



EXCELLENCE IN PUBLIC SECTOR AUDITING

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# REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS

**Volume 3     Audit Report on Government Ministries  
and Departments - 2011**

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# REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS

**Volume 3      Audit Report on Government Ministries  
and Departments – 2011**

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Excellence in Public Sector Auditing

File: 102

31 October, 2011

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

Dear Commodore Bainimarama

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**AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2010  
VOLUME 3**

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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 2010.
- Volume 2 – 4: Audit Report on Government Ministries and Departments – 2010.

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

Tevita Bolanavanua  
Auditor - General



## FOREWORD

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This report covers the results of our audit of the Whole of Government (WOG) Financial Statements and the Annual Appropriation Statement for 2011 and its 32 ministries and departments as provided in the 2010 Appropriation (Amendment) Decree.

The purposes of this report are to:

- report on the audit of the WOG Financial Statements as at 31 December 2011 covered under volume 1 of the report;
- report on the audit of financial statements of ministries and departments as at 31 December 2011 covered under volume 2-4 of the report;
- report on the results of, and matters arising from, our 2011 audits of ministries and departments also covered under volume 2-4; and
- raise other matters that we believe warrant consideration by Cabinet.

The WOG Financial Statements and the Annual Appropriation Statement of the Government of the Republic of the Fiji for the year ended 31 December 2011 has been audited in accordance with section 5 of the State Service Decree No. 6, sections 46 & 47 of the Financial Management Act (2004) and section 6 of the Audit Act.

A qualified audit opinion was issued on the WOG Financial Statements due to the absence of bank reconciliations for various bank accounts, bank balances not recorded, cash at bank with negative bank balances and material variances between the general ledger and the actual cash held as at 31 December 2011. The attention of the management was also drawn to other issues highlighted in the Independent Audit Report in the WOG Financial Statements.

Section 70 (3) of the Finance Instructions states that 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 32 ministries/departments appropriated in the 2010 appropriation decree, 11 Ministries failed to submit their Agency Financial Statement on the 31<sup>st</sup> of March, 2012 contrary to section 70 (3) of the Finance Instructions delaying the issue of their audit reports.

Out of the Agency Financial Statements audited, 16 were issued unqualified audit opinions while 16 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.

The issues qualified for some ministries and departments were the same as those highlighted in 2010 which indicated that no improvement had been made or in some instances; no action was taken by respective ministries and departments.

The results and matters arising from our audits of ministries and departments are covered under volume 2-4 of the report.



Tevita Bolanavanua  
**AUDITOR - GENERAL**

## EXECUTIVE SUMMARY

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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 2011 has 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 as the Cash at Bank balance as at 31/12/11 totalling \$250.8 million were not properly supported with bank reconciliations for various bank accounts, there were bank balances without any cash held, some cash at bank balances were not recorded, there were cash at bank balances with negative general ledger balances and there were instances of material variances between the general ledger and actual cash.

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

- Expenditure totalling \$14.5 million was disbursed by the Ministry of Finance for certain Ministries/Departments for *Travel and Communications, Purchase of Goods and Services* and *Capital Grants and Transfers* through Standard Liability Group (SLG) 84. There was no acquittal or policy guideline to support SLG 84 transactions; as such sums utilized by the Ministry/Department could not be verified.
- The correctness of operating revenue receipted through the Accounts Receivable module of the Financial Management Information System, totalling \$27.3 million, reflected in the *Consolidated Statement of Receipts and Payments* in schedule 2 of the WOG Financial Statement could not be substantiated and were not correctly accounted for in accordance with cash basis of accounting as in Note 1 to the Financial Statements.
- Investments totalling \$14.2 million were not properly evaluated which included inoperative entities (\$6.5 million); investments with Fiji Ships and Heavy Industries Limited (\$7.66 million) have been disposed off but are still being recorded in the *Statement of Assets and Liabilities*.
- Share certificates were not produced for investments totalling \$52.6 million.
- Records to substantiate the accuracy and completeness of borrowing revenue totalling \$650.5 million in the *Statement of Receipts and Payments* in Schedule 2 and the total debt owed by the Government as at 31/12/11 totalling \$3.5 billion in *Note 19* to Whole of Government Accounts were lacking.
- In the absence of reconciliations, revenue collected for Land Transport Authority (LTA) fees \$43.5 million, departure taxes \$61.3 million and water rates \$24.7 million as reflected in the *Statement of Receipts and Payments* in Schedule 2 could not be substantiated.
- Trust accounts with Ministries/Departments were overdrawn by \$9.7 million contrary to Finance Circulars 4 of 30/3/98.
- Balances in the Trading Manufacturing Accounts (TMA) surplus and accumulated surplus of \$24.6 million could not be substantiated as no supporting documentations were provided.
- Lending Fund Account contained errors and omission of \$1.7 million in the *Consolidated Statement of Receipts and Payments* in schedule 2 of the WOG financial statement with respect to loans, loan recovery to/from government entities in 2011.

- A prior year adjustment of \$48,853,126 in the *Consolidated Statement of Receipts and Payments* could not be substantiated for adjustments made in 2011.

The following is a summary of the audit observations.

## **2011 WOG Financial Statements**

### ***Cash at Bank***

Cash at Bank balance increased significantly from \$185,443,615 in 2010 to \$250,876,999 in 2011 due to significant increases in overseas bank balance (52%), trading & manufacturing account balance (19%) and trust fund account balance 20%. In addition, there was an increase in domestic bank balances by 3%.

The net of errors and omissions in the cash at bank balance reflected in the Statement of Assets and Liabilities in the WOG Financial Statement totalled to \$287.8 million. These were attributed to the absence of the bank reconciliations for various bank accounts, bank balances without any cash held, cash at bank balances not recorded, cash at bank with negative balances and there were instances of material variances between the general ledger and actual cash held by the banks.

Unpresented cheques have increased \$48.8 million in 2010 to \$50.3 million in 2011. The significant unpresented cheques balances indicated that spending for certain Ministries and Departments increase towards the end of the year. Such spending often results in uneconomical purchases affecting the following year's cash flows.

### ***Investment***

Government's total investments held in 30 companies in 2011 were \$438,907,121. Only 8 entities remitted dividends to Government totalling \$10.6 million in 2011 compared to a forecasted dividend income for 2011 of \$30.1 million. Six entities with total government investments of \$6.5 million are inoperative.

Fiji Ships and Heavy Industries Limited (FSHIL) shares totalling \$7.66 million continues to be reflected as Government investments despite being disposed off.

Share certificates for investments totalling \$52.6 million were not provided for audit review.

### ***Trust Fund***

\$1.5 million in respect of trust monies were not appropriately supported by Cash. 10 Ministries and Departments had overdrawn their trust fund accounts totalling \$9.7 million as 31/12/11.

### ***Revenue***

Revenue collected totalled \$2,451,779,617 in 2011 due to the global bonds raised totalling US\$250 million following the approval of Cabinet on 9<sup>th</sup> November 2010.

Revenue totalling \$27.3 recorded in the general ledger of Ministries/Departments using Accounts Receivable module in 2011 was inclusive of both accrued sales and cash sales. This was not consistent with cash basis of accounting adopted by Government.

Proper reconciliations and records were lacking to substantiate the borrowing revenue totalling \$650.5 million while revenue collected for Land Transport Authority (LTA) fees (\$43.5 million), departure

taxes (\$61.3 million) and water rates (\$24.7 million) could not be substantiated due to the absence of reconciliations.

### ***Expenditure***

Government spending totalling \$2,402,752,517 in 2011 increased by \$502.7 million compared to 2010.

Operating expenditure increased by \$793.97 million from 2002 to 2011 with an average increment of \$88 million or 10%. Operating expenditures compared to 2010 recorded an increase of \$352.55 million or 23% in 2011.

There was an overall budget saving of \$77.7 million in 2011 compared to \$93.9 million in 2010. Total revised budget in 2011 increased by \$486.50 million from \$1.994 million in 2010 to \$2.480 million during 2011.

The surplus recorded in 2011 was due to the savings made to the following standard expenditure group allocations: Travel and Communications (SEG 3) recorded savings of \$1,612,852 (2%), Maintenance and operations (SEG 4) \$2,839,741 (3.7%), Purchases of goods and services (SEG 5) \$4,123,770 (5.3%), Operating grants & transfers (SEG 6) \$3,207,774 (4.1%), Special expenditures (SEG 7) \$11,451,106 (14.7%), Capital construction (SEG 8) \$4,616,788 (5.9%), Capital purchases (SEG 9) \$2,326,556 (3%), Capital grants and transfers (SEG 10) \$15,369,630 (19.8%), Pensions and gratuities \$4,253,897 (5.5%), Finance charges on public debt \$27,365,003 (35.2%) and Value Added Tax (SEG 13) \$7,762,807 (10%).

### ***Borrowings Fund Account***

Public debt owed in 2011 totalled \$3.5 billion and comprised of domestic loans of \$2.6 billion or 74% of total debt; overseas loans of \$832 million or 24%; and Treasury Bills \$70.9 million or 2%.

New loans raised in 2011 totalled \$721.43 million which comprised of \$81.47 million that were funded through domestic bonds, \$70.92 million in treasury bills and \$569.04 million in overseas loans.

The following anomalies were noted:

- The Ministry failed to reconcile its overseas loan balances as reflected in the Financial Management Information System (FMIS) general ledger to the Commonwealth Secretariat Debt Recording Management System (CS – DRMS) and the Loan Financial Management Information System (LFIS);
- The Ministry also did not record those overseas loans received by cash through the consolidated fund account, direct disbursement of loan made to contractors, and the interest and commitment fee capitalized on the overseas loans;
- Failure to record a *domestic loans* during 2011 totalling \$35 million into the FMIS general ledger; and
- Records to substantiate those overseas loans totalling \$7.5 million were lacking.

### ***Lending Fund Account***

Loans made by Government and outstanding as at 31/12/11 totalled \$70.4 million a decrease of \$3.5 million or 5% compared to 2010. Repayments received in 2011 totalled \$3.5 million whilst additional loans given and interest capitalized in 2011 was \$139,063.

Loan recoveries collected in 2011 totalling \$2,677,182 were not recorded as revenue in the general ledger (FMIS) after being credited to the Lending Fund Account.

### ***Revolving Fund Account (RFA)***

RFA – Miscellaneous showed large outstanding/overdrawn balances for various Ministries and Departments totalling \$6.5 million.

The Revolving Fund Account (RFA) – Miscellaneous net outstanding balance as at 31/12/11 for Whole of Government (WOG) stood at \$23 million, a decrease of \$37,863,163 or 62% compared to 2010.

The audit could not substantiate the Trading and Manufacturing Accounts (TMA) surplus and TMA accumulated surplus totalling \$24.6 million as recorded in the General Ledger in 2011.

6 out of the 29 TMAs were operating above their appropriated ceiling.

The Fiji Handicraft Centre TMA which ceased operation in 2010 continued to reflect outstanding balance of \$43,224 in the general ledger as at 31/12/11.

The Standard Liability Group (SLG) 85 despite a liability showed a debit balance of \$1.96 million. While unutilised funds in SLG 84 carried over by Ministries/Departments as at 31 December 2011 decreased by \$1.6 million or 20% compared to the total funds carried over from 2010.

There was no policy guideline to support the SLG 84 and 85 transactions.

### ***Contingent Liabilities***

Total contingent liabilities as at 31/12/11 amounted to \$1.93 billion. This comprised the domestic loans of \$1.92 billion or 99.6% of total liabilities while overseas loans accounted for \$0.1 billion or 0.4%.

### ***Sinking Fund Account and JP Morgan Cash at Bank Account***

The Ministry failed to prepare the JP Morgan cash account and the sinking fund account reconciliations for the 2006 and 2011 global bond raised of US\$150 million and US\$250million respectively.

### **2011 Accounts of Ministries and Departments**

Of the 32 Ministries/Departments appropriated under the 2011 Appropriation Decree No. 59 of 2010, 11 Ministries/Department did not submit their Agency Financial Statement (AFS) on the 31st of March, 2012 to our Office as required under section 70(3) of the Finance Instructions 2011. The submission of the 2011 draft accounts by the agencies improved significantly compared to prior years.

### ***Office of the President***

The Office failed to carry out a Board of Survey since 2009.

The Office failed to prepare the monthly reconciliation statement since 2005 for Revolving Fund Miscellaneous Account having a balance of \$266,963.44. Significant portion of the RFA balance have been carried forward from previous years.

As at 31 December 2011, some of the Operating Trust Fund Account balances were overdrawn.

The Office did not prepare the monthly reconciliation for Trust Fund Account since 2005 which has a balance of \$57,543.02. True trust fund account (Fund 9) had a debit balance of \$147,248.31 which relates to Chinese grant operated by the Office of the Prime Minister which is yet to be adjusted.

The Office failed to prepare and submit the VAT Returns to Fiji Revenue & Customs Authority from March 2011 to December 2011.

### ***Office of the Prime Minister***

A variance of \$263,831.96 existed in the drawings account between the Office reconciliation and general ledger (FMIS) balance.

Eighteen of the Operating Trust Fund accounts were overdrawn as at 31/12/11.

Fiji Military Force Engineers failed to submit progress reports, acquittal reports and the final reports for two projects undertaken by them totalling \$275,435.51.

There was a lack of supporting documents to substantiate payment made through Credit Card. Credit Card payments were made after the due dates resulting in unnecessary finance charges charged by the bank.

The Office failed to examine and reconcile the credit card bank statement.

### ***Public Service Commission***

There were un-reconciled balances between Commission and FMIS records relating to Revolving Fund Account.

Lending Fund Account allocation had a credit balance of \$8,529,051. The Commission failed to provide any reconciliation for this account.

The Commission failed to deduct the provisional tax of 15% from payments made to contractors who do not provide Certificate of Exemption.

### ***Office of the Attorney General and Solicitor General***

The Office was not able to provide any details for account allocation 1-03000-00000-910000 – accumulated surplus/deficit having a credit balance of \$5,134,622.

The Operating Trust Fund Account had a balance of \$516,834. Significant portion has been carried forward from previous year, which have remained un-cleared.

Main Trust Fund Account balance of \$169,470 was recorded as Revolving Fund Account balance hence understating Main Trust Fund Account and overstating the Revolving Fund Account balance.

Continuous losses incurred by the Office in providing Film Censorship Services.

### ***Ministry of Finance***

Expenditure totalling to \$14.5 million was disbursed by the Ministry of Finance for certain Ministries/Departments for Travel and Communications, Purchase of Goods and Services and Capital Grants and Transfers through Standard Liability Group (SLG) 84. There was no acquittal or policy

guideline to support SLG 84 transactions; as such sums utilized by such Ministry/Department could not be verified.

Records to substantiate \$4.1 million for the surplus capital transferred to operating Fund Account; \$20.9 million as TMA accumulated surplus were lacking for the TMA operated by Government Printing & Stationery Department and the Fiji Procurement Office.

Records to validate the adjustment of \$867,078 in the TMA cash at bank as reflected in the TMA Balance sheet were not made available.

The Ministry failed to verify statement of acquittals to the donor funds provided for actual projects undertaken. Total donor funds disbursed for the year was \$2.3 million.

Leased vehicles incurred \$152,083 being excess mileage cost for the year ended 31/12/11. There were 115 reported Government vehicle accident cases as at 31/12/2011 of which 89 of these cases are still pending with the Solicitor General's Office totalling \$329,035.

#### ***Government Printing and Stationery Department (GPSD)***

Failure to reconcile general ledger balances to the department records has resulted in the variance of \$856,061 and \$199,521 for expenditures recorded in the Operating Fund account and the Trading & Manufacturing activity respectively.

The department has engaged the services of Quality Print Ltd for the printing of cheques totalling \$59,584 without calling for tender as required under the Fiji Procurement regulation 2010, section 30.

#### ***Fiji Procurement Office (FPO)***

A total of \$12.33 million or 10% of the total value of tenders awarded in 2011 has been waived without any correspondence of those waivers being maintained by the department.

A variance of \$2 million exists between the departmental arrears of revenue return against the FMIS general ledger balances.

The Authority to operate the Fiji Procurement Office TMA after the restructure was not made available for audit contrary to Finance Circular 10/1982.

Revolving fund account totalling \$7.7 million held by the Fiji Procurement Office were outstanding balances as at 31/12/2011 that were yet to be adjusted to respective revenue and expenditure accounts.

#### ***Information Technology and Computing Services (ITC)***

The Department has on a secondment arrangement with the Fiji National Provident Fund (FNPF) from 27/04/2011. The Memorandum of Understanding (MOU) on the terms and conditions of the secondment was yet to be finalized.

Quarterly payments in 2011 were made to Solutions for Business (Fiji) Ltd without any documentation of the work carried out.

The Department engaged Satellite Services Pty Ltd for \$123,247 in 2011 for the purchase network bandwidth of 10MB without the Tender Board approval contrary to the Procurement regulation, section 27(1).

The department does not have proper records of all equipment/items which were received through the Chinese company, Alcatel Shanghai Bell Company Limited in respect of the e-government project totalling \$45 million.

Actual cost for the construction of the new data centre could not be determined with a budget totalling \$6.97 million.

### ***Ministry of I-Taukei Affairs***

Failure to employ adequate resources for bond recovery exercise from students who absconded their studies or failed to serve their bond terms in Fiji.

### ***Ministry of Defence, National Security and Immigration***

#### ***Department of Defence***

The Department was not able to provide any details on account allocation 1-06101-00000-910000 having a credit balances of \$9,090,182.

#### ***Department of Immigration***

The Department of Immigration failed to submit the Annual Trust Fund Statement of Receipts and Expenditure in the Agency Financial Statement.

A variance of \$80,946.94 existed in the Operating Trust Fund Account balance between the Departments reconciliation and the general ledger (FMIS) balance.

An amount totalling \$1,260,897.24 has been in the account for more than 10 years and the Department failed to advertise for these refunds.

Lack of monitoring on those visitors with expired visa and permit holders while in Fiji.

### ***Ministry of Labour, Industrial Relations and Employment***

The Agency Financial Statement for the year ended 31 December 2011 submitted for audit did not include some of the Trust Fund Account balances in the Trust Fund Account Statement of Receipts and Expenditure.

A variance of \$13,891.40 was noted in the Operating Trust Fund Account balance between the Ministry's record and the general ledger (FMIS) balance.

A variance of \$324,716 existed in the OHS Trust Fund Account balance between the Ministry's record and the general ledger (FMIS) balance.

Six of the Revolving Fund Account balances have been carried forward from previous years.

Some of the clients registered under NEC and found permanent employment in 2011 did not make the 50% repayment to the Centre.

### ***Ministry of Foreign Affairs and International Cooperation***

- Some of the Operating Trust Fund Accounts balances were overdrawn as at 31/12/11.
- A variance of \$64,101.66 was noted in the Revolving Fund Account balance between the Ministry's record and the general ledger (FMIS) balance.

- Contrary to the Diplomatic Regulations, the Fiji Mission in Washington paid the cleaning cost of the former Second Secretary's residence.
- The Sydney Mission overpaid Post Allowance of AUD\$8,680.67 to the Counsellor.
- The Tokyo Mission overpaid Domestic Help Allowance of \$3,621.44 to the Ambassador.
- No gazette notification and the evidence of the annual review was provided to substantiate the payment of hardship allowance to the PNG Mission.
- The Beijing Mission continued to employ the Third Secretary even though the post was abolished through variation notice issued by the Public Service Commission.
- The First Secretary to the Brazil Mission was paid twice the post allowance resulting in overpayment of \$4,608.
- The First Secretary to the South Africa Mission was paid full representation allowance instead of one third allowance resulting in overpayment of US\$2,958.67.
- The Head of the Kuala Lumpur Mission claimed reimbursement of expenses which were personal in nature.

### ***Elections Office***

Six of the Operating Trust Fund Accounts of the Office were overdrawn as at 31/12/11.

Some of the Revolving Fund accounts of the Office had long outstanding balances carried forward from prior years.

The Office has been occupying the three floor building with current staff strength of 14 since 2006 resulting in unnecessary payment for the unutilized building space.

### ***Judiciary***

The Department as at 31/12/11 had substantial arrears of revenue of \$11,397,061, continuously increasing over the years.

Discrepancies noted in the usage of telephone lines which are cross-connected with other ministries and departments based at government buildings.

Irregularities were noted in the maintaining of Court exhibits at the Suva High and Magistrates Courts.

The Department's Account Section fails to meet the OHS requirements.

Anomaly noted in the Chief Registrars employment contract.

### ***Parliament***

Two of the Revolving Fund Accounts balances totalling \$41,359.32 have been carried forward from prior years.

A debit balance of \$29,286.89 was noted under domestic cash balance. Moreover, the Department did not prepare any reconciliation for this account.

Account number 1-12101-12101-861901 (201 PD Tax Arrears/ PAYE) had a credit balance of \$164,079.02. This account alone makes up 99% of the total Operating Trust Fund balance and has been continuously brought forward from previous years.

### ***Office of the Director of Public Prosecution***

Anomalies were noted in the salary increment paid to a Principal Legal Officer.

Cancellation of Conference to be held in 2010 resulted in the payment of \$30,862.52 to Shangri – La Fijian Report as cancellation charges.

### ***Ministry of Justice***

Prolong delay in finalising the review of companies act.

Non submission of annual returns to the Registrar of Companies Office by certain registered companies.

Non compliance with service agreement by the Post Fiji in respect to providing issuing of birth certificates service.

Lack of resources, poor tracking and weakness in the existing laws were noted in the Official Receivers Unit.

The Ministry did not have safe and secure offsite backups for its Birth, Death and Marriage (BDM) records. Non preparation of monthly blank certificate reconciliations by the BDM unit.

The Ministry failed to utilise the funds provided for the computerisation of the titles office. In addition, titles office does not have safe and secure offsite backup.

### ***Prisons and Correction Department***

The Department failed to prepare the monthly reconciliations for its Prisoners Cash Trust fund account. In addition proper records were not kept indicating lack of supervisory checks in the Accounts Section.

On the audit of Trading and Manufacturing Account, variances were noted in the Financial Management Information System (FMIS) records and the Departments records indicating lack of reconciliations and the supervisory checks performed in the Accounts Section.

Some discharged officers continued to receive their salaries after their effective date of discharge.

Anomalies were noted in the payment process such as procurements were made without the issue of a local purchase order, local purchase order was prepared after invoices were received, competitive quotations were not obtained and ITC approval for the purchase of IT equipments and applications (software) was not obtained.

### ***Ministry of Information***

Seven of the Operating Trust Fund accounts of the Ministry were overdrawn (debit balances) as at 31/12/11.

Seven of the Revolving Fund Advance accounts of the Ministry have long outstanding balances carried forward from prior years.

No further action was taken against a Ministry's officer for the loss of an official recorder worth \$1,105.16. There was a failure to maintain adequate off-site back up for archive deposits.

## ***Ministry of Strategic Planning, National Development and Statistics***

### ***National Planning Office***

An Officer was compensated for 30 days of Long Service Leave (LSL) totaling \$3,725 contrary to the approval by the Public Service Commission dated 11<sup>th</sup> January, 2011.

Late arrival at work at the Ministry contrary to section 301 of the General Order.

Capital (actual projects) expenditure in year 2011 has performed the weakest despite the highest budget allocation of \$1.1 million in year 2011. The Ministry was only able to allocate funds totalling \$586,406 or 53% of the budget.

The Ministry has not been able to determine the composition of the \$586,406 worth of projects as the Ministry did not reconcile the general ledger balances to the projects on the ground.

Non - submission of the accurate progress reports was a factor that the Ministry was not able to take strategic remedial action to avoid the failure of the two Integrated Human Resource Development Projects (IHRDP) – Nadali piggery and the Nausori bakery.

There was no memorandum of understanding between the National Center and the Ministry of Strategic Planning on how these funds are to be controlled, monitored and the accountability of the project funds.

A total of \$105,310 (3.5%) of projects with the NDP failed over the three year period from year 2009 to year 2011.

The National Planning Office (NPO) allowed payments of per diem allowances and travel advances to officers travelling overseas to attend workshops, trainings, seminars and regional forums even though these trips were fully funded by host countries.

A variance of \$20,019 existed between the Drawings accounts in the General Ledger and the Unpresented Cheque Balance Listing.

Operating Trust as at 31/12/11 had a credit balance of \$50,875, an increase by \$11,174 or 28%.

The NPO has not been deducting the PSC Scholarship repayment from staffs to the PSC for the past two years.

### ***Fiji Bureau of Statistics***

The Bureau re-engaged a retired officer for the period 04/01/2011 to 05/03/2011 without obtaining PSC approval. The officer was paid salary totalling \$17,225 without a valid contract of employment.

Of the 80 approved staff establishment for the Bureau, 34 posts are vacant as at 31/12/11.

A total of \$105,270 being accountable advance for the Sub Round 4- Employment and Unemployment Survey for 2011 was distributed amongst three officers to conduct the survey in the Central, Western and Northern Divisions. The lack of thorough checks of the retirement process exposes the funds to fraudulent activities.

### ***Ministry of Provincial Development, National Disaster Management and Sugar***

The Ministry made advance payments for the procurement of the building materials for its capital projects and the tropical cyclone Thomas rehabilitation (phase 2) projects. As such, building materials worth \$169,347 were not delivered as at the date of audit (30/04/12).

The Ministry does not have any database or record keeping system for its analysis/decision making or for follow up/tracking of the recipients of capital assistance.

In the 2011 budget, \$110,000 was provided for the construction of the Talaulia Nursing Station. The project was awarded to RFMF engineers, however the project failed to commence and the funds were returned to the Ministry of Finance.

The Vunisea Nursing Station was part of the Ministry's Public Sector Investment Programme (PSIP) for the 2011 capital budget. On 13/09/11 the payment of \$464,693 was made to Public Works Department for the construction of a 1x 4 maisonette staff quarters at the Vunisea Hospital. As at the date of audit 29/02/12 the project was incomplete and the left over funds (\$92,348) was returned to Ministry of Finance.

The Lovoni Irish crossing project was located in the village of Vunivisau and Tukuta to enable proper access to village, roads, farms and schools. The contract of the project was awarded to PWD. However, no written contractual agreement was entered nor waiver for tender was obtained from the Minister of Finance.

The proper selection process was not followed while appointing the contractor for the Delana Methodist High School project. The building materials were procured and delivered to the site and the advance payment of \$3,300 was made to the contractor; however the actual work did not commenced as at the date of audit (29/02/12).

The Ministry provided assistance to the Saint John College for the upgrading of sixteen existing quarters and the construction of a two bedroom teachers quarters. The Ministry failed to obtain prior approvals from the Health authorities which resulted in idle labour charge \$4,200 and settlement of the full payment without obtaining the certificate of completion.

Following the review of the road projects in the Northern Division it was noted that the Ministry failed to comply with its standard operating procedure requirements in selecting and evaluating the project proposals prior to commencing it.

Prolong delay in completion of the construction of the Raiwaqa Dental Clinic project and Vatukarasa Nursing Station Project resulted in the unutilised funds being refunded to the Ministry of Finance.

### ***Fiji Military Forces***

- Six of the Revolving Fund Accounts balances totaling \$2,301,296.57 have been carried forward from prior years.
- Over expenditure for SEG 1 – Established Staff of \$2,909,048 and SEG 2 - Government Wage Earners of \$394,087 was noted.
- The Board of Survey report was not provided, therefore, the Statement of Losses could not be substantiated.
- As at 31 December 2011, some of the Operating Trust Fund Accounts balances were overdrawn.
- A variance of \$1,238,948.66 was noted in the Revolving Fund Account Miscellaneous balance between the Force's record and the general ledger (FMIS) balance.

- Various irregularities were noted in the FNPF records of the Force. These relates to monies in the suspense account, undistributed contributions in the past years and outstanding surcharge on payments.
- Some officers had exceeded their leave entitlements which were not recovered before they were discharge.
- A number of officers were overpaid salary upon discharged from the service.
- The Force failed to maintain a Fixed Assets Register.
- The Force failed to maintain a debtor's register to record accountable advance given to staffs.
- The Force made payments on pro – forma invoices without obtaining approval from the Ministry of Finance.
- The Force regularly purchased stationeries from Xpress Office Supplies without obtaining tender approval.
- The Force overpaid Total Fiji Limited fuel cost amounting to \$11,532.77.
- The Accounts Section is not fully aware of how the calculation for the shipping franchise payment is carried out.
- Proper procurement procedures were not always followed by the Force when procuring goods and services.

### ***Fiji Police Force***

- The Force failed to submit the Statement of Losses in the Agency Financial Statement.
- Over expenditure for SEG 1 – Established Staff of \$1,830,568 and SEG 5 – Purchase of Goods and Services of \$13,369 was noted.
- As at 31 December 2011, some of the Operating Trust Fund Accounts balances were overdrawn.
- A variance of \$101,484.47 was noted in the Revolving Fund Account balance between the Force's record and the general ledger (FMIS) balance and significant portion of the RFA has been carried forward from previous years.
- Proper procedures were not followed for recruiting special constables in 2011.
- Some sections of the Headquarters have officers in excess of the approved staff establishment.
- The Force has unidentified contributions of \$26,956.88 with the Fiji National Provident Fund.
- Certain officers left the Force without giving written notice and clearing their arrears.
- A number of officers were overpaid salary upon retirement, termination and dismissals.
- Some officers were occupying institutional quarters without paying rent equivalent to 8% of their basic salary.
- The total expenditure incurred for the extension of the Tukavesi Police Station exceeded the tender amount by \$6,692.20.
- The Force failed to obtain approval from the Ministry of Finance before transferring funds from the operating fund to the Police Sports Trust Fund Account.
- The Force overspent certain allocations amounting to \$125,769.18 and incurred negative expenditure in various allocations amounting to \$245,600.29.
- Expenses incurred in SEG 5 – Witness and Interpretation allowance and SEG 7 – Special Agents allowance were not applied for the purpose for which it was authorised.
- Supporting documents were not attached to the payment vouchers to substantiate payments made to the suppliers.
- On numerous occasions, the Force failed to obtain competitive quotations for purchases of goods and services.

- Several unaccounted exhibits items were kept at the Samabula and Nausori Police Station.
- Various vehicles have been grounded for a long period of time at the Transport Pool without maintenance work.
- No recovery for the damages to motor vehicles involved in accidents has been instigated against the drivers found to be at fault.

### ***Ministry of Education***

Expenditure totalling \$1,350,507 incurred in 2011 was not included in the Ministry's Financial Statements for the year ended 31/12/11. These were posted to the Prepaid Expenses accounts in the Revolving Fund Account. These expenses were carried forward and out of \$1,350,507 the Ministry cleared \$1,015,381 in 2012 financial year. The balance of \$335,126 remained uncleared as at the date of audit on 9/5/12.

There was a significant increase in Ministry's total amount of unpresented cheques in 2011. The total amount of cheques unpresented as 31/12/11 was \$1,347,618 which increased by \$814,005 or 153% compared to 2010.

### ***Ministry of Health***

The Ministry overspent its payroll allocations by \$14,498,121.48 as at 31/12/11 despite having 96 established and 276 un-established positions vacant.

Ministry's staff owed a total of \$99,771.94 to the Ministry as at 31/12/11.

A total of \$143,150.49 was paid in overtime wages to 11 casual employees, which comprises 137% of their normal wages of \$104,492.96; and that the employees worked for 81- 112 hours per week.

Ministry purchased several laundry equipments from ACLEPL in Australian in 2010 costing \$2.7m. The Ministry was not able to provide the total number units purchased, total number received, cost per unit, amount paid and amount outstanding to the supplier and additional costs incurred for storage and installation including site preparation up to end of 2011.

The Ministry spent only \$43,263.24 or 10.3% from the total allocation of \$420,000 for the purchase incinerator. A total of \$289,893 or 69% from this allocation was vired out to meet other expenses and that the incinerator bought for CWM Hospital was yet to be installed.

The Ministry did not call for tenders for the repair works carried out at the Rotuma Hospital at cost of \$80,570 by the Ministry of Works.

The Ministry made regular purchases of groceries and laundry products totaling \$547,159.63 during the year from suppliers other than those approved by the Government Tender Board.

The Ministry paid a total of \$258,118 during 2011 for litigation claims due to negligence by medical professionals which was \$58,118 or 29% more than the budgeted sum of \$200,000.

The Ministry held expired drugs to the value of \$1,518,435.50 in its stock as at 31/12/11.

The Ministry paid a total of \$1,791,365.10 to the Ministry of Works for various capital works carried out during 2011 however tenders were not called.

The Ministry spent \$149,570.69 in 2011 to repair the boiler at the Labasa Hospital which was not fully operational.

Ministry did not utilize \$340,000 allocated in its budget for the purchase of water tanks and sanitations for villages and communities in the Northern Division.

#### ***Ministry of Local Government, Urban Development, Housing and Environment***

A variance of \$1,205,664 was noted between the department main trust fund account general ledger balance and the bank statement balance.

Proper bonding was not carried out for officers studying overseas. Bonding documents did not have the following: the bond amount, Officer not signing the bond documents, PSC approval was not submitted. Total bond obligation to Officer Mr. Raratabu was \$430,215.46. Total Bond obligation to Officer Mr. Tikoduadua was \$225,610.81

Multiworks Civil engineering and Building Contractors (MCEBC) was supposed to pay performance bond of 10% of the total bond or \$205,406.27. However the contractor provided only \$50,000 as performance bond.

The Ministry made second progress payment of \$358,997.52 to the contractor (Multiworks Civil Engineering and Building Contractors) on 8/12/11, even though some of the work was incomplete.

The Ministry did not call for tenders for the erection of nine billboards around Viti Levu costing \$76,194.

#### ***Ministry of Social Welfare, Women and Poverty Alleviation***

There was a balance of \$1,600,000 in the Revolving fund account as at 31/12/11. Of this, \$1.4m reflected in the Ministry's Revolving Fund account was carried forward balances from previous years. Even though approval was given by the Ministry of Finance to write off \$1.4 million or 87.5% of \$1,600,000, no effort was taken by the Ministry of to clear the balance.

The Ministry's Operating Trust Fund account was overdrawn by \$106,306.59 as at 31/12/11.

#### ***Department of Youth and Sports***

The Department purchased sports equipments totaling \$77,042 from JR White at regular basis in 2011, however tenders were not called.

#### ***Department of Agriculture***

The Trading and Manufacturing Account incurred a loss of \$587,148 in its operation for the year ended 31 December 2011.

Adjustments were made to the Trading and Manufacturing Account during the year for which appropriate supporting documents were not provided for audit verification.

Trading and Manufacturing Account bank reconciliation was not prepared as per required/standard bank reconciliation. The total receipts and payments were obtained from bank statement to perform cash book reconciliation. Hence the Department was only reconciling bank records against the General Ledger (FMIS) records.

A variance of \$97,211.31 was noted between the Department's TMA cash at bank balance and the cash balance reported in the General Ledger (FMIS) as at 31 December 2011.

The operating trust fund account had several accounts with an overdrawn balance totalling \$1,409,903 as at 31 December 2011.

The Land and Water Resource Management trust fund receipts and payments figures could not be substantiated as relevant supporting documents were not provided for audit verification.

The audit was not able to perform independent bank reconciliation for cash balance for the year as bank statements for November and December were missing hence the cash at bank balance amounting to \$551,147.77 could be not verified.

Retention monies kept in the trust fund account totalling \$314,938.02 was utilized by the Land and Water Resource Management Division to meet payments of its operating and capital expenditure items.

Officers awarded with Fijian Affairs Board scholarship to pursue studies in Agricultural Science had absconded while serving their bond obligation; therefore the guarantors are obliged to pay off the owed amount to the government.

Appropriate approval was not obtained from the Public Service Commission to remunerate an officer outside the approved salary range.

Local Purchase Order was not issued to carry out motor vehicle maintenance work.

Relevant supporting documents were not attached to the payment vouchers as evidence of goods and services received. Therefore audit could not determine whether the services were rendered.

Funds allocated for Coconut Development Programme, Rural and Outer Island and Value Added Tax were used to meet other operating expenditures.

### ***Department of Fisheries and Forests***

TMA adjustments amounting \$118,815.23 were made to the account during the year, however, the documents to support these adjustments were not provided for audit verification.

A variance of \$16,148.80 was noted between the Department of Forestry TMA cash at bank balance and the cash balance reported in the FMIS as at 31/12/11.

TMA receipts and payment totalling \$25,104.46 and \$43,040.61 were disclosed in the TMA bank reconciliation as amounts not posted to the FMIS general ledger as at 31/12/11, however, the documents to support these amounts were not attached and provided for audit verification; hence the balance reflected in the FMIS general ledger at year end was understated.

All receipts and payments were reflected in the Trust Accounts Statement of Receipts and Payments as 1/3 Subsidy Receipts/Payments although some of receipts and payments were not related to 1/3 subsidy scheme.

On numerous instances payments were made on quotations or pro-forma invoices without obtaining prior approval of Ministry of Finance.

The Department paid a total sum of \$25,405 to Tessa Transport for providing transportation services for the Vanuabalavu Fisheries Station without a Service Level Agreement.

Contrary to the approval from the Government Tender Board, the Department purchased general food items from other companies.

Provisional tax of 15% totalling \$8,288.24 was not deducted from the contractors engaged to provide services.

### ***Ministry of Lands and Mineral Resources***

The audit of the 2011 accounts of the Ministry resulted in the issue of a qualified audit report due to non submission of the Trust Account Statement of Receipts and Payments contrary to Section 71 (1) of the Financial Instructions 2010.

The arrears for Crown Land Lease for the year ended 31 December 2011 has increased by \$5,792,625.64 or 43% compared to that of 2010.

The reassessments of crown leased property were not carried out by the Department on the due dates specified in the lease conditions.

Crown leases which have expired were not renewed on time and the Ministry continued to charge lease rental and also receive lease rental payments from expired leases.

Crown leased property classified as residential type, commercial and industrial terms and lease conditions has been breached by the lessee.

Post Fiji Limited collects crown lease revenue on behalf of the Department of Lands and Survey without a Service Level Agreement.

The driver's negligence and poor decisions washed the GP058 new Toyota Hilux 4wd twin cab in the Wainibuka River after attempting to cross the overflowed bridge.

A Yamaha 2 x 150 horse power Vessel named RV Yautalei was not properly maintained and not even registered with Fiji Island Maritime Safety Administration (FIMSA).

### ***Ministry of Industry and Trade***

An accountable advance of \$60,000 taken by the former Principal Accounts Officer for the Shanghai Expo in 2010 was not being acquitted accordingly as required in the legislations including a laptop worth \$3,000 that was reported stolen without a Fiji Police Force report provided to the Ministry.

The Department of Co-operatives and Small Businesses did not have the trust account reconciliations for 2010 and 2011.

The Ministry exceeded the stipulated amount in the Contract of Service paid to Art and Soul by \$6,448.50.

### ***Ministry of Public Enterprises, Tourism and Communications***

The audit of the 2011 accounts of the Ministry resulted in the issue of a qualified audit report due to non submission of the Trust Account Statement of Receipts and Payments contrary to Section 71 (1) of the Financial Instructions 2010.

The Ministry's office space on Level 3 of the Civic Towers Building that comprised a total area of 7,508 square feet with a rental levy of \$8,446.50 per month was not fully utilised during the year and Government has paid rent of \$23,635.50 for this unutilised office space during this period.

### ***Ministry of Works and Transport***

The operations of the TMA should be improved. Most TMA have continuously operated at substantial losses. Accounting records were inadequate to provide sufficient appropriate audit evidence to substantiate the balances reported in the financial statements of the TMA.

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

Circumventions of procurement and payment procedures were prevalent as in previous years, increasing the risk of fraud and mismanagement of public funds.

Record keeping should be improved across the Ministry including Divisional Engineers and Depots. Misplacing of accounting records was a common occurrence.

The inadequate and poor maintenance of stores records, including fixed assets was widespread. In many instances, goods/inventories received and issued out by the stores were not recorded.

Monitoring for compliance of contracts with suppliers of goods and services to the Ministry before payments are effected should be improved.

### ***Department of Works***

No proper approval was obtained in the FMIS journal adjustment to write off debtors totalling \$33,703,172.

Issue prevalent in 2009 continued to surface in 2011 when Arrears of Revenue Returns were still yet to be prepared and Department's revenue on electricity were still charged to Provincial Development.

TMA Accumulated surplus balance of \$1,540,369 and TMA surplus of \$4,006,478 could not be substantiated

VAT payable as at 31/12/11 was \$3,058,423, this indicate that the Department failed to debit the liability account.

There was a variance of 1,405,133.96 between Department's TMA cash at bank balance and the FMIS balance as at 31/12/11.

Tender Board approval was not obtained for purchase of diesel from Pacific Energy SWP Ltd for a total sum of \$50,543.33.

Advance payments were made to Total (Fiji) Ltd to facilitate the supply of fuel and oil.

DEW is yet to complete a number of projects earmarked for 2011.

Number of project workers engaged by DEW exceeded the number approved by PSC.

TMA funds totaling \$9,199.14 were used to fund the IDC jobs.

Items purchased for Joinery Workshop and Plumber Shop were not recorded in the ledger/stock cards.

DECE made an advance payment of \$66,864 to SCIL for the supply of ready mix concrete and gravel for the construction of Wainiyavu Irish Crossing.

#### ***Department of Transport***

Charges not related to the department were still been posted to the department's allocation.

#### ***Department of Meteorological Services***

Trust Fund Account had a variance of \$15,191.03 between the department record and the FMIS record.

Trust Fund Account was overdrawn by \$101,712.64. JICA trust account had a debit balance of \$78,556 outstanding since 2006. VAT arrears of \$600,000 were been cleared against expenditures other than VAT.

#### ***Department of Roads***

The budgetary provisions for capital projects were overspent by a total of \$2,341,018.00 as at 31/12/2011.

#### ***Ministry of Public Utilities and Energy***

##### ***Department of Water and Sewerage***

The Department's Operating Trust Fund account was over stated by \$1,345,014. These were security deposits which are main trust received from the contractors engaged in the water and sewerage projects totalling \$1,345,014 that is maintained in the Department's Operating Trust Fund account.

The department had two drawings accounts with debit balances that were being carried forward over the years. These balances amounted to \$1,695,982 which resulted in the debit balance in the Department's Drawings account.

The Department had Revolving Fund account balance of \$594,560 as at 31/12/11. Of this amount, \$524,004 was carried forward balances from previous years which constitute payments made but yet to be retired and recorded as expenditure in previous years or cheques receipted which were dishonored.

##### ***Department of Energy***

The Department's main Trust Fund account was overdrawn by \$311,255 as per the main Trust Fund account reconciliation as at 31/12/11. However, there was cash available in the Trust Fund bank account totalling \$523,992 as at 31/12/11.

The Department failed to submit its main Trust Fund account statement of receipts and payments contrary to section 71(1) (g) of the 2010 Finance Instructions.



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## Section 20 Ministry of Education

### Roles and Responsibilities

The Ministry is responsible for the delivery of Education and Training Services to schools, pre – schools, and training centres and it is also responsible for the preservation of the different cultures in Fiji. These include the provision of curriculum frameworks, policy – guidelines, qualified teaching personnel, and programmes support to controlling authorities and education. The Ministry also has responsibilities for ensuring that standards in education are met and maintained through the regulation and recognition of education. Through advisory services, support is rendered to school management for the effective running of schools as well as financial assistance for constructions and maintenance of school facilities. The Ministry is also tasked with improving rural education standards and the education opportunities of disabled students and out of school youths. The Ministry has undertaken three (3) new initiatives and these include the establishment of the Fiji Teachers Registration Board, the formulation of the language policy and the establishment of seed capital for Poverty Relief Fund, which also co – funded by private public partnership scheme.

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## PART A: FINANCIAL STATEMENT

### 20.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Education resulted in the issue of an unqualified audit report however the attentions of the Ministry was drawn to the following matters:

- the correctness of the Statement of Loss submitted by the Ministry of Education, National Heritage, Culture and Arts cannot be verified as a Board of Survey was not completed for the whole Ministry.
- the total expenditure of the Ministry for 2011 was understated by \$1,350,507. This amount is incorrectly reflected in the Revolving Fund Account.

### 20.2 Statement of Receipts and Expenditures

The Ministry of Education collected revenue totalling \$1,102,832 and incurred total expenditures of \$252,281,053 in 2011. Details are provided in table 20.1.

**Table 20.1: Statement of Receipts and Expenditures**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Operating Revenue	1,006,408	924,896
<b>Total State Revenue</b>	<b>1,006,408</b>	<b>924,896</b>
<b>Agency Revenue</b>		
Miscellaneous Revenue	93,731	589,538
Sales of School Farm Produce	2,693	6,652
<b>Total Agency Revenue</b>	<b>96,424</b>	<b>596,190</b>
<b>TOTAL REVENUE</b>	<b>1,102,832</b>	<b>1,521,086</b>
<b>EXPENDITURES</b>		
<b>Operating Expenditure</b>		
Established Staff	198,244,861	185,376,055
Government Wage Earners	1,659,565	1,776,037
Travel & Communication	898,673	693,498
Maintenance & Operations	1,234,531	1,201,466
Purchase of Goods & Services	4,871,483	4,319,622
Operating Grants & Transfers	41,428,638	82,917,943
Special Expenditures	1,596,220	14,580,531
<b>Total Operating Expenditures</b>	<b>249,933,971</b>	<b>290,865,152</b>
<b>Capital Expenditure</b>		
Capital Construction	577,219	1,420,117
Capital Purchases	0	0
Capital Grants & Transfers	388,653	6,013,928
<b>Total Capital Expenditure</b>	<b>965,872</b>	<b>7,434,045</b>
Value Added Tax	1,381,210	2,547,977
<b>TOTAL EXPENDITURES</b>	<b>252,281,053</b>	<b>300,847,174</b>

Total revenue decline by \$418,254 or 27% as a result of decreases in sales of surplus farm produce and

reduction in stale cheques written off in 2011 compared to 2010.

Total expenditure declined by \$48,566,121 or 16% as a result of reduction in unestablished staff cost by \$116,472 or 7%, operating grants and transfers by \$41,489,305 or 50%, special expenditure by \$12,984,311 or 89%, capital construction by \$842,898 or 59%, capital grants and transfers by \$5,625,275 or 94% and value added tax by \$1,166,767 or 46% in 2011 compared to 2010.

## 20.3 Appropriation Statement

The Ministry of Education incurred expenditures totalling \$252,281,053 in 2011 against the revised budget of \$248,627,681 resulting in a deficit of \$3,653,372 or 1.5%. Details of expenditures against the budget estimates are provided in table 20.2.

**Table 20.2: Appropriation statement for 2011**

SEG	Description	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	194,741,361	(493,815)	194,247,546	198,244,861	---	(3,997,315)
2	Government Wage Earner	1,832,409	---	1,832,409	1,659,565	---	172,844
3	Travel & Communication	860,625	63,337	923,962	898,673	---	25,289
4	Maintenance & Operations	1,221,484	16,812	1,238,296	1,234,531	---	3,765
5	Purchase of Goods & Services	4,871,849	(62,671)	4,809,178	4,871,483	---	(62,305)
6	Operating Grants & Transfers	36,715,300	4,733,020	41,448,320	41,428,638	---	19,682
7	Special Expenditure	1,085,877	476,257	1,562,134	1,596,220	---	(34,086)
	<b>Total Operating Costs</b>	<b>241,328,905</b>	<b>4,732,940</b>	<b>246,061,845</b>	<b>249,933,971</b>	<b>---</b>	<b>(3,872,126)</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	2,000,000	(1,217,831)	782,169	577,219	---	204,950
9	Capital Purchases	---	---	---	---	---	---
10	Capital Grants and Transfers	263,000	161,653	424,653	388,653	---	36,000
	<b>Total Capital Expenditure</b>	<b>22,63,000</b>	<b>(1,056,178)</b>	<b>1,206,822</b>	<b>965,872</b>	<b>---</b>	<b>240,950</b>
13	Value Added Tax	1,504,700	(145,686)	1,359,014	1,381,210	---	(22,196)
	<b>TOTAL EXPENDITURE</b>	<b>245,096,605</b>	<b>3,531,076</b>	<b>248,627,681</b>	<b>252,281,053</b>	<b>---</b>	<b>(3,653,372)</b>

## 20.4 Statement of Losses

### 20.4.1 Loss of Money

A sum of \$917 was written off by the Ministry as arrears of revenue for Labasa College. The write off was cleared through Journal Voucher 45/09/11 and was sent to Ministry of Finance on 02/10/2011.

### 20.4.2 Loss (Other than money)

The Board of Survey for 2011 was carried out but not throughout the Ministry. A few Sections and Government Schools that come under the ambit of the Ministry did not carry out their Board of Survey.

## 20.5 Understatement of Expenditure in the AFS

The Accounting Head or Account Supervisor must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>1</sup>

Expenditure totalling \$1,350,507 incurred in 2011 was not included in the Ministry's Financial Statements for the year ended 31/12/11.

The expenditure was posted to the Prepaid Expenses accounts in the Revolving Fund Account. The Ministry wanted to journalise these back to the correct expenditure allocation when funds were made available however, this was not done and the amount still appeared in Revolving Fund Account under the Prepaid Expenses allocation.

These expenses were carried forward and out of \$1,350,507 the Ministry cleared \$1,015,381 in 2012 financial year. The balance of \$335,126 remained uncleared as at the date of audit on 9/5/12. This had direct effect on the 2012 budget as 2011 expenditures were not budgeted to be paid in 2012.

In addition, the actual expenditure for 2011 was understated by \$1,350,507.

### Recommendations

- **The Ministry must ensure that expenditures are posted to correct allocations.**
- **The Ministry must ensure that supervisory checks are done on postings to ensure correct postings to the general ledger.**

### Ministry's Comments

*Audit recommendations are noted.*

*The main reason the Ministry failed to clear these charges in 2011 was because there was no savings in SEG 1 as we had anticipated like in the previous years. This was due to the implementation of the Location Allowances SEG 1 had exceeded its budget hence no virements could be made.*

*All Sections/Units have been advised that their 2012 Budget will be used to clear these charges as the payments were done to facilitate their requests during the time when there was insufficient savings in their respective allocations.*

*The Ministry has stopped all payments for Goods and Services from RFA account that was practiced in the past.*

*Efforts are now made to ensure there are sufficient funds available in the appropriate expenditure accounts before Purchase Orders are raised.*

*In instances where there are not enough funds then Period Cash flow will be prepared to shift the funds forward to accommodate the purchases.*

*The Ministry also wishes to inform Audit that all RFA charges are being cleared gradually and the current balance stands at \$570,000.00 as at 30/04/2012 reconciliation.*

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<sup>1</sup> Finance Manual 2011

## 20.6 Statement of Losses

An Annual Losses Statement shall be prepared by the losses officer for inclusion in the Agency Financial Statement as and when required.<sup>2</sup> The Losses Statement shall provide information on losses written off during the financial year and the status of recoveries of losses.<sup>3</sup>

All Permanent Secretaries shall appoint a Board of Survey annually to determine whether government plant, equipment and inventories under his or her control are:

- a) In working condition or serviceable;
- b) Unserviceable or obsolete; and
- c) Surplus to the requirements of that agency.<sup>4</sup>

The Ministry did not include all the losses of asset that was written off during the Board of Survey and approved by the Ministry of Finance, in the Ministry's Statement of Losses for the year ended 31/12/11.

Furthermore, Ministry was yet to complete its board of survey for 2011 for all the schools and sections.

The non- disclosure of all the losses in the Annual Financial Statement of the Ministry indicates non compliance with Finance Instructions 2010.

