STANDING COMMITTEE ON PUBLIC ACCOUNTS

Review of the 2018-2019 Audit Report on Government Commercial Companies, Commercial Statutory Authorities & Other Entities and the 2018-2019 Audit Report on Statutory Authorities

(Consolidated Report)

PARLIAMENT OF THE REPUBLIC OF FIJI
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CHAIRPERSON'S FOREWORD

This report follows the review findings of the Committee on the following two (2) Audit Reports – the **2018-2019 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities and the 2018-2019 Audit Report on Statutory Authorities.**

The Committee reviewed the audit findings of the seven **(7) entities in the Government Commercial Companies, Commercial Statutory Authorities** and Other Entities report and **eleven (11) entities were covered under the Statutory Authorities report.**

The Office of the Auditor General had issued **eight (8) audit opinions** for the Government Commercial Companies, Commercial Statutory Authorities and Other Entities **in which five (5) were related to the 2019 financial statements** while **three (3) were for backlog of various entities**.

There was **one (1) modified opinion issued for the 2019 financial statements** and **two (2) of the financial statements in the backlog for the various entities were issued with the modified audit opinion** as well. The Auditor-General had issued an **unmodified audit opinion on four (4) of the 2019 financial statements** that **were audited for the various entities** and **one (1) of the financial statements that were in backlog for the various entities** was issued **with an unmodified audit opinion.**

The financial statements of most entities audited for 2019 were timely and generally of good quality. However, further improvements can be made to enhance the quality and timeliness of submission of financial statements for the Office of the Auditor General's audit. Also, there are **six (6) Government Commercial Companies, Commercial Statutory Authorities and Re-organized entities** not subject to audit by the Auditor-General.

The Auditor General had issued **11 audit opinions** for the Statutory Authorities **out of which 3 were related to the 2016 financial statements**, **1 related to the 2017 financial statements, 4 related to the 2018 financial statements** and **3 were related to the 2019 financial statements for the various entities**.

The Committee noted few significant matters from the Statutory Authorities report and this requires necessary actions from the relevant entities. These include:

- Addressing significant delays in submission of draft financial statements for audit;
- Improving risk assessment process to achieve authorities' objectives and forming a clear basis for determining how risks are managed;
- Improving overall monitoring of the entities, including the establishment of independent internal audit functions, which would assist in identifying any gaps in controls.

It is important to note that some of the entities have resolved the audit issues that were raised during the time of the audit while some are working towards resolving these control issues. The Committee strongly recommends that immediate action is required by the respective entities in order to improve financial accountability. However, it is also important to note that most entities are working towards achieving their contribution towards Fiji's 5years & 20years National Development Plan in line with the relevant SDGs targets.

Overall, I thank the Executives of these Government Commercial Companies, Commercial Statutory Authorities and Other Entities as well as the respective Statutory Authorities for providing written responses to the audit issues that were raised and measures that are in place, and the Staff of the Office of the Auditor General for providing technical clarifications on those issues. I also wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of this bipartisan report namely Hon. Joseph Nand (Deputy Chairperson), Hon. Ro Teimumu Kepa, Hon. Virendra Lal and Hon. Aseri Radrodro.

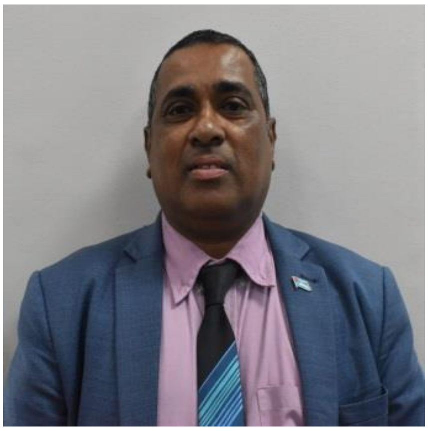
On behalf of the Committee, I also acknowledge the Public Accounts Committee Secretariat for their timely support throughout the scrutiny process that were undertaken, compilation and finalization of this detailed report.

Hon. Alvick Avhikrit Maharaj
Chairperson

COMMITTEE MEMBERS

Pursuant to SO 118 (1), "*A majority of the members of the standing committee shall constitute a quorum*".
The substantive members of the Standing Committee on Public Accounts are:–

Hon. Alvick Avhikrit Maharaj
(Chairperson MP)



Hon. Joseph Nitya Nand
(Deputy Chairperson MP)

Hon. Aseri Masivou Radrodro
(Opposition MP)

Hon. Ro Teimumu Kepa
(Opposition MP)

Hon. Virendra Lal
(Government MP)

INTRODUCTION

The **2018-2019 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities** *(PP No. 184 of 2020)* and the **2018-2019 Audit Report on Statutory Authorities** *(PP No. 185 of 2020)* were both tabled in Parliament on 4th September 2020 and referred to the Standing Committee on Public Accounts, for its scrutiny.

Standing Order 109 (2) (d) allows Standing Committee on Public Accounts to examine the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review.

Standing Order 110(1)(c) authorises the Standing Committee to *scrutinise the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.*

Copies of the relevant Auditor-General's reports are available for perusal on the Parliament website www.parliament.gov.fj under *"Parliament Business".*

COMMITTEE PROCEDURE

The Novel Coronavirus Disease renamed as COVID-19 was declared by the World Health Organisation as a global pandemic on 11 March 2020. The Parliament of the Republic of Fiji therefore undertook necessary health precautionary measures to control the spread of the new virus strand outbreak.

In view of the above, Standing Order 112 (1) (b) provides powers to the Standing Committee on Public Accounts to compel the production of documents or other materials or information as required for its proceedings and deliberations.

The Committee resolved that the following entities identified in the **2018-2019 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities** shall provide a substantive written submissions to the Committee as follows:

1) Fiji Broadcasting Corporation Pte Limited
2) Fiji Public Trustees Corporation Pte Limited
3) Fiji Hardwood Corporation Pte Limited
4) Fiji Rice Pte Limited
5) Energy Fiji Limited
6) FDB Nominees Pte Limited
7) Fiji Development Bank

The Committee also resolved that the following entities identified in the **2018/2019 Audit Report on Statutory Authorities** shall provide a substantive written submissions to the Committee as follows:

1) Fijian Competition and Consumer Commission
2) Fiji Servicemen's After Care Fund

3) Consumer Council of Fiji
4) Sugar Industry Tribunal
5) Accident Compensation Commission Fiji
6) Fiji National Sports Commission
7) Investment Fiji
8) Fiji Roads Authority
9) Fiji Sports Council
10) Civil Aviation Authority of Fiji
11) Centre for Appropriate Technology and Development

BACKGROUND

PART A: 2018-2019 AUDIT REPORT ON GOVERNMENT COMMERCIAL COMPANIES, COMMERCIAL STATUTORY AUTHORITIES AND OTHER ENTITIES

All state-owned entities prepare annual financial statements. Directors and management of these entities are 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 Audit Report on the Government Commercial Companies, Commercial Statutory Authorities and other entities contains the financial audit of seven entities. The Auditor General issued eight audit opinions out of which five related to the 2019 financial statements while two were for backlog audits of various entities. There was one modified opinion issued for the 2019 financial statements as well as two of the financial statements in the backlog for the various entities were issued with the modified audit opinion as well. The Auditor General issued unmodified opinion on four of the 2019 financial statements audited for the various entities and one of the financial statements that were in backlog for the various entities were issued with unmodified opinion.

Furthermore, there are six (6) Government Commercial Companies, Commercial Statutory Authorities and Re-organized entities not subject to audit by the Auditor-General. The financial statements of most entities audited for 2019 were timely and generally of good quality. However, further improvements can be made to enhance the quality and timeliness of submission of financial statements for the Office of the Auditor General's audit.

PART B: 2018-2019 Audit Report on Statutory Authorities

The Committee noted that annual financial statements were prepared by the statutory authorities. It is important for the management to ensure that the preparation and fair presentation of the financial statements are in accordance with International Financial Reporting Standards and requirements of applicable laws and regulations. The 2018-2019 Audit report on Statutory Authorities covered for 11 entities. The Auditor General issued 11 audit opinions out of which 3 were related to the 2016 financial statements, 1 related to the 2017 financial statements, 4 were related to the 2018 financial statements and 3 were related to the 2019 financial statements.

For the audits undertaken on 2016 financial year, the Auditor General issued Disclaimer of opinion on 3 of the financial statements audited. For the audit undertaken on the 2017 financial year, the Auditor General issued an unmodified opinion on 1 financial statement audited. For the audit undertaken in the 2018 financial year, 1 was issued with a modified opinion while 3 were issued with an unmodified opinion. And for the audit undertaken on the 2019 financial year, the Auditor General issued unmodified opinion on all of the financial statements audited for the various entities.

The Auditor General has highlighted that issues classified as medium to high risks are control and compliance weaknesses of such fundamental significance or substantial importance to the Statutory Authority that they require immediate attention by those charged with governance in the Statutory Authorities and the line Ministry for priority and act for resolutions.

Additionally, the Audit Report also highlighted other areas that require immediate attention by the Management of statutory authorities for prompt action for resolutions include:

- Addressing significant delays in submission of draft financial statements for audit;
- Improving risk assessment process to achieve authorities' objectives and forming a clear basis for determining how risks are managed;
- Improving overall monitoring of the entities, including the establishment of independent internal audit functions, which would assist in identifying any gaps in controls.

Abridge financial statements are presented in the Audit Report for each statutory authority. The abridged statements of financial performance reflects revenue, expense and net income while the abridge statements of financial position presents the authorities assets and liabilities.

In view of the above, the Standing Committee on Public Accounts plays a key role in reviewing the findings and recommendations of the Auditor-General's reports to Parliament in consultation with relevant entities which the Committee sees fit to consult. The Committee always focuses on whether the audited entities have addressed issues raised in the audit report, and the underlying situation and reasons given during the period of audit in comparison as of to date situation or its current status.

GENERAL RECOMMENDATIONS

The Committee had conducted a thorough review on the two (2) audit reports and also seek clarifications from the seventeen (17) entities on the audit issues that were raised. Given the audit findings and the responses received, the Committee recommends that the relevant entities listed in these 2 audit reports take note of the Committee recommendations highlighted and ensure its timely implementation.

1. ***The Committee commends the work of the Fiji Broadcasting Corporation Pte Ltd ('FBC') and recommends that the FBC to explore other revenue options such as real estate development;***

2. ***The Committee recommends that the Fiji Public Trustee Corporation Limited (FPTCL) should continue to decentralize its operations throughout Fiji to allow for easy accessibility from the general public;***

3. ***The Committee recommends that a follow-up audit be conducted on the operations of Fiji Hardwood Corporation Pte Limited;***

4. ***The Committee recommends that the Fiji Servicemen's After Care Fund to follow the OMRS principle and strictly complied with;***

5. ***The Committee recommends that a follow-up audit to be conducted on the operations and finances of the Sugar Industry Tribunal given the gravity and the high number of anomalies noted by the Auditor General; and***

6. ***The Committee notes with concern the delay in the presentation of the audited financial statements of the Sugar Industry Tribunal and recommends that the Tribunal should prioritize on bringing its audited financial accounts up to date.***

COMMITTEE FINDINGS

PART A: 2018-2019 AUDIT REPORT ON GOVERNMENT COMMERCIAL COMPANIES, COMMERCIAL STATUTORY AUTHORITIES AND OTHER ENTITIES

1. FIJI BROADCASTING CORPORATION PTE LIMITED

Audit Opinion

The audit of Fiji Broadcasting Corporation Pte Limited for the financial year 2019 resulted in the issuance of an **unmodified audit opinion**.

