



EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

**Volume 4 Audit Report on Government Ministries
and Departments - 2012**



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Excellence in Public Sector Auditing

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28 September, 2012

Commodore Josia V. Bainimarama
Prime Minister & Minister for Finance
Office of the Prime Minister
Government Buildings
SUVA

Dear Commodore Bainimarama

AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2011
VOLUME 4

In accordance with section 7(7) of the State Services Decree 2009, I am pleased to transmit to you my audit report on the Whole of Government Financial Statements and Annual Appropriation Statement for 2010. The report includes the following

Volume 1: Whole of Government Financial Statements and Annual Appropriation Statement for 2011

Volume 2 – 4: Audit Report on Government Ministries and Departments - 2011

The report should be presented to Cabinet within 30 days of receipt as required under section 7 (8) of the State Services Decree 2009.

Tevita Bolanavanua
Auditor - General

FOREWORD

This report covers the results of my audit of the Whole of Government (WOG) Financial Statements and the Annual Appropriation Statement for 2012 and its 35 ministries and departments as provided in the 2012 Appropriation Decree.

The purposes of this report are to:

- report on the audit of the WOG Financial Statements as at 31 December 2012, covered under volume 1 of the report;
- report on the audit of financial statements of ministries and departments as at 31 December 2012, covered under volume 2-4 of the report;
- report on the results of and matters arising from our 2012 audits of ministries and departments, also covered under volume 2-4; and
- raise other matters that I believe warrant consideration by Cabinet.

The WOG Financial Statements for 2012 have been presented in accordance with section 46 of the Financial Management Act 2004 and have been prepared on a cash basis of accounting as full accrual information, including the value of assets and liabilities is not yet available.

These financial statements report the receipts and payments and financial assets and liabilities on a consolidated basis in accordance with Government's move towards accrual accounting and the adoption of international accounting and statistical reporting standards. The format of the financial statements therefore significantly differed from previous years reports of the Accounts and Finances of the Government.

A qualified audit opinion was issued on the WOG Financial Statements for 2012. Issues qualified are as follows:

- bank accounts held with the Ministry of Finance contained errors and omissions that could not be determined due to absence of bank reconciliations;
- government investment in the Sinking Fund is overstated by \$138.5 million
- investments totalling \$42.5 million are not supported by share certificates;
- accounts receivables totalling \$21.3 million and term loan receivables of \$67.8 million could not be substantiated;
- prepayments and accrued income of \$13.7 million, accounts payable of \$17.3 million and accrued expenses and deferred income with a debit balance of \$1.3 million were not supported;
- trust accounts with ministries and departments were overdrawn by \$7.3 million;
- equity opening balance of \$2,815,628,265 could not be substantiated; and
- a variance of \$10 million exists between the Ministry of Finance general ledger balances and the FRCA revenue collection report for 2012.

The preparation of the 2012 accounts was again affected by insufficient and lack of competent manpower and support from ministries and departments. The Ministry of Finance like all ministries and departments also continued to face high staff turnover and staff reshuffles which contributed to a lot of deficiencies in the preparation of the accounts.

Section 70 (3) of the Finance Instructions states that the draft agency financial statements for ministries and departments must be submitted to the Auditor-General by 31 March in the following year, or within such other time as agreed to with the Auditor-General. Of the 35 ministries and departments appropriated in the 2012 appropriation decree, 5 failed to submit their agency financial statements by 31/3/13 delaying the issue of their respective audit reports.

Out of the agency financial statements audited, 15 were issued unqualified audit opinions while 20 were qualified. The qualification issues include: trust fund account balances in the general ledger did not reconcile with bank balances; trust fund account statement of receipts and payments were not provided for audit; financial statements were not presented in accordance with the Finance Management Act 2004 and adequate records were not maintained to support Trading and Manufacturing Account balances.

Most issues qualified above were the same as those highlighted in 2011 but at a lesser extent as some ministries and departments had shown some improvement. There however remains a lot of work to improve the requirements of all stakeholders.

The results and matters arising from my audits of ministries and departments are covered under volume 2-4 of the report. Some of the matters raised have been reported in the past but very little improvement was noted or in some instances; no action was taken by respective ministries and departments.



Tevita Bolanavanua
AUDITOR - GENERAL

Suva, Republic of Fiji
30 September, 2013



EXECUTIVE SUMMARY

The Whole of Government Financial Statements and the Annual Appropriation Statement of the Government of the Republic of Fiji for the year ended 31 December 2012 have been audited in accordance with section 5 of the State Services Decree No. 6, section 46 & 47 of the Financial Management Act 2004 and section 6 of the Audit Act.

The audit resulted in the issue of a qualified audit report based on the following matters:

- Bank reconciliations were not undertaken for various bank accounts, there were bank balances without any cash held, certain cash at bank balances were not recorded, there were cash at bank with negative balances and material variances were noted between the general ledger and the actual cash.
- Investment in the Sinking Fund was overstated by \$138.5 million with only \$53.7 million supported by independent confirmations.
- Share certificates were not produced for investments totaling \$42.5 million.
- Balances disclosed as accounts receivable totaling \$21.3 million and Term Loan Receivable of \$67.8 million could not be substantiated as supporting schedules for accounts receivables were not provided; errors and omission, receivables with negative balances and the absence of reconciliations to substantiate term loans receivable balances were lacking.
- Prepayments and accrued income balance of \$13.7 million, accounts payable balance of \$17.3 million and accrued expenses and deferred income with a debit balance of \$1.3 million were not supported;
- Trust accounts with Ministries/Departments were overdrawn by \$7.3 million contrary to Finance Circulars 4 of 30/3/98.
- The correctness, completeness and existence of the equity opening balance amounting to \$2,815,628,265 could not be substantiated.
- A variance of \$10 million exists between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2012.

The attentions of Ministry of Finance were also drawn to the following matters:

- a) The correctness of operating revenue receipted through the Accounts Receivable Module of the Financial Management Information System, totaling \$10.7 million was not correctly accounted in accordance with cash basis of accounting as stated in Note 1 to the Financial Statements.
- b) Inventory totaling \$7.2 million is misstated by \$978,349. In addition, closing stock of finished goods of \$1,128,750 could not be verified.
- c) Government has recognized trusted assets worth \$781,571 in the statement of assets and liabilities which was not supported by individual asset records.

The following is a summary of the audit observations.

2012 Whole of Government Financial Statements

Cash at Bank

The Cash at Bank balance increased significantly from \$80,632,359 in 2011 to \$96,597,006 in 2012. This cash balance is the net off bank balances after offsetting the un-presented cheque amount as at 31/12/12.

This increase was due to a significant increase in domestic bank balance and overseas bank balance by 19% and 248% respectively. However, the trading and manufacturing account bank balance declined by 46%.

Accounts Receivable

The audit noted that there is no consolidated supporting schedule at whole of government level to substantiate the accounts receivable balance of \$21,252,166 at year end.

The accounts receivable balances are extracted from the FMIS general ledger (GL) however these balances are not properly supported as the FMIS system cannot generate a debtors' schedule/register as at 31/12/12. In addition, Ministries/Departments are not maintaining manual debtors' registers to validate the following balances.

Prepayments and Accrued Income

There is no consolidated supporting schedule at Whole of Government level to substantiate the Prepayments and Accrued Income balance of \$13,687,618 at year end.

The balances are extracted from the FMIS GL however these balances are not properly supported as agencies are not maintaining prepayments schedules and no consolidation is done by the Ministry of Finance at year end to validate the prepayments balances as at 31/12/12.

Inventory

The value of inventory held by Government was \$781,571 compared to \$875,150 in 2011. Inventory is measured at cost. The Whole of Government financial statements only showed the ending balances of inventories. It also failed to disclose the accounting policies adopted in measuring inventories including the cost formula used.

Trusted Asset

The balance of Trusted Asset (SAG 59) as at 31/12/12 totalled \$781,571 compared to \$93,578 in 2011. The audit noted that a balance of \$873,950 for the Ministry of Agriculture has been reflected in the general ledger since 2006 which was in relation to a project for the Alternative Livelihood Project. This balance could not be substantiated.

In addition, the Ministry of Foreign Affairs incorrectly credited \$93,578 to Standard Asset Group (SAG) 59 instead of Standard Liability Group (SLG) 84 funds to facilitate vehicle purchase for the Fiji Embassy in Malaysia. This fund was supposed to be carried over to 2013.

There is also a lack of clear description of the account as the chart of accounts failed to explain what constitutes and/or qualified to be treated as a trusted assets.

Term Loans Receivables

The outstanding loans made by Government as at 31/12/12 totalled \$67,813,754; a decrease of \$2,563,586 compared to 2011.

The loan balances have decreased steadily over the years except in 2010 which resulted from a loan repayment of \$20,000,000 by the I-Taukei Affairs Board.

Investments

Government investment in 2012 totalled \$426,197,668 held in 25 companies have decreased by \$12,709,536 or 2.9% compared to 2011. The decrease in government investment in 2012 was due to

the sale of Government shares in Fiji Television Limited and those inoperative entities being struck off.

The dividends on investments have decreased in year 2012 compared to 2011 by \$107,705 or 1%. There was a shortfall of \$16.9 million or by 62% in dividends received compared to the 2012.

The dividend totalling \$10.5 million was received in 2012 from 6 out of the 25 entities.

Term-Loans Payable

There is an unexplained dormant general ledger account reflected in the borrowing fund account ledger totalling \$46.3 million.

Public debt in 2012 totalled \$3,678,821,497 and comprised of domestic loans of \$2,631,565,650 or 72% of total debt; overseas loans of \$935,524,571 or 25%; and Treasury Bills \$111,731,276 or 3%.

Accounts Payable

The accounts payable for the Government as at 31/12/12 showed a balance of \$17,321,156 being unutilised project funds at year end which has been approved to be carried over to the next financial year.

Actual verification however showed a total of \$17,429,328 with a variance of \$108,172 as a result of incorrect postings by ministries and departments.

Accrued Expenses and Deferred Income

The standard liability group (SLG) 85 has been overdrawn by \$1.28 million as at 31/12/12, a decrease of \$666,614 or 34% compared to the overdrawn balance as at 31/12/11.

Majority of the debit balances relate to the Republic of the Military Forces (RFMF) whilst the remainder is for the Department of Water and Sewerage, Ministry of Fisheries and Forests and Ministry of Agriculture.

Trust fund Account

The Trust Fund Account had a balance of \$73,764,291 as at 31/12/12, an increase of \$12,644,968 or 21% from 2011.

The Main Trust account increased by \$15,069,863 or 39% compared to 2011 and Operating Trust fund account balance increased by \$1,711,057 or 9% from \$18,066,392 in 2011.

Revenue

A variance of \$10 million exists between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2012.

Expenditure

Government spending for the year ended 31st December 2012 totalled \$2,294,103,654 a decline of \$108.6 million or 5% from \$2,402,752,517 spent in 2011.

Total operating expenditures amounted to \$1,710,220,999 or 75%, capital expenditure totalled \$533,838,990 or 23% and VAT totalled \$ 50,043,665 or 2%.

Compared to 2011, total operating expenditure declined by \$154 million or 8% and capital expenditure increased by \$39 million or 8% from \$494.5 million in 2011 to \$533.8 million in 2012. There was an increase of \$6.1 million or 14% in VAT expenditure from \$43.9m in 2011 to \$50m in 2012.

Equity

The correctness and existence of the opening equity balance amounting to \$2,815,628,265 cannot be verified as there is no schedule to adequately support these balances at Whole of Government level which is inclusive of accumulated surplus deficits [SLG 91] and Appropriation TMA operations [SLG 94].

Contingent Liability

The total contingent liabilities as at 31/12/12 amounted to \$2,155,254,122. Domestic loans accounted for \$2,146,810,005 or 99.6% of total liabilities during the year. Overseas loans on the other hand accounted for \$8,444,117 or 0.4% of total liabilities as at 31/12/12. A total of 15 entities were covered under Government guarantee in 2012, compared to 16 entities in 2011.

2012 Accounts of Ministries and Departments

Office of the President

There were account balances recorded in the general ledger that were not reconciled, remained outstanding for long and were recorded erroneously. The carry-over of budget to year 2013 was recorded as current year expenditure contrary section 19 (1) of the Financial Management Act 2004.

A Board of Survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010. Sixteen staffs were occupying the government quarters contrary to General Order 601 and 607.

Office of the Prime Minister

The account balances recorded in the general ledger did not have adequate supporting documents; had un-reconciled variances, were outstanding for long while some had balances that were contrary to the nature of the account.

Capital construction expenditure allocation was over-spent by \$1,243,830 and there was expenditure that was paid contrary to the budget appropriation provided. The Board of Survey of was not carried out contrary to section 49 (1) of the Finance Instructions 2010.

Office of the Attorney General and the Solicitor General

There were journals raised that lacked authority and supporting documents. Government Wage Earners expenditure was overspent by \$49,801.

The Operating grant for Legal Aid Commission was managed by the Attorney General and Solicitor General's office, of which seventy percent related to payroll expenditures that was processed manually.

Fees charged to censor films have not been revised since 1978 resulting in far less censor fees charged than the sitting allowance paid for censoring.

Ministry of i-Taukei Affairs

There were numerous account balances in the general ledger that were not reconciled with the source documents. Some accounts had outstanding balances from previous years while some had balances contrary to the nature of the account.

The Board of Survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010 and the fixed asset and expandable items register was not up-dated. The loss report was not prepared for the loss of the Compact Array Broadband Backend (CABB) software.

The administration of scholarships lacked the planning and monitoring of its desired results. Awareness on the availability of the scholarship was not carried out and funds were allocated to students as funds were available.

Substantial recoveries of bond monies were not recorded as revenue whilst substantial recoveries are yet to be instigated and are increasing as reconciliations are not carried out. The scholarship award management system failed to provide record of students who have absconded their bond.

In addition, there were fifty – two recipients that were not selected by the scholarship committee for the leadership and entrepreneurship training with the Centre of Appropriate Technology and Development (CATD). The result of their training was not provided and only 32% of the approved trainees were trained. The agreement with CATD in Nadave for the scholarship funds provided was lacking.

Department of Defense

The contract and acquittals for projects undertaken were not provided for the National War Memorial and the War Museum project and the construction of perimeter fence and railings respectively.

The Board of survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010.

Department of Immigration

Account balances in the general ledger was not reconciled resulting in unexplained variances from the source documents or records maintained by the department. The board of survey report failed to record the original cost of the boarded of items.

Short term work permit was not provided contrary to the provision of Policies & Management guidelines on Processing and Issuance of Non- Citizen permits, visas & exemptions.

Ministry of Labour, Industrial Relations and Employment

The trust fund account balances in the general ledger was not reconciled resulting in unexplained variances between the source documents or records maintained by the department.

Leave compensations were paid to officers without the approval of the Public Service Commission.

Ministry of Foreign Affairs and International Co-operation

The overseas mission cash at bank balances reflected in the general ledger was not reconciled to the actual cash held in the overseas mission bank accounts. The cash at bank general ledger accounts for embassies in South Korea, Brazil and Abu - Dhabi has not been created. Mission transactions converted to Fiji dollar and recorded in the general ledger was not traceable to source documents. Diplomatic posting to missions were made contrary to the authorised establishment in the diplomatic consular regulations.

The board of survey was not carried out for missions and embassies. Loss reports were not prepared for assets while lost and damaged items recorded in the headquarters board of survey report have not been investigated.

Substantial payments in overtime were made that was retrospectively approved, were paid contrary to general orders and justification was not provided for the non-completion of work during normal working hours. Further, large outstanding account balances existed for trust fund and revolving fund accounts.

Elections Office

There were account balances that were overdrawn and had been outstanding for long.

Various anomalies were noted for the Electronic Voter Registration (EVR) exercise. The master list for the Electronic Voter Registration Clerks was not maintained. Unethical behavior of EVR Clerks causing property damages and thefts were reported. Substantial cash advances were taken for the EVR exercise without retiring the previous advances. Catering expenses incurred during the training of EVR Clerks noted poor management and internal control weaknesses within the payments system.

The motor vehicle accident reports were not submitted to Ministry of Finance and Solicitor General's Office for appropriate action.

Judiciary

The trust fund account balance had a variance between the reconciliation performed by the department and its bank statement balance. The revenue in arrears totalled \$11,341,730.

The cases pending with the courts are accumulating delaying judgement and penalties. Exhibits were not monitored and maintained in accordance with exhibit's maintenance procedure for disposal, retention and distribution of exhibits.

The roof of the government building is leaking and as a result the newly painted walls have been damaged.

Disciplinary procedures for the recovery of damages caused to hired motor vehicle were not followed in accordance with section 12 of the Finance Manual.

Legislature

The operating trust fund for payroll deductions was written off and was recorded as revenue. The board of survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010.

Substantial payments have been made for the renovation of parliamentary complex without much work carried out. The contract has been terminated without any remedy. Numerous procurement and contractual anomalies were evident.

Office of Accountability and Transparency

Grant was provided to the Fiji Human Rights Commission without the grant agreement.

Office of the Director of Public Prosecutions

Exhibits were not monitored and maintained in accordance with exhibit's maintenance procedure. There were exhibits that were not returned despite the conclusion of cases. Some exhibits held dated to year 2002.

Department of Justice

The records and documents for the titles and official receivers office were not backed up for business continuity during recovery from disasters. The company annual returns and status of the bankruptcy and insolvent cases were administered manually through individual files.

There were pending bankruptcy and insolvent cases that dated as far back to 1986. The bankruptcy act has not been revised since 1978.

Prison and Corrections Department

Various accounts balances in the general ledger was not reconciled resulting in unexplained variances with department records and its source documents.

A total of six Trading and Manufacturing Activities (TMA) were carried out without authorised business plans and its quarterly performance reports were not prepared.

Records were not properly kept resulting in missing and misplaced journal vouchers. Further, records relating to the construction of the coffee shop at the Korovou prison compound, contracts for the implementation of the prisons database and motor vehicle records such as running sheets, log books, records relating to accidents was not provided. Various anomalies contrary to the transport rules and regulations in the management of motor vehicle were noted.

Furthermore, the Prisons database remained incomplete as migration of data continued among other various project implementation and testing anomalies. The department's annual corporate plan failed to reflect the completion of the database project as one of the departments' output.

Ministry of Information, National Archives and Library Services

The list of boarded computers replaced with the newly purchased computers was not provided. The fixed asset register was not updated accordingly. Appointment of officers lacked evidence that the positions were advertised, the number of applications that was received for the position, the number of applicants selected and the criteria for the selection, the interview panel and interview scores of the applicants and the staff board decision for the appointment.

The Ministry failed to instigate surcharge on officers responsible for assets that were lost or damaged through motor vehicle accidents. In addition, motor vehicle quarterly returns were not prepared in accordance with that authorized in the transport rules and regulations.

Ministry of Provincial Development and Disaster Management

The journals raised lacked approval and supporting documents. True trust fund account records were not properly kept and reconciled to source documents resulting in unexplained variances.

Reconciliation of projects outstanding was not performed and the project funds were held contrary to section 19 (1) of the Financial Management Act 2004 and Finance Circular 13/2012. Various anomalies were noted in the planning, implementation, monitoring, evaluation and record keeping of capital works related to divisional projects, non-Government schools, provision for rural housing and roads and boarding schools. Also, the statement of acquittals prepared by the divisions for the various projects was not reconciled with the general ledger.

Further, various anomalies were noted in the management of inventories at storehouse in Topyard, Walubay such as damaged and obsolete items, unaccounted materials stacked idly outside the yard, items and materials for the Tropical Cyclone Evan Rehabilitation were stacked inside the store room and some are lying idly outside the yard. In addition, the separation of items purchased by the Ministry

for its community and housing projects and that received through donations was lacking. Stock take of items in the store room and outside the yard has not taken place at the end of the year.

Circumvented financial regulations were noted where cheques were raised but was not released to the suppliers.

Fiji Military Forces

The Force over spent \$2.2 million and had outstanding liabilities totalling \$505,533 at the end of the financial year. There were account balances in the general ledger that were not reconciled, had unexplained balances and some had balances contrary to the nature of the account.

A motor vehicle accident surcharge was not instigated and was awaiting the report from the board of enquiry. Competitive quotations, delivery dockets, assessment of satisfactory services provided and the authorization of payment vouchers was lacking for the goods and services purchased.

The approval of the Ministry of Finance was not provided for operation RFMF Engineers account. In addition, its bank account reconciliation was not performed contrary to section 32 (6) of Finance Instructions 2010, the general ledger account was not created for the operation of the bank account and therefore, was not recorded in the Whole of Government accounts.

Furthermore, the authority for the operation of RFMF farm at the Force Training Group in Nasinu and the sale of farm produce records was not provided. A total of \$135,222 of farm produce was purchased by the Force from the RFMF farm. The approved supplier for whole of Government for farm produce was Fresh'et International.

Conversely, The Royal Fiji Navy Services (RFNS) bought general food items at higher prices from Fresh'et International violating procurement regulation where the purchases of general food items have been contracted to various other suppliers. A total of \$296,114 was paid to Fresh'et International during the year.

Fiji Police Force

The processes for the salary and wages totaling \$69.5 million were not adequately performed. Records such as board of survey reports, payment vouchers, journal vouchers and its supporting documents were kept properly and this was not provided.

Numerous account balances variances between the reconciliations, its source documents and the general ledger remained. Falsified unpresented cheques and its details were recorded in the drawings account reconciliation.

Sixty seven operating trust fund account existed of which some were dormant and overdrawn. The overdrawn balances have increased whilst substantial statutory payments are yet to be paid. Also, substantial advances remained outstanding in the revolving fund account.

There were officers that were recruited in excess of the authorized establishment at lower levels while the higher positions did not adequately have the authorized minimum officers.

Contracts were not entered into with the suppliers for the purchase of equipment and materials. Numerous inactive landlines, mobile and flashnet numbers existed.

Ministry of Finance

Records to substantiate \$4.7 million for the surplus capital transferred to Operating Fund Account and \$15.06 million as TMA accumulated surplus was lacking for the TMA operated by the Government

Printing & Stationery Department and the Fiji Procurement Office in the Trading & Manufacturing Account.

Records to substantiate accounts payable of \$552,955 and account receivable balance of \$3.0 million reflected in TMA Balance Sheet in the Trading & Manufacturing Account was not provided for audit.

There is no acquittal guideline for Ministries/Departments after the release of funds from Head 50 – Miscellaneous Expenditure. As such the actual acquittal for expenditure incurred under Head 50 SEG 10 Item 3 Miscellaneous Aid in Kind of \$2,997,540 and SEG 7 Item 3 General Reserve totalling \$1,518,548 were not maintained.

The consolidated revolving fund account reconciliations for both Ministry of Finance and Government Printing & Stationery Department as at 31/12/12 were not provided for audit.

The absence of reconciling the revenue collected by the Fiji Revenue & Customs Authority with the Ministry's records resulted in double posting of \$3,292,921 revenue in the Ministry of Finance general ledger as per the FRCA revenue report for the year 2012.

TMA cash balance totalling \$1,204,937 million was held in excess of the TMA ceilings appropriated.

A total of \$65,825 is owed by former members of House of Representatives and Senators and there was no segregation of duties at Salaries Section.

Vehicles on lease have incurred excess mileage cost for the year ended 31/12/12 while 1,276 of the Government vehicles currently used by Ministries/Departments are more than 6 years old.

Foreign exchange losses of \$5,204,863.31 were incurred by the Ministry due to fluctuations in exchange rates for overseas loans.

Government Printing and Stationery Department (GPSD)

The Department purchased diary covers from That IT Shop Fiji Ltd totaling \$88,032.50 without tender board approval.

In 2012, the Department sold 9,169 A5 diaries at selling price of \$15.00 each without taking into account the total cost of direct labour, direct material and other overhead cost. The A5 diary covers were sold at a loss.

The Department sold 647 A5 Executive diaries in 2012 which were returned to the Department due to poor quality diary covers.

Fiji Procurement Office (FPO)

Trading & Manufacturing Account (TMA) creditors for FPO showed debit balance of \$552,955 contrary to the nature of the balance that the account should have. TMA debtors for the Office totalled \$2,120,152 whereas the arrears of revenue as at 31/12/2012 showed arrears of \$113,548 only.

Tender process from the advertisement of the tender to the Board approval has gone over period of three months which compromise the fairness and impartiality of the procurement process.

Information Technology and Computing Services (ITC)

There were numerous Officers whose salary were above \$20,295 were granted time-off contrary to General Order 418(b) and the Overtime policy as stated in PSC Circular 52/2011.

Ministry of Strategic Planning, National Development and Statistics

National Planning Office

Officers were going on leave without any supervisor's approval.

Two officers in the National Planning Office have been holding continuous acting posts for more than two years.

The Office was allowing manual salary payments to staffs without the approval from the Permanent Secretary of Finance. These manual payments were neither updated into the automated payroll system nor the fortnightly salary reconciliation.

Acting allowances paid through cheques were made without any deduction of the Pay As You Earn (PAYE) tax contrary to the Income Tax Act

There was inadequate segregation in the handling of cash from receipting, banking and updating records into the general ledger which was solely handled by the former acting assistant accounts officer.

Official revenue receipts were not immediately issued upon receiving the cash refund from Officers when refunding the unutilized accountable advances. In addition, the revenue receipts are issued to the Officers after a considerable number of days from 21 to 173 days which indicates the risks of misappropriation of funds.

The drawings reconciliation for neither the whole year nor a list of un-presented cheques as at 31/12/12 was provided during the audit.

The one third community contributions towards the Integrated Human Resource Development Program (IHRDP) projects were receipted into the Service Worker Credit Union trust account overstating operating trust fund account.

Fiji Bureau of Statistics

The Bureau paid a total of \$23,633.94 out from the personal emoluments vote on separate occasions as overtime payments to various staffs even though overtime payment was not provided for in the Bureau's approved budget for the year 2012 and contradicted part 6.3 of the overtime policy issued by Public Service Commission on 6/9/2011.

Ministry of Industry and Trade

The Ministry did not carry out an extensive performance assessment of the Mindpearl Project during the three year period of the project to determine its viability and success.

Ministry of Public Enterprises, Tourism and Communications

For the Telecommunication Development Trust Fund, a significant variance of \$6,326,426 existed between the cash at bank and the general ledger balance. In addition, the bank reconciliation for 2012 was not carried out. Significant un-explained and un-reconciled variances noted between the financial statements, the general ledger and the reconciliation statements.

FREQMAN spectrum management system format is not compatible with current computer applications, the information generated from the system was unreliable and that there were no data backup and recovery plan.

Government Commercial Companies and Commercial Statutory Authorities have not complied with reporting requirements under the Public Enterprises Act.

Ministry of Works and Transport

Trading and Manufacturing Accounts have continuously been operated at a loss. Accounting records were inadequate to provide sufficient appropriate evidence to substantiate the balances reported in the financial statements.

The effectiveness of the reconciliation process and the reliability of information provided through the reconciliation of accounts were doubtful as there were variances noted between the various reconciliations statements prepared by the Ministry and the balances reflected in the general ledger (FMIS). These also resulted in the qualification of the Ministry's Agency Financial Statement.

Monitoring for compliance of contracts with suppliers of goods and services to the Ministry before payments are effected should be improved. Proper project estimation, accounting and monitoring of capital works need to be carried out.

Adjustments to the general ledger without approval were prevalent which increases the risk of manipulation of accounting records.

Procurement and payment procedures were being circumvented, increasing the risk of fraud and mismanagement of public funds.

Ministry of Agriculture

The Ministry did not maintain adequate accounting records to provide sufficient and appropriate evidence to substantiate Accumulated Surplus of \$2,265,196.82 and Surplus of \$769,283.74 as stated in the Trading and Manufacturing Account (TMA) Balance Sheet.

The Ministry's stock certificates reflected total closing stock of \$1,128,749. However, reliance on this balance was limited as the stock takes were carried out by officers directly involved in maintaining and accounting for the stock without an independent supervision.

Reconciliations of accounts were not carried out properly and correctly resulting in significant variances between the reconciliation statements and the general ledger (FMIS). In addition, balances in the reconciliation statements and the general ledger were not properly supported with relevant documents. The un-explained and un-reconciled variances were not investigated and resolved.

Overall financial performance of the TMA from previous years has been poor. There were ineffective controls on the management of property, plant and equipment.

\$702,329.61 or 85% of arrears of revenue have been outstanding for more than 5 years. The arrears are mainly related to the outstanding repayments from farmers for assistance provided to them under different agricultural programs in previous years.

There was insufficient information available to determine the extent to which the Rural and Outer Island Programme has been successful in meeting its overall objectives. Individual projects were supposed to result in commercial or semi-commercial benefits but there was little or no evidence of this from the projects sited in Rewa and Tailevu. Weaknesses noted in the selection process and performance management process of monitoring, evaluating and reporting on the progress towards achieving the objectives of the individual projects.

Data from various agricultural programs have not been properly captured and consolidated that could be easily analysed and evaluated for improving policies and procedures and to assist in the decision making process on issues relating to the programs.

TMA stores/stock at the Animal Health & Production Division (AH&P) in Vatuwaqa were not properly accounted for and maintained.

New farming machines that cost thousands of dollars to purchase were lying idle as the machines did not operate as intended.

There were inadequate controls over the custody of stock including fuel at the Lakena Station.

Officers that have retired or resigned from the service were continued to be remunerated resulting in substantial overpayments of salaries.

A total of \$226,976 was paid out as leave compensation to 96 officers. Several officers were compensated outstanding leave on their promotion in 2012. However, the compensations were made using new salary rates instead of the salary rates of the positions they were holding before promotion resulting in substantial overpayments of leave compensations

Ministry of Lands and Mineral Resources

The reconciliation process was ineffective as there were variances noted between the various reconciliation statements prepared by the Ministry and the balances reflected in the General Ledger (FMIS) with some reconciling item still being carried forward over the years.

Adjustments to the general ledger (FMIS) without approval and without supporting documentation were prevalent which increases the risk of manipulation of accounting records to conceal misappropriation and fraud.

Rent arrears for Crown Land lease increased by \$8.5 million or by 44% compared to 2011. Instances were also noted where rents were charged on expired leases.

Breaches of the Crown land residential and agricultural lease conditions.

Ministry of Fisheries and Forests

Trading Manufacturing Accounts have continuously operated at a loss. Accounting records were inadequate to provide sufficient appropriate evidence to substantiate the balances reported in the financial statements.

The reliability of information provided through the reconciliation of accounts was doubtful as there were variances noted between the various reconciliation statements prepared by the Ministry and the balances reflected in the general ledger (FMIS).

Officers that have left the service due to retirement or resignation were continued to be remunerated after the retirement/resignation dates resulting in overpayments of salaries.

A number of reproduction ponds for tilapia fish and freshwater prawns at the Naduruloulou Station are not in operation and have been left idle.

Data from various assistance programs provided to farmers including fishing licences issued have not been properly captured and consolidated.

There was lack of coordination between Divisional officers' of the Ministry of Rural and Maritime Development and the Department of Fisheries on the issuing of fishing permits.

Excessive telecommunication expenditure recorded which resulted from ineffective telecommunication policy and controls.

Proper procurement procedures were not followed and cost overruns were incurred for the Colo-i-Suva Forestry road upgrade and maintenance work.

A significant increase of \$297,471 or 185% was noted in the Ministry's fuel expenditure in 2012 compared to 2011.

There are delays in the completion of the Marine Resource Inventory Survey Project.

Ministry of Sugar

Ineffective controls on the management and accounting of fixed assets (property, plant & equipment).

The reliability of information provided through the reconciliation of accounts was doubtful as there were significant variances noted between the various reconciliation statements prepared by the Ministry and the balances reflected in the general ledger (FMIS).

Journal vouchers raised by the Ministry during and at year end were not adequately supported with relevant explanations and documents.

The Ministry failed to carry out monthly salaries and wages reconciliation during the year.

Acquittal reports were not provided by the Sugar Research Institute of Fiji and the South Pacific Fertilizer Limited for grants and subsidies provided to agencies in 2011 and 2012.

Ministry of Education

The Ministry lost \$47,674.56 through embezzlement by the Ministry's staff.

Board of survey was not carried out for a number of sections of the Ministry.

Staffs were overpaid salaries totaling \$255,169.29 as at 31/12/12.

The Ministry vired funds from other allocations to provide an additional \$6,758,350 to the bus fare scheme.

The Ministry did not reconcile bus fare coupons distributed to the schools with the used coupons received from transport providers. A significant variance of 3,622,694 coupons with a total value of \$2,035,541 was noted between the two records.

The Ministry paid a total of \$230,312 to Telecom Fiji for e-ticketing cards which were not received by the Ministry. A contract between the Ministry and Telecom Fiji was not produced for audit. The purchase order and the cheque was signed the Senior Accountant in excess of his authorized limit of \$3,000.

The Ministry diverted \$115,156 from tuition fee grant allocation for Secondary Schools and \$115,156 from Primary schools allocation to pay the Telecom Fiji.

The Ministry paid a total of \$376,742.35 to Foneology as cost of top up for bus fare cards without a valid contract.

The Ministry vired funds totaling \$926,365 from various allocations to Other Setup and Implementation allocation which had zero balance according to FMIS records. A total of \$681,099.85 was utilized for various payments during the year.

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

The Ministry paid a total \$1,086,239.91 to Dynamic Solutions during the year 2012 for purchase of goods and services. A review of a sample of items purchased revealed that the items were of inferior quality as some of the items became unserviceable within one year from the date of acquisition.

The TVET Section of the Ministry purchased 60 computers in 2012 from various suppliers. The total cost of the computers was \$78,591.89 for which tenders were not called.

Tenders were not called for contracts awarded for school improvement works exceeding \$50,000.

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

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

The Ministry purchased computers from various suppliers in 2012 at a total cost of \$86,687.03 without seeking approval from the Information Technology and Computing (ITC).

The Ministry paid a total of \$149,219 to Government Printing and Stationery Department for printing of FSLC and FSFE exam papers for 2012 on 30/01/13 using 2013 budget allocation. The payment was made on the strength of the quotation and not the invoice.

The Ministry approved a total of \$90,480 to 31 schools to purchase furniture, however none of the schools assisted provided acquittals.

The Ministry deliberately incorrectly posted expenditure to various allocations to avoid over expenditures in certain allocations.

Ministry of Social Welfare, Women and Poverty Alleviation

The Ministry had a balance of \$1.6m in the revolving fund account as at 31/12/12 of which \$1.4m was carried forward from past years.

Permanent Secretary of Social Welfare, Women and Poverty Alleviation terminated Mr. Ledua Soqonidobui EDP 92264 from his existing appointment as a Network Administrator/Assistant Programmer on 01/10/12 as he did not meet the minimum qualification requirement. However on 04/10/12 the Minister of Social Welfare, Women and Poverty Alleviation withdrew the termination and re-appointed him to its existing post.

Eight officers were recruited during the year as welfare officer II were paid \$15,336 salary instead of the minimum salary scale at \$12,666. The ministry was not able to provide any reasons for paying salaries above the minimum of the salary scale. As a result the officers were overpaid \$13,766.67.

The ministry issues financial assistance to families in destitute conditions. The following anomalies were noted.

- Several instances were noted where recipients of family assistance had same reference number;
- Several instances of recipients of family assistance did not have any reference number; and

- Several instances of recipients of family assistance allowance were double paid by the Ministry in 2012.

Anomalies in the expanded food voucher program.

- Relevant information about the recipients including date of birth, residential address, district and division were not filled in the application form;
- Inconsistent reference number format;
- Same reference number was allocated to two recipients;
- Applicants eligible for food voucher program must be over 70 years of age. However several recipients were below 70 years of age; and
- Date of birth was wrongly stated in the expanded food voucher recipients' database. The date was beyond 2020.

The Ministry allocated \$1,321,200 each to Ministry of Health and Ministry of Education for expended food voucher for children in rural schools administered by Ministry of Education and food Voucher programme for expectant mothers. The Ministry of Health and Ministry of Education were disbursed only \$43,808 and \$440,376.67 respectively as their the submission of acquittals to Ministry of Social Welfare, Women and Poverty Alleviation were delayed.

Community Program Officer Administration did not reimburse balance of funds from accountable advance issued to her. Instead she prepared fake receipts to increase expenditure to offset the balance. As a result the officer embezzled a total \$14,577.

The Ministry does not have any contract with its executing agencies for the facilitation of food voucher program and family allowance.

Several Non government organizations do not provide supporting documents to authenticate expenses in the acquittals report.

Review of Family assistance and Care and Protection recipient's file revealed that applications did not contain all relevant information including birth certificates, death certificates, medical report, community letter, etc and Ministry did not carry out reviews of eligibility for the recipients of family assistance and care and protection allowance for the last 3 – 6 years.

Ministry of Local Government, Urban Development, Housing and Environment

The Department of Environment's true trust fund account reconciliation had a balance of \$1,489,745 and \$1,454,505 in FMIS general ledger as at 31/12/12 while the balance or the true trust fund account bank statement as at 31/12/12 was \$2,037,269.

The Department did not reconcile the true trust fund account balance with FMIS general ledger balance or the FMIS general ledger with the bank statement during the year. An unreconciled variance of \$582,764 was noted between the department's true trust fund account FMIS general ledger balance and the bank statement balance.

The Ministry gave a capital grant of \$295,800 to Rakiraki Town Council for market extension project however there was no grant agreement between the Ministry and Rakiraki Town Council. The council submitted first set of acquittals 7 months after the date of payment of the third and final grant.

The Ministry used \$6,549.25 of public funds to procure t-shirts and caps for its staff for PSC sports day.

The Housing Assistance and Relief Trust (HART) over spent the recurrent expenses budget by \$45,804.40 or 51%. HART did not provide supporting documents to authenticate expenses stated in the acquittals report.

The Ministry's mobile phone charges was \$36,053.51 against the limit of \$11,760.00 resulting in an over expenditure of \$24,293.71 or 207%.

Former Permanent Secretary Ms. Taina Tagicikibau's mobile phone charges totalled \$13,716.63. Out of this \$1,981.53 or 14% appeared to be private calls to her daughter in Vanuatu which was paid by the Ministry.

Former Permanent Secretary Ms. Taina Tagicikibau attended the United Nations Framework Convention on Climate Change/Conference of Parties in Durban, South Africa from 21/11/11 to 16/12/11. In addition to her per diem the former per Former Permanent Secretary took \$12,600 an accountable advance and provided acquittals for \$11,908.12.

Ministry of Youth and Sports

PSC approved Mr. Semi Bilitaki a Senior Youth Officer's secondment to Fiji Boxing Commission from 01/03/12 to 28/02/13 under his current terms and conditions of service. However the Ministry prepared a separate terms and conditions for service which included subsistence allowance of \$2,000 and a salary increase of \$3,155 in addition to his existing salary of \$26,845.

The Ministry appointed Mr. James Henry Giles Smith as the consultant for Situational Analysis of Youth in Fiji and noted the following anomalies. The qualifications and work experience required for the position was not stated in the vacancy advertisement.

Mr. Smith was employed for a period of one year with effect from 01/08/12 without a proper work permit. A total of \$8,418.33 was paid to Mr. Smith in 2012 which was sourced through diversion of funds from short term's allocation as no fund was provide for consultancy services in the budget.

The Ministry provided grants totaling \$181,698 to 11 national sporting organizations during 2012. None of these sporting organizations submitted quarterly acquittals to the Ministry for the use of grant funds.

The ministry diverted \$12,800 from other allocations to purchase a server from Office Products for \$12,800 since purchase of server was not budgeted for by the Ministry. Ministry did not prepare a service agreement to be signed by Data vision Technologies for the project.

Ministry of Health

The Ministry had arrears of revenue totalling \$451,365 as at 31/12/12. The audit further noted that arrears of revenue totalling \$305,526 or 68% have been outstanding for more than a year. The arrears of revenue comprised of revenues from vessel agents, Bulk Purchase Scheme and the revenues from the divisions.

The Ministry was operating several Main Trust Accounts during 2012. The total balance for these trust accounts as per the bank statements was \$559,522.96 as at 31/12/12. However the Ministry did not include a Statement of Receipts and Payments for the Main Trust account in its agency financial statements for the year ending 31/12/12.

The audit noted that rental charges for 2012 in the TMA accounts was \$4,500 as it included the rent paid for October to December only. The rents for the months January to September 2012 totalling

\$13,500 which was still outstanding was not taken into account in the TMA and not recorded as payables in the TMA balance Sheet as at 31/12/12.

The Ministry's total revised budget for payroll expenses in 2012 was \$74,987,447. The Ministry's actual payroll expenses for the year of \$88,793,174 exceeded the payroll budget allocation by \$13,805,727 or 18% in 2012. The budgeted payroll expense was also exceeded in 2011 by \$14,498,121.48.

The actual expenditure of \$1,266,414 was paid in 2012 for in house service trainings included payment of outstanding fees totaling \$697,000 to Fiji National University (FNU) for Semester 2, 2011. Funds totaling \$868,523 were vired from other expenditure allocations to facilitate the settlement of these outstanding fees.

The actual cost of overseas medical treatment was more than the quotation obtained from the hospital in several instances. In some cases the variance in the price quoted and the actual cost was quite significant but was still paid by the Ministry. According to the Ministry the quotations for the medical treatment were obtained based on reports from referral doctors.

The budget allocation for charter flight was overspent by \$296,999 in 2012 despite an increase in the revised budget by \$150,000 during the year. The actual expenditure above excludes the traveling expenses of patients back to their villages once they are recovered.

Tenders were not called by the Ministry for supply of banners and billboards costing \$352,680.31.

A total of \$635,645.86 worth of medical stock expired as at 31/12/12. Although 58% reduction in expired stocks was noted in 2012 compared to 2011, audit is of a view that the value of expired stock is substantial.

Some of the drugs and consumables purchased in 2012 were to expire within 1 – 9 months' time from date of receiving.

Several drugs and consumables costing \$39,516.49 purchased in 2012 were not used at all. As a result 100% of these drugs and consumables expired.

FPS ordered clinical items costing \$46,452.33 in 2012 which were still not delivered as at the date of audit¹. These items were to be delivered in 2012.

Scrutiny of the Epicor System revealed that several drugs and consumables were out of stock at FPS.

Most of these consumables and drugs were essential and were out of stock due to poor inventory management which includes monitoring stock levels.

Several drugs and consumables were highly overstocked compared to its maximum stock levels. Review of midyear stocktake report revealed numerous variances between quantity of stock recorded in the Epicor System and quantity available in stock. The stock quantity in the Epicor System was overstated compared to quantity in stock

Fiji Procurement Office charges administration costs totalling 2% of all indent payments to FPS but there was no basis to implement such charges. The administration costs paid in 2012 totalled \$545,668.

The FPS paid CHF608,940 or FJ\$1,194,468.42 on 05/09/12 to Storz Medical for supply, installation, and commissioning of Lithotripter Analyzer. The Lithotripter Analyzer was received on 18/01/13

¹ Date of Audit – 19/03/13

however is yet to be installed as at date of audit². It is currently stored in the warehouse at Nabua since received on 18/1/13.

None of the contract agreement reviewed was signed by the supplier and the FPS. Audit noted that 80% of these unsigned contract agreements were reviewed by Solicitor General's Office while the other 20% were yet to be reviewed.

FPS had commenced purchasing goods and services from these suppliers even though none of the contract agreements were signed and some were yet to be reviewed by Solicitor General's Office. Instances were also noted where the FPS made payments to a few of these suppliers.

A new Boiler was installed at the Lautoka Hospital in 2011. The Boiler uses fuel to heat water and create pressurized steam.

Our inspection on 21/01/13 noted that the boiler was not connected to the fuel pipe and was not in use since its installation in 2011. The audit was advised that a 'Fuel Ring' which is used to connect the boiler to the fuel pipe has not been purchased.

The Ministry engaged Evergreen Environmental Limited for supply of rubbish bins on rent without obtaining three competitive quotes. The Ministry did not have any contract agreement signed between the Ministry and the supplier.

Public Utilities

The Department maintained security deposits received from the contractors engaged in the water and sewerage projects totalling \$1,162,884 together with the Department's Operating Trust Fund account number 1-41201-85999-860101.

A variance of \$208,142 was noted in the Department of Energy's main trust account GL balance and the financial statement.

Unpresented cheques increased from \$263,801 in 2011 to \$2,584,659 in 2012.

There was a significant delay in the supply of the Wind Telemetry Systems by the supplier. The equipment was ordered on 23/2/12 and arrived in the country on 4/4/12 which was only 15 days before the contract expiry date.

The audit noted that the project was not completed as at the date of audit due to delay in the supply of the equipment. The Department did not take any action against the supplier for the delays in fulfilling its obligations under the contract agreement.

The Department awarded the tender for supply and installation of 15 x 34m Wind Telemetry Systems to Clay Engineering for \$403,750. At the time of the tender submission Clay Engineering clarified with the Department whether the Department needed 34m or 50m Wind Telemetry Systems. The Department opted for 34m Wind Telemetry Systems and paid 50% of the total contract sum totalling \$282,625 to the supplier in 3 installments on 1/12/12, 23/03/12 and 25/05/12.

On the arrival of the equipment in Fiji the Department realized that the World Bank standards required 50m Wind Telemetry Systems and not 34m equipment's.

The Department requested the supplier to return the 34m Wind Telemetry Systems and to get 50m Wind Telemetry Systems. The Department paid additional \$345,345 for replacing the 34m Wind Telemetry Systems with 50m Wind Telemetry Systems. In addition the Department paid \$83,852 to

² Date of Audit – 21/02/13

Clay Engineering for shipping cost to return the 34m Wind Telemetry Systems to the overseas supplier. The Department obtained approval from the Government Tender Board for additional cost incurred.

Anomalies were noted on the electrical works at Nauouo and Rukuruku Villages in Ovalau.

The project was still in progress as date of audit³ and was behind by 6 months. The MOU did not have any penalty clause for delay in project completion.

As per the contract agreement the Contractor was to complete the installation of 5 biofuel processing units by 30/12/12. However the contractor was not able to meet the deadline and all projects were delayed.

The audit however noted that both buildings were inspected by the Department's Engineers on 17/04/13 where serious structural defects were identified. The Department's Engineers in their inspection report recommended complete demolition and re-construction of both buildings.

The Department met with the Contractor to resolve the issues raised by the Department's Engineer after which the contractor requested 8 weeks to complete the projects. The contractor however failed to respond to the Departments concern.

³ 27/05/12

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Section 25 Ministry of Agriculture

Role and Responsibility

The Ministry of Agriculture focus on diversifying, be market driven and improve in its service delivery to realise the sectors full potential. Diversification into niche export and domestic markets is therefore necessary thus priority will be given to: facilitating private sector involvement in the development of agri-business; capacity building of farmers to raise levels of production from semi-subsistence to commercial levels; and enhancement of Agricultural linkages; promote food security and ensure sound land management and development.

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PART A: FINANCIAL STATEMENT

25.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Agriculture resulted in the issue of a qualified audit report. The qualifications were as follows:

- Included in the Balance Sheet of the Trading and Manufacturing Account (TMA) are Surplus Capital Retained of \$2,265,197 and Accumulated Surplus of \$769,284. The Ministry was not able to provide appropriate audit evidence to support these balances.
- There was an un-reconciled variance amounting to \$53,899 between the General Ledger (FMIS) and TMA bank reconciliation. As a result, the accuracy and completeness of the TMA Cash at bank of \$365,088 could not be ascertained.
- Included in the TMA Profit and Loss Statement are Special Fees and Charges and Miscellaneous Revenue of \$100,687 and \$53,563 respectively. The Ministry did not provide appropriate audit evidences to support the balances.
- Included in the TMA Trading Account is Closing Stock of Finished Goods of \$1,128,750. The accuracy and completeness of Closing Stock of Finished Goods could not be ascertained as the Ministry did not carry out an independent stock take for the year ended 31 December 2012.
- Receipts and payments of \$134,190 and \$66,487 respectively as shown in the Trust Account Statement of Receipts and Payments could not be substantiated. The Ministry did not provide appropriate audit evidence to support the amounts.
- The Ministry did not submit a Statement of Losses contrary to Section 71 (1) (e) of the Finance Instructions 2010. In the absence of the updated Fixed Assets Register and Board of Survey report, the losses, if any, that occurred during the year could not be substantiated.

25.2 Statement of Receipts and Expenditure

The Ministry of Agriculture collected revenue totalling \$759,041 and incurred expenditure totalling \$45,761,232 in 2012. Details are shown in Table 25.1 below.

Table 25.1: Statement of Receipts and Expenditure

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Agricultural produce & inspection fees	37,254	14,877
License	60,941	18,184
Meat inspection	21,928	19,876
Veterinary and animal quarantine	13,061	12,359
Sale of sheep & wool	15,233	39,942
Sale of farm product	36,831	42,376
Rental for quarters	36,165	38,350

Description	2012 (\$)	2011 (\$)
Overpayment recoveries	387,574	115,885
Miscellaneous revenue	150,054	134,310
TOTAL RECEIPTS	759,041	436,159
EXPENDITURE		
Operating Expenditure		
Established staff	10,442,106	8,607,849
Government wage earners	4,642,540	5,247,554
Travel & communication	603,569	576,794
Maintenance & operations	1,645,243	1,646,266
Purchase of goods & services	604,173	489,382
Operating grants & transfers	2,108,385	3,146,294
Special expenditures	791,325	795,779
Total Operating Expenditure	20,837,341	20,509,918
Capital Expenditure		
Capital construction	15,303,347	10,705,714
Capital purchases	712,203	600,405
Capital grants & transfers	6,137,172	8,369,543
Total Capital Expenditure	22,152,722	19,675,662
Value added tax	2,771,169	2,201,394
TOTAL EXPENDITURES	45,761,232	42,386,974

Revenue collected increased by \$322,882 or 74% in 2012 due to increases in revenue generated from agricultural produce & inspection fees and license fees. Increased recoveries of overpayments also contributed to the high revenue recorded in 2012 compared to 2011.

Total expenditure increased by \$3,374,258 or 8% due to the following:

- Increased cost for established staff by \$1,834,257 or 21% in 2012 due to 3% pay increase for all established staff, filling of vacant positions, payments of leave compensation and overtime claims relating to Cyclone Evan and the flood rehabilitation program.
- Increase in capital construction expenditure by \$4,597,633 or 43% in 2012 due to increase in expenditure for on-going programs such as Rice Revitalization Programme, Drainage and Flood Protection, Water Shed Management and Livestock Rehabilitation Programme. The introduction of new programmes in 2012 such as Cottage Industry Development, Nadarivatu Development Programmes, Cocoa Revitalization Programme, Veterinary Pathology Laboratory Upgrading and Apiculture Industry Development Programmes also contributed to the increase in capital construction expenditure.

25.3 Appropriation Statement

The Ministry incurred expenditure totalling \$45,761,232 against the revised budget of \$49,836,576 resulting in savings of \$4,075,344. Details of expenditure against the budget estimates are provided in Table 25.2 below.

Table 25.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	11,525,706	-	11,525,706	10,442,106	1,083,600
2	Government wage earner	5,073,021	-	5,073,021	4,642,540	430,481
3	Travel and communications	665,385	-	665,385	603,569	61,816

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
4	Maintenance & operations	1,887,584	-	1,887,584	1,645,243	242,341
5	Purchase of goods & services	666,800	-	666,800	604,173	62,627
6	Operating grants & transfers	2,651,537	(532,746)	2,118,791	2,108,385	10,406
7	Special expenditures	1,350,009	(87,044)	1,262,965	791,325	471,640
	Total Operating Expenditure	23,820,042	(619,790)	23,200,252	20,837,341	2,362,911
8	Capital construction	19,008,424	(2,583,157)	16,425,267	15,303,347	1,121,920
9	Capital purchases	780,000	60,358	840,358	712,203	128,155
10	Capital grants & transfers	7,914,000	(1,753,929)	6,160,071	6,137,172	22,899
	Total Capital Expenditure	27,702,424	(4,276,728)	23,425,696	22,152,722	1,272,974
13	Value added tax	3,599,104	(388,476)	3,210,628	2,771,169	439,459
	TOTAL EXPENDITURE	55,121,570	(5,284,994)	49,836,576	45,761,232	4,075,344

25.4 Trading and Manufacturing Account

Various issues related to the audit of the Trading and Manufacturing Account (TMA) is discussed in sections 25.6 and 25.7.

Table 25.3: Manufacturing Account

Details	2012 (\$)	2011 (\$)
Opening raw material	-	-
Add: Purchases	1,089,728	1,341,393
	1,089,728	1,341,393
Less: Closing raw material	-	-
Raw material used	1,089,728	1,341,393
Add: Direct labour	11,022	71,038
Cost of manufacturing goods transferred to trading account	1,100,750	1,412,431

Table 25.4: Trading Account

Details	2012 (\$)	2011 (\$)
Sales	1,406,042	1,028,127
Opening stock of finished goods	988,079	624,036
Add: Cost of manufactured goods	1,100,750	1,412,431
Less: Closing stock of finished goods	1,128,750	988,079
Cost of finished goods sold	960,079	1,048,388
Gross Profit/(Loss)	445,963	(20,261)

Table 25.5: Profit & Loss Statement

Details	2012 (\$)	2011 (\$)
Gross Profit/(Loss) transferred from Trading A/C	445,963	(20,261)
Total Income	445,963	(20,261)
Travelling & communication expenses	17,447	9,208
Maintenance & operation	207,167	214,510
Other expenses	109,244	41,629
VAT	-	301,540
Total Expense	333,858	566,887
Net Profit/(Loss)	112,105	(587,148)

Table 25.6: Balance Sheet

Details	2012 (\$)	2011 (\$)
Opening balance	2,265,197	2,560,271
Net loss	(769,284)	(587,148)
Posting error by Ministry of Finance	-	388
TMA surplus capital retained to CFA	-	(1,016,866)
Total Equity	1,495,913	956,645
Cash	365,088	216,488
Accounts receivable	2,075	2,075
Finished goods	1,128,750	988,079
Total Assets	1,495,913	1,206,642
VAT payable	-	249,997
Total Liabilities	-	249,997
Total Net Assets	1,495,913	956,645

25.5 Trust Fund Accounts

Various issues identified from the audit of the Trust Fund account are discussed on section 25.7.

Table 25.7: Land Water Resource Management and Land Resource Planning & Development

Details	2012 (\$)	2011 (\$)
Retention money	134,190	767,675
Total Receipts	134,190	767,675
Retention money	66,487	746,635
Total Payments	66,487	746,635
Surplus/Deficit	67,703	21,040
Opening balance at 1 January	262,240	241,200
Closing balance as at 31 December	329,943	262,240

PART B: AUDIT FINDINGS

25.6 Trading and Manufacturing Accounts

The Ministry under its Trading and Manufacturing Accounts (TMA) provides the following services:

- 1) **Commercial Undertaking Livestock (CUT)** operates under the Animal Health & Production Division and is located at the AH&P Divisional Head office in Vatuwaqa. The unit has established market outlets throughout the country to promote services to the rural public with the assistance of extension officers. This includes drugs dispensing, livestock marketing and agro materials distribution to farmers.
- 2) **Crop Extension Machinery Operation Hire (CEMOH)** operates under the Crop Extension Division which is solely responsible for providing quality service to farmers by the hiring of the Agriculture Extension Machinery for land development to the farmers at affordable rate that would contribute to sustainable farming. These machine hire services consist of tractor, digger, mini rice machines, swamp dozer and wheel loader hire.
- 3) **Fuel & Oil** operates under the Crop Extension Divisions which supplies fuel & oil to other sections within the Ministry.

25.6.1 Anomalies noted in the TMA

Each agency operating a trading and manufacturing activity must prepare:

- (a) Quarterly profit and loss statement; and
- (b) A balance sheet on an annual basis.

The profit and loss statement and the balance sheet must be prepared on an accrual basis.¹

The annual profit and loss statements and balance sheet for each current financial year just ended must be prepared and submitted to the Auditor-General in a form suitable for audit and inclusion in the agency's annual report.² Annual boards of survey must be conducted by 3 officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.³

Divisional Accountants, Assistant Accounts, Clerks and Recorders shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.⁴ Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁵ The ledger reconciliation statement shall be forwarded to the Senior Accountant (Operations) weekly. The Divisional Accountants, Assistant Accounts, Clerks and Recorders must ensure that:

- I. All balances are accurate and adequately supported; and
- II. Any misallocations or outstanding balances from the previous month have been journalised to the correct allocation code.⁶

The following anomalies were noted from the review of the TMA:

- The Ministry did not maintain adequate accounting records to provide sufficient and appropriate evidence to substantiate TMA Accumulated Surplus of \$2,265,196.82 and TMA Surplus of \$769,283.74 as stated in the TMA Balance Sheet.
- Accounts Receivable of \$2,075 has been carried forward from 2007 without any documentary evidence to support the balance.
- The Ministry's stock certificates reflected total closing stock of \$1,128,749. However, reliance on this balance is limited as the stock takes were carried out by officers directly involved in maintaining and accounting for the stock without an independent supervision. As a result, the audit was not able to ascertain the correctness of the closing stock balance reflected in the financial statement. Refer to Table 25.8 for details.

Table 25.8: TMA Stock Balance as at 31 December 2012

Items	Ministry's Stock Certificate balance (\$)
Drugs	637,332.40
Pine Post	56,401.98
Fencing Wire	57,636.00

¹ Finance Instructions 2010 – Section 30 (1 & 2)

² Finance Instructions 2010 – Section 30(3)

³ Finance Instructions 2010 – Section 49 (2)

⁴ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.3

⁵ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.4

⁶ Ministry of Agriculture – Finance Manual 2011 – Section.16.3.6

Items	Ministry's Stock Certificate balance (\$)
Livestock – Dairy	260,750.00
Livestock – Beef	80,830.00
Livestock - Pig	32,651.00
Fuel	3,147.90
Total	1,128,749.28

- An error of \$6,255 was made by the Ministry in the calculation and reporting of Pine Post stock. As a result, the closing stock balance (Finished Goods) reflected in the TMA Balance Sheet was understated.
- Revenue under *Allocation 4-30000-00000-270000 - Operating Revenue (other revenue and surplus)* was not taken into account. A variance of \$54,157 was noted between the balance reported in the Ministry's agency financial statement and the General Ledger (FMIS) as at 31/12/12. It was noted the TMA operation was declared VAT exempt in accordance with the Finance Circular 11/2012 dated 15/10/12. VAT on revenue from *Account 4-30000-00000-860000 (Deposits and retention money)* was to be transferred to *Account 4-30000-00000-279999 (Miscellaneous Revenue)*.

Analysis of the natural account 4-30000-00000-279999 (Miscellaneous Revenue) revealed that \$53,563 or 99% of the postings were made by the Ministry of Finance. However, there was no detail/supporting document provided to substantiate the transactions posted. As a result, audit was not able to ascertain the accuracy and correctness of the postings made into this account.

- Net profit balance reflected in the TMA balance sheet did not correspond to the net profit balance in the TMA profit and loss account. There was a variance of \$657,180 in the balances. Refer to Table 25.9 for details.

Table 25.9: Variance in Net Profit Figures

Particulars	Amount (\$)
Net Profit - balance sheet	769,284
Net Profit - profit and loss account	112,104
Variance	657,180

- Expenditure totalling \$11,022 which relate to normal TMA operations was posted in the general ledger (FMIS) to Direct Labour (*allocation 4-30451-30799-260201*). Refer to Table 25.10 for examples:

Table 25.10: Maintenance & Operations and Other Expenses Charged to Direct Labour Allocation

Month	Journal	Description	Amount (\$)
July	AP9367	Service of Tractors	725.74
September	AP9280	Repair of RA tractor	260.87
October	AP6811	Engine Oil Filter	40.00
	AP6811	Hydraulic Filter	110.00
November	AP1260	Supply of 2000 litres of Diesel	4,560.00
	AP3722	Diesel for RA Office	3,478.26
December	AP8643	Grease for Tractors in RA	230.00
	AP8912	Heavy Duty ARE driven Grease	339.13

Month	Journal	Description	Amount (\$)
	TMA018	To adjust Agriculture TMA's VAT mis-posting	34.50
	TMA018	To adjust Agriculture TMA's VAT mis-posting	50.87
	TMA018	To adjust Agriculture TMA's VAT mis-posting	521.74

- Instances were noted where the Ministry used funds from TMA to meet the normal operating expenditure. Refer Table 25.11 for examples:

Table 25.11: TMA Funds Used To Cater Normal Operating Expenditure of the Ministry

Date	Cheque No.	Supplier	Amount (\$)	Allocation (Fund 4)	Description	Correct Allocation (Fund 1)
12/03/12	842286	General Machinery Hire Ltd	1,495.00	4-30351-30999-260301	Being payment for the hire of truck to cart household items from Lautoka to Suva for Napolioni Seru.	SEG 3 – Travel and Communication
07/03/12	842285	Napolioni Seru	2,584.94	4-30351-30999-260301	Being payment of per-diem allowance to accompany Minister to attend FAO conference.	SEG 3 – Travel and Communication
20/02/12	842269	Jad International Travel Services	3,374.00	4-3051-30999-260402	Being purchase of air ticket for Napolioni Seru.	SEG 3 – Travel and Communication
16/03/12	842291	Nivis Motors & Machinery Co. Ltd	2,898.45	4-3051-30999-260403	Being payment for the repair of vehicle GN507.	SEG 4 – Maintenance and Operation
25/06/12	842355	Nausori Diesel Services	5,577.00	4-3051-30999-260403	Being payment for repair and overhaul of engine GN507.	SEG 4 – Maintenance and Operation
26/09/12	842423	Eskay Motors Ltd	4,954.25	4-3051-30999-260403	Being payment for repair of accident vehicle GN 507.	SEG 4 – Maintenance and Operation

- In accordance with Finance Circular 11/2012, the Ministry's TMA operations were declared VAT exempt. Therefore, VAT on expenses was to be added to expenses under *Account 4-30000-00000-260703 (Special Fees and Charges)* from *Account 4-30000-00000-261301 (VAT Input)* and *4-30000-00000-261302 (VAT Output)*. The TMA Profit and Loss Statement reflected a balance of \$100,687 as Special Fees and Charges. The Ministry did not maintain adequate accounting records to provide sufficient and appropriate audit evidence to substantiate balances reflected under the Special Fees and Charges allocation. As a result, the audit was not able to ascertain the accuracy and correctness of this amount.

As a result of the anomalies noted above, the audit was not able to substantiate the accuracy and completeness of the TMA for the year ended 31 December 2012.

Recommendations

- The Ministry should maintain records and be able to provide evidence to substantiate accounts and balances reported in its TMA.
- The Ministry should ensure that proper reconciliations are carried out and any error is investigated and adjusted accordingly.

- **Annual boards of survey must be conducted by 3 officers who are independent from the officer responsible for the custody of the TMA stock.**
- **The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry’s Comments

The comment by OAG is noted. The MOA has now maintained records so that evidence is provided to substantiate accounts and balances in the TMA. Proper reconciliation is now carried out and errors are adjusted accordingly.

The MOA will ensure that annual board of survey is conducted by three (3) independent officers. Also discussions have been made with the officers responsible of TMA to strengthen their internal control and supervisory checks to avoid discrepancies.

As for repair of vehicle, it was agreed between the TMA Section and Animal, Health & Production (AH&P) Division that the vehicle will be used for both the TMA section and normal operations of the AH&P Division.

TMA funds used by former Assistant Accountant in relation to Mr Napolioni Seru was due to the fact all operational funds were exhausted. The Assistant Accountant of AH&P Division, being the responsible officer at that time, had failed to make the appropriate adjustments before the closure of 2012 accounts.

25.6.2 Review of Financial Performance

The TMA were created to facilitate on a semi-commercial basis for the provision of goods and services that are needed to other government Ministry’s and also to the private sector when possible. However, it is required that the TMA should break even to ensure that all costs incurred in its operations are recouped.⁷

The profit and loss statement must include all expenses that relate to the activity, and where necessary, include estimates of –

- (a) Overheads met by the Ministry;
- (b) Depreciation of assets;
- (c) Services provided below costs by other agencies;
- (d) Provision for doubtful debts;
- (e) Provision for inventory to be written off.⁸

Although the Ministry’s TMA recorded a net profit of \$112,104 in 2012, the financial performance overall has been poor. Refer Table 25.12 for net profit/loss recorded in the last five years:

Table 25.12: TMA Performance

Year	Net Profit/(Loss) (\$)
2012	112,104
2011	(587,148)
2010	191,641
2009	(190,875)
2008	27,310

⁷ Finance Circular 37 of 26 November 1984

⁸ Finance Instructions 2010 – Section 30 (2)

The audit also noted that the Ministry did not take into account other related expenses such as salaries and wages of employees directly involved in the TMA operations and other overhead costs. If related expenses were also taken into account, net losses would be higher resulting in a decrease in net profits.

Recommendations

- **The Ministry should review its TMA operations and develop strategies to strengthen their financial performances.**
- **Adequate financial management practices should be put in place to facilitate the semi-commercial nature of TMAs.**
- **Proper books of account should be maintained for all TMAs and provided for audit when requested.**
- **All TMA's operations related costs should be appropriately taken in account in the financial statements.**
- **The Ministry should ensure that audit qualification issues are promptly dealt with.**

Ministry's Comments

The MOA will review the operations of TMA at two division (Extension and AH&P) and will develop internal strategies and monitor the financial performance of TMA.

25.6.3 Irregularities in TMA Bank Reconciliations

The Assistant Accounts Officer (AAO – Ledgers) and the Bank Reconciliation Clerk shall prepare a bank reconciliation within 5 days of the end of the month. Details of un-presented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the Bank Reconciliation Clerk and AAO (Ledgers) and submit to Ministry of Finance through Senior Accounts Officer (Operations). The AAO (Ledgers) must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it.⁹

All bank accounts must be reconciled monthly. The bank reconciliation shall list all outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹⁰ The Principal Accountant shall appoint three officers to be part of a Board of Survey to conduct a physical stock-take of all money on hand and other stock held in safes.¹¹

The following anomalies were noted from the review of the TMA cash at bank records:

- A Board of Survey was not conducted at the end of the year for the TMA cash on hand balance.
- A variance of \$53,899 was noted between the TMA cash at bank balance reported in the bank reconciliation statement and balance in the general ledger (FMIS) as at 31/12/12. Refer Table 25.13 below for details.

⁹ Ministry of Agriculture – Finance Manual 2011 – Section 7.4.7 to 7.4.10

¹⁰ Finance Instructions 2010 – Section 32(6)

¹¹ Ministry of Agriculture – Finance Manual 2011 – Section 7.2.1

Table 25.13: Variance in TMA Cash Account

Account	Account Description	GL (FMIS) (\$)	Ministry's reconciliation statement (\$)	Variance (\$)
4-30000-00000-540000	TMA Bank Balance	365,088.14	311,189.19	53,898.95

- The bank reconciliation statement for December reflected lodgement not yet credited of \$16,720 and receipts not in cash book of \$90,000. The details of these two balances were not made available for audit. As a result, audit was not able to ascertain the accuracy and correctness of the TMA bank reconciliation.
- Variances were noted in the opening and closing monthly cash book balances. Refer Table 25.14 for details.

Table 25.14: Variance in Opening and Closing Monthly Cash Book Balances

Month	Opening Balance (\$)	Closing Balance (\$)
January	133,728.99	167,080.05
February	164,140.53	122,025.41
March	178,885.22	153,127.70
April	138,644.03	106,957.09
May	184,946.37	157,338.09
June	206,208.70	161,159.98
July	Not available for audit	
August	201,760.82	219,610.41
September	244,984.97	247,630.05
October	197,484.74	248,697.98
November	178,961.11	607,656.57
December	564,978.60	311,189.19

The audit was not able to substantiate the accuracy of cash at bank balance as at 31/12/12.

Failure to carry out proper bank reconciliations increases the risk of misappropriation and mismanagement of funds.

Recommendations

- **The responsibility of carrying out bank reconciliations should be given to Senior Accounts Officers having adequate knowledge of the bank reconciliation process.**
- **The Ministry should provide appropriate training to Accounts Officers involved in carrying out reconciliations.**
- **The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

The MOA is adhering to the format required by Ministry of Finance (MOF). The MOA has had a meeting with MOF on this issue.

25.7 LWRM Trust Fund Account

All bank accounts must be reconciled monthly. The bank reconciliation shall list all outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹²

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts. Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.¹³

The audit noted the following anomalies from the review of records relating to the Land Water Resource Management and Land Resettlement Planning and Development (LWRM) trust fund account:

- Trust fund reconciliations were not prepared during the year.
- Lodgements not credited of \$224,905 reflected in the bank reconciliation statement remained uncleared since June 2012. There were no supporting documents made available to validate this amount.
- Interest received and bank fees between January 2010 to November 2012 which accumulated to \$1,988 and \$223 respectively, have not been adjusted in the cash book of the Ministry. These amounts, however, have been reflected in the bank reconciliation.
- A variance of \$208,091 was noted between the cash at bank balance (bank statement) and the general ledger (FMIS) balance as at 31/12/12. Refer Table 25.15 for details.

Table 25.15: Variance in Cash at Bank and FMIS Balance

Particulars	Amount (\$)
Cash at bank balance as per bank statement	585,275.94
FMIS Cash at Bank balance	793,366.69
Variance	208,090.75

- A significant variance of \$552,098 was noted between the Trust Fund Account balance and the Cash at Bank balance as at 31 December 2012 in the general ledger (FMIS). Refer Table 25.16 for details.

Table 25.16: Variance in FMIS Trust Fund Account balance And The FMIS Cash At Bank Balance

Particulars	Amount (\$)
FMIS Cash at bank balance	793,366.69
FMIS Trust Fund Account	241,268.27
Variance	552,098.42

- The Retention Fund ALTA Lease (9-30101-30075-895013) had a balance of \$31,760. The Ministry failed to provide any documentary evidence to support this balance. It was also noted that this account is not reflected in the Ministry's Agency Financial Statement as a Main Trust Fund.

¹² Finance Instructions 2010 – Section 32(6)

¹³ Finance Instructions 2010 – Section 58 (2 & 3)

- The audit was not able to determine the cash receipts and payments for the year as cash expenditure ledger was not properly maintained by the LWRM Section.

As a result, the audit was not able to substantiate the accuracy of Trust Fund Account Statement of Receipts and Payments for the year ended 31/12/12.

Recommendations

- **Monthly reconciliation process should be strengthened to mitigate the various issues highlighted above.**
- **The Ministry should ensure that errors and discrepancies identified during the reconciliation process are corrected promptly. The Ministry should seek the Ministry of Finance assistance where necessary.**
- **Proper books of account should be maintained and provided for audit when requested.**

Ministry's Comments

The comment is noted. The MOA has now opened a cash book for Trust Account to show receipts and payments. As for the discrepancies identified, the MOA is working on reconciling the whole Trust Account again from 2011 to identify these discrepancies before seeking MOF's advice to correct it.

25.8 Statement of Losses

Each agency must include in its annual financial statement a statement of losses.¹⁴

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.¹⁵ Annual boards of survey must be conducted by 3 officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹⁶ All assets which are not accounted for in the board of survey must be investigated to determine the appropriate recovery or write-off action.¹⁷

All agencies must maintain a Fixed Asset Register until the asset module of the financial management information system is implemented. Details to be recorded in the asset register should include, at a minimum –

- (a) description;
- (b) cost or fair value;
- (c) date of acquisition, where known;
- (d) make, model and identification number, where applicable; and
- (e) location.¹⁸

Assets whose value is between \$200 and \$2,000 must also be recorded in an Expendable Items Register.¹⁹

From the review of fixed assets records, the audit noted the following anomalies:

¹⁴ Finance Instructions 2010 – Section 71 (1) (f)

¹⁵ Finance Instructions 2010 – Section 49 (1)

¹⁶ Finance Instructions 2010 – Section 49 (2)

¹⁷ Finance Instructions 2010 – Section 49 (3)

¹⁸ Finance Instructions 2010 – Section 46 (2)

¹⁹ Finance Instructions 2010 – Section 46 (3)

- The Fixed Assets Register maintained by the Ministry’s Asset Management Unit (AMU – Headquarters) was not updated for the period ended 31/12/12.
- The Ministry did not carry out its Board of Survey (BOS) for 2012.
- The Statement of Losses was not submitted for audit contrary to the Finance Instructions 2010 Section 71(f).

