ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Audits of Statutory Authorities – June 2009

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REPUBLIC OF FIJI
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2nd July, 2009

Commodore Josaia V. Bainimarama
Prime Minister and Minister for Finance
P O Box 2353
Government Buildings
SUVA

Dear Sir

REPORT OF THE AUDITOR GENERAL

Audit of Accounts of Statutory Authorities

In accordance with section 7(7) of the State Services Decree 2009, I am pleased to transmit to you my report on the audits of accounts of Statutory Authorities that were completed during the 1st half of 2009.

Tevita Bolanavanua
Auditor - General

AUDITOR-GENERAL FIJI

INTRODUCTION

This report summarizes the results of a number of our financial audits of statutory authorities completed during the 1st half of 2009. Financial audits of statutory authorities that are still in progress will be reported in December 2009.

Statutory authorities are established and governed by their respective legislations. Some have specific provisions on dates for the submission of their accounts and are meeting them satisfactorily while others have not shown any improvement since they were last reported.

The following table summarizes the status of audits of statutory authorities to date:

	Statutory Authority	Audit Completed	Audit Opinion	Remarks
1	Agriculture Marketing Authority	2007	Qualified	2008 account yet to be submitted for audit.
2	Capital Market Development Authority	2008	Unqualified	
3	Fiji Arts Council	2003		2004 account yet to be submitted for audit.
4	Fiji Institute of Technology	2006	Unqualified	2007 account yet to be submitted for audit
5	Fiji Inland Revenue & Custom Authority	2007	Unqualified	Audit for 2008 is in progress
6	Fiji National Council for Disabled Persons	2007	Unqualified	Audit for 2008 is in progress.
7	Fiji Museum	2004	Unqualified	2005 account yet to be submitted for audit.
8	Fiji Servicemen Aftercare Fund	2005		Audit for 2006 is being finalized.
9	Fiji Sports Council	2005	Unqualified	2006 audit delayed as records were seized by FICAC.
10	Tourism Fiji (Fiji Visitors Bureau)	2007	Unqualified	2008 audit is in progress.
11	Korovou Rural Local Authority	2006	Qualified	2007 account yet to be submitted for audit.
12	National Fire Authority	2007	Unqualified	2008 account is yet to be submitted for audit.
13	National Food & Nutrition	2007	Unqualified	2008 account yet to be submitted for audit.
14	National Substance Abuse Advisory Council	2008	Unqualified	
15	Navua Rural Local Authority	2007	Qualified	Audit for 2008 is being finalized.
16	Price Incomes Board	2007	Unqualified	2008 account yet to be submitted for audit.
17	Training and Productivity Authority of Fiji	2007	Unqualified	2008 accounts yet to be submitted for audit.
18	Coconut Industry Development Authority of Fiji	2004		Audit for 2005 is being finalized.
19	National Road Safety Council	2007	Qualified	2008 audit completed and account sent for signing.
20	Consumer Council of Fiji	2007	Unqualified	2008 account yet to be submitted for audit.
21	Fiji Islands Trade & Investment Board	2007		Audit for 2008 is being finalized.
22	Sugar Industry Tribunal	2007		2008 audit is being finalized.
23	Fiji Audio Visual Commission	2008	Unqualified	
24	Commerce Commission	2008	Unqualified	
25	Ra Rural Local Authority	2006	Qualified	Audit for 2007 is being finalized.
26	Western Division drainage Board	2004		Audit for 2005 will be undertaken in

	Statutory Authority	Audit Completed	Audit Opinion	Remarks
				August 2009.
27	Fiji Co-operative Union	2003	Qualified	2004 accounts yet to be re-submitted.
28	Land Transport Authority	2008	Unqualified	
29	National Centre for Micro Finance			No account has been submitted for audit as it had been done by private auditors in the past.
30	Fiji Shipping Corporation	2007	Unqualified	Audit for 2008 is being finalized.
31	Rotuma Development	1995		1996-2008 audit to be completed in August 2009.
32	Central Division Drainage Board			
33	Fijian Affairs Board	1996	Qualified	Audit of 1997-1999 accounts is in progress.
34	Human Rights Commission	24/7/03-23/2/07	Unqualified	No other accounts submitted for audit.
35	Civil Aviation Authority of Fiji	2007	Unqualified	2008 accounts yet to be submitted.
36	National Trust of Fiji	2005		Audit for 2006 is being finalized.

Out of the 20 statutory authorities reported, 16 were given unqualified audit opinions while 4 were qualified. An unqualified audit opinion is issued when the financial statements give a true and fair view (or are presented fairly in all material respects) in accordance with the identified financial reporting framework. A qualified audit opinion is issued when the overall financial statements are fairly stated but that either the financial data indicated a failure to follow applicable accounting standards or there was a significant uncertainty concerning certain financial data.

The report of each statutory authority has 2 parts. Part A covers the financial information and Part B includes control issues identified during our audit. Financial information summarizes the financial statements and control issues represent our audit findings, recommendations and the management comments.

Readers will note that some audit findings raised in this report had no management comment. This implies that none was received from that respective statutory authority.

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SECTION 1: AGRICULTURE MARKETING AUTHORITY

The Agriculture Marketing Authority is established under the Agriculture Marketing Authority Act (2004). The Authority commenced operations on 1 September 2004.

The functions of the Authority as set out in the Act are:

- to assist the producers of Agro produce in marketing of their products;
- to identify markets for and to facilitate and develop marketing of agro produce;
- to purchase, sell and export and import agro produce or import agro input; and
- to do any other things necessary to properly carry out its functions and powers under the Act.

PART A – FINANCIAL INFORMATION

1.1 Audit Opinion - 2007

The audit of the financial statements of the Authority for the year ended 31 December 2007 resulted in the issue of a qualified audit report. The qualifications are as follows.

- Provisions for doubtful debts were not provided in the accounts. If this was provided, the net deficit would have increased while the Accumulated Fund decreased by the same amount. Moreover, records to substantiate trade debtors totaling $181,617 were not provided.

- VAT payable as disclosed in the financial statement do not reconcile with VAT reconciliation by $27,187.

Without qualification to the opinion expressed, attention is drawn to the following matters.

- The accounting policy used for measuring inventories and the cost formula used are not disclosed in the financial statement, contrary to Fiji Accounting Standard (FAS) 2 *Inventories.*

- The Authority also did not maintain inventory records of movement of inventory during the year.

1.2 Abridged Income Statement

Year Ended 31 December	2007 $	2006 $
Grants from Government	888,889	1,396,377
Other Income	99,743	99,420
Total Income	988,632	1,495,797
Administration expenses	1,233,339	1,160,806
Distribution and marketing expense	297,404	480,866

Year Ended 31 December	2007 $	2006 $
Finance cost	1,834	1,270
Total Expenditure	1,532,577	1,642,942
	(543,945)	(147,145)
Profit/(loss) from trading	(21,427)	186,844
Net Surplus/(Deficit) for the year	(565,372)	39,699

The Authority recorded a net deficit of $565,372 in 2007 compared to a net surplus of $39,699 in 2006 as a result of decline in Government Grant by $507,488 or 37%. There was also an increase in administration cost by $72,533 or 6%.

1.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Current Assets		
Cash on hand and at bank	77,163	1,050,648
Other current assets	782,789	428,692
Total Current Assets	859,952	1,479,340
Non - Current Assets	530,149	407,621
Total Assets	1,390,101	1,886,961
Creditors and other payables	256,620	186,013
Lease Liability	31,374	-
Total Current Liability	287,994	186,013
Deferred Grants	530,149	394,121
Lease Liability	25,332	-
Total Non Current Liabilities	555,481	394,121
Total Liability	843,475	580,134
Net Assets	546,626	1,306,827
Capital Endowment Fund	546,626	1,306,827

Net assets of the Authority declined by $760,201 or 59% in 2007 compared to 2006. This was a result of decrease in Cash at Bank in 2007 by $973,485 or 93% compared to 2006.

Total liabilities had also increased by $263,341 or 46% for the same period which was attributed to increase in deferred grant (fixed assets purchased through government grant), trade creditors, VAT payable and lease due to Rewa Rice Limited. These increases also had impacts on the Authority's net assets.

PART B – CONTROL ISSUES

1.4 Provision for Doubtful Debts

Financial statements will not show a true and fair position if there is doubt about the value of debtors. This position can be encountered by making a reserve to provide for any doubtful debt. The Fiji Accounting Standard 37 *Provisions, Contingent Liabilities and Contingent Assets* allow providing for provisions in the financial statements for debts where recovery appears to be doubtful.

The audit noted that the authority did not create a provision for doubtful debts for the year ended 31 December 2007 and an aged analysis of the debtors was also not produced for audit. Debtors may be overstated in the books of accounts as there could be irrecoverable debts being disclosed as debtors of the Authority.

Recommendations

- **An aged analysis of the debts should be prepared.**
- **The authority should review its debtors listing and provide for all those balances that appear to be doubtful. This will provide a buffer against probable losses in the future years when there is a failure to recover debts.**

Authority's Comments

This issue of provision for doubtful debts has been discussed and addressed with the board and the audit team of Ministry Of Finance ;once approved it will be accounted in the 31st December 2008 accounts. As of now an aged analysis of debts is prepared on a monthly basis.

1.5 Debtors

The Authority derives revenue from sales and export of agro-produce. The debtors balance as at 31 December 2007 is $648,798 (2006: $310,878). The audit noted the following outstanding debtors carried forward from 2006:

- Debtor A (NZ) - $49,292.42
- Debtor B - $ 19,953.30
- Debtor C (NZ) - $ 63.00

It is evident that the follow up procedures employed by the authority is not effective. If immediate steps are not undertaken to recover from these debtors it is possible that these may become irrecoverable.

Recommendations

- **The Authority should review its debt recovery procedures to ensure effective and efficient policies on the recovery of debtors are in place.**
- **The authority should consider vigorously following up on these long outstanding debts and legal action taken where necessary.**

Authority's Comment

The situation with overseas debtors as stated and now showing a total of $648,798.00 out of which $310,878.00 was owed from 2006, is now beyond recovery. The previous management had totally neglected carrying out the required follow up procedures in tracking and chasing the debt and due to the length of time these have been outstanding, it has been extremely difficult to recover them. AMA through it's new CEO have tried chasing the debt with the overseas companies that owe them but this has proven to be a frustrating process, in some having avoided any form of contact to discuss the debt, and with the major debtor refusing to settle any payment and claiming either poor quality produce or loss of weight of produce being sent by AMA.

1.6 Disposal of Fixed Assets

Any disposal of assets should follow a transparent process whether by evaluation of trade-in quotes or tender process, etc. [1]An item of property, plant and equipment should be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.[2]

The audit noted that the vehicle registration EQ 324 had an accident on 24 March 2006 and was parked at Fleet Serve (Fiji) Ltd to date with storage charges of $6.00 per day.

The vehicle is beyond repair with a maximum salvage value of $1,800[3] and it has been taking up valuable space in their workshop. The vehicle storage charges paid by the authority in 2007 totalled $2,916.

Furthermore, the vehicle had not been removed from the Fixed Asset Register (FAR), since there was no board approval for it to be disposed.

The board failed to take appropriate action on the damaged vehicle. As a result, the fixed assets and expenses in the financial statement were overstated and the storage charge for the vehicle continues to accumulate.

Recommendation

The Authority should carry out a Board of Survey and make alternative arrangement to avoid paying those unnecessary costs in storage. Disposal of any vehicle must have Board of Directors approval with Fixed Asset Register being updated accordingly.

Authority's Comment

This vehicle will be disposed after the approval and Fixed Asset Register will be updated accordingly. The Ministry of Primary Industries has ordered for a Tribunal to be set up to further investigate this case, and we will provide an updates from the tribunal accordingly.

[1] Finance Policies and Procedure Manual –Section 7.7
[2] Fiji Accounting Standards 16(55)
[3] Letter by Fleet Serve (Fiji) Ltd dated 30/08/07

1.7 Anomalies in Inventory System

Inventories should be valued at lower of cost and net realisable value. Financial statements should disclose the accounting policies adopted in measuring inventories including the cost of formula used.[4]

The audit noted the following anomalies in the accounting of inventory by the Authority:

- Inventory cards were not maintained to record the movement of inventories;
- Stock cards were not provided to substantiate that the amount reflected in the accounts as closing stock; and
- The accounting policy used for measuring inventories and the cost formula used was not stated in the financial statements.

Due to inherent limitations resulting from the above irregularities, it was not possible to determine the accuracy of the closing stock reflected in the 2007 draft financial statements. This is a recurring issue in the Auditor Generals report and no action had been taken by the authority.

Recommendations

- **The Authority should maintain stock cards for receipt, loss and issue of all inventories.**
- **The person undertaking the stock-take should sign-off the stock cards to verify the closing stock at the year end.**
- **The Authority should ensure full compliance with FAS 2.**

Authority's Comments

Inventory system is now being taken care of and any losses and disposals are closely monitored to make sure such losses and disposals are accounted for.

1.8 Hire of Private Carriers

The main method of purchasing goods and services is by means of Purchase Order.[5] The CEO must ensure that the best prices and conditions are obtained for any expenditure.[6] Quotations obtained from at least three suppliers on the specification and prices of the required capital acquisition or service should be obtained prior to the purchase of the asset.[7]

The audit noted that the authority hired an unauthorized Carrier company in 2007 at a total cost of $72,735. These vehicles were hired without any tender and/or contractual agreement. A breakdown of payments made is shown table in 1.7:

Table 1.7 Payment Details

Date	Cheque Number	Amount ($)
04/01/07	2172	200
23/01/07	2225	1,580

[4] Fiji Accounting Standards 2
[5] Section 5.1 of Finance Policies and Procedure Manual
[6] Section 5.4.1 of Finance Policies and Procedure Manual
[7] Section 7.3 of Finance Policies and Procedure Manual

Date	Cheque Number	Amount ($)
06/02/07	2252	830
15/02/07	2279	3,780
22/02/07	2302	4,480
01/03/07	2322	5,555
09/03/07	2338	387
09/03/07	2338	6,673
03/04/07	2366	2,270
19/04/07	2401	1,690
15/05/07	2450	1,790
29/05/07	2482	1,670
06/06/07	2499	2,785
28/06/07	2555	2,180
10/07/07	2575	1,250
10/07/07	2575	1,130
31/07/07	2611	3,110
14/08/07	2640	2,530
28/08/07	2673	5,825
14/09/07	2704	4,750
28/09/07	2739	3,350
09/10/07	2762	3,930
22/10/07	2782	6,450
05/11/07	2815	4,540
Total		72,735

Furthermore, the audit noted that open purchase orders were issued for the above services.

The absence of a contractual agreement and the issue of open purchase orders could result in excessive charges made to the Authority. Furthermore, the collusion between the Carrier Company and authority officials could not be ruled out.

Recommendation

The Authority should advertise tender for the hire of vehicles.

Authority's Comments

AMA is now purchasing its own vehicles through it's 2009 Capital Grant and will therefore not hire Kilavata Carriers or any private vehicles but for only exceptional cases where there is a need to do so.

1.9 Unapproved Payment of Bonus - 2007

On 11 February 2008, the board agreed that an increment be paid to 19 staff as part of their employment contracts. This was in line with increment payments in 2005 and 2006 paid at 2%.

The audit noted that the 2% increment was paid in January 2008 prior to the board approval. Furthermore, the former Acting CEO authorised a bonus payment totalling $3,753 without the board approval. Refer to the table 1.8 below for details.

Table 1.8: Details of 2007 Bonus Paid in February 2008

Chq #	Date	Employee Intial	Amount ($)
2962	22/02/08	AD	847.48
		MD	525.09
		MB	642.26
		RN	214.93
		OB	164.02
		EW	147.40
		TD	140.70
		AS	164.02
		AC	140.76
		SB	156.40
		IY	156.40
		OK	156.40
		MT	156.40
		MW	70.42
		KB	70.42
	Total		$3,753.09

Recommendation

The Authority should recover those authorized bonus payments totaling $3,753.09 from these concerned officers.