### **Recommendations**

- **The Ministry must ensure that all losses of assets are included in the Statement of Losses to the Financial Statements.**
- **The Ministry should ensure compliance with the Finance Instructions when preparing and submitting its financial statements.**

### **Ministry's Comments**

*Audit recommendations are noted.*

*The Ministry is not aware that all assets written-off should be part of the Loss Report in the Financial Statements as this was not done previously in past years' Financial Statements.*

*The assets written- off have either come to the end of its useful life or are declared uneconomical to repair or maintain by a technical personnel. Hence a Board of Survey is carried out on the items.*

*The only losses that are included in the Loss Report are losses that occur through theft or fraudulent activities and losses of monies through overpayment of salaries and unpaid fees that have remained irrecoverable and is Government Revenue after exhausting all avenues to recover but to no avail and for which approval has been granted to write- off the amounts.*

*The Ministry due to its large scale and geographical locations and the amendment to the Procurement Regulation 2010 to engage an officer from outside of the Ministry to be President of the Board of Survey team had found difficulties in adhering to this. This issue has been relayed to the Fiji Procurement Office (FPO) hence the delays in carrying the Board of Surveys in all its institutions, units, sections and district offices. The Fiji Procurement Office has since made amendments to that clause and we are in the process of getting Board of Surveys [BOS] done by Sections/Units/Schools/Stations for 2011.*

<sup>2</sup> Performa Financial Manual 2011, Section 14.1.7

<sup>3</sup> Performa Financial Manual 2011, Section 14.1.8

<sup>4</sup> Procurement Regulations 2010 Section 24.1

**Further OAG Comments**

The Audit did not recommend or stated in the above audit issue that “*all assets written-off should be part of the Loss Report in the Financial Statements*” as stated in the Ministry’s comment.

Audit stated that the “*losses of asset that was written off*” were not included in the Statement of Losses to the Financial Statements. Please refer to Ministry’s Performa Financial Manual 2011, Section 14.1.8 for further clarifications.

**20.7 Reconciliation of RFA Standard Liability Group (SLG) 84**

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental clearance accounts, cash clearance accounts, expenditure and commitment accounts.<sup>5</sup> Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the CO Vote Book shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>6</sup>

The audit noted that a total balance of \$98,391 was outstanding in the Revolving Fund Account. Out of this only one account with a balance of \$40,322 was reconciled by the Ministry. The Ministry did not reconcile the remaining \$58,069 which comprised of twelve general ledger accounts.

These accounts as explained by the Ministry, consists of funds received from donors which were receipted to SLG 84 Account.

It was further noted that the Ministry did not have any record of cash to support the amount of donor funds which remained unused as at 31/12/11.

The findings showed lack of supervisory check and the laxity of the Ministry in complying with the Finance Manual.

Without the monthly reconciliation of the general ledger accounts, the Ministry would not be able to closely monitor the use and the recording of these funds. This also creates opportunity for misuse of funds.

**Recommendations**

- **The Ministry should provide evidence of cash to support the remaining donor fund balance.**
- **The Ministry should ensure that Revolving Fund account is properly reconciled on a monthly basis.**
- **The Ministry should comply with finance circulars and regulations at all times.**

**Ministry’s Comments**

*Audit recommendations are noted.*

*The Ministry on receipt of donor funding for specified projects or programs receipts it and deposits it into the Government Consolidated Fund Account controlled by the Ministry of Finance and crediting an SLG84 Ledger Account. The same account with details is sent to FMIS to create the account in the system with the amount as its Budget and the respective section is informed of the allocation to use for all expenses incurred for the project/ programme and a monthly reconciliation should be done by the section for which the fund was provided in order to determine the balance of funds.*

<sup>5</sup> Finance Manual, Section 16.3.1

<sup>6</sup> Finance Manual, Section 16.3.3

*At the end of the project/programme and after reconciliations an acquittal report is prepared showing opening balance and all the expenditures and whether there was a surplus/deficit of which is sent to the donor agency who decides on whether the balance be refunded or not. This is the only source of evidence through reconciliations and final acquittals to determining the balance of cash.*

*In cases where the donors request that the balance be refunded then a payment cheque is prepared and in cases where they do not request for the balance then the amount is credited to Miscellaneous Revenue as required by Finance Regulations.*

*In accordance with the Finance circulars and regulations all donor fundings for specific programmes and projects will now be forwarded to the Ministry of Finance for recording and for which we will apply for the funds through RIE or Release of Adhoc Donor Funds application.*

### **Further OAG Comments**

**The Ministry did not provide reconciliation for all balances in the Revolving Fund account. Out of the total RFA balance of \$98,391, reconciliation was provided for only \$40,322. No reconciliation was provided for the other \$58,069.**

## **20.8 Excessive Misposting**

The Accounting Head or Account Supervisor must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>7</sup>

A sum of \$2,801,272 was journalised in December 2011 to correct mispostings by the officers at the Ministry's Accounts Section. Refer to Table 20.3 below for details.

**Table 20.3: Journal Vouchers Raised To Correct Misposting**

Date	Journal Number	Amount (\$)	Remarks
03/12/2011	156/12/11	2,468,916	Adjustment of misposting as per December Compost Report
05/12/2011	162/12/11	145,432	Adjustment of misposting as per December Compost Report
05/12/2011	163/12/11	54,869	Adjustment of misposting as per December Compost Report
05/12/2011	164/12/11	124,875	Adjustment of misposting as per December Compost Report
05/12/2011	165/12/11	6,180	Adjustment of misposting as per December Compost Report
<b>Total</b>		<b>2,800,272</b>	

Explanation provided by the Ministry was that the adjustments were for mispostings in the previous month due to unavailability of funds in the previous period.

Audit also noted that these mispostings were deliberate and practiced throughout the year to ensure expenditures were reflected in the general ledger which would otherwise be impossible due to Fund<sup>8</sup> accounting restrictions in the Financial Management Information System (FMIS).

The adjusted amount shown above is excessive and this shows the laxity of senior officers in not supervising and verifying postings by accounts officers. There is also a risk that the reversals to the correct allocation may be overlooked and remain unadjusted.

The above also shows lack of controls and the effects of implementing fund accounting restrictions in the FMIS.

**Recommendations**

- The Ministry should cease deliberate mispostings to avoid overspending.
- The Ministry should improve supervisory checks on account postings to ensure correct postings by the Ministry.

**Ministry's Comments**

*Audit recommendations are noted. The adjustments made are a normal process carried out monthly.*

*This is to ensure that charges are posted to the appropriate expenditure items as per Budget Loading. Also adjustments are made to clear allowances paid to teachers in SEG 1 for which there is no budget hence it is charged to Personal Emoluments.*

*The bulk of these adjustments are for Salaries and Allowances in SEG 1. This is not a case of deliberate misposting but posting done for payment of Allowances in the Payroll for teachers and staffs for each cost centre, but no provisions are provided hence the need to adjust.*

**20.9 Journal Vouchers Not Accepted by FMIS**

No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>8</sup> The Accounting Head or Account Supervisor must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>9</sup>

The audit noted that the Ministry overspent its budgeted provision for SEG 5, Purchase of Goods and Services and SEG 7, Special Expenditures.

Explanation provided by the Ministry was that the Ministry of Finance cleared some of the Commitments and Encumbrances for the Ministry of Educations account even when there were no provisions available.

However, the audit is of the view that had the Ministry of Education been clearing these commitments on a timely basis, the Ministry would have been aware of the budget availability and the amount that can be committed to the allocation. There would not have been a need for the Ministry of Finance to intervene and clear them resulting in the over expenditures.

The audit also noted misposting under the Form 2 and Form 7 Tuition Fee Grant allocation. In an attempt to correct the above, journal vouchers were raised by the Ministry. However, this was not accepted by FMIS as the commitments exceeded the budget allocation. Refer to Table 20.4 for details of adjusting journals.

**Table 20.4: Journal Voucher Details**

Date	Journal No.	Amount (\$)	Remarks
26/04/2012	12/11	9,565.10	Adjustment of misposting in Secondary Tuition Grant – Form 2 Allocation
26/04/2012	12/11	2,047.83	Adjustment of misposting in Secondary Tuition Grant- Form 7 Allocation
<b>Total</b>		<b>11,612.93</b>	

<sup>8</sup> Finance Instruction 2010, Part 3 (1) 7

<sup>9</sup> Finance Manual 2011

The findings show the laxity of the accounts section officers on misposting and senior officers not verifying to ensure postings done into correct allocations.

### **Recommendation**

**The Ministry should improve supervisory checks on account postings to ensure correct postings by the Ministry.**

### **Ministry's Comments**

*The Ministry is aware of the rare overspending of SEGS 5 and 7 respectively which are under Fund Control.*

*The cause was due to clearing of Commitments and Encumbrances by Ministry of Finance.*

*However, the Ministry is now improving its Accounting Processes by making sure that all Commitments and Encumbrances are cleared monthly to avoid over-expenditures.*

*Ministry of Finance should also consult the Ministry if clearing commitments and encumbrances that result in over-expenditures so that other appropriate expenditure allocations can be used to make adjustments and or virements can be made.*

*Since FMIS was implemented with effect from 1/7/2005 this is the first time that the overall SEG 5 & 7 had exceeded its budget.*

*All Vote Controllers have been advised to take appropriate action/measures to ensure that Purchase Orders are paid on a timely basis and all payment processes (AP) to be completed in the FMIS system.*

*It is also to be noted that the FMIS shows as encumbrances vouchers that have been paid and disbursed to GL during peak periods that also holds up funds and only gets cleared by them when details are provided.*

## **20.10 Terms Loans Receivable – Social Services**

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.<sup>10</sup>

A review of the Ministry's balances in the general ledger revealed that nine asset accounts have not shown any movement during last seven years since 2005. From these nine asset account, audit noted that two accounts were showing a credit balance. These accounts were reflected under standard asset group 61 as Term Loans Receivables. Refer to Table 20.5 below.

**Table 20.5: Terms Loan Receivable**

<b>Allocation</b>	<b>Descriptions</b>	<b>Amount (\$)</b>	<b>Audit Comments</b>
1-21101-21999-611101	Corpus Christi College	(4,222)	Credit Balance – no movements since 2005
1-21101-21999-611102	Fulton College	108,011	No movement since 2005
1-21101-21999-611103	Fiji College of Agriculture	(219)	Credit balance – no movements since 2005
1-21101-21999-611104	Fiji College of Advance Education	908	No movements since 2005
1-21101-21999-611105	Fiji Institute of Technology	370,789	No movements since 2005
1-21101-21999-611106	Fiji National Training Council	14,182	No movements since 2005
1-21101-21999-611107	Fiji School of Medicine	132,069	No movements since 2005
1-21101-21999-611108	University of the South Pacific	623,876	No movements since 2005

<sup>10</sup> Proforma Financial Manual 2011, Part 16

Allocation	Descriptions	Amount (\$)	Audit Comments
1-21101-21999-611109	Students Loans Scheme	2,617,402	No movements since 2005
<b>Total</b>		<b>3,862,796</b>	

The Ministry explained that these were charges for more than 7 years ago and included payments made by the Ministry of Finance which was controlling these allocations together with the Public Service Commission.

The Ministry of Finance and the Public Service Commission are yet to provide confirmation on this.

### **Recommendation**

**The Ministry of Education should consult with Ministry of Finance and clear the outstanding balance from the general ledgers.**

### **Ministry's Comments**

*Audit recommendations are noted. When FMIS was implemented on 1<sup>st</sup> July, 2005 these accounts were to be cleared by Ministry of Finance after the roll over.*

*However, these accounts are still sitting under our Departmental Head 21 with no movements till to-date.*

*The Ministry is writing to Ministry for Finance to clear these outstanding balances from our Ledgers. [Appendix 20.1 MOE].*

## **PART B: AUDIT FINDINGS**

### **PAYROLL**

#### **20.11 Payment of Overtime for Working during Lunch Hour**

Workers shall be allowed one hour lunch break every working day which is not counted as a working hour.<sup>11</sup> Overtime work shall be approved only in essential circumstances and on the specific approval of the Permanent Secretary or Head of Department.<sup>12</sup>

The Ministry paid overtime to three of its employees for working during lunch hour. Refer to Table 20.6 below for payment details.

**Table 20.6: Payment of Overtime for Working During Lunch hour**

Date	Payee	Reason	Amount (\$)
23/11/11	Litiana Natewa	Payment of overtime hours	81.92
23/11/11	Rosalyn Nalovo	Payment of overtime hours	44.39
27/10/11	Pailato Naivowai	Payment of overtime hours	50.08

The reasons noted for working overtime were as follows.

<sup>11</sup> PSC Circular No 42/2011 Section 6.3.1

<sup>12</sup> General Orders 2011, Section 418(a)

**Litiana Natewa and Rosalyn Nalovo**

- Shifting Deputy Secretary Professional (DSP), Deputy Secretary Admin Finance (DSAF's) working station, cabinet and tables to their new office.
- Cleaning and sweeping the room at Marela House top floor.
- Clean and clear rubbish bins at Asset Monitoring Unit (AMU) and dispatch mails and files to (Permanent Secretary Education) PSE, Registry and from Registry to AMU. Enter all files at Salaries Section and clear their rubbish bins.
- Shifting Higher Education Unit (HEC) stuff and things to their new office at Red Cross Building.
- Clean up of top floor, washing of dirty dishes, collecting rubbish.

**Pailato Naivowai (Driver)**

- Post mails at Laucala and providing transport for workshop at Laucala.
- Loading Ministry of Education booth from Albert Park to Exams office, loading computer at Headquarters (HQ).
- Pick officers and drop at Ministry of Education booth.
- Loading bus fare coupons from Marela House to be burnt at Exams office.
- Dispatch mails to Suva Schools for Teacher Registration Board.
- Pick stationery from Government Printing and pick quotation from Davui Printing.
- Dispatch mails to National Substance Abuse Advisory Council (NSAAC).

The audit noted that the tasks carried out during over time period were not for essential circumstances.

It was also noted that overtime payment was approved by Principal Accounts Officer and not the Permanent Secretary for Education.

The findings show poor task management by supervisors and allowing staff to work during lunch hours which results in additional expenses to the Ministry.

**Recommendations**

- **The Ministry must ensure that tasks are completed during working hours and avoid staff working during lunch hour.**
- **The Ministry must ensure that overtime is approved only in essential circumstances.**
- **The Ministry must ensure that all overtime payment is approved by Permanent Secretary for Education.**

**Ministry's Comments**

*The officer's mention is Government wage earners are paid hourly rates and are based at different units of the Ministry. These GWE worked during lunch hour to complete task which cannot be accommodated during office hours to avoid disruption to other offices whilst shifting furniture for DSAF new office. These officers were also relieving other GWEs during their absence cleaning and maintaining respective sections.*

*In addition they assisted the Personnel section whilst new appointments were received for processing and filing and channeling files to salaries section for release of pay.*

*All approval was received through their section heads via PAO to pay them overtime. All records and approval were maintained with original dossiers.*

*Audit recommendation is noted we now have requested Wages officer to verify request with section heads of the circumstances of overtime payment and if not applicable not to pay lunch hour.*

### Further OAG Comments

Audit is of the view that all workers should be allowed one hour lunch break every working day which is not counted as a working hour in line with PSC circular 42/2011. In addition overtime was not in essential circumstances and no specific approval of the Permanent Secretary or Head of Department was obtained. No comments were provided by the Ministry for this issue.

## **20.12 Overpayment of Salary**

An Officer, who has resigned, deemed to have resigned or terminated shall forfeit all the rights and privileges of his office from the date decided by the Commission.<sup>13</sup> An officer who resigns without giving 30 consecutive days notice may be required to pay 30 days salary in lieu of notice.<sup>14</sup>

The audit noted that several officers continued to receive salaries after the effective dates of their resignations, leave without pay and retirement due to delay in ceasing the payment of salaries. In addition several cases were also noted for double payment of acting allowances, payment of maternity leave on fourth confinements, non renewal of acting and late arrivals deductions. As a result these officers were overpaid their salaries which was not recovered by the Ministry.

The Ministry overpaid salaries totalling \$171,066 as at 31/12/11. Refer to Appendix 20.1 for details of overpaid salaries.

The overpayment of salaries was mostly due to delays by the District Education Officers to advise the salaries section at headquarters about the changes.

### Recommendations

- **The Ministry must take appropriate action to ensure that salaries of the Officers, who resign, on leave without pay or retire, are ceased with effect from the date of resignation, leave or retirement.**
- **The Ministry should make every effort to recover salaries overpaid.**
- **The Ministry should consider getting changes in salaries electronically such as through emails to avoid delays in ceasing salaries.**
- **The Ministry should consider surcharging officers responsible for delays in submitting salary change advices to headquarters.**

### Ministry's Comments

*Late notifications from schools and the districts continue to play a major role in the overpayment of salaries to teachers who have resigned from the service.*

*In the case of short notices, the teachers themselves violate General Order requirements and thus the onus is on them to pay the penalty.*

*In some cases this cannot be recovered from them as they have already departed the country or have changed addresses.*

*For these cases resignation letters (approval) are withheld until all owed sums are paid. For those officers who cannot make payments, the Ministry does inform them through letters and reminders to pay.*

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<sup>13</sup> General Orders, Section 222 (d)

<sup>14</sup> General Orders, Section 222 (a)

*In 2012, the Ministry identified officers who have contributed to the delay in submissions and have made recommendations to Ministry of Finance to impose surcharges against those responsible. This will continue until the problem is solved.*

*Some Districts and Schools that do have the facilities do inform through email, telephone and fax and followed up with the actual resignation letters. The onus is on the supervisors at these places to attend to these issues immediately.*

*The procedures to follow are included in the Finance Manual of the Ministry that was made available to all District Offices for dissemination to schools.*

*The Ministry will continue to pursue all avenues in making recoveries from teachers who have been overpaid.*

*Furthermore the Ministry in its efforts to stop overpayments occurring will be doing the following:-*

*Preparing the Standard Operations Procedure (SOP) for all School Heads of Primary and Secondary Schools and Education Officers in the District Offices on set procedures outlined in the Ministry of Education Finance Manual on resignations, retirements and deemed resignations as well as for teachers on study leave with pay and without pay and teachers travelling abroad during school holidays (circumstances where overpayments may likely to occur). The SOP will set out step by step the immediate actions that need to be done when School Heads receive communication or information on the above. Furthermore they will also be instructed through the SOP of possible surcharge actions taken against them should an overpayment arise through their negligence.*

*Awareness of this SOP will be factored into the Leadership and Management Workshops being held in the districts for School Heads.*

*A policy will be written on overpayment issues making everyone accountable and responsible for overpayments occurring and disciplinary/ surcharge actions taken against the person responsible for delaying the submission of the information.*

*Submitting a list to the Immigration office to include them in their 'watch list' through the Solicitor General's Office.*

*Instituting legal actions against the officers concerned after exhausting all avenues in trying to recover the overpayments.*

## **NON PAYROLL**

### **20.13 Excessive Overseas and Mobile Calls**

Office telephones should be used for official purposes only. Official calls should be limited, wherever possible, to three minute duration and should not exceed six minutes duration.<sup>15</sup> Telephones must not be used by Officers for private purposes.<sup>16</sup> The Permanent Secretary or Head of Department 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.<sup>17</sup>

The audit noted numerous calls were made to New Zealand, Vodafone and Digicel mobile numbers by the Ministry's staff. Most of these calls were for long durations and lasted up to 48 minutes. Refer to Appendix 20.2 for examples.

The audit was not able to trace the officers responsible for these calls because Ministry did not maintain proper records of outgoing calls in the telephone register.

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<sup>15</sup> General Orders 2011, Section 114a

<sup>16</sup> General Orders 2011, Section 114b

<sup>17</sup> General Orders 2011, Section 114c

The finding indicated poor control over telephone usage by the Ministry. As a result the Ministry was incurring excessive telephone expenses.

### **Recommendations**

- **The Ministry should investigate to identify officers responsible for making calls to New Zealand and on mobile numbers and take appropriate action.**
- **The Ministry should ensure that all overseas calls are for official purpose only and approved by the Permanent Secretary.**
- **The Ministry should ensure that a telephone register is maintained and details of all outgoing calls are properly recorded.**

### **Ministry's Comments**

*Audit recommendations are noted*

*In regards to mobile calls some of our schools are located in remote centers whereby landlines are not available and due to exigency of work and communication our officers from Ministry normally reach schools and teachers via mobiles*

*In addition to this from this year the Ministry has embarked on new software proposed by the two mobile companies Vodafone and Digicel that is also used by some other departments to minimize costs. Hence we have temporarily replaced few TFL lines to Digicel and Vodafone gateways and when officials are making mobile calls to and from for official purposes there will be automatic network selection that will be more cost effective than via TFL.*

*Directives have been issued to bar all outgoing mobile calls from the switchboard and arrangements are being made with TFL and also to cancel all PIN codes issued to Deputy Secretaries and Directors ensuring that all calls go through the switchboard operator where it will be recorded.*

*Arrangements will also be made with TFL on the possibility of re-installing the CAAB software that records all calls made from an extension and a monthly report taken out monthly and sent to the officers for verification and pay for personal calls, a program used by the Ministry some years back. These costs will be monitored.*

### **Further OAG Comments**

**The Ministry did not provide any comments on calls made to New Zealand by the Ministry's staff.**

## **20.14 Payment of Meal Claims from Education Remission Fees Allocation**

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.<sup>18</sup>

The audit noted that the Ministry paid total of \$2,870 from the Education Remission Fees allocation for meal claims of staffs involved in counting tickets for the bus fare scheme.

According to the Ministry there were no funds available in the bus fare assistance allocation at the time meal allowance was paid, hence funds were used from the Education Remission Fees allocation.

<sup>18</sup> Finance Manual 2005, Part 2

It was further noted that the Ministry did not obtain approval from the Ministry of Finance before diverting the funds for purposes other than that approved in the budget.

The above findings indicate that public funds were not used for the purpose it was requested for and approved by the Cabinet.

### **Recommendations**

- **The Ministry should ensure that funds are used for the purpose it has been approved for in the budget.**
- **The Ministry should ensure that any diversion of funds is approved by Ministry of Finance.**

### **Ministry's Comments**

*Due to non-availability of funds in the bus fare allocation we had forecasted some savings in Remission allocation thus paid these officers working overtime for counting coupons for payment to service providers and delivering coupons to Education offices for timely delivery to schools.*

*The audit comment is noted the Ministry should have vired the forecasted savings from the Remission of fees to the bus fare allocation before procuring the expenses*

*We will adhere to the Audit recommendation to divert funds into correct allocation before incurring expenses in future.*

## **20.15 No Tender Called For Contracts Exceeding \$30,000**

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>19</sup>

The Ministry of Education provided grants to 15 schools for school improvement works. The school improvement grant was deposited in the individual schools' bank accounts. The Senior Education Officer from respective districts was one of the signatories and approving officer for all purchases made by the schools for school improvement works.

The audit noted that all 15 schools awarded contracts to private construction companies for the school improvement works without calling for tenders. Refer to Table 20.7 below for details.

**Table 20.7: No Tender Called by Schools**

Name of Schools	Projects	Cost (\$)	Contractor's Name
Adi Moapa Secondary School	School Renovation	94,000	Your Maintenance Solution Construction
Wainimala Secondary School	School Renovation	37,000	Friendly Building Construction
Rewa Secondary School	School Renovation	62,000	Friendly Building Construction
Waidina Secondary School	School Renovation	53,000	Friendly Building Construction
Yasayasa Moala College	School Renovation	34,000	Bola Construction
Wainibuka Secondary School	School Renovation	44,000	Friendly Building Construction
Namosi Secondary School	School Renovation	40,000	Lemon Hill Construction
St John College	School Renovation	52,000	Friendly Building Construction
Delana Methodist High School	New 1x1 Classroom Block	31,000	Pacific Island Construction
Holy Cross College	School Renovation	60,000	Pacific Island Construction
Ra High School	School Renovation	40,000	Hot Spring
Lomaiivuna High School	School Renovation	35,000	Robarobalevu Construction

<sup>19</sup> Procurement Regulations 2010, Section 30 (1)

Name of Schools	Projects	Cost (\$)	Contractor's Name
Dawasamu Secondary School	New 1x1 Classroom Block	33,000	Friendly Building Construction
Lelean Memorial School	School Renovation	60,000	Pacific Construction
Richmond Methodist High School	School Renovation	50,000	Friendly Building Construction

According to the Ministry of Education funds were given to the schools and calling of tenders before awarding contracts was not necessarily a requirement. However, audit noted that all contracts were for more than \$30,000 and the schools should have followed the tender process before awarding the contracts.

The finding shows that proper procurement process was not followed in awarding the contracts for school improvement works.

### **Recommendations**

- **The Ministry should ensure that proper procurement procedures are followed at all times.**
- **The Ministry should take appropriate action against the Senior Education Officers for not following proper procedures.**

### **Ministry's Comments**

*It is imperative to point out that the schools listed are non-government schools that are governed by school management boards. The Tuition Grant that are deposited into the school account is for school operation that include school improvement activities such as maintenance of classrooms and school buildings, teachers quarters to facilitate teaching and learning environment. As the school management manages the funds this work does not go for tender. In addition as the account is a school account some of these schools had deposited their own funds from fundraising and school income into this account to beef up the school Improvement Account.*

*The Ministry of Education works in collaboration with the school management in identifying the MoE and school priorities, monitoring the utilization of the grant as well as the progress of school improvement works. Therefore all of them are committee based schools and managed by the Controlling Authority of the school. The said schools are registered with the Ministry of Education as required under the Education Act [Cap 262]. Under the Contract agreement clause 5.1 stipulates that school managements were responsible for providing all legitimate costs for materials and labour borne from the Agreement whilst the Ministry of Education only to monitor the progress of the work as part of the monitoring of the utilization of the grant and see that it meets the minimum standards.*

*The Tuition grant is normal grant not under RIE provided for the controlling authority for school operation including school improvement of facilities to facilitate teaching and learning environment.*

*The policy in the distribution of Tuition Fees and Supplementary Grant (Per Capita) using the differential Resourcing Model applies to clauses 6.1 and 6.2, provision for identification of the types of projects and the percentage of the Tuition Grant and Supplementary Grant to be utilized for the purposes prioritized as stipulated in 6.2.*

*This policy ties well with other policies such as School Review and Inspectoral Policy on monitoring of standards in schools. The Asset Monitoring Unit and the Education Districts conduct External School Review Inspectoral Visits (ESRI) and assess the whole school operation and performance under four Focus Areas and the forth Focus Area is Teaching and Learning environment. The focus on the learning environment is ensuring and maintenance of a school learning environment that is conducive for learning and safe for students. Included in the teaching and learning environment are the classrooms, ablution blocks, special building, teachers' quarters and facilities. Education Act: Part VII Control of Schools clause 18 Inspection of Schools - also stipulates the school environment to be inspected by Education officers includes classrooms, special buildings, hostels and teachers quarters. ESRI reports identify priority area of school improvement activities to ensure conducive and safe learning environment for students and teachers. The ESRI reports identified that most of the schools in urban and rural areas are in poor state of repair and classrooms and ablution blocks are not*

conducive and safe students. It is therefore a priority to utilize the school levies and government grants targeting school improvement that will provide conducive and safe learning environment for students.

Furthermore, AMU and the districts have conducted training for schools in School Planning, Financial Management and Safer Schools training for school managers and heads of schools to improve their operation in the school. For instance, schools should now have to have school maintenance plan in their strategic plan, annual plan and reflected in their annual budget. This is to ensure that they maintain their school teaching learning environment that is safe and conducive for learning at all times. School maintenance should be part of the school management normal operation. So that they do not to leave schools to deteriorate to deplorable state as the case for a large number of schools in the country.

These trainings envisaged to enable school managements improve the utilization of school levies and Government grants have maximum positive impact on students teaching and learning. Included in the process is the advisory services provided on the school budgets and annual plan and strategic plan that reflects the maximum utilization of school levies and government grants to support teaching and learning.

In the past though tuition grants were provided to schools on yearly basis the state of many of these secondary schools were in a deplorable state of repair as these government grants dissolved within the school's operations which in many cases do not clearly target students teaching and learning environment and were not closely monitored by the MoE through the districts as the case now.

The identification MoE and school priority and close monitoring of the utilization of grant by the Ministry of Education through the districts has indeed shown tangible positive results and improved acquittal of grants in the last two years as grants are now more focused and targeted towards school priorities that facilitate students teaching and learning environment.

This intervention has greatly improved the teaching and learning environment and the examination results for these secondary schools including disadvantaged rural remote schools in the last two years. The improvements of teaching and learning environment has contributed to the improved examination results and increase in school roll in rural and remote schools indicating that parents now have confidence in sending their children to their own remote rural schools and not send them to urban secondary schools.

#### **Further OAG Comments**

Even though the schools mentioned above are non government schools, the funds provided by the Ministry are public funds. It is the Ministry's responsibility to ensure that public funds are properly used by these schools irrespective of whether it's a government or non government school. To ensure proper use of public funds the Ministry must ensure that all purchase of goods and service by the schools using public funds are done in an open and transparent manner.

### **20.16 Tender Not Called for Purchases Exceeding \$30,000 Annually**

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>20</sup>

The audit noted that the Ministry made regular purchases of food ration and bread for government boarding schools during the year from suppliers other than those approved by the Government Tender Board. The total purchases made during the year from these unapproved suppliers exceeded \$30,000. Refer to the Table 20.8 below for details.

**Table 20.8: Purchases Made from Unauthorised Suppliers**

Supplier's Name	Product Description	Amount (\$)
Hardip Narayan & Sons	Supply of food ration	223,236.41

<sup>20</sup> Procurement Regulations 2010, Section 30 (1)

Supplier's Name	Product Description	Amount (\$)
Bake Rite Bakery	Supply of bread	56,054.33
<b>Total</b>		<b>279,290.74</b>

Procurement of goods and services from suppliers other than those approved by the Government Tender Board is an unauthorised purchase.

### **Recommendations**

- **The Ministry of Finance should investigate purchases made from unauthorised suppliers and take appropriate action against those responsible.**
- **The Ministry must ensure that all purchases of food rations and bread are purchased from approved suppliers.**

### **Management Comments**

*The audit recommendations are noted. We have discussed these issues with the staff from FPO through the Compliance Audit Exit meeting together with the Bursars of the Government Schools. Due to the high turnover of bursars to the Boarding schools and the Budgetary constraints most were unaware of the ration contractors and had opted to go for three (3) quotes and purchased from the cheapest sources but this practice has since stopped after the exit meeting with FPO officials in May and they are now using the Government Contractors for the purchase of rations or three quotes if not available from them confirmed in writing.*

*There are no contractors for bread supply hence the schools opt for the bread supplier who is able to supply bread daily and on time to the boarding schools RKS and QVS in the Tailevu area.*

## **20.17 No Quotes Obtained For Payments Less Than \$30,000**

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.<sup>21</sup> Where the procurement of goods or services costs less than \$100, competitive quotes may be received verbally but must be documented and signed by the officer receiving the quotes.<sup>22</sup>

The Ministry of Education provided grants to several schools for school improvement works. The school improvement grant was deposited in the individual schools' bank accounts. The Senior Education Officer from respective districts was one of the signatories and approving officer for all purchases made by the schools for school improvement works.

The audit noted that several schools did not obtain at least three quotes before awarding contract for school improvement works costing less than \$30,000. Refer to Table 20.9 for details.

**Table 20.9: No Quotes Obtained by Schools**

Name of Schools	Projects	Cost (\$)	Contractor's Name
Wainimakutu Secondary School	School Renovation	29,000	Friendly Building Construction
Nabua Secondary School	School Renovation 1x7 Classrooms and Automotive Workshop	14,000	Pacific Island Construction
Naitasiri Secondary School	Renovation of 1 teachers	30,000	Vunidakua Kauwaitaka Construction

<sup>21</sup> Procurement Regulations 2010, Section 29 (1)

<sup>22</sup> Procurement Regulations 2010, Section 29 (2)

Name of Schools	Projects	Cost (\$)	Contractor's Name
	quarters and lab		
Ratu Litianana Secondary School	Renovate ablution block & science lab	19,000	Friendly Building Construction
Vunidawa District School	School Renovation	15,000	Friendly Building Construction
Davuilevu Primary School	School Renovation	15,000	Friendly Building Construction
Delainamasi Government Primary School	School Renovation	15,000	Friendly Building Construction
Naiyala Secondary School	School Renovation	20,000	Friendly Building Construction
Lomary Secondary School	Construct new teachers quarters	25,000	Friendly Building Construction
Cicia High School School	School ablution block	16,800	Your Maintenance Solution Construction
Kadavu Provincial School	School Renovation	20,000	Friendly Building Construction
Nuku Secondary School	1x4 classroom & toilet completion	16,000	Friendly Building Construction

According to the Ministry of Education, funds were given to the schools and obtaining quotes before awarding contracts was not necessarily a requirement.

The finding shows that the Ministry did not follow the proper procurement process in awarding the contracts for school improvement works costing less than \$30,000.

### **Recommendation**

**The Ministry should ensure that proper procurement procedures are followed at all times.**

### **Ministry's Comments**

*It is imperative to point out that the schools listed with exception of Delanamasi Government School are non-government schools that are governed by school management boards. The Tuition Grants that are deposited into the school account is for school operations that include school improvement activities such as maintenance of classrooms and school buildings to facilitate teaching and learning environment. As the school management manages the funds this work does not go for tender.*

*The Ministry of Education works in collaboration with the school management in identifying the MoE and school priorities, monitoring the utilization of the grant through the districts as well as the progress of school improvement works. The monitoring of the utilization of Tuition Grant has contributed to the improvement of teaching and learning environment in schools in form of infrastructure, facilities and schools resources. This positive change has improved examination results for these disadvantaged schools.*

*Delanamasi Government Schools is a government school and the maintenance project funding was sourced from the Institutional quarters and Government Schools maintenance from Head 21, Prog. 1. Act. 1 Seg. 8 under RIE. Procurement procedures were followed in this case. A minimum of three competitive quotes were obtained and was submitted through to Ministry of Finance for approval. Approval was granted and maintenance work was carried out and already acquitted. Acquittal has already been submitted to Ministry of Finance budget section that resulted in the release of funds from this source for 2012.*

### **Further OAG Comments**

Even though the schools mentioned above are non government schools, the funds provided by the Ministry are public funds. It is the Ministry's responsibility to ensure public funds are properly used by these schools irrespective of whether it's a government or non government school. To ensure proper use of public funds the Ministry must ensure that all purchase of goods and service by the schools using public funds are done in an open and transparent manner.

## 20.18 Splitting of Orders to Avoid Tender Approval Process

The following officers are delegated authority to procure goods, services and works up to the following limits specified:<sup>23</sup>

- Permanent Secretary of Education \$30,000
- Deputy PSEs \$25,000
- Directors, PAO \$10,000
- Divisional Education Officers \$5,000
- Senior Accounts Officers/District Principal Education Officers \$3,000
- Accounts Officers \$2,000

The officer authorising a purchase order must ensure that a purchase is not artificially split to bring it within the limits delegated.<sup>24</sup> Any officer who authorises expenditure exceeding his or her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.<sup>25</sup>

The audit noted that there were splitting of orders on printing of Technical and Vocational Education Training (TVET) Textbooks and Achievement Levels and Benchmarks Assessment Papers for Forms 3 and 4. Refer to Table 20.10 below for details.

**Table 20.10: Splitting of Orders**

Purchase Order Number	Cheque Number	Date of Payment	Payee	Amount(VIP) (\$)	Remarks
760	920238	22/3/11	Star Printery Ltd	29,350	Printing of TVET textbook
763	921018	04/4/11	Star Printery Ltd	18,790	Printing of TVET textbook
	<b>Total</b>			<b>48,140</b>	
791	928294	24/6/11	Max Marketing Ltd	19,500	Printing of achievement and benchmark papers for Forms 3 & 4
801	931311	27/7/11	Max Marketing Ltd	24,900	Printing of achievement and benchmark papers for Forms 3 & 4
802	931380	28/7/11	Max Marketing Ltd	24,900	Printing of achievement and benchmark papers for Forms 3 & 4
	<b>Total</b>			<b>69,300</b>	

It was further noted that the purchases were authorised by the Permanent Secretary.

The above practice is an indication of the Ministry's deliberate attempt to circumvent rules and regulations.

### **Recommendation**

**The Ministry should take appropriate disciplinary actions against Officers responsible for the splitting of orders.**

### **Ministry's Comments**

*Audit recommendations are noted and we wish to advise that the splitting of orders was not deliberate.*

<sup>23</sup> Ministry of Education Finance Manual 2011, Section 2.2.1

<sup>24</sup> Ministry of Education Finance Manual 2011, Section 2.2.2

<sup>25</sup> Ministry of Education Finance Manual 2011, Section 2.2.3

*The approval for the printing of TVET textbooks was endorsed by the Permanent Secretary to Star Printery for the sum of \$48,050 on 4th February 2011. Three quotations were sought from Quality Prints, Star Printery and Capitol and recommendation was done according to price and quality of samples provided.*

*As per minute of approval, the delegated authorities were not aware of the procurement procedures until the invoices were submitted to accounts section for payments. As per memorandum dated 1st March 2011 from the Ministry of Finance, we assumed that the minute approval and approval granted for excess of \$30,000 per day for the sum of \$48,140 to Star Printery was sufficient. However, we were later advised by the Principal Accounts Officer that tender approval should have been sought for procurements over \$30,000.*

*It was the same with the printing of Achievement and Benchmark papers for Forms 3 & 4, due to the urgent need for them to be at the schools as it was already passed Term 2, the section responsible had given it directly to the printers (Max Marketing Ltd) who had already started the printing works when the Accounts Section became aware of it hence we had written to the Minister of Finance to sought approval for Waiver of Tender Process but our request was rejected and it was too late to stop the printing. Hence the payments were made at stages of the completion of printing so as to not exceed the PSE's limit.*

*It was not our deliberate intention to go against the procurement procedures. We realized that seeking tender approval was too late as the textbooks had already been supplied and was in the process of distribution. In view of this, we have been frequently updating and reminding our Senior Education officers, Principal Education officers and Director of the delegated procurement limits with the assurance that the proper procurement procedures are adhered to at all times.*

## **20.19 Gau Secondary School – Non Submission of Acquittals for the Year 2009 and 2010**

The recipient of the grant assistance shall prepare an acquittal report. The acquittal report shall provide the following information:

- details of grant money expended and unexpended;
- grant objectives and targets achieved.<sup>26</sup>

Gau Secondary School received total of \$35,000 as building grants from the Ministry in 2009 and 2010. Review of Gau Secondary School grant files revealed that the school did not prepare and submit the acquittal reports for building grant received in 2009 and 2010. Refer to Table 20.11 for details.

**Table 20.11: Grant for Gau Secondary for the Years 2009 and 2010**

Year	Purpose of Grant	Grant Awarded (\$)
2009	Boarding Grant awarded for maintenance and upgrading of Boarding facilities	15,000
2010	Boarding Grant awarded for upgrading of boys dormitory & toilet facilities	20,000
<b>Total</b>		<b>35,000</b>

In the absence of acquittals the audit could not determine whether grant money was used by the school for the purpose it was given for.

The finding showed the Ministry's Asset Monitoring Unit's failure in monitoring and supervising the utilisation of the grants.

<sup>26</sup> Finance Manual 2005, Section 3.3.1

**Recommendations**

- The Ministry should ensure that acquittal reports are submitted by all grant recipients.
- The Ministry should request Gau Secondary School to provide acquittals for the grants given to them.
- The Ministry should take appropriate action against officers responsible for monitoring and supervising the utilisation of the grants and following up on grant acquittals.

**Ministry's Comments**

*No Comments*

**20.20 Bus Fare Assistance Scheme**

The Bus Fare Assistance Scheme was an initiative to ensure and facilitate education for the children of the poorest of the poor families.<sup>27</sup>

On 19/10/2009, government embarked in assisting school students with the provision of free bus fare to and from school. A total of \$3,426,300 was paid out to 490 schools around the country to facilitate the scheme in 2009. The scheme continued in 2010 with the introduction of the coupon system to overcome some of the problems encountered in 2009. A total expense of \$12,299,554 and \$17,540,503 was incurred for bus fare scheme in 2010 and 2011 respectively.

Scrutiny of the bus fare scheme revealed the following anomalies.

**20.20.1 No Reconciliation and Lack of Internal Control**

Each agency must have in place a cost effective system of internal controls which –

- safeguards money and property against loss;
- avoids or detects accounting errors; and
- avoids unfavorable audit reports.

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.<sup>28</sup>

The Ministry's record of total number of bus fare coupon issued in 2011 showed that total of 10,493,426 coupons with total value of \$6,335,371 were issued to schools. However, the Ministry's payments record showed that total of 35,141,787<sup>29</sup> coupons with total value of \$16,029,825 was issued and reimbursed to transport providers. Refer to table 20.12 for details of coupons issued and reimbursed.

**Table 20.12: Total Bus Fare Coupons Processed for Payment**

District	Total Coupon Processed	Total Payment (\$)
Suva / Nausori	11,139,372	5,723,178
Nadroga / Navosa	2,631,931	1,845,469

<sup>27</sup> Cabinet Memorandum

<sup>28</sup> Financial Instruction 2010, Part 10, Section 59

<sup>29</sup> Data supplied by the respective districts

District	Total Coupon Processed	Total Payment (\$)
Nadi / Lautoka / Yasawa	11,904,919	3,190,181
Ba / Tavua	3,027,015	1,490,562
Ra	1,347,649	725,509
Macuata / Bua	3,428,299	1,945,383
Cakaudrove / Savusavu	1,139,462	745,931
Taveuni	438,011	295,509
Rotuma	85,129	68,103
<b>Total</b>	<b>35,141,787</b>	<b>\$16,029,825</b>

The audit noted that bus fare assistance scheme coupons distributed to schools were not reconciled to coupons received back from transport providers. A significant variance was noted between the two records.

In addition the Ministry did not maintain any record of coupons issued to school from term 1 to term 3.

It was also noted that the Ministry did not have adequate controls in the bus fare coupon scheme and the risks that the following discrepancies happening could not be ruled out:

- double counting of bus fare coupons as coupons are not numbered;
- fraudulent claims submitted for reimbursements by bus operators as coupons are not numbered; and
- unused coupons exchanged for cash with bus operators by the holder of the coupon;

The lack of adequate controls would result in misappropriation of public funds.

### Recommendations

- **The Ministry must maintain proper record of bus fare coupon issued to each school during the year and total coupons reimbursed. The coupon issued should be reconciled with coupons reimbursed.**
- **The Ministry must number the coupon to avoid double payment and fraudulent claims submitted.**
- **The Ministry should consider electronic ticketing system for all schools.**

### Ministry's Comments

- *Initially when the Scheme was implemented in 2010 a form was designed (Appendix 1 - MOE) for schools to record the number of coupons distributed by stages weekly and return to the District Offices and Headquarters to be used to reconcile with the number of coupons handed in by the transport providers weekly. We always faced difficulties because schools were sending it late or would not send them despite reminders hence it became impossible to reconcile the two due to the deadline agreement by the Bus Operators Association and the National Taskforce with PM's Office of which the PSE was a member in 2010 that the payments should be ready on the Friday of the week the coupons were handed in. We were instructed by the former PSE to verify the number of coupons by recounting the coupons handed in the Transport Providers and paying them accordingly.*
- *The Ministry reiterates that the Bus fare Assistance Scheme is a very large scheme involving almost 100,000 students from about 800 schools and internal controls have been in place since its inception and the Ministry despite its busy schedule has been monitoring it yet in some ways the internal controls put in place have either been countered or were compromised due the many tasks involved and the number of people at the control points i.e. the head teachers, school principals and district officers.*
- *The coupons are factory numbered and these are recorded by the District Officers when schools collect*

*their weekly supply of coupons but due to the large numbers of coupons returned for verification and payment it is impossible to reconcile by these numbers but we were directed to burn the coupons after counting to avoid double payments and fraudulent claims the only way to ensure the coupons do not find its way back.*

- *E- Ticketing is in process and yet to be implemented by the suppliers.*

### **20.20.2 Excessive Administration and Overtime Payment**

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, as having a cost effective internal control within the payment system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>30</sup>

Overtime work shall be approved only in essential circumstances and on the specific approval of the Permanent Secretary or Head of Department.<sup>31</sup>

The exercise to verify bus fare coupons before reimbursement to transport providers required lot of work from the Ministry’s staffs.

In 2011 the Ministry incurred total expense of \$17,540,503 under the bus fare assistance scheme. Out of this, expense totaling \$1,510,677 or 8.6% was incurred for administrative costs for bus fare scheme. This comprised of meal claims, overtime claims and honorarium allowances paid to officers involved in administering the scheme.

It was further noted that total of \$109,841 was paid to officers as overtime payment from January to December 2011 for bus fare scheme. Refer to table 20.13 below for details.

**Table 20.13: Payment of Overtime from January to June 2011**

Date	Payee	Reason	Amount (\$)
15/07/11	Forty two (42) officers	Payment of overtime hours for bus fare scheme	56,504
29/12/11	Thirty five (35) officers	Payment of overtime hours for bus fare scheme	53,337
<b>Total</b>			<b>109,841</b>

Even though approval was obtained from the Permanent Secretary for payment of overtime worked such expenses could be minimised or avoided by alternative methods of payment such as electronic ticketing system.

#### **Recommendations**

**The Ministry should consider using electronic ticketing system for all schools. The electronic ticketing system would significantly reduce the administrative and overtime cost for the Ministry.**

#### **Ministry’s Comments**

*The Ministry has always been wary of the excessive administration costs incurred since the implementation of the Bus fare Scheme because of the volume of work involved and no additional staff was provided to manage the*

<sup>30</sup> Finance Manual 2005, Part 2

<sup>31</sup> General Orders 2011, Section 418(a)

*scheme. Working overtime was inevitable as all staff already had their Individual Work Plans to adhere to and have had to juggle between table work and Bus fare Scheme.*

*The E-Ticketing system was considered in 2010 and a database was created to capture all the details of students for which our staff have worked continuously for very long hours to update and verify all the data. The tender was eventually awarded to Transtel who are making all the arrangements for the smart cards as well as the consoles for the buses.*

*A trial run was done in November 2011 for Tacirua Transport for a few schools in the Nausori District but has since ceased. We are awaiting advice from Transtel and a payment of \$230,000+ (50% payment) has just been made for the printing of the cards for which on delivery the balance will be paid.*

### **20.20.3 Destruction of Bus Fare Coupons without Approval from Ministry of Finance**

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>32</sup>

Accounting records may be destroyed after a period of six years provided that these records are not required for audit purposes or have already been audited.<sup>33</sup> The Accounting Head shall prepare a list of all records or documents to be destroyed and forward it to the Ministry of Finance for approval. The Accounting Head shall also indicate whether these records have been audited and the year of audit.<sup>34</sup>

The Ministry of Finance shall consult with the Auditor General before approving the destruction of records.<sup>35</sup>

The Ministry destroyed all the bus fare coupons for 2011 which were reimbursed to the transport providers. The audit noted that the Ministry did not obtain approval from the Ministry of Finance before destroying the coupons. The coupons for 2011 were destroyed on the directive given by the Principal Accounts Officer, Ms. Makarita Fuata.

According to the Ministry the coupons were destroyed to avoid theft of counted tickets, reduce the risk of double payments and due to the lack of storage space.

The Ministry did not follow proper procedures for destroying accounting records. As a result audit could not verify the coupon for audit purposes.

### **Recommendations**

- **The Ministry should ensure that proper procedure is followed for destroying accounting records.**
- **The Ministry of education should obtain approval from Ministry of Finance before destroying the bus fare coupons.**

### **Ministry's Comments**

*When the Scheme was implemented in 2010 a lot of considerations were taken into account on what to do with the used coupons because it was identified as the highest risk area and if stolen the used coupons could easily be converted into cash by dishonest bus checkers and drivers and the likes as there were hundreds of thousands of coupons being counted around Fiji per week thus we were directed by the former PSE, Mr Jitoko that our only resolution was to have all coupons destroyed (burnt) after being counted and paid for to avoid fraudulent*

<sup>32</sup> Finance Manual 2011, Section 18.1.3

<sup>33</sup> Finance Manual 2011, Section 18.1.4

<sup>34</sup> Finance Manual 2011, Section 18.1.5

<sup>35</sup> Finance Manual 2011, Section 18.1.6

*activities, thus we have been adhering to that directive and had informed all the District Officers in charge to do the same and that the burning of the coupons must be under strict supervision of a senior officer in all the Districts. Since the instruction came from the former PSE with powers of authority delegated to him and this being an initiative of the Ministry, the Ministry of Finance approval was not sought because the actual coupons were not considered to be accounting records but identified as very high risk to retain and should be destroyed. This has been happening since 2010. The burning of coupons was not done on a whim but for a safeguard purpose to minimise fraudulent activities.*

*The only information kept as accounting records are the invoices and the Summary Record Sheets provided by the transport providers that come with the coupons. The coupons are verified by recounting them against the summary provided which are either amended after verification or left as is if correct and payments are made whilst the coupons are stacked in a safe and secure place waiting to be burned.*

*And the accounting records together with the payment vouchers are filed as all payment vouchers are according to Payment Runs.*

#### **20.20.4 Transport Assistance to Students**

Incomplete applications for Transport Assistance will not be considered.<sup>36</sup> Only children from families whose total combined income is \$15,000 or less will be eligible for assistance.<sup>37</sup>

The audit noted that several students were assisted under the transport assistance scheme despite their parents combined income was more than \$15,000 per annum. Refer to Appendix 20.3 for examples.

The findings showed that proper assessment was not done by the schools before recommending students to be assisted under the bus fare scheme. As a result the Ministry maybe incurring additional expenses under the bus fare scheme.

#### **Recommendation**

**The Ministry should ensure that proper assessment of parents' income is carried out by the schools before recommending students to be assisted under the bus fare scheme.**

#### **Ministry's Comments**

*Audit recommendation is noted*

*Schools have since been instructed by telephone to cease the distribution of coupons to those students whilst investigation is carried out on the assessment of these application forms.*

*It is to be noted that the proper vetting of applications as per criteria of the scheme should be done by the school head teachers and principals before they certify the forms and submit to Headquarters for processing because once the forms are being processed oversights as such can happen due to the volume of forms to be processed.*

*A circular will be sent to all school heads reminding them of this and outlining the processes that need to be adhered to and they will be reminded that they will be taken to task should forms as such 'above the combined parental income of \$15000' are submitted.*

*More vigilance will be administered during the processing of applications by the Ministry staff.*

<sup>36</sup> Instructions: Application for Transport Assistance - Ministry of Education, National Heritage, Culture & Arts, Part c

<sup>37</sup> Instructions: Application for Transport Assistance - Ministry of Education, National Heritage, Culture & Arts, Part e

**20.20.5 Printing and Supply of Bus Fare Coupons**

The Government Tender Board in its meeting No. 04/2011 held on 01/03/2011 deliberated on the Ministry's request for the printing & supply of bus fare coupons. The Board:

- i) noted recommendations and justifications provided by the Ministry;
- ii) approved the contract for the printing of Bus Fare Coupons to Oceania Printers Ltd at a total cost of \$73,436.56 for printing of 104,700 coupon booklets;
- iii) advised that MOE negotiate with Oceania Printers Ltd for the purpose of securing partial deliveries with a view to ensuring continuity of supply and savings on holding costs; and
- iv) advised the Ministry to ensure the approved cost above is not exceeded.<sup>38</sup>

The tender for the printing and supply of bus fare coupons for 2011 was approved by the Government Tender Board on 1/3/2011 and contract was awarded to Oceania Printers for total cost of \$73,436.56.

However, the Ministry printed more coupons due to the increase in applications for assistance for which the Ministry paid a total of \$310,546 to Oceania Printers in 2011. The amount exceeded the tender amount approved by the Government Tender Board on 1/3/2011 by \$237,109 or 323%.

Of the above amount the Ministry managed to obtain approval for a further \$112, 223. No approval was sort for the balance of \$124,885.94. Hence the excess paid to Oceania Printers was unauthorised and contributed to the over expenditure in the transport subsidy allocation.