Ineffective controls on the management of fixed assets (property, plant & equipment) increases the risks of misappropriation of fixed assets.

Recommendations

- **All property, plant and equipment purchased by the Ministry must be properly recorded in the FAR.**
- **The Ministry should carry out a Board of Survey annually to take stock of all its assets and update its fixed assets records.**
- **A Statement of Losses should be submitted for audit as required by section 71(f) of the Finance Instructions**

Ministry’s Comments

Audits comments are noted. The MOA is working on corrective measures to improve the current process of purchasing, recording and management of all assets.

The delay to carry out a Board of Survey (BOS) was due to the fact that an independent person from another Ministry is required to be part of MOA’s BOS Team as per the Fiji Procurement Officer (FPO) Regulations.

The MOA has clarified with FPO and the advised given by FPO is that officers from different divisions within the MOA can be part of its BOS Team.

25.9 Variance in Drawings Account Balance – Operating Account

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.²⁰ The Assistant Accounts Officer (Ledgers) must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month’s bank reconciliation before certifying it.²¹

The Principal Accountant shall appoint three officers to be part of a Board of Survey to conduct a physical stock-take of all money on hand and other stock held in safes.²²

The following anomalies were noted from the review of the Operating Drawings account:

- A unreconciled variance of \$330,018 was noted between the reconciliation statement and the general ledger (FMIS). Refer to Table 25.17 for details.

²⁰ Finance Instructions 2010 – Section 32(6)

²¹ Ministry of Agriculture – Finance Manual 2011 – Section 7.4.10

²² Ministry of Agriculture – Finance Manual 2011 – Section 7.2.1

Table 25.17: Variance in Drawings Account Balance

Description	Ministry's Balance (\$)	FMS Balance (\$)	Variance (\$)
Drawings Account	4,301,899.85	3,971,881.94	330,017.91

- A variance of \$7,973 was noted between the closing balance of the reconciliation statement for March and the opening balance for April. Refer to Table 25.18 for details.

Table 25.18: Variance in Closing and Opening Monthly Balance

Month	Amount (\$)
Closing – March 2012	1,567,250.99
Opening – April 2012	1,575,223.80
Variance	7,972.81

- There was no Board of Survey carried out for the un-presented cheque list.

The un-reconciled variances imply ineffective reconciliation process and lack of supervisory controls in the Accounts Section.

Recommendations

- **Monthly reconciliation process should be strengthened to mitigate the various issues highlighted above.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Ministry should ensure that all errors and discrepancies are corrected promptly. The Ministry should seek Ministry of Finance assistance where necessary.**

Ministry's Comments

The variance in Drawings account is reflected as a result of past years transactions that were not posted to general ledger. The approach taken by the new Principal Accountant in 2012 was to request MOF for write off. However MOF requested the MOA to identify funds for write off which the MOA did not have last year.

However the MOA is again liaising with MOF for write off, its reason being that expenditure has already occurred but the books were not adjusted on time.

The current reconciliation is up to date.

25.10 Revolving Fund Account (Miscellaneous)

Divisional Accountants, Assistant Accounts Officer, Clerks and Recorders shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.²³ Any errors or misallocations must be immediately adjusted by way of journal vouchers.²⁴ The ledger reconciliation statement shall be forwarded to the Senior Accountant (Operations) weekly. The Divisional Accountants, Assistant Accounts Officer, Clerks and Recorders must ensure that:

- I. All balances are accurate and adequately supported;

²³ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.3

²⁴ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.4

- II. Any misallocations or outstanding balances from the previous month have been journalized to the correct allocation code.²⁵

An accountable advance will not be approved if an officer had taken an earlier advance and has not been cleared.²⁶ A *travelling officer* shall retire the accountable advance within seven days of completing travel by submission of an acquittal report with supporting documents.²⁷

If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.²⁸ Where an advance has not been acquitted within seven days after return from official travel, the AAO payments shall inform AAO (Salaries/Wages) to effect recovery of unretired amount with an interest of 12% per annum, through a salary deduction from the concerned officer's salary within six (6) fortnights.²⁹

The Ministry's Revolving Fund Account-Miscellaneous (RFA-Miscellaneous) comprise accounts receivables (*SAG 560000*), prepayments and clearing accounts (*SAG 570000*), accounts payable (*SLG 840000 & SLG 850000*).

The audit noted the following anomalies from the review of the RFA – Miscellaneous records:

- Variances were noted between the Ministry's reconciliation statement and the balance reflected in the general ledger (FMIS) as at 31/12/12. Refer to Table 25.19 below for details.

Table 25.19: Variance in RFA Miscellaneous Account Balance

Allocation	Description	FMIS Balance (\$)	Ministry's Balance (\$)	Variance (\$)
1-30101-30101-560203	AR Individuals	346,710.27	348,616.66	(1,906.39)
1-30101-30101-570301	Advances	2,418,520.93	2,419,380.93	(860.00)
1-30101-30101-840602	Withholding Tax Payable	(216,662.55)	-	(216,662.55)
1-30101-91011-840101	TC Evan Rehab	(1,000,000.00)	(1,000,000.00)	-
1-30000-00000-850000	Accrued Expense and Deferred Income	(7,445.00)	-	(7,445.00)

- The details of Advance and AR Individuals with account balances of \$2,418,521 and \$346,710 respectively were not provided in the reconciliation statement. As a result, the accuracy of these balances could not be substantiated.
- No reconciliation was prepared for Withholding Tax Payable and Accrued Expense and Deferred Income, which had credit balances of \$216,662.55 and \$7,445 respectively as at 31 December 2012.
- Two of accounts that belong to Department of Fisheries and Forestry are still shown under Ministry of Agriculture's Head and have not been regularized since 2010. Refer to Table 25.20 below for details.

Table 25.20: Ministry of Fisheries and Forestry RFA Reflected Under Ministry's Head

²⁵ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.6

²⁶ Ministry of Agriculture – Finance Manual 2011 – Section 10.1.6

²⁷ Ministry of Agriculture – Finance Manual 2011 – Section 10.1.12

²⁸ Ministry of Agriculture – Finance Manual 2011 – Section 10.1.13

²⁹ Ministry of Agriculture – Finance Manual 2011 – Section 10.1.15

Allocation	Description	GL (FMIS) Balance (\$)
1-30901-30999-570301	Advances	20,036.27
1-30901-30999-840602	Withholding Tax Payable	(8,637.79)

- The Agriculture Tribunal failed to prepare and submit monthly reconciliation statements for the year ended 31/12/12. The Tribunal had a closing RFA – Miscellaneous balance of \$453 as at 31/12/12. Refer to Table 25.21 for details.

Table 25.21: Agriculture Tribunal – RFA Miscellaneous Balance

Allocation	Description	General Ledger (FMIS) Balance (\$)
1-30701-76999-570101	AR Prepaid Expenses	204.00
1-30701-76999-570101	Advances	249.00

- An unexplained variance of \$99,219 was noted between the closing balance of the Ministry's reconciliation statement for December 2011 of \$2,391,755 and the opening balance of the reconciliation statement for January 2012 of \$2,490,974.
- The reconciliation for March 2012 has been misplaced and was therefore not provided for audit.

The above anomalies imply ineffective controls in the monthly reconciliation process and lack of supervisory checks on the reconciliation statements by senior officers in the Accounts Section.

Recommendations

- **Monthly reconciliation process should be strengthened to mitigate the various issues highlighted above.**
- **The Ministry should investigate and rectify variances noted between its reconciliation and the General Ledger (FMIS).**
- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately. All advances are retired with seven days of completion of travel.**
- **Accounts Officers should be proactive in resolving un-reconciled balances between the records reconciliation statements and the general ledger (FMIS).**
- **Necessary salary recovery measures should be instigated against those officers failing to retire accountable advances within seven days of returning.**
- **The Ministry should ensure that all the relevant supporting documents for all RFA accounts are properly maintained and produced for audit.**
- **The Ministry should liaise with the Department of Fisheries and Forests and Ministry of Finance to resolve and regularize accounts incorrectly reflected under Head 30 in the general ledger (FMIS).**

Ministry's Comments

The MOA is looking into the huge balance that is carried forward from previous years under SAG 560000. There was a mixed transaction between Ministry of Fisheries & Forests (MFF) and MOA when both were previously under the same Ministry.

Now that the two Ministries are separated, MFF transactions need to be identified and either transferred to MFF or submitted to MOF for appropriate actions. The MOA is currently in the process of finalizing this.

The balances in SAG 570000 need to be cleared as these are accountable advances given out in yester years. Currently the MOA in consultation with MOF's Financial Management Information System (FMIS) is preparing a list of accountable advance that were retired manually but not previously updated in the FMIS, and also to seek MOF's approval for write off.

25.11 Operating Trust Fund Account

Divisional Accountants, Assistant Accounts Officer, Clerks and Recorders shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.³⁰ Any errors or misallocations must be immediately adjusted by way of journal vouchers.³¹

The ledger reconciliation statement shall be forwarded to the Senior Accountant (Operations) weekly. The Divisional Accountants, Assistant Accounts Officer, Clerks and Recorders must ensure that:

- I. All balances are accurate and adequately supported;
- II. Any misallocations or outstanding balances from the previous month have been journalized to the correct allocation code.³²

The Trust Fund Accounts should not at any time be overdrawn.³³

Operating trust fund comprise superannuation contributions (FNPF), Tax Arrears/PAYE, Fines, Government Water Rates Charges and other credit union savings, which are not to be overdrawn at any time. By its nature, Operating Trust Fund Accounts should have credit balances.

The audit noted the following anomalies from the review of the Operating Trust Fund Accounts records:

- Variances were noted between the Ministry's reconciliation statements and the balances reflected in the general ledger (FMIS) as at 31/12/12. Refer to Table 25.22 below for details.

Table 25.22: Variance in Operating Trust Account Balance

Allocation	FMIS Balance (\$)	Ministry's Balance (\$)	Variance (\$)
1-30000-00000-869101	507,113.93	516,651.36	9,537.43
1-30701-76999-861920	(1,779.30)	(1,145.22)	(634.08)
1-30000-00000-890000	77,790.08	No reconciliation was prepared	77,790.08

- An unexplained variance of \$26,721 was noted between the closing balance of the Ministry's reconciliation statement for December 2011 and the opening balance of the reconciliation for January 2012. Refer to Table 25.23 below for details.

Table 25.23: Variance in the Closing and Opening Monthly Balance

Month	Amount (\$)
Closing December 2011	1,243,591.58
Opening January 2012	1,270,312.79
Variance	26,721.21

³⁰ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.3

³¹ Ministry of Agriculture – Finance Manual 2011 – Section 16.3.4

³² Ministry of Agriculture – Finance Manual 2011 – Section 16.3.6

³³ Finance Circular No. 4/98 of 30/03/98

- The Ministry’s overall balance of the operating Trust Fund Accounts had a debit balance of \$1,114,442. Nine of the accounts had overdrawn balances amounting to \$1,384,039. The Ministry failed to provide justifications for the overdrawing of trust fund accounts. The issue was raised in previous years audit report without any improvement noted. Refer to Table 25.24 below for details.

Table 25.24: Overdrawn Operating Trust Account Balance

Allocation	Description	Variance (\$)
1-30101-30101-861206	246 PD MARCH & MCLENNAN	420.00
1-30101-30101-861307	264 PD HOME FINANCE CO	318.00
1-30101-30101-861402	203 PD Rent Arrears	3.23
1-30101-30101-861522	313 PD Viti NTWCU	25.00
1-30101-30101-861599	XXX PD OTHERS	65.00
1-30101-30101-861899	440 PD Fixed Rent	13.38
1-30101-30101-861901	201 PD Tax Arrears /PAYE	507,113.93
1-30101-30101-861920	501 PD Employees FNPF	798,290.29
1-30101-30101-899988	Miscellaneous Fund	77,790.08
Total		1,384,038.91

The overdrawn balances have been carried forward from previous years.

The overdrawn Operating Trust Fund may have resulted from incorrect journal entries posted by the Ministry. In addition, ineffective controls in the monthly reconciliation process and lack of supervisory checks on the reconciliation statements by senior officers in the Accounts Section have also contributed to the anomalies noted above.

Recommendations

- **The Ministry should investigate and rectify the variances noted between its reconciliation and the General Ledger (FMIS).**
- **Monthly reconciliations should be carried out properly and accurately and Accounts Officers should be proactive in resolving un-reconciled balances between the records reconciliation statements and the general ledger (FMIS).**
- **The Ministry must ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry’s Comments

The MOA has reconciled most of the trust funds account that were dormant from past years with debit balance. The MOA will request MOF for adjustment of these accounts with debit balance from previous years.

25.12 Arrears of Revenue

The credit officer must promptly follow up accounts that fall due. If the recovery is unsuccessful after one month, the following actions shall be taken:

- no further credit shall be extended to the debtor;
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month;

- if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.³⁴

If a final notice had been issued to one of the debtors listed, the Principal Accounts Officer may approve the case to be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implication and the probability of recovery.³⁵

The Ministry had \$824,985.64 in arrears of revenue as at 31/12/12. The significant decrease in revenue in 2012 was mainly due to Cabinet's approval to write-off of Cocoa Development revenue arrears amounting to \$3,153,259.74. Refer to Table 25.25 for the balances of arrears of revenue for the past five years.

Table 25.25: Balance of Arrears of Revenue for the Past Five Years

Year	Amount (\$)
2008	3,978,918
2009	3,992,057
2010	3,995,811
2011	3,979,609
2012	824,986

The audit noted that a significant portion of the arrears (\$702,329.61 or 85%) have been outstanding for more than 5 years. The arrears were mainly related to the outstanding repayments from farmers for assistance provided to them under different agricultural programs in previous years. Refer to Table 25.26 for details.

Table 25.26: Breakdown details of the Arrears of Revenue

Debtors	Amount (\$)
Meat Inspection Fees	1,071.32
Research Analysis Test	425.73
Water Rates/Electricity	14,090.74
Sale of Sheep & Wool	7,326.21
Cocoa Development	237,460.10
Batiri Pineapples	707.16
Irrigation & Commercial Undertaking	114,720.42
Land Development (ADP)	4,236.66
Lending Fund Account	16,445.66
Revolving Fund Account	428,501.64
Total	824,985.64

Ineffective debt collection strategies may have contributed to the delay in collecting outstanding revenues. As a result, there has been a significant accumulation of arrears of revenue over the years which may not be able to be recovered and may require write-offs.

Recommendations

- **The Ministry should improve its debt collection strategies to enable the recovery of outstanding revenue.**
- **The Ministry must ensure that adequate accounting records are maintained to substantiate arrears of revenue balances at year end.**

³⁴ Ministry of Agriculture – Finance Manual 2011 – Section 9.2.1

³⁵ Ministry of Agriculture – Finance Manual 2011 – Section 9.2.4

Ministry's Comments

The MOA is currently preparing a Cabinet paper requesting for write off of past years irrecoverable debts.

25.13 Unexplained Account Balances

The Accounting Head is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.³⁶

The audit noted various account balances from the review of the general ledger (FMIS), which the Ministry could not explain. The balances reflected under each account have been carried forward from previous years. Refer to Table 25.27 below for details.

Table 25.27: Unexplained Account Balances

Account Type	Account Description	2012 (\$)	2011 (\$)
1-30101-30999-910101	APP Surplus & Deficit –Prior Years	(59,469,092.63)	(59,469,092.63)
1-30901-30999-910101	APP Surplus & Deficit –Prior Years	2,592,476.59	2,592,476.59
1-30101-30999-910102	APP Surplus & Deficit –Current Years	48,319,284.84	48,071,702.19
Total		(8,557,331.20)	(8,804,913.85)
9-30101-30065-910102	Retention of Funds LWRM	348,738.75	348,738.75
9-30101-30075-910102	APP Surplus & Deficit Current Year	151,051.71	151,051.71
9-30101-30999-910102	APP Surplus & Deficit Current Year	(934,681.28)	(934,681.28)
9-30B01-78068-910102	Project Development Fund	27,731.16	27,731.16
Total		(407,159.66)	(407,159.66)
1-30101-30999-590101	ALP Imprest Account	873,950.00	873,950.00
1-30000-00000-730000	Invest in Infrastructure	90.00	90.00

The Ministry of Finance explained that the balances are the net reflection of the balance sheet items under the Ministry. However, this could not be substantiated.

In the absence of proper records/explanations, it is difficult to authenticate the accuracy of the balances under the above allocations in the general ledger (FMIS).

Recommendations

- **The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during the audit.**
- **The Ministry should seek clarifications from the Ministry of Finance on allocations under its Head that it cannot explain neither have records to substantiate the balances.**

Ministry's Comments

Comments are noted. Some allocations are not in use but appearing under our Head. Hence, the MOA will need to work with the MOF to deactivate unused accounts.

³⁶ Ministry of Agriculture – Finance Manual 2011 – Part 16 Ledger Account – Introductory paragraph
Ministry of Agriculture

25.14 Discrepancies in ROI Projects

ROI is an integrated market driven agricultural assistance programme targeting progressive farmers, farmer groups or agribusiness in crop, livestock or value added production that meet market demand.³⁷

The long term objective of Rural and Outer Island Programme (ROI) is to enhance the livelihoods of people in the rural areas and outer islands of Fiji. The immediate purpose is to increase market access opportunities and services that will enable beneficiaries in the rural areas and outer islands to exploit those opportunities.³⁸ The programme is not about hand-outs to beneficiaries, but is about empowering them with a view to future sustainability of the farm or agribusiness enterprises.³⁹

Monitoring of the ROI projects will be carried out in two levels. The first will be at project level where Locality Officers responsible for implementation of projects are expected to draw their work plans directly from the project Design Monitoring Frameworks. Reports on individual project performance will be made on a quarterly basis to heads of divisions. The second will be at programme level where Economic Planning and Statistics Division with the Technical Working Group will collate and analyse individual project reports from Locality Officers.⁴⁰

As detailed below, the budget allocated and actual expenditure for the ROI programme for the past six years totalled \$8.3 million and \$8.8 million respectively.

Year	Budget ⁴¹ (\$)	Actual Expenditure ⁴² (\$)
2007	-	750,129
2008	2,400,000	2,312,725
2009	2,500,000	2,391,728
2010	1,500,771	1,407,525
2011	1,500,000	1,468,225
2012	496,071	473,172
Total	8,396,842	8,803,504

The audit of ROI programme for 2012 was targeted at farming assistance provided to individuals and groups in the Rewa and Tailevu provinces. According to information gathered during the audit, assistance was provided to 29 projects in Rewa and 119 projects in Tailevu from 2007 to 2012.

Generally, the audit found that it is difficult to determine whether the objectives of the ROI programme are being achieved. There was insufficient information available as to the extent to which the ROI has been successful in meeting its overall objectives. The individual projects were supposed to result in commercial or semi-commercial benefits but there were little or no evidence of this from the projects sited in Rewa and Tailevu. Weaknesses in the selection process and performance management process of monitoring, evaluating and reporting on the progress towards achieving the objectives of the individual projects were contributing factors.

The audit⁴³ of records and field inspections of 6 selected projects in Rewa and 29 in Tailevu revealed the following common anomalies, with details/illustrations provided on [Appendix 25.1](#) and [Appendix 25.2](#).

³⁷ Guidelines and criteria for sourcing of funds through the Rural Outer Island (ROI) Programme – Section 2.1

³⁸ Guidelines and criteria for sourcing of funds through the Rural Outer Island (ROI) Programme – Section 1.1

³⁹ Guidelines and criteria for sourcing of funds through the Rural Outer Island (ROI) Programme – Section 2.4

⁴⁰ Guidelines and criteria for sourcing of funds through the Rural Outer Island (ROI) Programme – Section 5.3, 5.4 and 5.5

⁴¹ Source – FMIS

⁴² Source – FMIS

⁴³ Audit carried out in February 2013

- Mechanisms in place to select the individual/groups assisted under the ROI programme may be weak as evidence from the following:
 - Proper farm assessments, market and road accessibility were not carried out to ensure the continuity and sustainability of the projects assisted;
 - Proper assessment of the lease tenure was not carried out during the selection process as a number of projects have failed due to land disputes amongst the ‘Mataqali’, family members and the community. From the review of project files, there were no evidences of consents sought from ‘Mataqali’/family members/churches and I’Taukei Land Trust Board (ILTB);
 - No documentary evidence of any assessment carried out on the financial and farming backgrounds during the selection process; and
 - Locality officers were using generic project papers and in most projects it was noted that the expected outputs and the outcomes were the same. Project expectations may have been exaggerated without any concrete basis.
- Overall lack of monitoring/tracking on the progress of the projects by the locality and station officers and the Economic Planning and Statistics Division;
- Lack of awareness, technical support and farm management advice provided by the Ministry’s locality and station officers to those assisted; and
- Absence of evidence such as delivery dockets to support delivery of items. Delivery dockets were not filed as an evidence of full assistance being provided and received by the farmers.

Slow progress or failure of projects indicated gaps in the selection and vetting of project proposals, inadequate technical support to farmers during the implementation stage, inadequate monitoring and progress assessments and the absence of proper documentation and records on the progress or success/failure of projects.

If the current systems and processes in place are not continuously reviewed and strengthened taking into account issues encountered in implementing projects, the general objectives of the ROI may not be possible to achieve.

Recommendations

To strengthen the agricultural initiatives, the Ministry should ensure that:

- **Continuous assessment of its selection and vetting processes is undertaken to address gaps identified during the practical implementations of the projects.**
- **Applicants have proper lease to the land to be farmed and that ‘mataqali’ concerns and land ownership are addressed prior to the assistance being provided.**
- **Geographical location of the farm is assessed against the viability/continuity/sustainability of the project prior to providing assistance.**
- **Proper assessment reports suitable for effective and informed decision-making are prepared together with pictorial evidences, where possible.**
- **Proper documentations are maintained at the various stations and Headquarters. The delivery dockets, project papers and assessment reports are properly filed in the respective project files and reviewed for improvement opportunities.**
- **Projects are monitored on a regular basis to strengthen the implementation process and to also ensure that necessary technical support and advice are provided to farmers.**
- **Performance of locality and station officers should be closely monitored.**
- **Locality and station officers are provided with training regarding the requirements of the ROI programme addressing performance management, monitoring, evaluation and documentation of projects.**

Ministry's Comments

No comments provided by the Ministry.

25.15 Database for farming assistance programs

The preparation of Capital Project allows senior management to analyse, evaluate and process the Capital Projects for the Ministry. Timely and accurate decisions are necessary for effective management of capital projects.⁴⁴

The Ministry under its Rural and Outer Island (ROI), Export Promotion Program (EPP), Food Security Program (FSP), Dairy Industry Support (DIS), Sigatoka Valley Improvement Program (SVIP) and aid funded programs, provides in-kind farming assistance to farmers at commercial, semi-commercial and subsistence levels.

Sound decisions require accurate, current and reliable information which depend substantially on the quality of performance data available. From our review of records for farming assistance programmes, we noted that the Ministry do not have a structured information database to consolidate and capture information on the types of assistance provided to farmers/individuals/group on different programmes, location of farms, document references to confirm delivery of assistance and project progress/monitoring reports. Common findings and recommendations on projects under each programme could be easily evaluated for improving policies and procedures if information are captured and consolidated in a database.

Having up to date information on the progress of farmers/individuals/groups that have benefitted from the different agricultural programmes will assist in making sound and informed management decision making.

Recommendation

It is recommended that the Ministry establish a database to consolidate and capture data on all agricultural schemes to assist in reviewing the effectiveness of the programmes and improving the policies and procedure guidelines.

Ministry's Comments

No comments provided by the Ministry.

25.16 Records not maintained for Aid-in-Kind

The Ministry did not provide for audit details on all Aid-in-Kind received in 2012 which limited the scope of our audit. According to the Ministry of Finance's record, the Ministry received various aids during the year, with examples provided in Table 25.28:

Table 25.28: Examples of Aid Received by the Ministry

Aid in Kind Project	Description	Total ODA Disbursed	Utilization Rate
Pacific Horticultural & Agricultural Market Access program (PHAMA)	\$AUD569,000	\$AUD284,500	50%

⁴⁴ Ministry of Agriculture – Finance Manual 2011 – Part 20 Capital Projects
Ministry of Agriculture

Aid in Kind Project	Description	Total ODA Disbursed	Utilization Rate
Pacific Agribusiness Research for Development Initiative (PARDI AusAID) \$932,780	Use of value Chain Analysis to identify entry points for improving competitiveness for foods such as pearls and breadfruits \$AUD1,360,000	\$AUD680,000	50%
Mushroom Technology Demonstration Centre (China) \$14,000,000	Project in Legalega Nadi to start the growing of mushrooms	\$14,000,000	Not stated

The Ministry did not provide satisfactory explanations for failing to maintain proper records on Aid-in-Kind. The absence of records to substantiate utilisation of Aid-in-Kind increases the risk of mismanagement of aids.

Recommendation

The Ministry should ensure that all records in relation to assistance received from donor agencies are properly maintained and produced for audit purposes when requested.

Ministry's Comments

No comments provided by the Ministry.

25.17 TMA Stores

The authorised officers must not certify a payment as correct unless they are satisfied that there is documentation that these goods, services or works have been received.⁴⁵ When inventory items are purchased, the divisional/sectional inventory bookkeepers shall record them in the inventory register.⁴⁶ Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that adequate storage space is available for incoming stock as and when required and stocks are kept in an orderly manner allowing for safe access.⁴⁷

Our review of stores records for TMA at the Animal Health & Production Division (AH&P) in Vatuwaqa revealed the following anomalies:

- Pine posts were not properly stacked which hindered stock take during the audit. The same issue was raised in previous year's audit report; however, this is yet to be rectified.
- A number of advance payments were made to suppliers for the procurement of inventories. Majority of the items remain undelivered as at the date of audit.⁴⁸ Refer to Table 25.29 for examples:

Table 25.29: Advance Payment Made while Items were Not Delivered

Date	Item Description	Cheque No.	LPO No.	Unit Cost Price (\$)	Cost of undelivered material (\$)	Remark
04/12/12	Pine Post – 1.8m * 150mm	842472	40110 - 000917	27.17	6,982.69	Full payment for 500 pine post was made but actual stock delivered as at the date

⁴⁵ Ministry of Agriculture – Finance Manual 2011 – Section 2.8.4 (ii)

⁴⁶ Ministry of Agriculture – Finance Manual 2011 – Section 8.1.2

⁴⁷ Ministry of Agriculture – Finance Manual 2011 – Section 8.2.1 (i) & (iii)

⁴⁸ Date of audit 25/01/2013

Date	Item Description	Cheque No.	LPO No.	Unit Cost Price (\$)	Cost of undelivered material (\$)	Remark
						of audit was 243 post hence balance of 257 post remain undelivered.
21/12/12	Pine Post – 1.8m * 150mm	842502	40100 - 000926	27.17	13,585.00	Full payment for 500 pine post was made. As at the date of audit, the delivery has not been made.
21/12/12	Pine Post – 1.8m * 100mm	842502	40110-000926	12.80	6,400.00	Full payment for 500 pine post was made. As at the date of audit, the delivery was not made.
28/12/12	Pine Post – 1.8m * 125mm	842508	40110-000944	22.00	11,000.00	Full payment for 500 pine post was made. As at the date of audit, the delivery was not made.
16/08/12	Pine Post – 3m * 150mm	842395	40110-000856	43.61	13,083.00	Full payment for 300 pine post was made. As at the date of audit, the delivery was not made.
28/12/12	Pine Post – 2.4m * 100mm	842508	40110-000944	23.00	11,500.00	Full payment for 500 pine post was made. As at the date of audit, the delivery was not made.
11/10/12	Pine Post – 2.4m * 100mm	842432	40110-000888	21.00	525.00	Full payment for 150 pine post was made but actual stock delivered as at the date of audit was 125 post hence balance of 25 post remain undelivered.
02/11/12	Pine Post – 2.4m * 100mm	842446	40110-000904	21.00	4,200.00	Full payment for 200 pine post was made. As at the date of audit, the delivery has not been made.
06/11/12	Pine Post – 2.4m * 125mm	842450	40110-000883	25.10	1,757.32	Full payment for 100 pine post was made but actual stock delivered as at the date of audit was 30 posts hence 70 post remained undelivered.
29/12/12	25kg Barbed wire	842509	40110-000936	106.25	10,625.00	Full payment for 100 rolls was made. As at the date of audit, the delivery was not made.
29/12/12	25kg barbed wire	842510	40110-000924	106.25	21,250.00	Full payment for 200 rolls was made. As at the date of audit, the delivery was not made.
28/12/12	4ft Goat Fence	842507	40110-000937	96.00	17,280.00	Full payment for 300 rolls was made but actual stock delivered as at the date of audit was 120 rolls hence 180 rolls remained undelivered.

Any deviation from established procedures increases the risk of loss of public funds/resources through misappropriation, mismanagement and fraud. There is a high risk of misappropriation and fraud when items purchased and paid for are not delivered.

Recommendations

- **All stock should be kept in an orderly manner to allow for stock take to be undertaken efficiently.**
- **The Ministry should ensure that all the items ordered and paid for are delivered in full quantity and properly accounted for.**
- **The internal control procedures in the Trading and Manufacturing account of AH&P, specifically supervisory checks should be strengthened in order to avoid such discrepancies.**

Ministry's Comments

No comments provided by the Ministry.

25.18 Stock without proper records

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over - expenditures and corruption do not occur.⁴⁹

Review of the records at the Animal Health & Production (AH&P) – Vatuwaqa revealed the following anomalies:

- Some items purchased for approved projects have been maintained at AH&P – Vatuwaqa station for quite sometimes. There are no records maintained with AH&P on these items hence audit was not able to quantify and validate the value of the stock. The Officer in charge revealed that the items have been with the station for a number of years and have not been distributed to farmers due to reasons unknown to the Division. The items have not been properly stored and have been exposed to unfavourable weather conditions. The bags of cement shown in the second picture were not in usable condition at the time of the audit. Refer below for illustrations:



Roofing iron & timber post



Roofing iron, tank & cement



Timber, PVC pipe & iron rod

⁴⁹ Ministry of Agriculture – Finance Manual 2011 – Part 2: Expenditure – Introductory paragraph
Ministry of Agriculture



Timber, PVC pipe & iron rod

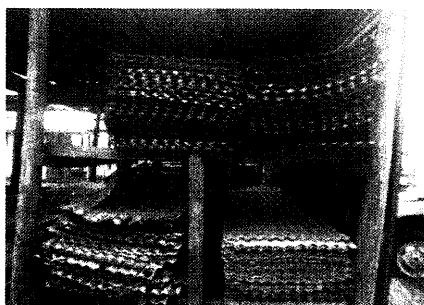


Timber & Roofing iron



Blocks

- Old building materials from renovated buildings within the station are stored in sheds and lying outside the station as shown in the pictures below. The roofing iron and posts are in satisfactory condition hence could be auctioned off before the building materials become unusable.



Roofing iron removed during renovation



Post removed during renovation

- Old machines and damaged vehicles have been parked at the station for many years. The states of the vehicles have deteriorated over the years.



Failure to maintain proper documentation increases the risk of fraud, misappropriation and mismanagement of stock. In addition, the unavailability of suitable storage space will affect the conditions of the items in storage, which may become unusable.

Recommendations

- **The Ministry should carry out a board of survey on all items/stock stored at the AH&P Division.**
- **If initial projects for which items have been purchased are no longer viable, the items should be utilized for other existing projects if still in usable conditions.**
- **Items purchased for projects and stored at AH&P should be properly documented and accounted for when in storage.**
- **Since the conditions of construction material can deteriorate if not properly stored, the Ministry should seriously consider providing proper storage space for project items that are purchased but not immediately distributed. On the other hand, the Ministry should**

properly plan the purchases of items for projects to avoid storing the items for longer periods of time.

- Old building materials that have been in storage for a number of years and may no longer be used, and old machine and damaged vehicles should be auctioned or appropriately disposed off.

Ministry's Comments

No comments provided by the Ministry.

25.19 New machines lying idle

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over - expenditures and corruption do not occur.⁵⁰

Swamp Dozer

The Ministry purchased swamp dozers to assist in rice farming. From the site visit, audit noted that a swamp dozer with registration number FU051⁵¹ has been parked at the Lakena Station for almost a year without being utilised due to mechanical problems.

According to the Officer in charge of the garage, the swamp dozer is unsuitable for the rice field. He added that the machine was tried in the Dreketi rice farms and also in Lakena but did not work as required causing mechanical problems. Refer to the photograph of the machine lying idle at the Lakena garage:



Swamp dozer parked at Lakena Station

Power Tiller

Six Power Tillers costing \$45,300 were purchased in 2012 and intended to be provided to farmers on a loan basis. However, the machines have low user demand from farmers due to difficulties in manoeuvring the equipment.

The Officer in charge at the garage revealed that the Power Tiller was hard to control with no reverse gear. Refer to the photograph below of a Power Tiller still maintained in storage at the Lakena Station.

⁵⁰ Ministry of Agriculture – Finance Manual 2011 – Part 2: Expenditure – Introductory paragraph

⁵¹ Cost of the swamp dozer was not provided by the Ministry – Extension division (accounts section)



Power Tiller

The assessments on the suitability of the machines for their intended purposes and recommendations/justifications made to the Government Tender Board for the procurements of the machines are highly suspicious and questionable. Value for money may not be obtained if the machines do not operate as intended.

Recommendations

The Ministry should:

- **Properly conduct its research into the usefulness and suitability of such machines and carry out cost benefit analysis before procuring them.**
- **Consider returning the machines to suppliers and obtain refunds.**
- **Investigate how such machines are able to be procured and fully paid without testing them first.**

Ministry's Comments

No comments provided by the Ministry.

25.20 Discrepancies noted in the FAO aids received

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that adequate storage space is available for incoming stock as and when required; storage facilities are properly secured; stocks are kept in an orderly manner allowing for safe access; stocks are handled with care and well stored so as to reduce the risk of damage; and quantity of stock is closely monitored to avoid excess holdings or shortages.⁵²

The storemen shall keep an inventory card for each inventory item to determine the value of items. Each card must provide the date and description of each items purchased; quantity purchased and cost price; quantity sold and at which price; and quantity remaining and price.⁵³

Food and Agriculture Organisation (FAO) provided aid-in-kind assistance of 1,000 bags of NPK and 525 bags of Urea towards disaster rehabilitation. The items were delivered to the Lakena station on 05/10/11.

⁵² Ministry of Agriculture – Finance Manual 2011 – Section 8.2.1

⁵³ Ministry of Agriculture – Finance Manual 2011 – Section 8.1.6

The following anomalies were noted:

- The Ministry confirmed receiving 1,000 bags of NPK and 500 bags of Urea only. The 25 bags of Urea remained unaccounted which has an estimated retail value of around \$2,000.
- The theft of 313 bags of NPK and 304 bags of Urea with an estimated cost of \$64,297 was discovered and reported by the storeman⁵⁴ on 16/02/12. The Ministry reported the matter to the police on 17/02/12. It has been more than one year and the case is still under police investigation.
- Details/records on the distribution of the remaining 687 bags of NPK and 196 bags of Urea were not made available for audit verification.

The above findings imply inadequate controls over the custody of stock at the station. The theft of fertilizers from the premises indicate security risk, which the Ministry should resolve to avoid or minimise thefts and misappropriation.

Recommendations

- **The Ministry should take a proactive approach in liaising with the Police Department on the outcome of the investigation with regards to the theft of fertilizers.**
- **Security risks should be resolved and controls over the custody of stock should be improved.**
- **Regular inspection should be carried out to ensure that all stores under custody are safeguarded from thefts and misappropriation.**
- **Records on the movements of stock should be properly maintained and produced for audit purposes when required.**

Ministry's Comments

No comments provided by the Ministry.

25.21 Discrepancies noted in the storage of items

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that adequate storage space is available for incoming stock as and when required; storage facilities are properly secured; stocks are kept in an orderly manner allowing for safe access; stocks are handled with care and well stored so as to reduce the risk of damage; and quantity of stock is closely monitored to avoid excess holdings or shortages.⁵⁵

The storemen shall keep an inventory card for each inventory item to determine the value of items. Each card must provide the date and description of each items purchased; quantity purchased and cost price; quantity sold and at which price; and quantity remaining and price.⁵⁶

The following discrepancies were noted from the review of records and site visits at the Lakena Station.

- A physical stock take carried out by audit on 01/02/13 revealed that the details of some items in the store room were not properly accounted for and recorded. These items have not been taken on

⁵⁴ Mr. Taniela Yagamate

⁵⁵ Ministry of Agriculture – Finance Manual 2011 – Section 8.2.1

⁵⁶ Ministry of Agriculture – Finance Manual 2011 – Section 8.1.6

charge in the tally cards or any other records to verify their existence. Refer to Table 25.30 for examples:

Table 25.30: Stores without having Tally Card

Item	Quantity
Sunclopid	42 items
Paraquat	30 litres
Glyphosate	27 litres
Supremo 360	5 litres
Ply board	19 sheets
Masonite board	20 sheets
Sunthene 75 sp	100 packs (100 grams)
Suncis	5.5 litre
Steward Dupoint 150sc	23 bottles (100 mls)
Thrive (plant food)	3 packs (500 grams)
Paint Brush	76mm (1), 100mm(1), 75mm (1)
Grinding Disc	100mm * 2mm * 16mm (2 disc)
Grinding Disc	300mm * 3mm * 25mm (6 disc)
Stainless Hexagon nuts (N20)	30
Stainless Hexagon Bolts (N20)	150
Dithone M-45	4 pack (1kg)
Bifenthrin	3 pack (1 litre)

The cost of the above items could not be determined due to poor record keeping. Discussion with the officer responsible for the stores revealed that the handover of stores was not properly done. Hence, the risk of mismanagement and misappropriation of stores is high.

- Items such as fertilisers were not stored properly affecting the longevity, accessibility and proper accounting of the stock during stock take. In addition, the storerooms have not been kept clean.
- The officer responsible for the stores has not been provided with protective clothing and equipment to handle stock which includes dangerous chemicals.
- Hydroponic items belonging to Joe's Farm are kept in the store room without any proper records and approval.

The above discrepancies indicated the lack of internal control in safeguarding stores hence increases the risk of mismanagement and misappropriation of stores.

Recommendations

- **A stock take should be carried out at the Lakena Station and all items in stock should be recorded in the stock register or tally cards.**
- **Proper handing over should be conducted when officers in charge of the stores change.**
- **All items should be stored properly for longevity, accessibility and accountability.**
- **Regular inspection should be carried out to ensure that all stores under custody are safeguarded from thefts and misappropriations.**
- **The Ministry should ensure that the Officer responsible for the stores is supplied with protective clothing and equipment while handling chemicals and fertilizers.**
- **Unless formally requested to the Ministry and properly approved, storing of items in government stations that do not belong to the Ministry should be avoided.**

Ministry's Comments

No comments provided by the Ministry.

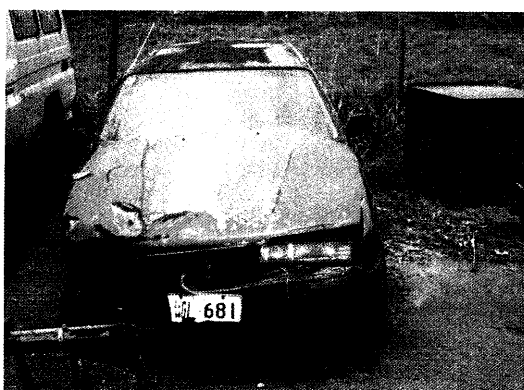
25.22 Motor vehicle records at Lakena Station

It shall be the responsibility of the Transport Officer to oversee all matters relating to vehicle usage.⁵⁷ The Transport Officer must ensure that vehicle records are properly maintained and up to date, fuel & oil usage is closely monitored, and reporting requirements are adhered to on time.⁵⁸

The Senior Accountant/ Transport Officer shall maintain a database for verification purpose to record fuel monthly provision for each vehicle against actual fuel used/ km covered. The database shall also record other fuel control additive chemicals approved by the Permanent Secretary.⁵⁹

Audit of the garage section revealed the following anomalies:

- The Lakena station has a fuel bowser which supplies fuel to vehicles in the Central division. There was no fuel requisition forms or records made available for audit to substantiate fuel usage (diesel, unleaded, pre-mix etc) for the months of January to September 2012. Failure to maintain proper fuel records increase the risk of misappropriation of fuel.
- Vehicle registration number GL681 has been garaged for considerable period of time. There was no record maintained relating to this vehicle. In addition, the details of the vehicle were also not reflected in the motor vehicle quarterly returns prepared by the Ministry. Refer to the following photograph below:



- Old machines and damaged vehicles have been kept at the station for many years and have not been disposed off. The vehicles were in conditions not viable for repair.

⁵⁷ Ministry of Agriculture - Finance Manual 2011 – Section 12.1.1

⁵⁸ Ministry of Agriculture - Finance Manual 2011 – Section 12.1.1



Laxity in taking appropriate actions to ensure proper management of government vehicles can have a huge financial implication for the Ministry in the future, in terms of repairs/maintenance and fuels costs.

Recommendations

- **As fuel usage is a high risk area, proper records on purchases, delivery and utilization of fuel are to be maintained and produce for audit when requested. The Officer responsible should be disciplined for failing to maintain appropriate records.**
- **Records of vehicles that have been damaged and are still kept at the station should be maintained until they are disposed off.**
- **The Ministry should liaise with the Ministry of Finance for allocation of funds for the repair and maintenance of the above vehicles. Vehicles that are uneconomical to repair should be boarded after a proper Board of Survey is carried out and proper approval obtained from the Ministry of Finance for disposal.**

Ministry's Comments

No comments provided by the Ministry.

25.23 Overpayments of Salary

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorised charges or deductions.⁶⁰ Where it becomes necessary to hold, cease or reverse an employee's salary, the Accounts Officer or Assistant Accounts Officer must immediately advise the Ministry of Finance in writing.⁶¹

The audit noted that some officers that have retired and resigned from the service or passed away were continued to be remunerated resulting in overpayments of salaries. Refer to the following examples:

- Davendra Prasad (EDP No. 40788) retired from the service with effect from 18/06/12 but continued to be paid salaries until 19/12/12 resulting in an overpayment of \$18,558.54.
- Usaia Sausawai (EDP No. 92292) resigned from the service with effect from 23/04/12 but continued to be paid salaries until 29/06/12 resulting in an overpayment of \$1,918.10. The overpayment has been calculated after taking into account seven days annual leave due to the officer on pro-data basis.
- Maleli Waqa (EDP No. 90285) passed away on 09/03/12 but continued to be paid until 23/03/12 resulting in overpayment of \$715.98.

⁶⁰ Finance Instructions 2010 – Section 17(1)

⁶¹ Ministry of Agriculture – Finance Manual 2011 – Section 4.9.1

The audit also noted instances where overpayments in salaries/allowances and personal expenses were not fully recovered before officers were retired or resigned from the service. These amounts have remained unrecovered as at January 2013. Refer to the following examples:

- Una Korologa (EDP No. 19415) retired from the service with effect from 28/05/12, had an outstanding OPR of \$1,050.75. In addition, the officer was further surcharged \$1,483.25 by Ministry of Finance for the loss of revenue resulting in total unrecovered amount of \$2,534.
- Patimio Tabuatalei (EDP No. 41668) retired from the service with effect from 16/01/12, had an outstanding OPR of \$1,582.70.
- Bram Deo (EDP No. 16037) resigned from the service with effect from 31/03/12, had an outstanding OPR of \$705.50.
- Osea Bolawaqatabu (EDP No. 41482) retired from the service with effect from 26/09/12 and had an outstanding OPR of \$500.73.
- Seremaia Namanuloa (EDP No. 49692) retired from the service with effect from 23/03/12 and had rent in arrears of \$184.41.
- Iisapeci Batiseresere (EDP No. 62527) was overpaid salary and acting allowance of \$179.38 upon promotion effective from 11/07/12. Though the Ministry has corrected his salary rate, the overpayments remained unrecovered.

The main reason for overpaying salaries and allowances is the late submission of information on salary change advices to the Ministry of Finance. In addition, the absence of adequate supervisory checks on payroll may also be a contributing factor to the overpayment of salaries and non-recovery of OPR.

Recommendations

- **As recoveries of overpayments of salary/allowance and personal expenses are difficult when an employee leaves the service, the Principal Accounts Officer should be more vigilant in checking salary reconciliations and ensuring that salary payments to those that have retired or resigned are ceased as soon as practicable.**
- **The Ministry can address the delay in submitting salary change advice by effectively communicating and coordinating matters affecting payroll in a timely manner between the Administration/Stations and the Accounts Sections.**
- **Where an overpayment to an employee who has left the employment of the Ministry is substantial, legal proceedings is an avenue that can be considered for debt recovery if other arrangements with the relevant officer are not possible.**

Ministry's Comments

No comments provided by the Ministry.

25.24 Payment of Salaries to Acting Principal Research Officer Eroni Tamani

In a memorandum from the Public Service Commission dated 12/03/12, approval was granted for Eroni Tamani to resume duties and the following actions to be taken accordingly:

- I. The period of Mr Tamani's absence be treated as leave without salary;
- II. Mr. Tamani to be disciplined for absconding from duties;

III. Mr. Tamani to be also served with the disciplinary charges relating to the investigation at Animal Health and Production Division.

The PSC, in granting approval also indicated to the Ministry that Mr Tamani will also need to be very closely monitored in terms of his performance and conduct.⁶²

In 2010, the Ministry of Agriculture made arrangements for the purchase of heifers from New Zealand. In order to make way for the incoming heifers, the female cattle at the Koronivia Research Station were approved to be destocked. Due to failure by the Ministry to follow proper procedures of destocking, subsequent investigation was instigated. Acting Principal Research Officer Eroni Tamani was implicated and charged.

The following anomalies were noted:

- During the initial stages of the investigation, Eroni Tamani absconded. He flew out of the country on 13/12/10 to Australia. The sudden departure and failure by the Ministry to cease on time the payments of his salary resulted in the overpayment of salary and superannuation contribution of \$9,381 to the officer. The payment of his salary was later ceased on 26/03/11. No disciplinary action was taken against the officer for absconding.
- On Pay 05/2011, the officer was paid arrears of taxable allowance salary of \$722.78 followed by the payment of acting allowance of \$459.98 on Pay 06/2011. These payments were effected despite the officer not being at work since 13/12/10.
- The officer was reinstated following the directive from the PSC. He was requested to resume duties from 03/04/12 as an Agricultural Officer (Pasture) at the Koronivia Station. The officer failed to resume duty and was engaged with Fiji National University (FNU) as a part time lecturer at the Agriculture College (Koronivia).
- On 04/07/12, approval was sought from the PSC to allow the request from the officer to continue part time lecturing with FNU. This request was declined by PSC through a letter dated 12/07/12 and the officer was requested to resume duty. However, the officer failed to resume duties and continued to be engaged with FNU.
- On 26/09/12, the Ministry wrote to the officer giving him the ultimatum to resume duty on 15/10/12. The officer started reporting to the Koronivia Station from this date but was still fully engaged with FNU.
- Discussion with his supervising officers revealed that the officer showed negative attitude towards work such as not reporting to work on a daily basis, falsifying the attendance register, disappearing from work without informing his immediate supervisor and not abiding by the instructions.
- As at the date of audit⁶³, the officer has failed to submit his weekly work plan.
- The Ministry failed to clarify his employment status with FNU prior to reactivating his salary with effect from pay 26/12.
- Confirmation and verification of records maintained with the Ministry and also with the Ministry of iTaukei Affairs revealed that the officer has an outstanding bond of \$252,845.46 (including salaries paid during the period) for scholarship for studies from 2006 to 2009. He failed to serve his bond according to the bond agreement.

⁶² Memorandum from Public Service Commission dated 15/03/12

⁶³ Audit date 22/03/2013

The above findings indicated blatant disregard by the officer to directives from the management of the Ministry and PSC and also breaches of the values and Code of Conduct for civil servants.

Recommendations

- **Any salary/allowances paid to Eroni Tamani whilst absconded from the service should be immediately fully recovered from the officer.**
- **The Ministry should seek clarification/confirmation from FNU for Eroni Tamani's employment status from 2012 to date. As the officer's request to work as a part-time lecturer with FNU was denied by the PSC, any salary/allowances paid to the officer whilst with FNU should be fully recovered.**
- **The officers work performance should be closely monitored by the Ministry.**
- **The officer should be appropriately disciplined for failing to abide by the directives of the Ministry and the PSC.**

Ministry's Comments

No comments provided by the Ministry.

25.25 Failure to Report to Station – Senior Agricultural Officer Saiasi Tubunaruarua

To provide efficient and effective needs based extension services to all categories of farmers and stakeholders, to enable them to optimise their use of resources, in order to promote food security, socio-economic development and sustainable agriculture.⁶⁴ The Officer shall:

- Diligently and faithfully perform the duties of Senior Agricultural Officer (Extension –Tailevu) and shall be subject to regular and annual performance review;
- Act in all respect in accordance with directions given by the Government or by any of the Superior Officers.⁶⁵

Unless exempted by name by Permanent Secretaries or Heads of Ministry's, every Officer, except Heads and Deputy Heads of Ministry's, must sign an Attendance Register when arriving at work each day and indicate the time of arrival, sign the Register when leaving work and indicate the time of departure and in the space provided give the reason for late arrival or early departure.⁶⁶ Office Supervisors are required to check and initial daily the Attendance Register under their control and to take appropriate advisory and disciplinary action in the case of persistent offenders.⁶⁷

Tailevu Province has 22 tikina's and approximately 4,388 farmers comprising of commercial, semi-commercial and subsistence level.

A review of the Attendance Register at the Korovou Extension Station revealed the following anomalies:

- Senior Agricultural Officer (Station Officer Extension – Tailevu) Saiasi Tubunaruarua failed to report to his station of duty and/or sign the attendance register on numerous occasions. Upon querying, the audit was informed that the Officer was reporting to the Central Office at Cakobau House in Nausori. From our review of the Attendance Register and discussions with some staffs at the Central Office, it was discovered that the officer was also not reporting for duty.

⁶⁴ Ministry of Agriculture – Extension Division – Mission Statement

⁶⁵ Contract Agreement between the Officer and the Ministry

⁶⁶ General Orders – Section 302 (a)

⁶⁷ General Orders – Section 302 (b)

- An analysis of the Attendance Register for the period 01/01/12 to 31/12/12 revealed that the officer was paid a gross salary and superannuation contribution of \$6,212.70 for which there was no evidence of him being present at work. Refer to Table 25.31 for details:

Table 25.31: Payment of Salary without any evidence (Attendance Register) of Presence at Work

Month	Days the officer failed to report to duty	Number of days	Rate/Day (\$)	Gross Salary Paid (\$)	Employers FPNP Contribution Paid (\$)	Total amount paid for which no evidence of presence at work was provided (\$)
January	23/01/12, 24/01/12	2	73.75	147.50	11.80	159.30
February	01/02/12, 03/02/12, 14/02/12, 23/02/12, 24/02/12, 27/02/12	6	73.75	442.50	35.40	477.90
March	08/03/12, 19/03/12, 22/03/12, 26/03/12, 28/03/12, 30/03/12	6	73.75	442.50	35.40	477.90
April	03/04/12, 11/04/12, 13/04/12	3	73.75	221.25	17.70	238.95
May	16/05/12, 29/05/12	2	73.75	147.50	11.80	159.30
June	05/06/12, 12/06/12, 13/06/12, 14/06/12, 15/06/12, 20/06/12, 22/06/12, 25/06/12, 26/06/12	9	73.75	663.75	53.10	716.85
July	02/07/12, 03/07/12, 04/07/12, 06/07/12, 09/07/12, 10/07/12, 12/07/12, 30/07/12, 31/07/12	9	73.75	663.75	53.10	716.85
August	01/08/12, 02/08/12, 03/08/12, 06/08/12, 07/08/12, 08/08/12, 09/08/12, 10/08/12, 16/08/12, 17/08/12, 20/08/12, 23/08/12	12	73.75	885.00	70.80	955.80
September	13/09/12, 14/09/12, 26/09/12, 27/09/12, 28/09/12	5	73.75	368.75	29.50	398.25
October	04/10/12, 18/10/12, 19/10/12, 23/10/12, 22/10/12, 31/10/12	6	73.75	442.50	35.40	477.90
November	01/11/12, 02/11/12, 06/11/12, 16/11/12, 19/11/12, 20/11/12, 22/11/12, 28/11/12, 29/11/12, 30/11/12	10	73.75	737.50	59.00	796.50
December	03/12/12, 10/12/12, 13/12/12, 20/12/12, 21/12/12, 24/12/12, 28/12/12, 31/12/12	8	73.75	590.00	47.20	637.20
Total		78	73.75	5,752.50	460.20	6,212.70

The Ministry did not instigate any salary deductions for unauthorized absence. In addition, a review of the officer’s personal file revealed that there was no disciplinary action taken against him.

- The officer was allocated a staff quarters (Grade 4) at the Korovou Station from 01/05/06 and a fortnightly deduction of \$82.60 was made from his salary. However, audit confirmed that the officer did not reside at the staff quarters and that the quarter's was vacant as at the date of audit.

Policies and procedures established to govern work attendance become meaningless if they are not adhered to. The regularity of the unauthorised absence from work indicated that the work of the officer has not been properly monitored and supervised which may have a huge implication on the service delivery of the Ministry.

Recommendations

- **Salary paid during the periods of unauthorized absence from work should be fully recovered from the officer.**
- **Appropriate disciplinary actions should be taken against the officers for breaches of the General Orders.**
- **The officer's work performance should be closely monitored and in case of poor performance, the matter should be referred to the management of the Ministry for further actions to be taken.**

Ministry's Comments

No comments provided by the Ministry.

25.26 Leave Compensation Payments

In a letter dated 13/12/12, the Ministry was advised by the PSC that leave compensation should only be granted on the following conditions:

- contract on promotion of an officer (as per clause 10 of contract);
- in the event of resignation, retirement, termination or death of an officer (GO703);
- upon recall for duty whilst on leave (GO720); and
- overtime work and payment shall be the discretion of PS's and HOD's (PSC Circular 19/2010, GO418).⁶⁸

The Ministry was also reminded by the PSC that all officer(s) (apart from the 3 mentioned) with accumulated annual leave to start making arrangements with the Management on how they would like to take their leave. PSC has been reminding Ministries and Departments to take heed of the leave administration practices within the organization; that proper planning is done for officers to take their leave when due.

In 2012, a total of \$226,976 was paid out as leave compensation to 96 officers.

Several officers were compensated outstanding leave on their promotion in 2012. However, the compensations were made using new salary rates instead of the salary rates of the positions they were holding before promotion and when the leave were earned, resulting in substantial overpayments of leave compensations. Refer to Table 25.32 for examples:

⁶⁸ PSC letter on Compensation of Leave and Overtime Hours date 13/12/12 – Ref: PSC 29/35
Ministry of Agriculture

Table 25.32: Overpayment of Leave Compensation on Promotion

EDP No.	Name of Officer	Salary before promotion (\$)	New salary on promotion (\$)	Leave due on promotion		Audit calculation (\$)	Amount paid by the Ministry (\$)	Over-payment (\$)
				Annual Leave	Long Service Leave			
41308	Elvis Collin Simmon	36,530	59,016	70.75	112	21,180.37	34,217.93	13,037.56
40479	Mosese Ledua	14,036	18,218	65	112	7,827.47	10,160.04	2,332.57
49982	Akuila Yaya	20,945	26,845	50	56	7,250.31	9,292.50	2,042.19
45618	Kamlesh Lakhan	26,845	36,530	54.25	54	9,583.81	13,041.41	3,457.60
48482	John Cox	26,845	36,530	36.75	56	7,924.44	10,748.25	2,823.81
58716	Ami Chand	28,425	37,323	42	44.25	8,117.66	8,325.90	208.24
53365	Idrish Khan	41,407	41,407	26	36.5	8,770.55	10,442.75	1,672.20
49922	Waisale Taiki	15,451	16,160	88	26	6,333.48	6,623.82	290.34

The audit also noted that officers' that had excessive overdue leave were compensated contrary to the conditions set by the PSC, which was to make arrangements with the officers to take leave. Refer to Table 25.33 for examples.

Table 25.33: Leave Compensated to Staff not meeting the condition set by PSC

EDP No.	Name of Officer	Current Salary (\$)	Annual Leave	Long Service Leave	Compensation (\$)
45198	Bidyakar Pande	20,945	20.5	84	6,484.89
45565	Veresa Baya	25,375	12	112	8,978.84
45622	Napolioni Seru	26,845	83	70	13,732.25
49923	Kanito Matanigasau	26,845	63	56	10,634.75

It is important that scheduling of leave is carried out on a regular basis as an internal control mechanism. For a large Ministry such as Agriculture, this will allow rotation of duties where officers can effectively check on the work done by other officers.

The non-compliance with the PSC directive indicates a blatant disregard to set rules and regulations governing the administration of leave.

Recommendations

- Administration of leave should be improved and officers should be encouraged to take leave when due or on a piece meal basis after considering the service delivery of the Ministry.
- The Ministry should comply with circulars issued by the PSC from time to time regarding the administration of leave.
- Overpayments of leave compensation should be recovered from relevant officers. And in cases where recovery is not possible, the Ministry should investigate the cause of the overpayments and take appropriate actions.

Ministry's Comments

No comments provided by the Ministry.

25.27 Payment of Leave Allowance

Leave allowance is payable seven (7) days before the qualifying date provided a written request is made to the Permanent Secretary for Finance through the respective Permanent Secretary or Head of Ministry at least three (3) months immediately prior to the qualifying date.⁶⁹ The above provisions do not apply to Contracted Officers.⁷⁰

Review of the payroll records revealed that some officers on contract were paid leave allowances, for which they are not entitled according to the General Orders. Refer to Table 25.34 for examples.

Table 25.34: Payment of Leave Allowance to Contracted Officers

EDP No.	Name of Officer	Contractual Promotion Date	Pay Period	Leave Allowance Paid (\$)
53215	Vatimi Rayalu	12/08/10	07/10/12 – 20/10/12	880.00
45800	Nacanieli Takele	31/03/10	21/10/12 – 03/11/12	1,440.00
49981	Sakoro Inise	14/05/12	18/11/12 – 01/12/12	300.00
62301	Elizabeth Koroï	01/08/12	01/01/13 – 14/01/13	300.00

Payment of leave allowances to contracted officers is a breach of the General Orders.

Recommendations

- **Leave allowances paid to contracted officers should be fully recovered.**
- **It is recommended that senior officers in the Administration and the Accounts Sections update themselves on the provisions of the General Orders to minimize or avoid non-compliance.**

Ministry’s Comments

No comments provided by the Ministry.

25.28 Un-reconciled Leave Records

A leave schedule in the prescribed form shall be kept in respect of every Officer included in the Officer’s leave file. On the leave schedule will be entered records of all leave granted to the Officer commencing from the date he first joined the Service.⁷¹

A reconciliation of Leave Return Forms with the Account Sections, attendance register and leave schedules for the period May 2012 to October 2012 revealed that the leave return form and the attendance register records did not reconcile with the leave schedule records maintained in the individual leave files. Refer to Table 25.35 for examples:

Table 25.35: Un-reconciled Leave Records

EDP No.	Name of Officer	Leave Year	Details	Unaccounted leave in the Leave Schedule
62301	Elizabeth Koroï	03/08/12 – 02/08/13	• Day off taken on 09/07/12 was unaccounted	2 days & 1 hour 15

⁶⁹ General Orders – Section 707

⁷⁰ General Orders – Section 707 (h)

⁷¹ General Orders – Section 725

EDP No.	Name of Officer	Leave Year	Details	Unaccounted leave in the Leave Schedule
			against overtime hours – 1 day; • Time off taken on 17/07/12 has been unaccounted against overtime hours – ½ hour; • Time off taken on 06/08/12 has been unaccounted against overtime hours – 45 minutes; • Day off taken on 15/10/12 has been unaccounted against overtime hours – 1 day.	minutes
90029	Jotish Prakash	13/02/12 – 02/02/13	• Annual leave taken on 25/05/12 has been unaccounted – 1 day; • Bereavement leave taken on 09/07/12 & 10/07/12 has been unaccounted, resulting in 5 days bereavement leave taken by the officer instead of 3 days (02/04/12, 12/12/12 & 13/12/12) – 2 days; • Annual leave taken on 24/09/12 has been unaccounted – 1 day; • Annual leave taken on 24/10/12 has been unaccounted – 1 day.	5 days
90972	Ilisoni Logaivau	01/01/12 – 31/12/13	• Annual leave taken on 24/08/12 has been unaccounted – 1 day	1 day
92980	Ateca Utonika	03/08/12 – 02/08/13	• Absence on 25/07/12 has been unaccounted – 1 day	1 day
92979	Maria Derenalagi	06/08/12 – 05/08/13	• Annual leave taken from 02/05/12 to 18/05/12 has been unaccounted – 13 days; • Bereavement leave taken on 20/06/12 has been unaccounted – 1 day; • Annual leave taken from 12/07/12 to 13/07/12 has been unaccounted – 2 days; • Annual leave taken on 30/08/12 has been unaccounted – 1 day; • Sick leave taken on 01/10/12 has been unaccounted – 1 day	18 days
92981	Isimeli Boa	02/02/12 – 01/02/12	• Annual leave taken on 01/05/12 has been unaccounted – 1 day; • Annual leave taken from 03/05/12 – 16/05/12 has been unaccounted – 10 days; • Annual leave taken on 22/05/12 has been unaccounted – 1 day; • Sick leave taken on 28/05/12 – 29/05/12 has been unaccounted – 2 days; • Annual leave taken on 15/06/12 has been unaccounted – 1 day; • Day off taken on 18/06/12 has been unaccounted against overtime hours – 1 day; • Day off taken on 09/07/12 has been unaccounted against overtime hours – 1 day; • Half day leave taken on 24/07/12 has been unaccounted – ½ days; • Sick leave taken on 26/07/12 has been	18.5 days

EDP No.	Name of Officer	Leave Year	Details	Unaccounted leave in the Leave Schedule
			unaccounted – 1 day.	
64301	Venaisi Tudrau	10/04/12 – 09/04/13	<ul style="list-style-type: none"> • Time off taken on 17/07/12 has been unaccounted against overtime hours – ½ an hour; • Time off taken on 06/08/12 has been unaccounted against overtime hours – 2 hours. 	2 & ½ hours
60665	Ashok Kumar	10/12/12 – 09/12/13	<ul style="list-style-type: none"> • Time off taken on 06/07/12 has been unaccounted against overtime hours – 1 hour. 	1 hour
62573	Litia Niudamu	13/02/12 – 12/02/13	<ul style="list-style-type: none"> • Annual leave taken on 06/06/12 has been unaccounted – 1 day. 	1 day
53549	Salote Racumu	31/10/12 – 30/10/13	<ul style="list-style-type: none"> • Day off taken on 14/08/12 has been unaccounted against overtime hours – 1 day; • Half day leave taken on 23/08/12 has been unaccounted – ½ day; • Time off taken on 14/09/12 has been unaccounted against overtime hours – 3 hours. 	1 & ½ days & 3 hours
64235	Seruwaia Tunabuna	19/10/12 – 18/10/13	<ul style="list-style-type: none"> • Half day leave on 25/05/12 has been unaccounted – ½ day; • Absence on 01/08/12 has been unaccounted – 1 day; • Time off taken on 16/08/12 has been unaccounted against overtime hours – 2 hours. 	1 & ½ days & 2 hours

Failure to update leave schedules maintained in individual leave files increases the risk of staffs taking leave outside their entitlements. It also increases the risk of carrying forward incorrect leave balances. As such, if an officer resigns, retires or has to leave the Ministry for any other reason, there is a potential risk of paying incorrect leave compensation.

Recommendations

- **The internal control procedures in the Leave Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Ministry should ensure that Leave Schedules are immediately updated when leave are approved to be taken.**
- **Regular reconciliation should be carried out between the attendance register, individual leave files (leave schedule) and leave return forms to avoid or minimize the risk of incorrect leave entitlements.**
- **The Ministry should address these shortcomings by communicating and coordinating matters on leave administration in a timely manner between the Administration Section and the other Divisions.**

Ministry's Comments

No comments provide by the Ministry.

25.29 Excessive Annual Leave

The Permanent Secretary or Head of Ministry shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year. Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.⁷²

There should be no reason or justification for the accumulation of leave beyond what is permissible, nor payment in lieu, if leave were properly administered.⁷³ Due to Government's stringent control of funds, the compensation of accumulated leave will not be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis.⁷⁴

Our review of leave records revealed that some officers have accumulated leave balances in excess of 10 working days. Refer to Table 25.36 for examples:

Table 25.36: Excessive Annual Leave Carried Forward

EDP No.	Name of Officer	Annual Salary (\$)	Leave Carried Forward (Days)	Leave Due on Pro-rata basis	Total balance	Leave taken during the period	Balance Due	Leave Liability (\$)
63522	Josevata Rokona	10,292	67.5	7.5	75.0	30.5	44.5	1,761.52
63516	Sevuloni Tamani	10,293	64.0	7.5	71.5	20.0	51.5	2,038.81
63214	Vilive Seru	10,726	86.0	3.0	89.0	0.0	89.0	3,671.59
90452	Mohammed Shafeen	16,160	45.0	7.0	52.0	15.0	37.0	2,299.69
58107	Sailesh Prasad	14,152	41.0	6.0	47.0	0.0	47.0	2,558.25
90046	Sanaila Kurukurucala	16,160	87.0	18.0	105.0	0.0	105.0	6,526.15
63219	Petero Wakani	16,160	41.0	15.0	56.0	2.0	54.0	3,356.31
60665	Ashok Kumar	10,292	52.5	3.0	55.5	0.0	55.5	2,196.95

Accumulation of leave balances will have a huge financial implication on the budgetary provisions of the Ministry should officers resign, retire or leave the service due to some other reasons.

Recommendations

- Administration of leave should be improved and officers should be encouraged to take leave when due or on a piece meal basis after considering the service delivery of the Ministry.
- The Ministry should comply with circulars issued by the PSC from time to time regarding the administration of leave.

Ministry's Comments

No comments provided by the Ministry.

25.30 Anomalies in Procurement and Accounting for Goods and Services

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and

⁷² General Orders – Section 705 (c)

⁷³ PSC Circular 09/2003

⁷⁴ PSC Circular No. 53/2009 – Effective Leave Administration dated 03/11/09

corruption do not occur.⁷⁵ Competitive quotes, instead of public tenders, may be called for procurements below \$30,000 unless the PS has approved an exemption in accordance with Procurement Regulation 48-(1).⁷⁶ A local purchase order shall be issued when procuring any goods, services or works from an organization within Fiji, unless a contract or agreement has been entered into.⁷⁷

The audit noted that the Ministry failed to comply with its Finance Manual 2011 in accounting for the procurements of goods and services. Refer to Table 25.37 for examples:

Table 25.37: Failure to Comply with Finance Manual

Date	Cheque No.	Vendor	Description	Amount (\$)	Remarks
13/02/12	196725	Rajeshwar Prasad	Payment for per-diem allowance to cater for attending AD HOC intergovernmental codex task force on animal feeding in Zurich, Switzerland from 20 th to 24 th Feb 2012	6,408.15	The payment was made from SEG 4 (Repair & Maintenance – Building vote). The payment should have been made from SEG 3.
16/04/12	198052	Taveuni Hardware	Payment for farming supplies to cater for the EPP projects for Sami's Farm Produce collection and packaging	11,303.73	LPO was not issued.
18/06/12	200207	PAO Northern Imprest Account	Payment of special imprest for agriculture show as per the budget submitted	15,000.00	The special imprest was supposed to be acquitted by 02/07/12 with documentary evidence. However, audit was not provided with the acquittal.
22/06/12	JV: 41/06/12	Internal	Adjustment for the clearance of IDC charges for the month of June 2012	38,125.25	Mis-posting of \$2,396.20 to Potato Development (SEG 8) allocation while the expenses should have been charged to the Rehabilitation Programme (SEG 10).
28/06/12	203561	Supersmart Refrigeration Ltd	Payment for supply of material for cooler and its construction for Jitend's pack house	26,301.72	Farmer's contribution not adequately supported with invoice, receipt (example cost of procurement of packing shed, breakdown of labour cost, procurement of vacuum pack unit and procurement of 5 freezers).
11/07/12	201086	Arun's Building Ltd	Being 30% 2 nd phase payment for construction of slaughter house for Halal's best bird at Nalovo, Nadi	8,940.00	• In the contractual agreement, reference was made to the quotation dated 25/05/12 while the quotation attached to payment voucher was dated 17/04/12.

⁷⁵ Ministry of Agriculture – Finance Manual 2011 – Part 2: Expenditure – Introductory paragraph

⁷⁶ Ministry of Agriculture – Finance Manual 2011 – Section 2.3.2

⁷⁷ Ministry of Agriculture – Finance Manual 2011 – Section 2.5.1

Date	Cheque No.	Vendor	Description	Amount (\$)	Remarks
					<ul style="list-style-type: none"> The assistance is provided on the basis of 1/3 farmers contribution and 2/3 assistance by the Ministry. It was noted that the farmer only contributed \$5,780 for the job costing of \$35,580, which is only 16% instead of 33%, short contribution of \$6,080 (17%).
13/07/12	201039	Lincoln Refrigeration Ltd	Payment for installation of 7 air condition units in the PAO Western Office	10,880.07	No competitive quotes sighted.
01/08/12	201903	S K Davey Ltd	Payment for shed materials for Naibuka Vuli.	8,243.50	Farmers contribution not adequately supported with invoice, receipt (example breakdown of labour cost, vet drugs, water system connection and fitting, levelling of site).
01/08/12	201681	Office Products (Graphic Equipment Ltd)	Payment for 8 laptops for extension services	18,360.00	On confirmation for physical existence, it was noted that 1 laptop was missing. According to the officer in charge, the Division is yet to investigate on the missing laptop.
04/09/12	202836	Office Product (Graphic Equipment Ltd)	Payment for purchasing of 3 laptops for IT	6,885.00	The Extension Division (HQ) does not have any records for these laptops thus audit was unable to verify the physical existence of these laptops.
28/09/12	JV: 28/09/12	Internal	Transfer of uniform payroll deductions back to agriculture show allocation	11,778.74	The total payment done for uniform was \$32,971.30 while the sum of \$27,113.92 was only receipted back in the show allocation. Thus short recovery of \$5,857.38.
02/11/12	205222	South Pacific Fertilizers Ltd	Payment for purchase of fertilizer for Rice farming	5,008.20	LPO was not issued to the client.

Any deviation from the established procedures increases the risk of loss of public funds and assets through misappropriation, mismanagement and fraud.

Recommendations

- The Ministry should ensure that it complies with its Finance Manual at all times. Any deviation should be properly authorized and supported with documentary evidence.
- The Ministry should ensure that all assets such as laptops, when purchased, are properly taken on charge and all the relevant information are recorded in the Fixed Assets Register. An investigation should be carried out to physically locate the missing laptops and instigate appropriate actions where necessary.

- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

No comments provided by the Ministry.

25.31 Capital Expenditure allocations used for operating expenses

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁷⁸

The Accounting Head or accounts supervisor must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.⁷⁹

Our review of the expenditure records revealed that the Ministry utilised capital expenditure allocations to cater for the operating expenditures and procurement of office equipment. Refer to **Appendix 25.3** for details.

The Principal Accounts Officer revealed that operating expenditures relating to capital projects are normally budgeted in the capital allocation. However, audit noted that there was no control mechanism in place to monitor if the operating expenditures were within the limit and related to the project.

In addition, the major portion of the purchases and payments were made at the end of the year, December 2012, indicating that utilisation of funds for capital expenditure and for purposes approved in the budget were not properly monitored during the year. It has been a common practice for the Ministry to utilise capital budget surplus to make substantial purchases at the end of the year with the aim of using unspent budgetary allocations.

Failure to properly monitor the utilisation of funds from the capital allocation could lead to extravagant and unplanned expenditures for the sole purpose of utilising surplus budget.

