Next Visit Date
Grower A	2295	123	09.07.19	None
Grower B	5126/39	131	05.10.20	None
Grower C	9045	Nalotu	09.08.19	None
Grower D	22111	Mota	25.06.18	None
Grower E	321	Naloto	09.03.20	None

We were advised by FSC's Senior Agriculture Officer that Sugar Cane Growers Council also undertake its own daily monitoring of the SDF and submits its reports to its monitoring unit's

heads. However, SCGC detailed monitoring reports were not provided for audit verification for 2016-2019 however, activity reports were provided for 201/2020 which shows data for farms visited. In the absence of the detailed reports, adequacy of monitoring carried out and conformance to monitoring guidelines in the AWP as executed by SCGC, could not be determined.

Inadequacies found in second level monitoring

Figure 4.7: Second level of monitoring



We also confirmed through an interview with Senior Agriculture Officer at FSC Head Quarters that Farm Advisory Managers (FAMs) have undertaken the monthly audits on at least 10% of the Sugar Cane Planting⁴⁵. The FAMs discuss the results of the audit with the sector teams after audits are completed. However, copies of FSC monthly audit plans to execute the audits and the reports of the monthly audits completed were not provided to substantiate the statement made.

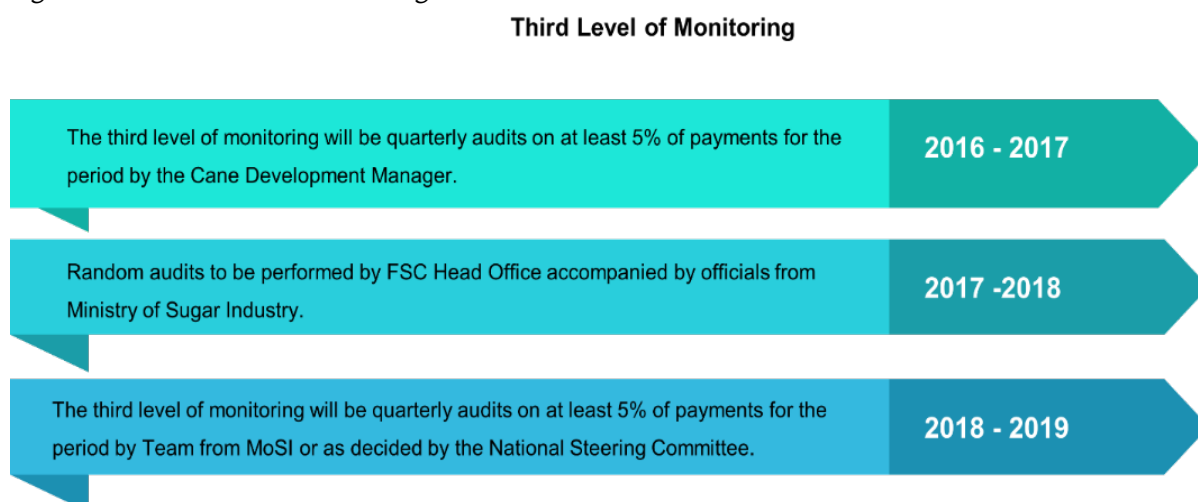
The absence of proper documentation has limited our scope to assess the effectiveness of these audit. Consequently, there is no basis for the Ministry or the FSC to confirm if the required number of audits were carried out and actions taken on any recommendations made in the reports prepared.

We were also no provided necessary documentation to confirm that joint monthly audits were carried out by SGSC, FSC and the Ministry and reported as required for second level monitoring for the financial years 2017/2018 and 2018/2019 .

⁴⁵ Interview held with Senior Agriculture Officer FSC on 8th April 2021

Inadequacies found in third level monitoring

Figure 4.8 Third level of monitoring



From our observations we noted the following anomalies for the third level monitoring:

- monitoring reports were not made available to the auditors to confirm that quarterly audits were performed on at least 5% of total grant payments to farmers by the Cane Development Manager for the period 2016/2017 financial year;
- no monitoring reports were provided to confirm that random audits were performed by FSC heads and officials from the Ministry for 2017/2018 financial year; and
- monitoring target of 5% was not achieved by MoSI's monitoring team for 2018/2019 financial year

Lack of systems, processes and resources to support effective monitoring

FSC has not adopted a technology-based monitoring and reporting system, and is still relying upon the manual method of recording/reporting.

A detailed monitoring plan has not been prepared by FSC to clearly state weekly, monthly or yearly targets for the monitoring of farms. This has provided avenues for the sector officers and FSC head office staff to perform monitoring on an 'ad hoc' basis.

Absence of collaboration and use of a coordinated approach among stakeholders has also contributed to the non-performance of the third level monitoring by the Ministry.

The Ministry has a two-member monitoring team which also performs other responsibilities relating to grants administration apart from monitoring. From our discussions with Ministry

officials, we were advised of the lack of capacity in the Ministry to perform adequate monitoring⁴⁶.

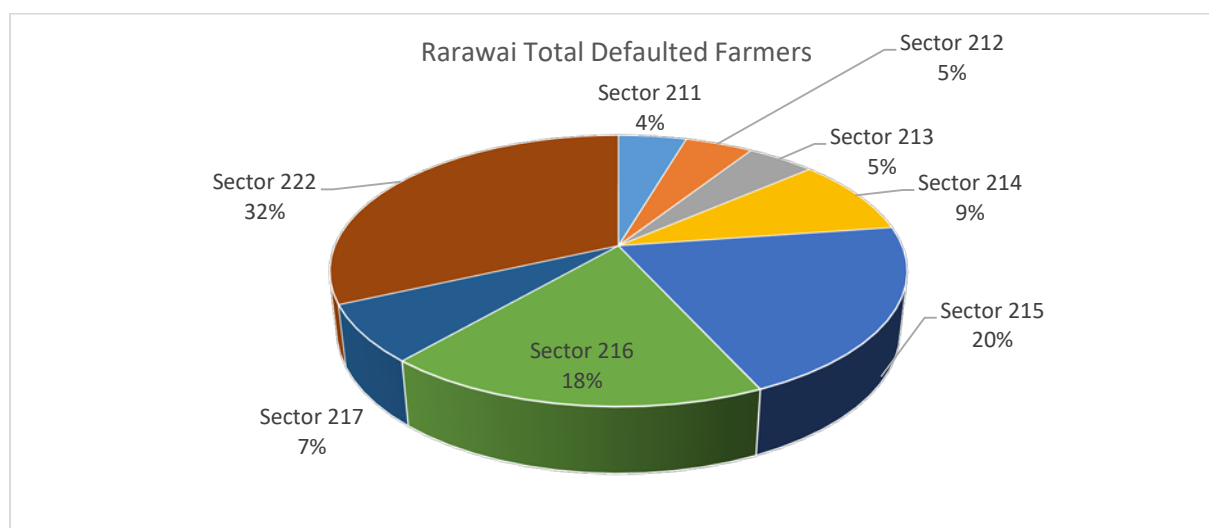
There is also an indication that the Ministry has not been active in ensuring monitoring targets are being met by the stakeholders. We could not sight any documentary evidence that indicates that the stakeholders have been informed of the non-achievement of monitoring targets.

FSC has stated⁴⁷ that it has commenced with technology-based monitoring from 2021 where tablets are given to the officers to perform monitoring of the use of grant funds. FSC also stated that there are hiccups that is being encountered using technology-based monitoring where lack of networks at some farms hinders the use of the technology.

A lack of monitoring means missed opportunities to provide support to underperforming farms

Absence of adequate monitoring can have negative impacts on the deliverables of output by the growers. FSC identified 63 farmers who received funding but did not prepare their farm land for cane replanting or no replanting was carried out. The list for farmers falling into this category was normally referred to as the defaulted farmers. Refer diagram below for the details of the defaulted farmers.

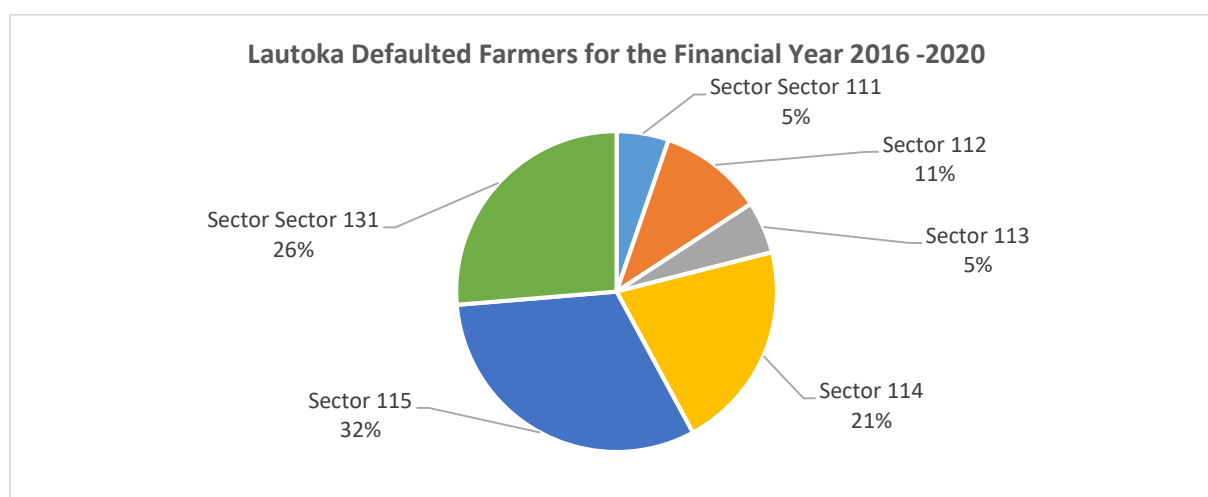
Figure 4.9: Rarawai Total Defaulted Farmers for the FY 2016 - 2020



There were 44 defaulted farmers for the Rarawai Mill sectors who did not plant cane a total of 36.6 hectares after receiving grants.