Fiji Broadcasting Corporation (Pte) Limited - Abridged Statement of Financial Performance

Description	2019 ($)	2018 ($)
Revenue	20,940,174	24,800,706
Other operating revenue	2,208,915	1,376,229
Finance income	373,880	275,671
Total Income	**23,522,969**	**26,452,606**
Administration and operating expenses	19,138,742	17,985,569
Impairment loss on trade and other receivables	---	264
Marketing expenses	1,190,310	2,036,719
Finance cost	587,548	702,269
Total Expenditure	**20,916,600**	**20,724,821**
Profit Before Income Tax	**2,606,369**	**5,727,785**
Income tax expenses	572,709	991,016
Profit After Income Tax	**2,033,660**	**4,736,769**

Fiji Broadcasting Corporation (Pte) Limited - Abridged Statement of Financial Position

Description	2019 ($)	2018 ($)
Cash	6,163,600	1,600,022
Trade and other receivables	6,235,883	2,513,574
Other assets	1,556,976	1,381,934
Investments	5,087,649	11,240,169
Property, plant and equipment	28,156,145	31,886,415
Income tax receivable and deferred tax assets	319,985	309,879
Right-of-use asset	533,456	---
Total Assets	**48,053,694**	**48,931,993**
Trade and other payables	2,258,352	1,631,003
Employee entitlements	254,050	287,039
Deferred income	12,663,090	14,673,498
Interest bearing borrowings	9,573,533	11,776,036
Deferred tax liability	862,211	697,117
Lease liability	541,498	---
Total Liabilities	**26,152,734**	**29,064,693**
Share capital	4,113,357	4,113,357
Capital contribution	18,489,696	18,489,696
Asset revaluation reserve	3,341,214	3,341,214

Description	2019 ($)	2018 ($)
Accumulated losses	(4,043,307)	(6,076,967)
Total Shareholders' Equity	**21,900,960**	**19,867,300**

Other Significant Matters – Fiji Broadcasting Corporation (Pte) Limited (FBCL)

1. Impact of COVID-19

The audit noted that the World Health Organisation declared the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 in the financial report and how it has been considered by the Directors in the preparation of the financial report. As set out in Note 25 of the financial statements, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

2. Accounting for Government Grant or Special Funding

The audit noted that the financial statements stated that grants and/or special funding from Government up to 7 March 2016 were treated as capital contribution in accordance with Cabinet's decision in 2012, and from 8 March 2016 were treated as revenue based on the Cabinet's decision in 2016 to align the accounting treatment to IFRS.

PAC Comments/Recommendations:

The Committee recommends that FBCL to explore other revenue options.

3. Long outstanding accruals for broadcast license fee

The audit noted that the audit review of broadcast license fee accrual noted that long outstanding accruals dated back to 2014 with no subsequent payment or reversal. Total broadcast license fee accrued at year-end amounted to $148,401 compared to $121,516 for 2018.

The OAG's recommendation to the management of the company was to review the accrual and determine whether it was appropriate to continue to record the accrual as a liability.

The OAG was informed that the broadcast license fees was owed to Telecommunications Authority of Fiji (TAF). FBCL had recorded an accrual of $20,505 per annum since 2013 based on initial licensing agreement. The Company confirmed that outstanding license fees would be paid although the Telecommunications Authority of Fiji was yet to bill FBCL for the payment.

2. FIJI PUBLIC TRUSTEE CORPORATION (PTE) LIMITED

Audit Opinion

The audit of Fiji Public Trustee Corporation (Pte) Limited for the financial year 2018 resulted in the issuance of an **unmodified audit opinion**.

Fiji Public Trustee Corporation (Pte) Limited- Abridged Statement of Financial Performance

Description	2018 ($)	2017 ($)
Fees	951,182	592,446
Interest Income	501,001	578,633
Other Income	528,972	28,682
Total Revenue	**1,981,155**	**1,199,761**
General and Administration Expenses	251,711	280,979
Selling Expenses	41,779	26,811
Staff and Employee Costs	722,733	579,987
Total Expenses	**1,016,223**	**887,777**
Operating Profit Before Income Tax	964,932	311,984
Income Tax Expense	89,367	52,461
Operating Profit After Income Tax	875,565	259,523
Other Comprehensive Income	-	196,402
Total Comprehensive Income for the year	**875,565**	**455,925**

Fiji Public Trustee Corporation (Pte) Limited- Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Cash and Cash Equivalents	265,097	456,747
Trade and Other Receivables	705,571	469,048
Other Current Assets	622,244	120,808
Financial Assets	12,261,652	12,410,943
Property, Plant and Equipment	1,902,094	1,881,646
Deferred Tax Assets	2,358	-
Total Assets	**15,759,016**	**15,339,192**
Trade, Other Payables and Provisions	118,996	118,327
Dividend Payable	-	500,000
Provision for Income Tax	43,590	-
Total Liabilities	**162,586**	**618,327**
Net Assets	**15,596,430**	**14,720,865**

Other Significant Matters – Fiji Public Trustee Corporation (PTE) Limited

Business Continuity and Disaster Recovery Plans

The audit noted that the Corporation did not have a documented business continuity and disaster recovery plan.

The Corporation had indicated that it was in the process of documenting and establishing clearly defined business continuity and disaster recovery plans which was expected to be finalised by the end of 2019. In addition, the Corporation had also recruited an IT Consultant to assist in the finalisation of the plans.

The OAG recommended that the Corporation finalize the business continuity and disaster recovery plans as soon as practical. As at 31 July 2020, the Corporation was yet to finalize the plans.

PAC Comments/Recommendations

The Committee recommends that the FPTCL should continue to decentralize its operations throughout Fiji to allow for easy accessibility from the general public.

3. FIJI HARDWOOD CORPORATION (PTE) LIMITED

Audit Opinion

The audit of Fiji Hardwood Corporation (Pte) Limited for the financial year 2017 resulted in the issuance of **modified (qualified) audit opinion**. The qualification was as follows:

1. The Company recorded plantation forest crop amounting to $213,320,000 in the books of account as at 31 December 2017. The last independent forest valuation was performed for the year ended 31 December 2008 by an independent valuer. In 2016, Management had internally prepared its wood flow and woodland assets as at 31 December 2016. Management's assessment was peer reviewed by National Forestry Expert, a third party independent verifier and the net present value of the plantation increased by $8,370,000 as at 31 December 2017. It was not practicable for the Auditor General to determine the correct valuation of forest asset recorded in the books of Fiji Hardwood Corporation Limited as at 31 December 2017 as the evidence available to the Auditor General was limited and the audit procedures with respect to timber production, total planted and unplanted area and the mahogany yield table was restricted to the figures recorded in management's peer review report. The figures contained in the peer review report could not be verified against nor traced to physical stocks.

2. The Company did not provide documentary evidence to substantiate trade payables totaling $13,240 and Landowners Stumpage Payable ($15,202). As a result, the existence, completeness and accuracy of the trade payables and Landowners Stumpage Payable balances could not be verified. Additionally, it could not be determined whether adjustments might have been necessary in respect of these trade payables and Landowners Stumpage payable at the end of the financial year and any corresponding adjustments to the elements making up Statement of Comprehensive Income and Statement of Financial Position.

3. Attention was also drawn to Notes to the financial statements, which records property, plant and equipment amounting to $611,428 (2016: $1,324,276). The fixed assets register was not properly maintained during 2017 to support the written down values and the annual board of survey to verify the movements in property, plant & equipment during the year. Thus, the appropriate, relevant and sufficient audit evidence to determine the correct valuation of carrying amounts of these assets as at 31 December 2017 could not be obtained. Consequently, the Auditor General was unable to ascertain that all income, expenditure, assets and liabilities had been brought to account during the year ended 31 December 2017. It is not possible to ascertain the impact of this on the operating results, cash flows and financial position for the year ended 31 December 2017.

4. The company did not make any disclosure on the financial statements on the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2016 and whether Directors had considered the impact when preparing the financial report. The financial statement had not made any disclosure whether any adjustments was required to be made to financial statements as at 31 December 2017 for the impacts of COVID-19.

5. There was a lack of internal control over non-preparation of reconciliations for inventory of logs, aged receivables and creditors as at 31 December 2017. Consequently, the Auditor General was unable to ascertain that all income, expenditure, assets and liabilities had been brought to account during the year ended 31 December 2017. It was not possible to ascertain the impact of this on the operating results, cash flows and financial position for the year ended 31 December 2017.

PAC Comments/Recommendations:

The Committee recommends that a special audit be conducted on the operations of Fiji Hardwood Corporation Pte Limited.

Fiji Hardwood Corporation (Pte) Limited - Abridged Statement of Financial Performance

Description	2017 ($)	2016 ($)
Operating Revenue	2,279,847	5,351,271
Other Operating Income	248,346	42,984
Total Income	**2,528,193**	**5,394,255**
Cost of Sales	1,848,000	2,156,297
Administrative Expenses	3,774,806	3,580,473
Distribution Expenses	13,840	3,059
Total Expenditure	**5,636,646**	**5,739,829**
Loss from Operations	**(3,108,453)**	**(345,574)**
Fair value adjustment of plantation	8,370,000	76,357,062
Finance income	24,797	28,618
Finance costs	(1,243,152)	(405,831)
Profit before Income Tax	**4,043,192**	**75,634,275**
Income tax benefit	664,490	69,110
Net profit for the year	**4,707,682**	**75,703,385**
Other comprehensive income	116,012	---
Total comprehensive profit, net of tax	**4,823,694**	**75,703,385**

Fiji Hardwood Corporation (Pte) Limited - Abridged Statement of Financial Position

Description	2017 ($)	2016 ($)
Cash and Cash Equivalents	567,970	2,372,251
Trade and Other Receivables	---	2,341
Inventories	81,770	904,102
Prepayments and Other Assets	7,872	91,104
Property, Plant and Equipment	611,248	1,324,275
Deferred income tax asset	778,915	180,739
Plantation forest crop	213,320,000	204,950,000
Total Assets	**215,367,775**	**209,824,812**
Trade and Other Payables	2,253,676	991,253
Employee benefit liability	141,997	190,562
Deferred Income tax liability	---	66,223
Interest bearing loans and borrowings	5,832,081	6,131,832
Income tax payable	179,226	307,842
Total Liabilities	**8,406,980**	**7,687,712**
Issued capital	100,000,000	100,000,000
Retained earnings	106,960,795	102,137,100
Total equity	**206,960,795**	**202,137,100**

Other Significant Matters – Fiji Hardwood Corporation (Pte) Limited

1. Going Concern Issues

The audit noted the company has been incurring significant operational losses during the recent years (that is, before any fair value adjustment of plantation). During the year ended 31 December 2017, the company incurred operational loss of $4,326,808. As at 31 December 2017, the total liabilities of the company exceeded total assets resulting in a net liability of $2,400,911.

The audit also noted the company was not generating adequate cash flows to meet all its commitments and obligations as and when they fall due. The above conditions indicate a significant uncertainty as to whether the company would be able to continue as a going concern and whether it would be able to pay its debts as they become due and payable and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Statements.

The OAG noted, that the company's operations were financed through loan facility with Fiji National Provident Fund ("FNPF") and Fiji Development Bank ("FDB"). Both of these financing facilities are under stress with repayment arrears and penalty interest being charged on both of these accounts.

Additionally, Cash at bank and cash in hand balance of $568,211 disclosed under Note 7 of the financial statement includes FHCL Trust cash balance of $481,236. This Trust cash account made up 84.6 per cent of the total cash of the Company. Should the owners of the cash kept in trust decide to withdraw their monies on the same day, the Company would be left with only $86,974 which would be insufficient to fund its daily operations.

The financial statements did not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the entity not be able to continue as a going concern.

2. Inventory Reconciliation

The audit noted that the inventory log record sheet maintained by the forest officers did not record the number and movement of logs (movement of how many logs has been dumped at the yards and landing sites and how many were shipped out). This was only updated every morning with the number of logs that had been stored at the site implying very loose control on stock management.

The loose control of recording of stock implies poor management of the principal resource which in turn implies poor management of revenue and possible loss as well. Moreover, the poor recording of stock movement exposes the company to theft and pilferage. The Company agreed with the OAG's recommendation to improve the recording system of logs and its movement be monitored with more vigilance.

3. Trade Creditors Reconciliations not Performed

The audit noted that creditors' reconciliation was not prepared by the Company to reconcile the opening and closing balances and therefore the correctness of trade creditors' balance of $2,253,676 could not be ascertained.

Furthermore, it was noted that there were no form of reviews for correctness carried out on the creditors listing provided for audit verification. The Company agreed with audit recommendation to perform creditor's reconciliations on a monthly basis and to ensure that correct amount for trade creditors were recorded in the financial statements.

