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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

### Review of the Auditor-General's Report on Compliance Audits Relating to COVID-19 Response –

- 1) Implementation of COVID-19 Preparedness and Response Plan;
- 2) Procurement of Bio-Medical Equipment and Quarantine Accommodation and Stock Management for COVID-19;
- 3) Management of COVID-19 Aid;
- 4) Micro, Small and Medium Enterprises Credit Guarantee Scheme; and
- 5) Management of Agricultural Assistance-Farm Response Package, Home Gardening Seed Packages and Improvement of Farm Genetic.



PARLIAMENT OF THE REPUBLIC OF FIJI

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## CHAIRPERSON'S FOREWORD



This report follows the Report of the Auditor General of the Republic of Fiji – Compliance Audits Relating to COVID-19 Response. The report summarises the audit issues identified during the time of the audit and the responses from the Ministries and Departments based on the following audits:

- 1. Implementation of COVID-19 Preparedness and Response Plan;**
- 2. Procurement of Bio-Medical Equipment and Quarantine Accommodation and Stock Management for COVID-19;**
- 3. Management of COVID-19 Aid;**
- 4. Micro, Small and Medium Enterprises Credit Guarantee Scheme; and**
- 5. Management of Agricultural Assistance-Farm Response Package, Home Gardening Seed Packages and Improvement of Farm Genetic.**

The five (5) audit reports mentioned above were thoroughly scrutinised by the Committee in consultation with the relevant Ministries and Departments. The issues raised in the audits were also deliberated with the Office of the Auditor General. The line Ministries and Departments confirmed that measures are put in place to address the gaps highlighted and there are lessons learnt which can be used as a reference should there be any other similar situation or disaster arising in the future.

The Committee noted the challenges faced by Ministries and Departments during the height of COVID-19 pandemic and recommends that:

- a. There is a need to have a proper dissemination of information within Ministries and Departments on a regular and timely basis on the implementation of new policies; and**
- b. SOPs developed by different Ministries and Departments during the pandemic period should be fine-tuned and use as a reference should there be any other similar situation or disaster arising in the future.**

Overall, I thank the Executive Management of those Ministries and Departments that appeared before the Committee and provided written responses to the audit issues that were raised and the technical clarifications from the Staff of the Office of the Auditor General.

I also take this opportunity 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 Radrodru. I also extend my appreciation to Hon. Mikaele Leawere who stands in as an alternate member pursuant to Standing Order 115 (5).

On behalf of the Committee, I also extend my appreciation to the Secretariat Staff for their timely support in the compilation and preparation of this Report.

A handwritten signature in blue ink, appearing to be 'Alvick Avhikrit Maharaj', written in a cursive style.

**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 **COVID-19 Compliance Audit Report Relating to COVID-19 Response** was tabled in Parliament on the 11<sup>th</sup> of December, 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.*

## 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 relevant Ministries and Departments identified in the five (5) audit reports shall provide a substantive written submissions to the Committee during its deliberation and scrutiny process.

The Committee after thoroughly scrutinising the responses from the relevant Ministries and Departments, agreed to call them for face to face consultations to clarify pertinent issues that are yet to be resolved. The public hearing for these Councils were held from 11 – 22 April, 2022 covering the issues on the two Audit Reports:

The Committee resolved that the following entities identified in each audit shall provide a substantive written submissions to the Committee as follows:

- 1) ***Implementation of COVID-19 Preparedness and Response Plan – Ministry of Health and Medical Services;***
- 2) ***Procurement of Bio-Medical Equipment and Quarantine Accommodation and Stock Management for COVID-19 – Ministry of Health and Medical Services;***
- 3) ***Management of COVID-19 Aid – Ministry of Economy;***
- 4) ***Micro, Small and Medium Enterprises Credit Guarantee Scheme – Reserve Bank of Fiji; and***
- 5) ***Management of Agricultural Assistance-Farm Response Package, Home Gardening Seed Packages and Improvement of Farm Genetic – Ministry of Agriculture.***

## **GENERAL RECOMMENDATIONS**

From the lessons learnt during the COVID-19 pandemic:

- a. The Committee recommends that there is a need to have a proper dissemination of information within Ministries and Departments on a regular and timely basis on the implementation of new policies; and**
- b. SOPs developed by different Ministries and Departments during the pandemic period should be fine-tuned and use as a reference should there be any other similar situation or disaster arising in the future.**

# COMMITTEE FINDINGS

## 1. Implementation of COVID-19 Preparedness and Response Plan

*The significant findings identified from this compliance audit are as follows:*

- The Fiji COVID-19 Preparedness and Response Plan was not submitted for Cabinet's endorsement;
- Detailed breakdown of budget approved was not provided against which actual expenditure could be compared;
- Expenditure was incurred mostly for operational expenditure such as overtime; and
- Expenditure was not recorded using a reporting framework that enhances the monitoring and evaluation of the plan.

The Ministry of Health and Medical Services (Ministry) should formally submit the Fiji COVID-19 Preparedness and Response Plan to Cabinet for information and action which may be considered appropriate. Also, the Ministry should continue with its efforts towards implementing actions under Level 2 of the Preparedness and Action Plan. Additionally, the Ministry should record COVID-19 related expenditure using a reporting framework that enhances monitoring and evaluation including comparability of budgeted expenditure against actual expenses for the PRP.

- **Level 1 Response Assessment Outcome**

**Question No.1: Have assigned leads implemented response actions in accordance with requirements of the COVID-19 Preparedness and Response Plan prior to the identification of COVID-19 cases in Fiji (Level 1)?**

This audit question attempts to establish whether the Ministry had implemented response actions in line with the Fiji Coronavirus (COVID-19) Preparedness and Response Plan for the Level 1 and Level 2 Actions. The Level 1 of the plan signifies that there are no potential or confirmed cases of COVID – 19 in Fiji and Level 2 is when there are cases of imported potential or confirmed COVID – 19 in Fiji without any local transmission but the Level 3 is when there are cases of potential or confirmed COVID – 19 associated with local transmission of COVID – 19 in Fiji which is rampant.

It was noted that the Fiji COVID-19 Preparedness and Response Plan had identified 49 Level 1 actions undertaken by the responsible lead agencies for the 7 components of the Plan with the exception of one action that was delayed. Forty-nine percent of actions implemented under level 1 were completed as at 31/7/20 with 35% on track, 12% requiring more information, 2% needing further discussions and 2% were

delayed. These were all implemented with different status of implementation as at 31/7/2020 as shown in Figure 1.1 below.



The Office of the Auditor General noted that the Fiji COVID-19 Preparedness and Response Plan was not submitted for Cabinet’s endorsement. However, the Ministry indicated that a cabinet paper of the COVID-19 response was drafted by the Taskforce (not the responsibility of IMT) and taken to Cabinet. It further highlighted that the National Disaster Management Office had submitted a Cabinet Paper for declaration of COVID-19 as a Natural Disaster in April 2020 during which Fiji had been affected by Tropical Cyclone Harold. The paper was by NDMO and the declaration was for 30 days. The MoHMS has submitted numerous amendments to the Public Health Act as part of COVID-19 measures and these were gazette.

The Ministry stated that further to the COVID-19 Preparedness and response plan, the Communicable Disease Guideline supports the MoHMS as the lead agency for pandemics, epidemics and disease outbreaks.

The Ministry had conducted an intra-action review of its process and is currently working towards a inter-action review which will consist of lessons learned from all stakeholders in responding to the COVID-19 pandemic taking into key consideration the following:

- a. Effective decision making requires clarity of roles across the system
- b. All stakeholders to understand how the IMT management approach works and critically their role
- c. Report highlighted a lack of awareness if and/or understanding in, the role of IMT or the role of key informants in the functioning of IMT

- d. Improve communications/flow of information for future events
- e. Introduce more transparency in process, including approval processes and communications across the health sector with key partner agencies and to the public.

MoHMS has been working with various stakeholders to ensure that Boarder Opening to regional and international flight is undertaken in a safe manner. The high levels of vaccination is a proxy indicator of integration of Citizens on acceptance to manage risks for COVID-19. The implementation of the Public Health Infringement Notices regulations is also a tool to ensure compliance.

The Ministry further highlighted that in anticipation of a Level 3, the Ministry will require financial resources to look at surges in cases. Similar to the responses in the 2<sup>nd</sup> wave of COVID-19, subsequent outbreaks will require both internal and external support. MoHMS has mechanisms to reach out for support.

**The Office of the Auditor General's Recommendation:**

The Ministry should formally submit the Fiji COVID-19 Preparedness and Response Plan to Cabinet for information and action which may be considered appropriate.

