OFFICE of the AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI

Audit Report on Statutory Authority

2017-2018

PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 155 OF 2019

OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

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File: 102

15 November 2019

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

Dear Sir

2017-2018 AUDIT REPORT ON STATUTORY AUTHORITIES

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the 2017-2018 Statutory Authorities.

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

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

AUDITOR-GENERAL
FIJI

Encl.

The Office of the Auditor-General – Republic of Fiji

The Office of the Auditor-General is established as an Independent Office by the Constitution of Republic of Fiji. Its roles and responsibilities include expressing an opinion on the financial statements of statutory authorities. These audits are carried out by the Auditor-General on behalf of Parliament.

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

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

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AUDITOR-GENERAL'S FOREWORD

I am pleased to present the report on the financial audits of the Statutory Authorities for the audits that were completed after 30 November 2018 following my last report (Parliamentary Paper No. 62). In addition, there are also some audit reports that were issued for backlog audits which I have discussed in a separate section of this report.

Section 152 of the 2013 constitution provides the Auditor General the mandate to audit the accounts of the Statutory Authorities. However, there has been some exceptions due to some Statutory Authorities opting to choose their own auditors other than the Auditor General. This is discussed in section 3.6 of this report.

The financial audits of the some of the Statutory Authorities is behind by more than five years as financial statements were not submitted annually to the Auditor General. These are as follows:

Statutory Authority	Last year audited	Audits delayed (Years)
1. Agriculture Marketing Authority	2009	9
2. I – Taukei Affairs Board	2002	16
3. Fiji Human Rights & Anti - Discrimination Commission	2007	11

All efforts are made to bring these backlog audits to current. There are also some entities which provide their financial statements in bulk which becomes a challenge to complete the audits of these entities in one financial year.

Status of the Audits

I am pleased to report that as at 31 October 2019, we have completed eight audits for the financial year 2017 and four audits for the financial year 2018. Total of 60 audits are in backlog for different entities. Efforts are being made to bring these audits to current status. Of this 60, 14 audits have been completed and are being finalized, 26 draft financial statements are yet to be received, 11 audits in progress and audit on nine draft financial statements are yet to commence. It becomes challenging for my office to carry out audits when it is submitted in bulk. However, we are making all efforts to address the backlog of audits.

Report

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

The issues discussed in this report require the immediate attention and prompt action by the respective entities to improve their financial accountability. On the same note, I would like to acknowledge the efforts already made by the entities to improve their financial reporting.

I would also like to acknowledge the assistance and cooperation rendered to my Office by the respective authorities throughout the audit process. My Office is committed to fulfilling the task of updating all backlog audits to current and will continue to work with the entities to ensure that this is achieved.

Ajay Nand
AUDITOR-GENERAL

1.0 Introduction

All statutory authorities prepare annual financial statements. Management of these authorities is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and requirements of applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Auditor-General is responsible, on behalf of Parliament, for audit of the accounts of all state-owned entities except for its own office and those entities which may be exempted by law.

The Auditor-General may conduct audits in the manner considered appropriate but must ensure that they are conducted in a competent manner having regard to assessment of effectiveness of any relevant internal control system. The Auditor-General must carry out the audit in accordance with the relevant provisions of the standards on auditing issued by the Fiji Institute of Accountants or other relevant standards considered appropriate.

Following completion of an audit, the Auditor General must give an opinion on each set of financial statements audited. In addition, an audit memorandum or management letter should be issued to the responsible authority for each entity audited.

The Auditor General's responsibility is to express an opinion on these financial statements based on his or her audit in accordance with the International Standards on Auditing (ISA). Those standards require the Auditor General to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the entity. These have been included in this report as they impacted on the overall system of control of the authorities during 2017 and 2018.

2.0 Types of Audit Opinions Issued

In accordance with International Standard on Auditing, we express an *unmodified opinion* (unqualified) when the financial statements are prepared in accordance with the International Financial Reporting Standards and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit, which would affect the financial statements of an entity.
We issue a *modified opinion* (qualified) when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

An *adverse opinion* is expressed when we, having obtained sufficient appropriate audit evidence, conclude that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

We issue a *Disclaimer of Opinion* when we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, and we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

We include an *Emphasis of Matter* paragraph in the audit report to highlight an issue that will help the user better understand the financial statements. We also include an *Other Matter* paragraph to highlight a matter that is relevant to users' understanding of the audit report.

3.0 Results of our Audits

As at 31 October 2019, we issued 12 audit opinions out of which 8 related to the 2017 financial statements while 4 were on the 2018 financial statements for the various entities.

3.1 Quality and Timeliness of Financial Reports

The financial statements of most authorities audited were untimely and generally of poor quality as adjustments were required for most of the authorities that were audited. Improvements needs to be made to enhance the quality and timeliness of submission of financial statements for our audit.

3.2 Audit Opinions Issued

For the audits undertaken on the 2017 financial year, we issued unmodified opinions on 5 or 62.5% of the financial statements audited for the various entities while the audit opinion of 3 authorities were modified.

For the audits undertaken on the 2018 financial year, we issued unmodified opinions on all or 100% of the financial statements audited for the various entities.

3.3 Other Significant Matters

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

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

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

Common findings which have been reported under other significant matters are Governance issues which includes lack of Risk Management Policies, Disaster Recovery and Business Continuity Plans in most of the authorities.

3.4 Internal Controls

Good internal controls provide reasonable assurance that an entity is achieving its objectives relating to operations, reporting and compliance. We assess the financial controls used by the public sector entities using the following five key elements:

(i) Control environment – actions, attitudes and values that influence daily operations.
(ii) Risk assessment – processes for identifying, assessing and managing risk.
(iii) Monitoring activities – oversight of internal controls for existence and effectiveness.
(iv) Control activities – policies, procedures, and actions taken to prevent or detect errors.
(v) Information and communication – systems to inform staff about control responsibilities.

When we identify that internal controls in any of these elements are missing or are not operating as intended, we refer to them as *control deficiencies (audit finding)*. If we identify that a control deficiency, either alone or in combination with other deficiencies, may lead to a material misstatement in the entity's financial statements, we refer to this as *a significant audit finding*.

If we identify a deficiency (audit finding) with any of these internal controls as part of our audits, we report the finding to the entity's management.

The Results Summary in Section 8.4; shows the strength of controls in key elements for entities for which 2017 and 2018 financial statements were audited. Our audit indicated that Risk Assessment was an area where majority of the significant deficiencies were identified. This was mainly due to lack of governance policies such as Risk Management Policies, Disaster Recovery Plans and Business Continuity Plans implemented by most of the Authorities

3.5 Delays in Completion of Audits

The table below shows the status of audits as at 31 October 2019.

Type of entity	Total no. of. Entities Audited	Audits up-to-date	Audits delayed	% Delayed
Statutory Authorities – 2017	26	11	15	58
Statutory Authorities - 2018	26	4	22	85

More than 50% of the Statutory Authority's audits are delayed for the 2017 and 2018 financial year. This is primarily due to the following:

- Delay in submission of draft accounts for audits or draft accounts submitted were incomplete;
- Delay in provision of management comments;
- Delay in retuning the signed audited financial statements for issue of audit opinion;
- Relevant information/records not provided for audit on a timely basis; and
- Authorities deciding to address issues raised in draft audit reports and resubmission of financial statements for audit.
- Delay in finalization of the audits by Office of the Auditor General. This normally happens when the audit staffs are assigned to a different audits while waiting for the clients to furnish information and accounting records for finalization of the audit.

Efforts are being made to complete the audit of accounts which have been received.

Details of audits not completed are provided in ***Appendix A***.

3.6 Entities not Subject to Audit by Auditor-General

The Auditor-General did not audit the financial statements for a number of Statutory Authorities as their governing bodies had appointed Chartered Accountant firms as external auditors. Details of entities together with the audit requirements are shown in ***Appendix C***.

3.7 Audit Conclusion

Unmodified (unqualified) opinions were issued on 62.5% of the 2017 and 100% of the 2018 financial statements audited which reflects very positively on the authorities. However, close attention should be given to address matters which have been highlighted as other significant matters in management letters.

Timely preparation and submission of quality draft annual financial statements for audit is a major issue which needs to be addressed by those charged with governance of the authorities. Delay in submission of financial statements for audit prevents the Auditor-General from issuing an opinion on them on a timely basis and informing Parliament and other stakeholders of the outcome of such audits.

Furthermore, other significant findings arising from audit of authorities for which the Auditor-General is no longer the external auditor cannot be reported to Parliament under the current legislative framework.

The involvement of line ministries in improving accountability in statutory authorities is noted. However, there is room for further improvement through regular and active interaction with the authorities. It has been noted that it becomes challenging for authorities to prepare annual accounts when these have not been done for some time resulting in a backlog.

There are over 50% of the Authorities whose audits are in backlog. This shows that Authorities are unable to prepare and submit quality financial statements on time. This could be mostly attributable to capacity issues. This also indicates lack of proper governance practices which should ensure that timely financial reports are produced.

Lack of governance policies such as Risk Management Policies and Disaster Recovery Plan was common in most Authorities. Authorities will unable to understand and know how to deal with risks and disaster should it impact on the Authorities.

3.8 Recommendation

- Immediate attention should be given to address the matters which are included as “Other Significant Matters”. Those charged with governance should ensure that these matters are resolved at the earliest.

- Accounting personnel should be fully trained in all aspect of financial reporting which will ensure that quality financial statements are submitted for audit. They should also be fully abreast with changes in the International Financial Reporting Standards.

- Those charged with governance for Authorities which are yet to develop and implement plan/policies for risk management and disaster recovery Plan should ensure that these policies are developed and implemented at its earliest. This will ensure that Authorities are safeguarded against any impending disaster.

- Proper consideration should be given before the change of auditors since significant audit findings for entities which are not audited by the Auditor-General are not reported to Parliament. However, the Office of the Auditor-General is finalizing guidelines to review these audits and report to Parliament.

- Line Ministries can strengthen its monitoring and provide necessary support to ensure that financial statements are submitted for audit on a timely basis.

3.9 Reference to Comments

The comments provided by those charged with governance in the Authorities during the audit have been incorporated in this report.

4.0 Context

4.1 Legislative Framework – Statutory Authorities

Statutory Authorities are established as body corporate by their specific legislation. They are required to deliver various goods and services to customers. In most cases, government grants are paid to statutory authorities for their operations, capital expenditures or special projects.

The following legislation establishes the financial accountability frameworks and legislative time frames to complete financial statements audits for Statutory Authorities.

Entity Type	Legislative Framework	Legislative Timeframe
Statutory Authorities	• Legislation establishing entity and related regulations • Finance Management Act 2004 • Finance Management (Amendment) Act 2016	• 3-6 months following end of financial year • Not specified/ as soon as practicable

The respective legislative frameworks indicate the minimum requirements for financial accountability and reporting such as:

- Good governance
- Financial management and performance
- Entity's performance against corporate intent or plan
- Financial reporting
- Annual reports

Each year, statutory authorities are required by the legislation governing their operations to submit an annual report containing the audited financial statements and the audit report on the financial statements which are tabled in Parliament by the Minister responsible for the Authority.

The audited financial statements are used by a broad range of users such as parliamentarians, non-governmental organizations, donor agencies, employees, suppliers, lenders and the general public.

The Auditor-General's audit opinion on these financial statements gives assurance to the users that the financial statements are accurate and can be relied upon.

5.0 Abridged Financial Information and Other Significant Matter(s)

For each statutory authority, abridge financial statements are presented. The abridged statement of financial performance reflects revenue, expenses and net income while the abridge statement of financial position presents the authorities assets and liabilities.

In addition, for each statutory authority, any significant matter(s) noted during the course of audit were brought to the attention of respective authority's management. It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.

In the following sections, we provide the abridged financial information and significant audit findings for each statutory authority.

5.1 Land Transport Authority

Financial Information – 2017

The audit of Land Transport Authority for the financial year 2017 resulted in the issue of *modified opinion* (qualified) audit opinion. The qualification was as follows:

Included in the Property, Plant and Equipment balance is leasehold land amounting to $3,595,000 for which titles are not registered in the name of the Authority. Therefore, I am not able to satisfy myself on the ownership of the leasehold land recorded in the financial statements of the Authority.

In addition, without further qualifying the audit opinion the following matter was also highlighted:

The Authority has disclosed in the financial statements as part of its notes, contingent liability amounting to $55,859,759. Based on the current financial position of the Authority, it may find it difficult to meet the payment for damages if the judgment is not in favor of the Authority.

Presented below is the abridged financial information of Land Transport Authority.

Land Transport Authority - Abridged Statement of Financial Performance

Description	2017 (12 Months) ($)	2016 (7 Months) ($)
Grant received	19,322,198	8,763,652
Other income	2,749,570	1,094,551
Total Revenue	**22,071,768**	**9,858,203**
Administration expenses	11,859,262	6,116,913
Operating expense	6,890,897	3,882,322
Other expenses	1,197,702	790,724
Total Expenditure	**19,947,861**	**10,789,959**
Profit / (loss) for the period	**2,123,907**	**(931,756)**

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2017 is for a 12-month period. Thus the significant variances with the comparative balances.

Land Transport Authority - Abridged Statement of Financial Position

Description	2017 (12 Months) ($)	2016 (7 Months) ($)
Cash and cash equivalents	8,185,511	1,968,488
Receivables	248,126	342,416
Inventories	763,505	781,167
Property, plant and equipment	15,225,135	14,527,018
Total Assets	**24,422,277**	**17,619,089**
Creditors and other accruals	1,476,482	1,419,712
Owing to Government consolidated account	26,322	336,705

Description	2017 (12 Months) ($)	2016 (7 Months) ($)
Capital grant	14,898,261	9,404,790
Provisions	931,132	1,118,706
Finance Lease Liability	262,846	635,850
Total Liabilities	**17,595,043**	**12,915,763**
Net Assets	**6,827,234**	**4,703,326**

Other significant matters – Land Transport Authority

Recording of Leasehold Land

Records to substantiate leasehold land such as lease documents are not maintained by the Authority. The leasehold land were not amortised over the leasehold period.

The buildings on the land have been incorporated in the books of account of the Authority on the principal assumption that the titles of the land will be registered under the Land Transport Authority in Future.

This issue has been highlighted in prior years. However, the Authority has not made much progress to resolve the issue.

Root Cause/Implication

It indicates inability of the Authority to resolve the matter with the Lands Department.

In absence of a registered title, the right of ownership of the land is not with the Authority.

Recommendations

- **Records such as land title and lease documents should be maintained to substantiate leasehold land recorded under property, plant and equipment; and**

- **Leasehold land should be amortised according to the finance/accounting policy of the Authority and in compliance with IAS 17.**

Agreed Management Action

The Authority has indicated that they are in constant negotiations with its legal team to resolve this issue.

Governance issues

The Board meeting minutes for the financial year 2016 was not maintained. In addition, numerous control deficiencies were noted from the internal audit review conducted by a Chartered Accounting Firm. However, some of these issues were also noted in our audit. Hence it is likely that recommendations in internal audit reports were not fully implemented on a timely basis. Additionally, the Finance Manual is outdated and does not reflect the current process practiced by the Authority.

Root Cause/Implication

The anomalies indicate that proper procedures are not being followed for keeping of minutes of board meeting, addressing risk issues highlighted in internal audit reports and updating of the Finance Manual.

The above issues if not rectified can lead to a poor culture of governance in the Authority

Recommendations

The Authority must:

- **ensure the Authority has in place good governance policy and practices that is communicated to all levels of the staff in the Authority; and**
- **instigate a culture of compliance with good governance practices.**

Agreed Management Action

The Authority has implemented measures to rectify the issue by recruiting a board secretary administration officer to assist the board secretary. Board minutes are now maintained by the Board Secretary and also the respective GMs that are authors of the respective board papers. Finance policies and procedures have also been reviewed and implemented.

5.2 Consumer Council of Fiji

Financial Information – 2017

The audit of Consumer Council of Fiji for the financial year 2017 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Consumer Council of Fiji for the financial year 2017.

Consumer Council of Fiji - Abridged Statement of Financial Performance

At period end	2017 (12 months) 31 July ($)	2016 (7 months) 31 December ($)
Government Grant	1,143,848	564,144
Sundry Income	21,382	6,658
Deferred Grant Income	125,811	22,175
Total Income	**1,291,041**	**592,977**
Depreciation	62,508	22,175
Rent and rates	63,695	35,609
Salaries, wages and related payments	715,992	316,065
Telephone and postage charges	22,294	8,165
Travelling expenses	25,398	3,122
National Consumer Helpline	40,409	44,453
Office expense	27,890	20,069
Other expenses	213,590	118,188
Total Expenditure	**1,171,776**	**567,846**
Net (Deficit) / Surplus for the year	**119,265**	**25,131**

Consistent with the changes in the financial year of Government, the Council changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2017 is for a 12-month period. Thus the significant variances with the comparative balances.

Consumer Council of Fiji- Abridged Statement of Financial Position

At period end	2017 (12 months) 31 July ($)	2016 (7 months) 31 December ($)
Cash on hand and at bank	675,941	168,302
Other current assets	17,247	17,493
Property, plant and equipment	163,549	136,462
Total Assets	**856,737**	**322,257**
Accounts payables and accruals	39,620	33,945
Provision for annual leave	22,348	16,686
Deferred Grant	163,549	136,461
Unutilized capital grant	417,837	67,890
VAT payable	301	4,920
Total Liabilities	**643,655**	**259,902**
Net Assets	**213,082**	**62,355**

5.3 Film Fiji

Financial Information -2017

The audit of the financial statements of the Film Fiji for the year ended 31 July 2017 resulted in an unqualified audit opinion.

Presented below is the abridged financial information of Film Fiji for 2017.

Film Fiji - Abridged Statement of Comprehensive Income

Description	31 July 2017(12 months) ($)	31 July 2016(7 months) ($)
Government grant - operational	1,728,712	491,235
Deferred income	33,910	17,060
Fees	1,700	500
Sponsorship - Kula Awards	99,157	86,000
Ticket sales – Kula Awards	4,173	2,978
Miscellaneous	7,005	143
Total Revenue	**1,874,655**	**597,916**
Expenses		
Administrative Expenses	623,562	255,493
Promotional Expenses	530,890	102,401
Employee remuneration and benefit	370,990	211,381
Depreciation	33,909	17,061
Other expenses	3,515	2,000
Total Expenditure	**1,562,866**	**588,336**
Surplus for the year	**311,790**	**9,580**

Consistent with the changes in the financial year of Government, the Film Fiji changed its financial year from 31 December to 31 July. The financial statements for the year ended 31 July 2017 reflect 12- month period whereas financial statements for the period ended 2016 is for a seven-month period. Thus the significant variances with the comparative balances.