4. Loan from Fiji Investment Corporation Limited (FICL)

Audit review of the loan from Fiji Investment Corporation Limited noted that the loan balance as per the general ledger did not agree with the balance disclosed in the financial statements. The general ledger showed a zero balance of loan while the 2017 financial statements showed an outstanding balance of $755,507.

The Manager Finance (Fiji Hardwood Corporation Limited) confirmed that the loan was paid off in 2016. However, there was a balance of $755,507 in financials as loan payable to Fiji Investment Corporation Limited in 2017. In addition, the OAG was not provided with a loan balance confirmation from Fiji Investment Corporation Limited.

The Company agreed with the OAG's recommendation to review the loan balance and obtain confirmation from Fiji Investment Corporation Limited.

5. Variance in VAT Reconciliation

Audit review of the VAT reconciliation noted an unreconciled variance of $15,142 between the VAT amount disclosed in the financial statements and as per the VAT reconciliation performed by the Company.

Balance as per Financials	Balance as per VAT reconciliation	Variance
$15,816	$674	$15,142

The Company agreed to investigate and rectify the variance noted. In addition, the Company agreed to reconcile the VAT with the Fiji Revenue Customs Services Statement of VAT Account.

6. Variance between General Ledger and Aged Payables Listing

The OAG noted a significant variance of $638,868 between trade creditors balance as per financial statement and the Trade Creditors listing.

Balance as per Financials ($)	Balance as Per Listing Variance ($)	Variance ($)
13,240	652,108	638,868

The Company agreed to the following OAG recommendations:

- The Company should ensure that Trade Creditors general ledger balance reconciles with the balance as per Aged Payable listing and any variances arising thereon should be investigated and resolved immediately.
- Management must ensure that the Company had competent staff in the Accounts section who were capable of completing the accounting processes and financial reporting requirements.

7. Replanting of Mahogany

The audit noted that mahogany that was harvested in 2017 and 2018 had not been replanted to maintain the sustainability of mahogany plantation as required by the licensing arrangement under the Mahogany Industry Act 2010.

Furthermore, as at 22 July 2020 being the date of audit opinion, approximately five hundred thousand of one-year old mahogany plants (estimated value: $500,000) were ready to be planted. However, due to constrain with cash flow, the Company could not carry out the reforestation process of mahogany plants.

This indicated lack of attention to the management of the principal resource of the business and to ensure creation of stocks for the future sustainability of the business and mahogany industry.

The Company agreed to the following recommendation:

- ***To immediately consider reforestation of mahogany plants to avoid additional cost and loss of business.***
- ***Implementation of a regular re-forestation plan to maintain sustainability of the resource and its principal asset.***

8. Disclosure Operating Lease Commitment

The OAG was not provided with supporting documents to substantiate disclosure of operating lease commitment of $30,948,109. Therefore, the OAG was unable to determine the accuracy of the operating lease commitment and its disclosure in the financial statements.

The Company agreed to maintain supporting documents and accounting records for the operating lease commitment.

9. Supply of logs to license holders

The audit noted that Company was not able to supply the Mahogany logs as per the license agreement to various licence holders. This had been a cause for concern for a number of years and financial instability of the company was identified as a major contributing factor.

Hence the OAG recommended that the Company evaluate and assess its current capabilities to meet the agreement and realistically strategize to determine continuity. FHCL had requested Mahogany Industry Council for open market so that once the license holders and client pools do not buy the logs then FHCL could sell it in open market but yet protecting the Mahogany Brand.

10. Corporate governance

The audit noted the lack of adherence to good governance in the following areas of significant importance:

- The Company did not have a Finance and Human Resource manual to guide its operations;
- The Company did not have an internal audit function and an audit committee; and
- The Board of the Company did not meet on a timely manner. There were only 4 board meetings held in 2017. As a result, the Board was unable to provide strategic direction and advice to the Company.

The Company agreed to the following OAG recommendation:

1) ***The Board and Management of the Company must consider establishing an effective internal audit function and an Audit Committee to maintain vigilance over the controls of the business of FHCL.***
2) ***The Board and Management should hold regular meetings to provide much needed guidance on the business operations by providing valuable input into the operational activities through examination of performance of the business on a regular basis.***

11. Expiring Land Leases

The audit noted that the review of land lease terms revealed that there were twenty eight land leases, which would expire in the next 20 to 30 years. Mahogany tree takes approximately 35 -40 years to mature hence the future economic benefits to the company were uncertain, as there was risk of untimely renewal of the land leases.

Committee Recommendation/Comments:

The Company should proactively begin consultation with relevant stakeholders on status of leases and lease extension.

4. FIJI RICE (PTE) LIMITED

Audit Opinion
The audit of Fiji Rice (Pte) Limited for the financial year 2018-2019 resulted in the issuance of **modified (qualified) audit opinion**. The qualification was as follows:

2018

1. The Company included in cash at bank balance of $798,421 an unidentified deposit with a credit balance of $15,641. Necessary supporting documents to ascertain the accuracy of this amount was not provided. Consequently, the accuracy of the cash balance stated in the financial statements could not be determined.

2. The Company included in trade and other receivables other debtors and prepayments amounting to $398,902. A component of this balance is advance tax amounting to $134,759 which includes tax payment of $44,919 that did not relate to 2018 tax year.

3. The Company recorded nil VAT receivable or payable in the statement of financial position. However, there was a deposit of VAT refund amounting to $10,388 relating to the month of July 2018. The Company had not performed VAT reconciliation for the year ended. Therefore, trade and other receivable balance is understated by $10,388.

4. The Borrowing amounting to $6,725,382 included advance from shareholders amounting to $4,825,382. Written confirmation of the loan balance was not provided. Additionally, the Company had disclosed that the shareholders have agreed in principal to convert $4,825,382 as grant to the Company. Written supporting documentation on the status of this conversion was not provided.

5. The Company did not provide supporting schedules for computation of income tax to support the Income Tax expenses of $96,517 as disclosed under Note 6 of the financial statement. The accuracy and completeness of the income tax expense and if any adjustment was required for the related income tax payable in the statement of financial position could not be determined.

6. The Company did not invite the auditors to the stock take of the Company's inventory for the financial year end. Additionally, assurance on the inventory balances of $170,224 could not be obtained through alternative audit procedures.

7. The Company included in the Statement of Changes in Equity under Accumulated Loses a prior year adjustment amounting to $91,662 which was not in accordance with the requirements of International Accounting Standards (IAS) 8. IAS 8 requires the adjustments to be made retrospectively.

8. The Company had not maintained appropriate system for identifying and recording accruals at balance date. Therefore, the value of misstatement relating to accruals and if any adjustment that would have been required in respect to the accruals and corresponding adjustment that would have been required could not be quantified.

Without further qualifying the financial statements, attention was drawn to the following matters –

- Excess of liabilities over assets of $4,089,965 was noted for the 2018 (2017: $4,384,371);
- Management stated that there was no major impact of COVID 19 on the operation of the Company. In addition, the Minister of Economy had announced in the COVID 19 response budget that debt of the

Company would be transferred to equity. This when happens would have a major impact on the Company's debt.

- The Company had mill machinery and plant with total historical cost of $321,400 which was still used in the production of rice. These assets are fully depreciated. The Company continued to derive economic benefit from these assets which were not accounted.

Additionally, other matters of concern raised are:

- The Company did not have a risk management policy to support the risk assessment disclosed in the financial statements.
- Deficiencies in the internal controls were noted in the area of procurement, payroll, asset management and receipting which needs to be strengthened to minimize the risk of mismanagement and fraud.

2019

1. The Company included in cash at bank balance of $875,954 an un- identified deposit with a credit balance of $15,641. Necessary supporting documents to ascertain the accuracy of this amount was not provided. Consequently, the accuracy of the cash balance stated in the financial statements could not be determined.

2. The Company included in other debtors and prepayments balance of $275,809 advance tax amounting to $79,482 and accrued receivable of $12,275 respectively. Due to the lack of reconciliation and supporting documents, the accuracy of these balances could not be confirmed.

3. The Company recorded nil VAT payable in the statement of financial position. However, there was a subsequent payment of VAT refund amounting to $25,099 relating to the month of July 2019 in the statement of VAT account which was not accounted for in the general ledger of the Company. Consequently, trade and other receivable balance is understated by $25,099.

4. The Company in the balance for Borrowing of $6,725,382 included advance from shareholders amounting to $4,825,382. Written confirmation of the loan balance was not provided. Additionally, the Company had disclosed that the shareholders have agreed in principal to convert $4,825,382 as grant to the Company. Written supporting documentation on the status of this conversion was not provided.

5. The Company did not provide supporting schedules for income tax expense of $52,762 and income tax payable of $58,288 as disclosed in the financial statement. The accuracy and completeness of the income tax expense and income tax payable could not be determined.

6. The Company included in the Statement of Changes in Equity under Accumulated Losses as a comparative is a prior year adjustment amounting to $91,662. The Company had not made prior year adjustment in accordance with International Accounting Standards (IAS) 8 which requires the adjustments to be made retrospectively. As a result, prior year adjustment of $91,662 disclosed as comparative was not appropriately disclosed in the financial statement.

7. The Company had not maintained appropriate system for identifying and recording accruals at balance date. Therefore, the value of misstatement relating to accruals and if any adjustment that would have been required in respect to the accruals and corresponding adjustment that would have been required could not be quantified.

Without qualifying the financial statements, attention was drawn to the following:

- Excess of liabilities over assets of $3,906,714 was noted for the 2019 (2018: $4,089,965);

- Management stated that there was no major impact of COVID 19 on the operation of the Company. In addition, the Minister of Economy had announced in the COVID 19 response budget that debt of the Company would be transferred to equity. This when happens would have a major impact on the Company's debt.
- The Company had mill machinery and plant with total historical cost of $321,400 which was still used in the production of rice. These assets were fully depreciated. The Company continued to derive economic benefit from these assets which were not matched with depreciation expense.

Additionally, other matters of concern raised are:

- The Company did not have a risk management policy to support the risk assessment disclosed in the financial statements.
- Deficiencies in the internal controls were noted in the area of procurement, payroll, asset management and receipting which needed to be strengthened to minimize the risk of mismanagement and fraud.

Fiji Rice (Pte) Limited - Abridged Statement of Financial Performance

Description	2018 ($)	2017 ($)
Operating Revenue	1,061,155	731,105
Cost of goods sold	(1,210,220)	(839,002)
Gross loss	**(149,065)**	**(107,897)**
Other revenue	944,016	1,012,934
Gain on sale of property	304,952	---
Administrative & operating	(617,319)	(543,316)
Profit from operations	**482,584**	**361,721**
Income tax expense	(96,516)	(72,344)
Profit after income tax expense	386,068	289,377
Total comprehensive profit for the year	**386,068**	**289,377**

Fiji Rice (Pte) Limited - Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Assets		
Cash on hand and at bank	798,421	458,737
Trade and other receivables	366,541	154,224
Inventories	170,224	404,261
Property, plant and equipment	1,586,995	1,996,194
Total Assets	**2,922,181**	**3,013,416**
Liabilities		
Trade and other payables	139,865	260,966
Provisions	570	---
Borrowings	6,725,382	7,006,000
Grant received in advanced	146,330	130,821
Total Liabilities	**7,012,147**	**7,397,787**
Net Deficiency in Assets	**(4,089,966)**	**(4,384,371)**

Other Significant Matters – Fiji Rice (Pte) Limited

1. On-Going Concern Issues

The audit noted that the company had recorded access of liabilities over assets of $4,089,965 in 2018 and $3,906,714 in 2019. The principal components of liabilities were advances from shareholder and subordinated loans amounting to $6,725,382. The shareholders had agreed in principle to convert $4,600,000 shareholders advance to a grant.

However, the Directors will effect this at such a point in time whereby VAT and income tax considerations had been satisfied relating to the conversion of the shareholders advance to a grant. Continuous government assistance and new sources of revenue may be sought as operating losses had been increasing.

On this basis the Directors had prepared the financial statements on a going concern basis. Consequently, no adjustments had been made relating to the accountability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company not continue as a going concern. During the 2018 financial year, the company recorded negative cash of $196,129 from its operating activities.