Authority's Comments

This overpayment will be recovered from the staff concerned and AMA will make ensure that any bonuses to be awarded are approved

SECTION 2: CIVIL AVIATION AUTHORITY OF THE FIJI ISLANDS

The Civil Aviation Authority of the Fiji Islands (CAAFI) is an Aviation Regulatory Authority in the Fiji Islands and is responsible to discharge its functions on behalf of the Fiji Government under its responsibility to the Chicago Convention on International Civil Aviation Organization (ICAO).
It regulates the activities of:

- airport operators,
- air traffic control and air navigation service providers,
- airline operators,
- pilots and air traffic controllers, aircraft engineers, technicians, airports,
- airline contracting organisations and
- international air cargo operators.

PART A – FINANCIAL INFORMATION

2.1 Audit Opinion

The audit of the consolidated financial statements of the Civil Aviation Authority of the Fiji Islands and its subsidiary Air Terminal Services for the year ended 31 December 2007 resulted in the issue of an unqualified audit report. However emphasis was made to that there was no independent verification on the correctness of the departure tax revenue totalling $3,912,927 as the Authority relied solely on information provided by Airports Fiji Limited.

2.2 Abridged Income Statement

Year ended 31 December	2007 $	2006 $
Operating Revenue	31,943,185	28,419,345
Other Income	1,338,463	1,554,065
Total Income	33,281,648	29,973,410
Operating and Admin. Expenditure	28,024,764	25,718,890
Operating profit before tax	5,256,884	4,254,520
Income Tax (Expenses)/Benefit	460,171	257,179
Operating profit after tax	4,796,713	3,997,341
Minority Interest	1,130,041	1,634,401
Net profit	3,666,672	2,362,940

Net Surplus for 2007 has increased by $1,303,732 (55%) compared to 2006 as a result of increase in the operating revenue by $3,523,810 or by 12.40%, that is, revenue from departure tax increased by $1,205,932 and government grant by $1,574,735.

2.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Current Assets		
Cash	4,889,334	4,002,705
Income Tax Refund Due	723,268	915,133
Trade Receivable	3,026,333	2,787,334
Inventories	631,160	603,122
Other Assets	12,805,279	11,416,465
Investments	5,950,000	5,250,000
Total Current Assets	28,025,374	24,974,759
Non-Current Assets	66,177,779	43,647,484
Total Assets	94,203,153	68,622,243
Current Liabilities	4,728,003	5,819,374
Long term Liabilities	2,064,351	2,024,799
Total Liabilities	6,792,354	7,844,173
Net Assets	87,410,799	60,778,070
Shareholders' Equity		
Reserves	24,811,599	1,598,389
Retained Earnings	51,568,878	47,902,206
Minority Interest	11,030,322	11,277,475
Total Equity	87,410,799	60,778,070

Net assets increased by $26,632,729 or 44% in 2007 compared to 2006 as a result of increase in non current asset by $22,530,295 or 52%. Property, plant and equipment were re-valued in October 2007.

PART B – CONTROL ISSUES

2.4 Departure Tax Revenue

Departure tax revenue is recognised based upon information provided by Airports Fiji Limited. The statistics provided by the Immigration Department do not reconcile the data provided by Airports Fiji Limited.

Recommendation

The Authority should request for more reliable data, to ensure that revenue is correctly stated in the books of accounts.

Management Comments

The comment is noted. This is an ongoing issue taken up with Airports Fiji Limited (AFL) and relevant Ministries. The Ministry of Finance which receives a major portion of Departure Tax ($60) is expected to take more active role in resolving this matter. However AFL is actively addressing the matter in consultation with other agencies.

SECTION 3: CAPITAL MARKETS DEVELOPMENT AUTHORITY

The Capital Market Development Authority (CMDA) was established in accordance with the provisions of the CMDA Act 1996 and became fully operational in January 1998. The CMDA is an Off Budget State Entity. In carrying out its statutory function, CMDA undertakes the following responsibilities:

- to facilitate the supply of good marketable debt and equity securities;
- to undertake appropriate educational and public awareness campaigns to broaden the public ownership of debt and equity securities;
- to facilitate the development of appropriate institutional infrastructure and human resource capabilities required of active capital markets;
- to licence market participants as specified within the CMDA Act and Regulations;
- to protect investors by ensuring the maintenance of fair and honest markets through the adequate supervision of market participants and enforcement of the legislation where appropriate;
- to promote enhanced disclosure requirements;
- to collect statistics to monitor and analyse the prevailing conditions in the capital markets, within the context of the whole financial system;
- to formulate policy and advise Government on capital markets development and regulation; and
- to ensure that CMDA has appropriately qualified staff and other resources to enable it to fulfil its objectives in a timely and cost effective manner, whilst maintaining high standards.

PART A – FINANCIAL INFORMATION

3.1 Audit Opinion

The audit of the financial statements of the Capital Markets Development Authority [CMDA] for the year ended 31 December 2008 resulted in the issue of an unqualified audit report.

3.2 Abridged Income Statement

Year Ended 31 December	2008	2007 $
Grants from Government	611,461	550,805
Other Income	45,137	139,415
Total Income	**656,598**	**690,220**
Personnel Expenses	480,720	403,144
Other Operating Expenses	175,878	287,076
Total Expenditure	**656,598**	**690,220**
Result for the year from Ordinary Activities	**–**	**–**

The Authority's income declined because of lower receipts from Workshop and Seminar. Recurrent expenditure also declined because of decreases in workshops expenses.

Every year the Authority transferred a sufficient amount from deferred income and recognised this as government grant to meet excess expenditure that could not be covered by the income it generates. This allows the Authority to break-even or allowing it just to cover the cost of its operation.

3.3 Abridged Balance Sheet

As at 31 December	2008 $	2007 $
Current Assets		
Cash at bank and on hand	465,932	407,669
Other Current Assets	208,089	152,344
Non-current Assets	95,379	58,837
Total Assets	769,400	618,850
Current Liabilities	722,315	571,765
Non-current Liabilities	47,085	47,085
Total Liabilities	769,400	618,850
Net Assets	–	–

The increase in current assets was a result of increases in cash at bank and financial assets. Current liabilities also increase as a result of increases in creditors and accruals and deferred income.

PART B - CONTROL ISSUES

3.4 Deferred Income - Unutilized Funds

The Authority shall exercise control over expenditure and ensure accountability and transparency of the utilization of Government Grants.[8]

The audit noted that the Authority did not utilise $108,894 of the grant budgeted for 2008 and consequently the sum has been credited to the Deferred Income account. The table below outline the unutilised grant that has been transferred to deferred income for the past five years.

Years	Amount ($)
2008	108,894
2007	185,143
2006	123,047
2005	(12,186)
2004	13,948

The non utilisation of grant funds may reflects over anticipation by the Authority in forecasting its financial obligation. Given the tight fiscal policies of government, the unutilised grants could have been better used on other urgent government initiatives.

[8] 2008 Quarterly Grant Agreement between The Government of Fiji and The Capital Markets Development Authority – Pg 6.

Recommendations

The Authority should ensure that the:

- **unutilized grants is relayed to Ministry of Finance so that following quarter grant is reduced accordingly.**
- **activities are properly planned as per their budget to minimise unutilized grant at year end.**

Authority's Comments

The Authority agrees that a significant portion of the grants has been transferred to deferred income over the past years. However, the non-utilization of the grant does not reflect over anticipation by the Authority in forecasting its financial obligation.

In the past, the Authority has never received the quarterly grants from the Government on time. This has led to deferment of the budgeted projects, as its tardiness affects the effective delivery of the Authority's market development projects.

The Authority has also been very conservative in the past in its approach to expenditure. This was to ensure that the Authority had sufficient cash at the end of the year to continue with its operations in the coming year if the Government grant is late.

Moreover, the Authority in undertaking its activities needs to be mindful of the prevailing market conditions. Such conditions are beyond its control. Projects and activities are implemented in order to effectively maximise its effects. Otherwise their implementation to fully utilized grants would be futile when market conditions are not conducive.

Furthermore, in view of Government's tight finance, the Authority is very conservative in its use of funds and always looks for ways to reduce its costs and/or incur some savings.

The Authority requests the Auditor General to analyse the Authority's expenditures and utilization of the grant in that regard.

Division will develop accounting practices and policies.

SECTION 4: FIJI MUSEUM

With the passing of the Fiji Museum Ordinance in 1929, the museum was formally inaugurated as a Government Statutory Body with a Board of Trustees.

The Fiji Museum Board is established as a body corporate under the Fiji Museum Act (Cap 263). The Board of Trustees manages the affairs of the Museum in accordance with the Act.

The powers and duties of the Board include:

- Make such rules as it thinks necessary for securing the due administration of the Museum and preserving the objects collected therein, including rules requiring payment to be made for admission to the Museum;
- With the consent of the Minister, acquire land for the purposes of the Museum and sell any land vested in it which is not required for that purpose;
- Exchange, sell or otherwise dispose of any duplicate objects belonging to the Museum and, with the consent of the Minister, exchange, sell or otherwise dispose of any objects belonging to the Museum; and
- Subject to the consent of the Minister, appoint officers on such terms and subject to such conditions as the Board thinks fit.

Various expenses incurred by the Museum in carrying out the duties required by the Act, such as the salaries and wages of staff, are met from the grants appropriated annually by Parliament through the relevant Ministry and revenues generated by the Museum.

The Fiji Museum has five professional departments which include – Collection, Education, Historical Archaeology, Conservation and Pre – History Archaeology. These departments manage the key programmes relating to the research, documentation, preservation and dissemination of information about the collection.

PART A – FINANCIAL INFORMATION

4.1 Audit Opinion

The audit of the financial statements of the Fiji Museum for the year ended 31 December 2004 resulted in the issue of an unqualified audit report.

4.2 Abridged Income Statement

Year Ended 31 December	2004 ($)	2003 ($)
Government Grant	231,111	266,667
Admission Fees	90,901	81,339
Gift Shop Sales	59,832	50,318
Other Income	50,331	31,086
Total Revenue	**432,175**	**429,410**
Salaries & Wages	231,483	247,508
Other Administration Expenses	197,850	167,346
Total Expenditure	**429,333**	**414,854**
Net Surplus for the Year	**2,842**	**14,556**

The operations of the Fiji Museum in 2004 recorded a surplus of $2,842, a decrease of 80% from the surplus of $14,556 recorded in 2003. This was a result of decreases in government grant and other income. Government Grant allocated to the Museum decreased by $35,556 or 13% compared to 2003.

4.3 Abridged Balance Sheet

As at 31 December	2004 ($)	2003 ($)
Cash & Other Cash Equivalents	7,365	24,153
Trade & Other Receivables	-	-
Other Current Assets	15,739	624
Property, Plant & Equipment	57,421	49,877
Total Assets	80,525	74,654
Trade & Other Payables	17,146	14,117
Total Liabilities	17,146	14,117
Net Assets	63,379	60,537
Total Accumulated Fund	63,379	60,537

Net assets increased by $2,842 or 5% in 2004 compared to the previous year as a result of increases in other current assets and property, plant and equipment.

PART B – CONTROL ISSUES

4.4 Recording of Fixed Assets

The proper recording of fixed assets is a mode of internal control that not only provides for the safeguard of assets against unauthorised use or disposal and theft but also ensures that the values of assets are correctly reflected in the General Ledger.

The audit noted that the Fiji Museum does not maintain a Fixed Assets Register as such there is no proper records maintained for all the fixed assets acquired over the years. The value of fixed assets reflected in the Financial Statements consist of three equipments acquired in 2003 and four equipments acquired in 2004 amounting to $51,311 and $13,315 respectively. This is not a true reflection of the value of all fixed assets owned by the Fiji Museum.

The above issue has been raised previously without any improvement noted.

If records are not properly maintained and updated, the risk of unauthorized removal or theft of assets from is high and it will be difficult to hold officer(s) responsible for any discrepancies.

<u>Recommendations</u>

- **All fixed assets acquired should be properly taken on charge in the Fixed Assets Register and the register should be immediately updated for any additions or disposals.**
- **The Fiji Museum should reflect the true value of all its fixed assets in the financial statement.**

- **The Museum should comply with the relevant provisions of the Fiji Accounting Standard 1 – *Presentations of Financial Statements* and Fiji Accounting Standards 16 – *Property, Plan and Equipment*.**

Management Comments

The Fiji Museum has a Fixed Asset Register, showing our fixed assets.

4.5 Motor Vehicle Records – Vehicle No. DB 826

The use of official vehicles must be for official purposes only. Journeys for private purposes are prohibited. Officers using official vehicles for unauthorized purposes will be surcharged an appropriate amount and disciplined.[9]

The Fiji Museum has only one official motor vehicle. Our review of the vehicle records revealed the following discrepancies:

- The vehicle log book and daily running sheets were not maintained.
- In 2005, only one entry was made in the running sheets.
- Numerous official trips were done using public transport such as taxis which require reimbursements of fares. Audit could not determine the reason why the official vehicle was not available for official trips. Refer to the Table below for examples:

Date	Particulars	Payee	Amount ($)
24/02/2004	Taxi Fare to IRD and return	Shanil	4.50
25/02/2004	Taxi Fare	Shanil & Jonal	4.00
24/02/2004	Taxi Fare to Victoria Wines	Sagale Buadromo	5.00
27/1120/04	Taxi Fare	Shanil & Jonal	4.00
11/05/2004	Taxi Fare	William Copeland	10.00
-	Taxi Fare - Alarm Call	Sagale Buadromo	12.40
24/08/2004	Taxi Fare - Alarm Call	Matelita Roxy	14.00
13/4/2004	Taxi Fare	Shanil & Jonal	3.60
30/09/2004	Taxi Fare - Bank Run	Shanil & Jonal	4.00
06/10/2004	Taxi Fare - Fiji Day Celebration	Tevita Seru	20.00
10/09/2004	Taxi Fare	Jone Naucabakia	3.50
06/12/2004	Carrier to Transport outboard motor Mower	-	20.00
18/11/2004	Taxi Fare to attend cocktail at Tanoa Plaza	Sepeti Mata	30.00
January to December 2008	Taxi fare for Tevita Seru for conducting trainings at the Naboro Prison and Nasinu Training School.	Tevita Seru	967.00
Total			$1,102.00

[9] Finance Circular 2/2000

The cost of repairing and maintaining the vehicle in 2004 amounted to $9,702.47. The high costs of maintenance indicate that the vehicle has been extensively used. In a discussion with the driver, it was revealed that she picks up the Director's dependents from school, brings them to the Museum and home in the afternoon using the official vehicle. This clearly indicates that the vehicle was being exclusively used by the Director for unofficial purposes.

As the daily running sheets were not maintained, it was difficult for the audit to determine the total mileage the vehicle was used for unofficial runs. The above findings indicate that poor and ineffective controls over the usage of the official vehicle.