Recommendations

- **The Ministry should comply with its procedures in the Finance Manual and any deviation should be properly authorized and supported with documentary evidence.**
- **The Ministry should separate the capital and operating portion of the expenditures using different FMIS code. This would allow easier tracking of the operating expenses and ensure that funds available for the implementation of projects are not affected.**
- **The Ministry should minimize or avoid unnecessarily spending surplus budget on unplanned expenditures, for the purpose of using up its budget before year end.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

No comments provided by the Ministry.

⁷⁸ Ministry of Agriculture – Finance Manual 2011 – Part 2: Expenditure – Introductory paragraph

⁷⁹ Ministry of Agriculture – Finance Manual 2011 – Section 2.8.4

25.32 Discrepancies in the Motor Vehicle Records

The maintenance and replacement of government vehicles is a significant cost to Government. The behavior of drivers, usage of vehicles for private purposes and lack of proper care all contributes to the cost of maintaining vehicles.⁸⁰ If a vehicle undergoing servicing or a ‘Road Worthiness Test’ is found to be unroad-worthy and uneconomic to repair, it may be disposed of through trade-in.⁸¹

Within 24 hours after the accident, the driver shall prepare an accident report.⁸² A copy of the accident report shall be submitted to the Deputy PS who shall forward copies to the PS, Ministry of Finance and the Solicitor General.⁸³ The accident report, Police report (if available), Solicitor General’s advice and the Supervisor’s recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.⁸⁴

The list of all vehicles involved in accidents in 2012 was not provided for audit purposes. Our review of available motor vehicle records revealed the following anomalies:

- Numerous cases on motor vehicles involved in accidents before 2012 were still pending with Ministry of Finance and Solicitor General’s Office, for any necessary actions to be taken. The Ministry has not effectively followed up on the progress of these cases. Refer to Appendix 25.4 for examples.
- Analysis of the motor vehicle quarterly report revealed that several vehicles have been garaged for the whole year (2012) awaiting repair and maintenance. In addition, some vehicles are not in roadworthy conditions and may be considered for write off but are still parked in the garage. The Transport Officer at Headquarters revealed the vehicles could not be repaired due to unavailability of funds. Refer to Appendix 25.5 for examples.
- Motor Vehicle Quarterly Returns did not portray the correct information of the conditions of the vehicles. For example, vehicle GL125 was parked at the Lakena Station garage needing repair and maintenance work. However, the 3rd quarter vehicle return indicated that the vehicle was in good working condition. The officer in charge at the Lakena garage revealed that the vehicle has been parked at the garage for more than a year. The delay in repairing vehicles may be due to incorrect reports provided to the management. Refer below for illustrations:



GL125 parked at the Lakena Station



⁸⁰ Ministry of Agriculture – Finance Manual 2011 – Part 12: Vehicle – Introductory paragraph

⁸¹ Ministry of Agriculture – Finance Manual 2011 – Section 12.5.4

⁸² Ministry of Agriculture – Finance Manual 2011 – Section 12.6.4

⁸³ Ministry of Agriculture – Finance Manual 2011 – Section 12.6.6

⁸⁴ Ministry of Agriculture – Finance Manual 2011 – Section 12.6.8

- Two vehicles have recorded significant amounts of repair and maintenance costs during their lifetime hence may not be economical for the Ministry to continue repairing and using these vehicles. Refer to Table 25.38 for details.

Table 25.38: Vehicles that recorded significant repair and maintenance expenditure

Vehicle Registration	Station	Age of Vehicle	Repair & Maintenance over its lifetime	Remarks
GK929	Navua	28	496,515.45	Currently the vehicle requires repair work as it was involved in an accident.
GM468	Savusavu	14	190,931.00	Immobile parked at Savusavu garage.

Laxity in taking appropriate actions to ensure proper management of government vehicles can have a huge financial implication for the Ministry in the future as extra costs could be incurred in either repairing or boarding the vehicles.

Recommendations

- **Policies and procedures for the use and management of government vehicles should be strengthened to reduce or minimize costs related to repairs and maintenance.**
- **The Ministry should take a proactive approach in liaising with the Solicitor General’s Office and Ministry of Finance to ensure that appropriate actions are taken against the relevant party for vehicle accident cases.**
- **Information reflected in the Motor Vehicles Returns should be correct and up to date. A board of survey should also be carried out to determine the conditions of all vehicles under the Ministry and the information correctly reflected in the Motor Vehicle Returns.**
- **The Ministry should liaise with Ministry of Finance for funds needed for the repair and maintenance of roadworthy vehicles. Damaged vehicles that are uneconomical to repair should be appropriately disposed off.**

Ministry’s Comments

No comments provided by the Ministry.

25.33 Annual Confidential Report

The performance management system is the assessment of an Officer’s performance which is to be reported in the “Performance Assessment and Development Form” which highlights the following:

- I. the grading of performance of duties during the period covered;
- II. whether performance objectives and targets are met;
- III. the competency rating;
- IV. individual comments;
- V. remuneration linkages recommended by the respective Permanent Secretaries;
- VI. recommendation for increment payment are done by the respective Permanent Secretaries;
- VII. fitness for promotion; and
- VIII. Endorsement. [Period for review should be from January to December to coincide with the deliverables as per agreements and individual work plans].⁸⁵

⁸⁵ General Orders 2011 – Section 406
Ministry of Agriculture

Our review of the payroll records revealed that numerous officers did not submit their “Annual Confidential Report (ACR) for the past few years. Refer to Table 25.39 for examples:

Table 25.39: Examples of Officers not Submitted their ACR

	Name of Officer	EDP No.	Position	Year ACR Not Submitted
1.	Kelera Daumeke	48434	Senior Secretary	2009, 2010 and 2011
2.	Kinisalote Mudunavuku	63594	Secretary	2010 and 2011
3.	Illisoni Logaivalu	90972	Acting Executive Officer	2009, 2010 and 2011
4.	Taina Baleinaweni	64122	Clerical Officer	2010 and 2011
5.	Louisa Waqavatu	49372	Senior Accounts Officer	2010 and 2011
6.	Ledua Maria	58461	SAA	2009, 2010 and 2011
7.	Imran Ramzan	62651	Clerical Officer	2009, 2010 and 2011
8.	Inise Kuru Naivalu	92431	Agricultural Assistant	2009, 2010 and 2011
9.	Marawa Tawake	53704	Clerical Officer (Seagaqa)	2010 and 2011
10.	Mesake Nacola	40753	Principal Research Officer	2010 and 2011
11.	Poasa Nauluvula	58025	Principal Research Officer	2010 and 2011
12.	Miliakere Nawaikula	47423	Principal Research Officer	2010 and 2011
13.	Apatitia Macanawai	55213	Senior Research Officer	2009, 2010 and 2011
14.	Shalendra Prasad	58790	Research Officer	2010 and 2011
15.	Waisea Jikowale	48790	Technical Officer	2009, 2010 and 2011
16.	Malakai Vukinavanua	63358	Senior Technical Assistance	2010 and 2011
17.	Timoci Dakuna	62535	Senior Technical Assistant	2009, 2010 and 2011
18.	Vijendra Kumar	53004	Senior Research Officer	2009, 2010 and 2011
19.	Donald Vikash	64083	Senior Technical Assistant	2009, 2010 and 2011
20.	Kesaia Raiyawa	59997	AO HQ	2009, 2010 and 2011
21.	Josiveta Rokona	63522	A/AAO	2009, 2010 and 2011
22.	Naren Prasad	60203	Senior Technical Assistant	2009, 2010 and 2011
23.	Edward Ah Sam	61609	A/Executive Officer	2010 and 2011
24.	Tokasa Senikuraciri	48847	Secretary	2009, 2010 and 2011
25.	Melaia Tokisaya	64073	Clerical Officer	2010 and 2011
26.	Ilisapeci Latianara	64445	Clerical Officer	2009, 2010 and 2011
27.	Losalini Nasara	59815	Clerical Officer	2010 and 2011
28.	Asish Sharma	61622	Clerical Officer	2009, 2010 and 2011
29.	Apisai Tabaleka	53429	Clerical Officer	2009, 2010 and 2011
30.	Inia Vuto	64337	Clerical Officer	2009, 2010 and 2011
31.	Salanietia Satala	49544	Clerical Officer	2009, 2010 and 2011
32.	Peni Rika	48227	Principal Agricultural Officer	2010 and 2011
33.	Saisai Tubnaruarua	49369	Senior Agricultural Officer	2010 and 2011
34.	Bidyakar Pande	45198	Senior Agricultural Officer	2009, 2010 and 2011
35.	Jone Matawalu	48378	Senior Agricultural Officer	2010 and 2011
36.	Aporosa Lalabalavu	48231	Senior Agricultural Officer	2010 and 2011
37.	Semesa Tuikoro	62105	Agricultural Assistant	2009, 2010 and 2011
38.	Inise Sakoro	49981	Agricultural Technical Officer	2009, 2010 and 2011
39.	Waisake Maseikula	58915	Agricultural Technical Officer	2010 and 2011
40.	Shiva Raman	58372	Agricultural Assistant	2009, 2010 and 2011
41.	Jimmy Abana	63378	Agricultural Assistant	2010 and 2011
42.	Savenaca Tuivaga	64091	Agricultural Assistant	2010 and 2011
43.	Sakeasi Ralulu	64813	Agricultural Assistant	2009, 2010 and 2011
44.	Malakai Sobanivalu	62796	Agricultural Assistant	2009, 2010 and 2011
45.	Sowane Remudu	59270	Agricultural Technical Officer	2009, 2010 and 2011
46.	Suliano Tamidri	64116	Agricultural Assistant	2010 and 2011
47.	Premila Devi	62529	Agricultural Assistant	2010 and 2011
48.	Joseph Smith	62409	Agricultural Assistant	2010 and 2011
49.	Unaisi Remudu	59195	Agricultural Technical Officer	2010 and 2011
50.	Etuete Sauvakatoga	62800	Agricultural Assistant	2009, 2010 and 2011

	Name of Officer	EDP No.	Position	Year ACR Not Submitted
51.	Mereseini Navola	64097	Agricultural Assistant	2010 and 2011
52.	Amelia Karavanua	62248	Agricultural Officer	2009, 2010 and 2011
53.	Osea Nabulivula	63186	Agricultural Assistant	2010 and 2011
54.	Akuila Yaya	49982	Senior Agricultural Officer	2009, 2010 and 2011
55.	Kalolaini Colaitiniyara	62331	Senior Technical Assistant	2009, 2010 and 2011
56.	Akanisi Rokotakala	53359	A/AO	2009, 2010 and 2011
57.	Misiraini Raisuqe	45738	Senior Agricultural Officer	2009, 2010 and 2011
58.	Sakeo Mataruru	40481	Agricultural Officer	2009, 2010 and 2011
59.	Saisi Valia	41979	Agricultural Technical Officer	2009, 2010 and 2011
60.	Naise Vadei	63515	Agricultural Assistant	2009, 2010 and 2011

The Annual Confidential Report is a tool for evaluating annual work performances of individual officers and provides a platform for communicating achievements and improvements to be undertaken to enhance service delivery. The audit could not substantiate whether there were other forms of performance reviews/assessments done for the above officers, in the absence of ACR.

It is a breach of the General Orders when work performances of officers are not annually assessed.

Recommendation

The evaluation and review process of works performed by each officer annually should be improved to ensure that all staff submits required reports to their supervisors for assessments.

Ministry's Comments

No comments provided by the Ministry.

APPENDICES

Appendix 25.1: Discrepancies in the Rural and Outer Island (Roi) Projects

Project and Cost	Assistance provided	Project Objectives	Comments
<p>Tuiono's Dalo and Vegetables Farm Project - \$25,000</p> <p><i>Project Year - 2011</i></p>	<ul style="list-style-type: none"> Greenhouse materials = \$2,000; Digger work (4 ha) = \$8,000 NPK 29 bags = \$2,030; Urea (29 bags) = \$2,030; Paraquat (60 litres) = \$600 Rambo (34 litres) = \$340; Harvesting/Packing shed materials = \$10,000 	<ul style="list-style-type: none"> To increase level of production from semi commercial to commercial level thus improving the living standard. To consistently produce and supply dalo and vegetables to the local markets and export. The primary output of the project is to produce 40, 80 and 100 tonnes of fresh dalo in the first, second and third year respectively for local and export market. 	<ul style="list-style-type: none"> The land was still unutilised as at February 2013. Packing shed was not properly constructed with some materials supplied lying idle. The cost of constructed shed can be estimated to be less than \$10,000. Refer to Appendix 25.1 for illustration. No evidence of progressive assessment or financial progress report being prepared.
<p>Tuibuca's Cassava, Capsicum & Dalo based Farm - \$12,465</p> <p><i>Project Year - 2011</i></p>	<ul style="list-style-type: none"> NPK (15 bags) = \$1,050; Urea (15 bags) = \$975; Paraquat (20 litres) = \$300; Rambo (10 litres) = \$100; Disk ploughing 30 hrs @ \$40/hr = \$1,200; Disk harrow 30 hrs @ \$40/hr = \$1,200; Lining 10 hrs @ \$40/hr = \$400; Dalo tops (20,000) = \$1,500; Capsicum seedlings (4,000 plants) = \$1,000; Culverts (3) = \$600; Gravel (2 loads) = \$840; New drain 600 metres @ \$5/ metres = \$3,000; and Cartage = \$300. 	<p>The primary output of this project is to produce 20 tons of dalo, 24 tons of cassava and 1.6 tons of capsicum in one year. Furthermore the project was intended to generate an income of \$29,600 per year.</p>	<ul style="list-style-type: none"> Approximately 1 acre of the land was used for planting cassava, dalo and bele. Farming was done at the subsistence level with no indication that the farmer will be able to meet the project objective. No evidence of progressive assessment or financial progress report being prepared. Refer to Appendix 25.2 for illustration.
<p>Nacuru Youth Group, Noco Rewa - \$62,167</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> Land preparation – Digger Hire (6 ha) = \$12,150; Raised bed (Digger Hire) – 6 raised bed) = \$41,300; 2.1 Alroc (NPK) (50 bags) = \$1,584; 2.2 Agazone (50 litres) = \$1,000; 	<ul style="list-style-type: none"> To develop 10 hectare of available land for cassava production in order to generate income for the group members. To supply consistently first grade cassava to garden city exports which is exporting frozen cassava to Australia and New Zealand 	<ul style="list-style-type: none"> No evidence of farming activity and the land is covered with overgrown grasses. Upon enquiry, it was revealed that the group has stopped farming after a 'Mataqali' dispute over the land to be farmed indicating that proper Mataqali approval/concern may not have been sought.

Project and Cost	Assistance provided	Project Objectives	Comments
	<ul style="list-style-type: none"> 2.3 Glyphosate 360 (50 litres) = \$600.00; 2.4 Knapsack (3) = \$393; 2.5 Culvert (7) = \$4,914; 2.6 bags (226) = \$127; 2.7 Rafia (100 roll) = \$99. 	<p>markets and also the local market.</p> <ul style="list-style-type: none"> In 2009 72 tonnes of cassava or increase in 18 tonnes per quarter respectively. Dalo and yaqona will be the supplementary income earners and it will fetch about 20 tons and 0.4 tons respectively. 	<ul style="list-style-type: none"> This indicated poor vetting process. No evidence of progressive assessment of production and financial progress report being prepared. Refer to <u>Appendix 25.2</u> for illustration.
<p>Dranikamate's Dalo, Floriculture and Capsicum based Farm Project - \$11,925</p> <p><i>Project Year – 2011</i></p>	<ul style="list-style-type: none"> Sunchoropid (10 litres) = \$400; NPK (20 bags) = \$1,400; Urea (20 bags) = \$1,300; Paraquat (35 litres) = \$525; Rambo (30 litres) = \$300; Calsicum (4,000 plants) = \$1,000; Greenhouse materials = \$7,000; 	<p>The primary output of this project is to produce 4 tons of dalo, 3.2 tons of capsicum and 1500 anthurium plants in one year. Furthermore this project will generate an income of \$28,900.</p>	<ul style="list-style-type: none"> An estimated 1/4 acre planted with dalo suckers. Approximately 100 to 200 anthuriums have been planted in the green house. The recipient does not have sufficient land at the current site to meet the objectives. Estimate land size available for farming is less than ½ acre. Upon query, audit was informed by Epeli Dranikamate that he was intending to shift his farm to Ra. This may indicate poor vetting process. The recipient was a former farm manager at Koronivia Research Station. No evidence of progressive assessment of production and financial progress report being prepared.
<p>Nabuli Young Farmers Club</p> <p><i>Project Year – 2008</i></p> <p>Amount assisted with not provided</p>	<p>Details not provided</p>	<ul style="list-style-type: none"> The objective of the project is to enhance the livelihood of people in Nabuli. The project comprises of 14 members. To develop all the 6 hectares of land available for cassava planting in order to generate income for the club members. To plant cassava for export and agro processing purpose. 	<ul style="list-style-type: none"> Overgrown grasses in the field with no farming activities underway. Upon query it was revealed that the group has stopped farming. No evidence of financial progress report prepared. Refer to <u>Appendix 25.2</u> for illustration.
<p>Leslie Vatucawaqa's Dalo Based Farm Project</p> <p><i>Project Year – 2008</i></p> <p>Amount assisted with not provided</p>	<p>Details not provided</p>	<ul style="list-style-type: none"> The primary output of the proposal is to produce 18 tonnes of dalo for the first year, 22.5 tonnes for the second year and 22.5 tonnes for the third year. The project will also focus on the production of 4.05 tonnes of watermelon for the first year, 6.75 tonnes and 	<ul style="list-style-type: none"> Overgrown grasses in the field with no farming activities underway. Upon query it was revealed that the group has stopped farming. No progressive assessment of production and financial. Refer to <u>Appendix 25.2</u> for illustration.

Project and Cost	Assistance provided	Project Objectives	Comments
		6.75 tonnes for the second and third year respectively. <ul style="list-style-type: none"> The project creates a consistent production pattern and income earning of the seven farmers who will actively involve in the implementation of the proposed project. 	
Rewa Province Education Committee <i>Project Year – 2009</i> Amount assisted with not provided	Details not provided	<ul style="list-style-type: none"> To develop 4 ha of available land for pawpaw, kumala, cassava and vegetable production in order to generate income for the group members. To supply consistently first grade pawpaw, cassava, kumala and vegetables to Garden City Exports. It will earn an income of \$57,579.34 in the first year and \$76,150.44 for the second year and \$76,150.44 for the third year. The project will assist the Rewa Province Education Committee to generate additional income for the students of Rewa Province in providing scholarships and allowances for their studies. 	<ul style="list-style-type: none"> The total land area utilised for farming has reduced. There are overgrown grasses at the idle piece of land which was initially prepared by the Ministry. The project may not be commercially sustainable. The group is still relying on in-kind assistance from the Ministry such as seeds, fertilisers and chemicals. No evidence of progressive assessment of production and financial progress report being prepared. Refer to <u>Appendix 25.2</u> for illustration.
Project and Cost	Assistance Provided	Project Objectives	Comments
Solevu Cassava Producers Project - \$10,783.50 <i>Project Year - 2008</i>	<ul style="list-style-type: none"> Land preparation – digger works – 158 hrs @ \$50/hr = \$7,900; Procurement of agro inputs – weedicide/pesticide = \$2,883.50 	<ul style="list-style-type: none"> All available agricultural lands owned by the group, a total of 35 acres will be planted with cassava. The consistency of supply and its sustainability are the priority of the group in order to completely change their lifestyle in terms of financial prosperity and food security and the total wellbeing of their individual family. This will improve earning strength of members from \$1,496.25 to \$23,925 at end of project period. 	<ul style="list-style-type: none"> Overgrown grasses on the major portion of the land area. A portion of the land was used to plant cassava/dalo. But it has been planted on a subsistence level. Upon query it was revealed that the group has started their individual farming. While one of the farmer, Samisoni Veivosayaki is planning to switch to dairy farming. No evidence of progressive assessment of production and financial progress report being prepared.
Coloivatoa Cassava Producers Project - \$13,484	<ul style="list-style-type: none"> Procurement of dalo suckers (25,000 @ 0.15) = \$3,750; Land Preparation – digger works (158 hrs 	<ul style="list-style-type: none"> All available agricultural lands owned by the group, a total of 35 acres will be planted with cassava. The consistency of supply 	<ul style="list-style-type: none"> Overgrown grasses in the field. Portion of the land was used to plant cassava/dalo. But it has been planted on a subsistence level.

Project and Cost	Assistance provided	Project Objectives	Comments
Project Year - 2008	@ \$50/hr) = \$7,900; • Procurement of agro inputs – weedicide/ pesticide = \$1,834.	and its sustainability are the priority of the group in order to completely change their lifestyle in terms of financial prosperity and food security and the total well-being of their individual family. • Income generated by farming group will significantly increase and enable individual members to increase income earning from the land from \$1,496.25 at year 1 to \$23,925.00 on end of the project.	• Upon query it was revealed that the group has stopped farming after the mataqali dispute over the farmed land. There is a split in the group. • The farm has no proper road access, which provides restrictions on farming. • No evidence of progressive assessment of production and financial progress report being prepared.
Farmtech Limited - \$11,480 Project Year - 2011	• NPK (40 bags) = \$3,600; • Triple Super (30 bags) = \$3,450; • Gramozone (40 litres) = \$720; • Glyphosate (40 litres) = \$600; • Suncloprid (930 litres) = \$1,110; • Diesel (1,000 litres @ \$2) = \$2,000.	• To utilise 12 hectares of land formerly used as a cattle grazing field for dalo-hybrid production with an increase in 10 percent in year 2 onwards. • To ensure consistency in the supply of dalo – hybrid to fixed market outlets in order for the farmer/proponent to have a steady and sustainable source of income to enable him to meet his FDB loan repayment obligation. • Generate employment to the youths within the vicinity. • Increase in foreign exchange to the economy.	• Overgrown grasses in the field. No farming activities underway. • Upon query, it was revealed that the property has gone under mortgage sale (FDB Bank). This indicated poor vetting process in place. • No evidence of progressive assessment of production and financial progress report being prepared.
Uluiloli Methodist Farming Group - \$8,384 Project Year - 2008	• Land Preparation – digger works (158 hrs @ \$50/hr) = \$7,900; • Procurement of agro inputs – weedicide/ pesticide = \$484.	• To use the farm as a model for farmers in Uluiloli village and surrounding settlements through farm visits and to be the seed source for the two targeted commodities. • All available agricultural lands owned by the group, a total of 35 acres will be planted with cassava. • Income generated by farming group will significantly increase from \$1,496.25 to \$23,925 at end of project period.	• Overgrown grasses in the field. The project is not progressing. • Portion of the land was used to plant cassava/ginger. But it has been planted on a subsistence level. • No evidence of progressive assessment of production and financial progress report being prepared.
Toloniwai Dalo/Yaqona Project - \$11,248.85 Project Year - 2008	• Procurement of dalo suckers (20,000 @ 0.15) = \$3,000; • Procurement of Yaqona cuttings (30,000 @ 0.15) = \$4,500;	• The project targets the rapid development of agricultural lands in Toloniwai group/Nasau village through the production of export demanded crops of dalo and yaqona.	• Overgrown grasses in the field. The project is not progressing. • Portion of the land was used to plant cassava/ ginger/ yaqona. But it has been planted on a subsistence level.

Project and Cost	Assistance provided	Project Objectives	Comments
	<ul style="list-style-type: none"> Procurement of agro input – weedicide/pesticide = \$1,848.85; Procurement of Chainsaw = \$1,900. 	<ul style="list-style-type: none"> The group is expected to increase plantings of dalo by 2 hectares from year two onwards. Increase yaqona by 1ha in year 1 and 2ha in year 2. Income increased from \$4,244.28 "without project situation to \$108,409.64 on year 1 and increases further as the more matured yaqona are harvested. 	<ul style="list-style-type: none"> Split in the group. No evidence of progressive assessment of production and financial progress report being prepared.
Waitabua Dalo/Cassava Project - \$14,400 <i>Project Year - 2008</i>	<ul style="list-style-type: none"> Procurement of dalo suckers (30,000 @ 0.15) = \$4,500; Land Preparation – digger works (158 hrs @ \$50/hr) = \$7,900; Procurement of agro inputs – weedicide/pesticide = \$2,000 	<ul style="list-style-type: none"> To fully utilise their 30 acres of land through planting of root crops such as dalo, cassava, pineapple and vegetables such as capsicum, cucumber and watermelon. 10 acres will be first cultivated with this assistance in first year. To be a model farm in the Wailevu Tikina and nearby farmers will come over to attend field visits. 	<ul style="list-style-type: none"> Overgrown grasses on the major portion of the land prepared for farming. Portion of the land was used to plant dalo (approximately 1 acre (500 plants). But it has been planted on a subsistence level. Dispute between the cousins. One has left farming and now resides in Suva. Farmer complained that the dalo suckers provided by the Ministry were undersized and of mixed variety and that he received little technical advice from the Ministry. No evidence of progressive assessment of production and financial progress report being prepared.
Nautu Youth Vegetables Producers - \$23,020 <i>Project Year - 2008</i>	<ul style="list-style-type: none"> Vegetable seeds = \$3,675; Land Preparation – digger works (248 hrs @ \$50/hr) = \$12,400; Procurement of agro inputs – weedicide/pesticide = \$6,945. 	<ul style="list-style-type: none"> To produce and supply first grade quality fresh assorted vegetables for hotel/tourist demand and local markets that will assist reducing imports of vegetable from overseas thus saving the nation's foreign exchange. The establishment and maintenance of seventeen acres of assorted vegetables for the ten members of the group. The efficient production of assorted vegetable achieving 10-15 metric tonnes per hectare. Member's income level increased from \$1,500 to \$15,000 per year. 	<ul style="list-style-type: none"> Overgrown grasses on the major portion of the land prepared for farming. Portion of the land was used to plant ginger (1/4 acre) and cassava (1/4 acre). But it has been planted on a subsistence level. No evidence of progressive assessment of production and financial progress report being prepared.
Uluinavula Farming	<ul style="list-style-type: none"> Details not provided 	<ul style="list-style-type: none"> To develop 40 acres of their land. Pay the \$150,000 	<ul style="list-style-type: none"> Due to bad weather (heavy rain) condition, audit could not

Project and Cost	Assistance provided	Project Objectives	Comments
<p>Enterprise Project - \$13,133.50</p> <p><i>Project Year - 2008</i></p>		<p>owed to the Government for the purchases of their 200 acres of land known as Matacadra (CG1041).</p> <ul style="list-style-type: none"> To invest incomes from this project for their future generation and enhance their living standard. 	<p>visit the farm (<i>Irish crossing was flooded</i>).</p> <ul style="list-style-type: none"> From the Ministry's recent inspection (2012), it was noted that the project was implemented in 2009. Only one harvest was done since the implementation of project; however no other planting was done. This was mainly attributed to the mataqali dispute.
<p>Veikumaroro Cassava Project - \$10,666.67</p> <p><i>Project Year - 2010</i></p>	<ul style="list-style-type: none"> Digger works (5 ha) = \$7,000; Assorted Vegetable seeds = \$2,500; NPK (10 bags) = \$2,020; Glyphosate (20 litres) = \$300; Agazone (10 litres) = \$180. 	<ul style="list-style-type: none"> All available agricultural lands owned by the group, a total of 60 acres will be planted with cassava after the initial capital expenditure by ROI. The consistency of supply and its sustainability are the priority of the group in order to completely change their live style in terms of financial prosperity and food security and the total well-being of their individual family. The improved earning strength of members from \$1,500 to \$45,000 at end of project period. 	<ul style="list-style-type: none"> Portion of the land was used to plant dalo (1/2 acre) and cassava (1/2 acre). But it has been planted on a subsistence level. The farm hands were in process of clearing the farm (bushes and trees). No evidence of progressive assessment of production and financial progress report being prepared.
<p>Donu's Dalo Tausala/Cassava Farmers Group Project - \$15,000</p> <p><i>Project Year - 2009</i></p>	<ul style="list-style-type: none"> Dalo Suckers (30,000) = \$4,500; Digger works (100 hrs) = \$5,000; Chainsaw (1) = \$2,500; Agro – inputs = \$3,000. 	<ul style="list-style-type: none"> All available agricultural lands owned by the group, a total of 35 acres will be planted with cassava after the initial capital expenditure by ROI. Income generated by farming group will significantly increase and enable members to increase income earning from the land from \$1,500/year to \$15,000/year. The consistency of supply and its sustainability are the priority of the group in order to completely change their live style in terms of financial prosperity and food security and the total well-being of their individual family. 	<ul style="list-style-type: none"> Overgrown grasses in the field. No farming activities underway due to dispute between the brothers. No evidence of progressive assessment of production and financial progress report being prepared.
<p>Maleli Rakula's Pawpaw Project - \$6,525</p>	<ul style="list-style-type: none"> Drainage/ Digger = \$6,525 	<ul style="list-style-type: none"> Increased area of available agricultural land planted with high value export crops. Mr. 	<ul style="list-style-type: none"> Overgrown grasses in the field. According to the field officer, the project was implemented in

Project and Cost	Assistance provided	Project Objectives	Comments
Project Year - 2009		Rakula is expected to plant 2.05 ha of pawpaw on the first year and 3 ha from year two onwards. <ul style="list-style-type: none"> Income generated by Mr. Rakula increased from \$5,000 to \$78,000 on year 1 and increases further as more mature pawpaws are harvested. 	late 2009. However, most of the pawpaw died out because of the long drought. <ul style="list-style-type: none"> Since then no planting was done. Some subsistence level farming was done.
Anasa Savu's Pawpaw Project - \$8,386 Project Year - 2009	<ul style="list-style-type: none"> Drainage/ Digger = \$8,386 	<ul style="list-style-type: none"> Increased area of available agricultural land planted with high value export crops. Mr. Savu is expected to plant 2.05 ha of pawpaw on the first year and 3 ha from year two onwards. Income generated by Mr. Savu will increased from \$5,000 to \$78,000 on year 1 and increases further as the more mature pawpaws are harvested. 	<ul style="list-style-type: none"> Overgrown grasses in the field. According to the field officer the project was implemented in late 2009. Since then no planting was done. Some subsistence level farming is done.
Isoa Ciqo's Pawpaw Project - \$10,061.98 Project Year - 2011	<ul style="list-style-type: none"> Pawpaw seedlings (4,000) = \$1,100; NPK (16 bags) = 758.90; Glyphosate (60 litres) = \$203.08; Drainage work (150 hrs @ \$50/hr) = \$8,000. 	<ul style="list-style-type: none"> Increased area of available agricultural land planted with high value export crops. Mr. Ciqo is expected to plant 2.05 ha of pawpaw on the first year and 3 ha from year two onwards. Income generated by Mr. Ciqo's increased from \$5,000 to \$78,000 on year 1 and increases further as the more mature pawpaws are harvested. 	<ul style="list-style-type: none"> Overgrown grasses in the field were noted. No farming activity was underway. According to the field officer the project was implemented in late 2009. But was affected by the poor health condition of the farmer.
Kasiano Keke's Pawpaw Project - \$9,500 Project Year - 2009	<ul style="list-style-type: none"> Drainage/ Digger = \$9,500. 	<ul style="list-style-type: none"> Increased area of available agricultural land planted with high value export crops. Mr. Keke is expected to plant 2.05 ha of pawpaw on the first year and 3 ha from year two onwards. Income generated by Mr. Keke increased from \$5,000 to \$78,000 on year 1 and increases further as the more mature pawpaws are harvested. 	<ul style="list-style-type: none"> Overgrown grasses in the field According to the field officer; the project was implemented in late 2009. However, most of the pawpaw died out because of the long drought. Since then no planting was done. Some subsistence level farming was done.
Waisake Laulaba's Pawpaw - \$8,461 Project Year - 2009	<ul style="list-style-type: none"> Drainage/ Digger = \$8,461. 	<ul style="list-style-type: none"> Increased area of available agricultural land planted with high value export crops. Income generated by Mr. Laulaba will increased from \$5,000 to \$78,000 on year 1 and increases further as the more mature pawpaws are 	<ul style="list-style-type: none"> Overgrown grasses in the field were noted. According to the field officer, the project was implemented in late 2009. However, most of the pawpaw died out because of the long drought. Since then no planting was

Project and Cost	Assistance provided	Project Objectives	Comments
		harvested.	done. <ul style="list-style-type: none"> Some subsistence level farming was done.
Ilimeleki Niumatairua's Pawpaw project - \$10,061.98 <i>Project Year - 2011</i>	<ul style="list-style-type: none"> Pawpaw seedlings (4,000) = \$1,100; NPK (16 bags) = \$758.90; Glyphosate (60 litres) = \$203.08; Drainage work (150 hrs @ \$50/hr) = \$8,000. 	<ul style="list-style-type: none"> Increased area of available agricultural land planted with high value export crops. Mr. Niumatairua is expected to plant 2.05 ha of pawpaw on the first year and 3 ha from year two onwards. Income generated by Mr. Niumatairua will increase from \$5,000 to \$78,000 on year 1 and increases further as the more mature pawpaws are harvested. 	<ul style="list-style-type: none"> Overgrown grasses in the field. According to the field officer, the project was implemented in late 2009. However, most of the pawpaw died out because of the long drought. Since then no planting was done. Some subsistence level farming was done. No evidence of progressive assessment of production and financial progress report being prepared.
Vunibaka Cassava/Dalo Producers - \$15,284 <i>Project Year - 2008</i>	<ul style="list-style-type: none"> Procurement of dalo suckers (36,000 @ 0.15) = \$1,800; Land Preparation – digger works (158 hrs @ \$50/hr) = \$7,900; Procurement of agro inputs – weedicide/pesticide = \$5,584. 	<ul style="list-style-type: none"> All available agricultural lands a total of 20 acres will be planted with cassava and dalo. To use the farm as a model for farmers in Tai district and surrounding settlements through farm visits and to be the seed source for the two targeted commodities. The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. The improved earning strength of members from \$1,000 to \$15,000/year. 	<ul style="list-style-type: none"> Overgrown grasses in the field were noted. No farming activities underway. According to the field officer, the land was taken-back by the landowner (church).
Toga Dalo Tausala/ Cassava Farmers - \$15,000 <i>Project Year - 2009</i>	<ul style="list-style-type: none"> Dalo suckers (30,000) = \$4,500; Digger works (150 hrs) = \$7,500; Agro inputs = \$3,000. 	<ul style="list-style-type: none"> All available agricultural lands, a total of 35 acres will be planted with cassava. The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. The improved earning strength of members from \$1,000 to \$15,000/year. To use the farm as a model for farmers in Tobuniquo village and surrounding settlements through farm 	<ul style="list-style-type: none"> Due to bad weather condition (heavy rain), audit could not visit the farm. From the Ministry's recent assessment (2012), it was noted that project was not progressing well. Group has diverted to assorted vegetable farming.







Project and Cost	Assistance provided	Project Objectives	Comments
<p>Delainarocake Cassava/Dalo Producers Project - \$15,201</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> • Procurement of dalo suckers (36,000 @ 0.15) = \$1,800; • Land Preparation – digger works (158 hrs @ \$50/hr) = \$7,900; • Procurement of agro inputs – weedicide/pesticide = \$5,501. 	<p>visits and to be the seed source for the two targeted commodities.</p> <ul style="list-style-type: none"> • All available agricultural lands, a total of 35 acres will be planted with cassava. • The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. • The improved earning strength of members from \$1,496.25 to \$23,925/year. • To use the farm as a model for farmers in Naloto village and surrounding settlements through farm visits and to be the seed source for the two targeted commodities. 	<ul style="list-style-type: none"> • From the Ministry's recent assessment, it was noted that the group has planted some dalo and cassava on a subsistence level. • Some members of the group have left for towns and cities in search for better opportunities. • The progress was very slow. • No evidence of progressive assessment of production and financial progress report being prepared.
<p>Delaidranu Tausala Watermelon and Cassava Development Project - \$10,818</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> • Procurement of dalo suckers (20,000 @ 0.2) = \$4,000; • Procurement of Chainsaw = \$1,900; • Procurement of agro inputs – weedicide/pesticide = \$4,918. 	<ul style="list-style-type: none"> • The group is expected to increase plantings of dalo by 3 hectares on the first year and 6 hectares from year two onwards. • Income increased from \$26,000 without project situation to \$90,400 on year 1 and increases further as the more matured cassava are harvested. • Invest \$15,000 to unit trust, one restaurant and processing of agricultural produce start. 	<ul style="list-style-type: none"> • Audit could not visit the farm due to its geographical location. (No roads). • From the Ministry's recent assessment, it was noted that the group has planted some dalo, bananas and cassava on a subsistence level. • The progress was very slow. Mainly due to poor road accessibility. • No evidence of progressive assessment of production and financial progress report being prepared.
<p>Visa/Sauravua Cassava Producers Project - \$10,783.50</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> • Land preparation – digger works (158 hrs @ \$50/hr) = \$7,900; • Procurement of agro input – weedicide/pesticide = \$2,883. 	<ul style="list-style-type: none"> • All available agricultural lands, a total of 35 acres will be planted with cassava. • The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. • The improved earning strength of members from \$1,496.25 to \$23,925/year. • To use the farm as a model for farmers in Visa/Sauravua village and surrounding settlements through farm 	<ul style="list-style-type: none"> • Audit could not visit the farm due to poor road condition. • From the Ministry's recent assessment (2012,) it was noted that the group has planted some dalo and cassava on a subsistence level. • The project was not progressing well as required. • No evidence of progressive assessment of production and financial progress report being prepared.





Project and Cost	Assistance provided	Project Objectives	Comments
<p>Matalevu Dalo Tausala/ Cassava Farmers Group Project - \$25,000</p> <p><i>Project Year - 2009</i></p>	<ul style="list-style-type: none"> • Dalo suckers (30,000) = \$4,500; • Cassava cuttings (20,000) = \$5,000; • Vegetable seeds = \$3,000; • Small farming implements = \$3,000; • Transportation = \$500; • Monitoring & evaluation = \$1,100; • Digger works = \$7,900. 	<p>visits and to be the seed source for the two targeted commodities.</p> <ul style="list-style-type: none"> • All available agriculture lands, a total of 35 acres will be planted with cassava. • The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. • The improved earning strength of members from \$1,496.25 to \$23,925/year. • To use the farm as a model for farmers in Kumi village and surrounding settlements through farm visits and to be the seed source for the two targeted commodities. 	<ul style="list-style-type: none"> • Audit could not visit the farm due to poor road condition. • From the Ministry's recent assessment, it was noted that the project was not progressing.
<p>Kumi Cassava Producers Project - \$29,883</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> • Procurement of cassava cuttings (27,000 @ 0.15) = \$4,050; • Land Preparation – digger works (460 hrs @ \$50/hr) = \$23,000; • Procurement of agro inputs – weedicide/ pesticide = \$2,833. 	<ul style="list-style-type: none"> • All available agriculture lands, a total of 35 acres will be planted with cassava. • The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. • The improved earning strength of members from \$1,496.25 to \$23,925/year. • To use the farm as a model for farmers in Kumi village and surrounding settlements through farm visits and to be the seed source for the two targeted commodities. 	<ul style="list-style-type: none"> • Overgrown grasses were noted in the field. • No farming activities were underway. The project was not progressing.
<p>Delai Cassava Producers Project - \$15,784</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> • Land preparation – digger works (160 hrs @ \$50/ hr) = \$8,000; • Procurement of agro inputs – weedicide/ pesticide = \$7,784. 	<ul style="list-style-type: none"> • All available agriculture lands, a total of 35 acres will be planted with cassava. • The consistency of supply and its sustainability are the priority of the youth group in order to completely change their life style in terms of financial prosperity and food security and the total well-being of their family. • The improved earning strength of members from 	<ul style="list-style-type: none"> • Overgrown grasses were noted in the most of the field. • Subsistence level farming was carried out. Approximately around 1 acre cassava and 2 acres assorted vegetables were planted.

Project and Cost	Assistance provided	Project Objectives	Comments
		<p>\$1,496.25 to \$23,925/year.</p> <ul style="list-style-type: none"> To use the farm as a model for farmers in Naloto village and surrounding settlements through farm visits and to be the seed source for the two targeted commodities. 	
<p>Koroniteri Cassava Farming Enterprise - \$15,633</p> <p><i>Project Year - 2008</i></p>	<ul style="list-style-type: none"> Details not provided 	<ul style="list-style-type: none"> The group is expected to increase plantings of cassava by 3 hectares on the first year and 6 hectares from year two onwards. The farm to be used as a model for farmers at Wainibuka district and surrounding settlements through farm visits. 	<ul style="list-style-type: none"> Most of the land area was unutilised with overgrown grasses. Around ½ acre of land was utilised for farming cucumber and another ½ acre for watermelon. Progress is slow.
<p>Tailevu North Pawpaw Project - \$16,110</p> <p><i>Project Year - 2007</i></p>	<ul style="list-style-type: none"> Details not provided. 	<ul style="list-style-type: none"> The establishment and maintenance of 6 ha of Hawaiian variety of pawpaw for the 5 growers. The efficient production of pawpaw at the average rate of 1 kg per tree per week. The capacity of growers to collectively produce an average of 6,000 kg of pawpaw per week. The ability of UNO to export 6 tons of Hawaiian pawpaw to its Australian market per week. The improved earning capacity of these growers to earn at an average of \$1,000 for grade 1 pawpaw per grower per week. 	<ul style="list-style-type: none"> Overgrown grasses were noted in the field with no farming activities underway. Upon query, it was revealed that the group has stopped farming. No evidence of progressive assessment of production and financial progress report being prepared.
<p>Units Farm Fresh Supply - \$6,166.63</p> <p><i>Project Year - 2007</i></p>	<ul style="list-style-type: none"> Details not provided 	<p>Project file missing</p>	<ul style="list-style-type: none"> Overgrown grasses were noted in the field. Small portion of the land was used to plant cassava/cucumber. But it has been planted on a subsistence level. Upon query, it was revealed that most proceeds from the farm were loaned to relatives but the funds were not refunded. This has affected the continuity and the progress. No evidence of progressive assessment of production and financial progress report being prepared.
<p>Naveicovatu</p>	<ul style="list-style-type: none"> Dalo suckers (60,000) 	<ul style="list-style-type: none"> The group is expected to 	<ul style="list-style-type: none"> Overgrown grasses in the field.

Project and Cost	Assistance provided	Project Objectives	Comments
Dalo/Yaqona development project - \$36,400 Project Year – 2009	= \$15,000; • Kasa cuttings (13,333) = \$4,000; • Digger work/cartage = (150 hrs/ \$400 cartage) = \$9,400; • Agro inputs = \$5,000; • Chainsaw = \$3,000.	increase plantings of dalo by 6 hectares on the first year and continuously 6 hectares from year two onwards. • Income increased from \$26,000 at “without project” situation to \$80,858 on year 1 and increases further as the more matured yaqona are harvested. • To use the farm as a model for farmers at Naveicovatu Village and surrounding village and settlements through farm visits.	• Portion of the land was used to plant cassava. But it has been planted on a subsistence level. • Upon query, it was revealed that most of the farm proceeds were used to construct the church. This has affected the continuity of the project. However, the church construction is incomplete and is constructed up to the foundation level. • No evidence of progressive assessment of production and financial progress report being prepared.
Navunisole Dalo Growers Association - \$38,765.40 Project Year – 2009	• Dalo suckers (168,000) = \$21,000; • NPK (120 bags) = \$10,962; • Paraquat (100 litres) = \$1,700; • Glyphosate (200 litres) = \$3,453; • Chainsaw = \$1,650.	• The group focus to cultivate 16.8 ha dalo in the first year and increase target by 50% through the next two years. A total of 75.6 ha are targeted for production in the third year of operation. • Sales of production will generate \$50,400 in the first year of operation and \$156,400 on the third year. A total of \$352,800 is targeted to be generated from the development.	• Audit could not meet with the group head during the field visit. • Based on the Ministry's inspection report (2012), it was revealed that the group did not continue with farming due to the drop in dalo price. However group, was intending to revive the project again. • No evidence of progressive assessment of production and financial progress report being prepared.

Appendix 25.2: Capital Expenditure Allocations Used To Cater For Operating Expenses

Project and assistance provided	Photograph taken during site visit	
<p>Tuiono's Dalo and Vegetables Farm Project - \$25,000</p> <p><i>Project Year - 2011</i></p>		<p>Packing Shed - \$10,000</p> 
<p>Tuibuca's Cassava, Capsicum & Dalo based Farm - \$12,465</p> <p><i>Project Year - 2011</i></p>		
<p>Nacuru Youth Group, Noco Rewa - \$62,167</p> <p><i>Project Year – 2008</i></p>		
<p>Nabuli Young Farmers Club</p> <p><i>Project Year – 2008</i></p> <p>Amount assisted with not provided</p>		

Project and assistance provided	Photograph taken during site visit	
<p>Leslie Vatucawaqa's Dalo Based Farm Project</p> <p><i>Project Year – 2008</i></p> <p>Amount assisted with not provided</p>		
<p>Rewa Province Education Committee</p> <p><i>Project Year – 2009</i></p> <p>Amount assisted with not provided</p>		

Appendix 25.3: Capital Expenditure Allocations Used To Cater For Operating Expenses

Date	Cheque Number	Supplier	Amount (\$)	Allocation	Description	Correct Allocation
04/04/12	197800	Total Fiji Ltd	6,900.00	13030230201080621 BTEC	Being payment for vehicle fuel.	SEG 4 – Maintenance and Operations
17/05/12	199049	Tomasi Tunabuna	7,667.10	13030230201080422 Veterinary Pathology Laboratory Upgrading	Being payment of per diem allowance to cater for stop over whilst at Paris, France.	SEG 3 – Travel and Communication
24/07/12	201392	Asco Motors	3,422.45	13030230201080643 Apiculture Industry Development	Being payment for the repair and service of vehicle GN536.	SEG 4 – Maintenance and Operations
19/10/12	204759	Total Fiji Ltd	13,986.14	13030230201080699 Livestock Rehabilitation Program	Being payment for vehicle fuel.	SEG 4 – Maintenance and Operations
03/12/12	205846	3SA Carpets	11,501.01	13050191821080804 Land Drainage and Flood Protection	Being purchase of vertical blinds required at LWRM HQ.	SEG 5 – Purchase of Goods and Services
04/12/12	205958	Office Product Graphic Equipment Ltd	4,190.00	13020230201080699 Livestock Rehabilitation Program	Being purchase of laptop for PVO and SAO/E.	SEG 9 – Capital Purchase
04/12/12	205960	Professional Stationery	2,030.00	13020230201080608 Agriculture Extension Services	Being purchase of Fax Machine/Colour Printer/Scanner/Copier for Director Extension.	SEG 5 – Purchase of Goods and Services
12/12/12	206312	South Pacific Business	1,431.75	13020230201080516 Cocoa Revitalisation Program	Supply of replacement parts of Lanier MP 2000L photocopier.	SEG 4 – Maintenance and Operations
12/12/12	206314	Shreedhar Motor Limited	1,325.15	13030230201080422 Veterinary Pathology Laboratory Upgrading	Payment for repair of vehicle GN666.	SEG 4 – Maintenance and Operations
12/12/12	206317	Ra General Motor Repairs	4,585.00	13020230201080619 Export Promotion Program	Payment for repair and labour cost for vehicle GM606.	SEG 4 – Maintenance and Operations
12/12/12	206320	Office Product Graphic Equipment Ltd	5,390.00	13030230201080643 Apiculture Industry Development	Purchase of two laptop computer for apiculture section.	SEG 5 – Purchase of Goods and Services
12/12/12	206321	Office Mart Limited	1,597.07	13020330369080507 Management of Pest	Being purchase of laminating machine and binding machine for Research Station Koronivia.	SEG 5 – Purchase of Goods and Services
12/12/12	206330	J.Maneklal	449.00	13020330369080612 Rice Development	Being purchase of one camera for Koronivia research station.	SEG 5 – Purchase of Goods and Services
12/12/12	206337	Courts Fiji Limited	799.04	13050191821080804 Land Drainage and Flood Protection	Being purchase of refrigerator AMU HQ	SEG 5 – Purchase of Goods and Services
13/12/12	206408	Prouds Fiji Ltd	3,598.00	13010130102030401	Being purchase of still	SEG 5 –

Date	Cheque Number	Supplier	Amount (\$)	Allocation	Description	Correct Allocation
					camera.	Purchase of Goods and Services
13/12/12	206401	Office Products	2,217.97	13020330369080507 Management of Pest	Being purchase of printer (dell laser jet) Koronivia Research Station.	SEG 5 – Purchase of Goods and Services
13/12/12	206353	Office Products	5,245.00	13010230999070499	Being purchase of wall mounted projector – Mini Conference room.	SEG 5 – Purchase of Goods and Services
19/12/12	206726	Copyer Marketing Ltd	15,214.51	13010230999070499	Being purchase of photocopying machine for training section.	SEG 9 – Capital Purchase
19/12/12	206679	Audio Visual	1,850.01	13020230201080516 Cocoa Revitalisation Program	Being purchase of Nikon camera.	SEG 5 – Purchase of Goods and Services
19/12/12	206682	Brijlal Photo Services	1,499.00	13020230201080640 Food Security Program	Being purchase of Fujifilm camera.	SEG 5 – Purchase of Goods and Services
20/12/12	206744	Rups Investment Limited	874.62	13030130101071099	Being purchase of cooking utensils for AHP Vatuwaqa.	SEG 5 – Purchase of Goods and Services
20/12/12	207951	Office Products Graphic Equipment	2,650.00	13050191821080804 Land Drainage and Flood Protection	Being purchase of multimedia projector with wall mount suspension kit.	SEG 5 – Purchase of Goods and Services
20/12/12	207372	South Pacific Business Systems	586.01	13030130101071099	Being purchase of supply of tonner for Nausori Office.	SEG 5 – Purchase of Goods and Services
21/12/12	207350	Balia Brothers	330.00	13020230201080516 Cocoa Revitalisation Program	Being purchase of curtain materials for PAO (N) office.	SEG 5 – Purchase of Goods and Services
21/12/12	206914	Xpress Office Supplies Ltd	17,525.00	13050191821080804 Land Drainage and Flood Protection	Being purchase of writing tables and workstations for accounts section.	SEG 9 – Capital Purchase
21/12/12	207351	Digicel	21,000.00	13020230201080608 Agriculture Extension Services	Being purchase of Digi Modern for Extension HQ.	SEG 9- Capital Purchase
21/12/12	207369	Rup Investment Ltd	691.45	13020230201080619 Export Promotion Program	Being purchase of utensils/curtains for Sigatoka Research Station.	SEG 5 – Purchase of Goods and Services
23/12/12	207075	Professional Stationery	390.00	130202302010180619 Export Promotion Program	Being purchase of 2HP 35A cartridges for office printer	SEG 5 – Purchase of Goods and Services
23/12/12	207180	Office Product Graphic Equipment Ltd	4,190.00	13020230201080611 Vanilla Research	Being purchase of two laptops for official use. John.W.Cox	SEG 9 – Capital Purchase
23/12/12	207190	Studio 6	297.00	13020230201080516	Accommodation for	SEG 3 – Travel

Date	Cheque Number	Supplier	Amount (\$)	Allocation	Description	Correct Allocation
		Apartments		Cocoa Revitalisation Program	A/AO and PAO (N).	and Accommodation
23/12/12	207491	Tropic Towers	1,511.64	13020230201080640 Food Security Program 13020230201080619 Export Promotion Program 13020230201080701 Sigatoka Valley Development	Payment for accommodation provided to the officers attending official duties at extension division HQ.	SEG 3 – Travel and Accommodation
24/12/12	207214	Auto Care Fiji Ltd	4,425.00	13010230949070499	Being purchase of workstations for information section.	SEG 5 – Purchase of Goods and Services
24/12/12	207232	Office 2000 Ltd	33,525.00	13050191821080804 Land Drainage and Flood Protection	Being purchase of 3 toshiba e-studio photocopying machine of HQ.	SEG 9 – Capital Purchase
24/12/12	207233	Office Products	2,000.00	13020230201080619 Export Promotion Program	Being purchase of one dell laptop computer.	SEG 5 – Purchase of Goods and Services
27/12/12	207939	Hemants Auto Repair	2,850.00	13020230201080640 Food Security Program	Being payment for services rendered and general bodywork on GN978.	SEG 4 – Maintenance and Operations
27/12/12	207334	Munaf Motor Parts	351.30	13030230201080643 Apiculture	Being payment for the supply of parts for vehicle GM507.	SEG 4 – Maintenance and Operations
27/12/12	207336	Professional Stationery Services	779.00	13050191821080804 Land Drainage and Flood Protection	Being payment for the purchase of whiteboard, white board trolley required at LWRM HQ Conference Room and Directors Office.	SEG 5 – Purchase of Goods and Services
28/12/12	207401	Nivis Motor and Machinery	920.29	13030230201080621 BTEC	Being payment for the general servicing of vehicle GN321.	SEG 4 – Maintenance and Operations
28/12/12	207403	Office Products Graphic Equipment Ltd	4,000.00	13050191821080804 Land Drainage and Flood Protection	Purchase of two desktop optiplex 9010 DT computer. LWRM Central.	SEG 9 – Capital Purchase
28/12/12	207404	Prouds Fiji Limited	999.00	13050191821030401	Purchase of Sony Bravia 32 inch TV.	SEG 5 – Purchase of Goods and Services
29/12/12	207669	Office Product & Graphic Equipment	2,000.00	13020230201080516 Cocoa Revitalisation Program	Being purchase of desktop computer for central office.	SEG 5 – Purchase of Goods and Services
29/12/12	207684	Office Product & Graphic Equipment	1,056.00	13050191821080804 Land Drainage and Flood Protection	Being purchase of Laser Jet Printer (2).	SEG 5 – Purchase of Goods and Services

Date	Cheque Number	Supplier	Amount (\$)	Allocation	Description	Correct Allocation
29/12/12	207696	Total Fiji Limited	15,964.65	13030230201080699 Livestock Rehabilitation Program	Payment for fuel (vehicles) for the month of November.	SEG 4 – Maintenance and Operations
29/12/12	207750	City Motor Services Ltd	3,500.00	13030230201080699 Livestock Rehabilitation Program	Being payment for repair of vehicle GM616.	SEG 4 – Maintenance and Operations
29/12/12	207932	Dahia Shoes	540.00	13050191821080804 Land Drainage and Flood Protection	Purchase of safety boots for LWRM.	SEG 5 – Purchase of Goods and Services
29/12/12	207941	Janta Tek	589.01	13050191812080804 Land Drainage and Flood Protection	Being payment for the purchase of HP 21/22 cartridge, tonner for fax machine, tonner for photocopier machine and tonner for brother printer.	SEG 5 – Purchase of Goods and Services
30/12/12	207890	Auto Care Fiji Ltd	1,450.00	13050191821080804 Land Drainage and Flood Protection	Being purchase of 10 low back executive chairs required at LWRM HQ conference room.	SEG 5 – Purchase of Goods and Services
30/12/12	207897	Handymans Colour Shop	1,409.72	13050191821080804 Land Drainage and Flood Protection	Being purchase of bodyworks parts for vehicle GM100.	SEG 4 – Maintenance and Operations
30/12/12	207908	Office Products	700.00	13020230201080636 Nadarivatu Development Program	Being purchase of 2 filing cabinets. For Nadarivatu office.	SEG 5 – Purchase of Goods and Services
30/12/12	207908	Office Products Graph	14,990.88	13010230999070499	Being purchase of office equipment's (chairs, white board, projector, binding machine).	SEG 5 – Purchase of Goods and Services
31/12/12	208005	Abacus Graphics Ltd	13,995.01	13050191821080804 Seg 8 – Land Drainage and Flood Protection	Procurement of one sharp digital MXM4353N photocopier for LWRM HQ.	SEG 9 – Capital Purchase
31/12/12	208013	Audio visual Electronics	370.00	13020230201080516 Cocoa Revitalisation Program	Procurement of Digital Camera, case and card.	SEG 9 – Capital Purchase
31/12/12	208014	Auto Care Fiji Ltd	6,985.30	1300192812080804 Land Drainage and Flood Protection	Procurement of 1 work station and low back executive chair. LWRM.	SEG 9 – Capital Purchase
31/12/12	208170	Total Fiji Limited	6,527.40	13020230201080619 Export Promotion Program	Being purchase of 3,000 litres of fuel for PAO (N).	SEG 4 – Maintenance and Operations
31/12/12	208171	Vinod Patel Ltd	1,290.02	13020230201080691 Export Promotion Program	Being purchase of high back chair for PAO (N) office.	SEG 5 – Purchase of Goods and Services
31/12/12	208172	Vinod Patel	17,575.90	1330230201080699 Livestock	Being purchase of material for quarters at	SEG 5 – Purchase of

Date	Cheque Number	Supplier	Amount (\$)	Allocation	Description	Correct Allocation
				Rehabilitation Program	SRS.	Goods and Services
31/12/12	208196	Asco Motors	715.40	13020230201080608	Being repair of vehicle GN765.	SEG 4 – Maintenance and Operations
31/12/12	208200	Bondwell Computers Ltd	1,043.00	13020230201080640	Being purchase of Hard Drive Verbatim Portable 500 GB USB (7).	SEG 5 – Purchase of Goods and Services
31/12/12	208120 – 208157	Various	16,247.68	13050191821080804	Being payment of overtime claims.	SEG 1 – Established Staff
31/12/12	208161	Carpenters Motors	2,103.97	13020230201080611	Being purchase of tyres for FO644, GN776, and GN794 for PAO (N) office.	SEG 4 – Maintenance and Operations
31/12/12	208263	Safeway Marine Limited	50,750.00	13020230201080608 Agriculture Extension Services 13020230201080619 Export Promotion Program	Being purchase of new fibre glass boat for Labasa with cabin light, search light and safety kits.	SEG 9 – Capital Purchase

Appendix 25.4: Pending Accident Cases with MOF and SG's Office

Accident Date	Vehicle Registration	Summary of accident	Cost involved in repair (\$)	Tribunal's Comment	Remarks
19/05/10	GN834	Accident happened in Bau Tikina off Nausori after dropping SAO Lomaiviti in Korovou. It was in later hours and vehicle was over speeding.	24,094.32	Tribunal recommends to surcharge the driver and SAO (Lomaiviti).	Report submitted to MOF on 13/09/11 by SG, however, MOF is yet to inform the Ministry of the recommendation by the SG. Last follow up was done on 04/03/13.
20/01/11	GN779	The vehicle was travelling at 80km/hr when a horse suddenly crossed the road and collides with the vehicle. The accident happened at Maui Bay Resort – Coral Coast.	33,000.00	Tribunal recommends to fully surcharge the driver.	The file is still in MOF surcharge unit. Last follow up was done on 29/08/12.
21/01/11	GN364	Details of the accident were not provided.	9,762.00	Driver should be surcharged for the total cost of repair	Case forwarded to MOF for activation of surcharge actions.
09/02/11	GN433	The vehicle tumbled on the side of the drain in Nasau.	12,231.40	Tribunal recommended to fully surcharge the Roko for the total cost of repair. The report has been also forwarded to I Taukei Affairs.	The case is still with MOF surcharge unit and they are to recover the cost.
08/04/11	GN782	The driver was drowsy/tired at the time, resulting in driving off the road and crash to the drain.	5,075.00	Tribunal recommended to fully surcharge the driver.	The case is still pending at SG's Office. Last follow up on 16/04/12.
25/10/11	GN812	The driver lost control of the vehicle while approaching the slope at Ganuku.	47,000.00	Tribunal recommended to surcharge the driver and authorising officer.	Case forwarded to MOF for activation of surcharges actions.
29/11/11	GN782	To save its vehicle from other oncoming vehicle resulting in vehicle climbing over the kerb and stopped about 6 meters ahead.	15,691.00	The case has been forwarded to SG's office for legal opinion.	Police report still pending.

Appendix 25.5: Vehicles Parked In Garages Requiring Repairs And Boarding

Vehicle Registration	Station	Remarks
GM794	Koronivia	Garaged – requiring general body work
GM476	Koronivia	Garaged – requiring engine overhaul
GM618	Lautoka	Garaged – Awaiting funds for repair work
GM554	Tailevu	Garaged – requiring repair works
GN164	Tailevu	Garaged – awaiting fuel pump
GN542	Tailevu	Garaged – requiring repair works
GM501	Naitasiri	New request to be submitted to HQ
GM502	Naitasiri	Garaged – requiring repair works
GL486	Nausori	Garaged – awaiting body work
GK929	Navua	Garaged – awaiting accident tribunal decision
GI260	Navua	Garaged – requiring repair works
GM469	Savusavu	Garaged – requiring repair works
GL850	Savusavu	Garaged – requiring repair works
GM468	Savusavu	Garaged – immobile
GL854	Savusavu	Garaged – not fit for repair boarded
GM976	Nabouwalu	Garaged – need to be boarded
GL847	Nabouwalu	Garaged – need to be boarded
GL845	Nabouwalu	Garaged – needs urgent repair works
GL104	Labasa	Garaged – vehicle to be boarded
GL369	Labasa	Garaged – need repair work
GL139	Labasa	Garaged – need repair work
GL105	Labasa	Garaged – Vehicle to be boarded
GL142	Dreketi	Garaged – beyond repair
GL159	Dreketi	Garaged – requiring repair work
GO851	Dreketi	Garaged – requiring repair work
GJ957	Kubota	Garaged – requiring repair work
GM541	Rakiraki	Garaged – requiring repair work after accident
GL126	Luvuluvu	Garaged – to be written off
GK953	Labasa	Garaged – requiring repair work after accident
GL252	Labasa	Garaged – requiring repair work
GN544	Dreketi	Garaged – requiring repair work
GN841	Dreketi	Garaged – after the accident
GK311	Koronivia	Garaged – to be boarded
GK494	Koronivia	Garaged – waiting for parts for repair work
GK605	Koronivia	Garaged – requiring repair work
GK948	Koronivia	Garaged – to be boarded
GL097	Koronivia	Garaged – requiring repair work
GL103	Koronivia	Garaged – requiring repair work
GM509	Koronivia	Garaged – requiring repair work
GL154	Legalega	Garaged – requiring repair work
GL924	Seaqaqa	Garaged – after accident
GK461	Seaqaqa	Garaged – requiring repair work
GK562	Seaqaqa	Garaged – requiring repair work
GL144	Seaqaqa	Garaged – requiring repair work
GL120	Seaqaqa	Garaged – requiring repair work

Vehicle Registration	Station	Remarks
GO258	Seaqaqa	Garaged – requiring repair work
GI963	Seaqaqa	Garaged – requiring repair work
GM257	Seaqaqa	Garaged – requiring repair work
GN526	Seaqaqa	Garaged – requiring repair work

Section 26**Ministry of Fisheries and Forests****Role and Responsibility**

The Ministry of Fisheries and Forests is responsible for the formulation of Policies that promote best practices (equating conservation and utilization) that will ensure a prosperous and enhanced Fisheries and Forestry sectors.

The Ministry will drive this through coordination, consultation and in partnership with resource owners/custodians, communities, private sector, government agencies, nongovernmental organizations, regional and international agencies.

In doing so, the Ministry will ensure an enabling environment conducive to private sector investment and growth, community participation, creating job opportunities which would therefore increase Fisheries and Forests Sector contribution to the National GDP.

The Ministry is mindful of emerging issues such as carbon trading, forest and tuna certifications and the potential growth within the two sectors, is committed to ensuring that the organization structure is appropriate and there is ongoing capacity building to accommodate the changes and efficiently support the expected growth in the two resource based sectors.

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PART A: FINANCIAL STATEMENT

26.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Fisheries and Forests resulted in the issue of a qualified audit report. The qualifications were as follow:

- Included in the Balance Sheet of the Trading and Manufacturing Account (TMA) is Surplus Capital Retained of \$153,501, Accumulated Surplus (\$35,919) and Deposits and Deductions of \$6,153. The Ministry did not provide appropriate audit evidences to support the balances.
- There is an un-reconciled difference of \$12,050 between the General Ledger (FMIS) and TMA bank reconciliation.
- Included in the TMA Trading Account is Closing Stock of Finished Goods of \$5,294 which did not reconcile with Finished Goods of \$8,758 shown in the TMA Balance Sheet. The accuracy and completeness of Closing Stock of Finished Goods could not be ascertained as the Ministry's valuation certificates for finished goods and stock did not reconcile as at 31 December 2012.
- Included in the TMA Trading Account is the Opening Stock of Finished Goods of \$10,370, which did not reconcile with the closing stock of Finished Goods as at 31/12/12.
- Net Loss of \$106,553 as reflected in the TMA Profit and Loss Statement was not reported in the TMA Balance Sheet. As a result, the accuracy of Total Equity of \$117,582 as shown in the TMA Balance Sheet as at 31/12/12 could not be ascertained.
- The closing balance of the Trust Account Statement of Receipts and Payment of \$56,439 did not reconcile to the General Ledger (FMIS) resulting in an un-reconciled difference amounting to \$529,009.

26.2 Statement of Receipts and Expenditure

The Ministry of Fisheries and Forests collected revenue totalling \$1,933,582 and incurred expenditure totalling \$15,011,173 in 2012. Details are shown in Table 26.1.

Table 26.1: Statement of Receipts and Expenditure

Description	2012 (\$)	2011 (\$)
Receipts		
Native timber measurement	869,943	823,110
Vessel registration	13,181	8,055
Management fees	351,973	170,435
License fishing	336,770	293,950
Sale of fish and ice	236,189	236,773
Miscellaneous revenue	125,526	60,236
TOTAL RECEIPTS	1,933,582	1,592,559
Expenditure		
Established staff	4,934,719	4,408,950
Government wage earners	1,469,374	1,251,027
Travel & communication	353,444	241,740
Maintenance & operations	1,994,188	1,441,663
Purchase of goods & services	745,113	620,360
Operating grants & transfers	398,107	534,942
Special expenditures	722,893	221,183
Total Operating Expenditure	10,617,838	8,719,865
Capital construction	3,341,018	2,838,324
Total Capital Expenditure	3,341,018	2,838,324
Value added tax	1,052,317	786,130
TOTAL EXPENDITURE	15,011,173	12,344,319

Revenue collected increased by \$341,023 or 21% in 2012 due to the increase in revenue generated from native timber products, management fees and through miscellaneous revenue collections. Total expenditure increased by \$2,666,854 or 22% mainly due to the following:

- Increase in established staff cost as a result of the 3% pay increase for established employees and the filling of vacant positions.
- Increase in maintenance and operations cost.
- Increase in special expenditure from fisheries stakeholders' consultations, 3rd ACP Ministerial Meeting on Fisheries and the UNFF workshops.
- Increase in capital construction expenses by \$502,694 due to new projects such as Fisheries & Forests commodity development, reducing emissions from deforestation & forest degradation, research & development of wood & non wood species and ecosystem rehabilitation.

26.3 Appropriation Statement

The Ministry incurred expenditure totalling \$15,011,173 against the revised budget of \$15,662,780 resulting in savings of \$651,607. Details of expenditure against the budget estimates are provided in Table 26.2 below.

Table 26.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	5,376,850	(170,400)	5,206,450	4,934,719	271,731
2	Government wage earner	1,217,410	-	1,217,410	1,469,374	(251,964)
3	Travel and communications	377,069	30,681	407,750	353,444	54,306
4	Maintenance & operations	2,039,316	140,714	2,180,030	1,994,188	185,842
5	Purchase of goods & services	785,990	29,226	815,216	745,113	70,103

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating grants & transfers	469,400	(50,000)	419,400	398,107	21,293
7	Special expenditures	620,000	122,498	742,498	722,893	19,605
	Total Operating Expenditure	10,886,035	102,719	10,988,754	10,617,838	370,916
8	Capital construction	4,436,000	(883,832)	3,552,168	3,341,018	211,150
9	Capital purchases	312,493	(312,493)	-	-	-
10	Capital grants & transfers	-	-	-	-	-
	Total Capital Expenditure	4,748,493	(1,196,325)	3,552,168	3,341,018	211,150
13	Value added tax	1,285,900	(164,042)	1,121,858	1,052,317	69,541
	TOTAL EXPENDITURE	16,920,428	(1,257,648)	15,662,780	15,011,173	651,607

26.4 Trading and Manufacturing Account

Various issues related to the audit of the Trading and Manufacturing Account are discussed under sections 26.3 to 26.4.

Table 26.3: Manufacturing Account

Description	2012 (\$)	2011 (\$)
Opening raw material	24,810	21,452
Add: Purchases	-	14,176
	24,810	35,628
Less: Closing raw material	16,900	24,810
Raw material used	7,910	10,818
Add: Direct labour	119,483	107,736
Cost of manufacturing goods transferred to trading account	127,393	118,554

Table 26.4: Trading Account

Description	2012 (\$)	2011 (\$)
Sales	89,408	90,295
Opening stock of finished goods	10,370	7,542
Add: Cost of manufactured goods	127,393	118,554
	137,763	126,096
Less: Closing stock of finished goods	5,294	8,758
Cost of finished goods sold	132,469	117,338
Gross (Loss)	(43,061)	(27,043)

Table 26.5: Profit & Loss Statement

Description	2012 (\$)	2011 (\$)
Gross (Loss) transferred from Trading Account	(43,061)	(27,043)
Total Income	(43,061)	(27,043)
Maintenance & operation	60,526	108,402
Special fees and charges	22	109
VAT	2,944	10,640
Total Expenses	63,492	119,151
Net (Loss)	(106,553)	(146,194)

Table 26.6: Balance Sheet

Description	2012 (\$)	2011 (\$)
TMA surplus capital retained to CFA	153,501	112,882
TMA accumulated surplus	(35,919)	49,880
Total Equity	117,582	162,762
Cash	80,711	139,812
Raw materials	16,900	24,810
Accounts receivable	5,060	5,060
Finished goods	8,758	8,758
Total Assets	111,429	178,440
VAT payable	-	15,678
Deposits and deduction	(6,153)	-
Total Liabilities	(6,153)	15,678
Total Net Assets	117,582	162,762

26.5 Trust Fund Accounts

Various issues related to the audit of the Main Trust Fund are discussed on section 26.10.

Table 26.7: Department of Fisheries – 1/3 Subsidy Scheme

Description	2012 (\$)	2011 (\$)
1/3 Subsidy contribution	90,613	418,840
Total Receipts	90,613	418,840
Retention money	103,526	390,421
Total Payments	103,526	390,421
Deficit/Surplus	(12,913)	28,419
Opening balance at 1 January	69,352	40,933
Closing balance as at 31 December	56,439	69,352

26.6 Statement of Losses

There was no loss of money recorded in 2012. The Ministry of Finance approved for disposal or write-off the following items, in accordance with the Procurement Regulation 2012 (Clause 52):

Table 26.8: Loss of Fixed Assets

Location	Description	2012 (\$)	2011 (\$)
Headquarters	Equipment	-	144,250
	Stores	-	87,737
Department of Forests	Equipment	65,157	104,200
Department of Fisheries	Equipment	77,430	77,430
Total		142,587	413,617

PART B: AUDIT FINDINGS

26.7 Anomalies in the Trading and Manufacturing Account (TMA)

Each agency operating a trading and manufacturing activity must prepare:

- (a) Quarterly profit and loss statement; and
- (b) A balance sheet on an annual basis.

The profit and loss statement and the balance sheet must be prepared on an accrual basis.¹

The annual profit and loss statements and balance sheet for each current financial year just ended must be prepared and submitted to the Auditor-General in a form suitable for audit and inclusion in the agency's annual report.²

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the accounts supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.³ Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁴ The ledger reconciliation statement shall be forwarded to the Accounting Head. The Accounting Head must ensure that:

- i. all balances are accurate and adequately supported;
- ii. any misallocations or outstanding balances from the previous month have been dealt with.⁵

All procurement of goods and services shall be prepared in accordance with the appropriate provisions in the Procurement Regulations 2010.⁶

A review of the TMA accounts and related records revealed the following anomalies:

- Included in the TMA Balance Sheet for Commercial Undertaking are TMA Accumulated Surplus of (\$35,919) and TMA Surplus of \$153,500. The Ministry did not maintain adequate accounting records to provide sufficient and appropriate audit evidence to substantiate the balances reflected in the TMA Balance Sheet. As a result, audit was unable to ascertain the correctness of these amounts.
- Analysis of *Account 4-32000-00000-863201 - VAT from Provision of Goods & Services* revealed that a sum of \$17,730 posted to the general ledger (FMIS) was made by the Ministry of Finance. There was no detail/supporting document provided to the Ministry to substantiate the entries in the general ledger (FMIS).
- According to the TMA Profit and Loss Statement, a net profit was recorded for the year ended 31/12/12. However, this did not correspond with a net loss reported in the TMA Balance Sheet. Refer Table 26.9 for details.