Abridged Statement of Financial Position

	31 July 2017 (12 months) $	31 July 2016 (7 months) $
Cash and Cash Equivalent	642,887	387,790
Prepayments	109,866	12,333
Receivables	10,015	33,392
Refundable Deposits	8,341	8,341
Property, Plant and Equipment – Non-current	93,956	107,701
Total Assets	**865,065**	**549,557**
Trade and Other Payables	63,766	53,119
Employee Benefit Liability	18,407	20,103
Provisions	20,515	107,702
Deferred Income – Current	33,910	12,000
Deferred Income – Non-current	60,046	90,641
Total Liabilities	**196,642**	**192,924**
Net Assets	**668,423**	**356,633**

Consistent with the changes in the financial year of Government, the Film Fiji changed its financial year from 31 December to 31 July. The financial statements for the year ended 31 July 2017 reflect 12- month period whereas financial statements for the period ended 2016 is for a seven-month period. Thus the significant variances with the comparative balances.

5.4 Fiji Teacher's Registration Authority

Financial Information - 2017

The audit of Fiji Teacher's Registration Authority for the financial year 2017 resulted in the issue of unmodified opinion (unqualified) audit opinion. However, emphasis was provided on the following matter:

I draw attention to Note 1.2(h) of the financial statements which discloses registration fees of $197,381. The Authority did not receive annual returns from schools and neither did it carry out reconciliation between the numbers of teachers registered with the Authority against the number teaching in schools as required in section 46 of the FTRA Act 2008. As a result, the registration fees totaling $197,381 disclosed in note 1.2(h) of the Financial Statements may not be complete.

Presented below is the abridged financial information of Fiji Teacher's Registration Authority.

Fiji Teacher's Registration Authority – Abridged Statement of Financial Performance

Description	12 Months Period Ended 31 July 2017 ($)	13 Months Period Ended 31 July 2016 ($)
Government grant	370,398	394,969
Other Income	962	---
Amortization	20,252	17,317
Total Income	**391,612**	**412,286**
Depreciation expense	20,252	17,317
Employee benefit expense	300,391	299,384
Administrative expenses	52,203	88,409
Interest expenses	4,624	4,239
Total Expenditure	**377,470**	**409,349**
Net Surplus for the year	**14,142**	**2,937**

The Authority recorded a net surplus of $14,142 compared to a net surplus of $2,937 in 2016, an increase of $11,205 or 382%. The increase in net surplus was mainly due to a decrease in administration expenses by $36,206 due to decrease in printing & stationery expenses and computer expenses compared to 2016.

Fiji Teacher's Registration Authority – Abridged Statement of Financial Position

Description	12 Months Period Ended 31 July 2017 ($)	13 Months Period Ended 31 July 2016 ($)
Cash and cash equivalents	76,783	58,724
Prepayment and other assets	133	140
Property, plant and equipment	66,757	83,840
Total Assets	**143,673**	**142,704**
Trade payable and other accruals	7,802	2,500
Deferred revenue	66,757	83,840
Obligations under finance lease	33,547	44,427
Employee entitlement	18,488	9,000
Total Liabilities	**126,594**	**139,767**
Net Assets	**17,079**	**2,937**

The increase in net assets by $14,142 was due to the increase in net surplus recorded for the year ended 31 July 2017 compared to 2016.

Other Significant Matters – Fiji Teacher's Registration Authority

Annual Returns not submitted to FTRA

Section 46 of the FTRA Act 2008 requires that, the employer or a person so authorized by the employer must, on or before June each year, provide the Authority with a return in the prescribed form of all persons teaching at the schools as at 1 May that year.

We noted that the Authority did not receive a return as stipulated in the Act on 01 June 2016, 01 June 2017 and 01 June 2018. As a result, the Authority is not able to reconcile the number of teachers registered with the Authority against the number of teachers teaching in the respective schools in Fiji.

The Authority also did not prepare the Arrears of Revenue report for the year ended 31 July 2017.

Root Cause/Implication

There may be cases of unregistered teachers teaching in schools which leads to revenue leakage for the government. Hence it was not possible to ascertain the completeness of the registration fees of $197,381 disclosed in note 1.2(h) of the financial statements.

Recommendations

- **The Authority should obtain the annual returns and reconcile the names against their records to determine if there are any unregistered teachers teaching in the school.**

- **The Authority should prepare the Arrears of Revenue report at the end of each financial year.**

Agreed Management Action

Comments are noted.

FTRA Management team will work with Ministry of Education officials to resolve this issue.

Absence of Risk Management Policy

It is imperative that for good governance the Company has in place a Risk Management Policy. This will ensure that all risks are identified and managed through effective processes and systems. This will ensure that business operations are not affected and disrupted.

Review of the Authority's Corporate Governance revealed that there is no risk management policy in place.

Root Cause/Implication

It appears that the Authority does not have capacity to develop the policy. The absence of Risk Management Policy can be attributable to absence of proper governance structure as the Authority has indicated that FTRA Board was not in place.

Recommendations

- **The Authority should work towards establishing a governance and accountability function that support the operations of the Authority by providing financial and operational risk management of external reporting obligations. Following the establishment of the governance and accountability function, a risk management framework should be developed and continuously used. The Authority should also consider developing a disaster recovery plan: and**

- **The Authority should consider getting external assistance in preparation of the governance documents in absence of in house capacity.**

Agreed Management Action

Comments are noted.

The FTRA financial structure in terms of proper reporting and compliance came in late 2016 when the accountant was appointed. The finance team from then has been continuously trying to put all finance procedures in place and in line with accounting standards. The policy design was in process when the Board tenure lapsed. FTRA Promulgation 2008 Section 7 clearly stipulates the formation of different committees and it states the formation of finance and management committee, so in those terms once the FTRA Board is appointed along with sub committees, management will definitely devise the policies and present to the committee and eventually to the Board for approval.

Annual Report not prepared

The Authority has yet to submit the 2016-2017 Annual reports to the Minister contrary to the Act. Section 47 of the FTRA Act 2008 which states that the Authority is to submit an annual report to the Minister by 30 March the following year on its activities for the last financial year.

Root Cause/Implication

Absence of a board and CEO made it difficult to get the annual report submitted to the Minister. This increases the risk of untimely decision making and non-compliance to the Act, making the report losing its relevance.

Recommendation

In the absence of the Board and the CEO, the Authority should seek guidance and assistance from the Ministry for preparation and submission of Annual Report to the Minister.

Agreed Management Action

Comments are noted.

Due to the absence of Board and later the retiring of CEO and Manager Registration –till now which all three positions are vacant FTRA had no proper authority to do any strategic movements. As the Annual report requires all chairman, CEO and management reports FTRA got constrained in producing the 2015/2016 annual reports. But the signed audited accounts for FTRA 2015/2016 was submitted to Permanent Secretary for Education.

Audit comments again are noted and process of annual report should commence based on the discussion with management in due course.

5.5 Fiji Higher Education Commission

Financial Information - 2017

The audit of Fiji Higher Education Commission for the twelve months ended 31 July 2017 resulted in the issue of unmodified (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji Higher Education Commission for the year ended 31 July 2017.

Fiji Higher Education Commission - Abridged Statement of Financial Performance

	2017 (12 Months) ($)	2016 (7 Months) ($)
Government Grant	1,472,604	841,424
MFAT grant	100,000	---
Release of deferred income	620,572	42,229
Conference collection	8,786	147,198
Other Income- Reimbursements from Technical College of Fiji	46,381	---
Other refunds	3,030	20,122
Total Operating Income	**2,251,373**	**1,050,973**
Depreciation and amortization expense	(67,680)	(37,302)
Salaries and employee costs	(1,381,925)	(696,143)
Operating expenses	(787,128)	(615,604)
Total Operating Expenses	**(2,236,733)**	**(1,349,049)**
Profit/loss for the year	**14,640**	**(298,076)**

The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2017 is for a 12-month period. Thus the significant variances with the comparative balances.

Government grants received from Ministry of Education, Heritage and Arts are recognized in the statements of the comprehensive income and where there is reasonable assurance that they will be received and that the Commission will comply with the conditions attached to them. Government grants related to assets including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or deducting the grant in arriving at the carrying amount of the asset and in the case of the entity it is treated as deferred income.

The Commission had signed a five year $7,328,947 agreement with Ministry of Foreign Affairs and Trade (MFAT) of New Zealand on 27th June 2016 to improve the Higher Education Sector and Commission's internal capabilities. In the MFAT project funding, a variation was made to allocate $220,000 as diminishing assistance towards management remuneration for three years. This variation was approved and signed off by MFAT Development Manager and FHEC Board Chairperson on 26 November 2016 and $100,000 was released to FHEC in the 2016/2017 financial year.

Fiji Higher Education Commission - Abridged Statement of Financial Position

Description	2017 (12 Months) ($)	2016 (7 Months) ($)
Cash and cash equivalents	1,839,802	2,306,490
Other debtors, deposits and prepayments	89,631	37,118
Property plant and equipment	258,757	233,946
Intangible assets	182,439	166,610
Total Assets	**2,370,629**	**2,744,164**
Trade payables and accruals	122,658	82,826
Provisional Tax	14,193	6,012
Provision for annual leave	32,328	26,799
Deferred Income	1,869,174	2,310,891
Total Liabilities	**2,038,353**	**2,426,528**
Net Assets	**332,276**	**317,636**

The Commission's net asset increased by $14,640 or 4.6% in 2017 compared to 2016. This was due to decrease in deferred income by $441,717 or 19.1% when compared to 2016.

Other significant matters – Fiji Higher Education Commission

Delay in Finalisation of the Financial Statements

At the end of the financial year the Commission shall submit an annual report which must include an audited financial report to the Minister on or before 30 April the following year. [1]

The audit of the financial statements of the Fiji Higher Education Commission for the year ended 31 July 2017 was finalized after the above deadline due the following reasons:

- The Commission submitted its draft financial statements four times. Refer to the Table below for details.

Submission of Draft Financial Statements

Draft Financial Statements	Date Submitted by Commission
First Draft	16/01/18
Second Draft	01/05/18
Third Draft	16/10/18 (via email)
Fourth Draft	22/11/18

- The third draft 2017 financial statements was submitted after the finalisation of the 2016 accounts and did not include the audit adjustments identified during the audit.

[1] Higher Education Act 2008, Section 49

This was communicated to the Commission and the Commission submitted a fourth draft financial statements on 22/11/18.

Root Cause/Implication

The non-inclusion of audit adjustments for 2016 in the draft accounts of 2017 and lack of relevant notes and disclosures in the draft financial statements of 2017 led to re-submission of the 2017 financial statements.

The high number of resubmitted financial statements will eventually delay the finalization of the audit. This also implies that the Commission may be lacking depth in financial reporting.

Recommendation

The Commission should ensure that that the draft financial statements submitted for audit are correct and include all audit adjustments.

Agreed Management Action

The Commission agreed to the recommendation.

5.6 Fiji Meats Industry Board

Financial Information - 2017

The audit of Fiji Meats Industry Board for the financial year 2017 resulted in the issue of *modified opinion* (qualified) audit opinion. The qualifications were as follows:

- As at the date of audit opinion[2], the Board held title of 74 acres of state land. Property, Plant and Equipment includes Leasehold Improvement with a written down value of $342,770. The Board has only booked the land area on which capital improvements has been made. The remaining land area is yet to be valued and included in the Fixed Assets Register of the Board.

- The Board recorded fully depreciated property, plant and equipment with cost totaling $2,272,273 that were still held for use. The useful life of these property, plant and equipment have not been reviewed annually. As a result, depreciation expense has not been charged for the assets during the year.

Presented below is the abridged financial information of Fiji Meats Industry Board.

Fiji Meats Industry Board - Abridged Statement of Financial Performance

Description	2017 ($)	2016 ($)
Operating Revenue	3,373,303	3,235,586
Release of deferred income	73,600	73,600
Other income	170,762	46,096
Total Revenue	**3,617,665**	**3,355,282**
Changes in Inventories – finished goods	766,267	853,035
Raw Materials and Consumables used	283,544	221,753
Staff Cost	977,784	974,330
Depreciation	258,726	299,776
Other Operating Expenses	1,144,280	1,065,627
Finance Cost	68,900	67,987
Total Expenses	**3,499,501**	**3,482,508**
Net (Loss) / Profit from Operations	**118,164**	**(127,226)**
Other comprehensive Income	900,000	---
Total Comprehensive (Loss) / Income	**1,018,164**	**(127,226)**

The company recorded a net profit in 2017 compared to a loss recorded in 2016. This was largely due to the sale of three acres of leasehold land to the Fiji Police Force for the construction of Nakasi Police Station.

Fiji Meats Industry Board - Abridged Statement of Financial Position

Description	2017 ($)	2016 ($)
Cash	780,292	39,099
Investments	201,957	201,957
Trade and Other Receivables	648,435	408,791
Prepayments	12,838	14,272
Inventory	92,344	67,174
Property, Plant & Equipment	1,640,509	1,873,805
Total Assets	**3,376,375**	**2,605,098**

[2] 14 May 2019

Trade Creditors and Payables	178,141	197,424
Deferred Income	287,500	361,100
Interest Bearing Borrowings	759,338	913,342
Total Liabilities	**1,224,979**	**1,471,866**
Net Assets	**2,151,396**	**1,133,232**

The increase in net assets in 2017 compared to the balance in 2016 was largely due to the increase in cash at bank and increase in account receivables. The increase was due to sale of land to Fiji Police Force for the construction of Nakasi Police Station.

A sum of $654,750 was received in cash while $245,250 was booked as accounts receivable (final payment to be received from Fiji Police Force) for the sale of land.

Other significant matters – Fiji Meats Industry Board

Anomalies in Recording to Property, Plant and Equipment

Disposal of assets shall only take place when the fixed assets has ceased to function or is considered to be outdated and not usable or worthwhile to repair. If the fixed assets can be sold or traded in then this should be carried out after seeking the approval of the Chief Executive Officer.[3]

Audit review of the Boards Fixed Assets Register (FAR) revealed the following:

1. The Board held title of 74 acres of state land. Property, Plant and Equipment includes Leasehold Improvement with a written down value of $342,770. The Board has only booked the land area on which capital improvements has been made. The remaining land area is yet to be valued and included in the Fixed Assets Register of the Board.

2. The Board recorded fully depreciated property, plant and equipment with cost totaling $2,272,273 that were still held for use. The useful life of these property, plant and equipment have not been reviewed annually. As a result, depreciation expense has not been charged on the assets during the year.

Root cause/Implication

The useful life of the property, plant and equipment has not been reviewed annually. As a result, depreciation expense has not been charged on the assets during the year. In addition, the Board has not booked the value of the 74 acres of state land as a result the total value of leasehold is understated.

Recommendations

Management should:

- **review the useful life of fully depreciated assets, if they are still in use**
- **regularly review the estimated useful life of significant assets that have not yet been fully depreciated and ensure that the estimate useful life remain appropriate. Any revisions should be accounted for prospectively.**
- **The Board in consultation with Ministry of Lands should ascertain and record the correct size and value of land in the FAR.**

[3] Fiji Meat Industry Board Accounting Procedures Manual 2011 – Section 14.6

Agreed Management Action

The management agreed to advise the Board to carry out a valuation for PPE and ascertain the true value to be recorded in the FAR.

Absence of Risk Management Framework

Risk management framework would provide a platform to identify various risks affecting the Board, management of the risks, develop appropriate internal control to mitigate the risks and continuous monitoring of risks. The mechanism to mitigate risks could include policies, procedures, training and awareness.

Audit review of the Board's corporate governance systems revealed that there is no risk management framework in place.

As a result, the Board does not have written policies, procedures or guidelines to manage risk associated with the following:

- Fraud control and anti-corruption
- Disaster recovery and business continuity
- Assessment of potential conflict of interest
- Human resource
- Code of ethics.

Root cause/Implication

The Board does not have processes in place to put into effect the implementation of a risk management framework. In absence of a risk management framework, the Board may find difficulty in identifying, analyzing and responding to risk factors in the meat industry and in the best interests of the Board.

Recommendation

The Board should work towards developing a risk management framework.

Agreed Management Action

The Board has noted the audit concern and will start work on developing a risk management framework.

5.7 Public Rental Board

Financial Information – 2017

The audit of Public Rental Board for the financial year 2017 resulted in the issue of *unmodified opinion* (unqualified) audit opinion. However, attention was drawn to the Statement of Financial Position which includes Interest Bearing Debt disclosing a Housing Authority bond amounting to $1,014,712. The Government had settled this loan and the Board is obliged to reimburse the same to Government. The Board recorded the same amount in its financial statements. However, the Ministry of Economy was yet to confirm the correctness of the amount booked by the Board.

Presented below is the abridged financial information of Public Rental Board for the financial year 2017.

Public Rental Board - Abridged Statement of Financial Performance

Description	2017 ($)	2016 ($)
Rental Revenue	3,921,080	3,882,818
Operating Revenue	239,806	878,045
Total Operating Income	**4,160,886**	**4,760,863**
Amortization & Depreciation	798,129	733,631
Staff Costs	1,121,369	983,479
Other Operating Expenses	1,064,270	1,149,394
Finance Cost	325,914	144,854
Total Expenditure	**3,309,682**	**3,011,358**
Net Profit for the year	**851,204**	**1,749,505**

Net profit decreased by 51% or $898,301 in 2017 compared to 2016. This was mainly due to the decrease in operating revenue due to reduction in foreign exchange gain which was recorded in 2016. Additionally, an increase was noted in total expenditure, specifically, staff costs due to the payment of performance bonus to staff.

Public Rental Board - Abridged Statement of Financial Position

Description	2017 ($)	2016 ($)
Cash	2,425,336	2,436,265
Investments	2,948,092	3,145,893
Rent Receivables	77,809	99,500
Other Assets	77,563	38,730
Property, Plant & Equipment	33,345,856	32,136,657
Total Assets	**38,874,656**	**37,857,045**
Trade payables & accruals	1,585,342	2,199,296
Deferred Revenue	1,932,096	694,571
Borrowings	10,859,960	11,353,679
Employee Entitlements	148,393	111,838
Total Liabilities	**14,525,791**	**14,359,384**
Net Assets	**24,348,865**	**23,497,661**

Net assets increased by $851,204 or 4% in 2017 compared to 2016. This was mainly attributed to increase in property, plant and equipment which increased as there were some additions and the capitalisation of repairs and maintenance to the properties of the Board. In addition, trade payables and accruals declined significantly which was due to decline in trade creditors and accruals by $701,172 as the Board cleared most liabilities in 2017 compared to 2016.