⁴⁶ Interview with Senior Economic Officer MoSI on 9th April 2021

⁴⁷ Exit meeting 11th November 2021

Figure 4.10: Lautoka Total Defaulted Farmers for the FY 2016 – 2020

Due to lack of replanting of unused cane land assisted by these defaulting farmers, 58 Hectares of cane planting was lost which is equivalent to \$84,630. Discussion with FSC revealed that SDF funds lost due to lack of planting will be recovered through deduction from these farmer's cane proceeds.⁴⁸

The FSC has stated⁴⁹ that previously it had no legal powers to recover the grant funds which were used inappropriately. However, now a clause has been incorporated in the grant agreements which is signed with farmers for the recovery of the grant funds which are not used appropriately. FSC further stated that farmers who were identified to be defaulted were given until end of October 2021 to plant before the recovery process commences.

Time and effort has been lost due to lack of adequate monitoring of these farmers.

The Ministry indicated that a well-structured monitoring plan will be developed to ensure adequate monitoring is in place.

The Ministry also indicated that it lacks sufficient monitoring staff and has requested additional staff through its yearly budget submissions to Ministry of Economy in 2018/2019, 2019/2020 and 2021/2022.

Recommendations

- The Fiji Sugar Corporation should develop a well detailed monitoring plan that is aligned to the SDF grant agreement and annual work program monitoring criteria.

⁴⁸ Interview held with the Senior Agriculture Officer FSC on 12th April 2021

⁴⁹ Exit meeting 11th November 2021

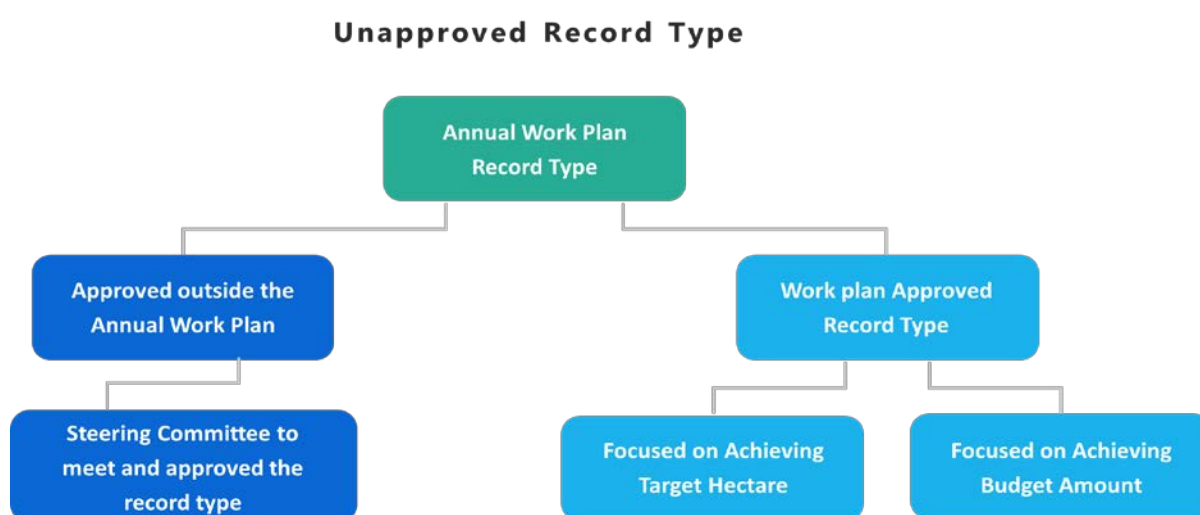
- The Ministry should monitor stakeholders' monitoring responsibilities regularly and should consider incorporating monitoring reports as requirements for the grant acquittals, before the next quarter grant is released to FSC and other stakeholders.
- The Ministry should consider adopting a technology-based monitoring system for farm monitoring and could pursue exploring cost benefit analysis for a GIS system for tracking changes on the farms as a means of efficient monitoring.
- The Ministry should also be fully resourced so that the investment made in cane farms provide the desired returns through active monitoring, evaluation and reporting.
- The Ministry should put into place necessary processes so that funds recovered by FSC from farmers who did not properly utilise the funds provided by government are refunded to the grant account.

4.6 Absence of documentary approval for grant payments not in Annual Work Plan

A proportion of grant payments are being made outside the agreed process

Any payments outside the Annual Work Plan of the Sugar Development Fund will have to be approved by the Project Steering Committee.⁵⁰

Figure 4.11 Process for approval for Record type outside Annual Work Plan



Source: Interview held with the SAO FSC

It was noted that transparency was lacking in relation to some payments from the SDF grant funds, which were not part of Annual Work Plan for the 2016 to 2019 financial years. These payments accounted for 3% of total expenditures incurred in 2016, 7.09% in 2017/2018 and

⁵⁰ Email communication with Senior Accounts Officer – Ministry of Sugar Industry

1.51% in 2018/2019. We were not provided with documentary evidence to support the reallocation of the grant funds to different record type. Details of the expenditure that were incurred from the grant funds which were not specified in the Annual Work Plan is detailed below.

Table 4.12: 2016 - 2017 Unapproved Expenditure

Record type	Amount	Hectare
Cane Planting	125,365	200.32

Table 4.13: unapproved record types 2017 – 2018

Record Type	Amount	Hectare
Crop Rehabilitation	9,420.00	62.8
Labor for TC Winston Affected areas	41,900.00	207.5
Aglime	96,441.00	226.92
Replanting	2,100.00	2.8
Replanting land preparation	1,050.00	1.4
Fallow Cane planting	329,875.00	263.9
Fallow Land preparation	195,250.00	156.2
Rehabilitation Fallow	4,000.00	4
Aglime (Vanua levu)	124,127.00	263.42
Labor	41,720.00	206.6
	845,883.00	1395.54

Table 4.14: Unapproved record types for 2018 – 2019

Record type	Amount	Hectare
Cane Planting Grant 2018-2019	6,078.74	19.49
Cane Planting Grant 2018-2019 – Weedicide	715.50	15
Cane Planting Grant 2018-2019 – Fertilizer (Blend B)	7,420.00	30.92
Cane Planting Grant 2018-2019 Fertilizer Blend A	2,540.00	1253
Cane Planting Grant 2018-2019 – Seed cane	6,960.00	23.2
Aglime – SPF	44,692.18	94.09
Aglime – Vanua levu	127,996.80	436.06
	196,403.22	1871.76

The Ministry has stated⁵¹ that there were only few staffs at the Ministry and there may be possibility that proper processes may not have been followed to obtain necessary approval for the re-allocation.

FSC stated⁵² that funds were utilized from within the total allocation for the grants.

While it is worth noting that the funds were re-aligned to priority areas which was affected by Cyclone Winston, this does not in any means provides justification for lack of proper approval and documentation. Funds may have been re-aligned without appropriate approvals and this pose risk of diverting funds to areas which may not meet the objective of the grant.

The Steering Committee minutes were sighted from year 2020 which now indicates that the discussions and decisions are now properly recorded. The Ministry further assured⁵³ that it will maintain trail of all approvals for any payments made outside the Annual Work Plan.

Recommendations

- Any deviation to the expenditures of grant payments as approved in the Annual Work Plan should be appropriately approved and documented.
- Record management system should be improved to ensure that all pertinent records including the minutes of the Steering Committee is properly maintained.

⁵¹ Exit meeting 11th November 2021

⁵² Exit meeting 11th November 2021

⁵³ Exit meeting 11th November 2021

5.0 CHAPTER THREE: MONITORING OF THE SDF GRANT

5.1 Lack of clearly defined accountability mechanisms

The Ministry is not effectively ensuring that FSC is accountable in its implementation of grants

During our review of documents and through our discussions with key Ministry personnel we were unable to establish the accountability arrangements that linked with the key objectives of the grant.

Accountability arrangements should relate to the effectiveness of the grant program and address its aims and objectives as well. The grant recipient, the grant administrator and implementing agency all have critical roles in achieving the aims and objectives of the grant program, and are accountable for the achievement of the overall objective of the grant.

Thus accountability can be enhanced with the provision of reports, which should clearly reflect the output against the objectives of the grant, and how the grant administrators and recipients performed against the specific objectives.