**Recommendations**

- **The Ministry should ensure that proper approval/authorisation is obtained for any variations in the initial contract price approved by the Government Tender Board.**
- **The Fiji Procurement Office should investigate the unauthorized payment to Oceania Printers for printing and supply of bus fare coupons and take appropriate action.**

**Ministry's Comments**

*The Ministry wishes to advise that approvals to the extension of contract CTN01/2011 was obtained (Appendix 2 - MOE) for Oceania Printers to print the extra coupons that were required during the year. However, prior to the tender being finalized at the beginning of 2011 orders were raised on 13/01 worth \$14,250.00 and on 18/02 worth \$19,666.00 to cater for demands from schools because they could not be denied as this was the Prime Minister's initiative and at the end of the year when the coupons shortfall occurred in November an order worth \$12905.58 was raised on 11/11/2011. Purchase Orders were raised at different times according to needs and within PSE's limit.*

*The total amount paid to Oceania Printers in 2011 was \$232,481.12 (MOE - 3) and not \$310,546.00 as indicated in the audit and of that amount \$185,659.56 was approved by contract from the Fiji Procurement Office.*

**Further OAG Comments**

The amounts approved by the tender board approval as provided by the MOE was as following:

1. 02/03/11	\$73,436.56
2. 22/06/11	\$63,126.00
3. 13/09/11	\$49,097.00
<b>Total</b>	<b>\$185,659.56</b>

<sup>38</sup> Government Tender Board – Tender No. CTN 01/2011 – Contract for Printing & Supply of Bus Fare Coupons  
Ministry of Education

The amount actually paid to Oceania Printers Ltd was confirmed to be \$310,545.50. Hence an amount of \$124,885.94 was not approved by the Government Tender Board.

## 20.21 Assistance for Improvement of Teaching and Learning Environment for Disadvantaged Schools – Incomplete Project

A total of \$1 million was budgeted for and used for the improvement of disadvantaged schools. The School Improvement Assistance of \$15,000 was given to selected schools to assist with the improvement of teaching and learning environment and resources. The award was not to be used for any other purpose.<sup>39</sup>

The School Improvement Projects must be completed within ten (10) weeks from the date the School Improvement Assistance Grant was received.<sup>40</sup>

In addition the community was to provide labour and other additional cost to complete the renovation and upgrading of the classrooms and school facilities.

The audit noted that out of the ten schools visited in the Central and Eastern Division, five did not manage to complete the projects within ten weeks time allowed by the Ministry. Refer to table 20.14 below.

**Table 20.14: Details of Schools Visited**

School	Grant Amount (\$)	Date Grant Received by Schools	Incomplete Work as at 16/02/2012
Naqali District School	15,000	09/05/11	Tiling of toilets and painting work yet to be carried out. Materials already purchased.
Ro Delainamako Primary School	15,000	19/05/2011	Fixing of gutters and painting yet to be done. Materials already purchased.
Ro Camaisala Memorial School	15,000	06/07/11	Tiling of toilets yet to be done. Materials already purchased.
Waibogi/Wainadiro Primary School	15,000	29/06/11	Fixing of gutters and painting yet to be done. Materials already purchased.

All five schools stated that they were not able to complete the tasks on time because of lack of community support in implementing the projects. This indicated that these schools were not able to provide labour and meet other additional cost to complete the renovation and upgrading of the school facilities.

However, provision of labour by grant recipient schools was one of the important prerequisites of the Ministry before grants were given.

The finding showed that the grant request was not properly vetted and availability of labour was not confirmed by the Ministry before giving the grants. As a result these schools may not be able to complete the upgrading of the schools due to unavailability of labour. Hence the materials purchased may deteriorate over time.

<sup>39</sup> Ministry of Education Circular to Manager/Head Teachers dated 11/03/11

<sup>40</sup> Ministry of Education Circular to Manager/Head Teachers dated 11/03/11

**Recommendations**

- The Ministry should provide necessary support to these schools to ensure projects are completed.
- The Ministry must ensure that schools make necessary arrangement for labour and additional cost for the projects before grant is given.
- Ministry must ensure that availability of labour is confirmed by the schools before grants are given in future.

**Ministry's Comments**

*The four schools listed in the Central Division have completed the school improvement works. However, the delay of works would be expected as they rely on labour from the villages that own the schools. In addition one must realize that people in the villages also have other commitments to their families and the village. Engaging carpenters from the villages also has its risks i.e. the work carried out may not be of the required quality so the same buildings renovated in a particular year would go back to its poor status within one or two years.*

*In view of past experience, the Ministry has encouraged the school management committee to engage good carpenters so that the works carried out would be of good quality and would take at least another five to seven years for another round of maintenance for the same buildings and facilities that were upgraded for a particular year. Furthermore, this would ensure that the works are completed on time.*

**20.22 Filing of Tuition Fee Free Acquittals and Reporting**

The purpose of Tuition Fees Grant and Supplementary Grant is that, they must be spent on the following items: classroom furniture, school equipment and materials, library books, Teachers' Books, Text Books, Home Economics/Industrial Arts and Vocational non expendables equipment, audit fees, office typewriter, computers, duplicator, photocopier, copy printer, radiogram, tape recorder, motor mower, musical instruments, sports equipment and other such items at the discretion of the PSE.<sup>41</sup>

All government grants and other school income must be acquitted into files as listed below:

- i. Tuition Fee Free Grant
- ii. Per Capita Boarding Grant
- iii. Boarding Facility Grant
- iv. Disadvantage School Improvement Assistant
- v. School levies
- vi. Fundraising

The audit noted that out of the nine schools visited in the Central and Eastern Division, none of them maintained separate files for the acquittals of Tuition Fee Grant from other School Income. All payment vouchers for the schools were filed together. The vouchers for payments made from the tuition fee grant were not filed and maintained separately. Refer to table 20.15 for list of schools visited.

**Table 20.15: Schools Visited**

School	Division	Comments on Records Maintained for Tuition Fee Grant
Assemblies of God High School	Suva Education Office	TFG records not separately maintained

<sup>41</sup> Policy on Distribution of Tuition Fees and Supplementary Grant (Per Capita Grant) using the Differential Resourcing Model, Section 6

School	Division	Comments on Records Maintained for Tuition Fee Grant
Rishikul Sanatan College	Suva Education Office	TFG records not separately maintained
Dudley High School	Suva Education Office	TFG records not separately maintained
Jai Narayan College	Suva Education Office	TFG records not separately maintained
Lelean Memorial School	Nausori Education Office	TFG records not separately maintained
Mahatma Ghandi Memorial School	Suva Education Office	TFG records not separately maintained
Nasinu Muslim College	Nausori Education Office	TFG records not separately maintained
Nuku Secondary School	Suva Education Office	TFG records not separately maintained
Lomary Secondary School	Suva Education Office	TFG records not separately maintained

It was further noted that all schools visited prepared the financial statements showing total income and total expenses for the year. None of the schools showed tuition fee grant income and expenses incurred from tuition fee grants separately from other school income and expenses in the financial statements.

The current reporting format adopted by schools makes it difficult for the Ministry to determine how the grant funds were used. Hence the Ministry may not be able to ensure whether schools comply with the requirements of the grant policy.

The finding indicates that the Ministry of Education did not monitor record keeping of tuition fee grant given to schools. As result the Ministry may not be able to determine whether grants are properly used by the school if records are not properly maintained.

### **Recommendations**

- **The Ministry should ensure that schools adhere to the requirements of the Grant Policy and maintain proper records for all grants received.**
- **The Ministry should provide a format of financial statements to all schools as a guide to ensure schools report the use of funds as required by the Ministry.**

### **Ministry's Comments**

*Audit recommendations are noted. In most schools they operate two Bank Accounts: operating account and a Project/ Development Account. In the operating account the tuition grants as well as school levies and fundraisings are lodged into it and these fund the operations of the school whilst in the Project/ Development Account grants such as school improvement grants, building grants etc. are lodged into it and for which an education officer is also a signatory to the account and also to monitor transactions taking place in this account.*

*In accordance with Grants Regulations the Schools' audited financial statements must reflect under Income all sources of income including the Government Tuition Grants separately so that when Primary/ Secondary Section officials go through the audited reports they are able to reconcile the total grants paid to the schools and the actual amount recorded in the report. If there are discrepancies queries must be raised with the schools. Under Expenditure records of all the types of expenses incurred are listed from the Operating Account by the school management. The audited financial reports are produced using Accounting Standards therefore in order to gauge how the actual tuition grants are used one must look at the expenditure report of the operating account in totality as schools face difficulties when trying to indicate which expenses incurred is sourced from which funding. Schools find difficulties trying to isolate expenses according to incomes listed.*

*The Financial Management training for schools is still in the initial stage and it would take time for all schools to comply.*

*MoE is again taking Financial Management Workshops for the schools around the country in 2012. The Ministry will conduct training for the schools listed and also write to them to comply with the policy.*

*It is challenging to monitor the utilization of Tuition Grant in these schools because they have different financial systems in place and we are attempting to put a uniform acquittal system for all the schools.*

*The MoE will provide a format of financial statements to all schools as a guide to ensure school report the use of funds as required by the MoE. The policy on the distribution of Tuition Fees Free Grant and supplementary Grant is currently under review.*

## 20.23 Financial Statements for Nuku Secondary School

Schools were reminded to forward their Audited Financial Reports 2010 and the AGM minutes to the PEO District and a copy of to the Secondary Section of the Ministry of Education by 30 May 2011 as required in the Guidelines on Conditions of Utilisation of Tuition Fees Grant and the requirement for Acquittal of grant.<sup>42</sup>

The school shall submit the audited financial report endorsed in the Annual General Meeting to the Ministry of Education by the end of February of the following year.<sup>43</sup>

The audit noted that the Nuku Secondary School which was established in 2009 did not submit its audited financial statements since its establishment.

The School has received total funding of \$258,084 from the Ministry of Education since 2009. This amount excludes all assistance received by the school from the Ministry of Provincial Development in 2012. Details of financial assistance received from Ministry of Education are shown in the table 20.16 below.

**Table 20.16: Financial Assistance Given to Nuku Secondary School – MoE**

Year	Number of Payment	Amount (\$)
2009	3	164,447.92
2010	3	58,575.50
2011	3	35,060.34
<b>Total</b>		<b>258,083.76</b>

By not submitting the financial statements the school did not report to the Ministry how it used the funds provided since its establishment. In addition, the school may face difficulties in preparing its financial statements if proper records are not maintained or misplaced.

### **Recommendation**

**The Ministry should ensure that audited financial statements are submitted by the school as soon as possible.**

### **Ministry's Comments**

*This school was established under the Minister's Educationally Disadvantage Areas (EDA) initiative to provide students in disadvantaged areas accessibility to secondary education.*

*As it is a newly established school in the interior of the Serua Province, the management committees are currently being faced with new challenges in running an institution as such and continuous training on general school operations and financial management is on-going.*

*The Asset Monitoring Unit and the Suva Education Office are assisting the management to fully comply with financial regulations and utilization of government funds.*

<sup>42</sup> Ministry of Education Asset Management Unit (AMU) Circular 1/2011

<sup>43</sup> Grant Distribution Policy, Section 7.2.4

*The school has compiled their pending financial statements and the documents are currently with the School Auditor.*

## APPENDICES

## Appendix 20.1: Over-payment Balances

Teacher Personal File No.	Name	Reason	Balance (\$)
68286	Laite M Lagavakatini	Resigned wef 24/11/10. Pay ceased on 12/2/11.	3,072.90
57728	Losa Suanofa	Resigned wef 17/1/11. Pay ceased on 29/1/11. O/payment for 12 days.	849.04
67928	Christine M Delanimati	Resigned wef 24/1/11. Pay ceased on 29/1/11. O/payment for 5 days.	285.71
81373	Vicky V Deo	Resigned wef 24/1/11. Pay ceased on 29/1/11. O/payment for 5 days.	285.71
42859	Alipate Tuidraki	Resigned wef 30/9/10. Pay ceased on 8/10/10. O/payment for 8 days.	748.47
84504	Shree Raj Naicker	Resigned wef 18/4/11. Salary ceased on 26/4/11. O/payment due to LWOP wef 1/3/12-11/3/12.	575.69
83795	Jane Natasha Prasad	Resigned wef 18/04/11. Salary ceased on 22/4/11. O/payment of 3days.	117.47
56148	Timoci Waqalevu	Resigned wef 24/6/11. Salary ceased on 2/7/11. O/payment of salary.	157.19
43361	Leone Gukirewa	Resigned wef 15/7/11. Pay ceased on 6/7/11. O/payment of 1 day.	93.35
91309	Semi Nabalarua	Resigned wef 10/5/11. Pay ceased on 21/05/11. O/payment of 11 days Of \$264.06 and O/payment due to SLWOP of \$6,154.69.	6,418.75
44896	Sereima Waqalevu	Resigned wef 6/8/11. Pay ceased on 13/8/11. O/payment of 7 days \$355.92.	405.44
80120	Aarti D Mala	Resigned wef 12/8/11. Salary ceased on 13/8/11. O/payment for 1 day.	30.87
66059	Praneet Singh	Officer received pay while waiting for PSC approval on his secondment to HEC. O/payment wef 1/4/11 – 3/6/11.	2,346.61
84129	Shamina Hussein	Resigned wef 12/09/11. Salary ceased on 24/09/11. O/payment of 11days wef 12/9 – 24/09/11.	628.65
69925	Niraj Dharmendra	Resigned wef 19/07/10. Salary ceased on 13/08/10. O/payment wef 19/7 – 13/08/11.	112.71
80326	Maciu S Baivou	Resigned wef 03/03/11. Salary ceased on 12/03/11. O/payment wef 03/3 – 12/03/11.	145.63
84653	Apenisa Tamani	Resigned wef 27/09/11. Salary ceased on 08/10/11. O/payment wef 27/9 – 08/10/11.	575.69
54547	Mere S Vakadu	Resigned wef 06/9/11. Salary ceased on 24/9/11. O/payment wef 06/9 – 24/9/11.	915.29
57044	Cheryl Robert	Resigned wef 1/4/10. Salary ceased on 24/9/11. O/payment wef 02/4/10 – 23/9/11	26,697.07
67571	Jashween Goundar Chand	Officer went to New Zealand ad did not return to resume duties wef 25/01/10. Salary ceased on 12/2/10	700.14
56024	Sairusi Waininima	Resigned wef 06/09/10. Salary ceased on 10/09/10	162.34
83444	Viliame Savou	Resigned wef 22/12/10. Salary ceased on 22/12/11. OP code 202	85.83
8604	Taniela Laqeni	Retired wef 22/12/10. Pay ceased on 12/2/11	2,056.71
8170	Mereseini L Thomas	Retired wef 14/12/09 but salary was paid up till Pay 03 of 2011.	24,012.30
9958	Peniana Vulava	Retired wef 15/2/11. Salary ceased on 09/04/11. O/payment of 39 days	2,520.25
54539	Sitiveni Veidreyaki	Officer passed away on 6/5/11. Salary ceased on 7/5/11	50.85
69631	Ani Raluveisoba	Officer passed away on 9/8/11. Salary ceased on 27/8/11	761.14
56955	Asinate M Saukuru	Not reporting to duties wef 28/1/11. Salary ceased. Salary ceased on 28/1/11. O/payment due to late arrival	50.84
3823	Seinimili Naitoko	Terminated wef 10/02/11. O/payment of 6hrs & 22 minutes.	28.96
68396	Reshmi Lata	Leave without salary abroad wef 17/06/11. Salary ceased on 02/07/11. O/payment of 15 days	857.20
65903	Verevou Unaisi	Officer proceeded on SLWOP wef 25/07/11. Salary ceased on 30/07/11. O/payment of 5 days.	285.71
65918	Misimisi Noa Naivalu	Suspended without pay wef 27/07/11. Salary ceased on 30/07/11. O/payment of 3 days.	160.36
83394	Gabiriele Kautoga	Not reporting to duties wef 11/7/11. Salary ceased on 13/08/11. O/payment of 19 days	803.42

Teacher Personal File No.	Name	Reason	Balance (\$)
68548	Waisea Navurai	Terminated wef 27/07/11. Salary ceased on 13/08/11. O/payment of 17 days.	601.35
82424	Kelera Kotoisuva	Not reporting to duties wef 9/8/11. Salary ceased on 27/8/11. O/payment for 18 days	761.14
54878	Runil Kumar	Suspension without pay wef 17/08/11. Salary ceased on 27/08/11	732.29
57335	Mun Sami	Not reporting to duties wef 18/02/10. Salary ceased on 08/10/11. O/payment wef 18/02/10 – 23/09/11	30,963.42
57728	Losa Saunofu	Resigned wef 23/1/11. Pay ceased on 24/1/11. O/payment 16 days on short notice.	846.88
67928	Christine Delainamati M	Resigned wef 15/1/11. O/payment 30 days short notice	1,174.70
68671	Ajeshni Arti Jeet	Resigned wef 24/1/11. Pay ceased on 29/1/11. O/payment 5 days \$285.71 & 30 days short notice of \$1,301.82	1,965.41
81373	Vicky V Deo	Resigned wef 24/1/11. Pay ceased on 29/1/11. O/payment 5 days & 30 days short notice	1,142.99
42859	Alipate Tuidraki	Gross amount of 3 days short notice	158.75
42691	Anil Rohit Ram	Resigned wef 24/1/11. Pay ceased on 29/1/11. O/payment 5 days \$285.71 & 30 days short notice of \$1,301.82	1,587.53
84504	Shree Raj Naicker	Resigned wef 30/09/11. Pay ceased on 08/10/11. O/payment 8 days \$748.47 & 30 days short notice of \$1,850.40	2,598.87
83795	Jane Natasha Prasad	Resigned wef 10/04/11. Pay ceased on 23/04/11. O/payment on 30 days short notice	2,034.15
81903	Hem Chand Dayal	Resigned wef 18/04/11. Salary ceased on 26/03/11. O/payment on 30 days shortnotice.	1,453.76
68800	Miriama Marama	Resigned wef 18/04/11. O/payment of 3 days of short notice \$117.47 and outstanding PSC loan \$520.80	117.47
56937	Jackson Wame Tabilai	Resigned wef 13/04/11. 13 days short notice	687.93
56148	Timoci Waqalevu	Resigned wef 05/06/11. Pay ceased on 06/06/11. 15 days short notice	587.35
44896	Sereima Waqalevu	Resigned wef 28/06/11. Salary ceased on 02/07/11. 30 days short notice	1,174.70
82018	Melisio Camaitoga	Resigned wef 24/06/11. Salary ceased on 02/07/11. O/payment of salary \$157.19 & 30 days short notice of \$1,786.73	1,783.73
80326	Maciu S Baivou	Resigned wef 06/08/11. Pay ceased on 13/08/11. 30 days short notice	1,412.55
84653	Apenisa Tamani	Resigned wef 15/02/11. 30 days short notice	858.87
54547	Mere S vakadu	Resigned wef 03/03/11. 30 days short notice	1,174.70
67571	Jashween Goundar Chand	Resigned wef 27/09/11. 30 days short notice	1,453.76
56024	Sairusi Waininima	Resigned wef 06/09/11. 30 days short notice	1,412.55
83713	Edward Vishal Kumar	Deemed to resign. 30 days short notice	468.21
47618	Baleimoce Filikesa	Effective date of pre-retirement was 12-10-11. Officer was paid till 14-02-12	4,697.77
67379	Emori T Raibeve	Officer was on leave without pay effective from 04-03-11 to 22-01-12. Officer was paid till 30-12-11	11,825.24
44329	Litiana Taoi	Officer was deemed to have resigned effective from 24-01-11. Officer was paid till 28-01-12	17,413.99
55592	Osia Temo	Officer was deemed to have resigned on 24-01-11. Officer was paid till 11-02-11	748.00
81965	Vikashni Wati Lal	Officer is on study leave without pay effective from 15-02-11. Officer was paid till 11-03-11	939.75
81156	Kolora Letawa	Officer is on study leave without pay effective from 09-03-11. Officer was paid till 25-03-11	846.69
82096	Rajesh Prasad	Officer resigned effective 09-12-10. Officer was paid till 16-12-10.	443.08
<b>TOTAL</b>			<b>171,065.87</b>

**Appendix 20.2: Excessive Overseas and Mobile Calls**

Date	Start Time	Duration	Number Called	Place Called	Call Charges (\$)
02/12/10	12.25	36.09	8360115	Vodafone	16.48
02/12/10	12.25	36.09	8360115	Vodafone	16.48
02/12/10	11.15	7.51	9408690	Vodafone	3.56
02/12/10	16.26	10.31	9408690	Vodafone	4.90
03/12/10	10.45	41.21	7623796	Digicel	18.71
03/12/10	12.02	14.24	9444944	Vodafone	6.68
06/12/10	11.02	12.13	7600827	Digicel	5.79
06/12/10	9.21	9.09	7600827	Digicel	4.46
06/12/10	10.37	16.57	64211359071	New Zealand	12.63
07/12/10	6.43	19.57	7600827	Digicel	8.91
07/12/10	15.05	15.66	7600827	Digicel	7.13
09/12/10	17.47	11.16	7600827	Digicel	5.35
10/12/10	13.09	6.00	9408690	Vodafone	2.67
10/12/10	9.06	13.15	9408690	Vodafone	6.24
10/12/10	10.35	7.53	61424767639	New Zealand	5.87
10/12/10	14.20	30.57	64212944321	New Zealand	23.03
23/11/10	13.06	41.49	7682289	Digicel	18.71
23/11/10	13.24	8.00	9408690	Vodafone	3.56
14/12/10	10.58	15.37	7441641	Digicel	7.13
14/12/10	17.32	14.13	7600827	Digicel	6.68
14/12/10	19.25	30.43	9949890	Vodafone	13.81
14/12/10	14.48	13.50	64213944321	New Zealand	10.33
15/12/10	14.23	16.24	7600827	Digicel	7.57
15/12/10	10.05	9.05	7600827	Digicel	4.46
15/12/10	15.32	8.28	9949890	Vodafone	4.01
16/12/10	16.30	8.50	9408690	Vodafone	5.35
16/12/10	16.45	26.48	9444944	Vodafone	12.03
17/12/10	8.15	23.07	7441641	Digicel	10.69
17/12/10	17.26	4.11	7600827	Digicel	2.23
17/12/10	18.25	6.19	7600827	Digicel	3.12
20/12/10	13.12	28.17	9408690	Vodafone	12.92
20/12/10	19.15	10.01	9408690	Vodafone	4.90
21/12/10	13.44	33.05	7600827	Digicel	15.15
21/12/10	15.03	4.22	7600827	Digicel	2.23
21/12/10	11.21	26.44	9975615	Vodafone	12.03
21/12/10	18.58	12.56	61424767639	New Zealand	9.66
23/12/10	16.58	26.29	8637635	Vodafone	12.03
24/12/10	11.42	10.31	7600827	Digicel	4.90
24/12/10	13.40	41.04	8671955	Vodafone	18.71
28/12/10	8.56	29.12	9764060	Vodafone	13.37
29/12/10	15.57	4.42	7600827	Digicel	2.23
29/12/10	8.28	5.25	64212944321	New Zealand	4.09
30/12/10	16.40	23.10	8634348	Vodafone	10.69
04/01/11	12.41	3.25	9949890	Vodafone	1.78
04/01/11	9.38	4.50	64220817260	New Zealand	3.64
05/01/11	7.46	3.22	7800827	Digicel	1.78
05/01/11	17.06	16.13	9718429	Vodafone	7.57
05/01/11	16.33	5.00	64220817260	New Zealand	3.72
06/01/11	19.26	9.36	9408690	Vodafone	4.46
06/01/11	8.12	7.39	9408690	Vodafone	3.56
06/01/11	13.12	23.26	9803378	Vodafone	10.69
07/01/11	15.43	5.35	64220817260	New Zealand	4.16

Date	Start Time	Duration	Number Called	Place Called	Call Charges (\$)
10/01/11	11.17	7.28	64212944321	New Zealand	5.57
11/01/11	13.07	25.29	9351899	Vodafone	11.58
11/01/11	16.49	30.09	9949890	Vodafone	13.81
12/01/11	15.57	18.34	8637635	Vodafone	8.46
12/01/11	18.36	10.43	8637635	Vodafone	4.90
12/01/11	1711.00	34.57	9911528	Vodafone	15.59
13/01/11	9.47	23.15	9975615	Vodafone	10.69
15/01/11	17.08	22.43	9213750	Vodafone	10.25
15/01/11	11.43	12.17	9408690	Vodafone	5.79
15/01/11	11.27	25.22	9975615	Vodafone	11.58
16/01/11	11.26	35.36	9482637	Vodafone	16.04
17/01/11	13.11	48.44	7441641	Digicel	21.83
17/01/11	9.03	27.15	64211359071	New Zealand	20.28
18/01/11	9.27	6.08	7600827	Digicel	3.12
18/01/11	19.10	45.27	8637635	Vodafone	20.49
18/01/11	11.44	27.30	9975615	Vodafone	12.47
18/01/11	13.33	29.35	6492501963	New Zealand	15.81
18/01/11	14.47	4.45	64220817260	New Zealand	3.57
20/01/11	19.36	25.38	7315523	Vodafone	11.58
20/01/11	15.54	6.33	9408690	Vodafone	3.12
20/01/11	8.20	6.32	9408690	Vodafone	3.12
20/01/11	17.04	12.42	9408690	Vodafone	3.94
20/01/11	8.56	16.39	9975615	Vodafone	7.57
21/01/11	15.25	3.29	64212944321	New Zealand	2.60
24/01/11	9.30	23.50	994372	Vodafone	10.69
24/01/11	8.02	5.09	64212944321	New Zealand	3.86
25/01/11	10.32	22.45	64211359071	New Zealand	16.94
03/05/11	20.27	40.32	9755799	Vodafone	15.69
03/05/11	20.27	40.32	9755799	Vodafone	15.69
09/05/11	9.31	1.27	9265923	Vodafone	0.77
10/05/11	9.01	1.36	9265923	Vodafone	2.30
10/05/11	15.04	2.30	9265923	Vodafone	0.77
10/05/11	16.04	0.46	9265923	Vodafone	0.38
11/05/11	12.37	2.11	9265923	Vodafone	0.77
12/05/11	17.44	1.48	9265923	Vodafone	0.38
13/05/11	9.17	6.00	9265923	Vodafone	2.30
13/05/11	13.18	1.07	9265923	Vodafone	5.74
13/05/11	13.20	0.35	9265923	Vodafone	1.53
13/05/11	13.21	1.17	9265923	Vodafone	0.77
13/05/11	13.45	0.41	9265923	Vodafone	0.77
13/05/11	17.34	5.41	9265923	Vodafone	0.38
16/05/11	14.31	14.10	9265923	Vodafone	2.30
16/05/11	15.27	3.25	9265923	Vodafone	0.38
16/05/11	15.32	1.41	9265923	Vodafone	1.53
16/05/11	15.35	1.15	9265923	Vodafone	0.77
16/05/11	15.49	0.40	9265923	Vodafone	0.38
19/05/11	9.27	5.07	9265923	Vodafone	230.00
19/05/11	11.49	0.31	9265923	Vodafone	0.38
19/05/11	12.20	3.03	9265923	Vodafone	1.53
19/05/11	14.19	1.16	9265923	Vodafone	0.77
19/05/11	12.20	0.35	9265923	Vodafone	0.38
19/05/11	14.19	2.26	9265923	Vodafone	1.15
20/05/11	14.47	3.09	9265923	Vodafone	1.53
20/05/11	13.26	0.53	9265923	Vodafone	0.38

Date	Start Time	Duration	Number Called	Place Called	Call Charges (\$)
21/05/11	21.30	1.42	9265923	Vodafone	0.38
23/05/11	8.27	9.37	9265923	Vodafone	3.83
23/05/11	9.47	1.33	9265923	Vodafone	0.77
23/05/11	15.53	2.13	9265923	Vodafone	1.15
23/05/11	16.17	0.18	9265923	Vodafone	0.38
24/05/11	17.12	5.51	9265923	Vodafone	2.30
25/05/11	9.50	10.29	9265923	Vodafone	4.21
05/07/11	21.58	11.55	8456473	Vodafone	4.08
05/07/11	17.00	1.56	8456473	Vodafone	0.68
05/07/11	18.02	0.35	8456473	Vodafone	0.34
05/07/11	18.04	3.54	8456473	Vodafone	1.36
05/07/11	22.03	2.57	8456473	Vodafone	1.02
05/07/11	20.24	20.24	8456473	Vodafone	7.14
06/07/11	6.45	3.15	8456473	Vodafone	1.36
07/07/11	22.47	9.36	8456473	Vodafone	3.40
21/07/11	16.58	1.41	8456473	Vodafone	0.68
22/07/11	23.16	6.13	8456473	Vodafone	2.38
23/07/11	11.17	5.37	8456473	Vodafone	2.04
25/07/11	17.51	1.01	8456473	Vodafone	0.68
29/07/11	0.53	14.04	8456473	Vodafone	5.10
29/07/11	2.37	4.10	8456473	Vodafone	1.70
09/08/11	15.04	50.55	6030817	Vodafone	10.46
22/08/11	14.19	48.57	9975615	Vodafone	16.66
22/08/11	14.41	25.27	64212944321	New Zealand	18.95
30/08/11	14.44	20.04	64212944321	New Zealand	14.93
08/12/11	14.07	36.32	8773363	Digicel	16.48
12/12/11	18.58	44.36	8637637	Vodafone	20.05
21/12/11	17.23	2.02	7600827	Digicel	1.34
21/12/11	17.32	0.23	7600827	Digicel	0.45
21/12/11	18.48	1.08	7600827	Digicel	0.89
22/12/10	15.57	13.18	6421294432	New Zealand	9.88
24/12/11	15.17	6.17	7800827	Digicel	3.12
24/12/11	15.25	11.51	9408690	Vodafone	5.35
29/12/11	17.49	43.09	8623282	Vodafone	19.60
30/12/11	11.21	1.27	64220817260	New Zealand	1.11
<b>Total</b>					<b>1,172.06</b>

**Appendix 20.3: Anomalies in Allocation of Bus Fare Assistance Scheme**

Student Name	School Name	Parent/Guardian Name and Occupation	Remarks
Aisea L Masi	Delainamasi Government School	Maikeli Masi – Soldier, RFMF Emp No. 24265	Father earns \$19,576.18 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Makereta Wati	Suva Sangam College	Sefanaia Daliga – Soldier, RFMF Emp No. 27655	Father earns \$16,959.28 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Mele Rosi	Suva Sangam College	Sefanaia Daliga – Soldier RFMF Emp No. 27655	Father earns \$16,959.28 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Lavenia Kaloubula	Suva Sangam College	Manasa L Taraki – Soldier RFMF Emp No. 24482	Father earns \$17,243.46 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Koini Saurara	Suva Sangam College	Deborah B. Hephzibah – Teacher EDP No. 68189	Deborah is a guardian who earns \$19,262 per annum - above the required maximum family income to be assisted of \$15,000.
Ratu Jone Vunaki	Suva Sangam College	Poasa Vunaki – Soldier RFMF Emp No. 27483	Father earns \$17,830.02 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Filipe Levaci	Delainamasi Government School	Josefata Soqe – Army Officer RFMF Emp No. 22770	Father earns \$20,868.12 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Eliki Cinavou	Delainamasi Government School	Josefata Soqe – Army Officer RFMF Emp No. 22770	Father earns \$20,868.12 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Poasa Cama Jnr	Delainamasi Government School	Poasa T Cama – Army Officer RFMF Emp No. 25895	Father earns \$17,243 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Peniasi Waqanidrola	Lomary Primary School	Aliti L Waqanidrola – Teacher EDP No. 57034	Mother earns \$17,139 per annum – above the required maximum family income to be assisted of \$15,000
Rusiate Baleirara	Nadi Muslim Primary School	Rosi Baleirara - Flight attendant	Mother earns \$16,164 per annum – above the required maximum family income to be assisted of \$15,000
Ajit Ajay Kumar	Xavier College	Parents - Ajay Kumar and Shushil Kumar both school teachers	Parents earn a combined income of \$27,326 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Ackroylyn Metuisela	Xavier College	Parents – Metuisela and Lina Atalifo Natural Water employee & clerical officer	Parents earn a combined income of \$27,576 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000
Sonil Dhiraj Pillay	Xavier College	Mother - Rukhmani Pillay – Teacher	Mother earn \$17,139 per annum – above the required maximum family income to be assisted of \$15,000
Alena Tuwere	Xavier College	Parents – Ilaitia Tuwere a pastor with annual income of \$6,000 and Sereana Tuwere a nurse with annual salary of \$17,074	Parents earn a combined income of \$23,074 per annum (including allowances) – above the required maximum family income to be assisted of \$15,000

## Section 21 Ministry of Health

### Role and Responsibilities

The Ministry of Health shall provide health services with the commitment that it is the right of everyone in the Republic of Fiji, irrespective of race, sex, colour, creed, financial circumstances or poverty to have a national health system which provides a high quality health service to the maximum extent possible within the available resources.

The delivery of health services is divided into two clear distinct divisions;

- the Primary Health Care Services and;
- the Curative (Hospital) Health Care Services.

The main objective of the Primary and Preventive Health Services is to enhance the promotion of health and well-being, protection of life and prevention of diseases, injury and substance abuse. The main objective of the Curative (Hospital) Health Care Services is to ensure that the standardised basic diagnostic and treatment facilities for common disease problems are readily available near to where people live, are responsive to patients' needs are affordable and that they are closely integrated with community rehabilitative services to ensure continuity of patient care.

Health services are expected to change significantly over the next few years.

- Firstly, a decentralisation of the management of health services will take place under the Fiji Health Management Reform Project.
- Secondly, financing options and arrangements which may include National Insurance Scheme, the revision of hospital fees, privatisation and contractualisation.

For 2011, the Ministry continued to concentrate its efforts in human resources management and development; reorganising/ reforming of the health services; standards and quality; performance/ output based financial management system and resource allocation; Health Management Information System; health financing and cost sharing; public relations strategies and facilities development .

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## PART A FINANCIAL STATEMENT

### 21.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Health resulted in the issue of a qualified audit report. The issues qualified are as follows:

- Salaries and wages, utility and administration costs totaling \$62,766.71 arising from TMA operations were not incorporated in the TMA Profit and Loss Statement. As a result total expenses in the Profit and Loss Statement was understated and net profit was overstated.
- Details were not provided for TMA Surplus Capital Retained to CFA of \$39,829 reflected in the TMA Balance Sheet. The amount was disclosed to balance the TMA Balance Sheet.

### 21.2 Statement of Receipts and Expenditures

The Ministry collected revenue amounting to \$6,171,775 and incurred total expenditures of \$149,784,032 in 2011. Details are provided in Table 21.1 below.

**Table 21.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Operating Revenue	1,539,198	585,771
<b>Total State Revenue</b>	<b>1,539,198</b>	<b>585,771</b>
<b>Agency Revenue</b>		
Hospital Fees	1,743,678	1,020,470
Fumigation & Quarantine	1,564,660	191,412
License & Others	842,878	527,769
Fiji School of Nursing	299,095	405,966
Miscellaneous Revenue	182,266	-
<b>Total Agency Revenue</b>	<b>4,632,577</b>	<b>2,145,617</b>
<b>TOTAL REVENUE</b>	<b>6,171,775</b>	<b>2,731,388</b>
<b>EXPENDITURES</b>		
<b>Operating Expenditure</b>		
Established Staff	72,989,484	71,249,020
Government Wage Earners	12,909,145	12,617,553
Travel & Communication	3,408,296	3,292,880
Maintenance & Operations	10,465,683	9,992,150
Purchase of Goods & Services	27,161,305	25,678,965
Operating Grants & Transfers	535,273	6,286,607
Special Expenditures	4,590,805	3,635,770
<b>Total Operating Expenditure</b>	<b>132,059,991</b>	<b>132,752,945</b>
<b>Capital Expenditure</b>		
Capital Construction	5,275,078	5,044,490
Capital Purchases	5,861,256	6,580,228
Capital Grants & Transfers	0	200,000
<b>Total Capital Expenditure</b>	<b>11,136,334</b>	<b>11,824,718</b>
Value Added Tax	6,587,707	9,252,515
<b>TOTAL EXPENDITURE</b>	<b>149,784,032</b>	<b>153,830,178</b>

The Ministry's revenue increased by \$3,440,387 or 126 % in 2011 compared to 2010 as a result of increase in revenue from health fumigation and quarantine services, hospital services and licences fees and recoveries of salary overpayments from staff.

The Operating Expenditure decreased by \$692,954 or 1% in 2011 compared to 2010 due to the:

- Reduction in Operating Grants and Transfers costs in the Ministry's budget allocation in 2011 compared to 2010.

The Capital Expenditure decreased by \$688,384 or 6% in 2011 due to:

- The decrease in bio medical and dental projects expenditure in 2011 compared to 2010.
- Cessation of grant to Fiji School of Nursing since it is now under the ambit of Fiji National University.

### 21.3 Appropriation Statement

The Ministry of Health incurred expenditures totalling \$149,784,032 in 2011 against the budget of \$137,448,399 resulting in over expenditure of \$12,335,633 or 9%. Details are provided in Table 21.2.

**Table 21.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	61,835,100	---	61,835,100	72,989,484	---	(11,154,384)
2	Government Wage Earners	9,571,089	---	9,571,089	12,909,145	---	(3,338,056)
3	Travel & Communication	3,633,348	(150,000)	3,483,348	3,408,296	---	75,052
4	Maintenance & Operations	9,697,100	957,187	10,654,287	10,465,683	---	188,604
5	Purchase of Goods & Services	26,329,282	(629,458)	25,699,824	27,161,305	---	(1,461,481)
6	Operating Grants & Transfers	1,080,780	(215,403)	865,377	535,273	---	330,104
7	Special Expenditure	6,740,500	(878,527)	5,861,973	4,590,805	---	1,271,168
	<b>Total Operating Costs</b>	<b>118,887,199</b>	<b>(916,201)</b>	<b>117,970,998</b>	<b>132,059,991</b>	<b>---</b>	<b>(14,088,993)</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	4,700,000	606,274	5,306,274	5,275,078	---	31,196
9	Capital Purchases	5,520,000	282,676	5,802,676	5,861,256	---	(58,580)
10	Capital Grants and Transfers	---	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>10,220,000</b>	<b>888,950</b>	<b>11,108,950</b>	<b>11,136,334</b>	<b>---</b>	<b>(27,384)</b>
13	Value Added Tax	8,341,200	27,251	8,368,451	6,587,707	---	1,780,744
	<b>TOTAL EXPENDITURE</b>	<b>137,448,399</b>	<b>---</b>	<b>137,448,399</b>	<b>149,784,032</b>	<b>---</b>	<b>(12,335,633)</b>

## 21.4 Statement of Losses

There was loss of money amounting to \$2,841.55 recorded for the year 2011. The officers responsible were investigated and suspended. Also items worth \$1,999,471 were written off, following the Ministry's Board of Survey conducted on 31 December 2011.

## PART B: AUDIT FINDINGS

### 21.5 Arrears of Revenue

A credit policy must specify-

- The types of revenue it applies to
- The limits on the value of credit per transaction and per person or entity;
- The criteria for approving credit and the officers who can approve credit;
- The type of security, if any, required to prevent bad debts;
- The settlement (payment) period of any credit sale; and
- The interest to be charged on arrears<sup>1</sup>

<sup>1</sup> Finance Instruction 2010 - Section 24 (2)

The Ministry had arrears of revenue totalling \$387,362 as at 31/12/11. Refer to Table 21.3 below for the aging of arrears of revenue for the past five years.

**Table 21.3: Arrears of Revenue Aging for last five years**

Descriptions	Years				Total (\$)
	< 1 (\$)	1 – 2 (\$)	2 - 5 (\$)	> 5 (\$)	
Arrears of revenue	336,707	3,757	41,764	5,134	387,362
Percentage of total revenue	87	1	11	1	100

The finding shows that \$50,655 or 13% of total arrears of revenue 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.

In addition the arrears of revenue for the Ministry increased by \$260,986 or 207% in 2011 compared to 2010. Refer to Table 21.4 for details.

**Table 21.4: Increase in Arrears of Revenue from 2010 to 2011**

Arrears of Revenue as at 31/12/2010 (\$)	Arrears of Revenue as at 31/12/2011 (\$)	Increase in Arrears (\$)	Percentage Increase (%)
126,376	387,362	260,986	207

Delay in collecting the outstanding revenues increases the risk of revenues not likely to be collected which may result in writing off.

### **Recommendations**

- **The Ministry should review its arrears of revenue position and take appropriate action to collect arrears of revenue.**
- **The Ministry should consider writing off arrears of revenues which is not recoverable.**

### **Ministry's Comments**

- *The Audit Recommendations have been acknowledged.*
- *The Ministry has put in place a SOP for collection of quarantine fees but still in a draft state and yet to be formalized. (Appendix – 1)*

A) *The increase in arrears of revenue from 2010-2011 are due to reasons below:*

1. *The Ministry has informed all divisional accounting officers responsible to strengthen its revenue collection processes and to take a more proactive stance to ensure prompt settlement of debts. In order to maintain a speedy repayment rate we have requested our officers collecting outstanding debts to send follow up notices at the earliest possible time and if possible pay a visit in person to the debtors or the respective island embassy.*
  2. *To strengthen revenue collection the doctors/nurses on duty have been informed to notify accounts personnel before discharging patients.*
  3. *To draw up a standard discharge document that binds patients, next of kin or the island states themselves responsible parties for outstanding bills.*
  4. *FPBS has reverted terms of sales from credit to cash basis.*
  5. *In respect of quarantine fees our officers have informed registrar of companies to assist in recovery for such monies.*
- *The Ministry is also going to draft a SOP for prompt collection for the rest of the other fees.*

B) The actions that the Ministry is pursuing for effective recovery of outstanding revenue are as follows: Currently the Ministry has informed all divisions to identify age of debtors 2-5 years and over and to submit details for write off. All divisions are working on their write off details and will submit as soon as it is completed before the end of the 2<sup>nd</sup> Qtr.

## 21.6 Variance in Ending and Opening Balance in Revolving Fund Account

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Senior Accountant shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>2</sup> Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>3</sup>

The opening balance in the Revolving Fund account reconciliation for January 2011 was not the same as the closing balance as at 31/12/10. A variance of \$1,676,686.30 was noted between the closing and the opening balances. Refer to Table 21.5 for details.

**Table 21.5: Variance December 2010 Closing and January 2011 Opening Balances**

Account Description	Closing FMIS Balance 31/12/10 (\$)	Opening Balance Taken in January Reconciliation (\$)	Variance (\$)
Revolving Fund Account	2,591,994.60	915,308.30	1,676,686.30

The opening balance in the Revolving Fund account reconciliation for the month of August 2011 was also not same as the closing balance for July 2011 reconciliation. A variance of \$2,022,479.32 was noted between the closing and the opening balances. Refer to Table 21.6 below for details.

**Table 21.6: Variance Between Monthly Reconciliation's Opening And Closing Balance**

Details	Ending Balance as per July Reconciliation (\$)	Opening Balance as per August Reconciliation (\$)	Variance (\$)
Revolving Fund Account	1,040,149.89	3,062,629.21	2,022,479.32

The officer in charge revealed that Fiji Pharmaceutical and Bio Medical Service (FPBS) was using an account to post issue of inventories to hospitals and health centres. This account was incorrectly mapped from Epicor system to FMIS system and was not related to Trading and Manufacturing account. Thus it was removed from Trading and Manufacturing account and posted to Revolving Fund Account through a journal voucher.

The finding indicated that an unidentified and unrelated posting was done into the Revolving Fund account in an attempt to remove the anomaly from the Trading and Manufacturing Account. This has subsequently overstated Revolving Fund account by \$2,022,479.32 or 194 % as at 31/12/11.

This amount will continue to show overstated Revolving Fund account balance for the Ministry unless it is rectified.

<sup>2</sup> Finance Manual 2011 – Section 16.3.3

<sup>3</sup> Finance Manual 2011 – Section 16.3.4

**Recommendations**

- The Ministry should trace the original posting to the Trading and Manufacturing account and reverse the posting.
- The Ministry should ensure that Revolving Fund account balance is reconciled with the FMIS ledger balance on a monthly basis.

**Ministry's Comments**

- The Audit Recommendations have been acknowledged.

The problem of ending and opening figures not balancing with FMIS GL are based on the following reasons:

1. The reports generated by Ministry of Finance and used for reconciliation purpose are accessed in this location \\fmis\va2k3b\02\Reports\Health\2011. The figures generated in this report match the reconciliation balances however, upon checking with GL670 variance does exist between period 12 and 14. Attached are the variances in report figures. (Refer Appendix - 8)
2. There was a variance of \$2,022,479.32 between July and August 2011 pertaining from TMA unidentified postings during Epicor to FMIS system due to mapping of allocations cumulative from 2003. The anomaly was then transferred to RFA in August in order to close TMA for 2010 in the Epicor system and balance with FMIS GL. The posting cannot be reversed however we will submit for write off to Ministry of Finance at the earliest possible time this year.

(Refer Appendix – 9 Recon Jul and Aug 2011 & JV No.AUDbPS3)

**21.7 Operating Trust Fund Account**

Each month, the Ministry's trust account must be balanced and reconciled with the FMIS general ledger account. The names and balances of each account must be listed and the reconciliation should be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>4</sup>

The opening balance in the Operating Trust Fund account reconciliation for January 2011 was not same as the closing balance as at 31/12/10. A variance of \$49,684.24 was noted between the closing and the opening balances. Refer to Table 21.7 below for details.

**Table 21.7: Variance Between Ministry's Records And FMIS Ledger**

Details	Closing FMIS Balance 31/12/10 (\$)	Opening Balance Taken in January Reconciliation (\$)	Variance (\$)
Operating Trust Fund	484,538.15	434,853.91	49,684.24

The audit noted further that a variance of \$592,867 existed between the Ministry's Operating Trust Fund reconciliation and FMIS as at 31/12/11. Refer to Table 21.8 below for details.

<sup>4</sup> Finance Instructions 2010 - Section 58 (3)

**Table 21.8: Variance Between Ministry's Records And FMIS Ledger**

Details	Balance as per Reconciliation (\$)	Balance as per FMIS (\$)	Variance (\$)
Operating Trust Fund	(875,252.10)	(282,384.94)	(592,867.16)

The Ministry failed to provide a satisfactory explanation for the variance noted above. The finding indicated that Trust Fund account balance was not reconciled with the general ledger. In absence of proper reconciliations, the Ministry may not be able to detect misappropriation or theft of Trust Fund money.

### **Recommendations**

- **The Ministry should ensure that Trust Fund account balance is reconciled with the Trust Fund FMIS ledger balance on a monthly basis.**
- **The Ministry should take appropriate action against Officers responsible for not reconciling the Trust Fund account with general ledger.**

### **Ministry's Comments**

- *The Audit Recommendations have been acknowledged.*

*The variance in figures in the Operating Trust Account was due to closing balances for 2010 not taken into account as opening balances in January 2011 for the following trust accounts.*

1) 1-22701-22999-861920	-	600.00
2) 1-22201-22999-861920	-	14,903.12
3) 1-22701-75999-961920		<u>34,181.12</u>
		<u>49,684.24</u>

*The error above continued in 2011 hence affected the closing and opening balance resulting in variance of - \$592,867.16 in 2011. We are currently working on amending the returns with effect from Dec, 2010 to date thereafter submit to Ministry of Finance for records.*

## **21.8 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.<sup>5</sup>

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.<sup>6</sup>

The Ministry did not prepare VAT reconciliations during the year. Review of VAT returns and total expenses revealed a variance of \$2,245,567 between the taxable supplies as per VAT Return and total

<sup>5</sup> Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

<sup>6</sup> Finance Circular No 9/95

expenditure/income subject to VAT as per Statement of Receipts and Expenditure. Refer to Table 21.9 for details.

**Table 21.9: Un-Reconciled VAT Variance**

Details	Amount (\$)
Total expenditure/income as per Expenditure Statement	149,784,032
Less: Expenditure not subject to VAT – SEG 1,2, 6 and 10	86,433,902
Total expenditure/income subject to VAT	<b>63,350,130</b>
Less: Total taxable supplies as per VAT Returns	61,104,563
<b>Un-reconciled variance</b>	<b>2,245,567</b>

In addition, a difference of \$268,388 was noted between the actual VAT paid for the year 2011 and the balance disclosed in the general ledger. Refer to table 21.10 for details.

**Table 21.10: Variance in VAT Paid Amount in FMIS**

Details	Amount (\$)
VAT payments (VAT payments to FRCA and VAT Input) as per General ledger (SEG 13)	6,587,707
VAT payments (VAT payments to FRCA and VAT Input) as per VAT Returns for 2011	6,856,095
<b>Un-reconciled variance</b>	<b>268,388</b>

No explanation was provided by the Ministry for the variances. The non reconciliation of VAT and poor monitoring by the Ministry may have resulted in the differences highlighted above. The Ministry may be paying incorrect VAT to FRCA.

### Recommendations

1. **The Ministry should ensure that VAT paid to FRCA is reconciled on a monthly basis.**
2. **The Ministry should take necessary steps to identify the error and reconcile the records to avoid such variances in future.**
3. **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.**

### Ministry's Comments

- *The Audit Recommendations have been acknowledged.*
- *Attached is vat comparison for vat reconciliation and payments against GL figures. Variances are a result of miscalculation on vat figures. We will ensure to reconcile thoroughly to avoid such errors arising in future. (Refer Appendix – 10)*

## **21.9 Variances in FPNF Figures**

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.<sup>7</sup>

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

The Ministry did not prepare FNPF reconciliations for the year 2011.

In addition the Ministry did not provide details of staffs that were paid their salaries or wages from other SEG's apart from SEG's 1 and 2. Usually project officers are not paid from SEG's 1 and 2. As a result audit could not reconcile the FNPF paid by the Ministry during 2011.

### **Recommendations**

- **The Ministry must prepare FNPF reconciliation on a monthly basis.**
- **The Ministry must maintain details of staffs paid from other SEG's apart from SEG's 1 and 2.**

### **Ministry's Comments**

*The Audit Recommendations have been acknowledged.*

### **FNPF RECONCILIATION**

- *Reconciliation is now been done by verifying 501 and 502 contribution from payroll with total CS report and cumulative report at the end of the month*

*Payment done at the end of the month has been checked that it ties with the figure in GL*

- *Listing of project officers that are paid from other allocation apart from SEG 1 and 2 has been prepared and has been forwarded to auditor Manish Dewan on Thursday 10/05/12. (listing attached Appendix - 11)  
FNPF clerk is working on journalizing all FNPF payment that was supposed to have been paid from project allocation from January & February. Payment for March paid in April has been paid from the correct project allocation.*
- *Staff shortages is an issue in salaries which jeopardize work result*

## **21.10 Unaccounted Expenses**

The profit and loss statement and the balance sheet must be prepared on an accrual accounting basis. 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 department;
- (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<sup>8</sup>

<sup>7</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)

<sup>8</sup> Finance Instructions 2010 – Section 30 (2)

The BPS is based within the Fiji Pharmaceutical and Bio Medical Services (FPBS) building and shares the utility and administration cost with FPBS. The salaries and wages, utility and administration costs of the BPS are paid from FPBS cost centre and BPS has to reimburse the same.

The salaries and wages, utility and administration costs for BPS were paid by FPBS during 2011 but these were not reimbursed to FPBS as at 31/12/11. Refer to Table 21.11 below for details.

**Table 21.11: Expenses not paid to FPBS**

Expenditure	Amount (\$)	Comments
Salaries and Wages	58,566.71	Paid in 2012
Power Supply	1,440.00	} Unpaid as at the date of audit <sup>9</sup>
Water charges	600.00	
Cleaning and sanitization	960.00	
Administration costs	1,200.00	
<b>Total</b>	<b>62,766.71</b>	

In addition audit further noted that these expenses were not accrued and reflected in the TMA Profit and Loss Statement as at 31/12/11.

Non inclusion of the expenses in the profit and loss account resulted in the understatement of total expenses and overstated TMA profit by \$62,766.71 as at 31/12/11.