Recommendations

- **Proper records such as vehicle log book and daily running sheets should be kept with all the necessary details entered up to date.**
- **The office should strictly monitor the use of official vehicles to avoid excessive fuel, repair and maintenance costs and exercise more care on its resources.**
- **The Management should ensure that proper procedures regarding motor vehicle use are implemented and followed.**
- **The cost of mileage incurred by the staffs for unofficial use of vehicle should be recovered from their salaries at the commercial rate.**

Management Comments

Firstly, the museum vehicle is a private vehicle given to the museum (statutory body) by the Japanese Government in 1996 and not a Government vehicle. Each year, the vehicle is maintained as best it can be, by the Carpenters group. This vehicle has survived 13 years- a feat that is perhaps not seconded by any Government vehicle.I spare no expense for the car's maintenance because this is our only vehicle. The museum has been without a vehicle from the early 1980s till the early 1990s and we know how hard it is to be without one and travelling and working in the field.This vehicle has been taken into the Nausori Highlands, up into the interior of Navosa and Nadroga, where only light FEA vehicles can cross, where there are no roads whatsoever, crossing rivers and creeks to get to archaeological sites in Fiji. It has even traversed Vanua levu's back roads which are atrocious, and has traveled all around Ovalau. It travels to Nadi every two months, or more if called to do so. It is a hardy vehicle and deserves as much as $9,000 plus to keep it in the best state it can be. We also maintain its body work and car repair is not cheap, $2000 to $3000 plus, and General maintenance is around, $3000 plus, plus replacing the tyres which around $300 plus per tyre.If I wanted to abuse the vehicle (as stated by the auditing officers) I would have taken that vehicle and used it (as the other Directors in the past have done, yet no such comment came for them in any draft audit memorandum for them). In the past, the vehicle was under the care of the Director.Those children whom the auditing officer mentioned are under my care, I am bringing them up, they live with me, since the Driver drops and picks me up each morning and takes the car home, the children are dropped off and picked up with me, as their schools are on my way to work. The children usually walk to the museum, and in some cases I have asked Driver to pick them up when it rains, to catch a ride home with me in the evening.The vehicle is taken home by the driver each day as there have been attempts made on the vehicle itself whilst parked outside our office at night. If I am on leave, the Officer (Archaeology HOD) in charge often takes the vehicle home with him. Also, for the year 2005, the Driver did fill in the forms for the vehicle runs - there cannot have only one forms in that year. No staff uses the vehicle without my permission. The field work runs far outnumber such uses for museum use around Suva. The Driver has her own vehicle which she uses for her own and the Director's private use. So the comment for paying for the use of the vehicle for unofficial use is not correct.

4.6 Delay in Submission of Financial Statements for Audit

The Board shall keep proper accounts in respect of its operations and shall cause to be prepared a statement in account in respect of each financial year. The accounts of the Board shall be audited annually by an auditor appointed by the Minister.

As soon as practicable after the end of each financial year, the Board shall transmit to the Minister-

a) A copy of the statement of accounts;
b) A copy of any report made by the auditor

The Minister shall cause a copy of the statement of accounts and any report made by the auditor to be laid before Parliament.[10]

The audit noted that Fiji Museum submitted its 2004 draft financial statements for audit purposes in late 2008[11] that is delayed by more than four (4) years and 2003 draft financial statements was submitted in late August 2006 that is delayed by more than two (2) years.

The delay in the preparation of accounts has resulted in the delay in the audits.

<u>Recommendation</u>

The Fiji Museum should ensure that financial statements are submitted for audit on a timely basis that would subsequently enable the Board to make timely and reliable decisions on financial matters.

<u>Management Comments</u>

The submitting of financial statements to the General Auditor or to any Private Auditor, whomever the Minister chooses, is subject mostly to our funding, stated previously see first paragraph of this letter, the museum was under a lot of hardship in the early 2001 due to the low turnout of tourists (due to 2000 coup) whom we rely on, and also the fact that we were trying to complete the 2000 accounts (auditing). The accounts for 2002 and 2003 were completed in 2005 and 2006. We are doing our best to complete and bring our accounts up to date, but such adverse political happenings (2006 coup and latest happening) only hinder our ability to gain much needed funds from the tourist dollar - which we rely on, and thereby affecting the progress of updating our accounts.

4.7 Follow up on Previous Audit Issues

Issue	Recommendation	Action Taken by the Fiji Museum
Accounting Manual		
The Fiji Museum does not have an Accounting Manual defining and detailing the accounting system and procedures to be followed by its staffs.	The Board should consider establishing an Accounting Manual.	No action taken on the recommendation.
Lack of Proper Procedures- Staff Matters		

[10] Cap 263 Fiji Museum Act Section 8 (1), (2), (3), & (4)
[11] 28 September 2004

Issue	Recommendation	Action Taken by the Fiji Museum
Absence of a Procedure Manual has resulted in the review/change of salary structure of staffs solely based on discretion of the Directors.	The Fiji Museum should consider establishing policies regarding the recruitment, dismissal, salary increase etc to ensure transparency and accountability in decision making.	No action taken on the recommendation.

Recommendation

- **It is recommended that the issues raised in the previous audits be seriously considered by the Board of the Fiji Museum to ensure improvement in internal controls and provide reliable financial reporting not only to the management of the Fiji Museum but also to other stakeholders.**
- **Without a proper policy manual for administrative and financial matters, the Fiji Museum should fully comply with the government rules and regulations.**

Management Comments

There is an accounting manual for the Fiji Museum and we also follow the Accountant manual of which ever Ministry is giving us the grant, and also a fixed assets register. I am unsure of the reason why this was not shown to your auditing officers, or if it was shown - as I have instructed the Accounts Officer to do so, especially for the Accounting manual for Ministry of Education, why it is stated that we do not have any. The lack of proper procedures of staff matters - stating that I have authority to review and change the salary structure of staff is not true. I have no authority whatsoever to review and change the salary structure - this prerogative belongs to the Board and not the Director. The Board of Trustees have followed the PSC procedures for staffs as a guideline only and have decided from there in the past, as three of them are Permanent Secretaries (5 members on the board, one - from the community, and the other the Town Clerk), the salaries for museum staff are low, because the amount given by the Government is low, we cannot be paying out more than we are getting.

SECTION 5: COMMERCE COMMISSION

The objective of the Commerce Commission is to promote effective competition in the interests of consumers, facilitate an approximate balance between efficiency and environmental and social considerations, and to ensure non-discriminatory access to monopoly and near monopoly infrastructure or services.

The Commission has the following functions in relation to regulated industries:

- the provision of advice to the Minister about proposed access agreements;
- the maintenance of a register of access agreements;
- the facilitation of negotiations about access to infrastructure facilities or service under access regimes;
- the arbitration of disputes about access to infrastructure facilities or services under access regimes;
- if, under a law relating to a regulated industry, the referring authority delegates to the Commission the power to impose, modify or revoke conditions in respect of licenses granted under that law-the imposition modification and revocation of those conditions in accordance with the relevant delegation.

The Commission has the following functions in relation to the Fair Trading Decree:

- to administer those provisions of the Decree in respect of which functions are conferred on it on or under the Decree; and
- to facilitate the operation of the Decree

PART A – FINANCIAL POSITION

5.1 Audit Opinion

The audit of the financial statements of the Commerce Commission for the year ended 31 December 2008 resulted in the issue of an unqualified audit report.

5.2 Abridged Income Statement

Year ended 31 December	2008 $	2007 $
Government Grant	382,723	381,142
Benefits realized	20,166	14,340
Miscellaneous income	0	107
Total Income	**402,889**	**395,589**
Other expenses	140,167	138,470
Rent	32,000	32,000
Personnel cost	219,587	195,891
Total Expenditure	**391,754**	**366,361**
Net surplus/(Deficit) for the year	11,135	29,228

The Commission recorded a decrease in net surplus by $18,093 or 62% in 2008 compared to 2007 due to significant increase in salaries & wages.

5.3 Abridged Balance Sheet

As at 31 December	2008 $	2007 $
Cash	115,347	93,124
Deposits	4,199	4,199
Total Current Assets	119,546	97,323
Other receivables	-	12,820
Property, Plant & Equipment	54,370	66,955
Total Non-Current Assets	54,370	79,775
Total Assets	173,916	177,098
Accounts Payable	10,335	15,027
Other Payables	7,634	-
Other current liabilities	23,014	22,978
Total Current Liabilities	40,983	38,005
Deferred Income	36,310	53,605
Total Long Term Liabilities	36,310	53,605
Total Liabilities	77,293	91,610
Net Assets	96,623	85,488
Accumulated Fund	96,623	85,488

The Commission recorded an increase in Net Assets by $11,135 or 13% in 2008 compared to 2007 due to increase in Cash at Bank and a significant reduction in deferred income.

PART B - CONTROL ISSUES

5.4 Payment for Commissioner's "Reguregu"

On 11th June 2008, the Commission resolved that a payment equivalent to member's annual allowance of $3,000 be paid to a commissioner after the demise of the spouse.

Audit noted that such payments were made in accordance with Finance Regulation 2008.

The following anomalies are noted during the review of the payments:

- The Finance Regulation 2008 were yet to be approved by Ministry of Commerce;
- The above payment did not relate to the operation of the Commission;
- The Ministry of Finance raised its concern in the manner it was paid as the Commission is fully funded by public funds.
- Audit is of the same view that such payment should not be entertained as it is not related to the purpose or function of the Commission.

Recommendation

The Commission should not entertain such expenditures as funds were appropriated by Cabinet and it should be incurred only to the purpose being authorised by the Ministry of Finance.

Commission's Comments

The payment was made by a unilateral decision of the former chair. The Commissions Finance regulation will be amended.

SECTION 6: FIJI AUDIO VISUAL COMMISSION

The Fiji Audio Visual Commission was established for the purpose of developing and promoting a local audio-visual industry.

A project of a multi-million dollar studio is underway at Yaqara. It is anticipated that the project will create more opportunities for local talents involved in the audio-visual industry, and generate employment.

PART A – FINANCIAL INFORMATION

6.1 Audit Opinion

The audit of the financial statements of the Fiji Audio Visual Commission for the year ended 31 December 2008 resulted in the issue of an unqualified audit report.

6.2 Abridged Income Statement

As at 31 December	2008 $	2007 $
Current Assets		
Cash on hand and at bank	132,453	163,128
Accounts receivable	12,657	57,361
Other current assets	32,802	14,626
Total Current Assets	177,912	235,115
Non - Current Assets		
Property, plant and equipment	82,453	34,552
Total Non –Current Assets	82,453	34,552
Total Assets	260,365	269,667
Current Liabilities		
Accounts payable	31,432	36,568
Provisions	22,682	25,529
Total Current Liabilities	54,114	62,097
Non-Current Liabilities		
Government grant/deferred income	36,231	34,552
Total Non-Current Liabilities	36,231	34,552
Total Liabilities	90,345	96,649
Net Assets	170,020	173,018
Total Accumulated Fund	170,020	173,018

The Commission recorded a decrease in its total assets by $9,302 or 3.45% in 2008 compared to 2007 due to decrease in cash at bank and accounts receivable.

6.3 Abridged Balance Sheet

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As at 31 December	2008 $	2007 $
Government Grant	862,956	881,517
Other Income	71,675	68,173
Total Revenue	934,631	949,690
Recurrent Expenditure		
Advertising and public relations expense	30,329	87,238
AV Open Day	76,822	64,619
Overseas travel	111,790	96,181
Promotional material	16,129	10,083
Office rent	40,892	27,111
Salaries and related payments	358,589	357,422
Seminars and conventions	100,055	123,135
Sundry expenses	203,023	209,675
Total Expenditure	937,629	975,464
Net Surplus/(Deficit) for the year	(2,998)	(25,774)

A tighter control over its expenditure by the Commission saw an improvement in its operating result from deficits of $25,774 in 2007 to $2,998 in 2008.

PART B – CONTROL ISSUES

6.4 Payment Vouchers – Purchase Orders

During the sample verification of the expenditure cycle it was noted that some payment vouchers contained payment that exceeded the amount that was present on the purchase order raised. The following examples are noted:

Date	Cheque Number	Particulars	Amount	Amount as per Purchase Order	Variance
03/06/2008	4882	Tanoa International Hotel	$3,156.89	$3,009.33	$147.56
04/08/2008	5003	JJ's on the Park	$3,348.37	$1,508.00	$1,840.37
04/08/2008	5006	Samba	$3,609.00	$1,021.50	$2,587.50

Recommendation

Proper procedure should be strictly adhered to when making payments. Purchase orders need to be recreated if payments made are found to be in excess of the original payment.

6.5 Insurance Premiums (Recurring)

The Ministry of Finance prohibits payment of insurance premium from its operating grant provided for the operation. It was noted that the Commission has spent a sum of $11,951.51 for life and medical insurance for staff and management.

Such issue has been raised from previous years audit reports which is a blatant disregard to Ministry of Finance directive.

Recommendation

The commission should refrain from paying insurance premiums of staff and board members from operating grants as directed by the Ministry of Finance and National Planning.

6.6 Payment to Board Member

Audit noted that $1,000 was paid to the deputy chairperson of FAVC for being the master of ceremonies of the Open Day and Kula Film Awards.

In addition, there was no board approval for this payment in the minutes of the board meetings.

Recommendation

To uphold the transparency of such payments, board approval should be sought and properly documented.

6.7 Accountable Advances

Commission's Delegation and Policy manual states that "The amount advanced should be reasonable and on the condition that it will be accounted for within seven (7) days of the staff's return to Fiji. Failing this the advance will be deducted from the staff's salary.

Audit noted that accountable advances amounting to $1,439.23 remain outstanding and has not been reimbursed to the Commission as at the date of audit.

Date	Employee Intial	Amount ($)
12/09/2006	JN	500.00
30/03/2007	TB	239.23
26/05/2008	FS	500.00
17/11/2008	JT	200.00
Total		$1,439.23

This is in breach of Commission's Delegation and Policy manual.

Recommendation

The above amount should be recovered as soon as possible and amounts deemed irrecoverable written off.

6.8 Performance of the Commission

The audit noted that income generated from levies through local production was zero for the year ended 31 December 2008. Furthermore, expenses incurred through overseas travel, advertising and promotional material amounted to $158,248 for the year ended 31 December 2008 compared to $193,502 for the preceding year.

This suggests that there has been no matching benefit (income) gained from incurring such expenditure and no new economic activity was generated for the year 2008.

Recommendation

The commission should implements better strategy to ensure it derives benefits through more local productions and creates new economic activity for the subsequent year. There should also be control measures in place to avoid unnecessary expenditure and to minimize costs.

SECTION 7: FIJI NATIONAL COUNCIL FOR DISABLED PERSONS

The Fiji National Council for Disabled Persons (FNCDP) is established under **Act No. 21 of 1994**. The function of the council are as follows:

- Be a coordinating body for all organization dealing with the care and rehabilitation of the disabled;
- Formulate a national policy that would ensure that the services are provided to all disabled persons in Fiji;
- Seek financial assistance from the government and aid donors for itself and the registered organizations providing service to the disabled persons in Fiji;
- Draw up a national plan of action for rehabilitation services and implement such plan;
- Organise national seminars and workshops relating to the needs and problems of disabled persons, and assist in the training of personnel involved in the care, training, education and rehabilitation of disabled persons;
- Create public awareness of the problems and inspirations of disabled persons through education media;
- Regularly inform the appropriate Ministers of the problems and the needs of the disabled persons and seek solutions;
- Establish a National Rehabilitation Fund the purpose of which will be attract national and international contributions in terms of funds, expertise, material and equipment to be used in implementing a national rehabilitation plan; and
- Periodically review the national plan of action for the purpose of determining and international realities.

PART A – FINANCIAL INFORMATION

7.1 Audit Opinion

The audit of the financial statements of the Council for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

7.2 Abridged Income Statement

Year Ended 31 December	2007 $	2006 $
Revenue		
Government Grant	170,000	170,000
Dividend Received –Unit Trust of Fiji	1,303	1,341
Other Income	42,771	55,772
Total Revenue	**214,074**	**227,113**
Recurrent Expenditure		
Salaries, Wages and Related Expenses	94,024	103,418
Special Payments	34,998	137,647
Others	36,127	35,515
Total Expenditure	**165,149**	**276,580**
Result for the year from Ordinary Activities	**48,925**	**(49,467)**

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The Council recorded a surplus of $48,925 in 2007 because of a decline in expenditure by 40%.