2. Accruals not booked at balance date

The audit noted instances where the company did not record accruals for the year ending 31 July 2018. The OAG's review noted that accruals totalling $18,118 were not recorded at year end.

Failure to book the accruals understates current year expenses and understates accruals at balance date. The management of the company agreed with the recommendation to have proper processes for recording creditors and accruals.

3. Anomalies in Income Tax

The OAG's audit review of calculation of income tax expense noted the following –

- The Company directly expensed an amount of $76,707 as income tax (under Section 17 (1) (c) (iii)) on the profit gained from the sale of CL 5279 located at Nausori as directed by the Fiji Revenue Customs Services on a written advice dated 22/02/2018.
- Tax expense reported under in the financial statements amounted to $90,990. When the tax rate of 20 per cent is applied directly to the profit, there was a variance of $5,527 between the expected tax expense of $96,517 and the reported tax expense of $90,990.
- The Company made an adjustment to equity relating to prior year income tax assessed as payable on prior year income amounting to $91,662 for which there was no disclosure in the financial statements and supporting documents provided to support this entry.
- Advance income tax includes payment for tax relating to tax year 2017. Reconciliation between the Statement of Income Tax and the general ledger was not adequately performed to correctly determine the income tax payable or receivable.

While the management stated that the Company performed the reconciliation at year-end, the OAG determined that the reconciliation was inadequate and was not supported with tax calculation worksheets.

Committee Recommendation/Comments:

The management should seriously consider building capacity in tax accounting to ensure that tax is correctly accounted and disclosed in the financial statements.

4. Omission of VAT Receivable

The audit noted that the company had reported nil balance of VAT Payable/Receivable in its financial statements for the year end 31 July 2018. Independent reconciliation performed during the OAG's audit revealed that the Company had VAT receivable of $10,388.94 for the year end 31st July 2018.

Although the non-preparation of VAT reconciliation had been continuously raised in prior year audit reports, the Company had not taken corrective action to rectify the anomaly noted. However, the Company had agreed to perform monthly reconciliation and book VAT receivable going forward.

The OAG recommended that monthly VAT reconciliations between the Company's records and Statement of VAT Account should be prepared and any variances are investigated and rectified on a timely manner.

5. Advance from shareholders

The audit noted that included in the financial statements under Borrowings is Advance from Shareholders amounting to $4,825,382. Of the amount disclosed, it is stated that the shareholders had agreed in principle to convert $4,600,000 of this advance to a grant. However, no confirmation was provided to the OAG to substantiate the statement.

Committee Recommendations/Comments

The company should carry out a reconciliation and seek confirmation and detailed information from Ministry of Economy on the amount booked as advance from shareholders. The company should make necessary adjustment if required based on the confirmation received.

The company informed the OAG that it was seeking confirmation from Ministry of Economy on the amount of Debt conversion as announced in 2020 COVID-19 response budget.

5. ENERGY FIJI LIMITED

Audit Opinion

The audit of Energy Fiji Limited for the financial year 2019 resulted in the issuance of an **unmodified audit opinion.**

Energy Fiji Limited - Abridged Statement of Financial Performance

Description	2019 ($'000)	2018 ($'000)
Revenue – electricity sales	359,427	349,497
Other operating revenue	9,408	12,660
Finance income and unrealised foreign exchange gain	2,404	2,578
Total Revenue	**371,239**	**364,735**
Personnel costs	25,987	23,669
Fuel costs	134,335	130,357
Electricity purchases	25,987	23,003
Lease and rent expenses	202	1,761
Depreciation and amortisation	43,419	41,196
Other operating expenses	50,097	52,593
Finance costs and unrealised foreign exchange loss	11,936	12,355
Total Expenses	**291,963**	**284,934**
Profit before Income Tax	**79,276**	**79,801**
Income tax expense	15,532	15,886
Profit after Income Tax	**63,744**	**63,915**
Other comprehensive income (cash flow hedges)	1,760	(10,204)
Total Comprehensive Income for the year	**65,504**	**53,711**

Energy Fiji Limited - Abridged Statement of Financial Position

Description	2019 ($'000)	2018 ($'000)
Cash on hand and at bank	70,716	154,580
Short term deposits	104,905	39,953
Receivables and prepayments	48,487	59,513
Derivative financial asset	4,011	1,313
Inventories	37,125	43,038
Property, plant and equipment	1,120,890	1,079,992
Intangible assets	1,210	1,604
Right of use assets	25,205	---
Current and deferred tax assets	1,161	1,397
Total Assets	**1,413,710**	**1,381,390**
Trade and other payables	134,926	126,882
Derivative financial liability	152	9,394
Employee benefit liability	3447	3,109
Interest bearing borrowings	219,735	277,519
Deferred income	118,649	104,370
Current and deferred tax liabilities	60,670	55,033

Description	2019 ($'000)	2018 ($'000)
Lease liability	25,341	---
Total Liabilities	**562,920**	**576,307**
Share capital	750,000	750,000
Retained profits	99,030	65,287
Hedging reserves	1,760	(10,204)
Total Capital	**850,790**	**805,083**

Other Significant Matters – Energy Fiji Limited

1. Reimbursement from Department of Energy

From the OAG's review of account receivable balances as at 31 December 2019, the audit noted that the sum of $7,288,876 relates to capital grant receivable from the Ministry of Infrastructure and Transport/Ministry of Economy for the Rural Electrification Scheme.

It was further noted that an invoice was raised by Energy Fiji Limited in January 2019 pertaining to the receivable which remained unpaid as at 17 April 2020.

The OAG recommended that the grant receivable should be recorded in the correct accounting period and when there is commitment of payment during the period to avoid overstatement of assets in the statement of financial position.

2. Utilization of Rural Electrification Funding

The audit noted that the Ministry of Infrastructure and Transport and Ministry of Economy confirmed that during 2019 it had paid Energy Fiji Limited a sum of $28,729,653.01 for the implementation of the Rural Electrification Schemes.

The following anomalies were noted –

- 76 per cent of funding received from Government for the 2019 projects would be planned for utilization in 2020 whilst 49 per cent of funding received during 2018 was planned for utilization in 2020;
- Only 8 projects totaling $99,982 had been commissioned between the years 2018 and 2019;
- There was no evidence of consultation with Government on the rollover of capital projects to the next financial year and the company deposited the project (public) funds into term deposit. The company had maintained that the funds were deposited to maximize shareholding funding and required no approval;
- Coordination between Energy Fiji Limited and the Rural Electrification Steering Committee with Department of Energy on the implementation of pending rural electrification projects should be improved.

The Company should:

- ***Co-ordinate with the Rural Electrification Steering Committee to work out a strategy to ensure that the entire population had access to electricity by 2021 (20 year NDP 2017 – 2036).***
- ***Ensure there was proper consultation between key stakeholders (Department of Energy and the Steering Committee) to ensure that there were key performance indicators established and funds appropriated by Parliament had been utilized for its intended purpose which results in values creation in terms of social benefit to the community around rural areas.***
- ***Ensure that approval of Ministry of Economy was obtained for any roll over of projects.***

The Company had noted the recommendations which were made.

3. Rights over Assets Resulting from Rural Electrification Schemes

The audit noted that the Company had been recording capital assets generated from Rural Electrification Schemes as part of its property, plant and equipment in the books of account over the years. It was difficult for the Company to justify the rights over certain capital assets generated from Rural Electrification Schemes since there was lack of audit evidence on the rights over the assets in the absence of proper formal documented arrangement with Ministry of Public Enterprises.

EFL agreed with the OAG's recommendation to arrange for formal contracts/agreements with Ministry of Public Enterprises and Department of Energy, clearly outlining the Company's rights over the assets generated from Rural Electrification Schemes.

6. FDB NOMINEES (PTE) LIMITED

Audit Opinion

The audit of FDB Nominees (Pte) Limited for the financial year 2019 resulted in the issuance of an **unmodified audit opinion**.

FDB Nominees (Pte) Limited - Abridged Statement of Financial Performance

Description	2019 ($)	2018 ($)
Interest income	3,832	1,919
Total Income	**3,832**	**1,919**
Operating expenses	2,577	1,268
Total Expenses	**2,577**	**1,268**
Operating profit before income tax	1,255	651
Income tax expense	251	---
Operating profit after income tax	**1,004**	**651**

FDB Nominees (Pte) Limited - Abridged Statement of Financial Position

Description	2019 ($)	2018 (restated) ($)
Cash	1,979	1,825
Accounts receivable	---	646,290
Held to maturity investment	330,370	49,314
Other receivable	1,818	42
Total Assets	**334,167**	**697,471**
Amount owing to FDB	---	406,820
Income tax payable	39,487	39,236
Other current liabilities	45,707	3,446
Total Liabilities	**85,194**	**449,502**
Net Assets	**248,973**	**247,969**

Other Significant Matters – FDB Nominees (Pte) Limited

1. Conflict of Interest

The audit noted that the Directors of the Nominees who were employees of the Fiji Development Bank agreed to invest $279,000 in Term Deposits offered by the Fiji Development Bank (FDB). The OAG noted that the Directors did not abstain from participating in the decision-making to invest in FDB. In addition, conflict of interest was not declared and documented. As a result, the transaction was not carried out in an open and transparent manner and favored Fiji Development Bank in which the Directors of FDB Nominees Limited are employed.

Committee Recommendation/Comments

To strengthen good governance, Directors must declare any conflict of interest that arise in the course of the business operations and exclude themselves from decisions related to the conflict of interest.

The Company agreed with the OAG's recommendation to maintain a Conflict of Interest Register and register actual or potential conflicts of interest.

2. Independent Board Member

The audit noted that for good governance, it was imperative that Board composition should be balanced, with at least thirty percent to be independent and non-executive Directors. An independent Director is a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with-or could reasonably be perceived to materially interfere with-the independent exercise of their judgment. The OAG noted that there was no independent member in the Board of Directors of the Company. In absence of Independent directors, oversight functions of the management could be compromised.

The company agreed with the OAG's recommendation and would consider appointing an Independent Director going forward.

7. FIJI DEVELOPMENT BANK

Audit Opinion

The audit of Fiji Development Bank for the financial year 2019 resulted in the issuance of an **unmodified audit opinion**.

Fiji Development Bank - Abridged Statement of Financial Performance

Description	Consolidated		The Bank	
	2019 ($)	2018 ($)	2019 ($)	2018 ($)
Interest Income	35,751,404	32,423,538	35,747,572	32,423,538
Fee Income	4,778,784	4,248,986	4,778,784	4,248,986
Other Income	3,046,095	2,869,389	3,046,095	2,867,470
Total Income	**43,576,283**	**39,541,913**	**43,572,451**	**39,539,994**
Interest Expenses	11,778,538	9,251,202	11,778,538	9,251,202
Operating Expenses	16,059,802	13,762,521	16,057,225	13,761,253
Total Expenses	**27,838,340**	**23,013,723**	**27,835,763**	**23,012,455**
Operating Profit Before Allowance	**15,737,943**	**16,528,190**	**15,736,688**	**16,527,539**
Allowance for Credit Impairment	8,037,760	5,035,555	8,037,760	5,035,555
Allowance for Interest and Fees	3,632,520	4,080,893	3,632,520	4,080,893
Profit Before Tax	**4,067,663**	**7,411,742**	**4,066,408**	**7,411,091**
Tax Expense	(251)	-	-	
Revaluation of Property & Equipment	**10,004,460**	**-**	**10,004,460**	**-**
Profit For The Year	**14,071,872**	**7,411,742**	**14,070,868**	**7,411,091**

Fiji Development Bank - Abridged Statement of Financial Position

Description	Consolidated		The Bank	
	2019 ($)	2018 ($)	2019 ($)	2018 ($)
Cash and Cash Equivalents	65,921,380	44,683,382	65,919,401	44,681,557
Investments Held to Maturity	2,330,370	2,049,316	2,000,000	2,000,000
Loans and Advances	442,914,552	397,529,316	442,914,552	397,529,316
Receivable due from Subsidiary	-	-	-	406,820
Other Receivables	4,008,533	2,837,174	4,006,715	2,463,384
Investment in Subsidiary	-	-	20,000	20,000
Investments	15,001	15,001	15,001	15,001
Property and Equipment	30,247,123	20,389,179	30,247,123	20,389,179
Computer Software - Intangibles	174,611	140,638	174,611	140,638
Total Assets	**545,611,570**	**467,644,006**	**545,297,403**	**467,645,895**
Accounts Payable and Accruals	5,916,667	3,827,098	5,831,473	3,823,650
Debt Securities Issued	356,608,437	295,078,368	356,608,437	295,078,368
Other Liabilities	6,420,099	6,960,293	6,420,099	6,960,293
Employee Entitlements	797,424	767,990	797,424	767,990
Deferred Income	3,590,264	3,036,756	3,590,264	3,036,756
Total Liabilities	**373,332,891**	**309,670,505**	**373,247,697**	**309,667,057**
Net Assets	**172,278,679**	**157,973,501**	**172,049,706**	**157,978,838**
Capital	56,050,636	56,050,636	56,050,636	56,050,636
Reserves	25,052,968	15,048,508	25,052,968	15,048,508
Accumulated Profits	91,175,075	86,874,357	90,946,102	86,879,694
Total Equity	**172,278,679**	**157,973,501**	**172,049,706**	**157,978,838**

Other Significant Matters – Fiji Development Bank

1. Governance and Oversight Function

The audit noted that the bank was governed by a board appointed by the Minister under the Fiji Development Bank Act 1967. The bank was not required to comply with the provisions of the Public Enterprise Act 2019 and Companies Act 2015. In addition, there were no formal arrangements for the bank to be supervised by the Reserve Bank of Fiji.