Other significant matters – Public Rental Board - 2017

Absence of Audit Committee

The functions of the Audit Committee includes performing regular reviews of monthly management accounts subject to Board of Members scrutiny and the annual accounts subject to external audit and review by the Minister for presenting in the Parliament.[4]

We noted that the Board has not established an Audit Committee.

Root Cause/Implication

In an absence of an Audit Committee, audit and accounting issues raised through internal and external audit may not be effectively resolved.

Recommendation

The Board should consider establishing an Audit Committee.

Agreed Management Action

The Board has agreed with the recommendation however advises that PRB is a small organization and forming an audit committee may be impractical. Management proposes to create a new position by engaging an internal auditor to lead the committee comprising of staff from the properties and finance departments

Anomalies in Processing and Allotting of PRB Flats

Public Rental Board (PRB) was established in 1989 under the Housing (Amendment) Decree No. 12. The Board was established to provide affordable rental flats for low income earners on a transitional basis without incurring a loss.

PRB assists applicants who are workers who need rental housing assistance and qualify under criteria as follows:

1. Applicant must be married or single or worker and the sole breadwinner of a family.
2. Applicant shall be employed full time earning weekly gross income (WGI) of $80 to $317. PRB will not accept applications below the WGI of $80 income.[5]

We were unable to determine if the applicants were the breadwinners of the household due to absence of sufficient information in the application form.

Root Cause/Implication

There is no provision in the application form for the applicants to disclose other sources of income. It also appears that comprehensive survey of the Household income is not carried out.

There is a high risk that flats may be allocated to tenants who are not low income earners

[4] Public Rental Board Finance Procedure Manual section 7.3.5
[5] Public Rental Board, Properties Procedure Manual, Qualification of the Applicants, Section 1.2

Recommendation

The Board should consider the following:

- **a statutory declaration form to be submitted by all new applicants declaring that there is no combined income which exceeds the prescribed income threshold.**
- **a comprehensive review of all the tenancy agreements is carried out in the Household Income Survey including the combined income sources and identify those tenants that do not meet the income criteria and take appropriate actions.**

Agreed Management Action

The Board agreed with the recommendation and has started to demand for statutory declarations for all unemployed members of the household above the age of eighteen years on all new applications. For PRB non-subsidy flats the ceiling is $25,000.00 per annum and in some cases, PRB accommodates referrals from government whose income are above the ceiling of $317 weekly or $16,500 annually.

Absence of Risk Management Policy

It is imperative that for good governance the Company has in place a Risk Management Policy. This will ensure that all risks are identified and managed through effective processes and systems. This will ensure that business operations are not affected and disrupted.

We noted that the Board does not have a Risk Management Policy.

Root Cause/Implication

The delay in developing and implementing the Risk Management Policy could indicate that the Board may not have necessary capacity to develop a Risk Management Policy.

In the absence of a Risk Management Policy, the Board may not be carrying out its risk assessment and formulating strategies to address the risks that may exist in the Board.

In addition, when the risks are not identified and addressed in a timely manner this may cause disruption in business operation

Recommendation

Management should consider developing and implementing a Risk Management Policy.

Agreed Management Action

The Board agreed with the recommendation and will work towards developing a risk management policy.

Long outstanding rent receivable

Rent is due, charged and payable every week on Saturdays. Tenants who fail to pay rent for 4 consecutive weeks or accumulate arrears equivalent to 4 weeks shall be issued with a reminder.
We noted that 40.4% of the debtors had balances totaling 43,432 which were outstanding for more than four months.

Root Cause/Implication

The audit finding indicates that debt collection process is either not very effective or consistent which results in outstanding balances.

Significant receivables will affect cash inflow from the Board's main stream of revenue which will affect the ability of the Board to pay off its recurring expenditures and more importantly its debts.

Recommendation

The Board should review its current collection strategy and make necessary improvements.

Agreed Management Action

The Board agreed with the audit comments. With the number of tenants with arrears the Board has put in place these strategies to minimize arrears.

- *All new allocations shall be on direct deduction or on bank standing order*
- *For existing tenants, increase the number of direct deductions from source*
- *Forwarding arrears cases to small claims and solicitors for eviction by the court.*
- *Increase in deduction to cater for rent payments and arrears recovery.*
- *Regular follow ups with the tenants*
- *Make arrangements with the banks for standing orders.*
- *Write off for vacated arrears after all recovery process is exhausted.*

Financial Information – 2018

The audit of Public Rental Board for the financial year 2018 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

However, attention was drawn to the following:

- Statement of Financial Position includes a credit balance in receivables amounting to $465,295
- Stated in notes of the financial statements are the financial risk management objectives and policies of the Board. The Board's Risk Management Policies are yet to be implemented.

Presented below is the abridged financial information of Public Rental Board for the financial year 2018.

Public Rental Board - Abridged Statement of Financial Performance

Description	2018 ($)	2017 ($)
Rental Revenue	4,093,335	3,921,080
Operating Revenue	119,092	239,806
Total Operating Income	**4,212,427**	**4,160,886**
Amortization & Depreciation	762,748	798,129
Staff Costs	1,173,923	1,121,369
Other Operating Expenses	1,494,427	1,064,270
Finance Cost	16,557	325,914
Total Expenditure	**3,447,655**	**3,309,682**
Net Profit for the year	**764,772**	**851,204**

Net profit decreased by 10% or $86,432 in 2018 compared to 2017. This was mainly due to the increase in total expenditure which is directly the result of increases in insurance, repairs and maintenance and the expected credit loss arising from the adoption of the new accounting standard IFRS 9-Financial Assets. Additionally, personnel expenses increased due to the increase in pay rates as a result of the Job Evaluation Exercise carried out by the Board. Rental revenue has increased by $172,255 which indicates the general improvement in rental collection strategies of the Board.

Public Rental Board - Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Cash	2,516,896	2,425,336
Investments	4,760,638	2,948,092
Rent Receivables	47,886	77,809
Other Assets	174,610	77,563
Property, Plant & Equipment	33,278,344	33,345,856
Total Assets	**40,778,374**	**38,874,656**
Trade Payables & Accruals	1,279,037	1,585,342
Deferred Revenue	4,184,569	1,932,096
Borrowings	10,174,081	10,859,960
Employee Entitlements	312,923	148,393
Total Liabilities	**15,950,610**	**14,525,791**
Net Assets	**24,827,764**	**24,348,865**

Net assets increased by $478,899 or 2% in 2018 compared to 2017. This was mainly attributed to the increase in deferred revenue as the result of the capital grant received for the Simla Housing Development Project.

Other significant matters – Public Rental Board - 2018

Use of Government Grant funds for Investment purpose

The Government grant under the agreement is for the Simla Housing Development Project and must only be utilized for the purpose it is provided for.[6]

The Board, on 16th July 2018, received government grant of $2,225,533 for the Simla Housing Project and was deposited into a separate BSP Simla Housing Project 2016 Bank account. The Simla Housing Project is currently work in progress.

We noted that in December 2018, a sum of $2 million was transferred from this account for the purpose of investment in term deposits. It was noted that a sum of $1,000,000 was invested in term deposit with an overseas based bank at an interest rate of 4.5% for three months, while $1,000,000 was invested in term deposit with another overseas bank at an interest rate of 4.5% for three months.

Audit noted that the Board did not obtained approval from Ministry of Housing to invest the grant funds In addition, the investment was only approved by the Acting General Manager of the Board.

[6] Grant Agreement between Ministry of Local Government, Housing and Environment and Public Rental Board – 11/10/2017

Root Cause/Implication

The audit finding indicates that proper check and clarification was not made to the grant agreement and with the Ministry by the management prior to the investment.

This incident is clear non-adherence to the grant agreement in place.

Recommendation

Public Rental Board should seek the Ministry's approval before investing the grant.

Agreed Management Action

The Board acknowledges the audit comments. However, in the 2018-2019 financial year PRB has not been allocated any capital funds. There is a delay in the Simla Project due to piling works in which additional costs will be incurred, hence the funds reinvested will assist with the variations.

Long Outstanding Work in Progress

We noted long outstanding projects recorded as Work in Progress (WIP). The status of these projects were not provided to audit. Refer to table below for details:

Project	Amount ($)
Kalabu Project 2006	179,018
Namaka Flats	88,897
Naodamu Community Hall – Block 10	403
Raiwaqa Ex-Sewerage project - Earthworks Design	19,139
Total	**287,457**

Root Cause/Implication

Adequate explanation to the status and the reason why these projects were not capitalised was not provided.

There may be a possibility that projects relating to these WIPs have been completed but have not been classified. There is also a possibility that projects relating to these WIPs have been either suspended or shelved. This increase risk of incorrect financial reporting.

Recommendation

The Board must review the status of the projects still under work in progress and make necessary adjusting entries if required to correct the reflection of the projects in the financial statements

Agreed Management Action

The Board acknowledges the audit comments and will make necessary adjustments after reviewing the accounts.

5.8 Fiji Roads Authority

Financial Information - 2017

The audit of Fiji Roads Authority for the year ended 31 July 2017 resulted in the issue of *modified opinion* (qualified) audit opinion.

The qualification was due to:

The Authority has not brought to account the amount of payable and contribution receivable to and from the Municipal Councils amounting to $22,328,520 and $34,429,613, respectively in the Statement of Financial Position. These amounts have been disclosed as contingent Assets and Contingent Liabilities in the notes of the financial statements. In 2012, The Authority have entered into Memorandum of Agreement with the Municipal Councils whereby the Councils were delegated work by the Authority to be carried out for which the Authority would reimburse the costs to the councils. It was also agreed that the Councils will pay the Authority an annual contribution for Council roads maintained by the Authority.

Presented below is the abridged financial information of Fiji Roads Authority for the seven months ended July 2016.

Fiji Roads Authority - Abridged Statement of Financial Performance

At period end	2017 (12 months) 31 July ($)	2016 (7 months) 31 July ($)
Grants and Contributions	15,854,174	10,136,746
Amortisation of Deferred Income	152,874,640	103,584,724
Other Income	1,999,193	227,202
Total Income	**170,728,007**	**113,948,672**
Employee Related Expenses	7,796,814	2,035,661
Maintenance	100,988,152	51,761,478
Depreciation and Amortization	144,801,194	73,502,382
Other Operating Expenses	12,041,630	10,854,906
Total Operating Expenditure	**265,627,790**	**138,154,427**
Deficit for the year/period	**(94,899,783)**	**(24,205,755)**

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2017 is for a 12-month period. Thus, the significant variances with the comparative balances.

Fiji Roads Authority - Abridged Statement of Financial Position

At period end	2017 (12 months) 31 July ($)	2016 (7 months) 31 July ($)
Cash and Cash Equivalents	30,315,298	109,560,052
Receivables	5,714,589	3,935,487
Other Current Assets	152,529,633	129,825,285

At period end	2017 (12 months) 31 July ($)	2016 (7 months) 31 July ($)
Property, Plant and Equipment	8,874,136,356	8,802,947,890
Intangible Assets	185,952	36,623
Total Assets	**9,062,881,828**	**9,046,305,337**
Payables	91,617,988	79,130,077
Provision	42,305,872	43,840,142
Deferred Income	753,065,186	662,790,518
Total liabilities	**886,989,046**	**785,760,737**
Net Assets	**8,175,892,782**	**8,260,544,600**

Consistent with the changes in the financial year of Government, the Authority changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2017 is for a 12-month period. Thus, the significant variances with the comparative balances.

Other significant matters – Fiji Roads Authority

Redundancy Liability Account

It is imperative that adequate and complete records are maintained for all account balances.

We were not provided with a complete list of staff which makes up the total balance of the redundancy liability account amounting to $1,803,399.

Root Cause/Implication

The Authority was unable to obtain details of redundancy liability account from the Department of National Roads in 2012 when the Authority was established.

In absence of the listing the Authority will find difficulty in making payments to the staffs.

Recommendation

Management should identify staffs to whom redundancy payment are to be made.

Agreed Management Comments

This relates to funds given by MOE in 2012 to payout redundancy package to DNR employees. This amount was utilized to pay redundancy to quarry staff in 2013 and lab staff in 2014.

FRA still has to pay redundancy payment to Municipal Council workers and staffs working in outer islands under the MOU with Ministry of Rural Maritime and Development. Also there are some cases in arbitration, which is recently brought up by ex-staff of DNR which is in regards to their redundancy payment and if the decision is in the favor of the staff, then FRA uses this funds to pay for that.

Variance in Deferred Revenue Balance between General ledger and Subsidiary Listing

There should be nil variance between the general ledger of deferred grant income and written down value of assets in the fixed assets schedule for donated assets or assets purchased through capital grant.

We noted that there is un-reconciled variance between general ledger of deferred grant revenue and the subsidiary listing. Refer to Table for details.

Account	General ledger	WDV of Assets in FAR	Variance
Deferred Grant Income	753,065,188	921,523,548	168,458,361

Root Cause/Implication

We were informed that the Authority adopted deferred income approach from 2013 and the variance could be the grant income received for capital projects prior to 2013 which was recorded as contributed equity. However, there is no reconciliation to support the variance.

Due to the variance, there is risk of incorrect financial reporting of deferred grant income in the financial statements.

Recommendation

The management should prepare a reconciliation for the variance.

Agreed Management Action

Deferred income approach was incorporated in 2013 at FRA. This was not used prior to 2013 when DNR accounts were prepared and thus this variance relates prior to 2013.

5.9 Fiji National Sports Commission

Financial Information - 2018

The audit of Fiji National Sports Commission for the financial year 2018 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Fiji National Sports Commission for the financial year 2018.

Fiji National Sports Commission - Abridged Statement of Comprehensive Income

Description	2018 ($)	2017 ($)
Operating Revenue	9,687,518	6,434,203
Other Operating revenue	101,393	100,899
Total Revenue	**9,788,911**	**6,535,102**
Expenses		
Sports Grant Expenses	7,532,720	4,764,848
International Coaches Salary expenses	1,260,409	860,409
Personal Expenses	543,090	446,447
Operating Expenses	286,435	283,604
Other Expenses	133,186	131,616
Total Expenses	**9,755,840**	**6,486,924**
Net Profit	**33,071**	**48,178**

Total revenue of the Commission increased by 50% or $3.25 million in 2018 due to increase in sporting grant received by the Commission. Total expenditure also increased by 50% or $3.26 million in 2018 compared to 2017 due to increase in sports grants and International Coaches salary in 2017 compared to 2016.

Fiji National Sports Commission - Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Cash and Cash Equivalents	705,504	752,177
Other Current Assets	12,846	15,563
Property Plant & equipment	171,001	282,034
Total Assets	**889,351**	**1,049,774**
Trade and Other Payables	130,320	126,223
Employee Entitlements	27,982	23,069
Deferred Revenue	391,675	583,469
Finance Lease Liability	-	10,710
Total Liabilities	**549,977**	**743,471**
NET ASSETS	**339,374**	**306,303**

Net assets increased by $33,071 or 11% in 2018 compared to 2017. This was mainly attributed to decrease in liabilities due to the decrease in deferred revenue. This was mainly because of the grants utilized in 2018 which were held in 2017.

Other Significant Matters – Fiji National Sports Commission

Finance Manual Not Updated

The Fiji National Sports Commission's Finance accounting policy and procedure manual was developed in 2016.

We noted that some policies and procedures currently practiced are not updated in the existing Finance Manual. Refer below for details.

Current practices not documented in the Finance Manual

Finance Manual: Areas to consider including in the Finance Manual
There is no specific provisions for the following matters; <u>Finance Manual</u> • appropriate control procedures for raising, approvals and posting of general journals; • review of depreciation, residual value and useful life of assets in accordance to IFRS for SME s17 & s10; • appropriate control procedures for the payroll process and; • Non-updating of bank accounts sections of the manual for new accounts opened. <u>Human Resource Manual</u> • Appropriate control procedures for the resignation process.

<u>Root Cause/Implication</u>

The Manager Finance revealed that it was an oversight by the Commission to include the mentioned procedures in the Finance Manual.

The variation between the documented finance accounting procedures and the accounting procedures implemented may create confusion amongst staffs and result in inconsistent application of financial management procedures and processes.

<u>Recommendations</u>

- **Management must immediately review the Finance Manual and ensure that changes are made to the manual to be consistent with the current practice and more importantly to be in line with the requirements of International Financial Reporting Standards for Small and Medium Enterprises; and.**

- **Going forward Management should put in place procedures for periodic review of the Finance Manual.**

<u>Agreed Management Action</u>

The Commission has agreed to update the Finance Manual on regular basis.

Absence of Governance Policies

It is imperative that for good governance the Company has in place a Risk Management Policy. This will ensure that all risks are identified and managed through effective processes and systems. This will ensure that business operations are not affected and disrupted.

Disaster Recovery Plan is a systematic process of recovering loss of data and information in an event of a disaster.

The Commission did not have in place a Risk Management Policy and Disaster Recovery Plan.

Root Cause/Implication

The delay in developing these policies indicates that the Commission may not have the capacity to develop the two policies.

The Commission may not be able to effectively identify risks and appropriately manage it on a timely manner.

Failure to have a Disaster Recovery Plan increases the risk of data loss in the event of natural disaster.

Recommendations

- **The Commission should review its business risks and ensure that the a Risk Management Policy is developed to assist in mitigating risks; and**

- **The Commission should consider developing a disaster recovery plan.**

Agreed Management Action

The Commission agreed to update its policies and guidelines on a regular basis.

5.10 Investment Fiji

Financial Information - 2018

The audit of Investment Fiji for the financial year 2018 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Investment Fiji for 2018.

Investment Fiji - Abridged Statement of Financial Performance

Description	2018 (12 months) ($)	2017 (7 months) ($)
Government Grant	2,481,157	2,136,580
Registration Fees	293	286
International Business Award- Income	361,133	504,697
Other Income	65,969	4,721
Total income	**2,908,552**	**2,646,284**
Administrative Expenses	274,761	269,030
Depreciation	83,484	95,835
Operating Expenses	555,182	515,971
Amortization of Intangible Asset	9,244	---
Personnel Expenses	1,578,383	1,338,977
International Business Award- expenses	331,079	323,932
Total Expenditure	**2,832,133**	**2,543,745**
Net Surplus/(deficit) for the Year/Period	**76,419**	**102,539**

Consistent with the changes in the financial year of Government, Investment Fiji changed its financial year from 31 December to 31 July in 2017. The financial statements for the year ended 2018 reflect transactions for twelve-month period whereas the financial statements for the period ended 2017 is for 7 months. Thus the variances with the comparative balances.

