



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

**REPORT OF THE AUDITOR-GENERAL
OF THE REPUBLIC OF FIJI**

**2018-2019
Financial Statements of
Government**



**PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 88 OF 2022**



OFFICE of the AUDITOR GENERAL
Republic of Fiji

VISION

Promoting public sector accountability
and sustainability through our audits

To provide independent value adding
audit services

MISSION

To provide an environment where
our people can excel

RESPECT

We uphold respect
in our relationships.

INTEGRITY

We are ethical, fair and
honest in our duties.

INDEPENDENT
& OBJECTIVE

We work independently
and report objectively.

VALUES

COMPETENCE

We deliver to the best
of our abilities and to
the highest standard of
professional conduct.

TRANSPARENCY

Our processes
are transparent.

CONFIDENTIALITY

We maintain audit
related information
confidential.

PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE
REPUBLIC OF FIJI

AUDIT
ACT 1969

ENVIRONMENT
MANAGEMENT ACT

NDP AND OTHER
LEGISLATION

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File: 102

19 August 2022

The Honorable Ratu Epeli Nailatikau
Speaker of the Parliament of the Republic of Fiji
Government Buildings
Constitution Avenue
SUVA

Dear Sir

AUDIT REPORT ON THE 2018 - 2019 FINANCIAL STATEMENTS OF GOVERNMENT

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the 2018 - 2019 Financial Statements of Government.

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

Yours sincerely

Sairusi Dukuno
ACTING AUDITOR-GENERAL

Encl.



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**Part A: 2018-2019 Financial Statements of
Government**

**Part B: Report on the Financial Statements of
Government**

**Part A: 2018-2019 Financial Statements of
 Government**



Financial Statements
Government of the Republic of Fiji
for the period ending 31 July 2019

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INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF THE REPUBLIC OF FIJI FOR THE YEAR ENDED 31 JULY 2019

I have audited the Financial Statements of Government of the Republic of Fiji, which comprise of the following:

- Statement of Receipts and Expenditure,
- Statement of Comparison Budget and Actual (Budget Funding Programme)
- Statement of Comparison Budget and Actual (Economic classifications)
- Statement of Assets and Liabilities
- Statement of Revenue and Expenses
- Statement of Contingent Liabilities

for the year ended 31 July 2019, and notes to the financial statements, including a summary of significant accounting policies, in accordance with section 152 of the 2013 Constitution of the Republic of Fiji, section 46(2) (b) and section 47(2) (b) of the Financial Management Act 2004, and section 6 of the Audit Act 1969.

In my opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying Financial Statements of the Government of the Republic of Fiji are prepared in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS) Financial Reporting under the Cash Basis of Accounting, Financial Management Act 2004 and Finance Instructions 2010.

Basis for Qualified Audit Opinion

Included in the Trust Fund Account balance of \$205,478,333 in the Statement of Assets and Liabilities (Schedule 3) is Consolidated Main Trust Fund of \$164,604,625 (Note 33). Main Trust Fund Account balances totalling \$76,959,364 were not supported with detailed listing of claimants of monies held in trust. As a result, I was not able to satisfy myself on the accuracy and completeness of the component of Trust Fund Account balance of \$76,959,364 as at 31 July 2019.

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Government in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

I draw attention to the following matters:

1. Reflected in the Statement of Assets and Liabilities (Schedule 3) is cash and cash equivalent of \$344,074,924. Unreconciled variances amounting to \$2,641,670 and \$3,346,001 existed between the balances in the FMIS general ledger, and bank statements of foreign bank accounts and the bank confirmation for domestic cash, respectively. In addition, domestic cash balance of \$251,944 was not booked in the FMIS general ledger and therefore not accounted for in the financial statements.
2. Established Staff and Government Wage Earners Payroll expenditure in the Statement of Cash Receipts and Payments (Schedule 1) amounted to \$1,016,971,896. A total unreconciled variance of \$17,571,867 existed between the FMIS general ledger and the payroll reports of Ministries and Departments. On 29/09/21, the Ministry of Economy issued Circular 01/2021 - 2022 requiring Ministries and Departments to reconcile and justify the variances between the payroll reports and the FMIS general ledger balances.
3. Reflected in the Statement of Revenue and Expenses (Schedule 4) is total revenue of \$3,198,302,185. A total unreconciled variance of \$2,463,484 existed between the FMIS general ledger and the revenue reports of Ministries and Departments.
4. Reflected in the Statement of Revenue and Expenses (Schedule 4) is total expenditure of \$3,613,376,316. The Ministry of Education, Heritage and Arts, Ministry of Fisheries, Ministry of Lands and Mineral Resources and the Ministry of Health and Medical Services were not able to provide appropriate supporting documents including payments vouchers and journal vouchers for payments totalling \$15,172,129.
5. The Trading and Manufacturing Accounts are operating on semi-accrual accounting basis instead of full accrual accounting. Property, plant and equipment for TMA operations are not disclosed in the Statement of Assets and Liabilities (Schedule 3).
6. Note 52 of the financial statements disclosed the novel Coronavirus (COVID-19) global pandemic impact subsequent to 31 July 2019 and also describes a number of measures and initiatives taken by the Government to ensure the safety of the population and to support the economy and those affected. No adjustments have been made to the financial statements as at 31 July 2019 for the financial implication, if any, that may be arising in future.

My opinion is not modified in respect of these matters.

Other Matters

1. Internal controls were generally found to be weak for the Ministry of Disaster Management and Meteorological Services, Republic of Fiji Military Forces, Ministry of Foreign Affairs, Ministry of Agriculture, Ministry of Fisheries, Ministry of Forestry, Ministry of Lands and Mineral Resources, Ministry of Infrastructure and Transport, Ministry of Education, Heritage and Arts, Ministry of Health and Medical Services, Ministry of Civil Service, Fiji Police Force, Ministry of Rural and Maritime Development, Ministry of Defence and National Security, Ministry of Women, Children and Poverty Alleviation, Ministry of Housing and Community Development and Ministry of Local Government. If internal control issues are not addressed promptly, these can result in material misstatements and fraud, in the future.

The Ministry of Economy has in place a process of preparing Reconciliation Compliance Reports for Permanent Secretaries. The reports include both internal and external audit issues.

2. There were various Ministries and Departments that did not have in place policies on risk management.

Responsibilities of the Permanent Secretary for Economy and those charged with governance for the financial statements

The Permanent Secretary for Economy is responsible for the preparation of the Financial Statements of Government in accordance with the IPSAS Financial Reporting under Cash Basis of Accounting, Financial Management Act, and Finance Instructions 2010 and for such internal control as the Permanent Secretary for Economy determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

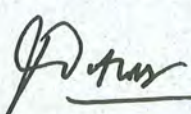
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Permanent Secretary for Economy.

I communicate with the Permanent Secretary for Economy and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.


Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
10 January, 2022

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INDEPENDENT AUDITOR'S REPORT

ANNUAL APPROPRIATION STATEMENT OF THE GOVERNMENT OF THE REPUBLIC OF FIJI FOR THE YEAR ENDED 31 JULY 2019

Opinion

I have audited the Annual Appropriation Statement and Budget Results as included in Schedules 9 to 13 for the year ended 31 July 2019, and Notes to the Financial Statements of Government including a summary of significant accounting policies for the year ended 31 July 2019, in accordance with section 152 of the 2013 Constitution of the Republic of Fiji, section 46(2)(b) and section 47(2)(b) of the Financial Management Act 2004 and section 6 of the Audit Act 1969.

In my opinion, the accompanying Annual Appropriation Statement and Budget Results are prepared, in all material respects, in accordance with the Financial Management Act 2004 and Finance Instructions 2010.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities* paragraph of my report. I am independent of Government in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matters

Significant Unutilised Budget

As shown in the Details of Reportable Expenditure Authorisation (Schedule 10), significant unutilised budget were noted in allocations for Travel and Communications (16%), Maintenance and Operations (13%), Purchase of Goods and Services (14%), Operating Grants and Transfers (15%), Special Expenditures (38%), Capital Construction (56%), Capital Purchase (40%), Capital Grants and Transfers (35%), Pensions, Gratuities & Compassionate Allowances (25%), Charges on Account of Public Debt (58%) and Interest Payment on Overseas Loans (12%).

The significant unutilised budget were attributed mainly to the following:

1. Ministry of Economy - there was an unutilised budget of \$46.7 million or 39% of a total budget of \$120.4 million under Head 4 as grants to the FRCS was released only on needs basis for funding.

Miscellaneous Services (Head 50) - unutilised budget of \$228.5 million or 42% of a total budget of \$538.9 million was due to the partial release of funds to agencies based on the funding needs, progress of project implementation and finalisation of procurements.

Pensions (Head 51) - unutilised budget of \$11.6 million or 25% of a total budget of \$46.2 million was due to the decrease in the number of pensioners from natural attrition and non-submission of Life Certificates, which is required on a six-monthly basis.

Finance Charges on Public Debt (Head 52) - unutilised budget of \$14.7 million of a budget of \$341.4 million due to the lower than anticipated depreciation of the Fijian dollar against currencies in which overseas loans were denominated.

2. Judiciary - unutilised budget of \$12.3 million or 18% of a total budget of \$69.2 million was due to the low utilisation rate of on-going projects and the non-implementation of projects earmarked for the 2019 financial year.
3. Department of Information Technology and Computing Services – unutilised budget of \$11.2 million of a total budget of \$18.9 million resulted from unutilised budget in purchases of goods and services due to changes in contractual arrangement requirement by the vendor for Microsoft licensing, non-implementations of the project for Storage System Capacity and Data Centre Infrastructure Upgrade.
4. Fiji Police Force – unutilised budget of \$43.2 million or 22% of a total budget of \$193.5 million was mainly due to the non-implementation of capital projects such as the upgrade of police dog section facilities, preparatory works for construction of major Police Stations, upgrading of police quarters and construction of new living quarters projects.
5. Peacekeeping Missions – unutilised budget of \$14.5 million or 18% of a total budget of \$80.7 million was due unused allocations for “standby arrangement for rapid deployment of manpower” on the winter clothing and on military technical equipment.
6. Ministry of Education, Heritage and Arts – unutilised budget of \$13.8 million of a total budget of \$535.4 million was largely due to the delay in the processing of applications for building grants from schools. There were also delays in tender approvals for capital projects.
7. Higher Education Institutions – unutilised budget of \$38.6 million or 31% of a total budget of \$123.8 million was due to the partial and the non-release of quarterly grants to Higher Education Institutions.
8. Ministry of Health and Medical Services – unutilised budget \$61.5 million or 18% of a total budget of \$335 million was the result of processing issues for biomedical services and spare parts. In addition, most allocations were pledged and were under requisition against donor budget, which were not always approved. The budget was utilised based on the progress of individual projects while the delay in the tender process for the capital projects and major equipment purchases planned contributed to the budget not being utilised.
9. Ministry of Housing and Community Development – unutilised budget of \$29.4 million or 71% of a total budget of \$41.4 million was due to unspent budgets for programs which included the upgrade of informal settlements, upgrade of town-wide informal settlements, city-wide upgrade First Home and First Land Programs, HART, Interest subsidy for Home Loans, Social Housing Assistance and survey for regularisation of lease and land titles. The utilisation of budget for the First Home and First Land ownership initiative was demand-driven and the actual spending was in line with the applications received during the financial year. Other grant assistance were utilised in line with the subsidy requests submitted by the relevant organisations.

10. Ministry of Agriculture – unutilised budget of \$33.9 million or 35% of a total budget of \$96.8 million was mainly due to the delay in vetting/finalisation of contract documents and RIE applications to the Ministry of Economy resulting in the delay in the implementation of projects that were planned and budgeted to be carried out during the financial year.
11. Ministry of Industry, Trade and Tourism - unutilised budget of \$24 million or 24% of a total budget of \$99.3 million as the 4th quarter grants were not released, reduction in overseas travels, the postponement of the Fiji - China Trade Agreement Negotiation meeting.
12. Ministry of Local Government – unutilised budget of \$16.6 million or 55% of a total budget of \$30.1 million was the result of the reduction in the grant funding to rural local authorities and the National Fire Authority Ambulance Service. Unutilised budget in capital grants and transfers of \$13.6 million was a result of the non-utilisation of capital funds budgeted for ten new projects. In addition, a sum of \$3.4 million was de-requisitioned for utilisation, as approval was not granted by Ministry of Economy.
13. Ministry of Waterways and Environment - unutilised budget of \$46.1 million or 66% of a total budget of \$70 million was mainly due to the delay in the procurement process for capital construction.
14. Ministry of Infrastructure and Transport - unutilised budget of \$47.6 million or 29% of a total budget of \$165.2 million due to the non-release of the 4th quarter grants to the Land Transport Authority of Fiji, capital expenditures were put on hold and the budget re-prioritised for other government projects and commitments.
15. Water Authority of Fiji - unutilised budget of \$122.2 million or 35% of a total budget of \$349.3 million as only 65% of the grant was released by the Ministry of Economy.
16. Fiji Roads Authority - unutilised budget of \$136.8 million or 24% of its total budget of \$563.1 million as only 76% of the grant was released by the Ministry of Economy.
17. Various Ministries and Departments with approved total budget of \$127.4 million did not utilise \$36.4 million or 29% of the budget. Individually, the unutilised budgets were significant at Ministry levels with percentages unutilised ranged from 20% to 44%.

As a result, funds approved by Parliament were not be fully utilised during the financial year.

Permanent Secretary of Economy's Responsibilities for the Annual Appropriation Statement

The Permanent Secretary for Economy is responsible for the preparation of the Annual Appropriation Statement in accordance with the IPSAS under Cash Basis of Accounting, Financial Management Act 2004 and Finance Instructions 2010, and for such internal control as the Permanent Secretary determine is necessary to enable the preparation of annual appropriation statement that are free from material misstatements, whether due to fraud or error.

Auditor-General's Responsibilities for the audit of the Annual Appropriation Statement

My objectives are to obtain reasonable assurance about whether the annual appropriation statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of the annual appropriation statement.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual appropriation statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control.
- Evaluate the appropriateness of accounting policies used and related disclosures made by the Permanent Secretary for Economy.

Communication with those charged with governance

I communicate with the Permanent Secretary for Economy and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
10 January, 2022

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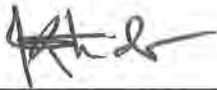
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**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF RESPONSIBILITY
FOR THE PERIOD ENDING 31 JULY 2019**

Whole of Government financial statements have been prepared by the Ministry of Economy in accordance with the provisions of the Financial Management Act 2004, Financial Instructions 2010, Finance Amendment Instructions 2016 and Cash Basis International Public Sector Accounting Standards 2017.

Whole of Government financial statements have been audited by Office of the Auditor-General, which was given unrestricted access to all financial records and related data. Office of the Auditor-General report presented herein provides an independent opinion upon the fairness of the financial statements.