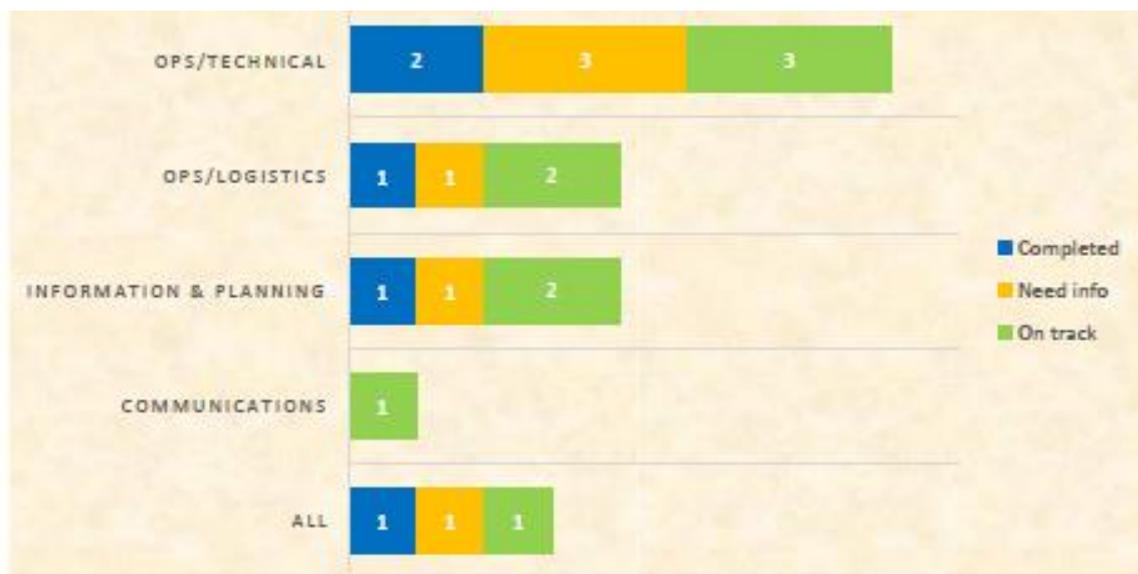
**PAC Committee Comments/Recommendation:**

- 1) **The Committee noted that the Ministry of Health and Medical Services were having daily briefings and updates with Cabinet Ministers who endorsed the Fiji COVID-19 Preparedness and Response Plan.**
- 2) **COVID-19 has taught us a lot of lessons and the Committee recommends that in future there needs to be a lot more collaboration and consultation between agencies such as NDMO, MoHMS and MoE during pandemics.**

- **Level 2 Response Assessment Outcome**

**Question No. 2: Have assigned leads implemented response actions in accordance with the requirements of the COVID-19 Preparedness and Response Plan following identification of COVID-19 cases in Fiji?**

In cases of identification of COVID-19 cases, the responsible lead agencies will have to implement all other actions with its varying status with the exception of one action that was not executed and considered not applicable as illustrated below:



The Ministry reported that risk assessments have been conducted and an SOP on Risk Management of Exposure of Healthcare Workers has been drafted and implemented with effect from 8<sup>th</sup> April 2020. Guidance on travel restrictions to Fiji has also been developed providing directions for measures to be undertaken for vessels entering Fiji via sea ports.

There has been considerable changes and modifications during the execution phase of the plan resulting in the increase of some actions for the different levels based on separate scenarios. With more resources allocated to the current border screening processes and accommodating of repatriated Fiji citizens including the dual citizenship passport holders, the containment of the pandemic at this level without any public outbreak shows the level of commitment by the COVID – 19 Incident Management Team and Taskforce Team of MHMS and including the different stakeholders too. The Fiji COVID-19 Preparedness and Response Plan will be the plan to use as guidance on any future epidemic or pandemic for the MHMS and for other stakeholders as well.

The COVID-19 pandemic is still a threat and therefore MoHMS will continue to maintain a certain level of preparedness. The focus of the response is on managing border quarantine and potential positive cases that are picked at the border quarantine area. It reported that there was no local community transmission in Fiji for over 200 days.

The Ministry stated that it is further planning on simulation exercises and will conduct refresher trainings and build on communication and advocacy to maintain a high degree of awareness, skills and response to COVID-19.

**The Office of the Auditor General's Recommendation:**

MoHMS should continue with its efforts towards implementing actions under Level 2 of the Preparedness and Action Plan.

### PAC Committee Comments/recommendation:

- The Committee concurs with the OAG recommendation.
- Expenditure Framework Methodology

#### ***Question No 3: Is there an expenditure framework methodology that consistently tracks all COVID-19 related costs in order to better understand the financial impact of the pandemic against the Preparedness and Response Plan?***

The Ministry stated that the COVID-19 expenditure accounts are essentially the result of budgeting process through which the level of spending in public administration is set. It was noted that there was little guidance available on how to carry out public expenditure reviews to establish a reliable comparative analysis across sectors.

The review indicated that a financial reporting structure did not exist for the pandemic and therefore determination of actual expenditure against the budget requested could not be easily ascertained.

The Office of the Auditor General had raised that there was a lack of a structured financial workplan as the response was in an emergency mode. Expenditure items were not tabled under categories and kept as a general COVID-19 spending item. Due to the unavailability of budgetary details, we could not determine whether expenditure was incurred in accordance with the approved funding provided. MoHMS was only given four months to utilize the revised budget and this is one of the big limiting factors as IMT/MoHMS needed to have a good financial control on spending because its focus was largely on emergency response.

OAG further stated that the absence of relevant framework for reporting of expenditures relating to the pandemic, we could not determine the impact of funding of the COVID-19 Response Budget through Act 1 of 2020 COVID – 19 Response Act 2020 against the seven pillars of the PRP.

In its response, MoHMS and IMT have developed a matrix for expenditure and ten (10) key objectives/indicators were listed. This has now been implemented for financial management of the COVID-19 funds.

The framework allows monitoring of expenditure according to key areas and assists in planning and forecast for expected spending.

### **The Office of the Auditor General's Recommendation:**

The Ministry should record COVID-19 related expenditure using a reporting framework that enhances monitoring and evaluation including comparability of budgeted expenditure against actual expenses for the PRP.

### **MoHMS Current Response:**

- **The Ministry of Health and Medical Services IMT developed a matrix for expenditure and the ten (10) key objectives/indicators that were listed. This has now been implemented for financial management of the COVID-19 funds.**

### **PAC Committee Comments:**

- **The Committee noted the OAG recommendation and the actions taken by the Ministry to address the issues highlighted.**

## **2. Procurement of Bio-Medical Equipment and Quarantine Accommodation and Stock Management for COVID-19**

*The significant findings identified from this compliance audit include the following:*

- Absence of approved standing operating procedures (SOPs) to guide the COVID-19 response
- Absence of a reconciliation process between flight manifests and the Quarantine Accommodation listing.
- Procurement of Bio-Medical Equipment for COVID-19 Response.
- Lack of documentary trail between stock card and evidence of items received.
- Inventory levels not kept up to date
- Control deficiencies noted for the delivery of PPE to the medical centers
- Absence of approved standing operating procedures(SOPs) to guide the COVID-19 response

### **Question No. 1: Does the Ministry of Health and Medical Services have adequate governance structures in place?**

The Ministry of Health and Medical Services established the Incident Management Team (IMT) on the 1 March 2020 for the preparedness, management and response to COVID-19. The IMT is responsible for planning, monitoring and reporting the current situation and performance of COVID-19 response. It is also responsible inter alia for logistics, finance and administration and partner coordination.

The Office of the Auditor General in its review noted that a number of policies were in its draft phase as at the date of audit – 31 July 2020. These includes:

- COVID-19 Preparedness and Response Plan

- Standing Operating Procedures for Suva Civic Center Warehouse Operations
- Terms of Reference for the Incident Management Team (IMT)

It further noted that there were no documented policies and procedures for operations for the FEMAT Vatuwaqa Warehouse in relation to COVID-19 response. This can increase the risk of inconsistent financial practices and application of procedures thus providing opportunity for fraud and errors to take place.

The Ministry stated that many of these policies and Standing Operating Procedures are considered 'living drafts' and are adapted and changed to meet the requirements of the pandemic response. The Civic Centre temporary warehouse has been closed and the FICAC Warehouse in Raiwai is now being used for storage of IMT/COVID items whilst the Lami Warehouse is being used as a surplus storage warehouse. The AUSMAT and UNICEF technical officers has assisted the Warehouse staff to develop protocols and processes in managing stocks. The M-Supply tool for FPBS has also been implemented/expected to be implemented at these warehouses. For the FEMAT warehouse, a new rented premises is now being used – located in Vatuwaqa and the FEMAT team has been undergoing internal stock takes and updates of its procedures.