**Recommendation**

**The Ministry must ensure that all outstanding payment relating to TMA is accrued and is reflected in the TMA accounts.**

**Ministry’s Comments**

- *The Audit Recommendations have been acknowledged.*
- *Audit comments on estimated costs, is noted and BPS will use this whilst the accurate rate is being marked out and compliance with tenancy regulations is carried out. The format of the Financial Statement before has got the estimate of the expenses that are unaccounted for (water, electricity etc) for 2011 MOF has given all TMA operators to use the format that they wanted which does not have this expenses to be accounted for like in previous years. They only account for the figures that are on the GL report.*
- *The posting for salaries and wages for 2011 noted by audits is true and is a liability in the 2011 accounts which was posted in 2012. BPS in future will ensure that all expenses is accounted in the appropriate accounts period and reflected in its Financial Statements and also due to staff turnover all this posting was updated in 2012.*

**21.11 TMA Balance Sheet**

To be reliable, information must represent faithfully the transactions and other events it either purports to represent or could reasonably be expected to represent. Thus, for example, a balance sheet represent faithfully the transactions and other events that result in assets, liabilities and equity of the enterprise at the reporting date which meet the recognition criteria.<sup>10</sup>

Each agency operating a trading and manufacturing activity must prepare –

<sup>9</sup> 19/04/12

<sup>10</sup> Fiji Accounting Standards

- (a) quarterly profit and loss statement;
- (b) a balance sheet on an annual basis.<sup>11</sup>

BPS TMA Balance Sheet had two equity accounts namely, TMA Accum Surplus/Deficit and TMA Surplus Capital retained to CFA. The Ministry of Health cannot make any postings into these two accounts. All postings into these two accounts are done by Ministry of Finance.

The audit noted that the TMA Balance Sheet was not balanced as at 31/12/11 and had a variance of \$39,829. It was further noted that Ministry of Finance used TMA Surplus Capital retained to CFA of \$39,829 to balance the TMA Balance Sheet. If this amount is removed from the Balance Sheet there will be a variance for the same amount between the TMA net assets and the total equity.

The finding shows that Ministry of Finance is employing unprofessional tactics to show that TMA account is balanced when in fact it is not balanced. The fictitious TMA Surplus Capital retained to CFA may also overstate the CFA balance in the FMIS.

### **Recommendations**

- **Ministry of Finance should explain why fictitious equity account was created to balance the TMA account.**
- **Ministry of Finance should not control the equity account for any TMA accounts. All TMA equity accounts should be controlled by the Ministry responsible.**
- **Ministry of Finance should investigate the matter and take appropriate action.**

### **Ministry's Comments**

*MOF to answer.*

## **21.12 Lodgement Not Credited**

Cash at bank balance should be reconciled to general ledger balance on a monthly basis. All such reconciliations must be reviewed by a Senior Officer.

The BPS TMA bank account reconciliation for December 2011 has lodgement not credited of \$6,053.12. The amount has been carried forward from previous years and has not been deposited as at 31/12/11. It is highly likely that these lodgements will not be credited in future as no actual cash exists with BPS.

The non clearance of the lodgements not credited will continue to appear in the bank reconciliation if BPS is unable to identify and clear this amount.

### **Recommendations**

- **The Ministry should take appropriate action to identify and clear the lodgement not credited carried forward from prior years.**
- **The Ministry should carry out reconciliations on a monthly basis and any anomalies to be promptly investigated.**

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<sup>11</sup> Finance Instructions 2010 – Section 30 (1)

**Ministry's Comments**

- *The Audit Recommendations have been acknowledged.*
- *In 2010 we have written to the BSP branch in Nausori and there was still no response from the bank. We followed up last week and we manage to correspond on email and they are doing their own investigation and will give us a feedback. (Email correspondence attached. Appendix - 13)*
- *More effort will be put into ensuring that monthly bank reconciliation is carried out promptly.*

**21.13 Unpresented Cheques**

If cheques continue to remain un-presented for a period of not more than 12 months, stop notice action shall be waived and action should be taken to clear them.<sup>12</sup>

The audit noted that the following cheques have remained unpresented in the TMA bank statement for more than three (3) years. These cheques have been appearing in bank reconciliation for the past few years and also in 2011. Refer to the Table 21.12 below for details.

**Table 21.12: Unpresented Cheques**

Year was raised	Cheque Number	Amount (\$)
2007	1102	4,989.55
2008	1165	200.00
<b>Total</b>		<b>5,189.55</b>

The Ministry has not taken any action to clear the unpresented cheques as at audit date<sup>13</sup>. These are stale cheques and will not be cashed by the banks.

**Recommendation**

**The Ministry should clear the outstanding unpresented cheques since they are stale.**

**Ministry's Comments**

- *The Audit Recommendations have been acknowledged.*
- *Have email correspondence regarding the cheques. For chq # 001165 of \$200.00 was presented but was not shown in any of our statement so that we can clear it out from our listing. For chq # 001102 of \$4989.55 is still not presented to date which is a stale cheque and have raised a JV for this adjustment. (Appendix – 14 JV No. 33/05/12)*

**HEADQUARTERS****21.14 Over Expenditure in Payroll**

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 proper authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>14</sup>

<sup>12</sup> Finance Instructions 2010 – Section 33 (4)

<sup>13</sup> 18/04/12

<sup>14</sup> Finance Instructions 2010, Section 7

Audit analysis of the Ministry's expenditure statement for the year ended 31 December 2011 revealed that the Ministry exceeded its payroll budget allocation by \$14,498,121 or 21%. Refer to Table 21.13 below for details.

**Table 21.13: Over Expenditures in Payroll**

Account Description	Estimate (\$)	Actual Expenditure (\$)	Variance (\$)
Personal Emoluments	53,695,124.00	60,117,086.42	(6,421,962.42)
Fiji National Provident Fund	4,294,794.00	4,985,350.57	(690,556.57)
Allowance	1,898,410.00	3,711,189.82	(1,812,779.82)
Overtime	1,710,800.00	2,952,460.02	(1,241,660.02)
Relieving Staff	235,972.00	1,223,397.39	(987,425.39)
Wages	8,658,633.00	10,912,363.44	(2,253,730.44)
Fiji National Provident Fund	690,410.80	1,489,036.52	(798,625.72)
Allowances	96,571.00	297,559.25	(200,988.25)
Relieving Staff	116,500.00	206,892.85	(90,392.85)
<b>Total</b>	<b>71,397,214.80</b>	<b>85,895,336.28</b>	<b>(14,498,121.48)</b>

The Audit further noted that despite the over expenditure a total of 372 positions comprising of 96 established staffs and 276 unestablished staffs were vacant as at 31/12/11. The Ministry's payroll expenses were also overspent in 2010 by \$12,462,100.

The huge over expenditure in salaries and wages allocation will require Ministry to divert funds from other allocations. This may have forced Ministry to forego important activities planned for the year.

### **Recommendations**

- **The Ministry of Finance should investigate the significant over expenditure in payroll and take appropriate action.**
- **The Ministry of Health must ensure that payroll expenses are not over spent.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *Our P2P approved GWE List is lower than the number paid out in each weekly Unestablished Payroll due the inclusion of other officers in the GWE Payroll such as, Temporary Relieving Clerical Officers and Allied Health Workers, Project Officers, Locum Doctors etc. The FMIS GL figures for GWE PE expenditure for 2011 amounts \$12,909,145.00 and the GWE PE Budgetary Provision for 2011 amounts to \$9,571,088.00 with a variance of \$3,338,057.00.*
3. *Our P2P approved Established Staff List is higher than the number paid out in each fortnightly Established Payroll even though there are other officers included such as Project Officers. The FMIS GL figures on Established Staff PE expenditure for 2011 amounts to \$72,989,484.11 and the Established Staff PE Budgetary Provision for 2011 amounts to \$61,835,100.00 with a variance of \$11,154,384.11.*
4. *We can say that the budget provision allocated for PE was not sufficient enough to cater for the actual PE expenditures for the financial year 2011 even though our staffing on the ground remains within the approved P2P number.*
5. *The over-expenditure in salary could be attributed to the fact of having projects within the Ministry which is being funded from other segs but PE component being paid from seg one. There are lot of officers who have been going on leave and since relievers are being brought in there is a tendency to have consecutive acting and likewise employing Temporary Relievers on the base level, therefore the over expenditure on seg 2.*

6. *Also there are lots of projects for which casual employees are recruited, hence another contributing factor to over-expenditure to seg 2. As per PSC Circular 23/2003 on upgraded qualification there has been salary increments awarded to officers, therefore a contributing factor to seg 1.*
7. *There is also lot of resignations in which officers have been compensated for their leave on resignation which also has contributed to over-expenditure to the two segs.*
8. *Furthermore, for unestablished there is no cost centre for Project Officers. Since they were being paid and charged from Seg 5, 7 and 9.*
9. *For Established Project Officers their names were being placed at the HQ cost centre (Seg1).*
10. *Subsequently necessary JV adjustments have been done monthly to journalise from the Seg1 allocation to the project allocations.*
11. *It was evident from 2012, that most of the above anomalies have been rectified by the divisions in doing master file change to seg 5, 6, 7, 8.*  
*Seg 5- Ambulance Service*  
*Seg 6 – National Blood Service*  
*Seg 7 – Special Project*  
*Seg 8- Maintenance Team to be approved by PSC.*
12. *Furthermore, over expenditure was also due to payment of acting allowances to Nurses and Doctors, payment of environmental and On Call allowances payable to Principal Medical Officers and below including Dental Officers in hospitals and Nursing Practitioners in Health Centres (without Medical Hospitals) who are doing calls, payment of night allowances, Consolidated allowances payable to Staff Nurses and payment of location allowances, for overtime work to nurses and salary for relievers and for locum doctors.*
13. *After the completion of updating the P2P exercise for both Established and GWE staffs, we will be able to determine the realistic figures to be estimated for Seg 1 and 2 against the provision of the budget for the ministry.*

## 21.15 Amount Owed by Ministry Staffs

An officer who resigns without giving 30 consecutive days notice may be required to pay 30 days salary in lieu of notice.<sup>15</sup> An Officer who is deemed to have resigned or terminated under the provisions of Public Service Regulation, 1999, Part 4, 20(3) shall forfeit all the rights and privileges of his office from the date decided by the Commission.<sup>16</sup>

The Audit noted that as at 31/12/11 a total of \$99,772.00 was owed by the Ministry's staff to various institutions. Refer to the Table 21.14 below for summary of total amount owed. Details are shown in *Appendix 19.1*.

**Table 21.14: Summary of amounts owed by Ministry's Staffs**

Outstanding	Amount Owed (\$)	Number of Staff	Comments
Rent Arrears	1,848.64	6	Only 1 staff, Rozileen Narayan is working with Ministry but no deductions were made since pay 6/2011. The other 5 staffs are no longer employed by the Ministry.
PSC Loan	79,924.30	12	Only 1 staff, Raina Prasad working with Ministry but no deduction was made since pay 13/2009. The other 11 staffs are no longer

<sup>15</sup> General Orders 2011, Section 214 (a)

<sup>16</sup> General Orders 2011, Section 214 (d)

Outstanding	Amount Owed (\$)	Number of Staff	Comments
			employed by the Ministry.
One third Cost Sharing	14,608.50	1	Staff is no longer employed by the Ministry.
Union Dues	3,390.50	4	Staffs are longer employed by the Ministry.
<b>Total</b>	<b>99,771.94</b>		

The Audit further noted that out of the total amount owed, \$96,381.44 or 96.6% was owed to the government. Significant portion of these outstanding amounts may not be recovered such as Rent arrears, PSC loan and Cost Sharing as staffs have resigned from the Ministry.

The findings show the Ministry's laxity in collecting amounts owed to government by the staffs.

### Recommendations

- **The Ministry should ensure that any amount owed by staff is promptly collected.**
- **The Ministry should provide the names to Department of Immigration's watch list for all staffs who resigned without paying the amounts owed to government.**
- **The Ministry should provide the names of all staffs who have resigned without paying the amounts owed to government to Data Bureau.**

### Ministry's Comments

1. *Audit Recommendations have been acknowledged.*

#### PSC Loan & Owing Amount

1. *The Ministry will ensure prompt action is taken when the officers apply for resignation and at the same time letters will be prepared for those owing to Govt to be submitted to PSC who shall formally advise the Director Immigration accordingly for their watch list to avoid government losing its revenue from scholarship payments.*
2. *The Ministry will ensure prompt action is also taken when the officers apply for resignation and at the same time list of names shall be forwarded to PSC Data Bureau.*
3. *Refer to Table of Names of Staffs Owing. (Appendix 1)*
4. *Some current strategies taken by the ministry are as follows,*
  - *Not to release the formal approval of resignations until all owed amount is cleared,*
  - *To arrange with PSC for an undertaken that shall be responsible for clearance of the owed amount.*
  - *The release for any service recommendation certificate shall be withheld.*

#### Rent Arrears

1. *Rent Arrears in respect of Staff Nurse – Rozileen Narayan, EDP # 3330, the officer is now been reinstated back into the service. Her PF was forwarded to salaries on 12/07/12 to reactive her salary for pay 16/12. It was ascertained that she was being overpaid salary of \$49.17 when she resigned. There was no mention of any other details except that she was overpaid and will be recovered in Pay 16/12.*
2. *Internc Control measures needs to be strengthened to ensure that laid down procedures/instructions are followed closely and promptly all stations in liaising with HQ to avoid any loss to government.*

#### Union Dues

1. *This is an agreement between the officer and the unions. The government has no obligation in recovering of union dues. The officer and the union should liaise in regards to union dues.*
2. *There is no loss of revenue to the government hence the government charges payroll levy (commission) from the unions.*

## 21.16 Salary Overpayment

An officer who resigns without giving 30 consecutive days notice may be required to pay 30 days salary in lieu of notice.<sup>17</sup> An Officer who is deemed to have resigned or terminated under the provisions of Public Service Regulation, 1999, Part 4, 20(3) shall forfeit all the rights and privileges of his office from the date decided by the Commission.<sup>18</sup>

The Audit noted that a number of Officers who resigned from the Ministry continued to be paid for a few pay periods by the Ministry. As a result these officers were overpaid in salaries upon resignation. Refer to *Appendix 19.2* for details.

Laxity and lack of coordination by Ministry officials has resulted in the above overpayment.

### Recommendation

**The Ministry should take appropriate actions against those responsible for the overpayments.**

### Ministry's Comments

1. *Audit Recommendations have been acknowledged.*
2. *Our Payroll Section is centralised at HQ and our Salary Section usually received advice to cease salary very late from our officers in the divisions and late to stop the pay, resulting in overpayments.*
3. *The Ministry will ensure prompt action is taken when the officers apply for resignation to implement effective process of communications within the ministry for the immediate cessation of salary with the Salary Department.*
4. *When all means of recovery are exhausted then necessary disciplinary actions shall be taken against those found at fault.*
5. *Table of Names of Staffs Overpayment. (Appendix 2)*

## 21.17 Excessive Payment to Casual Labourers

The supervising officer for wage employees shall collect employee timecards at the end of each pay period and shall prepare timesheets through the transfer and adding of the normal hours and overtime hours worked.<sup>19</sup> The timesheet must also provide details on any other job the employee may have worked on within the week.<sup>20</sup> The timecards and timesheets shall be checked for accuracy and signed by the supervising officer for wage employees before transferring to the Wages Section for processing payment.<sup>21</sup>

Subject to the other provisions of this Act there shall be assessed, levied and paid a tax to be known as normal tax for each year of assessment on every dollar of chargeable income of -

- (a) an individual whose total income, in the case of a resident, exceeds [\$15,000]1, or any other person, other than a company, in respect of his chargeable income for the year of assessment [but a resident individual shall be exempt from normal tax to the extent that such normal tax, together with [basic tax]2, would reduce the balance of his total income to [\$15,000]3 or less in any year]4:<sup>22</sup>

<sup>17</sup> General Orders 2011, Section 214 (a)

<sup>18</sup> General Orders 2011, Section 214 (d)

<sup>19</sup> Ministry of Health Proforma Finance Manual 2011, Section 4.14.1

<sup>20</sup> Ministry of Health Proforma Finance Manual 2011, Section 4.14.2

<sup>21</sup> Ministry of Health Proforma Finance Manual 2011, Section 4.14.3

<sup>22</sup> Fiji Income Tax Act, Cap 201 Revised 29 January 2010, Section 7(1)(a)

The Ministry employed maintenance workers on a casual basis throughout the year. Some of these casual workers were paid overtime in excess of their total gross annual wages. These casual workers claimed wages for 81 – 112 hours per week or 11.5 – 16 hours per day on average based on 7 days per week throughout the year. Refer to Table 21.15 below for examples of excessive overtime claimed.

**Table 21.15: Excessive Payments made to Casual Labourers**

FNPF No.	Name	Position	Hourly Rate (\$)	Normal Hours per Annum	Actual Hours Worked (2011)	Extra Hours Worked (2011)	Annual Wages - 44 Hrs/Week	Wages Paid in 2011	Overtime Paid in 2011
LR600	Joji Lenaitasi	Carpenter	4.20	2,288	5,490	3,202	9,609.60	23,065.68	13,456.08
YL381	Anare Ravita	Labourer	3.86	2,288	5,784	3,496	8,831.68	22,327.04	13,495.36
H0005	Ilaitia Koroi	Labourer	3.86	2,288	5,776	3,488	8,831.68	22,295.39	13,463.71
HK636	Amzad Ali	Polisher	4.10	2,288	5,491	3,203	9,380.80	22,514.65	13,133.85
NL647	Willie Peter	Carpenter	4.20	2,288	5,145	2,857	9,609.60	21,609.95	12,000.35
Pm566	Oteli Taili	Labourer	4.47	2,288	5,542	3,254	10,227.36	24,775.07	14,547.71
WA333	Timoci Banivalu	Leading Hand	5.07	2,288	5,411	3,123	11,600.16	27,438.38	15,838.22
VZ503	Penaia Racaca	Painter	3.86	2,288	5,735	3,447	8,831.68	22,137.36	13,305.68
H0031	Manueli Tovelea	Labourer	3.63	2,288	5,825	3,537	8,305.44	21,146.37	12,840.93
YR578	Waisake Naqina	Labourer	3.86	2,288	5,485	3,197	8,831.68	21,175.46	12,343.78
VP940	Sosiveta Tabaka	Plumber	4.56	2,288	4,201	1,913	10,433.28	19,158.10	8,724.82
<b>Total</b>							<b>104,492.96</b>	<b>247,643.45</b>	<b>143,150.49</b>

It was further noted that the Ministry did not deduct PAYE tax from these workers wages even though their annual gross wages exceeded \$15,000.

The findings indicated that overtime work for casual workers may not have been properly supervised which resulted in excessive overtime payments. In addition the non deduction of PAYE tax resulted in loss of revenue for the government.

### **Recommendations**

- **The Ministry should ensure that the maintenance workers are properly supervised at all times.**
- **The Ministry should thoroughly scrutinize the hours claimed by casual workers for accuracy and this should be measured against actual work done.**
- **The Ministry should ensure that PAYE is deducted from Officers' pay and remitted to Fiji Revenue and Customs Authority on a monthly basis.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The Desk Officer implicated in the non-compliance of this activity has been suspended.*

3. *The Ministry has adopted strict measures in ensuring that the new recruitment of Casual Labourers is done in the most transparent manner.*
4. *Also the Ministry is keeping a separate record of entries in terms of hours of work and attendance.*
5. *Ministry has also considered majority of its maintenance work for outsourcing as this will negate with the unethical culture hence will concentrate on key activities.*
6. *The mentioned team in the audit query was engaged at CWM Hospital in December 2010. As per the progress report from the team supervisor Mr Meli Talia, they were given directive from higher authority to complete the maintenance work in a given time frame after the PMs visit and to do so they had to work beyond normal working hours i.e. more than 44hrs and this resulted in excessive hours claimed by the workers which was verified and endorsed by their supervisor.*
7. *The same team was engaged at Kadavu doing the maintenance at Vunisea Hospital and the Health Centres around. Since the team from the main land were working outside station they were paid three meals per day as well as country allowance for each night.*
8. *The PAYE was not deducted since the casual workers were engaged only for a certain period of time and their appointment could have been terminated any time upon the completion of the work and the payment of wages was on weekly basis. The appointment was only further extended upon the need. PAYE is deducted based on the annual salary as per hourly rate of pay.*
9. *The ministry has looked into the above issue and noted that in future all maintenance work will be properly supervised and take control measures on overtime hours through its internal circular no. 14/2012. We would also ensure that work on the mainland could be outsourced and work on the outer island cannot be outsourced therefore to be arranged with the workers to avoid overtime pay and other allowances.*

*(Appendix 3 - Excessive Payments to Casual Labourers)*

## **21.18 Recruitment of Casual Workers**

Delegates should note that a fundamental criteria for the selection of candidates is that the Minimum Qualification Requirement (MQR) for the positions in questions including those for temporary and contract appointment are fully met.<sup>23</sup>

The Ministry of Health recruited 110 casual workers during 2011. The following irregularities were noted.

- The Ministry did not establish minimum qualification requirement for the casual workers. Hence all 110 casuals were recruited without matching their skills and qualification against any pre determined qualification requirements. There is a high risk of recruiting workers who do not possess qualification, experience and the know how required for the job.
- The Ministry did not have any panel for selection and recruitment of casual workers. Only one project officer was involved in the selection and recruitment of all 110 casual workers for the Ministry. There is a high risk of favouritism and nepotism in the recruitment of casual workers.
- The casual workers personal files did not have relevant information such as qualifications and work experience. In the absence of adequate records it is difficult to authenticate the skills and experience of the casual workers who were hired.

The findings showed that the Ministry did not follow proper recruitment process while engaging the casual workers.

### **Recommendations**

- **The Ministry should ensure that minimum qualification requirement is set for all casual workers.**

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<sup>23</sup> PSC Circular 36/2000

- **The Ministry should ensure that casual workers meet the MQR at the time of recruitment.**
- **The Ministry should ensure that a panel of senior staff is involved in the selection and recruitment of casual workers.**
- **The Ministry should investigate the recruitment of all casual workers and take appropriate action.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The Ministry has adopted an improved recruitment standard operating procedures for Government Wage Earners in 2012 the following measures are currently being implemented within the year 2012 before the issue of LOA.*
  - *There should be availability of Project Funding.*
  - *The reasons for recruitment should be identified with the relevant Project as per PSC Approval.*
  - *Each applicant must be able to fully furnish the following personal data requirements prior to recruitment.*
    - *Birth Certificate*
    - *FNPF Number Card*
    - *TIN*
    - *Other Educational and work related certification.*
3. *Most of the casual workers were recruited by former Managers, hence for the way forward, the Ministry would create a Data Base from where best candidates will be selected as and when the need arises.*
4. *The recruitment of casual workers is basically done by the Project Officer in charge of the maintenance work for the Ministry subject to the applications for casual work.*
5. *Most of the recruitment is done from the list of workers who have previously worked for the Ministry for the maintenance work in the previous years and had performed satisfactorily.*
6. *The Labourers are mostly recruited from the location of the maintenance work to avoid extra costs.*
7. *It is noted that there is no MQR for the GWEs set by the Public Service Commission and the Ministry is currently in the process of setting MQR for its GWEs and will ensure that a panel of senior staff is involved in the selection and recruitment of casual workers.*

## **21.19 Letter of Temporary Appointment**

Part Time employees shall be served a letter of appointment detailing the terms and conditions of employment.<sup>24</sup>

The Ministry engaged 11 temporary casual workers in 2011 to carry out maintenance work in various projects such as Vunisea, CWM dental, Vacalea and Naulu stations. The following anomalies were noted.

- The temporary casual workers were not issued with the letter of temporary appointment. Some of these temporary casual workers were engaged since 2007 or 2008 for a period of 3 months. Since then their appointments have been renewed every 3 months till to date but they were never issued with appointment letters.
- The personal files for majority of the temporary casual workers were not updated since their initial recruitment. Refer to Table 21.16 below for details.

<sup>24</sup> PSC Terms and Conditions of Employment for Government Wage Earners Part 1 Clause 4 (a)

**Table 21.16: Casual Workers Not Issued Letter of Temporary Appointment**

Name	FNPF Number	Occupation	Date of Initial Recruitment
Joji Lenaitasi	LR600	Carpenter	21/07/08
Anare Ravita	YL381	Labourer	16/01/08
Ilaitia Koroi	H0005	Labourer	13/03/08
Amzad Ali	HK636	Polisher	29/03/07
Willie Peter	NL647	Carpenter	02/06/09
Oteli Talili	Pm566	Labourer	13/10/08
Timoci Banivalu	WA333	Leading Hand	17/01/12
Penaia Racaca	VZ503	Painter	30/07/08
Manueli Tovolea	H0031	Labourer	03/11/08
Waisake Naqina	YR578	Labourer	21/10/10
Sosiveta Tabaka	VP940	Plumber	14/07/08

In the absence of letter of appointment the terms and conditions of the employment is neither known to the employee nor the management. This may result in various malpractices such as payment of wages at a higher rate, engaging bogus employees and utilisation of excessive leave. In addition the employee cannot be regarded as a bona fide employee of the Ministry.

### **Recommendations**

- **The Ministry should investigate how these casual workers were on Ministry's payroll without a formal appointment letter.**
- **The Ministry should ensure that the Officer in charge update the personal files for all casual workers.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The officer handling this issue has been taken to task by the management. He is on suspension from 27/6/2011 and his case is before the PSC Tribunal. This is also one of the reason for the over spending in item 8.1.1. The new officer in charge of these temporary appointments has been informed to keep records updated.*
3. *We are now adopting improved recruitment standard operating procedures for Government Wage Earners in 2012 and are currently being implemented before the issue of LOA. (Refer to 8.1.5[2] )*

## **21.20 Laundry Equipments**

All payments, including VAT, must be immediately recorded in the financial management information system and an expenditure ledger.<sup>25</sup>

The Senior Accountant shall be responsible for maintaining the fixed assets register. The fixed assets register shall provide the following details:

- i. date of acquisition (including if asset was acquired by transfer, gift or second-hand) and cost;
- ii. description;
- iii. serial number and model;
- iv. location; and
- v. other relevant information (e.g. if asset is sold or written off).<sup>26</sup>

<sup>25</sup> Finance Instructions 2010, Section 15

<sup>26</sup> Ministry of Health Proforma Finance Manual 2011, Section 11.2.1

The Ministry purchased several units of laundry equipment from ACLEPL in Australia costing \$2.7 million in 2010 to be installed at the hospitals around Fiji. Review of the purchase of laundry equipment revealed the following anomalies.

- Proper planning and research was not done by the Ministry before purchasing the laundry equipment. At the time of the installation lot of alterations had to be made to the sites which resulted in significant variations in costs. These alterations and variations were not planned for by the Ministry.

In addition the Ministry was not able to provide the cost of variations and additional works carried out at each hospital.

- The laundry equipment was purchased in 2010 by the Ministry. As of to date some of these units are still not installed. Refer to Table 21.17 below for details.

**Table 21.17: Status of Laundry Equipment**

Hospital	Equipment/Services	Status	Remarks
Labasa	Washer, Dryer, Single Roller Ironer	In storage at FPBS	Installation works yet to commence.
Lautoka	Electrical and infrastructure	In storage at FPBS	Continuation of refurbishment works to commence upon completion of installation at the Labasa hospital.

The laundry equipment is stored in private containers and the Ministry is paying the storage charges since it was purchased in 2010. The Ministry was not able to provide the total amount paid as storage cost for the laundry equipment as at 31/12/11.

- The Ministry purchased several units of laundry equipment in 2010. However, the Ministry was not able to provide any details about the laundry equipment such as the total number of units purchased, total number of units received, cost of each unit, amount paid and amount outstanding to the supplier, additional cost incurred for storage, site preparation costs, etc. As a result audit could not ascertain the total cost of purchase and installation of the laundry equipment.
- Four sets of the laundry equipments (i.e. 4 washers and 4 dryers) were kept in the hired container at the FPBS in Nabua. The Warehouse Manager at the FPBS in Nabua could not explain why the laundry equipments are being stored there. According to the Warehouse Manager a proper handing over was not done and therefore he cannot provide any explanation.

The findings showed that proper records for purchase and installation of laundry equipments were not maintained by the Ministry. As a result the audit could not establish whether public funds were properly used.

### **Recommendations**

- **Ministry of Finance should investigate the purchase and installation of laundry equipments and take appropriate action.**
- **The Ministry should take disciplinary action against officers at Ministry of Health for poor record keeping relating to laundry equipment.**

**Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *All laundry machines for Labasa hospital are in the newly refurbished laundry room and waiting commissioning. Steam & Boiler works to be completed by end of July and PWD (Labasa) is ordering for specific parts which is not available with them and is the cause of the current delay. Electrical upgrading works completed also.*
3. *Refurbishment Works in the Lautoka hospital is about 70% complete. All equipments will be transported to Lautoka by 25<sup>th</sup> July. Electrical upgrading works by PWD is 80% complete.*
4. *An Indenting Department Copy is attached containing the following-total number of units purchased & cost of each unit. ( Refer Appendix 4 )*
5. *Amount outstanding to the supplier = \$ 187,101.20.*

*The AMU is now being directed to maintain records for these Laundry Machines*

**21.21 Purchase of Incinerator**

An employee must use government resources and assets in a proper way<sup>27</sup>.

The Ministry was allocated a sum of \$420,000 in 2011 for the purchase of incinerator to be installed at CWM hospital. The Ministry purchased the incinerator from Bukbeck Environ Solution in Australia. The Audit noted that the Ministry as at 31/12/11 has only used \$43,263.24 or 10.3% of the total amount allocated to pay for 50% of the total cost to the supplier, Bukbeck Environ Solution. As at the date of audit<sup>28</sup> the balance or the 50% of the cost still remained outstanding. The table 21.18 below shows payment made to the supplier.

**Table 21.18: Payment Made for Supply of Incinerator**

Date	Voucher Number	Indent Number	Payee	Particulars	Amount Paid (\$)
05/10/11	26249	MD85101-000669	Westpac Banking Corporation	Payment of 50% the cost of Mediburn 30 Incinerator (OMEDI – 230) for CWM Hospital. (Total cost was AUD\$48,000)	43,263.24
			Supplier: Bulbeck Environ Solution from Australia	AUD\$24,000@0.5550 = 43,243.24 Bank Charges = 20.00 <b>Total</b> 43,263.24	

According to the officer in charge, the balance of the payment totaling \$43,263.24 would be paid from 2012 budget. However, the audit noted that no fund was allocated for this project in 2012 budget.

The audit also noted that a total of \$289,893 or 69 % of the funds allocated for the CWM Hospital incinerator was diverted to meet other expenditures through virements and the balance of \$86,843.76 was not utilized. Refer to Table 21.19 below for details.

**Table 21.19: Virements Made from Incinerator Allocation**

Virement Number	Reason for Virement	Amount (\$)
22010/11	Payment for MRI installation at CWM hospital	40,681.00
22011/11	Payment for CWM Hospital Lifts	147,075.00
22012/11	Payment for CWM Hospital Cytotoxic suite	34,192.00

<sup>27</sup> Public Service Act 1999 Part 1, Section 6 (8)

<sup>28</sup> 30/03/12

Virement Number	Reason for Virement	Amount (\$)
22013/11	Payment for electrical works for Labasa Hospital by PWD	67,945.00
<b>Total Virements</b>		<b>289,893.00</b>

The incinerator purchased for the CWM Hospital was also not installed and has been stored at Fiji Pharmaceutical and Bio Medical Supplies (FPBS) at Nabua since 14/02/12.

The Ministry was provided with funds to purchase and install the incinerator during 2011. However the Ministry was only able to purchase the incinerator but did not install it due to diversion of funds for other works.

The Ministry would need additional funding for installation of the incinerator as no funds were provided in 2012 budget. The Ministry might again have to divert funds to meet the installation cost in 2012.

### **Recommendations**

- **The Ministry must ensure that funds are used for the purpose it has been allocated.**
- **The Ministry should not divert funds to finance other expenditures.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The delay to install the Incinerator was due to the following reasons.*
  - *There were the land lease issues for the site at Tamavua.*
  - *The delay in finalising the specifications for the incinerator as new technology was made known to the Ministry of Health in 2010 that will reduce pollution/smoke e.t.c.*
  - *PWD were not able to complete the building/construction of the incinerator housing in Tamavua.*
3. *The reason for the virement of funds from Incinerator since MOH only have to factor 50% from the original cost which is \$43,263.24 and the balance we need to factor the balance in 2012 once the items has been received.*
4. *As per breakdown all this funding for this project was not included in budget and we had to factor this urgent request since we were coming to end of year and find where fund was available. (Refer Appendix 5 - Write Up - Authority for virement from Incinerator Vote.)*

## **21.22 Dental Chairs**

Good Practice requires that projects should be well planned and executed to avoid compromise in service delivery.

The Ministry purchased thirteen dental chairs costing \$395,738.15 from Ebos Group in 2010. Out of the thirteen dental chairs, eleven were installed at various hospitals.

The Audit noted that the remaining two dental chairs allocated for the Raiwaqa Dental Clinic were stored at Fiji Pharmaceutical and Bio Medical Services (FPBS) warehouse since the date of receipt from the supplier on 21/2/11.

The Ministry was also not able to install the dental chairs at Raiwaqa Dental Clinic due to delay in construction of dental clinic at Raiwaqa Health Centre. As a result the Dental chairs were unutilised as of to date.

Delay in construction of dental clinic had compromised the service delivery to the general public for more than a year now.

**Recommendation**

**The Ministry must ensure that the construction of the dental clinic is completed as soon as possible and the dental chairs are installed without further delays.**

**Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The Dental Chairs were purchased for various Health Centres including Raiwaqa Health Centre.*
3. *The completion of the construction was carried out by PWD through Commissioner Eastern's Office and is expected to open in July 2012.*

**21.23 Double Payments Made by Fiji Procurement Office**

Agencies must have procedures in place to ensure that invoices or statements are not paid twice and that fraudulent claims are not paid.<sup>29</sup>

Scrutiny of the indents and payment vouchers revealed instance where Fiji Procurement Office (FPO) made double payment on same invoice for the Fiji Pharmaceutical and Biomedical (FPBS) purchases. Refer to Table 21.20 for details.

**Table 21.20: Cases of Double Payments**

Date	Cheque No	Particulars	Amount (\$)	Remarks
19/05/11	24397	50% deposit on the purchase of hospitals beds	15,048	Total cost of the purchase of the beds was AUD\$15,048. The 50% payment (AUD\$7,812) was done on the invoice 412
29/09/11	26201	Full payment was done on the purchase of the hospitals beds	29,000.42	Double payment of \$14,203.63 was made on the invoice 412 i.e. the 50 % deposit made by cheque no 24397 was paid again. The supplier notified the double payment and refund was made.
22/06/11	24838	Purchase of needle disposable sterile	39,944.04	Payment on the invoice 631446
27/06/11	24932	Purchase of needle disposable sterile	90,186.40	Two invoices payment was made i.e. 631426 and 631446. Double payment was made on invoice 631446. Refund of \$47,466 was made.

The findings indicated a lack of proper controls to ensure the accuracy of the payment made by FPO on behalf of FPBS.

**Recommendations**

- **The FPBS should always liaise with FPO and maintain proper records of all payments made.**
- **The FPO should thoroughly check and keep track of partial payments to avoid double payments.**
- **The Ministry should take appropriate action to recover the amount overpaid.**

**Ministry's Comments**

1. *FPBS management acknowledges the comments and findings of the report.*

<sup>29</sup> Finance Instructions 2010, Section 14 (7)

2. *FPO is the responsible agency that does the payment to international suppliers. FPBS and FPO have met to review the processes to improve on the documentation flow between the two agencies so that such incident does not happen again.*
3. *The overpayment was recovered by FPO after the notification was received and meeting with FPO convened to rectify the problems as raised above.*

## **21.24 Repair Works at Rotuma Hospital by Ministry of Works**

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>30</sup> Open tendering shall be the preferred tender method used unless the nature of the tender or its complexity justifies that the procuring agency use any of the other procurement method outlined in Regulation 31.<sup>31</sup>

The Minister for Works on 30/3/11 wrote to the Minister for Health requesting to carry out repair works at Rotuma Hospital. On 26/4/11 it issued an invoice No. 110426 for \$100,000 to Ministry of Health for the repair works. LPO number PO22101- 000856 was then issued by Ministry of Health on 10/5/11 to the Ministry of Works to carry out the repair works at Rotuma Hospital.

The following anomalies were noted.

- Ministry of Health did not call for tenders for repair works at Rotuma Hospital. Ministry of Health engaged Ministry of Works to carry out repair works at Rotuma Hospital for \$100,000 based on the request made by the Minister for Works.
- The invoice number 110426 for \$100,000 was issued to Ministry of Health for the repair works on 26/4/11. The LPO was issued by Ministry of Health to Ministry of works on 10/5/11. The invoice for the repair works was received by the Ministry of Health for repair works 15 days before the LPO was issued and at the time when the actual repair works did not start. The invoice should have been issued as repair works were completed at different stages.
- There was no contract agreement signed between the Ministry of Health and Ministry of Works for the repair works to be carried out at Rotuma Hospital. As a result audit could not establish whether the repair works carried out by the Ministry of Works was on cost to cost basis. Furthermore the actual cost of repair works was \$80,570 however the Ministry of Health paid \$100,000 to the Ministry of Works through cheque number 246860 of 12/05/2011. The savings of \$19,430 was not refunded to the Ministry of Health.
- Ministry of Works did not provide to the Ministry of Health the acquittals for the actual expenses incurred for the repair works. It only provided the list of actual expenses incurred. As a result the audit cannot verify the accuracy of actual expenses submitted to Ministry of Health.

Proper procurement procedures were not followed by the Ministry of Health when engaging Ministry of Works for repairs works at Rotuma Hospital.

### **Recommendations**

- **The Ministry must ensure that tenders are called for all procurement above \$30,000.**
- **The Ministry should ensure that payments are made after works are completed.**
- **The Ministry should enter into contract for such capitals works.**

<sup>30</sup> Procurement Regulations 2010, Section 30 (1)

<sup>31</sup> Procurement Regulations 2010, Section 30 (2)

- **The Ministry must obtain acquittals from Ministry of Works for all works undertaken. The savings should be refunded to the Ministry of Health.**

**Ministry’s Comments**

1. *Audit Recommendations have been acknowledged.*
2. *It is believed that all Government agencies when dealing through PWD expect that the procurement and calling of tender for various works will be carried by them, being the sole agent for government assets as far as buildings are concerned.*
3. *This however is not clearly spelled out in the Fiji Procurement Regulation as for scope of works, PWD has the right expertise to carry out majority of works required for any construction such as drafting, scoping, evaluating and estimating.*
4. *The Ministry agrees that there was no regular update sought from PWD as far as acquittals are concerned, but assures the Office of the Auditor General that from 2012, all Divisions respective officers as well as representatives from Head Quarters are keeping close update with all funds released to PWD and ensure the commitments and accountability is maintained from both parties.*
5. *For transparency reasons, it was confirmed by the DBGA that quotations for the purchase of materials were sought from private companies.*

**21.25 Failure to Obtain Competitive Quotations**

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.<sup>32</sup>

The Audit noted a few instances where the Ministry failed to obtain 3 competitive quotations from the suppliers for supply of goods and services. Refer to Table 21.21 below for details.

**Table 21.21: Competitive Quotations not Obtained**

Date	Payee	Amount (\$)	Particulars
03/06/11	Holiday Inn	2,750.00	Conference Room charges for hosting the Fish Export Meeting amongst European Union delegates.
16/08/11	Double A Spares	1,170.00	Purchase of Yokohama battery and 4 tyres for GN 336.
28/06/11	Xcellaent Automotive repairs	4,458.24	Repairs of Tavua Vehicle –GN 714 which was involved in accident
28/06/11	Jacks Motors Traders	4,731.00	Purchase of engine ,oil and timing belt
30/03/11	C J Patel & Co Ltd – Lautoka	3,220.00	Purchase of toilet paper for Lautoka Hospital and Western Health Services
25/05/11	C J Patel & Co Ltd – Lautoka	2,070.00	Purchase of paper towel for hospital use.
15/02/11	Roche Diagnostic NZ Ltd	27,115.14	Purchase of drugs (PCB Detector block etc.)

In the absence of competitive quotes the Ministry may not be obtaining goods and services from most economical sources.

**Recommendation**

**The Ministry should ensure that competitive quotes are obtained for purchase of goods, services or works valued at \$100 and more but \$30,000 and less.**

<sup>32</sup> Procurement Regulations 2010, Section 29 (1)

**Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *Please note that Lautoka Hosp and DMOW purchased toilet tissue from C J. Patel with 3 quotes since they didn't have or knew there was an approved contractor for this item.*
3. *They have stopped buying from them once they knew about the approved contractor.*
4. *For paper towel they have to source from C J. Patel since they have their dispensers with them and other suppliers don't stock these types of paper towels that will suit these dispensers.*
5. *For food items they didn't had any contractor for dry ration apart from Meat, Fish, Eggs, Roots, Fruits and Vegetables, they had to source from Shiu Prasad with quotes if possible since other two sources MH and Ashabhai always turned their back for them due to payments problems hence they had to source from Shiu Prasad because they didn't stopped their supplies.*
6. *For Mean Products they source our laundry detergents from them because their laundry LH opt their quality only and they don't have any other supplier with their quality detergents. Please note that they don't have any approved contractor for laundry detergents yet.*
7. *For CJ Patel & Company Lautoka – This Company was supplying milk which was agent for Rewa Dairy.*
8. *The Contract for Rewa dairy was not sent to them hence they were not aware of the contractor until last week when it has expired and they were working on three quotes now.*
9. *Toilet paper was also purchased from this company since it was wholesaler and with three quotes obtained.*
10. *They were not aware of the Contractor SCA Hygiene hence purchasing was done until they received the copy of Contract for SCA Hygiene.*
11. *As per Procurement Regulation 2010, the Permanent Secretary or Head of Department may waive the requirement to obtain competitive quotes for the procurement of goods, services or works where- (i) there is only one supplier capable of supplying the goods and services.*
12. *On 15/02/11 FPBS purchased PCB Detector block, a part specifically for KX 21 Hematology analyzer from Roche Diagnostic. Roche Diagnostic NZ Ltd is the sole supplier of these analysers and their parts in the Pacific – reagents are analyser specific.*

*The management has taken note of other recommendations and we will be reminding our officers to go for the most economical price by the provision of three quotes*

**21.26 Tenders Not Called for Purchase More Than \$30,000**

Public tenders must be called for any procurement of goods, services or works valued at \$30,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).<sup>33</sup>

The Audit noted that the Ministry made regular purchases of groceries and laundry products during the year from suppliers other than those approved by the Government Tender Board. The total purchases made during the year from these unapproved suppliers exceeded \$30,000. Refer to Table 21.22 below for details.

**Table 21.22: Purchases Made from Unauthorised Suppliers**

Name	Amount (\$)
R. B Patel	191,656.50
Shiu Prasad and Sons	195,270.08
Mean Products Fiji Ltd	160,233.05
<b>Total</b>	<b>547,159.63</b>

<sup>33</sup> Ministry of Health Proforma Finance Manual 2011, Section 2.3.1

According to the Ministry some approved suppliers do not accept the purchase orders. However, audit noted that no formal complaint was lodged with the Fiji Procurement Office regarding the non acceptance of purchase orders by the approved contracted suppliers.

Procurement of goods and services from suppliers other than those approved by the Government Tender Board is an unauthorised purchase.

### **Recommendations**

- **Ministry of Finance should investigate purchases made from unauthorized suppliers and take appropriate action against those responsible.**
- **Ministry of Health must ensure that all purchases of groceries and laundry products are made from approved contracted suppliers.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *Lautoka Hospital have been buying from Mean Product and 2 quotes were attached, as for more than 30Ks, approval was sought from PSH , later on they were just buying from Mean Products as the items they had could not be supplied by other companies.*
3. *Purchasing was done from Shiu Prasad and sons by the Subdivisions on their own arrangements as they were having difficulties purchasing from their Local suppliers.*
4. *These suppliers wished to have cash payments hence they refused to supply goods.*
5. *The delay in payments was due to inadequate budget allocated and payments could not be processed until cash flow was arranged in I timely manner.*
6. *After GOGS closed, the clerks had a lot of difficulty obtaining quotes from suppliers, since most of the dry stores were not contracted.*
7. *At times the Hospital Kitchen ran out of supply of basic food items like rice, milk, porridge, dhal, sugar, milk, canned stuff, oil, flour, cocoa etc.*
8. *The Board of Visitors came to their aid also at times to supply the basic needs.*
9. *Since most of the suppliers refused hence purchasing was done from Shiu Prasad & Sons who attended to immediate request and delivered on time.*
10. *This company also supplied the ration for all Hospitals in the west during disaster and flood, since all other towns were under water and none of the shops wished to supply ration on Purchase Orders.*
11. *We cannot compromise ration items as we had to supply food for patients, living-in staff, theatre staff, which includes three meals a day, tea two times a day and supper.*
12. *Please note only general food items were purchased by SDMO Nadi, SDMO Nadroga, SDMO BA, and Lautoka Hospital due to urgency and need basis until the items went on contract.*
13. *The Subdivisions had to purchase since they brought their Linen to be washed at Lautoka Hospital until their Laundry machine was operational.*
14. *Shiu Prasad & Sons was the sole supplier accepting Govt. Purchase Orders when other companies refused due to delayed payments. They were convenient too because they deliver on site.*
15. *As for Pratap Investments, Nadi Hospital was buying from them before they ceased accepting orders. No other companies were accepting POs at that time and when goods & services were urgently needed Prataps was always on hand to supply.*
16. *Purchasing was done from Shiu Prasad due to the reason that Ravendra was the only supplier that accepted our LPO on that time from Sigatoka area and payments was not up to date and they not allowing them to purchase thru PO and that are the reason why they purchase from Shiu Prasad.*
17. *Mean Product-There was no contract for laundry product and three (3) quotes have to be obtained & that is why they were purchasing from Mean Product s thru 3quotes.*
18. *There were three quotes given if purchases are done on certain items not Government tendered, and this is the practice done in previous years. We are not authorize to purchase items more than \$30K on one PO this had to go through our HQ Suva and dealt with minor or major tender board. When we ask quotes from the companies at the same time we ask them whether they accept our PO's. At that time there was no tender awarded for groceries and laundry products. As and when the tender was awarded then buying was done through contractors.*

19. *A list of approved contractors for the supply of goods and services shall be distributed to all our divisional and sub-divisional officers to inform them to abide by it and to seek FPO assistance and approval if required to go out elsewhere.*

## **21.27 Design and Documentation of CWM and Nausori Hospital Maternity Wards**

Public tenders must be called for any procurement of goods, services or works valued at \$30,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).<sup>34</sup>

The Ministry awarded 2 contracts on 23/3/11 to CArchStudio@2011fijiislands for design and documentation of CWM maternity ward and Orton Architects for design and documentation of Nausori Hospital maternity ward for \$45,000 each. The following anomalies were noted:

- The Ministry did not call for tenders before awarding the contract to CArchStudio@2011fiji islands and Orton Architects for design and documentation of maternity wards at CWM and Nausori Hospitals respectively.
- The project cost stated in the contract did not specifically state whether the price was VIP or VEP. However the contractors were paid 15% VAT in addition to the amounts stated in the contract.
- A total of \$543,000 was allocated in the Medical HR Contingency allocation in 2011 budget however total of \$370,000 or 68% was vired out from Medical HR Contingency allocation to other allocations during the year. The projects did not progress any further apart from the designing and documentation of the projects.

In addition no funds were allocated for the project in 2012 budget. Hence the project may have not been completed.

The finding shows a clear breach of the Finance Manual and the Procurement procedures by the Ministry.

### **Recommendations**

- **The Ministry must ensure tenders are called for all purchases above \$30,000.**
- **The Ministry should investigate awarding of contracts to CArchStudio@2011fiji islands and Orton Architects and take appropriate action.**
- **Ministry of Finance must investigate why funds were diverted to other allocation by Ministry of Health and take appropriate action.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *Evidence cannot be obtained from the file to confirm that tender had been called for contracts for the two consultancy works at CWMH and Nausori Maternity Ward but evidence can be found that the contracts have been awarded to the two Companies CArchStudio@2011 Fiji Ltd and Orton Architects. (Refer Appendix 6 & 7)*
3. *The CWMH and Nausori Maternity Wards projects proposal with the design were submitted to the Budget Committee in Mid 2011 requesting for donor funding. AUSAID have now agreed to fund Nausori project works while we are still awaiting funds for the CWMH project.*

<sup>34</sup> Ministry of Health Proforma Finance Manual 2011, Section 2.3.1

**HRM Contingency funds**

4. The virement of funds was on the authority of PSH to charter flight allocations.
5. Since we are essential services we cannot forecast emergency evacuations.
6. For emergency evacuations recommendations are done by consultants and at operational level we facilitate on urgent request and we look for available funding elsewhere when there is not enough under Charter Allocations.
7. If we stop evacuations because funding who will answerable to the life of patients. Copy of Virement Authority is attached (Appendix 8)

**21.28 Award of Contract for Security 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 corruption do not occur.<sup>35</sup>

In 2011, the Ministry called for tenders for the provision of security services in the major hospitals throughout the country. 10 security firms submitted their tenders for the security services. Details of the tenders submitted are shown in Table 21.23 below.

**Table 21.23: Details of Tender Submissions**

Company Name	Tender Amount (\$)	Hourly Rate (\$)	Tender Assessment Scores	Remarks
South Pacific Security	900,570.40	3.15	9	Lowest tender but not awarded since financial statements were not provided
Matrix	902,297.16	3.66	6	Not considered because of high tender amount
Safety Security	1,057,815.20	3.70	10	Second lowest tender and highest score but not awarded contract since they did not have prior experience with government.
City Security	1,060,674.16	3.71	7	Awarded contract for Western and Northern divisions security services although the score was only 7 points
Grid Security	557,866.40	3.88	8	Tendered only for Central division and were awarded the contract although they scored only 8 points and their hourly rate was higher
Professional Security	560,472.00	3.94	9	Not considered because of high tender amount
Paradise Security	385,632.00	4.00	5	Not considered because of high tender amount
Homelink Security	1,143,584.00	4.00	9	Not considered because of high tender amount
Fastkil Security	1,286,532.00	4.50	9	Not considered because of high tender amount
Tyco Fiji Ltd	1,458,633.76	5.06	8	Not considered because of high tender amount

The following anomalies were noted in awarding of security services contracts:

- The Ministry awarded the contracts to Grid Security Services to provide security services in the Central Division and City Security Services to provide security services in the Western and Northern Divisions even though both companies scores were lower than Safety Security and their hourly rates were higher than Safety Security. As a result of awarding contract to companies with higher rates than Safety Security, the Ministry is incurring additional expenses of \$25,880.40 for Western and Northern Divisions and \$25,174.44 for Central Division annually.

<sup>35</sup> Ministry of Health Proforma Finance Manual 2011, Part 2

- The Ministry awarded the contracts to Grid Security to provide security services in the Central Division even though City Security Service's tender was lower than Grid Security. As a result the Ministry is incurring additional expenses of \$24,442.26 annually.
- According to the tender evaluation results Safety Security had the second lowest tender price with highest score. However, no security services contract was awarded to Safety Security. The audit further noted that City Security and Grid Security with lower scores and higher tender prices than Safety Security were awarded contracts.

According to Ministry of Health, Safety Security Services was not considered because it did not have any prior engagements with government. Grid Security Services was considered ahead of Safety Security Services because they agreed to absorb some of the former employees (security guards) of the Ministry who were made redundant upon the outsourcing of security services. However the audit noted that these issues were not part of tender assessment criteria.

In addition, the Ministry did not provide any details about former employees (security guards) of the Ministry who were absorbed by Grid Security. The audit could not confirm whether any former employees (security guards) were actually absorbed by Grid Security.