The Bank agreed with the OAG's recommendation to work towards aligning the Banks operation with the requirements of Reserve Bank of Fiji.

PART B: 2018-2019 AUDIT REPORT ON STATUTORY AUTHORITIES

1. FIJI COMPETITION AND CONSUMER COMMISSION

Audit Opinion

The audit of the Fiji Competition and Consumer Commission for the financial year 2018 resulted in the issuance of an **unmodified audit opinion**.

Fiji Competition and Consumer Commission- Abridged Statement of Comprehensive Income

Description	2018 ($)	2017 ($)
Government Grant – Operational	3,397,524	2,278,656
Other Income	159,536	140,649
Total Income	**3,557,060**	**2,419,305**
Expenditure		
Personnel Expense	2,037,361	1,352,394
Operating Expenses	560,034	333,444
Administrative Expenses	438,530	214,881
Depreciation	105,847	98,092
Total Expenditure	**3,141,772**	**1,998,811**
Net Surplus	415,288	420,494
Total Comprehensive Income	**415,288**	**420,494**

Net surplus of the Commission decreased slightly by $5,206 in 2018 compare to 2017. Total income substantially increased by $1.13million as a result of increase in government grant allocation to cater for the new and vacant post and additional funds approved for the investigation operations. The total expenditure increased by $1.14 million in 2018 compared to 2017 as new and vacant post were filled and increase in the activity of the commission for the financial year 2018.

Fiji Competition and Consumer Commission- Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Assets		
Cash and Cash Equivalents	1,487,152	630,274
Deposits	43,946	31,556
Trade and Other receivables	40,835	644,138
Property, Plant & Equipment	742,810	450,037
Total Assets	**2,314,743**	**1,756,005**
Liabilities		
Trade and Other Payable	316,894	214,512
Deferred Income	707,393	666,326
Other Liabilities	4,444	4,444
Total Liabilities	**1,028,731**	**885,282**
Net Assets	**1,286,012**	**870,723**

Net assets increased by $415,289 in 2018 compared to 2017. The increase was mainly due to receipt of grant of $838,074 towards the end of the financial year which was not utilized in 2018.

2. FIJI SERVICEMEN'S AFTER CARE FUND

Audit Opinion

The audit of the Fiji Servicemen's Aftercare Fund for the financial year 2015-2016 resulted in the issuance of a **modified (Disclaimer) audit opinion**. The qualification was as follows –

1) The financial statements are required to be prepared in accordance with the International Financial Reporting Standards ("IFRS") or International Public Sector Accounting Standards ("IPSAS"). The Fund is yet to adopt and comply with IFRS or IPSAS as required for general purpose financial statements. Accordingly, the Office of the Auditor General was unable to determine the impact on the financial statements if any, adjustment which may be necessary if the financial statements were prepared under IFRS or IPSAS.

2) Internal controls over the proper maintenance of beneficiary payments records and proper preparation and checking of salaries and cash at bank reconciliations were generally found to be weak. Instances were noted where duplicate entries for beneficiary payments were made into the payroll system and there was delay in termination of beneficiary payments resulting in double and overpayment of allowances.

Fiji Servicemen's After Care Fund - Abridged Statement of Financial Performance

Description	31 July 2016 7 months ($)	31 December 2015 12 months ($)	31 December 2014 12 months ($)
Government Grant	5,134,376	8,776,744	6,881,645
Miscellaneous	43,290	66,047	48,220
Total Receipts	5,177,666	8,842,791	6,929,865
Beneficiary Payments	4,926,161	8,289,283	6,740,251
Salaries, Wages and Related Payments	152,486	294,229	274,113
Other Operating and Administration Expenses	39,996	81,858	60,441
Bank Charges	6,460	14,799	15,428
Purchase of Office Equipment and Furniture	3,830	12,826	5,459
Bank Errors	3,414	6,861	7,399
Total Payments	5,132,347	8,699,856	7,103,091
Surplus/(Deficit) for the year	45,319	142,935	(173,226)

Consistent with the changes in the financial year of Government, the Fund 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 significant variances with the comparative balances.

The Fund had a surplus of $142,935 in 2015 compared to a deficit of $(173,226) in 2014. This was attributed to the increase in Government Grant received due to the increase in the number of recipients, to cover the bank overdraft encountered in 2014 and the salaries and administration expenses.

Fiji Servicemen's After Care Fund - Abridged Statement of Financial Position

Description	31 July 2016 7 months ($)	31 December 2015 12 months ($)	31 December 2014 12 months ($)
Cash at Bank	141,248	95,929	(47,006)
Total Assets	141,248	95,929	(47,006)

Consistent with the changes in the financial year of Government, the Fund 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 significant variances with the comparative balances.

Other Significant Matters – Fiji Servicemen's After Care Fund

Anomalies in Beneficiary Payments

Analysis performed on the After Care Fund (ACF) beneficiaries' payroll data during audit revealed the following anomalies –

- There were double payments totaling $13,215 to beneficiaries that had two ACF numbers with identical bank accounts details
- Unauthorized deposit of allowances into third party bank accounts. In one instance, it was noted that allowance totaling $14,989 (from 01/01/12 to 31/10/2019) was deposited into a beneficiary's brother's bank account.
- Instances of overpayment of allowance were noted.

Root Cause/Implication

The anomalies were due to input error by the Disbursement Officers, lack of supervisory checks by the Senior Disbursement Officer and Assistant Secretary and non-adherence to Fund's policies and procedures of obtaining authority letter for siblings/spouses prior to depositing to same bank account. Payroll data validation/cleansing not carried out on a regular basis. Input anomalies and absence of supervisory controls have resulted in over/double payment being undetected.

PAC Recommendation/Comment

The Committee recommends that the entity to follow the OMRS principle and strictly complied with.

Income Tax Exemption Status

The disclosures in the financial statements state that the Fund is exempted from paying income tax. However, the Fund did not provide any relevant documentary evidence from Fiji Revenue Customs Services (FRCS) to support the statement.

Absence of Risk Management Framework

The review of the Fund's Corporate Governance revealed that there is no risk management framework in place. As a result, the Fund does not have written policies, procedures or guidelines to manage risks associated with the following –

a. Occupational Health and safety;
b. Fund's operational and human resource/succession planning
c. Fraud control and anti-corruption
d. Disaster recovery, IT back up and business continuity
e. Assessment of potential conflicts of interest.

Root Causes/Implications

The Fund does not have an established governance and accountability function to drive the risk management framework.

3. CONSUMER COUNCIL OF FIJI

Audit Opinion

The audit of the Consumer Council of Fiji for the financial year 2018 resulted in the issuance of an **unmodified opinion**.

Consumer Council of Fiji - Abridged Statement of Comprehensive Income (Operating Grant)

Description	2018 ($)	2017 ($)
Income		
Government Grant	1,226,106	1,143,848
Other Income	188,231	147,193
Total Revenue	1,414,337	1,291,041
Depreciation	72,192	62,508
Rent and rates	56,029	63,695
Salaries, wages and related payments	893,120	810,642
Board expenses	43,523	17,992
Telephone and postage charges	22,180	22,294
Travelling expenses	14,550	25,398
Electricity and water	26,470	20,009
Office expenses, stationery and publications	20,099	27,890
New office rent	55,944	-
Other expenses	104,832	121,348
Total Expenses	1,308,939	1,171,776
Net Profit	105,398	119,265

The Council recorded a net profit of $105,398 which declined by $13,867 in 2018 compared to 2017. Total revenue increased by 9.0 per cent or $123,296 and total expenditure increased by 11.7 per cent or $137,163 in 2018 compared to 2017. The increases are due to funding received for new office relocation and set up at Vanua House.

Consumer Council of Fiji - Abridged Statement of Comprehensive Income (Donor Funded)

Description	2018 ($)	2017 ($)
Income	33,167	16,981
Total Revenue	33,167	16,981
Expenses		
Expenses	33,167	14,953
Total Expenses	33,167	14,953
Net Profit	-	2,028

The total revenue was increased by 95.3 per cent or $16,186 and the total expenditure was also increased by $18,214 in 2018 compared to 2017. The Council fully utilized the donor funds in the current year (2018).

Consumer Council of Fiji - Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Cash and cash equivalents	463,259	675,941
Other current assets	35,194	11,329

Prepayments	4,369	5,918
Property Plant & equipment	465,967	163,549
Intangible Assets	530	-
Total Assets	969,319	856,737
Trade and Other Payables	115,409	39,921
Provision for Annual Leave	21,475	22,348
Unutilized Capital Government Grant	4,587	417,837
Deferred Grant	538,892	193,074
Total Liabilities	680,363	673,180
Net Assets	288,956	183,557

Net assets increased by $105,399 or 57.4 per cent in 2018 compared to 2017. This was mainly attributable to the increase in Property, Plant and Equipment as the result of the new office set up at Vanua House with new furniture and fittings.

Other Significant Matters – Consumer Council of Fiji

Absence of Risk Management Policy and Risk Register

It is imperative that an entity must establish and maintain an entity specific risk management policy that outlines the following at least –

- defines the entity's approach to the management of risk and how this approach supports its strategic plans and objectives;
- defines the entity's risk appetite and risk tolerance;
- contains an outline of key accountabilities and responsibilities for managing and implementing the entity's risk management framework; and
- Is endorsed by the entity's accountable authority.

The Council does not have a Risk Management Policy.

<u>Root Causes/Implication</u>

The Council has not prioritized the development and implementation of Risk Management Policy.

Absence of Disaster Recovery Plans

It is imperative to have a Disaster Recovery Plan to ensure that all record are secure from data security breaches and natural disasters.

<u>Root Causes/Implication</u>

The Council does not have a documented disaster recovery plan in place. However, the Council's IT infrastructure development is now in its initial stage and together with this development, the Council is working on documenting a disaster recovery plan.

PAC Recommendation/Comments

The Consumer Council of Fiji has provided its response that the Risk Management Policy and the Disaster Recovery Plan has been developed and approved by the Board.

4. SUGAR INDUSTRY TRIBUNAL

Audit Opinion

The audit of Sugar Industry Tribunal for the financial year 2017 resulted in the issuance of **modified (Disclaimer) opinion**. The qualifications were as follow –

1) The Tribunal did not prepare and present a statement of changes in equity as a component of the financial statements for year ended 31 December 2016, which is a departure from the requirement of section 3 – Financial Statement Presentation, paragraph 3.17 (c) of the IFR's for SMEs. As a result, the Office of the Auditor General is not convinced whether the retained earning balance of $223,835 has been fairly stated in the financial statements.

2) The Tribunal was unable to provide appropriate documentations to support loss on revaluation of $165, 289 and transfers of $139, 631. As a result, the Office of the Auditor General is not convinced whether the property, plant and equipment balance of $462,993 has been fairly reported in the financial statements.