**The Office of the Auditor General's Recommendation:**

The IMT of the Ministry should:

1. Finalise the documents which are in draft; and
2. Prepare policies and procedures for the FEMAT warehouse and FPBS Vatuwaqa Warehouse in relation to COVID-19 response.

**PAC Committee Comments:**

- **The Committee noted the Ministry's response that the COVID-19 Preparedness and Response Plan was approved in August 2020 and retrospective approval was given by the Permanent Secretary for Health and Medical Services on the COVID-19 SOPs which are now available on the Ministry of Health and Medical Services website.**
- **Absence of a reconciliation process between flight manifests and the Quarantine Accommodation listing**

**Question No 2: Are the payment vouchers supported by sufficient and appropriate documentary evidence for payment of accommodation expenses?**

The Office of the Auditor General in its review reported that there was an absence of a reconciliation between the flight manifest against the number of people who stayed at the respective hotel/resort

quarantine locations. The table below indicates some of the payments for which no reconciliation was performed:

Date	Payment ID	Payee	Amount (\$)
22/04/20	66322	Company A	254,729
29/05/20	68613	Company B	204,855
01/05/20	66732	Company B	147,325
05/05/20	66941	Company C	106,540
30/04/20	66672	Company D	96,710
20/04/20	66068	Company F	75,936
14/04/20	65019	Company G	64,125

It also highlighted that there were instances when the purchase order was raised with the respective Hotel/Resort quarantine facility after the last occupant had checked out of the hotel.

Date	Payment ID	Vendor	Amount (\$)	PO Date	Check In Date
22/4/20	66322	Company A	254,729	06/04/20	28/03/20
29/5/20	68613	Company B	204,855	17/04/20	16/04/20
1/5/20	66732	Company B	147,325	21/04/20	25/04/20
5/5/20	66941	Company C	106,540	21/04/20	25/04/20
30/4/20	66672	Company D	96,710	28/04/20	24/04/20

The Ministry of Health and Medical Services had indicated that a reconciliation process was implemented whereby the Medical Officer in-charge is given the prerogative to make approvals for invoices to be paid. This is then reconciled with the SOMERS database to verify the arrival list of a particular flight. The Accounts team then undertakes reconciliation before payments are processed to the respective hotels. The Ministry indicated that the Purchase Orders are raised before the 2<sup>nd</sup> day of the quarantine period for each flight.

### **The Office of the Auditor General's Recommendation**

The Incident Management Team of the Ministry should:

1. Carry out reconciliations between flight manifest and the number of people accommodated at a hotel quarantine facility for each repatriated flight; and
2. Raise Purchase Order before the 1st check in the hotel to keep track and control of the number of authorized personnel staying in a particular hotel quarantine facility. Due diligence needs to be exercised by processing and approval officers should validate members employment status prior to approval.

### PAC Committee Comments:

- The Committee notes the actions taken by the Ministry of Health and Medical Services in regards to the issues raised.

### **3. Procurement of Bio Medical Equipment**

***Question No. 3: Are payment vouchers supported by sufficient and appropriate documentary evidence for the procurement of Bio Medical Equipment?***

The Office of the Auditor General stated that as at 31 July 2021, a total of \$6.6million was utilized for the procurement of Bio-Medical Equipment and supplies and noted that all processes stated in the Finance Manual and Fiji Procurement Regulations 2010 were complied with however, it was worth noting that as at the date of audit – 31 August 2020, some of the items were yet to be received at the FPBS warehouse – this includes the following:

Date	Payment ID	Vendor	Amount (\$)	Description of Payment Made
24/04/20	66382	Company H	367,856.99	Purchase of Vital Signs of monitor, patient monitor, infusion pump, syringe pump and cardiac monitor – 50% advance payment made
24/04/20	66222	Company H	756,639.27	Purchase of Vital Signs of monitor, patient monitor, infusion pump, syringe pump and cardiac monitor – 50% payment done
24/04/20	66221	Company I	162,318.02	Purchase of 39 Suction Machine – 50% advance payment
11/05/20	67331	Company J	302,412.78	Purchase of Ventilator consumables – 40% advance payment
14/05/20	67331	Company K	4,041,811.85	Purchase of 50 ventilators with humidifiers – 100% payment made
<b>Total</b>			<b>5,631,038.91</b>	

### **The Office of the Auditor General's Recommendation**

The Incident Management Team should ensure that all medical equipment and supplies procured from the COVID-19 allocated funds are received and used for the purpose it was purchased for.

### PAC Committee Comments/Recommendations:

- The Committee notes the response from the Ministry of Health and Medical Services.

- **Donations and Aid in Kind**

***Question No. 4: Are donations and aid-in-kind properly recorded, stored and distributed?***

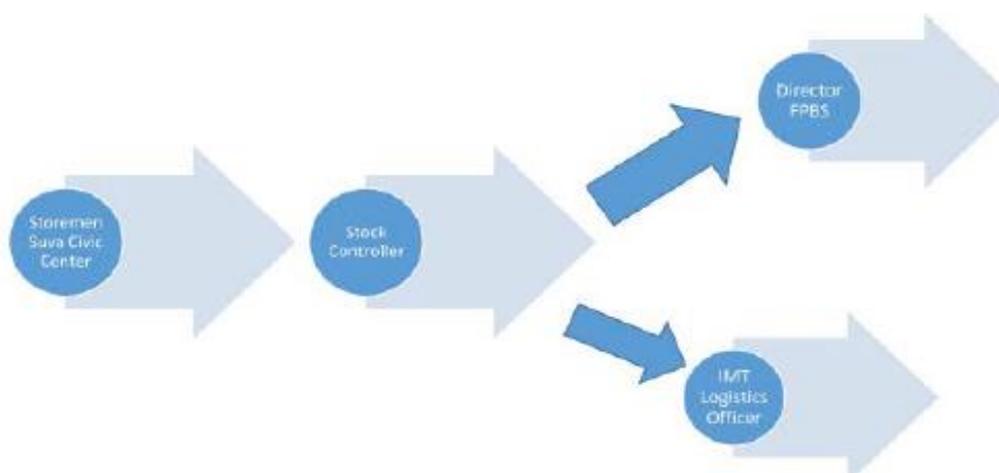
4. Lack of documentary trail between stock card and evidence of items received

The auditors reported that it had reviewed the Ministry’s inventory cards for the items stored at the Suva Civic Center and noted that stock cards were not updated prior to the movements of supplied and received inventories. The inventory card had only the entry as “cyclic count”. Refer to the table below:

Item Description		
Powder Gloves	Pillow Kapook Vinyl Cover	Shoe Cover
Linen Beds	20 Litre Steel Bin	Alcohol Hand Gel
Orange Vest Reflector	Cone Reflector	Face shield
Vira Clean Solution	Mop Head	Protective Eye Google Wear
Towels	Bio Hazard Bag	Spice Chemical
Super Bleach	Pop-Up Tent	Rain Coat size
Disposable Apron	Taupulin	Jumbo Rolls Bath Tissue
Ice Packs	Thermal Gun	Hand Sanitizer
Television	Digital Thermometer	Toilet Paper
Modem	Bed Side Screen	Anti Bacterial Soap
Umbrella	Examination Couch	Gum Boots
Hair Broom/Handle	Stethoscope	COVID 19 Detection Kit
6 Men Tent	Gown Dispatch	Overall
Mattress	PPE Kit	Gown
Bar Reflector	Tuna Flakes	Mask

#### 5. Inventory levels not kept up to date

It was reported that despite having a Standing Operating Procedure Manual 2020 that stated that the store men at the Suva Civic Center shall do daily physical stock count and send balance of each item to stock controller officer before end of the day, random checks were conducted at the Suva Civic Center Warehouse on 13 July 2020 and noted that stock take was not undertaken for all the inventory items. Moreover, the auditors undertook stock take of 28 inventory items and noted some variances between the stock card and audit count.



Description of Item	Unit of Measure	Quantity on stock card (A)	Audit Count (B)	Variance (B-A)
Protective Face Shield Yellow/Orange	Each	58	34	(24)
Disposable Gown (L)	Each	321	300	(21)
Isolation Gown	Each	119	170	51
Alcohol Hand Gel 375mls	Bottle	2145	2148	3
Smart Hands 10 litre	Gallon	50	49	(1)
N95 Face Masks	Each	1215	15,167	13,952

### The Office of the Auditor General's Recommendation

The Incident Management Team should ensure:

- Inventory stock counts are carried out on a daily basis; and
- Up to date stock levels are provided to management for decision making.