### **Recommendation**

**The Ministry should investigate the awarding of tenders for security services and take appropriate action.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *In recommending to the Government Tender Board to award the tender to Grids & City Security the Ministry was aware of the experience of the 2 companies since they were already contracted to Ministry of Health, actually performing duties, well versed with contractual requirement and developed professional working partnership in place.*
3. *Safety Security did not have this experience hence it was not recommended to Government Tender Board. The Evaluation considered higher rates of \$3.71 and \$3.88 as against the \$3.71 offered by Safety Security, however is still below the Government wages rate for Watchmen which is \$3.750 an hour.*
4. *The \$3.88 by Grids is in line with the Wages Regulation Order and VAT. (Appendix 9 – Wages Rates Schedule) The Ministry Evaluation Committee's recommendation was approved by the Government Tender Board as stated in attached letter from Tender Board and Ministry acted in this approval. (Appendix 10)*
5. *The Ministry Evaluation Committee's recommendation to award contract to Grid Security Services in the Central Division was based on the fact Grids was actually performing the security duties for all Ministry of Health Institutions and it was considered appropriate the company continue to avoid disruption to the professional work partnership, the system already developed and in place.*
6. *The Government Tender Board approved the recommendation by the Evaluation Committee resulting in Ministry of Health promulgating and conveying the Government Tender Board decision to Grids.*
7. *The City and Grids Security Services were awarded the Tender by the Government Tender Board since the Evaluation Committee were of the view the two(2) companies were currently providing the service, well versed with work required and a change in company would cause disruption to professional working partnership and to the system in place. The rates provided by 2 companies were below the approved rates for watchmen of \$3.750 an hour.*
8. *Although not part of tender assessment criteria the issue on appointment of redundant watchmen by Grids need to be taken very seriously as Grids had agreed to appoint these former employees during the initial meeting held with Grid executive during negotiation process prior to outsourcing. The former employees were aware of this arrangement and onus was on individual employees to make contact with Grids.*

## 21.29 Increase in Security Services Rates

This agreement shall come into effect on the commencement date and shall, subject to earlier termination in accordance with the Provisions of this agreement, continue for an initial period of two (2) years.<sup>36</sup>

The Ministry awarded the contract for the security services to Grid Security Services and City Security Services with effect from 26/10/11 and 25/10/11 respectively. The contract was awarded for a period of two years at a fixed hourly rate.

The Audit noted that both companies increased their hourly rates in 2011 without prior approval from the Ministry for the variations in their hourly rates. It was further noted that the Ministry continued to pay both the companies at new hourly rates. Refer to Table 21.24 below for details.

**Table 21.24: Increase in Security Services Charges**

Security Company	Contract Hourly Rate (\$)	Revised Hourly Rate (\$)	Variance in Hourly Rate (\$)	Variance per Annum (\$)
Grid Security Services	3.88	3.96	0.08	14,244.33
City Security Services	3.71	3.79	0.08	12,338.60

According to Ministry both companies increased their hourly rate due to increase in VAT by 2.5% in 2011.

### **Recommendation**

**The Ministry should investigate the increase in hourly rates and take appropriate action.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The increase in hourly rates was due to Wages Regulation Order and VAT. From my understanding of the system this would mean automatic increase in rates and therefore the increase is in order. (refer to Appendix 9)*

## 21.30 Expired Drugs

The aim of the National Drug Policy is to ensure the continued availability of sufficient quantities of the required essential drugs at all levels of the health system, through the accurate and systematic recording, monitoring and reporting of stock levels of all items.<sup>37</sup> In addition, the Ministry of Health will strive to improve and standardize inventory control procedures at all levels of the public drug system. Minimum and maximum stock levels will be introduced, systematic stock rotation ensured, dead stocks and expired stocks identified and either disposed off or, in the case of non-expired useable items, redistributed.<sup>38</sup>

Examination of the drug records revealed that a total of \$1,518,453.50 worth of drugs had expired as at 31/12/11. Refer to Table 21.25 for cost of expired drugs.

<sup>36</sup> Agreement dated 25<sup>th</sup> October 2010 between MOH and City Security Services (Fiji) Limited

<sup>37</sup> National Drug Policy 1994

<sup>38</sup> National Drug Policy 1994

**Table 21.25: Cost of Drugs Expired – 31/12/11**

Month	Expired Drugs (\$)
January	77,294.82
February	136,849.42
March	57,277.73
April	786,634.82
May	98,949.51
June	40,590.22
July	83.88
August	16,371.53
September	55,433.15
October	80,925.95
November	165,897.18
December	2,145.29
<b>Total</b>	<b>1,518,453.50</b>

The Audit further noted that 1,185 different types of drugs/consumables and other pharmaceutical products were out of stock at FPBS as at 16/1/12.

The non availability of drugs/consumables could put the lives of patients at risk. In addition, government's resources are wasted when drugs expire before being utilized. The above irregularities indicate poor estimates on usage and reordering of drugs by the FPS.

### **Recommendations**

- **The Ministry should consider purchasing inventory management software to better manage its drugs stock.**
- **The Ministry should review the reorder levels for all drugs/consumables to avoid over stocking or shortage of drugs /consumables.**

### **Ministry's Comments**

1. *FPBS management acknowledges the comments and findings of the report.*
2. *FPBS is in the process of acquiring the inventory management software through FHSSP funding assistance. The software will enable the efficient management of stock control activities in the warehouse.*
3. *The Ministry have implemented strategies to reduce the wastages:*
  - a. *Have reduced the maximum holding levels of items from 18 months to 12 – 13 months annually.*
  - b. *FPBS on a monthly basis run a 3 months near expiry report which was communicated to the hospitals for action of using those items first if necessary.*
  - c. *Especially for cancer medicines, patients have not returned to complete their treatment and thus stocks are left not used.*
  - d. *FPBS are conducting regular inspection at health facilities on improving stock management and as well training.*
  - e. *Changing prescribing pattern demands new sets of medicines to be used. FPBS is involved in the Clinical Service Network meetings to strengthening the management of transition to newer products in the market.*

### 21.31 Exemption of PWD from Tender Process

Public tenders must be called for any procurement of goods, services or works valued at \$30,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).<sup>39</sup>

The Ministry engaged Public Works Department (PWD) to carry out capital projects costing more than \$30,001.

In 2011 the Ministry paid a total of \$1,791,365.10 to PWD for various capital works carried out. The costs of these projects were all over \$30,000 and were awarded to PWD without calling for tenders. Details of some of the capital works carried out by PWD without calling for tenders are shown in table 21.26 below.

**Table 21.26: Projects Awarded to PWD without Calling for Tenders**

Project	Amount (\$)
Construction of Nabouwalu hospital duplex quarters	294,999.36
CWM Hospital - Laundry electrical upgrading works	110,142.00
Savusavu Hospital - Laundry electrical upgrading works	78,030.00
New Navua Hospital – Site Level	666,826.75
<b>Total</b>	<b>1,149,998.11</b>

The finding showed that the Ministry did not comply with proper procurement procedures.

#### Recommendations

- **The Ministry should ensure that tenders are called for procurement of goods and services costing more than \$30,000.**
- **The Ministry should take appropriate action against officers for not calling tenders when procuring goods and services costing more than \$30,000.**

#### Ministry's Comments

1. *Audit Recommendations have been acknowledged.*
2. *As explained in 8.1.11 above, the Ministry relies on PWD for compliance in terms of competitive quotes and tenders.*
3. *However, as from 2012, Ministry is very vigilant in obtaining acquittals on time.*
4. *The Construction of Nabouwalu Hospital – materials quotation was required by PWD.*
5. *The site levelling for the new Navua Hospital – this project was initiated from the Prime Minister's Office and Ministry was requested as the receiving agency to fund the cost of site levelling. Thus money was forwarded to PWD.*
6. *PWD has yet to respond further on this. Basically our response would be along these lines.*

### 21.32 Splitting of Local Purchase Orders

The following officers are delegated authority to procure goods, services and works up to the following limits specified:<sup>40</sup>

<sup>39</sup> Ministry of Health Proforma Finance Manual 2011, Section 2.3.1

<sup>40</sup> Ministry of Health Proforma Finance Manual 2011, Section 2.2.1

Permanent Secretaries	\$30,000
Deputy PS	\$15,000
Directors, Accounting Head	\$10,000
Section Heads	\$3,000
Senior Accounts Officers	\$2,000
Accounts Officers	\$1,000

The officer authorising a purchase order must ensure that a purchase is not artificially split to bring it within the limits above.<sup>41</sup>

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.<sup>42</sup>

The Audit noted 2 instances where the Ministry split the purchase orders to avoid approval from higher authorities. Refer to Table 21.27 below for details.

**Table 21.27: Splitting of Purchase Orders**

LPO Date	LPO No.	Beneficiary	Initial Cheque No.	Date	Amount (\$)	Replacement Cheque No.	Date	Amount (\$)
07/03/11	PO85101-000114	Medica Pacifica SP Ltd	244731	05/04/11	32,142.50	245053	07/04/11	3,300.50
09/03/11	PO85101-000116					245052	07/04/11	28,842.00
28/07/11	PO22101-001320	Conway Architects	251764	01/08/11	15,525.01	Invoice No.0384	13/07/11	15,525.00
29/07/11	PO22101-001319		251765	01/08/11	15,525.01	Invoice No.0383	13/07/11	15,525.00

For payment to Pacifica SP Ltd, a cheque numbered 244731 for \$32,142.50 was prepared. However the cheque number 244731 was later cancelled and two separate cheques numbered 205052 and 205053 for \$28,842 and \$3,300.50 respectively payable to Pacifica SP Ltd was prepared. The payment was split on the advice of a Cashier<sup>43</sup> at Headquarters to avoid the approval from higher authority.

In the second instance, the owner of CArchStudio@2011 fiji islands advised the Permanent Secretary for Health in a letter dated 14/7/2011 that he had revised invoice number 0383 after a request was sent to him by the Ministry to break work stage C fee into 2 claims. Hence the contractor resubmitted 2 invoices for \$15,525 each on 13/7/2011.

Despite several requests the original copy of invoice number 0383 was not produced for audit verification.

The findings showed that the Ministry deliberately split the orders and payments in order to avoid approvals from Ministry of Finance. The findings also show that the Ministry encourages splitting of orders and payments which is breach of finance policies.

### **Recommendations**

- **The Ministry should investigate and take appropriate action against Officers responsible for breach of finance policies.**
- **The Ministry must ensure that purchase orders or payments are not split in future to avoid approval from higher authorities.**

<sup>41</sup> Ministry of Health Proforma Finance Manual 2011, Section 2.2.2

<sup>42</sup> Ministry of Health Proforma Finance Manual 2011, Section 2.2.3

<sup>43</sup> Cashier based at headquarters commented on the payment advice that the cheque needed to be cancelled as it was in excess of \$30,000

### Ministry's Comments

1. *Audit Recommendations have been acknowledged.*
2. *Terms of References for Consultancy was issued by MOH 23/03/11 endorsed by Permanent Secretary on understanding the process was followed and accounts are available to facilitate since the work has been carried out.*

#### CArchStudio 2011 Fiji

3. *Payment is based on three invoices no 0382, 0383 and 0384 where three LpO's 22101-001266, 22101-001319 PO22101-001320 were issued.*
4. *Attached are copies of Invoices, Purchase Orders and Cheques issued. (Appendix 12,13 & 14)*

#### Pacifica SP Ltd

5. *There were 2 different items that were ordered [called on different quotations] on 2 different dates but the items were sourced from the same supplier after the evaluation of the quotes. The value of the individual order was less than \$30,000.*
6. *Management ensures that items of more than \$30,000 value must follow the correct process of procurement at all times. The payment of the invoices timing was unfortunate as they were both due at the same time for the same supplier but the LPO was not split.*
7. *FPBS management have taken note of other recommendations in the audit report*

### Further OAG Comments

OAG still maintains that the orders were split.

## **21.33 Non Deduction of 15% Provisional Tax**

To facilitate the payment of provisional tax payable by any person in respect of the profits or gains of the trade, profession or vocation of that person, there shall be deducted from any payment made under any contract for services, but not being a contract of employment, including progress payments under a contract, a sum equal to 15 per cent of such payment. The sum so deducted shall be paid to the Commissioner and shall be treated for the purposes of income tax as not diminishing the payment:

Provided -

- (a) that such person entitled to such payment may request the Commissioner to make such other determination as to the sum properly payable and to notify the person making such payment of such determination;
- (b) that it shall be lawful for the Commissioner to issue to persons liable to the deduction of provisional tax in the manner aforesaid certificates of exception from the provisions of this Regulation. Such certificates may be issued subject to such conditions, and may be withdrawn, in the manner prescribed by regulation 8, but, whilst in force, shall entitle such person to receive any moneys due under any contract for services without any deduction of any sum as provisional tax.<sup>44</sup>

Unless a Certificate of Exemption as mentioned in Legal Notice is produced by the contractor, or satisfactory evidence is produced by the contractor that he holds such certificate, provisional tax of the rate of 15% must be deducted from the gross amount at the time of actual payment of the contractual sum.<sup>45</sup>

<sup>44</sup> Cap. 201 Rev.1985 Subsidiary Legislation, Section 107 – Income Tax (Collection of Provisional Tax) Regulations, Section 2

<sup>45</sup> Appendix to Legal Notice 70 of 1976 – Section .A

The Audit noted that the Ministry did not deduct 15% provisional tax from a number of companies that were engaged to carry out various works during 2011. Refer to Table 21.28 below for details.

**Table 21.28: Non Deduction of Provisional Tax**

Contractors Name	Service Provided	Contract Value (\$)	Valid Certificate of Exemption
CArchStudio@2011fiji islands	Design and documentation of CWM Maternity ward	45,000.00	Not provided
Orton Architechs	Design and documentation of Nausori Hospital Maternity ward	45,000.00	Not provided
Grid Security Services	Provision of security services at Ministry's premises	557,866.40	Not provided
Automech	Repair of vehicles on ad hoc basis	7,125.00	Not provided

The finding showed that the Ministry did not comply with Income Tax Act.

### **Recommendations**

- **The Ministry should obtain valid Certificate of Exemption from all the contractors. In absence of Certificate of Exemption the Ministry should deduct provisional tax.**
- **The Ministry should recover the tax from the above companies and submit to FRCA.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The issue of Provisional Tax was not very clear to the users of the system then since most companies had vat registration and we assumed that was the requirement by FRCA. Since we had on-going training effective from this year, the team from FRCA has clarified all related issues on provisional tax and we have implemented withhold status on vendors that have not complied with the income tax act.*
3. *The mentioned companies on Table 18 whom we have overlooked to deduct provisional tax, FRCA will recover the 15% PT after verification on annual summary at the beginning of the year since they have access to these company registration.*

## **FIJI PHARMACEUTICAL SERVICES**

### **21.34 Payment of Duty and VAT for Forklift**

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<sup>46</sup>.

The Ministry of Health acquired a forklift from an overseas supplier in 2011. The forklift was purchased through the financial grant received from Fiji Health Sector Support Programme (FHSSP). The forklift arrived in Fiji on 29/11/11 however the Ministry was not able to get it cleared from FRCA due to non payment of Duty and VAT until January 2012.

The Audit noted that the Ministry failed to advise FHSSP to apply for Duty and VAT exemption from the Ministry of Finance. Consequently the Duty and VAT on the forklift totalling \$21,210.35 was paid by the Ministry on 28/12/2011 which was 30 days after the date of arrival.

<sup>46</sup> Ministry of Health Proforma Finance Manual 2011, Part 2  
Ministry of Health

As a result the Ministry paid the duty and VAT for the forklift totalling \$21,210.35 to the shipping agent, who had cleared the forklift on behalf of the Ministry

### **Recommendation**

**The Ministry must ensure that such instances do not occur in future.**

### **Ministry's Comments**

1. *FPBS management acknowledges the comments and findings of the report.*
2. *FHSIP was responsible for the purchase of the forklift. The raising of order was done before the end of the FHSIP program period ends in mid 2011 where FNU took over the administrative operations of the completion of the outstanding activities for 2011. Due to this transition, there was an administrative oversight by the FNU to seek exemption until the goods were in the wharf. FHSIP understood about the requirement of the exemption as history shows on their purchases of vehicles where exemptions were provided by the Ministry of Finance.*

## **21.35 Purchase of Hospital Beds**

Physical assets provide a vital resource base that supports the delivery of outputs by the agency. Therefore it is important to ensure that:

- assets are safeguarded and properly maintained;
- assets are used for official purposes only;
- all assets held by the agency are used efficiently<sup>47</sup>.

The Ministry of Health obtained quotations from overseas suppliers, namely Medico Australia Pty Ltd, Ebos and Command Investment for purchase of beds. The price quoted by the suppliers was as shown in Table 21.29 below.

**Table 21.29: Quotations for Beds**

Supplier	Price Quoted (\$)
Medico Australia Pty Ltd	AUD 600/bed
Ebos	NZ 889/bed
Command Investment	FJ 890/bed

The FPBS Evaluation committee met on 2/02/11 to evaluate the quotations received. On 4/02/11 the evaluation committee recommended Medico Australia Pty Ltd to Permanent Secretary for Health as their preferred supplier at a price of A\$600/bed. This price was valid up to 31/3/11.

Review of the documents relating to purchase of the beds revealed the following anomalies.

- The Ministry intended to acquire 25 new beds however it was later reduced to 24 beds by the Permanent Secretary for Health to keep the total cost of purchases within his approval limit of \$30,000 and less.
- The approval to purchase the beds from Medico Australia was given by FPBS on 04/02/11. However, the indent for purchase of beds was signed by the Permanent Secretary for Health on 29/04/11. There was a delay of 80 days from the date the supplier was approved and the date the indent was signed. This resulted in the supplier, Medico Australia Pty Ltd increasing the cost of

<sup>47</sup> Ministry of Health Proforma Finance Manual, Section 11

the beds from A\$600 in March 2011 to A\$651 in April 2011. The Ministry paid additional A\$1,224 for purchase of 24 beds from Medico Australia Pty Ltd.

- One of the Ministry's official stated in the email that "*due to delay in figuring out which allocation to use for raising orders suppliers have given a new price*". The Officers comments implied that it took over 2 months (80 days) for the Ministry to decide the allocation to charge the expenditure to.
- The total cost of 24 beds purchased from Medico Australia Pty Ltd was F\$29,002.42. The Ministry of Health made a down payment of 50% or \$15,048 to the supplier, Medico Australia Pty Ltd on 19/05/11. On 29/9/11, Fiji Procurement Office paid the full invoice amount of F\$29,002.42 to the supplier. As a result the supplier was overpaid F\$15,048 but this was reimbursed by the supplier to FPO on 9/11/11.

The findings showed laxity by the Ministry's staff which resulted in additional cost for purchasing the hospital beds and over payment to the supplier.

### **Recommendations**

- **The Ministry must ensure that purchases are made from the approved suppliers while the quoted prices are valid to take advantage of low price.**
- **The Ministry must ensure that payments made for purchases through Fiji Procurement Office are properly verified before any payment is made to avoid overpayments.**
- **The Ministry should take appropriate action to ensure efficiency and effectiveness in the procurement process.**

### **Ministry's Comments**

1. *FPBS management acknowledges the comments and findings of the report.*
2. *The purchasing of the bed was due to an oversight of the processes of raising an order within FPBS. Therefore FPBS has established new step whereby all orders that need to be raised will be endorsed by the Chief Pharmacist before quotations are called. One of the Criteria of checking includes the availability of funds for the purchase.*
3. *FPO and FPBS have reviewed the processes to ensure that overpayments such as this will not recur again.*
4. *The overpayment was recovered by FPO from the supplier.*

## **21.36 Surcharge for Advance Payment (Purchases of Hospital Beds)**

As soon as a surcharge action is approved by the Ministry of Finance it becomes the responsibility of the Ministry/Department to action recovery of the surcharged amount from the officer's salary.

The Ministry of Health through Government Pharmacy ordered 100 hospital beds from Pacific Surgimed International Ltd of New Zealand in 2002. The total cost of the beds was \$100,633.88. In December 2002 advance payment of \$100,633.88 was made to the supplier. However, no beds were received by the Ministry from the supplier.

Mr. Narendra Gounder a former Storeman (EDP number 41794) at the FPBS was surcharged a sum of \$50,316.94 being 50% of the total amount paid by the Ministry of Finance in 2003 for advance payment of \$100,633.88 to Pacific Surgimed International Ltd of New Zealand.

The Audit noted that Mr. Narendra Gounder migrated to Australia without informing or paying anything to the Ministry. In addition the Ministry was not able to provide Mr. Goundar's personnel

files for audit review. According to the Ministry the matter was not reported to appropriate authorities as the Ministry was not aware of Mr. Goundar's surcharge case.

The findings showed laxity by the Ministry towards handling of such case. As a result the officer managed to escape to Australia and the Ministry was not able to recover any amount from him.

### **Recommendations**

- **The Ministry should contact relevant authorities overseas to apprehend the officer.**
- **The Ministry should provide Mr. Goundar's personal details to Department of Immigration to add him to the Immigration watch list and apprehend him when entering in the country.**

### **Ministry's Comments**

1. *FPBS management acknowledges the comments and findings of the report*
2. *Narendra Gounder resigned from the services in 2004 and immediately migrated to Australia.*
3. *FPBS management has taken note of other recommendations in the audit report.*

## **DIVISIONAL MEDICAL OFFICE - NORTH**

### **21.37 Installation of Laundry Equipments**

Physical assets provide a vital resource base that supports the delivery of outputs by the agency. Therefore it is important to ensure that:

- assets are safeguarded and properly maintained;
- assets are used for official purposes only;
- all assets held by the agency are used efficiently<sup>48</sup>

The installation of laundry equipments at the Northern Division was sub-contracted by Advance Commercial Laundry Equipment Pty Ltd (ACLEPL) to Jaduram Industries.

Audit site visits to the 3 major hospitals based in Vanua Levu, namely, Labasa Hospital, Nabouwalu Hospital and Savusavu Hospital noted the following anomalies.

- At Labasa Hospital, the sub- contractor, Jaduram Industries commenced breaking down the walls of the site which housed the old washing machines so that it could be enlarged and further extended to accommodate the new and bigger machines. The contractor, ACLEPL was suppose to commence work in November 2011 however the work did not commence as of the date of audit on 6/12/2011.
- At Nabouwalu Hospital, the installation of laundry equipments commenced on in November 2011 and all works were supposed to be completed by end of November 2011. However as of the date of audit the works were not completed and hospital was still using the old laundry machines which have been relocated to the garage.
- At Savusavu Hospital, the laundry equipments are operational however considerable delay was noted in the installation process. The work commenced on 01/09/2011 and was suppose to be completed on 30/09/2011. However the machines were commissioned on 30/11/2011, 61 days after the approved completion date.

<sup>48</sup> Ministry of Health Proforma Finance Manual 2011, Part 11

The failure by contractor to complete the installation of laundry equipment on time resulted in poor deliver services by the Ministry.

### **Recommendation**

**The Ministry should take appropriate action against the contractor to ensure all works are completed as per the contract agreement.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *The work at Labasa hospital did not commence as expected because of the need to properly refurbish the interior by MOH prior to the installation of the new laundry machines*
3. *Laundry installation works at Nabouwalu hospital is complete and in operation*
4. *Laundry installation works at Savusavu hospital is complete and in operation*
5. *MOH is closely monitoring the contractor to meet timelines. Any change of timelines has to be discussed first between both parties*

## **21.38 Allowance for Village Health Workers**

Payment should be made using cheques to avoid loss or theft of cash.

The Ministry of Health had a total of 429 Village Health Workers in Vanua Levu in 2011. These health workers were provided basic training on health related issues by Ministry of Health and were tasked to attend to minor ailments and give advice to villagers on whether to seek further medical assistance from hospitals. The Ministry paid allowance of \$55 per annum to each of these village health workers.

The Ministry issued 4 cheques totalling \$23,595 to each of the major district in Vanua Levu to pay the health workers for 2011. Refer to Table 21.30 below for details.

**Table 21.30: Cheques for Village Health Workers**

<b>Cheque No.</b>	<b>Date</b>	<b>Payee</b>	<b>Cheque Amount</b>	<b>Amount paid as at 08/12/11</b>	<b>Remarks</b>
257890	17/11/11	DMO Northern	6,930	935	Cheque not yet cashed – still kept at Northern Health Services Office in Labasa
257891	17/11/11	SDMO - Bua	4,290	0	Cheque not yet cashed – still kept at Northern Health Services Office in Labasa
257892	17/11/11	SDMO Cakaudrove	9,075	0	Cheque cashed and kept at Savusavu Hospital
257893	17/11/11	SDMO Taveuni	3,300	0	Cheque not yet cashed – still kept at Northern Health Services Office in Labasa
<b>Totals</b>			<b>23,595</b>	<b>935</b>	

The Audit noted that out of the 4 cheques issued only the cheque payable to SDMO Cakaudrove was cashed and the funds were maintained by the Clerk based at Savusavu Hospital. As at 8/12/12, only 17 village workers from the Cakaudrove district collected their \$55 cash. As a result only \$935 was disbursed and balance of \$22,660 which included \$5,995 cash and \$16,665 in cheque were still kept in a safe by the Clerk.

Holding large amount of cash on hand is risky and susceptible to theft or misuse of public funds.

**Recommendation**

**The Ministry should provide a time line by when all health workers for 2011 should be paid and any unpaid amount after that date should be taken back and kept at headquarters.**

**Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *Cheques were received for SDMO Macuata which is mentioned on the audit report for DMON Chq# 257890 amount \$ 6930.00 and SDMO Bua Chq# 257891 amount \$ 4290.00 on the 25/11/2011.*
3. *The other two cheques for SDMO Cakaudrove Chq# 257892 (\$9075.00) and SDMO Taveuni Chq# 257893 (\$3300.00) were sent directly to them from HQ Suva.*
4. *It was then cashed by the SDMO's clerk's and arrangements was made at that time with the Senior sisters of each divisions to dispatch cash to the village health workers, as the Sisters and s/nurses of each districts would know the village health workers in their respective villages. We also need to take into account the locations in our rural areas.*
5. *At that time the auditors were conducting their auditing the cash were being kept and arrangements were made for dispatching.*
6. *Cash were all dispatched to concerned village health workers and the one's that could not be located at that time the cash were then receipted back to Government before 31<sup>st</sup> December 2011. All documents are kept with respective sub-divisions.*

**21.39 Purchase of Diesel**

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.<sup>49</sup>

Labasa Hospital purchased diesel for the boilers at Labasa Hospital and motor vehicle fleet from Total Fiji Limited. Review of the payments made to Total Fiji Limited for the supply of diesel revealed the following anomalies.

- The hospital was making payments to Total Fiji Limited for supply of diesel based on quotations obtained from Total Fiji Limited and the local purchase orders issued. In some cases, same quotations were used more than once for purchase of diesel from Total Fiji Limited.
- The supplier, Total Fiji Limited submitted the invoice for supply of diesel after payments were made. Hence invoices were received after payments were made.
- The hospital ordered fuel in excess of the amount required. As a result the hospital was not able to receive the full order as the fuel tank did not have the capacity. The supplier, Total Fiji Limited had to come again until the ordered amount was fully received by the hospital.

The hospital was not able to provide the delivery docket and the purchase orders for several invoices. As a result audit could not establish whether the quantity of diesel ordered was fully received by the hospital. Refer to Table 21.31 below for examples.

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<sup>49</sup> Ministry of Health Proforma Finance Manual 2010, Part 2

**Table 21.31: Anomalies in Procuring Diesel Fuel**

Invoice Number	Quantity Supplied (Litres)	Cost (\$)	Comments
4019099198	3600	7,931	No exact delivery docket & LPO available pertaining to this invoice
4019085507	7400	14,715	No exact delivery docket & LPO available pertaining to this invoice
4019097845	3300	7,162	No exact delivery docket & LPO available pertaining to this invoice
4019097043	3700	8,030	No exact delivery docket & LPO available pertaining to this invoice
4019082575	6000	11,931	No exact delivery docket & LPO available pertaining to this invoice
4019081972	3250	6,463	No exact delivery docket & LPO available pertaining to this invoice
4019081577	1500	2,983	No exact delivery docket & LPO available pertaining to this invoice
4019078860	6250	11,669	No exact delivery docket & LPO available pertaining to this invoice
4019091385	6000	13,022	No exact delivery docket & LPO available pertaining to this invoice

The findings showed that the Labasa Hospital is not following proper procurement procedures. This may result in short supply or theft of diesel.

### **Recommendations**

- **The Ministry must ensure that payments are made when diesel is supplied and properly received.**
- **The Ministry must ensure that only required quantity of diesel is ordered.**
- **The Ministry must investigate the missing delivery docket and the purchase orders for several invoices**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *Total Fiji Ltd is a Government contractor that supplies fuel to hospitals on the request by the Boiler Dept through Local Purchase Order and payment is done through Proforma invoice and delivery is upon COD. Upon delivery an officer should be present to reconcile the fuel delivered with the delivery docket and invoice.*
3. *If delivery is not fully supplied than they will advise us on the next delivery day and the invoice than is reconciled when it is fully delivered than we will forward original invoices to HQ for recording purposes.*
4. *Total Fiji cannot deliver our diesel order unless a payment is done because we are classified under COD customer. It would be advisable if arrangement could be done direct from MOF level to have our Ministry exempted from COD, then only we would be able to do the payment after we receive the diesel.*

## **21.40 Defective Boiler**

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.<sup>50</sup>

Labasa Hospital has two boilers. Audit noted that one of the boilers experienced frequent breakdowns during 2011 and had to be repaired on numerous occasions. The cost of repairing the boilers for the year ended 31/12/11 totalled \$149,570.69.

The hospital had another boiler which is bigger and consumed more fuel and hence is more costly to operate. Refer to Table 21.32 below for comparison of fuel intake and cost for two boilers.

<sup>50</sup> Ministry of Health Proforma Finance Manual 2011, Part 2

**Table 21.32: Comparison of Boiler 1 and 2**

Boiler No.	Fuel Usage for every 7 hours	Cost/litre (\$)	Total Cost	Remarks
1	350	2.15	752	Cheaper to operate but breaks down continuously
2	500	2.15	1,075	Very expensive to operate, because of high fuel intake

The Ministry was allocated \$150,000 for boiler repairs in 2011. However, the boiler was still not fully operational despite repairs costing \$149,570.67.

### **Recommendations**

- **The Ministry should assess and decide whether it is viable to continuously maintain and repair the smaller boiler considering frequent breakdowns and escalating repair costs.**
- **The Ministry may consider disposing off both boilers and installing a new boiler.**

### **Ministry's Comments**

1. *Audit Recommendations have been acknowledged.*
2. *We will provide our report once the assessment is completed. Management to appoint a team to do the assessment required.*

**APPENDICES****Appendix 21.1: Amounts Owed to the Ministry**

<b>DEP No.</b>	<b>Name</b>	<b>Amount (\$)</b>	<b>Comments</b>
<b>Rent Arrears</b>			
33301	Rozileen Narayan	126.47	Employed by the Ministry - Last deduction made in pay 06/2011 for \$20.00
34357	Aletaita Vakasaus	128.30	Not in service – employment ceased on 30/03/11
91517	Rajneel Singh	304.31	Not in service – employment ceased on 23/04/11
90525	Isoa Vakaciwa	144.14	Not in service – employment ceased on 04/08/11
34451	Nashida Ali	923.88	Not in service – employment ceased on 02/10/11
90544	Shatne Alvin ravin prasad	221.54	Not in service – employment ceased on 23/04/11
<b>Total</b>		<b>1,848.64</b>	
<b>PSC Loan</b>			
32147	Chandra Kanta	10,250.70	Not in service – employment ceased on 23/04/11
64307	Atonio Lalabalai	1,812.10	Not in service – employment ceased on 26/03/11
34357	Aletaita Vakasaus	1,440.20	Not in service – employment ceased on 30/03/11
90928	Gyanadra Prasad	15,662.40	Not in service – employment ceased on 04/05/11
91118	Ashika Kiran	5,598.40	Not in service – employment ceased on 28/03/11
90537	Losana Veiqarau	9,139.10	Not in service – employment ceased on 27/10/11
90522	Fiona Lave	9,246.30	Not in service – employment ceased on 18/10/11
90537	Losana Veiqarau	7,290.40	Not in service – employment ceased on 27/10/11
90936	Raina Prasad	6,867.40	Employed by the Ministry - Last deduction made in pay 13/2009 for \$89.30
34134	Ilisapeci N	31.60	Not in service – employment ceased on 28/01/11
34018	Losana Tawakedrau	1,874.70	Not in service – employment ceased on 19/11/11
90525	Isoa Siliasau Vakaciwa	10,711.00	Not in service – employment ceased on 04/08/11
<b>Total</b>		<b>79,924.30</b>	
<b>One third cost sharing</b>			
90544	Shayne Alvin Ravin Prasad	14,608.50	Not in service – employment ceased on 23/04/11
<b>Total</b>		<b>14,608.50</b>	
<b>Union Dues</b>			
91626	Jean Manulevu	970.00	Not in service – employment ceased on 05/09/11
33749	Udila Nariva	970.00	Not in service – employment ceased on 03/12/11
33694	Nanise Lutu	370.50	Not in service – employment ceased on 19/11/10
33267	Luisa Racaca	1080.00	Not in service – employment ceased on 10/09/10
<b>Total</b>		<b>3,390.50</b>	
<b>Total</b>		<b>99,771.94</b>	

**Appendix 21.2: Salary Overpaid**

<b>Name</b>	<b>EDP No</b>	<b>Employment Status</b>	<b>Overpaid (\$)</b>
Ilisapeci N	34134	Resigned on 28/01/11	5,444.13
Amelia Tasici	32865	Resigned on 03/12/10	344.39
Simione Tagicakibau	34095	Resigned on 01/01/11	96.73
Nanise Lutu	33694	Resigned on 19/11/10	598.14
Kolora Waqali	33667	Resigned on 20/05/11	108.41
Madre Sami	32773	Resigned on 23/04/11	136.13
Unaisi Veilawa	91959	Resigned on 13/08/11	3,045.52
Karalaini Lesl	32359	Resigned on 06/12/11	255.20
Rozileen Narayan	33301	Employed by the Ministry of Health	49.17
Joel Trazo	62854	Resigned on 30/07/09	7.26
Kolora Waqali	33667	Resigned on 20/05/11	108.41
Leshni Lal	34138	Resigned on 12/03/11	68.42
Udila Nariva	33749	Resigned on 03/12/11	1,175.44
<b>Total</b>			<b>11,437.35</b>



## Section 22 Ministry of Local Government, Urban Development, Housing and Environment

### Role and Responsibilities

The Ministry of Local Government, Urban Development, Housing and Environment is responsible for the formulation and implementation of local government and urban planning policies and the formulation and implementation of housing and integration of programmes to eradicate poverty. It is also responsible for administering the Government Grant for the National Fire Services. In addition, the Ministry is also responsible for the Department of Environment that is mainly responsible for the development of government policy for the protection of the environment and its sustainable use for human resources and policing the use of the environment and ensuring compliance with government policy by economic agents. The Ministry's functions are categorized into the following programme areas:

- General Administration;
- Local Government;
- Department of Town and Country Planning;
- Housing; and
- Environment Department.

The National Fire Authority is also under the Ministry's jurisdiction.

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## PART A: FINANCIAL STATEMENT

### 22.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Local Government, Urban Development, Housing and Environment resulted in the issue of a qualified audit report as the Department of Environment did not reconcile the Main Trust Fund account balance with the bank statement balance during the year. A variance of \$1,205,664 was noted between the Department's Trust Fund account general ledger balance and the bank statement balance. As a result I was not able to ascertain that all receipts and payments had been accurately accounted for and disclosed in the Main Trust Fund account.

### 22.2 Statement of Receipts and Expenditures

The Ministry collected revenue amounting to \$303,729 and incurred total expenditures of \$10,386,931 in 2011. Details are provided in Table 25.1 below.

**Table 22.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Town and Country Planning Fees	102,930	92,487
Commission	2,476	1,684
<b>Total State Revenue</b>	<b>105,406</b>	<b>94,171</b>
<b>Agency Revenue</b>		
Miscellaneous Revenue	198,323	72,427
<b>Total Agency Revenue</b>	<b>198,323</b>	<b>72,427</b>
<b>TOTAL REVENUE</b>	<b>303,729</b>	<b>166,598</b>
<b>EXPENDITURES</b>		
<b>Operating Expenditure</b>		
Established Staff	1,674,125	1,538,419
Government Wage Earners	130,049	125,645
Travel & Communication	192,614	167,138
Maintenance & Operations	266,498	238,680
Purchase of Goods & Services	165,646	158,744
Operating Grants & Transfers	2,198,659	2,201,515
Special Expenditures	1,953,723	1,126,049
<b>Total Operating Expenditure</b>	<b>6,581,314</b>	<b>5,556,190</b>
<b>Capital Expenditure</b>		
Capital Construction	1,367,030	2,284,347
Capital Purchases	158,204	227,327
Capital Grants & Transfers	1,750,000	1,650,000
<b>Total Capital Expenditure</b>	<b>3,275,234</b>	<b>4,161,674</b>
Value Added Tax	530,383	518,387
<b>TOTAL EXPENDITURE</b>	<b>10,386,931</b>	<b>10,236,251</b>

The Ministry's revenue increased by \$137,131 or 82 % in 2011 compared to 2010 due to increase in Town and Country Planning fees and miscellaneous revenue.

The Operating Expenditure increased by \$1,025,124 or 18% in 2011 compared to 2010 due to:

- increase in established staff costs mainly because of filling the vacancies in the Ministry towards the end of 2011; and
- increase in special expenditures due to incorporating various environment related projects carried out by the Department of Environment and payment of personal emoluments to Special Administrators and Project Officers.

The Capital Expenditure decreased by \$886,440 or 21% in 2011 compared to 2010 due to:

- decrease in capital construction expenditures because of redeployment of funds by Ministry of Finance from Naboro Landfill Phase 1B; and
- Decrease in capital purchases as a result of under utilisation of funds allocated for the purchase of fire hydrants for National Fire Authority.

## 22.3 Appropriation Statement

The Ministry of Local Government, Urban Development, Housing and Environment incurred expenditures totalling \$10,386,931 in 2011 against the revised budget of \$11,824,922 resulting in saving of \$1,437,991 or 12%. Details are provided in Table 22.2.

**Table 22.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,877,848	---	1,877,848	1,674,125	---	203,723
2	Government Wage Earners	137,223	---	137,223	130,049	---	7,174
3	Travel & Communication	193,629	---	193,629	192,614	---	1,015
4	Maintenance & Operations	280,000	---	280,000	266,498	---	13,502
5	Purchase of Goods & Services	172,770	---	172,770	165,646	---	7,124
6	Operating Grants & Transfers	2,272,000	---	2,272,000	2,198,659	---	73,341
7	Special Expenditure	2,691,441	---	2,691,441	1,953,723	---	737,718
	<b>Total Operating Costs</b>	<b>7,624,911</b>	<b>---</b>	<b>7,624,911</b>	<b>6,581,314</b>	<b>---</b>	<b>1,043,597</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	2,000,000	(474,599)	1,525,401	1,367,030	---	158,371
9	Capital Purchases	330,000	---	330,000	158,204	---	171,796
10	Capital Grants and Transfers	2,000,000	(250,000)	1,750,000	1,750,000	---	---
	<b>Total Capital Expenditure</b>	<b>4,330,000</b>	<b>(724,599)</b>	<b>3,605,401</b>	<b>3,275,234</b>	<b>---</b>	<b>330,167</b>
13	Value Added Tax	665,800	(71,190)	594,610	530,383	---	64,227
	<b>TOTAL EXPENDITURE</b>	<b>12,620,711</b>	<b>(795,789)</b>	<b>11,824,922</b>	<b>10,386,931</b>	<b>---</b>	<b>1,437,991</b>

## 22.4 Statement of Losses

There was loss of asset recorded for the year 2011 amounting to \$755 but no loss report was prepared. The Board of Survey for the year ending 31 December 2011 was conducted by the Ministry.

**PART B: AUDIT FINDINGS -****22.5 Department of Environment – Main Trust Fund 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. Unreconciled items must be investigated and resolved promptly.<sup>1</sup>

The Department of Environment's main trust fund account had a balance of \$360,957 in FMIS general ledger as at 31/12/11. However the balance as per the main trust fund account bank statement as at 31/12/11 was \$1,566,621. The department only reconciled the trust fund account with FMIS ledger balance. The department did not reconcile the main trust fund account balance with the bank statement balance during the year.

A variance of \$1,205,664 was noted between the Department's main trust fund account general ledger balance and the bank statement balance. Refer to Table 22.3 below for details.

**Table 22.3: Variance In Environment Trust Fund Account**

Balance As Per Trust Fund Bank Statement (\$)	Balance As Per Trust Fund Ledger (FMIS) (\$)	Variance (\$)
1,566,621	360,957	1,205,664

The Audit was not able to ascertain that all receipts and payments had been accurately accounted for in the main Trust Fund account.

The Ministry may not be able to detect misappropriation or theft of trust fund money if monthly reconciliations are not carried out.

**Recommendations**

- The Ministry should ensure that Trust Fund account bank balance is reconciled with the Trust Fund FMIS ledger balance on a monthly basis.
- The Ministry must ensure that receipts and payments from the Environment Trust Fund account are posted to the general ledger on a timely basis.
- Appropriate action should be taken against officers responsible for not reconciling the Trust Fund account with the general ledger.

**Ministry's Comments**

- The Environment Trust Fund account was transferred from the Ministry of Lands to the Ministry of Local Government with effect from 1/1/2010.
- At the time of the transfer the Trust Account **bank balance** stood at **\$653,553.50 (cr)** whilst the FMIS/GL balance was **\$677,701.80 (dr)** meaning the Trust Account was overdrawn by \$677,701.80 at the time this Ministry took over the Trust Account on 1/1/10.
- However, the Ministry has taken the appropriate measures to ensure all receipts or deposits into the Trust Fund Account are updated into the FMIS/GL system to avoid any further variance.
- Currently, monthly Reconciliations are carried out with relevant Reconciliation Statements submitted to Finance as required.

<sup>1</sup> Finance Instructions 2010 Section 58(3)

- *Measures are being put in place to verify and account for any variance between Bank Statements and FMIS ledger balance with immediate corrective action taken to address such variances.*

## 22.6 Posting Expenditure to Revolving Fund Account

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Senior Accountant shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>2</sup> Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>3</sup>

Scrutiny of the journal vouchers revealed that the Ministry posted donor funded expenses to RFA when the receipts of the funds from the donor agencies were delayed. This was done by posting expenditure to RFA account through a single debit entry.

When funds were received from donor agencies, journals were passed to offset the debit balance in RFA and post expenses to the relevant expense accounts. Refer to table 22.4 below for details.

**Table 22.4: Posting Expenditure To Revolving Fund Account**

Journal Number	Initial Journal Entry Account Number	Amount (\$)	Offsetting Journal Entry	Amount (\$)	Remarks
58/12/11	1-23101-23999-560203	28,028.28 Dr	1-23301-23999-080429	24,372.10 Dr	The officer in charge explained that RIE was approved on 22/02/12 and budget loading was delayed, hence payment was done from RFA and when after funds were available an offsetting journal entry was passed.
			1-23301-23999-130101	3,656.18 Dr	
			1-23101-23999-560203	28,028.28 Cr	

Posting expenditure to Revolving Fund Account overstated total RFA expenses for the year. There is also risk of posting unauthorized expenditures to RFA.

### Recommendation

**The Ministry should refrain from posting donor funded expenses into RFA.**

### Ministry's Comments

- *All donor funded Projects through UNDP, UNEP, IUCN, etc were previously credited to RFA before Finance eventually gave approval on 1/1/2011 to open individual Accounts for each Project through SLG/84 (For example SLG/84 account: 137301-37999-071231 (MESCAL Project).*
- *RIE is the authority to incur expenditure against a specific Budget. Due to time constraints in checking and verifying relevant documents, the fund was transferred to RFA to facilitate payment once documents were in order.*
- *The basic aim was not to carry over financial liabilities from the previous year in particular where RIE approval was granted by Finance in the current year.*

<sup>2</sup> Finance Manual 2011 – Section 16.3.3

<sup>3</sup> Finance Manual 2011 – Section 16.3.4

## 22.7 Variance in VAT Figures

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.<sup>4</sup>

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.<sup>5</sup>

The Ministry did not prepare VAT reconciliations during the year. Review of VAT returns and total expenses revealed a variance of \$130,476 between the taxable supplies as per VAT Return and Statement of Receipts and Expenditure. Refer to Table 22.5 below for details.

**Table 22.5: Un-Reconciled VAT Variance**

Details	Amount (\$)
Total operating expenditure as per Expenditure Statement	10,386,931
Less Expenditure not subject to VAT – SEG 1,2, 6 and 10	5,752,833
Total expenditure/income subject to VAT	4,634,098
Less: Total taxable supplies as per VAT Returns	4,764,574
<b>Un-reconciled variance</b>	<b>130,476</b>

In addition, a difference of \$90,919 was noted between the actual VAT paid for the year 2011 and the balance disclosed in the general ledger. Refer to table 22.6 below for details.

**Table 22.6: Un-Reconciled VAT Variance**

Details	Amount (\$)
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	530,382
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2011	621,301
<b>Un-reconciled variance</b>	<b>90,919</b>

No explanation was provided by the Ministry for the variances.

The non reconciliation of VAT and poor monitoring by the Ministry may have resulted in the differences highlighted above. The Ministry may be paying incorrect VAT to FRCA.

### Recommendations

- **The Ministry should ensure that VAT paid to FRCA is reconciled on a monthly basis.**
- **The Ministry should take necessary steps to identify the error and reconcile the records to avoid such variances in future.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.**

<sup>4</sup> Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

<sup>5</sup> Finance Circular No 9/95

**Ministry's Comments**

*The process of paying monthly Vat to FIRCA is outlined by Finance via Finance Circulars with relevant trainings conducted by FRCA from time to time.*

*According to our records, the Ministry has met its financial obligation to FRCA in terms of Tax payments. However, this is an ongoing process and the Ministry is taking the necessary steps to ensure our monthly Vat payment is correct in every respect.*

**22.8 Variances in FNPF Figures**

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.<sup>6</sup>

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

The Ministry did not prepare FNPF reconciliations for the year 2011. A variance of \$119,664 was noted between the Ministry's gross pay on which FNPF was paid and the audit calculations of gross pay subject to FNPF. Refer to Table 22.7 below for details.

**Table 22.7: Un-Reconciled FNPF Variance**

Details	Amount (\$)
<b>(a) Total FNPF against salaries and wages for 2011:</b>	
FNPF as per financial statement	180,520
Less: December 2010 FNPF paid in Jan 2011	30,676
	<b>149,844</b>
Add: December 2011 FNPF paid in Jan 2012	28,794
<b>FNPF Contribution by Employer for 2011</b>	<b>178,638</b>
<b>Gross Pay Subject to FNPF (178,638 / 0.08)</b>	<b>2,232,975</b>
<b>(b) Salaries and Wages for 2011 subject to FNPF</b>	
Salaries, wages and allowances as per financial statement	2,380,846
Less: Salaries, wages and allowances for 2011 not subject to FNPF	28,207
	<b>2,352,639</b>
<b>Un-reconciled Variance (a) – (b)</b>	<b>(119,664)</b>

The variance in gross pay may be attributed to some staffs and project officers either paid from SEGs other than SEG 1 and SEG 2 or FNPF deductions incorrectly posted to other allocations.

**Recommendations**

**The Ministry should ensure that proper FNPF reconciliation is carried out on a monthly basis to identify variances and take appropriate corrective actions.**

<sup>6</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)

**Ministry's Comments**

*The FNPF contribution for Permanent Staff of the Ministry by way of Staff Establishment is met from SEGS 1 and 2.*

*For other Project staff, FNPF contributions is met from –*

- *LRC/SA Budget (SEG 07) – Special Administrators*
- *UPAP Fund (SEG 07) – GIS Officer*
- *EMA Fund (SEG 07) – Project Staff*
- *Donor funded Projects (NBSAP, NCSA, Biodiversity, MESCAL, etc)*
- *ODS/True Trust Account – ODS Project Staff*
- *CITES Fund, etc – Project Staff*

*As recommended, the Ministry is taking the necessary steps to ensure our FNPF is correct in every respect. However, according to our records all FNPF contributions for our employees have been paid as required.*

**22.9 Bonding for Overseas Training at Government Expense**

An Officer receiving training at Government expense, including any on aid made available by donor countries and organisations, must be bonded before they proceed on training either on pay or without pay to serve in the Public Service or elsewhere for a specified period<sup>7</sup>.

The amount of bond is the actual amount spent on the Officer's training either by the Government or any aid donor together with the salary paid to the Officer while on training.<sup>8</sup>

The Ministry allowed two of its officers to undertake bachelor's degree programme in Australia.

**Aisake Raratabu (EDP 49489)**

Mr. Raratabu was awarded the Australian Development Scholarship (ADS) to pursue Bachelor of Urban and Regional Planning programme at the University of New England, Australia from 4/1/10 – 30/11/13. The scholarship only provided for tuition fee totalling AUD\$195,604.43 which was equivalent to FJ\$341,607.46.

The Officer was on full pay while on study leave at a salary of \$22,152 per annum. The Officer's salary while on study leave for 4 years totalled to \$88,608. Hence the total bond obligation for four years was \$430,215.46. The following irregularities were noted.

- The Officer's bond documents did not state the bond amount in words and in dollars. The space provided for bond amount in words stated "AUSAID SCHOLARSHIP - 4 year term" and the space provided for bond amount in dollars was left blank.
- The section for bond guarantee in the bond document also did not state the bond amounts in words and in dollars. The space allocated for bond amount in words stated "AUSAID SCHOLARSHIP" and the space allocated for bond amount in dollars stated "4 year term". In addition the space allocated for date was left blank.
- There was no PSC approval seen in officers personal file authorising him to pursue studies overseas with full pay.

<sup>7</sup> General Orders 2011 Section 901 (a) (i)

<sup>8</sup> General Orders 2011 Section 901 (c) (ii)

- The officer was appointed to act as Senior Town Planner with effect from 26/11/09 to 25/02/10. The Officer started his studies with effect from 4/1/10. However the Ministry continued to pay him his acting allowance till 25/2/11 even though the Officer was not performing the duties of a Senior Town Planner from 4/1/10. As a result the officer was overpaid acting allowance totalling \$738.95 which was not recovered by the Ministry.

#### **Eleni Tokaduadua (EDP 57734)**

Ms. Tokaduadua was awarded the Australian Development Scholarship (ADS) to pursue Graduate Diploma in Environmental Management and Masters in Environmental Management at the University of Queensland, Australia from 14/06/11 – 31/12/12. The scholarship only provided for tuition fee totalling AUD\$104,996.63 which was equivalent to FJ\$171,255.31.

The officer was on full pay while on study leave at a salary of \$36,237 per annum. The officer's salary while on study leave for 18 months totalled to \$54,355.50. Hence the total bond obligation for 18 months was \$225,610.81. The following irregularities were noted.

- The officer did not sign bond documents for her studies overseas on scholarship with full salary. No bond documents were sighted in her personal file.
- There was no PSC approval seen in officer's personal file authorising her to pursue studies overseas with full pay.

The findings show that the Ministry did not follow proper procedures when sending Officers for further studies. The government may not be able to hold back or recover the cost of their studies if these Officers resign from the civil service.

#### **Recommendations**

- **The Ministry should ensure that bond forms for both officers are properly completed duly signed and maintained.**
- **The Ministry should recover the overpaid acting allowance from the officer concerned.**
- **The PSC should investigate how these officers went for overseas studies without proper approval and take appropriate actions against those responsible.**

#### **Ministry's Comments**

*The audit findings are noted and it's basically an oversight on the part of our officers whilst drawing up the bond documents. Appropriate measures are being taken to ensure the bond documents are corrected and that copies are filed in the officers' Personal Files.*

### **22.10 Non Submission of Performance Bond**

The Government Tender Board approved Multiworks Civil Engineering and Building Contractors (MCEBC) to carry out civil works at Omkar Sub division. The contract for total sum of \$2,054,062.73 was awarded to MCEBC on 02/08/11. According to the contract agreement the Contractor, MCEBC was required to a pay performance bond of 10% of the total contract sum or \$205,406.27 and the sureties for the same from a bank approved by the Principal.

The Contractor on 15/08/11 provided an undertaking from Dominion Finance (contractor's financier) for only \$50,000 as performance bond out of \$205,406.27.

On 11/08/11, the Acting Engineer wrote to MCEBC informing them to submit bond letter for the year 2012 to the Consulting Engineer and to the Department of Housing's Engineer no later than 3<sup>rd</sup> week of January 2012. The Contractor however did not submit the bond letter or make any arrangement with the Ministry for outstanding performance bond for 2012 totaling \$155,406.27.