3) The Tribunal was unable to provide appropriate documentations to support balances reported in the statement of cash flows. As a result, the Office of the Auditor General is not convinced whether the statement of cash flows has been fairly reported in the financial statements.

4) The Tribunal has not disclosed employee benefits in its financial statements as required by *Section 28 – Employee Benefits, of the IFRs for SMEs*. In addition, the Tribunal did not provide disclosures for capital commitments, contingent liabilities, subsequent events, related party transactions, the domicile and legal form of the entity, its country of incorporation and the address of its registered office, unfulfilled conditions and other contingencies attaching to government grants that have not been recognized in income, and accounting policy of deferred income, as required by IFRS for SMEs. As a result, the Office of the Auditor General is not convinced whether the financial statements of the Tribunal have fully complied with those requirements of IFRS for SMEs.

5) The Tribunal recorded trade and other receivables balance of $263, 676 in the statement of financial position as at 31 December, 2016. Included in the amount are VAT receivable balance of $16,142, other receivable balance of $18,821 and owed by Near Infrared Project (NIR) of $223, 650. The Tribunal was unable to provide the Auditor with appropriate documentations to support the above balances. As a result, the Office of the Auditor General is unable to ascertain whether the trade and other receivables balance of $263, 676 has been fairly stated in the financial statements.

6) The Office of the Auditor General was not provided with appropriate supporting documents to support the transfer of assets of $29425 reported in Note 12 of the financial statements. Thus, the Office of the Auditor General is unable to verify the completeness and accuracy of the amount and also unable to determine whether any adjustments might have been necessary in respect of deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.

7) The Tribunal recorded personnel expenses of $403,991 in the statement of comprehensive income for the year ended 31 December, 2016. Included in the amount are salaries and wages of $300,799 which could not be validated. As a result, the Office of the Auditor General is unable to ascertain whether the personnel expenses balance $403,991 has been fairly stated in the financial statements.

8) The Tribunal recorded operating expenses of $140,897 in the Statement of Comprehensive Income for the year ended 31 December 2016. The Tribunal was unable to provide the Auditor with supporting documentations to support transactions totaling $34,410 recorded as meal and gang expenses. As a result, the Office of Auditor General was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of meal and allowance expenses and gang expenses at the end of the financial year and any corresponding adjustments to the elements making up the Statement Comprehensive Income and Statement of Financial Position.

9) The Tribunal recorded personnel expenses of $403,991 in the statement of comprehensive income for the year ended 31 December 2016. Included in the amount are salaries and wages of $300,799 which could not be validated. As a result, the Office of Auditor General is unable to ascertain whether the personnel expenses balance of $403,991 has been fairly stated in the financial statements.

10) The Tribunal recorded administration expenses of $164,824 in the statement of comprehensive income for the year ended 31 December 2016. The Tribunal was unable to provide the Office of Auditor General supporting documentations to support transactions totalling $11,258 recorded as general, telephone and meeting expenses. As a result, the Office of Auditor General was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of general, master award review, and meeting and award review at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position. Supporting documentations to support transactions totaling $11,258 recorded as general, telephone and meeting expenses. As a result, the Office of Auditor General was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of general, master award review, and meeting and award review at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.

11) The Tribunal was unable to provide Solicitors confirmation at balance date. Consequently, the Office of Auditor General was unable to determine if any disclosures of contingent liabilities is required to be made in the financial statements of the Tribunal for the year ended 31 December 2016.

12) The Tribunal did not disclose or provide relevant supporting documents and explanations in relation to subsequent to balance date review. Accordingly, the Office of Auditor General was unable to determine if any adjustments, or disclosures is required to be made in the financial statements of the Tribunal for the year ended 31 December 2016.

13) The Tribunal did not provide relevant and supporting documents for journal entries processed in the general ledger. This have provided limitation to the scope of the Office of Auditor General's audit and unable to determine if any adjustments, or disclosures is required to be made in the financial statements of the Tribunal for the year ended 31 December 2016.

Presented below is the abridged financial information for Sugar Industry Tribunal.

Sugar Industry Tribunal - Abridged Statement of Financial Performance

Description	2016 ($)	2015 ($)
Government Grant Operational	848,276	670,511
Other Income	223,168	73,042
Total Income	1,071,444	743,553
Personnel Expenses	403,991	398,113
Operating Expenses	140,897	108,718
Administrative Expenses	164,824	188,636
Depreciation	183,707	65,431
Total Expenditure	893,419	760,898
Surplus / (deficit)	178,025	(17,345)

The Tribunal incurred a net surplus of $178,025 in 2016 compared to the net deficit of $17, 345 in 2015. The net profit was mainly due to the increase in government grant received during the financial year 2016 for the operations of the Tribunal.

PAC Recommendation/Comments

The Committee recommends that a special audit to be conducted on the operations and finances of the Sugar Industry Tribunal given the gravity and the high number of anomalies noted by the Auditor General.

Sugar Industry Tribunal - Abridged Statement of Financial Position

Description	2016 ($)	2015 ($)
Cash at Bank and on Hand	174,477	14,968
Trade and Other Receivables	263,676	393,138
Property, Plant and Equipment	462,993	651,943
Total Assets	901,146	1,060,049
Trade and Other Payables	219,332	276,619
Employee Benefit Liability	-	1,400
Deferred Income	454,636	643,587
Finance Lease Liability – Current	3,343	5,014
Total Liabilities	677,311	926,620
Net Assets	223,835	133,429

Net assets increased by 68.0 per cent or $90, 406 in 2016 compared to 2015. The increase was mainly due to the increase in cash and cash equivalents balance by 1066.0 per cent or $159,509 and decreased in liabilities balance by 27.0 per cent or $249,309. Cash and cash equivalents balance increased compared to 2015 due to the additional grant that the Tribunal received from the changed in the financial year of Government. In addition, the decrease in liabilities were due to the decrease in creditors and accruals balance and deferred income balance.

Other Significant Matters – Sugar Industry Tribunal

Governance Issues

The Tribunal did not have a business plan, strategic plan, disaster recovery plan, risk management policy, human resources policy, IT security policy, policies to govern environmental controls, and code of conduct, in place. In addition, minutes of management meetings was not provided for audit review, there was no evidence to indicate that management held meetings during the financial year 2016. There was also no evidence to indicate that management held meetings during the financial year 2016. There was no service level agreement regarding the outsourcing of the IT function to Fiji Sugar Corporation (FSC).

Root Cause/ Implication
The Tribunal lacks the capacity to develop policies. The absence of these policies can be attributable to absence of proper governance structure. These, if not rectified can lead to a poor culture of governance in the Authority.

PAC Comments/Recommendations
The Committee notes with concern the delay in the presentation of the audited financial statements of the Sugar Industry Tribunal and strongly recommends that the Tribunal should prioritize on bringing its audited financial accounts up to date with immediate effect.

5. ACCIDENT COMPENSATION COMMISSION OF FIJI

Audit Opinion

The audit of Accident Compensation Commission Fiji for the financial year 2018 resulted in the issuance of an **unmodified audit opinion**.

Accident Compensation Commission Fiji - Abridged Statement of Financial Performance

Description	7 Months Period Ended 31 July 2018 ($)
Grant Income	850,305
Interest Income	7,295
Amortization of Deferred Revenue	10,401
Total Income	868,001
Staff cost	210,109
Depreciation	10,401
Operating expenses	249,934
Total Expenditure	470,444
Net Surplus	397,557

The Commission recorded total comprehensive income of $397,557 during its first year of operation being for the seven (7) months ending 31 July 2018 and has been audited for the first time.

Accident Compensation Commission Fiji - Abridged Statement of Financial Position

Description	7 Months Period Ended 31 July 2018 ($)
Cash and cash equivalents	696,030
Other receivables	2,515
Intangible asset	2,477
Plant & equipment	92,780
Total Assets	793,802
Other payables	283,606
Employee entitlements	17,382
Deferred Revenue	95,257
Total Liabilities	396,245
Net Assets	397,557

The Commission recorded net assets of $397,557 for the 7 months ending 31 July 2018.

6. FIJI NATIONAL SPORTS COMMISSION

Audit Opinion

The audit of the Fiji National Sports Commission for the financial year 2019 resulted in the issuance of an **unmodified audit opinion**.

Fiji National Sports Commission - Abridged Statement of Financial Performance

Description	2019 ($)	2018 ($)
Operating revenue	10,701,487	9,687,518
Other operating revenue	114,251	101,393
Total Income	10,815,738	9,788,911
Expenses		
Sports Grant Expenses	8,537,260	7,532,720
International Coaches Salary Grant	1,293,260	1,260,409
Administrative Expenses	25,396	20,851
Depreciation	77,797	111,032
Personnel Expenses	561,800	543,090
Operating Expenses	308,683	286,435
Finance cost	526	1,303
Total Expense	10,804,722	9,755,840
Net operating surplus for the year	11,016	33,071

The Commission recorded operating surplus of $11,016 in 2019 compared to a surplus of $33,071 in 2018. The decline in surplus was mainly due to increase in personnel cost in 2019 which increased by $18,710. Increase was also noted for sports grant expense which increased by $1,004,540 due to increase in funding for sports activities in 2019 compared to 2018.

Fiji National Sports Commission - Abridged Statement of Financial Position

Description	2019 ($)	2018 ($)
Cash	568,231	705,504
Prepayments	12,829	12,561
Property, plant and equipment	176,803	171,001
Other current assets	3,251	285
Total Assets	761,114	889,351
Trade and other payables	157,148	130,320
Employee entitlements	21,680	27,982
Deferred revenue	152,247	160,292
Deferred sports grant	60,717	231,383
Finance lease liability	18,932	---
Total liabilities	410,724	549,977
Net Assets	350,390	339,374

The Commission recorded an increase in the net assets by $11,016 or 3.2 per cent in 2019. Deferred sports grant decreased significantly due to utilization of the 2018 unutilized grant in 2019.

7. INVESTMENT FIJI

Audit Opinion

The audit of Investment Fiji for the financial year 2019 resulted in the issuance of **an unmodified audit opinion.**

Investment Fiji -Abridged Statement of Financial Performance

Description	2019 ($)	2018 ($)
Government grant	2,715,295	2,481,157
Registration extract fees	459	293
International Business Award- Income	293,878	361,133
Other income	32,314	65,969
Total income	3,041,946	2,908,552
Administrative expenses	306,558	274,761
Depreciation	95,440	83,484
Operating expenses	565,648	555,182
Amortization of Intangible asset	96,432	9,244
Personnel expenses	1,544,266	1,578,383
International Business Award- expenses	294,027	331,079
Total expenditure	2,902,371	2,832,133
Net surplus for the year	139,575	76,419

Investment Fiji recorded net surplus of $139,575 for the financial year ending 31 July 2019 which increased by $63,156 or 83.0 per cent compared to surplus of $76,419 recorded in 2018. The increase in surplus recorded in 2019 is mainly attributable to the increase in government grant received in 2019 compared to the grant received in 2018. The increase in grant was to fund the data entry and update of historic investor information into Customer Relationship Management (CRM) system. The CRM system allows Investment Fiji and its key stakeholders in strategic reporting and decision-making.

Investment Fiji - Abridged Statement of Financial Position

Description	2019 ($)	2018 ($)
Cash on hand and at bank	739,872	917,104
Receivables	92,389	104,263
Property, plant and equipment	262,944	348,644
Intangible Assets	439,426	455,516
Total Assets	1,534,631	1,825,527
Trade creditors and accruals	92,055	110,374
Payable to Ministry of Economy	82,500	455,000
Provisions for employee entitlement	95,591	106,802
Deferred grant income	113,761	142,202
Total Liabilities	383,907	814,378
Net Assets	1,150,724	1,011,149

Investment Fiji recorded an increase in net assets by $139,575 or 14.0 per cent in 2019 compared to 2018. The increase in net assets is mainly due to significant decline in amount payable to Ministry of Economy (MOE) as Investment Fiji cleared most of the payments to MOE during the year.