Reporting against grant expenditure is limited to acquittals

Based on the review of documentation, reporting requirements of grant administration and monitoring were not specified. FSC was only required to provide acquittals to the Ministry for grant expenditure, which was stipulated in the grant agreement. This was the only formal means of reporting against the grant expenditure.

During our audit we could not identify any reports prepared subsequent to monitoring of the grants to analyse the performance of the grants against specified objectives for the period under review - 2016, 2017/2018, and 2018/2019. Our discussion with the grants monitoring team on 08/04/21 also confirms absence of an appropriate grant monitoring report.

The absence of a Grant Administration and Monitoring framework could be a significant factor contributing to the absence of accountability and annual reporting of grant performance against the objectives of the grant.

We also noted absence of clear KPIs of the monitoring team linked to the objectives of the grant for grant administration and monitoring which contributed to lack of reporting of grant funds according to its objectives.

However, we noted that the Ministry has commenced with the preparation of an Annual Monitoring Report in 2021 for the year 2019/2020, stating issues found from site visits, recommendations for policies, and for improvement. A Capital Grants Update Report was also prepared in 2021, which reports on the achievement of targeted hectares planted. The prompt action of the Ministry in this regard is commendable.

Recommendations

- ✚ The Ministry should include in the grant administrative and monitoring framework requirement for reporting to the grant providers on key aspects of grant administration and monitoring;
- ✚ Standard Operating Procedures/Manual should include detailed methods of reporting to the grant providers on how grants have been administered and monitored, and should detail the output from the grant against the key performance indicators of the grant.

5.2 Ministry of Sugar SDF Grant Monitoring Plans and Strategies

The Ministry lacks any formal approach to oversight grant administration systems and processes

Directly or indirectly, agencies remain publicly accountable to Parliament for the value for money achieved from their grants even after they have been paid.

Effective monitoring is an essential element of any successful grant scheme. At one level, it provides assurance that all conditions attached to grants have been met, while at another it indicates how worthwhile individual grants have been and provides a basis for refining the grant scheme.

The Ministry of Sugar Industry has not performed an independent oversight on the processes and systems of grant processing and payments to farmers which FSC has implemented since the inception of the grant in 2014.

Monitoring is often best decentralized to local offices. However, there are risks that a monitoring system may not be implemented consistently, so set standards for frequency, consistency and quality of monitoring and ensure that these are met at all locations; and review the scope and completeness of the monitoring actually carried out and watch for any backlog of unmonitored cases.⁵⁴

The Ministry as the government's direct representative in the Ministry provides regulatory and supportive roles in the Sugar Industry. In its role as administrator of government grants, the Ministry is expected to play a significant part in monitoring these funds to ensure the accountability of the implementing agency, and the achieving of the grant's objectives.

We could not sight any evidence to indicate that the Ministry has undertaken random verification of grant records at any of the 38 FSC Sector Offices and its Headquarters, since the inception of the grant in 2014. These sector offices are spread over the Western Division from Sigatoka to Rakiraki, and in Labasa in the Northern region. We gathered from our interview with the Ministry, that there are no strategies in place to review the scope and completeness of the monitoring carried out by the FSC on the SDF grant application processing⁵⁵ at the sector offices, and the subsequent release of payments at FSC headquarters.

Figure 5.1: Monitoring of SDF Administration



⁵⁴ Best Practice Guide for the Administration of Grants - 4th Edition, December 2013 pg.19 (Department of Treasury and Finance, Tasmania, Australia)

⁵⁵ Senior Accounts Officer, Ministry of Sugar

The Ministry of Sugar rely on FSC for the implementation of the SDF grant program. Ministry staff have not performed random checks to observe and ensure that criteria set out in the Annual Work Program is followed by FSC Sector Officers, when processing applications and awarding SDF grants.

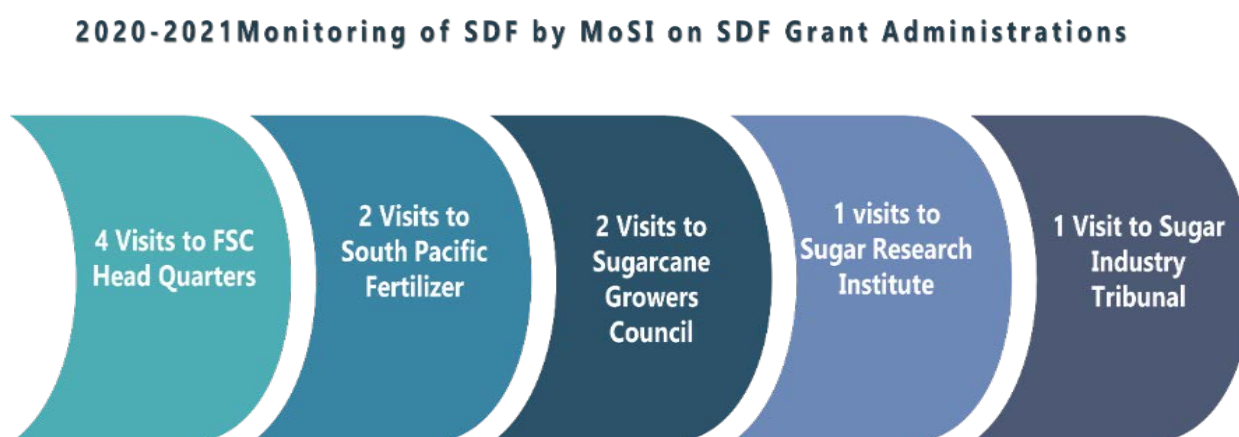
Separate records are not maintained for Grant assisted farmers for efficient monitoring

The Fiji Sugar Corporation or the Ministry does not maintain a separate database for assisted farmers which could show the output from these farmers. According to FSC, a master file for all the farmers is maintained. Lack of these record means that assisted farmers cannot be monitored for the output they have contributed to the total sugar production. This information and monitoring is vital for grant assessment.

FSC stated⁵⁶ that while a separate database is not maintained for the assisted farmers, an extract of total farmers production can be made from the system. However, FSC further advised that it will be difficult to determine the production from the assisted fields since the data is maintained per farm and assistance is provided for hectares.

The Ministry has advised us that they have recently developed a monitoring plan and have started random checking of applications and acquittals at the beginning of the financial year 2020/2021 at FSC Head Quarters. These visits included randomly checking SDF records and testing whether processes were followed and that criteria were adhered to when awarding grants. The Ministry has undertaken 10 spot checks for the first three quarters in the FY 2020-2021 for five of its institutional stakeholders and grant recipients. This is a positive approach by the Ministry towards ensuring proper accountability and transparency in grant administration process.

⁵⁶ Exit meeting 11th November 2021

Figure 5.2: Monitoring of SDF grant by MoSI for FY 2020-2021

As a result of lack of processes, there are critical gaps in the Ministry's oversight of these grants

Grant processing documentation at critical stages of the grant process were found to be significantly lacking. For example, no documentation was provided on assessment of whether a grower meets the criteria set out in the Annual Work Plan, missing grant agreements for growers who received assistance, which are also detailed in this report.

Assurance on the effectiveness and efficiency of grant processing and payment methods and systems was not obtained independently. This indicates that the Ministry was dispersing funds to FSC without the assurance and knowledge of whether these grants were awarded and processed fairly and transparently during this period (2014-2019), and whether there was adequate documentation of this process. This has significantly impacted the transparency and accountability of SDF grant administration.

Ministry has commenced visiting FSC for monitoring onsite from the year 2020-2021. The deficiencies arising from the site visits are communicated to the relevant stakeholders

Recommendation

The Ministry should gather relevant information from the site visits and revisit its processes and procedures for improvement.

5.3 Documented SOP for SDF Grants Assessment

Grants assessment processes are deficient

SDF grant applications processing and approval lacked critical internal control measures to reduce the risk of collusion, and prevent approval of grants for farmers not focused on meeting grant objectives.