¹ Finance Instructions 2010 – Section 30 (1)

² Finance Instructions 2010 – Section 30 (3)

³ Ministry's Finance Manual 2011 – Section 16.3.3

⁴ Ministry's Finance Manual 2011 – Section 16.3.4

⁵ Ministry's Finance Manual 2011 – Section 16.3.6

⁶ Finance Instructions 2010 – Section 12

Table 26.9: Variance in Net Profit/ (Loss)

Particulars	Amount (\$)
Net Profit balance as per balance sheet	153,501
Net Loss as per profit and loss account	(106,553)
Variance	260,054

- Included in the TMA Manufacturing Account is the direct labour of \$119,483. However, audit noted a variance of \$7,250 between the general ledger balance and the wages details of individual officers involved in TMA operations as recorded in the weekly timesheets.
- Receipts/revenue totalling \$8,218 was not taken into account in the general ledger (FMIS). As a result, sales revenue reported in the TMA – Trading account was understated by \$8,218.
- VAT on TMA revenue has been recorded under Fund 1 (SLG 86) instead of Fund 4.
- Accounts Receivable had a debit balance of \$5,060. This balance had been carried forward from 2011. However, a variance of \$15,781 was noted between the general ledger and debtors' record manually maintained by the Ministry. Discussion with the responsible officer revealed that the debtors' records have not been maintained up to date. Refer Table 26.10 for details.

Table 26.10: Account Receivable's variance between GL and Ministry's Record

Particulars	Amount (\$)
Accounts receivable as per general ledger (FMIS)	5,060
Accounts receivable as per Ministry's record	20,841
Variance	15,781

- Expenditures relating to direct material were recorded under TMA operations such as Maintenance & Operations. Refer Table 26.11 for examples:

Table 26.11: Direct Material Cost Charged to Maintenance & Operations Allocation

Date	Cheque No.	Description	Amount (\$)
03/07/12	5706	Payment for the purchase of ply boards to be used by workshop section for projects	1,173.70
05/11/12	5794	Payment for the mahogany logs	11,551.16
23/11/12	5806	Payments for dowels for TITC	2,130.00
12/12/12	5824	Payment for the purchase of ply boards for workshops section at TUD	1,153.00
27/12/12	5847	Payment for the purchase of workshop items for TUD	610.00

As a result of the anomalies noted above, audit was not able to substantiate the accuracy and completeness of the TMA for the year ended 31/12/12.

Recommendations

- **Monthly reconciliation process should be strengthened to mitigate the various issues highlighted above.**
- **Errors and discrepancies identified during the reconciliation process should be corrected promptly, and in consultation with the Ministry of Finance where necessary.**

- Proper books of account should be maintained and provided for audit when requested to substantiate accounts and balances reported in the Trading and Manufacturing Accounts.
- The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Ministry’s Comments

- The Ministry notes the TMA Balance Sheet Accumulated Surplus of (\$35,919.08) and TMA Accumulated Surplus of \$153,500.52 balances and will enquire further with FMIS and Asset Management Unit as these postings were uploaded from their end. This is to ascertain the sources of these balances and make necessary adjustments if necessary.
- The Ministry confirms that the Opening Stock of Finished Goods for 2011 was \$10,370 and closing stock of Finished Goods was \$8,758. On the audit query, we have all the necessary documents in our 2011 Stock Report to ascertain these figures.

26.8 Irregularities in TMA Bank Reconciliations

All bank accounts must be reconciled monthly and the bank reconciliation shall list all outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁷

Stale cheques (those which are at least 6 months old) must be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, action should be taken to clear it.⁸

The following anomalies were noted from the review of the TMA cash at bank records:

- There was an un-reconciled variance of \$12,050 between the general ledger (FMIS) and Ministry’s TMA bank reconciliation statement. Accordingly, the accuracy and completeness of the TMA cash at bank account balance could not be ascertained. Refer Table 26.12 for details.

Table 26.12: Variance in Cash at Bank Balance

General Ledger Balance (\$)	Ministry’s Bank Reconciliation (\$)	Variance (\$)
80,871.36	68,821.30	12,050.06

- Receipts according to the cashbook totalled \$111,037, however, this did not reconcile to receipts deposited with the bank for the year. Refer Table 26.13 for details.

Table 26.13: Lodgement not credited

Particulars	Amount (\$)
Total receipts as per cash book for the year	111,036.95
Total deposits as per bank statement for the year	106,982.49
Variance	4,054.46

⁷ Finance Instructions 2010 – Section 32 (6)

⁸ Finance Instructions 2010 – Section 33 (3)

- The TMA bank reconciliation for December 2012 had lodgements not yet credited of \$25,199, from previous years. The correctness of the balance could not be substantiated due lack of supporting documents. Refer Table 26.14 for details.

Table 26.14: Lodgement not credited for Previous Years

Date	Particulars	Amount (\$)
Not Stated	Deposit not in BS	737.90
14/08/09	Nasinu – CFA	225.83
07/09/09	Nasinu	1,071.75
27/11/09	Nasinu	1,044.65
10/12/09	Nasinu – bank error – CFA	937.70
05/02/10	Lodged into CFA	50.00
05/05/10	CFA	2,358.74
02/07/10	RR 46104/110	2,807.60
23/07/10	RR 837224/3573	108.00
04/08/10	RR 46466/168	889.60
20/09/10	RR 838572/574	90.00
01/12/10	RR 595194	10.00
Not Stated	RR 398265/269	278.39
18/07/11	RR 199032	4,802.00
08/12/11	RR 199034	120.00
28/11/11	RR 470613/614	348.80
Not Stated	Receipts in GL not in Bank Statement	9,318.94
TOTAL		25,199.90

- Various other discrepancies noted from the monthly TMA bank reconciliation statements are detailed on Table 26.15.

Table 26.15: Discrepancies noted in Monthly Reconciliations

Monthly Reconciliation	Remarks
January 2012	<ul style="list-style-type: none"> • Opening balance did not reconcile with the closing balance of 2011, a variance of \$1,787 was noted. • A balance referred to as "Carryover unjustified difference" of \$17,540 could not be substantiated.
February 2012	<ul style="list-style-type: none"> • Receipts and payments reflected in the reconciliation statement did not reconcile with the actual receipts and payments for the month, variances noted of \$434 and \$2,826 respectively. • A balance referred to as "Carryover unjustified difference" of \$12,988 could not be substantiated.
March 2012	<ul style="list-style-type: none"> • A balance referred to as "Carryover unjustified difference" of \$5,736 could not be substantiated.
April 2012	<ul style="list-style-type: none"> • Revenue stated in the reconciliation did not reconcile with the actual receipts for the month, variance of \$319 was noted.
May 2012	<ul style="list-style-type: none"> • The revenue stated in the reconciliation for the month did not reconcile with the actual receipts for the month, variance of \$520 was noted.
June 2012	<ul style="list-style-type: none"> • Opening balance did not reconcile with the closing balance for the month of May, variance of \$2,745 was noted. • Revenue stated in the reconciliation statement did not reconcile with the actual receipts for the month. A difference of \$544.50 was noted.

Explanations to the above discrepancies were not provided during the audit. As a result, audit was not able to substantiate the accuracy of cash at bank balance as at 31/12/12 as reported in the Trading and Manufacturing Account.

Failure to carry out proper bank reconciliations increases the risk of misappropriation, mismanagement and fraud, which may not be detected. It also indicates lack of independent checks and verifications by the Principal Accounts Officer to ensure the correctness of the reconciliation statements prior to certification.

Recommendations

- **As cash management is a high risk area, it is crucial that the Ministry strengthens its monthly bank reconciliation process to mitigate various anomalies noted above.**
- **The Ministry should ensure that all errors noted in the bank reconciliation statements are investigated and adjusted accordingly, where necessary.**
- **The responsibility of carrying out bank reconciliations should be given to senior officers having adequate knowledge of the bank reconciliation process.**
- **The Ministry should provide appropriate training to Accounts Officers involved in carrying out account reconciliations.**
- **The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

- *The Ministry admits this difference of \$12,050.06 in its records. The same eventuated due mainly to staff turnover i.e. changing of hands carrying out this reconciliation and could be traced back to early 2012, as incorrect GL figures were reflected as brought forward figures from previous periods and accumulated to this variance. The Ministry undertakes to recheck on previous periods' reconciliation to identify any variances and subsequently make necessary adjustments to rectify any variances.*
- *The variance of \$4,054.46 will be addressed as we take steps to recheck the whole of 2012 reconciliation to ascertain the discrepancy in order to make necessary adjustments.*

26.9 Poor Financial Performances of TMAs

TMAs were created to facilitate, on a semi-commercial basis, for the provision of goods and services that are needed to other government Departments and also to the private sector when possible. However, it is required that the TMA should break even to ensure that all costs incurred in its operations are recouped.⁹

Overall, the financial performances of TMAs have been poor as evidenced by the significant net losses recorded for the past three years. Refer Table 26.16 for details.

Table 26.16: TMA Performance over the Last Three Years of Operations

Year	Net Profit/(Loss) (\$)
2012	(106,552)
2011	(146,195)
2010	(53,691)

⁹ Finance Circular 37 of 26 November 1984

While the target of achieving profit was far below par, the Ministry should look into avenues of improving the financial performances of TMAs, to at least break-even.

Recommendations

- **The Ministry should review operations of TMAs and develop strategies to improve the financial performances.**
- **Adequate financial management practices should be put in place to facilitate the semi-commercial nature of TMAs.**
- **Proper books of account should be maintained for all TMAs and provided for audit when requested.**

Ministry’s Comments

The Ministry notes the findings on the significant net losses incurred by the TMA Operations for the past three years. In relation to the reviews and recommendations propose by the auditors, the Ministry will now re-strategize and review the TMA Business Plan and devise a way forward to bring its operations back to a state of viability. Some of the measures that could be considered are:

- *Review of fee (increase) the price of Finished Goods or wooden products to gain optimum profits. This is to be done in line with current policies in place.*
- *Take stringent measures to reduce or decrease its expenditures and may also consider reducing the number of casuals so long that it does not cripple its operations and to streamline its operations.*
- *The Ministry in conjunction with Asset Management Unit, Ministry of Finance will undertake regular trainings to up-skill the TMA operators on the ground for proper documentations, stocktaking skills in order to improve its systems and processes.*

26.10 Anomalies in the Main Trust Fund - Fisheries 1/3 Subsidy Scheme

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.¹⁰

All procurement of goods and services shall be prepared in accordance with the appropriate provisions in the Procurement Regulations 2010.¹¹

The review of records for the Fisheries Main Trust Fund Account revealed the following anomalies:

- Monthly trust fund reconciliations were not carried out during the year.
- The accuracy and completeness of cash at bank as at 31/12/12 could not be ascertained. There was an un-reconciled difference of \$529,009 in the cash at bank balance as recorded in the General Ledger (FMIS) and the bank reconciliation. Refer Table 26.17 for details.

Table 26.17: Variance between the GL and Bank Reconciliation

Particulars	Amount (\$)
Ministry's Bank Reconciliation	56,439.98
General Ledger (FMIS)	(472,568.54)
Variance	529,008.52

¹⁰ Finance instructions 2010 – section 58 (3)

¹¹ finance instructions 2010 – section 12

- An overdrawn bank balance of \$25,966 was still being reflected in Head 30 under *Account 9-30B01-78068-520301*. The Ministry did not regularize this balance into Head 32.
- A mis-posting of \$15,310 was made to *Account 9-32000-00000-860101* in 2011. The Ministry has not rectified the mis-posting.
- The Ministry has not rectified mis-posting of \$6,489 under *Account 9-32000-00000-863201*. VAT on operating revenue was posted under the allocation instead of operating trust account.

The above anomalies imply ineffective controls and lack of supervisory checks in the operation and administration of the Main Trust Fund Account.

Recommendations

- **The Ministry should ensure that Trust Fund Account’s monthly reconciliations are carried out properly and accurately.**
- **Accounts Officers should be proactive in resolving un-reconciled balances between the Ministry’s reconciliation statements and the general ledger (FMIS).**
- **The Ministry should ensure that all errors and discrepancies are corrected promptly. The Ministry should seek Ministry of Finance’s assistance where necessary.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry’s Comments

The monthly reconciliations were actually carried out but there were some policy changes that Westpac Bank adopted in them ceasing the transmission of the manual bank statements by post for quite sometime as they had opted for internet banking and this was not communicated to the Ministry via Treasury, Finance. This has now been addressed and the reconciliations were carried out.

On the issue of the variance of \$529,008.52, the FMIS had changed the GL allocations cost-centre for True Trust Account and the balances of the new allocations were updated by FMIS way back in 2008 which did not correctly reflect the true balances of the Ministry’s trust account. The initial discussions and understanding was that FMIS were to regularize these GL balances, but there seems nothing had eventuated. The Ministry will now follow up on the progress of this issue.

26.11 Variance in Drawings Account Balance – Operating Account

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹² The *Accounting Head* must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month’s bank reconciliation before certifying it.¹³

The audit noted an unreconciled variance of \$19,745 between the reconciliation statement and the general ledger (FMIS). Refer Table 26.18 for details.

¹² Finance Instructions 2010 – Section 32 (6)

¹³ Ministry’s Finance Manual 2011 – Section 7.4.11

Table 26.18: Variance in Drawings Account Balance

Ministry's reconciliation statement (\$)	General Ledger (FMIS) (\$)	Variance (\$)
663,850.79	644,105.50	19,745.29

According to records provided for audit, the variance resulted from void cheques totalling \$18,568, stale cheques totalling \$437 and bank adjustments of \$740. However, audit was unable to substantiate all the balance for void cheques and bank adjustment as relevant supporting documents were not provided.

The un-reconciled variances imply ineffective reconciliation process and lack of supervisory controls in the Accounts Section.

Recommendations

- **Monthly reconciliation process should be strengthened to mitigate the various issues highlighted above.**
- **Accounts Officers should be proactive in resolving un-reconciled balances between the Ministry's reconciliation statements and the general ledger (FMIS).**
- **The Ministry should ensure that errors and discrepancies identified during the reconciliation process are corrected promptly. The Ministry should also seek the Ministry of Finance assistance where necessary.**

Ministry's Comments

The Ministry notes the issues of concern raised on the variance of \$19,745.29 in the Drawings Account. In view of this, the 2012 reconciliations will be thoroughly rechecked to identify the discrepancies and necessary adjustments will be made to rectify them. The Ministry will undertake to effectively carry out all reconciliation activities and system checks are continuously employed to ensure that the variance is reduced ultimately.

26.12 Revolving Fund Account (Miscellaneous)

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the *accounts supervisor* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.¹⁴ Any errors or misallocations must be immediately adjusted by way of journal vouchers.¹⁵ The ledger reconciliation statement shall be forwarded to the *Accounting Head*.

The *Accounting Head* must ensure that:

- all balances are accurate and adequately supported; and
- any misallocations or outstanding balances from the previous month have been dealt with.¹⁶

The Ministry's Revolving Fund Account-Miscellaneous (RFA-Miscellaneous) comprise accounts receivables (*SAG 560000*), prepayments and clearing accounts (*SAG 570000*), accounts payable (*SLG 840000 & SLG 850000*).

The audit noted the following anomalies from the review of the RFA – Miscellaneous records:

¹⁴ Ministry's Finance Manual 2011 – Section 16.3.3

¹⁵ Ministry's Finance Manual 2011 – Section 16.3.4

¹⁶ Ministry's Finance Manual 2011 – Section 16.3.6

- Variances were noted between the Ministry’s reconciliation statement and the balance reflected in the general ledger (FMIS) as at 31/12/12. Refer to Table 26.19 for details.

Table 26.19: Variance in RFA Miscellaneous Account Balance

Allocation	Description	General Ledger (FMIS) (\$)	Ministry’s Balance (\$)	Variance (\$)
1-32101-32999-570101	AP Prepaid Expenses	-	684.00	(684.00)
1-32201-77101-560102	AR Companies	624,846.14	625,537.65	(691.51)
1-32201-77101-570301	Advances	-	(691.51)	691.51
1-32101-32999-570301	Advances	(6,311.70)	15,125.69	(21,437.39)
1-32201-77101-560301	AP Employees Advance	-	572.91	(572.91)
1-32201-77101-570302	Dishonoured Cheques	-	2,685.90	(2,685.90)
1-32101-32999-840602	Withholding Tax Payable	(945.01)	-	(945.01)
1-32301-78999-850202	Observer Levy Fee	(109,565.21)	-	(109,565.21)
1-32301-78999-850203	GL Deferred Income	(3,478.26)	-	(3,478.26)

- There were no reconciliations prepared for Withholding Tax Payable & Accrued Expense and Deferred Income allocations, which had credit balances of \$945 and \$113.04 respectively, as at 31/12/12.
- Two accounts that belong to the Ministry are still under Head 30 and have not been regularized since 2010. Refer Table 26.20 below for details.

Table 26.20: RFA Reflected Under Old Head (Appropriation)

Allocation	Description	GL(FMIS) Balance (\$)
1-30901-30999-570301	Advances	20,036.27
1-30901-30999-840602	Withholding Tax Payable	(8,637.79)

- The opening balance of the reconciliation statement for the month of February for AR Companies (1-32201-77101-560102) and Advance (1-32201-77101-570301) did not reconcile with the closing balance as at 31/12/12. Refer Table 26.21 for details.

Table 26.21: Variance in Opening and Closing Balances

Account ID	Closing Balance (\$)	Opening Balance (\$)	Variance (\$)
1-32201-77101-560102	19,380.60	5,701.43	13,679.17
1-32201-77101-570301	(691.51)	0.00	(691.51)

The above anomalies imply ineffective controls in the monthly reconciliation process and lack of supervisory checks on the reconciliation statements by senior officers in the Accounts Section.

Recommendations

- **The Ministry should investigate and rectify the variances noted between its reconciliation statements and the general ledger (FMIS).**
- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately. All advances are retired within seven days of completion of travel.**

- Necessary salary recovery measures should be instigated against those officers failing to retire the advance within seven days of returning to the station.
- The Ministry should ensure that all the relevant supporting documents for all RFA accounts are kept and produced for audit scrutiny.
- The Ministry should liaise with the Ministry of Finance to regularize the two accounts incorrectly classified under Head 30.
- The internal control procedures in the Accounts Section, especially supervisory checks need to be strengthened in order to avoid such discrepancies.

Ministry's Comments

The Ministry notes the auditors' findings and comments. The anomalies highlighted in the tables will be given due consideration to address and rectify all outstanding issues, however the Ministry is still faced with challenges pertaining to the late retirement of accountable advances by its personnel. Stringent measures will be taken to recover advances within the stipulated time and steps will be taken to address the issues of concern.

26.13 Operating Trust Fund Account

The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.¹⁷

The audit noted from the review of the Operating Trust Fund Account that a number of balances carried forward from the previous year remained un-cleared as at 31/12/12. Refer Table 26.22 below for examples.

Table 26.22: Previous Year Balance Remained Un-cleared

Account	Balance (\$)
1-32201-77101-861100	(3,011.25)
1-32201-77101-861206	(132.61)
1-32201-77101-861207	(53.89)
1-32201-77101-861209	(57.84)
1-32201-77101-861402	(3,131.44)
1-32201-77101-861404	(108.52)
1-32201-77101-861521	(40.00)
1-32201-77101-861532	(2,013.02)
1-32201-77999-861599	(75.00)
1-32201-77101-861602	(85.00)
1-32201-77101-861699	(20.30)
1-32201-77101-861899	(43.51)
1-32201-77101-861914	(734.24)
1-32201-77101-861915	(539.59)
1-32201-77101-861999	(175.60)

The above anomaly implies ineffective controls in the monthly reconciliation process and lack of supervisory checks on the reconciliation statements by senior officers in the Accounts Section.

Recommendations

- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately.**
- **Accounts Officers should be proactive in resolving un-reconciled or un-cleared balances carried forward from previous years which are still being reflected in both the reconciliation statements and the general ledger (FMIS).**

Ministry's Comments

The Ministry notes the contents of Table 26.22 and will review all balances contained in these accounts to substantiate their sources and intended purposes to which they were to be disbursed. While the Ministry is faced with the challenge of unsubstantiated balances brought forward from previous years, corrective actions will be made to verify them and necessary adjustments will be effected.

26.14 Unexplained Account Balances

The Accounting Head is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁸

The audit noted various account balances from the review of the general ledger (FMIS), which the Ministry could not explain. The balances reflected under each account have been carried forward from previous years. Refer Table 26.23 below for details.

Table 26.23: Unexplained Account Balances

Account Type	Account Description	2012 (\$)	2011 (\$)
1-32101-32999-910101	App Surplus & Deficit – Prior Years	(10,519,045.69)	(10,519,045.69)
1-32201-77999-910101	App Surplus & Deficit – Prior Years	107,600.10	66,981.43
1-32301-78999-910101	App Surplus & Deficit – Prior Years	466,893.58	466,893.58
1-32101-32999-910102	App Surplus & Deficit – Current Year	530,194.51	530,194.51
1-32201-77999-910102	App Surplus & Deficit – Current Year	227,716.83	227,716.83
Total		(9,186,640.67)	(9,227,259.34)
4-32251-77999-269977	Dept of Forests	(93,567.28)	(150,768.76)
9-32301-78068-910102	Project Development Fund	(86,339.67)	(86,339.67)

The Ministry of Finance explained that the balances are the net reflection of the balance sheet items under the Ministry. However, this could not be substantiated.

In the absence of proper records/explanations, it is difficult to authenticate the accuracy of the balances appearing under the above allocations in the general ledger (FMIS).

Recommendations

- **The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during the audit.**
- **The Ministry should seek clarifications from the Ministry of Finance on allocations under its Appropriation Head that it cannot explain neither have records to substantiate the balances.**

Ministry's Comments

The Ministry notes the concerns detailed in Table 26.23. The allocations highlighted will be delved into to substantiate the purposes of these allocations and will be brought to the attention of FMIS and Asset Management Unit of the Ministry of Finance for their clarification to shed more light on this.

26.15 Over-Expenditure

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorization of the Ministry of Finance, pending approval by Cabinet.¹⁹

Our review of the expenditure records revealed that a number of expenditure allocations were overspent as at 31/12/12. Refer to **Appendix 26.1** for details.

Incurring expenditures in excess of the budgetary allocation indicates poor financial management practices.

Recommendations

- **The Ministry should ensure proper planning and monitoring of expenditures to avoid or minimize spending outside the budgetary allocations.**
- **Expenditures should be reviewed against the budget allocation on a monthly basis to avoid over-expenditures.**

Ministry's Comments

The Ministry notes the concerns highlighted in regard to over-spending as detailed in Appendix 26.1. While the issue has always been a concern for the Ministry, all efforts have been taken to address the issue but this is something beyond our control as it is more of a technical aspect to it in terms of the Chart of Accounts setup in the FMIS system and the budget loading from FMIS. While the Ministry may have incurred overspending on some of its allocations in some of its Activities, no overspending can be experienced as the FMIS system limits this, however the Minister will take proactive measures to ensure that proper adjustments are taken to regularize our accounts,

26.16 Failure to regularize budget allocations

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorization of the Ministry of Finance, pending approval by Cabinet.²⁰

The Accounting Head is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.²¹

From a review of expenditures charged under *SEG 1 – Established Staff (Account 010303)*, audit noted that allowances paid for acting appointments were charged to allocations that did not have any budgetary provisions. The Ministry failed to regularize the expenditure allocations through virements at year end. Refer Table 26.24 for details.

¹⁹ Finance Instructions 2010 – Section 7

²⁰ Finance Instructions 2010 – Section 7

²¹ Ministry's Finance Manual 2011 – Part 16 Ledger Account – Introductory paragraph

Table 26.24: Failure to Regularize Expenditure Allocations

Account	Description	Revised Budget (\$)	Actual Expenditure (\$)
1-32101-32101-010303	Acting Allowance	-	-0.33
1-32102-32999-010303	Acting Allowance	-	906.13
1-32201-77101-010303	Acting Allowance	-	-0.19
1-32202-91011-010303	Acting Allowance	-	4,111.13
1-32204-91011-010303	Acting Allowance	-	23,386.65
1-32205-91071-010303	Acting Allowance	-	12,227.55
1-32207-91021-010303	Acting Allowance	-	7,568.67
1-32207-92011-010303	Acting Allowance	-	5,949.19
1-32207-93011-010303	Acting Allowance	-	6,614.41
1-32208-91011-010303	Acting Allowance	-	15,476.29
1-32301-78999-010303	Acting Allowance	-	0.11
1-32303-91011-010303	Acting Allowance	-	10,941.73
1-32304-91011-010303	Acting Allowance	-	26,197.31
1-32305-91011-010303	Acting Allowance	-	0.36
1-32305-92011-010303	Acting Allowance	-	3,315.72
1-32306-91011-010303	Acting Allowance	-	1,474.93
Total			118,169.66

In addition, a significant number of expenditures were posted to the wrong allocation in the general ledger (FMIS) which the Ministry did not rectify at year end. In addition, the allocations did not have any budgetary provisions for the year. Refer to [Appendix 26.2](#) for examples.

As a result, expenditure reported in the financial statements for the year ended 31/12/12 may not be fairly stated.

Recommendation

The Ministry should ensure that the expenditures are posted to the correct allocations in the general ledger (FMIS). Where necessary and with proper approval, the Ministry should consider virements of funds from allocations where savings have been recorded to regularize the expenditures.

Ministry's Comments

The auditor's comments are noted on this issue. The Accounts Section was faced with challenges given the deadlines of activities during the 2012 Closing of Accounts due mainly to staff turnovers. The retirement of former PAO from 01/01/2013, the absence of three (3) experienced officers, SAO and two AAOs who were on full time study leave had a negative impact in the service delivery and of the Accounts Section as a whole. The Ministry admits that the same was a case of oversight on its part in view of the above staff turnover.

The Ministry had forwarded its Virement applications to the Ministry of Finance on 15/12/12 to regularize all allocations and overspent allocations, but was declined citing that we had surpassed the due date of 11/11/12 for Virements. We had attempted to seek the Ministry of Finances' assistance to process our application to ensure that our accounts were in order but this proved futile.

In view of the above explanation, we undertake that proactive steps will now be taken to address this issue to ensure that allocations are in order as per requirements of the current rules and regulations.

26.17 Overpayments of salary on retirements/resignations – \$13,341

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.²² Where it becomes necessary to hold, cease or reverse an employee's salary, the *Head of Salaries* must immediately advise the Ministry of Finance in writing.²³

The audit noted that officers that have left the service due to retirement or resignation were continued to be remunerated after the retirement/resignation dates resulting in overpayments of salaries. Refer to the following examples:

- Imitiaz Shah (EDP No. 41839) retired from the service with effect from 26/11/12 but continued to be paid salaries until 16/07/13 resulting in an overpayment of \$10,357.
- Silina Natiko (EDP No. 91387) resigned from the service with effect from 13/02/12 but continued to be paid salaries until 13/03/12 resulting in an overpayment of \$1,214.
- Kalaveti Vodo (EDP No. 61411) resigned from the service with effect from 20/02/12 but continued to be paid salaries until 10/03/12 resulting in an overpayment of \$696.
- Ulaisa Veitata (EDP No. 91605) resigned from the service with effect from 10/09/12 but continued to be paid salaries until 22/09/12 resulting in an overpayment of \$556.
- Luke Delai Vueta (EDP No. 62015) resigned from the service with effect from 20/01/12 but continued to be paid salaries until 28/01/12 resulting in an overpayment of \$518.

The overpayments of salaries resulted from the failure of the Ministry to submit salary change advices on time to the Ministry of Finance. In addition, ineffective payroll reconciliation process also contributed to the overpayments of salaries.

Recommendations

- **As recoveries of overpayments of salary are usually difficult when employees leave the service, the Principal Accounts Officer should be more vigilant in checking salary reconciliations to ensure that salary payments to those that have retired or resigned are ceased at the earliest.**
- **The Ministry can address the delay in submitting salary change advice by effectively communicating and coordinating matters affecting payroll in a timely manner between the Administration/Stations and the Accounts Sections.**
- **Where an overpayment is substantial, legal proceedings is an avenue that can be considered if other arrangements for recovery are not possible.**
- **The salary reconciliation process should be strengthened to minimize or avoid irregularities in the payments of salaries and wages and also assist in early detection of irregularities for immediate action.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

22 Finance Instruction 2010 – Section 17(1)

23 Ministry of Fisheries Finance Manual 2011 – Section 3.7.1

Ministry's Comments

The issues raised are noted with grave concern and the Ministry is working on improvements to internal processes and internal communication in the Corporate Services Division to avoid instances of overpayments to its retirees and resigning employees. Another factor is that salary/wages input dates do not coincide with the time or dates of the correspondences effecting retirement/resignation resulting in overpayment.

The case of Mohammed I. Shah (\$10,357.28) who retired on 26/11/12 was an oversight in the forwarding a copy of the retirement letter to the Salaries Clerk, given that this was also during peak period, Closing of Accounts activities. The Ministry has now taken steps to recover the amount from the retiree and has explored all legal avenues available through the Solicitor General's Office.

26.18 Overpayment of salary to Josua Wakolo – \$4,689

The duration of contract of re-engagement shall be up to 22/11/2012 from the date of this Contract of Re-engagement, and shall be subject to the renewal at the absolute discretion of Government. The Officer shall be informed one month before the expiry of his/her Contract whether it is further extended or otherwise.²⁴

In a letter dated 04/12/12, the Public Service Commission informed the Ministry of its decision, with the concurrence of the Acting Prime Minister, not to approve the re-engagement of Principal Forestry Officer Josua Wakolo. The Ministry was also advised to advertise the relevant post.

Principal Forestry Officer Josua Wakolo's (EDP No. 41186) contract of re-engagement ended with effect from 22/11/12. The audit noted that the Ministry continued to pay his salary until 29/12/12 resulting in an overpayment of \$4,689.

The overpayment resulted mainly from the Ministry's inaction which caused the delay in seeking prior approval from the PSC on possible extension of re-engagement contract.

Recommendations

- **Salary overpayment of \$4,689 should be recovered from Mr. Josua Wakolo. And if recovery is not possible, the Ministry should investigate the cause of the overpayment and take appropriate actions.**
- **The Principal Accounts Officer should be more vigilant in checking salary reconciliations to ensure that salary payments to those that have retired or resigned are ceased as and when they leave the Ministry.**

Ministry's Comments

The issue is noted as the Ministry was awaiting PSC approval on his re-engagement seeing as all of the Fisheries re-engagements were approved by PSC. Unfortunately the request for re-engagement was not approved hence this overpayment. At the time Mr Wakolo, who was managing the Permanent Sample Plots project, was heavily relied on to ensure the completion of the PSP project work plan before the end of the year.

26.19 Overpayment of salary to Semisi Matawalu – \$4,445

The re-engagement of Forestry Technical Officer Semisi Matawalu was approved by the Public Service Commission, with the concurrence of the Prime Minister, for the period 01/01/11 to 01/03/11.

²⁴ Josua Wakolo's Contract of Re-engagement – Clause 3
Ministry of Fisheries and Forests

Audit noted that Forestry Technical Officer Semisi Matawalu was overpaid arrears of salary for the period of his re-engagement. On Pay 04/2011, the officer was paid a salary of \$7,031 which included arrears of salary of \$6,427. From the review and recalculation performed during the audit, the officer should only be paid a salary of \$2,586 (arrears of salary plus current fortnights pay) instead of \$7,031 therefore was overpaid \$4,445.

In addition, the Ministry also failed to recover rent arrears of \$1,505 upon the expiration of the officer's re-engagement contract.

The absence of adequate supervisory checks on payroll resulted in the overpayment.

Recommendations

- **The Ministry should recover the overpayments of \$4,445 and rent arrears of \$1,505 from Mr. Semisi Matawalu.**
- **The Principal Accounts Officer should be more vigilant in checking salary reconciliations and ensuring that salary payments to those that have retired or resigned are correctly paid before they leave the service.**

Ministry's Comments

The issue is acknowledged and we have discovered that this was an input error from Salaries Section, Finance and our failure to recheck the edit report for Pay 04/2011 to be able to detect this error. The case will now be referred to Solicitor General's Office advice as to what means are available for the Ministry to take to recover the overpayment.

26.20 Superannuation contributions in FNPF suspense account

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.²⁵

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

The Ministry, on a monthly basis, pay superannuation contributions for its staff to the FNPF. Audit noted that superannuation contributions for some staff have been recorded as undistributed funds in the Suspense Account of the FNPF. The contributions could not be transferred to individual accounts because information provided by the Ministry varies from the records kept with the FNPF. Refer to **Appendix 26.3** for details.

The Principal Accounts Officer explained that the Ministry is in the process of reconciling its records before liaising with the FNPF to clarify and resolve the issue.

Lack of communication and coordination between the Human Resources, Accounts Section of the Ministry and the FNPF on the registration of officers for superannuation contributions is also a contributing factor.

Recommendations

- It is recommended that the Ministry take immediate action in resolving the differences of information in its payroll records and the records of its staff kept by the FNPF.
- The Ministry should ensure that an effective and efficient communication process is in place within the Human Resources and Accounts/Payroll Section for immediate and prompt action to address such matters.
- A reconciliation statement should be completed at the end of each month to ensure that all entries made to the control account agree with the final monthly total.

Ministry's Comments

The Ministry notes the concerns highlighted on the issue of superannuation contributions in the FNPF suspense account. The exercise of locating former employees and gathering important personal information has been carried out and the information transmitted to FNPF. We will now follow up to check that our records have been updated.

26.21 Review of Fiji Pine Trust

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.²⁶

Administering agencies must review each grant scheme each year to determine whether it is achieving its specified outcomes as efficiently and effectively as possible and, where it is not, must take action necessary to improve its efficiency and effectiveness.²⁷

The Ministry disbursed operating grant of \$262,205 to the Fiji Pine Trust in 2012. The funds were paid in four instalments as shown in Table 26.25.

Table 26.25: Grant Paid to Fiji Pine Trust

Date	Cheque No.	Description	Amount (\$)
12/03/12	047913	Payment of 1 st Quarter Grant application as per acquittal	61,144.00
23/05/12	049544	Payment of 2 nd Quarter Grant to Fiji Pine Trust as per acquittal	87,442.00
16/07/12	051035	Payment of 3 rd Quarter grant to Fiji Pine Trust as per acquittal	78,943.00
25/10/12	053583	Payment of 4 th Quarter Grant as per acquittal	34,676.03

The planned activities to be undertaken in 2012 by the Fiji Pine Trust are shown in Table 26.26.

Table 26.26: Planned Activities for 2012

Activity	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Nursery (number of plant)	134,000	70,000	70,000	135,000	409,000
Planting (Hectare)	30.5	22.0	22.0	26.0	100.5
Pruning (ha)	0	0	15.0	0	15.0
Roads (km)	0	35.0	35.0	22.0	92.0
Utilization (m3)	165.5	45.0	45.0	43.0	298.5

26 Ministry of Fisheries Finance Manual 2011 – Part 2: Expenditure – Introductory paragraph

27 Finance Instruction 2010 – Section 16 (6)

The Planning and Monitoring Unit failed to provide documentary evidence to confirm that the Ministry carried out a review to determine whether the Fiji Pine Trust achieved its specified objectives in an effective and efficient manner.

Without proper documentation to evidence the monitoring of the operation of the Trust, there is potential risk that activities achieved may not commensurate with the grants disbursed to the Trust.

Recommendation

The Ministry should ensure that the proper records are maintained in relation to the monitoring of Fiji Pine Trust planned activities for a given period. Results should be analyzed to determine the release of grant monies in future.

Ministry’s Comments

Since 2010 the Forestry Department has been holding discussions with Fiji Pine Trust with regards to improving accountability and increasing the proportion of funds used in operation and decreasing the proportion of funds used for administration activities. This has resulted in the review of the agreement that the Forestry Department has with Fiji Pine Trust which are signed annually.

The new arrangement is a tighter monitoring and control system in which all Fiji Pine Trust funds are controlled from the Ministry’s Accounts Section which are only released once all acquittals and evidence have been submitted by FPT on a quarterly basis, this is different to the arrangement we had before in which FPT has more controls on the utilization of its own funds.

Further, the Forestry Department will need to increase its monitoring system and also have to carry out a different review in which the functions of the Fiji Pine Trust will have to be reviewed in light of its function and the objective it was supposed to achieve.

26.22 Land lease/rental payment to the Department of Lands

All lease documents and records shall be properly kept. A lease register shall be maintained to record all particulars of the lease arrangement.²⁸

The Ministry made a payment of \$66,426²⁹ to the Department of Lands for land leases/rental and compensation for Forest Reserves. Review of the land lease records revealed the following anomalies:

- No land lease register is maintained.
- Land area leases listing was not updated, which could be a contributing factor for the variances noted below. According to the Ministry’s record, the last update was on 22/05/08.
- There was a variance of 83.87 hectares in land area noted between the Ministry’s lease listing and payment schedule from the Department of Lands. Both documents were provided by the Department of Lands. Refer to Table 26.27 for details.

Table 26.27: Variance between Forestry Lease Listing and the Payment Schedule

Particulars	Land Area (Hectares)
Forestry Lease	13,742.70

28 Ministry of Fisheries Finance Manual 2011 – Section 10.3.4

29 Cheque No. 48003 – 06/03/12

Particulars	Land Area (Hectares)
Payment Schedule	13,658.83
Variance	83.87

- Variances were noted between the Ministry's records and that of the Department of Lands concerning the land area listing. Refer to Table 26.28 for examples.

Table 26.28: Variances in Land Area Listing

Land Type	Ministry's Record (Hectares)	Department of Lands Records (Hectares)
Wainiveiota Lomanikoro	-	2.23
Nakavu Forest Reserve	-	300.95
Vunimaqo Forestry Station	-	2.03

- The Conservator of Forests explained that all land titles are maintained by the Department of Lands. However, the Department of Lands could not confirm from its records some land leases stated in the Payment Schedule Listings prepared by the Ministry. Refer to Table 26.29 for examples.

Table 26.29: Payment Schedule Listings that could not be confirmed

Lease Name	Mataqali	LD Ref	NLTB Ref	Area (HA)
Maranisaqa I	Naduruvatu	15/3/37	4/3/1768	48.16
Wainiveiota II	Tuirara	15/3/41	-	15.36
	Naulukarowa	15/3/41	-	124.24
Buretolu	Beakasaisai	-	-	-
	Nakorsogici	-	-	1,197.37
Lololo	Tunuloa/Nasolo	15/3/174	14/12/3975	3.1
Savura	Nasomosomo	-	-	8.9
	Dauninavurevure	-	-	94.39
	Naulukarowa	-	-	113.55
	Nawavatu	-	-	92.27
	Naisaqavaki	-	-	73.65
	Rokotarotaro	-	-	11.33
Taveuni	Valelevu	-	2/17/1499	253.00
	Valelevu	-	-	310.00
	Lekutu	-	-	157.00
	Valelevu	-	-	980.00
	Cakaudrove	-	-	73.00
	Lawaki	-	-	49.00
	Vusaratu	-	-	421.00
	Vuanisaqiwa	-	-	5,611.00
	Saumaira	-	-	243.00
	Vusaratu	-	-	322.00
	Naituku	-	-	545.00
	Vidawa	-	-	132.00
	Qali	-	-	267.00
	Matakuro	-	-	717.00

The above findings imply inadequate controls over the custody of documents and inconsistencies in records relating to land leases.

Recommendations

- **It is recommended that the Ministry liaise with the Department of Lands to resolve the inconsistencies in records/documents regarding land leases.**
- **The Ministry should ensure that records are regularly updated to correspond to records maintained with the Department of Lands.**

Ministry’s Comments

The Ministry welcomes the recommendations highlighted regarding the proper records of all Land Lease accounts with various Mataqali Units. The matter will now be addressed with the Lands Department through the Office of Conservator of Forests and the Forestry Management Services Division in Colo-i-Suva, to substantiate and extract the details of all leases, address any variances and update our records accordingly.

26.23 Naduruloulou Research Station

According to the Department of Fisheries Annual Business Plan for 2012, the development of aquaculture is important to strengthen food security and import substitution. The Naduruloulou Research Station plays a key role in freshwater aquaculture of Fiji. Its main functions, amongst others, include:

- implement research on tilapia genetics, selective breeding and to maintain brood stock;
- implement research on various fresh water species as problems are identified;
- adapt and develop new breeding, nursery and rearing techniques to local conditions;
- supply tilapia seed for subsistence/semi commercial farmers; and
- produce freshwater prawn post larvae.³⁰

From a site visit³¹ to the Naduruloulou Research Station, audit noted that 16 of the 52 ponds/tanks that were used for the reproduction of tilapia fish and freshwater prawns are not in operation and have been left idle. The station officer explained that ponds were damaged from floods in previous years and have not been repaired or maintained. Refer below for illustrations.



In 2012, the Ministry distributed to farmers’ tilapia fish and prawns i as shown in Table 26.30.

30 Extracted from the NRS quarterly report – Section 3.2.1 - Functions

31 Date of site visit – 25/07/13

Table 26.30: Distribution of Tilapia Fish and Prawn in 2012³²

Item	Farmers	Ponds	Distribution
Tilapia Fingerlings	225	285	944,650
Prawn	90	109	555,950

Audit noted that the Ministry does not have a structured information database to consolidate and capture information on the assistance provided to farmers, location of farms, documents references to confirm delivery of assistance and project progress/monitoring reports, if required. In addition, from the records provided, it could not be established when the farmers were initially assisted under the freshwater aquaculture assistance scheme and the number of years the assistance have been provided.

Failure to carry out the timely repairs and maintenance to the damaged ponds may affect the operation of the Naduruloulou Research Station and an impediment to the Ministry achieving its objective of strengthening food security through its aquaculture development initiatives.

Furthermore, having an up to date database of information on the progress of farmers that have benefited from the assistance will assist in making sound and informed decisions on assistance schemes provided by the Ministry and whether the schemes are in progress to achieve their objectives.

Recommendations

- **Unless already determined that the ponds are no longer viable, the Ministry should consider repairing and maintaining the unused/damaged ponds to ensure the resources are fully utilized to meet the Ministry's set targets and objectives.**
- **It is recommended that the Ministry establish a database to consolidate and capture information on all assistance provided to farmers to assist in reviewing the effectiveness of the schemes and improving relevant policies and guidelines where necessary.**

Ministry's Comments

For paragraph 3, 8.13, please note that our annual average Tilapia production is estimated to be around 180 – 200 metric tonnes. This is calculated from the survival rate and weight at maturity for the number of tilapia fry's that is distributed annually. Same goes for the prawn. The figures stated in this paragraph (20 tonnes tilapia and 20 tonnes prawn) are the bench mark figures.

The 16 ponds not in operations were damaged due to flooding during cyclone Evan in December 2012. As a result, the ponds became heavily silted and the bunds, including the sides of the ponds became damaged due to erosion. During the site visit by the audit team on 25/07/13, OIC Naduruloulou Mr. Sam Mario duly explained the team that he was in the process to seeking quotations from excavating companies on repairs to the damaged ponds. Most of the repairs are planned to be completed by the end of the year.

On the issue of having an information database, we currently use excel to compile information on farmers and seedling supply. However, we are working with SPC to assist us in the setting up of a database for aquaculture where all necessary information related to aquaculture activities will be stored together with the capacity building of current staff to improve their IT skills as most of them are technical staff. We have already compiled an inventory report of fish farmers from all the divisions.

The recommendations suggested by the Audit Team are duly noted for further actions.

26.24 Issue of permits from Commissioners Office

Notwithstanding anything contained in the Rivers and Streams Act, it shall be an offence for any person to take fish on any reef or on any kai (cockle) or other shellfish bed in any area in respect of which the rights of any mataqali or other division or subdivision of the Fijian people have been registered by the Native Fisheries Commission in the Register of Native Customary Fishing Rights unless he shall be a member of such mataqali, division or subdivision of the Fijian people who does not require a licence under section 5 to take such fish or shall first have obtained a permit to do so from the Commissioner of the Division in which such area is situated.³³

The grant of a permit shall be in the discretion of such Commissioner who shall consult the Fisheries Officer and the subdivision of the Fijian people whose fishing rights may be affected thereby, prior to granting the same.³⁴ For the purpose of avoiding doubt, it is hereby declared that a license under regulation 3 does not permit the holder to take fish on any reef or on any kai (cockle) or other shellfish bed in any area in respect of which the rights of any mataqali or other division or subdivision of the Fijian people have been registered by the Native Fisheries Commission in the Register of Native Customary Fishing Rights, unless he shall have first obtained a permit to do so under section 13 of the Act from the Commissioner of the Division in which such area is situated. The holder of any such permit shall produce it to the licensing officer at the time of application for a licence under regulation 3 in order that the particulars thereon may be included in the application and recorded on the licence.³⁵

Our review of the fishing licence records revealed that 5,331 fishing permits were issued by the Ministry of Rural and Maritime Development (Commissioners Office) in 2012. Out of this, 3,049 permit holders were issued with fishing license by the Ministry in 2012. Refer to Table 26.31 for details.

Table 26.31: Number of Licence Issued by Ministry versus Number of Permits Issued by Ministry of Rural and Maritime Development

Divisions	Number of licence issued by Ministry of Fisheries and Forests	Number of permits issued by Ministry of Rural and Maritime Development
Central	511	619
Eastern	191	460
Western	746	1,070
Northern	1,601	3,182
Total	3,049	5,331

The audit noted that there was no coordination between the Divisional officers' of the Ministry of Rural and Maritime Development and the Department of Fisheries on the issuing of permits. The Ministry is not consulted by the respective Divisional Commissioners Office while issuing permits. In addition, there are no data/details on permit holders submitted by the Divisional Commissioners Office to the Ministry for record and monitoring purposes.

If the current system and processes in place are not continuously reviewed and strengthened taking into account issues encountered in monitoring of illegal fishing, the general objectives of the Ministry may not be possible to achieve.

33 Laws of Fiji – Chapter 158 – Section 13 (1)

34 Laws of Fiji – Chapter 158 – Section 13 (2)

35 Licences and Registration – Part 2 – Section 4 (1)

Recommendations

- **The Ministry should continuously liaise with Commissioner’s Office to ensure that adequate controls are in place for the number of permits and licenses issued. Both agencies should work in conjunction on the issuing of fishing permits.**
- **The Ministry should obtain data and details on the number of fishing permits issued by the Ministry of Rural and Maritime Development during the year for monitoring and decision making purposes.**

Ministry’s Comments

A) *Persons who require a permit to take resources from any customary fishing ground.*

(i) *A person who is not a member of the mataqali unit within the Customary Fishing right area with the intention to fish in the customary fishing ground.*

(ii) *Any person including members of the mataqali unit (within the customary fishing right area) and those who are not members of the mataqali unit who intend to take aquatic resources from the customary fishing ground for the purpose of business or income generating activity.*

In (i) persons or permit holders issued by Divisional Commissioners upon given consents by Resource Custodians to fish in a particular NCFRA and upon such consents certified by respective Roko Tui’s are given the ‘permission’ to access the customary fishing grounds and take the aquatic resources for subsistence purposes. In this occasion, permit holders do not require a fishing license from the Fisheries department.

B) *Consultations between Commissioners Office and Fisheries Department.*

(i) *Commissioners issue permit to applicant for the right to access customary fishing ground areas after the verification process of I Qoliqoli boundaries and I Qoliqoli owners consent is given by the Provincial office.*

Consultations between the two (2) agencies is essential when cases of interest such as issuance of permits to persons applying to dive for sea cucumbers using Underwater Breathing Apparatus (UBA) for the purpose of community development.

Prior to the issuance of a fishing permit to dive for aquatic resources, the Ministry is being consulted and is required to counsel the applicants of the prohibitions to use UBA and are counseled of the effects of using UBA without any training. The Ministry only recommends in writing to the Commissioner’s office ‘free-dive’ applications for processing and issuance of permit.

The Ministry has formulated a ‘Guideline or Checklist for Commissioners’ which is intended to assist in the decisions by Commissioners to issue or decline an application for fishing permit/license.

26.25 Database for fishing licence/permit

Sound decisions require accurate, current and reliable information which depend substantially on the quality of performance information available.

From our review of the records for fishing licence, we noted that the Ministry do not have a structured information database to consolidate and capture information on the inshore fishing licence issued, required number of licence to be issued, details of licence holders, monitoring reports and other information important for decision making purposes. Common findings and recommendations on the permits and licence could be easily evaluated for improving policies and procedures if information are captured and consolidated in a database.

Having up to date information will assist the Ministry in making sound and informed decisions regarding any issues concerning fishing licences/permits.

Recommendation

It is recommended that the Ministry establish a database to consolidate and capture information vital to the decision making process and for improving relevant policies and procedures.

Ministry's Comments

The IT unit was allocated in the 2012 fiscal a capital funding amounting \$312,000 for the upgrading of Information and Communication Technology (ICT) for Fisheries and Forests. This capital fund was redeployed.

A total of \$82,000 was released from the Ministry of Finance to the department in the month September for the upgrade of ICT infrastructure; mainly due to the awarding of tender by the major tender board to successful bidders.

The IT unit then began its upgrading works for the two departments. At present, the ministry is still in the process of upgrading the current ICT infrastructure that will facilitate and fully accommodate the linking of divisional offices to headquarters. The upgrading works will ensure effective dissemination of information through the Wide Area Network, centralizing of databases and consolidation of information.

Additionally, a database has been established for the Northern division whereby officers can input raw data (licensing) which will form as the information to feed the overall ministry database.

The complete linking of outer stations through the current upgrading works, the department is in a better position to establish and centralize databases with the current wide area network setup for consolidation of data. SPC has provided a server to cater for Fisheries Inshore Database together with further hands on support and mentoring by SPC IT Specialist. Meanwhile, we are awaiting 100% connection of outer stations to the Govnet domain (ITC/HQ).

26.26 Incomplete information provided for renewal of fishing licence

One of the criteria for the renewal of the licence requires an applicant to fill in the Fishing Licence Questionnaire information on fishing trips and catches from the previous year. According to the information on the questionnaire, the purpose of gathering the information is to allow the Fisheries Division to determine fishing activity over the whole of Fiji for the purpose of economic planning, deciding priorities for fishing gear development and fish stock assessment.

Review of records revealed that more than 83% (76 application forms tested) of the applicants did not provide information on the number of fishing trips and catches for the previous year. Despite this non-compliance, the Ministry approved and renewed fishing licences for the current period.

Renewing licences despite non-compliance with the assessment criteria may defeat the purpose of the issuing questionnaires for gathering data to assist in economic planning, development and stock assessment.

Recommendation

The Ministry should enforce the provision of information by licence and permit holders for the purpose of economic planning, deciding priorities for fishing gear development and fish stock assessment.

Ministry's Comments

- (i) *The questionnaire will only be filled by existing fishing license holders, who apply for renewal of their fishing license since the information requires the information on fishing trips and catches from the previous year. The year 2012 has seen an increase in the number of applications for an inshore fishing license.*
- (ii) *In addition to the questionnaire, a monthly catch data form is given to licensed fishermen for the recording of catch per fishing trip. The catch data form records the species caught, times and frequency of fishing trips and where the fish species were caught. The department has also formulated a fisherman profile form where essential information about the fisher, its customers and marketing arrangement is recorded to assist the department in profiling the artisanal fishing activities in the divisions.*

Furthermore, the ministry recognizes and concurs with the recommendations of the audit team of the need to decline an application for an inshore fishing license based on the absence of previous years data from the fishers, the Ministry's stand not to renew Licences would be further strengthened for those fishers who do not comply to the condition of Fishing Licence to provide catch production data.

Furthermore, strengthening its monitoring of illegal fishers and fishing activities and with the issuance of licenses the ministry is able to gauge the effort and users of the customary fishing ground.

26.27 Review of licence fee

From the review of the revenue records, the audit noted that the current annual licence fees charged by the Ministry is very low and have not been reviewed for some time. The date of last review of the fees could not be established. Refer to Table 26.32 for details.

Table 26.32: Current Annual Licence Fees

List of Services	Fee Specification	Fee per year (\$)
Inshore Fisheries		
Inshore Fisheries Licence	Registration of Captain	5.28
	Registration of Vessel	1.32
	Registration of Crew	1.32
	Registration of Skiff	1.32
	Registration of Unpowered Vessel	1.32
Sale of Confiscated fish		1.44
Ice Supply	Licensed	0.11
	Unlicensed	0.26
Fisheries Commodity Licence		
Sea Cucumber Licence	Raw	0
	Processed	0
Sea Cucumber Export Permit - Processed		
Crustacean	(moci, kuka, lairo, ugavule, qari, mana, ura ni waidranu, urau	0
Mollusc Licence	(Kai, Kaikoso, Sici, Golea, Yaga, Kukusau, Voce, etc)	0
Gastropod Licence	(kuita, kuita nunu)	0
Recreational Fishing Licence	Shark feeding	0
	Game fishing	0
FAD Fishing Licence	Commercial	0
	Artisanal	0
FAD Construction & Deployment	Offshore	0
	Inshore	0
	RFSC	0

The Divisional Fisheries Officer Eastern revealed that the Ministry is anticipating the review of fishing licence fees under the new inshore fisheries decree. So far, the review of the fee structure has not materialized.

Recommendation

It is recommended that the Ministry continuously liaise with the relevant authorities on the review of the current fees.

Ministry's Comments

The review of fees and charges for the Ministry commenced in 2009, through the collation and consolidation of information already existing to ascertain proposed fees. Fisheries Department is already in consultation with the line Ministry (MOF) on this through submitting the current analysis undertaken and for which we have obtained their comments on further work required. Further work required is on cost and benefit analysis arising from the inclusion of new revenue items and increase in current fees.

This is work currently undertaken before a stakeholder consultation is called to hear the views of the industries and fishing community – people that will be affected.

26.28 Supporting documents for refundable deposits

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.³⁶

The Ministry has 67 FEA meters which include 37 meters for Department of Forestry and 30 meters for the Department of Fisheries. These meters are based at various locations as shown in **Appendix 26.4**.

Over the years, deposits were paid by the Ministry to FEA for all the meters, when required.

The Ministry failed to provide appropriate supporting documents to substantiate deposits made to FEA. Total amount paid to FEA as part of the deposits (refundable deposits) was not disclosed for audit verification. Refer to Table 26.33 for examples of FEA account showing the 'Cash Security Deposit Held' balances.

Table 26.33: Examples of Cash Security Refundable Deposits Held with FEA

Account No.	Cash Security Deposit held (\$)
2627977710	1,512.61
2627419010	864.00
2040800101	40.00
1656880101	1,071.15
1466180101	181.89
1466610101	632.91
2627757510	1,683.00
2627159310	2,239.35
1973890101	2,133.02
1809710101	2,073.18
2624518810	4,850.03

Apart from the above listing, there are a number of other FEA meters having significant amount of refundable deposits.

Lack of appropriate supporting documents for Deposit accounts may result in inaccurate financial reporting. Furthermore, without adequate supporting documents, the Ministry may find it difficult to recover these refundable deposits in the future when the services are no longer needed.

Recommendation

The Ministry should ensure that proper records are kept for all refundable deposits.

Ministry’s Comments

The Ministry notes and welcomes the recommendations highlighted regarding the maintenance of supporting documents for refundable deposits. We will now liaise with the Fiji Electricity Authority to gather all relevant information and documents for all our FEA accounts and will maintain them for record purposes and will update our bills register.

26.29 Increasing telecommunications expenditure

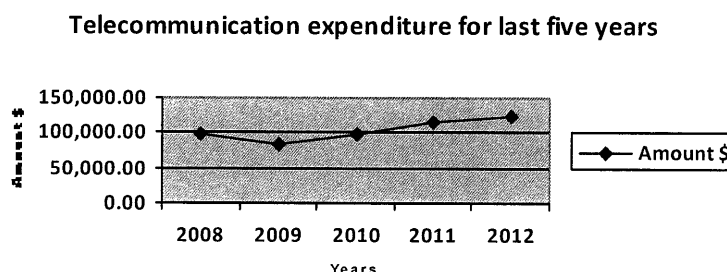
Office telephones should be used for official purposes only. Official calls should be limited, wherever possible, to three minutes duration and should not exceed six minutes duration. Telephones must not be used by Officers for private purposes. The Permanent Secretary or Head of Ministry will have the right to question the authority for any official trunk telephone call, and if he decides that such call to be on private and personal business, then the Officer responsible will be required to meet the cost of the call.³⁷

The Public Service Commission approved the need to modernise Government’s work practices and processes by the provision of Information Computing Technologies (ICT) solutions which is essential for effective service delivery. In addition, Public Service Commission has reviewed the Mobile Phone Policy and the decision for purchase of mobile phones and its usage in Government Agencies is delegated to the Permanent Secretaries and Heads of Ministry’s.³⁸

An analysis of the Ministry’s telecommunication records revealed a continuous increase in telecommunication expenditure over the past few years. Refer to Table 26.34 for the analysis of telephone expenditure of the Ministry for the past five years.

Table 26.34: Telecommunication expenditure over the Five Year Period

Year	Amount (\$)
2008	97,545.17
2009	83,041.35
2010	99,158.20
2011	114,198.29
2012	125,223.04 ³⁹



37 General Orders 2011 – Section 1114 (a), (b) & (c)
 38 Public Service Commission – Circular 60/2012 – Paragraph 4 and 5
 39 This amount does not include bills paid from other SEG’s

In 2012, the Ministry introduced the usage of mobile phones with around 55 mobile phones being distributed to the Ministry's staff at various stations including the senior officers at the Headquarters. The total telecommunication expenditure under SEG 3 increased by \$11,024.75 or 9.7% in 2012 compared to 2011.

However, further analysis of the total bills paid for landline and mobile phones revealed a significant variance between the total telecommunication bills paid by the Ministry and the amounts recorded in the general ledger (FMIS) as telecommunication expenditure under SEG 3. The audit noted that some telecommunication expenses were charged to other SEGs resulting in the understatement.

Refer to Table 26.35 for details of estimated monthly landline and mobile bills for 2012.

Table 26.35: Monthly Bills as per Supporting Document provided during Audit Conduct

Period	Estimated landline bill paid based on documentation provided (VEP) (\$)	Estimated mobile bill paid based on documentation provided (VEP) (\$)	Estimated bills paid based on documentation provided (VEP) (\$)
January	16,573.50		16,573.50
February	13,768.35		13,768.35
March	14,365.63		14,365.63
April	1,016.16		1,016.16
May	25,672.79	237.06	25,909.85
June	14,320.43	5,981.59	20,302.02
July	12,834.52		12,834.52
August	11,692.62	15,443.20	27,135.82
September	18,422.61	1,583.40	20,006.01
October	13,618.47	3,453.90	17,072.37
November	389.34		389.34
December	32,193.97	8,884.05	41,078.02
TOTAL	174,868.39	35,583.20	210,451.59⁴⁰
Actual balance as per GL - FMIS SEG 3 - Telecommunication			125,223.04
Variance			85,228.55

A review of basic internal controls governing the usage of telephones revealed the following:

- The Ministry does not have an internal telephone policy that administers the usage of mobile phones.
- The cost of landline and mobile phones has increased over the years despite the reduction in the cost of communication.
- Telephone bills are not scrutinized and reviewed for personal call charges. There was no evidence to indicate that the Ministry had taken actions to determine whether charges were all work related or recover costs for personal telecommunication charges.
- Limits have not been imposed on the usage of mobile phones.
- Telecommunication expenditure were charged to other accounts such as Landowners Compensation (1 – 32208 – 91011 – 050314) hence telecommunication expenses reflected in the Agency Financial Statements was not be fairly stated. Refer to Table 26.36 for examples:

⁴⁰ This amount may not be all the bills paid by the Ministry in 2012. This amount comprised of those records that were made available during audit conduct

Table 26.36: Telecommunication Expenditure Charged to Landowners Compensation vote (1 – 32208 – 91011 – 050314)

Date	Cheque No.	Particulars	Amount (VEP) (\$)
19/07/12	055229	Payment of telephone bills for Fisheries stations – Telecom Fiji Ltd	2,289.05
15/11/12	055252	Payment of telephone bill – Telecom Fiji Ltd	450.56
19/11/12	055252	Payment of telephone bill – Telecom Fiji Ltd	249.51
22/11/12	055229	Payment of telephone bills for Fisheries stations – Telecom Fiji Ltd	1,579.02
22/11/12	055252	Payment of telephone bills for Fisheries stations – Telecom Fiji Ltd	573.00
22/11/12	055252	Payment of telephone bills for Fisheries stations – Telecom Fiji Ltd	842.77
22/11/12	055252	Payment of telephone bills for Fisheries stations – Telecom Fiji Ltd	517.32
13/12/12	055252	Payment for rental telephone bills for the month of November 2012 – Telecom Fiji Ltd	346.09
13/12/12	055252	Payment of telephone bill – Telecom Fiji Ltd	353.54
27/12/12	055252	Payment of telephone bill – Telecom Fiji Ltd	43.21
27/12/12	055227	Payment of internet rental usage for various stations – Connect Internet Services	2,336.26
28/12/12	055229	Payment of telephone bills for Fisheries stations – Telecom Fiji Ltd	2,769.98

In the absence of an effective telecommunication policy, review of controls and monitoring, the cost of telecommunications will continue to increase. In addition, the risk of abuse increases when controls on usage of telephones are not regularly reviewed for their effectiveness and changed or strengthened according to the outcome of their implementation.

Recommendations

- **The Ministry should strengthen internal controls established to prevent abuse on the use of telephones.**
- **If telephone bills are excessive as a result of personal call charges, the costs should be recovered from the relevant officers.**
- **Telecommunication expenses should be charged to SEG 3 to ensure that the information reflected in the financial statements fairly represents the cost of telecommunication.**

Ministry's Comments

The Ministry notes with concern the issues highlighted in the audit findings on the increasing trend of telecommunication expenses. Communication is a vital working tool given the geographical locations of our stations Fiji wide therefore the Ministry had undertaken to connect all remote stations via the use of flash nets for interior Forestry Stations and also the set up of VT SAT facilities at our maritime stations in order to keep track of all projects in these locations and to improve reporting to heads of Departments. This has been the contributing factor in the increasing telecommunication costs and we will now request for increases in future budgets.

Further to the telecommunication variance of \$85,228.55, the Ministry debits this overspending to the various Fisheries and Forestry project activities. The case of debiting telecom expenditures to the Landowners Compensation allocation was to facilitate the payment of bills on time due to cash-flow constraints and was to be re-adjusted, but this aspect was overlooked. The Ministry will now be vigilant to ensure that this is not repeated.

As per the recommendations highlighted, the Ministry has established an internal telephone policy and will now take steps to reassert these policies to ensure that internal controls are in place to contain telecommunication costs at an acceptable level.

26.30 Expenditure allocations with negative balances (mis-postings)

The Assistant Accounts Officer must not certify a payment as correct unless they are satisfied that sufficient uncommitted funds are available for payment of the account and the expenditure account it is charged to is correct.⁴¹

From the review of the general ledger (FMIS), the audit noted a number of expenditure accounts with negative balances as at 31/12/12. Refer to Table 26.37 for examples:

Table 26.37: Expenditure Allocation Having Negative Balances As at Balance Date

Account Number	Description	Negative balance as at 31/12/12 (\$)
1-32101-32999-030101	Travel	(135.00)
1-32207-91011-030301	Subsistence	(1,388.50)
1-32207-91071-030301	Subsistence	(150.00)
1-32207-92011-030301	Subsistence	(1,778.29)
1-32207-93011-030301	Subsistence	(3,732.89)
1-32201-77999-030302	Accommodation	(6,641.24)
1-32201-91011-040105	Fuel and Oil Vessels	(115.00)
1-32207-91011-040321	R& M Building	(54.78)
1-32207-93011-040361	R&M Vehicle Civil	(2,102.21)
1-32301-78999-040364	R&M Vessels	(168.10)
1-32303-91011-049903	Protective Clothing – Field	(234.15)
1-32202-93011-080699	Mis Research & Development CST	(1,051.12)
1-32206-91011-080699	Mis Research & Development CST	(1,152.41)
1-32201-91021-080705	Sample Plots	(12.40)
1-32207-93011-059199	Miscellaneous Operating Expense	(166.75)
1-32202-91011-080619	Product Development & Utilisation	(45.04)
1-32202-92011-080699	Mis Research & Development CST	(853.96)
1-32301-91011-050499	Training Other	(21.74)
1-32303-91011-050499	Training Other	(262.96)
1-32301-78999-050502	Library Books & Periodicals	(21.74)

The integrity of accounting data in the general ledger (FMIS) is questionable hence increases the risk of incorrect reporting of financial information in the agencies financial reports. Expenditure reported in the financial statement of the Ministry may not be fairly stated if the nature/type of expenditure is not considered while posting the transactions to the general ledger.

Recommendations

- **The Ministry should ensure that expenditure is posted to the correct allocation in the general ledger (FMIS).**
- **The Ministry should ensure that negative balances for expenditure accounts are investigated and adjusted to the correct allocation at year end.**

Ministry's Comments

The Ministry notes the concerns highlighted and will take necessary steps to reduce or eliminate mispostings. The Ministry had forwarded its adjustments for 2012 to FMIS but the same was overlooked, hence the negative balances. We will now be proactive to regularise all negative balances and make appropriate adjustments on time to ensure that records are in order.

26.31 Failure to charge SLG 84 account for Aid in Kind

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁴²

The Ministry shall be responsible for monitoring and reconciling SLG 84 accounts as per the requirements under SLG 84 reporting guide. Monthly reconciliations of SLG 84 account shall be in accordance with the format provided. All SLG 84 monthly reconciliation shall be submitted to the paying agencies/Budget sections/FMIS unit of the Ministry of Finance (whichever applicable) in the prescribed format.

The audit noted that the Ministry did not charge Standard Liability Group (SLG) 84 while incurring expenditure on funds for Aid in Kind. According to the records of the Ministry of Finance, the Ministry received the following Aid in Kind during the year. Refer to Table 26.38 below for details:

Table 26.38: Aid In Kind Received by the Ministry

Aid in Kind Project	Remark
FFA, Honiara, SI – Injected into consolidated account on 15 June	\$68,330 – To buy equipment for Director Fisheries
FFA	\$3,281.00 – DFF Office to attend training in Thailand
Reef Enrichment initiative	FFA Funding – Launch of Campaign in Makogai
Deposited on 13 March from FFA	To fund the FFA Working Group Preparatory Meeting on 19 – 24 March and 25 – 30 March meeting in Guam attended by 3 Officers – \$33,391.60
SPC GIZ Funding – fund was deposited on 01 June	\$56,300 – development of technical parameters for integration of SFM and REDD+

The audit also noted that the Ministry did not maintain proper accounting records for Aid in Kind. In addition, there was no reconciliation of SLG 84 prepared by the Ministry for the year.

As a result, the balance reflected for SLG 84 and operating/ capital expenditure accounts in the general ledger (FMIS) may be incorrect.

Recommendations

- **The Ministry should ensure that utilization of Aid in Kind funding is charged to the SLG 84 and proper books of account are maintained.**
- **The Ministry should ensure that proper reconciliation is prepared and submitted to Ministry of Finance on time.**

Ministry's Comments

The Ministry notes with concern the issues raised and admits that there was some confusion on our part in administering the various aids in cash or kind that were incoming from different donor partners like FFA, SPC and GIZ and the appropriate disbursements of these funds to the above allocation. We now undertake that proper and timely reconciliation will be instituted on this allocation to reflect its true status.

26.32 Outstanding water bills

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁴³

Our review of water bills revealed that the Forest Training Centre had an outstanding water bill of \$22,121 (*Meter No. CS 174, Account No. 000400032910*) which has been carried forward for a long period of time. The Ministry is only paying the current bills on this account hence the outstanding balance remained uncleared.

Discussion with the Clerical Officer – Forestry Training Centre revealed that they have written to Water Authority of Fiji for waiver of the outstanding balance but are yet to receive a reply.

It was also noted that the Ministry had to clear an outstanding bill of \$712.93⁴⁴ for a retired officer while he was stationed in Lakeba, Lau.

At present, the Ministry is not monitoring the payment of bills by staff occupying institutional quarters.

Failure to clear outstanding bills may attract penalties. The risk of failure by the staff occupying institutional quarters to clear their bills is high hence the Ministry is at a risk of bearing the cost of unpaid bills.

Recommendations

- **It is recommended that the Ministry follow up with the Water Authority of Fiji waiving the outstanding bill of \$22,121 for the Forest Training Center.**
- **The Ministry should be vigilant in checking that outstanding bills are settled prior to releasing any final payments to officers leaving the service due to retirement/resignation.**

Ministry's Comments

The issues highlighted are of concern to the Ministry. The initial arrangement on leasing agreements with the then Water and Sewerage Department will have to be revisited and a formal agreement to waive the outstanding bills from previous periods to the now Water Authority of Fiji.

On the issue of bills of individual staff quarters, the Ministry will has put in place internal control systems to govern the Vacation and Occupation activities of all institutional quarters to address this issue and to ensure that these instances are eliminated.

26.33 Overpayment of Expenditure

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditure and corruption do not occur.⁴⁵

43 Ministry of Fisheries – Finance Manual 2011 Part 2: Expenditure – Introductory paragraph

44 Cheque No. 049756 – 30/05/12

45 Ministry of Fisheries Finance Manual 2011 – Part 2 – Introductory paragraph

The Assistant Accounts Officer must check and sign that cash requirement report for all the vouchers or invoice to be paid before the payment clerk prints the cheques, matches and accepts payments in the system.⁴⁶ The Assistant Accounts Officer must not certify a payment as correct unless they are satisfied that:

- i. It is in accordance with the LPO, indent, contract, invoice or other authorization;
- ii. There is documentation that the goods, services or works have been received;
- iii. Sufficient uncommitted funds are available for payment of the contract;
- iv. The accounts is not sufficient and has not been previously paid;
- v. The expenditure it is charged to is correct.⁴⁷

The Ministry failed to comply with its Finance Manual 2011 resulting in the overpayments to some suppliers and other officers. Refer to Table 26.39 for examples.

Table 26.39: Overpayment of Expenditure

Date	Cheque No.	Payee	Description	Amount (\$)	Overpayment Remark
18/06/12	50179	Leighlangi Cakes and Catering	Payment for Catering Services, In House Training – MFF	1,782.80	Catering was for two days at \$800.00 per day. Total payment for two days was \$1,600.00. However, \$1,782.80 was paid resulting in an overpayment of \$182.80.
04/07/12	50683	Daku Resort	Two night accommodation and meal for Fisheries staff attending Senior Managers Meeting	6,580.00	The Ministry was required to pay \$5,186.04. However, \$6,580.00 was paid resulting in an overpayment of \$1,393.96. The initial invoice received from the Resort included 27 people but only 22 people attended the meeting. The Ministry made payment for 27 people totalling \$6,580.
01/12/12	54717	Osea Galoa	Payment of Accountable Advance whilst undertaking Fisheries Assessment in the Tikina Veivatulua, Namosi	3,780.00	Accountable Advance was paid at a rate of \$70 per day for 9 officers by 6 days which amounted to \$3,780. However, the officers were required to be paid with \$30 subsistence and \$27 meal per day totalling \$57 per day. The total amount that should have been paid to the officers amounted to \$3,078 resulting in overpayment of \$702.
24/01/12	46806	Lau Shipping Co. Ltd	Payment of 50% deposit to MV Lau Traders for REI Launch in Makogai Island on the 3rd of February, 2012	7,499.90	50% deposit paid to Lau Traders Shipping Company is yet to be refunded to the Ministry as at the date of audit ⁴⁸ . The REI Launch at Makogai was cancelled due to bad weather and it was held at QVS ground. The \$7,499.90 is yet to be recovered from the company.