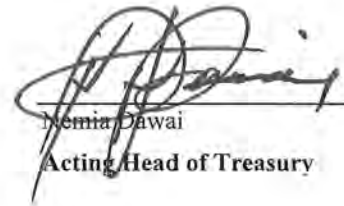
In our opinion, these financial statements fairly reflect the financial position of the Government of the Republic of Fiji as at 31 July 2019 and its operations for the year ended on that date.



Shiri.K.Gounder

Permanent Secretary for Ministry of Economy

Date: 06/01/2022



Nemias Dawai

Acting Head of Treasury

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CASH RECEIPTS AND PAYMENTS (EXCLUDING CONTROLLED ENTITIES)
FOR THE PERIOD ENDING 31 JULY 2019

Schedule 1

	Notes	Actual Controlled by Government 31 Jul 2019 (\$)	Actual Controlled by Government 31 Jul 2018 (\$)
Cash flows from operating activities			
<i>Receipts</i>			
Direct Taxes	36	754,429,587	825,724,215
Indirect Taxes	36	2,065,348,735	2,005,911,627
Fees, Charges, Fines and Penalties	36	133,087,675	142,973,799
Sales Revenue (TMA)		17,624,048	12,204,774
Other Revenues and Surpluses		45,072,931	39,649,218
Reimbursements and Recoveries	36	11,821,776	20,942,757
Grants in Aid (overseas)	36	41,985,862	49,461,174
Net receipts into trust fund accounts		7,784,949	255,925
<i>Payments</i>			
Established Staff	39	(957,057,437)	(900,309,981)
Government Wage Earners	39	(59,914,459)	(58,949,182)
Travel and Communications	39	(37,815,306)	(38,444,765)
Maintenance and Operations	39	(78,031,413)	(75,434,699)
Purchase of Goods and Services	39	(161,562,680)	(151,359,100)
Operating Grants and Transfers	39	(687,937,715)	(680,170,593)
Special Expenditure	13	(85,155,959)	(88,246,446)
Pensions, Gratuities and Compassionate All.	39	(34,647,442)	(36,956,687)
Value Added Tax	41	(38,118,137)	(37,476,706)
Cost of Goods Sold (TMA)		(1,345,973)	(451,429)
Other Expenses (TMA)		(11,914,774)	(12,893,356)
Interest Payments on Loans	42	(326,735,388)	(291,503,011)
Net Advance Payment/(Receipt)		10,732	122,419
Net cash flows from operating activities		596,929,612	725,049,953
Cash flows from investing activities			
Investing Receipts		118,905,006	159,039,795
Capital Expenditure		(1,120,561,744)	(1,376,328,657)
Receipts from Lending & On - Lending		5,764,283	1,655,995
Net cash flows from investing activities		(995,892,455)	(1,215,632,867)
Net cash inflows before financing		(398,962,843)	(490,582,914)
Cash flows from financing activities			
Proceeds from borrowings	17 (d)	637,150,844	603,836,968
Repayment of borrowings	17 (d)	(290,051,911)	(205,540,307)
Treasury Bills Net Proceeds/(Repayments)	17 (e)	109,114,135	88,599,499
Net cash flows from financing activities		456,213,068	486,896,160
Net increase/(decrease) in cash & cash equivalents		57,250,225	(3,686,754)
Cash & cash equivalents at the beginning of period		286,653,731	289,753,141
Effects of exchange rate of foreign cash held		170,968	587,344
Cash & cash equivalents at end of period	3	344,074,924	286,653,731

The statement includes other budgetary cash flows from the Trading & Manufacturing Activities and Trust.

Ministry of Economy

Suva, Fiji

Dated 6 of the month of January 2022


.....
Mr. Shiri K Gounder
Permanent Secretary for Ministry of Economy

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 BY BUDGET FUNDING PROGRAMME
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 2

	Original 2019 (\$)	Revised 2019 (\$)	Actual 2019 (\$)	Variance 2019 %
Expenditure				
Operating (Standard Expenditure Groups 1-7)	2,341,071,916	2,365,868,819	2,067,474,969	13
Operating (Pensions-SEG 11)	46,221,100	46,221,100	34,647,442	25
Operating (Public Debt-SEG 12, 14,15)	341,416,599	341,416,599	326,735,388	4
	<u>2,728,709,615</u>	<u>2,753,506,518</u>	<u>2,428,857,799</u>	<u>12</u>
Capital (SEGs 8-10)	1,852,246,734	1,825,202,245	1,130,807,330	38
	<u>4,580,956,349</u>	<u>4,578,708,763</u>	<u>3,559,665,129</u>	<u>22</u>
Value Added Tax (SEG 13)	69,589,630	71,837,216	38,118,137	47
Total Expenditure	<u>4,650,545,979</u>	<u>4,650,545,979</u>	<u>3,597,783,266</u>	<u>23</u>
Revenue				
Operating Receipts	3,665,579,141	3,665,579,141	3,049,753,621	17
Investing Receipts	570,811,166	570,811,166	130,859,163	77
Total Revenue	<u>4,236,390,307</u>	<u>4,236,390,307</u>	<u>3,180,612,784</u>	<u>25</u>
Net Deficit 2019	414,155,672	414,155,672	417,170,482	(1)
Debt Repayments 2019	294,334,667	294,334,667	290,051,911	1
Gross Deficit 2019	<u>708,490,339</u>	<u>708,490,339</u>	<u>707,222,393</u>	<u>0</u>
Net Deficit as a Percent of GDP	3.5%	3.5%	3.5%	
Nominal GDP	11,673,491,200	11,673,491,200	11,778,330,000	(Provisional)
Gross Deficit To be Financed From:				
Overseas Loans	77,713,838	77,713,838	13,461,860	83
Domestic Loans	630,776,553	630,776,553	630,778,000	(0)
	<u>708,490,391</u>	<u>708,490,391</u>	<u>644,239,860</u>	<u>9</u>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 BY EXPENDITURE - ECONOMIC CLASSIFICATIONS
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 2A

	Original 2019 (\$)	Revised 2019 (\$)	Actual 2019 (\$)	Variance %
1. Established Staff	1,034,439,248	1,030,473,779	957,057,437	7
2. Government Wage Earners	58,713,807	64,428,836	59,914,459	7
3. Travel and Communications	42,639,659	45,020,709	37,815,306	16
4. Maintenance and Operations	84,588,441	89,541,100	78,031,413	13
5. Purchase of Goods and Services	193,015,602	187,805,087	161,562,680	14
6. Operating Grants and Transfers	793,687,689	810,167,147	687,937,715	15
7. Special Expenditures	133,987,470	138,432,161	85,155,959	38
Total Departmental Operating Expenditures	2,341,071,916	2,365,868,819	2,067,474,969	13
<i>Unallocable Operating Expenditures</i>				
11. Pensions, Gratuities & Compassionate Allowances	46,221,100	46,221,100	34,647,442	25
12. Charges on Account of Public Debt	341,416,599	341,416,599	326,735,388	4
Total Unallocable Operating Expenditures	387,637,699	387,637,699	361,382,830	7
Total Operating Expenditures	2,728,709,615	2,753,506,518	2,428,857,799	12
8. Capital Construction	248,958,410	243,938,303	108,004,075	56
9. Capital Purchase	89,528,829	89,768,741	53,720,981	40
10. Capital Grants and Transfers	1,513,759,495	1,491,495,201	969,082,274	35
Total Capital Expenditures	1,852,246,734	1,825,202,245	1,130,807,330	38
13. Value Added Tax	69,589,630	71,837,216	38,118,137	47
Total Expenditures	4,650,545,979	4,650,545,979	3,597,783,266	23

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 JULY 2019

1. General Information

The Republic of Fiji is a sovereign democratic state.

The principal activities of the Government are:

- (i) The administration of public financial affairs;
- (ii) The provision of goods and services required by its citizens; and
- (iii) The collection, management and use of public resources.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements namely, the Statement of Cash Receipts and Payments (Schedule 1) and the two Statements of Budget and Actual Comparisons (Schedules 2 and 2A) are prepared on cash basis as per the requirement of Cash Basis IPSAS, Financial Reporting Under the Cash Basis of Accounting and the Cabinet decision 277 of 2010. The notes to the financial statements form an integral part to understanding the statements and shall be read in conjunction with the primary statements. Further to complying with Cash Basis IPSAS reporting, additional presentations and disclosures are also being made in line with the Financial Management Act 2004.

The accounting policies have been applied consistently throughout the period.

2.2 Reporting Entity

The financial statements are for the General Government Sector of the Government of Fiji. The financial statements encompass the reporting entity, Whole of Government ("WOG"), as specified in the Financial Management Act 2004. The reporting entity includes all budget sector agencies and excludes Off-budget state entities, Government commercial companies and commercial statutory authorities. The revenue and expenditure of these controlled entities have been excluded from the consolidated accounts in accordance with Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting, in order to facilitate timely financial reporting.

A list of significant entities encompassed in the financial statements and the sectors in which they operate is shown in Note 16 to the financial statements.

The Constitution of the Republic of Fiji provides the framework for the conduct of the Government of Fiji. The principal activities of the Government of Fiji are the administration of public financial affairs, the provision of health, education, defense, social protection, housing, recreational and cultural and general public services and economic management.

**GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 JULY 2019**

Significant Accounting Policies (continued...)

2.2 The legal form of the Republic of Fiji is a sovereign democratic State. Authority for Government's raising of taxation, revenue or monies is provided by Section 139 of the Constitution of the Republic of Fiji ("Constitution") and relevant specific law. Authority for spending is provided in Section 141 of the Constitution and Appropriation made by law.

2.3 Presentation currency

The presentation currency is Fiji dollars, the currency of the Government of Fiji and all values are rounded to the nearest dollar except when otherwise indicated. Cash flows are converted to Fiji dollars using the monthly average exchange rate by the Reserve Bank of Fiji. Amounts held in foreign currencies are converted using the spot rate on the reporting date.

2.4 Basis of Consolidation

The financial statements are for the National Government of Fiji comprising of ministries and departments that are part of the Central Government budget including financial operations of these ministries that are outside the budget, such as Trade and Manufacturing Accounts and Trust Accounts as authorized by law.

Intra-economic entity transactions, receipts and expenditures are eliminated on consolidation.

2.5 Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

3. Cash and cash equivalents

Cash comprises of cash at bank, short term demand deposits in overseas banks and cash on hand and other cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments. Cash is mainly kept in the Reserve Bank of Fiji, commercial banks and cash registers.

All Government Ministries and Departments use overdraft accounts (drawings) for their operations and these are cleared on a daily basis to the Consolidated Fund Account of Government. In addition, several ministries and departments operate and maintain their own bank accounts for monies held as trust and for those that operate quasi-commercial activities.

Funds held by overseas banks are for various Fiji Embassies, Trade Missions, Overseas Pension Funds and JP Morgan accounts.

The balance of the Domestic Account is offset by the unrepresented cheques outstanding for ministries and departments as of 31 July 2019.

Cash included in the Statement of Cash Receipts and Payments comprise the following amounts:

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
Overseas bank accounts	7,623,040	19,537,799
Domestic bank accounts	160,843,269	92,434,840
Trust fund accounts	163,891,553	161,050,199
Trading and Manufacturing Activities accounts	11,717,062	13,630,893
Cash on hand and balances with banks	344,074,924	286,653,731

Included in cash and cash equivalents above are the Trust Fund Accounts totaling \$163.9 million (2018: \$161.1 million) which is set aside for a specific purpose. The Trust Fund Account includes deposits, retention monies and true Trust account that ministries and departments hold in trust.

4. Donations, Grants and Other Aid

Cash receipts during the period included donations, grants and other aid provided by bilateral and multilateral donor agencies donor agencies and non-Governmental organizations.

The amount of donations, grants and other aid does not include aid received during the reporting period in the form of proceeds from loans. The proceeds of any aid received during the period in the form of loans are included in the amount of borrowings presented as a separate line item in the Statement of Receipts and Payments.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

5. Borrowings

Borrowings comprise cash inflows from financial institutions, bilateral, multilateral and development partners.

6. Term Loans

Term loan payments are loans made to state owned enterprises and students (scholarships) as part of Government lending and on lending program. Term loan receipts are the repayments received from the recipients of the loans and scholarships.

7. Trust Fund

Trust fund receipts comprises of funds which Government receives and holds on behalf of its designated beneficiaries.

8. Advance Receipts

Income received in advance consists of cash deposits that Government has collected, but not recognized as revenue.

9. Value Added Tax

These are VAT payment made by Ministries/ Departments to Fiji Revenue & Customs Service during the year.

10. Interest Payments and Other Charges on Loans

These are payments made during the year for interest on overseas and domestic loans as well as interest on Treasury bills.

11. Investment Receipts

Government has a number of investments and the receipts from investing are mainly from dividends and interest on bank balances.

12. Capital Payments

These are payments made for capital construction, purchase of fixed assets and capital grants and transfers.

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

13. Special Expenditure

Special Expenditure (SEG 7) relate to one off or unique projects of Government. In 2019, there were altogether 333 special expenditure activities, listed below are the top 14 activities.