Investment Fiji - Abridged Statement of Financial Position

Description	2018 (12 months) ($)	2017 (7 months) ($)
Cash on Hand and at Bank	917,104	927,882
Receivables	104,263	283,521
Property, Plant and Equipment	348,644	675,274
Intangible Assets	455,516	---
Total Assets	**1,825,527**	**1,886,677**
Trade Creditors and Accruals	110,374	181,880
Payable to Ministry of Economy	455,000	545,023
Provisions for Employee Entitlement	106,802	82,842
Deferred Grant Income	142,202	142,202
Total Liabilities	**814,378**	**951,947**
Net Assets	**1,011,149**	**934,730**

Other significant matters – Investment Fiji 2017

Absence of Governance Policies

It is imperative that for good governance the Company has in place a Risk Management Policy. This will ensure that all risks are identified and managed through effective processes and systems. This will ensure that business operations are not affected and disrupted.

Disaster Recovery Plan is a systematic process of recovering loss of data and information in an event of a disaster.

We noted that Risk Management Policy and Disaster Recovery Plan were not in place.

Root Cause/ Implication

The Commission may not be able to effectively identify risks and appropriately manage them on a timely manner.

Failure to have a Disaster recovery plan increases the risk of data loss in the event of natural disaster.

Recommendation

Disaster Recovery plan and Risk Management Policy should be developed and implemented which should be reviewed progressively for relevant changes.

Agreed Management Action

Investment Fiji has indicated that it will work on a Disaster Recovery Plan (DRP) immediately as recommended and a draft is expected to be available by end of Dec 2019.

5.11 Civil Aviation Authority of Fiji

Financial Information – 2018

The audit of the Civil Aviation Authority of Fiji for the year ended 31 December 2018 resulted in the issue of an unqualified audit opinion.

Presented below is the abridged financial information of Civil Aviation Authority of Fiji for the year ended 31 December 2018.

Civil Aviation Authority of Fiji – Abridged Statement of Financial Performance

At Year End	2018 ($)	2017 ($)
Income	5,486,525	5,481,747
Other Operating Income	376,297	402,541
Total Income	**5,862,822**	**5,884,288**
Administrative Expenses	1,454,735	1,372,549
Operating Expenses	1,762,230	1,514,496
Personnel Expenses	2,995,478	2,891,100
Total Expenses	**6,212,443**	**5,778,145**
Operating (Loss)/Profit Before Net Financing Income	**(349,621)**	**106,143**
Net Financing Income	108,541	112,099
Operating (Loss)/Profit Before Tax	**(241,080)**	**218,242**
Income Tax Benefit/(Expense)	109,491	(481,483)
Net Loss After Tax	**(131,589)**	**(263,241)**
Change in Fair Value of Investments	2,226,797	1,206,182
Revaluation of Property, Plant and Equipment, net of tax	-	1,847,543
Total Comprehensive Income For the Year	**2,095,208**	**2,790,484**

The Authority incurred a net loss before tax of $241,080 in 2018 compared to the net profit before tax of $218,242 in 2017.

The net loss was mainly due to the increase in expenses by 8% or $434,298 in 2018. The expenses increased as the Authority incurred expenditure of $290,626 to host the conference of the 55th Directors General of Civil Aviation Asia and Pacific Region on 22 to 26 October 2018.

In addition, travel and accommodation expenses increased by 75% or $176,165 due to travel incurred for various overseas meetings attended by staff on Water Aerodromes meeting in Maldives, ICAO Regional Workshop, inspection of Fiji Airways new aircraft Boeing B737 Max-8 acceptance in Seattle USA and other inspection and audit works.

The net loss after tax decreased by 50% or $131,652 in 2018 compared to 2017 due to the income tax benefit of $109,491 in 2018 arising from net loss during the year compared to the income tax expense of $481,483 in 2017.

Civil Aviation Authority of Fiji – Abridged Statement of Financial Position

At period end	2018 ($)	2017 ($)
Cash and Cash Equivalents	1,769,948	748,130
Trade Receivables	216,289	146,248
Income Tax Refundable	34,562	-
Other Assets	1,114,334	1,082,546
Investments	13,041,201	11,814,404
Property, Plant and Equipment	6,520,205	6,608,966
Intangible Assets	349,781	352,924
Total Assets	**23,046,320**	**20,753,218**
Trade and Other Payables	959,978	738,883
Income Tax Payable	-	4,669
Employee Benefits	168,600	95,620
Deferred Income Tax Liability	501,825	592,757
Total Liabilities	**1,630,403**	**1,431,929**
Net Assets	**21,415,917**	**19,321,289**

Net assets increased by 11% or $2,094,628 in 2018 compared to 2017. The increase was mainly due to the increase in cash and cash equivalents by 137% or $1,021,818, and increase in investments by 10% or $1,226,797.

The Authority cashed $1,000,000 of its term deposits held with HFC bank resulting in increased cash as at 31 December 2018. In addition, the value of investment at Unit Trust of Fiji increased by $2,226,797 as the market price per unit at 31 December 2018 increased to $2.38 compared to $1.90 per unit at 31 December 2017.

6.0 Abridged Financial Information and Other Significant Matter(s) – Backlog Audit

In the following section, we provide the abridged financial information and significant audit findings for each statutory authority which are in the backlog.

6.1 Fiji Sports Council – 2016

Financial Information – 2016

The audit of the financial statements for the year ended 31 July 2016 resulted in an unqualified audit opinion.

Presented below is the abridged financial information of Fiji Sports Council's for 2016.

Fiji Sports Council - Abridged Statement of Financial Performance

Year period/year ended 31 July/December	2016 (7 months) ($)	2015 (12 months) ($)
Revenue		
Operating Revenue	552,855	2,513,078
Other Operating Revenue	1,992,566	2,167,999
Total Revenue	**2,545,421**	**4,681,077**
Expenditure		
Administrative Expenses	229,921	218,826
Depreciation	3,897,962	4,747,808
Personnel Expenses	1,103,388	1,655,003
Interest Expenses	173,747	342,795
Total Expenses	**5,405,018**	**6,964,432**
Net Deficit/Surplus	**(2,859,597)**	**(2,283,355)**
Other Comprehensive Income	---	85,990,133
TOTAL Comprehensive (loss)/Income	**(2,859,597)**	**83,706,788**

Consistent with the changes in the financial year of Government, Fiji Sports Council changed its financial year from 31 December to 31 July in 2016. The financial statements for the year ended 2016 reflect transactions for 7-month period whereas the financial statements for the period ended 2015 is for 12 months. Thus, the variances with the comparative balances.

Fiji Sports Council - Abridged Statement of Financial Position

As at 31 July/December	2016 (7 months) ($)	2015 (12 months) ($)
Assets		
Current Assets	1,859,786	2,030,760
Other receivables	242,274	-
Property, Plant & Equipment	149,836,294	152,004,613
Total Assets	**151,938,354**	**154,035,373**
Liabilities		
Current Liabilities	4,341,727	5,342,021
Non-current liabilities	65,072,125	63,309,253
Total Liabilities	**69,413,852**	**68,651,274**
Net Assets	**82,524,502**	**85,384,099**
Accumulated Funds		
Reserves	**88,315,210**	**88,315,210**
Accumulated Losses	**(5,790,708)**	**(2,931,111)**
Total Funds and Reserves	**82,524,502**	**85,384,099**

Other Significant Issues – Fiji Sports Council

Lack of Controls in recording of facility Hire and concession Income

It is imperative that effective and adequate internal control is in place to ensure that cash received by the Council is properly received, banked and recorded in the financial statements. It is good internal control measure to implement separation of duties in areas of operations involving collection of cash to minimize the risk of misappropriation of funds.

Review of the Council's internal controls on receipting and banking of income from hiring of facilities revealed that quotations/invoices for major events conducted for more than half day were not provided.

The following anomalies were noted on receipt and banking of concession income:

- Stock sheet not signed off by the preparer and reviewer;
- No evidence of check for the accuracy of the stock sheet;
- No indication of verification performed against the stock sheet;
- No evidence of reviews and checks on daily lodgments prepared by the cashier; and
- Daily cash analysis sheets not signed off by the preparer and reviewer.

Root Cause/Implication

The above findings indicate that the Council staff did not follow proper procedures for internal controls mainly due to lack of guidance and supervisory checks. This increases the risk of irregularities or fraudulent activities.

Recommendation

The Council should ensure that it implements proper controls over the various functions involving the collection and recording of facility hire and concession income

Agreed Management Action

The Council states that the new Finance Manager has improved the processes and system and necessary checks and balances are carried out.

Absence of Receipt Book Register

A register or revenue register record should also be maintained to document receipt books stock and those issued to other facilities of the Council. This will ensure adequate internal control for the custody of receipt books. It is also imperative that monthly stock take of receipt books is conducted.

The Council did not maintain an updated register for receipt books issued to other facilities. In addition, there was no evidence that monthly stock take of the receipt books was conducted.

Root Cause/Implication

The above finding indicates that the Council did not follow proper procedures for safe keeping of critical documents and accounting records.

Non-maintenance of the receipt book register can encourage fraudulent activities relating to cash.

Recommendations

The Council should ensure that:

- **an up-to-date receipt book register is maintained; and**
- **monthly stock take of receipt books is carried out and any unaccounted issue of receipt books is fully investigated.**

Agreed Management Action

The Council stated that it has improved its process in relation to maintenance of receipt book register and is in the direct supervision of the Manager Finance

Anomalies in Receipting and Banking of Revenue Receipts

All revenue collected shall be banked in the Council's' nominated bank account daily.[7] Officers in violation of daily banking requirements specified above shall be dealt with through the appropriate disciplinary procedures.[8]

We noted the late lodgments of revenue for concessions income. Refer to Table below for details.

Receipt No.	Amount ($)	Receipt Date	Deposit Date	No. of Days Delayed
Concession Account				
62715	59.70	04/07/2016	03/08/2/016	23
62724	1,148.40			
62718	494.80			
62720	1,555.00			
62722	224.00			
62729	3,593.90			
62716	2,531.30			
62721	23.80			
62719	2,964.00			
62727	1,713.40			
62725	74.20			
62728	113.65			
62726	97.00			
63092	41.30	20/07/2016	04/08/2016	12
63096	680.35			
63097	571.40			
63095	42.10			
63094	36.15			
Total	**15,964.45**			

[7] Fiji Sports Council Finance Manual – Section 8.4.11
[8] Fiji Sports Council Finance Manual – Section 8.4.12

Root Cause/Implication

The above anomalies were a result of inadequate supervision and staffs not in compliance with the policies in the Finance manual.

The above exposes the Council to high risk of fraudulent activities in relation to revenue received by the Council.

Recommendation

The Council should ensure that:

- **All receipts are banked intact on a daily basis; and**
- **There is adequate trail from the amounts receipted to the general ledger**

Agreed Management Action

The Council agrees to make changes to the processes for an immediate improvement and further states that some improvements has already been made.

Variance between Ticket Sales Receipts and Cash Banked

Tickets and cash must be reconciled at the end of every event. If balance is not achieved, the Facility Manager and the Finance representative must be notified immediately and a full report written. The Finance Manager must investigate and if balance is not achieved, the CEO must be advised.[9] All Gate taking revenue must be banked on the next working day. The bank deposit must reflect the name of the event.[10]

We noted variance of $5,882 between the total receipts amounts for ticket sales and the cash banked during a major event match ticket presales from 18th of April to 1st of July. Refer to Table below for details.

Details of Short Deposit

Descriptions	Amount ($)
Total Receipts Issues (includes cash sales, EFTOS and direct deposit	575,340
Deposit noted in the Bank statement (includes EFTOS and direct deposit and less refunds)	569,458
Short deposit	5,882

Root Cause/Implication

The audit findings indicate that appropriate accounting procedures were not followed by staff responsible.

The above anomaly increase the risk of fraudulent activities relating to cash.

[9] Fiji Sports Council Finance Manual – Section 24.2
[10] Fiji Sports Council Finance Manual – Section 24.3

Recommendations

- **The Council should ensure that controls in place are implemented for receipting and banking for ticket sales; and**
- **The Council should investigate the variance and take corrective actions.**

Agreed Management Action

The Council states that they have made improvements in its reconciliation processes and processes are in place.

6.2 Western Division Drainage Board

Financial Information – 2016

The audit of the Western Division Drainage Board for the seven months ended 31 July 2016 resulted in the issue of *unmodified opinion* (unqualified) audit opinion.

Presented below is the abridged financial information of Western Division Drainage Board for the seven months ended 31 July 2016.

Western Division Drainage Board – Abridged Statement of Financial Performance

At period end	2016 (7 months) 31 July ($)	2015 (12 months) 31 December ($)
Grants from Government	121,078	647,710
Other Income	12,086	6,167
Total Income	**133,164**	**653,877**
Administrative Expenses	24,288	20,778
Staff Costs	41,435	72,312
Drainage Maintenance	128,210	408,318
Depreciation Expenses	106	623
Operating Expenses	17,462	28,933
Total Expenditure	**211,501**	**530,964**
(Deficit) / Surplus for the Period	**(78,337)**	**122,913**

Consistent with the changes in the financial year of Government, the Board changed its financial year from 31 December to 31 July. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period. Thus, the significant variances with the comparative balances.

Western Division Drainage Board – Abridged Statement of Financial Position

At period end	2016 (7 months) 31 July ($)	2015 (12 months) 31 December ($)
Cash	309,724	340,984
Receivables	5,506	1,699
Financial Assets – Term Deposits	-	144,251
Plant and Equipment	1,430	291
Total Assets	**316,660**	**487,225**
Creditors and Accruals	65,684	159,302
Provisions	5,088	3,698
Total Liabilities	**70,772**	**163,000**
Net Assets	**245,888**	**324,225**

6.3 Water Authority of Fiji

Financial Information - 2016

The audit of the financial statements of Water Authority of Fiji for the year ended 31 December 2016 resulted in a qualified audit opinion.

The qualification was due to the following:

- Revenue included as Note 5 in the financial statements are water and sewerage charges of $32,410,653 which are directly deposited in the consolidated bank account of Government. The recognition criteria for revenue recognition set by International Accounting Standards (IAS) 18 requires that economic benefit associated with the item of revenue should flow to the entity. The Authority did not meet this recognition criteria and therefore water and sewerage charges of $32,410,653 and its related receivables of $10,228,694 are not fairly stated in the financial statements.

- The opening balance of Property, Plant and Equipment amounting to $1,888,909,608 for the year ended was not subject to valuation at the time of the transfer to Water Authority of Fiji. The valuation of those assets was carried out in 2006. Consequently, the valuation of the opening balance of property, plant and equipment when it transferred in 2010 could not be confirmed.

Presented below is the abridged financial information of Water Authority of Fiji.

Water Authority of Fiji - Abridged Statement of Financial Performance

Description	2016 ($)	2015 ($)
Operating Revenue	114,125,502	87,329,457
Other income	39,022,697	22,497,780
Total revenue	**153,148,199**	**109,827,237**
Personnel Expenses	(26,026,267)	(19,515,199)
Operating Expenses	(89,319,186)	(62,452,610)
Profit from operations before depreciation and amortization, finance income and income tax	**37,802,746**	**27,859,428**
Depreciation and Amortization	(59,288,328)	(58,300,576)
Finance income	103,454	50,315
Loss before income tax	**(21,382,128)**	**(30,390,833)**
Income tax	---	---
Loss for the period	**(21,382,128)**	**(30,390,833)**
Other comprehensive income for the year, net of income tax	---	---
Total comprehensive (loss) for the year	**(21,382,128)**	**(30,390,833)**

The Authority continued to record loss which decreased by $9,008,705 or 30% from the loss recorded in 2015. The decrease in loss recorded is a result of the increase in government grant received in 2016 which increased by $17,152,853 or 31%. Revenue collected for water and waste water charges also increased in 2016 by a total of $9,643,192 or 28%.

Water Authority of Fiji - Abridged Statement of Financial Position

Description	2016 ($)	2015 ($)
Assets		
Cash & Cash Equivalents	34,565,274	35,464,433
Trade and Other Receivables	15,694,970	12,235,959
Inventories	28,939,985	16,565,503
Held to Maturity Investments	1,000,000	5,000,193
Other Assets & Prepayments	887,838	1,513,407
Property, Plant & Equipment	1,757,340,790	1,762,534,613
Total Assets	**1,838,428,857**	**1,833,314,108**
Liabilities		
Obligation Under Finance lease	91,458	510,901
Trade & Other Payables	15,610,201	15,268,669
Provision for Employee Entitlement	775,140	683,010
Deferred revenue- Capex grant	296,841,158	231,992,329
ADB Funded grant	68,398,812	70,011,961
Total Liabilities	**381,716,769**	**318,466,870**
Net Assets	**1,456,712,088**	**1,514,847,238**

Net assets decreased by $58,135,150 or 4% in 2016 compared to 2015. The decrease was mainly attributed to increase in deferred grant balance which increased by $64,848,829 or 28% in 2016 compared to 2015. This was mainly due to not lesser capital grant utilized in 2016 compared to 2015 for project works.

Other significant matters – Water Authority of Fiji 2016

Unauthorised Contractors Engaged for Hiring of Vehicles and Machines

The WAF Board on 21/3/16 through decision paper no.1985 approved the tender for the hire of plant and machinery for efficient and effective delivery of services and provision of consistent water supply to 176 contractors for the Authority to engage from.

We noted that several contractors which were not approved by the Board were contracted for hire of plant and equipment by the Authority. From a sample reviewed during audit, we noted that a sum of $315,757 was paid to contractors which were not approved by the Board. The Authority indicated that vendors outside the approved list were selected due to unavailability of the approved vendors. However, no evidence was documented to substantiate this. Furthermore, we could not substantiate the reasonableness of the rates charged by the unauthorized contractors.

Root Cause/Implication

The anomaly indicates that the Authority has no written policy or guideline to document the reasons with supporting documents for selecting vendors other than from the approved list. In absence of any supporting documentation there is a high risk that unauthorized vendors are selected for the services. Additionally, the risk of hiring the unauthorized vendors through collusion is also very high.