Absence of effective supervisory checks in the processing of payments increases the risk of overpayments that can also lead to mismanagement and misappropriation of funds.

⁴⁶ Ministry of Fisheries Finance Manual 2011 – Section 2.9.7

⁴⁷ Ministry of Fisheries Finance Manual 2011 – Section 2.9.4

⁴⁸ Date of audit – 01/08/13

Recommendations

- **Overpayments should be recovered from the relevant suppliers and officers. And in cases where recovery is not possible, the Ministry should investigate the cause of the overpayments and take appropriate actions.**
- **The internal control procedure in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

The issue raised is one of the challenges for the Ministry especially for commitments on meetings and workshops held outside of office premises therefore Accountable Advances are used to pay for field assessments, trainings/workshops and catering for resource owners. In order to reduce such incidences the planning and detailed arrangement and logistics for these engagements needs to be reviewed and a proactive approach needs to be undertaken in order to specify the needs on the ground and ensure a realistic costing is arrived at.

The Ministry now undertakes to revisit these commitments and attempt to recover any such overpayments. For the case of Lau Shipping, the Ministry had written to the company and was told that the company had been wound up but after paying a visit to their office, a response from the current management has indicated that they will make good of the issue. The change in the venue of the launch of the REI was due to hurricane winds that prevented the trip from taking place on the planned date.

26.34 Discrepancies in the acquittal of accountable advance

Advances may be provided to staff to assist in carrying out their official duties or as part of the approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.⁴⁹

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.⁵⁰

Forestry Officer – Academic Moape Drikula was issued with Accountable Advance of \$5,250. The following anomalies were noted in the retirement of the advance provided to the Officer:

- Personal receipts were used to account for expenditures (catering and transport) totalling \$4,960 instead of the Government Imprest Receipt form.
- The officer produced a \$40 receipt for the refuelling of vehicle three days prior to the travelling date.
- A Vodafone recharge card (\$15) was purchased three days prior to the travel. However, the justification provided by the officer was that the recharge card was purchased to report the accident that occurred during the trip. There was no correlation between the purchase date and the accident date and the justification provided.
- There was no receipt provided to substantiate fuel expenses of \$125 purchased at a shop in Keyasi village.

The lack of documents to support the utilisation of accountable advances increases the risk of misappropriation of accountable advances. It also indicates laxity in the part of supervising officers to properly verify acquittal documents before certifying the payments as correct.

⁴⁹ Ministry of Fisheries Finance Manual 2011 – Part 7 – Introductory paragraph

⁵⁰ Ministry of Fisheries Finance Manual 2011 – Part 7 – Section 7.1.7

Recommendations

- Expenditures claimed against accountable advances should be adequately supported by appropriate documents.
- The Principal Accounts Officer should not certify acquittal reports as correct unless proper documents are provided to support expenses incurred on accountable advances.

Ministry's Comments

The Ministry notes with grave concern the issues raised and thorough verification of technical officers' accountable advance applications was carried out. The core functions of the Ministry requires it to provide trainings and workshops for resource owners in rural and remote areas where there is an absence of established providers to support the facilitation of such events therefore making it necessary to use community groups. In regard to the issues raised on the personal receipts used, we will now communicate to all staff the procedures and proper documentations that are acceptable. The purchase of Vodafone recharge cards was to assist in the communications of finer arrangements and logistical issues regarding the engagement.

Further, the Ministry will now take a more stringent and transparent approach on the administration and clearance of accountable advances.

26.35 Mis-allocation of Expenditures

The proper management of expenditure is fundamental to ensuring value – for – money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁵¹

The Assistant Accounts Officer must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.⁵²

Our review of the expenditure records revealed that the special and capital expenditure budgetary allocations were not used for their intended purposes. Refer to Table 26.40 for examples:

Table 26.40: Special and Capital Expenditure not used for its intended purpose

Date	Cheque No.	Amount (\$)	Allocation	Payee	Particulars
07/02/12	47006	12,435.79	Freshwater Aquaculture	ANZ Bank	Being payment of un-established wages for the week ending 01/02/12.
21/02/12	47323	12,297.67	Coastal Fisheries Development	ANZ Bank	Being payment of un-established wages for the week ending 15/02/12.
28/02/12	47539	12,794.17	Coastal Fisheries Development	ANZ Bank	Being payment of un-established wages for the week ending 22/02/12.
06/03/12	47721	12,460.44	Brackish Water Development	ANZ Bank	Being payment of un-established wages for the week ending 01/03/12.
27/03/12	48242	11,709.73	Freshwater Aquaculture	ANZ Bank	Being payment of un-established wages for the week ending 21/03/12.
15/05/12	49343	12,762.32	Other Survey and	ANZ Bank	Being payment of un-established

51 Ministry of Fisheries Finance Manual 2011 – Part 2: Expenditure – Introduction paragraph

52 Ministry of Fisheries Finance Manual 2011 – Section 2.9.4 (v)

Date	Cheque No.	Amount (\$)	Allocation	Payee	Particulars
			Research Expenses		wages for the week ending 09/05/12.
22/05/12	49491	12,510.04	Seaweed Development	ANZ Bank	Being payment of un-established wages for the week ending 16/05/12.
12/06/12	50020	11,023.49	Other Survey and Research Expenses	ANZ Bank	Being payment of un-established wages for the week ending 06/06/12.
11/07/12	50859	4,465.00	Seaweed Development	The Pearl South Pacific	Being payment of 50% deposit of MOFF mid-term review meeting venue.
01/10/12	52872	4,615.00	Fisheries Stakeholders Consultations	The Pearl South Pacific	Being payment of meeting venue for MOFF mid-term review.
24/10/12	53573	6,970.00	Seaweed Development	Lagoon Resort	Being 50% upfront payment for accommodation of MOFF senior management meeting and 3 rd quarter review.
10/2012	JV 52/10	5,784.66	Coastal Fisheries Development	----	Misposting rectified. Project staffs wages being adjusted to its correct allocation.
30/10/12	53664	14,231.58	Coastal Fisheries Development	ANZ Bank	Being payment of un-established wages for the week ending 24/10/12.
12/11/12	54019	19,792.82	Marine Resource Inventory Survey	F.E.A	Being payment of electricity bills for fisheries western office (September – October 2012).
27/11/12	54352	6,970.00	Reducing Emissions From Deforestation	Lagoon Resort	Being final 50% payment of account for the hiring of conference facility and accommodations to facilitate 3 rd quarter review.
December	various	8,774.00	<ul style="list-style-type: none"> • Redd+ project • Marine Resource Inventory Survey 	various	Being payment for meeting expenditure relating to facilitating MOFF awards nights.

The Ministry failed to justify the payments of wages from the above allocations, and did not provide for audit the names of wage earners and the works/project they were engaged in.

It was also noted that a significant number of expenditure items were posted to the wrong allocation in the general ledger (FMIS) during the year. Refer to [Appendix 26.6](#) for details.

Expenditures reported in the financial statements may not be fairly stated if the nature of the expenditure is not considered in posting to the general ledger (FMIS).

Recommendations

- **The Ministry should comply with its procedures in the Finance Manual and any deviation should be properly authorized and supported with documentary evidence.**
- **It is recommended that the Ministry separates the capital and operating component of the expenditures using different general ledger (FMIS) code. This would allow easier tracking of the operating expenses and ensure that funds available for the implementation of projects are not affected.**

- **The Ministry should minimize or avoid unnecessarily spending of surplus budget on unplanned expenditures, for the purpose of using up its budget before year end.**
- **The Ministry should ensure that the expenditures are posted to the correct allocation in the general ledger (FMIS).**
- **The internal control procedure in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

The Ministry acknowledges the issue and valid recommendations. The issue is a challenge for the Ministry particularly for the Fisheries Capital Project items highlighted. The Ministry, as one of the drivers of our economy, has an important role to play in enhancing its research capabilities, trade environment and ensuring food security and income generation for our stakeholders at large.

Cash flow constraints are encountered from time to time mainly due to the turnaround time for RIE processes and approvals, thus in order to ensure that Capital Project deliverables are sustained in terms of funding it is an understanding between the Project Managers to assist each other when financial constraints arise. These are documented and adjusted as and when the funds are available.

The Ministry undertakes that all measures were taken to ensure these project funds are well accounted for and will now reassert to Project Managers and Clerks to properly and efficiently reconcile their commitment ledgers to minimise such incidences.

26.36 Colo-i-Suva forestry road upgrading project

Public tenders must be called for any procurement of goods, services or works valued at \$50,001 or more unless a Tender Board has approved an exemption in accordance with Procurement Regulation 48(1).⁵³

National Hire Company Limited was engaged to upgrade and carry out maintenance work on the Colo-i-Suva Forestry roads for a contracted sum of \$49,500. The agreed scope of work and contracted amount for the project is shown on Table 26.41.

Table 26.41: Scope of Work and Project Cost

Work	Amount (\$)
Upfront payment	10,000.00
Phase 1 – Drainage	9,200.00
Phase 2 – Construction of Driveway	5,500.00
Phase 3 – Re-metalling of Roads from Quarters 1,2,4,5,6, 8 & 9	6,200.00
Phase 4 – Re-metalling of Roads access from Quarters 14 to 20	6,200.00
Phase 5 – Re-metalling of Roads access from Quarters 10,13,14,21,26 and 29	6,200.00
Phase 6 – Re-metalling of Road access from Quarters 30,31,35 to 38	6,200.00
Total	49,500.00

The following anomalies were noted:

- Competitive quotations were not obtained.
- There was no waiver for quotation obtained from the Ministry of Finance.

- Total payment made to the company for the project was \$61,899.93 which was \$12,399.93 more than the quoted price. There was no variation in the scope of work provided to substantiate the extra payment. Refer to Table 26.42 for payment details.

Table 26.42: Payment made to National Hire Company Limited

Date	Cheque No.	Particulars	Amount (\$)
31/10/12	53724	Upfront payment for the upgrading works at Colo-i-Suva	10,000.00
21/11/12	54223	Payment voucher missing	9,200.00
30/11/12	54520	Payment for Phase 2, 3 & 4 for the upgrading works at Colo-i-Suva	19,900.00
20/12/12	55022	Final payment for Colo-i-Suva road upgrade	10,399.93
15/01/13	55557	Payment for Phase 5 & Phase 6 (last phases) for upgrade of Colo-i-Suva Forestry Road	12,400.00
Total			61,899.93

The Ministry did not provide satisfactory explanations for the above deviations and variances.

Recommendations

- **The Ministry should comply with Government Procurement Regulation and its Finance Manual. Any deviation should be properly authorized and supported with documentary evidence.**
- **The Ministry should investigate the payments made to National Hire Company Ltd above the contracted price and recover the overpayments if unjustified.**
- **The internal control procedure in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

The Ministry notes the concerns raised on this issue and will take necessary steps to gather all relevant documentations in relation to the contract and scope of works to carry out this road upgrading project. As recommended we will conduct an internal investigation to substantiate all facts that gave rise to this project.

26.37 Maintenance of motor vehicle records

It shall be the responsibility of the Transport Officer to oversee all matters relating to vehicle usage.⁵⁴ The Transport Officer must ensure that vehicle records are properly maintained and up to date, fuel & oil usage is closely monitored and reporting requirements are adhered to on time.⁵⁵

The Senior Accountant/ Transport Officer shall maintain a database for verification purpose to record fuel monthly provision for each vehicle against actual fuel used/ km covered. The database shall also record other fuel control additive chemicals approved by the Permanent Secretary.⁵⁶

Within 24 hours after the accident, the driver shall prepare an accident report. A copy of the accident report shall be submitted to the *Deputy Secretary* who shall forward copies to the PS Finance and the Solicitor General. The accident report, Police report (if available), Solicitor General's advice and the *Transport Officer/Executive Officer* recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.⁵⁷

⁵⁴ Ministry of Fisheries – Finance Manual 2011 – Section 9.1.1

⁵⁵ Ministry of Fisheries – Finance Manual 2011 – Section 9.1.2

⁵⁶ Ministry of Fisheries – Finance Manual 2011 – Section 9.3.19

⁵⁷ Ministry of Fisheries – Finance Manual 2011 – Section 9.6.4, 9.6.6 & 9.6.8

Our review of the motor vehicle records revealed the following anomalies:

- Leased vehicles were not specifically identified in the motor vehicle quarterly returns. The Ministry had 77 vehicles including those vehicles that have been boarded according to the return for the 4th quarter of 2012.
- Vehicle quarterly returns from individual divisions were not provided for audit.
- Discrepancies were noted in the maintenance of log book for vehicle registration number GN065. Refer to Table 26.43 for details.

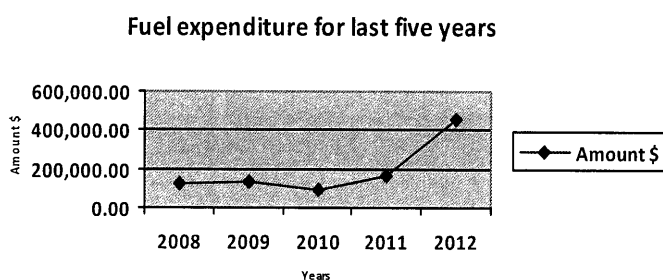
Table 26.43: Details of Discrepancies in Log Book – GN065

Vehicle registration	Remarks
GN065	<ul style="list-style-type: none"> • Mileage from 22/05/12 to 31/05/12 was missing; • Mileage from 01/06/12 to 13/06/12 was missing; • Closing mileage for the month of May was not stated in the log book; • Opening mileage for the month of June was not stated in the log book; • The closing mileage as per the log book for the month of June should be 273,779km but stated as 273,942km hence a variance of 163 km; • No mileage recorded for the month of July and August; • As per the log book records the closing mileage for September should be 274,417km but recorded as 279,123km hence a variance of 4,706km; • A variance of 19km was noted in the closing mileage recorded for the month of October.

- Accident Report files was not properly maintained with all adequate supporting documents. The Transport Officer revealed that according to the accident information matrix there were a number of vehicles involved in accidents in 2012. Due to lack of supporting documents, the Ministry had difficulty in substantiating the accident details and the course of actions to be taken.
- The Ministry is not effectively following up on the progress of accident reports and its outcome hence significant delays were noted in the finalization of accident cases. Refer to Appendix 26.7 for examples.
- A significant increase of \$359,050 or 233% was noted in the Ministry’s revised budget for fuel expenditure in 2012 compared to 2011. The fuel expenditure of the Ministry has increased over the five year period as shown in Table 26.44 below. The fuel expenses charged to SEG 7 & 8 were not included in the 2012 figure reflected for fuel expenses in the Table 26.45 below.

Table 26.44: Fuel Expenditure over the 5 Year Period

Year	Total (\$)
2008	121,571.32
2009	139,041.73
2010	89,762.29
2011	160,428.45
2012	457,899.07



- Apart from SEG 4, fuel expenses were also charged to SEGs 7 and 8, increasing the fuel expenses for 2012 to over \$0.6 million.

Table 26.45: Fuel Expenditures Charged to Seg 7 & 8 Votes

SEG	Allocation	Description	Amount (VEP) (\$)
7	1-32207-91021-070999	Other Survey and Research expense	7,316.95
	1-32202-91011-071303	De-reservation of Nadarivatu	235.21
	1-32302-91011-071499	Mis Special Infrastructure project	1,224.16
	1-32304-91011-079999	MV Bai ni takali project staff	26,086.96
8	1-32303-91011-080199	Upgrading of fisheries Institution Inf.	1,018.07
	1-32205-91071-080211	Sandal development program	1,925.86
	1-32205-91071-080411	Upgrading of forestry institute.	1,518.54
	1-32303-91011-080618	MRIS	31,579.60
	1-32207-91021-080619	Utilization of wood	4,151.16
	1-32306-91011-080620	Coastal fisheries development	1,491.61
	1-32305-91011-080620	Coastal fisheries development	28,776.62
	1-32306-91011-080626	Freshwater aquaculture	6,339.40
	1-32306-91011-080627	Brackish water development	1,832.14
	1-32306-91011-080628	Seaweed development	19,126.09
	1-32306-93011-080628	Seaweed development	760.66
	1-32303-91011-080633	Pearl Oyster R & D	7,723.28
	1-32101-32101-080699	Fisheries & forestry commodity development	3,562.30
	1-32202-91011-080699	Reducing emissions from deforestation	10,331.72
	1-32202-92011-080699	Mis research & development CST	(853.96)
	1-32205-91071-080699	Research & development of wood & non-wood	9,066.21
	1-32207-93011-080699	Mis research & development CST	820.44
	1-32303-91011-080704	Makogai research station	14,866.31
	1-32207-91021-080705	Sample plots	6,179.82
	1-32206-91011-080899	Ecosystem rehabilitation	8,491.47
TOTAL			193,570.62⁵⁸

The above findings indicate absence of monitoring by the Administration or Transport Officer in ensuring that motor vehicle records are properly maintained as required. This may lead to unauthorised use or abuse of government vehicles.

Laxity in taking appropriate actions to ensure proper management of government vehicles can have a huge financial implication for the Ministry in the future, in terms of repairs/maintenance and fuels costs.

Recommendations

- **The Transport Officer must ensure that motor vehicles records are up to date and reviewed.**
- **The Ministry should take a proactive approach in liaising with the Solicitor General's Office and Ministry of Finance to ensure that appropriate actions are taken against the relevant party involved in government vehicle accident cases.**
- **A thorough review of the existing fuel usage processes should be carried out in order to ensure that value for money is obtained for sum spent on fuel.**
- **The internal control procedures in the Administration Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

⁵⁸ This figure may not be the total fuel bill paid in 2012. There is a possibility that some more fuel bill payment in 2012

Ministry’s Comments

The Ministry understands that all surcharge recoveries are implemented by the Ministry of Finance being the approval agency and payroll controller. However, your query is noted and we will address motor vehicle surcharge issues internally to hasten the recovery process.

Missing running sheets and fuel expenses are also noted for internal improvement of our systems and processes in regard to records.

The issues raised are acknowledged and we have discovered that deductions of salary from the officers mentioned have been activated in the payroll from the beginning of this year. We have also enquired with Ministry of Finance for cases that are awaiting their decision and are waiting their response.

Furthermore you have highlighted the accidents reports awaiting tribunal and would like to assure that the ministry will appoint a tribunal team to ascertain all accident reports pending with the ministry to ensure that all cases are sorted out.

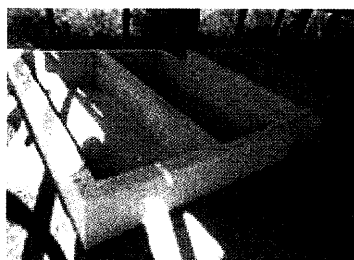
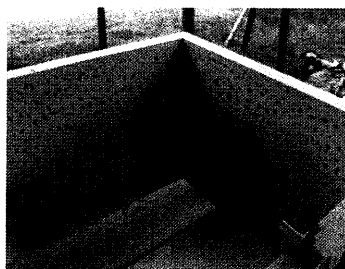
The issue of rising fuel expenditures is due to the increasing number of vehicles in the Ministry’s fleet which does not correspond with the budgetary provisions, which has remained the same over the years. We have requested an increase in our budget allocation.

26.38 Incomplete Construction of Nursery Unit

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.⁵⁹

The Ministry utilised \$16,280 for the construction of a Nursery Unit in Naduruloulou, Nausori. The work commenced in May 2012, however, construction stopped in June 2012 even though the Nursery Unit is incomplete. Payments were made at the completion of each phase of the construction. The following anomalies were noted during a site visit made on 25/07/13:

- According to the agreement, the contractor was only contracted to construct the nursery tanks. The Ministry did not include in the agreement other scope of works that may be essential for the project to fully operate. The shed was not fully fenced, ponds were not tiled and the shower room/toilet was not constructed. Refer below for illustrations:



Pictures taken 25/07/2013

- Unused construction materials such as cement, timber and blocks have not been properly stored and have been exposed to unfavourable weather conditions. The 20 bags of cement as shown below are not in usable condition. Refer below for illustrations:



The above findings imply lack of monitoring by the Ministry on the progress of capital projects and poor due diligence in procurements of construction materials and contracting of services.

Recommendations

- **It is recommended that the Ministry commit additional resources, if needed, to complete the Nursery Unit and put it into economical use.**
- **The Ministry should ensure that the scope of work is properly disclosed and conveyed to the contractors before engaging them to avoid any misunderstanding that may affect the progress of implementing projects.**
- **Since the condition of construction materials can deteriorate if not properly stored, the Ministry should consider providing proper storage space for project items that are purchased but not immediately used.**
- **The Ministry should properly plan the purchases of items for projects to avoid waste.**

Ministry's Comments

In response to the queries relating to above the Ministry acknowledges the recommendations made by the audit team on the completion of the nursery at Naduruloulou Research Station and the proper storage of construction materials at the station. The recommendations are duly noted for further and appropriate action. The Ministry would like to further add that we are currently in the process of commencing works to complete the nursery by engaging our station carpenters and staffs to carry out the leftover work from last year. The nursery will be completed before the year ends.

26.39 Marine Resource Inventory Survey

The baseline information, gathered from research surveys will enable the Ministry, NGOs, resource owners and other stakeholders, to be in a better position to make best decisions regarding the sustainable use of resources. The information gathered will form the basis on formulating management guidelines for each “Qoliqoli” assessed. Critical management actions, included within the guideline, includes restriction on fishing gears, fishing methods and seasonal closure (during spawning aggregation seasons), temporarily closure, species ban, catch quotas and establishment of marine or inland protected areas. The indicator species for each habitat is also identified.⁶⁰

The project is undertaken in the coastal inshore areas (including large rivers and mangroves) of the Fiji waters, where all Qoliqoli areas (410 as registered in NFC book) are confined. The Marine Resource

Inventory Survey Project encompass stock assessment or inventories of fisheries resources through fisheries impact assessments, non-detrimental findings surveys, monitoring of established marine/inland protected areas and data collection on endangered and species of great concern.⁶¹

The Ministry commenced its MRIS survey from 2002. As at July 2013, the Ministry has completed 162 “Qoliqoli” survey out of the 410 registered “Qoliqoli”. For the last six years, the Ministry has utilised \$1.29 million on the survey. Refer to Appendix 26.8 for details of completed MRIS surveys.

From the review of the MRIS records, audit noted the delay in completing all 410 “Qoliqoli” surveys, which may have impacted the Ministry from making the critical management decisions on restriction on fishing gears, fishing methods and seasonal closure (during spawning aggregation seasons), temporarily closure, species ban, catch quotas and establishment of marine or inland protected areas.

The completion of the survey is also affected by the lack of resources allocated to the project. As at the date of audit⁶², the MRIS Unit has 25 staff, of which only 15 officers are involved in MRIS underwater (diving) survey. With the current staff strength, the Unit also has the task of continuous monitoring of surveyed “Qoliqoli” areas, conduct new surveys, fish tagging, conduct research, monitor/protect endangered marine species, assist in reseedling and other programs.

Recommendation

The Ministry should consider allocating sufficient resources for the Marine Resource Inventory Survey if information gathered will enable the Ministry to make informed decisions and establish effective policies and guidelines for sustainable use of resources.

Ministry’s Comments

Upon the establishment of the MRIS project in 2002, the following guidelines were formulated:

- *Activity: to conduct baseline assessment surveys of inshore fisheries resources & compile Marine Resource Technical reports for the 410 Qoliqoli in Fiji.*
- *Roles – To enhance fisheries species stock through stock assessment and formulation of community based management plans.*
- *Formulation of community based management plans – management strategies to replenish Fisheries stock.*

The major impediment has been the shortage of qualified divers to carryout underwater surveys and skilled graduates departing the Section for greener pastures. The Officers have acquired good scientific reporting backgrounds/skills such that they carry out data analysis and scientific reporting including implementations of other major research works.

With the current staff strength of 25 and apart from the core objective of surveying of 410 i qoliqoli, there are other activities within the Unit that are required for the teams to undertake – Non Detriment Findings (NDF), Fisheries Impact Assessment (FIA) and Spawning Aggregation Surveys apart from Biodiversity Conservation Activities.

Since 2011, the Unit had been awarded with \$200,000 of which 16 surveys were completed, 2012 was \$500,000 out of which 25/30 surveys were completed. 2013 currently we were given a budget of \$400,000.00 of which we are trying to progress towards the completion of 20 surveys. So far the Unit has surveyed 164 qoliqoli.

61 2014 – 2015 Public Sector Investment Programme – Marine Resource Inventory Survey Project (Inshore) Section 2 – Location (District/ Province) – Page 1

62 Date of Audit – 24/07/13

For 2014, we are again requesting for extra \$100,000; to increase the number of survey backup to 25 qoliqoli per year. The project anticipates that with the remaining 246 qoliqoli to be completed by 2027, the program needs to survey 25 qoliqoli a year for the next 10 years. Therefore the request is for additional staff to fast-track the program as additional tasks are also requested to be undertaken – Non Detriment Findings (NDF), Fisheries Impact Assessment (FIA) and Spawning Aggregation Surveys.

Time and resources are used for the overall qoliqoli Inventory surveys, on which research studies are part of the program, ensuring baseline studies and sustainable management of inshore resources are achieved. The project includes 8 Established officers, including a Principal & Senior Research Officer and Public Service Commission approved team consisting of 15 Project Officers, whom are directly involved with the project activities.

26.40 Failure to Reconcile Cash Collection with Revenue

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the accountant shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers. A ledger reconciliation statement shall be signed and dated by the Assistant Accounts Officer – Fisheries.⁶³

With the implementation of FMIS, revenue clearance from Treasury is not needed since transactions are not processed through Inter-Departmental Clearance (IDC). The posting required by the Ministry for the receipt of revenue is a debit to cash at bank and credit to the revenue allocation.⁶⁴ Thus, any increase in revenue should be met by the corresponding increase in cash at bank in the general ledger (FMIS).

Our review of the general ledger (FMIS) Fund 1 revealed variances between the cash at bank general ledger (1–32000–00000–520000) balance and the total revenue collected for the year. Refer to Table 26.46 for variances noted over the last five year period.

Table 26.46: Cash at Bank Balance versus Total Revenue Collected for the Year

Year	Cash at Bank (General Ledger) (a) (\$)	Changes (b) (\$)	Total Revenue (c) (\$)	Variance (b-c) (\$)
2008	6,156,353.37		2,156,629.72	
2009	8,051,021.78	1,894,668.41	1,877,285.79	17,382.62
2010	7,997,586.11	(53,435.67)	1,495,310.73	1,548,746.40
2011	9,864,939.38	1,867,353.27	1,592,558.87	274,794.40
2012	11,753,378.66	1,888,439.28	1,933,583.16	45,143.88

The Accounts Officer revealed that the reconciliations were prepared but copies of the reconciliation were not made available for audit as such the accuracy of cash at bank balance in the general ledger could not be substantiated.

Recommendations

- **The Ministry should liaise with Ministry of Finance in order to reconcile the increases in cash at bank general ledger with the total revenue collected during the year.**
- **The Ministry should ensure that proper reconciliations are carried out and any errors are investigated and adjusted accordingly.**

⁶³ Ministry of Fisheries Finance Manual 2011 – Section 14.1.3 to 14.1.5

⁶⁴ Guide to Streamlining IDC Accounts 2006 – Paragraph 3.4

- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

The Ministry notes with concern the issues raised herein. The activities of the Cash collection is a priority for the Ministry but staff shortage to assist our only Accounts Receivable staff (FMIS inputs) to carefully scrutinize our cash collection activities is a challenge. We have now realized the loophole for mis-postings which has resulted in these discrepancies. Since the Ministry administrates three (3) different bank accounts namely; Operating (BSP), TMA (BSP) and True Trust (WBC), the inputting into the FMIS on Accounts Receivable module is a challenge for this staff, hence the mis-postings mainly occur as human error when the particular staff posts receipts for the different bank accounts and mistypes between Fund 1, Fund 4 and Fund 9 allocations.

The Ministry will now monitor and conduct proper verification/reconciliation of the monthly postings to ascertain that all Accounts Receivable inputs are posted correctly.

26.41 Observer Levy Fee

Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the Principal Accounts Officer shall reconcile the revenue figures in the report to the Revenue Statement. Where errors or discrepancies occur, the Principal Accounts Officer shall inform the Chief Accountant in writing within 7 days of receiving the GL reports.⁶⁵

Within 5 days after the end of each month, the Senior Accountant shall prepare a trust reconciliation to reconcile trust account balances to the ledger total. The Senior Accounts Officer shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.⁶⁶

Observer Levy Fee is the fee collected by the Ministry from various fishing vessels for the purpose of training and equipping observers for the monitoring of vessels out at sea. These Observers are not employees of the Ministry.

Our review of the Standard Liability Group (SLG) records from the general ledger (FMIS) revealed that revenue for Observer Levy Fee was posted to *Account No. 1-32301-78999-850202* instead of the revenue allocations. Adequate supporting documents were not made available to substantiate the correctness of balances posted to the general ledger. Refer to Table 26.47 for details.

Table 26.47: Observer Levy Fee Reflected Under Standard Liability Group (SLG)

Period	Description	Amount (\$)
November 2012	CS246/11 RR10806 – 08	(6,956.52)
December 2012	CS192/12 RR10836 – 47	(27,826.09)
December 2012	CS193/12 RR10848 – 110	(52,173.91)
December 2012	CS194/12 RR12111 – 16	(8,695.65)
December 2012	CS243/12 RR12121 – 25	(13,913.04)
TOTAL		(109,565.21)

As at the date of audit⁶⁷ the balances remained unchanged and are still reflected under the *Account No. 1-32301-78999-850202*.

⁶⁵ Ministry of Fisheries Finance Manual 2011 – Section 4.5.12 & 4.5.14

⁶⁶ Ministry of Fisheries Finance Manual 2011 – Section 12.4.1 & 12.4.3

⁶⁷ Date of audit – 25/07/13

The Principal Fisheries Officer – Offshore Fisheries Development revealed that the funds for training, equipping and payment of allowance for Observers are provided under SEG 1 of the budget and is diverted to respective budgetary allocations for specific expenditure type.

The balances for total operating revenue and SLG for the year may not be fairly reflected in the general ledger (FMIS) and the financial statement of the Ministry.

Recommendations

- **The Ministry should liaise with Ministry of Finance in order to rectify these mis-postings.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

The Ministry notes the concern highlighted on this issue. The arrangement was to allocate the Management Fees paid in by offshore licensed Fishing Vessels for the administrative use for Observers. The SLG85 account was to facilitate such transactions. Whilst the Ministry was accessing these funds, a directive from the Ministry of Finance was later issued towards November to cease this arrangement as they were diverting these funds back to the Consolidated Fund Account.

As such the SLG allocation was inactivated and we could not transact through this account henceforth and has remained untouched since. We will now raise the issue through Treasury, Ministry of Finance to regularize and bring the account to a zero balance.

APPENDICES**Appendix 26.1: Over-Expenditure Details**

Allocation	Revised Budget (\$)	Actual Expenditure (\$)	Over expenditure (\$)
1-32101-00000-040299	2,000.00	2,944.26	(944.26)
1-32101-32101-040361	3,885.00	4,243.33	(358.33)
1-32102-32999-040299	1,000.00	2,776.35	(1,776.35)
1-32102-32999-040361	3,940.00	6,192.97	(2,252.97)
1-32201-77101-040201	5,000.00	5,391.57	(391.57)
1-32201-77101-040321	6,000.00	19,424.62	(13,424.62)
1-32201-77101-040351	18,000.00	39,364.98	(21,364.98)
1-32202-91011-020101	9,050.00	23,599.41	(14,549.41)
1-32202-91011-040351	5,000.00	6,923.85	(1,923.85)
1-32202-91011-040361	5,028.00	6,829.59	(1,801.59)
1-32203-91071-010329	600.00	3,156.00	(2,556.00)
1-32203-91071-040101	13,000.00	13,516.09	(516.09)
1-32203-91071-040351	3,000.00	11,321.39	(8,321.39)
1-32204-91011-020329	5,000.00	9,507.68	(4,507.68)
1-32204-91011-040321	3,000.00	3,781.92	(781.92)
1-32205-00000-020101	69,266.00	89,480.70	(20,214.70)
1-32205-91071-040321	3,500.00	3,752.25	(252.25)
1-32205-91071-040333	1,500.00	1,840.85	(340.85)
1-32205-91071-050199	5,000.00	6,554.57	(1,554.57)
1-32206-00000-020329	1,280.00	1,736.00	(456.00)
1-32207-00000-070999	100,000.00	105,698.75	(5,698.75)
1-32207-00000-040321	8,600.00	16,442.61	(7,842.61)
1-32207-00000-020101	105,271.00	255,660.88	(150,389.88)
1-32208-00000-020101	27,266.00	48,536.81	(21,270.81)
1-32301-00000-020101	59,722.00	133,366.43	(73,644.43)
1-32301-00000-020201	4,778.00	9,194.10	(4,416.10)
1-32301-78999-040201	2,135.00	4,019.39	(1,884.39)
1-32301-78999-050501	4,000.00	4,576.33	(576.33)
1-32301-78999-059136	7,000.00	9,542.49	(2,542.49)
1-32302-91011-040361	9,600.00	14,126.07	(4,526.07)
1-32302-91011-040364	21,000.00	44,626.87	(23,626.87)
1-32303-00000-040205	3,000.00	3,321.64	(321.64)
1-32303-00000-040300	5,932.00	12,465.78	(6,533.78)
1-32303-91011-050171	3,000.00	4,962.19	(1,962.19)
1-32304-91011-020101	38,814.00	66,274.87	(27,460.87)
1-32304-91011-040101	12,200.00	85,935.48	(73,735.48)
1-32304-91011-040205	10,000.00	11,222.58	(1,222.58)
1-32304-91011-040299	10,000.00	20,056.42	(10,056.42)
1-32304-91011-040361	7,399.00	22,202.78	(14,803.78)
1-32305-00000-030301	7,000.00	9,947.95	(2,947.95)
1-32305-00000-040299	10,000.00	15,369.32	(5,369.32)
1-32305-00000-040321	11,000.00	40,302.44	(29,302.44)
1-32101-00000-020101	18,169.00	24,645.99	(6,476.99)
1-32305-91011-080620	450,000.00	458,985.05	(8,985.05)
1-32306-00000-020101	104,687.00	167,478.85	(62,791.85)
1-32306-00000-040101	15,000.00	20,217.84	(5,217.84)
1-32306-00000-040205	7,000.00	11,903.70	(4,903.70)
1-32306-00000-040321	9,500.00	19,343.43	(9,843.43)
1-32306-00000-040351	5,000.00	8,143.81	(3,143.81)

Allocation	Revised Budget (\$)	Actual Expenditure (\$)	Over expenditure (\$)
1-32102-32999-010101	36,530.00	37,756.84	(1,226.84)
1-32202-91011-010101	163,481.00	170,542.69	(7,061.69)
1-32202-91011-010201	13,103.00	13,388.32	(285.32)
1-32204-91011-010101	180,802.00	196,436.69	(15,634.69)
1-32204-91011-010201	14,464.00	19,236.32	(4,772.32)
1-32204-91011-010329	1,500.00	1,950.00	(450.00)
1-32207-00000-010201	30,758.00	31,085.92	(327.92)
1-32207-00000-010329	10,500.00	11,268.35	(768.35)
1-32208-91011-010101	33,977.00	52,766.35	(18,789.35)
1-32208-91011-010201	2,718.00	3,480.80	(762.80)
1-32304-91011-010101	394,162.00	775,988.17	(381,826.17)
1-32304-91011-010201	31,533.00	68,262.32	(36,729.32)
1-32306-91011-010101	243,929.00	368,996.82	(125,067.82)
1-32306-91011-010201	19,514.00	30,237.15	(10,723.15)

Appendix 26.2: Expenditures mis-posted in the GL (allocations with zero budget)

Allocation Charged	Description	Amount (\$)	Remarks
1-32303-91011-050499	Training Other	(262.96)	Revenue posted in the allocation
1-32303-91011-040333	R & M Equipment	744.40	Vertical blinds and freight payments posted in the allocation
1-32303-91011-040299	Office Upkeep & Supplies Other	3,990.32	Various types of payments posted in the allocation
1-32303-91011-040201	Office Stationery & Printing	260.76	Stationery related expenses posted in the allocation
1-32302-91011-040203	Office Supplies	1,077.72	Stationery related expenses posted in the allocation
1-32301-91011-040351	R & M Equipment Office	346.52	Electrical materials for Lami posted in the allocation
1-32206-91011-080699	Mis Research & Development CST	(1,152.41)	Meal allowance, advance retirement, revenue and other expenses posted in the allocation
1-32207-93011-080699	Mis Research & Development CST	820.44	Purchase of Diesel payments posted in the allocation
1-32207-91021-080702	Infrastructure Improvement	826.10	Purchase of 5 safety shoes for PSP Project posted in the allocation
1-32207-91021-040351	R&M Equipment Office	1,908.69	Purchase of desktop PC posted in the allocation
1-32207-91021-010327	Allowance Remote	147.00	Meal allowance posted in the allocation
1-32208-91011-020329	Allowance General	1,165.92	Meal allowance posted in the allocation
1-32301-78999-040299	Office upkeep & Supplies Other	1,326.00	Payment for FIA Western Division posted in the allocation
1-32205-91071-020329	Allowance General	975.00	Meal allowance posted in the allocation
1-32205-91071-020329	Office upkeep & Supplies Other	270.63	Imprest replenishment and reimbursement of visa fees posted in the allocation
1-32205-91071-080421	U&E Building Office	43,043.42	Payment for upgrading works posted in the allocation
1-32205-91011-080499	U&E Others	1,106.00	Retirement of accountable advance posted in the allocation
1-32205-91011-080620	Coastal Fisheries Development	13,518.01	Payment to project staff posted in the allocation
1-32206-91011-040321	R&M Building	618.10	Purchase of hardware materials posted in the allocation
1-32202-91011-080619	Product Development & Utilisation	(45.04)	Meal claims posted in the allocation
1-32202-92011-080699	Miscellaneous Research & Development CST	(853.96)	Payment for diesel posted in the allocation
1-32202-93011-080699	Miscellaneous Research & Development CST	(1,051.12)	Its due to double posting of JV 126/12 in the allocation
1-32201-77101-050199	Rep Other	311.30	Vehicle related expenses posted in the allocation
1-32201-77101-059199	Miscellaneous Operating Expenses	268.87	Accommodation related expenses posted in the allocation
1-32201-77101-040203	Office Supplies	235.66	Imprest replenishment expenses in the allocation
1-32201-77101-040299	Office Upkeep & Supplies Other	562.62	Stationery related expenses posted in the allocation
1-32201-77999-030302	Accommodation	(6,641.24)	Revenue posted in the allocation
1-32101-32101-040399	R&M Other	88.41	Tea stuffs purchase expenses posted in the allocation
1-32305-91011-080626	Aquaculture Development	3,947.20	Payment of wages to project staffs posted in the allocation
1-32305-91011-080628	Seaweed Development	886.16	Payment of wages to project staffs posted in the allocation

Allocation Charged	Description	Amount (\$)	Remarks
1-32306-91011-080618	FRIS	13,934.47	Payment of wages and meal allowance to project staffs posted in the allocation
1-2306-91011-080620	Coastal Fisheries Development	28,672.66	Internet bill, meal claims, fuel expenses, and other expenses posted in the allocation
1-32306-93011-080628	Seaweed Development	760.66	Fuel expenses posted in the allocation
1-32306-91011-080633	Pearl Oyster R&D	692.89	Meal claim expenses posted in the allocation
1-32305-91011-080618	FRIS	704.71	Meal, travel and hardware material expenses posted in the allocation
1-32305-91011-080626	Aquaculture Development	3,947.20	Payment of wages to project staffs posted in the allocation
1-32303-91011-080626	Aquaculture Development	3,188.81	Payment of wages to project staffs posted in the allocation
1-32303-91011-080627	Brackish Water Development	612.61	Meal allowance, unpounded waka and chlorine posted in the allocation
1-32303-91011-080628	Seaweed Development	365.35	Meal and accommodation expenses posted in the allocation
1-32304-91011-071310	Tuna Management	4,114.72	FNPF contribution payment posted under the allocation
1-32303-91011-080101	Roads High Way	708.32	Payment of wages to project staffs posted in the allocation
1-32303-91011-080620	Coastal Fisheries Development	10,487.54	Payment of wages to project staffs posted in the allocation
TOTAL		136,628.46	

Appendix 26.3: Superannuation Contributions in FNPFS Suspense Account**Ministry of Fisheries and Forest – Employer No: 11103**

Year	Name	Amount (\$)	Year	Name	Amount (\$)
2009	Semesa Ravudi	67.36	2012	Volau Tiko	94.72
2009	Kalaveti Kurutonuve	159.36	2012	Nemia Ligakula	80.00
2009	Semesa Ravudi	21.76	2012	Nosinani Navucu	103.84
2010	Napolioni Suguvanua	25.92	2012	Isireli Kana	104.48
2010	Napolioni Suguvanua	25.92	2012	Volau Tiko	144.00
2010	Seroma Cagivanua	116.48	2012	Waisea Delai	117.12
2010	Naivalu S	96.48	2012	Rajendra Prasad	124.80
2011	Saimoni Naivalu	61.76	2012	Lekima Bose	42.88
2012	Nemia Ligakula	16.32	2012	Manasa Ridiniki	87.02
2012	Volau Tiko	94.72	2012	Vito Naivaluma	56.86
2012	Sakuisa Takaiqali	50.56	2012	Esava Ratumudunayabi	50.00
2012	Preeti Dranishma Kumar	115.84	2012	Manueli Nakunekune	60.88
2012	Preeti Dranishma Kumar	115.84	2012	Avinesh Prasad	68.26
2012	Shalendra Singh	203.20	2012	Init Nand	58.14
2012	Saimoni Naivalu	7.84	2012	Preeti Dranishma Kumar	115.84
2012	Moala Tavisia	9.28	2012	Nemia Ligakula	106.88
2012	Lewania Radinitoga	86.24	2012	Peni Nagata	146.24
2012	Raviame Moala	33.92	2012	Apisalome Erenatu	105.92
2012	Filimone Ketedome	9.76	2012	Saimone Lawe	106.88
2012	Sireli Semi	1.92	2012	Reema Pratap	219.52
2012	Nemia Ligakula	31.20	2012	Nemia Ligakula	10.24
2012	Ashika Shankar	51.04	2012	Volau Tiko	118.40
2012	Ravuama Moala	7.20	2012	Sakuisa Takaiqali	63.20
2012	Nemia Ligakula	51.20	2012	Abdul Afraz Rahim	140.00
2012	Nemia Ligakula	133.60	2012	Iliesa Tadulala	146.40
2012	Luke Delai	77.92	2012	Preeti Dranishma Kumar	115.84
2012	Nemia Ligakula	53.44	2013	Nemia Ligakula	106.88
2012	Nemia Ligakula	53.44	2013	Volau Tiko	71.04
2012	Nemia Ligakula	133.60			
TOTAL					4,679.40

Appendix 26.4: FEA Meters with the Ministry

Station	Meter Account Number	Station	Meter Account Number
Forestry Stations		Fisheries Stations	
HQ – level M	2626935010	Lakeba	54476593
HQ – level 1	2626935110	Lakeba	61345010
HQ – level 2	2626935210	Lakeba	61345012
HQ – level 3	2626935310	Vunisea	54476657
Nasinu	1656870101	Vunisea	54476659
Nasinu	1656880101	Vunisea	54476659
Nasinu	2625980210	Nabouwalu	54476814
WISDEC - Nasinu	2627737910	Nabouwalu	54476815
TITC – PUO	2627977710	Nabouwalu	54476816
Vunimaqo	2040800101	Lami Boat Shed	1466180101
DFO Southern	2255840601	Lami fish vet lab	1466610101
Korovou	2624132311	Lami Jetty	2635161010
Navua	2624873410	Lami Jetty	2627757510
FTC	2626540010	Labasa Wharf	1016410101
Training School	2625585610	Labasa Ice plant	2626654610
Training School	2627419010	Savusavu Iceplant	1057350101
Lololo Training School	1126150101	Lautoka port	1312390101
Drasa Training School	1128190101	Rakiraki Iceplant	1390490102
Research CIS	2043710101	Ba ice plant	1806470101
Research	1466810102	Navua Ice plant	1809710101
Management	1466780101	Navua	2624873510
Management	1466800101	Galoa Hatchery	2624518810
Management	1655770101	Nadrudruloulou Fish Farm	1973890101
Mechanical	1466760101	Wainibokasi Ice plant	1813620101
Vatunibale - Labasa	1016620101	Wainibokasi	2416860101
Savusavu	2073590302	Sigatoka Ice plant	1808790101
Korotari	2073630101	Sigatoka Hatchery	2627605210
Macuata house	2246690101	Levuka	2627159310
Koronubu House	2626391710	Nausori	2255840410
Lawaqa	1183540101	Tavua	1063580101
Lautoka Tulani Street	1312480101		
Tagimoucia Lautoka	1312510101		
Lautoka	2022210503		
Research	1644970101		
Nasinu (Security Lights)	2627719011		
FTC (QTRS 12)	2627958610		
Nausori	2255840410		

Appendix 26.5: Recording of expenditures under wrong allocations

Date	Cheque No.	Payee	Amount (\$)	Allocation charged	Description	Correct Allocation
03/01/12	46534	Total Fiji Ltd	4,374.35	1-32000-00000-040300 – Maintenance and Operation (Repairs and Maintenance Eqpmt) – Fisheries	Payment of fuels	1-32000-00000-040300 – Maintenance and Operation (Fuel and Oil)
31/01/12	46901	ANZ Bank	10,407.32	1-32201-77101-861616	Payment of Un-established Wages	1-32000-00000-020000 Government Wage Earner
28/03/12	48276	FEA	5,444.86	1-32306-91011-040321 – Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Payment of electricity bills for the months of March	1-32000-00000-040400 Power Supplies
28/03/12	48127	Telecom Fiji Ltd	2,435.25	1-32304-91011-049999 – Maintenance and Operation (Repairs and Maintenance Equipment) – Fisheries	Payment of Telecom Bills for the month of February	1-32000-00000-030400 Telecommunication
20/04/12	48704	Angels Timber and Hardware Ltd	2,650.00	1-32305-91011-040321 – Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Purchase of Office Chairs for Nausori Office	1-32000-00000-040203 Office Supplies
27/04/12	48856	Nivis Motors	13,528.10	1-32305-91011-040333 – Maintenance and Operation (Repairs and Maintenance Eqpmt) – Fisheries	Payment for overhaul of vehicle engine – GN 625	1-32000-00000-040361 R & M Vehicle Civil
14/05/12	49319	Sam Motors Repairs	2,750.00	1-32304-91011-040364 – Maintenance and Operation (Repair and Maintenance - Vessel) – Fisheries	Payment for repairs of vehicles – GN 032, Labasa Fisheries	1-32000-00000-040361 R & M Vehicle Civil
05/06/12	49893	FEA	6,115.75	1-32306-91011-040321 – Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Payment of electricity bills for the months of March	1-32000-00000-040400 Power Supplies
18/06/12	50179	Leighlangi Cakes and Caterings	1,782.80	1-32101-32101-050251 (Purchase of Good and Services – Equipment), Forest	Payment for catering service for In-House-Training for the Ministry.	1-32000-00000-050400 Training expenses
29/06/12	50484	Vodafone Fiji	3,299.79	1-32205-91071-050499 (Purchase of Good and Services – Training Others), Forest	Payment of Vodafone rentals for MFF official for the months of May – June, 2012	1-32000-00000-030400 Telecommunication
26/07/12	51224	Evergreen	5,360.80	1-32305-91011-040321 –	Payment of	1-32000-00000-059100

Date	Cheque No.	Payee	Amount (\$)	Allocation charged	Description	Correct Allocation
		Environmental		Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	various overdue account for 2011 and 2012 for bin rental – Lautoka Office	Operating expenses
12/09/12	52456	Telecom Fiji Ltd	1,402.05	1-32204-91011-050133 (Purchase of Good and Services – Rep Equipment Operation), Forest	Payment of Telecom charges for Silviculture	1-32000-00000-030401 Telecommunication
02/10/12	52882	Fai Spare Parts and Accessories	6,825.00	1-32303-91011-049999 - Maintenance and Operation – Other Maintenance (Fisheries)	Payment for repair of vehicle – GM 996	1-32000-00000-040361 R&M Vehicle Civil
02/10/12	52877	Biz Clothing	2,623.73	1-32305-91011-040321 – Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Purchase of 26 Nautical Jackets for A/PFO (West)	1-32000-00000-040205 Office Protective Clothing
30/10/12	53664	ANZ Bank	14,217.58	1-32201-77101-861101	Payment of Un-established Wages	1-32000-00000-020000 Government Wage Earner
06/11/12	53868	FEA	7,784.04	1-32305-91011-040321 – Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Payment of electricity bills for the months of March	1-32000-00000-040400 Power Supplies
08/11/12	53925	Office Product	4,390.00	1-32207-91021-040351 (Miscellaneous Operating Exp)	Purchase of Computer for DFO - North and PFO West	1-32000-00000-059100 Operating Expenses
08/11/12	53949	FEA	2,777.25	1-32305-91011-040333 – Maintenance and Operation (Repairs and Maintenance Eqpmt) – Fisheries	Payment of bills for Fisheries – North (Savusavu), September to October bills	1-32000-00000-040400 Power Supplies
09/11/12	53997	Carpenters Motors	2,190.89	1-32204-91011-050133 (Purchase of Good and Services – Rep Equipment Operation), Forest	Purchase of parts and repairs of vehicle - GN 983	1-32000-00000-040361 R&M Vehicle Civil
12/11/12	54019	FEA	11,516.17	1-32305-91011-040321 – Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Payment of electricity bills for the months of March	1-32000-00000-040400 Power Supplies
12/11/12	54019	FEA	19,792.82	1-32305-91011-080620	Payment of FEA bills for Fisheries Western	1-32000-00000-040400 Power Supplies

Date	Cheque No.	Payee	Amount (\$)	Allocation charged	Description	Correct Allocation
					Office, September and October	
03/12/12	54541	Fiji Ship Buildings	28,131.05	1-32304-91011-040101 – Maintenance and Operation (Fuel and Oil Vessel) – Fisheries	Payment for the repair of Bai-ni-Takali	1-32000-00000-040364 R&M Vessel
09/12/12	53960	FEA	3,218.22	1-32305-91011-040321 Maintenance and Operation (Repairs and Maintenance Bldg) – Fisheries	Payment of electricity bills for the months of March	1-32000-00000-040400 Power Supplies

Appendix 26.6: Discrepancies – Motor Vehicle Accidents

Vehicle No.	Date of Accident	Officer concern	Division	Date of Tribunal Proceeding	Submission date to SG & Finance	Nature of damage	Officer Suspended or Uplifted	Remark
GN718	22/07/09	E. Botitu	TUD	10/03/10	30/03/10	Broken of 1 st & 2 nd gear clutch fork	Uplifted	Price of new gear box was \$5,762.46 with all gear components in it but after dismantling to check the defects, it was seen that only 1 st & 2 nd selector fork was broken with the cost of \$180.00. The officer was surcharged \$5,762.46 however; the deduction which commenced from pay 25/12 is for only \$1,800. No detail was provided on the short claim of \$3,962.46.
GN509	2010	M. Nakasava	Forestry, Extension	2010	2010	Slight dent	Uplifted – 18/07/12	Waiting for Finance decision. No records sighted by audit in respect of this accident.
GN485	05/05/10	J. Rawasoi	Forestry, Nausori	22/10/10	25/11/10	Slight dent	Uplifted	SG has decided for surcharge. Await for Finance reminder to PSFF. Audit was not provided with SG's surcharge letter. In addition, no deduction noted from officers salary from 2010 onwards and officer left service on 31/12/12.
GN487	18/06/11	A. Mata	Forestry, Lautoka	No sitting	Not available	Slight damage on the rear Tail Board	Uplifted	No Tribunal sitting was held as member appointed didn't turn up. No reports being sent to Finance and SG's Office.
GL997	16/08/11	J. Igacake	Forestry, Lautoka	No sitting	Not available	Damage front left Fender	Suspended	No Tribunal sitting was held as member appointed didn't turn up. No reports being sent to Finance and SG's Office.
GN534	07/05/12	J. Vusiniyasi	Forestry, MSD	17/07/12	25/07/12	Damage to rear right side body	Uplifted	Waiting for Finance decision. No records sighted in the file by audit in respect of this accident. The vehicle is yet to be repaired.
GN140	13/10/12	J. Vakarewa	Forestry, Labasa	Not available	Not available	Heavy Damage	Uplifted	The office has been surcharged \$8,274.37 on 29/01/13 but the

Vehicle No.	Date of Accident	Officer concern	Division	Date of Tribunal Proceeding	Submission date to SG & Finance	Nature of damage	Officer Suspended or Uplifted	Remark
								Ministry is yet to commence the deduction. The record of appeal from the officer noted in the file.
GL711	29/10/12	Meli Tamani	TUD	23/11/12	Not available	Damage sustained on the driver's side	Suspended	Waiting for submission of report. No records sighted by audit in respect to this accident. In addition, the report is still pending from the tribunal committee.
GP103	17/11/12	Peni Bola	HQ	03/12/12	Not available	Scratch on fender	No suspension	Waiting for submission of report. No records sighted by audit in respect of this accident. In addition, the report is still pending from the tribunal committee.
GP484	10/12/12	Viliame Tupua	MSD	03/12/12	Not available	Scratch & damage on rear right reverse light	Suspended	No records sighted by audit in respect of this accident. In addition, the report is still pending from the tribunal committee.
GN825	Not available	Davendra Naidu	Tavua Extension Office	Details unknown since no records sighted by audit in respect of this accident. Only a memorandum sent by MOF was sighted.				The officer has been surcharged \$1,750 on 04/01/13 but the Ministry is yet to commence the deduction.
GP064	24/01/13	Viliame Raicebe	Fisheries Lautoka					The officer has been surcharged \$2,164 on 28/05/13 but the Ministry is yet to commence the deduction.

Appendix 26.7: Completed MRIS Surveys

Year	Number/ Qolioqoli surveyed	Qolioqoli	Province
2002	8	Nukunuku, Nasaqalau, Vatani, Muaivuso, Dreketi, Mali, Nakalou, Kubulau	<ul style="list-style-type: none"> • Lau – Nukunuku & Nasaqalau • Tailevu – Vatani • Rewa – Muaivuso • Macuata – Mali, Nakalou & Dreketi • Bua – Kubulau
2003	8	Tikina Conua, Navutulevu, Serua Island, Namatakula, Tikina Korolevu-i-wai (Votua, Tagaqe and Namada), Kiuva, Vunaniu	<ul style="list-style-type: none"> • Nadroga – Conua, Namatakula, Korolevu-i-wai • Serua – Navutulevu, Serua Island, Vunaniu • Tailevu – Kiuva
2004	12	Wairiki, Tikina Wainunu (8 villages), Namaqumaqa, Naboutini, Susui, Vusasivo, Nadavaci, Natewa, Vusaratu, Komave, Navola, Naikabuta	<ul style="list-style-type: none"> • Bua – Wairiki, Wainunu, Vusasivo, Nadavaci • Cakaudrove – Vusaratu, Natewa, Naikabuta • Lau – Susui • Nadroga – Komave, Navola • Serua – Namaqumaqa & Naboutini
2005	15	Drue-Kadavu, Tavuki-Kadavu, Naikorokoro-Kadavu, Jiliva-Kadavu, Matasawalevu-Kadavu, Nakaugasele, Cevai-Kadavu, Jioma-Kadavu, Namuana-Kadavu, Mataso-Kadavu, Oneata-Lau, Bukatatanoa-Lau, Lakeba, Suva and Lami	<ul style="list-style-type: none"> • Kadavu – Drue, Tavuki, Jiliva, Matasawalevu, Nakaugasele, Cevai, Jioma, Namuana, Mataso • Lau- Oneata, Bukatatanoa, Lakeba • Rewa – Suva & Lami
2006	8	Yavusa Vusu (Galoa, Serua), Yavusa Nasoroiwaca of Dranikula, Serua. Yavusa Noi Korolevu of Culanuku, Serua. Moturiki Island (10 I kanakana) of Lomaiviti – Nasesara, Navuti, Daku, Uluibau, Savuna, Wawa, Naicabecabe, Niubasaga, Nasauvuki & Yanuca Island. Yavusa Navugayago of Mau, Namosi. Yavusa Nabukebuke of Veivatuloa, Namosi. Yavusa Toluga of Wayiniabia, Serua. Tikina Nasinu of Ovalau (5 I kanakana) – Naikorokoro, Nasinu, Draiba, Tokou, Natokalau. Tikina Levuka of Ovalau, Lomaiviti (10 I kanakana) – Levuka-Vakaviti, Tavea, Nauouo, Waitovu, Vuma, Vagadaci, Rukuruku, Toki, Yarovudi & Vatukalo.	<ul style="list-style-type: none"> • Serua – Galoa, Dranikula and Culanuku, Wayiniabia • Lomaiviti – Moturiki, Ovalau, Levuka • Namosi – Mau, Veivatuloa
2007	16	Ba & Tilivabukuya I Qolioqoli, Tavua I Qolioqoli, Tikina Lomaloma I Qolioqoli (9 I Kanakana), Tuvuca I Qolioqoli, Tikina Mualevu I Qolioqoli (5 I Kanakana) and Vuninokonoko I Qolioqoli (Togalevu village)	<ul style="list-style-type: none"> • Ba – Tilivabukuya • Tavua – Tavua • Lau – Lomaloma, Tuvuca, Mualevu • Rewa – Togalevu
2008	8	Tikina Noco I Qolioqoli (10 I kanakana); Yanuca (1), Beqa (3), Moce (1), Komo (1) & Nayau (1)	<ul style="list-style-type: none"> • Rewa – Noco, Yanuca, Beqa • Lau – Moce, Komo & Nayau
2009	4	Amalgated Tikina of Nakorotubu (1 – 9 I Kanakana), Tikina Dawasamu (1), Navukailagi, Gau (1), Tikina Bureta, Ovalau (1)	<ul style="list-style-type: none"> • Ra – Nakorotubu • Tailevu – Dawasamu • Lomaiviti – Navukailagi & Bureta
2010	31	Namelimeli, Namosi (1), Kalokolevu, Rewa (1), Batiki (7), Nairai (1), Sanasana (1), Malomalo (1), Saunaka, (1), Sabeto (1), Nakini (1), Navuso (1), Kasavu (1), Koro – (14)	<ul style="list-style-type: none"> • Namosi – Namelimeli • Rewa – Kalokolevu • Lomaiviti – Batiki, Nairai & Koro • Nadroga – Sanasana, Malomalo

Year	Number/ Qolioqoli surveyed	Qolioqoli	Province
			<ul style="list-style-type: none"> • Nadi – Saunaka, Sabeto • Naitasiri – Nakini, Navuso, Kasavu
2011	16	Navunisoco (1), Ovea (2), Maumi (1), Namata (1), Nakoroivau & Namuka (1), Southern Lau (10 – Moala in collaboration with WCS).	<ul style="list-style-type: none"> • Namosi – Navunisoco • Tailevu – Ovea, Maumi, Namata, Nakoroivau & Namuka • Lau – Southern Lau
2012	25	Natoaika (1), Deladamanu (1) & Nakini II (1) Naitasiri; Vitogo (1), Vuda (1), Waya, Marou (1) & Naviti, Waya & Marou (II) (1), Cakaudrove, Taveuni & Rabi (1), Buretu & Nasilai (2) Tailevu, Rukua, Sawau (2) Beqa, Ravitaki, Muani & Naceva (3) Kadavu, Naweni & Wailevu (East & West) (2) Cakaudrove, Saivou, Ra(1), Namara, Tailevu (7).	<ul style="list-style-type: none"> • Naitasiri – Natoaika, Deladamanu, Nakini • Ba – Vitoga, Vuda, Waya/Marou & Naviti, Marou • Cakaudrove – Rabi, Naweni & Wailevu • Tailevu – Buretu, Nasilai, Namara (7) • Rewa – Beqa – Rukua & Sawau • Kadavu – Ravitaki, Naceva & Muani • Ra- Saivou
July 2013	11	Naivicula/Nacokaika, Naitasiri (1), Deuba, Serua (1), Soa, Ra (1), Tikina Madudu, Nadroga (1), Kalabu, Naitasiri (1), Yako, Nadi (1), Cuvu & Nasigatoka (2) Nadroga, Korovisilou & Nuku (2), Sawakasa (1).	<ul style="list-style-type: none"> • Naitasiri – Naivicula/Nacokaika & Kalabu • Serua – Deuba, Korovisilou, Nuku • Ra- Soa • Nadroga – Nasigatoka, Madudu & Yako & Cuvu • Tailevu – Sawakasa

Section 27 Ministry of Industry and Trade

Role and Responsibilities

The Ministry is responsible for formulating and implementing policies and strategies to facilitate investment, commerce and business development thus contributing to quality economic growth. The development and implementation of policies and strategies involves the Economic Analysis Unit working closely with the implementing arms of the Ministry which are: Department of Fair Trading and Consumer Affairs; Corporate Section; National Micro Finance Unit; Consumer Council of Fiji; Fiji Islands Trade and Investment Board; Fiji Audio Visual Commission; National Centre for Small and Micro Enterprise Development; and Department of Cooperatives and Small Business.

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PART A: FINANCIAL STATEMENTS

27.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Industry and Trade resulted in the issue of an unqualified audit report.

27.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$557,404 and incurred a total expenditure of \$12, 503,639 in 2012.

Table 27.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
REVENUE		
Fees – Miscellaneous	553,122	755,393
Other revenue	4,282	4,089
TOTAL REVENUE	557,404	759,482
EXPENDITURE		
Established staff	1,814,734	1,927,563
Government wage earners	175,751	192,498
Travel and communications	175,403	175,179
Maintenance & operations	670,683	517,977
Purchase of goods and services	99,439	64,977

Description	2012 (\$)	2011 (\$)
Operating grants and transfers	4,803,600	4,205,530
Special expenditures	3,580,995	2,847,732
Total Operating Expenditure	11,320,605	9,931,456
Purchases	296,457	338,940
Grants and transfers	316,075	66,107
Total Capital Expenditure	612,532	405,047
Value Added Tax	570,502	461,733
TOTAL EXPENDITURE	12,503,639	10,798,236

There was significant decrease in the Fees and Charges by \$202,271 or 27% from 2011 to 2012 as a major component of revenue collected has been transferred to the Real Estate Agent Board.

Total expenditure increased by \$1,705,403 or 16% as a result of increases in operating grants and transfers by \$598,070 (14%), special expenditure by \$733,263 (26%) and grants and transfers by \$249,968 (378%).

27.3 Appropriation Statement

The Ministry incurred expenditures totalling \$12,503,639 in 2012 against the budget of \$14,018,164 resulting in a savings of \$1,514,525 or 10.8%. Details of expenditures against the budget estimates are provided in Table 27.2 below.

Table 27.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	2,326,951	-	2,326,951	1,814,734	512,217
2	Government Wage Earners	231,923	-	231,923	175,751	56,172
3	Travel and communications	216,944	(3,550)	213,394	175,403	37,991
4	Maintenance & operations	460,528	312,137	772,665	670,683	101,982
5	Purchase of goods and services	205,879	(45,750)	160,129	99,439	60,690
6	Operating grants and transfers	4,803,600	-	4,803,600	4,803,600	-
7	Special expenditures	5,256,150	(1,203,497)	4,052,653	3,580,995	471,658
	Total Operating Costs	13,501,975	(940,660)	12,561,315	11,320,605	1,240,710
8	Construction	600,000	(280,197)	319,803	296,457	23,346
9	Purchases	200,000	116,076	316,076	316,075	1
	Total Capital Expenditure	800,000	(164,121)	635,879	612,532	23,347
13	Value Added Tax	1,011,000	(190,030)	820,970	570,502	250,468
	TOTAL EXPENDITURE	15,312,975	(1,294,811)	14,018,164	12,503,639	1,514,525

27.4 Statement of Losses

The Ministry did not record any loss of money however recorded the loss of a camera valued at \$199 for the year ended 31 December 2012.

27.5 Expiry of Employment Contract – Taiwan Trade Commission

The role of the Trade Commission - Taiwan Office is to promote trade and investment between Fiji and Taiwan to ensure that the result maximises business participation between the two countries.

The employment contract for the Director Trade & Tourism, Albert Wang, became effective from 03/08/2009 for a period of three years, which expired on 03/08/2011.

The audit noted that Mr Wang was still being employed as the Director Trade & Tourism as at December 2012 without the formal renewal or extension of his employment contract. Refer to Table 27.3 for details:

Table 27.3: Details of Employment - Taiwan Trade Office

Name of Officer	Designation	Contract Date & Term	Annual Salary as per contract	Remarks
Albert Wang	Director Trade & Tourism	03/08/2008 for three years	NT\$43,000	<ul style="list-style-type: none"> Contract ended on 03/08/2011. The Officer is in charge of Trade Office operation until a Trade Commissioner is appointed.

Legal and administrative implications may arise if senior Officers of Trade Commissions do not have valid employment contracts.

Recommendation

It is recommended that employment contracts are reviewed and renewed upon expiry if the Ministry wishes to retain the services of the relevant Officer with the Taiwan Trade Commission.

Management Comments

No comments provided by the Ministry.

27.6 Assessment of Alternative Livelihood Project – MindPearl Project

Mindpearl Ltd is a company incorporated in the Cayman Islands and registered in Fiji. MindPearl established a call centre operation in Fiji in September 2009.

On 19 March 2009, a Deed was signed between the government of Fiji and Mindpearl Ltd stating that the government will pay Mindpearl \$1,200 plus VAT, as wage subsidy, for every year Mindpearl maintains a position. The subsidy scheme was for three years.

In addition, within the first 36 months of the operations, the company was to progressively employ up to 2,750 Fiji citizens according to the tentative timetable set out in the Deed under Schedule A – Indicative Schedule of Intended Hiring. Schedule A was not legally binding and was subject to revision depending on the success or otherwise of the project.

From records provided, the audit noted the following:

- Mindpearl Ltd employed a total of 769 employees up to 2012 with only 428 eligible employees/citizens compared to the 2,750 targeted in the Deed;
- the Ministry did not carry out an extensive performance assessment during the three year period of the project on its viability and success; and
- there was no revision made to Schedule A to reflect the success or otherwise of the project.

Discussion held with a Economic Planning Officer revealed that the Ministry will be conducting a performance assessment on the project in early 2013. The audit is of the view that the impact of this planned assessment will be of no significance since the agreement period of the subsidy has ended on September 2012.

There was a lack of monitoring and assessment by the Ministry on the performance of the project during the three year period.

Recommendation

The Ministry should ensure that continued assessment is carried out on the effectiveness of its Livelihood Projects to ensure that objectives of the projects are achieved.

Management Comments

No comments provided by the Ministry.

27.7 Leave Administration

The Permanent Secretary or Head of Ministry shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year. Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.¹

There should be no reason or justification for the accumulation of leave beyond what is permissible, nor payment in lieu, if leave were properly administered.² Due to Government's stringent control of funds, the compensation of accumulated leave will not be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis.³

Our review of the leave records revealed that some officers have accumulated excessive leave balances. Refer Table 27.4 below for examples:

Table 27.4: Excessive Annual Leave Due

Name of Officer	EDP No.	Leave Year	No. of Leave Days Carried Forward
Mereoni Vuinakodu - Principal Administrative Officer	48208	11/07/12-10/07/13	45
Joeli Kini - Assistant Inspector	49800	02/10/12-01/10/12	56.5
Emitai Bulivakarua - Inspector	49802	02/10/12-01/10/13	85

Some officers have been accumulating leave since commencing employment in the service and even though they have been taking leave during the year, most have not been able to utilise their leave thus have been carried forward from one leave year to the next.

¹ General Order 705 (c)

² PSC Circular 09/2003

³ PSC Circular No. 53/2009 – Effective Leave Administration dated 03/11/09

The rationale behind officers being encouraged to utilise their leave entitlement, apart from health issues associated with an over-worked and over-stressed workforce, it also act as a form of internal control. With someone else assuming the post, the Ministry can effectively rotate duties amongst employees and thus strengthening internal controls as the person standing in can also check on the work carried out by the relevant officers. This can be very ideal in cases where it is difficult to segregate duties because of the lack of staff.

Recommendations

- **The Ministry should strongly encourage officers with excessive outstanding leave to utilise their leave. Senior officers with excessive leave should be encouraged to take leave in small increments.**
- **Leave administration should be improved by ensuring that leaves are taken when due and that only a maximum of 10 working days leave entitlement is carried forward to the next leave year.**

Management Comments

No comments provided by the Ministry.

Section 28**Ministry of Public Enterprises, Civil Aviation, Tourism and Communications****Role and Responsibilities**

The Ministry is responsible for:

- Increasing public sector efficiency, performance and service delivery in order to improve services and boost economic growth;
- Developing a competitive telecommunications service;
- Providing cost-efficient and safe air transport services that are economically and environmentally sustainable, and improve access to services and markets; and
- Ensuring a sustainable, growing and globally competitive tourism industry.

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PART A: FINANCIAL STATEMENTS**28.1 Audit Opinion**

The audit of the 2012 accounts of the Ministry of Public Enterprises, Civil Aviation, Tourism and Communications resulted in the issue of a qualified audit report as a variance of \$6.3 million existed between the trust fund balance as recorded in the Trust Account Statement of Receipts and Payments (\$3.4 million) and the cash at bank balance (\$9.7 million). In addition, the receipts and payments reflected in the Trust Account Statement of Receipts and Payments did not reconcile with the balances in the general ledger (FMIS).

28.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$505,818 and incurred a total expenditure of \$32,696,510 in 2012.

Table 28.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
License – Telecom & Television	503,208	7,975
Commission	-	58
Miscellaneous	2,610	5,122
Total Revenue	505,818	13,155
EXPENDITURE		
Operating Expenditure		
Established staff	1,042,558	861,225
Government Wage Earners	84,662	49,214
Travel and communications	98,146	66,944
Maintenance & operations	145,324	127,276
Purchase of goods and services	284,949	349,344
Operating grants and transfers	5,818,667	5,592,748
Special expenditures	269,845	201,651
Total Operating Expenditure	7,744,151	7,248,402
Capital Expenditure		
Grants and Transfers	24,820,223	24,120,000
Total Capital Expenditure	24,820,223	24,120,000
Value Added Tax	132,136	127,820
TOTAL EXPENDITURE	32,696,510	31,496,222

Total revenue increased by \$492,663 as revenue generated from telecommunication and television licences were transferred to the Department of Communications for collection in 2012.

Capital grant to Tourism Fiji comprised 76% of the total expenditure incurred. The increase in expenditure in 2012 resulted mainly from the following:

- Established staff increased by \$181,333 or 21% and Government Wage Earners increased by \$35,448 respectively due to the filling of vacant positions;
- Operating Grants and Transfers increased by \$225,919 or 4% due to the settlement of subsidy arrears owed to Pacific Sun from 2010, paid through Civil Aviation Authority in 2012; and
- Special expenditures increased by \$68,194 or 34% due to payments made to consultants for state owned entities and also for the monitoring of the entities by the Public Enterprise Unit during the year.

28.3 Appropriation Statement

The Ministry incurred expenditure totalling \$32,696,510 in 2012 against the budget of \$34,015,691 resulting in a savings of \$1,319,181 or 4%. Details of expenditure against the budget estimate are provided in Table 28.2.