The Audit noted that the Ministry did not follow up with the Contractor for payment of balance of the performance bond which indicated laxity by the Ministry in ensuring that performance bond is paid by the Contractor before commencement of civil works.

The Ministry may not be able to hold back sufficient amount from the Contractor if it fails to perform the services according to the contract agreement.

### **Recommendations**

- **The Ministry should ensure that performance bond is paid by the Contractor or a bank surety is provided by the Contractor for the same amount.**
- **The Ministry may consider holding progress payments to the Contractor until he makes arrangement for the performance bond.**
- **The Ministry should take appropriate actions against the Officers in charge for failing to perform their task responsibly.**

### **Ministry's Comments**

- *An initial performance bond of \$50,000 was provided by the Contractor (Multi Works) at the start of the project and the contractor was advised to provide the balance of the Performance bond by the 3<sup>rd</sup> week of January, 2012 (Refer Appendix 1 for Performance Bond No. 25813 – 34471 for \$50,000).*
- *The Department is apologetic that the submission of balance was overlooked. We also note however that it is the responsibility of the Engineering Consultants to ensure that all contractual paper work is up to date as they are paid to prepare and oversee contract documentation. Since the Consultants failed to initially organize this the Department took the liberty to organize it with the contractor.*
- *We advice that as soon as the matter was brought to our attention by Auditors in February, 2012 arrangements were made with the contractor to submit the balance of the Performance bond and this was done immediately. Enclosed please see copy of Performance bond no. 25813-35202 from Dominion Finance for the sum of \$155,406.00 dated 8<sup>th</sup> March, 2012 (Appendix 2).*
- *Please note the full amount for Performance bond of \$205,406.27 has been accounted for (i.e. 10% of contract sum \$2,045,062.73)*
- *However, as mentioned we are apologetic for overlooking the submission of the remainder of the Performance bond and advice that in future the Department will be more vigilant with the consultants and contractor on binding contractual matters.*

### **Further OAG Comments**

**Appendices mentioned in the Ministry's comment were not provided to audit.**

## 22.11 Payment to Multi-works Civil Engineering and Building Contractors

The Senior Accountant must not certify a payment as correct unless he/she is 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; and
- v. the expenditure account it is charged to is correct.<sup>9</sup>

The Ministry made second progress payment of \$358,997.52 to the Contractor, Multi-works Civil Engineering and Building Contractors on 8/12/11.

The audit noted that full payment for second progress claims was made to the Contractor even though some of the works were incomplete. Refer to Table 22.8 below for incomplete works.

**Table 22.8: Works Outstanding For Second Progress Claim**

Item Number	Pending Works
3.1	18% claimed for subgrade
3.2	10% claimed for base course
5.1	127m water mains
5.2	3 sluice valves
5.3	3 fire hydrants
5.4	30% (90 degrees and 30 degrees bend) fittings
5.5	30% thrust blocks
6.1	150m sewer main
6.4	6 standard manholes
7.1	Rocklining of creek wall
7.2	Stormwater pipes
7.3	Storm water drop pit
7.4	15% gabion baskets

The Audit further noted from the Ministry's correspondences to the Contractor that full payment for second progress claim was made to utilise the funds before the closing of 2011 accounts.

The Ministry's attempt to utilise funds before closing of accounts resulted in advance payment to the Contractor. There is a risk that Contractor may not satisfactorily complete all works for which payment has already been made.

### Recommendations

- The Ministry should take appropriate action against Officers responsible for advance payment to the Contractor for works not completed.
- The Ministry must ensure that payment to Contractor is made upon satisfactory completion of contracted works.

### Ministry's Comments

*Reference is made to the 2<sup>nd</sup> progress claim made to contractor Multi Works for \$358,997.52 In response to the full payment of progress claim, the following justifications are provided –*

<sup>9</sup> Finance Manual 2011 Section 2.8.4

- *As minuted in Minutes no. 5 and 6 of Omkar Subdivision Squatter Upgrading Project Minutes under Items 9 respectively, the Ministry liaised with the contractor and the consultant regarding submission of claim before closing of accounts for 2011 (Refer to Minutes No. 5 and 6 in Appendix 3).*
- *The contractor was initially advised that accounts would close on December 5<sup>th</sup>, 2011. However, as minuted in Minutes of meeting no. 6 this date was brought forward by a month to November 5<sup>th</sup> 2011.*
- *The claim was submitted on the grounds that the cheque (that normally takes 3 – 4 weeks to process) would be released by the Ministry after completion of works claimed for.*
- *We advise that all construction materials for the works claimed was purchased by the contractor and sighted on site. This was the only grounds upon which the Engineering Consultants would release progress payment certificates that is needed to facilitate payment.*
- *We also advise that the conditions for payment were clearly stated in our payment request to Accounts and Ministry of Finance respectively for their approval (Refer to copy of Minute in Appendix 4)*
- *Upon approval of payment by Finance, we were advised by Accounts not to hold on to the cheque for too long because of the need for cheques to be presented before closing of accounts*
- *This cheque was released on 13<sup>th</sup> December, 2011 following a signed agreement letter with the contractor stating the remaining works (materials already accounted for) noted in table 3 of your Audit Report*
- *We advise that the need to utilize funds as stated in the Auditor's report is only a minor reason for the payment of the 2<sup>nd</sup> progress claim. The payment was released upon the fair judgment of the Ministry and Engineering consultants in order to facilitate the ongoing progress of the works at Omkar subdivision.*
- *We note the contractor did indeed complete all work claimed for in Progress payment no. 2 and did not submit Progress claim no. 3 till the second quarter of 2012.*
- *We note that this was a unique payment however in future, payments for Progress Claims will only be made upon full completion of works and we apologize for the oversight.*

*Further, please note the Department of Housing has the technical expertise amongst its officers (i.e. Director, PAS, Engineer, TO/I, Tech/Assistant, Senior Admin, Admin, etc) to adequately deal with all technical aspects of the current Housing projects.*

*The Senior Accountant facilitates payment by ensuring all necessary documents are submitted before relevant RIE applications are put up to Finance (Budget) to seek release of funding which is under 'R'.*

*Also note that a Project Management Unit (PMU) has recently been set up to monitor projects being implemented by the Ministry.*

### **Further OAG Comments**

**Appendices mentioned in the Ministry's comment were not provided to audit.**

## **22.12 Ministry's Internal Awards Night**

An employee must use Government resources and assets in a proper way.<sup>10</sup> The Senior Accountant must not certify a payment as correct unless he/she is 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.<sup>11</sup>

<sup>10</sup> PSC Code of Conduct Paragraph 8

<sup>11</sup> Finance Manual 2011 Section 2.8.4

The Ministry organised its first internal awards night on 18/11/11 to recognise and award best performers for 2011. The awards comprised of four categories and the awardees were selected by the evaluators of the Ministry's Awards Committee. Refer to Table 22.9 below for categories of awards.

**Table 22.9: Categories of Awards**

Type of Award	Number of Awardees
Employee of the Department	5 awards - one for each department
Employee of the year	1 award
Best management practice of the year	1 award
Department of the year	1 award

Following anomalies were noted.

- The Ministry spent a total of \$19,619.30 to host the awards night. There was no budgetary allocation for awards night in the Ministry's budget. The Ministry diverted funds from various allocations to pay for the expenses of the awards night. Refer to *Appendix 20.1* for details of amount spent.
- Discrepancies were noted in payments made for the awards night expenses such as no purchase orders attached to payment vouchers, payment vouchers not stamped paid and quotations not obtained.

The expenses incurred for the awards night was unauthorised as no budgetary allocation was provided in the budget or approved by the Ministry of Finance.

### **Recommendations**

- **The Ministry of Finance should investigate the expenses incurred for the awards night and take appropriate actions.**
- **The Ministry must ensure that public funds are used for the purpose it has been approved for in the budget. Any diversion of funds should first be approved by Ministry of Finance.**

### **Ministry's Comments**

*The Ministry's 'Internal Awards Night' programme was thoroughly discussed and approved by the Ministry's Management Board. The aim basically is to acknowledge and encourage team work, acknowledge officers' input, boost staff morale, encourage and reward consistent performance, etc*

*The Training Funds for the various Departments was identified as a funding source to facilitate the total cost which was approved by the Management Board.*

*Please note that out of the total cost, the sum of \$3,000 was incurred to purchase utensils and various table cloths which are now being recorded in our Inventory Ledger and kept by the Ministry for use in future programmes, activities, etc.*

*The decision to purchase outright the utensils, table cloth/cover, etc was taken after considering the cost of hire as against purchasing the items. In fact the hire cost was almost equivalent to the purchase price hence the decision to purchase and retain for future use the utensils, equipment, etc.*

*However, the audit finding is noted and appropriate measures are now being taken to ensure costs for future programmes are kept at a minimum.*

### 22.13 Providing Vodafone to Employees without PSC Approval

The procurement of Vodafone's and their use shall be subject to the following conditions:

- 1) Vodafone's are restricted to:
  - i. Ministers
  - ii. Assistant Ministers
  - iii. Permanent Secretaries
  - iv. Heads of Departments
  - v. Essential Services such as Hospitals, Water and Sewerage and Security Forces<sup>12</sup>.

The Public Service Commission has reviewed the Vodafone policy issued vide PSC Circular No: 60/2000 dated 14/12/2000 and has decided to include Deputy Secretaries in the listing of the category of Officers who are eligible for mobile phones<sup>13</sup>.

The Ministry procured mobile phones for 12 of its employees in 2011. All 12 mobile phones were issued to Officers' below Deputy Secretary level without obtaining approval from the Public Service Commission.

The Ministry had a mobile phone usage limit of \$60 for Directors and \$40 for Officers below Director level per month. The audit noted that the mobile phone usage limit set by the Ministry was not approved by PSC. Refer to Table 22.10 below for details.

**Table 22.10: Ministry's Mobile Phone Usage Limit Not Approved By PSC**

Name of Staff	Designation	Monthly Limit (\$)	Yearly Limit (\$)
Josese Rakuīta	Director Local Government	60	720.00
Jope Davetanivalu	Director Environment	60	720.00
Seini Raiko	PAS Housing	60	720.00
Onisomo Ketekete	Body Guard	40	480.00
Talei Rokotuibau	Director Town and Country Planning	60	720.00
Kolinio Bola	Director Housing	60	720.00
Jonetani Cagi	PSO	60	720.00
Senivasa Waqairamasi	SEO West	40	480.00
Senimili Nakora	SEO North	40	480.00
Joeli Moceivale	SAS Housing	40	480.00
Malakai Sosiceni	SAO	40	480.00
Akanisi Vuetanavanua	SAS Corporate	40	480.00

The Audit further noted that the Ministry did not have any provision in its budget for purchase of mobile phones and payment of mobile phone bills for officers below Deputy Secretary level. The finding shows that the Ministry did not comply with the PSC circular on mobile phone usage.

#### **Recommendations**

- **PSC should investigate the purchase of mobile phones and take appropriate actions.**
- **The Ministry should cease use of mobile phones by Officer's below Deputy Secretary level.**

<sup>12</sup> PSC Circular 60/2000

<sup>13</sup> PSC Circular 08/2005

### **Ministry's Comments**

*Please note the mobile phones were issued to Senior Management level of the Ministry with the approval of the Permanent Secretary in line with the powers vested with Permanent Secretaries through the **State Service Decree No.6***

*In our case, the mobiles were issued to ease communication from our PS and Minister and amongst the Senior Managers. In fact, a number of direct lines (land lines) were disconnected after the issuance of mobiles.*

*Further, monthly limits were set by Management to ensure costs were kept to a minimum. You may wish to note that other Ministries/Departments have similar schemes, in fact much larger than ours in some cases. Also note the phones were not purchased by the Ministry but provided by Vodafone at no extra cost.*

## **22.14 Excessive Vodafone Charges**

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<sup>14</sup>.

The Audit noted that almost all the Officers issued with mobile phone exceeded their mobile phone usage limit set by the Ministry. The total cost of mobile phone charges for 2011 should have been \$8,400 (excluding Minister and Permanent Secretary), however, the Ministry's actual mobile phone charges was \$23,192.82 as at 31/12/11. The total mobile phone bill exceeded by \$14,792.82 or 176% compared to the annual limit set by the Ministry. Refer to *Appendix 22.2* for details.

The above finding indicates poor control over use of mobile phones at the Ministry. As a result the Ministry incurred a huge mobile phone charges which were not budgeted for.

### **Recommendations**

- **PSC should investigate the mobile phone usage and take appropriate actions.**
- **The Ministry should withdraw mobile phones from Officers who are not eligible for mobile phones.**

### **Ministry's Comments**

*The extra charges in respect of our Ministry were incurred when our Senior Management officers were put on 'Roaming' whilst away on official trip overseas. However, this has to be approved by PS first before request is conveyed to Vodafone.*

*Again the basic purpose was to maintain the channel of communication to their respective Departments and especially to our Minister and Permanent Secretary when required.*

*You may also note that we normally recover (OPR) from officers' salaries where limits are exceeded and where no suitable explanations are provided. In this regard, we have requested Vodafone to strictly adhere to the limit set for each officer.*

*However, your finding is noted and further measures are being taken to ensure costs are maintained within approved limits.*

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<sup>14</sup> Finance Manual 2011 Part 2

## 22.15 Security Charges

An employee must use Government resources and assets in a proper way<sup>15</sup>.

Fiji FA house is a four storey building, out of which three floors are occupied by the Ministry of Local Government, Urban Development, Housing and Environment whereas one floor is occupied by Small claims Tribunal.

The Audit noted that the landlord, Fiji FA did not provide security services to its building. The Ministry of Local Government, Urban Development, Housing and Environment employed two Security Officers since 2006 and incurred expenses totalling \$37,945.54 for security services for the past three years. Refer to Table 22.11 below for details.

**Table 22.11: Security Charges**

Year	Payment (\$)
2011	14,911.16
2010	12,058.44
2009	10,975.94
<b>Total</b>	<b>37,945.54</b>

The Ministry was incurring expenses for security services which should have been paid by the landlord.

### **Recommendation**

**The Ministry should liaise with Office Accommodation Unit at PSC to ensure that security services are provided by the landlord.**

### **Ministry's Comments**

*This issue will be followed up with PSC Office Accommodation to see whether the financial burden related to Security costs can be shifted to the Landlord as is usually the case. However, our understanding is that the provision of Security by the Ministry was outlined in the initial Tenancy Agreement.*

## 22.16 Discrepancies in Purchase of Goods/Services

A local purchase order shall be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.<sup>16</sup>

The Senior Accountant must not certify a payment as correct unless he/she is 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.<sup>17</sup>

<sup>15</sup> PSC Code of Conduct Paragraph 8

<sup>16</sup> Financial Manual 2011 Section 2.5.1

<sup>17</sup> Financial Manual 2011 Section 2.8.4

Immediately after payment has been effected, the AP/Clerk must stamp “PAID” on all vouchers and supporting documentation to avoid any double payments.<sup>18</sup>

Review of payment vouchers revealed the following anomalies in purchases of goods and services.

- The Ministry did not issue purchase orders for procuring goods and services. Refer to Table 22.12 below for examples.

**Table 22.12: Purchases Made without Issuing Local Purchase Order**

Date	Cheque Number	Description of Goods/service Purchased	Amount (\$)
31/05/11	021860	Purchase of Hankook tyre for GN679	480.00
14/09/11	023417	Payment for servicing of vehicle registration number GN 717	1,321.15
10/03/11	020812	Payment made for T-Shirts	2,380.00
09/11/11	024252	Payments for hire of conference centre	1,431.00
07/11/11	024175	Payments for hiring of conference centre for CDL consultation.	1,350.00
11/11/11	024278	Payments for an underwater digital camera	1,557.00
21/11/11	02411	Payment for the public awareness materials for biological diversity	9,720.00
22/09/11	023536	Payment for decorations and catering	2,050.00
22/09/11	023541	Payment for sound system and lights	180.00
22/09/11	023544	Payment for the hire of venue for Saturday Thank You Dinner	100.00
22/09/11	023535	Payment for sound system	500.00
22/09/11	023538	Payment for venue for Sunday Service	500.00
22/09/11	023543	Payment for Lovo Pack for Sunday service	800.00
22/09/11	023537	Payment for the transport for Sunday services.	4803.00

- Several instances were noted where supporting documents such as invoices, purchase orders and delivery dockets were not attached to the payment vouchers and payment vouchers were not certified by the Senior Accounts Officer. Refer to *Appendix 25.3* for examples.
- Several instances were noted where payment vouchers and supporting documents were not stamped “PAID”. Refer to *Appendix 25.4* for examples.

The findings indicate that proper payment procedures were not always followed by the Ministry and adequate internal controls do not exist in the purchase and payments system. The risk of fraud, misappropriation of funds and double payments are high with inadequate internal controls.

### **Recommendations**

- **The Ministry must ensure that purchase orders are issued for all purchases made and copies are properly maintained.**
- **The Ministry should take appropriate action against Officers responsible for purchases without issuing purchase orders.**
- **The Ministry must ensure that all supporting documents such as invoices, purchase orders are attached to the payment vouchers and stamped “PAID”.**
- **The Ministry must ensure that all payment vouchers are certified for payment by Senior Accountant.**

### **Ministry’s Comments**

*Please note that a number of Suppliers, under the current Economic climate, refuse to accept LPO s but prefer to be paid upfront before releasing items or carrying out services.*

<sup>18</sup> Financial Manual 2011 Section 2.8.9

*In some instances, we have had to pay in instalments such as 50% deposit and 50% balance on completion to ensure goods/services are fully supplied prior to full payment.*

*We view this as an Internal Control measure since the companies do not accept LPO s.*

*However, your audit finding is noted and appropriate measures are being put in place to ensure we issue LPO s where possible and that all necessary documents are submitted before we process payments.*

## 22.17 Splitting of Payments

Any payment in excess of \$30,000 is to be referred to Permanent Secretary to Finance for vetting and approval.<sup>19</sup> 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.<sup>20</sup>

The Ministry paid total of \$41,227.35 to Multiworks Civil Engineering and Building Contractors for Lagilagi and Jittu Estate projects.

The audit noted that the Ministry paid the Contractor \$41,227.35 in two instalments to avoid approval from Ministry of Finance for payments exceeding \$30,000. Refer to Table 22.13 below for details.

**Table 22.13: Splitting of Payments**

Date	Cheque Number	Payee	Particulars	Amount (\$)
05/10/11	23766	Multiworks civil engineering and building contractors	Payment of retention sum in respect to claim and variation claim for Lagilagi project, Jittu Estate.	29,000.00
07/10/11	23776	Multiworks civil engineering and building contractors	Payment of retention sum in respect to claim and variation claim for Lagilagi project, Jittu Estate.	12,227.35
<b>Total</b>				<b>41,227.35</b>

The finding shows the Ministry disregarded the policies and procedures relating to payments exceeding \$30,000.

### **Recommendations**

- **The Ministry of Finance should take appropriate action against Officers responsible for splitting payments exceeding \$30,000.**
- **The Ministry must ensure that payments are not split in future to avoid approval from higher authorities.**

### **Ministry's Comments**

*The Retention sum of \$41,227.35 is in fact money held in Trust by the Ministry for Multi Works pending completion of projects (i.e. phases). Due to urgent financial obligations, the company had applied for release of the \$41,227.35 to meet its urgent financial commitments.*

*There was no intention on our part to deviate from standard procedures but merely due to an oversight on the part of our officers. Nonetheless, the audit finding is noted and appropriate measures are being put in place to ensure we comply with financial requirements.*

<sup>19</sup> Finance Circular 4/2010

<sup>20</sup> Finance Manual 2011 Section 2.2.3

## 22.18 Anomalies in Western Environment Campaign

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.<sup>21</sup>

The audit noted that Education and Awareness unit of Department of Environment organised Western Division Post Environment Day celebration. The celebration was held for two days from 24 – 25/9/11. On 24/09/11 a Thank You Dinner for government officials, stakeholders and schools was organised while on 25/09/11 Church Service for the public was held. Review of expenses incurred for the two days event noted the following anomalies.

- The Ministry did not obtain competitive quotations for purchases of goods and services totalling \$5,765 from various suppliers for the two days event. According to the Officer in Charge, the companies were not keen in providing quotations and also due to time constraints prices obtained were the best negotiable prices. Refer to Table 22.14 below for details of goods and services obtained without competitive quotes.

**Table 22.14: Competitive Quotations not Obtained**

Date	Payee	Amount (\$)	Particulars
22/09/11	Christian mission Fellowship	2,050	Payment for catering and decoration done on Saturday and Sunday event.
22/09/11	Neels Entertainment	180	Payment for the provision of sound system and lights for Saturday event
22/09/11	Sugarcane Growers Council	100	Payment for the hire of venue – Saturday
22/09/11	All Systems Electronics	500	Payments of sound system for Sunday service
22/09/11	Fiji Gimit Council	500	Payment for Venue for Sunday service
22/09/11	Soro Vitukawalu	800	Payment for Lovo pack for Sunday service
22/09/11	Classic Buses	480	Payment for the transportation of the congregation to the venue for Sunday service.
22/09/11	Tanoa Waterfront	1,155	Payment of catering –Sunday service dinner for Minister & Invited guests.
<b>Total</b>		<b>5,765</b>	

- The Ministry incurred expenses of \$1,155 for providing Sunday service dinner at Tanoa Waterfront Hotel to 12 people. The provision of dinner was not included in the proposal submitted for the Ministry's approval. This was an extravagant expenditure incurred from taxpayers' money.
- Education and Awareness Unit did not provide the approved proposal for the Western Division Post Environment Day Celebration. A draft proposal was provided to audit as a result we could not establish what events and expenses were included in the proposal and approved by the Ministry.
- The report on the Western Division Post Environment Day Celebration 2011 with details of the activities, programs and the achieved outcome of the campaign was not submitted to the Ministry as at the date<sup>22</sup> of audit.

The findings indicate proper planning was not done when organising the event. In addition proper procurement procedures were not followed by the Ministry.

<sup>21</sup> Procurement Regulations 2010 Section 29 (1)

<sup>22</sup> May 2012

### **Recommendations**

- **The Ministry of Finance should investigate non compliance with procurement procedures and take appropriate action.**
- **The Ministry should ensure that report on Western Division Post Environment Campaign is submitted to the Ministry as soon as possible for its review and necessary action.**

### **Ministry's Comments**

*This Programme was planned and conducted by officers who were based in Suva hence the last-minute arrangements especially the securing of suppliers for services/goods.*

*Further to this, a number of reliable suppliers insisted on being paid upfront prior to supply of goods/services.*

*However, your finding is noted and given the recent setting up of the Ministry's office in Lautoka we are confident that securing of goods/services in Lautoka will be in line with financial rules and regulations.*

## **22.19 Non Submission of Proper Acquittal**

Where required under Finance Instruction 16-(8), the recipient shall prepare an acquittal report. The acquittal report shall provide the following information:

- i) details of grant money expended and unexpended;
- ii) grant objectives and targets achieved;
- iii) financial statement (audited if practicable) for grants of \$20,000 or more<sup>23</sup>

The Ministry provided operating and capital grant to a number of institutions in 2011. The Audit examined the documentation and records pertaining to grants given to National Fire Authority and Public Rental Board in 2011.

### **National Fire Authority (NFA)**

The Ministry provided operating grant of \$1,000,000 to NFA in 2011 which was fully utilised. In addition the Ministry had a provision for capital grant of \$300,000 in 2011 budget. Out of this the Ministry provided \$134,640 to NFA which was fully utilised for installation of fire hydrant. The balance of \$165,360 remained unused as at 31/12/11 with Ministry of Finance. Following anomalies were noted.

- NFA received operating and capital grant in excess of \$20,000. However, NFA did not submit its audited financial statements to the Ministry since 2010. NFA's last account audited was for 2009 financial year.

The Ministry continued to provide annual grants and did not take any action against NFA for not submitting audited financial statements for the years 2010 and 2011. Despite not receiving the audited accounts the Ministry provided NFA with \$134,640 capital grant in 2011 in addition to \$1,000,000 operating grant.

- NFA submitted the acquittal reports to the Ministry on a quarterly basis. However, it did not submit any supporting documents to authenticate the expenses stated in the acquittal reports. The Ministry did not verify the accuracy of the acquittal report submitted by NFA.

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<sup>23</sup> Financial Manual 2011 Section 3.3.1

- The Ministry provided capital grant of \$134,640 in 2011 for installation of fire hydrant. However in its acquittal report for 2011 to the Ministry the actual expenditure incurred by NFA for installation of fire hydrant was \$453,180. No details or supporting documents to authenticate the expenses incurred was provided by NFA.

The Ministry did not verify the report. In addition the Ministry did take any action for over expenditure totalling \$318,540 incurred in installation of fire hydrant.

### **Public Rental Board (PRB)**

The Ministry's budget had a provision for PRB Subsidy of \$1,000,000 on requisition to PRB in 2011. The Ministry requested \$958,000 from Ministry of Finance which was given to PRB. A balance of \$42,000 remained unused as at 31/12/11 with Ministry of Finance. Following anomalies were noted.

- PRB received operating grant in excess of \$20,000 every year. However, PRB did not submit its audited financial statements for the years 2010 and 2011 to the Ministry. PRB's last account audited was for 2010 financial year.

The Ministry continued to provide annual grants and did not take any action against PRB for not submitting audited financial statements for the years 2010 and 2011.

- Out of the total subsidy given to PRB only \$853,919.28 was used for rental subsidy and social cost for tenants in 2011. The balance of \$104,080.72 remained unused with the Board. The Board did not reimburse the unused amount to the Ministry.

The findings showed that the Ministry did not follow up with the grant recipients on their outstanding audited financial statements and continued to accept the acquittal reports without any supporting documents or verifications with the grant recipients.

### **Recommendations**

- **The Ministry should ensure that all grant recipients comply with the terms and conditions of the grant agreement.**
- **The Ministry should ensure that all grant recipients receiving more than \$20,000 grant submit audited annual accounts and take appropriate action against grant recipients that have not submitted the audited annual accounts.**
- **The Ministry should verify the accuracy of the acquittals submitted by the grant recipients with the supporting documents in absence of audited financial statements.**
- **The Ministry should ensure that unused PRB Subsidy is refunded by PRB.**

### **Ministry's Comments**

#### ***Issue 1 – Audited Financial Statements***

*Find enclosed as Appendix 1, a copy of our 2009 audited financial statements. The Audits for the 2010 and 2011 financial statements will be completed by the end of this year.*

#### ***Issue 2 – Acquittals supporting documents***

*NFA has been providing the quarterly acquittal reports on a quarterly basis as requested by the Ministry on the Capital Work's Programme Template. The Memorandum of Agreement (MOA) between the Government of Fiji and NFA, NFA is required to submit acquittals on grants issued by the Ministry at quarterly intervals together with comprehensive reports to the Ministry on the operation of the Fire Service.*

**Issue 3 – Comprehensive report**

A copy of the Comprehensive report for the third quarter 2011 is enclosed as **Appendix 2**. These reports have been emailed on quarterly basis after the submission of the quarterly acquittals.

**Issue 4 – Installation of Fire Hydrant**

NFA has been providing the quarterly acquittal reports on a quarterly basis as requested by the Ministry on the Capital Work's Programme Template.

The total allocation on the Hydrant Project was \$500,000 for 2010 and 2011 as follows:

2010 - \$225,000; and  
2011 - \$275,000.

The project commenced in 2011, and a copy of the MOA between NFA and Water Authority of Fiji was provided to the Ministry of Local Government, Urban Development, Housing and Environment. NFA submitted acquittals totalling \$453,180 in Quarter 4. The Ministry is yet to provide us the balance of allocated funds amounting to \$145,164.

**Issue 5 – Location of Fire Hydrants**

Please find enclosed **Appendix 3** detailing the locations of the fire hydrants.

Provided above are the responses to the audit queries as raised in the Audit Memorandum together with the relevant attachments for the reports. However, if it is deemed necessary by the Auditors for NFA to provide the invoices / receipts relating to the grant expenditure, we will be happy to provide this.

The books of the Authority will also be audited by the OAG for proper supporting documents relating to the expenditure.

**PUBLIC RENTAL BOARD (PRB)**

- **Public Rental Board (PRB):** The Ministry through the Department of Housing ensures that all grants recipients comply with terms and conditions of the Grant Agreement through the signing of a Memorandum of Agreement undertaken with the PRB. The PRB abides with the conditions of the MOA by providing the Acquittals Report on a timely manner as according to the scheduled and agreed dates stipulated in the MOA (**The MOA for 2012 is attached as Appendix 5**)
- The Ministry does ensure that all grants recipients submit Audited Annual Accounts. The PRB's 2010 accounts have been delayed as a result of commitments of the Office of the Auditor General and due to this the 2011 audit has not commenced as yet.
- The Ministry does verify the accuracy of the acquittals by the PRB through the submission of acquittal reports. The PRB has brought about efficiency in the subsidy allocation criteria to ensure that more deserving tenants receive subsidy assistance. The Accounting Software of PRB distributes subsidy systematically on weekly basis according to the subsidy criteria.
- The Ministry and PRB over the years have diverted subsidy money into Capital Projects especially in the construction of Community Halls. This is investment to improvement of social housing and the way forward to building stronger communities by providing community facilities to empower community programme participation at the community halls. All unused subsidy money for years 2010 and 2011 have been agreed for utilization into construction of community halls and these projects have already commenced.

**Further OAG Comments**

Office of the Auditor General disagrees with the Ministry's comments that the audit of PRB's 2010 account was delayed due to lack of commitment from Auditor General's Office. The delay in audit of PRB account was because of PRB was not willing to accept two of the audit findings included in the DAM and the qualifications in the audit report. These issues were on:

- PRB's value of fixed assets in the financial statements not agreeing to FAR; and
- Substantial amount stated as lodgement not credited and unrepresented cheques in the bank reconciliations however the actual cash for lodgement not credited did not exist.

PRB initially requested for time to resolve the fixed assets issue and they took substantial amount of time to work on the FAR until late 2011. The Audit Office then decided finalise the PRB audit by qualifying the accounts on the non existence of actual cash for lodgement not credited to.

The account was sent for signing on 15/12/11. However PRB was not willing to sign the accounts because of the qualifications and requested Audit Office to allow them additional time to resolve the qualifications (letter from PRB requesting to resolve the issues dated 20/2/12 refers). PRB was finally able to resolve the qualifications by 30/4/12.

Hence the delay was not due to lack of commitment from the Office of the Auditor General but due to lack of commitment from PRB. Office of the Auditor General was in fact very much committed to finalise the PRB 2010 accounts.

**22.20 Non Submission of Overseas Conference Report**

An Officer who undertakes a course of instructions, attachments or visit shall submit a report in duplicate to the Secretary of the Public Services through his/her Head of Department<sup>24</sup>.

A number of Ministry's staff who attended course of instruction, attachment or visit overseas failed to submit a report to PSC through their Head of Department. Refer to Table 22.15 below for details.

**Table 22.15: Overseas Training**

Name	Meeting / Workshop / Training	Duration
Mr.Rahul Arvind Chand	Intergovernmental science policy platform on Bio-diversity Ecosystem services in Kenya	30/09/11 - 12/10/11
Maikeli Waqatabu	Sustainable Urban Development and Town country planning programme, Singapore	16/01/11 -- 28/01/11
Jope Davetanivalu	United Nations Climate Change Conference, Bangkok, Thailand	03/04/11 - 08/04/11
Kolinio Bloa	Land and Housing Policies Training Programme, Korea	15/9/11 - 01/10/11
Vika Rogers	Montreal Protocol on substance that deplete the ozone layer- Indonesia	21/11/11 -25/11/11

The finding shows that the Ministry did not comply with the PSC's requirements of overseas course of instructions, attachments or visits.

<sup>24</sup> General Orders 2011 Section 902 (a)

**Recommendation**

**The Ministry should remind Officers who undertook trainings/workshops overseas to submit their reports to PSC.**

**Ministry's Comments**

*The Ministry has now taken appropriate measures to address this issue and in some instances officers have been disallowed from attending further training in view of their not submitting previous reports.*

**22.21 Erection of Billboards**

Public tenders must be called for any procurement of goods, services or works valued at \$30,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).<sup>25</sup>

The Ministry obtained three quotes for the erection of nine billboards around Viti Levu as part of Department of Environment initiative. Quotes obtained were as shown in Table 22.16 below.

**Table 22.16: Quotes for Erection of Bill Boards**

Schedule of Works	Kriz Sign (\$)	Creative Sign (\$)	Max Marketing (\$)
Cost of one billboard	8,466	7,850	7,600
<b>Total cost for nine bill boards</b>	<b>76,194</b>	<b>70,650</b>	<b>68,400</b>

Following anomalies were noted.

- The total cost of erecting billboards exceeded \$30,000. The Ministry did not call for tenders for the erection of nine billboards around Viti Levu costing \$76,194. The Ministry selected Kriz Sign to erect billboards based on complete quotes only.
- Kriz Sign did not provide the cost breakdown while Creative Sign and Max Marketing provided the full breakdown of costs quoted by them. The Ministry did not obtain cost breakdown from Kriz Sign. The Ministry selected Kriz Sign to erect billboards around Viti Levu even though it did not have the cost breakdown.
- The Ministry selected Kriz Sign for erection of billboards around Viti Levu even though Kriz Sign quoted the highest price compared to the other two companies. The Ministry did not provide any justification for selecting the highest quoted supplier.
- Payment vouchers for payments made to Kriz Sign were not certified by a Senior Officer. In addition the payment vouchers and the supporting documents were not stamped "PAID".

The findings indicate that the Ministry did not follow proper procurement procedures. In absence of detailed cost break down from Kriz Sign and justification from the Ministry for selecting Kriz Sign, audit could not determine whether the services of erecting the billboards were obtained from the most economical source.

<sup>25</sup> Ministry of Local Government, Urban Development, Housing and Environment Proforma Finance Manual 2011, Section 2.3.1

### Recommendations

- **The Ministry of Finance should investigate and take appropriate action for services obtained from Kriz Sign.**
- **The Ministry should ensure that cost breakdown is obtained when quotations are obtained.**

### Ministry's Comments

- *This initiative was supported by our Management based on the need to be visibly seen in public on the drive for a cleaner and a sustainable environment. The erection of billboard was to be done throughout Viti Levu and the key message was a 'Cleaner Fiji'.*
- *Quotations were obtained from 3 reputable and proven suppliers who were capable of supplying within the time frame provided.*
- *The three quotations obtained had the breakdown of services that they provided. This was highlighted in the quotations.*
- *Kriz Sign was favorable even though their cost was higher compared to the other two companies. The justification was because they had provided a **warranty for ten years** which allowed for changes in the design of the billboard within the next 5 or 6 years depending on grounds such as color fading, urgency of message that needs to be disseminated to the public, etc.*
- *The other 2 companies however did not issue a warranty for change of design.*
- *The company was paid by cheque and the invoice was received from the company.*
- *A total of nine (9) billboards were proposed to be erected. Initially the area in which the erection was to be done was within the road reserve. However we were later advised that the area belonged to various land owning units and organizations and that we need their approval.*
- *4 billboards have been erected and the other 5 billboards are awaiting the approval of the relevant land owners, Director Town & Country Planning, etc before the other 5 are erected in due course.*

### Further OAG Comments

**The Ministry did not provide comments to all the bullet points in the issue. No comments was provided as why tenders were not called when the total purchase was more than \$30,000.**

## **22.22 Expenditure Mispostings**

All payments, including VAT, must be immediately recorded in the Financial Management Information System and Expenditure Ledger.<sup>26</sup> Expenses should be posted to correct allocations.

The audit noted several instances of mispostings by the Ministry in expenditure accounts. Refer to Table 22.17 below for examples.

<sup>26</sup> Finance Instructions 2010 Section 15

**Table 22.17: Expenditure Misposting**

Accounts Description	Allocation in which Expenses Posted to	Budget Estimate (\$)	Actual Expenses (\$)	Allocation in which Expenses Should Have Been Posted
ALLOW-EXTRA DUTY	1-23401-23999-010313	0.00	3,449.68	123401-23999-010303
ALLOW-MEAL	1-23401-23999-020301	0.00	63.00	123401-23999-010303
OFFICE STATIONERY AND PRINTING	1-23401-23999-040201	0.00	2,158.54	123401-23999-040203
OFFICE SUPPLIES	1-23102-23999-040203	0.00	0.06	123102-23999-040201
R&M EQUIPMENT OFFICE	1-23102-23999-040351	0.00	0.32	123102-23999-050499
R&M EQUIPMENT OFFICE	1-23301-23999-040351	0.00	797.19	123301-23999-050499
R&M EQUIPMENT OFFICE	1-23401-23999-040351	0.00	116.66	123401-23999-040361
SECURITY EXPENSES	1-23201-23999-059115	0.00	261.80	123101-23999-059115
INDIGENOUS CLAIMS TRIBUNAL	1-23401-23999-071106	0.00	205.60	123401-23999-071101
U & E-INFRASTRUCTURE	1-23401-23999-080429	0.00	(31.75)	123301-23999-080429
POVERTY ALLEVIATION PROJECTS	1-23301-23999-100117	0.00	250,000.00	123102-23999-100101
CHALLENGE FUND	1-23102-23999-100133	0.00	750,000.00	123102-23999-100101

The finding showed that postings to general ledger were not reviewed by the Ministry to ensure all transactions are posted to correct allocations.

### **Recommendation**

**The Ministry should ensure that all transactions are posted to correct allocations.**

### **Ministry's Comments**

*Please note all requests for supply of goods/services are first sighted by the Senior Accounts Officer who specifies the account to be charged in line with the Ministry's Chart of Accounts.*

*It's advisable that you verify accounts charged against the Ministry's 'Chart of Accounts' to get a better perspective of funds being charged. The major accounts highlighted are grant payments to NFA, HART and PRB.*

*The Ministry's 'Chart of Accounts' have been continuously amended due to the inclusion of Department of Environment with effect from 2010 which may have resulted in some mispostings by our officers.*

## **22.23 United Nations Framework Convention on Climate Change (UNFCCC) COP 17 held in Durban, South Africa**

The United Nations Framework Convention on Climate Change (UNFCCC) COP 17 was held in Durban, South Africa from 28/11/11 to 09/12/11. The convention was attended by 5 delegates from Fiji which included Minister for Local Government, Urban Development, Housing and Environment, Permanent Secretary for Local Government, Urban Development, Housing and Environment, Director Environment, Climate Change Officer and the Chief Executive Officer of Lami Town Council.

The total cost of attending the convention in Durban, South Africa was \$76,260.46 which was paid by Ministry for Local Government, Urban Development, Housing and Environment. The cost included air fares totaling \$29,750.60 and per diem and accountable advances of \$46,509.86.

**22.23.1 Additional Air Fare**

An employee must use government resources and assets in a proper way.<sup>27</sup>

The Audit noted that the Ministry incurred additional cost of air fares for Chief Executive Officer (CEO) of Lami Town Council who also attended the United Nations Framework Convention on Climate Change (UNFCCC) COP 17 held in Durban, South Africa.

The CEO initially requested the Ministry to book her air tickets to fly out of Fiji on 20/11/11 and return on 13/12/11. The cost of her return ticket was \$6,135 which was paid by the Ministry. However she later decided to change the ticket to fly out of Fiji on 25/11/11 and return on 9/12/11.

The Audit further noted that the Ministry agreed to change the tickets and incurred additional cost of \$2,723 for her return trip from Durban, South Africa. No explanation was provided by the Ministry for the change in ticket dates by the CEO.

**Recommendation**

**The Ministry should investigate the reasons for variations in ticket dates and take appropriate action if necessary.**

**Ministry's Comments**

*There was certain miscommunication on the actual dates of participation for CEO/Lami Town Council which resulted in changes to the actual dates of her departure. Obviously this resulted in a cost to be paid by the Ministry. Basically, this was something beyond our control given her participation was a decision by Management.*

*However, your finding is noted and in fact has resulted in our officers taking extra care whilst arranging and obtaining airfares for our officers travelling overseas.*

**22.23.2 Additional Expenses Financed from Fiji High Commission to South Africa**

An employee must use government resources and assets in a proper way.<sup>28</sup>

A five member delegate representing Fiji attended the United Nations Framework Convention on Climate Change (UNFCCC) COP 17 in Durban, South Africa. The delegates were paid total of FIJ\$46,509.86 per diem allowances and accountable advances to pay for all expenses of the convention, excluding air fares, while in Durban, South Africa from 28/11/11 – 9/12/11.

The audit noted that the delegates sourced additional funds from the Fiji High Commission in South Africa totalling FIJ\$18,394.58 to pay for the additional cost for accommodation and hire of vehicles. Refer to Table 22.18 below for details of expenditure incurred from the additional funds.

**Table 22.18: Additional Expenses Sourced from Fiji High Commission to South Africa**

Items	Total Amount	Comments
Accommodation	46,647	This consists of accommodation at Valley lodge hotel for three (3) luxury suites at a cost

<sup>27</sup> PSC Code of Conduct – Paragraph 8

<sup>28</sup> PSC Code of Conduct – Paragraph 8

Items	Total Amount	Comments
		of ZAR1,500/night for ten (10) nights totalling to ZAR45,000. The remaining ZAR1,647 is partial accommodation cost due from Assagay Hotel and Conference Centre.
Hiring of Vehicles	36,000	Hiring of vehicles from 27/11/11 to 11/12/11 (15 days) 15 days x R2,400/day = R36,000
<b>Total</b>	<b>ZAR 82,647</b>	
<b>Fiji Equivalent</b>	<b>\$18,394.58</b>	

The Ministry of Foreign Affairs wrote to the Ministry of Local Government, Urban Development, Housing and Environment on 23/11/11 for the reimbursement of the funds borrowed by the delegates while in Durban. The total amount borrowed was reimbursed to the Ministry of Foreign Affairs on 6/1/12 by the Ministry.

In addition Audit noted that the delegates stayed at Valley Lodge Hotel in a luxury suites costing ZAR1,500<sup>29</sup> per night when cheaper accommodations such as Assagay Hotel was available at ZAR525.00 per night. As a result the delegates incurred additional cost of accommodation totalling ZAR45,000.

The audit also noted that the delegates incurred additional cost of ZAR36,000 for hire of vehicle for 15 days to travel to conference venue. It was further noted that the additional cost incurred by the delegates during the convention was not budgeted for by the Ministry and was paid from an Environment Trust Fund.

The audit is of the view that the per diem paid to the delegates was sufficient to cover the accommodation cost if the members would have chosen to stay at Assagay Hotel and Conference Centre which was cheaper.

The finding showed poor planning and mismanagement of public funds.

### **Recommendation**

**The Ministry should investigate and take appropriate action against the Officers for incurring additional cost during the convention.**

### **Ministry's Comments**

*Please note our officers were paid P/Diems to cover their accommodation, meals, incidental, etc in line with their entitlement.*

*The extra accommodation and transport arranged by the Ministry of Foreign Affairs were in fact arranged to facilitate our Prime Minister as Head of Government and his party during the meeting.*

*The costs incurred were relevant to the Climate Change meeting and the Ministry of Foreign Affairs had sought the assistance of the Ministry in bearing part of the cost.*

*After due consideration by Management, the Environment Trust Account with the approval of the Minister was identified as the correct source of funding to accommodate the extra cost.*

*In fact the purpose, resolutions, benefits, etc gained from attending the meeting far outweighs the costs incurred by the Fiji Delegation.*

<sup>29</sup> Ministry was not able to provide ZARs spent in Fijian dollars

## APPENDICES

## Appendix 22.1: Payments done to host the Internal Award's Night

Date	Cheque Number	Payee	Particulars	Allocation	Amount (\$)	Discrepancies
14/11/11	24298	Lusi Kang Wai Catering Services	Payment for catering on awards night	1-23101-23999-071101	4,500.00	<ul style="list-style-type: none"> <li>Other two quotes were obtained from Novotel and Holiday Inn. The comparison with hotels is unequal. Audit is of the view that quotes should have been taken from other catering services.</li> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were stamped paid.</li> </ul>
16/11/11	24329	Cakes 2000 Limited	Payment for photo icing cake for the launching programme.	1-23201-23999-071101	269.00	<ul style="list-style-type: none"> <li>No documents were available to substantiate if quotations were obtained.</li> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
16/11/11	24332	Fiji National University (FNU)	Payment for hiring FNU students to provide catering services: 20 students x \$5/hr x 7 hrs = 700.00 1 lecturer x \$15/hr x 7 hrs = 105.00 Transport for above personnel 21 x \$5/ person = \$105.00	1-23201-23999-071101	910.00	<ul style="list-style-type: none"> <li>No documents were available to substantiate if quotations were obtained.</li> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
16/11/11	24333	Kapui Printers	Payment for printing 125 sulus @\$28.00 as gifts to individual officers in the Ministry.	1-23401-23999-079933	3,500.00	<ul style="list-style-type: none"> <li>Tax invoice number is 230 of 24/09/11.</li> <li>No documents were available to substantiate if quotations were obtained.</li> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
16/11/11	24334	Ministry of Fisheries and Forestry	Payment for eight (8) shields for the award recipients.	1-23201-23999-071101	480.00	<ul style="list-style-type: none"> <li>No documents were available to substantiate if quotations were obtained.</li> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
16/11/11	24335	RFMF	Payment for provision of entertainment during awards night.	1-23201-23999-071101	1,000.00	<ul style="list-style-type: none"> <li>No documents were available to substantiate if quotations were obtained.</li> <li>No purchase order was</li> </ul>

Date	Cheque Number	Payee	Particulars	Allocation	Amount (\$)	Discrepancies
			Dance band - \$800.00 Meke - \$200.00			attached. • Payment voucher and supporting documents were not stamped paid
14/11/11	24336	Suva City Council	Payment for venue for awards night	1-23201-23999-071101	200.00	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher was not endorsed for payment.</li> <li>• Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24400	Govinda Vegetarian Restaurant	Payment for vegetarian dishes	1-23102-23999-071101	150.00	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24401	Hop Tiy Limited	Payment for 10 oasis @ \$1.99	1-23201-23999-071101	19.90	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24402	Jedi's stationery	Payment for three hundred (300) balloons.	1-23201-23999-071101	126.00	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24403	L.B.Masters	Payment for engraving eight (8) shields for the awards night.	1-23201-23999-071101	560.00	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24404	Mahesh Syndicate	Payment for: 115 gift bags @ \$0.50 = \$57.50 10 bed sheet @ \$35.00 = 350.00	1-23201-23999-071101	407.50	<ul style="list-style-type: none"> <li>• The sulus bought were placed inside the gift bags and given to each staff.</li> <li>• No purchase order was attached.</li> <li>• Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24407	Peninsula Hotel	Payment for accommodation of Rakiraki's special administrator during awards night.	1-23102-23999-071101	90.00	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher were not stamped paid</li> <li>• Supporting documents were not attached.</li> </ul>
17/11/11	24408	PS Local Government and Environment	Payment for: cash prizes 2,100.00 Refer to Appendix 1 10 buddles of flowers 30.00 Salusalu for chief guest 150.00 Hiring of 200 chairs 100.00	1-23101-23999-071101	2,550.00	<ul style="list-style-type: none"> <li>• No purchase order was attached.</li> <li>• Payment voucher were not stamped paid.</li> <li>• Ministry claimed existence of supporting documents and request was made, however it was not made available.</li> <li>• Items totals to \$2,518.00 however payment voucher total is \$2,550.00. Thus \$32.00 is</li> </ul>

Date	Cheque Number	Payee	Particulars	Allocation	Amount (\$)	Discrepancies
			Hiring of tripod stand 100.00 Kava 28.00 Lemon and chilly 10.00			unaccounted for.
17/11/11	24411	Rup Investment Limited	Payment for cutleries for the awards night.	1-23401-23999-07099	1,477.40	<ul style="list-style-type: none"> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul> <p>The Ministry explained that it was cheaper to buy than to hire. These are stored in large plastic containers and recorded in the inventory ledger. These cutleries are used by during meetings, workshops, etc held in the Ministry.</p>
17/11/11	24412	Yung Tong Store	Payment for tapa and other material for decoration. Tapa material \$4.50 x 50 metres = 225 Red material \$4.50 x 50 metres = 225 Green material \$4.50 x 50 metres = 225 Silver material \$4.50 x 50 metres = 225	1-23201-23999-071101	900.00	<ul style="list-style-type: none"> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
17/11/11	24413	PS Local Government and Environment	Payment to evaluators and organising committee for the Ministry's awards night. \$100 each to six members.	1-23201-23999-071101	600.00	<ul style="list-style-type: none"> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
18/11/11	24420	P Meghji and Company Limited	Payment of liquor for the Ministry's awards night.	1-23401-23999-070999	1,801.50	<ul style="list-style-type: none"> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
18/11/11	24428	Laite Cagilaba EDP90872	Payment of meal allowances for decoration for awards night.		18.00	<ul style="list-style-type: none"> <li>Payment voucher were not stamped paid</li> </ul>
21/11/11	24470	Fiji National University (FNU) hotel and catering school	Payment to two students from Fiji National University hotel and catering school for mending the bar. Students were paid \$30 each.	1-23101-23999-010303	60.00	<ul style="list-style-type: none"> <li>No purchase order was attached.</li> <li>Payment voucher and supporting documents were not stamped paid</li> </ul>
<b>Total</b>					<b>19,619.30</b>	

**Appendix 22.2: Mobile phone cost for the year**

Designation	Limit per Month <sup>30</sup>	Limit per Year	Monthly Bills												Total (\$)
			Jan (\$)	Feb (\$)	Mar (\$)	Apr (\$)	May (\$)	Jun (\$)	Jul (\$)	Aug (\$)	Sep (\$)	Oct (\$)	Nov (\$)	Dec (\$)	
Minister	Open	Open	58.6	56.38	303.39	54.22	55.62	378.56	308.8	54.78	257.58	53.1	53.1	413.09	2,047.22
PS	Open	Open	238.1	197.63	369.59	317.77	275	317.43	783.15	172.74	499.43	351.9	870	646.31	5,038.66
Director LG	60	720	65.94	68	69.87	72.66	72.1	681.09	66.09	69.16	61.17	82.34	78.1	91.45	1,477.94
Director EN	60	720	48.28	84.46	92.85	377.31	104.54	1149.99	1427.5	96.04	87.58	451.78	917	1470.17	6,307.65
PASH	60	720	66	66.22	65.84	61.81	65.8	57.76	65.56	64.09	67.37	66.2	68.3	71.94	786.92
Body Guard	40	480	46.9	44.17	46.34	45.11	46.97	42.53	38.7	46.33	45.55	38.7	47.7	39.62	528.58
Director TP	60	720	62.58	90.73	98.69	100.41	78.77	90.37	101.05	97.1	90.19	104.81	162	91.93	1,168.27
Director H	60	720	72.22	92.73	78.3	112.54	66.72	134.89	194.93	123.16	92.3	83.72	72	75.48	1,198.95
DS	100	1200	128.87	42.31	132.2	119.79	122.43	68.25	66.21	72.14	51.08	149.58	180	142.86	1,275.92
PSO	60	720	40.73	38.7	63.06	52.8	67.42	65.61	73.82	74.64	75.53	49.22	41	38.7	681.21
SEO West	40	480	47.67	47.16	46.76	47.91	47.23	47.39	46.8	46.84	46.92	46.86	49.4	48.49	569.44
SEO North	40	480	47.52	48.26	47.17	47.52	48.96	48.48	47.51	47.04	47.88	46.81	49.9	47.86	574.94
SASH	40	480	0	38.7	38.7	38.7	47.58	46.33	44.79	46.33	47.72	38.7	48.2	42.33	478.08
SAO	40	480	0	38.7	38.7	53.8	39.2	46.68	39.39	38.7	38.7	46.42	44.2	47.77	472.21
SAS															
Corporate	40	480	0	38.7	48.66	48.78	47.65	47.62	47.51	46.91	68.7	94.93	49.7	47.7	586.83
<b>Total Cost</b>			<b>923.41</b>	<b>992.85</b>	<b>1,540.12</b>	<b>1,551.1</b>	<b>1,186</b>	<b>3,222.98</b>	<b>3,351.8</b>	<b>1,096</b>	<b>1,577.7</b>	<b>1,705.1</b>	<b>2,730</b>	<b>3,315.7</b>	<b>23,192.82</b>

<sup>30</sup> This limits are set by Ministry

**Appendix 22.3: Details of Payment Voucher anomalies**

Date	Cheque Number	Payee	Amount VIP (\$)	Payment Description	Anomalies
31/05/11	021860	Carpenters Motors	480.00	Purchase of Hankook tyre for GN679	Invoice, LPO and delivery docket not attached.
14/09/11	023417	Nivis Motors	1,321.15	Payment for servicing of GN 717	LPO not attached
16/12/11	024832	South Pacific Business System	2,288.50	Payment for toners for fax and printers	Payment voucher not certified by the Senior Accountant.
10/03/11	020812	Best Promotion	2,380.00	Payment made for T-Shirts	Invoice and LPO not attached.
09/11/11	024252	Tanoa Waterfront Hotel	1,431.00	Payments for hire of conference centre	Invoice and LPO not attached. Payment voucher not stamped paid.
07/11/11	024175	Holiday Inn	1,350.00	Payments for hiring of conference centre for CDL consultation.	Invoice and LPO not attached. Payment Voucher not stamped.
	035973	Conservatorium of Music		Purchase of Books For Library Services	Invoice not attached.
01/04/11	21086	Ministry of Lands	2,215.39	Payment for the overtime for officers- who were involved in preparation of lease documents.	Payment voucher not certified by the Senior Accountant.
11/11/11	024278	Tappos	1,557.00	Payments for an underwater digital camera	Invoice and LPO not attached. Payment voucher not stamped paid.
27/03/11	20754	Laisani Mataele	2,700	Payment for catering	Payment voucher not certified by the Senior Accountant.
09/03/11	20798	Suva bookshop	665.09	Payment for RMU Unit	Payment voucher not certified by the Senior Accountant.
09/03/11	020799	Telecom Fiji Ltd	140.93	Payment for Telecom January Bill	Payment voucher not certified by the Senior Accountant.
21/11/11	02411	Capture Fiji	9,720.00	Payment for the public awareness materials for biological diversity	Invoice and LPO not attached.
22/09/11	023536	Christian Mission Fellowship	2,050.00	Payment for decorations and catering	Invoice and LPO not attached.
22/09/11	023541	Neels Entertainment	180.00	Payment for sound system and lights	Invoice and LPO not attached.
22/09/11	023544	Sugarcane Growers Council	100.00	Payment for the hire of venue for Saturday Thank You Dinner	Invoice and LPO not attached.
22/09/11	023535	All System Electronics	500.00	Payment for sound system	Invoice and LPO not attached.
22/09/11	023538	Fiji Gimit Council	500.00	Payment for venue for Sunday Service	Invoice and LPO not attached.
22/09/11	023543	Soro Vitukawalu	800.00	Payment for Love Pack for Sunday service	Invoice and LPO not attached.
22/09/11	023537	Classic Buses	4803.00	Payment for the transport for Sunday services.	invoice and LPO not attached.