8. FIJI ROADS AUTHORITY

Audit Opinion

The audit of Fiji Roads Authority for the financial year 2018 resulted in the issuance of **modified (qualified) audit opinion**. The qualification was as follows –

1. The Authority has not brought to account the amount payable and contribution receivable to and from the Municipal Councils amounting to $28,559,736 and $44,037,877, 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 has entered into Memorandum of Agreements with 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 the Council roads maintained by the Authority.

2. Without further qualifying the opinion expressed above, attention was drawn to the following matter –
   a. The Authority administer the Transport Infrastructure Sector Project which is funded by ADB and World Bank. Procurement anomalies were noted during the audit of the project where the Authority did not comply with the implementation arrangements set forth in the Project Administration Manual stated in the Loan Agreement. The Project Administration Manual required that the ADB Procurement Guidelines be followed for the procurement of goods and works. The Authority prepared the contract agreement for Contract Number FRA/TIISP/16-01 Suva Arterial Roads Upgrading Project (SARUP 1) under FRA general terms and conditions but ADB has determined a mis-procurement as some amendments were made to the FIDIC clauses. Consequently, ADB terminated the funding which resulted the Authority bearing the responsibility to meet the total cost of the SARUP 1 project totalling $30,429,323 which has an impact on the Authority's budget.

Fiji Roads Authority - Abridged Statement of Comprehensive Income

Description	2018 ($)	2017 ($)
Income	190,706,732	168,728,814
Other Income	887,846	1,999,193
Total Income	191,594,578	170,728,007
Expenses		
Employee related expenses	10,779,437	7,796,814
Maintenance	117,190,592	100,988,152
Depreciation and Amortization Expense	145,102,107	144,801,194
Other Operating Expenses	5,610,193	12,041,630
Total Operating Expenditure	278,682,329	265,627,790
Deficit for the year	(87,087,751)	(94,899,783)

The Authority has recorded a decline in deficit in 2018 by $7.8, compared to 2017. Total revenue increased by 12.2 per cent or $20.87 million and total expenditure increased by 10.6 per cent or $12.75million in 2018 compared to 2017 due to increase in funding to fund the vacant positions and maintenance cost relating to roads, bridges, drainage and street lights.

Fiji Roads Authority - Abridged Statement of Financial Position

Description	2018 ($)	2017 ($)
Cash and cash equivalents	52,828,574	30,315,298
Receivables	3,589,868	5,714,589
Other current assets	74,119,090	152,529,633

Description	2018 ($)	2017 ($)
Property Plant & equipment	9,024,705,420	8,874,136,356
Intangible Assets	382,385	185,952
Total Assets	9,155,625,337	9,062,881,828
Trade and Other Payables	117,168,386	91,617,988
Provisions	50,789,331	42,305,872
Deferred Income	894,656,797	753,065,186
Total Liabilities	1,062,614,514	886,989,046
Net Assets	8,093,010,823	8,175,892,782

Net assets decreased by $82.88 million or 1.0 per cent in 2018 compared to 2017. This was mainly attributed to the increase in Trade and Other Payables due to unpaid claims by the contractor and decrease in other current assets due to decrease in grants receivable from Ministry of Infrastructure and Transport at the end of the financial year.

Other Significant Matters - Fiji Roads Authority.

Absence of Documented Business Continuity and Disaster Recovery Plan

It is imperative that there is a documented business continuity plan to enable an organization to restore critical business processes following a disaster or an emergency which will restrict the business to operate in the usual manner. The Office of Auditor General noted that the Authority does not have a documented Business Continuity and Disaster Recovery Plans.

In response to the audit finding, the Authority agreed to develop Business Continuity and Disaster Recovery Plans. However, the Authority argued that to have a proper Business Continuity Plan FRA needs to have budget allocated as this is a costly affair.

Assets with Zero Written Down Values

The Office of Auditor General noted that the Authority's Fixed Asset Register has assets with zero written down value that are still in use by the Authority. It is imperative that correct useful life and depreciation rates are assigned to assets when Fixed Assets Register is updated with new assets so that costs (by way of depreciation expense) are assigned appropriately through its economic life.

Contribution / Reimbursement to and from Municipal Councils

The Office of Auditor General noted that the Authority has not brought to account the contribution receivable from Municipal councils and amount payable to the Councils amounting to $44,037,877 and $28,559,736 respectively in the Statement of Financial Position. The amount has been disclosed as contingent assets and liabilities. The Authority's receivable and payable and the related expenses and the income accounts for the current and prior years are understated.

Redundancy Liability Account

It is imperative that adequate and complete records are maintained for all account balances. The Office of Auditor General noted that the Authority did not maintain a complete list of staff which makes up the total balance of the redundancy liability account amounting to $1,803,399. The Authority was unable to obtain details of redundancy liability account from the Department of National Roads (DNR) in 2012 when the Authority was established.

<u>Root Cause/ Implication</u>

In response to the audit finding, the Authority outlined that redundancy payment to Municipal Council workers and staffs working in outer islands under the MOU with Ministry of Rural Maritime and Development are yet to be paid. 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 favour of the staff, then FRA uses this fund to pay for that.

Impairment of debtors

The Authority recorded receivables of $3, 589,868 as at 31 July 2018. Included in this balance is debtors amounting to $2, 866,371 which are over 90 days old. The Office of the Auditor General noted that the Authority has not provided any impairment loss relating to the debtor balance.

Root Cause/Implication

The Authority argues that it does not see a need for providing impairment as the funds owed to the Authority are from the same bodies that report to the same ministry and funds are handled through a same source.

Proper process not followed during tender process

The Auditor General's review of the tender process noted instances where members of the tender evaluation committee were not approved by the Chief Executive Officer of the Authority as required by section 6.4(b) of the FRA Operations Manual .Refer to the Table below for details of projects

Root Cause/ Implication

The Authority agreed that there was a process oversight in getting the approvals for change in the tender evaluation committee.

	Closing Date Project Description
08/02/18	Balenabelo Bridge, Nananu Bridge, Navaga Bridge
07/09/17	Kiuva Peninsular - Kaba Peninsular Road - Central Division
22/02/18	Modular Bridge Package 1 (Toga, Vorovoro Bridge)- Central Division
22/02/18	Balenabelo Bridge, Nananu Bridge, Navaga Bridge - Design and Build Contract - Western Division

No Clear Guidelines to Capitalize Emergency Response Works

The Office of the Auditor General noted that there is no documented process which guides the Authority in capitalizing the emergency response works including the determination of the percentages. The Authority capitalized $30, 918,654 from the emergency response works based on the following percentages:

Capital Works	Percentage (%)	Capitalized amount ($)
Sealed Pavement Structure	57	17,623,633
Unsealed Pavement Structure	25	7,729,664
Drainage	11	3,401,052
Markings	6	1,855,119
Signs and Posts	1	309,187
Total	100	30,918,655

Root Cause/ Implication

The authority took note of the audit finding and further mentioned that upon acquisition of the Road Assessment and Maintenance Management software, the Authority will be able to get this information.

While the works done are of capital nature these were under emergency response section as these were required urgently.

Asset Disposal Policy

A review of the Authority's Asset disposal policy, revealed that board approval is not required for disposal of assets.

Since Management is responsible for safeguarding the assets of the Authority, there is a risk that a conflict of interest may arise in write-off assets without Board approval especially for high value items.

Depreciation Rates for Road Assets

Review of the Fixed Assets Register revealed other items associated with the roads systems for which the operations manual of the Authority does not provide the number of years of useful lives and depreciation rates. Refer to table below for details;

Road Systems	**Years currently being used by the Authority**
Bus Shelters	8
Drainage	8
Traffic Signals	9
Signs, Posts	12
Markings	1
Streetlights	10
Traffic Management Plans, Safety Audits, Route Action Plans, Mass Action Plans, Traffic calming Signs Information	12

The Authority agreed to re-visit its depreciation policy and ensures that road systems which are not specified in the depreciation policy are assigned appropriate depreciation rates.

Tenders not called for NASRUP N2 Beautification Project

The Request for Tender (RFT) document for Contract Number FRA 14/52 Construction of Nadi N2 clearly stated that urban design features and landscaping were important components of the works. The tender was awarded to the Contractor for a sum of $65,931,193.05 VEP. The contract agreement in the Bill of Quantities included $5,180,921.83 for Landscaping and Urban Design. It was noted that the Authority paid an additional sum of $623,250.05 for NASRUP N2 Beautification Project to other contractors without calling for tender. Furthermore, the Authority purchased bougainvillea plants which was not initially planned to be part of the landscaping.

<u>Root Cause/ Implication</u>

The Authority contend that the landscaping scope was changed from the contract amounting to $5.1m (BOQ) and the Board approval was sought on 4th April 2019.

9. FIJI NATIONAL SPORTS COUNCIL

Audit Opinion

The audit of Fiji Sports Council for the financial year 2017 resulted in the issue of unmodified opinion (unqualified) audit opinion. Presented below is the abridged financial information of Fiji National Sports Council for the financial year 2017.

Fiji Sports Council - Abridged Statement of Comprehensive Income

Description	2017 (12 months) ($)	2016 (7 months) ($)
Revenue		
Operating Income	4,388,633	2,388,611
Other Income	3,252,118	2,240,640
Concession Income	579,045	375,540
Total Revenue	8,219,796	5,004,791
Expenditure		
Administrative Expenses	580,932	368,973
Operating Expenses	1,301,559	1,127,975
Other Operating Expenses	279,839	896,929
Personal Expenses	2,182,994	1,128,604
Depreciation	6,911,069	3,987,962
Concession Purchases	386, 453	270,199
Interest	153,394	173,747
Total Expenditure	11,796,240	7,954,389
Total Comprehensive loss	(3,576,444)	(2,949,598)

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 2017 reflect transactions for a 12 month period whereas the financial statements for the year ended 2016 is for a 7-month period. Thus, the significant variances with the comparative balances.

Fiji Sports Council - Abridged Statement of Financial Position

Description	2017 (12 months) ($)	2016 (7 months) ($)
Assets		
Current Assets	1,606,831	1,743,247
Other receivables	242,274	242,274
Property, Plant & Equipment	144,531,508	149,836,294
Total Assets	146,380,613	151,821,815
Liabilities		
Current Liabilities	1,568,441	4,225,189
Non-current liabilities	65,864,114	65,072,125
Total Liabilities	67,432,555	69,297,314
Net Assets	78,948,058	82,524,501

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 2017 reflect transactions for a 12 months period whereas the financial statements for the year ended 2016 is for a 7-month period. Thus, the significant variances with the comparative balances.

Other Significant Matters – Fiji Sports Council

Absence of Discount Policy

While it is good business practice to give discounts to attract more business, it is imperative that there needs to be a guideline or a policy on providing discounts so that consistency is maintained in its application. The Councils provided 40.0 per cent discount to a customer for booking Vodafone Arena for 5 days. However, the Office of the Auditor General noted that there was no approved guideline for providing discounts on facility hire.

<u>Root Cause/Implication</u>
There is a need for the Council to develop a guideline on allowing discounts which needs to be approved by the Board. The CEO only approves discounts in certain scenarios, after thorough analysis of the situation and after substantiating the need for it.

Improper Maintenance of Personnel Files
The audit of payroll records noted that the Council did not properly maintain the personal files of its officers. The following weaknesses were noted:
- Correspondences upon resignations were not file properly and it was unclear of the exact date the salaries were ceased.
- Handover statements were not filed upon resignation.

<u>Root Causes/ Implications</u>
The anomalies indicated that stringent procedures were not in place for maintenance of accounting records.

Long Outstanding Staff Debtors
Staffs debtors amounting to $28,828.97 were outstanding as at 31 July 2017.
As presented in the management comments to this auditing findings, the Council took steps to recover the outstanding staff debtors. Refer to Table below for details.

<table>
<tr><th>Staff Shortages</th><th>Balance as at 31/07/17 ($)</th><th>Amount Recovered Subsequently</th></tr>
<tr><td>Gate Takings</td><td>15, 946.56</td><td rowspan="2">Presented to Board for Write-off</td></tr>
<tr><td>Concessions</td><td>8,350.01</td></tr>
<tr><td>Other Staff</td><td>4, 532.40</td><td>3,532.40</td></tr>
</table>

As highlighted in the table above, 84.0 per cent of the staff debtors were related to shortages arising from gate-takings and concessions fees. The shortages were not recovered from the staffs responsible. Despite this, the staffs continued to be employed by the Council. In addition, appropriate disciplinary actions were not taken against officers responsible.