Activity	Head of Appropriation	31 Jul 2019	31 Jul 2018
		(\$)	(\$)
ADB Meeting	Miscellaneous Services	9,973,963	144,093
Social Welfare	Miscellaneous Services	8,380,273	---
General Reserves (OPR & CAP)	Miscellaneous Services	5,295,599	4,746,907
Workmens Compensation	Employment, Productivity and Industrial Relation	1,749,996	2,000,000
Analogue to Digital	Communication	2,000,000	2,000,000
Community Health Workers	Health and Medical Services	1,910,374	67,824
Civil Service Reform Management Unit	Miscellaneous Services	1,203,131	1,906,604
Medical Contingencies	Health and Medical Services	1,289,583	455,753
Household Income & Expenditure Survey	Fiji Bureau of Statistics	1,505,966	---
Deforestation	Forestry	1,548,137	599,246
Grid Extension Scheme	Infrastructure and Transport	5,037,501	---
Consul-General - Shanghai	Industry, Trade and Tourism	1,682,013	1,251,916
Consul-General - Sydney	Industry, Trade and Tourism	1,833,971	1,500,152
Consultancy Payments	Public Enterprise	1,976,724	---
		<u>45,387,231</u>	<u>14,672,495</u>
Others (comprises of 319 activities across various Ministries in 2019)		<u>39,768,728</u>	<u>73,573,951</u>
		<u>85,155,959</u>	<u>88,246,446</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

14. Undrawn Borrowing Facilities

The total undrawn loan balance from current loan facilities with the World Bank - International Bank for Reconstruction and Development ('IBRD'), International Fund for Agricultural Development ('IFAD'), European Investment Bank ('EIB') and the Asian Development Bank ('ADB') was approximately \$553.2 million as at 31 July 2019 compared to \$551.8 million in the same period last year. Loans undrawn from the World Bank amounted to \$101.6 million (\$103.5 million - 31 July 2018). IFAD amounted to \$4.9 million (\$5.4 million - 31 July 2018), EIB at \$162.4 million (\$157.6 million - 31 July, 2018) while undrawn loans from ADB equal \$284.3 million (\$285.3 million - 31 July 2018). The loan amounts were converted to the Fiji dollar using the end of year exchange rate: USD/FJD=0.4619 and EUR/FJD=0.4141

Loan Account	Total Loan Drawdown Capitalised			Loan Proceeds Received			Fiji dollar equivalent as at 31/07/2019 (FJD millions)
	as per Agreement	Charges	Charges	Loans cancelled	Undrawn balance available for future years	Restricted Cash	
A. Multi-lateral	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(FJD millions)	(FJD millions)
2014 ADB - Transport Infrastructure Investment Project	100.0	1.86	0.31	0.00	93.07	1.04	201.49
2016 IBRD - Transport Infrastructure Investment Project	50.00	0.75	0.25	0.00	45.29	0.00	98.05
2016 IBRD - Pacific Regional Connectivity Program	5.95	1.34	0.00	0.00	1.63	0.01	3.53
2017 ADB-Urban Water & Sewerage Project LN 3512	42.11	2.17	0.11	0.00	38.25	0.00	82.81
2017 EIB - Urban Water & Wastewater Management Project	75.00	0.00	0.00	0.00	75.00	0.00	162.37
Total	273.06	6.12	0.67	0.00	253.24	1.05	548.25
B. Multi-lateral	(EUR millions)	(EUR millions)	(EUR millions)	(EUR millions)	(EUR millions)		(FJD millions)
2015 IFAD - Fiji Agricultural Partnership Project	3.10	0.15	0.0	0.00	2.05	1.02	4.95
Total	3.10	0.15	0.00	0.00	2.05	1.02	4.95
TOTAL							553.20

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2019

15. Undrawn Grant Facilities

Donor Institution/Project Name	Currency	Total amount of approved grant 2019	Total grants received as at 31 July 2018	Total grants received as at 31 July 2019	Undrawn balance as at 31 July 2019
		<i>FJD (millions)</i>	<i>FJD (millions)</i>	<i>FJD (millions)</i>	<i>FJD (millions)</i>
General Budget Support	FJD	19.50	25.10	2.15	0.40
Direct Project Support	FJD	5.00	12.20	8.43	1.42

Notes:

- General budget support - These are cash grants as provided in the Budget Estimates.
- Direct budget support - This represent ad-hoc cash grant received and released directly for the project to the recipient agencies. Undrawn balance - Unutilised budget are returned to Head 50 on July 2019.

During this period, Government had complied with all the significant terms and conditions of external assistance loan and grant agreements.

16. Government Budgetary Sector

All budget sector agencies are included in the consolidated financial statements. The significant controlled entities are identified below. Comparatives is disclosed in Statement of Expenditure against Appropriation Heads in Schedule 9.

General Administration

Office of the President
 Office of the Prime Minister
 Office of the Attorney-General
 Ministry of Economy
 Ministry of iTaukei Affairs
 Ministry of Defence and National Security
 Ministry of Employment, Productivity and Industrial Relations
 Ministry of Foreign Affairs
 Independent Bodies
 Independent Commissions
 Ministry of Disaster Management and Meteorological Services
 Ministry of Justice
 Fiji Corrections Service
 Ministry of Communications
 Ministry of Civil Service
 Ministry of Rural and Maritime Development
 Republic of Fiji Military Forces
 Fiji Police Force
 Peacekeeping Missions

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

16 *Government Budgetary Sector (cont...)*

Social Services

Ministry of Education, Heritage and Arts
Ministry of Health and Medical Services
Department of Housing and Community Development
Ministry of Women, Children and Poverty Alleviation
Ministry of Youth and Sports
Higher Education Institutions

Economic Services

Ministry of Agriculture
Ministry of Fisheries
Ministry of Forests
Ministry of Lands and Mineral Resources
Ministry of Industry, Trade and Tourism
Ministry of Sugar Industry
Ministry of Public Enterprises
Ministry of Local Government

Infrastructure Services

Ministry of Infrastructure and Transport
Water Authority of Fiji
Ministry of Waterways and Environment
Fiji Roads Authority

The Government Printing and Stationery Department was sold during the financial year.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

17. **Assets, Liabilities, Revenues and Expenses**

a) Revenue and Expenses

The Government builds data on revenues and expenses of the reporting period on a modified cash basis. The modified cash basis used by Government is further explained in Note 18 Original and Revised Approved Budget and Comparison of Actual and Budget Amounts in the Basis Differences section.

The Government maintain records of property taxes due and payable at reporting date based on property values as assessed by the Fiji Revenue & Customs Service.

Accrued expenses comprise amounts due and payable for wages, salaries and rental and other costs due. Payables at reporting date are as follows:

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
b) <u>Accounts Receivables</u>		
Tax receivables - IRD and customs	199,505,238	151,016,717
Accounts receivable - Trade	2,658,813	1,662,218
Miscellaneous receivables	904,284	874,815
	<u>203,068,335</u>	<u>153,553,750</u>
c) <u>Accounts Payables</u>		
TMA Trade and sundry creditors	9,931	---
Withholding tax	450,377	688,789
Litigation claims	---	---
VAT and Income Tax Refunds outstanding	254,815,142	164,249,266
	<u>255,275,450</u>	<u>164,938,055</u>
d) <u>Borrowings</u>		
The borrowings of the Government are listed below:		
Proceeds		
Domestic commercial banks	---	40,609,140
Domestic insurance companies	86,616,372	60,295,507
Domestic - Fiji National Provident Fund	536,573,794	405,464,797
Domestic - Private	10,744,404	29,244,147
Overseas development banks and similar lending agencies	3,216,274	68,223,377
Total proceeds	<u>637,150,844</u>	<u>603,836,968</u>
Repayments		
Domestic commercial institutions	(235,277,000)	(160,729,000)
Overseas development banks and similar lending agencies	(54,774,911)	(44,811,307)
Total repayments	<u>(290,051,911)</u>	<u>(205,540,307)</u>
e) <u>Treasury Bills</u>		
Treasury bills issued	628,129,135	266,499,499
Treasury bills redeemed	(519,015,000)	(177,900,000)
Net proceeds from treasury bills	<u>109,114,135</u>	<u>88,599,499</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

18. Original and Revised Approved Budget and Comparison of Actual and Budget Amounts

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 August 2018 to 31 July 2019 and includes all entities within the general Government sector. The budget deals only with the general Government sector which excludes other extra budgetary activities. The general Government sector includes all Government departments - significant departments are included in the list of entities in Note 16.

The original budget was announced on 28th June, 2018 and approved by Parliament on 12th July 2018. There was no supplementary budget issued during the year.

A number of changes occurred due to a Redeployment Exercise which was endorsed by Cabinet 2018-2019FY. The approval for the redeployment of funds in the 2018-2019 Budget was to fund the implementation of the Bus Fare Concession to the elderly and people living with disability under the Ministry of Women, Children, and Poverty Alleviation, shortfall in Doctors Personal emoluments, superannuation(FNPF), and allowances under the Ministry of Civil Service and to fund the ongoing projects and programmes for the Ministry of Sugar Industry.

Comparison of Actual and Budget Amounts

Investing revenue shortfall

The anticipated sale of Government assets did not take place for the financial year 2018-2019. Government budgeted \$395.4 million from sale of Government assets as investing receipts in the 2018-2019 Budget, which was largely anticipated from disposal of assets and divestment of shares.

SEG 1: Established staff

The cost savings for SEG 1 is mainly attributable to the following:

- i) The Personal Emoluments budget for some agencies were pegged at the maximum salary bands, however not all officers are entitled to the maximum salary thus resulting in cost savings; and
- ii) Due to vacant positions at the WoG level, which resulted in the low utilisation of funds for SEG 1.

SEG 2: Government wage earners

The underspending is due to the vacant positions at WoG level which has resulted in the low utilisation of funds for SEG 2.

SEG 3: Travel and communications

The cost savings for SEG 3 were driven by lower than expected staff travels and control measures undertaken during the year.

SEG 4: Maintenance and operations

This was result of cost savings undertaken during the year.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

18. *Original and Revised Approved Budget and Comparison of Actual and Budget Amounts (Cont...)*

SEG 5: Purchase of goods and services

As a result of lower than projected purchase of goods and services during the year.

SEG 6: Operating grants and transfers

The funds were released as and when required by the Agencies.

SEG 7: Special expenditures

The under utilisation in this SEG were attributable to the delayed implementation of disaster reconstruction projects.

SEG 8: Capital construction

The budget released were based on the funding requirements to implement the programmes for the period reported.

SEG 9: Capital purchase

The significant under spending in SEG 9 was mainly attributable to a number of purchases that were re-prioritized

SEG 10: Capital grants and transfers

Funding from these allocations are released as and when required.

SEG 11: Pensions, gratuities and compassionate allowances

Attributed to deletion of pensioners due to death, non-submission of life certificates and expiry of contract of contracted officers.

SEG 13: Value Added Tax

There was significant under utilisation in this SEG as a result of a decrease in expenses incurred during the year as noted above for the individual SEGs.

There were no other material differences between the final approved budget and the actual amounts.

Basic Differences

The budget and the accounting basis differ. The financial statements for the government are prepared on the cash basis using a classification based on the nature of expenses. The financial statements include all budget sector agencies and excludes off-budget state entities, government commercial companies and commercial statutory authorities from 1 August 2018 to 31 July 2019. The budget is approved on cash basis by functional classification and deals only with the general government sector which excludes other extra budgetary activities. The Statement of Cash Receipts and Payments includes the same entities as the budget and other extra budgetary activities such as TMAs and Trust.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

Budget Differences (cont...)

The government's accounting system is kept on a modified cash basis. Some expenditures are modified since some cash outflows such as accountable advances to employees for business travel are not reported when the payment is made but at the time of acquittal. Likewise, some cash inflows such as trust money are not reported as revenues.

The Statement of Cash Receipts and Payments are prepared on the cash basis. The general ledger amounts were adjusted to make them consistent with the cash basis to be included in the Statement of Cash Receipts and Payments.

In addition to the above, the basis for budgeting of Treasury bills is different from the basis used in accounting or reporting of Treasury bills. The Annual Appropriation Act appropriates the interest portion of Treasury Bills whereas the Statement of Cash Receipts and Payments records net of total issuance and redemptions. Treasury Bills is considered by government as a liquidity instrument and not a financing tool as it is less than a year in maturity and its sole purpose is to cover for shortfalls in revenue. Treasury bills have various maturities and are issued at a discount from par value.

Entity Differences

- The approved budget includes all entities within the central government sector.
- The budget deals only with the general government sector which excludes other extra budgetary activities. The Statement of Cash Receipts and Payments includes the same entities as the budget and other extra budgetary activities such as TMAs and Trust.

There is an entity difference: the budget is prepared for the government budgetary sector and the Statement of Cash Receipts and Payment includes both budgetary and extra budgetary entities. The entity differences are considered material.

Timing Difference

The budget and financial statements are prepared for the same period.

A reconciliation between the actual inflows and outflows are presented in the statement of comparison of the budget and actual amounts and the amounts of total cash receipts and total cash payments reported in the statement of cash receipts and payments for the year ended 31 July 2019 is presented below:

	Total inflows	Total outflows
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	3,180,612,784	3,597,783,266
	<hr/>	<hr/>
	3,180,612,784	3,597,783,266
Entity differences		
Cost of goods sold (TMA)		1,345,973
Other expenses (TMA)		11,914,775
Net advance payments (TMA)		(10,732)
Third party payments (Note 19)		(10,245,586)
Total Cash Receipts	<hr/> 3,180,612,784 <hr/>	
Total Cash Payments		<hr/> 3,600,787,696 <hr/>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

19. Payment by Third Parties

The Government benefits from payments made by third parties to purchase goods and services on its behalf during the period. These payments do not constitute cash receipts of payments by the government. They include payments for goods and services made by multilateral aid agencies and non-governmental organizations. They form part of the support for government programs provided by way of external and other assistance - additional information about external assistance and other assistance is provided by the Note below. The government has verified that the following payments have been made by third parties for capital works:

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
Capital payments	10,245,586	5,955,007
Total third party payments	<u><u>10,245,586</u></u>	<u><u>5,955,007</u></u>

The Government benefits from goods and services purchased on its behalf as a result of cash payments made by third parties (donors) during the period by way of loans and grants. The payments made by the third parties do not constitute cash receipts or payments by the Government but do benefit the Government. They are disclosed in the payments by third parties column in the Statement of Cash Receipts and Payments. These third parties (donors) are not part of the Government of Fiji (economic entity).

Such disclosures are only made when the government has been formally advised by the third party (the donor) or the recipient that such payment has been made or the government has otherwise verified the payment.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

20. External Assistance and Other Assistance

Assistance was received in the form of cash transfers and deposits to current and term deposit accounts and trust fund accounts controlled by the Government. It also encompasses amounts drawn by the Government from accounts of donors consistent with external assistance and other assistance agreements and authorizations. Assistance was also received in the form of third party payments.

External assistance comprises loans and grants from multilateral donor agencies under agreements specifying the purposes for which the assistance will be utilised. Other assistance was provided for specified purposes by NGOs, private corporations and other donors.

The amounts, class of provider and purposes for which external assistance was provided during the period is outlined below:

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
External assistance		
Total cash receipts	33,637,112	48,845,812
Total external assistance	<u>33,637,112</u>	<u>48,845,812</u>
<u>Multilateral aid agencies</u>		
Cash receipts	28,339,918	16,775,368
Total multilateral aid agencies	<u>28,339,918</u>	<u>16,775,368</u>
<u>Bilateral aid agencies</u>		
Cash receipts	5,297,194	32,070,444
Total multilateral aid agencies	<u>5,297,194</u>	<u>32,070,444</u>
Other Assistance		
Total cash receipts	8,348,750	615,362
Total other assistance	<u>8,348,750</u>	<u>615,362</u>
<u>Non-Governmental Organizations</u>		
Cash receipts	1,147,817	228,588
Total NGOs	<u>1,147,817</u>	<u>228,588</u>
<u>Private Corporations and Other Donors</u>		
Cash receipts	7,200,933	386,774
Total private corporations and other donors	<u>7,200,933</u>	<u>386,774</u>
Loan Funds		
External assistance	13,461,860	74,178,384
Total loan funds	<u>13,461,860</u>	<u>74,178,384</u>
Grants and Donations		
External assistance	41,985,862	49,461,174
Total grants and donations	<u>41,985,862</u>	<u>49,461,174</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont....)
 FOR THE PERIOD ENDING 31 JULY 2019

20. *External Assistance and Other Assistance (Cont...):*

External Assistance

During the reporting period external assistance was received from multilateral and bilateral external assistance agencies under agreements specifying that the assistance would be utilised for the following purposes:

	Development Assistance		Emergency Assistance		Other Assistance		Total Assistance	
	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Loan funds	13,461,860	62,627,521	---	---	---	11,550,863	13,461,860	74,178,384
Grant funds	33,637,112	48,845,812	---	---	---	---	33,637,112	48,845,812
Total	47,098,972	111,473,333	---	---	---	11,550,863	47,098,972	123,024,196

Purpose for which External Assistance and Other Assistance was provided and used

Other Assistance

During the reporting period other assistance was received as grants and donations from non-Governmental organizations, private sector corporations and other donors for the following purposes:

	Development Assistance		Emergency Assistance		Other Assistance		Total Assistance	
	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Grant and donations	8,348,750	615,362	---	---	---	---	8,348,750	615,362

Undrawn External Assistance and Other Assistance

Undrawn external assistance, loans and grants consists of amounts which have been specified in a binding agreement with external assistance agencies but have not been utilised at reporting date, and are subject to terms and conditions that have been satisfied in the past and it is anticipated that it will be satisfied in the future.