Control deficiencies noted for the delivery of PPE to the medical centers

### PAC Committee Comments/Recommendations:

- The Committee notes the OAG recommendations and further recommends that the Ministry of Health and Medical Services should strengthen its internal controls.

In accordance with the FPBS Suva Civic Center Standing Operating Procedures that all requisition's from health facilities for Personal Protective Equipment is made through the approved order form and all details are properly filled and approved by the IMT Logistics Officer before further processing. These orders must be picked using the issue voucher for medical supplies and dispatch voucher to be signed by the receiving officer at the drop off point.

A sample of the issued voucher was reviewed and noted that was no requisitions form attached to the issued voucher as stipulated in the table below:

Date	Issue Voucher No.	Item Dispatched	Unit of Measure	Quantity
25/06/20	68740	Toilet Paper	Each	40
		Hand Gel	Bottle	2
		Soap	Pack	4
		Surgical Mask	Box	2
		Powder Free Gloves	Box	1
09/07/20	68781	Hand Gel	Bottle	6
		Surgical Mask	Box	3
		Antibacterial Soap	Each	36
		Toilet Paper	Roll	40
29/05/20	68123	Gloves Powder Free	Box	2
		Surgical Mask	Pack	2
		Hand Sanitizer	Bottle	4
05/06/20	68707	Yellow mattress	Each	1
07/07/20	68755	Mattress with vinyl cover	Each	1
22/04/20	68539	Alcohol Hand Sanitizer	Bottle	7
22/05/20	68682	Hand Sanitizer	Bottle	12

### The Office of the Auditor General's Recommendations

The IMT should ensure that:

- Inventory items are dispatched as per the approved requisition form; and
- Evidence of individual items received at the medical facility is signed by the receiving officer.

PAC Committee Comments/Recommendations:

- The Committee concurs with the OAG recommendations.

### 3. Management of COVID-19 Aid

The Committee noted the following findings from the audit:

- Receipt of Aid
- Disbursement of Aid Funds
- Disbursement of Aid in Kind

***Question No. 1: Were proper processes followed when receiving the Aid funds from the donor agencies?***

The Ministry of Economy's Climate Change and International Co-operation Division has a stringent processes in place which ensures a cost-effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors and avoids unfavourable audit reports.

The Fijian Government received specific Aid for COVID-19 from the following donors:

- Government of Australia.
- New Zealand Government.
- China.
- United Nations Development Program (UNDP)
- Individual local donors

The total amount received for Aid funds by the Government of Fiji as tabulated below:

Donor	FJD Amount
Government of Australia	17,182,721
New Zealand Government	4,468,530
People's Republic of China	890,461
United Nations Development Program	448,000
Local Donations	329,916
<b>Total</b>	<b>23,319,628</b>

Aid contributions from the Australian Government and United Nations Development Programme are supported by the Aid Agreements together with the accompanying Cabinet decisions. However, aid-in-cash received from the Chinese and New Zealand governments were given through a support letter by the donors to the Fijian Government. The letter indicated that they will provide cash donations to the Fijian Government in order to assist the Government in its response to the impacts of COVID-19. Absence of

proper risk assessment will not enable the MOE to identify potential risks associated with the program and put in place measures to mitigate them early in the program.

The Office of the Auditor General noted in its review that despite having in place processes in terms of the administration and approval of the Aid Funds, it was noted that the process has not been documented and the SOP on the Overseas Development Assistance (ODA) was not updated to guide the processing and operations in relation to the management of Aid.

The Climate Change and International Co-operation Division has not yet developed any policy and Standard Operating Procedures (SOPs) to demarcate the types of aid, its responsibilities and also administration and processing of aid whether in the form of cash or in-kind.

The absence of a SOP or policy guideline would mean that proper internal control mechanisms are not addressed. A wide consultation with the relevant stakeholders would not be made to further enhance the operations of the Division. There is also no guideline in place to guide the overall operations of the Division and to clearly demarcate the areas of responsibility of the Division in terms of managing aid.

The Ministry of Economy stated that the 2016 SOPs of former ODA Unit while still applicable, is being updated to capture additional operational matters which is handled by the Climate Change and International Co-operation Division (CCICD). The Ministry further indicated that the update of the 2016 SOP will be done in consultation with other key stakeholders.

### **The Office of the Auditor General's Recommendations**

1. **The Ministry of Economy should develop Standard Operating Procedures and Policies to govern the management of aid.**

#### **PAC Committee Comments/Recommendations:**

- **The Committee noted the Ministry of Economy response that the policies and the Standard Operating Procedures (SOPs) are in place in the form of a Memorandum (Ref 110/18/3) dated 20<sup>th</sup> May 2021 which was circulated to all the Heads of Government Ministries and Departments for the day to day management of aid funds and further recommends that the Office of the Auditor General provides an update in its future audits.**

**Question No. 2: Were proper processes undertaken when disbursing the aid funds to the recipients?**

- **Disbursement of Aid Funds**

The Ministry of Economy had indicated that the Government of Australia had contributed up to a maximum of AUD 17,678,391 for the financial year 2019/2020 and AUD 1,851,600 for the financial year 2020/2021 through direct funding support to the Partner Government for the Program Activities, subject to the Government of Australia's annual parliamentary appropriations as tabulated below:

Year/ Funding	2019/20 – 2020/21
<b>1. GOA – General Budget Support</b>	<b>AUD 1,000,000</b>
<b>2. COVID-19 Account</b>	<b>AUD 11,830,000</b>
2.1 Support to the Ministry of Health and Medical Services	AUD 3,530,000
2.2 Support to the National Disaster Management Office	AUD 200,000
2.3 Support for general COVID-19 Preparedness and Response Action	AUD 8,100,000
<b>3. Social Welfare Support</b>	<b>AUD 6,699,991</b>
3.1 Social Welfare top-up for (i) poverty benefit scheme, (ii) care & protection allowance scheme and (iii) disability allowance scheme	AUD 5,229,991
3.2 Support for social welfare scheme reforms	AUD 1,470,000
<b>TOTAL</b>	<b>AUD 19,529,991</b>

The Ministry of Economy with the Ministry of Health and Medical Services are stewardship towards the prevention for the spread of COVID-19 in ensuring that adequate quarantines and monitoring of all returning passengers including Fiji citizens. As such, mandatory quarantine facilities were organized for the 14 days quarantine on inbound travelers and those during which Ministry reviews and monitors any medical issues, dental, NCD. These travelers are then required to undergo an extra 14 days home quarantine after which clearance letters are issues once completed.

Activities to be carried out by the Ministry of Health and Medical Services would keep the returning citizens in isolation in designated hotels, supervised by authorized Health Personals (doctors and nurses) and officials of the Republic of Fiji Military Forces monitoring the health status or possible symptoms of COVID-19. The funds would be used to pay:

- I. Accommodation Costs;
- II. Meals for these repatriated citizens; and
- III. Meal allowances for the Medical Personnel.

A summary of the Government's funds utilized for the COVID-10 response program from Head 50 as at 11/09/20 under the COVID-19 Response Budget is tabulated below.

Ministry/Department	Budget (\$)	Utilization (\$)	Acquitted (\$)	Un-acquitted (\$)
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<b>Ministry of Health and Medical Services</b>	40,000,000	14,079,944	11,015,704	3,064,240
<b>Fiji Police Force</b>	700,000	698,661	698,661	0
<b>Republic of Fiji Military Force</b>	150,000	150,000	150,000	0
<b>Ministry of Agriculture</b>	1,000,000	942,637	940,274	2,363
<b>Fiji Competition and Consumer Commission</b>	100,000	99,520		99,520
<b>Unemployment Benefit – Tourism Sector</b>	5,600,000	5,600,000		5,600,000
<b>Unemployment Benefit – Lockdown Areas (Formal Sector)</b>	7,000,000	7,000,000		7,000,000
<b>Unemployment Benefit – Lockdown Areas (Informal Sector)</b>	3,000,000	214,581		214,581
<b>Unemployment Benefit – General</b>	5,000,000	5,000,000		5,000,000
<b>Assistance to SME's</b>	5,000,000	5,000,000		5,000,000
<b>Head 50 – Contingency Funds (Unemployment)</b>	5,000,000	5,000,000		5,000,000
<b>Head 50 – Contingency Funds</b>	27,450,000	23,767,757		23,767,757
<b>TOTAL</b>	100,000,000	67,553,100	12,804,639	54,748,461

The Office of the Auditor General highlighted the following findings:

- UNDP had provided Aid-in-cash to the Government of Fiji on the condition that it be used for COVID-19 response by the Ministry of Health and Medical Services and the Republic of the Fiji Military Force. Contrary to the above condition, it was noted that AUD200,000 was allocated for the National Disaster Management Office despite having no allocation for the National Disaster Management Office in the COVID-19 2019/2020 Response Budget under Head 50.
- The Auditors commended the Ministry of Economy for properly budgeting and utilizing the funds for activities in response to the COVID-19 Response budget. However, there was no submission of policies and guidelines or procedures to guide the processing, distribution and utilization of the aid.