Table 28.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	1,676,428	-	1,676,428	1,042,558	633,870
2	Government Wage Earners	96,376	-	96,376	84,662	11,714

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
3	Travel and communications	187,654	-	187,654	98,146	89,508
4	Maintenance & operations	240,865	-	240,865	145,324	95,541
5	Purchase of goods and services	1,156,328	(681,000)	475,328	284,949	190,379
6	Operating grants and transfers	6,024,417	(377,350)	5,647,067	5,818,667	(171,600)
7	Special expenditures	792,300	(220,000)	572,300	269,845	302,455
	Total Operating Costs	10,174,368	(1,278,350)	8,896,018	7,744,151	1,151,867
10	Capital Grant & Transfers	26,550,000	(1,729,777)	24,820,223	24,820,223	-
	Total Capital Expenditure	26,550,000	(1,729,777)	24,820,223	24,820,223	-
13	Value Added Tax	356,600	(57,150)	299,450	132,136	167,314
	TOTAL EXPENDITURE	37,080,968	(3,065,277)	34,015,691	32,696,510	1,319,181

PART B: AUDIT FINDINGS

28.4 Telecommunications Development Trust Fund

Ministries and Departments that operate Fund 9 main (true) trust accounts should reconcile these accounts and send the reconciliations together with a copy of the bank statement to FMIS by 8th February 2013.¹

The Telecommunication Development Trust Fund was established for levies charged to telecommunication providers² on “inbound international chargeable calls” under the Industry Reform objective to facilitate Government’s ICT Development programme. The trust fund account has been in existence since 2010 and levies are directly deposited by telecommunication providers into a specific bank account. The initial bank account was maintained with the Bank of the South Pacific under the Ministry of Finance Consolidated Fund Account (719354) before a change was made in 2011 to the current Westpac Bank account (9803088989) under the Ministry of Finance.

Inadequate information was provided to audit by both the Ministry and Ministry of Finance to determine the total levies that have been collected from telecommunication providers and how the funds have been utilised since the establishment of the Telecommunication Development Trust Fund in 2010. In addition, our review of available records pertaining to the trust fund revealed the following anomalies:

- A significant variance of \$6,326,426 existed between the cash at bank balance as at 31/12/12 of \$9,749,950³ and the trust fund general ledger (FMIS) balance of \$3,423,524.
- No bank reconciliation was prepared in 2012, although the Ministry prepared monthly trust fund reconciliation.
- Weekly bank statements from WBC have been submitted to the Ministry of Finance (Treasury) but there was no evidence that these were reconciled to the general ledger (FMIS).
- Inconsistent cash book payment balance of \$150,470 and the financial statement balance of \$235,722 resulted in a variance of \$85,252.

¹ Finance Circular No. 13/2012 Clause 14.4

² Digicel (Fiji) Ltd, Fintel, Telecom (Fiji) Ltd, Vodafone (Fiji) Ltd etc

³ Westpac Bank Statement – December 2012

- The trust payments reflected in the financial statement of \$235,722 did not reconcile with the general ledger (FMIS) balance of \$198,454, resulting in a variance of \$37,268.
- Total receipt in the financial statement of \$648,420 did not reconcile with the general ledger (FMIS) balance of \$611,152, resulting in a variance of \$37,268.

The audit also noted the absence of responsibility by the Ministry and the Ministry of Finance in the operation of the Telecommunication Development Trust Fund. Although the bank account is maintained under the Ministry of Finance, the general ledger (FMIS) account is under the Ministry of Public Enterprises, Tourism, Civil Aviation and Communications. This anomaly may have contributed to the deficiencies noted above.

There is a risk that the financial information presented in the Trust Account Statement of Receipts and Payments for the Telecommunication Development Trust Fund is inaccurate and incomplete.

Recommendations

- **It is recommended that the Ministry liaise and consult with the Ministry of Finance to clarify its responsibilities regarding maintaining proper books of account for the Telecommunication Development Trust Fund.**
- **The Ministry should investigate and rectify un-reconciled variances and make appropriate adjustments to its books of account.**
- **There is an urgent need to strengthen the monthly reconciliation process to ensure that balances reported in the financial statements are accurate and complete.**

Ministry's Comments

No comment received from the Ministry.

28.5 Anomalies in the FREQMAN Invoicing System

The Spectrum Management Decree 2009 mandates the Department of Communication the responsibility of spectrum management.

The Department is responsible for managing spectrum given to more than 3,000 business entities in Fiji and charges fees for the use of spectrum. The fees differ depending on the number of licences each company is paying for, which can range from telecommunication to radio telephone licences. The Department uses a database billing system known as FREQMAN to generate invoices that are sent to "frequency" users.

From our review, the FREQMAN spectrum management system has the following anomalies:

- the system is in MS DOS format and is not compatible with the current computer applications and hardware, for example, data extracted from FREQMAN can only be printed on the old printers;
- it is a database system and unlike most accounting systems, it cannot automatically generate clients' transaction history when revenue falls due or when fees are received;
- invoices generated from the system are unreliable as outstanding balances cannot be automatically updated which can result in incorrect billing of customers; and
- there is no off-site backup for data generated by the system and it is a stand-alone database system without any network server.

In addition, audit also noted that the Department has no Disaster Recovery Plan to mitigate the risk of data loss.

The current operating capacity of the FREQMAN system may not be suitable for managing spectrum for more than 3,000 entities. In the absence of a reliable spectrum management system, data concerning spectrum management may be unreliable and erroneous.

Recommendations

- **It is recommended that the Department consider a review of the system that currently stores and processes data on spectrum management, taking into account the issues discussed above.**
- **The Department should also consider formulating a Disaster Recovery Plan to mitigate the risk of data loss.**

Ministry's Comments

The Department in partnership with TAF is now working with ITU in establishing new database management software (SMS4DC). The software will also incorporate a disaster recovery plan as per audit recommendation.

28.6 Office Space not utilised during the year

The principles of responsible financial management are to ensure value for money in the use of money and resources.⁴

The audit noted that the office space allocated to the Ministry on Level 3 - Civic Towers Building has not been fully utilised since August 2011 when the Department of Tourism was relocated to Level 4 of the Civic Towers Building.

The space comprised a total area of 7,508 square feet with a monthly rental of \$8,446.50. Certain areas were empty while some are being used as storerooms. Refer **Appendix 28.1** for illustrations.

The Ministry has written to the Public Service Commission requesting funds for the refurbishments and sub-letting the office space to the South Pacific Tourism Organisation (SPTO) as this will save \$65,465.64 on the annual rent paid by SPTO to FNPF from the Government grant disbursed annually. However, this request was declined by the Public Service Commission on 4/11/11 due to the exhaustion of funds allocated for the renovations of office space.⁵

In addition, the audit also noted that the Tenancy Agreement has not been renewed after the expiry of the 10 year period which was effective from 1/08/98

Paying rent for unutilised office space is uneconomical and a waste of public funds.

Recommendations

- **It is recommended that the Ministry follow up with the Public Service Commission on the usage of the empty office space to ensure that there is value for money in paying rent for the entire third floor of the building.**
- **The Tenancy Agreement should be renewed on the expiry of the agreement if the Ministry remains on the same location.**

⁴ Financial Management Act 2004. Part 2-Section 5 (c)

⁵ PSC Memorandum: Reference 29/501/69 on 04/11/11 – "Renovation and Refurbishment of Office Space"

Ministry's Comments

- *Management has been in discussion with PSC for the utilization of empty office space.*
- *Dialogue in process with SPTO to utilize the space of the other half of the building.*
- *The Ministry will discuss with the Suva City Council (SCC) for the review of landlord of Landlord and Tenancy Agreement.*

28.7 Monitoring of GCCs and CSAs

Within 4 months after the end of the current financial year, the Board shall give to the Public Enterprise Minister, the relevant Minister, and the Minister of Finance: (a) an annual report of that financial year; (b) audited consolidated financial statements for that financial year; and (c) the auditor's report on those financial statements⁶.

The Board of a Government Commercial Company or Commercial Statutory Authority shall prepare, and submit to the Public Enterprise Minister and the relevant Minister, a draft corporate plan at least 3 months prior to the commencement of the financial year.⁷ A half yearly report shall be given within 1 month after the end of the first half of the financial year.⁸ The Board shall prepare, and submit a draft statement of corporate intent at least 3 months prior to the commencement of the financial year.⁹

Our review of the monitoring function relating to statutory compliance by Government Commercial Companies (GCC) and the Commercial Statutory Authorities (CSA) revealed the following anomalies:

- The Department of Public Enterprises did not maintain any record of information relating to the dates in which reports were received.
- Late or non-submissions of reports as required by the Public Enterprises Act is a common occurrence for some GCCs and CSAs. Refer to Table 28.6 for details.

Table 28.6: GCCs and CSAs Reporting Status

GCCs/CSAs	2012 Half Yearly Report submitted by 31/07/13	Draft FS 2011 submitted by 31/01/12	Audited FS 2011 submitted by 30/04/12	Annual Report 2011 submitted by 30/04/12	2013 Draft Corporate Plan submitted by Oct 2012	2013 Draft Statement of Corporate Intent by Oct 2012
Airports Fiji Ltd	09/08/12	✓	31/05/12	28/06/12	✓	✓
Fiji Broadcasting Corp. Ltd	29/11/12	✓	✗	✗	✗	✓
Fiji Ports Corp. Ltd	02/08/12	✓	✗	30/07/12	15/12/12	✗
Fiji Ships & Heavy Industries Ltd	✗	✓	✗	✗	✗	✗
Ports Terminal Ltd	✗	✓	✗	✗	✗	✗
Post Fiji Ltd	✗	✓	18/07/12	18/07/12	26/11/12	26/11/12
Rewa Rice Ltd	✓	✓	✗	✗	✗	✗
Unit Trust of Fiji (Mgt)	✓	03/02/12	✓	08/08/12	✓	✓
Viti Corps Ltd	✗	31/03/12	✗	✗	✗	✗
Yaqara Pastoral Co. Ltd	11/10/12	28/02/12	✗	✗	✗	✗
Fiji Public Trustee Corp. Ltd	28/09/12	12/04/12	09/07/12	29/11/12	30/11/12	30/11/12
Food Processors (Fiji) Ltd	✓	✓	✗	✗	✓	✗
Fiji Electricity Authority	01/08/12	27/02/12	18/06/12	30/05/12	✓	✓

⁶ Public Enterprise Act - Section 103 (1)

⁷ Public Enterprise Act – Section 90 (1)

⁸ Public Enterprise Act – Section 101 (2)

⁹ Public Enterprise Act – Section 96 (1)

GCCs/CSAs	2012 Half Yearly Report submitted by 31/07/13	Draft FS 2011 submitted by 31/01/12	Audited FS 2011 submitted by 30/04/12	Annual Report 2011 submitted by 30/04/12	2013 Draft Corporate Plan submitted by Oct 2012	2013 Draft Statement of Corporate Intent by Oct 2012
Housing Authority	✓	25/04/12	x	x	x	23/11/12
Fiji Meats & Industry Board	01/08/12	01/04/12	27/11/12	x	x	✓
Public Rental Board	01/08/12	✓	x	x	✓	x
Maritime Safety Authority of Fiji	x	x	x	x	x	x
Fiji Hardwood Corporation Ltd	x	21/02/12	x	x	x	x
PAFCO	✓	✓	16/10/12	x	x	x
Biosecurity Authority of Fiji	x	x	x	x	25/01/13	25/01/13
Water Authority of Fiji	x	x	x	x	x	x
Keys:						
x - Report have not been submitted to the Ministry						
✓ - Report submitted to the Ministry on or before due date						
Note: Those with dates of submission mentioned were submitted after due dates.						

Furthermore, circulars issued to GCCs and CSAs as reminder to submit reports to the Department of Public Enterprises have been futile since there is no mechanism in place to penalise late or non-submission of reports.

The inconsistencies in the submissions of reports may impact the monitoring functions of the Department which can result in late reporting of the entities' performance to Cabinet and to other relevant stakeholders.

Recommendations

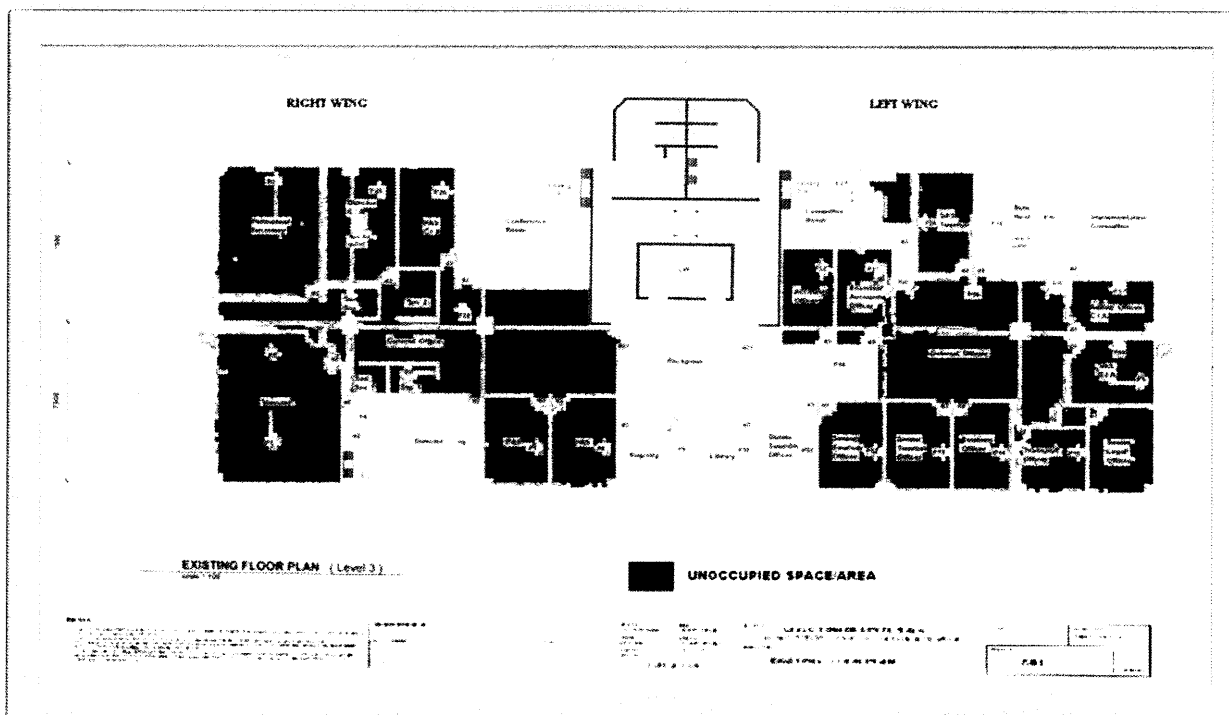
- **The monitoring function of the Department of Enterprises should be strengthened.**
- **It is recommended that the Department document compliance by GCCs and CSAs with the Public Enterprises Act regarding the submissions of reports.**

Ministry's Comments

Late and non – submission of reports by entities will be strengthened by the review of the Public Enterprise Act in 2013. The new Strategic Financial Analysis system will red flag the entities and will be captured in our records.

APPENDICES

Appendix 28.1: Floor Plan Layout for Civic Towers Level 3



The unshaded areas are occupied by the sections listed below but the illustrations provided are for the unoccupied spaces used as storage facility at the Level 3 of Civic Towers.

- Accounts Section (2 staff)
- Department of Civil Aviation (2 staff)
- Department of Communication (2 staff)
- Registry (1 staff)
- Principal Administration Officer (1 PAO and 2 TRCO's)

Note: The Left Wing denotes the left side of the level as you enter from the Reception and the Right Wing denotes the right side of the level as you enter from the Reception.

Section 29 Ministry of Works and Transport

Role and Responsibilities

The Ministry of Works and Transport is responsible to provide policy, planning, coordination, design, construction, operation, maintenance and management of programmes or activities related to public buildings, mechanical and electrical services, roads, bridges, and jetties. The Ministry is also responsible for any policy and administrative support services to Government, Transport Statutory Authorities, the Private Sector and public at large. This will enable the enhancement and facilitation of an efficient and sustainable transportation system and Meteorological Services within the country.

The implementation of policies involves the Transport Planning Unit, Meteorological Service, Fiji Islands Maritime Safety Administration, Public Works Department – Common Services and Department of National Roads.

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PART A: FINANCIAL STATEMENTS

The Agency Financial Statements excludes the Department of National Roads as stated in the Appropriation Promulgation or Annual Appropriation Act. The Department's operation was taken over by the Fiji Roads Authority under the Fiji Roads Authority Decree 2012.

29.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Works and Transport resulted in the issue of a qualified audit report. The qualifications are as follows:

- The Ministry did not maintain adequate accounting records to substantiate TMA Accumulated Surplus of (\$8,883,387), TMA Surplus of \$4,256,476 and TMA cash of \$2,475,322 as shown in the TMA Balance Sheet.
- There is an un-reconciled difference amounting to \$1,265,597 between the General Ledger (FMIS) and bank reconciliation.

29.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$834,304 and incurred a total expenditure of \$47,711,992 in 2012. Details are shown in Table 29.1.

Table 29.1: Statement of Receipts and Expenditure

Description	2012 (\$)	2011 (\$)
REVENUE		
Fees – Miscellaneous	300,580	448,249
Reimbursement of Meteorological Services	533,838	600,686
Other revenue	(114)	365
TOTAL REVENUE	834,304	1,049,300
EXPENDITURE		
Operating Expenditure		
Established Staff	7,204,133	7,659,150
Government Wage Earners	5,395,158	5,863,403
Travel & Communications	772,829	700,077
Maintenance & Operations	3,795,334	3,947,637
Purchase of Goods and Services	965,036	1,308,360
Operating Grants and Transfers	14,251,346	12,216,942
Special Expenditure	237,366	253,622
Total Operating Expenditure	32,621,202	31,949,191
Capital Expenditure		
Capital Construction	6,981,623	2,761,034
Capital Purchase	2,410,128	1,308,326
Capital Grants and Transfer	3,498,987	4,030,436
Total Capital Expenditure	12,890,738	8,099,796
Value Added Tax	2,200,052	1,372,460
TOTAL EXPENDITURE	47,711,992	41,421,447

Revenue declined by \$214,996 or 20% due to decreases in miscellaneous fees and re-imbursements for meteorological services.

The increase in total expenditure in 2012 by \$6.29 million or 15% resulted mainly from the increase in capital expenditure.

29.3 Appropriation Statement

The Ministry of Works and Transport incurred expenditure totalling \$47,711,992 in 2012 against a revised budget of \$52,479,053 resulting in a savings of \$4,767,061 or 9%. Details of expenditure against the budget estimates are provided in Table 29.2.

Table 29.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	9,338,380	(465,710)	8,872,670	7,204,133	1,668,537
2	Government Wage Earners	5,980,642	16,568	5,997,210	5,395,158	602,052
3	Travel & Communication	874,990	(5,101)	869,889	772,829	97,060
4	Maintenance & Operations	4,234,580	168,575	4,403,155	3,795,334	607,821
5	Purchase of Goods & Services	2,856,822	(1,635,979)	1,220,843	965,036	255,807
6	Operating Grants & Transfers	14,261,346	-	14,261,346	14,251,346	10,000
7	Special Expenditures	230,000	50,000	280,000	237,366	42,634
	Total Operating Costs	37,776,760	(1,871,647)	35,905,113	32,621,202	3,283,911
8	Construction	15,445,896	(7,744,873)	7,701,023	6,981,623	719,400
9	Purchases	2,508,432	52,610	2,561,042	2,410,128	150,914
10	Capital Grants & Transfers	5,000,000	(1,500,000)	3,500,000	3,498,987	1,013
	Total Capital Expenditure	22,954,328	(9,192,263)	13,762,065	12,890,738	871,327
13	Value Added Tax	3,922,787	(1,110,912)	2,811,875	2,200,052	611,823
	TOTAL EXPENDITURE	64,653,875	(12,174,822)	52,479,053	47,711,992	4,767,061

29.4 Statement of Losses

The Ministry of Works and Transport did not record any loss (other than money) in 2012.

29.5 Trade and Manufacturing Account (TMA)**Table 29.3: Manufacturing Account**

	2012 (\$)	2011 (\$) Restated
Opening Raw materials	255,830	303,949
Add: Purchases	4,200,859	4,026,509
	4,456,689	4,330,458
Less: Closing Raw Materials	431,522	255,830
Raw Materials Used	4,025,167	4,074,628
Direct Labour	4,757,430	6,617,692
Opening Work in Progress	-	2,000
	8,782,597	10,694,320
Less: Closing Work in Progress	-	-
Cost of Goods Manufactured transferred to Trading Account	8,782,597	10,694,320

Table 29.4: Trading Account

	2012 (\$)	2011 (\$) Restated
Sales	12,639,135	14,897,404
Finished Goods (01/01/08)	249,309	214,152
Add: Cost of Manufactured Goods	8,782,597	10,694,320
Cost of goods available for sale	9,031,906	10,908,472
Less: Finished Goods (31/12/08)	296,180	249,309
Cost of Goods Sold	8,735,726	10,659,163
Gross Profit transferred to profit & loss	3,903,409	4,238,241

Table 29.5: Profit & Loss Statement

	2012 (\$)	2011 (\$) Restated
Sales		
Gross Profit transferred from Trading A/C	3,903,409	4,238,241
Other income	6,804	1
OPR from previous years	-	108,001
Total Income	3,910,213	4,346,243
Expenses		
Travel and communications	116,024	187,810
Maintenance and operation	3,544,399	5,043,808
Purchase of Goods and Services	59,920	70,559
Special Expenses	1,811	1,823
VAT	-	1,153,249
Total Expenses	3,722,154	6,457,249
Net Profit	188,059	(2,111,006)

Table 29.6: TMA Balance Sheet

	2012 (\$)	2011 (\$) Restated
Liabilities		
Deposits, Deductions & Retention money	266,694	2,920,768
Accounts Payable	27,063	26,894
Total Liabilities	293,757	2,947,662
Equity		
TMA Accumulated Surplus	8,883,387	3,342,304
TMA Surplus	(4,256,476)	(2,151,780)
Total Equity	4,626,911	1,190,524
Total Equity and Liabilities	4,920,668	4,138,186
Assets		
Cash at Bank	2,475,322	2,186,813
Accounts Receivable	1,717,644	1,446,234
Inventory	727,702	505,139
Total Assets	4,920,668	4,138,186

PART B: AUDIT FINDINGS

29.6 Trading and Manufacturing Account

The Trading and Manufacturing Accounts (TMA) under the Ministry consolidate individual TMA for the following:

1. Plumber Shop
2. Workshop Wages
3. Workshop Suspense
4. Workshop Stock
5. Plant Hire
6. Fuel & Oil
7. Joinery
8. Lubrication
9. Concrete Products

10. Gravel Wash
11. Cane Trucks

The following irregularities were noted:

29.6.1 Unsubstantiated TMA Surplus Balance

The Balance Sheet for the year ended 31/12/12 included TMA Accumulated Surplus of a debit balance of \$8,883,387 and TMA Surplus of \$4,256,476. The audit could not substantiate these balances as the Ministry did not have sufficient appropriate records to support these balances, which have also been included as qualification issues in Audit Reports for previous years.

The absence of records to support the TMAs render the balances reflected in the balance sheet incorrect and questionable. As a result, the audit was not able to ascertain the correctness of these balances. Unless resolved, this issue will continue to affect the TMAs for subsequent years.

Recommendations

- **Details of the TMA Accumulated Surplus and TMA Surplus as reflected in the consolidated TMA Balance Sheet should be provided for audit.**
- **It is recommended that the draft Agency Financial Statements, including the Trading and Manufacturing Accounts are thoroughly checked, balances substantiated and clarified with the Ministry of Finance before they are submitted for audit.**
- **The Accounts Officers should be proactive in dealing with issues concerning TMAs, that is, seek out explanations and liaise with the Ministry of Finance to resolve long outstanding issues regarding the records that would support the balances for TMAs.**

Management Comment

No comments provided by the Ministry.

29.6.2 Variance between Total Assets, & Total Liabilities & Equity

The audit noted a variance of \$49,933 between total assets and total liabilities & equity in the consolidated TMA when validating the financial statements to the General Ledger (FMIS). The Asset and Management Unit (AMU) of the Ministry of Finance, which is responsible for closing off TMAs at year end, agreed with the audit finding.

The audit was informed by the AMU that additional cost centres have been created and in operation without their approval. As a result, they were not able to complete the necessary steps to properly close the TMAs at year end. This was due to the following:

- the additional cost centres do not have equity allocations; and
- AMU did not encourage transferring the balances under the unauthorised cost centres, which amounted to \$49,933, to other cost centres as it will overstate the allocations.

As at date of audit¹, AMU was seeking clarification from the Department of Works on the creation of additional cost centres so that necessary adjustments can be made accordingly. The Department has been advised to sort this issue out with the Ministry of Finance. However, the variance still exists in the general ledger (FMIS).

¹ 06/05/2013

The above shows the laxity of the Department in not furnishing all required information to the AMU. This has resulted in the existence of the variance in the Department's consolidated balance sheet which may also affect the Whole of Government's TMA balance sheet.

Recommendations

- **The Department of Works should provide the necessary explanations and documentations to the AMU to facilitate the clearing of the variances noted during the audit.**
- **The Ministry should ensure that all changes that affect TMAs are approved and communicated to the AMU.**

Management Comment

No comments provided by the Ministry.

29.6.3 Dormant TMAs

The audit noted three in-active TMAs included in the Trading and Manufacturing financials statements. These are dormant accounts with no trading activities recorded throughout the year. Refer to Table 29.7 below for details:

Table 29.7: Dormant TMA

TMA	Cost Centre
Workshop Stock	256
Gravel Washing Plant	259
Cane Trucks	261

The Principal Accounts Officer explained that the Ministry had been liaising with AMU for the closure of these accounts.

Recommendation

The Ministry should ensure that necessary actions are taken for the closures of TMAs that have been dormant for a number of years and therefore should continuously follow up with AMU on this issue.

Management Comment

No comments provided by the Ministry.

29.6.4 Variances in TMA Bank Reconciliations

The account supervisor shall prepare bank reconciliation within 5 days of the end of the month. Details of un-presented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the accounts supervisor and submitted to the Accounting Head. The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it.²

² Finance Manual - Ministry of Works 2011 s7.4.7 – s7.4.10

Each accounting head shall ensure that:

- revenue is recorded against the correct account.
- the recording of revenue is reconciled monthly with the Ministry of Finance.
- the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month.³

The audit noted variances between the TMA cash at bank balance in the Balance Sheet and the general ledger (FMIS) as at 31/12/12. Refer to Table 29.8 below for details:

Table 29.8: Variance in TMA Cash at Bank and FMIS Balance

Accounts	FMIS Balance	Department's Balance	Variance
	(\$)	(\$)	(\$)
Works (Divisional Engineer Central Eastern)	1,254,049.06	486,787.93	767,261.13
Works (Principal Engineer Mechanical Central Eastern)	953,597.33	454,141.35	499,555.98
Works (Principal Engineer Mechanical Central Eastern)	163,872.94	164,992.93	(1,119.99)
Total	2,371,519.33	1,105,922.21	1,265,597.12

The following discrepancies were also noted from the review of monthly TMA bank reconciliations:

Divisional Engineer (Works) Central Eastern

- TMA cash balance in the general ledger (FMIS - allocation 4-40251-91011-540201) was not updated. Receipts totalling \$940,822, which would have affected the TMA cash balance at year end, were not posted to the general ledger (FMIS). Of this total, \$824,333 were receipts dated from 2008 to 2010 while \$116,489 had been deposited but not posted to the general ledger (FMIS).
- Payments totalling \$1,708,083 have not been posted into the general ledger (FMIS) from 2010 hence overstating the cash balance in the financial statements; and
- Direct deposits totalling \$69,993 have been appearing from 2010 bank reconciliations and have been used to reconcile the cash balances.

Principal Engineer (Works) Mechanical Central Eastern

- Receipts amounting to \$74 had been lodged in the bank but not posted to the general ledger (FMIS).
- Payments totalling \$499,530 have not been posted into the general ledger from 2010 hence overstating the cash balance in the financial statements.

Divisional Engineer (Works) Western

- A receipt of \$1,119.99 had not been posted to the general ledger.

As result, audit was not able to substantiate the accuracy of the cash at bank balance for the TMA account as at 31/12/12.

The above anomalies indicate that the bank reconciliation process is ineffective. In addition, there is a high risk of misappropriation of funds and fraud if bank reconciliations/cash management are not carried out properly.

³ Finance Instructions 2010 – s21(1)

Recommendations

- **Bank reconciliation process should be strengthened and any errors arising out of the reconciliation are adjusted accordingly.**
- **Since cash management is a high risk area, internal control deficiencies identified should be rectified to ensure that accounting of cash, including maintenance of cash records, are properly carried out.**

Management Comment

No comments provided by the Ministry.

29.6.5 TMA Cash

There are four bank accounts maintained by the Ministry for the nine Trading and Manufacturing Accounts that it operates. The bank accounts are maintained at the three Divisions with the Central Eastern maintaining two bank accounts.

The audit noted that a number of TMAs operate under one bank account; however, separate cash ledgers are not maintained for the individual TMAs therefore not reflected in balance sheet for those relevant TMAs. For example, the Divisional Engineer Northern operates five TMAs but maintain only one bank account for the TMAs. The TMA cash was reflected in one ledger account and in only one balance sheet of the five TMAs.

Without separate cash ledgers, it would be difficult to account for the different cash balances for each TMA.

Recommendation

With the current arrangement, it is essential that the Ministry maintain separate cash ledgers to properly account for the cash at bank under each TMA.

Management Comment

No comments provided by the Ministry.

29.7 Anomalies in Payment made to DATEC

For goods, services or works subject to a written contract or agreement, the receiving officer shall verify that claims for progress payments are in order and delivered in accordance with the contract or agreement.⁴

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

- i. it is in accordance with an LPO, indent, contract, invoice or other authorisation; and
- ii. there is documentation that the goods, services or works have been received.⁵

⁴ Finance Manual 2011 Ministry of Works s2.6.18

⁵ Finance Manual 2011 Ministry of Works s2.8.3

On 31/12/12, the Ministry paid DATEC (Fiji) Limited \$221,534.15 (VIP) for the supply and installation of a VOIP system. The procurement was approved by the Government Tender Board on 24/12/12 and a Local Purchase Order issued on 27/12/2012. Refer to the Table 29.9 below for breakdown of payment.

Table 29.9: Payment details to DATEC

Date	Cheque No.	Amount (\$) VIP	Particulars
31/12/2012	30059	221,534.15	Payment for the supply and installation of VOIP system. <ul style="list-style-type: none"> • Supply and installation costs \$181,892.25 • Structure Cabling at Nasilivata House \$39,641.90

The following anomalies were noted:

- No contract was signed with DATEC (Fiji) Limited before the payment was made;
- As at May 2013, DATEC has not supplied the VOIP system, including the structure cabling;
- Payment released on the exchange of a bank guarantee from Bank of Baroda provided by DATEC at a guaranteed amount of \$232,421.87, however, bank guarantee was only for a 3 month period from 1/01/13 – 31/03/13. This was later extended to 31/05/13 by the Bank upon enquiries during the audit.

The Principal Accounts Officer explained that the payment was released on 31/12/12 based on the advice of the Chief Accountant that the Ministry can make the payment provided DATEC produces a bank guarantee. Furthermore, the Ministry needed to utilise their budget allocation at the year end.

Although the Ministry is safeguarded from financial loss by the Bank guarantee, this may only be good until the bank guarantee expires. The regulations pertaining to the procurement has been breached regardless.

Recommendations

- **The Ministry should ensure goods and services are received before processing payments.**
- **The Ministry should ensure that contract agreement is in place where it is required before processing contractor's payments.**
- **The Ministry should monitor its procurement plan for the year.**

Management Comment

No comments provided by the Ministry.

29.8 Trust Fund Account

29.8.1 Differences in Trust Fund Balances

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the ledger keeper shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement⁶. Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁷

⁶ Finance Manual - Ministry of Works 2011 s16.3.3

⁷ Finance Manual - Ministry of Works 2011 s16.3.4

The audit noted that the Department's Trust Fund balances as at 31/12/12 did not reconcile with the General Ledger (FMIS). Refer to the Table 29.10 and 29.11 below for details:

Table 29.10: Trust Fund Account Closing Balance

Allocations	Department Balance (\$)	FMIS (\$)	Variance (\$)
Divisional Engineer - Central Eastern	1,349,669.05	1,187,741.23	161,927.82
Divisional Engineer - Northern (Fund 1)	598,028.90	573,473.61	24,555.29
Divisional Engineer - Northern (Fund 4)	3,730.57	(9,942.03)	13,672.60
Department of Transport	(9,824.66)	(58,950.66)	49,126.00

Table 29.11: Trust Fund Account Opening Balance

Allocations	Department Balance (\$)	FMIS (\$)	Variance (\$)
Divisional Engineer - Northern (Fund 4)	(21.53)	(325,162.30)	325,140.77
Department of Transport	(9,857.84)	(58,578.59)	48,720.75
Department of Works - HQ	(2,252,982.30)	(2,251,770.30)	(1,212.00)
Fiji Meteorological Services	116,963.67	38,347.67	78,616.00

The above finding indicated that the reconciliation process may be ineffective as variances between the general ledger (FMIS) and the reconciliation statements were not investigated and rectified in the appropriate books of account.

Recommendations

- **The Ministry should investigate the variances and rectify them in the appropriate books of account.**
- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately.**

Management Comment

Department of Transport comments – Trust Fund Variance - \$49,126

The variance was due to the charges arising from Government Shipping Services whilst they were under the ministry. Government Shipping Services is no longer under the ministry.

The Ministry has liaised with Ministry of Finance for rectification and for the transfer of charges to Government Shipping Services accordingly.

DECE comment – Trust Fund Variance - \$161,927.82

Trust Account difference of \$162,927.82 was the adjustment of wages posted in December and not reflected in the GL system in time of reconciliation processing.

29.8.2 Long Outstanding Trust Balances

All payments from the trust account shall be adequately supported and made only for the purpose of the trust.⁸

⁸ Finance Manual – Ministry of Works 2011 s15.2.3

Review of the Trust Fund reconciliation as at 31/12/12 revealed that certain balances had been outstanding from previous years. Refer to Table 29.12 below for details.

Table 29.12: Long outstanding Trust Fund balances

Operating Trust Fund Accounts	Department Balance (\$)
Divisional Engineer - Northern (Fund 1)	2,350.62
Divisional Engineer - Northern (Fund 4)	(21.53)
Department of Transport	(49,604.64)
Department of Works – HQ	(1,115,918.68)

The above indicated the Ministry's failure to review and investigate trust fund accounts with long outstanding balances and correctly account for them.

Recommendation

The Ministry should liaise with the Ministry of Finance to rectify long outstanding balances.

Management Comment

These were brought forward balances from previous years which have accumulated respectively. Ministry will liaise with Ministry of Finance on rectifying the issues and for write off procedures if need be.

29.9 Anomalies in capital construction works

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.⁹

The roles and responsibilities for the Department of Works as stated in its Annual Business Plan for 2012 include the provision of professional advice, technical services and construction of works projects for Government departments and agencies. This includes management of works and maintenance programmes associated with public buildings and electricity in some rural areas, and maintenance and operations of facilities owned by the Government.

Our review of a sample of construction works done by the Department in 2012 revealed the following:

29.9.1 Lack of planning and improper execution of works

The Department was engaged by the Maritime Safety Authority of Fiji (MSAF) to construct the Cakau Momo Tripod Lighthouse for a cost estimated by the Department to be \$182,191. As such a total sum of \$182,191 was received¹⁰ from MSAF on 11/07/12 for this project.

The audit noted the following:

- Work on the project and associated costs were not properly planned and estimated as evidenced by the following:

⁹ Ministry of Works Transport & Public Utilities Finance Manual 2011 Part 2 Expenditure

¹⁰ Receipt no. 542126 of 11/07/2012

- ✓ Estimation was done in house instead of an actual site surveying as confirmed by Accounts Officer Samuela Tamani.
- ✓ Actual expenditure as at 31/12/12 was \$133,373 with anticipated savings of \$48,818. However, as at the date of audit (27/3/13), liabilities amounting to \$181,891 were yet to be settled with creditors engaged for this project. The costs incurred as at March 2013 was \$315,264 being the expenses of \$133,373 and liabilities of \$181,891, which was 42% more than what was projected to be the total cost of completing the lighthouse. Refer to Table 29.13 for details of liabilities:

Table 29.13: Details of outstanding liabilities as at March 2013

Supplier	Date	Invoice No.	Amount (\$)	Particulars
Sea Pacific Ltd	7/1/13	1714	33,000	Hire of Barge boat
	7/1/13	1724	24,000	
	16/1/13	1725	18,000	
	30/1/13	1736	6,000	
Pacific Marine & Civil Solutions	20/3/13	4503/50	72,000	Hire of vibro hammer
Amras Earthworks	7/2/13	19074	3,814	Private Plant hire
	7/2/13	19075	3,804	
	7/2/13	19076	3,904	
	7/2/13	19077	3,952	
	7/2/13	19078	3,131	
Chief Engineer Central Eastern			4,800	Plant hire from Plant Pool
Project workers			5,486	Being Overtime Costs
Total			181,891	

- A review of the general ledger (FMIS) at year end showed that the allocation for the Cakau Momo Tripod Lighthouse project has been fully utilised implying transactions for other projects may have been wrongly posted to the allocation.
- Work on the project commenced in December 2012 and has not been completed as at date of audit on 27/3/13.

A Senior Technical Officer¹¹ explained that the project was difficult to carry out given the unstable environment the light house was located in. The project was estimated to be only 10% complete as at 27/03/13, with a total cost of \$315,264 already incurred.

The absence of proper planning and estimation of costs will result in costs overrun and slow progress of projects.

Recommendations

- **The Ministry should:**
 - properly plan and schedule projects with realistic costs estimations carried out;
 - strengthen supervisory and monitoring functions of projects;
 - costs are contained within realistic projected estimations; and
 - consider carrying out costs estimations on site for certain projects to ensure a more realistic plan based on on-site situations.

¹¹ Mr Mesulame Ratumaiyale

- **The Ministry should also consider liaising with the MSAF regarding the additional costs that have been incurred on the construction of the Cakau Momo Tripod Lighthouse.**
- **All expenses charged to the expenditure allocation for the Cakau Momo Tripod Lighthouse should be reviewed to ensure that only expenses related to the project are recorded under the allocation in the general ledger (FMIS).**

Management Comments

Audit comments are noted. Meetings have been conducted with the management of the section and project managers and were briefed on how to facilitate proper project estimation and accounting of all costs for each project. Site visitation and proper assessment of projects planned are given consideration before works are carried out.

In view of the directives from Head Office management had put forward instructions for the projects to be completed on time and pressure being put forward to workmen on site for this to be achieved.

There were many challenges and constraints experienced during the implementation but the unpredictable weather condition at sea was the root cause that negatively impacted the project. The team experienced high sea swells from 1.0 to 1.2m high and strong winds making it hard to conduct works and because that it was also cyclone season from November until April.

The stakeholders and contractors to the project were also the cause of delay such as the incident of the Plant Pool Crane having mechanical breakdown and delay in release of certificate by the Ministry of Labour, thus delaying the trip of the M.B Vatulawa from 27/11/12 to 04/12/12.

The incident in Batiki that took the lives of three of our workmen in a capsized boat. This diverted the vessel M. B Vatulawa which was also involved in the search and rescue exercise as directed by the Fiji Navy and Government Shipping Services from the 02/12/12 to 03/12/12.

29.9.2 Purchases made after completion of projects

The Ministry's quarterly submission to the Strategic Framework for Change and Coordinating Office (SFCCO) and the project progress reports prepared by the Department showed the commencements and completion dates of projects.

From the review of a number of projects site ledgers and payments records, the audit noted that purchases for some projects continued after the completion dates, as recorded in the quarterly submission to the SFCCO. Refer to Table 29.14 below for examples:

Table 29.14: Projects with purchases made after completion date

Project Name	Starting Date	Completion Date	Total Purchases after Completion Date (\$) VIP
President Bure Taunovo	30/07/12	08/11/12	23,967
Quarters 2 Suva Craft Centre	18/06/12	27/07/12	3,355
Quarters 10 Naitonitoni, Navua	09/07/12	03/09/12	473
Quarters 61 Naitonitoni Navua	11/07/12	09/08/12	2,355
Total			30,150

The audit also noted that a sum of \$3,680 allocated for upgrading the Taunovo President's Bure was utilised for other purposes. Refer to Table 29.15 for example:

Table 29.15: Example of payment for other purposes

Date	Cheque No.	Amount (\$)	Particulars
30/11/12	852698	3,680	Payment for the supply of 4 units Brother Printer from Massive Office Solutions

Failure to control charging of expenses to specific project allocations in the general ledger (FMIS) may result in the following:

- account balances may not be a true reflection of the expenses actually incurred to complete the projects outlined;
- unnecessary procurements of stores; and
- purchases made intentionally so as to use up the surplus budget.

Recommendations

- **The Ministry should closely monitor costs commitments made for each projects and ensure that funds received for projects are not utilized for other purposes.**
- **The Ministry should further investigate the additional purchases charged for the above projects and instigate appropriate actions where necessary.**

Management Comment

Audit Comments are noted. All procurement made for projects are fully dictated by the material schedule that is been given by the Quantity Surveying and Estimating in head office, thus all purchases made are monitored and checked to be also in the Material Schedule. The accounts compliance clerks in the Division are checking all the requests for procurement prior to approval being granted for purchasing of goods and services.

29.10 Journal vouchers not approved

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts. Only the Accounting Head or accounts supervisor shall approve journal adjustments.¹²

The audit noted that some adjustments made to the general ledger (FMIS) through journals were not approved. Refer to Table 29.16 below for examples.

Table 29.16 Examples of journal vouchers not approved

UNIT	JV No.	Amount (\$)	Particulars
DECE – Walu Bay	411389/12/2	50,557	Adjustment of wages being charged to Admin now adjusted to its correct vote.
Mechanical/Plant Pool	415274/12/12	143,354	Adjustment of direct deposit – Blacktop Construction and bank fees for December 2012.
	415273/12/12	434	Adjustment of bank fees for October & November 2012 and misposting of JV No. 415196 for September bank fees.
	415272/12/12	818	Being direct deduction – bonds for Ministry of Agriculture, Fisheries & Forestry.
	415271/12/12	141,587	Being mis-posting and input of receipt into the system.
Total		336,750	

¹² Ministry of Works, Transport & Public Utilities Finance Manual 2011 Part 16 Ledger Accounts Section 16.1.1 & 16.1.2

Adjustments made to the books of account of the Ministry without proper approvals and documentations increases the risk of manipulation of accounting records to conceal misappropriation and fraud.

Recommendation

Adjustments made to the general ledger (FMIS) through journal vouchers should be approved by the Head of the Accounts Section and appropriately supported with details and documents that will establish audit trails.

Management Comment

The comments are noted.

The clerk doing punching of Journal Vouchers has being warned not to do any punching of JV's unless it has being approved by authorized officer. Compliance units are verifying all journal vouchers to be processed.

29.11 Signed cheques not issued

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.¹³

The audit noted that the Ministry was still in possession of cheques processed, endorsed and signed in 2012. By March 2013, the cheques were still kept at the DECE Office and the Mechanical/Plant Pool Section.

Payments were posted to the general ledger (FMIS) as expenses incurred and paid in 2012, however, the cheques were not issued to suppliers. Refer to Tables 29.17 and 29.18 for details.

Table 29.17: Operating Fund Account cheques held at DECE

Cheque No.	Date	Payee	Amount (\$)
850000	11/07/12	CEO	438.72
850594	17/08/12	FPSA	54.00
851148	13/09/12	Motor Parts Traders	54.00
851988	25/10/12	Basic Industries	384.22
852228	06/11/12	FPSA	9.00
852229	06/11/12	FPSCU	27.50
852554	23/11/12	Saw Services Specialist	286.00
658579	27/11/12	MOF	50.00
852558	23/11/12	Metromix	3,366.51
853131	19/12/12	Delta Timber Supplies	279.98
853230	21/12/12	Goundar Shipping	195.26
853259	22/12/12	Modern Stationery	14.97
853357	24/12/12	Patterson Brothers	35.00
853444	28/12/12	Shrine Investment & Elect Ltd	3,927.00
853449	28/12/12	SCIL	1,285.02
853472	28/12/12	SCIL	4,571.99
853498	29/12/12	Suva Stationery Manufacturing	102.99
853609	31/12/12	Powerlite Generators	114,800.00

¹³ PWD Finance Manual 2011 Part 2 Expenditure

Cheque No.	Date	Payee	Amount (\$)
853613	31/12/12	Metromix	2,799.00
890092	28/12/12	DE Works	1,138.26
Total			133,819.42

Table 29.18: TMA cheques held at DECE

Cheque No.	Date	Payee	Amount (\$)
658260	24/07/12	Lincoln Refrigeration	55.00
658738	24/12/12	Fluid Power Service	96.60
658781	31/12/12	Delta Timber Supplies	850.00
658648	06/12/12	Fluid Power Service	28.00
658372	05/09/12	CEO	1,328.05
658391	10/09/12	Cleancare & Chemicals	20.00
Total			2,377.65

If goods and services have not been supplied but the cheques issued even though still kept at the Ministry after the cut-off date of 31/12/12, then the expenditure at year end as reflected in the general ledger (FMIS) would be overstated.

A number of cheques may also have become stale as they have been kept with the Ministry for more than six months.

Recommendations

- It is recommended that the Ministry further investigate why cheques are still kept with certain Sections months after being processed and endorsed and take appropriate actions.
- Basic controls for cheques management should be strengthened.
- Supervisory checks in the Accounts Section should be improved.

Management Comment

Once the cheques are prepared the telephone calls are made to the companies for cheques collection and after numerous reminders those companies not turning up for collection, their cheques are being mailed to them.

The Department has embarked with the assistance of FMIS into the Electronic Fund Transfer from March 2013 which has greatly assisted in such cases.

29.12 Civil litigation – Out of Court settlements

Cabinet approved in 1994 that for the year beginning 1st January 1995 and thereafter, the settlement of damages awarded against Government due to negligence, carelessness or incompetence of civil servant be paid out of the relevant Ministry/Department funds. Cabinet also approved that the Solicitor General pursue recovery process against civil servants where the circumstances of the case deem it fair.¹⁴

In 2012, the Department paid a sum amounting to \$50,000 to the Solicitor General Trust as compensation payment to a victim of a road accident. The accident which occurred in 2008, involved a Department's truck and a minibus. The payment was agreed to by the Department after the proposal for out of court settlement was presented by the Solicitor General. And in 2011, on the Solicitor

¹⁴ CP (94)140 Claims against Government due to Neglect or Incompetent Civil Servant

General's request, the Department made compensation payment totalling \$70,000 in regards to the same accident, as out of court settlement for other passengers.

According to investigation report prepared by the Department, both the drivers of the vehicles involved were at fault as both were over speeding which was understood to be the major cause of the accident.

The audit noted that the no action was taken any action to recover at least a percentage of the total cost borne by the Ministry as a result of the driver's negligence in performing his duties.

Recommendation

It is recommended that the Ministry pursue recovery from the driver for costs borne as a result of the accident, upon consultation and approval by the Solicitor General.

Management Comment

The Audit comment is noted, the driver of the truck GM 243, Mr Umlsh Chand (FNPF ML131) is still employed with the Ministry and we will proceed as recommend recovering certain percent from him.

29.13 Previous years' expenses paid in 2012

When invoices or claims for payments are received, the accounts payable officer shall record details in an accounts payable ledger/register. The accounts payable ledger/register shall record all claims for payment except for procurement invoices, which shall record in the commitment ledger.¹⁵

At the end of each month, the accounts payable officer shall review the accounts payable ledger/register to ensure that all invoices and claims do not become overdue.¹⁶

The audit noted that expenditure incurred and relating to activities from 2009 to 2011 were settled in 2012. Refer to Table 29.19 below for details.

Table 29.19: Details of outstanding charges cleared in 2012

Date	Payee	Cheque No.	Amount (\$) VIP	Particulars
14/05/12	Vodafone Fiji	875995	56,267	Being payment of outstanding Vodafone charges for year 2011
08/10/12	OTIS Elevators	876779	48,618	Being payment of outstanding charges for 2009 & 2011

Explanations provided during the audit were as follows:

Vodafone Fiji

- monthly bills were not provided to the Accounts Section for payments;
- no control on issuing phones as records/register was not maintained; and
- no control or monitoring on phone usage limits.

¹⁵ Min of Works, Transport & Public Utilities Finance Manual 2011 s13.1.1

¹⁶ Min of Works, Transport & Public Finance Manual 2011 s13.1.3

OTIS Elevators

- delay in the submission of the customer service reports; and
- relevant technical officers did not accompany and monitor OTIS technicians during the maintenance works.

Enforcements of terms and conditions of contracts on suppliers and contractors need to be improved.

Failure to clear expenses as they fall due will result in the accumulation of costs placing constraints in on the current budget.

Recommendation

The Ministry should ensure that invoices and claims from suppliers and contractors are processed and settled when they fall due, provided that all terms and conditions have been met.

Management Comment

Audit comments are noted and would be compiled with. Follow up with the service providers for service reports are made so that bills are made on time and registers are kept to record services carried out as per the contract.

29.14 Otis Elevators – Claims not substantiated

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

- i. It is in accordance with an LPO, indent, contract, invoice or other authorisation;
- ii. There is documentation that the goods, services or works have been received;
- iii. Sufficient uncommitted funds are available for payment of the account;
- iv. The account is not fraudulent and has not been previously paid;
- v. The expenditure account it is charged to is correct.¹⁷

OTIS Elevators was contracted on 13/05/10 by the Ministry for the maintenance of all lifts on government premises. The contract was for a 3 year term from 16/09/09 to 16/09/12.

On 29/06/12, a sum of \$34,633¹⁸ was paid to OTIS Elevators for outstanding payments for the months of January to April 2012.

Audit noted that invoices totalling \$9,510 were not supported with customer service reports. A customer service report substantiates that maintenance has been carried out and by a relevant technical officer with the Ministry. Refer to Table 29.20 for details.

Table 29.20: Payments made without Customer Service Report

Month	Invoice No.	Invoice Amount (\$) VEP	Machine No. Serviced
January	1202755	618.34	EO163
		618.34	EO164
		661.93	EO165
		120.48	EO166
		120.48	EO167

¹⁷ Min of Work, Transport and Public Utilities Finance Manual 2011 Part 2.8.3 Expenditure

¹⁸ Cheque No. 876277

Month	Invoice No.	Invoice Amount (\$) VEP	Machine No. Serviced
		120.48	EO168
		120.48	EO169
	1202753	455.93	2108919
February	1208752	618.34	EO163
		618.34	EO164
		661.93	EO165
		120.48	EO166
		120.48	EO167
		120.48	EO168
		120.48	EO169
March	1216892	618.34	EO163
		618.34	EO164
		661.93	EO165
		120.48	EO168
	1202756	393.06	EO244
	1208756	320.10	E3172
		320.10	E3173
Total Payable		8,269.34	
VAT		1,240.35	
Total VIP		9,509.69	

The above findings shows the laxity on the part of the Accounts supervisor in certifying payments as correct without properly checking the supporting documents. This has led to payments of lift maintenance works for which the actual works were not substantiated.

Recommendation

Payment vouchers and supporting documents should be thoroughly scrutinized before being certified for payments.

Management Comment

Audit comments are noted and the Department will ensure that all payments are thoroughly checked and certify correct at all times. The section is also working hard to locate the source documents and other original documents for the payment of service. The accounts compliance unit is checking all such contracted services prior to payment processing to ensure that supporting documents are attached.

29.15 Succession Plans

Against all re-engaged officers, Permanent Secretaries and Head of Department's must identify a clear succession plan to ensure the continuity of service before the re-engaged retirees finally retire from the service.¹⁹

A number of officers have been continuously re-engaged by the Ministry since the re-engagement policy came into effect in 2009. Refer to Table 29.21 for examples.

¹⁹ PSC Circular No.24/2009 – Appendix 1

Table 29.21: Re-engaged Officers

EDP No.	Name	Substantive Post	Date of Birth	Status of Current Re-engaged Contract
53673	Jonacani Bainimarama	Senior Technical Officer - Mechanical	11/07/1951	Re-engaged till 31/12/13. Re-engaged from 2010.
63179	Eremasi Saune	Foreman – Fitting Shop	09/11/1956	Re-engaged till 31/12/13. Re-engaged from 2011.
62978	Luke Tuku	Supervisor Higher Grade- Boilershop	27/02/1954	Re-engaged till 31/12/13. Re-engaged from 2010.
91996	Jone Raikabula	Supervisor - Building	04/02/1954	Re-engaged till 31/12/13. Re-engaged from 2010.
53220	Nacanieli Waqa	Supervisor Higher grade- Building	31/07/1952	Re-engaged till 31/12/13. Re-engaged from 2010.

Continuous re-engagements of retired officers imply ineffective implementation of the Ministry's Succession Plan, specifically, in identifying and developing officers from within to fill in substantive posts currently held by retired officers.

Recommendation

It is recommended that the Ministry take heed of the advice and conditions set out by the Public Service Commission regarding the re-engagement of retired officers.

Management Comments

Recommendation is noted. The Ministry had developed its succession plan which had been approved to be monitored by division and department heads. However names of the successors had been identified for those officers that had been re-engaged as listed in the table. Please refer documents attached.

<i>Re-engaged staff</i>	<i>Replacement</i>
<i>Jonacani Bainimarama</i>	<i>Tavua Ravu</i>
<i>Etuata Saune</i>	<i>Nawale Mucunabitu</i>
<i>Luke Tuku</i>	<i>Jeke Taginakaitani</i>
<i>Jone Raikabula</i>	<i>Atunaisa Tawake</i>
<i>Nacanieli Waqa</i>	<i>Suliano Nayacalevu</i>

Section 30 Ministry of Public Utilities & Energy

Roles and Responsibilities

The Ministry of Public Utilities and Energy is responsible for any policy, planning, coordination, design, construction, operation, maintenance and management of programme or activities related to public water supplies, sewerage services and energy.

Department of Water and Sewerage

The Department of Water and Sewerage focuses on the creation and establishment of sound policy and regulatory frameworks conducive for the provision of a sustainable water sector. This entails the formulation of a National Water Policy and the review of the Water Act.

Department of Energy

The Department of Energy focuses on accelerating electricity infrastructure development to expedite the provision of electricity services to the rural population. These include assisting rural communities with connections to FEA electricity network, provision of stand-alone diesel and where there is sufficient resources for renewable energy technologies either wind, hydro, biomass or standalone solar home systems.

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PART A: FINANCIAL STATEMENT

30.1. Audit Opinion

The audit of the 2012 accounts of the Ministry of Public Utilities and Energy resulted in the issue of a qualified audit report as a variance of \$208,142 was noted in the Department of Energy's Main Trust Fund Account Statement of Receipts and Payments and the general ledger (FMIS) balance as at 31/12/12.

There was also no bank reconciliation prepared for the Main Trust Fund Account in 2012. As a result, the correctness of the Main Trust Fund Account balance of \$918,567 as at 31 December 2012 could not be substantiated.

30.2. Statement of Receipts and Expenditure

The Ministry of Public Utilities and Energy collected revenue amounting to \$9,937 and incurred total expenditure of \$124,960,056 in 2012.

Table 30.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	355	10,791
Total State Revenue	355	10,791
Agency Revenue		
Miscellaneous Revenue	9,582	7,923
Total Agency Revenue	9,582	7,923
TOTAL REVENUE	9,937	18,714
EXPENDITURE		
Operating Expenditure		
Established Staff	1,306,924	1,292,376
Government Wage Earners	96,465	105,423
Travel & Communication	92,491	93,666
Maintenance & Operations	217,344	123,070
Purchase of Goods & Services	464,724	218,466
Operating Grants & Transfers	52,417,182	44,321,055
Special Expenditures	3,701,211	451,018
Total Operating Expenditure	58,296,341	46,605,074
Capital Expenditure		
Capital Construction	6,945,830	592,205
Capital Purchases	65,439	0
Capital Grants & Transfers	59,058,267	66,537,338

Description	2012 (\$)	2011 (\$)
Total Capital Expenditure	66,069,536	67,129,543
Value Added Tax	594,179	246,393
TOTAL EXPENDITURE	124,960,056	113,981,010

Total expenditure increased by \$10,979,046 or 10% in 2012 compared to 2011 as a result of the followings:

- Purchase of Goods and Services increased by \$246,654 or 113% due to increase in use of stationeries and hire of vehicles.
- Operating grants and transfer increased by \$8,096,127 or 18% due to an increase in operating grants for Water Authority of Fiji. This is fully controlled and administered by the Ministry of Public Enterprise and Public Sector Reform.
- Special Expenditure increased by \$3,250,193 or 721% due to increase in the provision for the Sustainable Energy Financing Project (SEFP) and inclusion of a new program – Carbon Abatement via Solar Home Systems and Grid Extension. There was also an increase in the provision for Energy Conservation Implementation.
- Capital Construction increased by \$6,353,625 or 1,073% due to the inclusion of a new item – Nairo and Namara Solar Home Systems and Grid Extension. There was also an increase in the provision for Energy Conservation Implementation.
- Capital Grants and Transfers decreased by \$7,479,071 due to the decrease in capital grants and transfers made to Water Authority of Fiji. The grant is fully controlled and administered by the Department of Public Enterprise and Public Sector Reform.

30.3. Appropriation Statement

The Ministry incurred actual expenditure totalling \$124,960,056 in 2012 against the revised budget of \$130,416,187 resulting in a savings of \$5,456,131 or 4.2%.

Table 30.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,490,078	(63,600)	1,426,478	1,306,924	119,554
2	Government Wage Earners	100,607	1,100	101,707	96,465	5,242
3	Travel & Communication	128,000	(17,100)	110,900	92,491	18,409
4	Maintenance & Operations	144,000	85,800	229,800	217,344	12,456
5	Purchase of Goods & Services	473,600	43,300	516,900	464,724	52,176
6	Operating Grants & Transfers	46,046,574	6,374,222	52,420,796	52,417,182	3,614
7	Special Expenditure	5,184,307	(49,500)	5,134,807	3,701,211	1,433,596
	Total Operating Costs	53,567,166	6,374,222	59,941,388	58,296,341	1,645,047
	Capital Expenditure					
8	Capital Construction	8,851,282	(1,763,822)	7,087,822	6,945,830	141,992
9	Capital Purchases	65,439	---	65,439	65,439	---
10	Capital Grants and Transfers	65,510,000	(3,513,662)	61,996,338	59,058,267	2,938,071
	Total Capital Expenditure	74,426,721	(5,277,122)	69,149,599	66,069,536	3,080,063
13	Value Added Tax	1,475,200	(150,000)	1,325,200	594,179	731,021
	TOTAL EXPENDITURE	129,469,087	947,100	130,416,187	124,960,056	5,456,131

30.4. Statement of Losses

The Ministry did not record any losses in either cash or assets in 2012.

30.5. Department of Water and Sewerage

30.5.1 Separate Trust Fund Account for Security and Retention Deposit

Trust money is money that the agency is holding in trust. Trust money is to be kept in a separate bank account and accounted for separately from “public money” and “other money”¹. A bank account for public money, other money or trust money must only be established with the approval of the Chief Accountant, who must inform the bank of the agency officers authorised to operate with it.²

The Department maintained security deposits received from the contractors engaged in the water and sewerage projects totalling \$1,162,884 together with the Department’s Operating Trust Fund account number 1-41201-85999-860101.

Security deposits received from water and sewerage project contractors should be kept in a Main Trust Fund Account. The Department did not maintain such account as such no statement of Main Trust Fund Receipt and Payment was prepared.

Hence the financial statement was not prepared in accordance with the Finance Management Act. In addition the Department’s Operating Trust Fund account was over stated by \$1,162,884.

Recommendation

The Department should liaise with the Ministry of Finance to open a Main Trust Fund Account for receipt and payment of security and retention deposit monies received from the contractors.

Department’s Comments

We have duly noted your comments; the department has consulted Ministry of Finance through Ajay Prakash (A/PAO-FMIS) on the maintaining of a separate bank account for the retention funds held. Ministry of Finance has advised that this fund should be maintained in the Operating Trust because it is not an active monetary account. These funds were retained from payment made to the contractors as security which will be paid to the contractors upon satisfactorily completion of the project. Funds are released only when a Completion Report with all supporting documents is submitted by Water Authority to Director of Water and Sewerage confirming on the completion of the project.

30.5.2 Operating Trust Fund Balance

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.³

The Department had a balance of \$1,234,234 in its Operating Trust Fund account as at 31/12/12 of which a balance of \$12,754 appearing in Appropriation Head 23 related to years prior to 2007. This was the old Appropriation Head for Department of Water. Refer to Table 30.3 below for details.

¹ Finance Manual Part 15

² Finance Instruction 2010, Part 6 Section 32

³ Finance Manual 2005, Part 15.

Table 30.3: Uncleared Trust Fund Account Balance

Account Description	Account ID	Balance as at 31/12/11 (\$)	Remarks
Deposit and Retention Money	1-23300-00000-860000	12,753.93	Long outstanding balance carried forward over the years. Head 23 was the old Appropriation Head for Department of Water and Sewerage with the Department of Local Govt. & Housing

The existence of these long outstanding trust account balances indicates that no effort was made by the Department for corrective action. This issue was also raised in the previous year's audit report.

This has resulted in the operating trust fund account balance being understated.

Recommendation

The Department must investigate these trust fund account balances and take appropriate action.

Department's Comments

We have duly noted your comments; the department has no access to Apropiation Head 23 on the Trust Balance however, the departmnet will be liaising with Ministry of Finance to clear this account i.e. 1-23300-00000-860000 in 2013.

30.5.3 Stagnant Operating Trust Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁴

The audit noted that under the operating trust account, there were allocations that were not operating since 2008. The Department did not have any records relating to the stagnant accounts available with them. Refer to Table 30.4 for details.

Table 30.4: Stagnant Trust Account

Account Number	Description	Balance as per 2011 (\$)	Balance as per 2012 (\$)	Comments
1-41201-85999-861107	391 PD Government Quarters Electricit	(503.40)	(503.40)	No movement in the account since 2010
1-41201-85999-861914	389 Pd-Court Bankruptcy order	35,567.49	35,567.49	No movement in the account since 2009. An overdrawn Trust account
1-401201-85999-861920-02	501 Pd Employees FNPF	(96,277.07)	(96,277.07)	No movement in the account since 2009

The finding indicates poor reconciliation of operating trust account by the Departments as stagnant balances do not have any documentation.

⁴ Finance Instruction Section 58 (3)
Ministry of Public Utilities & Energy

Recommendation

The Department should liaise with Ministry of Finance to clear the Stagnant Operating Trust balances.

Department's Comments

No comments provided.

30.5.4 Stagnant Drawings Account

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and be signed and dated by the responsible officer.⁵

Under the Drawings Account, there were two allocations with debit balances that were carried forward over the year. There was no movement noted in these allocations during 2011.

The Department did not have any record relating to the two accounts available with them. The Department has written to the Ministry of Finance on 10/01/13 to write off the previous year's outstanding balances and the decision from Ministry of Finance is still pending. Refer to Table 30.5 for details.

Table 30.5: Stagnant Drawings Account

Account Description	Account	Balance as at 31/12/2011 (\$)	Remarks
Drawings WBC Suva	1-41201-95991-530201	1,396,308.47	Department explained that this account allocation is for Ministry of Works
Drawings CNB PWD DECE	1-41201-85999-530381	299,673.13	Department explained that this allocation was for Wailoku Water Supply balance before the transition to Water Authority of Fiji.

The finding indicates poor reconciliation of Drawings Account by the Departments as debit balances and the balance for Ministry of Works were not investigated and transferred to the correct allocations.

Recommendation

The Department should liaise with Ministry of Finance to clear the two account balances from its Appropriation Head.

Department's Comments

We have duly noted your comments; the department has been liaising with Ministry of Finance FMIS division on the previous year's Drawings Account and has informed Department of Works on this carried forward balance since they were operating on the Appropriation Head 41 in 2007.

The CNB DECE account was a TMA adjustment raised by Ministry of Finance into the Drawings Account in 2007 which we have been following up since. We have written to Ministry of Finance on 10/01/2013 requesting for writing off previous years outstanding balances.

⁵ Finance instruction 2010 Section 32(6)

30.5.5 Revolving Fund Account

A ledger shall be maintained for advances and revolving fund accounts⁶.

With 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.⁷

The Department had Revolving Fund account balance of \$553,284 as at 31/12/12 which comprised an outstanding amount of \$542,414 from previous years. The Department wrote to Ministry of Finance on 10/01/13 to write off the previous year's outstanding balances however the balances have not been written off.

The significant amount carried forward could be attributed to the lack of proper reconciliations, the laxity of the Department to clear long outstanding balances and no follow up on dishonoured cheques.

Recommendations

The Department should ensure that:

- **proper reconciliations of Revolving Fund account are carried out.**
- **the outstanding balances in the Revolving Fund account are cleared off.**

Department's Comments

We have duly noted your comments; the reconciliations have been prepared and confirmations have been given to Ministry of Finance of these stagnant accounts on 10/01/2013, a copy was given to the Auditors during the course of audit.

30.5.6 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.⁸

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.⁹

The Department of Water and Sewerage failed to prepare VAT reconciliation for 2012. Our review of VAT returns and total expenses revealed a variance of (\$299,438) between the taxable supplies as per VAT Return and the total income/expenditure as per Statement of Receipts and Expenditure. Refer to Table 30.6 for details.

⁶ Section 16.3.1 – Finance Manual 2005

⁷ Section 16.3.3 – Finance Manual 2005

⁸ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

⁹ Finance Manual Section 15

Table 30.6: Un-reconcile Variance in VAT Return Department of Water and Sewerage

Details	Amount (\$)
Total expenditure as per Expenditure Statement	832,107
Less: Expenditure not subject to VAT - SEG 1, 2, 6 & 10	(277,868)
Total expenditure/income subject to VAT	554,239
Less: Total taxable supplies as per VAT Returns	(254,801)
Un-reconciled variance	(299,438)

No explanation was provided by the Department for the variances.

The non reconciliation of VAT and poor monitoring by the Ministry may have resulted in the differences highlighted above. The Department may be paying incorrect VAT to FRCA.

Recommendations

The Department should:

- **ensure that VAT paid to FRCA is reconciled on a monthly basis.**
- **take necessary steps to identify the error and reconcile the records to avoid such variances in future.**
- **have supervisory checks on the preparation of VAT Returns and ensure that balances reflected in the VAT Returns reconcile with the GL.**

Department's Comments

Your table 3 as indicated does not reflect the figures given in the Annual Financial statement for program 2 i.e. Water Policy Administration. This table should show:

Details	Amount (\$)
Total Expenditure as per Expenditure Statement	832,107
Less: Expenditure not subject to VAT SEG 1 & 2	554,239
Total Expenditure/Income subject to VAT	277,868
Less: Total Taxable supplies as per VAT Return	277,868
Un-reconciled differences	-

VAT returns have been reconciled and lodged with the VAT office every month.

Your recommendation is noted.

30.6. Department of Energy

30.6.1 Increase in Unpresented Cheques Listing

The Drawings Account will be operated for all payments except for those payable from petty cash bank accounts, TMA bank account and Trust Bank account.¹⁰ Ministries and Department are required to plan their expenditure well in order to avoid the accumulation of unpresented cheques at year end. A continuous follow up action by the Accounting head must be taken to encourage clients to present their cheques to the banks before 31/12/12.¹¹

¹⁰ Financial Manual 2011 Section (7.4.3)

¹¹ Finance Circular 14/2011 dated 31/10/11 Section (5.1.3)

The drawings accounts balance (credit) for the Department represent the total value of cheques that were issued but not presented to the bank as at 31/12/12. Refer to Table 30.7 below for details:

Table 30.7: Unpresented Cheques

Drawing Account	2011 (\$)	2012 (\$)	Increase in Unpresented Cheques(\$)	% changes in Unpresented Changes
Unpresented Cheques	263,801	2,584,659	2,320,858	880

The unpresented cheques have increased by a massive \$2,320,858 (880%) in 2012. This could indicate that processing of cheques is concentrated in the last quarter of the year which could result in uneconomical purchases, overstocking of goods and sometimes abuse of procurement procedures.

Recommendation

The Department should plan their expenditure well in advance in order to avoid the accumulation of unpresented cheques at year end.

Department's Comments

We have duly noted your comments; in 2011 the total approved budget for Department of Energy was \$10,010,400 and in 2012 the budget for the department increased to \$27,005,500 respectively. However, there was redeployment of \$4,950,000 towards rehabilitation work for Natural Disaster. The table below shows the Operating and Capital Budget between 2011 and 2012

	2012(Revised Provision)	2011(Revised Provision)
EXPENDITURE		
OPERATING EXPENDITURE		
ESTABLISHED STAFF	836,499	806,303
GOVERNMENT WAGE EARNERS	80,960	87,911
TRAVEL & COMMUNICATIONS	72,900	65,000
MAINTENANCE & OPERATIONS	207,800	111,334
PURCHASE OF GOODS & SERVICE	301,900	163,600
OPERATING GRANTS & TRANSFERS	20,000	20,000
SPECIAL EXPENDITURE	5,134,807	1,182,079
TOTAL OPERATING EXPENDITURE	6,654,866	2,436,227
CAPITAL EXPENDITURE		
CAPITAL CONSTRUCTION	7,087,822	692,009
CAPITAL PURCHASE	65,439	0
CAPITAL GRANTS & TRANSFERS	6,963,460	6,307,991
TOTAL CAPITAL EXPENDITURE	14,116,721	7,000,000
VALUE ADDED TAX	1,283,900	574,200
TOTAL EXPENDITURE	22,055,487	10,010,427

From the table above it can be said that in 2012, the budget increased by \$12,045,060. The main reason for the increase in the unpresented cheques is due to increase in the budget from 2011 to 2012.

The department will ensure that payments are made within the payment period and also on schedule of payment as per contract agreement.

Further to this, the presentation of the cheques from the companies is beyond our control, however we do note the concern rose. In addition to this, most of the contractual payments to the contractors were paid in the fourth quarter of 2012 due to terms and conditions of the contract, thus this has also given rise to the unpresented cheques.

From 2013, the department has implemented a policy that all cheques in excess of \$10,000 are directly deposited into the payee's bank account.

30.6.2 Variance in Drawings Account

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer¹².

The Department's Drawing accounts reconciliation opening balance in January 2012 was not same as General Ledger (FMIS) closing balance in 2011. A variance of \$5,296 was noted between the general ledger closing balance and the drawing accounts reconciliation opening balance in January 2012. Refer to Table 30.8 for details.

Table 30.8: Variance in Drawings Account

Account Description	Opening Balance as per Drawing Account Reconciliation (January) (\$)	Closing Balance as per FMIS 2011 (\$)	Variance (\$)
Drawings Account	269,097	263,801	5,296

Failure in reconciling ledger balances does not assure accuracy of financial information for management reports.

Recommendation

The Ministry should take immediate action to reconcile and rectify errors and misallocations with Ministry of Finance.

Department's Comments

Variance in Drawings Account

Account Description	Opening Balance as per Drawings Account reconciliation January 2012/Unpresented cheques as at 31/12/2011 (\$)	Closing balance as per FMIS 2011 (\$)	Variance
Drawings Account	269,097	263,801	5,296

The difference of \$5296 comprise of the following:

USB SA cheque deposit amounting to \$3919.61 dated 16/03/2011 offset presented cheques amounting to \$3919.61 which Ministry of Finance did not post as presented cheques for that mention date. Thus the corresponding credit needs to be posted to offset this difference.

Presented Cheque No. 17871 dated 28/02/2011 amounting \$1526.62 was wrongly presented under department of Energy's Drawings Account 408474. The debit amounting to \$1526.62 was passed into drawings account for Energy by Ministry of Finance in period 2 of 2011. The corresponding credit was not posted by the department in their drawings account due to incorrect presenting of the cheque 17877. Further to this, the adjustments which bank showed does not clear the debit of \$1526.62 dated 16/03/2011. Thus the corresponding credit needs to be posted to offset this difference.

¹² Finance Instruction 2010, Section 32 (6)
Ministry of Public Utilities & Energy

The bank fees for December 2011 has been transferred to drawings bank dated 01/01/2012 amounting to \$144.30. Thus the corresponding credit needs to be posted to offset this difference.