	Development Assistance		Emergency Assistance		Other Assistance		Total Assistance	
	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018	31 Jul 2019	31 Jul 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Closing balance - Loans	553,206,449	---	---	---	---	262,230,000	553,206,449	262,230,000
Closing balance - Grants	---	---	---	---	1,814,348	2,230,000	1,814,348	2,230,000

In regards to the drawdown of fund, these should be within the grace period, or else the borrower is required to seek extension or cancellation of the loan. Funds drawn must be within the approved limit as per the respective loan agreements.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

21. Goods and Services Received

The Government of Fiji has received goods and services in 2019 from donors. These assistance include goods such as computers and medical equipment, and services such as technical assistance.

Summary of goods and services received in-kind from donors

Donor agency	Aid-in-kind 31 July 2019 (\$)
Department of Foreign Affairs and Trade (DFAT)	59,731,933
European Union	31,587,587
China	23,791,020
New Zealand Ministry of Foreign Affairs and Trade (NZMFAT)	13,878,437
Japan International Cooperation Agency (JICA)	13,893,506
The United Nations Children's Fund (UNICEF)	709,426
Korea	4,443,238
The Global Green Growth Institute (GGGI)	801,740
Kuwait Fund	1,023,919
Total value of goods and services received in-kind	<u>149,860,806</u>

Summary of goods and services received in-kind by activity

Project	Aid-in-kind 31 July 2019 (\$)
Australian Development Scholarships(ADS)(DFAT)	7,838,219
Australian Regional Development Scholarship (DFAT)	783,822
Training in Japan (JICA)	2,541,442
Pacific Leaders Educational Assistance for Development of State (Pacific LEADS) (JICA)	3,363,674
Short Term Training Attachment (NZMFAT)	1,056,440
NZ Development Scholarships - Public (NZMFAT)	1,447,178
Training in Korea for Civil Servants (KOICA)	243,400
Scholarship Programme for Civil Servants (KOICA)	293,400
World Friends Korea(KOICA)	2,649,800
Project for Climate Change Resilient Renewable Energy (Korea)	1,256,638
Port Security Inspection Scanner Project (China)	16,979,591
Elections Support (NZAID)	947,902
Child Protection Programme (UNICEF)	24,958
Governance (DFAT)	6,270,576
UNDP Parliament Strengthening Project (Phase 2) (NZAID)	1,085,384
Public Administration Reform and Governance (EU)	3,424,893

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

21. *Goods and Services Received (Cont...):*

	Aid-in-kind 31 July 2019 (\$)
Good Governance, Democracy, Health & Gender (EU)	2,459,688
Assistance for Child Protection Program- Prosecution (UNICEF)	37,438
Upgrade National Disaster Management Office and Emergency Operations Centres (NZMFAT)	144,718
TC Winston Recovery Support (NZMFAT)	455,861
Disaster Risk Reduction Advisor (JICA)	165,203
Access to Quality Education Program (DFAT)	8,622,041
Australia-Pacific Technical College (DFAT)	8,622,041
Child Protection Programme (UNICEF)	4,160
Water, Sanitation and Hygiene Programme (UNICEF)	291,181
Technical Assistance (JICA)	1,068,896
Fiji Health Sector Improvement Programme/ Support Programme (DFAT)	8,622,041
Medical Treatment Scheme (NZMFAT)	361,795
Dengue Fever/ World Mosquito Programme (UNICEF)	3,907,381
Health Nutrition and HIV & AIDS Programme (UNICEF)	83,386
Water, Sanitation and Hygiene Programme (UNICEF)	114,393
Prevention and Control of NCDs (JICA)	1,014,297
Project for Improvement of Health Services through 5S-KAIZEN-TQM (JICA)	672,734
Project for Elimination of Filariasis in the Pacific (JICA)	56,061
Volunteer Scheme (JICA)	575,560
Navua Hospital- Technical Cooperation (China)	1,358,367
Child Protection Program (UNICEF)	153,910
Volunteer Scheme (JICA)	156,971
Pacific Women Shaping Pacific Development (DFAT)	6,270,575
Support for Agriculture Projects in Vanua Levu (China)	2,612,245
Second Phase of Technical Assistance for China- Aid Juncao Technology Demonstration (China)	2,840,816
Pacific Horticulture and Agriculture Market Access (DFAT)	145,791
Fiji Dairy Industry Development Initiative (NZMFAT)	2,894,356
Fiji Agriculture Sector Support (NZMFAT)	723,589
Fisheries Support Programme (NZMFAT)	289,436
Volunteer Scheme (JICA)	21,023
Financial Inclusion (DFAT)	1,567,644
Fiji Community Development Program (DFAT)	3,135,288
Market Development Facility (DFAT)	5,502,430
Supporting Private Sector Development in Fiji (DFAT)	2,351,466
Social Mitigation Programme - EDF 11 & Related Programs (EU)	25,703,006
Biosecurity Authority of Fiji (NZMFAT)	564,399
Technical Assistance (JICA)	204,665
Introduction of Hybrid Power Generation System in the Pacific Island Countries (JICA)	2,018,028
Reinforcing Meteorological Training Functions of Fiji Meteorological Services (FMS) (JICA)	522,098
Technical Assistance (JICA)	801,740
Volunteer Scheme (JICA)	489,637

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

21. *Goods and Services Received (Cont...):*

Project for Promotion of Regional Initiative on Solid Waste Management (J-PRISM Phase II) (JICA)	429,802
Project for Stengthening Capacity of Debt. Water & Sewerage to Improve Rural Water Supply by Ecological Purification System Technology (JICA)	82,009
Project to Support reducing unaccounted water through effective control on Nadi/Ltka (JICA) Volunteer Scheme (JICA)	427,314 84,092
Financing the Preparation of a Feasibility Study and Preliminary Engineering Design for Savusavu Water Supply and Sewerage System Project (Kuwait)	1,023,917
Total value of goods and services received in-kind	<u>149,860,806</u>

22. **Authorisation Date**

These IPSAS Financial Statements for the year ended 31 July 2019 were authorised for issue by the Permanent Secretary for Ministry of Economy on*1 January*....., 202*2*.

23. **Commitments & Contingencies**

Contingent liabilities of the Government at year end are disclosed in the statement of contingent liabilities in Schedule 5.

Financial Statements
Government of the Republic of Fiji
for the period ending 31 July 2019

(Other Financial Statements required by Law)

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 JULY 2019

Schedule 3

	Notes	31 Jul 2019 (\$)	31 Jul 2018 (\$)
ASSETS			
Current Assets			
Cash and cash equivalent	3	344,074,924	286,653,731
Accounts Receivable	17(b)	203,068,335	153,553,750
Prepayments	28	1,070,745	1,081,477
Inventory	29	1,783,814	3,129,786
Total Current Assets		549,997,818	444,418,744
Non Current Assets			
Term-Loans Receivable	30	650,225,067	572,199,307
Equity Investments	31	1,313,895,388	1,335,906,060
Total Non Current Assets		1,964,120,455	1,908,105,367
TOTAL ASSETS		2,514,118,273	2,352,524,111
LIABILITIES			
Current Liabilities			
Accounts Payable	17(c)	255,275,450	164,938,055
Deferred Income	32	7,284,678	6,061,580
Trust fund account	33	205,478,333	197,701,126
Term Loans Payable - Treasury Bills	34(c)	298,150,105	185,283,183
Term Loans Payable - Overseas Loans	34(d)	61,127,719	59,057,667
Term Loans Payable - Domestic Loans	34(e)	194,078,000	235,277,000
Total Current Liabilities		1,021,394,285	848,318,611
Non Current Liabilities			
Term-loans Payable Overseas Loans	34(d)	1,394,270,059	1,396,235,176
Term-loans Payable Domestic Loans	34(e)	3,777,833,144	3,340,875,161
Total Non Current Liabilities		5,172,103,203	4,737,110,337
TOTAL LIABILITIES		6,193,497,488	5,585,428,948
EQUITY	47	(3,679,379,215)	(3,232,904,837)

The accompanying notes form an integral part of these financial statements.

Ministry of Economy

Suva, Fiji

Dated 06 of the month of January, 2022



.....
Mr. Shiri K Gounder

Permanent Secretary for Ministry of Economy

**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF REVENUE & EXPENSES
FOR THE PERIOD ENDING 31 JULY 2019**

Schedule 4

	Notes	31 Jul 2019	31 Jul 2018
		(\$)	(\$)
REVENUE			
Operating Revenue	36	3,049,753,621	3,079,416,368
Investing Revenue	37	130,859,163	165,023,264
Trade and Manufacturing Operations	45(a)	17,689,401	17,970,568
TOTAL REVENUE		3,198,302,185	3,262,410,200
EXPENSES			
Operating Expenses	39	2,102,122,411	2,029,871,453
Capital Expenses	40	1,133,129,915	1,382,283,665
Value Added Tax	41	38,118,137	37,476,706
Interest Payments on Loans	42	326,735,388	291,503,012
Trading and Manufacturing Operations	45(b)	13,270,467	13,368,156
TOTAL EXPENSES		3,613,376,318	3,754,502,992
Deficit for the year		(415,074,133)	(492,092,792)

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CONTINGENT LIABILITIES
FOR THE YEAR ENDED 31 JULY 2019

Schedule 5

No.	Name	Notes	Guarantee Balance including accrued interest 1 Aug 2018	New Loan Guaranteed Issued in 2019 (Aug - July)	Guarantee Reduction in 2019 Loan Repayments	Accrued Interest 2019	FX Effect	Guaranteed Balance plus interest accrued 31 July 2019
			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	Section A:							
	Explicit Contingent Liabilities -							
	Guarantee of Loans Raised							
1	Fiji Development Bank		199,997,651	173,705,836	(86,341,415)	4,542,688		291,904,760
2	Fiji Electricity Authority		94,476,413	---	(40,893,588)	287,600		53,870,425
3	Fiji Hardwood Corporation		5,185,922	---	(1,990,000)	409,537		3,605,459
4	Fiji Pine Limited		1,818,882	---	(1,818,882)	---		---
5	Fiji Sugar Corporation		210,246,667	46,232,787	(17,309,168)	---	2,114,508	241,284,794
6	Housing Authority		59,700,000	29,335,400	(21,000,000)	---		68,035,400
9	Fiji Broadcasting Corporation		12,644,360	---	(2,151,297)	---		10,493,063
10	Pacific Fishing Company Limited		2,669,901	2,051,091	(659,252)	---		4,061,740
	Government Guarantee	35	586,739,796	251,325,114	(172,163,602)	5,239,825	2,114,508	673,255,641
	Particulars	Notes	Authority					Liability as at 31 July 2019 (\$)
	Section B:							
	Other Explicit Contingent Liabilities -							
	Subscription for Membership							
1	International Bank for Reconstruction and Development (IBRD)							312,219,129
2	Asian Development Bank							204,197,274
	Total	35						516,416,403
	Section C:							
	Implicit Contingent Liabilities							
1	National Bank of Fiji (Legal claims against the bank)		Act No. 14 of 1996					718,655
2	Fiji Revenue & Customs Service - Litigation claims							70,364,461
3	Provincial Councils - Loans Raised							1,216,269
4	Municipal Councils - Loans Raised							21,642,421
	Total	35						93,941,806

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

25. Scope of Other Financial Statements

This section on other Financial Statements contains the following as required by law (Financial Management Act 2004):

- Statement of Assets and Liabilities
- Statement of Revenue and Expenses
- Statement of Contingent Liabilities

It also includes as part of the notes a Segmentation Report and other budgetary execution reports as required by law.

26. Significant Accounting Policies relating to Other Financial Statements

26.1 Accounts Receivable

Accounts Receivable represents money owed by third parties to Government on the sale of products or services on credit. Account receivable balance mainly comprises of unrecouped TMA receivables as well as state revenue owed to Government by third parties.

26.2 Prepayments

Prepayments comprise of unrecouped accountable advances paid to civil servants to facilitate official trips and accommodation for both domestic and overseas trips.

26.3 Inventory

Inventories are stated at lower of cost and net realizable value. Cost is assigned to inventory on a consistent basis year to year using either the specific identifications; first in first out or weighted average cost. The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

26.4 Investments

Valuation of Investments is at market value if available. If market value is not available, investments are recorded at cost. Fair value is especially used by entities that are listed on the South Pacific Stock Exchange namely Amalgamated Telecommunications Holdings (ATH).

26.5 Investment in Sinking Fund

The purpose of the Sinking Fund is to build cash reserves that would be sufficient to redeem the Global Bond when it matures. This account was established mainly for the purpose of redemption of the Offshore bond as well as debt repayments for Government. As at the end of July 2019, Sinking fund balance was \$0.115m compared to \$12.3m as at July 2018. Movements within the year were a result from dividends earned, interest payments and transfers made as monthly exchange rate adjustments.

26.6 Accounts Payable

Accounts Payable are amounts payable to suppliers or other creditors for the supply of goods, services or works.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

Significant Accounting Policies relating to Other Financial Statements (Cont...)

26.7 Deferred Income

Liabilities also include amounts received in advance for future services. Since the amount received (recorded as the asset Cash) has not yet been earned, Government defers the reporting of revenues and instead reports a liability such as Unearned Revenues.

26.8 Treasury Bills Payable

Treasury Bills Payable are recorded at discounted value.

26.9 Government Bonds

Starting in 2015, the bond premium and discounts are being amortized over the maturity period of the bond. However, the effect had not been applied retrospectively as it was impracticable to do so.

26.10 Trust Fund Accounts

Trust Fund Accounts comprises of funds which Government holds on behalf of its designated beneficiaries. The Trust Fund Accounts comprises of operating trust and main trust monies.

26.11 Term Loans Payable

Government borrow funds from either External or Domestic sources to finance its Capital Programs and to support budgeted expenditures. External loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the Reserve Bank of Fiji. Domestic loans are financial instruments raised locally that includes Government Bonds (Viti Bonds and Fiji Infrastructure Bonds) and Treasury Bills. Viti Bonds are recorded at Face Value while other domestic instruments are disclosed separately in the Financial Statements.

26.12 Operating Income

Operating Income is recognized in the statement of receipts and payments using both accrual and cash basis system. Where AR (accounts receivable) Modules are available, revenue is accounted on an accrual basis. However, those Ministries whom have yet to adopt AR module are still accounting for their revenue on a pure cash basis system.