The Ministry of Economy has indicated that it is in the process of developing a tool that will enable to capture aid-in kind at a whole of government level as a strategy to increase accountability of government Ministries and to ensure duplicity of projects and resource allocation is utilize across Government. This tool will come in the form of a tracking register linked to aid in kind received from development partners and ensure it is utilize for its intended purposes.

It further noted that the SOPs for aid management will indirectly involve external stakeholders, such as development partners and civil society organisations through the respective Government Agencies. A number of Government Agencies have existing cluster committees which includes development partners and representatives of the civil society organisations, who work in conjunction to develop action plans to be implemented with the Fijian Government.

A process has been initiated to develop an aid information management system at a whole of government level. This system will digitize a number of the current processes that would enhance recording, management, and reporting of how aid is used. This is still however at a conceptual phase. Internal consultations and process mapping are currently being done to identify the scope and design of the system with guidance from Digital Fiji and UNDP. Additionally, technical support from UNDP will also assist in the monitoring aspect.

It is anticipated that the SOP for management of cash and aid-in kind will be developed by July 2022.

#### **The Office of the Auditor General's (OAG) Recommendations**

1. The Ministry of Economy should develop Policies and Standing Operating Procedures to govern the management of Aid;
2. Ensure that monitoring is done on the Management of Covid-19 Aid to determine that funds are utilized for the intended purposes as stipulated in the agreements; and
3. The Ministry of Economy should ensure that monitoring reports are prepared and submitted to the Permanent Secretary of Economy on the administration of Aid.

#### **PAC Committee Comments/Recommendations:**

- **The Committee concurs with the OAG recommendations for (2) and (3) and further recommends that the OAG provides an update in its future audits.**

#### **4. Micro, Small and Medium Enterprises Credit Guarantee Scheme**

The COVID-19 pandemic has significantly impacted all businesses especially the MSME. A study conducted by the Ministry of Commerce, Trade, Tourism and Transport and the International Finance Corporation (ICF) revealed that prior to the COVID-19 pandemic, 1,404 business were stable with the ability to save and 811 businesses were experiencing growth. It was also revealed that 1,014 of the MSME businesses stated their sales will decline by at least 75% and 447 businesses would be bankrupt should the current pandemic restrictions remain in place for the next six months.

The Fijian Government in its efforts to promote and develop the local business industry and stimulate growth in the economy had allocated funding through its COVID-19 Response Budget for the review of the MSME Credit Guarantee Scheme to encourage private sector lending to MSMEs.

Major highlights identified that MSME scheme had been expanded during the COVID-19 pandemic to include micro enterprises with a total allocation of \$6.0million and administered by the Reserve Bank of Fiji. Pursuant to the revised Scheme effective from June 1, 2020, the Government had guaranteed 60 percent of the principal outstanding in defaulted MSME loans up to a limit of \$50,000 per business with the maximum interest rate at 10 percent per annum.

Significant findings identified from the audit include the following:

- Majority of the loans that had been registered since the inception of the scheme were not eligible to be covered and therefore have not complied with all the requirements of the SMECGS Guidelines 2016.
- A claim on guarantee of \$36,066.57 was approved and paid to the LCI 1 on 23 July 2018 even though the effective interest rate of loan was 14.13% exceeding the interest rate threshold of 10%. The payment represents 14% of the total approved claims pay-out made since the inception of the scheme in 2012;
- The average annual turnover of some of the businesses whose loans were registered for cover under the scheme, since its inception in 2012, had exceeded the \$500,000 threshold hence it did not comply with the SMECGS Guidelines; and
- A total of 1,223 active loans valued at \$67.5million that had been registered for guarantee cover from prior years were de-registered in June/July 2020 as the effective interest rate as above the 10% threshold. These loans related to LCI 1 and LCI 2 that were reporting the flat rate to the RBF instead of the effective interest rate charged which was higher than the interest rate threshold set for the scheme, hence were de-registered from the scheme.

The auditors further highlighted that the major cause for the deficiencies identified herewith were due to absence of detailed review and verification process from RBF as it has relied heavily on the lending institutions for the correct submission of the data and information.

### **Eligibility for Payment on Guarantee**

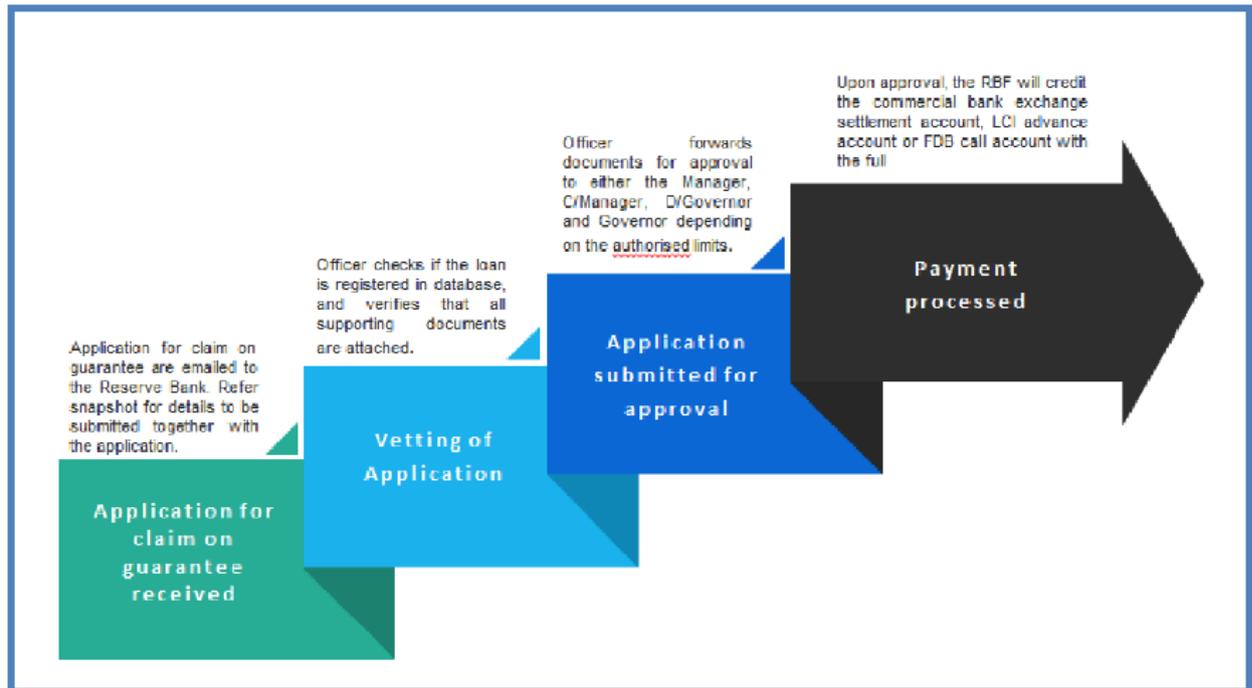
***Question No. 1: Are there effective and adequate measures put in place by the RBF to ensure that payments for claims on guarantee are appropriately supported and made for only eligible MSME business loans?***

The Auditors reported that to apply for a claim, the lending institution must provide evidence that:

- The loan has been in arrears for at least 120 days; and
- All reasonable steps have been taken to recover the debt.