Recommendations

The Authority should ensure that:

- **only the Board approved contractors are engaged for all works carried out;**
- **Adequate supporting documents are maintained for hiring of unapproved contractors.**

- **Policies should be written or amendments made in the procurement policy for the provision of selecting vendors other than from the approved list**

Agreed Management Action

According to the Authority, in 2016 & 2017, the WAF demand in terms of Plant Hire was more than the supply therefore, the Authority had to sort additional contractors that could meet WAF's demand. Those bidders that did not tender were engaged to provide Plant Hire services. These bidders provided their necessary documentation (similar to those submitted for tender), inspection was done before the plant hire agreement was signed and engaged. A fresh tender was called in May 2017 (FIN 048/2017) & 3 other supplementary tender was called in December 2017 & early 2018 (FIN 142/2017, FIN 143/2018 & FIN 144/2018).

Anomalies in Engagement of a Contractor for Hire of Gensets and Transformers

The Board approved the following proposed rates for Gensets and Transformers from a Contractor to be effective for a duration of one year.

- FJD $5,000 VEP per week for each Genset on standby plus $75 per hour on each running time; and
- Damage waiver: FJD $1,500 VEP per week.6

Contract vendors must be regularly reviewed for pricing and quality of products and services. The tender committee is responsible for the approval of preferred suppliers to supply goods and services to Authority.

Review of the payments for hire of generators revealed the following anomalies:

- We were not provided with the contract between the Authority and the Contractor. During the review of the payment vouchers, it was evident from the email correspondences that the contract had expired.
- The Authority did not call for fresh tenders in 2016 for hiring of generators and transformers at the Waimanu Pumping Station
- The Authority re-engaged the Contractor during 2016 for the hire of generators and transformers even though the contract had expired.
- approval was obtained from the Chief Executive Officer through email for the continual hire of generators and transformers.

Root Cause/Implication

The audit findings indicate that the Authority did not invite other contractors to bid for hiring of generators and transformers and did not obtain Board approval for the extension of the contract agreement with the Contractor.

The findings also indicate that Authority did not monitor the expiry of the contract agreement and will not be able to obtain value for money if proper procurement procedures are not followed. This can result in cost escalations and inability to take legal actions against the contractor for non-performance due to absence of a legally binding contract agreement between the two parties.

Recommendation

The Authority must ensure that proper procurement procedures are followed at all times and take appropriate disciplinary actions against responsible staffs for not complying with the procurement process.

Agreed Management Action

The Authority responded that it was important for the Authority to continue hiring these generators during this crucial time, prioritizing the concerns of the people, the cost vs. benefit analysis and the reservation of this specialized generator & transformer.

Continual monthly engagement was sought from Management for the hire of these gensets & transformers however total cost incurred was significant hence Board approval was sought in 2017 to release payments for the hire of gensets & transformers in 2016.

Engagement of Unapproved Supplier for Provision of Tendered Services

Water Authority of Fiji's Policies and Procedures Procurement and Purchasing section 11 (11.2) and 11(11.3) requires that All tenders submitted and received shall be officially recorded and initialed during the tender committee meeting. At no stage may additions or alterations be made to original tender documents.

Our review of the payment vouchers for plant hire revealed the following anomalies:

- Instances were noted where Contractor A was engaged for hire of 15,000 litres tank even though it was not an approved contractor for the provision of this service.
- WAF did not maintain adequate supporting documents to confirm that the tendered suppliers of 15,000 litre tank would not be able to provide the services requested and thus the Authority decided to engage the Contractor A.
- WAF provided a letter dated 26/08/16 from contractor requesting for addition of a 10 wheeler water cart truck with pump and tank of 15,000 litres at a rate of $180.00 VIP per hour to be included in the tender submission list. However, the tender for plant hire was already approved through Board Decision Paper 1985 on 21/03/16. The change in the scope of services was not communicated to the Board and included in the list of plant hire.
- Contractor B who is the approved contractor for the hire of water cart truck with 19,000 litres tank capacity was charging $100.00 VIP per hour which is $80.00 less than the charge rate for contractor A.

Root Cause/Implication

The finding shows that proper procurement procedures were not always followed by the Authority. There is a high risk of collusion between the Authority's employees and the Contractor.

Recommendation

The Authority must ensure that proper procurement procedures are followed at all times and take appropriate disciplinary actions against responsible staffs for not complying with the procurement process.

Agreed Management Comments

According to the Authority, the engagement of Contractor A was obtained through reasonable quotes since the approved tender was only for 5,000 Litre tanks. In 2016 WAF was tasked to cart water to non-metered (previously performed by various Commissioners Office) areas. The increase in demand resulted in engaging of additional trucks with 10,000/15,000 Litre of tanks. This was to ensure more coverage during each day/run.

In 2017, the Authority verified the tank capacity for the engaged vehicle and noted anomalies in the capacity of the tank which resulted in the termination of services of Contractor A. The difference in rates for the tanks capacity amounted to $23,360 which was recovered on 16 May 2017, WAF receipt no. 041085.

No Proper Board Approval for Bad Debts Written Off

We noted that there was board approval obtained for bad debts written off in 2016 amounting to $551,889.70. The Authority mentioned that the approval was given in 2012 by Cabinet for the write off of $13m. However, the approval given by the Cabinet was for water and sewage rate debtors up to year 2012 and mostly for debtors that was inherited by Water Authority of Fiji from the Water and Sewage Department. Bad debts written off in 2016 could also include debtors which would not have been part of the initial approval by the Cabinet hence Board approval should have been obtained.

Root Cause/Implication

This indicates that the Authority is not following the laid down process in the Authority's policies and procedures. In the absence of Board approval, the write-off of bad debts may not be properly authorized.

Recommendation

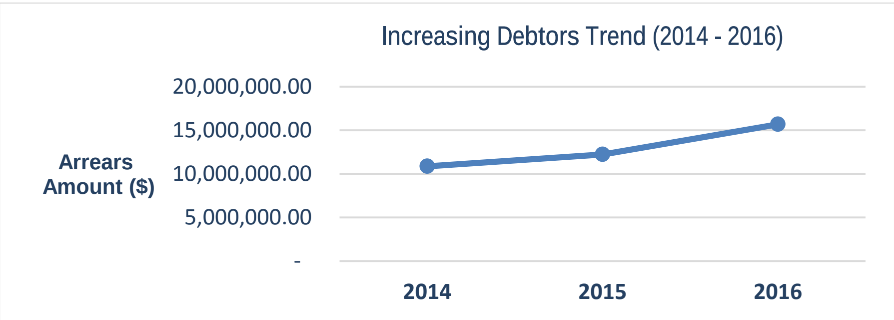
The Authority should ensure that all bad debts are approved by the board before it is written off from the accounts.

Agreed Management Action

According to the Authority, bad debts were written off using the approved 2012 cabinet decision. In addition, a Cabinet Memorandum was submitted to Ministry of Public Enterprise in 2015 pending approval for the write-off of $18.9m.

Increasing Trend of Debtors

A review of the Authority's arrears was carried out for the past three years and it was noted that there is an increasing trend in the debtors balance. Refer to graph below for details.



In addition, we noted that the Authority's provision for doubtful debts as at 31 December 2016 amounted to 75% of the gross water and sewage rate debtors. Refer below for details:

Description	Amount ($)
Gross rate and sewage debtors	37,740,884
Provision for doubtful debts	28,203,272
% of provision over debtors	75%

High provision for doubtful debts is a matter of concern as it shows that the Authority's debt recovery processes are not working well and the Government may be losing out on the revenue it is entitled to receive.

Root Cause/Implication

While the Authority has the process in place to follow up the debt, it appears that this is not practiced effectively.

It is possible that these may become irrecoverable and the Authority will end up writing-off substantial amount of debts.

Recommendations

- **The Authority should ensure that effective strategies and measures are implemented so that debt is collected in a timely manner; and**

- **The Authority should continuously review its collection strategy to make it more effective and efficient.**

Agreed Management Action

The Authority indicated that it is continuously working with Accounts Receivable Unit on the collection strategies to ensure effective recovery of all overdue accounts.

Anomalies in Engagement of Internal Audit Services

Purchase of goods and services including capital purchase of $50,000 or more (excluding VAT) should be subject to formal tender process and required to be evaluated by the Tender Committee and approved by the Board. Tendering processes and guidelines are to be applied to[11]:

a) Ensure the best sources of goods and services;
b) Determine the most competitive price and terms available;
c) Explore the market for alternative options;
d) Minimize the potential risk to reputation; and
e) Reduce the risk of unfair purchase or conflicts of interest.

The Authority engaged an accounting firm to provide three-year risk-based Internal Audit services from 11 January 2016 to 30 December 2018 at an annual fee of $58,000 without following the tender process.

[11] Water Authority of Fiji, Policies and Procedures Manual, Procurement and Purchasing, Section 6

Root Cause/Implication

The findings indicate disregard by the Authority of the Procurement and Purchasing Policy.

The Authority was not transparent in selection of the accounting firm for internal audit which could have resulted in savings.

Recommendation

The Authority should ensure that the procurement policy is followed whenever any procurement is done.

Agreed Management Action

The awarding of the internal audit services for WAF was a Board decision.

6.4 Fiji Medical and Dental Secretariat

Financial Information - 2015

The audit of Fiji Medical and Dental Secretariat for the financial year 2015 resulted in the issue of unmodified opinion (unqualified) audit opinion. However, emphasis was provided on the following matter:

Recorded in the Statement of Financial Position is Trade Receivables of $12,781 which resulted from the issue of medical or dental practice license by the Registrar without the payment of the prescribed fee which is also a breach of section 45 of the Medical & Dental Practitioner Act 2010.

Presented below is the abridged financial information of Fiji Medical and Dental Secretariat.

Fiji Medical And Dental Secretariat – Abridged Statement of Financial Performance

Description	31 December 2015 ($)	December 2014 ($)
Subscriptions	247,103	226,868
Amortization of deferred revenue	18,400	6,400
Other Income	20,871	13,519
Total Income	**286,374**	**246,787**
Administration & Operating expenses	89,369	52,524
Personnel Expenses	144,461	125,768
Total Expenditure	**233,830**	**178,292**
Surplus for the year	**52,544**	**68,495**

The Secretariat recorded a net surplus of $52,544 in 2015compared to a net surplus of $68,495 in 2014; a decrease of $15,951 or 23%. The decrease in surplus was mainly due to increase in total expenditure which increased by $55,538 or 31% when compared to 2014. The increase was mostly attributable to loss on disposal of plant and equipment of $14,014 compared to $1,441 in 2014.

Fiji Medical and Dental Secretariat – Abridged Statement of Financial Position

Description	December 2015 ($)	December 2014 ($)
Cash and cash equivalents	159,458	123,356
Held-to-maturity Investment	262,929	257,000
Trade Receivables	12,781	10,630
Other Assets	9,007	300
Plant and equipment	50,916	51,093
Total Assets	**495,091**	**442,379**
Subscriptions received in advance	3,731	4,046
Trade and other payables	25,756	14,059
Employee entitlement	12,504	6,969
Deferred Revenue	22,975	39,724
Total Liabilities	**64,966**	**64,798**
Net Assets	**430,125**	**377,581**

The increase in net assets by $52,544 or 14% was due to the net surplus of $52,544 recorded for the year ended 31 December 2015.

Other Significant Matters – Fiji Medical and Dental Secretariat

Increase in Unpaid Subscriptions

Section 45 of the Medical and Dental Practitioner Act 2010, requires every registered medical and dental practitioner who engages in medical and dental practice to hold a valid and current medical and dental license.

A total of $12,781 subscriptions remained unpaid as at 31/12/15.This was an increase of $2,151 or 20% compared to 2014.

We noted that the amount owed by medical practitioners continues to increase yearly and the members continue to be issued their certificate for practice and serving the public.

Root Cause/Implication

The Secretariat does not have a recovery policy in place. The Secretariat follows up with reminders to the debtors. However, this can be improved.

This is a non-compliance issue with the Act and increases the risk of uncertified medical services rendered to the public.

Recommendation

The Secretariat should develop and implement a debt recovery policy and take a prudent approach before issuing practicing certificates.

Agreed Management Action

The Secretariat agreed to the recommendation provided.

Breach of Medical & Dental Practitioner Act 2010-Section 45 (5)

Contrary to Section 45 (5) of the Act, the audit noted that the Secretariat was renewing and issuing the Practitioners Licenses without payment of the prescribed fees.

We noted that the Registrar allowed Practitioners to pay subscriptions in installments which is breach of Medical & Dental Practitioner Act 2010-Section 45 (5).

Amount totaling of $12,781 remained outstanding in subscriptions as at 31 December 2015 while subscriptions are the major source of income for the Secretariat. We further noted that outstanding subscription from the practitioners totaled $12,781 as at 31 December 2015.

Root Cause/Implication

Issuing Licenses to practitioners without receipt of full prescribed fee is breach of Section 45 (5) of the Act which can result in loss of revenue if not collected promptly and practitioners operating on expired licenses.

Recommendations

- **The Secretariat should ensure that renewal of licenses are only made upon full payment of prescribed fees as required under the Act. Secretariat should develop monitoring strategies to ensure that all medical and dental practitioners are registered with the Secretariat and are operating in Fiji with valid license; and**

- **The board should consider taking appropriate action for breach of Act in renewing licenses.**

Agreed Management Action

The Secretariat agreed to the recommendation

Annual Report not prepared

Section 24 of the Medical and Dental practitioner Act 2010 states that each Council must, on or before April in each year, deliver to the Minister a report on the administration of this Act in relation to its administration of this Act in relation to its responsibilities and the work of that Council during the preceding financial year.

We noted that the Secretariat -as yet to submit the 2011-2015 Annual reports to the Minister.

Root Cause/Implication

Changes in the board members over the years have made it difficult to get the annual report signed- off by the respective Board Chairman during these years.

In the absence of the annual report, the Secretariat has not been reporting on its responsibilities, activities and financial performance over the years.

Recommendations

The Secretariat should ensure that annual reports are prepared and delivered to the Minister.

Agreed Management Action

The Secretariat agreed to the recommendation.

Absence of Risk Management Policy

It is imperative that for good governance the Company has in place Risk Management Policy. This will ensure that all risks are identified and managed through effective processes and systems. This will ensure that business operations are not affected and disrupted.

We noted that the Secretariat does not have a risk management framework in place.

As a result, the Secretariat does not have written policies, procedures and guidelines to manage the risks associated with the fraud control and anti-corruption, disaster recovery and business continuity plans.

Root Cause/Implication

It is possible that the Secretariat does not have the necessary capacity to develop the Risk Management Policy. As a result the Secretariat may not be able to effectively identify risks and appropriately manage them in a timely manner.

Recommendation

The Secretariat should ensure that governance and accountability function is established in consultation with its line Ministry. This will support the operations of the Secretariat by providing financial and operational risk management. A risk management framework should also be developed and continuously used.

Agreed Management Action

The Secretariat agreed to the recommendation.

6.5 Centre for Appropriate Technology and Development (CATD)

Financial Information - 2010

The audit of Centre for Appropriate Technology and Development for the financial year 2010 resulted in the issue of *modified opinion* (qualified) audit opinion. The qualifications were as follows:

- The Centre did not prepare and present a statement of cash flow and notes comprising a summary of accounting policies and explanatory notes for the year ended 31 December 2010, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flow Statements.

- An unreconciled variance of $83,102 exists between the capital reserve cash at bank balance and the general ledger balance. As a result the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

- The Centre was unable to provide receipts pertaining to income generated from seminar reimbursement, leadership and entrepreneurship and farm produce of $23,153, $136,755 and $39,633, respectively. The missing records have provided limitation to the scope of the audit to confirm the balance of these revenue disclosed in the financial statements.

- The Centre recorded work in progress of $28,288 in the Financial Statements. The Centre was unable to provide any documentations to support the work in progress balance. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

Presented below is the abridged financial information of Centre for Appropriate Technology and Development.

CATD - Abridged Statement of Financial Performance

Description	2010 ($)	2009 ($)
Operating income	519,307	561,181
Government grant	800,000	854,365
Other income	34,230	19,402
Total Income	**1,353,537**	**1,434,948**
Depreciation	152,133	143,407
Staff costs	368,989	369,007
Other operating expenses	904,356	933,256
Interest expenses	1,479	2,148
Total Expenses	**1,426,957**	**1,447,818**
Net Deficit	**(73,420)**	**(12,870)**

The centre recorded an increase in net loss in 2010 as a result of reduction in government grant and reduction in operating income arising from leadership/entrepreneurship fees.

CATD - Abridged Statement of Financial Position

Description	2010 ($)	2009 ($)
Cash	742,617	918,363
Deposits and prepayments	4,045	4,045
Receivables	156,874	22,215
VAT receivables	148,759	134,238
Property, Plant & Equipment	4,702,693	4,742,511
Total Assets	**5,754,988**	**5,821,372**
Accounts Payable	15,573	3,184
Total Liabilities	**15,573**	**3,184**
Net Assets	**5,739,415**	**5,818,188**

The decrease in net assets in 2010 was largely due to the low cash inflow which was due to reduction in government grant and operating income.

Financial Information - 2011

The audit of Centre for Appropriate Technology and Development for the financial year 2011 resulted in the issue of *modified opinion* (disclaimer) audit opinion. The qualifications were as follows:

- The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium – sized Entities ("IFRS for SMEs"). The Centre is yet to adopt and comply with IFRS for SMEs as required for general purpose financial statements. Accordingly, I am unable to determine the impact on the financial statements if any, adjustment which may be necessary if the financial statements were prepared under IFRS for SMEs.

- An unreconciled variance of $83,102 exists between the capital reserve cash at bank balance and the general ledger balance in prior year. We were unable to substantiate the adjustment made during the year to reconcile the variance. As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

- The Centre was unable to provide receipts pertaining to income generated from seminar reimbursement and leadership and entrepreneurship of $74,453 and $83,974, respectively. The missing records have provided limitation to the scope of the audit to confirm the balance of these revenue disclosed in the financial statements.

- The Centre recorded work in progress of $28,288 in the Financial Statements. The Centre was unable to provide any documentations to support the work in progress balance. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Center did not prepare and present a statement of cash flow and notes comprising a summary of accounting policies and explanatory notes for the year ended 31 December 2011.

Presented below is the abridged financial information of Centre for Appropriate Technology and Development.

CATD - Abridged Statement of Financial Performance

Description	2011 ($)	2010 ($)
Operating income	381,444	519,307
Government grant	458,890	800,000
Other income	36,443	34,230
Total Income	**876,777**	**1,353,537**
Depreciation	140,851	152,133
Staff costs	356,938	368,989
Other operating expenses	812,029	904,356
Interest expenses	1,180	1,479
Total Expenses	**1,310,998**	**1,426,957**
Net Deficit	**(434,221)**	**(73,420)**

The Centre recorded an increase in net loss in 2011 as a result of reduction in government grant received and reduction in operating income arising from leadership/entrepreneurship fees.