<u>Root Causes/Implications</u>
The Council failed to implement appropriate controls to avoid shortages arising from gate taking and concession fees.

10. CIVIL AVIATION AUTHORITY OF FIJI

Audit Opinion

The audit of the 2019 financial statements resulted in issuance of an unmodified (unqualified) audit opinion. However, without further qualifying the opinion expressed above, attention was drawn to the following matter –

1. The financial statements disclosed that, whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the COVID 19 virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2019 financial statements is not expected to be material; and

2. The financial statements disclosed that the Authority has recorded an income tax benefit amounting to $254,013. As at the date of my opinion (03 August 2020), the Authority was in discussion with Fiji Revenue Customs Services to confirm whether or not the Authority is exempted from paying income tax.

Civil Aviation Authority – Abridged Statement of Comprehensive Income

Description	2019 ($)	2018 ($)
Income	5,187,373	5,486,525
Other Operating Income	416,761	376,297
Total Income	5,604,134	5,862,822
Administrative Expenses	990,227	1,154,388
Operating Expenses	1,866,503	1,762,230
Personnel Expenses	3,694,323	3,295,825
Total Expenses	6,551,053	6,212,443
Operating Loss Before Net Financing Income	(946,919)	(349,621)
Net Financing Income	120,306	108,541
Operating Loss Before Tax	(826,613)	(241,080)
Income Tax Benefit	254,013	109,491
Net Loss After Tax	(572,600)	(131,589)
Change in Fair Value of Investments	1,159,790	2,226,797
Total Comprehensive Income For the Year	587,190	2,095,208

Total comprehensive income decreased by $1,508,018 or 72.0 per cent in 2019 compared to 2018. The decrease in total comprehensive income was largely due to decrease in departure tax revenue for the Authority. Total expenses of the Authority increased by $338,610 which was largely due to increase in operating and personnel expenses.

Civil Aviation Authority of Fiji - Abridged Statement of Financial Position

Description	2019 ($)	2018 ($)
Cash and Cash Equivalents	1,240,434	1,769,948
Trade Receivables	157,564	216,289
Income Tax Refundable	46,770	34,562
Other Assets	1,300,813	1,114,334
Investments	14,200,991	13,041,201
Property, Plant and Equipment	6,307,458	6,520,205
Intangible Assets	329,249	349,781

Description	2019 ($)	2018 ($)
Right-of-Use Assets	283,162	---
Total Assets	23,866,441	23,046,320
Trade and Other Payables	1,144,802	959,978
Lease Liability	304,106	---
Employee Benefits	181,564	168,600
Deferred Income Tax Liability	247,812	501,825
Total Liabilities	1,878,284	1,630,403
Net Assets	21,988,157	21,415,917

Net assets of the Authority increased by $572,240 or 3.0 per cent in 2019 compared to 2018. The increase was largely due to International Financial Reporting Standards (IFRS) 16 – Leases which has come into effect from financial year 01 January 2019 that deals with the recognition, measurement and disclosure requirement of leases. (The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.) As a result, the Authority has recorded right of use assets amounting to $283, 162 under assets and $304,106 as lease liability.

Other Significant Matters – Civil Aviation Authority of Fiji

Non-compliance with the Personnel Policies and Administration Manual (PPAM)

The Authority's Personnel Policies and Administration Manual was last revised in 2018 However, numerous procedures and processes applied currently are not updated in the existing manual.

For instance, an inducement allowance is payable in addition to the fixed base/notional salary attached to a position and such payment is made for attracting and retaining scarce skill. The rate of this allowance is up to 35.0 per cent of the base salary. It was noted that certain staff's inducement allowance was over 35.0 per cent of the base salary.

Refer to Table below for details:

EDP Number	Base Salary	35% of base salary	Actual Inducement Allowance Paid	Overpayment
17210	54,692.40	19,142.34	77,912.00	(58,769.66)
17230	54,692.40	19,142.34	28,079.00	(8,936.66)
17236	77,812.35	27,234,32	55,000.00	(27,765.68)
17245	74,107.00	25,937.45	55,000.00	(29,062.55)
17260	61,756.00	21,614.60	60,000.00	(38,385.40)

The Authority argued that the rate (35.0 per cent of the base salary) is a reference only subject to changes based on market forces of demand and supply.

11. CENTRE FOR APPROPRIATE TECHNOLOGY AND DEVELOPMENT

Audit Opinion

The audit of the Centre for Appropriate Technology and Development resulted in the issuance of a **modified (Disclaimer) audit opinion**. The qualification was as follows –

1) 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, the Office of Auditor General is 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.

2) Prior year's variance of $167,320 between the cash at bank and general ledger balance for Catering, Capital Reserve, Long term training and Salary/Partner account have not been reconciled. In addition, there is lack of audit trail to verify whether all cash receipted by the Centre have been deposited into the respective bank accounts. Therefore, the Office of Auditor General was not able to ascertain the accuracy and completeness of the cash at bank balance amounting to $76,185 disclosed in the financial statements.

3) The Centre was unable to provide invoices and receipts pertaining to income generated from its training fees and seminar reimbursements totalling $49,694. Training fees earned by the Centre during the period was not recorded in the general ledger. The missing records have provided limitation to the scope of the audit to confirm the revenue balance of $144,377 disclosed in the financial statements.

4) An unreconciled variance of $185,197 exists between the revenue balance in the general ledger and the revenue balance disclosed in the financial statements. As a result, the Office of Auditor General was unable to ascertain the accuracy and completeness of the revenue balance amounting to $144,377 disclosed in the financial statements.

5) The Centre had not included two buildings and leasehold improvements in property, plant and equipment. The supporting documents to ascertain the cost of these assets were not provided. Therefore, the Office of Auditor General was unable to verify the accuracy of the Property, Plant and Equipment carrying amount of $4,184,890 disclosed in the Financial Statements and also unable to determine whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the balance sheet and income statement.

6) The Centre recorded work in progress of $29,845 in the Financial Statement. The Centre was unable to provide any documentations to support the work in progress balance. As a result, the Office of Auditor General 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 income statement and balance sheet.

7) An unreconciled variance of $158,421 exists between the VAT receivable as per the Statement of VAT Account and the general ledger balance. As a result, the Office of Auditor General was unable to ascertain the accuracy of VAT receivable amounting to $174, 612 disclosed in the financial statements.

8) The Centre had not made provisions for annual leave as at 31 July 2016 and detailed schedule of annual leave due at year end were not provided. Therefore, the Office of Auditor General was unable to ascertain the impact, if any on the income statement and balance sheet.

9) The Centre did not prepare and present a statement of cash flow for the seven months ended 31 July 2016

10) Internal controls over the proper maintenance of receipts, timely updates of general ledger, proper checking of payments and preparation of cash at bank reconciliations were generally found to be weak. These internal controls weaknesses if not addressed on a timely basis may result in material misstatements and possible financial losses in the future.

Centre for Appropriate Technology and Development – Abridged Statement of Comprehensive Income

Description	2016 7 Months ($)	2015 12 Months ($)
Operating income	144,377	276,473
Government grant	483,920	656,513
Other income	752	31,546
Total Income	629,049	964,532
Depreciation	52,937	91,742
Staff costs	171,719	279,669
Other operating expenses	384,155	782,026
Interest expenses	---	916
Total Expenses	608,811	1,154,353
Net Surplus/(Deficit)	20,238	(189,821)

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

Centre for Appropriate Technology and Development - Abridged Statement of Financial Position

Description	2016 7 Months ($)	2015 12 Months ($)
Cash	76,185	23,316
Deposits and prepayments	8,446	12,096
Receivables	29,592	40,204
VAT receivables	174,612	187,325
Grant income due	49,067	---
Property, Plant & Equipment	4,184,890	4,227,681
Total Assets	4,522,792	4,490,622
Accounts Payable	43,932	32,000
Mokani farm land	4,789	4,789
Total Liabilities	48,721	36,789
Net Assets	4,474,071	4,453,833

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

Other Significant Matters - Centre for Appropriate Technology and Development

Non adoption of IFRS for SMEs
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.

<u>Root Cause/Implications</u>
The anomalies indicate that proper procedures are not being followed. There was no adoption of IFRS for SMEs or IPSAS in preparing and presenting the financial statements.

Cash general ledger not reconciled
The audit review of the cash at bank reconciliations noted variances of $167,320 between the cash book and ending cash at bank balances.

Furthermore receipts and deposits amounting to $182,396 were not posted in the cash general ledger. The payments and bank transfers amounting to $78,457 were not posted to the Salary/Partner cash general ledger.

<u>Root Causes/Implications</u>
The Centre in their response to the audit finding mentioned that the current accounting officers were not employed by the Centre in 2016.

Anomalies in revenue collected for Long Term Training Programme (LTTP) and Leadership & Entrepreneurship Training Programme (LETP)
The audit noted the following anomalies in the accounting of fees earned by the Centre from two major training programmes (LTTP & LETP) –

- The fees were not properly accrued as revenue of the Centre during the year. Fees income and Receivables amounting to $27,631 were not recognized by the Centre during the seven month period.
- The Centre does not issue invoices to all its students upon confirmation of registration, however, is only issued upon request. Copies of the invoices issued during the year were not kept by the Centre.
- The due date for fees are not set as students are given the whole year or for the duration of the programme to pay their fees.

The Centre agreed with the audit recommendation to:

- ***engage an officer who is well versed with accrual accounting to oversee the accounts;***
- ***ensure that policies for registration and timelines for payment of fees are developed to guide the recognition of revenue and receivables; and***
- ***Ensure that invoices are issued in sequence to all students upon confirmation of registration and retained for records and audit verification.***

Anomalies in VAT Receivables
The audit review of the VAT records noted a variance of $158,421 between the VAT receivables balance as per the general ledger and the assessments as per the Statement of VAT Account (SVA) from Fiji Revenue and Customs Services (FRCS).
The Centre in response to the audit finding agreed to liaise to FRCS to rectify the variance noted above.

SUSTAINABLE DEVELOPMENT GOALS

The Committee notes that the Fiji Parliament with its six (6) Standing Committees which includes the Standing Committee on Public Accounts are now extending and expanding its roles and initiated activities to strengthen its support towards promotion, implementation and monitoring of the SDGs.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

CONCLUSION

The Public Accounts Committees notes the audit findings specifically in relation to the quality and timeliness of financial reporting by companies, the audit opinions issued on the financial statements and the key reasons for such opinions, the internal control assessments, other significant issues that were identified from the audits and the high level recommendations which aims at strengthening financial reporting of all state entities, governance and internal controls.

Therefore, the Committee looks forward to the Government Commercial Companies, Commercial Statutory Authorities and other entities to implement the recommendations highlighted by the Auditor General and the Public Accounts Committee. A prompt action is required by these entities to improve their financial accountability.

We, the undersigned Members of the Standing Committee on Public Accounts agree with the contents of this report:

……………………………
Hon. Alvick Maharaj
(Chairperson MP)

………………………..
Hon. Joseph Nand
(Deputy Chairperson MP)

………………………….
Hon. Virendra Lal
(PAC Member/MP)

…………………………………
Hon. Ro Teimumu Kepa
(PAC Member/MP)

……………………………
Hon. Aseri Masivou Radrodro
(PAC Member/MP)

APPENDICES

APPENDIX 1:

PUBLISHED WRITTEN EVIDENCE

The following copies of the written evidence and supplementary evidences from the 14 agencies covered in this review report can be accessed on the Parliament Website using the following link: http://www.parliament.gov.fj/committees/standing-committee-on-public-accounts/

APPENDIX 2:
Report of the Auditor General

2018-2019 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities (PP No. 184 of 2020)
http://www.parliament.gov.fj/wp-content/uploads/2020/01/PP-No.-155-of-2019-SA-2017-2018.pdf

2018-2019 Audit Report on Statutory Authorities (PP No. 185 OF 2020)
http://www.parliament.gov.fj/wp-content/uploads/2020/09/2018-2019-Statutory-Authority-Final.pdf