7.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Current Assets		
Cash at Bank	81,070	33,448
Telephone Deposit	400	400
Total Current Assets	81,470	33,848
Non-Current Assets		
Share in Unit Trust	23,466	22,163
Total Non-Current Assets	23,466	22,163
Total Assets	104,936	56,011
Accumulated Funds		
Opening Balance	56,011	(49,467)
Net Surplus/(Deficit)	48,925	105,478
Total Accumulated Funds	104,936	56,011

The increase in net cash inflows from operating activities contributed to the increase in cash at bank. Total assets also increased as a result.

SECTION 8: KOROVOU RURAL LOCAL AUTHORITY

The Korovou Rural Local Authority is established under section 10 of the Public Health Act.

The Authority is responsible for the provision of sanity services such as garbage collection, the operation of market, community centre and public health projects.

The authority charges garbage fees, market fees, and other charges to meet the costs of these services.

PART A – FINANCIAL INFORMATION

8.1 Audit Opinion

The audit of the financial statements of the Korovou Rural Local Authority for the year ended 31 December 2006 resulted in the issue of a qualified audit report. The qualifications include:

- The Statement of Revenue and Expenditure of the Authority as at 31 December 2006 has been prepared using the cash basis of accounting and does not take into account revenue not received and expenditures not paid at balance date; and

- The Statement of Financial Position does not incorporate debtors, prepayments, creditors and accruals and is therefore a limited Statement of Financial Position contrary to section 7 (4) of the Public Health (Sanitary Services) Regulations.

8.2 Abridged Income Statement

Year Ended 31 December	2006 $	2005 $
Revenue		
Market Fees	11,712	13,200
CBH Grant	15,000	10,000
Garbage Services	4,190	2,606
Base Fees	720	1,584
Other Income	309	66
Total Revenue	31,931	27,456
Recurrent Expenditure		
Sanitary Services	14,228	17,927
Market Services	7,439	21,192
Administration and General	2,125	1,307
Total Expenditure	23,792	40,426
Result for the year from Ordinary Activities	8,139	(12,970)

The Authority recorded a surplus of $8,139 in 2006 compared to a deficit of $12,970 in 2005. This was a result of increase in the grant from Central Board of Health (CBH) by 50 % and a significant reduction in market services expenditure by 65%.

8.3 Abridged Balance Sheet

As at 31 December	2006 $	2005 $
Current Assets		
Cash at Bank	10,114	1,975
Total Assets	10,114	1,975
Accumulated Funds		
Opening Balance	1,975	14,945
Net Surplus/(Deficit)	8,139	(12,970)
Total Accumulated Funds	10,114	1,975

The increase in total assets was due to increase cash flows from its operating activities.

PART B - CONTROL ISSUES

8.4 Basis of Accounting and Disclosure of Assets and Liabilities

Section 7(4) of the Public Health Act states that the Authority shall deliver to Auditor General a statement of account showing all monies received and expended together with a balance sheet.

An item of property, plant and equipment should be recognized as an asset when it is probable that the future economic benefits associated with the asset will flow to the enterprise and the cost of the asset to the enterprise can be measured reliably[12].

The Authority adopted cash basis of accounting for financial reporting and failed to incorporate property, plant, equipment, debtors, creditors and prepayments into the Statement of Financial Position. In addition, the Statement of Revenue and Expenditure does not take into account revenue not received, expenditure not paid and prepayments at balance date.

As a result, the financial statements for the year ended 31/12/06 do not reflect the true financial position of the Authority; hence it is limited statement of financial information.

The Income and Expenditure are also understated thus do not accurately reflect the Authority's performance as at 31/12/06.

Recommendations

- **The Authority should comply with the requirements of the Fiji Accounting Standards and the Public Health Act while preparing the financial statements.**

[12] Fiji Accounting Standards 16 (7)

- **The Authority should adapt to accrual basis of accounting in order to fairly reflect the financial operations during the financial period.**

Authority's Comments

Audit recommendation noted and the appropriate action would be taken.

8.5 Accounting for Value Added Tax

Entities registered under the VAT Decree should charge, collect and pay VAT to the VAT Unit in accordance with the provisions of the Decree.[13]

Audit noted that the Authority was not registered with the Vat Unit despite being reminded by the Audit on numerous occasions. The above laxity of the Authority contravenes with Vat provisions.

Failure to account for Vat in accordance with the provisions of Vat Decree could lead to fines and penalties being imposed on the Authority by the Vat Unit.

Recommendation

The Authority should register with the Vat Unit and comply with the requirement of the Vat Decree of 1991.

Authority's Comments

The Authority is in process of seeking the clarification with the Vat Unit on the vat registration requirement given the nature of the work and the services that the Authority provides.

[13] Vat Decree of 1991

SECTION 9: LAND TRANSPORT AUTHORITY

LTA is a statutory body established under the Land Transport Act 1998. The Authority is responsible for administering the provisions of the Act under the administration and policy rule of the Minister responsible for Transport. The Authority's specific functions are outlined in section 8 of the Land Transport Act 1998. The important functions of the Authority as outlined in section 8 of the Act are:

- improvement of passenger and goods transport by road, ensuring the standard of road transport passenger services are meeting the requirements of the public;
- establishing standards for registration and licensing of vehicles and drivers;
- developing and improving traffic management strategies in conjunction with highway authorities to meet the needs of road users and achieve the objective of road safety; and
- developing and enforcing policies and strategies to achieve the overall objective of road infrastructure, protection and safety in consultation with Commissioner of Police.

PART A – FINANCIAL INFORMATION

9.1 Audit Opinion

The audit of the financial statements of the Land Transport Authority Limited for the year ended 31 December 2008 resulted in the issue of an unqualified audit report.

9.2 Abridged Income Statement

As at 31 December	2008 $	2007 $
Revenue		
Operating Revenue	-	17,694,385
Other Operating Revenue	-	720,918
Net Financing Income	-	226,314
Government Grant	8,958,176	-
Total Revenue	8,958,176	18,641,617
Expenditure		
Personnel expenses	5,521,846	6,666,791
Depreciation and amortisation	1,069,892	1,158,236
Other operating expenses	3,553,837	4,398,618
Unrealised loss on investment	-	-
Total Expenditure	10,145,575	12,223,645
(Loss)/Profit from Operation	(1,187,399)	6,417,972
Income Tax Expense	-	2,262,139
Result for the year from Ordinary Activities	(1,187,399)	4,155,833

On 1 January 2008, the authority's powers under the LTA Act were amended by Promulgation 49 of 2007. The promulgation required the Authority to close all its bank accounts and redirect all revenue collected under the LTA Act to the government consolidated account. The authority now received annual grant from Government to meet its operating and capital expenditure requirements.

Accordingly, the Authority has not recognised as income in these financial statements all revenue received on behalf of Government as recognised in previous years as the economic benefits from these no longer flow to the Authority from 1 January 2008. Deferred expenses and revenue arising out of the Authority's issue of licenses and expenditure have been derecognised from the balance sheet on 1 January 2008.

The Authority has also not recorded income tax expense for the year and derecognised all deferred tax assets and liabilities on 1 January 2008 due to the amendment to the Income Tax Act to exempt the Authority from company income tax.

The Authority recorded a deficit of $1,187,399 in 2008 compared to a surplus of $4,155,833 in 2007.

9.3 Abridged Balance Sheet

As at 31 December	2008 $	2007 $
Current Assets		
Cash and cash equivalents	3,522,361	2,831,088
Short term investments	0	3,396,488
Other current assets	619,490	1,107,323
Total Current Assets	4,141,851	7,334,899
Non - Current Assets		
Property, plant and equipment	9,527,848	9,803,955
Other non current assets	-	-
Total Non Current Assets	9,527,848	9,803,955
Total Assets	13,669,699	17,138,854
Current Liabilities		
Creditors and other accruals	775,781	916,163
Provisions	398,269	2,310,299
Deferred revenue	0	845,476
Total Current Liabilities	1,174,050	4,071,938
Non-Current Liabilities		
Deferred revenue	0	1,069,349
Total Non Current Liabilities	0	1,069,349
Total Liabilities	1,174,050	5,141,287
Net Assets	12,495,649	11,997,567
Capital and Reserves	12,495,649	11,997,567

Net assets increased by $498,082 or 4.1% as a result of a decrease in total liabilities. Total liabilities decreased in 2008 due to the de-recognition of the provision for income tax and deferred revenue from the balance sheet as a result of the amendment to the Land Transport Act.

PART B – CONTROL ISSUES

9.4 Compensation Payments

The authority has incurred high legal fees and costs during the year. The amount recorded in the current year has increased significantly compared to previous years. This is attributed to the increase in compensation payments made or owed to external parties as decided by the Court.

The high compensation costs and legal fees indicate non-adherence to stated policies and procedures, LTA Act and other legislation by the authority.

Recommendation

The Authority should ensure that all staffs adhere to stated policies and procedures and all legal requirements when discharging their duties. The Authority should utilise the counsel of its in-house legal department to minimise the risk of claims against the Authority.

9.5 Reconciliation of LTA Fees

On 1 January, 2008, the authority's power under the LTA Act was amended by Promulgation 49 of 2007. The Promulgation required the authority to close all its bank accounts and redirect all its revenues collected under the LTA Act to the government consolidated account.

Audit noted that the authority's records of revenues collected in 2008 did not reconcile with the Ministry of Finance records as at 31 December 2008. Details are shown in the table below.

Details	Ministry of Finance Records	LTA Records	Variance
LTA Fees	19,081,740.68	19,156,832.35	(75,091.67)

The above variance indicates that monthly reconciliation was not effectively carried out by the authority and Ministry of Finance and thus, the correctness of the figures recorded by Ministry of Finance could not be justified.

Recommendation

Monthly reconciliation should be carried out on a monthly basis with Ministry of Finance figures and any differences to be rectified immediately.

SECTION 10: NATIONAL ROADS SAFETY COUNCIL

The National Roads Safety Council is established under Section 2 (1) of the National Roads Safety Council Act 1994. The functions of the Council are:

- set goals and objectives of road safety work;
- coordinate the work of all organizations, which are involved in the promotion of road safety;
- procure sufficient personnel and finance for road safety work control and monitor their use;
- develop and recommend road safety research and measure, which will lead to the improvement of road safety work in Fiji;
- control and coordinate the planning and implementation of road safety work in Fiji taking into consideration the interests of society, user groups and trade and industry, individuals as well as environmental aspects;
- monitor and update any national program for the improvement of road safety in Fiji and supervise its implementation;
- monitor and evaluate the effectiveness of the programs and strategies of the organizations, which are involved in the promotion of road safety;
- establish and maintain financial control and auditing of funds to ensure that the maximum benefits are derived IN road safety activities; and
- consider and/or implement any other aspects as may be referred to it from time to time.

PART A – FINANCIAL INFORMATION

10.1 Audit Opinion

The audit of the financial statements of the National Roads Safety Council for the year ended 31 December 2007 resulted in the issue of a qualified audit report.

Value Added Tax (VAT) has not been accounted in accordance with the Fiji Accounting Standard (FAS) 103 - *Accounting for Value Added Tax* which states that incomes and expenditures should be reflected net of VAT. As a result, the amounts for income and expenditure have been overstated by VAT.

10.2 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Income		
CTP Levy	243,944	248,546
ADT Program	225,179	286,708
Government Grant	21,000	61,000
Operating Income	37,866	59,233
Total Income	527,989	655,487
Expenditure		
Operating Expenditure	276,999	494,633
Personnel expenses	323,692	269,562
Total Expenditure	600,691	764,195
Result for the year from ordinary activities	(72,702)	(108,708)

The Council recorded a deficit of $72,702 in 2007 compared to a deficit of $108,708 in 2006 as a result of a decrease in expenditure by $163,504 or 21% compared to 2006.

10.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Cash on hand and at bank	42,210	125,035
Other receivables	55,528	62,322
Total Current Assets	97,738	187,357
Non – Current Asset		
Property, plant and equipment	147,753	165,082
Investment	366,665	358,027
Total Assets	612,156	710,466
Accounts payable	22,242	39,676
Provisions	16,725	16,155
Total Current liabilities	38,967	55,831
Deferred income	32,887	41,631
Total Non Current Liabilities	32,887	41,631
Total Liabilities	71,854	97,462
Net Assets	540,302	613,004
Accumulated Fund	540,302	623,004

The Council recorded a decrease in total assets by $98,310 or 14% in 2007 compared to 2006 due to decrease in cash at bank by $82,825 or 67%.

10.4 Audit Opinion

The audit of the financial statements of the National Roads Safety Council for the year ended 31 December 2006 resulted in the issue of a qualified audit report.

Value Added Tax (VAT) has not been accounted in accordance with the Fiji Accounting Standard (FAS) 103 - *Accounting for Value Added Tax* which states that incomes and expenditures should be reflected net of VAT. As a result, the amounts for income and expenditure have been overstated by VAT.

10.5 Abridged Income Statement

As at 31 December	2006 $	2005 $
Income		
CTP Levy	248,546	231,377
ADT Program	286,708	78,247
FRSAP II Grant	-	231,061
Government Grant	61,000	21,000
Operating Income	59,233	66,141
Total Income	655,487	627,826

As at 31 December	2006 $	2005 $
Expenditure		
Operating Expenses	494,633	368,830
Personnel expenses	269,562	161,910
Total Expenditure	764,195	530,740
Result from ordinary activities	(108,708)	97,086

The Council recorded a deficit of $108,708 in 2006 compared to a surplus of $97,086 in 2005. This was a result of the council not receiving any grant for Fiji Road Safety Action Plan (FRSAP) II and significant increases in operating and personnel expenses by $233,455 or 44 %.

10.6 Abridged Statement of Financial Position

As at 31 December	2006 $	2005 $
Current Assets		
Cash on hand and at bank	125,035	385,582
Other receivables	62,322	44,263
Total current assets	187,357	429,845
Non – Current Asset		
Property, plant and equipment	165,082	132,079
Investment	358,027	354,481
Total Assets	710,466	916,405
Current Liabilities		
Accounts payable	39,676	82,150
Provisions	16,155	14,760
Grants In Advance	0	40,000
Total current liabilities	55,831	136,910
Non-Current Liabilities		
Deferred income	41,631	57,783
Non current liabilities	41,631	57,783
Total Liabilities	97,462	194,693
Net Assets	613,004	721,712
Accumulated Fund	613,004	721,712

The net assets decreased by $108,708 or 15% in 2006 compared to 2005 due to decrease in cash at bank.

PART B – CONTROL ISSUES

10.7 VAT Registration

The National Road Safety Council (NRSC) is required to be registered for VAT under Section 22 of the Value Added Tax Decree (1991) as soon as possible.

Section 22(1) of the VAT Decree states that anyone who carries on a taxable activity may register whilst those having a turnover of more than $30,000 or $15,000 who can reasonably predict such turnover for the future must register and Section 22(3) requires every person who becomes liable to register to do so within 21 days of becoming liable.

The issue have been repeatedly raised during the previous years audit, however NRSC have not taken any action to comply with VAT Decree (1991).

Recommendation

The Council should register for VAT in accordance with VAT Decree (1991).

Council's Comment

The Council has registered for VAT in accordance with VAT Decree (1991) in 2008.VAT will be accounted for from 2008 in accordance with the FAS 103-Accounting for Value Added Tax. The prior years VAT will also be accounted.

10.8 Compulsory Third Party (CTP) Levy

Operations of National Road Safety Council are being funded thorough income generated by compulsory deduction of $3.00 for every Motor Vehicle Third Party Insurance.

An amount of $248,546 was received in 2006 from the various insurance companies in regards to the Motor Vehicle Third Party Insurance levy.

Audit noted that the NRSC are not able to verify the amount received from the insurance companies as the details of the levy were not provided by the insurance companies.

In the absence of such details, the council will not be able to establish whether the insurance companies are paying the correct amount.

Recommendation

The board should take necessary steps to verify the (CTP) levy that are received from the insurance companies.