26.13 Investing Revenue

Investing Revenue is recorded in the statement of receipts and payments on cash basis system.

26.14 Loans Drawn

Viti Bonds are recorded at Face Value. External Loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the RBF.

26.15 Expenditure

Expenditure is recorded in the statement of revenue and expenses on a cash basis except for carry-over and accountable advance.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
28 Prepayments	<u>1,070,745</u>	<u>1,081,477</u>

Advances paid to staffs are recorded as prepayments, they are cleared to relevant expenditures upon retirement.

29. Inventory

Inventory comprises of raw materials; work in progress and finished goods of the Government Trading and Manufacturing Activities (TMAs). Inventories are valued at cost using the periodic inventory method. Inventory as at year end are as follows:

Raw Materials	292,384	895,900
Work-in-Progress	14,340	378,073
Finished Goods for Sales	<u>1,477,090</u>	<u>1,855,813</u>
	<u>1,783,814</u>	<u>3,129,786</u>

30 Term-Loans Receivable

Term loans receivables are funds lent to state owned enterprises and students (scholarships) as part of Government on lending program.

Term-Loans Receivable

Term-Loans Receivable for Social Services	30(a)	407,310,146	321,705,443
Term-Loans Receivable for Economic Services	30(b)	<u>242,914,921</u>	<u>250,493,863</u>
Total Term-Loans Receivable		<u>650,225,067</u>	<u>572,199,306</u>

Loans provided by the Government to third parties are represented as follows:

(a) Term-Loans Receivable for Social Services

Public Officers and Ministers	14,476	14,476
I Taukei Affairs Board	5,338,924	5,678,924
FRCS PSC Scholarship Recovery	8,915,722	9,049,544
FRCS Tertiary Education Loan Scheme	388,590,413	302,511,888
Fiji Sports Council	<u>4,450,611</u>	<u>4,450,611</u>
	<u>407,310,146</u>	<u>321,705,443</u>

(b) Term-Loans Receivable for Economic Services

Fiji Pine Limited	2,200,000	7,200,000
Fiji Sugar Corporation Limited	173,816,930	173,816,930
Viti Corporation Company Ltd	2,905,000	2,905,000
Food Processors Fiji Ltd	1,900,000	1,900,000
Fiji Rice Limited	1,900,000	1,900,000
Pacific Fishing Company Limited	9,000,000	9,000,000
South Pacific Fertilizer	9,722,100	9,722,100
Housing Authority	32,706,299	34,740,200
Public Rental Board	<u>8,764,592</u>	<u>9,309,633</u>
	<u>242,914,921</u>	<u>250,493,863</u>

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

31. Equity Investments

Section 55 of the Financial Management Act 2004 provides the authority for the investment of Government moneys through fixed deposit with any bank, in any securities in which trustees are authorized to invest under the Trustee Act, in any security issued by any statutory body in Fiji and as advances authorized by Finance Act and any other Act or by resolution of the Parliament.

Investments as at year end were as follows:

		31 Jul 2019	31 Jul 2018
		(\$)	(\$)
Investments			
Investments in Social Services	31(a)	7,040,686	6,916,667
Investments in Economic Services	31(b)	238,569,496	237,115,297
Investments in Infrastructure Services	31(c)	1,068,285,206	1,091,874,096
Total Investments		1,313,895,388	1,335,906,060

(a) Investments in Social Services

Post Fiji Limited	100%	5,600,000	5,600,000
Unit Trust of Fiji (Trustee) Ltd	49%	1,190,582	1,066,563
Unit Trust of Fiji (Management) Ltd	100%	50,000	50,000
Daily Post	45%	---	---
Fiji Broadcasting Corporation Ltd.	100%	200,002	200,002
Walesi Ltd	100%	100	100
Fiji Public Trustee Corporation Ltd	100%	2	2
		7,040,686	6,916,667

(b) Investments in Economic Services

Fiji Airways	51%	13,307,075	13,307,075
Fiji Hardwood Corporation	90%	90,000,000	90,000,000
Pacific Fishing Company Ltd	99.7%	14,728,956	14,728,956
Assets Fiji Ltd	100%	2	2
Fiji Pine Ltd	99.8%	61,002,064	61,002,064
Fiji Sugar Corporation Ltd	68%	15,119,580	15,119,580
Fiji Rice	100%	1,506,224	1,506,224
Viti Corps Company Ltd	100%	6,000,000	6,000,000
Yaqara Pastoral Company Ltd	100%	1,191,846	1,191,846
Food Processors Fiji Ltd	100%	687,679	687,679
Air Terminal Services	51%	765,000	765,000

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

(b) Investments in Economic Services (cont..)	Shareholding	31 Jul 2019	31 Jul 2018
		(\$)	(\$)
International Finance Corporation	0%	616,674	603,068
International Bank for Reconstruction and Development	0%	14,397,012	14,079,364
Copra Millers Fiji Ltd	98.4%	6,429,183	6,429,183
Asian Infrastructure Investment Bank	0%	2,148,689	1,050,641
Asia Development Bank Subscription	0%	10,669,512	10,644,615
		238,569,496	237,115,297

Investments in Asian Development Bank (ADB), International Finance Corporation (IFC) and the International Bank for Reconstruction and Development (IBRD) reflect Paid-in subscriptions in the respective financial institution's capital stock that are subscribed by the government. These are not intended as income earning investments, but only to fulfil a requirement of these institutions to be entitled to borrowing and member privileges.

(c) Investments in Infrastructure Services			
Airports (Fiji) Limited	100%	92,300,180	92,300,180
Amalgamated Telecom Holdings Limited	17%	233,491,536	219,627,976
Fiji Ports Corporation Limited	41%	29,993,490	29,993,490
Energy Fiji Limited	100%	712,500,000	749,952,450
		1,068,285,206	1,091,874,096

(d) Reconciliation of Equity Investments

The reconciliation of changes in investments are as follows:

Increase/ (decrease) in fair value of shares

Post Fiji Limited	---	---
Unit Trust of Fiji (Trustee) Limited	124,019	287,724
Unit Trust of Fiji (Management) Limited	---	---
Daily Post	---	---
Fiji Broadcasting Corporation Ltd	---	---
Walesi Limited	---	---
Fiji Public Trustee Corporation Limited	---	---
Fiji Airways	---	---
Fiji Hardwood Corporation	---	---
Pacific Fishing Company Ltd	---	---
Air Fiji Ltd	---	---
Assets Fiji Limited	---	---
Fiji Pine Ltd	---	---

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

(d) Reconciliation of Equity Investments (cont..)	31 Jul 2019 (\$)	31 Jul 2018 (\$)
Increase/ (decrease) in fair value of shares		
Fiji Sugar Corporation Ltd	---	---
National Trading Corp. Ltd	---	---
Fiji Rice Limited	---	---
Viti Corps Company Ltd	---	---
Yaqara Pastoral Company Ltd	---	---
Food Processors Ltd	---	---
Air Terminal Services	---	---
Copra Millers Fiji Ltd	---	---
Yaqara Group Ltd	---	---
Airports (Fiji) Ltd	---	---
Amalgamated Telecommunications Holdings	13,863,560	139,365,260
Fiji Ports Corporation Ltd	---	---
Energy Fiji Ltd	(37,452,450)	749,952,450
Exchange Rate adjustments		
International Finance Corporation	13,606	25,719
International Bank for Reconstruction and Development	317,648	4,444,459
Asian Development Bank	24,897	437,407
Asian Infrastructure Investment Bank	1,098,048	1,050,641
	(22,010,672)	895,563,660

The variations noted in Equity Investments are due to the \$37,452,450 non voting shares for Energy Fiji Limited transferred to account/ bill holders (public); increase in share price per unit (as as 31/07/18 and 31/07/19) for ATH and UTOF (Trustee) shares and exchange rate adjustments for foreign investments.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
32. Deferred Income	<u>7,284,678</u>	<u>6,061,580</u>

Deferred revenues are received cash deposits that government has collected, but not yet reported as revenue on the income statement. As they are reported as revenue in subsequent periods, (i.e. "amortized"), the amounts are deducted from the deferred revenue account.

33. Trust Fund Account

Section 25(1) of the Financial Management Act makes provision for the establishment of a Consolidated Trust Account to record all monies received by the government in trust except for monies received and administered by the Public Trustee or the Official Receiver.

The Act further stipulates that all monies which do not belong to but received and administered by Government shall be accounted for in the Consolidated Trust Fund, which shall not constitute a part of the Consolidated Fund. The authority to open and operate a trust fund is vested with the Chief Accountant.

The Consolidated Trust Fund Account records monies received by the Government which do not belong to it and is therefore considered a liability of Government. Closing balances in this account comprised the following:

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
Deposits, Deductions and Retention Money	40,873,708	36,459,911
Consolidated Trust Fund	<u>164,604,625</u>	<u>161,241,215</u>
Total Trust Fund Account	<u>205,478,333</u>	<u>197,701,126</u>

34. Term-Loans Payable

Government borrows monies either domestically or from overseas to finance its Capital Programs. Total debt of Government outstanding as at 31/07/19 are as follows:

(a) **Current Liabilities**

Term-Loans Payable - Treasury Bills	34 (c)	298,150,105	185,283,183
Term Loans Payable - Overseas Loans	34(d)	61,127,719	59,057,667
Term Loans Payable - Domestic Loans	34(e)	<u>194,078,000</u>	<u>235,277,000</u>
Total Current Liabilities		<u>553,355,824</u>	<u>479,617,850</u>

(b) **Non-Current Liabilities**

Term-Loans Payable - Overseas Loans	34(d)	1,394,270,059	1,396,235,176
Term-Loans Payable - Domestic Loans	34(e)	<u>3,777,833,144</u>	<u>3,340,875,161</u>
Total Non-Current Liabilities		<u>5,172,103,203</u>	<u>4,737,110,337</u>
Total Government Debt		<u>5,725,459,027</u>	<u>5,216,728,187</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

34. *Term-Loans Payable (cont...)*

Term loans payable for overseas and domestic loans have been re-classified to represent current and non-current

(c) **Treasury bills**

Term-Loans Payable - Treasury Bills

The Government through the Reserve Bank of Fiji floats Treasury Bills to raise funds from the domestic market on a short term basis. Treasury Bills are sold at a discount from their face value of which the investor will receive the face value upon maturity.

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
Opening Balance	185,283,183	94,884,303
Treasury Bills Issued during the year	639,015,000	269,000,000
less unamortized amount	(10,885,865)	(2,500,501)
Treasury Bills Redemptions during the year	(519,015,000)	(177,900,000)
Non-Cash Unamortised discount	3,752,787	1,799,381
Outstanding 31 July	298,150,105	185,283,183

(d) **Overseas loans**

Outstanding 1 August	1,455,292,843	1,367,960,883
Redemptions during the year	(54,774,911)	(44,811,307)
Capitalized interest	1,434,451	943,109
Add/(less) unamortized discount	888,135	850,649
Cash Borrowings	3,216,274	68,223,377
Non-cash borrowing-direct disbursement	10,245,586	5,955,007
Exemption - External Debt	---	---
Increase in public debt due to revaluation	39,095,400	56,093,533
Other adjustments	---	77,592
Outstanding 31 July	1,455,397,778	1,455,292,843

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2019

34. *Term-Loans Payable (cont...)*

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
Non Cash borrowings - By source:		
<i>Multilateral</i>		
Asian Development Bank	8,637,380	5,404,957
World Bank	1,608,206	550,050
Non-Cash Borrowings - overseas	10,245,586	5,955,007

Overseas loans amounting to \$10.2 million were drawn in financial year 01 August 2018 - 31 July 2019 from Government's loan facilities with Asian Development Bank and World Bank. These loans drawn by Government are directly disbursed to the contractors by lenders.

(e) **Domestic loans**

Outstanding 1 August	3,576,152,161	3,204,762,346
Borrowings raised during the year	630,778,000	531,796,000
Add: Unamortized premium	(36,500)	(24,714)
Add: Accrued interests earned	943,348	648,865
Reversal of previous years accrued interest	(648,865)	(301,336)
Redemptions during the year	(235,277,000)	(160,729,000)
Outstanding 31 July	3,971,911,144	3,576,152,161

Domestic Borrowings - By Source

Public

Commercial Banks	19,385,000	76,673,000
Insurance companies	66,756,000	30,267,000
FNPF	533,716,000	402,363,000

Private

Others	10,921,000	22,493,000
Total Domestic Borrowings raised in 2018	630,778,000	531,796,000

Government bonds were raised locally during the year in the form of Fiji Infrastructure Bonds, Viti Bonds and Fiji Green Bonds. Accrued interest in 2017/18 fiscal year is reversed in this fiscal year.

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
35. Contingent Liabilities		
<i>Explicit Contingent Liabilities</i>		
Government Guarantees	673,255,641	586,739,796

The Financial Management Act section (62) stipulates that Government may guarantee the financial liability of an entity in respect of a loan or otherwise, but only if the giving of the guarantee is authorized by the House of Representatives. Schedule 5 Statement of Contingent Liabilities provide in detail the various agencies (8 altogether) where government undertakes giving of guarantees by end of 31 July 2019.

Other Explicit Contingent Liabilities

International Bank for Reconstruction and Development (IBRD)	312,219,129	303,034,283
Asian Development Bank	204,197,274	202,188,709
	516,416,403	505,222,992

In addition, the subscriptions for membership with International Agencies such as the International Bank for Reconstruction and Development (IBRD) and the Asian Development Bank are also treated as contingent liabilities as the subscriptions represent callable capital and should government fail to honour the article of agreement, the agencies would call on the callable capital. The amounts are sourced from the certificate of balances provided by ADB and IBRD.

Implicit Contingent Liabilities

National Bank of Fiji - Legal claims against the bank	718,655	2,427,471
Provincial Councils - Loans Raised	1,216,269	1,441,163
Municipal Councils - Loans Raised	21,642,421	23,779,565
Fiji Revenue & Customs Service - litigation claims in relation to tax and customs matters	70,364,461	35,482,450
	93,941,806	63,130,649

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

35. *Contingent Liabilities (cont...)*

31 Jul 2019

31 Jul 2018

	(\$)	(\$)
Government Contingent Assets	-	13,640,969

The National Bank of Fiji comprises of legal claims against National Bank of Fiji - Asset Management Bank (NBF-AMB). This is sourced from the certificate of balances provided by the National Bank of Fiji - Asset Management Bank whereas loans raised by provincial councils and municipal councils represent a key component in the consolidation of general Government debt.

Loans raised by Municipal Councils are deemed implicit and represent a key component in the consolidation of general government debt. This is sourced from certificate of balances provided by the Ministry of Local Government.

The Fiji Revenue & Customs Service (FRCS) as an agent of Government has a number of litigation claims made against it in relation to tax and customs matters. These matters are resolved through various means not wholly within the control of the FRCS and may or may not give rise to an obligation. This is sourced from FRCS audited Financial Statements for the year ended 31 July 2019.