The application process for a claim on guarantee is illustrated by the diagram below:

**Figure 6.1.1: RBF MSME Credit Guarantee Scheme Processes**

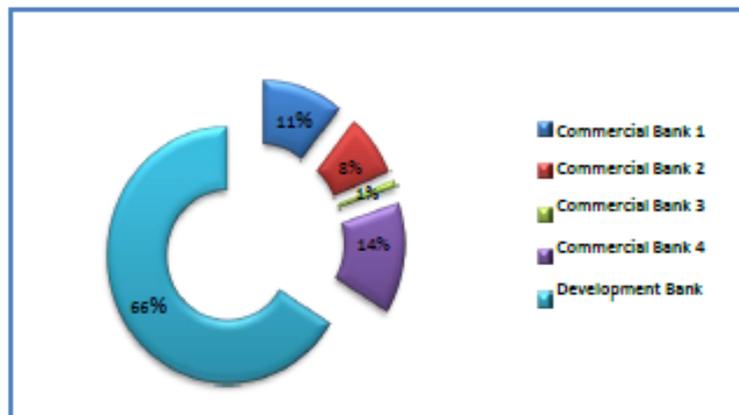


It further noted that as of 31 July 2020, RBF paid a total of 18 claims totalling \$257,044.15 to the various banks and licensed credit institutions representing 66% of the total payments made. This is illustrated below:

**Table 6.1.1: Payouts By Institutions**

Lending Institution	Approved Payout by banks (\$)
Commercial Bank 1	28,000
Commercial Bank 2	20,348
Commercial Bank 3	2,546
Licensed Credit Institution 1	36,067
Development Bank	170,084
<b>Total</b>	<b>257,044</b>

**Figure 6.1.2: Approved Payout by Credit Institutions**



The Office of the Auditor General had conducted a review of the 18 payment of claims on guarantee made under the CGS and noted that one (1) payment was not compliant to MSMECGS Guidelines. It reported that the claim of \$36,066.57 paid to the Licensed Credit Institution 1 on 23 July 2018 despite having the interest rate of loan was 14.13% exceeding the threshold of 10%.

RBF in its response highlighted that flat interest rate of 8% was reported to the RBF – the claim was assessed based on the abovementioned rate. RBF will liaise with the lender for the reimbursement of the claim payment of \$36,066.57 and that it will strengthen its procedures and add checklists that reflect the updated guidelines.

## **The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends that RBF should undertake the following:

1. Establish suitable guidance or checklists for staff on verifying that all guarantee claims submitted have met the conditions of the guidelines;
2. Reinforce to staffs the importance of following established guidance and checklists for payments; and
3. Take appropriate action against the LCI 1 for failing to declare the effective interest rate and submitting incorrect claims.

### **PAC Committee Comments:**

- **The Committee notes the recommendations by OAG however, the verification processes should be dealt with by the Commercial Banks and Financial Institutions to reduce bureaucratic processes and ease of obtaining finance for MSME.**

### **Business Turnover Eligibility**

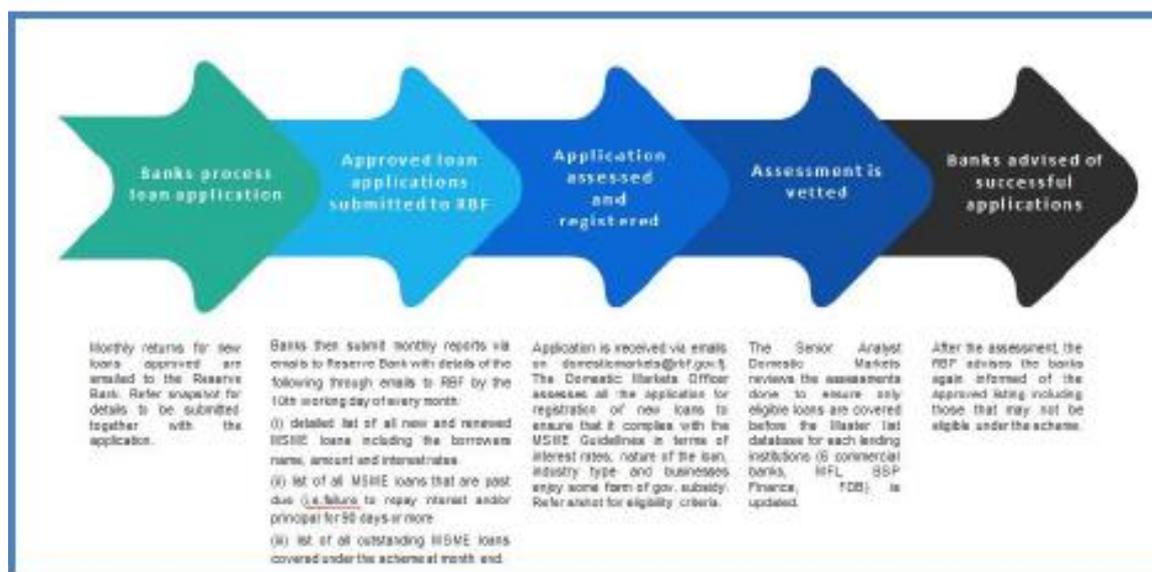
***Question No. 2: Are there effective and adequate measures put in place by the RBF to ensure that those loans covered are for only eligible MSME businesses with turnover below \$500,000 (before 01 June 2020) and \$1.25million (post 1 June 2020) are registered under the scheme?***

Following the COVID 19 pandemic and the review of the Scheme, the definition was revised effective from 01 June 2020 for the purposes of the Scheme as follows:

- A “micro enterprise” means any enterprise that has a turnover or total assets of less than \$50,000.
- A “small enterprise” means any enterprise that has a turnover or total assets between \$50,000 and \$300,000.
- A “medium enterprise” means any enterprise that has a turnover or total assets of above \$300,000 up to a maximum of \$1.25 million.

The scheme is accessible through the commercial banks, LCI and the FDB and all new MSME loan facilities approved will be covered by the Scheme, subject to certain conditions. The application process for credit guarantee cover is depicted in the flow chart below:

Figure 6.2.4: Application Processes for Credit Guarantee Scheme



(Source: OAG Analysis of RBF Processes)

The Auditor's review indicated that under the Scheme, it was not a requirement under the old SMECGS reporting template for the commercial banks and LCI to disclose the annual turnover of the businesses when submitting its monthly returns however the annual turnover was a primary criterion for eligibility under the new Scheme.

The auditors suggested that it is the responsibility of the banks and licensed credit institutions to ensure that their registered MSMECGS loans are aligned to the turnover criteria.

Additionally, the Auditors also conducted a review of MSME loans registered prior to 01 June 2020 and noted that the average annual turnover of some of the business loans had exceeded the \$500,000 thresholds for entities to qualify as a Medium Enterprise. The stated findings indicated that either the commercial banks or LCI have not carried out their due diligence checks effectively or the businesses failed to provide full or correct annual turnover information to their lenders.

This also indicated that there was a lack of proper assessment of the monthly returns for new loans registered by the RBF.

Consequently, RBF had revised its reporting template effective from 01 June 2020 and the annual turnover is now a requirement under the new MSMECGS reporting template in line with the revised definition of MSMEs. The banks have issued a new reporting template for financial institutions to submit turnover data for their respective registered MSME business loans.

**The Office of the Auditor General's Recommendations**

1. The RBF should strengthen its verification process and take a proactive approach in verifying the accuracy of the current annual turnover reported to ensure that it falls within the MSME turnover definition before the loans are registered for cover under the scheme; and

2. The RBF should also carry out an independent investigation against the relevant licensed credit institutions and take appropriate action against them, to prevent recurrence.

#### PAC Committee Comments/Recommendations:

- **The Committee considered this OAG recommendation as null and void. The Committee is of the view that it is not appropriate to audit a business after ten (10) years to determine whether it falls under certain category of MSME, as the business obtaining the loan was in the category of MSME at the time when the loan was approved.**

#### Effective Interest Rates

***Question No. 3: Are there effective and adequate measures put in place by the RBF to ensure that the effective interest rate for those loans covered under the scheme are below 10 percent (before 01 June 2020) and 9.49 percent (post 01 June 2020) are registered?***

Effective from 1 January 2012, all new small and medium enterprise loan facilities approved by commercial banks, LCIs and the FDB will be covered by the Scheme, except for the following:

- Loans with interest rates above 10 percent;
- Businesses in the sugar industry; and
- Businesses that already enjoy some form of Government subsidy.

To be eligible for a SMECGS claim, interest rates on SME loans should not exceed 10 percent per annum. The above rate is subject to periodic review. RBF reserves the right to make changes in line with movements in market interest rates.

Effective from 01 June 2020, all new micro, small and medium enterprise loan facilities approved by commercial banks, LCIs and the FDB will be covered by the Scheme, except for the following:

- Loans with interest rates above 9.49 percent;
- Businesses in the sugar industry; and
- Businesses that already enjoy some form of Government subsidy.

To be eligible for a claim, interest rates on MSME loans should not exceed 9.49 percent per annum.

Registration of a total of 478 active small and medium enterprise loans valued at \$34.6million were recorded as of 31 July 2020.