**Appendix 22.4: Payment vouchers and supporting documents not stamped “paid”**

Date	Cheque Number	Amount (\$)
07/12/11	24666	124.00
07/12/11	24667	30.00
07/12/11	24668	18.00
07/12/11	24669	77.00
07/12/11	24670	54.00
07/12/11	24671	95.00
07/12/11	24672	481.55
07/12/11	24673	1001.00
07/12/11	24674	25,667.42
08/12/11	24676	250,000.00
08/12/11	24677	250,000.00
08/12/11	24678	680.00
08/12/11	24679	565.00
08/12/11	24680	58,100.00
08/12/11	24681	92.00
08/12/11	24682	50.00
08/12/11	24683	69.46
08/12/11	24684	21.50
08/12/11	24685	2,786.18
08/12/11	24686	42,528.28
08/12/11	24687	160.00
08/12/11	24688	100.00
08/12/11	24689	148.00
08/12/11	24690	180.00
08/12/11	24691	26.40
09/12/11	24692	108.00
09/12/11	24693	351.40
09/12/11	24694	16.30
09/12/11	24695	146.00
09/12/11	24696	45.00
09/12/11	24697	85.00
09/12/11	24698	110.00
09/12/11	24699	667.00
09/12/11	24700	9,289.55
09/12/11	24701	126.00
09/12/11	24702	378.00
09/12/11	24703	297.00
12/12/11	24704	386.20
12/12/11	24706 - 24722	8,767.95
12/12/11	24723 - 24724	144.00
12/12/11	24725	27.00
12/12/11	24726	1,164.00
12/12/11	24727	201.73
12/12/11	24727	220.65
12/12/11	24728	186.31
12/12/11	24729	4,317.01
12/12/11	24730	2,300.00
12/12/11	24731	45.00
12/12/11	24732	75.00
12/12/11	24733	146.00
12/12/11	24734	180.00
12/12/11	24735	200.00
12/12/11	24736	45.00

Date	Cheque Number	Amount (\$)
12/12/11	24737	45.00
12/12/11	24738	63.00
12/12/11	24739	262.00
12/12/11	24740	1,080.00
12/12/11	24741	283.35
12/12/11	24742	1,000.00
12/12/11	24743	1,260.00
12/12/11	24744	117.00
12/12/11	24745	18.00
12/12/11	24746	36.00
12/12/11	24747	250,000.00
12/12/11	24748	522.37
12/12/11	24749	2,510.00
12/12/11	24750	53.60
12/12/11	24751	305.90
12/12/11	24752	963.00
12/12/11	24753	170.20
12/12/11	24754	18.00
12/12/11	24755	22.00
12/12/11	24756	27.00
July	022160 - 022225	various
August	022870 – 022944 022999 - 023075	various
December	024937 – 025014 024666 - 024756 024823 –024936 024697 – 024728 024746 - 024756	Various
November	024366- 024473	Various
December	024666 - 024756	Various
<b>Total</b>		<b>921,836.31</b>



## Section 23 Ministry of Women, Social Welfare and Poverty Alleviation

### Roles and Responsibilities

The Ministry of Women, Social Welfare and Poverty Alleviation shall eradicate poverty through providing welfare support to the poor, empowerment of women and gender mainstreaming and coordination of services to the disabled. The Department has four output groups – Ministerial and Corporate Services, Social Welfare Services, Gender Development and Poverty Eradication Unit.

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## PART A: FINANCIAL STATEMENT

### 23.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Women, Social Welfare and Poverty Alleviation resulted in the issue of a qualified audit report as the financial statements were not presented in accordance with Financial Management Act. The Ministry did not provided a trust account statement of receipts and payments contrary to Section 71(1) of the Finance Instruction 2010.

## 23.2 Statement of Receipts and Expenditures

The Ministry collected revenue amounting to \$22,556 and incurred total expenditures of \$35,385,725 in 2011. Details are provided in table 23.1 below.

**Table 23.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
Rental for Land	1,022	129
Commission	343	737
Miscellaneous	21,191	26,081
<b>TOTAL REVENUE</b>	<b>22,556</b>	<b>26,947</b>
<b>EXPENDITURES</b>		
<b>Operating Expenditure</b>		
Established Staff	2,451,026	2,433,371
Government Wage Earners	327,385	334,322
Travel & Communication	148,404	138,911
Maintenance & Operations	326,653	257,464
Purchase of Goods & Services	70,921	131,707
Operating Grants & Transfers	30,224,036	26,419,068
Special Expenditures	431,641	269,344
<b>Total Operating Expenditure</b>	<b>33,980,066</b>	<b>29,984,187</b>
<b>Capital Expenditure</b>		
Capital Construction	367,290	289,023
Capital Purchases	69,996	68,344
Capital Grants & Transfers	789,478	729,071
<b>Total Capital Expenditure</b>	<b>1,226,764</b>	<b>1,086,438</b>
Value Added Tax	178,895	145,784
<b>TOTAL EXPENDITURE</b>	<b>35,385,725</b>	<b>31,216,409</b>

The Ministry's revenue decreased by \$4,391 or 16% in 2011 compared to 2010 due to decline in miscellaneous revenue by \$4,890 or 19%. Total expenditure increased by \$4,169,316 or 13% in 2011 compared to 2010 due to the:

- filling up of vacant positions that were under freeze from July to December 2010;
- implementation of Bus Fare and New Food Voucher programme leading to lots of mobile calls made particularly to clients;
- introduction and implementation of New Food Voucher, Bus Fare programmes and also during review exercise on eligible Family Assistance recipients;
- introduction and implementation of New Food Voucher Programs had increased the overall Grants and transfers;
- Bus fare program was itemised; and
- Construction of Labasa FNCDP Building which was completed in 2011.

## 23.3 Appropriation Statement

The Ministry of Women, Social Welfare and Poverty Alleviation incurred expenditures totalling \$35,385,725 in 2011 against the revised budget of \$37,080,685 resulting in savings of \$1,694,960 or 5%. Details are provided in table 23.2.

**Table 23.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,793,632	---	2,793,632	2,451,026	---	342,606
2	Government Wage Earners	336,278	---	336,278	327,385	---	8,893
3	Travel & Communication	163,700	(4,000)	159,700	148,404	---	11,296
4	Maintenance & Operations	247,575	87,618	335,193	326,653	---	8,540
5	Purchase of Goods & Services	180,800	(79,818)	100,982	70,921	---	30,061
6	Operating Grants & Transfers	31,150,000	(182,986)	30,967,014	30,224,036	---	742,978
7	Special Expenditure	752,000	179,186	931,186	431,641	---	499,545
	<b>Total Operating Costs</b>	<b>35,623,985</b>	<b>---</b>	<b>35,623,985</b>	<b>33,980,066</b>	<b>---</b>	<b>1,643,919</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	400,000	---	400,000	367,290	---	32,710
9	Capital Purchases	70,000	---	70,000	69,996	---	4
10	Capital Grants and Transfers	800,000	---	800,000	789,478	---	10,522
	<b>Total Capital Expenditure</b>	<b>1,270,000</b>	<b>---</b>	<b>1,270,000</b>	<b>1,226,764</b>	<b>---</b>	<b>43,236</b>
13	Value Added Tax	186,700	---	186,700	178,895	---	7,805
	<b>TOTAL EXPENDITURE</b>	<b>37,080,685</b>	<b>---</b>	<b>37,080,685</b>	<b>35,385,725</b>	<b>---</b>	<b>1,694,960</b>

### 23.4 Statement of Losses

No Board of Survey was conducted by the Ministry in 2011.

### 23.5 Outstanding Revolving Fund Account Balances

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental clearance accounts, cash clearance accounts, expenditure and commitment accounts.<sup>1</sup>

The Ministry had a balance of \$1,600,000 in the Revolving Fund account as at 31/12/11. Out of \$1,600,000 reflected in the Ministry's Revolving Fund account \$1,400,000 was carried forward balances from previous years.

It was also noted that even though approval was given by the Ministry of Finance to write off \$1,400,000 or 87.5% of \$1,600,000, no effort was taken by the Ministry to clear the balance.

As result of the Ministry's Revolving Fund account as at 31/12/11 was overstated by \$1,400,000.

#### **Recommendation**

**The Ministry should ensure that the outstanding balances in the Revolving Fund account are identified and cleared.**

<sup>1</sup> Finance Manual s16.3.1

**Ministry's Comments**

*The outstanding balances were identified and reflected in the RFA reconciliation. The outstanding balance of \$1.4m in the Revolving Fund account was approved for write off and shall be cleared once surplus/funds could be identified at the end of any future financial year. Furthermore Family Assistance funds were never fraudulently converted. However Department of Women Accountant used advance funds to the extent of \$123,000 for her personal gain.*

**23.6 Overdrawn Operating Trust Fund Account**

Operating Trust Fund Account consists of other moneys that were recorded as trust such as salary deductions payable to other entities, insurance premium deductions from employees, Fiji National Provident Fund deductions from employees etc. These other moneys were recorded in the Operating Trust Fund Account and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.

The Ministry's Operating Trust Fund account was overdrawn by \$106,306.59 as at 31/12/11. Refer to table 23.3 for details.

**Table 23.3: Overdrawn Operating Trust Fund Account**

Account Number	Description	Amount (\$)
12410124999861525	PD Service Worker	10.74
12410124999861532	PD Public Employee Union	74.79
12410224999861901	PD Tax Arrears	117.09
12410124999861920	PD employees FNPF	106,103.97
<b>Total</b>		<b>106,306.59</b>

The overdraw of Operating Trust Fund account may have resulted from mispostings by the Ministry. The finding indicated that proper reconciliations were not carried out and corrective actions not taken by the Ministry.

**Recommendations**

- **The Ministry should ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry should ensure that Trust Fund account is properly reconciled and any variance is investigated and appropriate action is taken.**
- **The Ministry should investigate the overdrawn Trust Fund account balance as at 31/12/11 and take appropriate action.**

**Ministry's Comments**

*The overdrawn Trust Funds were carried forward from 2006 since when the Departments Head changed from 24 to 22 and then from 22 to 24 and consequently the debits & credits in the Trust account was mixed up other Ministries.*

*The Ministry has no outstanding Trust Fund account reconciliation for 2011 and investigations were carried out and the amounts were reduced considerably when comparing figures with the year 2010, however the remaining ones will be reduced on identification of the Head of the Ministry in which these corresponding debits and credits are appearing.*

*The overdrawn accounts were referred to FMIS Division of Finance which is trying to identify the heads of Ministries in which corresponding credits & debits are appearing as FMIS is authorised to access other heads.*

## 23.7 Drawing 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.<sup>2</sup>

The Drawings Account balance as at 31/12/11 as per the Ministry's record did not reconcile with the general ledger (FMIS). A variance of \$4,591 was noted between the two records. Refer to table 23.4 for details.

**Table 23.4: Variance in Drawings Account Balance**

Account	FMIS (\$)	Department Reconciliation (\$)	Variance (\$)
Drawings	2,028,665	2,033,256	4,591

The variance was due to bank errors which were yet to be resolved by the Ministry.

### Recommendation

**The Ministry should resolve the bank errors on a monthly basis.**

### Ministry's Comments

*The bank errors would have been resolved on monthly basis, had these errors were rectified by Bank within the month in which it occurred. The Bank delayed the correction of these errors despite the bank officers were notified by many email correspondences. Therefore these errors were referred to PAO treasury (Mr Kenneth Brown) who would liaise with the desk officer in BSP.*

## PART B: AUDIT FINDINGS

### 23.8 Anomalies in Grants Given to Non Government Organisations

Where required under Finance Instruction 16(1-9), the recipient shall prepare an acquittal report. The acquittal report shall provide the following information;

- details of grant money expended and unexpended,
- grants objectives and targets achieved
- financial statement (audited if practicable) for grants of \$20,000 or more.<sup>3</sup>

Grants must be paid in accordance with the terms and conditions in the grant agreement.<sup>4</sup> No variation to a grant agreement shall be made without the written approval of the Permanent Secretary of the administration agency.<sup>5</sup>

The Ministry provided grants totalling \$199,998 to 18 NGO's in 2011. Review of the NGO's grant files revealed the following anomalies.

<sup>2</sup> Section 32 (6) – Finance Instruction 2010

<sup>3</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2011, s3.1.17

<sup>4</sup> Finance Instructions 2010, s16(4)

<sup>5</sup> Finance Instructions 2010, s16(5)

- Some of the NGO’s failed to provide proper acquittals to the Ministry. In absence of proper acquittals the Ministry may not be able to determine whether grant funds were used for the purpose it was given for. Refer to table 23.5 below for details.

**Table 23.5: Anomalies in Grants**

NGO’s	Amount Disbursed (\$)	Amount Acquitted by NGO (\$)	Remarks
Methodist Veilomani Boys Home	19,000	16,500	<ul style="list-style-type: none"> <li>• Labour cost of \$2,500 did not have supporting documents to authenticate expenditures.</li> <li>• The application for the grant did not have any quotation as required under section F of the grant contract.</li> </ul>
St. Christopher’s Home	15,000	15,000	<ul style="list-style-type: none"> <li>• Acquittals submitted did not have any supporting documents to authenticate expenditures.</li> </ul>
Fiji Vocational & Technical Training Centre for Persons with Disabilities	19,500	18,403.28	<ul style="list-style-type: none"> <li>• Acquittals with supporting documents were missing.</li> <li>• Other acquittals submitted did not have any supporting documents to authenticate expenditures.</li> </ul>
Senior Citizens Ba Community Centre	16,750	16,750	<ul style="list-style-type: none"> <li>• The agreement had two different approved grant amounts stated in the agreement. The grant amount stated on the cover page of the grant agreement was \$16,750 and under section of “Responsibility of the NGO” in the grant agreement it was stated \$11,750.</li> <li>• Total request made by the organisation was \$11,748 however the actual grant paid was \$16,750. The Ministry overpaid \$5,002.</li> </ul>
Mahaffy Girls	100,000	100,000	<ul style="list-style-type: none"> <li>• Acquittals submitted did not have any supporting documents to authenticate expenditures.</li> </ul>

- The Ministry overpaid one of the NGO’s, Fiji Vocational & Technical Training Centre for Persons with Disabilities by \$2,500 in 2011. The amount of grant stated in the grant agreement between the Ministry and Fiji Vocational & Technical Training Centre for Persons with Disabilities was \$15,000 however the actual grant paid by the Ministry was \$17,500.
- The grants files for the voluntary organisation were not properly maintained. The acquittals and other relevant documents were kept loose in the file. The documents were also not clipped firmly together in the file and not arranged sequentially according to each quarter applications. There is a high risk that important correspondence or document maybe misplaced.

The findings indicate that the Ministry was not vigilant in reviewing the grant agreement, acquittals received and safe keeping of documents.

**Recommendations**

- The Ministry should ensure that acquittals received from the grant recipients have supporting documents.
- The Ministry must ensure that grant agreement is properly reviewed before it is signed and grant money is given.
- The Ministry must ensure that records are properly maintained for all grants given to NGO’s.

**Ministry's Comments**

*The physical monitoring is a challenge with competing priorities for one support welfare officer and program manager monitoring all Family Services programs, however is noted for 2012.*

**23.9 Accountable Advance Not Cleared on Time**

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.<sup>6</sup>

Where an advance has not been acquitted within seven days of travel, the accounts officers shall affect recovery through a salary deduction after having obtained the approval of the senior accounts officer.<sup>7</sup>

The audit noted that accountable advances were not retired by Ministry staffs within the stipulated timeframe of 7 days from the date they returned to the Office from official duties. Refer to table 23.6 for details.

**Table 23.6: Accountable Advances not Retired**

Date of Payment	Payee	Amount (\$)	Date Returned to Office	Date Retired	Comments
11/07/11	Sureshni Mudliar	2,271.00	15/6/12	27/09/12	The officer returned from official duty on 15/6/12. The officer retired the accountable advance 94 days after the due date of 22/6/11. No action was taken by the Ministry to recover the advance when it was not cleared by the due date.
25/07/11	Sureshni Mudliar	2,895.00	Ministry did not record the date the officer returned from duty.	22/12/11	The Ministry could not provide the officer's date of return from official duty. The officer retired the accountable advance on 22/12/11. No action was taken by the Ministry to recover the advance when it was not cleared by the due date.
29/09/11	Salote Karikaritu	1,891.00	Ministry did not record the date the officer returned from duty.	21/12/11	The Ministry could not provide the officer's date of return from official duty. The officer retired the accountable advance on 21/12/11. No action was taken by the Ministry to recover the advance when it was not cleared by the due date.
18/08/12	Sureshni Mudliar	2,494.00	Ministry did not record the date the officer returned from duty.	30/12/11	The Ministry could not provide the officer's date of returned from official duty. The officer retired the accountable advance on 30/12/11. No action was taken by the Ministry to recover the advance when it was not cleared by the due date.
16/09/11	Melaia Simpson	1,430.50	Ministry did not record the date the officer returned from	22/12/11	The Ministry could not provide the officer's date of return from official duty. The officer retired the accountable advance on 22/12/11. No action was taken by the Ministry to recover the advance when it was not cleared by the due

<sup>6</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2011, s10.1.11& 10.1.12

<sup>7</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2011, s10.1.14

Date of Payment	Payee	Amount (\$)	Date Returned to Office	Date Retired	Comments
			duty.		date.
6/5/11	Vetaia Vuinakelo	2,418.00	Ministry did not record the date the officer returned from duty.	30/12/11	The Ministry could not provide the officer's date of return from official duty. The officer retired the accountable advance on 30/12/11. No action was taken by the Ministry to recover the advance when it was not cleared by the due date.

When accountable advance are not retired within the stipulated timeframe, public funds are unnecessary tied up.

### **Recommendations**

- **The Ministry should ensure that accountable advance is cleared within 7 days from return to office from official duties.**
- **The Ministry should take appropriate action to recover the outstanding accountable advance from the staff if they do not clear it within 7 days from the date of return to Office.**

### **Ministry's Comments**

- 1) *11/07/11, 25/07 and 18/08- Sureshni Mudaliar: Advance was taken on behalf of the committee for Hibiscus/PCAN/Facilitation Package consultation. Funds were given to officers and they retired late.*
  - 2) *Salote Karikaritu: Workshop was postponed hence retiring late*
  - 3) *Melaia Simpson: Workshop was postponed due to death in the village which was beyond anybody's control hence retiring late.*
- 3) *Vetaia Vuinakelo: Acquittals were submitted to accounts and was misplaced so had to resubmit*

## **23.10 Alteration of Accountable Advance Retirement Form**

Each agency must have in place a cost effective system of internal controls which:

- a) safeguards money and property against loss;
- b) avoids or detects accounting errors; and
- c) avoids unfavourable audit reports.<sup>8</sup>

The Ministry organised various workshops for Child Protection Program in 2011. The Administration Officer for Child Protection Program, Ms. Sureshni Mudliar was responsible for payment of Accountable Advance to the Officers conducting the workshops and also receiving the Accountable Advance retired by the Officers.

The audit noted that Ms. Sureshni Mudliar altered the details in the accountable advance retirement form and used the advance retired without proper approval on number of occasions. Refer to examples below.

<sup>8</sup> Finance Instruction 2010, s59(1)

- The Ministry organised a Probation and Community Training in Rabi and Kioa Islands. Ms. Salote Karikaritu also attended the workshop as workshop facilitator and was paid total sum of \$1,891 as accountable advance. On return to office after the training Ms. Karikaritu refunded \$126 to the Administrative Officer, Ms. Sureshni Mudliar. However, instead of receipting the refund of accountable advance, Ms. Mudliar used it to purchase recharge cards for \$50 for Ms. Reama Naco (Events Officer) who is no longer employed by the Ministry. The balance was used for buying refreshments which she claimed was for office use.
- The Ministry organised Probations and Community Workshop at its Nasinu Office. Ms. Salote Karikaritu who was a workshop facilitator was paid Accountable Advance of \$1521.25. After the workshop Ms. Karikaritu refunded \$111.16 to Ms. Mudliar. However instead of receipting the refund of Accountable Advance, Ms. Mudliar used \$111.16 and claimed an additional \$36.80 for purchase of refreshments which she claimed was for office use.
- The Ministry organised Draft Facilitator Package training in Nadi. Ms. Mudliar who also attended the workshop claimed for recharge cards worth \$86 for the workshop. However it was noted that \$22 worth of recharge card was bought 1 month before the workshop, \$11 worth of recharge card was bought 7 days after the workshop and only \$6 worth of recharge card was bought while the workshop was held in Nadi.

The balance of \$47 was also used to buy recharge cards by Ms. Mudlair, however audit was unable to verify the date and location of purchase.

Furthermore, Ms. Mudlair stated in the accountable advance retirement form that Mr. Vetaia Vuinakelo and Ms. Mela Simpson claimed for recharge card. However, Mr. Vetaia Vuinakelo did not attend the workshop since he was in Labasa and Ms. Mela Simpson confirmed that she neither receive nor claimed for any recharge cards.

The findings indicate the misuse of retired accountable advance by the Administrative Officer. It also shows that the Accounts Officer did not thoroughly verify acquittals and the supporting documents.

### **Recommendations**

- **The Ministry should investigate the matter and take appropriate action.**
- **The Ministry should ensure that Accountable Advance payments and refunds are properly scrutinised by Accounts Officer.**

### **Ministry's Comments**

*Funds was used for various meetings and not office use (as attached receipts in the acquittals)  
As above*

*Recharge cards were reimbursed to Reama for nearly 3months usage but instead of requesting or claiming separately Sureshni Mudliar paid her with the money she had since it was from the same component.*

*Recharge cards were again reimbursed to Vetaia and Mela for use during Facilitation Package Consultation for contacting facilitators. Sureshni Mudliar had some left over money so she paid them and retired the advance since it was from same component.*

*In conclusion, though Sureshni Mudliar may have overlooked the procedure, however funds were used solely for official use (receipts are attached with the acquittals).*

### 23.11 Anomalies in Agreement

The recipients NGO shall prepare an acquittal report. The acquittal report shall provide the following information:

- i) details of Poverty Alleviation Program (PAP) money expended and unexpended;
- ii) PAP objectives and targets achieved; and
- iii) financial statements (audited if practicable) for grants of \$20,000 or more.<sup>9</sup>

The Ministry entered into a strategic partnership agreement with National Employment Centre (NEC) to govern the provision of NEC trainings to its registered clients which was funded by the Ministry. The training was to help registered clients or recipients to graduate from the welfare assistance programmes.

The Ministry paid a total of \$164,500 to NEC in 2011 to provide various trainings to 102 welfare assistance recipients for them to be able to support themselves and stop relying on welfare assistance.

The audit noted that the partnership agreement between the Ministry and the NEC did not have any provision for the NEC to acquit expenses or provide updates on the progress of the training.

It was also noted that no training was conducted in 2011 by NEC and a total \$164,500 given was not refunded to the Ministry. According to the Ministry this was due to insufficient number of participants (recipients) to attend the training.

In the absence of provisions in the agreement for NEC to report back to the Ministry there is no accountability of funds provided by the Ministry. In addition it may become difficult to authenticate whether the funds given were used for its intended purpose and objectives were met.

#### **Recommendations**

- **The Ministry should include a reporting requirement clause in the agreement with NEC.**
- **The Ministry should investigate how the funds given to NEC were used.**
- **The Ministry should request for a refund or ensure that the trainings are conducted in 2012.**

#### **Ministry's Comments**

*Funds released last year (2011) to NEC had been kept in a Trust Fund and was brought forward to this year to be used for the ongoing training of recipients that were identified last year. Funds will be acquitted once it is utilized.*

### 23.12 Succession Planning for IT Section

Succession planning is a process where organisations ensure that employees are recruited and developed to fill each key role within the organisation. The objective of succession planning is to ensure that the organization (or a unit of the organization) continues to operate effectively when individuals occupying critical positions go on leave or resign.

It was noted that Ministry did not have succession plan for critical positions. One of these positions was for Systems Analyst. The Ministry does not have any other Officer who is able to perform the

<sup>9</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manuals 2011, s3.2.20

duties of Systems Analyst. Currently the Ministry have only one Officer who understands the Ministry's information system and performs the task of Systems Analyst.

It was also noted that at the time of audit the Systems Analyst was on maternity leave and no one else within the Ministry could perform the duties of the Systems Analyst.

Hence audit was not provided with important information's on government assistance such as master list of e-welfare database cases, a master list of payments made to Westpac Banking Corporation in the excel format, a master list of cases in e-gov, a master list of cases in e-gov distinguishing the transferred cases etc.

In absence of succession plan the Ministry may face difficulties in appointing staffs to critical positions such as the Systems Analyst should the employees take leave or resign from the organisation.

### **Recommendation**

**The Ministry should ensure that a succession plan is prepared for all critical positions.**

### **Ministry's Comments**

*The Department's IT Unit at one stage had only 1 officer, just recently (2011) we were able to convince PSC for the post of a Network Administrator and 2 data Input Clerks. Thus, cross training is now been conducted, however, because of the different programs the Department is implementing (FA, C&P, Food Voucher, Expanded Food Voucher and Bus Fare Concession) which deals with different recipients, duties and responsibilities had to be assigned to each officer in the Unit with the Head of the Unit (System Analyst) looking after the whole data information system. One of the Data Input officers has been trained to migrate and make postings in the system but not to affect changes that is why the running of batches had to be done by one person. This is a security measure and an internal control to have only one person given the privilege to run the batches for the printing of vouchers.*

## **23.13 Double/Triple Payment of Allowance**

Each voucher should have the unique identifier of the client's reference number prefixed with their Cost centre and suffixed with the month and year that the voucher is valid for.<sup>10</sup>

The Family Assistance Scheme has been described as a method of providing small amounts of financial assistance to families in destitute conditions. The scheme is an affirmative action programme that is legislated under the Social Justice Act 2000. It is a form of assistance given temporarily to a family/household whose livelihood depends on an inadequate source of income. Review of payment of welfare assistance revealed the following anomalies.

- Several recipients of welfare assistance were either double paid or triple paid their monthly allowance by the Ministry in 2012. The allowance was deposited into the recipients' bank account at Westpac Banking Corporation by the Ministry. Refer to Appendix 23.1 for examples of double and triple payments.

No action was taken by the Ministry to recover the overpayment of welfare assistance allowance.

- The system used by the Ministry for processing the monthly allowance does not have built in controls to identify double or triple payment of allowances.

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<sup>10</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2011, s4.1.17

- The Ministry makes welfare assistance payment (Family Assistance and Care and Protection allowances) amounting to more than \$1 million through Westpac Banking Corporation, ANZ Bank and Bank of South Pacific to the welfare assistance recipients every month. These payments are made electronically from the Ministry.

There was no evidence that the allowance list was reviewed by a Senior Officer before it was uploaded for payment.

The finding showed lack of reviews of monthly allowances listing by Senior Officers before it is submitted to the banks for payments.

### **Recommendations**

- **The Ministry should recover the overpayment from the recipients.**
- **The Ministry should strengthen its internal controls for payment of the monthly welfare assistance allowance.**
- **The Ministry should investigate the matter and take appropriate action against Officers responsible for not performing their duties with care and diligence.**
- **The Ministry must ensure that monthly allowance list is reviewed by a Senior Officer before payment is processed.**

### **Management Comments**

*All payments are being recovered. Recipients were being informed while monthly allowances were held from July (correspondence attached). Instructions also send to Divisions on how to check duplicates in the system. Divisional Clerks have been advised on the procedure for checking duplicates before submitting list.*

*A Date is set for receiving list from the divisions (15th of the month) and in addition IT Unit has set a date (30th of the month) to check for duplicates before list is uploaded in the system. Ministry will strengthen internal controls while awaiting data migration process to be completed. One system will not allow double payments since every transaction will be paid once. Then new system does not allow duplication of records.*

## **23.14 Bus Fare Concession/Expanded Food Voucher**

Applications for the bus fare/expanded food voucher should be thoroughly scrutinised by the Welfare Officers Income Support (WOIS) to ensure they contain the required information.<sup>11</sup> The eligibility criteria for the expanded food voucher are:

- i) senior citizens above the age of 70 years
- ii) total income of household including the physical assets must be below \$9,100 per annum.<sup>12</sup>

The audit noted following anomalies in the Bus Fare Concession and Expanded Food Voucher programs.

- The applicant's annual household income was verified by the Provincial Administrators/Advisory Councillors. The Ministry relied on the Provincial Administrators/Advisory Councillors verifications and salary or wages slip were not obtained from the applicants to substantiate their household income. As a result an applicant, Mr. Tomasi Qiodravu whose total household income

<sup>11</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2005, s4.1.3

<sup>12</sup> Expanded Food Voucher Eligibility Criteria

including the physical assets totalled \$15,000 per annum was incorrectly approved for Expanded Food Voucher assistance.

- The Bus Fare Concession and Expanded Food Voucher applications were not properly verified by the Welfare Officer in charge to ensure that the applicant's met the criteria set by the Ministry. The application forms for some of the recipients of government assistance under Bus Fare Concession and Expanded Food Voucher program were not signed by the Welfare Officer. Refer to Table 23.7 for examples.

**Table 23.7: Expanded Food Voucher/Bus Fare Concession**

Recipient	Type of Allowance	Remarks
Tomasi Qiodravu	Expanded Food Voucher	Allowance approved though the applicant's total household income was \$15,000 per annum.
Lusiana Buli	Expanded Food Voucher	Neither passport size photo nor the birth certificate was attached to verify the applicant's age.
Dilaisa Vunitiki	Bus fare Concession	Application form not verified and signed as approved by the Welfare Officer.
Lavinia Qolo	Bus fare Concession	Application form not verified and signed as approved by the Welfare Officer.
Mohammed Iqbal Khan	Bus fare Concession	Application form not verified and signed as approved by the Welfare Officer.
Peni Seru	Bus fare Concession	Application form not verified and signed as approved by the Welfare Officer.

- One of the applicant's Mr. Lemeki Seru's children was living with him. One of the children was a Nurse while the other was working as a Customs Officer. His application for government assistance under Expanded Food Voucher program was not recommended for approval by Welfare Officer. However, a Senior Welfare Officer approved Mr. Seru's application for government assistance even though he was not eligible for government assistance.

The findings show that the criteria set for Expanded Food Voucher and Bus Fare Concession program were not consistently applied by the Ministry's staffs. There is a risk of favouritism and wrongful payment of government assistance by the Ministry.

### **Recommendations**

- **The Ministry must review the identified cases and take appropriate action.**
- **The Ministry should investigate assistance provided to Mr. Lemeki Seru and take appropriate action against the Senior Officer.**
- **The Ministry must ensure that Expanded Food Voucher and Bus Fare Concession program criteria are applied consistently to all applicants.**

### **Ministry's Comments**

*The criteria for Bus fare Concession is 60 years and above, there is no other, which means any person who has attained the age of 60 despite the fact that they are receiving pension or staying with children are entitled for this assistance. The only document required for this is the birth certificate which will verify their age. This criteria is not determined by the Ministry but was part of the Agreement signed by the Prime Minister and the Fiji Bus Company Association. As for some of the unsigned forms, this program was first implemented by LTA and Ministry of Transport, thus some of these applications were send directly to Head Office without going through our offices and because it does not require any further verification or home visit, except for the age in the Birth Certificate these applications were processed.*

**Further OAG Comments**

The Bus Fare application cases transferred from LTA to the Ministry could not be verified as the Ministry does not maintain a list of transferred cases from LTA.

The Ministry did not provide comments to other audit findings above.

**23.15 Incorrect Date of Birth in e-Welfare Database**

One of the criteria for the recipient of the government assistance is that the applicant must be over:

- 65 years or older for Senior Citizens under Family Assistance;
- 60 years or older for Bus Fare Concession recipients; and
- 70 years or older for Expanded Food Voucher.

The age of the applicant is determined from the birth certificate provided by the applicant at the time of the application.

Our review of the e-welfare database maintained by the Ministry for welfare assistance (Family Assistance, Bus Fare Concession and Expanded Food Voucher) noted that several recipients' date of birth was incorrectly recorded. These recipients' year of birth ranged from 2011 to 2345 which was incorrect. Refer to Table 23.8 for number of incorrect date of births noted. Further details are shown in Appendix 23.2 and 23.3.

**Table 23.8: Number of Incorrect Date of Birth**

Areas	No. of Cases
Suva	407
Ba	674
Tavua	1708
Nausori	551
Labasa	378
Lautoka	323
Nadi	345
Ra	292
Savusavu	280
Sigatoka	339
<b>Total</b>	<b>5,297</b>

As a result the Ministry does not know whether these recipients of government assistance actually meet the age criteria. However the Ministry continues to process the payment of government assistance without verifying the age of the existing recipients in the e-welfare database.

This finding indicates the e-welfare database to be unreliable. It may be having other system anomalies which are not known to the Ministry.

**Recommendations**

- **The Ministry should carry out an audit of the e-welfare database system to determine if other anomalies exists and take corrective action.**

- **The Ministry should verify the date of birth for all existing recipient of government assistance in the e-welfare database to ensure that the current list of recipients meet the Ministry's age criteria.**

### **Ministry's Comments**

*E-welfare database is only used as reference purpose while all cases are being migrated into the e-gov system which requires the birth cert no. to be entered. This will correct all date of birth of existing recipients. Other anomalies if any in e-welfare would be corrected in the process of data migration.*

## **23.16 Variance in Amounts Recorded for Westpac Payments**

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 systems plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.<sup>13</sup>

For recipients of government assistance whose accounts are with Westpac Banking Corporation the Ministry provides a list to the Bank in PC1 format with details such as names, amount and account numbers.

The audit noted significant variances in the amounts in the PC1 format produced by IT Section and the actual payments made by the Ministry to the Bank in 2011. The amounts stated in the PC1 format were always overstated compared to the actual payments made by the Ministry. Refer to Table 23.99 below for details.

**Table 23.9: Variance in Recorded Amounts of Payment to Westpac**

<b>Months</b>	<b>PCI Figure (IT Maintained figure) (\$)</b>	<b>Payments (Accounts Section Maintained) (\$)</b>	<b>Variances (\$)</b>
January	1,131,136.50	1,167,683	(36,546.50)
February	1,131,520.50	1,168,063	(36,542.50)
March	1,212,080.50	1,279,387	(67,306.50)
April	1,249,455.50	1,288,158	(38,702.50)
May	1,284,565.50	1,328,031	(43,465.50)
June	1,300,140.90	1,341,059	(40,918.10)
July	1,201,900.00	1,239,919	(38,019.00)
August	674,616.60	1,239,919	(565,302.40)
September	1,173,441.60	1,196,657	(23,215.40)
October	1,741,404.68	1,268,589	472,815.68
November	1,184,190.34	1,225,571	(41,380.66)
December	1,172,986.34	475,120	697,866.34
<b>Total</b>	<b>14,457,438.96</b>	<b>14,218,156</b>	<b>(239,282.96)</b>

The Ministry could not reconcile the variance noted between the two records. The audit also could not establish how the amount paid to Westpac Banking Corporation was determined by the Ministry.

As a result audit could not ascertain whether payments made to Westpac Banking Corporation for payment of welfare assistance were correct.

<sup>13</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2011, Part 2

**Recommendation**

**The Ministry should investigate the variances and take appropriate action.**

**Ministry's Comments**

*Comments to be provided*

**23.17 Incomplete Recipient information**

Applications for Family Assistance should be thoroughly scrutinised by the Welfare Officers Income Support (WOIS) to ensure they contain the required information such as household situation, dependents, income/support, expenses, medical/special needs, birth certificates, community support letter, and death certificates.<sup>14</sup>

Our review of Family Assistance and Care and Protection recipient's files revealed the following anomalies.

- The Ministry did not obtain and maintain all relevant information or documents such as birth certificates, death certificates, medical report, community letter etc. in the Family Assistance recipient's files. Refer to Table 23.10 for details.

**Table 23.10: Family Assistance Recipient's with Inadequate Information in File**

Recipient	Reference Number	Remarks
Serenia Naduruatu	101-3000497	Birth certificate of other family members and home visit reports were not in the file.
Letia Tavuki	101-3005570	Death certificate of the husband not attached as the recipient claims the husband passed away in order for the assistance to be transferred to the recipient.
Mahammed Jali Khan	101-3002592	Birth Certificate and medical report was not in the file
Item Lata	101-3005446	Birth certificate, community letter, medical report and home assessment not in the file.
Jovilisi Qasi	101-3005312	Other family members (four children) birth certificates and home assessment report not attached in the file.
Sisaro Vakalawe	101-106595	Community letter was not in the file.
Jone Lui	101-105641	Birth certificate not attached in the file.
Savitiri Rao	101-104875	Birth certificate of other family members and community support letter not in the file. There was no review report in the file.
Koroi Tadulala	104-100397	Birth certificate of the recipient not in the file.
Viliame Naicori	101-103593	Birth certificate and community letter not in the file.
Mohammed Azim	101-102160	Community letter not attached in the file.
Samisoni Jeke	101-103604	Birth certificate, medical report and community letter not in the file.
Maherul Nisha	101-3000572	Home assessment report not attached in the file. The recipient is 59 years old and she does not meet the criteria to receive the allowance.
Oripa Nadakuitavuki	101-103706	Birth certificate, letter from school, death certificate of husband not in the file.

- The Ministry did not obtain and maintain all relevant information or documents such as birth certificates, death certificates, medical report, community letter etc. in the Care and Protection Allowance recipient's files. Refer to Table 23.11 for details.

<sup>14</sup> Ministry of Social Welfare, Women and Poverty Alleviation Finance Manual 2011, s4.1.3

**Table 23.11: Care and Protection Recipient's with Inadequate Information in File**

Recipient	Reference Number	Remarks
Sainikiti Vukivou	101-105955	Birth certificate of children not in the file.
Kesaia Sawana	101-103435	Birth certificate of children not in the file.
Avikali Waqa	101-107359	Birth certificate of mother and children not in the file.
Irene Koroi	102-0004090	No letter from the Hospital (Saint Giles) that the child's father is a patient.
Lititana Dimara	101-106294	Death certificate of husband not in the file.
Mary Cakau	101-101863	Birth certificate, death certificate not in the file.
Lisi Aitcheson	101-105638	Letter from school not in the file.
Jiatatia Takayawa	101-101891	Birth certificate of the children not in the file.
Sovaia Ledua	101-105942	Birth certificate of the child not in the file.

- The Ministry did not carry out reviews of eligibility status for the recipients of Family Assistance and Care and Protection Allowance for last 3 – 6 years. There may be some recipients whose financial circumstance may have improved and are no longer eligible for government assistance.
- The government assistant recipients' files are not properly stored in an organised manner. Family Assistance files were mixed with the Care and Protection files and piled on top of the filing cabinets.
- One of the Family Assistance recipients' Ms. Meherul Nisha was 59 years old and did not meet the age criteria of 65 years. However she was receiving the assistance.

The findings indicate that the Welfare Officers have not been vigilant in checking, reviewing and updating the government assistance recipients' files. As a result the Ministry may be providing government assistance to some of the people who are not eligible for assistance.

### **Recommendations**

- **The Ministry should review all government assistance recipients' files and ensure that all relevant details are in the files.**
- **The Ministry must ensure that the criteria set for government assistance is strictly applied to ensure that people who genuinely need government assistance are assisted under the schemes.**
- **The Ministry must ensure that files are properly stored.**

### **Ministry's Comments**

*The Ministry is currently in the process of migrating all cases from e-welfare to the e-gov system. Part of the requirements for this migration is the collection of missing documents. The BC Registration number is the primary key and the security feature for all e-gov cases, thus without it cases will not be accepted in the system. Likewise, updated documents are required to be scanned in the system.*

*Reviews are an ongoing procedure which are done by the case officers, unfortunately, it is done on case by case as it comes along, since officers are also required to do other work with the other programs that they are responsible for.*

### 23.18 Pending Applications

The Ministry should set timelines for processing and finalising all applications received for government assistance. The Ministry should process all applications and make decisions according to the timelines to ensure efficiency in service delivery to the public.

The audit noted that the Ministry does not have any timelines for processing and deciding on applications received for government assistance. Review of the recipients' files also revealed that the Ministry was slow in processing applications for government assistance as application received in 2006 was still not finalised and no decision made as at the date of audit in May 2012. Refer to table 23.12 for examples.

**Table 23.12: Pending Applications**

Applicant	Reference Number	Details
Josua Navunitoro	101-3005757	The application for assistance was received in 2006 with all the relevant documents. Application was approved in 2011. The case was pending as home assessment was not carried out by Welfare Officer. (Family Services)
Ravina Devi	101-0003950	The application for assistance was received on 13/05/11 with all relevant documents. The decision on the application is still pending at the time of audit in May 2012.
Lowata Baleinavere	101-0001907	The applicant applied for assistance on 23/02/10 with all the relevant documents. The decision on the application was still pending at the time of audit in May 2012.
Ema Ranadi	101-0002406	The application for assistance was received on 26/11/09 with all the relevant documents. The decision on the application was still pending at the time of audit in May 2012 because the home assessment not yet carried out. (Child Services)
Venina Nairabelevu	103-0003836	According to the applicant's letter to the Ministry the applicant has applied to the Ministry on four occasion in 2007,2008,2009, and 2010 with all relevant documents. The application was finally approved in 2011. (Child Services)
Peni Teke	101-0003193	The application for assistance was received on 24/08/10 with all the relevant documents. The decision on the application was still pending at the time of audit in May 2012.
Prem Lata	101-0003204	The application for assistance was received on 10/08/10 with all the relevant documents. The decision on the application was still pending at the time of audit in May 2012.
Keleni Vunivanua	101-0003459	The application for assistance was received on 07/09/11 with all the relevant documents. The decision on the application was still pending at the time of audit in May 2012.

The finding indicates the Ministry's inefficiency in making decisions on the applications received.

#### **Recommendation**

**The Ministry should review its application assessment procedures and set a time frame within which the applicant should be informed of the outcome of the application for assistance.**

#### **Ministry's Comments**

*Currently there are about 5,000 pending applications for both FA and C&P, the procedure states that a case should be completed within 3 months, unfortunately, cases continue to be pending in the system because it is the very same officers who does the case work for both types of cases, including the Food Voucher programs, Bus Fare and the Child Protection programs. Recent audit from the Finance Control Unit on the Food Voucher Program did highlight the fact that there is a need for the reinforcement of welfare officers which unfortunately this need is not captured in this Report.*

### **23.19 Incorrect Allocation Used for Expanded Food Voucher/Care and Protection**

The Senior Accounts Officer or Accounts Officer must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>15</sup>

The audit noted that the Expanded Food Voucher and Care and Protection allowance allocation did not show any payments made to supermarkets, namely Morris Hedstrom and J. Santa Ram for the cashing of vouchers received from recipients of government assistance.

According to the Ministry Expanded Food Voucher and Care and Protection expenses were charged to Food Voucher allocation because the supermarkets did not separate the two vouchers and submitted them together for reimbursement.

It was also noted that the Ministry did not make any effort to separate the Expanded Food Vouchers from the existing Food Vouchers during the reconciliation process due to lack of staff.

The Ministry's IT section which computes the amount to be reimbursed to the supermarkets on a monthly basis was not able to provide the breakdown for Family Assistance and Care and Protection. It only provided the total amount to be reimbursed to the supermarkets every month.

The lack of proper verification by the Ministry resulted in Expanded Food Voucher and Care and Protection expenses posted to incorrect expenditure allocation.

#### **Recommendation**

**The Ministry should ensure that the Expanded Food Voucher and Care and Protection allowance are posted to correct allocations.**

#### **Ministry's Comments**

*The expanded food vouchers were not separated by the vendors at the time of payment however arrangements has been made with vendors to separate the expanded food voucher from the normal food voucher programmed. The payment for the care & protection food voucher is paid from normal food voucher allocation which caters for all FA recipients as well as C&P recipients.*

### **23.20 Breach of Contract by Vendor**

The Ministry of Social Welfare, Women and Poverty Alleviation awarded the contract to Morris Hedstrom Supermarket for supply of food items to the recipient of Government's Food Voucher assistance.

Under the contract, the vendor shall supply approved food items only to authorized recipients who have been issued with food vouchers by Government provided that where food vouchers issued are marked as per clause 3.4 of the contract or where the Vendor is instructed by Government in writing in accordance with clause 3.5 of the contract, the Vendor can refuse the supply of food items.<sup>16</sup>

Our review of the copies of receipts provided by the vendors for reimbursement revealed that Morris Hedstrom Supermarket allowed recipients to purchase food items that were not in the approved food

<sup>15</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2011, s2.8.3

<sup>16</sup> Contract of service Between Ministry of Social Welfare, Women and Poverty Alleviation and Carpenters Fiji Ltd

item list provided by the Ministry. Refer to Table 23.13 below for examples of food items supplied which were not in the approved food item list.

**Table 23.13: Food Items Supplied Which Were Not In the Approved Food Item List**

Date	Receipt Number	Item purchased which is not in approved food item list	Amount (\$)
03/03/2012	10400212178	Frozen Snapper Head	3.59
05/03/2012	1040022495	GIV Bath Soap	0.75
05/03/2012	10400212487	King Pineapple Jam	3.59
06/03/2012	10400212640	Bhaji	1.39
06/03/2012	10400212640	Apples Medium	1.08
01/03/2012	10300357550	Caxton Hubba Bubba	0.35
06/03/2012	10400212645	UFO Snacks	1.17
06/03/2012	10400212656	Fruto Plum Jam 450g	4.79
06/03/2012	10400212656	Stay free Regular pads	2.29
06/03/2012	10300358128	Milo Soft Pack 200g	3.99
06/03/2012	10400212664	Watties B/Beans	2.99
06/03/2012	10400212664	Tiffany Biscuits x 3	3.00
01/03/2012	10400211690	Crest Chicken Liver 500g	4.35
01/03/2012	10400211690	Canterbury Corn Mutton	4.49
06/03/2012	10300358114	Twists' Cheese Flavour 20g	1.96

Hence the vendor, Morris Hedstrom Supermarket did not comply with the terms and conditions of the contract agreement.

The audit further noted that the Ministry continued to reimburse the vendor, Morris Hedstrom Supermarket for food items which were not in the Ministry approved list.

The finding indicated that copies of receipts provided by the vendor for reimbursement were not properly reviewed by the Ministry before making payments.

### **Recommendations**

- **The Ministry must ensure that vendors only provide those food items under the food voucher scheme which are in the Ministry's approved list.**
- **The Ministry should properly review the receipts submitted for reimbursement by the vendors and ensure that reimbursements are made for approved food items only.**

### **Ministry's Comments**

*The list of approved Food items have been given to the vendors and this is adhered to, however, if it happens that the recipient purchases other items using his/her own cash this will also be reflected in the same receipt. Again, vendors had been reminded to ensure that only the approved Food items are given to the recipients.*

## **23.21 Review of Family Assistance/Care and Protection Recipients**

The Family Assistance Scheme has been described as a method of providing small amounts of financial assistance to families in destitute conditions. The scheme is an affirmative action programme

that is legislated under the Social Justice Act 2000. It is a form of assistance given temporarily to a family/household whose livelihood depends on an inadequate source of income.<sup>17</sup>

Applications for Family Assistance should be thoroughly scrutinised by the Welfare Officers Income Support (WOIS) to ensure they contain the required information such as household situation, dependents, income/support, expenses, medical/special needs, birth certificates, community-support letter and death certificates.<sup>18</sup>

The audit noted that regular reviews of the existing recipients' of government assistance under the Family Assistance Scheme were not carried out by the Ministry. Table 23.14 shows examples of cases not reviewed on regular basis.

**Table 23.14: Cases of Long Outstanding Reviews**

Recipient	Reference Number	Year of Last Review	Remarks
Asena Bulu	101-103971	2006	Needs to be reviewed to verify eligibility of assistance.
Koroi Tadulala	104-100397	2006	Needs to be reviewed to verify eligibility of assistance.
Vateria Rokodomana	101-107694	2007	Needs to be reviewed to verify eligibility of assistance.
Mohammed Azim	101-102160	2007	Needs to be reviewed to verify eligibility of assistance.
Mary Cakau	101-101863	2007	Needs to be reviewed to verify eligibility of assistance.
Mererai Marama	101-108972	2007	Needs to be reviewed to verify eligibility of assistance.
Lisi Aitcheson	101-105638	2008	Needs to be reviewed to verify eligibility of assistance.
Maca Toga	101-107698	2008	Needs to be reviewed to verify eligibility of assistance.
Jone Lui	101-105641	2008	Needs to be reviewed to verify eligibility of assistance.
Suliana Loko	101-102036	2009	Needs to be reviewed to verify eligibility of assistance.
Bimla Wati	101-102173	2009	Needs to be reviewed to verify eligibility of assistance.
Litiana Dimaro	101-106294	2009	Needs to be reviewed to verify eligibility of assistance.
Jiutatia Takayawa	101-101891	2009	Needs to be reviewed to verify eligibility of assistance.
Kesaiai Sawana	101-103435	2010	No birth certificate attached in the file
Avikali Waqa	101-107359	2010	Welfare Officer could not locate the recipient during the home visit in 2010.
Rusiate Ulubau	101-103518	2010	Welfare officer could not locate the recipient during the home visit in 2010.
Lusinana Marama	101-103481	2010	Welfare officer could not locate the recipient during the home visit in 2010.
Saras Wati	101-106687	2010	Welfare officer could not locate the recipient during the home visit in 2010.
Halima Bibi	101-104147	2010	Welfare officer could not locate the recipient during the home visit in 2010.
Viliame Naicori	101-103593	2010	Welfare officer could not locate the recipient during the home visit in 2010.