Council's Comment

The Council noted and agreed to the recommendations. The Council will be taking necessary steps in verifying CTP Levy that will be received from the insurance companies. This will be carried out by requesting the insurance companies to submit a summary if the number of motor vehicles paying CTP levy when the insurance companies remit the CTP levy cheque every month.

SECTION 11: NATIONAL FIRE AUTHORITY

The National Fire Authority (NFA) was established as a corporate body in 1994 under the National Service Act 1994. The duties of the Authority are:

- establish Fire Districts in the areas to which they cover and ensure that the District Fire Officer conforms to the NFA Act and maintains an efficient fire service having regard to the life and property, which he is under an obligation to protect and to the financial capacity of the district;
- coordinate the units of fire services for the purposes of fire protection, reinforcement at serious fire or other emergencies;
- encourage, supervise or carry out fire prevention activities and also experiment or research work with respect to fire service methods, equipment, organization or coordination with other services;
- establish courses of training and generally direct the training of the members the fire services;
- provide for the inspection of training of brigades, and for such degree of standardization of plan, equipment and training as it considers necessary for combined operations;
- inspect in relation to fire safety premises whether public or otherwise;
- arrange for obtaining, by inspection or otherwise, information required for fire fighting purposes with respect top the character of the building and other property in the Fire District and in any area in which the Authority is under an obligation to protect, the available water supplies, means of access thereto, and other material circumstances;
- provide consultancy services on fire fighting and fire fighting equipment and
- Perform such other duties as the Minister may from time to time direct.

PART A – FINANCIAL INFORMATION

11.1 Audit Opinion

The audit of the financial statements of the Authority for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

11.2 Abridged Income Statement

Year Ended 31 December	2007 $	2006 $
Income		
Fire Levy	4,974,546	4,055,838
Government Grant	1,422,222	1,422,222
Other Income	1,031,397	778,260
Total Revenue	7,428,165	6,256,320
Recurrent Expenditure		
Salaries and Wages	3,580,836	3,780,790
Depreciation & Amortization	655,059	631,603
Travel and Accommodation	196,325	170,974
Others	1,737,991	1,448,513
Total Expenditure	6,170,211	6,031,880
Result for the year from Ordinary Activities	1,257,954	224,440

The Council recorded a surplus of $1,257,954 in 2007 compared to $224,440 in 2006 largely due to increase in total revenue by $1,171,845 or 19% compared to 2006. The fire levy contributions increased by $918,708 (23%) and private fire alarm rental, attendance and special services by $97,161 (139%).

11.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Assets		
Cash & Cash Equivalents	455,059	418,404
Trade & Other Receivables	1,144,499	690,563
Inventories	31,353	---
Financial Assets – Short Term	700,000	1,893,685
Financial Assets – Long Term	---	100,000
Property, Plant & Equipment	5,208,123	4,327,710
Total Assets	7,539,034	7,430,362
Liabilities		
Trade & Other Payables	639,579	1,632,646
Provisions	117,968	51,248
Provisions	---	45,218
Deferred Revenue	465,992	643,709
Total Liabilities	1,223,539	2,372,821
Net Assets	6,315,495	5,057,541
Accumulated Funds		
Asset Revaluation Reserve	1,263,131	1,263,131
Accumulated Surplus	5,052,364	3,794,410
Total Accumulated Funds	6,315,495	5,057,541

The Authority's net assets increased by $1,257,954 or 25% in 2007 compared to 2006 due to the significant reduction in the total liabilities by $1,149,282 or 48%..

PART B - CONTROL ISSUES

11.4 Water Meter Levy

All owners or occupiers of properties are charged $0.50 per water meter per month by the Public Works Department (PWD) who then remits the same to the Authority as required under the National Fire Service (Amendment) Act 1997.

The audit noted that PWD remits water metre levy to the Authority without submitting a schedule stating the amount of water levy paid by individual metre holders in a particular month. This limits the Authority from substantiating the validity of water metre levy collected.

Every month the Authority estimates the water levy income for a particular month based on the collections of the preceding month. The water levy income account comprised of journalised estimates of each month contra to the actuals received. The income stated in the financial statements as at 31/12/07 was $209,850 while audited levy income received totalled $298,707 resulting in understatement of revenue by $88,857.

The Authority's failure to correctly adjust the account balances and redundant monthly journal entries created perplexity resulting in incorrect account assertions in the financial statements.

Recommendations

- **The Authority should liaise with PWD to submit a comprehensive list of water meter holders paying their levy each month.**
- **The Authority instead of accruing monthly water levy income should improve its debt collection procedure and ensure that revenue is receipted or adjusted promptly for each month.**
- **The Authority should thoroughly substantiate all the account assertions in the financial statements.**

Authority's Comments

The Authority is currently liaising with the PWD & in particular, the Department of Water to obtain information on water meter holders who should pay water levy to NFA. Written correspondence has already been issued by NFA to the Ministry of Works copied to the Ministry of Finance requesting for prompt monthly payments of water levy.

11.5 Volunteer Fire Brigades

A volunteer fire brigade shall be deemed to be a group of persons associated by mutual consent as a brigade which:

(a) has entered as a group but not in any case as an individual, into a binding agreement of service with a District Fire Officer; and
(b) is registered as a Volunteer Brigade under this Act. [14]

But the agreement shall not have any effect until it is approved by the Authority and the group is registered as a volunteer brigade under this Act.[15]

The Authority paid $26,604 to volunteer brigades for the year ended 2007. However audit noted that the Authority failed to establish a binding contract between the volunteer fire brigades and the District Fire Officer's in various districts. It was further noted that the Authority did not give approval to the groups to form a volunteer fire brigade. The Authority also failed to maintain current and up to date list of volunteer brigades in various districts.

The Authority's laxity and non-compliance with the standard protocols poses hindrance in substantiating the payments made to the volunteer brigades.

[14] National fire service Act – 24 of 1994, Section 24 (2)
[15] National fire service Act – 24 of 1994, Section 24 (3)

Recommendations

- **The Authority should strictly adhere to the protocols regarding the engagement of Volunteer Brigades by entering into a binding contract and updating the volunteer register.**
- **The Human Resource Officer should maintain an up to date list of current volunteer brigades for reference.**

Authority's Comments

Comments are noted and the recommendation to maintain an up to date register will be complied with as a matter of high priority.

11.6 Overpayment of Acting Allowances

An employee required the duties and responsibilities of a post which is graded higher than his substantive post shall be paid acting allowance.[16]

In order to qualify for the payment of acting allowance an employee must act in the higher office (post) for a period of not less than fourteen (14) consecutive days.[17]

Audit noted that the accountant acted on the position of Director Corporate Services on two occasions and received full acting allowances of $1,243.98. However audit noted that the officer failed to meet the requirements as she acted as the Director Corporate Services on both the occasions for 12 days instead of required 14 days. Details are stipulated in the table below:

Acting Period	Number of Days Acted	Acting Allowance Paid ($)
17/09/07 – 28/09/07	12 Days	481.52
07/12/07 – 18/12/07	12 Days	762.46
Total Allowance Overpaid		1,243.98

The above finding indicates a disregard for procedures as set out in the Authority's Memorandum of Agreement 2003.

Recommendations

- **The Authority should recover the allowance overpaid to the officer as soon as practicable.**
- **The Authority should ensure proper compliance of standing rules and regulations in placed.**

Authority's Comments

The minimum acting period for non shifts workers has now been amended to one week as per the 2008 Collective Agreement between NFA and FPSA union. The Authority does not see any justification in recovering the acting allowance paid to the Accountant as this is compensation for the addition higher responsibility she had to carry during the acting period. This is to reflect practical operational realities.

[16] Memorandum of Agreement dated 24/11/2003, Section 1.9.1
[17] Memorandum of Agreement dated 24/11/2003, Section 1.10.1

11.7 Appointment of Human Resource Officer

It shall be the Authority's policy to fill any vacancy from among the serving employees, provided they have the necessary qualifications and/or experience for the vacant posts.[18]

Promotions shall be based on merit and shall include relevant education or other qualifications, provided that, where two or more employees who are applicants for a vacancy are adjudged to be equal in merit for promotion, regard shall be given to the length of continuous permanent service of each employee.[19]

Audit noted that the Human Resource Officer was appointed from 24/07/07. The Minimum Qualification Requirement (MQR) for the position was for the applicants to have at least 5 years experience in Human Resources Planning at Management level and Tertiary qualification in the area of Human Resources Management / Public Relations.

The following discrepancies were noted from the officer's appointment:

- The Officer substantively held the post of a Personal Assistant to the Chief Executive Officer and acted as Human Resource Officer for almost two and half years during the period 21/03/05 – 23/07/07 until confirmed on the same post. Audit could not substantiate the reasons for delay in filling in the post at earliest.

- The Officer failed to meet the Minimum Qualification Requirement as she had no academic qualification and neither substantiated work experience as required for the post.

- Review of the interview assessments revealed that out of the short listed applicants, only two turned up and neither of them met the MQR. The Authority did not opt to re-advertise the post.

The above indicates the disregard of rules and regulations governing appointments and promotion. The above breach has set a precedent which could be detrimental in the future. The existence of elements of nepotism in the recruitment and selection process of Human Resource Officer can not be ruled out.

Recommendations

- **The Authority should investigate the appointment.**
- **The Authority should re-advertise the position in case of no suitable candidates being identified for the post.**
- **The Authority should ensure that all appointments are made on merit basis to ensure good governance.**

Authority's Comments

Comments are noted however, the appointment of HRO at that time was due to circumstances at that time. She was deemed to be the most suitable candidate for the position having acted in the position for a period in excess of 2 years. It should also be noted that since the appointment of HRO has been undertaking a training and development program including study at the USP for the appropriate qualifications.

[18] Memorandum of Agreement dated 24/11/2003, Section 1.2
[19] Memorandum of Agreement dated 24/11/2003, Section 1.15.1

11.8 Excessive use of Telephone

Managers and all others responsible for acquiring goods and services shall at all time exercise proper economy in incurring expenses.[20]

Verification of the telephone log book revealed excessive private calls by the officers. For the month of December 2007, 57 private calls were made to cell phones and 41 to land lines. Refer to table below for examples.

Date	Staff	Number Called	Official or Private
13/12/07	Staff 1	9758279	Private
	Staff 2	9967294	Private
13/12/07	Staff 3	9761705	Private
	Staff 4	9472662	Private
	Staff 3	9295363	Private
	Staff 5	9992112	Private
	Staff 5	9992112	Private
17/12/07	Staff 6	9458267	Private
	Staff 7	9755979	Private
	Staff 8	9638790	Private
	Staff 9	9204084	Private
	Staff 10	9458267	Private

Audit analysis revealed that frequency of private calls made were high during the night and a few of these calls ranged from $10 - $100 a call. Refer to table below for example:

Date	Telephone Number used	Number called	Time number called	Amount as per Bill	Date bill issued
9/11/07	3313419- switchboard	9761705	11.03pm	10.52	4/12/07
12/11/07	3313419	9934853	7.45pm	11.02	4/12/07
14/11/07	3313419	9934853	11.09pm	35.58	4/12/07
18/11/07	3313419	9441888	10.03pm	105.75	4/12/07
19/11/07	3313419	9611589	9.16pm	11.52	4/12/07
21/11/07	3313419	945576	9.02pm	17.54	4/12/07

The above anomalies imply lack of control and poor supervision on telephone usage which leads to exorbitant expenditures.

Recommendation

The Authority should in place stricter controls on telephone usage and recoveries should be made from staffs making private calls.

Authority's Comment

Comments noted and recommendations implemented

[20] National Fire Authority Finance and Accounting Directions, November 2005 – (4.4)

SECTION 12: NATIONAL FOOD AND NUTRITION CENTRE

The National Food and Nutrition Centre (NFNC) created by Government in 1976 and operate as a quasi-government organisation under the Ministry of Health. It is funded through government subvention.

The objective of the National Food and Nutrition Centre are:

- To realise the mandate given by Cabinet to advise the government on the country's food situation and nutritional status of its population;
- To co-ordinate programs and activities carried out by government and non-governmental organisations on matters relating to food and nutrition; and
- To ensure that Fiji's food and nutrition policy is realised and to improve the nutrition policy is realised and to improve the nutritional status of the population.

On 7th April 1998 Cabinet directed that the National Food and Nutrition Centre be integrated into the Ministry of Health rather than continue to be a stand alone entity.

Consequently, on 21st January a99, there was an agreement signed between the Government of Fiji and the National Food and Nutrition Centre for the provision of advice to the Fiji Government on the country's food situation and the nutritional status of its population. Furthermore, the NFNC will coordinate and monitor all government ministries and non government organisations programs and activities relating to nutrition.

PART A – FINANCIAL INFORMATION

12.1 Audit Opinion - 2007

The audit of the financial statements of the National Food and Nutrition Centre for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

12.2 Abridged Income Statement

Year Ended 31 December	2007 $	2006 $
Revenue		
Government Grant	161,012	260,889
Ministry of Health – Vitamin A Survey	---	50,000
Ministry of Health – WFD	10,000	10,000
Other Income	3,901	17,167
Total Revenue	**174,913**	**338,056**
Recurrent Expenditure		
Salaries, Wages and Related Expenses	185,177	225,985
Capital Expenditure	---	1,782
National Nutrition Survey	11,330	18,595
World Food Day	11,148	12,850
Other Expenses	24,015	28,936
Total Expenditure	**231,670**	**288,148**
Result for the year from Ordinary Activities	**(56,757)**	**49,908**

The Centre recorded a deficit of $56,757 in 2007 compared to a surplus of $49,908 in 2006 due to reduction in government grant by 38% and other income by 77%.

12.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Assets		
Cash at Bank	143,684	204,403
FEA Deposit	260	260
Telephone Deposit	430	430
Total Assets	144,374	205,093
Current Liabilities		
VAT Payable	3,374	7,336
Total Liabilities	3,374	7,336
Net Assets	141,000	197,757
Accumulated Funds		
Opening Balance	197,757	147,849
Net Surplus/(Deficit)	(56,757)	49,908
Total Accumulated Funds	141,000	197,757

The net assets decreased by $56,757 or 29% in 2007 compared to 2006. This was a result in decline in net cash inflow which also resulted in the decrease in cash at bank.

12.4 Audit Opinion - 2006

The audit of the financial statements of the National Food and Nutrition Centre for the year ended 31 December 2006 resulted in the issue of an unqualified audit report.

12.5 Abridged Income Statement

Year Ended 31 December	2006 $	2005 $
Revenue		
Government Grant	260,889	220,444
Ministry of Health – Vitamin A Survey	50,000	-
Ministry of Health – NNS	---	130,000
Ministry of Health – WFD	10,000	11,549
Other Income	17,167	52,008
Total Revenue	338,056	414,001
Recurrent Expenditure		
Salaries, Wages and Related Expenses	225,985	235,203
Capital Expenditure	1,782	221
National Nutrition Survey	18,595	149,504
World Food Day	12,850	15,595

Year Ended 31 December	2006 $	2005 $
Other Expenses	28,936	38,757
Total Expenditure	288,148	439,280
Result for the year from Ordinary Activities	49,908	(25,279)

The Centre recorded a surplus of $49,908 in 2006 compared to a deficit of $25,279 in 2005. This was a result of decline total expenditure by 34%.

12.6 Abridged Balance Sheet

As at 31 December	2006 $	2005 $
Current Assets		
Cash at Bank	204,403	152,171
FEA Deposit	260	260
Telephone Deposit	430	430
Total Assets	205,093	152,861
Current Liabilities		
VAT Payable	7,336	5,012
Total Liabilities	7,336	5,012
Net Assets	197,757	147,849
Accumulated Funds		
Opening Balance	147,849	173,128
Net Surplus/(Deficit)	49,908	(25,279)
Total Accumulated Funds	197,757	147,849

Increased net cash inflows from operating activities were largely responsible for the increase in net assets. No significant change was noted for liabilities.