The adjustment amounting to \$22.37 credit was passed into departments Drawings allocation by Ministry of Finance in period 2 of 2011. Thus the corresponding debit needs to be posted to offset this difference.

The GL adjustment amounting to \$16.48 arose due to short and over posting from 2011. Thus the corresponding credit needs to be posted to offset this difference.

Your recommendation is duly noted and the department will ensure that Drawings Reconciliation is thoroughly monitored from 2013 by Accounts Supervisor (Refer to Annex 1)

30.6.3 Main Trust Fund Account Balance

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.¹³

Scrutiny of the Main Trust Fund Account balance as at 31/12/12 noted a variance of \$208,142. Refer to Table 30.9 below.

Table 30.9: Main Trust Account Balance

Financial Statement Balance (\$)	General Ledger Balance (\$)	Variance (\$)
918,567	710,425	208,142

The variance was due to the trust monies related to rural electrification received by Ministry of Provincial Development on behalf of the Department that was wrongly deposited into the Consolidated Fund Account (CFA). Further investigation revealed that the practice of depositing trust monies into CFA commenced from 2005 and deposits made as at 31/12/12 totalled \$212,387.

The audit further noted the following anomalies:

- Hydro receipts had a balance of \$16,239 which could not be traced to the cash book;
- The FEA Grid/House wiring/Connection fees receipts had a balance of \$175,163 in the cash book, however this was understated by \$41,870 in the Trust Statement;
- The Diesel House Wiring and Maintenance fees receipts had a balance of \$41,459 in the cash book, however this was understated by \$1,536 in the Trust Statement; and
- The FEA Grid/House Wiring payments had a balance of \$97,737 in the cash book, however this was understated by \$5,076 in the Trust Statement.

No proper explanations could be obtained from the department on the variances.

The finding indicates that proper reconciliations were not carried out and corrective actions were not taken by the Department.

¹³ Finance Manual 2005, Part 15.
Ministry of Public Utilities & Energy

Recommendations**The Department must:**

- investigate these variances in the Trust Funds and take appropriate action.
- internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Department's Comments

<i>Financial Statement Balance (\$)</i>	<i>General Ledger Balance (\$)</i>	<i>Variance (\$)</i>
918,567	710,425	208,142

The difference of \$208,142 is part of \$212,387 which was extracted from FMIS from 2005 to 2012. The major cause of difference between the Financial Statement and General Ledger is due to trust money collected by Provincial Development on behalf of Department of Energy has been lodged into consolidated Fund Account from previous years. The posting for trust deposits are also captured under the allocation for consolidated fund account for Bank (Refer to annex 2)

Total Hydro Receipts to \$17,439.30 in 2012. Sum of \$12,732.30 has been captured in the cash book for trust monies collected by Provincial Department effective from 17/05/2013. The department captured all the trust deposits from Provincial Development into the Electronic Database.

Sum of \$41,870 for FEA Grid/House wiring and connection fees is deposited into the Consolidated Fund Account by Provincial Development which is captured in the Electronic Database.

Sum of \$41,459 for Diesel House wiring and Maintenance Fees is deposited into the Trust Fund Account which is captured in the Cash Book and Electronic Database. The difference of \$1536 is deposited into Consolidated Fund Account by Provincial Development which is also captured in the Electronic Database.

The total payments from trust equate to \$246,138.78 as per payment register for 2012 however, in the Agency Financial Statement it is stated as \$251,215.24. The difference of \$5076 has been scrutinized against the cash book and it is identified that cash book was overstated by \$5076.00. The total payments as per cash book has been reconciled and adjusted accordingly.

Further to this, as per discussion with Chief Accountant on 8th October 2012 on Trust monies deposited into the Consolidated Fund Account (CFA) from previous years, according to him the transfer from CFA will only be possible upon submission of complete relevant source documents.

30.6.4 Unauthorised Transfer of Trust Fund

Trust money is money that the agency is holding in trust. Trust money is to be kept in a separate bank account and accounted for separately from “public money” and “other money”.¹⁴

Since 2010 the Department had been maintaining a particular Trust Fund account with a balance of \$70,792. The audit noted that there was no movement in the account since 2010. In addition the breakdown of balance was not provided by the Department.

Furthermore in May 2012 the total amount available in the Trust Fund account was transferred to the Operating Fund without any proper authority.

¹⁴ Finance Manual 2011, Part 15.

The Department explained that instead of posting the balance into the new Trust Fund account allocation, the balance was wrongly posted to SEG 10 of the Operating Fund.

The unauthorised transfer is the result of the lack of supervisory checks and absence of proper reconciliations.

Recommendation

The Department should instigate investigations on the unauthorised transfer and ensure that control measures are in place.

Department's Comments

No comments provided

30.6.5 Operating Trust Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.¹⁵

Included in the operating trust account were allocations that did not have movements since 2007. The Department did not have any records relating to the stagnant accounts available with them.

Furthermore, the department had an overdrawn account of \$6,491. Refer to Table 30.10 below for details.

Table 30.10: Operating Trust Account

Account Number	Description	Balance as per 2011 (\$)	Balance as per 2012 (\$)	Comments
1-41101-41999-861307	264 PD Home Finance Company	387.50	387.50	No movement in the account since 2007. An overdrawn Trust Account
1-41010-41999-861511	301 PD FPS Credit Union	270.00	270.00	No movement in the account since 2007. An overdrawn Trust account.
1-41101-41999-861601	341 PD Maintenance Suva	195.00	195.00	No movement in the account since 2007. An overdrawn Trust account.
1-41101-41999-861307	PD LIC	518.26	518.26	No movement in the account since 2011. An overdrawn Trust account.
1-41101-41999-861525	316 PD service Worker	15.00	15.00	No movement in the account since 2011. An overdrawn Trust account.
1-41101-41999-861920	501 PD Employees FNPF	5,788.82	5,788.82	No movement in the account since 2011. An overdrawn Trust account.

The finding indicates poor reconciliation of operating trust account by the Departments as stagnant balances and the overdrawn account did not have documentation.

¹⁵ Finance Instruction Section 58 (3)

Recommendation

The Department should liaise with Ministry of Finance to clear the Stagnant Operating Trust balances.

Department's Comments

We have noted your comments; on 23rd of January 2013 the submission for write off has been submitted to Ministry of Finance which incorporated the Stagnant Operating Trust balances from previous years. The department did not receive any formal advice from FMIS division of Ministry of Finance on the request till to date (Annex 3)

30.6.6 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.¹⁶

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.¹⁷

The Department of Energy failed to prepare VAT reconciliation for 2012. Review of VAT returns and total expenses revealed a variance of \$5,475,027 between the taxable supplies as per VAT Return and the total income/expenditure as per Statement of Receipts and Expenditure. Refer to Table 30.11 for details.

Table 30.11: Un-reconcile Variance in VAT Return Department of Energy

Details	Amount (\$)
Total expenditure as per Expenditure Statement	19,632,011
Less: Expenditure not subject to VAT - SEG 1, 2, 6 & 10	(7,828,662)
Total expenditure/income subject to VAT	11,803,349
Less: Total taxable supplies as per VAT Returns	(6,328,325)
Un-reconciled variance	5,475,027

No explanation was provided by the Department for the variances.

The non reconciliation of VAT and poor monitoring by the Ministry may have resulted in the differences highlighted above. The Department may be paying incorrect VAT to FRCA.

Recommendations

The Department should:

- ensure that VAT paid to FRCA is reconciled on a monthly basis;
- take necessary steps to identify the error and reconcile the records to avoid such variances in future; and

¹⁶ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

¹⁷ Finance Manual Section 15

- ensure supervisory checks on the preparation of VAT Returns is improved to ensure that balances reflected in the VAT Returns reconcile with the GL.

Department's Comments

Your table 10 as indicated does not reflect the figures given in the Annual Financial Statement for Program 1 i.e. Department of Energy. This table would show:

<i>Details</i>	<i>Amount (\$)</i>
Total Expenditure as per Expenditure Statement	19,632,008
Less: Expenditure not subject to VAT SEG 1 & 2,6,10 & 7 (Donor Funded Projects)	11,407,146
Total Expenditure/Income subject to VAT	8,224,862
Less: Total taxable supplies as per VAT Return	8,001,785.42
Un-reconciled difference	223,076.58

VAT returns have been reconciled and lodged with the Fiji Revenue & Customs Authority on a monthly basis. The major cause of the unreconciled difference is due to project staffs were paid from operating and capital expenditure SEGs. Sum of \$146,794.73 has been catered for in salaries for Project Officers and remaining were utilised for retirement of advances, payments to contractors and others (Refer Annex 4)

Your recommendation is duly noted and the department will ensure that VAT reconciliation is in place effective from 2013 and supervised by the Accounts Supervisor.

30.6.7 Difference in Expenditure Ledger and General Ledger

Expenditure Ledger is a manual system maintained by the Department to record expenditures incurred according to each standard expenditure group. The manual expenditure ledger is guidance on the correct allocation posting that should be done on the system. At the end of the year, the expenses on the expenditure ledge should tie up with the posting on GL.

The audit noted that variances existed in the manual expenditure ledger and the posting on general ledger (FMIS). The manual expenditure ledger is overstated by \$1,075,234.00.

This indicates that all expenses have not been posted to the General Ledger.

Recommendation

The Department should ensure that expenditure ledger is updated on a regular basis and reconciled with FMIS balance.

Department's Comments

We have duly noted your comments; in 2012 the department maintained Commitment and Expenditure ledger to record the commitments and actual payments. The major cause of difference between the Commitment Ledger (Fiscal Set: J) and Expenditure Ledger (Fiscal Set: A) is due to open purchase orders which was cancelled at the end of the accounting period due to non-supply of items and contractual agreement terms and show any outstanding i.e. the total Commitment is equal to Actual Expenditure.

Further to this, all LPO and non LPO bills for 2012 were system generated. The variances arise due to cancellation of payments and adjustments for misposting of charge.

Your recommendation is duly noted and the department will ensure that Commitment & Expenditure ledger reconciliation is thoroughly monitored from 2013 by Accounts Supervisor.

PART B: AUDIT FINDINGS

30.7. Department of Energy

30.7.1 Seaqaqa/Dreketi Electrification Project

A written contract or agreement must be entered into with the approved tenderer for the supply of the goods, services or works tendered.¹⁸

The Government Tender Board in its meeting number 08/2011 held on 12/04/2011 approved the engagement of Fiji Electricity Authority (FEA) to undertake the FEA Grid Extension Projects from Seaqaqa to Dreketi. The approval was subject to Government contribution of 50% of \$7,150,000 of the project estimated cost of \$14.3m while the other 50% to be absorbed by FEA.

The FEA was paid the sum of \$7,150,000 as government contribution for the project. Out of the total amount paid to FEA, \$2,000,000 was paid by Commissioner Northern's Office while the balance of \$5,150,000 was paid by the Department of Energy.

Review of the project revealed the following anomalies.

- The Department engaged FEA to undertake the FEA Grid Extension Projects from Seaqaqa to Dreketi. The Department also paid \$3,725,000 to FEA on 04/04/12 for the project. However the Department did not have a memorandum of agreement with the FEA for the project.
- The project was approved on 12/04/11 but very little progress was made by the Department since then. As of the date of audit on 23/05/13 the Department did not have the latest progress report. According to the progress report of the field visit by the Department in February 2013 the progress of the project was as follows.
 - Stage 1: Seaqaqa-Dreketi Grid Extension – around 83% of the work completed.
 - Stage 2: Cawaiara-Wailevu – No poles were erected.
 - Stage 3: Wailevu-Seaqaqa - around 10% of the work was completed.
 - Stage 4: Dreketi-Nasarowaqa – No poles were erected.
- The Department contributed total of \$5,150,000 towards the project. However, the Department was allocated only \$3,725,000 in its 2012 budget allocation. The department diverted funds totalling \$1,425,000 from Rural Electrification Unit allocation to pay for its contribution to FEA.

The Department did carry out proper project planning. Funds were also diverted due to unavailability of total funds required for the project. Diversion of funds may cause the Department to forgo other important projects.

In the absence of memorandum of agreement disputes may arise which may not be resolved amicably and result in delays in the project.

Recommendations

The Department should ensure that:

- **Memorandum of Agreement is prepared and signed by both the parties in future for such projects; and**

¹⁸ Ministry of Works, Transport and Public Utilities Finance Manual 2011 Section (2.4.16)
Ministry of Public Utilities & Energy

- **Rural electrification projects are properly planned to avoid diversion of funds.**

Department's Comments

Memorandum of Agreement

- *The approval from GTB dated 12/04/11 is subject to:*
 - Government to contribute 50% (\$7,150,000,000) of the project estimated cost of \$14.3 million while other 50% to be absorbed by FEA,*
 - Availability of funds.*

There was no mention of MOA in the approval, however in the fourth quarter the GTB then mandated for contracts to be established for any government projects.

- *FEA is the sole supplier of the project in this case. It's needs to be noted that the scheme is an FEA project and the department does not do the planning, designing and the implementation. We only request for the status/progress of the work.*

Diversion of Funds

- *We fully appreciate the Audit Team's concern but under the circumstances we felt that the team's conclusion was drawn without having the full information. Yes the total sum of \$7,150,000 was paid to FEA, based on RIE approvals.*

30.7.2 Energy Audit

Energy audits are carried out as a means of improving the energy usage or consumptions for those organisations with high electricity bills.

The Department engaged a contractor, Kramer Ausenco for \$50,600 to undertake a detailed energy audit at the Bose Levu Vakaturaga complex owned by i-Taukei Affairs Trust Board at Nasese from 17/07/12 to 17/09/12. The contractor under the contract agreement was also required to submit the recommendations for energy saving measures to be adopted by the Bose Levu Vakaturaga complex.

The contractor however did not submit the recommendations to the Department as at the date of audit.¹⁹ According to Assistant Director at the Department of Energy the contractor did not submit the recommendations because landlord, i-Taukei Affairs Trust Board did not agree to some of the recommendations made by the contractor.

The Department paid a total of \$37,950 out of \$50,600 to the contractor for the energy audit and retained only \$12,650 for non-submission of the recommendations. The Department spent \$37,950 for the energy audit for which no benefit was obtained.

Recommendations

- **The Department should discuss with the contractor and the landlord to resolve the matter.**
- **The Ministry of Finance should investigate the matter and take appropriate action.**

¹⁹ 31/05/13

Department's Comments

Your comments are noted;

- *The Contractor (Kramer Ausenco) had clearly outlined in the Detailed Energy Audit Report for the BLV Complex the recommendations that need to be implemented. The recommendations were prioritised based on a number of factors such as the capital investment, payback period and so forth. As part of the output, the Contractor had made a presentation on their findings where representatives from Landlord (Fijian Trust Fund (FTF) and DOE staff were present. In addition, the Department had met with the FTF on a number of occasions to discuss with them on the recommendation which they choose deemed feasible to be implemented.*
- *However, after our meetings with the FTF they had informed us that they had already implemented some of the recommendations highlighted in the report and that the savings were observed in their electricity bills.*

30.7.3 Delay in Supply of Telemetry Wind Monitoring Systems

The Department entered into a contract agreement with Clay Engineering on the 1/12/11 for supply of 15 complete sets of 34m automated Telemetry Wind Monitoring Systems and Training on installation with the compilation of Training Manual on Installation for total cost of \$403,750.²⁰

The supplier was to supply the automated Telemetry Wind Monitoring Systems in 9 – 12 weeks and provide training on installation and develop a Training manual to be completed in 6 – 8 weeks. The contract completion date was 19/4/12.

There was a significant delay in the supply of the Wind Telemetry Systems by the supplier. The equipment was ordered on 23/2/12 and arrived in the country on 4/4/12 which was only 15 days before the contract expiry date.

The audit noted that the project was not completed as at the date of audit due to delay in the supply of the equipment. The Department did not take any action against the supplier for the delays in fulfilling its obligations under the contract agreement.

The terms and conditions of the contract stated that the all project work must be fulfilled and a penalty of two hundred dollars per day may be incurred for not completing the work on time. However the Department did not exercise the charge penalty to the contractor for delays in completing all project work on time.

Lack of monitoring by the Department caused delay in supply of the equipment and deadlines of contract not met. This hindered the Department from achieving its 2012 Business Plan for wind project.

Recommendations

The Department should ensure that:

- **deadlines are met for supply of goods, services and works;**
- **ensure that penalty clause is applied when project is not completed on time by the contractor; and**
- **contracted works are properly monitored and followed up to avoid delays in implementing projects**

²⁰ Contract Reference E24 December 2011

Department's Comments

Your comments are noted;

The Department was informed in advance on the delay in shipping which was relayed from the supplier of the equipment. This was beyond the Department and the Contractor's control. Email attached.

30.7.4 Incompetence and Negligence

The Wind Telemetry System is in line with the Department of Energy's commitment under its National Energy Policy (NEP) to promote the use of renewable energy resources in the country and one of its activities was to assess and quantify renewable energy resource potential in Fiji.

The tender for the supply and installation of 15 complete sets of automated/telemetry wind monitoring systems, including training, compilation of manual and maintenance was awarded to Clay Engineering Ltd for \$403,750 on 1/12/11.²¹ The Contract was for 20 weeks and all works were to be completed by 20/4/12²².

A review of the awarding of the tender revealed the following anomalies.

- The Department awarded the tender for supply and installation of 15 x 34m Wind Telemetry Systems to Clay Engineering for \$403,750. At the time of the tender submission Clay Engineering clarified with the Department whether the Department needed 34m or 50m Wind Telemetry Systems. The Department opted for 34m Wind Telemetry Systems and paid 50% of the total contract sum totalling \$282,625 to the supplier in 3 instalments on 1/12/12, 23/03/12 and 25/05/12.

On the arrival of the equipment in Fiji the Department realised that the World Bank standards required 50m Wind Telemetry Systems and not 34m equipment.

The Department requested the supplier to return the 34m Wind Telemetry Systems and to get 50m Wind Telemetry Systems. The Department paid additional \$345,345 for replacing the 34m Wind Telemetry Systems with 50m Wind Telemetry Systems. In addition the Department paid \$83,852 to Clay Engineering for shipping cost to return the 34m Wind Telemetry Systems to the overseas supplier. The Department obtained approval from the Government Tender Board for additional cost incurred.

- The Department did not incorporate the important scope of work which was 'Data Retrieval Option' in its initial tender documents. This was incorporated in the project work later after the tender was awarded to Clay Engineering with an additional cost of \$51,900. The variation was approved by GTB on 30/11/12.

The finding shows poor planning, negligence and laxity of staff's involved in developing the tender documents and lack of review by senior officers before project scope and costs were approved. As a result additional expenses were incurred by the Department and the project was delayed.

Recommendations

- **The Department must ensure that projects specifications of tender submissions are prepared by senior officers and thoroughly reviewed by experienced and qualified person.**

²¹ Tender Document E24 Section (1.0)

²² Contract Agreement E24 2011

- **The Ministry of Finance should investigate the payment of \$83,852 as shipping expenses due poor planning and incorrect project specification and surcharge the officers responsible.**

Department's Comments

Your comments are noted;

- *The initial plan for the whole works was for the formulation of a wind map for the island of Viti Levu. The wind map would be used by project developers to locate sites where the wind regime was good and allow them to further monitor the site and if proven feasible, the site would then be used for the construction of wind power projects. The Department had called for quotes on the supply of both 30m and 50m masts. However with not enough funds available, the Department opted to purchase 30m masts. Discussions had been undertaken with the USP on the selection of sites and also the process that would be undertaken. USP had agreed to all that the Department was planning to undertake and also the selection of sites.*
- *Approval was given by the GTB for the supply and installation of the equipment. It is to be noted that there is a constant change or review regarding wind assessment and wind power projects and thus the focus was now shifted to more bankable projects. Following discussions with wind turbine manufacturers and funding agencies, there was preference on measurements at 50m heights instead of 30 metre and the use of mathematical calculations for extrapolation purposes.*

Way Forward:

- *Department has purchased 50 metre masts monitoring stations to be in line with commercial banks' requirements and to allow for bankable projects.*

30.7.5 Unauthorized Use of Government Property

An employee must use Government resources and assets in a proper way.²³ An employee must not make improper use of the employee's duties, status, power or authority in order to gain or seek to gain, a benefit or advantage for the employee or for anyone else.²⁴

The Department sub-let a vacant government warehouse next to Department of Energy Building in Walu Bay to one of its contractors, Powerlite Generators since August 2012 for the storage of Solar Home Systems awaiting installations.

The audit noted that no rent is being charged and appropriate approval was not obtained by the Department from PSC to sublet the government warehouse.

The finding indicates lack of compliance with PSC rules and regulations regarding government quarters.

Recommendations

- **PSC should investigate the matter and take appropriate action.**
- **The Departments must ensure that approval is obtained from PSC for allowing government quarters to be used by contractors.**

Department's Comments

The department acknowledges concerns on the unauthorised use of government properties. However the department wishes to allay any concerns and notes that this might due to misconceptions as itemised below:

²³ PSC Code of Conduct Section 8

²⁴ Public Service Act-1999, Section 10

- A. *Audit noted that the Department sub-let the vacant Government warehouse at Walu Bay next to Department of Energy building to one of its contractors namely Powerlite Generators since August 2012 for the storage of Solar Home Systems awaiting installations.*

As per Requirements for Tender for supply of equipment, the supply contractor is expected to deliver equipment to the FDOE office. Section 2.8 of the RFT states.....” Following the tests the equipment will be handed over to the Department of Energy”...

Prior to handing over the equipment to the installer, the department’s responsibility is to safely and conveniently keep the equipment in storage when received from the supplier as mentioned above. As such contrary to the notion that the warehouse was sub-let to the supplier, the warehouse was actually being used by the department for the purpose mentioned above.

- B. *Audit also noted that even though no rent was charged the Department did not obtained approval from PSC to sublet the government warehouse.*

Noting the significant investment incurred in procuring the equipment’s together with quantity concerned, the department requested for the use of the conveniently situated government warehouse to the Director PSC Accommodation. The request dated 19/07/12 for the use of the warehouse is attached in Annex 8

It must be noted that there was no formal approval in writing from PSC accommodation in response to the request. Verbal approval and concurrence was received via telephone discussions had between the Director of Energy and the office of PSC Accommodation. This was further confirmed by PSC accommodation staff that came to the Department and opened the warehouse in the presence of DOE staff with instructions to organise and clean up the warehouse prior to use.

Furthermore, the DOE is currently using the same warehouse for storage of generators and other equipment and the keys and lock to the warehouse are still with the department as we speak.

The DOE will as per recommendation see to it that the approval is formalised by way of written confirmation from PSC Accommodation.

30.7.6 Nauouo to Rukuruku Electrical Project

The Department entered into a contract with Letrik Ltd on 10/11/11 for new electrical installations in houses as well as service connections to the FEA low voltage overhead reticulation networks at Nauouo and Rukuruku Villages in Ovalau at a total contract sum was \$125,737.75.

Review of the project revealed the following anomalies.

- GTB approval was not provided for review. The audit could not ascertain whether appropriate approval was obtained from the GTB for the project.
- The contract was not signed by Head of Department. Instead it was signed by acting Supervisor Higher Grade.
- Several irregularities were noted in the project implementation which included:
 - House owners who fully paid their contribution had their house wired but electricity was not connected.
 - House owners who partly paid their contribution had their house wired and electricity connected.
 - House owners who did not pay any contribution had their house wired and electricity connected.

- House owners who fully paid their contribution and their houses were not wired at all. In addition their names were also not in the FEA list or tender list;
 - House owners who fully paid their contribution had their house wired but their names were not in the FEA list or Tender list; and
 - Names on the FEA list were replaced with new names.
- The Department authorised the contractor to carry out electrical works and connect electricity to additional 13 houses in Rukuruku village which were not part of the contract for additional funding of \$13,459. No contributions were received from the owners of the 13 houses.

The findings show that the Department did not follow proper procurement procedures. This may result in fraud and misappropriation of public funds.

Recommendations

The Department should:

- **ensure that proper procurement procedures are used for all project works; and**
- **carry out a thorough investigation into this project and take appropriate action.**

Department's Comments

Your comments are noted;

- *The project was co-funded by Commissioner Eastern Division and FEA, hence if there was an approval from GTB, it would be Commissioner Eastern Division office.*
- *The Contract Agreement was signed by the acting Supervisor Higher Grade, however there is no ulterior motive nor was there any intention to disrespect the authority of Director of Energy. It needs to be noted that at times DOE is out on official engagement. The signing of the contract agreement by the acting Supervisor Higher Grade was mainly to facilitate the free flow of work and avoid delays.*
- *The regularities caused by contradicting information by visiting officers from the various agencies/stakeholders. The villagers claim that they were informed that the project was fully paid and that there was no need for contributions. Hence, those that did not pay any contribution refused to pay. Those that made partial payment did not complete their payments; there were others that fully paid their contributions.*
- *It needs to be noted, that the DO Lomaiviti (Levuka) and Turaga Ni Koro of the villagers were coordinating the collection of contributions from the villagers. It is rather unfortunate that the implementation of the project was done before the full contributions from the villagers were collected.*
- *The 13 houses that the department authorise to be wired had paid their contributions.*

Way Forward

Your comments are noted;

The Department together with the DO held meetings in the villages and the following arrangements have been decided upon:

- ✓ *The 13 houses that the Department asked the electrical contractor to wire have paid their contributions to the DO's office;*
- ✓ *The houses that did not fully pay their contributions; plus those that did not pay at all; but are connected and supplied with electricity are given until the end of August 2013 to pay up their full contributions to the DO's office or face disconnection from the FEA grid;*
- ✓ *In future we will ensure that all contract agreements shall be signed by the Head of Department.*

Believe the situation is under control and therefore there is no need for thorough investigations and appropriate action.

30.7.7 LPO Limit Exceeded

Any Officer who authorises expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.²⁵

The Department paid \$23,546 to Ministry for Lands and Mineral Resources for the survey works carried out at the Somosomo Hydro site in Taveuni on 28/03/12. Audit noted that the purchase order was authorised by the Director for Energy who exceeded his authorised limit of \$20,000.

Proper procurement procedure was not followed and there is a risk of abuse of office in approving the local purchase order.

Recommendation

The Director for Energy should be surcharged for authorising local purchase order above his authorised limit.

Department's Comments

On 26/3/2012, the department had requested to increase the Directors approval limit to more than \$50K to approve the LPO for Letrik Ltd amounting to \$50,295.11 based on Government Tender Board Approval. The department requested FMIS to tag the limit of more than \$50K to LPO No. PO41 999-00547 only; however PO module of the FMIS system allowed the LPO for Ministry of Lands & Mineral Resources to be approved. It is rather unfortunate that the DOE procurement limit was not reverted back to \$20K which allowed this situation to occur.

There is a need for a provision in the FMIS system that whatever LPO is requested for an increase in the approval limit should only be tagged to that particular LPO No. but not open to all LPOs within that limit.

30.7.8 Navarada Project

The Department entered into a Memorandum of Understanding (MOU) with the Divisional Engineer Works Central/Eastern (DEWCE) for the rural electrification – extension of Waiyevo government station (Navarada community in Taveuni) at a total sum of \$211,562. The project was to be completed, inspected, passed by FEA, and commissioned on or before 30/11/12.

The review of the project revealed the following anomalies.

- DEWCE was to construct power lines and carry out house wiring. The Department however did not call for tender before awarding the project to DEWCE. In addition the Department did not obtain approval for waiver of tender from Ministry of Finance;
- The Department signed a MOU with DEWCE. The MOU however was not reviewed by the Solicitor General's Office before it was signed. In addition the date of MOU was not stated;
- The MOU had a payment schedule stating the planned progress payment to DEWCE for project work. The payment schedule did not have any provision for deduction of retention funds; and

²⁵ Finance Manual 2.2.1

- The MOU did not state the project commencement date but had a completion date was 30/11/12. The project was still in progress as date of audit²⁶ and was behind by 6 months. The MOU did not have any penalty clause for delay in project completion.

The findings show that the project was not properly planned and proper procurement process was not followed by the Department. The Department may not have obtained service from the most economical source.

Recommendations

The Department should ensure that:

- a tender is called for any procurement valued at \$50,000 or more;
- any MOU entered into is properly reviewed by Solicitor General's office;
- date of signing the MOU is stated;
- MOU has provision for retention funds; and payment of penalty for delay in completing the project.

Department's Comments

Again the Audit Team's comments and recommendations are welcomed and at the same time noted.

When the Navarada community in Taveuni applied for electricity supply, it wanted supply of electricity from the Waiyevo Government Station which is under the jurisdiction of the Department of Works;

The site survey and ascertainment of the scope of work plus the cost estimate was also done by the Department of Works [DoW];

Hence when the community fully paid its required contribution, the project was processed;

The Department of Energy [DoE] was of the view and understanding that:

- ❖ *The community would be supplied from the Waiyevo Government Station which is looked after by Department of Works;*
- ❖ *Department of Works is under the same Ministry [WTPU] with Department of Energy [DoE];*
- ❖ *There was no need to tender the work out because Department of Works had the manpower and the expertise to do a turn-key job;*
- ❖ *Besides, the project is in Taveuni and carting the materials on the boat from Viti Levu or Vanua Levu to Taveuni to construct the overhead lines in Navarada would not be too attractive especially to small contractors;*
- ❖ *There was a standing arrangement for such inter-departmental work where approval was only to be provided by the Permanent Secretary.*
- ❖ *The Department is of the understanding that the MOU template used was one that had been already vetted by SG's office some years back;*
- ❖ *Date of signing of the MOU was unfortunately overlooked and because the document was sent to and from the two offices, the signatories may have forgotten to put the date;*
- ❖ *The project was delayed for six months because of lack of overhead power line hardware plus the project officers were laid off in December;*
- ❖ *In the Navarada project, the Department of Works is the sole supplier;*
- ❖ *The Department of Works need upfront payment before it could start any project and hence in the case of Navarada, it is difficult to incorporate a retention payment and a penalty clause because the sister Department needs cash upfront all the time to keep the work rolling; otherwise work would become stagnant*

Once again the constructive comments of the Audit Team are noted and truly appreciated. In future the department will ensure that procurement guidelines are followed at all times.

²⁶ 27/05/12

30.7.9 Biofuel Processing Units

On 31/08/12, the Department entered into a contract with Kumar Metal Industries PVT Ltd (KMIPL), a limited liability company with its registered office in India, for US\$532,675. KMIPL was to supply and install 5 biofuel processing units for the rural and maritime biofuel projects. Scrutiny of payments made to KMIPL revealed the following anomalies.

- The contract agreement required the contractor to provide a bank guarantee of 15% of the total contractual value. In addition the Department was to pay 15% of the contract sum or US\$79,901.25 to the contractor as advance payment upon submission of required performance bank guarantee by the contractor.

However the contractor only provided performance bank guarantee of 10% and not 15% of the contract amount totalling US\$53,267.50 instead of US\$79,901.25 as required under the contract agreement.

In addition the Department made advance payment of 15% or US\$79,901 to the contractor despite the contractor providing bank guarantee of only 10% of the total contract sum.

The Department did not obtain approval from GTB for these variations.

- As per the contract agreement the Contractor was to complete the installation of 5 biofuel processing units by 30/12/12. However the contractor was not able to meet the deadline and all projects were delayed. Refer to Table 30.12 below for details.

Table 30.12: Status of Biofuel Projects as at 28/05/13

Site	Remarks
Rabi	Installation and testing of equipment completed on 21 May 2013
Lakeba	Equipment arrived on 14 March 2013 and will be transported to site by 21 June 2013.
Moala	Equipment arrived on 1 March 2013 and will be transported to site on 5 April 2013
Vanuabalavu	Installation and testing of equipment completed on 3 May 2013
Matuku	Equipment arrived on 1 March 2013 and will be transported to site on 5 April 2013

The contractor did not comply with the terms of the contract and the Department did not enforce the condition of the bank guarantee. The Department will be able to recover only 10% instead of 15% of the contract sum from the bank guarantee if the contractor fails to perform its obligation. This would result in a loss of US\$26,633.75

Recommendations

The Department should:

- ensure that bank guarantee is provided up to the amount stated in the contract. Any variations to be approved by the GTB;
- investigate the matter and take appropriate disciplinary action against those responsible for making advance payment on obtaining only 10% of the contract sum as bank guarantee; and
- timelines set out in the contract agreement are strictly monitored and adhered to.

Department's Comments

Your comments are noted;

- Contractor had provided the 15% Performance Bank Guarantee (PBG) of USD 79,901.25 on 13/10/2012. The audit team had mistaken the 10% retention from the 15% performance bond. The performance bond as per contractual agreement was returned to the contractor upon successful shipment of all mill equipments. The retention bond expires at the end of this year to ensure all equipment has been installed and are operating as per specifications.
- Department is still processing the breach of contract by Kumar Metals and any penalties will be taken from the 10% retention PBG of US\$53,267.50 which expires at 27/11/2013. The installation at Moala/Matuku has not been completed due to the problems faced with the building structure and the company (Kumar Metals) will not be held liable. (Annex 10)
- Because of the inconsistency with the shipping service the contractor and department has faced difficulties in adhering timelines set out in the contractual agreements.

Way Forward

- For future projects the department will ensure that the above challenges are captured in the work program.

30.7.10 Construction of Six Wooden Biofuel Sheds

The Government Tender Board in its meeting number 22/2012 held on 18/09/12 approved to award the contract for construction of six wooden Biofuel Sheds to various companies at a total cost of \$1,834,501.78 VIP. Details are shown below:

Gau	Fortec Construction	\$349,168.00
Moala	Fijiana Builders and Constructions	\$219,507.04
Matuku	Fijiana Builders and Constructions	\$220,972.04
Rabi	Fortec Construction	\$359,251.00
Lakeba	Fortec Construction	\$360,371.00
Vanuabalavu	Modern Investment	\$325,232.70
Total (VIP)		\$1,834,501.78

Fijiana Builders and Construction (Fiji) Ltd (FBCL) was one of the contractors awarded the contract to build wooden biofuel sheds. The Government Tender Board awarded the contract to FBCL to construct 2 sheds at Moala and Matuku for total contract price of \$440,479.08.

As at 31/12/12, total of \$327,835.33 or 74% of the total contract price was paid to FBCL by the Department.

The audit however noted that both buildings were inspected by the Department's Engineers on 17/04/13 where serious structural defects were identified. The Department's Engineers in their inspection report recommended complete demolition and re-construction of both buildings.

The Department met with FBCL to resolve the issues raised by the Department's Engineer after which the contractor requested 8 weeks to complete the projects. The contractor however failed to respond to the Departments concern. The Department wrote to the Solicitor General's Office on 23/05/13 to seek legal advice on the action to be taken against contractor.

The finding clearly shows that the Department failed to inspect and monitor the progress of contractors work periodically. In addition progress payments were made without review and certification of work completed by the contractor. As a result public funds were wasted.

Recommendations

The Department should:

- ensure that all capital works are properly monitored and progress of the work is reviewed and certified before making payments to the contractors;
- investigate and take appropriate action against Officers responsible for poor project management and waste of public funds; and
- take legal action against the contractor to recover the amount paid.

Department's Comments

Your comments are noted;

- *All payment was carried out as per contract. Due to the lack of technical expertise and staffing within the department in terms of building inspection, contractors were required to engage certified engineers from Fiji Institute of Engineers (FIE) approved list of engineers to carry out inspection prior to any release of payments. FBCL engaged Engineered Designs (ED) to undertake the monitoring and provide engineer inspection reports on the different stages of construction. ED did supply these reports and payments were released.*
- *Two (2) officers are currently suspended with pending investigation.*
- *FICAC is currently investigating the issue and on the same note SG's office is looking into the legal aspect of the breach in contract by Fijiana Builders and Construction (Fiji) Ltd (FBCL) to recover the contract sum. A formal letter will be submitted to FIE against the certified engineer involved.*

Way Forward

- *For future projects proper screening on bidders/building contractors will be carried out thoroughly to prevent waste of public funds.*

30.8. Department of Water and Sewerage

30.8.1 Appointment of Principal Technical Officer

The Department of Water and Sewerage was set up as a regulatory body under Ministry of Works, Transport and Public Utilities following the establishment of Water Authority of Fiji. In its new organisational structure the Department had a provision for a Principal Engineer Regulatory post which was vacant from 2011. The minimum qualification requirement for this position was a Degree in Civil Engineering.

The audit noted that the Department did not have anyone with the required qualification to be appointed to the position of Principal Engineer Regulatory. It then created a position for Principal Technical Officer (Water) without PSC's approval and appointed Mr. Nistar Mohammed Khan, a Senior Technical Officer (Water) to act in the position from 11/07/11 - 26/04/12.

The salary scale for the position of Principal Technical Officer in Government is \$26,505 - \$33,777 in the grade ES02. The audit also noted that Mr. Nistar Mohammed Khan while acting as Principal Technical Officer was paid acting allowance on salary of \$43,109 in grade EP03 in the salary scale of \$43,109 - \$56,753.

This salary scale was for Principal Engineer Regulatory position. Mr. Nistar Mohammed Khan was overpaid acting allowance by \$6,803.36 while acting as Principal Technical Officer. The findings showed that proper procedures were not followed by the Department in creating new positions.

Recommendations

- **PSC should investigate and take appropriate action against officers responsible for authorising the acting against position which does not exist at the Department.**
- **The Department should recover the overpaid acting allowance from the Officer.**

Department's Comments

No comments provided

30.8.2 Vacant Principal Engineer (Regulatory) Post

Vacant Posts will normally be advertised in the Fiji Public Official Circular and the press.²⁷

The Department created a position of a Principal Engineer (Regulatory) in 2010. It was noted that the position was not filled until to date since there was no suitable candidate. The position was advertised for three times in the Fiji Public Service Official Circular including the newspapers since 2010.

The position of the Principal Engineer was created to assist the Director Water and Sewerage in the provision of professional advice to the Permanent Secretary for Public Utilities on regulatory framework and strategies for water and sanitation. The role of the Principal Engineer also included the preparation of Cabinet papers, speeches, and policy briefs for the Permanent Secretary and Minister on technical issues.

The Senior Technical Officer (Water), Nistar Khan has been acting in this position since 2010. An opportunity was also given to Senior Technical Officer (Sewerage) to act in the position for three months.

The absence of a qualified Principal Engineer may affect the quality of advice given to the Permanent Secretary and Minister and performance of the Department in delivering its outputs including on job training of technical staffs.

Recommendations

The Department should liaise with PSC on possible ways to find a suitable candidate for the vacant position.

Department's Comments

The normal procedure for the filling of posts had been undertaken through the Public Service Commission for a number of times as mentioned in the Audit Report. We have again submitted another Draft Advertisement on this post and currently with the Post Processing Unit at Headquarters awaiting submission to PSC for advertising procedures.

²⁷ GO 2011 Section 205

30.8.3 Diversion of Funds by WAF

The Payee is required to seek the Payer's written approval for any deviation from the Budget.

WAF was allocated \$40,510,000 to undertake pre-approved list of projects. The audit noted that the WAF diverted funds from the pre-approved list to undertake several projects which were not in the approved work programme for the year 2012. Refer to Table 30.13 below for projects undertaken which were not in the approved project list.

Table 30.13: Projects Not in Approved Work Programme

Project	Projected Commitments (\$)
Construction of Veisari New Water Source System	1,037,210
Tacirua East Pipeworks Installation	16,470
Navuso Upgrading Works	Requisition Stage
Raralevu High Point Upgrading Works	2,420
SWS Depot and office refurbishment	12,690
Power Factor projection for Tavua/Vatukoula Water Scheme	34,010
Nadi Rehabilitation Works	100,000
Power Factor projection for Nadi/Lautoka Water Scheme	61,560
Water Replacement Program	1,600,000
Savusavu Regional Water Scheme	210,000
Levuka Regional Water Scheme	136,920
New Meter Connection	772,970
Fencing and Gravelling of Nabouwalu Raw Water Intake	50,000
Minior/Rural Scheme	3,708,640
Sewerage Projects	6,951,810
Lautoka Regional Sewerage Scheme	200,000
China Railway – 5F	665,000
Fletcher Construction – 5G Pumps	555,000
Technofab – 5G Pipes	1,413,900
J.S Hill – 5B/C	100,560
Technofab – Kinoya Sewerage	290,000
Western Builders – 5E	280,000
Western Builders – 5D	30,000
Erasito – Package 5	128,100
Erasito – Package 4	30,000
ADB Funded Projects Land Issues	1,383,200
Upgrading Works at Kinoya	350,000
Power Factor projection for Suva Regional Sewerage Schm	35,000
Pacific Harbour Sewerage Scheme	150,000
Nadi Sewerage Scheme	270,000
Labasa Sewerage Scheme	208,390
Other Urban Sewerage Scheme	180,000
Levuka Regional Sewerage Scheme	80,000

The audit further noted that approval was not obtained for the diversion of funds and undertaking project which were not in the approved project program. The finding indicates poor monitoring by the Department on funds used by WAF. The projects undertaken and funds used by WAF were unauthorised.

Recommendations

The Department must ensure that:

- in future WAF uses the funds for the projects it has been allocated and approved for; and
- funds provided to WAF are properly monitored to ensure funds are used for the project the funds has been approved for.

Department's Comments

No comments provided

30.8.4 Anomalies in implementation of Capital Projects

The Payer shall render every assistance as is necessary to ensure the proper utilisation of the Operational and Capital Fund.²⁸

Analysis of the actual capital works carried out by WAF against the approved work programme revealed the followings anomalies.

- Delay in implementation of Projects;
- Over expenditures;
- Projected commitments either more or less than budget; and
- Status Report not provided.

Refer to Appendix 30.1 for details.

The anomalies noted indicate that the Payer is not properly monitoring the capital fund disbursed against the approved work programme.

Recommendation

The Department should ensure that the approved Work Programme is properly monitored against the monthly work progress and any anomalies to be promptly rectified.

Department's Comments

The re-organisation of the Water and Sewerage Department into a commercial statutory authority resulted in the formation of the new Water Authority of Fiji (WAF). Under the Public Enterprise Act, WAF falls under the ambit of the Ministry of Public Enterprise. As quoted in the FIN 11/53/41/2 dated 19/01/2010, "Based on the 2010 estimates, the status quo had remained to allow a transition period for the setting up of WAF to be fully fledged and up and running on its own before the Gazette notice is issued by the Minister of Public Utilities in consultation with Minister of Public Enterprise and myself as Minister for Finance. It is for this reason that I, as Minister for Finance am now withdrawing responsibilities of the following programmes and activities under Expenditure Head 41 which would now absolve you and your Permanent Secretary of any accountability and responsibility too. This will now fall under the ambit of the Minister of Public Enterprise who would be responsible and accountable for the monitoring of performance and progress as well as assessing funds for WAF this year.

However, programme 2, activity 1, Policy and Administration remains under the Ministry of Public Utilities and Energy as this includes the regulatory and policy function of the water and sewerage services .It must be noted

²⁸ Clause 5.3 of the Contract Agreement
Ministry of Public Utilities & Energy

that the Department has not received any Gazette or Cabinet decisions to monitor the performance and progress as well assessing funds for WAF.

APPENDICES

Appendix 30.1: 2012 detailed project list vs actuals

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
De-silting of Savura Dam	De-silt dam to reduce reliability on the pumping systems and increase storage capacity. To maximize storage capacity for Head work3	350,000	01/02/2012	30/04/2012	Committed was \$264,090 of which remains a balance of \$85,910 to commit. This project was contracted out to B.W. Holdings. Project was expected to complete by 15/02/13.	<ul style="list-style-type: none"> Delay in implementation
Purchase of Backup Generator for Suva/Nausori System	Purchase, install and commission of Backup generators form Waiala WTP, Tamavua WTP, Waiala Raw Water Pumping Station, Wainibuku Pumping Station and Savura Pumping Station	1,120,000	01/02/2012	30/07/2012	Committed was \$1,333,020. A generator has been purchased from CBS Power Solution and Current Electrical. The installation was in progress	<ul style="list-style-type: none"> Over expenditure by \$213,020 Delay in implementation
Refurbishment of Waiala/Tamavua Water Treatment Plant	To paint and carry out the building Refurbishment works at Waiala and Tamavua Water Treatment Plant. Works undertaken by Raghwan Construction	400,000	01/02/2012	30/04/2012	Committed was \$89,020 of which remains a balance of \$560,980 to commit. This project was contracted out to Raghwan Construction. Works had commenced in March	<ul style="list-style-type: none"> Delay in implementation Projected committed amount more than budget by \$250,000
Laying of 375mm mPVC Pipe form Waiala WTP to Raralevu Reservoir	Duplicate main feeding Raralevu Reservoir which in turn supplies water to the Nausori & surrounding areas	800,000	01/02/2012	09/06/2012	Committed was \$784,730 of which remains a balance of \$265,270 to commit. The project was projected to finish by 30 th November 2012.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount more than budget by \$250,000
Lami- Delainavesi Upgrade Works	Carry out upgrade works to increase water pressure to Lami-Delainavesi area. And including the pipe works form the new Wailokutu source	1,400,000	01/01/2012	31/12/2012	Committed was \$497,450 of which remains a balance of \$802,550 to commit.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount less than budget by \$100,000
Pump Spares for Waiala Wairamu and Savura	Purchase of Pump spares for Suva/Nausori water Reticulation	770,000	01/02/2012	30/07/2012	Committed was \$489,970. 50% of the payment had been made and 1 st shipment was expected by early March 2013.	<ul style="list-style-type: none"> Delay in implementation
Leak Detection Works	To identify and address the leakage in the water reticulation	800,000	06/02/2012	22/06/2012	Committed was \$979,850. Works have also been extended to the Nausori areas.	<ul style="list-style-type: none"> Over expenditure of \$179,850

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PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
ADB Funded Projects	To improve the delivery of water service to cover for all ADB funded Projects including 17% component	5,000,000	01/02/2012	25/12/2012	This includes payment to ADB Engineers carrying out works under ADB supplementary Loan, payment to Fletcher Construction for Waiala/Tamavua TP, consultant's payment for Flood Rehab and Waiala/Tamavua contract and clearing of ADB old account payments.	<ul style="list-style-type: none"> Amount committed not provided
NRW Payment/Miscellaneous	VAT payment, Miscellaneous payment and other NRW payment for works carried out under Emergency works	5,300,000	01/02/2012	30/12/2012	These are payment to NRW and FIRCA. The Miscellaneous expenses are requested to cater for Administration expenses in Projects	<ul style="list-style-type: none"> Amount committed not provided
Upgrading & Replacing of 80mm AC Pipeline to 100mm PVC at Waivote	To decommission old AC pipeline that are subjected to frequent burst and leakage problem within the Lami zoning area.	38,000	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Laying of new 100mm PVC Pipeline at Gauwua Village Lami	The new pipeline is to boost the water pressure for consumers living on elevated areas of Gauwua Village	32,000	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of 150mm AC Pipeline to 150mm PVC at Nakula St Lami	To decommission old AC pipeline that are subjected to frequent burst and leakage problem within the Lami zoning area.	47,180	01/04/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading 100mm Pipeline to 200mm at Bau Road	Upgrading of water pipe line at Bau Road from 100mm to 200mm	400,000	01/02/2012	30/05/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of 100mm AC pipeline to 100mm PVC at Inthurn & Obrien Road Domain	Upgrading is to decommission old AC pipeline that are subjected to frequent burst and leakage problem within the Domain zoning area.	64,000	01/02/2012	30/04/2012	Committed was \$82,570 project had been completed in May 2012 pipe lying & connection transfer made.	<ul style="list-style-type: none"> Over expenditure of \$18,570
Upgrading of 100mm AC pipeline to 100mm PVC at Alladyce	To decommission old AC pipeline that are subjected to frequent burst and leakage problem within the Domain zoning area	57,000	01/02/2012	30/04/2012	Committed was \$94,720 project had been completed in May 2012 pipe lying & connection transfer made.	<ul style="list-style-type: none"> Over expenditure of \$37,720
150mm Cross Connection at Edinburgh Drive	150mm Cross Connection is to boost the pressure & eliminate intermittent supply in Rockwell Rd, Suva starting from the Island Buses Company Garage towards Edingburg Drive	27,000	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of 150mm AC Pipeline to 150mm & 100mm AC to 100mm PVC @ Belo &	To decommission old AC pipeline that are subjected to frequent burst and leakage problem within the Samabula zoning area.	107,000	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided

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PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Kanavi Street						
Re-commissioning of the 150mm PVC at Rodwell Road Suva	To re-commission old PVC pipeline that have been abandon at Rodwell Road to boost the pressure for Suva City zoning area	70,050	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Re-commissioning of Kalekana Reservoir	To re-commission the Kalekana Reservoir back to operational	50,000	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Laying of 250mm PVC from Wainibokasi to Noco Junction	The laying the 250mm mPVC pipe from Wainibokasi to Noco Junction is to boost more water pressure to fully fill the Navaka Reservoir	256,423	01/02/2012	30/05/2012	Project had been completed on 18/05/12. Amount committed is \$233,060	OK
Pressure Management System	This Project will reduce frequent bursts, leakage, saving water resource and other associated costs	300,000	28/01/2012	30/06/2012	Committed was \$796,970 status of procurement and installation of PRV is currently 28%	<ul style="list-style-type: none"> Delay in implementation Over expenditure by \$496,970
Automation of the System	Upgrade of SCADA systems that are installed on many distribution systems to monitor and control the operation of the system.	300,000	15/01/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
WAF Security, Infrastructure (CCTV)	Purchase of HRIMS system to improve the delivery of Human Resource service	200,000	15/01/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Signage for all WAF Properties	To place signage for all Water Authority of Fiji Properties. Also upgrade some of the degraded/deteriorated signage	100,000	25/01/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
GIS System	Provides the Underlying Technology to Maintain Data Ongoing	900,000	01/02/2012	30/05/2012	Committed was \$790,450 which remains a balance of \$59,550 to commit.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount less than budget by \$50,000
Supply Chain Review	To review the supply chain Management for Water Authority of Fiji.	600,000	01/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Purchase of Hydrological Instruments	Purchasing of hydrological materials and equipments which will be utilized by the Hydrology Sections for Northern, Western and Central divisions.	51,347	15/03/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Navua/Deuba Regional Water Supply Scheme		310,000			Committed was \$196,570, which	<ul style="list-style-type: none"> Delay in implementation

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Purchase of Booster Pumps for proposed Namelimeli hospital.	The purpose of this project is to purchase two booster pumps and associated fittings for the proposed Namelimeli Hospital site in Navua. The installation of this booster pumps will boost the supply to the new proposed hospital site.	50,000	21/02/2012	4/05/2012	remains a balance of \$78,430 to commit	<ul style="list-style-type: none"> Projected committed amount less than budget by \$35,000
Installation of Gabion Walls to prevent landslides at Deuba Reservoir compound.	The purpose of this project is to construct a gabion wall to prevent further landslides at the Deuba reservoir compound	100,000	17/04/2012	14/06/2012		
De-silting of Wainikavika Dam.	To remove silt and Debris from the Wainikavika Dam in Navua. Also included in this project are some dam upgrading works which includes the finishing work of a supplementary dam, construction of a new collection box	30,000	17/04/2012	11/05/2012		
Up-sizing of Accelerator Inlet at Deuba Water Treatment Plant.	The purpose of this project is to remove the old existing gear box in the clarifier at Deuba Water Treatment Plant and replace with a new one.	30,000	27/04/2012	18/05/2012		
Purchase of pumps for Deuba Water Treatment Plant and Nayagi Borehole.	The purpose of this project is to purchase two pumps; one for Deuba Water Treatment Plant and the other for Nayagi Borehole	100,000	30/03/2012	18/05/2012		
Construction of Pumping and Distribution Pipeline for Matacula	Extension of water mains to the villages of Matacula, Wainikavula and Nayawasara	200,000	16.03.2012	9.05.2012	Pipe lying work commenced on 21/03/12 and was completed on 16/07/12. Committed is \$206,230.	<ul style="list-style-type: none"> Delay in implementation
Construction of Matacula Pumping Station and Reservoir	Construction of a pumping station and reservoir for the villagers of Matacula, Wainikavula and Nayawasara	164,850	16.03.2012	9.05.2012	Project was 95% complete with only the mechanical/electrical installation to be made. Committed is \$176,840.	<ul style="list-style-type: none"> Over expenditure by \$11,990
Korovou to QVS bridge Crossing and Air Valve installations	Installation of Air valves and bridge crossing along the Korovou-QVS line	185,150	16.03.2012	18.07.2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of 80mm Cast Iron pipe from Church St to Gardner Jones Road	Upgrading of 80mm CI pipe to 100mm mPVC pipe.	100,000	16.03.12	15.06.2012		<ul style="list-style-type: none"> Status report not provided
Refurbishment of the Treatment Plant	Refurbishment of the treatment plant like valves and other components	50,000	16.03.2012	15.09.2012		<ul style="list-style-type: none"> Status report not provided

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PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Kings Road Stage 2 Mains Replacement	The Current AC Pipe is leaking at several positions along kings road. This is causing alot of unaccounted for water	450,000	9.02.2012	30.04.2012	Field work has started on 26/03/12. Committed is \$480,110, project completed on 17/08/12	<ul style="list-style-type: none"> Delay in implementation Over expenditure by \$30,110
Dredging of Buabua Intake Dam	Soil erosion due to continuous rainfall and flooding over the past several years have contributed to a high level of silt development	100,000	9.02.2012	16.03.2012		<ul style="list-style-type: none"> Status report not provided
Leak detection in Nadi/Lautoka water Reticulation	To identify and address the leakage in the water reticulation	600,000	9.02.2012	30.06.2012	Committed is \$480,110 of which 59% of the works have been completed	<ul style="list-style-type: none"> Delay in implementation
Pressure Management for Nadi/Lautoka Water Reticulation	Reduction in the frequent bursts, leakage, saving water resource and other associated costs	568,000	9/02/2012	30/06/2012	67% completed. Committed was \$266,200 of which remains a balance of \$33,800 to commit. 89% of the 200mm PVC pipes had been laid.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount less than budget by \$268,000
Upgrading of 80mm AC to 100mm PVC Mains at Korotogo	The existing water mains along Queens Road are now undersized, very old and incapable of delivering water to the consumers living along the area.	86,010	9/02/2012	21/03/2012	Project had commenced on 19/03/12 and completed on 18/05/12. Committed was \$74,080 of which remains a balance of \$11,930 to commit	<ul style="list-style-type: none"> Delay in implementation
Upgrading of 80mm AC to 100mm PVC mains at Malevu	The existing water mains along Queens Road are now undersized, very old and incapable of delivering Numerous connections have caused apparent head losses in the main, affirming that current pipeline as undersized and needs replacement.	82,000	9/02/2012	16/03/2012	Project had commenced on 19/03/12 and completed on 18/05/12. Committed was \$63,490 of which remains a balance of \$18,510 to commit	<ul style="list-style-type: none"> Delay in implementation
Purchase of Standby Generator for Matovo Water Treatment Plant	There are no existing Generators and when there is a power failure Sigatoka water Reticulation will not be able to receive any water	261,990	6/02/2012	30/06/2012	Procurement Stage	<ul style="list-style-type: none"> Delay in implementation
Refurbishment of the two scrapper at Matovo Treatment Plant	Replacing the old scrapers with new ones will allow the settling tank to operate normally thus scrape out settled sludge and pump it into the sludge ponds	50,000	22/03/2012	20/07/2012	Procurement Stage	<ul style="list-style-type: none"> Delay in implementation
New Coral Coast Water Supply Scheme	Proposed Water Supply Scheme to supply Water to the Coral Coast Areas	150,000	6/02/2012	31/12/2012		<ul style="list-style-type: none"> Status report not provided
Sigatoka Reservoirs EIA	The purpose of this is to undertake Environmental Impact Assessment for the proposed new reservoirs in Sigatoka as a mandatory requirement under Part 4 of the Environment Management Act 2005.	100,000	11/04/2012	12/10/2012		<ul style="list-style-type: none"> Status report not provided

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Leak detection in Ba water Reticulation	To be able to deliver consistency supply to all value consumers in the reticulation system, there is a need to first reduce or eliminate leaks and non-revenue waters.	50,000	24/01/2012	3/04/2012		<ul style="list-style-type: none"> Status report not provided
Duplicating 375mm mPVC Mains from Vatukoula Reservoir to Tavua Reservoir (Phase 4 & 5)	The Duplication of the existing main had been in construction since 2009 with Phase 2 and Phase 3 pipe laying in 2010 and diversion of the connection at the reservoir with a by-pass connection later this year. Funds allocated this year has been committed in the purchase of 500 lengths of pipes with fittings which will be supplied early next year thus an additional 2750m will be accommodated.	740,000	24/02/2012	13/09/2012	Pipes had been delivered to site and work commenced on 10/04/12, 76% of work had been completed. Due to the current flooding project had been delayed. Committed was \$288,770 of which remains a balance of \$111,230 to commit.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount less than budget by \$340,000
Upgrading 50mm AC Main to 100mm PVC Main from R.S Patel rd to Nadovi	Upgrading of existing old AC main into an 100mm dia mPVC main so as to minimise resulting burst mains.	70,000	24/02/2012	5/04/2012		<ul style="list-style-type: none"> Status report not provided
Mains extension to Malake Island	Extend the Rakiraki water reticulation to Malake Island.	400,000	10/04/2012	27/08/2012	Committed was \$22,220 of which remains a balance of \$27,780 to commit.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount less than budget by \$350,000
Fencing and Graveling of Nabouwalu Raw Water Intake and Access Road	To install a main gate on the Nabouwalu Raw Water Intake and to gr5avel the access road.	50,000	2/02/2012	27/03/2012		<ul style="list-style-type: none"> Status report not provided
150mm Mains Relocation from Savusavu Airport to Naqaqa Phase 2	To lay and commission Phase 2 of the Savusavu Airport to Naqaqa 150mm MpvC Pipeline. The existing pipeline is prone to constant bursting therefore adding to the cost of maintenance and operation and Phase 1 was completed in 2011 from Savusavu Airport to Naseva Estate.	150,000	8/02/2012	17/04/2012		<ul style="list-style-type: none"> Status report not provided
Store Extension at Savusavu WAF Depot	To extend the current store to cater for all of the materials coming into Savusavu WAF Depot. The current store which is insufficient space to cater for materials especially when Savusavu Capital Works commences.	50,000	2/02/2012	28/03/2012		<ul style="list-style-type: none"> Status report not provided
Construction of Customer Service Office at Savusavu Town	To Tender and Construct a New Customer Service Office at Vunikoka Pump Station, Savusavu Town	120,000	8/02/2012	1/05/2012		<ul style="list-style-type: none"> Status report not provided

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
150mm MpvC Mains Replacement at Batnikama	To lay and commission a new 150mm diameter pipeline for the first 2.76km at Batnikama, Labasa. The existing pipeline is prone to constant bursting therefore adding to the cost of maintenance and operation.	300,000	8/02/2012	17/04/2012	Project commenced on 28/05/12 and was completed on 17/08/12. Committed was \$293,960 of which remains a balance of \$6,640 to commit.	<ul style="list-style-type: none"> Delay in implementation
80mm to 100mm Mains Replacement at Chands Reddy	To lay and commission a new 100mm diameter pipeline at Chands Reddy Point, Labasa. The existing pipeline is prone to constant bursting therefore adding to the cost of maintenance and operation.	140,000	8/02/2012	3/04/2012		<ul style="list-style-type: none"> Status report not provided
Relocation of Main at Naqai from 50mm to 80mm	To lay and commission a new 80mm diameter pipeline at Naqai, Labasa. The existing pipeline is a 50mm pipeline and is prone to constant bursting therefore adding to the cost of maintenance and operation.	110,000	8/02/2012	3/04/2012	Project Commenced on 10/08/12 and was completed on 04/10/12. Committed was \$109,880 of which remains a balance of \$120 to commit.	<ul style="list-style-type: none"> Delay in implementation
Leakage Control Phase 1	To identify leakages and repair leakages within the Labasa Regional Water Supply Reticulation.	52,700	8/02/2012	8/05/2012		<ul style="list-style-type: none"> Status report not provided
Upgrade of Benau Treatment Plant	To procure and install actuators, Pipe works, Compressors, Dosing Pumps, Chlorinators c/w Lubricant, Computers and the training of WAF personnel to operate the Benau Treatment Plant	400,000	2/04/2012	30/12/2012	Committed was \$26,520 of which remains a balance of \$123,480 to commit. The works were carried out by Clyde Equipment.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount less than budget by \$250,000
Installation of PRV at Labasa	To procure and install two (2) Pressure Reducing Valves at St Augustine and Karam Point.	50,000	4/04/2012	27/05/2012		<ul style="list-style-type: none"> Status report not provided
Leak Detection Control	To identify leakages and repair leakages within the Labasa Regional Water Supply Reticulation	7,300	9/05/2012	1/07/2012		<ul style="list-style-type: none"> Status report not provided
New Labasa Depot	To Tender and Procure the services of a contractor to carryout Grubbing Works, Levelling and the Raising of Profile at the New Labasa WAF Depot.	300,000	2/04/2012	30/12/2012		<ul style="list-style-type: none"> Status report not provided
Delasui Village, Verata, Tailevu	Laying of 330 Lengths of 100mm oPVC pipes, construction of a catchment area, and the construction of a 20,000 gallon ferro cement tank and associated pipe works	105,000	06/02/2012	30/03/2012		<ul style="list-style-type: none"> Status report not provided

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PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Matacula Village, Namalata, Tailevu	Laying of 20 lengths of 50mm uPVC pipe, construction of a roof catchment and construction of a tank basement	54,500	05/03/2012	20/04/2012		<ul style="list-style-type: none"> Status report not provided
Naitutu Village, Namalata, Tailevu	Laying of 350 lengths of 50mm uPVC pipe, and the installation of 10 standpipes and Showers	17,600	01/02/2012	16/03/2012		<ul style="list-style-type: none"> Status report not provided
Nasoni Settlement, Namena, Tailevu	Laying of 257 lengths of 50mm uPVC Pipes, Construction of a 10,000 gallon Ferro tank and other associated pipe works	88,700	13/02/2012	11/05/2012		<ul style="list-style-type: none"> Status report not provided
Navunimono Village, Verata, Tailevu	Laying of 100 lengths of 50mm uPVC pipes and upgrading of the existing dam	28,900	20/02/2012	23/03/2012		<ul style="list-style-type: none"> Status report not provided
Nayawasara Village, Namalata, Tailevu	The construction of rain water harvesting system for the village. This involves the installation of 4 5000 litre rota tanks	17,900	05/03/2012	06/04/2012		<ul style="list-style-type: none"> Status report not provided
Waibasaga Village, Muaitra, Naitasiri	Laying of 20 lengths of 50mm uPVC pipe and the repair of 44 existing standpipes and showers	25,230	20/02/2012	23/03/2012		<ul style="list-style-type: none"> Status report not provided
Naqali Village, Viria, Naitasiri	Laying of 151 lengths of 50mm uPVC pipes and 146 lengths of 75mm uPVC, upgrading of the existing dam and upgrading of the associated pipe works	31,900	20/02/2012	12/03/2012		<ul style="list-style-type: none"> Status report not provided
Keteira Village, Moala, Lau	Provide piped water system with adequate water supply and storage to Keteira village through the construction of a proposed dam, construction of a 10,000 gallon Ferro cement tank and associated pipe works.	69,010	20/02/2012	04/05/2012		<ul style="list-style-type: none"> Status report not provided
Mataso Village, Sanima, Kadavu	Construction of a 10,000 gallon Ferro cement tank and other associated pipe works	66,000	20/02/2012	27/04/2012		<ul style="list-style-type: none"> Status report not provided

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2012

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Nabukelevu-i-ra Village, Nabukelevu, Kadavu	Provide piped water system with adequate water supply and storage to Nabukelevu-i-ra village through purchasing of a single phase electric submersible water pump, construction of a pump house and associated pipe works.	53,000	20/02/2012	30/03/2012		<ul style="list-style-type: none"> Status report not provided
Naqara Village, Ono, Kadavu	Provide piped water system with adequate water supply and storage to Naqara village, Ono, Kadavu through the upgrading of existing dam and associated pipe works	31,000	20/02/2012	30/03/2012		<ul style="list-style-type: none"> Status report not provided
Natokalau Village, Matuku, Lau	Construction of 6,600 gallon Ferro cement tank, upgrading of the existing dam and other associated pipe works	56,560	20/02/2012	13/04/2012		<ul style="list-style-type: none"> Status report not provided
Ratu Varani Memorial School, Naceva, Kadavu	Laying of 165 lengths of 50mm uPVC pipe. Construction of a proposed dam, upgrading of the existing dam and other associated pipe works	60,400	20/02/2012	27/04/2012		<ul style="list-style-type: none"> Status report not provided
Vunivasa District Sch & Vatulele Village, Koro, Lomaiviti	Construction of Dam, laying of 883 lengths of 50mm uPVC Pipe and 25 new connecton	73,000	20/02/2012	27/05/2012		<ul style="list-style-type: none"> Status report not provided
Burelevu Village, Natawa, Ra	Construction of a new catchment area, construction of a 10,000 gallon Ferro cement tank and other associated pipe works	98,000	20/02/2012	02/06/2012		<ul style="list-style-type: none"> Status report not provided
Naiserelagi Village, Saivou, Ra	Upgrade of the Dam and construction of a 10,000 gallon ferro tank and laying of 100 lengths of 80mm uPVC pipe	94,400	20/02/2012	12/05/2012		<ul style="list-style-type: none"> Status report not provided
Eritabeta, Rabi Island, Cakaudrove	Provide piped water system with adequate water supply and storage to Eritabeta, Rabi Island through the construction of a catchment area, upgrading of existing tank and associated pipe works.	136,300	20/02/2012	22/06/2012		<ul style="list-style-type: none"> Status report not provided
Kilaka Village, Kubulau, Bua	Provide piped water system with adequate water supply and storage to Kilaka village through the construction of a 10,000 gallon Ferro cement tank, upgrading of existing source and associated pipe works.	43,800	20/02/2012	07/04/2012		<ul style="list-style-type: none"> Status report not provided

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Korovou, Dala, Paga'i Taveuni, Cakaudrove	Laying of 450 lengths of 50mm uPVC pipes, construction of a catchment area, and upgrading of the existing tank with the associated pipe works	67,900	20/02/2012	27/04/2012		<ul style="list-style-type: none"> Status report not provided
Nukusa Village, Udu, Macuata	Upgrading of the existing reticulation and the construction of a 20,000 gallon tank and the associated pipe works	45,000	20/02/2012	13/04/2012		<ul style="list-style-type: none"> Status report not provided
Yalava Village, Tabia, Macuata	Provide piped water system with adequate water supply and storage to Yalava village through the construction of a 4,500 ferro cement tank, and associated pipe works.	39,740	20/02/2012	20/04/2012		<ul style="list-style-type: none"> Status report not provided
Vunikodi Village, Udu, Macuata	Provide piped water system with adequate water supply and storage to Vunikodi village by the installation of a Submersible Pump/Generator and other associated pipe works	30,400	01/02/2012	13/04/2012		<ul style="list-style-type: none"> Status report not provided
Tawake Village, Udu, Macuata	Construction of Dam and 21,000 gallon Ferro and laying of 500 lengths of 50mm uPVC Pipe	72,100	20/02/2012	20/04/2012		<ul style="list-style-type: none"> Status report not provided
Valeiawa Settlement, Dreketi, Macuata	Construction of Dam and 10,000 Gallon tank construction	153,500	20/02/2012	13/05/2012		<ul style="list-style-type: none"> Status report not provided
Refund of Contribution & Overpaid Contributions	Refund of Contribution & Balance of Overpaid Contributions to the villagers	20,000	01/02/2012	31/12/2012		<ul style="list-style-type: none"> Status report not provided
Schemes with 1/10 th Contribution and Warrant Prioritization	These are projects that require urgent works as requested by the prime Minister/Minister	200,000	01/02/2012	31/12/2012		<ul style="list-style-type: none"> Status report not provided
Disinfectant Treatment of Rural Water Schemes	Disinfectant Treatment of Rural Water Schemes	751,360	01/02/2012	31/12/2012		<ul style="list-style-type: none"> Status report not provided
Ground Water Investigation	Ground Water Investigation	25,000	01/02/2012	31/12/2012		<ul style="list-style-type: none"> Status report not provided
New Meter Connection for Rural Areas	New Meter Connection for Rural Areas	300,000	01/02/2012	31/12/2012		<ul style="list-style-type: none"> Status report not provided
Bau Nukuselala, Lakeba, Lau	Provide piped water system with adequate water supply and storage to Bau depot, Nukuselala through the construction of a main extension, and associated pipe works.	33,100	01/02/2012	16/03/2012		<ul style="list-style-type: none"> Status report not provided

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2012

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Tubou Village, Lakeba, Lau	Provide piped water system with adequate water supply and storage to Tubou village through the construction of a main extension, and associated pipe works.	33,500	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Yadrana Intake, Lakeba, Lau	Provide piped water system with adequate water supply and storage to Yadrana reservoir through the upgrading of raw water mains and associated pipe works.	80,400	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of Existing Tank at Lepjea	Upgrading of the existing 40,000 gallon ferro cement tank and associated pipeworks	73,100	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of Existing Dam at Itumuta	Upgrading of the existing dam, 40,000 gallon tank and the associated pipe works	61,500	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of Existing Borehole at Lepjea	Upgrading of the existing borehole and associated Pipe works	51,000	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of Pump House and construction of New Fence Vanuabalavu, Lau	Upgrading of a Pump House and construction of a new Reservoir Fencing and other associated works	42,000	01/01/2012	16/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of Supervisors quarters Vanuabalavu, Lau	the upgrading of existing Supervisor's quarters and other associated works.	52,300	01/01/2012	16/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of the existing Depot office Vanuabalavu, Lau	Upgrading of the existing Depot and other associated works	42,900	01/02/2012	10/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of the existing Depot - Naroi, Moala, Lau	Upgrading of existing Depot Office and other associated works.	29,000	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Fencing of Reservoir Naroi, Moala, Lau	Construction of new Reservoir Fence and other Associated works at Naroi, Moala Lau	21,600	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of the supervisors Quarters - Naroi, Moala, Lau	the upgrading of existing Supervisor's Quarters and other associated works.	33,400	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Seaqqa Water Supply	Dradramea Water Mains Replacement	120,000	20/02/2012	27/04/2012		<ul style="list-style-type: none"> Status report not provided
Keiyasi Water Supply	Procurement and Installation of Power Generator	40,000	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Borehole Subsidy Scheme	Inspection and Survey of Borehole Schemes	50,000	01/02/2012	31/03/2012		<ul style="list-style-type: none"> Status report not provided
Miscellaneous/Administration/Engineering Survey/General Maintenance	Administration /Engineering Survey/ General Maintenance of the Rural Schemes	200,000	01/02/2012	30/12/2012		<ul style="list-style-type: none"> Status report not provided

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI -- SEPTEMBER 2012

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
New Meter Connection	Purchase of New water Meters, Lockable valves and meter boxes	750,000	02/01/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
Meter Replacement Program	Purchase of New water Meters, Lockable valves and meter boxes. Replacement of defective and age based water meters	1,500,000	20/02/2012	06/07/2012		<ul style="list-style-type: none"> Status report not provided
Odour Control and Septicity Prevention	To reduce odour and prevent septicity in the Suva Sewerage System	187,500	02/02/2012	16/10/2012	Committed was \$187,740, of which remains a balance of \$149,760 to commit.	<ul style="list-style-type: none"> Delay in implementation Projected committed amount more than budget by \$150,000
ADB Funded Projects	To plan, organize and implement the program of Rehabilitation, upgrade and extension of the various projects funded by the ADB.	3,000,000	02/02/2012	30/12/2012		<ul style="list-style-type: none"> Status report not provided
ADB Funded Projects Land issues	To plan, organize and implement the program of Rehabilitation, upgrade and extension of the various projects funded by the ADB.	1,500,000	02/02/2012	30/12/2012		<ul style="list-style-type: none"> Status report not provided
Constructing of Garage for CCTV van & High Pressure Jetting Trucks	To build a new garage for the new CCTV project vehicles.	51,000	20/02/2012	27/04/2012	Committed was \$65,360.	<ul style="list-style-type: none"> Over expenditure of \$14,360
Greig Street Sewer Replacement	To replace the existing 150mm uPVC sewer pipe along Greig Street.	87,000	5/03/2012	26/04/2012	Committed was \$15,000, which remains a balance of \$72,000 to commit.	<ul style="list-style-type: none"> Delay in implementation
Upgrading works at Drodrolagi Sewerage System	To lay a new 150mm uPVC sewer main at Drodrolagi Hart, Makoi.	52,000	5/03/2012	13/04/2012	Committed is \$83,840	<ul style="list-style-type: none"> Over expenditure of \$31,840
Replacement of Sewer Main @ Rt Dovi Road (RSMS)	To lay a new 150mm uPVC sewer main at Rt Dovi Rd near RSMS.	70,000	5/03/2012	24/05/2012		
Bayview Heights New Sewer Mains	To lay 200mm uPVC pipes sewer trunk main from Bayview Heights Pump Station to the existing manhole at lower Bayview Heights	81,727	5/03/2012	26/04/2012	A balance of \$81,730 remains to be committed	<ul style="list-style-type: none"> Delay in implementation
Upgrading Works at Raiwai Sewerage System	To lay a new 250mm uPVC sewer main at Raiwai	155,000	5/03/2012	24/05/2012		<ul style="list-style-type: none"> Status report not provided
Joske Street Sewer Replacement	To lay a new 300mm uPVC sewer pipe along Joske Street.	283,395	20/02/2012	9/05/2012		<ul style="list-style-type: none"> Status report not provided
Refurbishment of SBR	To do some refurbishment work at KSTP and to build fence around the lagoon area.	219,378	20/02/2012	9/05/2012	Committed was \$162,650, of which remains a balance of \$56,730.	<ul style="list-style-type: none"> Delay in implementation

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2012

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Replacement of Trickling Filter No.2 at Kinoya Treatment Plant	To Replace the Underdrain Tiles that have been weathered and has exceed its 30 year life span design and to clear out the blockages in the filter to prevent ponding on the stone media surfaces.	250,000	20/02/2012	9/05/2012		<ul style="list-style-type: none"> Status report not provided
Consultancy for a New Master Plan Report	The purpose of this project is to call a tender for consultancy for formulation of a new master plan report for Levuka Regional Sewerage Scheme	80,000	24/02/2011	9/11/012		<ul style="list-style-type: none"> Status report not provided
Plant Refurbishment & Upgrading	To refurbish and maintain the Primary Clarifier at Deuba Sewerage Treatment Plant. The refurbishment of the Deuba sewerage treatment plant will improve the treated effluent quality which will enable WAF to meet the environmental discharge standard	150,000	30/03/2012	25/05/2011		<ul style="list-style-type: none"> Status report not provided
Upgrading of Sewage Pump Stations at Sigatoka	This upgrading works is due to deteriorating conditions of all waste water pumping stations in Sigatoka. As part of PPM programme, upgrading of these infrastructures is the best solution to maintain a smooth operation of all pump stations and reduce risk to potential overflow and sewer spills	100,000	9/02/2012	30/03/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of non return and sluice valves at Enamanu main sewage Pump Station	The purpose of this project is to remove the old 'flap type' non return valves and the old sluice valves and replace them with new maintenance free ball non return valves and new sluice valves.	70,000	27/02/2012	23/03/2012		<ul style="list-style-type: none"> Status report not provided
Purchase of Backup generators for Sewerage Pump Stations	Purchase of Standby Generator for Nadi Sewerage Pump Stations	500,000	6/02/2012	6/05/2011		<ul style="list-style-type: none"> Status report not provided
Mechanical Rehabilitation of Navakai Pump Station	Mechanical Rehabilitation of Navakai STP	100,000	6/02/2012	6/05/2011		<ul style="list-style-type: none"> Status report not provided
Deo street Sewerage Reticulation	The Deo street reticulation project is coursed to lay Ø150 and Ø100 waste pipe along Deo Street, whereby it will be connected to a sub-division (Concave).	200,000	21/02/2012	16/04/2012		<ul style="list-style-type: none"> Status report not provided

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Desludging of Natabua Sewerage Treatment Plant	The purpose of this project is to revive the original capacity of the Natabua Sewerage Treatment Plant Anaerobic Ponds 1 & 2	200,000	27/02/2012	26/11/2012		<ul style="list-style-type: none"> Status report not provided
Upgrading of Sewer Mains in Lautoka	This upgrading works is due to deteriorating conditions of sewer pipeline, most the pipe materials are now unable to convey the waste water.	200,000	9/02/2012	20/04/2012		<ul style="list-style-type: none"> Status report not provided
	Ba Regional Sewerage Scheme	100,000				
Upgrading of sewage pumping stations in Ba region	To upgrade the sewage pumping stations by replacing the deteriorating components that may fail unexpectedly within Ba region	100,000	23/02/2012	23/03/2012		<ul style="list-style-type: none"> Status report not provided
	Tavua Regional Sewerage Scheme	180,000			Committed was \$32,750 which remains a balance of \$147,250 to commit	<ul style="list-style-type: none"> Delay in implementation
Tavua Regional Sewerage Design Works	This Project is for the design of a lagoon based sewerage treatment plant with the pump stations and the sewer reticulation	180,000	02/02/2012	30/04/2012		<ul style="list-style-type: none"> Status report not provided
	Other Urban Sewerage Scheme	100,000				
Plant Refurbishment and Upgrading of ACS Sewerage Treatment Plant		100,000	23/02/2012	27/04/2012		<ul style="list-style-type: none"> Status report not provided
	Labasa Regional Sewerage Scheme	335,000				
De-Sludge of Maturation Pond No.# 5	To de-sludge or remove all sewage sludge from Maturation Pond No# 5.	205,000	17/02/2012	11/05/2011		<ul style="list-style-type: none"> Status report not provided
Upgrading of Sewerage Pump Station at Naodamu	To Refurbish the Existing Damanu Sewerage Pump Station Structure.	130,000	17/02/2012	23/04/2012		<ul style="list-style-type: none"> Status report not provided
	Savusavu Regional Sewerage Scheme	200,000				
Savusavu Sewerage Ocean Current Study	To undertake Ocean – Current Study for the outfall of the proposed Savusavu Sewerage Treatment Plant	120,000	17/02/2012	12/06/2012		<ul style="list-style-type: none"> Status report not provided

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2012 _____

PROJECT NAME	PROJECT OVERVIEW	BUDGET (\$)	EXPECTED COMMENCEMENT DATE	COMPLETION DATE	PROJECT STATUS AS AT 31/12/12	Audit Comments
Savusavu Sewerage Outfall EIA	Undertake Environmental Impact Assessment for the outfall of the proposed Savusavu Sewerage Treatment Plant as a mandatory requirement under Part 4 of the Environment Management Act 2005.	80,000	11/01/2012	29/11/2012		<ul style="list-style-type: none"> Status report not provided

Section 31 Ministry of Lands and Mineral Resources

Role and Responsibilities

The Ministry of Lands and Mineral Resources is made up of two Departments, namely the Department of Lands and the Department of Mineral Resources. The Department of Lands is responsible for the administration, development and management of all state land property. Activities include Land Valuation, Mapping, Development and Maintenance of State Land and Geographic Information System.