From year 2015, only the explicit contingent liabilities with a reliable basis for the estimated amount are included in Schedule 5. The government recognizes a contingency to advance to FNPF on the basis of the provision of FNPF Act section 140 (1) that says "If the board is unable to satisfy a liability of the Board referable to a fund (the "relevant fund") out of the relevant fund, the Minister must, on written request by the Board, advance to the Board the amount needed to enable the Board to satisfy the liability".

36. **Operating Revenue**

Operating Revenue consists of Direct Taxes, Indirect Taxes, Fees Fines & Charges, Grant Aid, Interest & Dividends and Other Receipts.

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
Direct Taxes	754,429,587	825,724,215
Indirect Taxes	2,065,348,735	2,005,911,627
Fees, Charges, Fines and Penalties	133,087,675	142,973,799
Operating Revenue - Surpluses	467	1,630
Other Revenues and Surpluses	43,079,519	34,401,166
Reimbursements and Recoveries	11,821,776	20,942,757
Grants in Aid (overseas)	41,985,862	49,461,174
Total Operating Revenue	3,049,753,621	3,079,416,368

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
37. Investing Revenue		
Interest received on Term-Loans Receivable	11,248,123	6,011,984
Sales of Government Assets	5,163,696	1,397,889
Dividend from Investments	106,649,184	149,766,928
Interest from Bank Balances	1,444,002	1,862,994
Return of TMA excess cash to consolidated fund account	6,354,140	5,961,851
Recovery of Fijian Affairs Loans	18	21,618
Total Investing Revenue	130,859,163	165,023,264

38. Revenue from Non Exchange Transactions

The primary objective of this disclosure is to differentiate between revenue from non-exchange transactions and revenue from exchange transactions in accordance with IPSAS 23 Revenue from Non Exchange Transactions. In a non-exchange transaction, government receives value from another entity without directly giving approximately equal value in exchange. Revenue from exchange transactions on the other hand arise whereby government collected revenues and directly gives approximately equal value to another entity in exchange.

Revenue from non exchange transactions	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
<i>Direct Taxes (Gross)</i>	830,139,738	890,782,497
Direct Taxes Refunds	(75,710,151)	(65,058,282)
<i>Indirect Taxes</i>		
Value Added Tax (Gross)	1,031,674,957	1,044,540,672
<i>Value Added Tax Refunds</i>	(199,855,087)	(256,054,059)
Fiscal Duty	440,514,255	430,241,959
Excise Duty	168,272,733	166,441,553
Export Duty	8,078,905	9,720,193
Import Excise Duty	50,885,202	59,962,329
Service Turnover Tax	89,565,778	97,871,902
Water Resource Tax	73,641,286	64,289,698
Departure Tax	147,180,292	139,529,223
Fish Levy	48,911	85,687
Stamp Duty	85,170,458	85,266,235
Luxury Vehicle Duty	1,264,500	2,063,000
Environmental Levy	160,949,430	158,463,670
Telecommunication Levy	976,157	1,007,902
Third Party Insurance Levy	---	953,444
Miscellaneous indirect taxes	6,980,958	1,528,220
<i>Other non-exchange revenues</i>		
Grants in Aid	41,985,862	49,461,174
	2,861,764,184	2,881,097,017

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
38. Revenue from Non Exchange Transactions (cont...)		
Revenue from exchange transactions		
Fees, Charges, Fines and Penalties	133,087,675	142,973,799
Trading and Manufacturing Accounts - Sales Revenue	17,689,401	17,970,568
Other Revenues and Surpluses	43,079,986	34,402,796
Reimbursements and Recoveries	11,821,776	20,942,757
Repayment of Term-Loans Receivable	11,248,123	6,011,984
Sales of Government Assets	5,163,696	1,397,889
Dividend from Investments	106,649,184	149,766,928
Interest from Bank Balances	1,444,002	1,862,994
Return of Surplus Capital from Investments	6,354,140	5,961,851
Recovery of Fijian Affairs Scholarships	18	21,618
	336,538,001	381,313,184
Total Revenue	3,198,302,185	3,262,410,201
39. Operating Expenses		
Operating expenditure includes the following:		
Established Staff	957,057,437	900,309,981
Government Wage Earners	59,914,459	58,949,182
Travel and Communications	37,815,306	38,444,765
Maintenance and Operations	78,031,413	75,434,699
Purchase of Goods and Services	161,562,680	151,359,100
Operating Grants and Transfers	687,937,715	680,170,593
Special Expenditure	85,155,959	88,246,446
Pensions, Gratuities and Compassionate Allowances	34,647,442	36,956,687
Total Operating Expenditure	2,102,122,411	2,029,871,453
40. Capital Expenses		
Capital Expenditure includes the following:		
Capital Construction	108,004,075	102,877,892
Capital Purchases	53,720,981	75,674,702
Capital Grants and Transfers	971,404,859	1,203,731,071
Total Capital Expenditure	1,133,129,915	1,382,283,665

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
41. Value Added Expense	<u>38,118,137</u>	<u>37,476,706</u>

These are the VAT payments made by Ministries/Departments to FRCS (Fiji Revenue & Customs Service) during the year.

42. Interest Payments and Other Charges on Loans

Charges on Account of Public Debt is provided for in the Budget Estimates for the payment of interest on domestic and overseas loans.

Interest Payments

Overseas Loans	56,738,756	48,864,351
Domestic Loans	266,093,493	240,702,829
Treasury Bills	<u>3,752,788</u>	<u>1,799,381</u>
Total Interest Paid	<u>326,585,037</u>	<u>291,366,561</u>

Other charges on Public Debt - Miscellaneous Payments	150,351	136,451
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Total Interest Paid and Miscellaneous Payments

	<u>326,735,388</u>	<u>291,503,012</u>
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Interest Payment on overseas loans

1997 Asian Development Bank Third Road Upgrading project	1,156,681	915,304
1998 Japan International Corporation Agency Nadi Lautoka Water Supply and Sewerage Project	272,729	319,074
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	2,140,940	1,450,176
2006 Export Import Bank of China E-Government Project	560,787	631,990
2009 Asian Development Bank Emergency Flood Recovery Project	1,040,623	611,781
2010 Export Import Bank of China Fiji Low Cost Housing Project	705,625	764,925
2010 Export Import Bank of China Fiji Public Rental Housing Project	189,092	204,984
2010 Asian Development Bank Supplementary Third Road Upgrading project	1,186,280	707,650

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

<i>Interest Payments and Other Charges on Loans (cont...)</i>	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
2010 Asian Development Bank Supplementary Suva/Nausori Water Supply Project	1,089,477	660,774
2011 Export Import Bank of China Sigatoka Valley and Sawani Serea Road Project	1,712,280	1,856,179
2011 Export Import Bank of China Buca Bay and Moto Road Project	1,922,387	2,082,453
2012 Export Import Bank of China Nabouwalu and Dreketi Road Upgrading Project	4,854,803	5,128,889
2014 ADB Transport and Infrastructure Project	661,041	448,889
2016 IBRD Post Cyclone Winston Emergency LN8632	3,781,147	2,408,998
2015 Global Bond	28,206,565	27,016,053
2016-2017 ADB Emergency Assistance LN3403	3,405,512	2,122,529
2016 IBRD Transport Infrastructure LN8482	535,995	396,945
2016 IFAD Agricultural Loan EUR3.1m	22,379	21,063
2016-17 WB Fiji Cable Connection to Vanua Levu LN8666	313,182	90,180
3rd Global Bond Amortisation	888,134	850,649
2017 ADB UWSWMP LN 3512 Capitalised Interest	237,415	97,275
LN8840 IBRB FSCRDPL Front End Fee	1,077,496	77,591
2018 ADB LN3667 - FIJ: Sust. Private Sector Led Growth	778,186	---
	56,738,756	48,864,351
Interest Payment on domestic loans		
Viti Bond 2012	97,710	97,710
Viti Bond 2013	211,640	315,200
Viti Bond 2014	265,960	265,960
Viti Bond 2015	336,660	336,660
Viti Bond 2016	231,765	231,765
Viti Bond 2016/17	461,150	460,221
Viti Bond 2017/18	455,820	169,042
Viti Bond 2018/19	145,808	---
Fiji Development Loan 2002	---	805,850
Fiji Development Loan 2003	1,753,260	5,133,720
Fiji Development Loan 2004	8,032,970	8,032,970
Fiji Development Loan 2005	6,031,018	6,031,018
Fiji Development Loan 2006	25,504,880	25,155,879
Fiji Development Loan 2007	7,153,365	7,505,350
Fiji Development Loan 2008	16,879,006	20,371,851
Fiji Development Loan 2009	39,796,625	40,207,875

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

42. *Interest Payments and Other Charges on Loans (cont...)*

	31 Jul 2019	31 Jul 2018
	(\$)	(\$)
Fiji Development Loan 2010	40,922,500	41,056,500
Fiji Development Loan 2011	6,058,045	6,556,590
Fiji Development Loan 2012	10,792,505	11,449,310
Fiji Development Loan 2013	8,055,020	8,055,020
Fiji Development Loan 2014	8,802,500	8,802,500
Fiji Development Loan 2015	9,883,136	11,497,089
Fiji Development Loan 2016	16,777,877	16,790,527
Fiji Development Loan 2017	13,939,381	13,673,547
Fiji Development Loan 2018	26,714,797	6,040,706
Fiji Development Loan 2019	11,356,129	---
Fiji Green Bonds	5,433,966	1,659,969
Unamortised discount	---	---
	266,093,493	240,702,829

43. **Repayment of Loans**

Principal Repayments:		
Overseas Loans	54,774,911	44,811,307
Domestic Loans	235,277,000	160,729,000
Total Principal Repayments	290,051,911	205,540,307

Principal Repayments Overseas Loans

1997 Asian Development Bank Third Road Upgrading project	6,837,668	5,939,113
1998 Japan International Corporation Agency Nadi Lautoka Water Supply and Sewerage Project	2,349,718	2,271,693
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	4,352,785	3,752,441
2005 Asian Development Bank Suva Supplementary Nausori Water Supply and Sewerage Project	1,138,176	981,494
2006 Export Import Bank of China E-Government Project	3,352,416	3,370,497
2009 Asian Development Bank Emergency Flood Recovery	439,495	386,964
2010 Asian Development Bank Supplementary Third Road Upgrading project	2,551,625	2,210,424
2010 EXIM Bank of China/ Fiji Low Cost Housing	2,729,456	2,744,177

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
43. Repayment of Loans (cont...)		
2010 EXIM Bank of China/ Public Rental Housing	731,436	735,381
2010 EXIM Bank of China/ Sigatoka Valley & Sawani Serea	6,623,340	6,659,062
2010 EXIM Bank of China/ Buca Bay and Moto roads	7,436,064	7,470,961
2012 EXIM Bank of China Road Upgrading Project	16,232,732	8,289,100
Total Principal Repayments Overseas Loans	54,774,911	44,811,307

Principal Repayment Domestic Loans

Fiji Development Loan 2002	---	26,000,000
Fiji Development Loan 2003	63,200,000	28,000,000
Fiji Development Loan 2004	58,800,000	---
Fiji Development Loan 2007	---	10,300,000
Fiji Development Loan 2008	38,900,000	29,870,000
Fiji Development Loan 2009	40,650,000	---
Fiji Development Loan 2010	4,000,000	---
Fiji Development Loan 2011	2,100,000	17,200,000
Fiji Development Loan 2012	21,400,000	1,300,000
Fiji Development Loan 2013	4,200,000	---
Fiji Development Loan 2015	---	45,100,000
Fiji Development Loan 2016	---	370,000
Fiji Development Loan 2017	560,000	---
Viti Bonds 2012 (4%)	---	2,589,000
Viti Bonds 2012 (4.5%)	48,000	---
Viti Bonds 2014 (4%)	1,419,000	---
Total Principal Repayments Domestic Loans	235,277,000	160,729,000

44. Ways and Means

The Ways and Means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet cash deficits. The Ways and Means are replenished the day after the advances were made.

Ways and Means Receipts	128,400,000	26,800,000
Ways and Means Repayments	(128,400,000)	(26,800,000)
	---	---

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
45. Revenue and Expense from Trading & Manufacturing Accounts		
Trading and Manufacturing Accounts - Sales Revenue	12,137,075	13,884,882
Trading and Manufacturing Accounts - Other Revenue and Surplus	5,552,326	4,085,686
(a) Total Revenue from TMA's	17,689,401	17,970,568
Cost of Goods sold	1,345,973	451,429
Other TMA Expenditures	11,924,494	12,916,727
(b) Total Expenses from TMA's	13,270,467	13,368,156
46. Arrears of Revenue		
The Arrears of Revenue position of Government as at 31/07/2019 are as follows:		
Ministry of Agriculture	802,480	806,817
Office of the Auditor-General	334,823	24,335
Telecommunication Authority of Fiji	15,257,498	8,412,697
Ministry of Defence	59,596	---
Ministry of Education, Heritage and Arts	56,035	131,265
Ministry of Economy (Pensions Office)	176,925	146,141
Ministry of Economy (Surcharge)	620,134	665,804
Ministry of Economy (Human Resources)	10,415	---
Ministry of Fisheries & Forests	24,642	23,036
Government Printing and Stationery Department	23,478	643,597
Ministry of Health and Medical Services	428,177	484,381
Information Technology & Computing Services	2,005	---
Judiciary	13,431,984	13,337,274
Ministry of Employment, Productivity and Industrial Relation	23,069	52,418
Department of Lands	26,936,731	23,500,411
Ministry of Infrastructure and Transport	310,238	626,205
Overseas Peacekeeping Missions	945,105	915,883
Fiji Police Force	1,431	3,015
Public Utilities (Water Authority of Fiji)	38,612,309	35,827,196
Ministry of Rural & Maritime Development	2,448,742	2,243,139
Solicitor General's Office	1,090	3,543
Department of Fiji Meteorological Services	1,944,106	1,894,106
Fiji Roads Authority	81,605	---
Land Transport Authority	21,752,092	17,616,921
Total Arrears of Revenue	124,284,710	107,358,184

Fiji Revenue & Customs Service IRD and Customs arrears have been excluded from Note 46 and recognised in Statement of Assets and Liabilities.

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

	31 Jul 2019 (\$)	31 Jul 2018 (\$)
47. Equity Movements		
Opening Balance 1 August	(3,232,904,837)	(3,633,860,643)
Deficit for the year - consolidated fund account	(419,493,067)	(496,695,204)
Surplus for the year - trade and manufacturing account	4,418,934	4,602,413
Revaluation of External Debt due to foreign currency conversions	(39,095,400)	(56,093,534)
Investment Equity Adjustment	(22,010,672)	895,563,662
Adjustments of underlying account balances and Equity	(42,301,029)	(32,952,120)
Previous years adjustments of term loans receivables	78,190,028	91,905,096
Effects of exchange rate movements	170,968	587,344
Cash remitted to Consolidated Fund Account	(6,354,140)	(5,961,851)
Closing balance as at 31 July	(3,679,379,215)	(3,232,904,837)

48. For the year ended 31 July 2019, the total amount of \$266,756,419 in penalties was waived/ written off by the Fiji Revenue & Customs Service.