In absence of regular reviews the Ministry may be providing assistance under the Family Assistance Scheme to people whose financial circumstance may have improved and no longer qualify for government assistance.

### **Recommendation**

**The Ministry should carry out an annual review of the recipient's financial status.**

### **Ministry's Comments**

*From last year 2011, the Ministry had conducted desk reviews for all cases and as a result had terminated more than 3,000 cases. One of the outputs for this year's ACP is the home visits to clarify living situations.*

<sup>17</sup> Ministry of Social Welfare, Women and Poverty Alleviation Website

<sup>18</sup> Ministry of Social Welfare, Women and Poverty Alleviation Finance Manual 2011, s4.1.3

### **23.22 No Contract Agreement between Ministry and Post Fiji and Westpac Banking Corporation**

The Ministry has been using the services of Post Fiji for many years and Westpac Banking Corporation since 2009 for the distribution of food vouchers and allowances to the approved recipients. New recipients without bank accounts were advised to open up a bank account with Westpac Banking Corporation for allowances to be deposited into their bank accounts by the Ministry.

The Ministry paid \$4,304,911.65 to Post Fiji and \$14,747,431 to Westpac Banking Corporation in 2011 for payment of welfare assistance. It also paid \$412,507 to Westpac Banking Corporation and \$68,997 to Post Fiji as commission for the services provided.

The audit noted that the Ministry did not have any contract agreement with Post Fiji and Westpac Banking Corporation for obtaining their services.

In absence of the agreement disputes may arise due to various reasons which may hinder timely payment of allowances.

#### **Recommendation**

**The Ministry should have a contract agreement with Westpac Banking Corporation and Post Fiji for their services.**

#### **Ministry's Comments**

*Contract was developed with Westpac and forward to SG's office for vetting. The Department had been using Post Fiji during those days when Post Fiji was part of Government entities.*

### **23.23 e-Welfare Database and e-Gov Portal**

The e-welfare database which records details of recipients of welfare assistance was still used by the Ministry even though it is being phase out with the establishment of the new e-gov portal.

However the Ministry introduced e-gov portal in early 2012 but majority of the cases were still in e-welfare database and have yet to be migrated to e-gov portal. Review of e-welfare database and the new e-gov portal revealed the following anomalies.

- The Ministry did not have standard operating procedures for e-welfare database. A large number of government assistance recipients were still on e-welfare database and it is important that a standard operating procedure for e-welfare database is developed to be used by the Ministry.
- The Ministry was not able to provide a total number of cases migrated from e-welfare database to the e-gov portal since it was implemented. According to the Ministry the total number of cases migrated could not be provided because the e-gov portal was not able to provide case listing distinguishing new cases approved in 2012 and transferred cases from e-welfare database.
- The e-gov database was unable to produce a list of all the entries transferred from e-welfare to e-gov portal. The only listing provided was by divisions.

In absence of standard operating procedure for e-welfare database there may be inconsistencies of data in the e-welfare database. In addition without a list of all the entries transferred from e-welfare to e-

gov portal there was no other alternative available for the Ministry to gauge the completion rate of transfer of data to the e-gov portal.

### **Recommendations**

- **The Ministry should ensure that standard operating procedures are formulated. The Ministry should ensure that a record is maintained for the number of cases transferred from e-welfare database to e-gov portal.**

### **Ministry's Comments**

*E-gov system is able to provide number of transferred cases. Ministry has reminded officers and will monitor that the field for reference number in e-gov system be filled with e-welfare reference which will differentiate cases migrated. E-gov system generates a unique application ID as primary key.*

## **23.24 Withholding of Information**

In the exercise of his duties under this Act, the Auditor General or any person duly authorised by him shall be entitled-

- (a) to have access to all records, books, accounts, vouchers, documents, cash, stamps, securities, stores or other Government property under the control of any officer;<sup>19</sup>

The audit requested for the worksheet prepared by the Ministry with details of payments made to the recipient of welfare assistance (Family Assistance and Care & Protection Allowance) through Westpac Banking Corporation in 2011.

However, the Ministry did not provide the worksheet for welfare assistance with details of payments such as recipients name, reference number, bank details etc. According to the Ministry's System Analyst no such worksheets were prepared and maintained by the IT section.

The audit is of a view that the Ministry is maintaining details of payments in some other format which is converted to PC1 format and submitted to the Bank for payments.

In absence of the worksheet audit could not perform further tests on the welfare assistance using specialised audit tool.

### **Recommendations**

- **The Ministry should ensure that audit is provided with the information requested for audit purpose.**
- **The Ministry should take appropriate action against the Officer for not providing information to the Auditors.**

### **Ministry's Comments**

*Data on all payments has been maintained and was given to the auditors. IT unit is able to use this data to attend to queries. Officer was not aware that specialized audit tool will not able to perform test on this format. This format was generated from the banking system as payout list. It has been noted as per audit request to maintain a list in excel format for their test and Unit is maintaining that from May 2012.*

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<sup>19</sup> Audit Act 1970, s7(2)(a)

## APPENDICES

## Appendix 23.1: Samples of Double Payments to Westpac for June 2012

Account	TranCode	Name	Amount (\$)	Particulars	Reference
9802836685	53	Lalita Devi	30	allowance	401-108872
9802836685	53	Lalita	30		502-103366
9802861683	53	Semi	74	allowance	
9802861683	53	Kasanita Turagaicei	74		302_3008318
9802874488	53	Lomani	100	allowance	
9802874488	53	Lomani Rogoyawa	110		301-105440
9802876137	53	Shushila	100	allowance	
9802876137	53	Shushila Devi	110		301-102902
9802877226	53	Jageshwar	60		301-106588
9802877226	53	Jageshwar	60	301-103958	
9802877226	53	Jageshwar fn Santu	60		301-106588
9802881905	53	Vilimaina Vusoniceva	100		301-101670
9802881905	53	Vilimaina	65	allowance	
9802882135	53	Gopmma	60		301-104290
9802882135	53	Gopmma	60	allowance	
9802882226	53	Ramamma	60		301-100092
9802882226	53	Ramamma	60		301-100970
9802882226	53	Ramamma	60		301-101977
9802882762	53	Vidya Wati	60		301-104566
9802882762	53	Vidya Wati	60	301-104516	
9802883182	53	Elizabeth Zoing	90		301-105865
9802883182	53	Elizabeth Zoing	90		301-104566
9802883406	53	Samsul Nisha	60		301-101890
9802883406	53	Samsul Nisha	60	301-102481	
9802884511	53	Ram Dec	68		301-102095
9802884511	53	Ram Deo	68		301-117380
9802884511	53	Ram Deo	68		301_100092
9802884800	53	Balraji	85		301-104812
9802884800	53	Bal Raji	85	301-104240	
9802885773	53	Moh'd Kasim	60		301-101622
9802885773	53	Mohammed Kasim	60		301-105865
9802885773	53	Moh'd Kasim	60		301-101701
9802887548	53	Alisi Seganayacana	60		301-107337
9802887548	53	Alisi	60	allowance	
9802887852	53	Prabati	60		301-106627
9802887852	53	Prabati	60		301-104240
9802888272	53	Tarawati	60		301_3010342
9802888272	53	Tara	60	allowance	
9802888371	53	Susana Diwelei	75		301-102131
9802888371	53	Susana	64	allowance	
9802888710	53	Rita Prasad	60		301-102380
9802888710	53	Rita Prasad	60		301-104812
9802889353	53	Sadhu Prasad	60		301_0004095
9802889353	53	Sadhu Prasad	60	301-101890	
9802889361	53	Kamla Prasad	75		301-104566
9802889361	53	Kamla Prasad	75	301-101747	
9802890286	53	Sunula Devi	90		301-104516
9802890286	53	Sunula Devi	90		301-104290
9802890666	53	Sarda Wati	85		301-101509

Account	TranCode	Name	Amount (\$)	Particulars	Reference
9802890666	53	Sarda Wati	85		301-104315
9802890740	53	Saras Wati	60		301-104812
9802890740	53	Saras Wati	90	301-101861	
9802891490	53	Surend Kumar	60		301-105760
9802891490	53	Surend	60	allowance	
9802892472	53	Ram Krishna Achari	80		301-104505
9802892472	53	Ram Krishna Achari	80		301-102380
9802892514	53	Siteri Rokotai	60		301-107267
9802892514	53	Siteri Rokotai	60		301-104505
9802892779	53	Nur Jahan	60		301-104219
9802892779	53	Nur Jahan	60		301-107394
9802893942	53	Ram Rattan	60		301-102131
9802893942	53	Ram Rattan fn Ganesh	60		301-107863
9802894205	53	Sama Wati	60		301-101861
9802894205	53	Sama	30	allowance	
9802898644	53	Jale Toka	60		301-104290
9802898644	53	Jale	60	allowance	
9802899535	53	Sikeli	64	allowance	
9802899535	53	Sikeli Vukei	64		301-105871
9802903535	53	Aminatape Tausiga	80		301-101747
9802903535	53	Aminatape	60	allowance	301-106661
9802903881	53	Tarawati	60		301_3010396
9802903881	53	Tara	60	allowance	
9802905050	53	Ful Kumari	60		301-101977
9802905050	53	Ful Kumari	60		301-101622
9802905928	53	Dhan Kumari	60		301-104267
9802905928	53	Dhan Kumari	60		301-104482
9802905928	53	Dhan Kumari	60		301-102095
9802906777	53	Chandra Wati	60		301-101797
9802906777	53	Chandra Wati	60	301-104476	
9802961414	53	Raj Wati	60		301_3008218
9802961414	53	Raj Wati	60		301-103976
9802961414	53	Raj Wati	60		301-104267
9802964602	53	Amelia Kuila	60		501-105041
9802964602	53	Amelia	60	allowance	
9802966318	53	Micheal Lawrence	60		501-104786
9802966318	53	Michael Lawrence	60	502-102129	
9802966318	53	Michael Lawrence	60		502_3006467
9802967431	53	Kelera Numia	70		502-102471
9802967431	53	Kelera Numia	70	502-105456	
9802968058	53	Anita	62	allowance	
9802968058	53	Anita Devi	40		502-105414
9802968652	53	Joseva Gudru	88		502-102399
9802968652	53	Joseva	88	allowance	
9802969163	53	Amrita Vandana	60	allowance	
9802969163	53	Amrita Vandana Mala	55		203_0004335
9802973041	53	Mehrul Nisha	70		502-105449
9802973041	53	Mehrul	70	allowance	
9802986761	53	Vaulina	80		
9802986761	53	Vaulina Niubalavu	80		101_3005407
9802989476	53	Tebuari	60		
9802989476	53	Tebuari Bakai	60		201_3008132
9803007112	53	Kewalapati Kewalapati	120	2x	101-108138
9803007112	53	Kewalapati	60		

Account	TranCode	Name	Amount (\$)	Particulars	Reference
9803019521	53	Tevita Lealiki	120	2x	101_3002075
9803019521	53	Tevita Sau	60		101-105372
9803029611	53	Epeli Limairi	60		502_0001999
9803029611	53	EPELI	60		
9803029835	53	Atilaite Vulolo	60		501-103935
9803029835	53	ATILAITE	70		
9803116962	53	Luke Tabualewe	80		402_3009796
9803116962	53	Luke Tabuyalawa	80		
9803150060	53	Urmila	110		
9803150060	53	Urmila Devi	60		501-101323
9803154344	53	Viliame Raiyawa	100		401-109154
9803154344	53	Villiame Raiyawa	100	allowance	201_3010004
9803155606	53	Joana Naioba	60		303_3009092
9803155606	53	Joana	105	301-100263	
9803171199	53	Waisele Ravai	100		301-103958
9803171199	53	Waisele	93	301-103993	
9803174953	53	Sosiceni Tamanikurukuru	60		301-106348
9803174953	53	Sosiceni	90	301-104084	
9803177501	53	Lite	70	301-103960	
9803177501	53	Lite Vakau	40		301-107012
9803180331	53	Parbati	85		301-104084
9803180331	53	Parbati	85	301-102812	
9803180679	53	Vaulini Naidanu	85		301-102812
9803180679	53	Pooran Singh	80	301-107291	
9803189639	53	Vasiti Vakaloloma	74		301-104219
9803189639	53	Vasiti	90	301-103977	
9803193094	53	Vaviano Navara	80		301-106805
9803193094	53	Vaviano Savuibau Nav	110	301-106902	
9803195016	53	Asenaca Dikuila	70		301-107291
9803195016	53	Asenaca	100	301-106348	
9803231233	53	Govind Swamy	64		301-102447
9803231233	53	Govind Swamy	60		
9803301721	53	Miriama Koliwai	72		301-106902
9803301721	53	Miriama Koliwai	72	allowance	
9803306746	53	Soa Sioana	60		301-104650
9803306746	53	Soa Sioana	60	allowance	
9803320069	53	Mundrika Prasad	69		301-105672
9803320069	53	Mundrika Prasad	69		301-102447
9803345033	53	Thamayandri	60	allowance	
9803345033	53	Thamayandri	60		502_3003342
9803365445	53	Aseroma Nati	60	allowance	
9803365445	53	Aisake Nalati	60		502_3003473
9803430900	53	Virisila Cidreu	73	allowance	502_3003342
9803430900	53	Virisila Cidreu	70		NA/KS/CW/10/10
9803452862	53	Parmila Wati	90		301-105401
9803452862	53	Parmila Wati	90		301-105865
9803542597	53	Anul Nisha	60		401-107892
9803542597	53	Anul Nisha	60		402-107468
9803544858	53	Leela Wati	60	301-105295	
9803544858	53	Leela Wati	60	allowance	301-105295
9803548289	53	Jasgdiswar Singh	60		201_0003475
9803548289	53	Jagdishwar Singh	60		201_0005383
9803553321	53	Bhagwan Dei	110	301_0004779	
9803553321	53	Bagowandei	110		301-0005261

Account	TranCode	Name	Amount (\$)	Particulars	Reference
9803553966	53	Shiu Karan	60		301-101701
9803553966	53	Shiu Karan	60		301-106690
9803553966	53	Shiu Karan	60		101_0003452
9803591032	53	Viliyame Ratova	60		301_3006148
9803591032	53	Viliyame Ratova	60	301_3006321	
9803593657	53	Nikeri Nakorovakaturaga	63		301-103993
9803593657	53	Nikeri Nakorovakaturaga	63		301-102691
9803593657	53	Nikeri Nakoro	93		301-103958
9803593657	53	Nikeri Nakorovakaturaga	63		301-107868
9803595470	53	Sukh Ram fn Buthru	60		301_0004355
9803595470	53	Sukh Ram	90	301-100245	
9803595637	53	Brig Prasad	60		301_3007839
9803595637	53	Brig Prasad	60		301-101626
9803595637	53	Brij Prasad	60		301-3008718
9803596908	53	Semi Tuvere	68		301-100245
9803596908	53	Semi Tuvere	98		303-3009092
9803600049	53	Mereadani Salaiwai	60		301-106805
9803600049	53	Mereadani Salaiwai	60		301-104336
9803600049	53	Mereadani Salaiwai	60		301-104477
9803600924	53	Naomi Lawa	90	502_0004147	
9803600924	53	Naomi Lawa	90		502_3005412
9803619338	53	Paulo Ulacake	70		301_3008489
9803619338	53	Paulo Ulacake	70	301_3007780	
9803619791	53	Sanaila Rokolala	60	301_3005767	
9803619791	53	Sanaila Rokolala	120		301-3008720
9803624973	53	Jone Marau	60	502_3006467	
9803624973	53	Jone Marau	60		502_0004147
9803628479	53	Shiu Kumar	65		301_3006914
9803628479	53	Shiu Kumar	120		301-3008069
9803631549	53	Karailitiana Buasiga	90		301-107234
9803631549	53	Karailitiana Buasiga	60		301-107187
9803636571	53	Asenaca Siga	60		301-107128
9803636571	53	Asenaca Siga	60		301-104143
9803636571	53	Asenaca Siga	60		301-107001
9803638924	53	Bal Ram	60		502-102801
9803638924	53	Bal Ram	60	102_3007855	
9803644799	53	Mere Tirawa	60		301_3006321
9803644799	53	Mere Tirawa	60		301-3008783
9803651794	53	Merevesi Toga	30		301_0004993
9803651794	53	Aisake Buisika	30		403_0004392
9803658245	53	Ilisapeci Didrakidraki	30		301_0004097
9803658245	53	Ilisapeci Didrakidraki	60		301-0005571
9803661801	53	Seruwaia Vitilevu	60		402_3007267
9803661801	53	Seruwaia Vitilevu	60		402_3007267
9803664862	53	Meli Rokocaba	66		301_3007521
9803664862	53	Meli Rokocaba	66		301-107192
9803667568	53	Olivia Likudakai	120	2x	103_3009053
9803667568	53	Oliva Likudakai	60		103_3003636
9803686568	53	Mereseini Toqitoqi	64		301-100256
9803686568	53	Mereseini Toqitoqi	64		301-105373
9803688473	53	Volivoli Valekuta	70		301-107402
9803688473	53	Volivoli Valekuta	130		301-106464
9803689703	53	Simeli Tuiwainunu	60		301_3006813
9803689703	53	Simeli Tuiwainunu	70		301-3010159

Account	TranCode	Name	Amount (\$)	Particulars	Reference
9803691865	53	Rahendran	60		301_3008719
9803691865	53	Rahendra	60		301-3005767
9803693275	53	Suresh Chandra	60		301_3006373
9803693275	53	Suresh Chandra	60		301-30098722
9803694661	53	Bimla Wati	60		301_3006638
9803694661	53	Bimla wati	60		301-3009851
9803696294	53	Munsami Reddy	74		301-3009090
9803696294	53	Munsami Reddy	74		301-3009115
9803702761	53	Kolinio Kusima	95		303-3007900
9803702761	53	Mavileko Rokodali	76		301-3007870
9803710319	53	Tara Wati	60		301-3009412
9803710319	53	Tara Wati	60		301-3010228
9803715409	53	Ivamere Biaukula	110		403-105678
9803715409	53	Ivamere Biaukula	110		203_0005596
9803719476	53	KAMLA	70	allowance	203_0001860
9803719476	53	KAMLA WATI	70	allowance	102_3008778
9803723742	53	Kamrul Nisha	70		301_0005693
9803723742	53	Kamrul Nisha	60		301-3009193
9803723742	53	Kamrul Nisha	70		301-0004966
9803726943	53	Laisani	75		401-104271
9803726943	53	Devidayal	75		401-106431
9803733154	53	Varasiko Rafele	110		301_3007514
9803733154	53	Varasiko Rafele	110		301-3007839
9803733550	53	Mohammed Isuf	60		301_3009851
9803733550	53	Mohammed Isuf Khan	60		301_3009020
9803736611	53	Mereoni Naisola	110		401_0005292
9803736611	53	Mereoni Naisola	110		401_0005292

**Appendix 23.2: Incorrect Date of Birth in E-Welfare Database (BA)**

Reference Number	Centre	Birth Certificate No <sup>3</sup>	Date of Birth	Surname	First Name	Fathers Name	Race	Sex
401-104904	Ba	899007	30-Dec-11	Sulua	Vani	Neori Botitu	Fijian	Female
401-107587	Ba	99999999	01-Jan-14	Raji	Hans	Sukhu	Indo-Fijian	Female
401-104667	Ba	910578	19-Oct-14	Dreake	Amele	Isikeli Navuni	Fijian	Female
401-104901	Ba	908623	01-Jul-15	Naisau	Wainikiti	Alifereti Tirau	Fijian	Female
401-103823	Ba	999999	06-Jan-16	Wati	Prakash	Mani Lal	Indo-Fijian	Female
401-104296	Ba	999999	01-Jun-16	Kumar	Latchman	Ram Audh	Indo-Fijian	Male
401-107330	Ba	282211	06-Jan-17	Ramjiwan	Ramjiwan	Badal	Indo-Fijian	Male
401-107764	Ba	99999999	01-Jan-18	Bibi	Hussian	Abdul	Indo-Fijian	Female
401-107773	Ba	99999999	01-Jan-18	Rama	Rama	Yakub	Indo-Fijian	Male
401-107986	Ba	279641	20-Mar-19	Singh	Budh	Ram Singh	Fijian	Male
401-103491	Ba	999999	01-Jan-20	Mati	Shiu	Ganga Ram	Indo-Fijian	Male
401-107219	Ba	99999999	01-Jan-20	Ram	Dhani	Gulam	Indo-Fijian	Male
401-107018	Ba	34681	02-Nov-21	Rafiq	Mohammed	Hakim Mohammed	Indo-Fijian	Male
401-107083	Ba	34681	02-Nov-21	Rampher	Rampher	Raghubar	Indo-Fijian	Male
401-106981	Ba	99999999	24-Jan-22	Naleko	Laita	Nacanieli	Fijian	Female
401-107866	Ba	99999999	01-Jan-23	Iene	Mereti Cokeyalewa	Iene	Fijian	Female
401-104771	Ba	999999	09-Jul-23	Nainoca	Makelesi	Ravuama Kutunitui	Fijian	Female
401-107340	Ba	48780	01-Mar-24	Raji	Sukh	Man Singh	Indo-Fijian	Female
401-107966	Ba	1075223	27-May-24	Hakim	Abdul	Baboo Lal	Indo-Fijian	Male
401-104749	Ba	307451	16-Jun-24	Sole	Lutu	Suliasi Ratu	Fijian	Male
401-107744	Ba	99999999	01-Oct-24	Neoba	Alevina	Simione Seavula	Fijian	Female
401-107964	Ba	1036062	12-Nov-24	Robe	Kasanita	Noa Botitu	Fijian	Female
401-107351	Ba	99999999	01-Jan-25		Ramlagan	Mathura	Indo-Fijian	Male
401-107852	Ba	99999999	01-Jan-25	Bibi	Haliman	Kudha Buskh	Indo-Fijian	Female
401-104811	Ba	970023	12-Jan-25	Rakavu	Mareta	Epeli Benidito Nasova	Fijian	Female
401-107576	Ba	970622	20-Apr-25	Valliamma	Valliamma	Kunji	Indo-Fijian	Female
401-104292	Ba	999999	01-Jan-26	Lal	Mani	Ganga Ram	Indo-Fijian	Male
401-107084	Ba	99999999	01-Jan-26	Bibi	Mariam	Hosval Dar	Indo-Fijian	Male
401-107284	Ba	271030	15-Apr-26	Ram	Babu	Ram Auttar	Indo-Fijian	Male

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Reference Number	Centre	Birth Certificate No	Date of Birth	Surname	First Name	Fathers Name	Race	Sex
401-104920	Ba	999999	10-May-26	Naitiva	Vika	Rasoni	Fijian	Female
401-107361	Ba	966966	25-Sep-26	Ahamed	Shafirk	Amir Ahamed	Indo-Fijian	Male
401-103434	Ba	999999	01-Jan-27	Devi	Bhag	Shitu Dayal	Indo-Fijian	Female
401-103537	Ba	999999	01-Jan-27	Mati	Gyan	Hanman Singh	Indo-Fijian	Female
401-107858	Ba	99999999	01-Jan-27	Narayani	Narayani	Mangru Singh	Indo-Fijian	Female
401-107203	Ba	963551	22-Oct-27	Prasad	Shitu	Bajj Nath	Indo-Fijian	Male
401-107705	Ba	19561	01-Jan-28	Wati	Koleta	Sevaro Konadra	Fijian	Female
401-107295	Ba	157123	17-Jan-28	Yusuf	Muhammad	Basir	Indo-Fijian	Male

**Appendix 23.3 Incorrect Date of Birth in E-Welfare Database (Central)**

Reference Number	Centre	Birth Certificate No	Date of Birth	Surname	First Name	Fathers Name	Race	Sex
201-100792	Nausori	999999	01-Jan-12	Naqase	Emori	-	Fijian	M
201-104106	Nausori	999999	01-Jan-13	Ranasau	Melaia	-	Fijian	F
201-103018	Nausori	999999	01-Jan-13	Singh	Shiu	Bhuri Singh	Indo-Fijian	M
201-102506	Nausori	999999	01-Jan-13	Marama	Litia	-	Fijian	F
201-102652	Nausori	999999	01-Jan-14	Shankar	Manjula	Algu	Indo-Fijian	F
201-103188	Nausori	999999	01-Jan-14	Tinaitubuna	Lusiana	Timoci Silau	Fijian	F
201-103158	Nausori	999999	01-Jan-14	Cibitaki	Ana	-	Fijian	F
201-103859	Nausori	999999	27-Sep-14	Qiolevu	Rusiate	.	Fijian	M
201-103775	Nausori	999999	25-Dec-14	Teku	Sanaila	-	Fijian	M
201-103447	Nausori	999999	01-Jan-15	Raliku	Koini	-	Fijian	F
201-104088	Nausori	999999	01-Jan-15	Luwa	Serona	.	Fijian	F
201-101865	Nausori	999999	16-Oct-15	Marama	Senata	.	Fijian	F
201-102683	Nausori	999999	01-Jan-16	Devi	Nirmala	Shiu Sahai	Indo-Fijian	F
201-100817	Nausori	999999	01-Jan-16	Ratu	Isei	-	Fijian	F
201-101456	Nausori	999999	02-Jan-16	Baleitavua	Lemeki	.	Fijian	M
201-103071	Nausori	999999	24-Mar-16	Liku	Alanieta	.	Fijian	F
201-101277	Nausori	999999	01-Jan-17	Bui	Laisa	....	Fijian	F
201-103209	Nausori	999999	01-Jan-17	Vuke	Selai	-	Fijian	F
201-104152	Nausori	999999	01-Jan-17	Rokoratu	Sainimili	-	Fijian	F
201-102009	Nausori	999999	01-Jan-17	Begum	Hamsa	Menboob Khan	Indo-Fijian	F
201-102216	Nausori	999999	01-Jan-17	Hanuman	Hanuman	Khana Panuchan	Indo-Fijian	M
201-101264	Nausori	999999	01-Jan-17	Sauniveikau	Saula	-	Fijian	F

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Reference Number	Centre	Birth Certificate No	Date of Birth	Surname	First Name	Fathers Name	Race	Sex
201-102393	Nausori	999999	01-Jan-17	Dau	Kacaraini	-	Fijian	F
201-104745	Nausori	999999	01-Jan-17	Wati	Setaita	-	Fijian	F
201-101513	Nausori	999999	30-Jul-17	Qeteqetelevu	Mosese	-	Fijian	F
201-104131	Nausori	999999	01-Jan-18	Caginiuca	Mere	-	Fijian	F
201-103558	Nausori	999999	01-Jan-18	Bale	Mesake	-	Fijian	M
201-104124	Nausori	999999	01-Jan-18	Tino	Siteri	N/a	Fijian	F
201-102520	Nausori	999999	01-Jan-18	Pati	Keola	Sarab Jeet	Indo-Fijian	F
201-102681	Nausori	999999	20-Oct-18	-	Gangamma	Chengal Raya	Indo-Fijian	F
201-103381	Nausori	999999	01-Jan-19	Kurunayaca	Kaliwati	Ilaisa kalouca	Fijian	M
201-103613	Nausori	999999	01-Jan-19	Vuni	Miliana	-	Fijian	F
201-103848	Nausori	999999	01-Jan-19	Lavenakabi	Tupou	-	Fijian	F
201-103467	Nausori	999999	01-Jan-19	Wakolo	Litiana	-	Fijian	F
201-102087	Nausori	999999	01-Jan-19	Kuar	Raj	Chitrant Singh	Indo-Fijian	F
201-102812	Nausori	999999	01-Jan-19	Wati	Laisani	-	Fijian	F
201-102368	Nausori	999999	01-Jan-19	Sekinona	Amede	Iosefo Laurukiwaca	Fijian	M
201-102452	Nausori	999999	01-Jan-19	Tinai	Kelera	..99999999999999999999	Fijian	F
201-101039	Nausori	999999	01-Jan-19	Radinitakala	Unaisi	-	Fijian	F
201-104146	Nausori	999999	28-Nov-19	Watiraco	Sereana	Aminio Marama	Fijian	F
201-104761	Nausori	999999	25-Dec-19	Buatoka	Ilisapeci	-	Fijian	M
201-103694	Nausori	999999	01-Jan-20	Rokosiga	Aliveta	-	Fijian	F
201-103639	Nausori	999999	01-Jan-20	Manusui	Mere	-	Fijian	F
201-102201	Nausori	999999	01-Jan-20	Sami	Govind	Alemalle Naicker	Indo-Fijian	M
201-104030	Nausori	999999	01-Jan-20	Dave	Salome	-	Fijian	F
201-103402	Nausori	999999	01-Jan-20	Radimilevuka	Keleni	-	Fijian	F

Ministry of Social Welfare, Women & Poverty Alleviation

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2012 \_\_\_\_\_

Reference Number	Centre	Birth Certificate No	Date of Birth	Surname	First Name	Fathers Name	Race	Sex
201-103487	Nausori	999999	01-Jan-20	na Tipo	Luisa	-	Fijian	F
201-104019	Nausori	999999	01-Jan-20	Rokovada	Vuli	.	Fijian	M



## Section 24 Ministry of Youth and Sports

### Role and Responsibilities

The Ministry for Youth and Sports is responsible for:

- The formulation and implementation of policies and programs aimed at enabling youths to meet challenges of their generation and create a better future through informed choices; and
- The promotion and development of sports and its infrastructure both in the urban and rural areas in recognition of the important role of Sports in nation building, and to create a vibrant and highly competitive sports industry which will be economically beneficial to Fiji.

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## PART A: FINANCIAL STATEMENT

### 24.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Youth and Sports resulted in the issue of an unqualified audit report.

### 24.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$77,549 and incurred a total expenditure of \$3,022,700 in 2011. Details are provided in table 24.1.

**Table 24.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue		

Description	2011 (\$)	2010 (\$)
Operating Revenue	2,318	3,099
<b>Total State Revenue</b>	<b>2,318</b>	<b>3,099</b>
<b>Agency Revenue</b>		
Miscellaneous Revenue	26,616	23,391
Sales of School Farm Produce	48,615	40,658
<b>Total Agency Revenue</b>	<b>75,231</b>	<b>64,049</b>
<b>TOTAL REVENUE</b>	<b>77,549</b>	<b>67,148</b>
<b>EXPENDITURES</b>		
<b>Operating Expenditure</b>		
Established Staff	1,033,351	1,021,362
Government Wage Earners	132,347	125,451
Travel & Communication	75,798	87,786
Maintenance & Operations	169,046	166,883
Purchase of Goods & Services	447,849	352,485
Operating Grants & Transfers	387,062	253,246
Special Expenditures	582,942	285,635
<b>Total Operating Expenditure</b>	<b>2,828,395</b>	<b>2,292,848</b>
<b>Capital Expenditure</b>		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	81,264
<b>Total Capital Expenditure</b>	<b>---</b>	<b>81,264</b>
Value Added Tax	194,305	124,033
<b>TOTAL EXPENDITURE</b>	<b>3,022,700</b>	<b>2,498,145</b>

The total revenue increased by \$10,401 or 15% in 2011 compared to 2010. This was due to increase in sales of farm produce and miscellaneous revenue.

Increase in the operating expenditure by \$535,547 or 23% in 2011 was due to:

- expenditure incurred towards service excellence awards program and hiring of consultants and experts;
- increase in sports scholarship and funding to various sporting events; and
- expenditure for the youth development program.

Decrease in the capital expenditure by \$81,264 or 100% was due to the Ministry not receiving any funds for Capital Grants and Transfers in 2011.

### 24.3 Appropriation Statement

The Ministry incurred expenditures totalling \$3,022,700 in 2011 against the revised budget of \$3,360,585 resulting in a savings of \$337,885 or 10%. Details of expenditures against the budget estimates are provided in table 24.2.

**Table 24.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,217,471	---	1,217,471	1,033,351	---	184,120
2	Government Wage Earners	138,014	---	138,014	132,347	---	5,667

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
3	Travel & Communication	119,350	---	119,350	75,798	---	43,552
4	Maintenance & Operations	187,150	---	187,150	169,046	---	18,104
5	Purchase of Goods & Service	486,200	---	486,200	447,849	---	38,351
6	Operating Grants & Transfers	415,000	---	415,000	387,062	---	27,938
7	Special Expenditure	590,000	---	590,000	582,942	---	7,058
	<b>Total Operating Costs</b>	<b>3,153,185</b>	<b>---</b>	<b>3,153,185</b>	<b>2,828,395</b>	<b>---</b>	<b>324,790</b>
	<b>Capital Expenditure</b>						
8	Construction	---	---	---	---	---	---
9	Purchases	---	---	---	---	---	---
10	Grants & Transfers	---	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	207,400	---	207,400	194,305	---	13,095
	<b>TOTAL EXPENDITURE</b>	<b>3,360,585</b>	<b>---</b>	<b>3,360,585</b>	<b>3,022,700</b>	<b>---</b>	<b>337,885</b>

#### 24.4 Statement of Losses

There was no loss of fixed asset or cash recorded for the year 2011. However, items worth \$20,168.15 were written off following the Ministry's Board of Survey conducted on 31 December 2011.

#### 24.5 VAT Reconciliation

Subject to the provisions of this Decree, the tax shall be charged in accordance with the provisions of this Decree at the rate of fifteen percent on the supply (but not including an exempt supply) in Fiji of goods and services on or after the 1<sup>st</sup> day of July 1992, 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.<sup>1</sup>

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.<sup>2</sup>

The Ministry did not prepare VAT reconciliations during the year. Review of VAT Returns and total expenses revealed a variance of \$42,093 between the taxable supplies as per VAT Return and total expenditure/income subject to VAT as per Statement of Receipts and Expenditure. Refer to table 24.3 below for details.

**Table 24.3: Un-Reconciled VAT Variance**

Details	Amount (\$)
Total expenditure/income as per Expenditure Statement	3,022,700.23
Less: Expenditure not subject to VAT – SEG 1,2, 6 and 10	1,552,759.54
Total expenditure/income subject to VAT	1,469,940.69
Less: Total taxable supplies as per VAT Returns	1,512,033.33
<b>Un-reconciled variance</b>	<b>(42,092.64)</b>

<sup>1</sup> Value Added Tax Decree 1991 revised to 4th March 2011 – Section 15 (1)

<sup>2</sup> Finance Circular No 9/95

In addition, a difference of \$2,930 was noted between the actual VAT paid for the year 2011 and the balance disclosed in the general ledger. Refer to table 24.4 below for details.

**Table 24.4: Variance in VAT Paid Amount in FMIS**

Details	Amount (\$)
VAT payments (VAT payments to FRCA and VAT Input) as per General ledger (SEG 13)	194,304.91
VAT payments (VAT payments to FRCA and VAT Input) as per VAT Returns for 2011	197,234.67
<b>Un-reconciled variance</b>	<b>2,929.76</b>

No explanation was provided by the Ministry for the variances. The non reconciliation of VAT and poor monitoring by the Ministry may have resulted in the differences highlighted above. The Ministry may also be paying incorrect VAT to FRCA.

### **Recommendations**

- **The Ministry should ensure that VAT paid to FRCA is reconciled on a monthly basis.**
- **The Ministry should take necessary steps to identify the error and reconcile the records to avoid such variances in future.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.**

### **Ministry's Comments**

*We admit the fact that no vat reconciliation was done on a monthly basis. We will ensure this is put into practice. However stringent steps were taken to ensure whatever that was due was actually paid to FIRCA by month end and adhere to timeline set.*

*The variances have been noted and the officer responsible is made aware of this. Appropriate adjustments will be made in due course*

*We have noted the concerns raised. We ensure supervisory checks will be made so that balances reflected in VAT returns reconcile with GL.*

## **24.6 Variances in FNPF Figures**

Every employer shall pay to the Fund (FNPF) 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.<sup>3</sup>

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

The Ministry did not prepare FNPF reconciliations for the year 2011. A variance of \$49,973 was noted between the Ministry's gross pay on which FNPF was paid and the audit calculations of gross pay subject to FNPF. Refer to table 24.5 below for details.

<sup>3</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)

**Table 24.5: Un-Reconciled FNPF Variance**

Details	Amount (\$)
<b>(a) Total FNPF against salaries and wages for 2011:</b>	
FNPF as per financial statement	92,189
Less: December 2010 FNPF paid in Jan 2011	17,439
	<b>74,750</b>
Add: December 2011 FNPF paid in Jan 2012	16,302
<b>FNPF Contribution by Employer for 2011</b>	<b>91,052</b>
<b>Gross Pay Subject to FNPF (91,052 / 0.08)</b>	<b>1,138,150</b>
<b>(b) Salaries and Wages for 2011 subject to FNPF</b>	
Salaries, wages and allowances as per financial statement	1,207,557
Less: Salaries, wages and allowances for 2011 not subject to FNPF	19,434
	<b>1,188,123</b>
<b>Un-reconciled Variance (a) – (b)</b>	<b>49,973</b>

The variance in gross pay may be attributed to some staffs and project officers either paid from SEGs other than SEG 1 and SEG 2 or FNPF deductions incorrectly posted to other allocations.

### **Recommendation**

**The Ministry should ensure that proper FNPF reconciliation is carried out on a monthly basis to identify variances and take appropriate corrective actions.**

### **Ministry's Comments**

*Your comment is noted. Officers responsible are requested to look into the issue raised. Stringent measures are being put in place to ensure records and reconciliation statements are manually checked against individual FNPF cards.*

*The FNPF deductions paid from SEGs 5 and 7(project staff engaged) had attributed to the unreconciled variances appeared in the report*

## **PART B: AUDIT FINDINGS**

### **24.7 Donated Items Register**

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

- i. adequate storage space is available for incoming stock as and when required;
- ii. storage facilities are properly secured;
- iii. stocks are kept in an orderly manner allowing for safe access;
- iv. stocks are handled with care and well stored so as to reduce the risk of damage;
- v. quantity of stock is closely monitored to avoid excess holdings or
- vi. shortages.<sup>4</sup>

The audit made a site visit to the National Youth Band centre located in Valelevu on 20/10/11. An inspection of the store room revealed that sports gears were not properly stored but piled at one place. Refer to the pictures below.

<sup>4</sup> Proforma Finance Manual 2011 – Sec.8.2.1

		
Figure 1. Sports gear and music instruments scattered on the floor.	Figure 2. Sports gear and music instruments scattered on the floor.	Figure 3. Sports gear and music instruments scattered on the floor.

In addition the Centre did not maintain any record of donated sporting gears or movement in sporting gear stock. The audit could not verify the existence or movement of donated sporting gears. It was further noted that the key to the sports equipment store room kept at the head office was lost and not replaced as at the date of audit. The Officer in charge of the store room used a screw driver to open the door.

The absence of proper record keeping has resulted in poor control over the sports equipment which could be susceptible to theft and misuse.

**Recommendations**

- **The Management should maintain a register to record all donated sports equipments and their movement within the Department.**
- **Management should consider replacing the lock and only approved officer should be allowed access to store room.**

**Ministry’s Comments**

*We admit that no records were in place but the recommendation highlighted is duly noted. We are currently opening a new register to keep track of all donated sports items received and we will try and get in touch with the Donor Agency for more details.*

*Secondly, we will work closely with the community youth groups for donations of these items.*

*Regarding the lock, this has been replaced and the key is now with the Officer in Charge.*

**24.8 Accountable Advances**

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.<sup>5</sup>

Where an advance has not been acquitted within seven days of travel, the Accountant through the AAO(P) shall effect recovery through a salary deduction from the concerned officer’s salary within six (6) fortnights.<sup>6</sup>

<sup>5</sup> Department of Youth and Sports Finance Manual - Section 9.1.12 & 9.1.13

<sup>6</sup> Department of Youth and Sports Finance Manual - Section 9.1.15

Audit noted the staffs of Ministry of Youth and Sports did not retire their accountable advance within 7 days of completing travel. In most cases the accountable advances were retired after 7 days of completing travel.

Audit further noted that the Ministry did not effect recovery through salary deductions from the officer's who did not retire their accountable advance within 7 days. Refer to table 24.8 for examples of late retirement of advance.

**Table 24.8: Accountable Advance Not Retired within 7 Days**

Date Cheque Received	Payee	Amount (\$)	Date of Return	Amount Retired (\$)	Amount to be Reimbursed	Date Advance Retired	Comments
17/06/11	Alifereti Adriu	1,382	24/06/11	1,382.00	0	10/08/11	Advance retired after 47 days. No recovery through salary deduction was effected after 7 days.
1/07/11	Venina Niumatai	1,660	15/07/11	1,660.00	0	2/9/11	Advance retired after a lapse of 49 days. No recovery through salary deduction was effected after 7 days.
24/03/11	Patrick Morgam	1,374	29/03/11	1,374.00	0	13/04/11	Advance retired after 16 days. No recovery through salary deduction was effected after 7 days.
31/05/11	Prem Lata	1,050	2/06/11	696.65	353.35	08/06/11	The officer is repaying the balance of \$353.35 on an ad hoc basis and the outstanding balance as at 30/09/11 was \$150. No recovery through salary deduction was effected after 7 days.
07/04/11	Miriama Wasasala	2,186	10/04/11	1,353.15	832.85	18/04/11	Advance retired after 8 days. No recovery through salary deduction was effected after 7 days.
<b>Total</b>		<b>7,652</b>		<b>6,465.80</b>	<b>1,186.20</b>		

When accountable advances are not retired within the stipulated time frame, public funds are unnecessarily tied up.

### **Recommendations**

- **The Ministry must ensure that accountable advances are cleared within 7 days of completing the travel.**
- **The Ministry should affect recovery through salary deductions from the concerned officer's salary within six (6) fortnights.**

### **Ministry's Comments**

*We have noted your recommendation. The Accountant through AAO shall effect salary deduction within 6 fortnights if accountable advances are not cleared within 7 days as per FM.9.1.15.*

## 24.9 Non – Submission of Acquittals

The recipient organisation within two weeks of utilising the grant is required to return to the Ministry evidence of expenditure with all acquittal details including recipients, invoices and vouchers before the end of each quarter for the release of the next grant.<sup>7</sup>

The Ministry provided financial assistance of \$30,000 to National Golf Association and \$5,000 to Squash Fiji in 2010. The audit noted that Squash Fiji did not submit acquittals to the Ministry.

National Golf Association submitted their acquittals in August 2011. However, they did not indicate to the Ministry whether the expenditure incurred was from Government Funding or from other sources of funds.

It was further noted that there was no evidence to suggest that the Ministry has followed up with Squash Fiji on outstanding acquittals or obtained clarifications from National Golf Association on the acquittals submitted.

The finding indicates that the Ministry has not been effective in monitoring and following up on acquittals with recipients of financial assistance. As a result, the audit could not substantiate whether financial assistance provided by the Ministry to the sporting organisations were properly utilised.

### Recommendations

- **The Ministry should obtain acquittal for financial assistance provided to the sporting organizations. It should follow up with organizations which do not submit acquittals on time.**
- **The Ministry should seek clarifications from National Golf Association whether expenditure incurred was from Government Funding or from other sources of funds. This information may assist the Ministry in reassessing the need to provide financial assistance National Golf Association.**

### Ministry's Comments

*We do follow up via telephone the submission of acquittal details for any grant released to National Sports Organizations. Unfortunately some, if not all do not have full time administrators in place who are solely responsible in acquitting Government grants.*

*The National Sports Organisations are well aware of the regulations in place and if that one organization does not acquit within a month period, suspension takes place and will not receive any further grant from Government until the full acquittals are received. We often at times dictate to NSOs on the items to be paid directly in order to ease submission of acquittals.*

*As for the National Golf Association, the amount of \$20,000 was well acquitted and the difference of \$6,248 was duly met by the Association.*

*In the meantime, a 6 month suspension is in place for two (2) sporting organizations*

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<sup>7</sup> Agreement with the Government of the Republic of Fiji Islands and Sports Association

## 24.10 Anomalies in Outreach Programme

The Sports Outreach is part of our programme under Sub output 5.6 in the Ministry's plan and is also geared towards the full implementation of the requirements in the Social Justice program under Pillar 2 of the People's Charter<sup>8</sup>.

The Ministry employs 2 staffs for the Sports Outreach Program. During the outreach program which is normally carried out four times during the year, the Ministry hired 7 trainers to provide coaching tips to the participants. The following anomalies were noted in the Outreach Program carried out in 2011.

- The Ministry's Outreach Program only concentrated on three sports namely Rugby, Netball and Volley ball. Other sports like soccer, hockey, were not considered by the Department.
- The Ministry donated sports equipments to various schools and villages as part of the Outreach Programme. However, there was no written evidence or acknowledgement letters from the recipients to substantiate that sports equipment were actually received by them.
- A total of \$54,422 was incurred for the four outreach programs undertaken in 2011. Refer to table 24.10 below for details.

**Table 24.10: Details of Sports Outreach Program- 2011**

Program No.	Location/Venue	Meals (\$)	Transport (\$)	Wages (\$)	Sports Equipment (\$)	Other's (\$)	Total Cost (\$)
1	Vugalei, Tailevu	5,017.00	1,040.00	3,604.50	3,926.00	539.45	14,126.95
2	Keiyasi, Navosa	5,233.00	1,290.00	3,634.50	2,552.00	226.90	12,936.40
3	Nadrau, Navosa	4,936.00	1,700.00	3,141.00	3,319.50	745.05	13,841.55
4	Nakorotubu, Ra	5,089.00	1,050.00	3,634.50	2,684.50	1,059.50	13,517.50
<b>Total</b>		<b>20,275.00</b>	<b>5,080.00</b>	<b>14,014.50</b>	<b>12,482.00</b>	<b>2,570.90</b>	<b>54,422.40</b>

The audit noted that \$20,275 or 37.25% of the total sports outreach programme expenses was for meals only.

### Recommendations

- **The Ministry should consider developing other sports such as soccer, hockey etc.**
- **The Ministry should have a form to obtain a declaration from the recipients when they receive the sports equipments.**

### Ministry's Comments

*There are only 3 sports that are mostly enjoyed in the rural areas by our youths and they are rugby, netball and volleyball. These sports are inexpensive and are being played nearly everywhere. It is our intention this year that additional sports would be included during the outreach program and to be taken to areas where there are interests for those sports. A good example would be boxing: the sports of boxing can only be taken to the areas where boxing is already enjoyed.*

<sup>8</sup> General background of the Outreach Program

*For 2012, the new sports which we have included are cricket, rugby league, touch rugby and other sports, bearing in mind that we cannot take any other sport to a place where there is no grounds or in particular no interest for that particular sport.*

*On the declaration form, the Department has been using similar forms. The forms are made available for signature by the recipients every time donation takes place. The form specifically notes the following:*

- *Program venue*
- *Youth group/tikina*
- *Name of recipient*
- *Address*
- *Phone*
- *Declaration*
- *Signature of receive*
- *Department of witness*
- *Designation/Date*

#### **24.11 Procurement from JR White**

Effective and efficient procurement policies and practices by government agencies can have a significant impact on value for money and accountability aspects of expenditure as well as creating potential for real savings that can be diverted to the provision of services to the general public.<sup>9</sup>

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more<sup>10</sup>

The Ministry purchased sports equipments from JR White during the year. Review of purchases made from this company revealed the following anomalies.

- The Ministry procured all sporting equipments from JR White on a regular basis exceeding \$30,000 per annum. During 2011 sports equipment totaling \$77,042 was purchased from JR White. However, no tender was called by the Ministry for regular supply of sporting equipments. Purchases were made based on competitive quotes obtained from the two suppliers, namely JR White and Sports World.
- The Ministry obtained quotes from Sports World and JR White for purchases of rugby balls to be distributed as part of sports outreach programme. The quotes obtained from JR White did not state the brand of rugby balls. The Ministry purchased the balls from JR White without knowing the type or the quality of the balls.
- The Ministry purchased various sports equipments from JR White costing \$40,637 for the 2011 Pacific Games for which tenders were not called. In addition no quotes were obtained by the Ministry.

While the purchases of goods were necessary, it certainly does not require deviations from policies and guidelines governing the purchase of goods and services. Failure to do so may result in unauthorised procurement and over expenditure.

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<sup>9</sup> Guide to the Procurement Policy Framework – Part 1

<sup>10</sup> Procurement Regulations 2010 – Sec. 30 (1)

**Recommendation**

**The Ministry should call for tenders for regular supply of goods and services exceeding \$30,000 per annum.**

**Ministry's Comments**

*We take note of the recommendation highlighted and we will work in close consultation with the Fiji Procurement Office.*

*However, we are often faced with difficult moments when there are no required items with the other suppliers and sometimes items would not be of quality standards and often opt to purchase from the main supplier, JR White for quality goods and are readily available.*

**24.12 Non Monitoring of Livestock at National Youth Training Centre**

The National Youth Training Centre (NYTC) located in Sigatoka Valley provides training to school leavers and disadvantaged youth in the area of General Carpentry, Multi skills and Agriculture. In agriculture the youths are taught about farm management where they learn about livestock production such as piggery and poultry. The Ministry was allocated a budget of \$60,000 in 2011 for purchase of animal feeds for the livestock. As at 14/12/11, NYTC utilised \$51,243.45 from this allocation.

Our review of Pig and Poultry farming by NYTC revealed the following anomalies.

- No record or return on livestock was obtained or maintained by HQ from NYTC. As a result the Ministry does not know how many pigs or poultry the NYTC had as at 31/12/11. In addition the Ministry also does not have any records on revenue collected from sale of pigs and poultry by NYTC during the year.
- The only record maintained by NYTC was on pig farming while no record was maintained about poultry farming. The audit was not provided with records relating to number of poultry and the revenues earned through sale pigs and poultry at NYTC.
- High mortality rate for pigs were noted during 2011. A total of 133 out of 1524 or 9% of the pigs died during 2011. However no details about pig deaths or the numbers that died was provided to HQ by NYTC.

The finding showed poor control and monitoring of livestock and collection of revenue at NYTC.

**Recommendations**

- **The Ministry should ensure that proper records of the livestock and revenue collection is obtained on a monthly basis and maintained by HQ.**
- **The Ministry should require monthly reports from NYTC on dead animal.**

**Ministry's Comments**

*Improvement to our farm records was listed as one of the priority areas in 2011 for NYTC. This is in line with the requirement of DYS to keep proper account of all physical and financial activities of the farm. In the beginning of 2011 staff responsible for these areas were introduced recording, but was inconsistent. However starting in June we placed more emphasis on this area using the tally cards and other designed recording forms*

*to keep account of the stock number, deaths, new born, feeds, medication and sales from both livestock and crops.*

*A reporting format was designed for staffs to transfer records into a reporting format that will enable the receiver of the report to easily translate information. Staffs are required to submit weekly report in which they provide details of activities concerning livestock and crops. However, although we are keeping this report at NYTC the weekly and monthly report format sent to DYS HQ did not allow us to submit details of crops and livestock. The only report we furnished HQ regarding livestock is reflected in the weekly and monthly ESU report, but not a separate report on livestock alone.*

*Due to the limited information that can be captured using this particular format, therefore, the DYS HQ was not able to keep a record of deaths, births, revenue returns since the report format commonly used in our weekly report did not cover these areas very well.*

*Given that it was highlighted in the auditor's report in 2011 that we provide HQ with a monthly progress report, we will ensure to abide by the instruction in 2012. He will submit a separate monthly report on livestock.*

#### *Revenue Record on Pigs and Poultry*

*All revenue record procedures were followed. The records of sales including copy of revenue receipt, bank lodgement forms and revenue collector's cash analysis sheet were sent to Account section on weekly basis. We compiled sales records, but did not furnish HQ in our understanding that information provided were sufficient. In 2012 we will provide HQ of all sales record as recommended.*

#### *High mortality rate*

*Despite our effort over the period, we still record high mortality rate. The old furrowing pans are outdated and inadequate. However with the donation of six old furrowing pans by Mr Saimmon of Vuda piggery, we still cannot contain the death rate due to inappropriate existing structures on which we built the pans. We plan to construct a new furrowing pan shed with improved facilities to rectify high mortality rate in 2012 using the allocation provided in 2012.*