CTAD - Abridged Statement of Financial Position

Description	2011 ($)	2010 ($)
Cash	557,574	742,617
Deposits and prepayments	7,466	4,045
Receivables	21,953	156,874
VAT receivables	123,632	148,759
Property, Plant & Equipment	4,607,845	4,702,693
Total Assets	**5,318,470**	**5,754,988**
Accounts Payable	12,750	15,573
Total Liabilities	**12,750**	**15,573**
Net Assets	**5,305,720**	**5,739,415**

The decrease in net assets in 2010 was largely due to the low cash inflow which was due to reduction in government grant and operating income relating to leadership/entrepreneurship fees.

Financial Information - 2012

The audit of Centre for Appropriate Technology and Development for the financial year 2012 resulted in the issue of *modified opinion* (disclaimer) audit opinion. The qualifications were as follows:

- The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium – sized Entities ("IFRS for SMEs"). The Centre is yet to adopt and comply with IFRS for SMEs as required for general purpose financial statements. Accordingly, I am unable to determine the impact on the financial statements if any, adjustment which may be necessary if the financial statements were prepared under IFRS for SMEs.

- An unreconciled variance of $70,000 exists between the capital reserve cash at bank balance and the general ledger balance in prior year. We were unable to substantiate the adjustment made during the year to reconcile the variance. As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

- The Centre was unable to provide receipts pertaining to income generated from farm produce amounting to $53,367. The missing records have provided limitation to the scope of the audit to confirm the balance of these revenue disclosed in the financial statements.

- The Centre was unable to provide supporting documents to the journal entries made to the cash general ledger of $228,626. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Centre recorded work in progress of $28,288 in the financial statements. The Centre was unable to provide any documentations to support the work in progress balance. As a result, the audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Center did not prepare and present a statement of cash flow and notes comprising a summary of accounting policies and explanatory notes for the year ended 31 December 2012.

Presented below is the abridged financial information of Centre for Appropriate Technology and Development.

CATD - Abridged Statement of Financial Performance

Description	2012 ($)	2011 ($)
Operating income	437,522	381,444
Government grant	458,690	458,890
Other income	23,478	36,443
Total Income	**919,690**	**876,777**
Depreciation	135,290	140,851
Staff costs	317,350	356,938
Other operating expenses	838,447	812,029
Interest expenses	858	1,180
Total Expenses	**1,291,945**	**1,310,998**
Net Deficit	**(372,255)**	**(434,221)**

The Centre recorded a reduction in net loss in 2012 as a result of increase in operating income relating to leadership/entrepreneurship fees and seminar reimbursements.

CATD - Abridged Statement of Financial Position

Description	2012 ($)	2011 ($)
Cash	331,345	557,574
Deposits and prepayments	12,096	7,466
Receivables	33,153	21,953
VAT receivables	144,804	123,632
Property, Plant & Equipment	4,520,062	4,607,845
Total Assets	**5,041,460**	**5,318,470**
Accounts Payable	19,750	12,750
Mokani farm land	88,245	---
Total Liabilities	**107,995**	**12,750**
Net Assets	**4,933,465**	**5,305,720**

The decrease in net assets in 2012 was largely due to increase total liability of the centre. The Government provided capital grant of $88,245 for the upgrade of Mokani farm land in 2012. This fund remained unutilized as at balance date.

Financial Information - 2013

The audit of Centre for Appropriate Technology and Development for the financial year 2013 resulted in the issue of *modified opinion* (disclaimer) audit opinion. The qualifications were as follows:

- The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium – sized Entities ("IFRS for SMEs"). The Centre is yet to adopt and comply with IFRS for SMEs as required for general purpose financial statements. Accordingly, I am unable to determine the impact on the financial statements if any, adjustment which may be necessary if the financial statements were prepared under IFRS for SMEs.

- An unreconciled variance of $70,000 exists between the capital reserve cash at bank balance and the general ledger balance in prior year. We were unable to substantiate the adjustment made during the year to reconcile the variance. As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

- The Centre was unable to provide receipts pertaining to income generated from farm produce, grants, leadership and entrepreneurship and seminar reimbursements of $939,101. The missing records have provided limitation to the scope of the audit to confirm the balance of this revenue disclosed in the financial statements.

- The Centre was unable to provide supporting documents to the journal entries made to the cash general ledger of $40,601. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Centre recorded work in progress of $28,549 in the Financial Statements. The Centre was unable to provide any documentations to support the work in progress balance. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Center did not prepare and present a statement of cash flow and notes comprising a summary of accounting policies and explanatory notes for the year ended 31 December 2013.

Presented below is the abridged financial information of Centre for Appropriate Technology and Development.

CATD - Abridged Statement of Financial Performance

Description	2013 ($)	2012 ($)
Operating income	356,360	437,522
Government grant	656,804	458,690
Other income	33,357	23,478
Total Income	**1,046,521**	**919,690**
Depreciation	122,765	135,290
Staff costs	305,158	317,350
Other operating expenses	785,172	838,447
Interest expenses	904	858
Total Expenses	**1,213,999**	**1,291,945**
Net Deficit	**(167,478)**	**(372,255)**

The centre recorded a reduction in net deficit in 2013 compared to 2012. This was largely due to increase in government grant and reduction in operating expenditure.

CATD - Abridged Statement of Financial Position

Description	2013 ($)	2012 ($)
Cash	159,543	331,345
Deposits and prepayments	12,096	12,096
Receivables	33,153	33,153
VAT receivables	165,584	144,804
Property, Plant & Equipment	4,420,014	4,520,062
Total Assets	**4,790,390**	**5,041,460**
Accounts Payable	18,000	19,750
Mokani farm land	6,403	88,245
Total Liabilities	**24,403**	**107,995**
Net Assets	**4,765,987**	**4,933,465**

The decrease in net assets in 2013 was largely due to the low cash balance at year end which was mostly due to reduction in sale from farm produce, decrease in leadership/entrepreneurship training fees and seminar reimbursements.

Financial Information - 2014

The audit of Centre for Appropriate Technology and Development for the financial year 2014 resulted in the issue of *modified opinion* (disclaimer) audit opinion. The qualifications were as follows:

- The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium – sized Entities ("IFRS for SMEs"). The Centre is yet to adopt and comply with IFRS for SMEs as required for general purpose financial statements. Accordingly, I am unable to determine the impact on the financial statements if any, adjustment which may be necessary if the financial statements were prepared under IFRS for SMEs.

- An unreconciled variance of $70,000 exists between the capital reserve cash at bank balance and the general ledger balance in prior year. We were not able to substantiate the adjustment made during the year to reconcile the variance. As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

- The Centre was unable to provide receipts pertaining to income generated from farm produce, grants, leadership and entrepreneurship and seminar reimbursements of $1,150,264. The missing records have provided limitation to the scope of the audit to confirm the balance of this revenue disclosed in the financial statements.

- The Centre was unable to provide supporting documents to the journal entries made to the cash general ledger of $54,881. As a result, audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Centre recorded work in progress of $29,845 in the Financial Statements. The Centre was unable to provide any documentations to support the work in progress balance. As a result, the audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Center did not prepare and present a statement of cash flow and notes comprising a summary of accounting policies and explanatory notes for the year ended 31 December 2014.

Presented below is the abridged financial information of Centre for Appropriate Technology and Development.

CATD - Abridged Statement of Financial Performance

Description	2014 ($)	2013 ($)
Operating income	424,897	356,360
Government grant	656,513	656,804
Other income	33,678	33,357
Total Income	**1,115,088**	**1,046,521**
Depreciation	111,946	122,765
Staff costs	303,543	305,158
Other operating expenses	820,713	785,172
Interest expenses	1,219	904
Total Expenses	**1,237,421**	**1,213,999**
Net Deficit	**(122,333)**	**(167,478)**

The Centre recorded a reduction in net loss in 2014 as a result of increase in operating income arising from increase in leadership/entrepreneurship training fees and seminar reimbursements.

CATD - Abridged Statement of Financial Position

Description	2014 ($)	2013 ($)
Cash	129,720	159,543
Deposits and prepayments	12,096	12,096
Receivables	40,204	33,153
VAT receivables	179,002	165,584
Property, Plant & Equipment	4,317,553	4,420,014
Total Assets	**4,678,575**	**4,790,390**
Accounts Payable	28,941	18,000
Mokani farm land	5,980	6,403
Total Liabilities	**34,921**	**24,403**
Net Assets	**4,643,654**	**4,765,987**

The decrease in net assets in 2014 was largely due to the low cash balance at year end and increase in accounts payable.

Financial Information - 2015

The audit of Centre for Appropriate Technology and Development for the financial year 2015 resulted in the issue of *modified opinion* (disclaimer) audit opinion. The qualifications were as follows:

- The financial statements are required to be prepared in accordance with the International Financial Reporting Standards for Small and Medium – sized Entities ("IFRS for SMEs"). The Centre is yet to adopt and comply with IFRS for SMEs as required for general purpose financial statements.

Accordingly, I am unable to determine the impact on the financial statements if any, adjustment which may be necessary if the financial statements were prepared under IFRS for SMEs.

- An unreconciled variance of $70,000 exists between the capital reserve cash at bank balance and the general ledger balance in prior year. We were not able to substantiate the adjustment made during the year to reconcile the variance. As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

- The Centre was unable to provide receipts pertaining to income generated from farm produce, grants, leadership and entrepreneurship and seminar reimbursements of $901,379. The missing records have provided limitation to the scope of the audit to confirm the balance of this revenue disclosed in the financial statements.

- The Centre was unable to provide supporting documents to the journal entries made to the cash general ledger of $530,062. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Centre recorded work in progress of $29,845 in of the Financial Statements. The Centre was unable to provide any documentations to support the work in progress balance. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

- The Center did not prepare and present a statement of cash flow and notes comprising a summary of accounting policies and explanatory notes for the year ended 31 December 2015.

Presented below is the abridged financial information of Centre for Appropriate Technology and Development.

CATD - Abridged Statement of Financial Performance

Description	2015 ($)	2014 ($)
Operating income	276,473	424,897
Government grant	656,513	656,513
Other income	31,546	33,678
Total Income	**964,532**	**1,115,088**
Depreciation	91,742	111,946
Staff costs	279,669	303,543
Other operating expenses	782,026	820,713
Interest expenses	916	1,219
Total Expenses	**1,154,353**	**1,237,421**
Net Deficit	**(189,821)**	**(122,333)**

The Centre recorded an increase in net loss in 2015 as a result of reduction in operating income arising from reduction in leadership/entrepreneurship training fees and seminar reimbursements.

CATD - Abridged Statement of Financial Position

Description	2015 ($)	2014 ($)
Cash	23,316	129,720
Deposits and prepayments	12,096	12,096
Receivables	40,204	40,204
VAT receivables	187,325	179,002
Property, Plant & Equipment	4,227,681	4,317,553
Total Assets	**4,490,622**	**4,678,575**
Accounts Payable	32,000	28,941
Mokani farm land	4,789	5,980
Total Liabilities	**36,789**	**34,921**
Net Assets	**4,453,833**	**4,643,654**

The decrease in net assets in 2015 was largely due to the low cash balance at year-end which was mostly due to reduction in sale from farm produce, decrease in leadership/entrepreneurship training fees and seminar reimbursements.

Other significant matters

Non adoption of IFRS for SMEs

Smaller accounting entities will, following Fiji Institute of Accountant's adoption of the IFRS for SME from 1st January 2011, need to comply with that Standard. The old Fiji Accounting Standards (FASs) have been withdrawn.[12]

The Centre was yet to adopt and implement the requirement of the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) or International Public Sector Accounting Standards (IPSAS). The IFRS for SMEs or IPSAS has simplifications that reflect the needs of users of SME's financial statements and cost-benefit considerations.

In addition, it was noted that Statement of Cash flow was not included as part of the financial statements.

Root cause/Implication

This is due to the fact that the Center was not aware of the requirement to comply with general financial reporting framework. This also indicates that the accounting and finance personnel at the Centre are not well versed with preparation of financial statements.

Recommendation

The Centre should work towards the adoption of IFRS for SMEs or IPSAS in preparing and presenting financial statements.

Agreed Management Action

The management agreed to the assessment made. CATD will work on its future submission and comply with the standard required.

[12] Fiji Institute of Accountants Annual Report for 2011 – page 14

Variance in capital reserve bank account

The Accounts Officer shall prepare a bank reconciliation within five days after the end of the month. The Manager Corporate Services must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.[13]

We noted a variance of $83,102 between the cash at bank balance as per bank reconciliation and the cash at bank balance as per cash book in 2010. The variance was regularized in 2011. However, the adjustment made to regularize variance was not provided for audit verification.

Root cause/Implication

This indicates that accounting records are not maintained properly. As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

Recommendations

The variances in cash at bank balance should be investigated and rectified. In addition, the Centre should review its general accounting system and invest in recruiting a qualified accountant.

Agreed Management Action

The assessment is acknowledged. CATD management will work to rectify the variances in bank balance. This is fully acknowledged and CATD will work on this.

Anomalies noted in revenue

When cash or bank cheques are received, the Revenue Collector shall immediately issue an official receipt.[14]

It was noted that the following revenue balances were not supported with receipts and banking summary. Refer to Table 2.1 for details.

Details of unsupported revenue balances

Year	Seminar reimbursement ($)	Egg sale ($)	Leadership revenue ($)
2010	23,152.72	6,569.35	136,755
2011	74,453.19	1,407.15	83,973.55

Root cause/Implication

This is a result of improper maintenance of accounting records. The missing records have provided limitation to the scope of the audit to confirm the balance of this revenue disclosed in the financial statements.

[13] Centre for Appropriate Technology and Development Finance Manual – Section 20.3a & c
[14] Centre for Appropriate Technology and Development Finance Manual – Section 13.1a

Recommendations

The Centre should ensure that accounting records are properly maintained and that the revenue balance appearing in the financial statements are supported with relevant source documents.

Agreed Management Action

This is fully acknowledged. Current CATD management is trying to correct and improve its processes from previous practices and will ensure all its funds and transactions are fully documented.

Unsupported balances in the financial statements

The financial statements must be prepared and audited by the Auditor General. To ensure that the financial statements are prepared on time, all "end of the year" adjustments must be carried out within the first two weeks of the following financial year.[15]

The Centre recorded work in progress of $29,845 in of the Financial Statements. The Centre was unable to provide documentations to support the work in progress balance.

Furthermore, accumulated fund includes prior year adjustment amounting to $5,353 in 2010 and $526 in 2011. Relevant supporting documents to substantiate the prior year adjustment balance were not provided.

Root cause/Implication

This is a result of improper maintenance of financial records. As a result, we were unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of revenue and expenditure and balance sheet.

Recommendation

The Centre should ensure that accounting records are properly maintained so that balances reported in the financial statement are adequately supported.

Agreed Management Action

The management agrees to the recommendation made. The CATD management has been working hard to identify and file accounting records properly for future auditing works.

Anomalies noted in cash at bank

The Accounts Officer shall prepare a bank reconciliation within five days after the end of the month. The Manager Corporate Services must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.[16]

[15] Centre for Appropriate Technology and Development Finance Manual – Section 40b & c
[16] Centre for Appropriate Technology and Development Finance Manual – Section 20.3a & c

The following anomalies were noted in cash:

- In 2012 – 2015, a variance of $70,000 existed between the cash at bank balance as per bank reconciliation and the cash at bank balance as per general ledger for the capital reserve account.
- The cashbooks were not prepared and adjustments passed in the general ledger were not supported. This was evident in the Capital Reserve, Catering and Salary Partner bank account in 2012 and 2013 and for all the six bank accounts in 2014 and 2015.
- In 2014, monthly bank reconciliations were not prepared for all bank accounts. A yearly bank reconciliation was prepared which was not checked or signed by the supervising officer.

Root cause/Implication

This indicates that proper bank reconciliations were not performed As a result, the accuracy and completeness of the Capital Reserve cash account cannot be ascertained.

Recommendations

- **The Centre should review the entire accounting system and perform account reconciliations on a timely manner. All variances should be investigated and rectified on a monthly basis.**

- **The Centre should consider employing a qualified accountant to rectify the issues noted during the audit.**

Agreed Management Action

The management fully agreed with the recommendation and will work towards improvement of financial processes. The management fully agreed to the comments made and will ensure reconciliation is done every month and checked.

Issues noted in revenue

The Accounts Officer shall maintain a distribution register recording all receipt books and other revenue earning forms issued to revenue collectors. The lodgment forms shall be checked and signed by the Accounts Officer. When cash or bank cheques are received, the Revenue Collector shall immediately issue an official receipt. [17]

The Centre was unable to provide receipts pertaining to income generated from farm produce, grants, leadership and entrepreneurship and seminar reimbursements. Refer to Table 2.2 for details.

Details of receipts not provided

Year	Seminar reimbursement ($)	Farm produce ($)	Leadership revenue ($)	Government grant ($)	Other income ($)	Total ($)
2012	-	53,367	-	-	-	53,367
2013	168,529	22,724	57,365	656,804	33,678	939,102
2014	342,185	45,122	73,418	656,513	33,025	1,150,264
2015	229,146	-	1,506	656,513	14,213	901,379

[17] Centre for Appropriate Technology and Development Finance Manual – Section 12.3a, 13.5c & 13.1a

Root cause/Implication

This is caused by the improper maintenance of financial records and lack of supervisory checks. The missing records have provided limitation to the scope of the audit to confirm the balance of this revenue disclosed in the financial statements.

Recommendations

- **The Centre should ensure that accounting records are properly maintained;**
- **The revenue balance appearing in the financial statements should be supported with relevant source documents; and**
- **Supervisory checks should be strengthened in the revenue section.**

Agreed Management Action

The management agreed with the recommendation stated and will be working to improving all processes and procedures to ensure records are properly filed and checking mechanism is in place.

Delay in banking

The Clerical Officer Accounts shall bank money received on a daily basis before the bank closes. Unless or otherwise if money received after 3:30pm then it shall be banked on the next working day.[18]

We noted several instances whereby banking was not done daily in 2013. Refer to table below for details.

Details of delay in banking

Receipt date	Receipt number	Particulars	Amount ($)	Deposit date	Delayed by
18/02/13	62 - 67	L & E training fees	715.60	29/05/13	3 months
22/04/13	75 – 82	L & E training fees	831.20	30/08/13	4 months
22/07/13 – 02/08/13	28 – 49	Egg sale	537.00	30/08/13	30 days
09/09/13 – 30/09/13	701 – 9728	Egg sale	599.00	29/11/13	2 months
30/09/13 – 25/10/13	730 – 9769	Egg sale	738.00	29/11/13	30 days
28/10/13 – 27/11/13	9770 – 9800, 2901 - 2904	Egg sale	836.00	24/12/13	30 days

Root cause/Implication

The audit findings indicate weakness in internal control where no proper supervisory check is carried out to ensure daily banking is done. Delay in banking increases the risk of fraud and theft.