49 Tertiary Education Loans Scheme ("Scheme") is a fund intended to provide financing to Fijian students that qualify for higher education in approved institutions but are unable to support themselves financially. The scheme provides loans to access higher education at affordable rates of interest (free or low-interest rate of loans) for equitable access to higher education in the country in support of the Fijian Government vision of "Building a Smarter Fiji". The scheme in addition to tuition fees covers for accommodation transport costs, pocket allowances, books and study materials and other associated costs.

50 Correction of Error in Calculating ECAL

A computation error occurred in calculating ECAL portion on the Departure tax. The error resulted in an understatement of ECAL revenue and overstatement of Departure Tax revenue recognised for the 2017-2018 financial year. The error has been corrected by restating the affected financial statement line items for the period as follows:

	2018	Increase/Decrease	2018 (Restated)
Departure Tax	147,494,943	(7,965,720)	139,529,223
Environmental Levy	150,497,950	7,965,720	158,463,670

51 The Environment and Climate Adaptation Levy (ECAL) is a consortium of taxes on prescribed services, items and income. During the 2018/2019 budget update, ECAL was amended to be applicable only on prescribed services with a turnover above \$1.25 million, with the exception of luxury vehicles, super yachts and income above \$270,000. In addition, the plastic bag levy was increased from 10 cents to 20 cents per bag.

ECAL proceeds are collected by the Fiji Revenue & Customs Service and administered by the Ministry of Economy in accordance with the Finance Management Act 2004 and Finance Instruction 2010. This innovative fiscal financing tool has helped raise unprecedented levels of public finance to support climate change and environmental conservation programmes.

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2019

52 Events After Reporting Date

Post 2020, the COVID-19 crisis has had a devastating impact on the Fijian economy, business activity, employment and socio-economic conditions and public finances. The Fijian Government introduced a number of measures to ensure the safety of our population and to support the economy and those affected.

Some of the measures and initiatives include:

i. Government had rolled out a number of initiatives to provide income support to those that have lost jobs and are on reduced hours in both the formal and informal sector. This was also supported through the continuation of social welfare payments and other social protection initiatives.

ii. Government provided unemployment support with direct cash transfers to those affected in the formal and informal sector and concessional loan funding for Micro, Small and Medium Enterprises (MSMEs). Apart from this, loan repayment holidays were provided to both businesses and personal customers in partnership with the financial institutions. Other forms of cash flow relief including deferment of tax payments, targeted wage support and low interest rate financing through the Reserve Bank of Fiji (RBF) were made available to businesses.

iii. To support the vaccination drive, Government introduced the “No Jab No Job” policy.

iv. Government also provided medical services through General Practitioners to Fijians who used to depend fully on the public health system for General Outpatient Services.

v. A wide range of taxes and duties were reduced, aimed at rebuilding the competitiveness of the tourism sector and support investments in other sectors of the economy. The Environmental and Climate Adaptation Levy (ECAL) was reduced from 10 percent to 5 percent, the departure tax was reduced from \$200 to \$100, alcohol taxes were slashed by 50 percent and import tariffs were unilaterally reduced on around 2,000 items. The 6 percent service turnover tax and stamp duties were completely abolished with the requirement of business licenses removed to help investors and private sector businesses grow.

Apart from some of these deeper taxation and regulatory reforms, existing businesses were provided relief through deferment of tax payments, repayment holidays on existing loans, cheaper access to financing through the Reserve Bank of Fiji, concessional working capital support through Government and other assistance to keep them afloat during these challenging times.

vi. Government increased its level of borrowings post COVID-19 to sustain public spending and ensure an appropriate counter-cyclical fiscal response to the COVID-19 crisis.

vii. Government completed the divestment of its 44 percent shares in Energy Fiji Limited to a strategic partner to help improve service delivery and efficiency.

Segment Information (IPSAS 18.12-15)

The Government Account is made up of three funds as follows:

- The Consolidated Fund Account, which consists of all items funded under the Consolidated Fund Accounts (CFAs). The operating fund is where the National Government Budget comes from.
- Trading and Manufacturing Accounts (TMAs). TMAs were established under the 1981 Finance Act to enable Government ministries and departments to undertake quasi-commercial operations for the purpose of trading or production of goods and services for sale to other departments, statutory bodies, or individuals. Funding was provided by Government at the time of establishment and any surplus from activities in excess of the ceiling set when the original funding was allocated must be returned to the Consolidated Fund. The monies returned are recorded as revenue in the accounts of budgetary central Government.
- The Main Trust Fund Account consists of Trust Funds which Government are managing (as Trustees) on behalf of designated signatories.

For the purpose of this report, we are only focusing on two primary reportable segments i.e. the segmentation of Trade and Manufacturing Account from Fund 1 (Operating) and Fund 9 (Main Trust) combined.

Primary Reportable Segments 2019

	CFA	TMA	Consolidated Total Government
	(\$)	(\$)	(\$)
Segment revenue			
Non exchange revenue - taxes, grants and transfers	(2,861,764,184)	---	(2,861,764,184)
Exchange revenue - sale of goods and services	(187,989,437)	(17,689,401)	(205,678,838)
Exchange revenue - investments	(130,859,163)	---	(130,859,163)
Segment expenses			
Operating Expenditure	2,102,122,411	13,270,467	2,115,392,878
Capital Expenditure	1,133,129,915	---	1,133,129,915
VAT	38,118,137	---	38,118,137
Interest Payments on Loans	326,735,388	---	326,735,388
Reconciled to aggregate net income	419,493,067	(4,418,934)	415,074,133

GOVERNMENT OF THE REPUBLIC OF FIJI
 SEGMENTATION REPORT BY FUND CLASSIFICATION
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 6

Primary Reportable Segments 2019 (cont...)

	CFA	TMA	Consolidated Total Government
	(\$)	(\$)	(\$)
Segment Assets			
Cash at Bank	332,357,862	11,717,062	344,074,924
Accounts Receivable	201,420,488	1,647,847	203,068,335
Prepayments	1,070,745	---	1,070,745
Inventory	---	1,783,814	1,783,814
Investments	1,313,895,388	---	1,313,895,388
Term-Loans Receivable	650,225,067	---	650,225,067
Segment Liabilities			
Accounts Payable	(255,265,519)	(9,931)	(255,275,450)
Deferred Income	(4,760,309)	(2,524,369)	(7,284,678)
Operating Trust fund	(40,703,354)	(170,354)	(40,873,708)
True Trust fund	(164,604,625)	---	(164,604,625)
Term Loans Payable - Treasury Bills	(298,150,105)	---	(298,150,105)
Term-loans Payable Overseas Loans	(1,455,397,778)	---	(1,455,397,778)
Term-loans Payable Domestic Loans	(3,971,911,144)	---	(3,971,911,144)
Reconciled to net liability	(3,691,823,284)	12,444,069	(3,679,379,215)

GOVERNMENT OF THE REPUBLIC OF FIJI
SUMMARY OF REVENUE
FOR THE PERIOD ENDING 31 JULY 2019

Schedule 7

Heads of Revenue	Estimate 2019 (\$)	Actual Revenue 2019 (\$)	Increase (\$)	Decrease (\$)
Operating Revenue				
21 Direct Taxes.....	1,011,315,373	754,429,587	---	256,885,786
22 Indirect Taxes.....	2,400,813,947	2,065,348,735	---	335,465,212
23 Fees, Fines & Charges.....	158,034,252	133,087,675	---	24,946,577
24 Operating Revenue Sales.....	251	467	216	---
27 Other Receipts.....	50,619,299	43,079,519	---	7,539,780
28 Reimbursements & Recoveries.....	25,175,451	11,821,776	---	13,353,675
29 Grant Aid.....	19,620,567	41,985,862	22,365,295	---
Operating Revenue Total	3,665,579,140	3,049,753,621	22,365,511	638,191,030
Investing Revenue				
Repayments of Term Loans				
31 Receivable.....	10,176,474	11,248,123	1,071,649	---
32 Sales of Government Assets.....	395,400,000	5,163,696	---	390,236,304
33 Dividends from Investments.....	157,700,000	106,649,184	---	51,050,816
34 Interest from Bank Balances.....	1,596,119	1,444,002	---	152,117
Return of Surplus Capital from				
35 Investment.....	5,938,574	6,354,140	415,566	---
Term Loan				
39 Receivable.....	---	18	18	---
Investing Revenue Total	570,811,167	130,859,163	1,487,233	441,439,237
Total Revenue	4,236,390,307	3,180,612,784	23,852,744	1,079,630,267

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019	Actual Revenue 2019	Increase	Decrease	Actual Revenue 2018
	(\$)	(\$)	(\$)	(\$)	(\$)
OPERATING REVENUE					
21 - DIRECT TAXES					
1. Income Tax					
01. Income Tax.....	820,548,090	607,700,313	---	212,847,777	780,618,435
02. Capital Gains Tax.....	49,674,993	24,957,774	---	24,717,219	45,105,780
03. Withholding & Dividend Taxes.....	141,092,290	121,771,500	---	19,320,790	---
Total.....	1,011,315,373	754,429,587	-	256,885,786	825,724,215
Net Decrease.....				256,885,786	
22 - INDIRECT TAXES					
1. Value Added Tax					
01. Value Added Tax.....	946,592,878	831,819,871	---	114,773,007	788,486,612
2. Custom Taxes					
01. Fiscal Duty.....	488,331,988	440,514,255	---	47,817,733	430,241,959
02. Excise Duty.....	189,576,061	168,272,733	---	21,303,328	166,441,553
03. Export Duty.....	11,504,355	8,078,905	---	3,425,450	9,720,193
04. Import Duty.....	66,865,903	50,885,202	---	15,980,701	59,962,329
6. Service Turnover Tax					
01. Hotel Turnover Tax.....	130,757,229	89,565,778	---	41,191,451	97,871,902
7. Water Resource Tax					
01. Water Resource Tax.....	79,618,892	73,641,286	---	5,977,606	64,289,698
9. Departure Tax					
01. Departure Tax.....	196,175,612	139,258,522	---	56,917,090	139,529,223
10. Fish Levy Tax					
01. Fish Levy.....	53,927	48,911	---	5,016	85,687
12. Stamp Duty					
01. Stamp Duty.....	111,417,230	85,170,458	---	26,246,772	85,266,235
13. Luxury Vehicle Levy					
01. Luxury Vehicle Levy.....	2,601,097	1,264,500	---	1,336,597	2,063,000
14. Telecommunication Levy					
01. Telecommunication levy.....	1,143,700	976,157	---	167,543	1,007,902
15. Credit Card Levy					
01. Credit Card Levy.....	---	---	---	---	---
16. Third Party Insurance Levy					
01. 3rd Party Insurance Levy.....	---	---	---	---	953,444
19. Health and Environment Levy					
01. Health Levy.....	---	---	---	---	---

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019	Actual Revenue 2019	Increase	Decrease	Actual Revenue 2018
	(\$)	(\$)	(\$)	(\$)	(\$)
02. Environmental Levy.....	171,379,125	168,871,199	---	2,507,926	158,463,670
99. Miscellaneous Fees and Receipts					
01. Miscellaneous Fees and Receipts.....	4,795,950	6,980,958	2,185,008	---	1,528,220
Total.....	2,400,813,947	2,065,348,735	2,185,008	337,650,220	2,005,911,627
Net Decrease.....				335,465,212	
23 - FEES, FINES & CHARGES					
01. Dues					
01. Light Due - Port & Harbor.....	---	---	---	---	---
02. Duty					
01. Stamp Duty.....	---	141,665	141,665	---	57,699
03. Fees					
01. Agricultural Produce and Inspection.....	351,590	740	---	350,850	1,478
02. Native Timber Measurement.....	174,412	317,061	142,649	---	286,381
03. Land and Survey Fees.....	1,181,971	518,058	---	663,913	1,072,818
04. Mining Fees.....	623,151	67,413	---	555,738	494,434
06. Passports.....	15,359,793	9,159,281	---	6,200,512	12,640,060
07. Town Planning Fees.....	603,292	295,953	---	307,339	472,514
08. Examination Fees.....	67,967	69,518	1,551	---	48,666
09. Government Day Schools-Fees.....	1,261,236	30,097	---	1,231,139	26,630
10. Government Boarding Schools-Fees.....	409,833	382,380	---	27,453	431,378
11. Health Fumigation and Quarantine.....	1,751,096	1,174,635	---	576,461	1,490,901
12. Hospital.....	2,452,314	1,971,177	---	481,137	1,838,901
13. Fiji School of Nursing.....	---	276	276	---	39
14. Cemetery Fees.....	67,102	64,312	---	2,790	60,166
17. Audit Fees.....	288,176	692,300	404,124	---	331,877
18. Court Fees.....	1,837,716	1,241,526	---	596,190	1,195,854
19. Registration.....	2,476,484	1,903,287	---	573,197	3,135,651
20. Management Fee.....	---	3,125	3,125	---	---
21. LTA Fees and Fines.....	38,640,184	38,383,531	---	256,653	33,488,670
23. LTA Road User Levy.....	14,919,439	13,731,525	---	1,187,914	16,536,982
27. Offshore Fisheries Management Fees.....	1,919,031	1,446,641	---	472,390	1,838,671
28. Permit.....	---	1,740,108	1,740,108	---	---
29. Citizenship.....	---	416,060	416,060	---	---
30. Visa.....	---	69,177	69,177	---	---
31. MSAF Fees.....	1,229,574	2,057,541	827,967	---	4,284,726
32. Search Fees.....	---	22,061	22,061	---	---
75. Civil Aviation.....	---	1,040	1,040	---	2,360
76. Land Sales Revenue Fees.....	---	38,938	38,938	---	---
99. Miscellaneous Fees.....	5,814,783	5,416,865	---	397,918	4,570,560

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019 (\$)	Actual Revenue 2019 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2018 (\$)
04. Licenses					
01. Arms.....	52,018	27,536	---	24,482	35,735
02. Banks.....	---	---	---	---	---
03. Coasting.....	2,576	60,819	58,243	---	---
05. Liquor.....	976,308	862,949	---	113,359	845,704
06. Trading.....	465,207	504,072	38,865	---	510,173
07. Dogs.....	26,493	36,973	10,480	---	17,903
09. Money Lenders.....	79,367	59,894	---	19,473	46,982
10. Hotels and Guest Houses.....	207,021	161,420	---	45,601	160,624
11. License Insurance, Agents and Brokers.....	13,786	15,207	1,421	---	49,411
12. Telecommunications and Television.....	8,000,000	2,578,795	---	5,421,205	7,468,409
14. Fishing.....	12,280	8,360	---	3,920	9,471
16. Civil Aviation.....	3,201	---	---	3,201	---
17. License- Security Industry.....	18,936	29,837	10,901	---	25,992
99. Other.....	1,989,463	1,838,597	---	150,866	2,116,440
05. Rates - Public Works					
01. Water Charges.....	50,392,993	43,714,575	---	6,678,418	45,242,787
06. Fees Royalties					
01. Royalties Timber.....	---	---	---	---	---
03. Royalties - Sand, Coral, Metal, etc.....	298,858	354,074	55,216	---	296,213
07. Fines					
01. Court Fines.....	4,040,996	1,446,585	---	2,594,411	1,814,480
08. Administrative Fines and Penalty					
02. Administrative Fines and Forfeitures.....	25,605	31,691	6,086	---	26,059
Total.....	158,034,252	133,087,675	3,989,953	28,936,530	142,973,799
Net Decrease.....				24,946,577	
24 - OPERATING REVENUE - SALES					
02. Sales - Cash.....	251	467	216	---	1,630
Total.....	251	467	216	---	1,630
Net Increase.....			216		
27 - OTHER REVENUE AND SURPLUSES					
01. Surplus/Deficit from Agency					
01. RBF Revaluation Reserve Account.....	3,000,000	1,964,015	---	1,035,985	2,090,262
06. Sales of items from Technical.....	4,615	26,618	22,003	---	11,583