SECTION 13: NATIONAL SUBSTANCE ABUSE ADVISORY COUNCIL

The National Substance Abuse Advisory Council is a statutory body that was enacted in Parliament on 12 May, 1998 and launched on March 1, 1999. This is in recognition of the growing incidence of drug and substance abuse in the country and the detrimental effects it has on health, our society and the economy.

The Council is responsible to the Government for developing a comprehensive substance abuse prevention education and research effort in Fiji under a grant to the Ministry of Education from the Ministry of Finance.

The primary objectives of the Council are to:

- Promote a healthy lifestyle and safer drinking practices, and the development and promotion of actions and advice which will reduce alcohol-related and substance abuse problems for the nation;
- Implement strategic plans which will promote health awareness attitudes, collate and disseminate information and statistics on the prevalence of use and abuse of substances, produce publications and researched reports and advise government on policies to reduce problems related to the abuse of alcohol and other substances.

The activities being conducted at present are funded by the World Health Organisation, as government funding is limited to remuneration

PART A – FINANCIAL INFORMATION

13.1 Audit Opinion

The audit of the financial statements of the National Substance Abuse Advisory Council for the year ended 31 December 2008 resulted in the issue of an unqualified audit report.

13.2 Abridged Income Statement

Year Ended 31 December	2008 $	2007 $
Revenue		
Government Grant	200,000	150,000
PRIDE Project Fund	50,000	50,000
MOE Extra Funding	8,588	---
FESP Funds	---	9,128
NACA Funds	5,560	10,000
Others	350	---
Total Revenue	264,498	219,128
Recurrent Expenditure		
Payroll Expenditure	148,026	121,537
Other Operating Expenses	124,506	40,178
Capital Expenditure	14,987	3,729
Total Expenditure	287,519	165,444

Year Ended 31 December	2008 $	2007 $
Result for the year from Ordinary Activities	(23,021)	53,684

The Council recorded an operating deficit/loss of $23,021 in 2008 compared to an operating surplus/profit of $53,684 in 2007. This was of increases in Other Operating Expenses in 2008 by a substantial $76,870 or 161% compared to 2007.

13.3 Abridged Balance Sheet

As at 31 December	2008 $	2007 $
Current Assets		
Cash at Bank	48,733	71,754
Total Assets	48,733	71,754
Accumulated Funds		
Opening Balance	71,754	18,070
Net Surplus/(Deficit)	(23,021)	53,684
Total Accumulated Funds	48,733	71,754

Revenue generated by the Council could not adequately cover expenditure as a result it had to use surplus funds in its bank account to cover the excess. This resulted in a decline in bank account balance and total assets by $23,021.

SECTION 14: PRICES AND INCOMES BOARD

The Prices and Incomes Board was established on 1 st July 1973 in accordance with the Counter – Inflation Act. The Board is a statutory body under the control of a single board member who is appointed by the Minister of Finance. In carrying out its statutory function, the board is empowered under the Counter – Inflation Act (Cap 73) upon the Ministers directive and approval, to control the following:

- prices;
- charges;
- remuneration;
- dividends
- rents; and
- any connected purpose as determined by the Minister.

PART A – FINANCIAL INFORMATION

14.1 Audit Opinion

The audit of the financial statements of the Prices & Incomes Board for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

14.2 Abridged Income Statement

Year Ended 31 December	2007	2006 $
Income		
Grants from Government	1,047,111	1,150,133
Other Income	6,818	6,472
Total Income	**1,053,929**	**1,156,605**
Expenditure		
Personnel Expenses	811,650	939,981
Other Operating Expenses	246,896	286,644
Total Expenditure	**1,058,546**	**1,226,625**
Result for the year from Ordinary Activities	**(4,617)**	**(70,020)**

Tighter controls over expenditure resulted in a significant decrease in expenditure by $168,078 or 14%. This saw an improved result in its operation from deficits of ($70,020) in 2006 to ($4,617) in 2007.

14.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Current Assets		
Cash at Bank	50,256	54,767
Vat Receivable	1,189	1,296
Total Assets	51,445	56,063
Total Accumulated Funds	51,445	56,063

PART B – CONTROL ISSUES

14.4 Rent Inspection

Not withstanding the provisions of any other written law, the Board may with the approval of the Minister, by order, restrict increases of rent in respect of the letting or continued letting by any person or class of persons of any premises under any tenancy.[21]

Audit noted that the Board over the years has failed to carry out its regular inspection on those landlords whose application for rental increase had been declined by the Board to ensure that they are complying with the decision. It was also noted that inspections and investigations are only carried out on the receipt of any complain against the landlord.

Discussion with the Assistant Prices and Incomes Inspector revealed that due to fear of victimizations, tenants fail to lodge complaints against their landlords for the illegal rent increases.

In the absence of a regular rental inspection, there is a risk of landlords charging higher rents without the Board's approval.

Recommendation

Officials from Rent Section should carry out inspections of houses to ensure that the landlords are not overcharging the tenants. These should include visits to landlords whose applications for an increase in rent have been rejected. This will ensure broad compliance by the landlords, as there will be awareness of inspections by the Board.

Board's Comments

Similar comment was raised in past audit which the Board had explained when it appeared before the Public Accounts Committee in 2006, which the Board believed was resolved then. However, the Board's comment on the same still stand, that is, the provision quoted in the report relates to Section 12 of the Counter Inflation Act. It specifies the powers vested with the Minister to restrict increases of rental by order. The mention of section 33 defines exclusions under the Act.

The Board's role in the rental market is confined within the provisions in the Act purely on the assessment of rental submissions received. To expand the role of rental inspections, similar to price inspections, is outside the ambit of the Board. Unlike trading premises, the drafters of the legislation limit the PIB role to enter residential

[21] Section 12 (1) of the Counter Inflation Act

and commercial premises for monitoring and enforcement purposes. Resources available in the Rent Unit are to support the role of rent assessment under section 12 & 13 of the Act. We welcome the comment but PIB's role and power are limited under the legislation.

SECTION 15: TRAINING PRODUCTIVITY AUTHORITY OF FIJI

The Training and Productivity Authority of Fiji, [formerly known as the Fiji National Training Council] is a statutory organisation established under Cap 93 of the FNTC Act.

The Authority is the national organisation for technical vocational training in Fiji, and the National Productivity Organisation for the Fiji Islands and acts and performs functions to promote the concept of productivity as a viable economic strategy.

The Authority's principle activity is to develop the national framework and make provision for the registration of training courses or training providers or facilities or qualifications of such category it shall direct.

PART A – FINANCIAL INFORMATION

15.1 Audit Opinion

The audit of the financial statements of the Training Productivity Authority of Fiji (TPAF) for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

15.2 Abridged Income Statement

Year Ended 31 December	2007 $'000	2006 $'000
Levy Income	19,442	10,305
Course Fee	10,215	9,966
Other Operating Revenue	1,281	936
Total Revenue	30,938	21,207
Personnel Expenses	7,463	6,241
Depreciation and Amortisation	949	720
Operating Expenses	3,040	2,957
Other Expenses	9,358	9,403
Total Expenditure	20,810	19,321
Net Surplus for the Year	10,128	1,886

The Authority recorded a net surplus of $10,127,854 in 2007, an increase of 437% compared to 2006. This was due to the increase in total revenue, specifically income from Levy by $9,136,308 or 89% in 2007.

15.3 Abridged Balance Sheet

As at 31 December	2007 $'000	2006 $'000
Cash at Bank & on Hand	4,286	2,443

As at 31 December	2007 $'000	2006 $'000
Trade & Other Receivables	9,715	4,011
Financial Assets	6,300	5,799
Other Current Assets	61	111
Property, Plant & Equipment	11,273	7,975
Total Assets	31,635	20,339
Grants Payable	6,477	6,722
Sundry Creditors & Accruals	3,156	5,008
Other Current Liabilities	300	291
Non-Current Liabilities	169	22
Total Liabilities	10,102	12,043
Net Assets	21,533	8,296
Total Authority's Funds	21,533	8,296

Net assets increased by $13,237,317 or 160% in 2007 compared to the previous year. The increase in net assets is attributed mainly to the increase in total assets, specifically, cash at bank, financial assets, trade receivables and property, plant & equipment.

PART B – CONTROL ISSUES

15.4 Outstanding Salary Advances

Staffs may request for salary to be paid in advance in their urgent needs due to unforeseen circumstances.[22]

Audit noted that staff advances have not been properly monitored to ensure that advances are fully recovered within a specific period or before officers resign. Refer to the Table below for examples of outstanding advances that were recovered as the officers have resigned from the Authority:

Account Code	Amount ($)	Comments
DIPN9902	648.66	• Unsettled account - Staff resigned on 10/12/2001 • *White Goods advance*
DIPN0784	1,974.15	Travel advance not settled - Staff resigned on 18/12/2001
DIPN3042	500.00	Travel advance - Staff resigned
DIPN0168	4,311.12	• Staff resigned on 8/12/2001 • Credit Sale, salary advance and travel advance
DIPN0383	339.69	• Staff resigned on 13/09/2007 • *Salary advance*
DIPN0402	1,391.09	• Staff resigned on 23/09/2004 • Travel advance
DIPN3070	580.00	Staff resigned
DIPN9920	3,494.11	Staff resigned
DIPN9922	1,098.36	• Staff resigned • Salary advance

[22] TPAF Finance Policy Manual 16.1, 2006

Account Code	Amount ($)	Comments
DIPN0410	1,042.20	• Staff has passed away. • Salary advance
DIPN0255	5,306.27	• Staff resigned • Loan to purchase motor vehicle, computer
DIPN0339	2,484.06	• Staff resigned on 23/09/2004 • Travel advance
DIPN0371	1,310.53	Staff resigned on 06/12/2006
DIPN0448	2,419.00	• Staff resigned on 13/09/1999 • Travel and accountable advances
DIPN0412	2,122.19	• Staff no longer an employee from 27/10/2005 • Travel advance, accountable advance and credit sale
	$29,021.43	

Some debts appeared irrecoverable and should be written-off.

The above indicated that the measures implemented by the Authority to aid recovery of loans and advances to staffs were ineffective and needed to be improved.

Recommendations

- **The effectiveness of the loan/advances recovery strategies implemented by the Authority should be reviewed.**
- **The Authority should ensure that all dues owed by personnel leaving TPAF are fully recovered before accepting their resignations. Debts should also be recovered from any money owed to them by the Authority.**
- **The Authority should consider writing off irrecoverable debts.**

Management Comments

- *The loan/advances recovery strategy is being reviewed. All staff who resigned/exit is required to fill in the staff exit form before their final pay/salary is processed.*
- *All efforts are being made to follow-up with those staff who had resigned from TPAF to recover the outstanding amounts owed by them.*
- *Most of the outstanding mentioned above are for travel advances. Those from 2004 are still outstanding since we were not able to obtain their contact after they resign. Most had moved abroad.*

15.5 Property, Plant & Equipment - Variation of Balances

FAS 16 – Property, Plant and Equipment states that when the fair value of an asset differs materially from its caring amount, a further revaluation is necessary.

The financial statements are prepared from the trial balance and hence the figures in the financial statements should be directly traced to the trial balance.

Audit noted that plant & equipment were last revalued in 1995 and over the years the fair values of these assets have differed materially from its carrying amount. In addition, the balances of the property, plant and equipment as per the trial balance and the balances reflected in the financial statements did not reconcile. Refer to the following Table for details

Property, Plant & Equipment	Balance as per Financial Statement ($)	Balance as per Trial Balance ($)	Variance ($)
Land & Buildings	8,952,863.00	9,054,108.13	(101,245.13)
Less: Accumulated Depreciation	1,100,371.00	4,276,392.07	(3,176,021.07)
Written Down Value	7,852,492.00	4,777,716.06	3,074,775.94
Motor Vehicles	260,062.00	250,748.06	9,313.94
Less: Accumulated Depreciation	127,946.00	58,143.47	69,802.53
Written Down Value	132,116.00	192,604.59	(60,488.59)
Furniture & Fittings	6,378,592.00	7,014,796.06	(636,204.06)
Less :Accumulated Depreciation	4,633,426.00	2,084,532.25	2,548,893.75
Written Down Value	1,745,166.00	4,930,263.81	(3,185,097.81)
Plant & Machinery	481,792.00	219,118.03	262,673.97
Less: Accumulated Depreciation	299,208.00	47,930.20	251,277.80
Written Down Value	182,584.00	171,187.83	11,396.17
Tools & Accessories	1,348,878.00	883,417.00	465,461.00
Less: Accumulated Depreciation	622,078.00	316,031.34	306,046.66
Written Down Value	726,800.00	567,385.66	159,414.34

The variances noted during the audit indicated that some assets have been wrongly classified in the general ledger resulting in the variance between the trial balance and the financial statements.

Recommendations

- **A board of survey should be conducted to verify the existence of all fixed assets and should be correctly accounted in the Fixed Assets Register and the General Ledger to ensure that the value of fixed assets under the control of the Authority is correctly disclosed in the financial statements.**
- **Revaluation of all fixed assets held by the Authority should be conducted.**

Management Comments

- *A board of survey was conducted in 2008 and the report of all fixed assets xls sheet. The General ledger reconciliation will be done after the valuation of all assets.*
- *Reclassification and Revaluation will be conducted in 2009.*

15.6 Grants Payable Assessment

The payment of grants is subject to conditions in the Grant Scheme Book. All organizations are categorised according to the training scheme that covers their employees. For organisations that operates a systematic training scheme, they are grouped under ‘Method A’ or ‘Return on Levy’

Scheme[23]. Method B or 'Daily Grant' Scheme are for those organisations that have not established a full systematic training for their employees[24].

As required under the levy order of the TPAF Act 2002, all the employees must pay TPAF a levy that equals 1% of the total gross wages[25] out of which, up to 90% is claimable.

Under Method A, grant claim is submitted once and assessed as a fixed percentage of the levy paid by an organisation. A pre-assessment grant of 25% of the levy will be paid to Method A organisations if they submit their grant claim application before 31 March following the year of training.

The 15% pre-assessment grant will be paid to organisations that submit grant claim applications from 1 April to 30 June following the year of training. Grant is paid upon application and if any Method A organisation failed to submit grant claims by 30 September following the year of trainings, no grant will be paid to them. Even though the above practice is not mandatory, TPAF has been following it since 2002.

Under Method B, grants are paid on a daily basis for specific training activities. The grants paid to Method B employers are based on the annual gross wages of the trainees/employees. The due date of all grant application under Method B is 15 January following the year of training. Up to 90% of levy can be claimed in any one year of training, however, the unclaimed grants are not refundable to the Method B organisations. This is not a mandatory requirement, even though it has been practiced by TPAF since 2002.

The following issues were noted:

Assessment Criteria

The amount of grant that is paid to the employers depends on the percentage that is approved during the assessment[26].

The training assessment reports were sighted and upon scrutiny of the criteria and discussion with the Grants Officer responsible, audit noted that the criterions listed on the Training Assessment Report are too broad and do not evidently specify how every points awarded[27] are accounted for when one requirement has been met. For example, under the Approved Training Plan criteria, if the Statement of Training Policy is submitted, only a yes or no option is given. The exact points awarded for meeting this requirement is not specified in the training assessment report.

As explained by a Grants Officer, organisations under Method A are not given a copy of the Training Assessment Report; therefore they are not aware of what they are going to be assessed on. This has resulted in most companies attaining less percentage of grants during the assessment. Out of the 48 Method A companies, only one company was paid the full 90% grant in 2007 while 9 other companies had more than 50% grant approved. However, 38 of the 48 Method A companies had less than 50% grant approved.

In addition, audit also noted the delay in the assessments and preparation of reports. At the end of 2007, 14 assessments and 18 reports for 2006 were still pending for Method A entities.