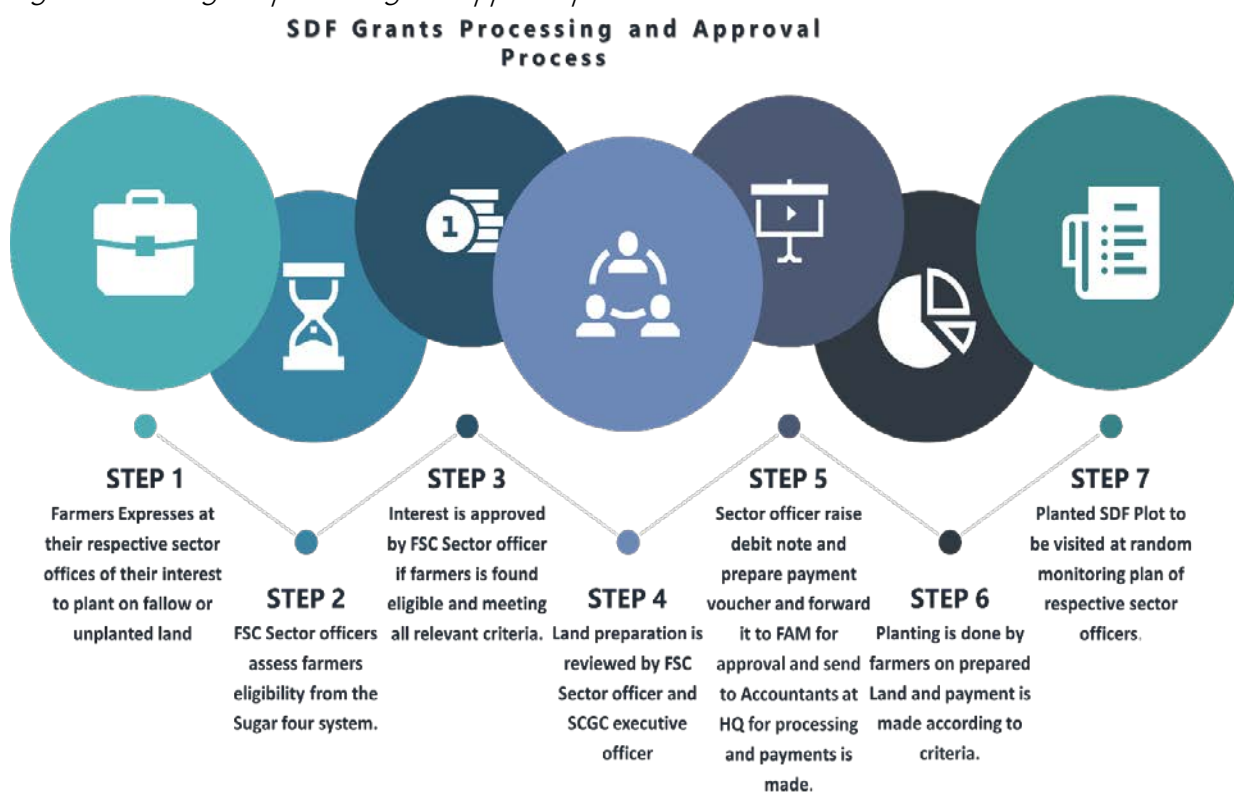
The implementation process for the grant...: 1. Awareness with farmers through group meetings; 2. Discuss technical notes and basis of payments; 3. Signing of grant Agreement...; 4. Farmer to advise sector office upon completion of planting. This has to be verified within two weeks of receiving the farmer's report; 5. Raise work order for the actual area successfully planted and process payment within two weeks after verification; 6. Process payments within three weeks after verification; 7. Monitor planted fields and provide periodical reports of the same.

Farmers who had planted sugarcane before the date of execution may also be considered for the grant provided, they fulfil the following terms and conditions: - b) Possess a lease term of more than 2 years...Nil-producers and new farmers (registered in 2017) are eligible for a maximum grant of 1.0 Ha.⁵⁷

During our review of processing of SDF grants, we could not sight any documentation, which indicated that farmers had lodged grant applications to register their interest. Instead, farmers verbally communicated to their respective FSC sector officers about their interest. Upon receipt of these verbal requests, sector officers assessed growers' grant eligibility directly from the FSC's system/database, and made the necessary approvals. Upon approval, a grant agreement is then signed with the grower.

⁵⁷ SDF Annual Work Program 2016_2017_Implementation, Pg. 9

Figure 5.3: SDF grant processing and approval process



Source: SDF Grant processing procedures followed by FSC sector officers.

Review of 44 grant processing samples also revealed cases where grants were approved for farmers who did not meet all the criteria in the Annual Work Plan, such as the lease term criteria. These details are in the table below:

Table 5.1: Grant recipients not meeting the lease term criteria:

Year	Sector No.	Farm No.	Expiry of Lease Term	Status
2018 - 2019	115	949	2004	Expired Lease
	111	10	2017	Expired Lease
	111	9069	2018	Expired Lease
	111	09	2017	Expired Lease

We also noted that a farmer from the abovementioned table was a 'nil producer' in 2018, and was therefore only entitled to be assisted for 1.0 hectare. However, the farmer was assisted instead for two farms, the first for 2.9 hectares, and the second for 0.4 hectares.

We also observed lack of segregation of duties in terms of receipt and process of grant applicants. These important tasks are performed by sector officers thus eliminating the primary review and oversight of the selection process.

Lack of documentation of applications from farmers eliminates a documentary trail for grant application and removes accountability of farmers for assistance provided by government. Consequently, this raises questions on the transparency of the SDF grant application process.

Disregarding conditions set for selection of grant recipients indicates inconsistency in processing of applicants and may lead to a lack of trust in the personnel managing the grant.

The audit findings highlighted above indicate that the risk of collusion and favouritism in processing of grant applications is high.

The Ministry has indicated that it will ensure the full compliance of the processes in the SOP.

Recommendations

- The Ministry of Sugar should ensure that the application process for the grant is transparent and that each critical stage of the process is supported with documentary evidence. Additionally, the Ministry should engage with FSC to strengthen all aspects of the grant application process.
- The Ministry should be firm on the procedures to be followed for selection of grant recipients, and perform regular checks to ensure these are adhered to, with any deviation(s) to be explained by FSC.

6.0 CHAPTER FOUR: GRANT REVIEW AND EVALUATION

6.1 Review, evaluation and performance reporting

The Ministry is not evaluating the Sugarcane Development and Farmers Assistance Grant Program Effectively

There was no evidence to indicate that the Ministry has carried out a review and evaluated the results of the review to determine the effectiveness of the SDF Grant program. Such reviews and evaluations would have been beneficial to the Ministry and to the grant providers to assess whether the objectives of the grant program are being met.

The grant program should be reviewed periodically against the predetermined aims and objectives. This review can also consider whether these objectives remain relevant in the light of overall Government policy. The emphasis of this Section is on reviewing achievements in implementing policies. There is a direct link between planning and review and, as far as possible, they should be considered together. The review must take into account any unforeseen impacts - favorable and adverse - on the economy, efficiency and effectiveness of the scheme. It is good practice to:⁵⁸

- prepare annual evaluation plans in respect of all grant schemes;
- evaluate grant schemes regularly; and
- integrate evaluation into normal grant management.

Our review of the Grant agreement has revealed that there is no requirement for a review and evaluation of grant program consequently, resulting in an absence of a process for review and evaluation.

During audit⁵⁹ it was confirmed by the Ministry that it does not have a review and evaluation plan for which it would evaluate and review the effectiveness, efficiency and overall economic administrations and implementation of the SDF grants by FSC.

The Ministry has indicated that it will incorporate review, evaluation and performance reporting in 2021/2022.

⁵⁸ Best Practice Grant Administrations_ <https://www.treasury.tas.gov.au>

⁵⁹ 7/4/21

Grant monitoring reports are incomplete

Request made for quarterly monitoring reports submitted to Director of Sugar showed incomplete reports as tabulated in the table below.

Table 6.1: Grant Monitoring Reports by Ministry of Sugar

Financial Year	Quarterly Reports Provided	Quarterly Reports Not Provided
2016 - 2017	None	All
2017 - 2018	None	All
2018 - 2019	Quarter 1,2 and 4	Quarter 3
2019 - 2020	Quarter 4	Quarter 1,2 and 3

We also enquired with FSC SAO HQ who also confirmed that no review and evaluation report was prepared during the term of grant for the grants dispersed. FSC sector officers prepare and submit extension reports to FSC headquarters on weekly and monthly basis. However, we noted that the reports are not consolidated and lacks relevant data and results which could be perused for evaluation of SDF grants.

While the Ministry has two dedicated staff to perform grant monitoring, our audit found that review and evaluation was not part of their job description. We have also not identified any form for the of appraisal process grant utilization in place.

There are various reports that are prepared by FSC such as extension reports, harvesting reports and cane production report. However, these reports are not consolidated in form of a report for analysis purposes.

In absence of review and evaluation of the grant program, there will be no means to determine if the scheme is relevant in line with the current Government policy. In addition, accountability and transparency will not be effective where holding relevant authorities accountable for the results may not eventuate.

Improvements that could have been otherwise determined through an appraisal process will be left unknown which can have a greater impact on the objective of the grant program.

The Ministry will not be able to effectively monitor the results of the grant program when it does not review and evaluate the results of the assistance provided through the grants. This means that it will be difficult to assess if the objective of the Government policy on sugar cane

development program is being met. Accountability and transparency will diminish in absence of the review and evaluation function as well.

6.2 Assessment of grant program performance

The Ministry is not reporting performance against grant objectives and expected outcomes

The Ministry of Sugar does not have a robust system to assess and use results to provide evidence of program success, and identify ways to improve program performance.

Measuring the results of a program can provide evidence of its successful performance against goals and objectives. Program results information is important for making budgetary and programmatic decisions. Program managers can use program results information to defend their programs against budgetary challenges and make decisions on resource allocation.⁶⁰

It has been confirmed by the Ministry that it did not have a review and evaluation plan to evaluate the performances of FSC on how it has administered and implemented the SDF grant, to ensure that the objectives of each SDF grant component was met.

A review was done of Grant Utilisation Reports provided by the Ministry, against the Annual Work Plans for the fiscal years 2016/2017, 2017/2018 and 2018/2019. However, this review is not considered adequate and comprehensive for evaluation against the grant program.