Recommendation

The Centre should strengthen supervisory checks on banking to ensure it is done daily or on the next banking day.

Agreed Management Action

The management fully agreed with the recommendation.

[18] Centre for Appropriate Technology and Development Finance Manual – Section 13.5a

6.6 National Fire Authority

Financial Information

The audit of the National Fire Authority for the year ended 31 December 2014 resulted in the issue of *modified* (disclaimer of opinion) audit opinion. The basis for disclaimer of opinion are as follows:

1. I did not perform any physical verification to test existence of Property, Plant and Equipment recorded at a cost of $18,853,371 after 31 December 2014. I was unable to satisfy myself by alternative means as no proper records has been maintained by the Authority for fixed asset verification performed in 2014. Also, unreconciled difference of $85,356 was noted between opening cost as per Fixed Asset Register (FAR) and audited accounts. In addition, difference of $133,410 was noted between opening accumulated depreciation as FAR and audited accounts.

   Furthermore, while capital projects relating to the construction of the Savusavu, Korovou and Korolevu fire station was in work in progress (WIP) in 2014, relevant cost relating to WIP was not separated in the FAR. Costs amounting to $315,604 incurred for consultancy, preliminary works and engineering has been incorrectly capitalized to Land and Building category and depreciated during the year.

2. During my audit, I noted that the Authority has not prepared the necessary debtors reconciliations as at year end in relation to fire levy contributions. Based on the audit procedures performed, I note that there was under accrual of fire levy contributions amounting to $491,096 which had not been rectified by the Authority. Accordingly, the trade receivable balance is understated by $491,096 as at 31 December 2014 and fire levy contributions is understated by $491,096 for the year ended 31 December 2014.

3. Government grant income amounting to $3,715,875, government grant receivable amounting $340,580 and deferred revenue amounting to $3,125,784 is recorded in the Authority's books of account for which management was unable to explain or provide relevant supporting documents to substantiate these balances. Furthermore, management has not carried out an assessment for amortization of deferred revenue during the year. Accordingly, I am unable to ascertain the accuracy of government grant income amounting to $3,715,875 recorded in the books of account of the Authority for the year ended 31 December 2014, government grant receivable and deferred revenue balance amounting to $340,580 and $3,125,784 respectively recorded in the books of account as at 31 December 2014.

4. Purchase order accrual amounting $224,904 is recorded in the Authority's books of account for which management was unable to explain or provide relevant supporting documents to substantiate this balance. Furthermore, unreconciled difference of $140,110 is noted between the trade creditors ageing and general ledger, with general ledger being understated. No explanation or relevant supporting documents could be provided for my review for the difference. Accordingly, I am unable to determine the impact of these limitations, if any, to creditors and accrual balance as at 31 December 2014 and to the profit and any other related balances of the Authority for the year ended 31 December 2014.

5. I did not attend and observe annual inventory physical counting and verification by management at the end of the financial year. I was unable to satisfy myself by alternative audit procedures concerning the inventory quantities held as at 31 December 2014. Furthermore, inventory holding report for communication department amounting to $227,651 was not made available for my review. Accordingly, I am unable to determine the impact of the above limitations, if any, to the inventory balances as at 31 December 2014 and profit of the Authority for the year ended 31 December 2014.

6. VAT Returns lodged for the period 1 January 2014 to 31 December 2014 were incorrectly lodged. The Authority is in the process of compiling and lodging the amended VAT Returns. I was also not provided with reconciliation of taxable supplies as per the VAT returns and the trial balance. Accordingly, the ultimate resolution of this matter cannot be determined with certainty, and no provision has been made in respect to the additional VAT liabilities and penalties that may arise.

7. During my audit, I noted that the Authority has not maintained an effective system of internal control over recording of income from structural fire safety inspections until their initial entry in the accounting records. Accordingly, it was not practicable for my examination of this income to extend beyond amounts recorded in the accounting records of the Authority.

8. During my audit, I also noted that the Authority has not maintained proper schedule for provision for annual leave and provision for long service leave balances. Based on the audit procedures performed, I note that the balances are carried forward from prior year. Accordingly, I am unable to determine the impact of this limitation, if any, to provisions for annual leave and provision for long service leave balance as at 31 December 2014.

9. Income from JICA aid totaling $138,516 have been utilized to purchase fire trucks. \However, the accounting treatment to deferred revenue and property, plant and equipment have not been done and resulting in the overstatement of total income by $138,516.

10. I have not been provided with relevant supporting documents and explanation in relation to event subsequent to balance date review. Accordingly, I am unable to determine if any adjustments, or disclosures is required to be made in the financial statements of the Authority for the year ended 31 December 2014.

Presented below is the abridged financial information of National Fire Authority for the year ended 31 December 2014.

National Fire Authority – Abridged Statement of Financial Performance

For the Year Ended	2014 ($)	2013 ($)
Revenue	15,644,062	11,755,711
Total Revenue	**15,644,062**	**11,755,711**
Personnel Expenses	6,693,041	5,446,539
Depreciation	1,009,735	813,320
Operating and Administration Expenses	2,935,441	2,392,108
Total Expenses	**10,638,217**	**8,651,967**
Net Operating Surplus For the Year	**5,005,845**	**3,103,744**

Net operating surplus increased by 61% or $1,902,101 in 2014 compared to 2013. The increase was mainly due to the increase in revenue received from fire levy contributions and government grants during the financial year 2014.

National Fire Authority – Abridged Statement of Financial Position

At period end	2014 ($)	2013 ($)
Cash and Cash Equivalents	8,036,142	4,500,952
Held to Maturity Investments	1,822,775	1,808,595
Prepayments	398	5,562
Trade and Other Receivables	2,135,300	1,833,414
Inventories	304,104	266,964
Property, Plant and Equipment	8,784,688	6,707,771
Total Assets	**21,083,407**	**15,123,258**
Trade and Other Payables	620,816	533,967
Employee Benefit Liability	239,763	239,763
Deferred Revenue	3,125,785	2,258,330
Total Liabilities	**3,986,364**	**3,032,060**
Net Assets	**17,097,043**	**12,091,198**

Net assets increased by 41% or $5,005,845 in 2014 compared to 2013. The increase was mainly due to the increase in cash and cash equivalents balance by 79% or $3,535,190, trade and other receivables by 16% or $301,886, and additions to property, plant and equipment of $3,086,652.

Other significant matters – National Fire Authority

Provision for Employee Benefits

The Authority has recorded provision for employee entitlement leave amounting $239,763. The following exceptions were noted with respect to provision for employee leave entitlement:

- Provision for annual leave of $89,739 and provision for long service leave of $150,024 is carried forward from 2013.
- Management had not carried out proper assessment for annual leave and long service leave balances as at 31 December 2014.
- Schedule provided for audit review was incomplete and inaccurate, as necessary adjustments for leave taken/accrued had not been processed in the Authority's books of account.

Root Cause/Implication

- Responsible staffs are not competent and properly supervised.
- Increased risk of inaccurate reporting.
- Provision for employee entitlement balance may not be fairly stated in the Authority's books of account.
- Possible understatement of liabilities of the Authority

Recommendations

- **The Authority to critically review and update the assessment for employee leave entitlements and process necessary adjustments in the Authority's books of account; and**

- **Senior independent personnel should review the monthly reconciliation to ensure complete and accurate reconciliation has been performed.**

Agreed Management Action

Reconciliations carried as follows:

- *2015: Sept 2019*
- *2016: Oct 2019*
- *2016/2017: Nov 2019*
- *2017/2018: Nov 2019*
- *2018/2019: Nov 2019*
- *2019/2020 and thereafter: Monthly verifications*
- *The HR Management Information System is currently being uploaded with all HR employee information and leave entitlements for better and up-to-date management of all employee entitlements including leave balances.*
- *Provision for long service leave was discontinued on the commencement of 3-year employment contracts and only those that had met the criteria at the time of contract signing were entitled to take their LSL. There is no further accumulation for long service.*
- *Proposed appointment of a new HRIS Officer will ensure daily updating and verification process.*
- *Manager HR to review monthly reconciliations and submit to CEO*

Value Added Tax

From our review of the VAT Returns and reconciliations for the year ended 31 December 2014, we noted the following:

- Reconciliations were not performed on a regular basis to reconcile the balance as per general ledger with Statement of VAT account (SVA) issued by FRCS and taxable supplies as per books of account with VAT Returns lodged.

- The Authority was in the process of lodging amended VAT returns for 2014 as books of account was not in agreement with amounts in lodged VAT returns subsequent to processing adjustments upon compilation of the financial statements. Thus no verification was performed on VAT lodgements for 2014.

- No provision has been made in respect to the additional VAT liabilities and penalties that may arise as a result of lodgement of amended VAT returns.

Root Cause/Implication

- Taxable supplies may not be correctly declared in the VAT Returns.

- Lack of proper and effective VAT recording and reconciliation process increases the risk of misreporting of VAT balances in the books of account and Returns.

- Increased risk of penalties.

Recommendation

We recommend that the Authority should ensure that:

- **all VAT are accurately declared in returns on a timely basis thereby, minimizing the risk of any potential loss, liabilities and penalties being imposed by FRCS; and**

- **full reconciliation of VAT balances as per General Ledger and Returns are carried out on a monthly basis and differences if any, should be fully reconciled or explained.**

Agreed Management Action

Audit recommendations are noted. All revenue and expenditure subject to VAT are now accurately recorded and reconciled monthly. Monthly returns are being submitted to FRCS.

Inventory not being fairly stated

We did not attend and observe annual inventory physical counting and verification by management at the end of the financial year.

We were unable to satisfy ourselves by alternative audit procedures concerning the inventory quantities held as at 31 December 2014 as no inventory count reports carried out by management were available for our review.

Furthermore, inventory holding report for communication department amounting to $227,651 was not made available for audit review.

Thus, we were unable to determine the impact of the above limitations, if any, to the inventory balances as at 31 December 2014.

Root Cause/Implication

- Inventory balance may not be fairly stated.
- Increased risk of errors, omissions, misreporting.
- Inadequate audit trail in the absence of appropriate and adequate documentation.

Recommendation

- **Management should undertake a comprehensive review and count of the inventory on hand for the Communications department and prepare an inventory holding; and**
- **Stock counts should be conducted at regular intervals. Necessary adjustments, if any, should be made to stock records for any discrepancies noted during the stock counts, including proper reconciliation and documentation for differences noted.**

Agreed Management Action

August 2019. Thereafter monthly basis.
Regular stock-take – every month end and quarterly.

Trade Receivable

From our review of trade receivable balance and related reconciliations, the following exceptions were noted:

(i) Necessary debtor reconciliations were not performed as at yearend in relation to fire service levy contributions. Based on our review, we noted that receivable in relation to fire service is understated by $491,096, which has not been rectified by the Authority. As a result, trade receivable and income from fire service levy is understated by $491,096 as at balance date;

(ii) Government grant receivable amounting to $340,580 is recorded in the Authority's books of account for which no supporting documents or explanations have been provided by management to substantiate the balance; and

(iii) Provision for doubtful debts amounting to $24,560 is carried forward from prior year. No assessment has been carried out by management to assess recoverability of trade receivables amounting to $228,407.

Root Cause/Implication

- Responsible staffs not competent to perform their roles and responsibilities effectively.
- Increased risk that trade receivables may not be fairly stated.
- Increased risk of errors and irregularities.
- Provision for doubtful debts may be understated.
- Possibility that long outstanding dues may no longer be recoverable.

Recommendations

- **Debtor balances should be reconciled on a monthly basis and adjustments arising out of reconciliation should be processed immediately thereafter; and**

- **Management should review allowance for doubtful debts on a periodical basis and make adequate allowance against each account balance that are considered doubtful of recovery.**

Agreed Management Action

Every Month-End Immediately process Adjustments
First batch of reminders have been issued to Debtors for payments – June 2019 and thereafter half yearly (to ensure adequate time for reminders and recovery action)
Default payers will be issued a final warning and appropriate recovery measures will be taken against them.

Irregularities noted in Creditors and Accruals

From our review of creditors ageing as at 31 December 2014, we noted the following anomalies:

- Difference of $140,110 was noted between the creditor's subsidiary ledger and general ledger account. Refer below for details.

Variance in Creditors Subsidiary ledger and general ledger

Particulars	Amount ($)
Subsidiary balance	388,289
General ledger	248,179
Variance	**140,110**

- The creditor subsidiary contains various creditor balances which are being carried forward from prior years and have not been subsequently paid.

- Purchase order accrual amounting $224,904 is recorded in the Authority's books of account for which management was unable to explain or provide relevant supporting documents to substantiate this balance.

- Scope imitation exists where we were unable to verify certain balances in the creditor's subsidiary, as hard copies of invoices were not available nor could it retrieved from the system as data prior to 2014 had been archived in the accounting software, Peachtree.

- An instance of double posting of invoice was noted, whereby one invoice amounting to $51,080 had been posted to two supplier accounts.

Root Cause/Implication

- Responsible staffs have not been carrying out their roles and responsibilities effectively.
- Creditors and accruals balances may not be fairly stated as at balance date.
- Increased risk of inaccurate reporting of creditors and accruals balances.
- Increased risk of non-detection of error and irregularities.

Recommendations

- **Management should carry out full reconciliation of balances as per general ledger and subsidiary ledger on a monthly basis. Any difference in creditor balances should be reconciled and necessary adjustments should be processed, if required; and**

- **Detailed reconciliations for accrual accounts should be performed every month and reviewed by an independent senior personnel ensuring that reconciling items are cleared regularly, and that the control balances agree to the relevant records.**

Agreed Management Action

- *For 2015 to 2017, Management is working with a Chartered Accounting Firm.*

- *For 2018/2019, Management clearing outstanding purchase orders to ensure minimal creditors as possible.*

- *For 2019/2020 – Follow ups on a Monthly basis*

- *Monthly basis*

- *By 15th of every ensuing month*

- *Quarterly basis*

Government Grant not Fairly Stated

The government has been providing grants to National Fire Authority (NFA) to undertake capital works developments to meet expansion plans and operational needs.

From our review of government grant income, receivable, deferred income and amortisation of deferred income reconciliations, the following exceptions were noted:

(i) Government grant income amounting to $3,715,875, government grant receivable amounting $340,580 and deferred revenue amounting to $3,125,784 is recorded in the Authority's books of account for which management was unable to explain or provide relevant supporting documents to substantiate these balances;

(ii) The Authority has incorrectly treated capital grant as grant income instead of recording deferred income. As per IAS 20, all grant received for the purpose of acquisition of an asset should be deferred and amortised over the period of the life of the asset;

(iii) Out of $3.9m grant received, only $1m was deferred and balance of $2.9m was recognized as income. No segregation of assets acquired through government grant has been carried out in the fixed asset register of the Authority for the purposes of calculating amortisation of deferred revenue; and

(iv) No assessment for amortization of deferred income of $3,125,784 has been carried out by management.

Root Cause/Implication

Grant income, grant receivable, deferred income and amortization may not be fairly stated.

The Authorities treatment of grant does not comply with IAS 20, Accounting for Government grants and Disclosure of Government Assistance.

Recommendations

- **The Authority should immediately review it accounting policies in relation to treatment of capital grant and align it in accordance with IAS 20;**
- **A separate listing should be maintained for assets acquired through government grant; and**
- **Management should immediately review balances recorded in books and carry out proper reconciliations and process appropriate adjustments for differences.**

Agreed Management Action

Accounting policies relating to treatment of capital grants will be reviewed in alignment with IAS20 for Board approval: Nov 2019

Upgrade of the Financial Management Information System will address this issue: August 2019.

New Accounts Project Officers are being recruited to assist with these reconciliation processes: Sept 2019

Process - Financial Reporting

There is a need for significant improvement and enhancement for existing system and procedures. Refer below for details:

- There were significant delays in providing certain required information, schedules and reconciliations for audit of the Authority. A number of reconciliations and schedules were not provided to us at the time of commencement of audit.

- The Authority does not perform proper monthly reconciliation to reconcile balances as per general ledger.

- Certain critical reconciliations and schedules were not prepared such as schedule for provision for employee entitlement, deferred income and inventory holding.

- Certain schedules and reconciliations provided for audit were not accurate. These were subsequently updated upon our review and query.

Certain critical reconciliations such as bank reconciliations and VAT related reconciliations were performed during the year. These have been subsequently performed.

Root Cause/Implication

- Responsible staffs have not been carrying out their roles and responsibilities effectively.
- Significant additional time and cost being incurred for audit and significant delays in finalization of audit of the Authority.
- Delay in completion of the audit.
- Inadequate controls in reconciliation process leads to inefficient and ineffective accounting, recording and errors in reporting.
- Increased risk of errors and irregularities.

Recommendations

- **Complete and accurate set of books of accounts and accounting records should be maintained on a continuous basis ensuring that accounts are compiled together with supporting schedules and reconciliations;**

- **The Authority should undertake critical review of systems and processes with a view to enhance and improve the internal controls, systems and processes; and**

- **The Authority should urgently enhance its system for preparation of monthly and year end reconciliations. Emphasis should be placed on in-depth review of the reconciliations and approving of adjusting entries.**

Agreed Management Action

The Board has approved the upgrade of the FMIS to 2018 version:

August 2019
Continuous monitoring, follow ups and process evaluation will also be undertaken to enhance necessary reconciliations and preparation of annual financial statements.

Monthly

The Accounts section will be further strengthened when project staff are recruited to ensure that all records updated and pending issues are addressed to enable preparation of monthly and annual financial reports: Sept 2019.

Property, Plant & Equipment

From our review of the Fixed Assets Register (FAR) maintained by the Authority for the year ended 31 December 2014, we noted the following exceptions:

- Unreconciled difference of $85,356 noted between opening cost as per FAR and signed accounts. Difference of $133,410 was also noted between opening accumulated depreciation as per FAR and signed accounts.

- The fixed asset register was not updated on timely basis and there was no evidence of review by senior independent personnel.

- Assets acquired under government grant was not segregated in the FAR.

- Furthermore, no register for land titles was maintained by NFA nor adequate details such as title number for leases was available in the FAR for ease of identification.