[23] The Grant Scheme 4; Section 2 (i)
[24] The Grant Scheme 4; Section 2 (ii)
[25] Para. 4 of the levy order. (s.19 of the TPAF Act 2002)
[26] The Grant Scheme 4; Section 2.2; Introductory Paragraph.
[27] Training Assessment Report 2007; Pp. 1 – 15

Grants Payable included in Creditors

Grants payable and creditors are individual liability components in the balance sheet. Grants payable represent amounts which are yet to be refunded to employers whereas creditors represent payments to be made to suppliers for goods and services.

Audit noted that an amount of $24,040.30 representing grants payable was included under Creditors. As a result, creditors had been overstated and grants payable understated in the balance sheet.

Recommendations

- **Since the levies to be refunded to organisations depend on the points approved, the Authority should clearly specify how every points awarded for each criterion listed on the Training Assessment Report are accounted for.**
- **The Authority should consider submitting copies of the Training Assessment Report to relevant entities so that they are aware of what they have been assessed on.**
- **The Authority should pass the necessary adjustments to ensure that grants payable and creditors balances are correctly reflected in the general ledger.**

Management Comments

Assessment Reports are given to organizations. These cover the assessment criteria, the findings against the criteria and the points awarded. Recommendations for improvement for each criteria are also included in the reports. The recommendations are written around the requirements to assist with the areas requiring improvement.

Grants outstanding for each year of claim are reconciled and adjusted to reflect the correct balances in the Balance Sheet. This is normal practice. Hence any overstatement of Creditors does not automatically mean that Grants Payable was understated.

It is requested that the Auditors be asked to submit details in order for us to comment on this further.

SECTION 16: FIJI INSTITUTE OF TECHNOLGY

The Derrick Technical Institute which was established in 1963 was renamed Fiji Institute of Technology in 1978, under the control of the Ministry of Education. The institute has played a major role in the development of manpower for the nation and also to some Pacific island nations.

From 1 January 1996, FIT became fully autonomous. Under government's Decree number 18 of 1992, a FIT Council was set up to control the resources and operations of the Institute.

The objectives of the Institute include provision of a broad spectrum of post-secondary programmes particularly in technical and vocational education, in accordance with the educational and economic developmental policies of the government an the needs of the government, major industries and commerce, placing emphasis on pursuits of excellence and equity.

PART A – FINANCIAL INFORMATION

16.1 Audit Opinion

The audit of the financial statements of the Fiji Institute of Technology for the year ended 31 December 2006 resulted in the issue of an unqualified audit report.

16.2 Abridged Income Statement

Year Ended 31 December	2006 $	2005 $
Revenue		
Government Grant	8,000,000	8,000,000
Benefits Realized – Government Grant	543,042	623,403
Tuition Fees	10,360,836	9,219,620
Other Income	1,586,236	1,469,662
Total Revenue	20,490,114	19,312,685
Recurrent Expenditure		
Course Related Expenses	1,560,514	1,271,784
Personal Expenses	13,836,034	12,430,769
Depreciation & Amortisation	1,749,551	2,108,856
Loss on sale of plant and equipment	18,821	9,019
Other Operating Expenses	3,694,974	2,709,724
Total Expenditure	20,859,894	18,530,152
Result for the year from Ordinary Activities	(369,780)	782,533

The Institute recorded an operating deficit of $369,780 in 2006 compared to an operating surplus of $782,533 in 2005. This was caused largely by substantial increases in Personal Expenses by $1,405,265 (11%) and Other Operating Expenses by $985,250 (36%).

16.3 Abridged Balance Sheet

As at 31 December	2006 $	2005 $
Assets		
Cash and cash equivalents	319	859
Trade and other receivables	1,477,562	838,321
Inventories	124,131	73,954
Other assets	124,378	140,562
Property, Plant & Equipment	25,273,057	17,674,818
Investment	3,056,936	3,049,199
Total Assets	30,056,383	21,777,713
Liabilities		
Bank Overdraft	5,433,168	273,251
Trade Creditors and Accruals	3,735,573	1,868,993
Provisions	211,348	183,620
Trust Funds	1,710,060	1,572,793
Deferred Revenue	7,586,870	6,129,912
Total Liabilities	18,677,019	10,028,569
Net Assets	11,379,364	11,749,144
Reserves and Accumulated Losses		
Capital Reserve	10,574,230	10,574,230
Revenue Reserve	1,174,914	1,174,914
Accumulated Losses	(369,780)	---
Total Accumulated Funds	11,379,364	11,749,144

Total liabilities increased by $8,648,450 because of significant increases in bank overdraft by $5,159,917, trade creditors & accruals by $1,866,580 and deferred revenue by $1,456,958 compared to 2005.

PART B – CONTROL ISSUES

16.4 Transfer of Assets from Government to the Institute

The Institute was granted an autonomous status through the Fiji Institute of Technology Decree No. 18 of 1992. Following this, the Institute arranged for an independent valuation of the property, plant, machinery and other chattels. These were valued at $30,872,201 in June 1997. Based on this valuation, the Institute on 3 September 1997 submitted a Draft Cabinet Paper to the Ministry of Education to obtain Parliament's approval for the transfer of the assets from Government to the Institute. However, audit noted that to date the approval has not been obtained or granted by the Minister responsible.

The assets have been incorporated in the financial statements of FIT without the relevant legal formalities and pending from the Ministry. Non formalization of asset being transferred will result in asset being overstated and an improper amount reflected due to non valuation of the assets after the transfer.

Recommendation

The Institute should follow up with the Ministry of Education to expedite the process and take necessary action to ensure that the ownership of the assets is transferred to the Institute.

Institute's Comments

When FIT was granted its autonomy in 1996 under the 1992 FIT Decree the general expectation was that all its assets, movable and fixed were to be transferred to the FIT Council through the normal government protocol. Paragraph (a) Section 17 of the 1992 Fiji Institute of Technology Decree, the Director's powers is specified as follows; "to have control of buildings and premises of the Fiji Institute of Technology and of the apparatus and furniture thereof". Following the provision in the above Section in the FIT Decree 1992, the then Permanent Secretary of Finance and Economic Development in his memo referenced FIN 11/39/26 dated 5th October 1995 confirmed the grant of autonomy to the Fiji Institute of Technology with effect from1st January 1996 under various terms and conditions amongst which was the Clause which confirmed that the Land and Buildings will continue to be owned by Government for the next three years.

To formalise the requirements of the FIT Decree 1992, Section 17, Paragraph (a) and the directive from the then Permanent Secretary of Finance and Economic Development, a valuation of the plants, machinery and chattels was conducted. A registered valuer had done some valuation of FIT movable assets prior to FIT becoming autonomous in 1996. The same company carried out a revaluation of the movable assets in February 1999 and arrived at an Asset value of $5,222,000. The then Permanent Secretary of Finance had also advised that under Section 2(b) of the Finance Act, the approval of Parliament was required to formalise the transfer. However, for unknown reasons the approval of Parliament was never sought.

FIT Management again in 2006 pursued the matter and a provision was made under Section 21 (1) of the FIT Act 2006 that all assets be transferred from Government to the Institute. However, this was later amended by the Interim Government in April 2008 for assets to remain with Government and FIT to seek government guarantee if it wishes to raise loans. Management since 2008 has continued to pursue the matter with the Ministry of Education. The Public Accounts Committee has also noted the delay in transferring FIT assets from government to the books of the Institute and recommended that it should transfer the assets to FIT to enhance its autonomous status.

16.5 Compliance with FIT Decree 1992

In accordance with Section 15 of Fiji Institute of Technology Decree 1992, the Director shall not later than 31st day of March following the immediately preceding financial year submit duly audited financial statements to the Council of FIT.

Also Section 11 of FIT Decree 1992 specifies that the Institute should prepare a profit and loss account, an appropriation account and a balance sheet for hostel or other trading accounts operated by the Institute.

However, audit noted that neither comprehensive financial statements as mentioned were prepared by the Institute nor the deadline of 31st March is adhered to. Such non compliance reflects poorly on the management to discharge its mandatory roles and functions.

Recommendations

- **The Institute should take urgent step to expedite the finalisation of audit for the financial year ended 31 December 2007 and 31 December 2008.**
- **Management should ensure that appropriate actions are taken to present the results of the Institute as required in the FIT Decree 1992.**

Institute's Comments

The first draft of the 2007 Accounts was sent to the Office of the Auditor General on 17/02/09.

Management has also started working on converting the 2007 & 2008 Draft Accounts to IFRS and will resubmit the same to FIT Council and then to OAG.

At the commencement of 2008, FIT had not completed the 2005 Accounts. To date, FIT has completed all the accounts to 2008 under Fiji Accounting Standards. However, the 2007 accounts, and after this the 2008 accounts, are now being done to be IFRS compliant.

16.6 Fixed Assets

Audit review of fixed asset noted the following exceptions:

(i) Although the Institute maintains a depreciation schedule but detailed listing of fixed assets was not maintained.

Audit further noted that for each category of fixed assets, only lump sum amounts were provided in the depreciation schedule for assets brought forward from prior years instead of showing the cost of individual fixed asset separately.

Scrutiny of the manual fixed assets register showed that the listings of fixed assets were grouped in accordance to each department but these departmental manual registers were not consolidated in to be verified with the consolidated depreciation schedule and general ledger.

(ii) The following land titles were not made available for review.

School	Location
Samabula	51930 LD 19/572
Maritime	Lots 2, 3 and 4, S. 1503 Queen Elizabeth Drive
Ba	Tauvegavega (Part of) LD 78/1 File: LD 4/1/3010
Hostel	Lot 2, S-089, Cnr Fulaga Street & Ono Street, Samabula

Such practice reflects on the laxity of the Institute to consistently monitor its fixed assets and increases the risks of theft and misappropriation for personal interests if not reconciled.

Recommendations

- **To maintain effective control over the Institute's fixed assets, we suggest that fixed asset register be maintained and regularly updated for all fixed assets showing for each asset, the cost, date of purchase, identification number, depreciation amounts, written down values and other relevant details.**

- **All land titles should be filed safely and made available for audit review.**

Institute's Comments

(i) *Management in previous years has maintained records for each asset item purchased by FIT, giving the reference, date of purchase, cost price and vendor. The records are kept as one register for each school and department. In May 2008, Management commenced work in reorganising its Asset Register in order to provide detailed listing of assets which will be categorised under different classes of assets. Once finalised these will be uploaded into the Accounting System (SUNSYSTEM).*

(ii) *For land and property owned by FIT, details are available with FIT. However, for land and property yet to be transferred to FIT by the government, i.e government owned, the documents are with the Government.*

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SECTION 17: FIJI SHIPPING CORPORATION LIMITED

The Fiji Shipping Corporation Limited is a wholly owned company of government set up in 2004 under the Companies Act to administer the Shipping Franchise Scheme. It is controlled by a Board of Directors appointed by the Minister for Transport.

The company conducts its business within the legal framework of the Companies Act, VAT Decree, Income Tax Act, and International Financial Reporting Standards.

PART A – FINANCIAL INFORMATION

17.1 Audit Opinion

The audit of the financial statements of the Fiji Shipping Corporation Limited for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

17.2 Abridged Income Statement

As at 31 December	2007 $	2006 $
Revenue		
Grant Income	1,685,408	1,865,818
Total Revenue	1,685,408	1,865,818
Expenditure		
Direct Costs	1,482,611	1,673,839
Other Expenses	202,797	191,696
Total Expenditure	1,685,408	1,865,535
Profit from operations	0	283
Finance Income	1,897	6,153
Finance Cost	0	283
Operating profit before income tax	1,897	6,153
Income tax (expense)/ credit	(588)	(1,907)
Net Profit for the year after Income Tax	1,309	4,246

The company's net profit after income tax declined by $2,937 or 69% in 2007 compared to 2006. This was attributed to the decline in government grant and interest on term deposit by $180,410 and $4,256 respectively.

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17.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Current Assets		
Cash and short term deposits	187,444	413,913
Prepayments and other assets	35,071	41,772
Total Current Assets	222,515	455,685
Non - Current Assets		
Property, plant and equipment	77,362	103,527
Other non current assets	842	1,714
Total Non Current Assets	78,204	105,241
Total Assets	300,719	560,926
Current Liabilities		
Trade and other payables	114,092	141,556
Provisions	2,900	5,826
Deferred Income	178,170	409,296
Total Current Liabilities	295,162	556,678
Non-Current Liabilities	-	-
Total Liabilities	295,162	556,678
Net Assets	5,557	4,248
Shareholders' Equity	5,557	4,248

Total assets declined by $260,207 (46%). This was the result of decreases in cash and short term deposits by 55%, prepayments and other assets by 16% and property, plant and equipment by 25%. Total liabilities also declined by 47% as a result of decreases in trade and other payables by 19% and deferred income by 56 %.

PART B – CONTROL ISSUES

17.4 Reports from Shipping Companies

The company compiles a statistical report based on information supplied from the shipping companies when claiming subsidies. The information supplied is normally in the form of an income statement, which outlines the claimants' surplus or loss on a particular franchised route.

While we note that this information is used to compile the statistical report, there was little work done by FSCL to substantiate the figures submitted in these income statements. Accordingly, FSCL totally relied on the report submitted from the shipping companies.

We also note that some of these shipping companies lack the accounting knowledge and experience to compile reports (like income statements).

Consequently the company does not have the capacity to carry out such an exercise. The statistical report will be used by management to assist in the review of the franchise scheme.

This issue was highlighted in the 2006 audit memorandum.

There is a high possibility that the information supplied and gathered from these shipping companies are misstated due to poor records by the shipping companies.

Hence this will impair reliability of the statistical report.

Recommendations

To ensure that FSCL management and the board are provided with the accurate and reliable information for decision making purposes, the company should consider the following:

- **Strengthening of the franchise payments procedures to incorporate the provision of non-standard clauses in the contracts. Non-standard clauses should include provisions like "the right to have access to supporting documents" which could further allow FSCL to substantiate amounts if needed and provide management with better and reliable information for decision making purposes.**
- **Random verification of supporting documents on some of the expense items reported by the shipping operators.**
- **Financial statements of the shipping company should be audited prior to distribution to the FSCL.**

Management comments

Revenues collected
The statistical report is supported by cargo manifest to determine the cargo movement and Marine clearance clarifies the passenger onboard before departure. FSCL does not have any control over price charged by the service providers however the price is to be charged in accordance with the PIB rates which is due for review. The revenue generated for the voyage is dependent on the number of passengers and the unit of cargo moved.

Expenses Incurred
I agree with your findings that FSCL does not have access to their supporting documents to verify expense for a particular voyage. Fuel is the major expense for the shipping operators. This is one of the issues that will be raised in the shipping franchise review.

Recommendations
I concur with your recommendation that "the right to have access to supporting documents" be given to FSCL to verify operating cost as currently subsidy is paid out on operating cost (42%). Random verification of documents will keep the operators alert on statistical report.

17.5 Review of Franchise Scheme

We note that the company has not carried out a review of the franchise scheme since inception in 2004.

During the 2007 period, a total of $1.35m was recorded in the Statistical Report as surpluses by the shipping companies after franchise payments.

We noted a summary from the company's Statistical Report as follows:

Franchise routes	Total profit/(loss) before franchise	Total franchise payments	Total profit/(loss) after franchise *
Northern Lau	24,057	363,667	387,724
Upp. Sth. Lau	(100,836)	380,800	279,964

Franchise routes	Total profit/(loss) before franchise	Total franchise payments	Total profit/(loss) after franchise *
Lower Sth. Lau	(118,780)	203,250	84,470
Kadavu	(72,350)	115,700	43,350
Lomaiviti: Gau/Nairai/Batiki	(51,066)	157,120	106,054
Rotuma	76,402	172,800	249,202
Yasawa/Malolo	(16,084)	110,000	93,916
Yasayasa Moala	(60,074)	164,600	104,526
Total	(318,731)	1,667,937	1,349,206

Accordingly, the profits (after franchise) should provide capital assistance for these shipping operators for the improvements of their shipping vessels.