SDF Targets and Actuals for the period 2016-2019

For the financial year 2017-2019, a sum of \$39.8m of SDF grant allocation were provided to FSC which had the following five specific objectives to achieve, as listed below.

Cane Replanting Analysis

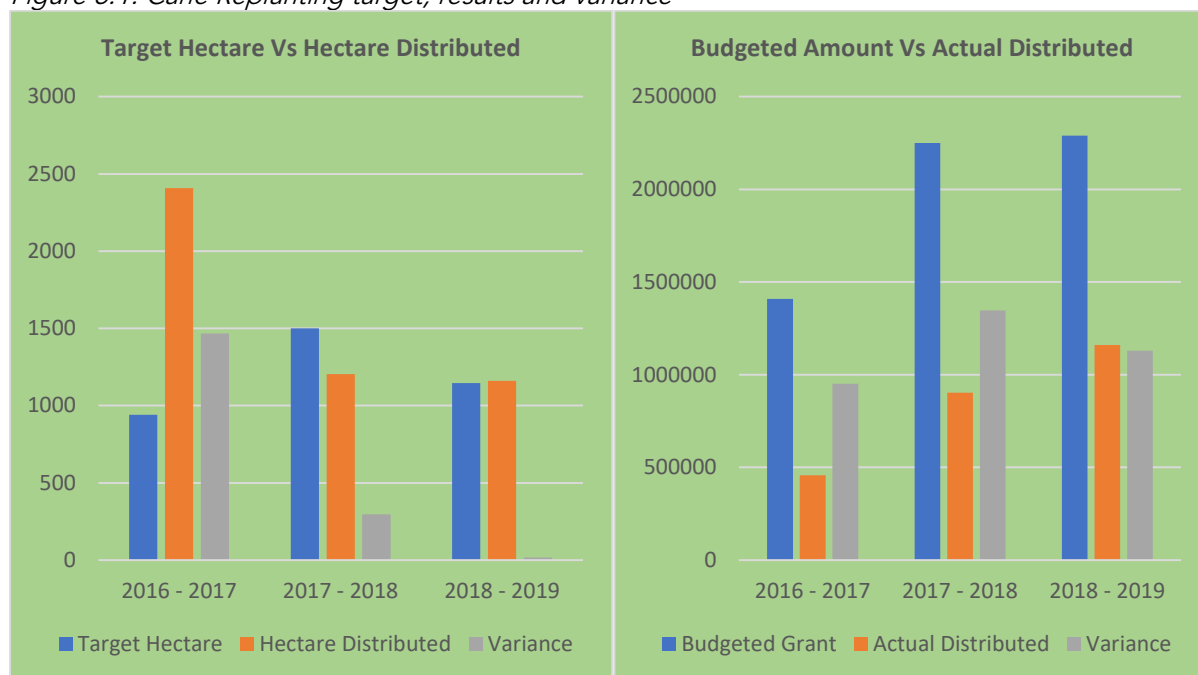
The objective of this grant was to plough out 3,585 hectares of uneconomical ratoon crops in the period 2017-2019.

⁶⁰ Guide to Opportunities for Improving Grant Accountability 2005 by the Comptroller General of the United States' Domestic Working Group.pg.30. Extracted from https://www.nsf.gov/oig/pdf/Grant_Accountability_Guide_1005.pdf

Table 6.2: Cane Replanting Target and Results for the FY 2017 - 2019

Year	Target Hectares	Hectares Distributed for planting	Variance	Budgeted Grant (\$)	Actual Grant Utilised	Variance
2016 - 2017	940	2,407	1,467	1,410,000	458,048	951,952
2017- 2018	1500	1202.98	297.02	2,250,000	903,405	1,346,595
2018 - 2019	1,145	1,161.3	-16.3	2,290,000	1,161,300	1,128,700
Total	3,585	4,771.28	1,780.32	5,950,000	2,522,753	3,427,247

Source: Grant Utilisation Report 2016/2017 and the 2018/2019 Annual Work Program

Figure 6.1: Cane Replanting target, results and variance

Cane replanting had a target of 3,585 hectares between 2017 – 2019. Total of 4,771.28 was distributed which was more than the budgeted amount.

However, Our analysis show that grant utilization for Cane Replanting was significantly low. We noted from our analysis that only 42% of the Cane Replanting allocated grant was utilized in the period 2017-2019.

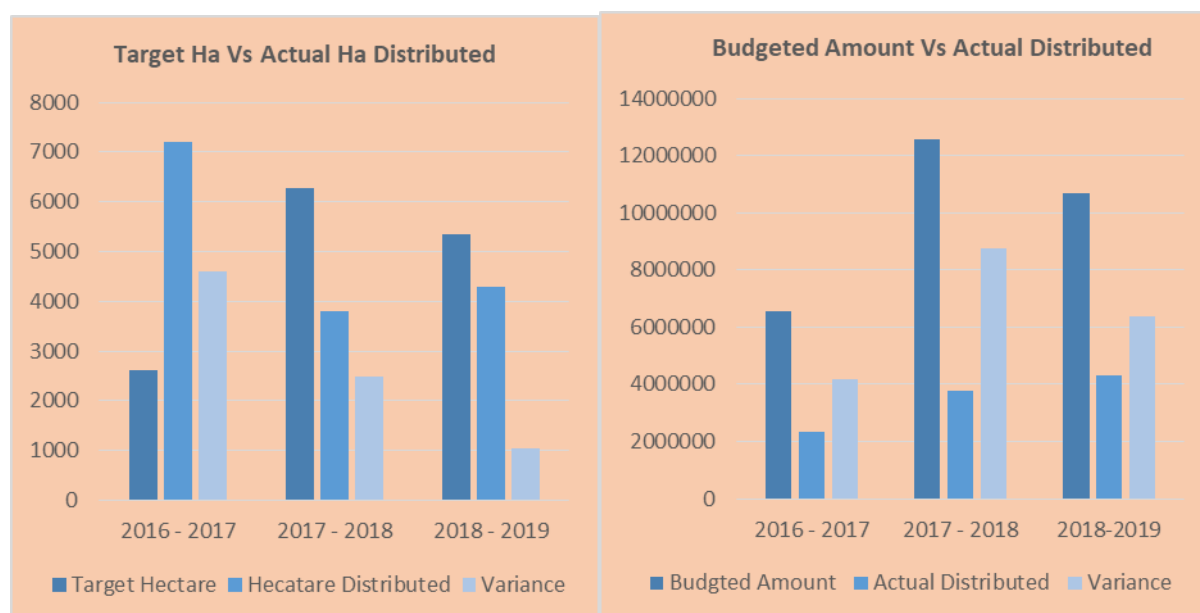
Fallow Cane Replanting

The objective of this grant was to bring 14,231 hectares of fallow land into sugarcane production in the period 2017-2019.

Table 6.3: Fallow Cane Replanting Target and Results for the FY 2017 - 2019

Year	Target Hectares	Hectares Distributed for planting	Variance	Budgeted Grant	Actual Grant Utilised	Variance
2016 - 2017	2,614	7,213	4,599	\$6,535,000	\$2,344,600	\$4,190,400
2017 - 2018	6,282	3,789.74	2,492.26	\$12,564,000	\$3,790,490	\$8,773,510
2018 - 2019	5,335	4,302.75	1,032.25	\$10,670,000	\$4,302,750	\$6,367,250
Total	14,231	15,305.49	8,123.51	\$29,769,000	\$10,437,840	\$19,331,160

Source: Grant Utilisation Report 2016/2017 and the 2018/2019 Annual Work Program

Figure 6.2: Fallow Cane Replanting target, results and variance

Based on our analysis we noted that significant amount of Sugarcane Development grant was allocated to address the fallow land where the objective was to bring 14,231 hectares of fallow land into production. Over the period from 2017 -2019 a total of 15,305.49 hectares were distributed for planting which is 1,074.49 more than the budgeted hectares over the three-year period. While, this can be seen as a satisfactory achievement for the Ministry and stakeholders working in collaboration, we also noted at the same time that unutilized grant was 64.9% of the total budgeted grant which appears to be significantly high for the three-year period.

This could indicate that Ministry and the stakeholders is yet to reach out and convince the maximum growers towards sugarcane farming. This could be attributable to lack of resources the Ministry and FSC may have to deal with this situation.