- Capital projects relating to the construction of the Savusavu, Korovou and Korolevu fire stations was in work in progress (WIP) in 2014. However, relevant costs relating to WIP was not segregated in the FAR. Costs amounting to $315,604 incurred for consultancy, preliminary works and engineering has been incorrectly capitalised to land and building and depreciated during the year.

- We were unable to perform any physical verification to test existence of Property, Plant and Equipment recorded at a cost of $18,853,371 as at 31/12/2014. We were unable to satisfy ourselves by alternative means as no proper records has been maintained by the Authority for fixed asset verification performed at respective fire stations by management in 2014.

Root Cause/Implication

- Property, plant and equipment balance may not be fairly stated in the Authority's books of account in accordance with the International Financial Reporting Standards.

- Increased risk of errors, omissions, and misreporting.

- Lack of effective controls to assist management in exercising proper physical control over fixed assets.

- Increased risk that fixed assets recorded in the FAR are either obsolete, disposed of or are no longer in working condition.

Recommendations

- **The Authority should investigate and rectify all unreconciled / unsubstantiated balances with respect to property, plant and equipment; and**

- **The FAR should be reviewed on a progressive basis by a senior personnel to ensure assets are accurately recorded and depreciated.**

Agreed Management Action

Accounts Project Officer being recruited to expedite this process: Sept 2019

As for 2018/2019 close of accounts and in preparation of Annual Financial Statements, Authority is currently liaising with OAG to convene annual stock-take/BOS of all inventories and assets.

Accounts Project Officer being recruited to update FAR. Sept 2019

Independent Valuation of Assets currently on Tender. Aug/Sept 2019

The NFA Board has approved the upgrade of Accounting software to latest version which will assist in maintaining accurate Asset and inventory records. Sept 2019

Bank Reconciliation not prepared and reviewed on time

From our review of the bank reconciliation and review process, we noted the following exceptions:

- Monthly bank reconciliations for the bank accounts (ANZ, BSP and HFC) for the entire year had not been prepared during the year. Bank Reconciliations were subsequently prepared during audit.
- There was no evidence to suggest that bank reconciliations have been reviewed by independent senior personnel. Furthermore, bank reconciliations have no indications as to the date of preparation or the person responsible for the preparation.
- Stale cheques amounting to $6,302 were included in the unpresented cheque listing for the ANZ bank reconciliation which have not been cleared on a timely basis.
- Various mispostings were noted in the cashbook, which appear as reconciling items in the bank reconciliation.

Root Cause/Implication

- Increased risk of errors, omissions and irregularities.
- Risk of misreporting on bank balances.

Recommendation

Bank reconciliation should be prepared on a monthly basis and reviewed by an independent senior personnel ensuring that all reconciling items are cleared on a monthly basis and that the control balances reconcile with relevant records.

Agreed Management Action

Bank Reconciliation was prepared but not reviewed by senior officer.
Will now be reviewed by Manager Finance. Monthly basis

Now that 2014 accounts has been audited and upon upgrading of the accounting software, monthly reconciliations and verifications will be carried out to ensure accuracy and adherence to audit recommendations.

7.0 Assessment of Financial Governance

7.1 Auditing Internal Controls

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

7.2 Internal controls

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

- **Control Environment (CE)** – is the set of standards, processes and structures that provide the basis for carrying out internal controls across the entity. These include commitment to integrity and ethical values, independence of management to exercise oversight for the development and performance of internal control, documented structures, reporting lines and appropriate authorities such as delegated levels of authority and responsibilities in the pursuit of the entity's objectives. It also includes commitment to attract, develop and retain competent individuals, and holding them accountable for their internal control responsibilities.

  Examples of issues which fall under this category are ethical breaches, gaps in internal controls or controls are non-existent, individuals are not held accountable for breaches in control or entities code of ethics, staff recruitment, and training and professional development, performance assessment and succession planning matters.

- **Risk Assessment (RA)** – involves a dynamic process for identifying and analyzing risks to achieve the entity's objectives, forming a basis for determining how risks should be managed.

  Examples of issues which would fall under this category are absence of risk management framework, operational including fraud and enterprise risks not identified, assessed and mitigated and impact of changes in business processes on controls not identified and assessed.

- **Control Activities (CA)** – these are established by policies and procedures to help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of an entity and at various stages within business processes, and over the technological environment.

  Examples of issues which would fall under this category are general controls relating to information technology, documentation of procedures which have in-built checks and balances which are aligned to the policies of the entity. Specific control activities include those relating to authorization, performance reviews, information processing, physical controls, and segregation of duties.

- **Information and Communication Control (IC)** – information is necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the entity with the information needed to carry out day-to-day controls. Communication enables personnel to understand internal control responsibilities and their importance for the achievement of objectives.

  Examples of issues which would fall under this category are reporting to boards and line ministries of entities on matters relating to internal controls

- **Monitoring Activities (MA)** – on-going evaluations, separate evaluations or some combination of the two are used to ascertain whether controls are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner.

  Examples of issues which would fall under this category are self-assessment by entities to determine whether internal controls are present and function. This may include the establishment of independent internal audit functions within entities which would assist in identifying any gaps in controls.

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

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

The following table outlines the rating we have used to assess internal controls:

Rating	Internal control assessment
✸ Effective	No deficiencies identified in internal controls
✸ Generally effective	Deficiencies identified in internal controls
✸ Ineffective	Significant deficiencies identified in internal controls

7.3 Quality of Draft Financial Statements by Authorities

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

We assessed the quality of financial statements by the number of audit adjustments made to the first draft of financial statements and the impact these adjustments had on the operating results or net assets of the entity subject to our audit.

Rating	Quality of draft financial statements assessment
✸ Effective	No adjustments were required
✸ Generally effective	Adjustments on operating results/net assets were less than five percent
✸ Ineffective	Adjustments on operating results/net assets were more than five percent

7.4 Timeliness of Draft Financial Statements for Authorities

To assess the timeliness of draft acceptable financial statements, we have compared the date the draft financial statements were received for audit after allowing for at least 30 days before the legislative deadlines for our audit.

Rating	Timeliness of draft financial statements assessment
✸ Effective	Acceptable draft financial statements received within 60 days before legislative deadline
✸ Generally effective	Acceptable draft financial statements received within 30 days before legislative deadline
✸ Ineffective	Acceptable draft financial statements received less than 30 days before legislative deadline

8.0 Our Assessment of Financial Governance

This section presents the results on our assessment of financial governance of the Authorities audited for the financial year 2017 and 2018.

8.1 Internal Controls

It is evident from our assessment that more concerted efforts are needed to improve the risk assessment in Statutory Authorities. Out of the eight Authorities audited for 2017 financial year, we noted control risk assessment deficiencies in six or 75% of the Authorities. For 2018 financial year, we noted risk assessment deficiencies in all the four of the Authorities. The deficiency mostly related to absence of Risk Management Policy and Disaster Recovery Plan.

8.2 Timeliness of Financial Reporting

To be useful to users, financial statements should be completed and made available as soon as possible after close of financial year. Information in financial statements becomes less relevant to users as the time passes from close of financial year. Out of the eight Authorities audited for 2017 financial year, only one or 12.5% authority submitted the draft financial statements on a timely manner. For 2018 financial year out of four Authorities only two or 50% authority submitted their financial statements on time.

8.3 Quality of Draft Financial Statements

The extent of audit adjustments made to draft financial statements indicates the effectiveness of the Authority's internal review processes to identify and correct errors before these are provided for audit.

All eight Authorities audited for 2017 financial statements required adjustments. Adjustments passed on draft financial statements for four Authorities were not material. The most material adjustment was made for financial statements of six Authorities.

For 2018 financial year three out of the four Authorities required adjustments to be made in the financial statements.

8.4 Results Summary

The following table summarizes our assessment of controls and the 2017 financial statement preparation processes across the entities which were audited.

Entity	Internal controls					Financial Statement Preparation	
Statutory Authorities - 2017	**CE**	**RA**	**CA**	**IC**	**MA**	**T**	**Q**
1. Public Rental Board	green	orange	green	green	orange	orange	orange
2. Fiji Meats Industry Board	red	red	red	yellow	red	red	red
3. Film Fiji	green	orange	green	green	green	red	orange
4. Fiji Higher Education Commission	green	red	orange	orange	orange	red	red
5. Land Transport Authority	green	red	green	green	green	red	orange
6. Fiji Roads Authority	green	green	green	green	green	green	orange
7. Consumer Council of Fiji	orange	green	green	green	green	red	yellow
8. Fijian Teachers Registration Board	orange	red	red	orange	green	red	red

The following table summarizes our assessment of controls and the 2018 financial statement preparation processes across the entities which were audited.

Entity	Internal controls					Financial Statement Preparation	
Statutory Authorities	**CE**	**RA**	**CA**	**IC**	**MA**	**T**	**Q**
1. Investment Fiji	🟢	🟠	🟢	🟢	🟢	🟢	🟠
2. Fiji National Sports Commission	🟢	🟡	🟢	🟢	🟢	🔴	🟠
3. Civil Aviation Authority of Fiji	🟢	🟠	🟢	🟢	🟢	🟢	🟢
4. Public Rental Board	🟢	🟡	🟢	🟢	🟡	🟡	🟡

CE=Control Environment RA=Risk Assessment CA=Control Activities

IC=Information and Communication Control MA=Monitoring Activities

T=Timeliness of draft financial statements Q=Quality of draft financial statements

Appendix A: Audits not complete as at 31 October 2019

Entity	Year Last Audited					Comments
	Prior 2013	2014	2015	2016	2017	
1. Tourism Fiji		✓				Audit of 2015, 2016 and 2017 accounts are being finalized.
2. National Fire Authority		✓				2015-2018 accounts yet to be received
3. Agricultural Marketing Authority	✓					2010-2016 Financial statements received. The contract auditor was appointed on 15 November 2018. The audits are in progress.
4. I-Taukei Affairs Board	✓					The latest audited financial statements was for the year ended 31 December 2002. Revised draft financial statements for 2003 – 2006 to be resubmitted for audit. Draft Financial statements for 2007 to 2018 are yet to be submitted for audit.
5. Fiji Servicemen's After-care Fund		✓				2015 and 2016 audit in progress.
6. Real Estate Agents Board			✓			2016 -2018 accounts yet to be received for audit.
7. Fiji Human Rights & Anti-Discrimination Commission	✓					2008 – 2016 audit is completed. Awaiting management comments on Draft Management Letter
8. Independent Legal Services Commission			✓			2016 - 2018 accounts yet to be received.
9. Telecommunication Authority of Fiji		✓				2015-2017 financial statements received on 29/3/19. Audit not commenced due to unavailability of accounting records
10. Fiji Medical & Dental Secretariat			✓			2016 – 2018 accounts yet to be received
11. National Food & Nutrition Centre		✓				2015 accounts received on 26/4/19 and 2016-2017 accounts submitted on 12/9/19 and is yet to be audited.

Entity	Year Last Audited Prior 2013	2014	2015	2016	2017	Comments
12. Sugar Industry Tribunal			✓			2016 audit is currently being finalized.
13. Fiji Meats Industry Board					✓	2018 accounts yet to be received.
14. Fiji Teacher's Registration Authority					✓	2018 accounts received on 30/9/19 and is yet to be audited.
15. Film Fiji					✓	2018 accounts received on 11/7/19 and yet to be audited.
16. Fiji National Council for Disabled Persons				✓		2017 audit is in progress
17. Fiji Higher Education Commission					✓	2018 draft accounts received on 30 July 2019 and audit yet to commence.
18. Land Transport Authority					✓	2018 accounts received on 15/10/19 and audit is in progress.
19. Fiji Revenue and Customs Services					✓	2018 audit is being finalized. 2019 drafts accounts received on 23/10/19 for auditing.
20. Fiji Roads Authority					✓	2018 accounts is being finalized.
21. Maritime Safety Authority of Fiji				✓		2017 accounts yet to be received.
22. Consumer Council of Fiji					✓	2018 audit being finalized.
23. Fijian Competition and Consumer Commission					✓	2018 audit is being finalized
24. Fiji Sports Council					✓	2018 and 2019 draft financial statements received on 21/12/18 and 25/10/19 respectively for auditing.

Appendix B: Audit Opinion Results

The following tables present the results of our audit of **2017** financial statement for statutory authorities.

Entity	Legislative time frame	Date audit report signed	Audit opinion type
1. Fiji Roads Authority	31 January 2018	27 March 2019	Qualified
2. Film Fiji	31 January 2018	2 October 2019	Unqualified
3. Public Rental Board	30 April 2018	15 January 2019	Unqualified
4. Fiji Meats Industry Board	30 April 2018	14 May 2019	Qualified
5. Fiji Higher Education Commission	31 January 2018	20 March 2019	Unqualified
6. Land Transport Authority	31 January 2018	15 July 2019	Qualified
7. Consumer Council of Fiji	31 January 2018	3 December 2018	Unqualified
8. Fiji Teacher's Registration Authority	31 January 2018	2 September 2019	Unqualified

The following tables present the results of our audit of **2018** financial statement for statutory authorities.

Entity	Legislative time frame	Date audit report signed	Audit opinion type
1. Investment Fiji	31 January 2019	3 May 2019	Unqualified
2. Fiji National Sports Commission	31 January 2019	30 July 2019	Unqualified
3. Civil Aviation Authority of Fiji	30 April 2019	16 October 2019	Unqualified
4. Public Rental Board	30 April 2019	30 October 2019	Unqualified

Appendix C: Entities not subject to audit by the Auditor-General

Entity	Audit requirement	Audited by/Comments
1. National Centre for Small and Micro Enterprises Development	Auditor-General or any other independent auditor appointed by the Board	Aliz Pacific appointed as auditors for 2010-2018 financial statements. 2018 audit completed
2. National Trust of Fiji	Auditor-General or such other auditor approved in that behalf by the Minister responsible for finance.	Auditor appointed by Trust as follows: • 2006-2007 RP Singh & Company. • 2008-2010 HN Pande & Company. • 2011-2013 I Naiveli & Company. • 2014-2018 HN Pande & Company. • 2019 R. P Singh
3. Fiji Museum	Auditor appointed by the Minister of Education under Fiji Museum Act.	• Ernst & Young appointed as auditor for 2005-2009 financial statements. • 2010 – 2014 audit waived by the Board • 2015-2017 audit completed and Auditor was E&Y • 2018 and 2019 audit in progress and is carried out by E&Y.
4. Tertiary Scholarship and Loans Board	In accordance with the Audit Act (Cap. 70) and the Financial Management Act 2004; (b) by an independent auditor appointed by the Minister; or (c) by an independent auditor as so directed by the Minister for Finance.	KPMG appointed as auditors for 2014-2018 financial statements. PWC appointed auditor for 2019 financial statements

Appendix D: Glossary

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws.
Accounting estimates	An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation.
Amortised	Gradually write off the initial cost of an asset.
Assessment for impairment	Assessment done to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use).
Audit evidence	A difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Audit Memorandum	Management Letter highlighting areas where improvements can be made by an entity following an audit.
Audit strategy	The strategy that sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan.
Business continuity risk	Business interruption can result from natural occurrences and accidental or deliberate criminal acts. Those interruptions can have significant financial and operational ramifications. Over time, an organization will experience an event that will result in the loss of information, access to properties (tangible or intangible), or the services of personnel. Exposure to those types of risks and the planning for business continuity is an integral part of an organizations risk management process.
Capital works	Amount capitalized to the balance sheet for contributions by an entity to major assets owned by the entity, including expenditure on: • capital renewal of existing assets that returns the service potential or the life of the asset to that which it had originally. • capital expansion which extends an existing asset at the same standard to a new group of users.
Completion of Audit	The audit is considered complete when audit opinion is issued by the Auditor General.

Term	Definition
Consolidated fund account	The main bank account of the government where public monies are paid into for the operations of government. Trust money is not paid into this account.
Deferred income	Deferred income) refers to money received by an entity before it provides the related goods or services to the customer.
Deficiencies	Failing, weakness or shortcoming.
Depreciation	The systematic allocation of a fixed asset's capital value as an expense over its expected useful life to take account of normal usage, obsolescence, or the passage of time.
Disaster recovery plan	Is a plan that describes how work can be resumed quickly and effectively after a disaster
Estimated useful lives	Estimated lifespan of a depreciable fixed asset, during which it can be expected to contribute to an entity's operations.
Express an opinion	A written expression of the auditor's overall conclusion on the financial report based on audit evidence obtained.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Governance	Governance is defined as the manner in which those in vested authority uses its powers to achieve the institution's objectives, including its powers to design, implement and innovate the organization's policies, rules, systems and processes and to engage and involve its stakeholders.
Governing bodies	A body of persons or officers having ultimate control. They are mainly constituted for the purpose of administration.
Impairment	When an asset's carrying amount exceeds the amount that can be recovered through use or sale of the asset.
International Financial Reporting Standards	Standards adopted by Fiji Institute of Accountants for financial reporting by large and medium entities in Fiji.
Management Management services	Those with the executive responsibility for conducting an entity's operations. Organization and coordination of the activities of a business done by another person or entity outside the business.
Material misstatement	A significant difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Materiality	This relates to the size or nature of the item or error judged in the particular circumstances of its omission or

Term	Definition
	misstatement. Information is material if its omission or misstatement could influence the economic decisions of users, taken on the basis of the financial statements.
Misstatement	A difference between the amounts, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Other significant matters	Include control weaknesses which *could cause* or *is causing* severe disruption of the process or severe adverse effect on the ability of an auditee to achieve process objectives and comply with relevant legislation. It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.
Provision for loan accounts	A provision made to allow for the possibility that some debts due for payment in the future may never be paid.
Reasonable assurance	A high but not absolute level of assurance.
Recognition criteria	Criterion which is used to recognize assets, liabilities, expenditure and revenue in financial statements.
Revaluation	The action of assessing the value of something again.
Risks	The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.
Risk Management Policy	Provides method of identifying, assessing, controlling, monitoring and reporting existing and potential risks faced by an entity.
Signed Financial Statements	Means when audit opinion is issued by the Auditor General on the financial statement.
Standards on auditing	International Standards on Auditing adopted by Fiji Institute of Accountants and applied by Office of the Auditor-General for audits carried out.
Leasehold land	Real property held by a tenant (lessee) under a lease for a fixed term, after which it is returned to the owner (the lessor).
Valuation	The process of determining the fair value of an asset.
Value-adding	Financial or non-financial gains arising from improved compliance or mitigation of risks.
Work in progress	The total value of the materials and labor for unfinished projects.

Term	Definition
Written- down value	The value of an asset after accounting for depreciation or amortization.
Zero-book values	Arises when fixed assets are fully depreciated.

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