There is a possibility that some of these shipping operators are using these profits to pursue other interests that are not directly related for the improvement of services under the franchise scheme.

Recommendation

The company should ensure that a review is conducted that will assist in the better allocation of franchise payments and continuous assessments whether in time, government subsidies would not be necessary once the routes becomes economical.

Management comments

Further to the cabinet Decision No 422 IGCP (08)338, Expression of Interest was advertised for the review of franchise scheme. A total of nine bidders submitted their interest. Four bidders were short listed and interviewed with assessment by the board of FSCL & Transport Planning Unit. The progress report has been sent to The Minister for Works, Transport & Public Utilities for his perusal and approval. A consultant is expected to be appointed within a few weeks to review the shipping franchise scheme.

17.6 Deficiency in Working Capital

Fiji Shipping Corporation Limited recorded a deficiency in working capital of $72,647 as at 31 December 2007. This is a decrease from 2006, where there was a deficiency in working capital of $100,993.

This implies that at present the current assets expected to be liquidated within twelve months cannot meet the debts due within the same period.

The company may not have sufficient funds or working capital to meet debts as and when they fall due and would need to utilize its overdraft facility and incur interest expense on the facility. The company is also technically insolvent and creditors may instigate recovery action on the grounds of technical insolvency

<u>Recommendation</u>

Consideration should be given to managing working capital effectively and budgeting for cash flow purposes.

<u>Management comments</u>

FSCL is fully dependent on government grant for its operation. Grant is received quarterly and is within its cash flow projection. Working capital is expected to decrease further as funds are allocated in accordance with the expenditure for every quarter.

SECTION 18: NAVUA RURAL LOCAL AUTHORITY

The Navua Rural Local Authority is established under section 10 of the Public Health Act.

The Authority is responsible for the provision of sanitary services such as garbage collection, the operation of the market, community centre and public health projects.

The authority charges garbage fees, market fees and other fees to meet the costs of these services.

PART A – FINANCIAL INFORMATION

18.1 Audit Opinion

The audit of the financial statements of the Navua Rural Local Authority for the year ended 31 December 2007 resulted in the issue of a qualified audit report.

The qualification is that the statements of Revenue and Expenditure of the Authority have been prepared using cash basis of accounting and do not take into account revenues not received and expenditures not paid at balance date. Furthermore, a Balance Sheet was not prepared. These are contrary to Fiji Accounting Standards (FAS) 16 and Section 7(4) of the Public Health (Sanitary Services) Regulations.

18.2 Abridged Income Statement

Year Ended 31 December	2007 $	2006 $
Revenue		
Garbage fees	6,623	7,181
Public Toilet Fees	9,453	10,802
Market Fees	16,820	14,941
Grant	20,000	15,000
Other Income	9,094	5,261
Total Revenue	61,990	53,185
Recurrent Expenditure		
Wages and Salaries	22,748	21,471
Administration and General	29,309	23,660
Other Expenses	11,791	14,868
Total Expenditure	63,848	59,999
Result for the year from Ordinary Activities	(1,858)	(6,814)

The Authority recorded an operating deficit of $1,858 in 2007 compared to a deficit of $6,814 in 2006. This was due to the increases in grants received, market fees and carrier base fees. A tighter control however is warranted to reduce the Authority's expenses.

18.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Assets		
Cash on Hand and at Bank	11,334	13,192
Total Assets	11,334	13,192
Liabilities		
Advance from Central Board of Health	18,769	18,769
Total Liabilities	18,769	18,769
Net Assets	(7,435)	(5,577)
Accumulated Fund	(7,435)	(5,577)

Net Assets decreased by $1,878 or 33% due to decrease in cash on hand & at bank.

PART B - CONTROL ISSUES

18.4 Discrepancies in Cash on Hand

All government revenue should be deposited under government bank accounts in a proper and transparent manner.

Audit noted that there was an outstanding amount in 2006 of $733 as cash on hand to be deposited in the Authority's bank account in the following year. However, in January 2007 only $274 was deposited. The Clerk verified that there was no cash on hand at the end of 2007. Hence, there was a short lodgement of $459.

Failure of Authority to do prompt and daily banking has resulted into the above short lodgement.

Recommendations

- **Daily banking should be done by the Authority to avoid short lodgments or misappropriation of funds.**
- **The Authority should carry out an investigation regarding short lodgments with a view of taking appropriate disciplinary actions against those involved.**

Authority's Comments

No comments received

18.5 Non-Compliance with the Public Health (Sanitary Services) Regulations

Section 7 (4) of the Public Health Act states that the Authority shall deliver to Auditor General a statement of account showing all monies received and expended together with a balance sheet.

An item of property, plant and equipment should be recognized as an asset when it is probable that the future economic benefits associated with the asset will flow to the enterprise and the cost of the asset to the enterprise can be measured reliably[28].

The Authority adopted cash basis of accounting for financial reporting. The Authority failed to incorporate the property, plant, equipment, debtors, creditors and prepayments into the Statement of Financial Position. In addition, the Statement of Revenue and Expenditure does not take into account revenue not received, expenditure not paid and prepayments at balance date.

As a result, the financial statements for the year ended 31/12/07 do not reflect the true financial position of the Authority; hence it is limited statement of financial information.

The Income and Expenditure are also understated thus do not accurately reflect the Authority's performance and does not give a true and fair view of the financial position of the Authority as at 31/12/07.

Recommendations

- **The Authority should comply with the requirements of the Fiji Accounting Standards and the Public Health Act while preparing the financial statements.**
- **Accrual basis of accounting should be adopted by the Authority in order to fairly reflect the financial operations during the financial period.**

Authority's Comments

No comments received

[28] Fiji Accounting Standards 16 (7)

SECTION 19: TOURISM FIJI

The Tourism Fiji, previously known as the Fiji Visitors Bureau, is established under the Fiji Tourism Commission and Visitors Bureau Act, 1985. Its objective is to encourage and develop the Fiji Tourism industry and the tourist traffic to, within and beyond Fiji, taking into consideration at all times the cultures and customs of the people of Fiji.

In conjunction with representatives from the various sectors of the local tourism industry, Tourism Fiji undertakes promotion activities overseas promoting Fiji as a holiday destination. Apart from its head office in Nadi, Tourism Fiji has offices in Australia, New Zealand, United Nations, UK, Germany, South Korea and Japan.

PART A – FINANCIAL INFORMATION

19.1 Audit Opinion

The audit of the financial statements of the Tourism Fiji for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

19.2 Abridged Income Statement

Year Ended 31 December	2007 ($)	2006 ($)
Government Grant	12,146,915	12,894,223
Co-operative Promotion & Advertisement	1,446,243	1,416,545
Miscellaneous	49,822	134,810
Exchange Gains	-	11,012
Other Income	16,527	58,381
Total Revenue	13,659,507	14,514,971
Marketing Expenditure	10,445,685	11,450,615
Operation & Administration Expenditure	3,108,613	3,168,808
Capital Expenditure	81,679	16,919
Total Expenditure	13,635,977	14,636,342
Net Surplus(Deficit) for the Year	23,530	(121,371)

The operations of the Tourism Fiji in 2007 recorded a surplus of $23,530 compared to a deficit of $121,371 recorded in 2006. This is a result of decrease in marketing expenses by $1,004,930 or 8.8%.

19.3 Abridged Balance Sheet

As at 31 December	2007 ($)	2006 ($)
Cash on hand and at bank	1,847,068	1,991,377
Term deposits	547,333	320,000
Other deposits	8,156	8,481
Advances (receivables)	1,568	1,683
Vat receivable-Fiji	42,799	29,771
GST Receivable - Australia	72,989	59,036
Consumption Tax receivable - Japan	31,012	12,637
Total Assets	2,550,925	2,422,985
Advances (payables)	104,410	-
Total Liabilities	104,410	-
Net Assets	2,446,515	2,422,985
Total Accumulated Fund	2,446,515	2,422,985

Total assets increased by $107,940 in 2007 because of increases in Term Deposits, VAT Receivable (Fiji), GST Receivable (Australia) and Consumption Tax Receivable (Japan). Total liabilities also increased as a result of increase in Advances Payable by $104,410.

PART B – CONTROL ISSUES

19.4 Accrual Basis of Accounting

Tourism Fiji prepared its financial statements using cash basis accounting with accrual accounting for inter-office advances. The purchase of capital items were expensed in the Revenue and Expenditure Statement.

Financial statements prepared on the accrual basis are more reliable and relevant for decision making as the financial statements inform users not only of past transactions involving payment and receipts of cash but also obligations to pay cash in the future and of resources that represent cash to be received in the future. The real financial position of Tourism Fiji would be known at year end.

Recommendation

Tourism Fiji is recommended to adopt accrual accounting as transactions and events are recognized when they occur and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

Management Comments

This issue has been discussed at length with the Auditors, Tourism Fiji Chairman, Regional Directors and Management. The constraints the Tourism Fiji faced, which delayed the accrual accounting process, was mainly *due to depressed market conditions at year end which resulted in unrealistic commitments being given. Also there were insufficient funds to purchase the new accounting software.*

As it is now a requirement by the OAGs to compile with IFRS standards, we are obtaining quotes to purchase accounting software to meet this requirement effective from the 2008 Financial Statements.

19.5 Accounting System

Fiji Tourism does not use a third party accounting software. The general ledger and accounts are done on Excel using macros.

Discussion with the Director of Finance and Administration revealed that Tourism Fiji had explored the acquisition of accounting software such as Sun System, Quickbooks and MYOB in prior years. Funding to purchase the software and train staff is a major factor restricting them from acquiring an accounting system.

There is a risk of errors being made and the absence of audit trails of transaction posting creates opportunity of creative accounting and easy manipulation of accounts.

Recommendation

Tourism Fiji should pursue the option of purchasing an accounting system that suit their operation needs.

Management Comments

This is noted and will be executed as recommended.

19.6 Tendering

Tender procedure states that expenditure over $50,000 for marketing items like publications must be advertised in the newspaper.

For printing of brochures, the Nadi Office sought three quotations from Vendor 1, Vendor 2 and Vendor 3.

Since the printing was below $50,000, the Marketing Department sought for three quotations from the Western Division only. The printing was awarded to Vendor 1 for $25,000 without any consultation with the Finance Sections.

The Marketing Department was not satisfied with the services as it was not of high quality and the brochures were different from the sample given by Vendor 1 and requested for another print. Vendor 1 refused reprinting the brochures; however, $22,500 has already been paid. The rejected brochures are kept in the Nadi Office. No refund was claimed from Vendor 1.

Subsequently, an additional vendor was awarded to print the brochures which cost $21,780. The printing was of high quality as the printery has the printing technology and machines to do such printing. If there was an open tender, this situation would not have arisen.

The above clearly demonstrates poor decision making by the Marketing Department in awarding the printing to Vendor 1 and as a result cost Tourism Fiji $22,500.

Recommendations

- **Tourism Fiji should ensure that tenders are advertised in the newspaper or seek more than three quotations if necessary for the best price and services. Management should also explore setting up a tender committee consisting of senior staffs from the Finance and Marketing Division for the evaluation and selection of best tenders.**

- **Surcharge action should be taken against the responsible officer.**

Management Comments

As a cost cutting measure the Tender was not advertised but rather e-mailed to the respective printing companies. Of the many companies that we had contacted only 3 came forward with the required quotations. This was analysed and the best one was awarded the job. Unfortunately, the job done was not satisfactory and thus the final payment (10%) was held back. We did pursue for a reprint but since there was no clause in the agreement that binded the company for a reprint at the same costs we were unable to get a favourable outcome. The only option is to file a lawsuit, which will in turn incur further costs.

The requirement of more than 3 quotes is noted and will be adhered to in the future. A tender committee has been setup and they will be responsible for all the forthcoming projects.

19.7 Website Development

An IT Company(A) was awarded the tender to design Tourism Fiji's website.

Due to problems in relation to the progress in the development of the website, the Board approved to cease moving any further on the website development with the web designing company and contracted another IT Company(B) for the completion of the website. Audit noted that approximately $30,000 had already been spent with IT Company(A).

From our review of the website contracts and tenders, we noted IT Company(A) sitemap on the web development attached to IT Company(B). IT Company(A) is suing Tourism Fiji for infringement of intellectual rights and the balance of the contract sum of $32,214 and advertising revenue earned since 1 January 2008.

A total cost of about $57,000 was spent with IT Company(B) on the completion of the website.

We understand that there are some technical problems with the current website and improvement needs to be made and further costs associated with the changes.

Recommendation

Tourism Fiji should carry out an investigation on the above issue and whether tender appraisal and assessments were carried out before making appointment.

Management Comments

The sitemap was provided by the project officer to Webmedia under presumption that the sitemap was now the property of Tourism Fiji. Unfortunately, it was not as per the agreement that only upon full payment would the sitemap become the property of the client (Tourism Fiji).

The tender proposals from 3 major companies were obtained and analysed by the project officer in consultation with the Manager Fiji and Director of Marketing. This was then tabled to the board and upon the approval from the board; the project was pursued further with Webmedia.

SECTION 20: CONSUMER COUNCIL OF FIJI

The Consumer Council of Fiji is a statutory body established under the Consumer Council of Fiji Act, 1976 (Cap 235). The Act was amended in 1992 to enable the transfer of certain functions of the Council to the new Department of Fair Trading and Consumer Affairs established under the Fair Trading Decree, 1992. The Council is required to do such acts as it considers necessary to ensure that the interest of the consumers of goods and services are promoted and protected.

PART A – FINANCIAL INFORMATION

20.1 Audit Opinion

The audit of the financial statements of the Consumer Council of Fiji for the year ended 31 December 2007 resulted in the issue of an unqualified audit report.

20.2 Abridged Income Statement

Year Ended 31 December	2007 $	2006 $
Revenue		
Government Grant	520,029	505,928
Other Income	121,414	86,293
Total Revenue	641,443	592,221
Recurrent Expenditure		
Depreciation	20,487	15,832
Rent and rates	50,200	50,206
Salaries, wages and related payments	354,733	398,546
Sundry expenses	78,698	77,311
Telephone and postage charges	19,256	23,693
Travelling expenses	10,309	24,239
Total Expenditure	533,683	589,827
Result for the year from Ordinary Activities	107,760	2,394

The Council recorded an operating surplus of $107,760 in 2007 compared to $2,394 in 2006 due to increases in revenue by $49,222 or 8%. Reductions in the salaries, wages & related payments by $43,813 or 11% and travelling expenses by $13,930 or 57% also contributed to the operating surplus.

20.3 Abridged Balance Sheet

As at 31 December	2007 $	2006 $
Assets		
Cash on Hand and at Bank	77,849	55,310
Other Current Assets	16,251	8,171
Property, Plant and Equipment	81,488	78,268
Deferred Finance Charges	13,177	23,306
Total Assets	188,765	165,055
Current Liabilities		
Accounts payables and accruals	25,073	22,592
VAT Payable	6,742	106,240
Other current liabilities	109,774	36,079
Grant – AusAid project	71,304	31,848
Loan	32,010	52,380
Total Liabilities	244,903	249,139
Net Assets	(56,138)	(84,084)
Accumulated Funds & Reserves		
Accumulated Funds	(100,646)	(117,092)
Assets Revaluation Reserve	44,508	33,008
Total Accumulated Funds & Reserves	(56,138)	(84,084)

The net assets of the Council improved by $27,946 or 33% in 2007 compared to 2006. This was due to increase in cash at Bank by $22,539 or 41% as cash grant was not unutilised during the year, and reduction in loan by $20,370 or 39%.