Addressing soil acidity with Aglime

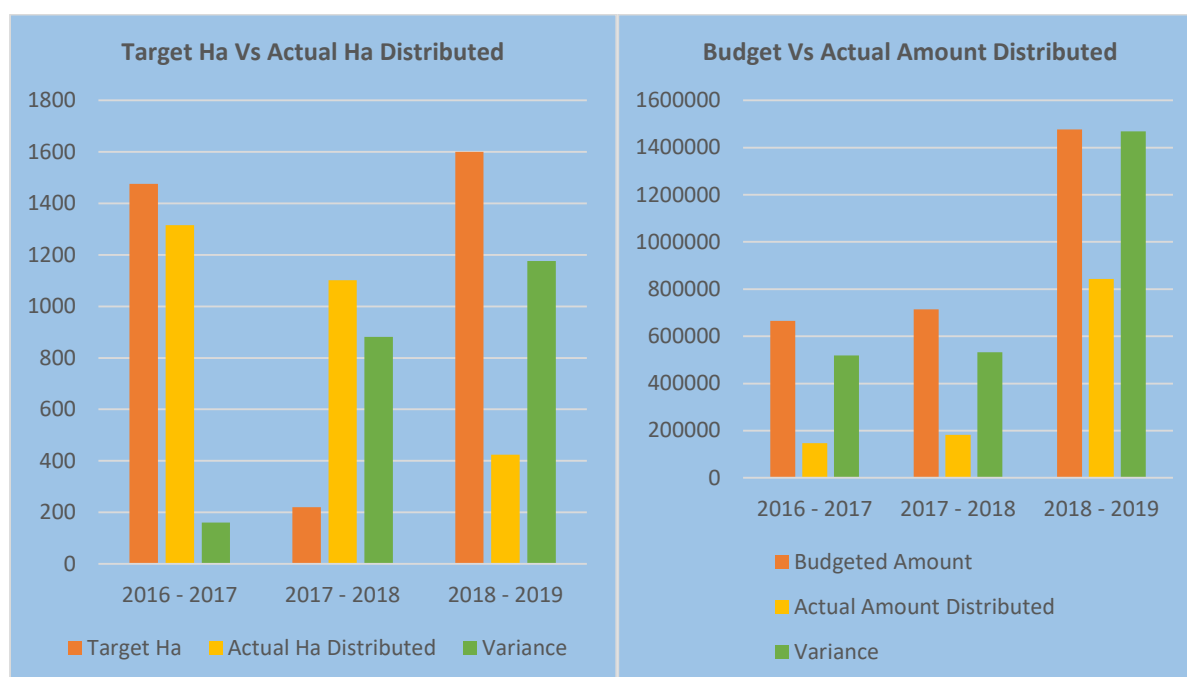
The objective of this grant was to address the issue of soil acidity through application of Aglime (1 ton/ha) in the furrows during planting.

Table 6.4: Aglime Application Target and Results for the period 2017 - 2019

Year	Target Hectares	Aglime Distributed for planting	Variance	Budgeted Grant	Actual Grant Utilised	Variance
2016 - 2017	1,476	713.74	763.26	\$665,606	\$146,561	\$519,045
2017 - 2018	220	1,101.42	881.42	\$97,000	\$514,569	(417,569)
2018 - 2019	1600	423.84	1176.16	714,000	181,974.30	(532,025.70)
Total	3,296	2840.26	2,218.58	1,476,606	843,104.30	\$633,502

Source: Grant Utilisation Report 2016/2017 and the 2018/2019 Annual Work Program

Figure 6.3: Aglime target, results and variance



86% of the budgeted hectares were distributed. However, 43% of available grant was not utilized during 2017-2019.

Bulldozing Work

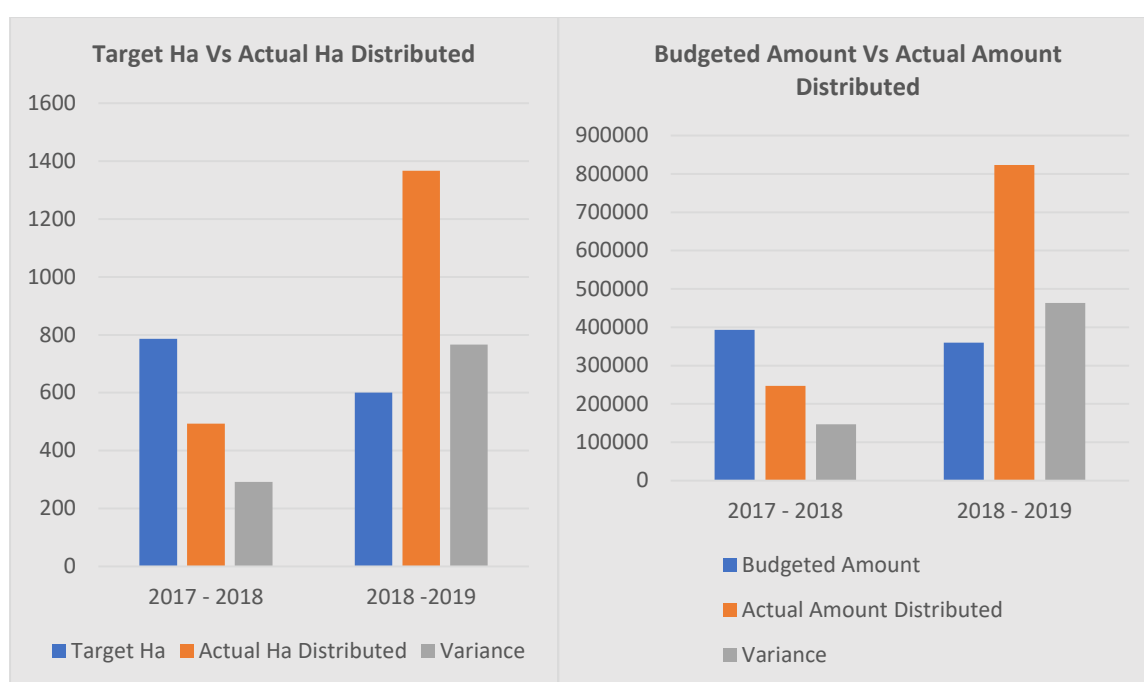
The objective of this grant was the hire of bulldozers to clear heavy vegetation on long fallow land for an average of 4 hours at \$150 per hour.

Table 6.5: Bulldozer works Target and Results for the period 2017- 2019

Year	Target Hectare	Distributed for planting	Variance	Budgeted Amount (\$)	Actual	Variance (\$)
2017 - 2018	786	493.70	292.30	393,172	246,850	146,322
2018 - 2019	600	1,366.46	(766.46)	360,000	823,260	(463,260)
Total	1,386	1,860.16	1,058.76	753,172	1,070,110	609,582

Source: Grant Utilisation Report 2017/2018 and the 2018/2019 Annual Work Program

Figure 6.4: Bulldozing target, results and variance



Bulldozer works exceeded the grant utilization target and the budgeted grant amount by 134% and 142% respectively. This indicates that the planning for the budget for bulldozer works has not been carried out effectively.

Rehabilitation of Ratoon Crops

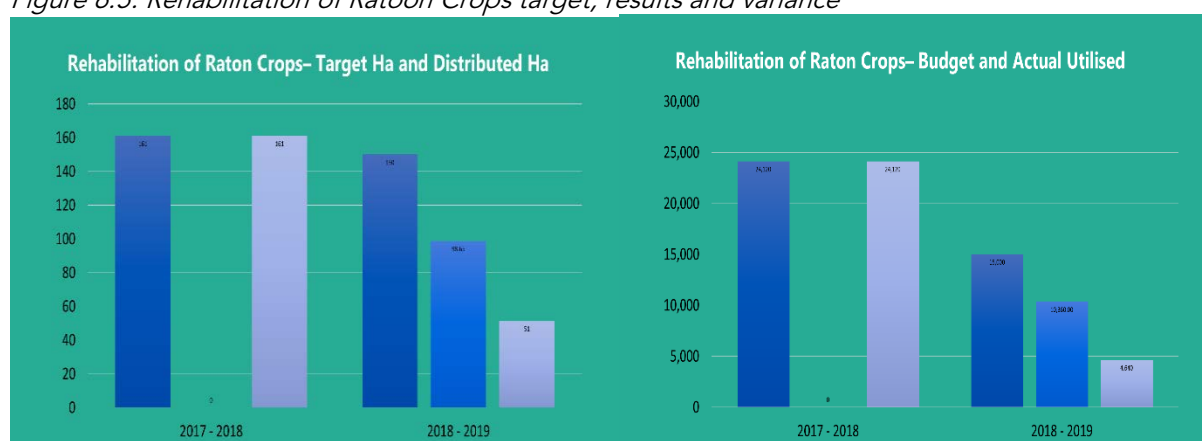
The objective of this grant was to rehabilitate 311 hectares of ratoon cane for the period 2018-2019

Table 6.6: Rehabilitate of ratoon cane target and results for the period 2018 - 2019

Year	Target Hectare	Distributed for planting	Variance	Budgeted Amount (\$)	Actual (\$)	Variance (\$)
2017 - 2018	161	0	161	24,120	0	24,120
2018 - 2019	150	98.65	51.35	15,000	\$10,360	\$4,640
Total	311	98.65	212.35	39,120	10,360	28,760

Source: Grant Utilisation Report 2017/2018 and the 2018/2019 Annual Work Program

Figure 6.5: Rehabilitation of Ratoon Crops target, results and variance



Our analysis shows that only 26% of the grant was utilized for rehabilitation of ratoon crops with 31.7% of the target achieved.