The Department of Mineral Resources undertake studies in relation to geological hazards, mineral prospects and groundwater development and manage the development of the Mining and Quarrying Sector with a mandate under the Mining, Petroleum (Exploration and Exploitation), Quarries, Explosive and Continental Shelf Acts.

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PART A: FINANCIAL STATEMENTS

31.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Lands and Mineral Resources resulted in the issue of an unqualified audit report.

Management attention was however drawn to that the Ministry did not prepare a Trust Account Statement of Receipts and Payments for 2011 to substantiate the opening balance as at 1 January 2012. The balance of \$3,498,895 was obtained from the general ledger-FMIS.

31.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$14,031,420 and incurred a total expenditure of \$19,105,917 in 2012. Details are shown on Table 31.1 below.

Table 31.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
REVENUE		
Land And Property Rent	10,586,966	12,320,797
Rental for Quarters	1,337	243,576
Fees Charges, Fine & Penalties	629,460	696,675
Mining Fees	1,311,533	223,110
Stamp Duty	186,986	183,261
Miscellaneous	1,315,138	2,410,002
TOTAL REVENUE	14,031,420	16,077,421
EXPENDITURE		
Operating Expenditure		
Established Staff	6,719,377	6,657,535
Government Wage Earners	799,210	723,244
Travel & Communication	402,851	410,963
Maintenance & Operations	4,393,006	3,315,386
Purchase of Goods & Services	843,707	893,039
Operating Grants & Transfers	31,651	2,523,463
Special Expenditures	123,715	784,584
Total Operating Expenditure	13,313,517	15,308,214
Capital Expenditure		
Capital Construction	2,212,247	1,444,317
Capital Purchases	307,909	194,021
Capital Grants and Transfers	2,169,825	146,084
Total Capital Expenditure	4,689,981	1,784,422
Value Added Tax	1,102,419	1,581,340
TOTAL EXPENDITURE	19,105,917	18,673,976

Total revenue declined by \$2.0 million or 13% in 2012 compared to the 2011 due to the disbanding of the Police Task Force Team which was assisting in the collection of rent arrears owed to the Ministry. The waiving of rent to lessees that were affected by the flood in the Western Division early during the year also contributed to the decline in revenue.

Total expenditure increased by \$431,941 or 2% in 2012 compared to 2011 due to increases in maintenance and operations by \$1.1 million and capital expenditure by \$2.9 million. The effect of these increases was minimal (2%) as it was cushioned by the substantial decrease in operating grant by \$2.4 million.

31.3 Appropriation Statement

The Ministry incurred expenditure totalling \$19,105,917 in 2012 against a revised budget of \$23,492,654 resulting in a savings of \$4,386,737. Details of expenditure against the budget estimate are provided in Table 31.2.

Table 31.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,482,223	-	7,482,223	6,719,377	762,846
2	Government Wage Earners	941,274	-	941,274	799,210	142,064
3	Travel & Communication	485,341	-	485,341	402,851	82,490
4	Maintenance & Operations	6,208,167	-	6,208,167	4,393,006	1,815,161
5	Purchase of Goods & Services	1,405,301	(498,572)	906,729	843,707	63,022
6	Operating Grants & Transfers	32,100	-	32,100	31,651	449
7	Special Expenditures	180,039	-	180,039	123,715	56,324
	Total Operating Expenditure	16,734,445	(498,572)	16,235,873	13,313,517	2,922,356
	Capital Expenditure					
8	Construction	3,080,000	(314,326)	2,765,674	2,212,247	553,427
9	Purchases	200,000	114,326	314,326	307,909	6,417
10	Grants and Transfers	5,250,000	(2,696,033)	2,553,967	2,169,825	384,142
	Total Capital Expenditure	8,530,000	(2,896,033)	5,633,967	4,689,981	943,986
13	Value Added Tax	1,727,600	(104,786)	1,622,814	1,102,419	520,395
	TOTAL EXPENDITURE	26,992,045	(3,499,391)	23,492,654	19,105,917	4,386,737

31.4 Statement of Losses

There was no loss of money or assets recorded by the Ministry for the year ended 31 December 2012.

Although not disclosed in the financial statements, the Ministry has obtained approval from the Minister of Finance for destruction of items with costs totalling \$108,801. Refer Table 31.3 for details:

Table 31.3: Unserviceable items approved for write-off in 2012 – Department of Mineral Resources

Date Approved	Details	Total Original Cost (\$)
29/11/12	Assorted Items	4,880.50
25/05/12	5 Air condition Unit	10,156.00
25/05/12	3 Air condition unit	5,600.00
25/05/12	Furniture, Safety Gear Used Tyres	34,574.00
22/03/12	Fax machine	450.00
05/04/12	Scanner [3years old]	52,600.00
31/04/12	7 Drilling Casing	541.00
Total		108,801.50

PART B: AUDIT FINDINGS

31.5 Limitation on Scope of Audit

31.5.1 Records not available for audit

In the performance of his or her duties, the Auditor-General or a person authorised by him or her has access to all records, books, vouchers, stores or other government property in the possession or control of any person or authority.¹

¹ State Services Decree 2009

A number of payment and journal vouchers requested were not provided to be verified during the audit. Refer to Table 31.4 below for examples:

Table 31.4: Documents not provided for audit – Department of Lands

Month	Chq/Journal Voucher No.	Amount (\$)
January	Chq 1109	362,000.00
July	Chq 1241	35,121.72
July	Chq 1245	1,164,081.59
December	JV 55/12	584,188.59

There is potential risk for misappropriation with the unavailability of source documents to substantiate expending of public funds or adjustments made to the general ledger (FMIS). In addition, appropriate audit procedures could not be performed if information and documents requested are not provided during the audit.

Recommendations

- The Ministry should ensure that all documents/records necessary for the successful completion of an audit are provided when requested.
- It is recommended that records in the Accounts Section are properly stored to avoid or minimise misplacing them.

Management Comments

No comments provided by the Ministry.

31.5.2 Lack of Supporting Documentation

Journal vouchers must be numbered in sequential order. Supporting documents shall be attached to the voucher.²

The audit noted that adjustments posted to the general ledger (FMIS) through journal vouchers were not adequately supported. In addition, accountable advances reflected in the Accountable Advance Register as being cleared could not be substantiated to the journal vouchers and supporting documents. The journal vouchers and supporting documents could not be located during the audit. Refer Table 31.5 for details:

Table 31.5: Journal vouchers without supporting documents – Department of Mineral Resources

Folio	Amount (\$)	Particulars	Remarks
Chq No.25151	7,043.48	Payment to Grand Eastern Hotel for accommodation of mapping staff.	No supporting details e.g. Number of staff on tour to the North
JV 158	10,000.00	Reversal of CTBTO VAT charges on equipment.	No supporting documentation e.g. Form S or Notification from the Fiji Procurement Office.
JV 244	300.00	Clearance of accountable advance issued to Isireli Naisua	No details provided with the claim form as it was photocopied.
JV 23	600.00	Clearance of accountable advance to	Accountable Advance Register was cleared but

² LMR Finance Manual 2011

Folio	Amount (\$)	Particulars	Remarks
		Ilaitia Dokonivalu.	journal voucher (JV) could not be located. \$300 was issued but the clearance was for \$600.
JV 240	200.00	Clearance of accountable advance for Epele Bola-Tsunami awareness.	Of the \$354 issued, \$200 cash was returned to the Department. However, there was no receipt to evidence reimbursing of \$200.
JV 261	686.00	Clear accountable advance of \$686 to Joseva Turaga.	JV could not be located.
JV	998.00	Clear accountable advance to Sakaraia Vunisa.	JV could not be located as there was no reference recorded in the Register.
JV	520.00	Clear accountable advance to Sakiusa Waqanisau.	JV could not be located as there was no reference recorded in the Register.
JV 223	705.00	Clearance of Accountable Advance for Romika Lata.	No Supporting document e.g. subsistence claim form.
JV 224	705.00	Clearance of Accountable Advance for Menuka Anandani.	No Supporting document e.g. subsistence claim form.
JV 225	705.00	Clearance of Accountable Advance for Agnes Peter.	No Supporting document e.g. subsistence claim form.
JV 97	91,887.44	IDC clearance for MRD 9/12-month of August.	No supporting documents attached e.g. Form S or Notification from the Fiji Procurement Office.
JV 117	16,842.29	IDC clearance for MRD 9/12, purchase of geophysics equipment.	No supporting documents attached e.g. Form S or Notification from the Fiji Procurement Office.
JV 14	20,502.40	IDC clearance for 1 st quarter IDC charges.	No supporting documents attached e.g. Form S or Notification from the Fiji Procurement Office.
JV 142	10,000.00	IDC clearance for September CTBTO equipment and VAT charges.	No supporting documents attached e.g. Form S or Notification from the Fiji Procurement Office.
JV 158	10,000.00	Reversal of CTBTO VAT charges on equipment.	No supporting documents attached e.g. Form S or Notification from the Fiji Procurement Office.

Explanation provided by the Department was that notifications from the Fiji Procurement Office were received, however, were not available for audit.

Adjustments made to the general ledger by journal vouchers which are not approved or lack documentations increase the risk of manipulation of accounting records that may conceal misappropriation or fraud.

Recommendations

- **Adjustments made to the general ledger (FMIS) through journal vouchers should be approved by the Head of the Accounts Section and appropriately supported with details and documents that will establish audit trails.**
- **Supervisory check at the Accounts Sections should be improved to ensure that any adjustments to the books of account are adequately supported.**

Management Comments

No comments provided by the Ministry.

31.5.3 Journal Vouchers not Approved

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.³ Only the Senior Accounts Officer or Accounts Officer shall approve journal adjustments.⁴

³ MLMR Finance Manual 2011 edition – Section 16.1.1

Once the journal voucher has been approved, it shall be posted into the appropriate ledger and the general ledger system.⁵

The audit noted from a sample of payments reviewed that adjustments made through journals vouchers were not approved but were posted to the general ledger (FMIS). Refer Table 31.6 for examples:

Table 31.6: Journal vouchers not approved – Department of Lands

Date	Journal Voucher No.	Amount (\$)	Comments
29/06/12	43/06/12	2,268.00	Clearance of accountable advance.
03/07/12	60/06/12	4,548.95	Adjustment of overtime charges for Nukuru Mahogany Project charged to Activity 2 - SEG 1.
24/02/12	10/02/12	2,835.00	Clearance of accountable advance.
22/02/12	07/02/12	1,701.00	Clearance of accountable advance.
41/06/12	27/06/12	41,305.20	Adjustment of charges wrongly posted to VAT account.

Effecting adjustments in the general ledger (FMIS) without proper approval increases the risk of misrepresentation of the financial records and the information reflected in the financial statements.

Recommendation

Adjusting entries through journal vouchers must be properly approved and signed off before posting to the general ledger (FMIS)

Management Comments

No comments provided by the Ministry.

31.6 Presentation of Trust Account Statement of Receipts and Payments

The objective of financial statements is to provide information that is useful to a wide range of users in making economic decisions.

Comparability is a generally accepted accounting principle which requires the presentation of comparative information in respect of the previous period for all amounts reported in the current period's financial statements, which contributes to the usefulness of the financial statements to users.

A review of the Trust Account Statement of Receipts and Payments submitted for audit revealed the following anomalies:

- The Ministry did not prepare a Trust Account Statement of Receipts and Payments for 2011 to substantiate the opening balance as at 1 January 2012. The balance of \$3,498,895 was obtained from the general ledger (FMIS).
- Comparative balances from prior year were not disclosed in the Trust Account Statements of Receipts and Payments for 2012.
- The statement did not detail the types or nature of revenue received and expenditure paid from the trust fund accounts. Instead, it merely reflected the different trust fund accounts maintained by the Ministry.

⁴ MLMR Finance Manual 2011 edition – Section 16.1.2

⁵ MLMR Finance Manual 2011 edition – Section 16.1.5

The current presentation method limits the usefulness of the Trust Account Statement of Receipts and Payments to users of the financial statements and to the Ministry in its decision-making process regarding the operations of Trust Fund Accounts.

Recommendations

- **Trust Account Statement of Receipts and Payments should be prepared and presented annually as a component of the Agency Financial Statements.**
- **The Ministry should consider reflecting the nature or types of receipts and payments in the Trust Account Statement of Receipts and Payments.**
- **The Ministry should consider preparing separate Statements for each Trust Fund Account or disclose the details of the Trust Fund Accounts as notes to the financial statements.**

Management Comments

No comments provided by the Ministry.

31.7 Ineffective account reconciliation process

An effective account reconciliation process will assist in proactively identifying and resolving variances and errors that can contribute to misstatements in the financial accounting records.

A review of reconciliation statements of various accounts indicated that the account reconciliation process implemented by the Ministry may be ineffective and inefficient as evidenced by unreconciled balances which could not be explained and the reoccurrence of the problem of variances in the balances between records.

The following anomalies were noted:

31.7.1 Variance in Trust Fund Account (Main Trust Funds)

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly⁶.

Variances were noted in the total receipts and payments recorded in the cashbook and the trust account reconciliation for both the Department of Mineral Resources and the Department of Lands. Refer to Table 31.7 below for details:

Table 31.7: Variance between Trust Account Reconciliation and Cashbook

Department	Trust Account Reconciliation	Cashbook	Variance
	(\$)	(\$)	(\$)
Minerals	2,708,244	2,730,286	(22,042)
Lands	2,084,908	2,075,300	9,608

The Ministry did not provide any explanations for the variances noted during the audit. In addition, the Department of Mineral Resources was not able to provide explanations for the difference of \$21,094

⁶ Finance Instruction 2010 s58(3)

noted between the revenue received for January of \$1,035 and the amount posted to the general ledger of \$22,130.

Carrying out monthly reconciliation is ineffective if variances/errors noted between the cashbook, reconciliation statements and the general ledger (FMIS) are not investigated and resolved with relevant books of account adjusted to reflect the correct balances.

Recommendation

The Ministry should ensure that reconciliation is carried out correctly and that variations between the reconciliation statements, cashbook and the general ledger are investigated and rectified accordingly.

Management Comments

No comments provided by the Ministry.

31.7.2 Variances in Drawings and Revolving Fund Accounts Balances

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include:

- weekly & monthly cashflow forecasts;
- monthly drawings reconciliation statements;
- monthly expenditure & commitment reports;
- revolving fund, inter-departmental clearance and cash clearance reports;
- quarterly TMA performance reports;
- quarterly overdue debt reports;
- quarterly write-off reports;
- quarterly vehicle reports⁷

The closing balances of the Ministry's reconciliation statements did not correspond to general ledger (FMIS) balances. Refer Table 31.8 below for details:

Table 31.8: Variances in Reconciliations and GL

Department	Description	Department Reconciliation Balance (\$)	General Ledger (FMIS) (\$)	Variance (\$)
Mineral Resources	Drawings	745,910.55	731,439.29	14,471.26
Lands & Survey	Revolving Fund	960,464.54	960,059.54	405.00
Mineral Resources	Operating Trust	146.14	3,235.70	3,089.56

Preparing monthly reconciliation statements is inadequate if variances noted in the Ministry's books of accounts or the general ledgers (FMIS) are not investigated and rectified.

Recommendations

- **The Ministry should investigate and rectify variances noted between the reconciliation statements and the general ledger (FMIS).**

⁷ Pro-Forma Finance Manual 2011 s17.3.1

- **The Ministry should strengthen its monthly account reconciliation process to facilitate timely identification of variance/errors.**

Management Comments

No comment provided by the Ministry.

31.7.3 Balances Carried Forward from Previous Years

The audit noted that outstanding balances carried forward from previous years have not been resolved and are still appearing in the monthly reconciliation statements as reconciling items. Refer Table 31.9 below for details:

Table 31.9: Carried Forward Balances as Reconciling Items

Department	Description	Balance (\$)	Remarks
Lands & Survey	Drawings	1,015,055.82	Unidentified balance which has been carried forward from previous years.
Lands & Survey	Drawings	81,164.31	Stale cheque not cleared.
Lands & Survey	RFA	83,882.52	Uncleared advance balance carried forward from 2011.
Lands & Survey	RFA	309,833.89	Uncleared dishonoured cheques.

Carrying forward balances without taking any action to resolve or confirm their appropriate accounting treatments is a major source of risk for misstatements in financial accounting records, which can lead to continued reoccurrence of misstatements in the future.

Recommendation

The Ministry should investigate and rectify long outstanding balances that have been carried forward from previous years and make the necessary adjustments to the books of account.

Management Comments

No comments provided by the Ministry.

31.8 Arrears of Crown Land Lease Rent

The rent shall be due and payable by equal half yearly payments not later than 31 January and 31 July in each year and shall be paid to the Director or to any person authorised in writing by him. Any rent due from the date of commencement of the lease up to the following 1 July, as the case maybe, shall be added to and paid with such first half yearly payment to be made by the lessee.⁸

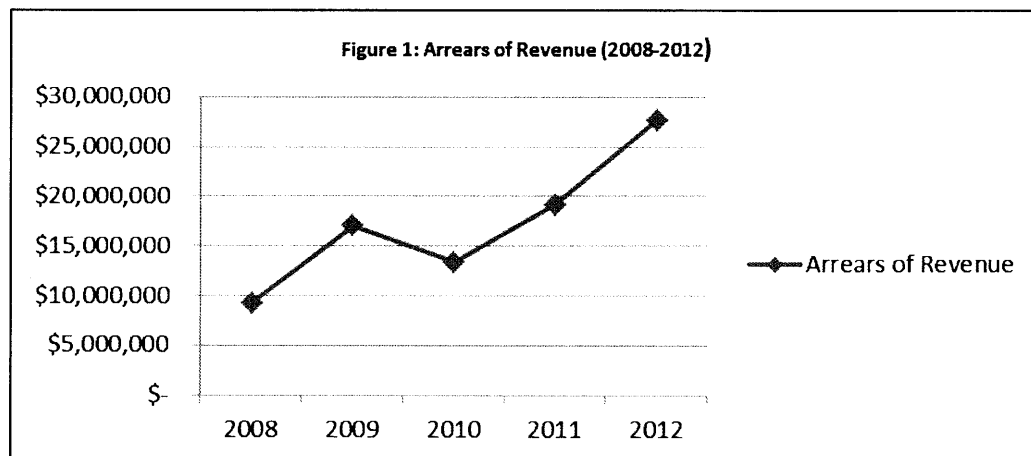
For the period ended 31/12/12, rent arrears for Crown Land lease had increased by \$8.5 million or by 44% compared to 2011. Refer Table 31.10 for details:

⁸ Section 41 – Crown Lands (Leases and Licenses) Regulation, Part 6 (2)

Table 31.10: Arrears of Revenue

2012	2011	Amount Increase	Increase
(\$)	(\$)	(\$)	(%)
27,685,409.30	19,179,473.94	8,505,935.36	44

As shown in a graphical representation below, the trend for the past three years show that there has been a general increase in arrears of revenue indicating that the Department of Lands may not have been effective in the collection of lease rental due to Government.



The substantial increases in arrears of revenue from 2010 to 2012 implied that strategies employed for recovery of arrears of lease rental and the enforcement of provisions in the Crown Lands Act for collection of lease rents may be ineffective and therefore warrants the Ministry’s immediate attention.

The system implemented by the Department of Lands for the accounting of lease rentals may also be a contributing factor to the substantial increase in arrears of revenue.

Despite being highlighted in previous years, the issue remained unresolved. This is apparent from the significant increases of revenue arrears from 2010 to 2012.

Recommendations

- **It is strongly recommended that the Ministry review its policies and strategies on recovering Crown Land rent arrears and collection of lease rents when due.**
- **Concerted efforts should be taken to recover long outstanding arrears, where the Ministry should consider:**
 - **establishing a debt recovery unit in the Accounts Section;**
 - **engaging the services of a debt collection agency; and**
 - **taking legal actions where necessary.**
- **The method of accounting lease rental when due should be reviewed in addition to the review of Arrears of Revenue listing to determine viability of collection.**

Management Comments

No comments provided by the Ministry.

31.9 Charging Rent on Expired Leases

Tenants should be given a period of 24 months before expiry of lease to submit to Director of Lands of their interests on subject land. Failure to do so will be taken that the lessee does not have any further interest on the land and should be officially notified accordingly.⁹

The audit noted that leases which have expired were not renewed on time with the Department continuing to charge and receive lease rental on some expired leases. Refer to Table 31.11 for examples of expired leases in 2011:

Table 31.11: Expired Lease 2011

Lessee	LD Reference	Type of Lease	Lease Expired	Rent Charged since expiry (\$)	Rent Received since expiry (\$)
Atunaisa Matae	60/932	Industrial	01/01/11	558.00	-
Namotu Island Resort	60/867	Foreshore	01/01/11	3,885.67	675.00
Vodafone Fiji Limited	4/16/8133	Special	01/01/11	3,873.07	-
Digicel Fiji Limited	4/1/2652	Special	01/01/11	3,822.63	2,715.00
Dinesh Shankar	4/14/1392	Agricultural	01/01/11	425.00	325.35

The receipt of lease rentals on expired leases may be interpreted as renewal of contract with the lessee.

Failure to renew land leases whilst charging lease rental and continuing to receipt of lease payment is a breach of the Department's policy on Crown Land Administration.

Recommendation

It is recommended that the Ministry renew land leases or inform the lessees in writing of the Ministry's intention on the expiry of leases if it continues to charge lease rentals.

Management Comments

No comments provided by the Ministry.

31.10 Breaches of Lease Conditions

31.10.1 Residential Lease

The lessee shall not without the written consent of the lessor erect or permit to be erected on the demised land a greater number of dwelling-houses than is specified in the lease.¹⁰ The lessee shall not use or permit to be used the demised land or any part thereof or any dwelling house or accessory out-building to be erected thereon, for any trade, business, occupation or calling whatsoever; and no act, matter or thing whatsoever shall, during the term of lease, be done in or upon the said land or building or any part therefore, which shall or may be or grow to the annoyance, nuisance, damage or disturbance of the occupier, lessee or owner of the adjoining land.¹¹

⁹ Ministry of Lands, Policy Statement for Crown Land Administration

¹⁰ Section 41 – Crown Lands (Leases and Licenses) Regulation, Part 15 (b)

¹¹ Section 41 – Crown Lands (Leases and Licenses) Regulation, Part 15 (c)

The audit conducted site visits on 25/03/13 to physically verify information contained in the lessee's files that are with the Department. It was noted that commercial activities have been carried out on properties with residential leases, without the approval of the Director of Lands. In addition, the lessees are paying residential lease rate for commercial operations.

Examples are discussed below:

4/14/1834 – Estate of Late Abdul Khalil Khan, Kuku, Bau, Tailevu

Table 31.12: Detail of Lease

Lessee	Crown Lease No.	Lease Type	Location
Abdul Khalil Khan	3724	Residential	Lot 1 on Plan R.1775 Subdivision of part of Kuku



Estate of Late Abdul Khalil Khan

- The lessee was subletting a double storey house into four flats which has been occupied by tenants.
- Our review of the Crown lease file revealed that the trustee of the estate has submitted an application for endorsement of consent for tenancy agreement between the Estate of Late A.K. Khan and the 4 tenants. However, there was no evidence noted during the audit to substantiate consent by the Director of Lands. As of the date¹² of audit, the above lease remained a residential lease.

4/16/2109 – Abid Hussein & Iltaz Hussein

Table 31.13: Detail of Lease

Lessee	Crown Lease No.	Lease Type	Location	Lease Term	Annual Rent (\$)
Abid Hussein and Iltaz Hussein	2567	Residential	Lot 1, Nakasi Rd	75 years with effect from 21/12/1989	130

¹² April 2013



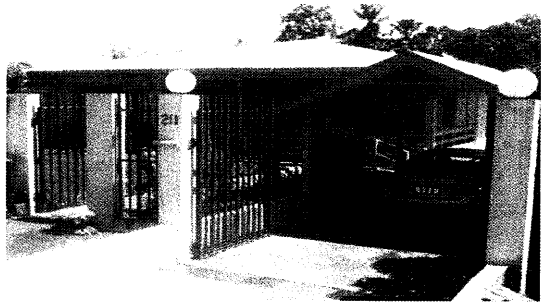
Abid Hussein & Itaz Hussein

- A single storey wooden car park, garage and a tailor shop have been erected on the property.

4/16/5655 – Gem Investment Limited

Table 31.14: Detail of Lease

Lessee	Crown Lease No.	Lease Type	Location
Gem Investment Limited	11984	Residential	Lot 4, S1447, Box 211 Ratu Sukuna Road



Gem Investment Limited.

- The property is currently used as an office.

Undertaking commercial operations on residential lease over a period of time without detection imply the absence of basic controls on the oversight function of the Department of Lands to ensure that lessees do not breach their lease conditions. Conducting commercial activities on residential lease without formal written approval of Director of Lands may be deemed illegal.

The delay in dealing with applications for endorsement of consent by lessees to undertake commercial operations will contribute to the risk for Government losing potential revenue.

Recommendations

- **It is recommended that the Ministry further investigate the cases highlighted above and take corrective actions where necessary.**
- **The oversight function of the Department of Lands to ensure that lessees adhere to the lease conditions should be reviewed and strengthened.**

Management Comments

No comments provided by the Ministry.

31.10.2 *Agricultural Lease*

The lessee shall not transfer, sublet, mortgage assign or part with the possession of the whole or any part of the demised land nor shall he enter into a partnership agreement to work the land or any part thereof or a share farming agreement or any arrangement of a like nature for the working of the demised land or any part thereof, without the written consent of the lessor first had and obtained.¹³

Only such buildings shall be erected on the demised land as are necessary for:

- (a) A dwelling or dwellings for the lessee;
- (b) Accommodation for implements, vehicles, horses and other stock used in connection with farm, or plantation or any buildings directly connected with the work of a farm, plantation.¹⁴

The lessee shall plant at least one half of the demised land suitable for cultivation with crops in a good and husband-like manner within the first two years of this lease and three-quarters within four years and the said minimum of three-fourths of the land shall be kept under cultivation as aforesaid for the remainder of the term.¹⁵

The audit noted instances where conditions pertaining to agricultural leases have been breached by lessees. Refer to the following examples identified during the site visits on 25/03/13:

4/14/1635 – Hira Lal, Kuku, Bau, Tailevu

Table 31.15: Detail of Lease

Lessee	Crown Lease No.	Lease Type	Location	Term	Annual Rent (\$)
Hira Lal f/n Ganga Ram as the sole Executor and Trustee of the Estate of Khandhai f/n Sudhi	35485	Agricultural	Lot 2 SO 3797, Kuku, Bau, Tailevu	30 years with effect from 01/07/02	210.00



Agricultural lease in Kuku, Bau, Tailevu



Agricultural lease in Kuku, Bau, Tailevu

- There are five houses and a private temple constructed on this leased land. Two of the five occupying the land, namely Ravindra Kumar and Shaleshni Devi, are not members of the lessee’s

¹³ Agricultural Lease Condition – Part 2

¹⁴ Agricultural Lease Condition – Part 6

¹⁵ Agricultural Lease Condition – Part 9

family; however, they have built on and are occupying the land without obtaining approval from the Director of Lands.

- The Executor and Trustee have illegally sold part of the property to a Salesni Devi and a Ravindra Kuma in 2003.

4/14/3094 – Chandar Bali Prasad, Kuku, Bau, Tailevu

Table 31.16: Detail of Lease

Lessee	Crown Lease No.	Lease Type	Location	Term	Annual Rent (\$)
Chandar Bali Prasad f/n Khandhaiya Prasad	18213	Agricultural	Lot 1 SO 5796, Kuku, Bau, Tailevu	30 years with effect from 01/01/10	170.00



Agricultural lease in Kuku, Bau, Tailevu



Agricultural lease in Kuku, Bau, Tailevu

- The land has been left idle and not fully cultivated.
- There are 3 houses constructed on the Lot which are occupied by three families who have been staying there for some time on arrangement by the lessee but without prior consent of the Director of Lands.

The anomalies highlighted above imply the absence of basic controls on the oversight function of the Department of Lands to ensure that lessees do not breach their lease conditions.

Recommendations

- **It is recommended that the Department further investigate the cases highlighted above and take corrective actions where necessary.**
- **The oversight function of the Department of the Lands to ensure that lessees adhere to the lease conditions should be reviewed and strengthened.**

Management Comments

No comments provided by the Ministry.

31.11 Overpayments of Salary – Department of Mineral Resources

Salaries and wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorised payments, inaccurate payroll reports and invalid pay rates.¹⁶

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.¹⁷ Where it becomes necessary to hold, cease or reverse an employee's salary, the *Head of Salaries* must immediately advise the Ministry of Finance in writing.¹⁸

Our review of payroll records revealed the following overpayments of salary:

- Hen Loona Wong [EDP No. 41066] was employed as Manager Geological Services when he retired in December 2012. He was to take his outstanding long service leave prior to re-engagement as recommended and approved by the acting Permanent Secretary for Mineral Resources. Therefore, payments of his salary should have ceased whilst awaiting re-engagement. The audit noted that Mr. Wong was continued to be paid his salary from Pay 26 of 2012 and Pays 1 and 2 of 2013 resulting in an overpayment of \$5,371.

The information above was obtained from the salary file as Mr. Wong's personal file was not produced for audit when requested. However, his contract for re-engagement was later signed on 18 March in 2013.

- Mohammed Saiyaz [EDP No. 91306] was overpaid \$361 on Pay 20 of 2012 after he resigned from the service on 01/10/12. The Department explained that the overpayment was caused by the delay in the advice from PSC on Mr. Saiyaz's resignation.

The lack of or delay in communication within the relevant Sections of the Department and also with the Public Service Commission and the Ministry of Finance may have contributed to the overpayments of salary.

Recommendations

- **The Ministry should ensure that re-engaged officers have valid contracts before they commence work.**
- **Timely communication with the PSC and the Ministry of Finance on matters concerning human resources and payroll will minimise or avoid overpayments of salary.**
- **Records required for audit purposes should be provided by the Ministry when requested.**

Management Comments

No comments provided by the Ministry.

¹⁶ LMR Finance Manual 2011 s4.0

¹⁷ Finance Instruction 2010 – Section 17(1)

¹⁸ LMR Finance Manual 2011

31.12 Fuel Card Payments without Receipts

It is the responsibility of the Supervisor of Transport/Transport Officer or Officer-in-charge of transport or reconciliation clerk within each Ministry and Department to examine and reconcile the Total Fiji Limited (TFL) Transaction Detail Fleet Report and the statement on a monthly basis. The Supervisor of Transport and Driver(s) allocated with a fuel card in each Ministry and Department will review the statement and receipts and certify by signing the printed statement that all transactions are in accordance with financial regulations and procedures.¹⁹

Officers who fail to submit documentation will reimburse government/ministry and department for the purchase or be subject to payroll deduction.²⁰

If the error is in TFL's statement then Total should be informed and adjustments made by the company in the following month's statement.²¹

The penalty for the misuse or unauthorised use of the fuel card is a documented warning for the first offence. A second misuse will result in termination of the Fuel Card privileges and restitution will be required for unauthorised purchases. All occurrences are subject to surcharge action.²²

From the reconciliations prepared by the Transport Officer – Department of Mineral Resources, the audit noted that not all receipts were provided by fuel card holders. The total amount paid for fuel and oil for which receipts were not provided amounted to \$66,077. This did not include statements for the months of July and December, which were not provided for audit. Refer to Table 31.17 for details:

Table 31.17: Cost of fuel on Fuel Card paid without receipts – Department of Mineral Resources

Month	Amount (\$)
January	4,505.86
February	4,313.04
March	5,155.34
April	5,585.06
May	3,696.12
June	10,074.99
July	Not provided
August	5,585.06
September	10,199.58
October	7,698.31
November	9,263.86
December	Not provided
Total	\$66,077.22

In the absence of receipts from fuel card holders, it would not be possible for the Department to reconcile and verify the accuracy of the fuel statements provided by TFL, before payments.

The Department explained that due to the nature of the work where fuel card holders would accompany technical officers for months on field work. Receipts were not provided to the Transport Officer as fuel invoices/statements from TFL were already been paid by the time officers' return to the stations.

¹⁹ Fuel Card Policy s5.4

²⁰ Fuel Card Policy s17.1

²¹ Fuel Card Policy s13.2.8

²² Fuel Card Policy s17.3

No evidence was produced by the Department to indicate that card holders were being reminded on the requirement to provide receipts for fuel and oil. There was also no documented reminder on cardholders who failed to provide receipts.

Without receipts to substantiate usage of fuel, there is a high risk that the uses of fuel cards were being abused by cardholders. In addition, there is a risk that errors/overcharge in the TFL statements would not be detected as the Department was not reconciling TFL invoices/statements to the receipts.

Recommendations

The Department of Mineral Resources should:

- **ensure that receipts are collected from cardholders upon return from fieldwork and are reconciled to TFL invoices/statements even if cardholders return after the payment of monthly bills;**
- **improve on the monitoring of fuel cards usages; and**
- **ensure that the Fuel Card Policy is adhered to at all times.**

Managements Comments

No comments provided by the Ministry.

Section 32 Ministry of Sugar

Role and Responsibility

The Ministry of Sugar was established in 2012. The establishment of a dedicated Ministry of Sugar provides the enabling environment for direct efficient delivery of services to the stakeholders and cane districts and sectors throughout Fiji. It is responsible for implementing key policies and plans consistent with Government programs to achieve higher economic growth whilst ensuring tangible sustainability of Fiji's sugar industry.

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PART A: FINANCIAL STATEMENT

32.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Sugar resulted in the issue of an unqualified audit report.

32.2 Statement of Receipts and Expenditure

The Ministry of Sugar incurred a total expenditure of \$7,089,420 in 2012. Details are shown in Table 32.1 below.

Table 32.1: Statement of Receipts and Expenditure

Description	2012 (\$)
EXPENDITURE	
Operating Expenditure	
Established staff	272,365
Government wage earners	14,450
Travel & communication	49,225

Description	2012 (\$)
Maintenance & operations	40,542
Purchase of goods & services	14,858
Operating grants & transfers	1,425,420
Special expenditures	1,406
Total Operating Expenditure	1,818,266
Capital Expenditure	
Capital construction	269,576
Capital purchases	-
Capital grants & transfers	5,000,000
Total Capital Expenditure	5,269,576
Value added tax	1,578
TOTAL EXPENDITURE	7,089,420

Operating and capital grants comprise 91% of the total expenditure incurred by the Ministry in 2012. Grants were paid to the Sugar Tribunal and the Sugar Institute of Fiji totalling \$0.5 million and \$0.9 million respectively. The Ministry also disbursed \$5 million in capital grants/transfers to the South Pacific Fertilizer Limited. Funds allocated for capital construction of \$0.26 million was used to re-construct the Korovuto Irish crossing in Nadi, which was damaged by floods.

32.3 Appropriation Statement

The Ministry incurred expenditure totalling \$7,089,420 against the revised budget of \$7,171,634 resulting in savings of \$82,214. Details of expenditure against the budget estimates are provided in Table 32.2 below.

Table 32.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	290,171	-	290,171	272,365	17,806
2	Government wage earner	23,596	-	23,596	14,450	9,146
3	Travel and communications	24,000	26,506	50,506	49,225	1,281
4	Maintenance & operations	43,500	(2,820)	40,680	40,542	138
5	Purchase of goods & services	15,500	-	15,500	14,858	642
6	Operating grants & transfers	1,429,400	(5,180)	1,424,220	1,425,420	(1,200)
7	Special expenditures	20,000	(18,506)	1,494	1,406	88
	Total Operating Expenditure	1,846,167	-	1,846,167	1,818,266	27,901
8	Capital construction	-	269,576	269,576	269,576	-
9	Capital purchases	700,000	(700,000)	-	-	-
10	Capital grants & transfers	6,000,000	(1,000,000)	5,000,000	5,000,000	-
	Total Capital Expenditure	6,700,000	(1,430,424)	5,269,576	5,269,576	-
13	Value added tax	120,455	(64,564)	55,891	1,578	54,313
	TOTAL EXPENDITURE	8,666,622	(1,494,988)	7,171,634	7,089,420	82,214

32.4 Statement of Losses

There was no loss of money or assets recorded for the year ended 31 December 2012.

PART B: AUDIT FINDINGS**32.5 Management of Fixed Assets**

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.¹

Annual board of survey must be conducted by 3 officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.² All assets which are not accounted for in the board of survey must be investigated to determine the appropriate recovery or write-off action.³ All agencies must maintain a Fixed Asset Register until the asset module of the financial management information system is implemented. Details to be recorded in the asset register should include, at a minimum –

- (a) description;
- (b) cost or fair value;
- (c) date of acquisition, where known;
- (d) make, model and identification number, where applicable; and
- (e) location.⁴

Assets whose value is between \$200 and \$2,000 must also be recorded in an Expendable Items Register.⁵

Our review of the fixed assets records revealed that the Fixed Assets Register (FAR) was not updated with all the items purchased during the year. In addition, there was no Expendable Items Register maintained by the Ministry. Refer Table 32.3 for examples:

Table 32.3: Office Equipment not Recorded in the FAR

Date	Cheque No.	Description	Amount (\$)
15/03/12	163	2 Desktop Computers @ \$1,950 each - DATEC	3,900.00
22/12/12	452	6 Dell Optiplex 7010 MT computers – Graphic Equipment Limited	12,000.00
22/12/12	452	6 Uptrend Medium Back Chair & 4 Uptrend Nylon Base – Graphic Equipment Limited	2,790.00
22/12/12	452	Lion LX44KS 4 Drawers, Uptrend ABT 02 Mediu, Uptrend Techtron UT148A Nylon, Dell Optiplex TM 70 – Graphic Equipment Limited	21,790.00
22/12/12	453	Digital Copies & small Office Shredder – Ricoh Business Centre	6,780.00
22/12/12	453	Ricoh MP2000L2 Digit, Dahle 21212 – Ricoh Business Centre	7,760.00
24/12/12	459	White & soft board and office executive swivel chairs and visitors chairs – South Pacific Business System.	4,573.00
22/12/12	448	Installation of PABX – Telecom Fiji Limited	8,132.82
24/12/12	450	Brother 2820 Laser F and Brother Laser HL4159 – Office 2000+ Limited	3,260.00
24/12/12	451	Computer Desk – South Pacific Business System	1,625.00

The audit also noted that the Ministry did not carry out a Board of Survey for the year ended 31/12/12.

¹ Finance Instructions 2010 – Section 49 (1)

² Finance Instructions 2010 – Section 49 (2)

³ Finance Instructions 2010 – Section 49 (3)

⁴ Finance Instructions 2010 – Section 46 (1)

⁵ Finance Instructions 2010 – Section 46 (3)

Absence of basic controls on the management of fixed assets (property, plant & equipment) increases the risks of misappropriation of fixed assets belonging to the Ministry.

Recommendations

- **All property, plant and equipment purchased by the Ministry or as assistance received from donor must be properly recorded in the FAR.**
- **The Ministry should carry out a Board of Survey annually to take stock of all its assets and update its fixed assets records.**

Ministry's Comments

- *The Ministry just got established and most of the registers were yet to be opened, items highlighted were mostly purchased towards the end of the year.*
- *As when the Ministry got established there was never any corporate and staff resource is so scarce to be able to make up a team of Board of Survey.*
- *The Ministry will ensure to carry out Board of Survey.*

32.6 Drawings Account Balance

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁶

The Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it. The Permanent Secretary shall appoint three officers to be part of a Board of Survey to conduct a physical stock-take of all money on hand and other stock held in safes.

Our review of the drawings account records revealed the following discrepancies:

- The Ministry did not prepare the drawings account reconciliation for the months of June to December 2012.
- Un-presented cheques listing was not provided for audit to reconcile with the general ledger (FMIS) balance of \$387,159.41 as at 31/12/12.
- There was no Board of Survey carried out for the un-presented cheques balance as at 31/12/12.

The above anomalies are not only breaches of the Finance Instructions but also imply ineffective controls and lack of supervisory checks in the Accounts Section.

Recommendations

- **The Ministry should ensure that proper and accurate drawings account reconciliations are carried out on a monthly basis.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

- *The Accounts Officer joined on 26/03/13 and was the only officer who runs the Accounts section and to try and complete all works involved in Accounts.*

⁶ Finance Instructions 2010 – Section 32(6)

- *The organisation structure is very limited, PS and Director Sugar do not have time to supervise and do checking, this is where we practice the code of conduct “integrity and honesty”.*

32.7 Revolving Fund Account (Miscellaneous)

The Accounts Officer shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers. The ledger reconciliation statement shall be forwarded to the Accounting Head/accounts supervisor who must ensure that:

- I. All balances are accurate and adequately supported;
- II. Any misallocations or outstanding balances from the previous month have been dealt with.

A *travelling officer* shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. Where an advance has not been acquitted within seven days of travel, the *Accounting Head* shall effect recovery through a salary deduction from the concerned officer’s salary within six (6) fortnights.

Our review of records for the Revolving Fund Account – miscellaneous revealed the following anomalies:

- Variances were noted between the reconciliation prepared by the Ministry and the general ledger (FMIS). Refer Table 32.4 for details:

Table 32.4: RFA Variance between GL (FMIS) and Ministry’s Reconciliation

Month	Particulars	Opening Balance (\$)	Debit (\$)	Credit (\$)	Closing Balance (\$)
February	Ministry’s Record	0.00	683.00	0.00	683.00
	FMIS	0.00	1,030.00	347.00	683.00
	Variance	0.00	347.00	347.00	0.00
March	Ministry’s Record	683.00	243.00	683.00	243.00
	FMIS	683.00	803.00	1,243.00	243.00
	Variance	0.00	560.00	560.00	0.00
April	Ministry’s Record	0.00	155.00	0.00	155.00
	FMIS	243.00	174.00	417.00	0.00
	Variance	243.00	19.00	417.00	155.00
June	Ministry’s Record	145.00	314.00	145.00	314.00
	FMIS	610.20	993.00	1,041.00	562.20
	Variance	465.20	679.00	896.00	248.20
July	Ministry’s Record	562.20	883.00	0.00	1,445.20
	FMIS	562.20	1,028.00	145.00	1,445.20
	Variance	0.00	145.00	145.00	0.00
December	Ministry’s Record	5,527.20	998.00	972.00	5,553.20
	FMIS	5,527.20	1,793.00	7,320.20	0.00
	Variance	0.00	795.00	6,348.20	5,553.20

- Several accountable advances reflected in the general ledger (FMIS) were not taken into account in the Ministry’s reconciliation. Refer Table 32.5 for examples:

Table 32.5: Advances Reflected in GL (FMIS) but not in Ministry's Reconciliation

Month	Journal	Journal Description	Amount (\$)
February	AP0000	Paid Manually	165.00
	AP7673	Paid Manually	182.00
March	AP1346	Paid Manually	147.00
	AP8807	Paid Manually	155.00
July	AP8647	Paid Manually	145.00

- The Ministry did not prepare a revised reconciliation to reflect adjustments for periods 13 & 14. As a result, a variance of \$5,553.20 was noted between the closing balance as per the Ministry's reconciliation and general ledger (FMIS) balance as at 31/12/12.
- There were no documents to support journal vouchers raised for the retirement of accountable advances. In addition, journal vouchers were not verified and endorsed/signed by the relevant authorised officers prior to them being posted to the general ledger (FMIS). Refer to Table 35.6 for examples.
- Accountable advances were not retired within seven days of completion of travel. Advances issued from May to November were retired in December.

Without proper documentation and reconciliation, there is potential risk that the accounting data may be incorrect.

Recommendations

- **The Ministry should investigate and rectify the variances noted between its reconciliation and the general ledger (FMIS).**
- **The Ministry needs to strengthen the monthly reconciliation process to ensure that reconciliations are carried out properly and statements are accurate and complete.**
- **Accountable advances should be retired within seven days of completion of travel. Necessary salary recovery measures should be taken if the officer fails to retire the advances within seven days of their return.**
- **Adjustments to the Ministry's books of account through journal vouchers should be fully supported with relevant documents. The Ministry should ensure that all supporting documents are provided by officers retiring accountable advances.**
- **The internal control procedures in the Accounts Section, especially supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

- *We admit that this was never carried out properly since everything was new to Accounts Officer.*
- *The Ministry is very infant and with little resource to try to maintain and be in compliance with the rules and regulation.*
- *We ensure to improve with all our reconciliations and record keeping.*

32.8 Discrepancies in the raising of Journal Vouchers

Journal vouchers could represent an opportunity to bypass many of the controls that exist in original entry accounting system. Therefore, proper preparation, adequate support, and approval for journal vouchers are important to ensuring that journal vouchers accurately record a financial event. In addition, there must be a detailed audit trail leading to the transactions supporting the journal voucher.

Our review of the journal entries and other adjustments raised by the Ministry during and at year end revealed the following anomalies:

- Absence of documents to support journal vouchers;
- Journal vouchers were not signed by the Officer preparing them; and
- Journal vouchers were not endorsed by the supervising officers for approval and validation of their correctness before posting to the general ledger (FMIS).

Refer Table 32.6 for examples:

Table 32.6: Discrepancies in Journal Vouchers

Journal Voucher No.	Description	Amount (\$)	Description
19/02/12	Regularisation of 2012 accounts	1,088.00	• Journal voucher was not endorsed by the supervising officers to validate its correctness.
20/02/12	Regularisation of accounts 2012	1,408.00	• Journal voucher was not endorsed by the supervising officers to validate its correctness.
21/02/12	Regularisation of 2012 accounts	2,674.00	• Journal voucher was not endorsed by the supervising officers to validate its correctness.
22/02/12	Regularisation of 2012 accounts	51.00	• Journal voucher was not endorsed by the supervising officers to validate its correctness.
351005/12/12	Adjustment to RFA 2012 (Retirement of A/Advance)	1,211.20	• Journal voucher was raised without supporting documents; • Journal voucher was not signed by the Officer preparing them; and • Journal voucher was not endorsed by the supervising officers to validate its correctness.
351006/12/12	Adjustment to RFA 2012 (Retirement of A/Advance)	1,513.00	• Journal voucher was raised without supporting documents; • Journal voucher was not signed by the Officer preparing them; and • Journal voucher was not endorsed by the supervising officers to validate its correctness.
351007/12/12	Adjustment to RFA 2012 (Retirement of A/Advance)	995.00	• Journal voucher was raised without supporting documents; • Journal voucher was not signed by the Officer preparing them; and • Journal voucher was not endorsed by the supervising officers to validate its correctness.
351008/12/12	Adjustment to RFA 2012 (Retirement of A/Advance)	1,173.00	• Journal voucher was raised without supporting documents; • Journal voucher was not signed by the Officer preparing them; and • Journal voucher was not endorsed by the supervising officers to validate its correctness.
351009/12/12	Adjustment to RFA 2012 (Retirement of A/Advance)	635.00	• Journal voucher was raised without supporting documents; • Journal voucher was not signed by the Officer preparing them; and • Journal voucher was not endorsed by the supervising officers to validate its correctness.
351010/12/12	Reversal of charges due to double posting June Viliame – \$327.00, Manasa – \$234.00, July Manasa – \$234.00	795.00	• Journal voucher was raised without supporting documents; • Journal voucher was not signed by the Officer preparing them; and • Journal voucher was not endorsed by the supervising officers to validate its correctness.
351011/12/12	Clearance of	821.00	• Journal voucher was raised without supporting documents;

Journal Voucher No.	Description	Amount (\$)	Description
	Accountable Advance for Dec 2012.		<ul style="list-style-type: none"> Journal voucher was not signed by the Officer preparing them; and Journal voucher was not endorsed by the supervising officers to validate its correctness.
351012/12/12	Adjustment of accountable advance	314.00	<ul style="list-style-type: none"> Journal voucher was raised without supporting documents; Journal voucher was not signed by the Officer preparing them; and Journal voucher was not endorsed by the supervising officers to validate its correctness.

In addition, two journal vouchers (JVs 12 & 17) which effected significant amounts of postings in the general ledger (FMIS) were not provided for audit verifications. Refer Table 32.7 for details:

Table 32.7: Postings made through JV 12 and 17

Month	Allocation	Journal	Amount (\$)	Journal Description
December	1-35101-35101-040421	SG17	5,403.00 Cr	JV12
December	1-35101-35101-040351	SG17	1,242.00 Dr	JV12
December	1-35101-35101-040521	SG17	400.00 Dr	JV17
December	1-35101-35101-040299	SG17	2,590.00 Dr	JV17
December	1-35101-35101-040206	SG17	671.00 Dr	JV17

Unsupported journal vouchers that have not been properly approved may affect the integrity of the accounting data which increases the risk of incorrect reporting of financial information in the Agency Financial Statements.

Recommendations

- **Journal entries and adjustments should be fully supported with approved journal vouchers and supporting documents.**
- **A senior officer other than the officer preparing the journal vouchers should verify and endorse the journals entries before posting to the general ledger (FMIS).**
- **It is recommended that the Ministry maintain a Journal Voucher Register to record journal entries raised and passed during the year, for ease of reference.**
- **The internal control procedures in the Accounts Section, especially supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

- *As mentioned above the Accounts section is run by only the Account Officer.*
- *We ensure to improve in adjustment recording.*

32.9 Incorrect posting of Expenditures in the General Ledger

All payments, including VAT, must be immediately recorded in the financial management information system and an Expenditure Ledger.⁷

⁷ Finance Instructions 2010 – Section 15

Details of each invoice or other source document for payment must be promptly and accurately posted to the general ledger (FMIS). The Accounting Head or accounts supervisor must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.

From our review of the expenditure records, we noted the following anomalies:

- A significant number of expenditures were posted to the wrong allocation in the general ledger (FMIS) during the year. Refer to Appendix 32.1 for examples.
- Some expenditure recorded in the individual expenditure accounts were VAT inclusive amounts therefore overstating the individual expenditure balances and understating the VAT allocation in the general ledger (FMIS) and the Agency Financial Statement. Refer Table 32.8 for examples:

Table 32.8: VAT Mis-posted in the GL

Date	Cheque No.	Description	Allocation charged	Amount Recorded in individual expenditure allocation (\$)	VAT amount (\$)	Total amount paid (\$)
28/09/12	307	Being payment of PS Sugar and Director Sugar mobile charges for August and September – Vodafone Fiji Limited	1-35101-35101-040361	738.47	96.32	738.47
29/09/12	306	Being payment of fuel and lubricants for August (GN658 & GP094) – Total Fiji Limited	1-35101-35101-040361	356.92	46.55	356.92
16/10/12	332	Being payment of Advertisement for EOI – Cultivators – Sun (Fiji News Limited)	1-35101-35101-040421	918.00	119.74	918.00
30/10/12	354	Being payment of Vodafone bills for October – Vodafone Fiji Limited	1-35101-35101-030101	391.09	50.72	391.09
20/12/12	434	Being payment of telephone charges for November – Telecom Fiji Limited	1-35101-35101-030101	1,047.15	136.58	1,047.15
20/12/12	433	Being payment of electricity for the month of December – Fiji Electricity Authority	1-35101-35101-040501	684.89	89.33	684.89
21/12/12	436	Being payment of 2 new tyres for GN658 – Shreedhar Motors Limited	1-35101-35101-030101	603.50	79.50	603.50

- Virement MOSVIR03 stated that the Ministry vired \$8,000 from SEG 4 – Maintenance & Operations to SEG 3 – Travel & Communications. However, only \$2,820 was actually vired from SEG 4 to SEG 3 whilst the remaining balance of \$5,180 was vired from SEG 6 – Operating Grants and Transfers to SEG 3.
- The Ministry did not regularize the over-expenditure recorded under the expenditure allocation for Spare Parts and Maintenance (SEG 4). Refer Table 32.9 for details:

Table 32.9: Over-Expenditure Not Regularized

Description	Expenditure Allocation	Budgeted Amount (\$)	Actual Amount (\$)	Over - Expenditure (\$)
Spare Parts and Maintenance	1-35101-35101-040361	6,000.00	7,978.69	1,978.69

- The Ministry charged operating expenditures into budgetary allocation for Special Expenditure (SEG 7) - Research and Database. Refer Table 32.10 for details.

Table 32.10: Special Expenditure Vote used to meet Operating Expenditures

Date	Cheque Number	Description	Amount VIP (\$)	Allocation Charged	Correct Allocation
16/10/12	332	Being payment for advertisement for EOI – cultivators- Sun (Fiji) News Limited	918.00	1-35101-35101-070399	1-35101-35101-050501
31/12/12	487	Being payment of bookshelves with 24 magazine holders	669.30	1-35101-35101-070399	1-35101-35101-040351

Discussion with the Accounts Officer revealed that expenditure is posted to other allocations in the general ledger (FMIS) due to the cash flow problems.

Expenditure reported in the financial statements may not be fairly stated if the nature of the expenditure is not considered in posting to the general ledger.

Recommendations

- The Ministry should ensure that expenditure is posted to the correct allocation in the general ledger (FMIS). And in cases of cash flow problems, the Ministry should vire funds from available expenditure allocations in order to regularize the expenditure.
- The Ministry should ensure that all VAT on expenditure is properly accounted for in its correct allocation. Balances posted into individual expenditure allocations should be VAT exclusive.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Ministry's Comments

- We admit that adjusting to the correct allocation was not done.*
- We ensure to improve in future.*

32.10 Variances in Operating Trust Fund Account (FNPF)

The Accounts Officer shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers. The ledger reconciliation statement shall be forwarded to the Accounting Head/accounts supervisor who must ensure that:

- I. All balances are accurate and adequately supported;
- II. Any misallocations or outstanding balances from the previous month have been dealt with.

Our review of the Operating Trust Fund Account records revealed the following anomalies:

- There were errors in the payment of superannuation contributions for the months of January to March for two employees. In addition, the total FNPF contributions as per payroll records did not reconcile with the balance reflected in the general ledger (FMIS). Refer to Tables 32.11 and 32.12 for details:

Table 32.11: Computation errors in payment of superannuation Contributions

Name of Officer	Form CS (\$)	Payroll (\$)	Remark
Rusila Bovoro	747.84	897.92	Underpaid by \$150.08
Tevita Tuinalele	1,792.56	1,195.04	Overpaid by \$597.52

Table 32.12: Variance in FNPF contributions between Payroll and GL

Particulars	Employer Contribution (\$)	Employee Contribution (\$)
Payroll Record	20,025.68	20,025.68
FMIS Balance	17,645.08	17,413.44
Variance	2,380.60	2,612.24

Absence of an effective reconciliation process can result in the incorrect payments of superannuation contributions to the FNPF.

Recommendations

- **The Ministry should investigate and rectify the variance noted between its reconciliation and the general ledger (FMIS).**
- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

- *The Ministry will adjust this year's payment.*
- *Specifically supervisory checks may not be practised due to lack of resources.*
- *We ensure to improve in future.*

32.11 Acquittals for Operating and Capital Grants

Sugar Research Institute of Fiji (SRIF)

SRIF shall provide the Permanent Secretary acquittals on the utilization of disbursed funds and progress reports on implementation of the Project.⁸

The Ministry provides a 1/3 share of the grant contribution of \$900,000 to the SRIF every year. On 24/12/12, the Ministry disbursed \$900,000⁹ as part of 2012 grants.

⁸ Signed Memorandum of Understanding between Ministry of Sugar and Sugar Research Institute of Fiji – dated 01/11/12 – Paragraph 6

⁹ Cheque No. 454

The audit noted that the SRIF did not provide acquittal reports on the utilisation of government grants given to the institute in 2011. From our review of relevant files, SRIF only provided to the Ministry its proposed budget for 2011 and 2012, which did not reflect any information on how the funds were actually used by the institute.

In addition, a letter dated 15/05/12 from the Chief Financial Officer – FSC to the Chief Executive Officer of SRIF revealed the institute’s failure to deliver satisfactory services with regards to extension services and the right quality and quantity of seed cane to the farmers.

South Pacific Fertilizer Limited

The SPF shall provide the Permanent Secretary justification for request of \$4 million in the first instalment and of \$1 million in the second instalment is to be furnished with the requisition together with the supporting documents. The SPF shall provide the Permanent Secretary acquittals on the utilization of disbursed funds and progress reports on implementation of the Project.¹⁰

The Ministry disbursed a subsidy of \$5,000,000 to the South Pacific Fertilizer Limited in 2012. The funds were paid in three instalments as shown in Table 32.13:

Table 32.13: Subsidy payments made to SPF

Date	Cheque No.	Description	Amount (\$)
28/02/12	52	Being payment of Subsidy to SPFL – 1 st instalment of \$5m budget	2,000,000
06/03/12	68	Being payment of 2 nd instalment of SPFL subsidy	2,000,000
19/06/12	192	Being payment of the \$1m balance to SPFL for government subsidy	1,000,000

Review of the records revealed that the Ministry released the 2012 subsidies without obtaining proper acquittal reports from SPFL on the utilisation of the 2011 subsidy. Although a brief summary was submitted by SPFL which stated that the \$5 million was used to pay off loans, there were no supporting documents provided to support this claim.

Without proper acquittal and progress reports, the Ministry may not be able to effectively monitor the utilisation of government grants for the intended purposes.

Recommendations

- **The Ministry should ensure that acquittal and progress reports are submitted by SRIF and SPFL and the reports verified by officials of the Ministry before disbursing grant and subsidies.**
- **The Ministry should consider developing its own acquittal report format to be used by both the SRIF and SPFL.**

Ministry’s Comments

Sugar Research Institute of Fiji (SRIF)

- *The Ministry will make sure to obtain acquittal and progress reports from stakeholders who receive grants.*
- *The Ministry is still an infant and will make sure to develop all ways of control.*

¹⁰ Signed Memorandum of Understanding between Ministry of Sugar and South Pacific Fertilizer Limited – dated 27/01/12 – Paragraph 6 – Reporting and Reviewing

South Pacific Fertilizer Limited

- *Despite numerous request made to SPFL for a detailed acquittal however, it was never received.*
- *The Ministry will ensure to make strong request for sufficient acquittal and progress report.*

32.12 Korovotu Irish Crossing

To make advance payments of a sum agreed to by the parties to the Contractor for ease of operations and administration and make subsequent payments thereafter upon completion of each project phase and receipt of accompanying project acquittal reports and invoices together with the certification of a structural Engineer of the Department of Works.¹¹

Joint Management Committee shall foresee and coordinate the MOU performing the following functions:

- Oversee the overall implementation of the project undertaken under the MOU;
- Coordinate resolution of problem and consider issues arising in the course of implementation of the project;
- Ensure proper utilisation of funds and implementation of project; and
- Ensure provision of labour and community support during the phases of construction to enable full completion of the project.¹²

The Ministry spent \$269,576 for the construction of the Korovotu Irish Crossing in Nadi. Payments were made at each phase of the completion of project as detailed in Table 32.14:

Table 32.14: Payments on Korovotu Irish Crossing

Date	Cheque No.	Description	Amount (\$)
09/11/12	374	Being payment to RSL. Farm Mech. Ser. & ADC for the construction of the Korovotu Irish Crossing	98,338.00
28/12/12	471	Being payment of Phase Two Part 2 Korovotu bridge – RSL. Farm Mech. Ser. & ADC	50,000.00
28/12/12	476	Being payment of Phase Two Part 2 Korovotu bridge – RSL. Farm Mech. Ser. & ADC	50,000.00
28/12/12	477	Being payment of Phase Two Part 2 Korovotu bridge – RSL. Farm Mech. Ser. & ADC	3,795.00
31/12/12	490	Being the last phase payment for Korovotu Irish Crossing - RSL. Farm Mech. Ser. & ADC	40,485.40
31/12/12	491	Being payment of 10% retention for Korovotu Irish Crossing - RSL. Farm Mech. Ser. & ADC	26,957.60

The following anomalies were noted in relation to the completion of the project:

- there was no certification by structural Engineers of the Department of Works on the work completed on each phase of the project before the release of payments to the company; and
- there was no Joint Committee's report provided to validate that the MOU was properly complied with before the release of payments to the company.

Any deviation from the established procedures increases the risk of loss of public funds through misappropriation, mismanagement and fraud.

¹¹ Memorandum of Understanding between Ministry of Sugar and RSL Mechanical Farm Services dated 01/11/12 – Article 2 Section 2

¹² Memorandum of Understanding between Ministry of Sugar and RSL Mechanical Farm Services dated 01/11/12 – Pages 7 & 8

Recommendation

The Ministry should ensure that the terms of the Memorandum of Understanding are complied with when undertaking project works.

Ministry's Comments

- *The project was implemented in December and to complete by the end of the year.*
- *Despite numerous requests, the contractor did not respond and the Ministry's need to utilize fund before end of the year.*
- *The Ministry is an infant and will surely develop from all weaknesses and also to improve in future.*

APPENDICES**Appendix 32.1: Expenditures Wrongly Posted In the GL**

Date	Cheque Number	Supplier	Amount VIP (\$)	Allocation Charged	Description	Correct Allocation
01/06/12	166	Manasa Vaniqi	240.00	1-35101-35101-040521 Water & Sewerage Building Office	Being payment of reimbursement of PS Sugar entertainment allowance (telephone allowance)	Seg 1 – Entertainment Allowance
18/06/12	183	Telecom Fiji Limited	858.66	1-35101-35101-030101 Travel	Being payment of Telephone bill for May 2012	1-35101-35101-030401 Telephone
17/07/12	212	Telecom Fiji Limited	848.57	1-35101-35101-030101 Travel	Being payment of Telephone bill for June 2012	1-35101-35101-030401 Telephone
22/08/12	257	Telecom Fiji Limited	690.00	1-35101-35101-040361 R&M Vehicle Civil	Being payment of Telephone bill for July 2012	1-35101-35101-030401 Telephone
14/09/12	283	Telecom Fiji Limited	600.00	1-35101-35101-040421 Power Supply Building Office	Being payment of Telephone bill for August 2012	1-35101-35101-030401 Telephone
17/09/12	281	Ricoh Business Centre	107.54	1-35101-35101-040421 Power Supply Building Office	Purchase of Casio Calculator, manila chips packet, suspension files, etc	1-35101-35101-040201 Office Stationery and Printing
28/09/12	306	Total Fiji Limited	356.92	1-35101-35101-040361 R&M Vehicle Civil	Being payment of fuel and Lubricants for August 2012 – GN658 & GP099	1-35101-35101-040101 Fuel and Oil Vehicle Civil
28/09/12	307	Vodafone Fiji Limited	738.47	1-35101-35101-040361 R&M Vehicle Civil	Being payment of PS Sugar and Director Sugar mobile charges for Aug and Sept 2012	1-35101-35101-030401 Telephone
16/10/12	333	Telecom Fiji Limited	953.43	1-35101-35101-040421 Power Supply Building Office	Being payment of Telephone bill for October 2012	1-35101-35101-030401 Telephone
30/10/12	354	Vodafone Fiji Limited	391.09	1-35101-35101-030101 Travel	Being payment of Vodafone bill for October 2012	1-35101-35101-030401 Telephone
27/11/12	401	Fiji Electricity Authority	705.66	1-35101-35101-040521 Water & Sewerage Building Office	Being payment of FEA bill for the month of October	1-35101-35101-040421 Power Supply Building Office
28/11/12	397	Telecom Fiji Limited	1,056.56	1-35101-35101-030101 Travel	Being payment of Telephone bill for month ending 31/10/12	1-35101-35101-030401 Telephone
28/11/12	398	Vodafone Fiji Limited	477.23	1-35101-35101-030101 Travel	Being payment of Vodafone bill for the month ending 31/10/12	1-35101-35101-030401 Telephone
28/11/12	395	Total Fiji Limited	678.31	1-35101-35101-040361 R&M Vehicle Civil	Being payment for the fuel & oil for month ending 31/10/12	1-35101-35101-040101 Fuel and Oil Vehicle Civil

Date	Cheque Number	Supplier	Amount VIP (\$)	Allocation Charged	Description	Correct Allocation
20/12/12	434	Telecom Fiji Limited	1,047.15	1-35101-35101-030101 Travel	Being payment of Telephone bill for month of November 2012	1-35101-35101-030401 Telephone
20/12/12	433	Fiji Electricity Authority	684.89	1-35101-35101-040521 Water & Sewerage Building Office	Being payment of Electricity for the month of December 2012	1-35101-35101-040421 Power Supply Building Office
21/12/12	436	Shreedhar Motors Limited	609.50	1-35101-35101-030101 Travel	Being payment of 2 New Tyres for GN658	1-35101-35101040361 R&M Vehicle Civil
22/12/12	445	Government Printing & Stationery	479.70	1-35101-35101-040351 R&M Equipment Office	Being payment of Stationery	1-35101-35101-040201 Office Stationery and Printing
24/12/12	449	Office 2000 Limited	809.39	1-35101-35101-040351 R&M Equipment Office	Being payment of Stationery	1-35101-35101-040201 Office Stationery and Printing
28/12/12	475	Vodafone Fiji Limited	636.76	1-35101-35101-050801 Board Meeting	Being payment of Vodafone bills for official mobiles for PS and Director for the month of November 2012	1-35101-35101-030401 Telephone