Review of the loans registered in the MSMEGS database during the audit revealed that majority of the loans registered under the scheme from prior years had an effective interest rate above the 10% interest rate threshold, therefore were not eligible to be covered under the scheme. These loans related to

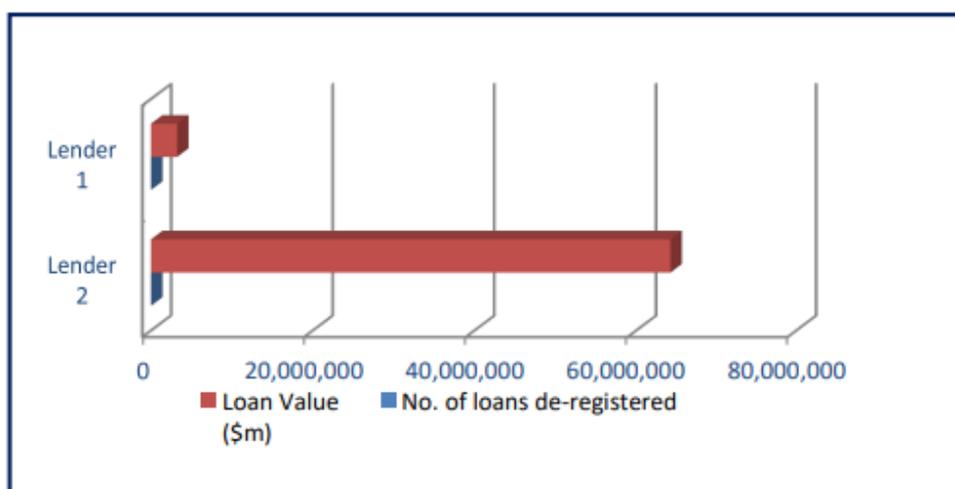
Commercial Bank 1 and LCI 1 that were reporting the flat rate to the RBF instead of the effective interest rate charged which was higher than the interest rate threshold set for the scheme

It further noted that a total of 1,223 active loans valued at \$67.5 million were de-registered by the RBF in July 2020 as the effective interest rate was above the 10% threshold. Refer to table below:

**Table 6.3.2: Details of De-registered Loans as at July 2020**

Licensed Credit Institution	No. of loans de-registered	Loan Value (\$m)	%
Licensed Credit Institution 1 (Lender 1)	58	3.24	5%
Licensed Credit Institution 2 (Lender 2)	1,165	64.26	95%
<b>Total</b>	<b>1,223</b>	<b>67.50</b>	<b>100%</b>

**Figure 6.3.2: Deregistered Loans as at July 2020**



The abovementioned findings were due to the following:

- Absence of clarity in the MSMECGS guidelines on the interest rate to be reported to the RBF;
- Regular checks were not carried out by the RBF to ensure that the effective interest rates used by the banks are below the interest rate threshold.

Some areas of improvements highlighted:

- RBF will obtain explanations on the reasons for the use of flat rate instead;
- RBF had revised its reporting template effective from 01 June 2020 which has captured the effective interest rate; and
- The Bank will revise the MSMECGS guideline to ensure clarity on the use of interest rate.

## **The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends that RBF should undertake the following:

1. RBF should review its current guidelines to clearly specify the type of interest rate to be reported for MSMEGS reporting purposes;
2. RBF should carry out its independent investigation against the relevant licensed credit institutions and take appropriate action to deter recurrence.

### **PAC Committee Comments:**

- **The Committee noted the actions taken by the Reserve Bank of Fiji.**

## **5. Management of Agricultural Assistance – Farm Response Package, Home Gardening Seed Packages and Improvement of Farm Genetic Attributes**

The Ministry of Agriculture is responsible for the administration and delivery of the COVID-19 agricultural assistance to farmers and individuals meeting the eligibility criteria for home gardening, farm support and large commercial farming.

A compliance audit was conducted by the Office of the Auditor General to verify and assess that the Ministry has implemented the assistance with due regards to standard criteria and procedures developed by the Ministry to guide its operation on procurements, vetting and assessment of applicants and distribution of agricultural commodities.

An allocation of \$1.0 million to the Ministry of Agriculture as response to address Food Security, Agricultural Growth and Expansion Plan. These major activities undertaken under the COVID-19 response included:

- Home gardening supports
- Agricultural commercial support
- Farm support
- Abattoir upgrading

Some of the audit findings gathered were:

- Home Gardening and Farm Support Assistance
  - Absence of Standard Operating Procedures and Plans – Home Gardening and Farm Assistance
  - Short Delivery of Seedlings
  - Weak Control over Management of Planting Materials and Seedlings
  - Vetting and Assessment of Home Gardening and Farm Support Application
- Large Commercial Farm Assistance
  - Short Supply of Dalo Suckers
  - Selection of Suppliers for Planting Material – Northern Division

## i. Home Gardening and Farm Support Assistance

### Audit Review Findings:

- The audit of the home gardening and farm support assistance noted that there were no standard operating procedures and plan developed by the Ministry to guide the overall procurement, assessment and distribution of home gardening and farm support seed and seedling packages.
- No feasibility study was undertaken to ascertain the areas suitable for the seeds to effectively germinate.

### Actions taken by the Ministry:

- The Ministry highlighted that it has developed its Policy Guidelines and Standard Operating Procedure (SOP) however this is still in its draft phase.
- The Ministry will finalise the Policy Guidelines and SOP by 30 November 2020.

### **The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends that Ministry of Agriculture should undertake the following:

1. The Ministry should ensure that policies and standard operating procedure are in place to guide the future assistance coordinated by the Ministry.
2. The Ministry should also ensure that proper planning is undertaken in future to ensure that a more targeted approach is taken to roll-out assistance provided by government.

### **PAC Committee Comments:**

- **The Committee notes the OAG recommendations and further comments that in future disasters/pandemics there should be proper SOPs and Policies in place, tailor made from lessons learnt during COVID-19 crisis.**

## ii. Short Delivery of Seedlings

### Audit Review Findings:

- There was a shortage of supply of seedlings by two nurseries. Details of supply of seedlings is tabulated below:

**Table 7.1.4: The status<sup>2</sup> of supply of seedlings from the two engaged process.**

No.	Nursery	Orders	Supplied As at 17 Nov 2020	Balance
1	Nursery located in Nadi	Papaya 80,000 pots	20,000	60,000
2	Nursery located in Nadi	Chilies 2500 Trays	700	1,800

- The Ministry in its response highlighted that the supplier's delivery time was agreed to by both parties and was extended from 3 September 2020 till 30 November 2020. Surcharge will only apply if suppliers are in breach and not able to deliver by the said date.
- The Ministry may not be in a position to invoke the relevant provision of the contract agreement to deduct \$20 per day as damages for delay due to the fact that full advance payment has been made to the suppliers.

### **The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends the following:

1. The Ministry of Agriculture must ensure that the balance of the seedlings are supplied by the owners of the nursery so that the seeds are distributed to the affected areas as intended.
2. Should the nurseries fail to supply the balance of the seedlings, appropriate actions must be taken to recover the money paid including the cost for delay and damages.

### **PAC Committee Comments:**

- **The Committee notes from the Ministry's response that the above issues have been addressed.**

### **iii. Weak Control over the management of Planting Materials and Seedlings**

#### **Audit Review Findings:**

- Tally cards were not properly maintained to keep track of acquisition and distribution of planting materials and seedlings. Hence the Ministry was unable to ascertain the actual quantity procured from respective suppliers, quantity distributed and quantity yet to be distributed.
- Seedlings were not procured from the suppliers which quoted the lowest price. In most cases, the seeds were procured from the supplier which quoted the highest price

#### **Actions taken by the Ministry:**

- The Ministry agreed with the recommendation to implement the system of tally cards.

### **The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends the following:

1. The Ministry should ensure that proper internal control mechanism are put in place to manage the procurement, recording and distribution of planting materials.
2. The Ministry should document the reasons for not procuring goods and services from the lowest bidders and file with the payment vouchers. As a best practice, such documentation should be approved by the Permanent Secretary for Ministry of Agriculture.

### **PAC Committee Comments:**

- **The Committee concurs with the OAG recommendations.**

#### **iv. Vetting and Assessment of Home Gardening and Farm Support Application**

**The criteria for the home gardening and farm support assistance were as follows:**

- Applicants must be a permanent resident;
- Applicants must have not less than 49 square meter land for urban and peri-urban communities and should have at least 0.25 acres of land for rural communities;
- Applicants must show willingness to commit to the initiative;
- Applications needs to be verified and endorsed by locality officer; and
- Type of assistance required will be entirely on planting material based on the following distribution
- The applicants must have ¼ acre of land and should have good farming lands.