Ministry's approach for reporting

The Ministry has only conducted quarterly monitoring of sample SDF assisted farms and its quarterly reports were submitted to Director Sugar. The monitoring report is sample based which only looks at few selected farms, hence an overall review of the whole program is not been achieved:-

FSC SAO HQ has also confirmed that they have not prepared a monitoring and evaluation plan to review and evaluate the effectiveness, efficiency and economic administrations of SDF grants. FSC sector officers prepare and submit its extension reports to FSC headquarters on weekly and monthly basis which were not consolidated by FSC. This would form a better

evaluation and review platform for FSC which could also be submitted to MoSI as part of RIE and acquittals submissions.

The Ministry stated that it reports on grant performance through grant utilization report every quarter. While this is seen as a positive approach by the Ministry, there is still lot that can be done in terms of reporting to enhance planning and decision making.

Recommendations

- The Ministry should develop a strategic evaluation and review plan for reviewing and evaluating the effectiveness, efficiency and economic viability of the SDF grant administration and implementation;
- The Ministry should incorporate in the Annual Work Plan the need for FSC to develop and submit an annual evaluation and review report as part of its RIE and reports submissions;
- The Ministry should conduct evaluations to identify factors affecting results of the SDF grant program and take proactive measures to improve grant utilization especially for fallow land and cane replanting to maximize on the sugarcane yield;
- The Ministry should conduct and publish objective, systemic reviews of the SDF grant program every three to five years. Such reviews can provide assurance that public money is distributed appropriately and effectively to further government objectives; and
- The Ministry can also report on progress in implementing recommendations at the next 3-year review.

7.0 Appendices

Appendix 1: Grant agreements that were not available

Lautoka Mill

Year	Sector No	Farm No	SDF Grant Disbursed (\$)	Grant Agreement Status
2019	115	949	\$3,300	Agreements were damaged due to a leak in the storage room
2018	115	14641	\$500	
2016	115	943	\$3,300	
2018	115	14576	\$1,600	
2016	115	14346	\$800	
2018	115	14623	\$1050	
2018	115	1515	\$660	
2018	115	1515	\$1050	
2018	115	14573	\$1,600	
2017 - 2018	112	19025	\$1,425	Not Available
2017	113	18230	\$800	Not Available
2018	113	24043	\$1000	Not Available
2018	112	19025	\$2,850	Not Available
2019	112	24043	\$360	Not Available
2019 - 2020	113	24093	\$600	Not Available
2017	123	1878	\$1000	Not Available
2017	123	18551	\$1,000	Not Available
2017 - 2018	124	12360	\$1,125	Not Available
2017 - 2018	124	25075	\$2,050	Not Available
2017 - 2018	124	25054	\$1,200	Not Available
2107 - 2018	131	5126	\$1,500	Not Available
2018	131	6504	\$500	Not Available

Year	Sector No	Farm No	SDF Grant Disbursed (\$)	Grant Agreement Status
2018	131	5538	\$1,100	Not Available
2017 - 2018	111	18832	\$2,050	Not Available
2017 - 2018	111	18927	\$3,900	Not Available
2017 - 2018	111	18933	\$3,600	Not Available
2017 - 2018	111	10	\$390	Not Available
2018 - 2019	111	14054	\$1,600	Not Available
2018 - 2019	111	1089	\$1,500	Not Available
TOTAL			\$43,410	

Rarawai Mill

Year	Sector	Farm No	Amount	Reason for Missing Agreement
2016 - 2017	211	314	\$800.00	Agreements missing as files are not located in the sector office
	211	337	\$800.00	
	211	8131	\$300.00	
	211	8616	\$300.00	
	211	8627	\$300.00	
	413	1937	\$1,000.00	
	413	1941	\$1,000.00	
2017 - 2018	413	2035	\$800.00	Agreements missing as files are not located in the sector office
	217	18393	\$1,500.00	
	214	1453	\$1,425.00	
	215	18855	\$1,350.00	
	217	18393	\$1,500.00	
	213	6381	\$2,000.00	

Year	Sector	Farm No	Amount	Reason for Missing Agreement
	223	19573	\$2,000.00	
	213	24259	\$2,000.00	
	216	30334	\$2,800.00	
	212	22111	\$3,000.00	
	213	24079	\$3,640.00	
	411	13078	\$1,200.00	
	411	13028	\$975.00	
	414	14145	\$4,200.00	
	412	11315	\$4,000.00	
	414	14074	\$4,000.00	
2018 - 2019	221	3014	\$490.00	Agreements are missing as files are not located in the sector office
	211	20046	\$400.00	
	223	19550	\$2,200.00	
	223	19550	\$2,200.00	
	223	19528	\$2,400.00	
	223	19448	\$2,600.00	
	216	30296	\$4,400.00	
	211	18102	\$2,300.00	
	412	129	\$160.00	
	412	130	\$120.00	
	412	158	\$120.00	
	414	14106	\$1,200.00	
	414	14138	\$900.00	
	412	96	\$960.00	
	412	97	\$960.00	
	412	155	\$1,080.00	
	412	11220	\$1,740.00	
	411	1041	\$1,200.00	
	413	12020	\$3,000.00	
	413	12020	\$3,000.00	
	413	1671	\$1,900.00	
	411	13019	\$2,300.00	
	413	15065	\$4,600.00	
TOTAL			\$81,120.00	

Appendix 2: Irregularities noted in payments

Date	Cheq	Amount (\$)	Sector No.	Farm No.	Area (Ha)	Work Order		Audit Observations
	No.					No.	Date	
07/07/16	1555 2	\$6,400	112	1200	3.2	18542	17/06/16	<ul style="list-style-type: none"> - The Grant Utilisation Report with the Ministry states \$8,000 was paid out to the farmer. - However, the work order, payment voucher, and debit form amounts were amended from \$8,000 to \$6,400, and land area from 4.0 ha to 3.2 ha
Not available		\$8,000	211	450	4	19981	7/06/16	<ul style="list-style-type: none"> - There was no payment voucher, debit form. - We cannot confirm whether the payment was done within 2 weeks of verification as cheque payment details are not available.
Not available		\$ 10,000	Varoko	18104	5	12411	6/07/16	<ul style="list-style-type: none"> - FSC Extension Officer authorised completion on 06/07/16, the SCGC Extension Officer signed it on 14/07/16. - No payment voucher, debit form or tax invoice attached. - We cannot confirm whether the payment was done within 2 weeks of verification as cheque payment details are not available.
Not available		\$2,500	211	18104	1	1016	22/09/16	<ul style="list-style-type: none"> - No payment voucher or debit form attached. - We cannot confirm whether the payment was done within 2 weeks of verification as cheque payment details are not available.
Not available		\$7,000	Veisari	18851	5.6	4216	01/12/16	<ul style="list-style-type: none"> - Debit form not attached, - We cannot confirm whether the payment was done within 2 weeks of verification as cheque
Not available		\$7,000	Veisari	18851	5.6	4220	06/12/16	

Date	Cheq	Amount (\$)	Sector No.	Farm No.	Area (Ha)	Work Order		Audit Observations
	No.					No.	Date	
								<i>payment details are not available.</i>
Not available		\$ 8,000	414	14076	4	9295	01/09/16	<i>- Date of sign off by Extension Officers from FSC and SCGC cannot be ascertained.</i> <i>- Debit form not attached</i> <i>- We cannot confirm whether the payment was done within 2 weeks of verification as cheque payment details are not available.</i>
6/01/18	1925	\$1,425	112	19025	1.9	5529	15/01/18	<i>The date of the issue of the work order and the verification of works is the same. Payment was made on the following day.</i>

Appendix 3: Details of Target vs Actual result of Grant Utilization 2016-2019

Objective 1 - Cane Replanting

The first objective was to plough out and replant 940 hectares of uneconomical ratoon crops.

Cane Replanting Target and Results for the FY 2016/2017

Mill	Target Hectares	Hectares Distributed for planting	Variance	Budgeted Grant	Actual Grant Utilised	Variance
Lautoka	80	194	(114)	\$120,000	\$72,750	\$47,250
Rarawai	560	258	302	\$840,000	\$96,750	\$743,250
Labasa	100	739	(639)	\$150,000	\$276,975	(\$126,975)
Penang	200	15	185	\$300,000	\$11,400	\$288,600
Total	940	1206	-266	\$1,410,000	\$457,875	\$952,125

Source: Grant Utilisation Report 2016/ 2017 and the 2016/2017 Annual Work Program

Objective 2 - To bring fallow land into sugarcane production

The second objective was to bring 2,614 hectares of fallow land into sugarcane production in 2017.

Fallow Cane Replanting Target and Results for the FY 2016/2017

Mill	Target Hectares	Hectares Distributed for planting	Variance	Budgeted Grant	Actual Grant Utilised	Variance
Lautoka	550	271.68	278.32	\$1,375,000	\$339,600	\$1,035,400
Rarawai	770	747.4	22.6	\$1,925,000	\$934,250	\$990,750
Labasa	994	735.5	258.5	\$2,485,000	\$919,375	\$1,565,625
Penang	300	121.1	178.9	\$750,000	\$151,375	\$598,625
Total	2,614	1,875.68	738.32	\$6,535,000	\$2,344,600	\$4,190,400

Source: Grant Utilisation Report 2016/2017 and the 2016/2017 Annual Work Program

Objective 3 – Addressing soil acidity with the application of Aglime

The third objective was to address the issue of soil acidity through application of Aglime (1 ton/ha) in the furrows during planting.