### **Audit Review Findings:**

The following issues were noted from a sample of applications reviewed:

## The Office of the Auditor General's Recommendations

The Office of the Auditor General recommends the following:

1. The Ministry should ensure that home gardening and farm support applications are completely filled and all applications submitted are attached with required documentation needed for thorough

Unfilled section of application	Risk Associated												
<b>Agriculture station of lodging application was not filled</b>	Applicants could easily manipulate the system and get assisted in another extension division of the Ministry.												
<b>Farmer Registration number were not issued</b>	<p>There is no reference point to track farmers in terms of ensuring farmers are not manipulating the system and getting assistance from more than one</p> <p><b>Table 7.2.1: Procurement From Suppliers For Tausala</b></p> <table border="1"> <thead> <tr> <th>Suppliers Name</th> <th>Total Paid \$</th> <th>Tausala Suckers Ordered (Pieces)</th> <th>Balance As at 17 Nov 2020</th> </tr> </thead> <tbody> <tr> <td><b>Supplier 1</b></td> <td>37,875</td> <td>67,187</td> <td>337</td> </tr> <tr> <td><b>Supplier 2</b></td> <td>48,000</td> <td>120,000</td> <td>13,300</td> </tr> </tbody> </table>	Suppliers Name	Total Paid \$	Tausala Suckers Ordered (Pieces)	Balance As at 17 Nov 2020	<b>Supplier 1</b>	37,875	67,187	337	<b>Supplier 2</b>	48,000	120,000	13,300
Suppliers Name	Total Paid \$	Tausala Suckers Ordered (Pieces)	Balance As at 17 Nov 2020										
<b>Supplier 1</b>	37,875	67,187	337										
<b>Supplier 2</b>	48,000	120,000	13,300										
<b>Photo IDs of applicants were not attached</b>	Personal Identity of applicants is not known and makes it hard to monitor the assistance.												
<b>Location of applicants were not included</b>	The residential area of the applicant is not known as the assistance is mainly provided to urban and peri-urban dwellers.												
<b>District, tikina and province of applicants were not included</b>	The assistance is provided based on demarcation by district. Thus farmer's districts are not known and makes it hard to monitor the assistance.												
<b>Land type not filled</b>	Makes it difficult to track if the right planting materials are provided in accordance with the right type of land.												
<b>Area of planting (home gardening) not filled</b>	Farmers should have 49 square meter of land for urban dwellers and 0.25 acre of lands for rural communities and this was not established. Therefore, the Ministry cannot ascertain whether the recipients had the required land size for planting.												
<b>The number of packages given to applicants was not revealed</b>	There could be more than one packages of seeds given to applicants and this deprives other applicants of the assistance.												
<b>The recommendation from locality officer was not filled</b>	Recommendation of approval was not made which made it difficult to determine whether the right kind of materials are given out in accordance with the need on the ground.												
<b>Approval of senior and principal agricultural officer was not filled.</b>	This indicates that the Senior and Principal Agriculture Officer did not												

screening and assessment.

- The Principal and Senior Agricultural Officer should clearly approve or decline applications based on fair assessments.

### PAC Committee Comments and Recommendations:

- The Committee recommends that considering the practical scenario of Backyard Gardening the Ministry develops a separate SOP for distribution of seeds, as we cannot expect citizens to be filling application form along with other requirements just to obtain handful of seeds.

## **2. Large Commercial Farm Assistance**

### **Short Supply of Dalo Suckers**

Large commercial farmers having 1 hectare of land were assisted through this program through distribution of planting materials and assorted seeds. The main objective of the program is to ensure a secured Fiji with its food and nutritional security requirement and to progressively expand agriculture to its full potential in raising its national income and become the leading export earner for the country.

### **Audit Review Findings**

It was noted that there was a short-supply of dalo suckers for the large commercial farmers:

There is great risk that the suppliers of dalo suckers would not be able to supply the remaining balance given that the suppliers have been fully paid.

### **The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends the following:

1. The Ministry of Agriculture must ensure that the balance of the dalo suckers are supplied by the suppliers and these are distributed to the affected areas.
2. Should the suppliers fail to supply the balance of the suckers, appropriate actions must be taken to recover the money paid including the cost for delay damages.

### **PAC Committee Comments/Recommendations:**

- The Committee concurs with the OAG recommendations.

## **Selection of Suppliers for Planting Material – Northern Division**

### **Audit Review Findings:**

- There was no analysis of quotations undertaken by the Ministry when procuring planting materials from farmers in the Northern Division. Details of procurement of dalo suckers from the Northern Division is tabulated below:

**Table 7.2.2: Procurement of Dalo Suckers without Obtaining Three Quotations**

No	SR No	Particulars	Province/Division	Amount (VIP)
1	CVD 01/2020	Tausala Suckers	Taveuni	\$24,479.20
2	CVD 02/2020	Tausala Suckers		\$24,479.20
3	CVD 03/2020	Tausala Suckers		\$24,479.20
4	CVD 08/2020	Tausala Suckers	Bua	\$42,000
5	CVD 09/2020	Tausala Suckers		\$10,000
6	CVD 10/2020	Tausala Suckers		\$4,000
7	CVD 011/2020	Tausala Suckers		\$17,437.20

- The Ministry in its response highlighted that due to limited timeframe available for implementation of the COVID-19 assistance and closing of accounts coinciding at the same time, the Ministry had to procure dalo planting materials on the supplier's ability to supply and failed to carry out an Expression of Interest.

**The Office of the Auditor General's Recommendations**

The Office of the Auditor General recommends the following:

1. The Ministry of Agriculture should ensure that suppliers of farming material are selected based on an open and transparent manner with consideration given to the most economical supplier rather than selection based on personal judgment.

**PAC Committee Comments:**

- The Committee concurs with the OAG recommendations.

## **SUSTAINABLE DEVELOPMENT GOALS**

The Committee notes that the Fiji Parliament with its six (6) Standing Committees which includes the Public Accounts Standing Committee are now extending and expanding its roles and initiated activities to strengthen its support towards promotion, implementation and monitoring of the SDGs. This is in terms of Fiji's 5 years & 20 years National Development Plan, the 2030 Agenda, the Sustainable Development Goals (SDGs). Parliament is at the core of the SDGs implementation Agenda 2030 insists on the "Essential role of national parliaments through their enactment of legislation and adoption of budgets, and their role in ensuring accountability for the effective implementation of the SDGs". This is done through the National Development Plan (NDP) targets and indicators.

In this case, the Public Accounts Committee examines the Ministries and Departments covered in the Office of the Auditor General's Audit Report on Compliance Audits Relating to COVID-19 Response and through its oversight role scrutinised the Audit Reports of the five (5) audits that were carried out. The Committee questioned these Departments, this in relation to how it addresses the development issues as detailed in the 17 SDGs based from the relevant NDP targets and indicators.

## **GENDER EQUALITY**

The Committee noted the importance of Gender Equality while scrutinise the Office of the Auditor General's Audit Reports and it encouraged relevant Ministries and Departments that these COVID-19 programs that were implemented should benefitted both men and women.

## **CONCLUSION**

Based on the audit and evidence gathered, the Office of the Auditor General concluded that although the MSME Concessional Loan Package programme was implemented with its intended intent, there were instances where control measures were not effective to mitigate the risks associated with the programme. In addition, differences in decisions made and absence of documented justifications over the loan amount approved between the assessors and the BAF Panel indicated that communication could be improved during the processing of applications for loans.

The absence of comprehensive risk assessment to identify potential risks and how these could have been mitigated reflects that more awareness needs to be done on risk analysis and planning in the delivery of such programmes.

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



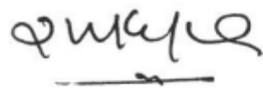
.....  
**Hon. Alvick Maharaj**  
(Chairperson)



.....  
**Hon. Joseph Nand**  
(Deputy Chairperson)



.....  
**Hon. Virendra Lal**  
(Member)



.....  
**Hon. Ro Teimumu Kepa**  
(Member)



.....  
**Hon. Aseri Masivou Radrodoro**  
(Member)

# APPENDICES

# **APPENDIX 1**

## **PUBLIC ACCOUNTS COMMITTEE QUESTIONS**

# APPENDIX 2

## **PUBLISHED WRITTEN EVIDENCE**

The following copies of the written evidence and supplementary evidences from the five (5) line 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 3:**

## **Report of the Auditor General**

Audit Report on Compliance Audits Relating to COVID-19 Response (PP No. 270 of 2020). This audit report can be accessed on the Parliament Website using the following link:

<https://www.parliament.gov.fj/wp-content/uploads/2020/12/OAG-Audit-Report-on-Compliance-Audits-Relating-to-COVID-19-Response.pdf>