Aglime Application Target and Results for the FY 2016/2017

Mill	Target Hectares	Hectares Distributed for planting	Variance	Budgeted Grant	Actual Grant Utilised	Variance
Lautoka	120	298.48	(178.48)	\$301,851	\$126,854	\$174,997
Rarawai	426	16	410	\$180,880	\$6,800	\$174,080
Labasa	766	369.3	396.7	\$150,000	\$276,975	(\$126,975)
Penang	165	29.96	135.04	\$70,098	\$12,733	\$57,365
Total	1,477	713.74	763.26	\$702,829	\$423,362	\$279,467

Source: Grant Utilisation Report 2016/2017 and the 2016/ 2017 Annual Work Program

Objective 4-Labour for TC Winston Affected Areas

The final objective of the grant in 2016/2017 was to address scarcity of labour for cane planting by providing an additional \$200/ha only to affected farmers in the TC Winston-hit regions.

2017 /2018 SDF Grant Review and Evaluations

In 2017/2018 MoSI allocated \$15.4 million to FSC to roll out SDF assistance to farmers. The grant had five quantified objectives.

Objective 1 – Cane replanting

The first objective was to replant cane over 1,500 hectares in order to produce at least 112,500 tonnes of cane with a yield of 75 tonnes of cane per hectare.

Cane Replanting Target and Results for the FY 2017/2018

Mill	Target Hectare	Hectares	Variance	Budgeted Amount	Actual	Variance
Lautoka	300	126.4	173.6	450,000	94,905	355,095
Rarawai	430	210.58	219.42	645,000	159,000	486,000
Labasa	620	856.8	(236.8)	930,000	642,600	287,400
Penang	150	9.2	140.8	225,000	6,900	218,100
Total	1500	1202.98	297.02	2,250,000	903,405	1,346,595

Source: Grant Utilisation Report 2017/2018 and the 2017/2018 Annual Work Program

Objective 2 - To bring fallow land into sugarcane production

The second grant objective was to plant 6,282 hectares of cane on fallow land to produce 471,150 tonnes cane at 75 tonnes of cane per hectare.

Fallow Cane Replanting Target and Results for the FY 2017/2018

Mill	Target Hectare	Distributed for planting	Variance	Budgeted Amount	Actual	Variance
Lautoka	2,000	568.8	1,431.20	\$4,000,000	\$568,800	\$3,431,200
Rarawai	2,316	1418.14	897.86	\$4,632,000	\$1,418,940	\$3,213,060
Labasa	1302	1364.6	(62.60)	\$2,604,000	\$1,364,600	\$1,239,400
Penang	664	438.2	225.80	\$1,328,000	\$438,150	\$889,850
Total	6,282	3,789.74	2,492.26	\$12,564,000	\$3,790,490	\$8,773,510

Source: Grant Utilisation Report 2017/2018 and the 2017/2018 Annual Work Program

Objective 3 –To provide funds for bulldozer works

The third objective of the grant for 2017/2018 was to provide funds for approximately 786 hectares of bulldozer works where necessary.

Bulldozer works Target and Results for the FY 2017/2018

Mill	Target HA	Actual HA Distributed	Variance	Budgeted Amount	Actual Distributed	Variance
Lautoka	227	44.40	182.6	113652	22,200	91,452
Rarawai	227	201.40	25.6	113652	100,700.00	12,952
Labasa	207	113.90	93.1	103500	56,950.00	46,550
Penang	125	134.00	-9.0	62368	67,000	-4,632
Total	786	493.7	292.3	393172	246850	146322

Source: Grant Utilisation Report 2017/2018 and the 2017/2018 Annual Work Program

Objective 4 –To rehabilitate ratoon cane

The fourth objective of the grant for this year was to rehabilitate 161 hectares of ratoon cane, with a budget of \$24,120. However there was no grant distributed for this component in the year.

Rehabilitate of ratoon cane target and results for FY 2017/2018

Mill	Target Hectare	Distributed for planting	Variance	Budgeted Amount	Actual	Variance
Lautoka	46	0	46	\$6,870	0	6,870
Rarawai	40	0	40	\$6,000	0	6,000
Labasa	55	0	55	\$8,250	0	8,250
Penang	20	0	20	\$3,000	0	3,000

Mill	Target Hectare	Distributed for planting	Variance	Budgeted Amount	Actual	Variance
Total	161	0	161	\$24,120	0	24,120

Source: Grant Utilisation Report 2017/2018 and the 2017/2018 Annual Work Program

Objective 5 – Addressing soil acidity with the application of Aglime

The final grant objective for this fiscal year was to supply aglime to 220 hectares to improve soil conditions.

Application of Aglime Targets and Results for FY 2017/2018

Mill	Target Hectare	Distribute d for planting	Variance	Budgete d Amount	Actual	Variance
Lautoka	60	314.68	(254.68)	\$25,500	\$144,602	(\$119,102)
Rarawai	60	22.60	(17.69)	\$25,500	\$91,800	(\$66,300)
Labasa	70	413.36	(343.36)	\$33,250	\$196,346	(\$163,096)
Penang	30	175.96	(145.96)	\$12,750	81,821	(\$69,071)
Total	220	981.69	(761.69)	\$97,000	\$514,569	(\$417,569)

Source: Grant Utilisation Report 2017/2018 and the 2017/2018 Annual Work Program

FY 2018/2019 Grant Review and Evaluation

In the fiscal year 2018/2019 MoSI also allocated \$15.4 million to FSC to roll out SDF assistance to farmers. The grant also had five quantified objectives as in the previous year.

Objective 1 - To bring fallow land into sugarcane production

This objective was to bring 5,335 hectares of fallow land into sugarcane production in the 2018 and 2019 planting seasons.

Fallow Land to Sugarcane Production Target and Results 2018/2019

Mill	Target Hectare	Distribute d for planting	Variance	Budgeted Amount	Actual	Variance
Lautoka	1,000	859.5	140.5	\$2,000,000	\$859,500	\$1,140,500
Rarawai	1,620	1,452.7	167.3	\$3,240,000	\$1,452,700	\$1,787,300
Labasa	2,115	1,477.45	637.55	\$4,230,000	\$1,477,450	\$2,752,550
Penang	600	513.1	86.9	\$1,200,000	\$513,100	\$686,900
Total	5,335	4,302.75	1,032.25	\$10,670,000	\$4,302,750	\$6,367,250

Source: Grant Utilisation Report 2018/2019 and the 2018/2019 Annual Work Program

Objective 2 - Cane Replanting

The second objective was to plough out and replant some 1,145 hectares of uneconomical ratoon after harvest in the 2018 and 2019 seasons.

Cane Replanting Production Target and Results 2018/2019

Mill	Target Hectare	Distributed for planting	Variance	Budgeted Amount	Actual	Variance
Lautoka	120	78.9	41.1	\$240,000	\$78,900	161,100
Rarawai	230	99.9	130.1	\$460,000	\$99,900	360,100
Labasa	750	977.1	(227.1)	\$1,500,000	\$977,100	522,900
Penang	45	5.4	39.6	\$90,000	\$5,400	84,600
Total	1,145	1,161.3	16.3	\$2,290,000	\$1,161,300	1,128,700

Source: Grant Utilisation Report 2018/2019 and the 2018/2019 Annual Work Program

Objective 3-Hire of Bulldozers

The third objective or component of the grant was the hire of bulldozers to clear heavy vegetation on long fallow land for an average of 4 hours at \$150 per hour.

Bulldozing works Target and Results 2018/2019

Mill	Target Hectare	Actual Hectares	Variance	Budgeted Amount	Actual	Variance
Lautoka	45	264.16	(219.16)	\$27,000	\$161,880	(\$134,880)
Rarawai	200	847.86	(647.86)	\$120,000	\$471,868	(\$351,868)
Labasa	220	255.7	(35.70)	\$132,000	\$153,420	(\$21,420)
Penang	135	209.3	(74.3)	\$81,000	\$125,580	(\$44,580)
Total	600	1,577.02	(977.02)	\$360,000	\$912,748	(\$552,748)

Source: Grant Utilisation Report 2018/2019 and the 2018/2019 Annual Work Program

Objective 4 – Gap Filling

The final objective was to restore ratoon fields through gap filling.

Gap Filling Target and Results 2018/2019

Mill	Target Hectare	Distribute d for planting	Variance	Budgete d Amount	Actual	Variance
Lautoka	40	11.95	28.05	\$4,000	\$1,690	\$2,310
Rarawai	40	56.6	16.6	\$4000	\$5,660	\$1,660
Labasa	60	24	36	\$6,000	\$2,400	\$3,600
Penang	10	6.1	3.9	\$1,000	\$610	\$390
Total	150	98.65	51.35	\$15,000	\$10,360	\$4,640

Source: Grant Utilisation Report 2018/2019 and the 2018/2019 Annual Work Program



OFFICE of the AUDITOR GENERAL
Republic of Fiji

www.oag.gov.fj