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019 (S)	Actual Revenue 2019 (S)	Increase (S)	Decrease (S)	Actual Revenue 2018 (S)
02. Rent and Hire of Government Property					
01. Rental for Land.....	15,174,846	16,513,923	1,339,077	---	14,386,719
02. Rental for Official Quarters.....	56,041	61,243	5,202	---	67,217
03. Rental for Buildings.....	---	30,000	30,000	---	---
04. Hire of Plant and Vehicles.....	4,873	104,649	99,776	---	16,239
05. Hire of Vessels and Punts.....	8,653	---	---	8,653	---
06. Revenue from Rest Houses.....	4,095	3,575	---	520	4,598
03. Commission Revenue					
01. Commission.....	3,583,050	4,543,242	960,192	---	3,969,990
99. Other Revenue					
01. Sale of Photographs.....	108	368	260	---	---
02. Sales of Publications.....	82,995	59,952	---	23,043	61,198
03. Revenue from Production of Films.....	470	275	---	195	147
04. Survey & Sales of Navigation Publications.....	411,946	593,952	182,006	---	417,513
05. Meat Inspection.....	21,951	18,457	---	3,494	15,427
06. Veterinary and Animal Quarantine.....	14,035	10,140	---	3,895	27,961
07. Freight and Charter Receipts.....	2,007,299	1,050,634	---	956,665	2,241,852
08. Chemical Analysis.....	2,058	1,367	---	691	3,313
09. Valuation Fees.....	20,668	28,810	8,142	---	15,086
10. Sale of Farm Product.....	43,640	44,450	810	---	42,262
11. Sale of Surplus Farm Produce.....	71,035	60,659	---	10,376	52,896
13. Sale of Fish and Ice.....	242,167	678,046	435,879	---	266,028
14. Sale of Sheep and Wool.....	34,300	34,243	---	57	8,385
17. Agricultural Landlord and Tenant Tribunal.....	2,772	2,451	---	321	2,640
19. Drying and Storage Facilities.....	---	---	---	---	-
20. Board Members Fees.....	79,874	124,995	45,121	---	201,908
23. Agro Input Farmers Contribution.....	---	32,640	32,640	---	---
24. Pound Keeping.....	---	3,016	3,016	---	4,239
25. Sale of Animals by Auction.....	---	1,184	1,184	---	850
99. Other Revenue.....	25,747,808	17,086,615	---	8,661,193	10,492,853
Total.....	50,619,299	43,079,519	3,165,308	10,705,088	34,401,166
Net Decrease.....				7,539,780	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019 (\$)	Actual Revenue 2019 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2018 (\$)
28 - REIMBURSEMENT AND RECOVERIES					
11. Reimbursement of Services					
01. Reimbursement for Meteorological Services.....	510,189	550,459	40,270	---	500,459
06. Reimbursement-HA Low Cost Housing.....	2,826,300	---	---	2,826,300	3,509,103
07. Reimbursement-PRB Housing Project.....	757,400	824,155	66,755	---	1,313,000
99. Reimbursement of WALES1 Digital Television	---	50,505	50,505	---	---
12. Refund of Payments					
03. Recoveries of Overpayments in Previous Years.....	948,275	600,971	---	347,304	996,174
04. Care Programme.....	---	2,333,272	2,333,272	---	---
22. Contributions for Capital Projects					
02. Rural Electrifications.....	818	19	---	799	343
03. Project Contributions.....	---	---	---	---	---
23. Contributions for Overseas Peace-Keeping					
01. United Nations Peace-keeping force.....	3,500,000	---	---	3,500,000	7,351,575
02. Multinational Force and Observers.....	7,000,000	4,565,304	---	2,434,696	2,563,097
03. UN International Peacekeeping -	4,000,000	---	---	4,000,000	---
04. UN Mission -IRAQ.....	---	---	---	---	---
31. MoE Technical Colleague Recovery	5,632,469	2,897,091	---	2,735,378	4,709,006
Total.....	25,175,451	11,821,776	2,490,802	15,844,477	20,942,757
Net Decrease.....				13,353,675	
29 - GRANTS IN AID					
02. NZ Government Grants.....	---	---	---	---	---
03. United Nations Development Programme.....	4,772,001	22,810,323	18,038,322	---	---
04. European Union.....	12,348,784	---	---	12,348,784	22,544,284
05. China Government Grants.....	---	---	---	---	---
06. Japan Government Grants.....	2,499,782	1,863,797	---	635,985	---
08. India Government Grants	---	4,127,112	4,127,112	---	2,240,406
99. Other Grant Aid.....	---	13,184,630	13,184,630	---	24,676,484
Total.....	19,620,567	41,985,862	35,350,064	12,984,769	49,461,174
Net Increase.....			22,365,295		
Total Operating Revenue.....	3,665,579,140	3,049,753,621	47,181,351	663,006,870	3,079,416,368
Net Decrease.....				615,825,519	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019 (\$)	Actual Revenue 2019 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2018 (\$)
INVESTING REVENUE					
31 - REPAYMENTS OF TERM LOANS RECEIVABLE					
11. Interest for Social Services Term Loans					
01. Interest Public Officers & Ministers	---	---	---	---	---
02. Interest Economic Service Term Loan	---	340,000	340,000	---	---
12. Interest Economic Service Term Loan	---	---	---	---	---
13. Interest Fiji Sports Council	---	122,392	122,392	---	100,139
14. Interest PAFCO Loan	584,988	472,500	---	112,488	360,000
16. Interest Term Loan & Advances	---	102	102	---	339
12. Principal Social Services Term Loans					
08. Principal- PSC Tertiary Education	8,341,488	4,693,527	---	3,647,961	5,450,428
11. Principal - Students Scheme	---	---	---	---	---
22. Principal Term Loans Economic Service					
02. Principal - Copra Industry	50,004	19,602	---	30,402	101,078
04. Principal - Fiji Pine	1,199,994	5,600,000	4,400,006	---	---
Total	10,176,474	11,248,123	4,862,500	3,790,851	6,011,984
Net Increase			1,071,649		
32 - SALES OF GOVERNMENT ASSETS					
31. Sales Proceeds in Infrastructure Services	199,190,788	5,163,696	---	194,027,092	704,215
91. Proceed from sales of Fixed Assets	196,209,212	---	---	196,209,212	693,674
Total	395,400,000	5,163,696	---	390,236,304	1,397,889
Net Decrease				390,236,304	
33 - DIVIDENDS FROM INVESTMENTS					
01. Investments in Social Services	1,700,000	1,710,795	10,795	---	---
02. Investments in Economic Services	34,000,000	30,715,621	---	3,284,379	27,458,074
03. Investments in Infrastructure Services	122,000,000	74,222,768	---	47,777,232	122,308,854
Total	157,700,000	106,649,184	10,795	51,061,611	149,766,928
Net Decrease				51,050,816	
34 - INTEREST FROM BANK BALANCES					
02. Interest from Domestic Bank	643,957	356,165	---	287,792	787,872
03. Interest from Term Deposits Local Banks	952,162	1,087,837	135,675	---	1,075,122
Total	1,596,119	1,444,002	135,675	287,792	1,862,994
Net Decrease				152,117	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2019

Schedule 8

Heads and Subheads of Revenue	Estimate for 2019 (S)	Actual Revenue 2019 (S)	Increase (S)	Decrease (S)	Actual Revenue 2018 (S)
35 - RETURN OF SURPLUS CAPITAL FROM INVESTMENTS					
74. Return of Surplus Capital from TMA Operations.....	5,938,574	6,354,140	415,566	---	5,961,851
Total.....	5,938,574	6,354,140	415,566	---	5,961,851
Net Increase.....			415,566		
39 - SCHOLARSHIP BOND RECOVERY					
01. Payment Term Loan FAB.....	---	18	18	---	21,618
Total.....	---	18	18	---	21,618
Net Increase.....			18		
Total Investing Revenue.....	570,811,167	130,859,163	5,424,554	445,376,558	165,023,264
Net Decrease.....				439,952,004	
SUMMARY OF REVENUE					
Operating Revenue.....	3,665,579,140	3,049,753,621	47,181,351	663,006,870	3,079,416,368
Investing Revenue	570,811,167	130,859,163	5,424,554	445,376,558	165,023,264
Grand Totals.....	4,236,390,307	3,180,612,784	52,605,905	1,108,383,428	3,244,439,632

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS
FOR THE YEAR ENDED 31 JULY 2019

Schedule 9

Heads of Appropriation	Original Budget 2019 (\$)	Redeployment (\$)	Revised Estimate 2019 (\$)	Actual Expenses 2019 (\$)	(Over) / Under Expenditure (\$)
GENERAL ADMINISTRATION					
Office of the President	3,315,607	---	3,315,607	3,234,643	80,964
Office of the Prime Minister	24,101,299	---	24,101,299	15,334,744	8,766,555
Office of the Attorney-General	14,875,031	---	14,875,031	8,290,337	6,584,694
Ministry of Economy	120,447,250	---	120,447,250	73,755,029	46,692,221
Ministry of iTaukei Affairs	15,826,900	---	15,826,900	15,744,758	82,142
Ministry of Defence and National Security	6,277,656	---	6,277,656	4,591,893	1,685,763
Ministry of Employment, Productivity and Industrial Relations	16,703,255	---	16,703,255	13,843,551	2,859,704
Ministry of Foreign Affairs	46,964,800	---	46,964,800	41,992,322	4,972,478
Office of the Auditor-General	6,623,600	---	6,623,600	5,932,038	691,562
Fijian Elections Office	20,412,496	2,439,805	22,852,301	22,084,535	767,766
Judiciary	69,235,845	---	69,235,845	56,953,225	12,282,620
Parliament	10,800,112	---	10,800,112	10,795,855	4,257
Office of the Director of Public Prosecutions	7,654,587	---	7,654,587	6,520,139	1,134,448
Media Industry Development Authority	300,000	---	300,000	28,375	271,625
Independent Commission	31,013,654	---	31,013,654	27,836,042	3,177,612
	15,525,649	---	15,525,649	11,135,532	4,390,117
Ministry of Disaster Management and Meteorological Services					
Ministry of Justice	8,137,300	---	8,137,300	5,384,585	2,752,715
Fiji Corrections Service	41,127,700	---	41,127,700	35,164,496	5,963,204
Ministry of Communication	64,951,202	---	64,951,202	44,647,475	20,303,727
Ministry of Civil Services	51,994,353	7,700,000	59,694,353	58,277,493	1,416,860
Ministry of Rural and Maritime Development	21,678,299	---	21,678,299	14,480,624	7,197,675
Republic of Fiji Military Forces	103,252,091	---	103,252,091	98,202,536	5,049,555
Fiji Police Force	193,509,871	---	193,509,871	150,335,237	43,174,634
Peacekeeping Missions	80,695,931	---	80,695,931	66,208,753	14,487,178
Total for General Administration	975,424,488	10,139,805	985,564,293	790,774,217	194,790,076
SOCIAL SERVICES					
Ministry of Education, Heritage and Arts	535,365,713	---	535,365,713	521,539,045	13,826,668
Ministry of Health and Medical Services	334,960,248	---	334,960,248	273,502,016	61,458,232
Ministry of Housing and Community Development	41,422,577	---	41,422,577	11,987,026	29,435,551
Ministry of Women, Children and Poverty Alleviation	132,997,238	12,799,376	145,796,614	140,583,082	5,213,532
Ministry of Youth and Sports	24,095,888	---	24,095,888	19,354,997	4,740,891
Higher Education Institutions	123,789,107	---	123,789,107	85,206,303	38,582,804
Total for Social Services	1,192,630,771	12,799,376	1,205,430,147	1,052,172,469	153,257,678

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS
FOR THE YEAR ENDED 31 JULY 2019

Schedule 9

Heads of Appropriation	Original Budget 2019 (\$)	Redeployment (\$)	Revised Estimate 2019 (\$)	Actual Expenses 2019 (\$)	(Over) / Under Expenditure (\$)
ECONOMIC SERVICES					
Ministry of Agriculture	96,837,100	---	96,837,100	62,891,340	33,945,760
Ministry of Fisheries	20,533,822	---	20,533,822	16,474,371	4,059,451
Ministry of Forests	17,065,594	---	17,065,594	14,873,740	2,191,854
Ministry of Lands and Mineral Resources	37,487,700	---	37,487,700	34,117,697	3,370,003
Ministry of Industry, Trade and Tourism	99,258,732	---	99,258,732	75,302,753	23,955,979
Ministry of Sugar Industry	62,331,879	6,003,460	68,335,339	60,987,069	7,348,270
Ministry of Public Enterprise	15,844,394	---	15,844,394	12,480,953	3,363,441
Ministry of Local Government	30,126,053	---	30,126,053	13,557,819	16,568,234
Total for Economic Services	379,485,274	6,003,460	385,488,734	290,685,742	94,802,992
INFRASTRUCTURE SERVICES					
Ministry of Infrastructure and Transport	165,226,900	---	165,226,900	117,588,044	47,638,856
Water Authority of Fiji	349,264,200	---	349,264,200	227,041,736	122,222,464
Ministry of Waterways and Environment	69,955,686	---	69,955,686	23,852,547	46,103,139
Fiji Roads Authority	563,056,946	---	563,056,946	426,213,168	136,843,778
Total for Infrastructure Services	1,147,503,732	---	1,147,503,732	794,695,495	352,808,237
UNALLOCABLE					
Miscellaneous Services	567,864,017	(28,942,641)	538,921,376	310,395,098	228,526,278
Pensions, Gratuities and Compassionate Allowances	46,221,100	---	46,221,100	34,647,442	11,573,658
Finance Charges on Public Debt	341,416,599	---	341,416,599	326,735,388	14,681,211
Total for Unallocable Services	955,501,716	(28,942,641)	926,559,075	671,777,928	254,781,147
Grand Total	4,650,545,981	---	4,650,545,981	3,600,105,851	1,050,440,130

GOVERNMENT OF THE REPUBLIC OF FIJI
DETAILS OF EXPENDITURE REPORTABLE AUTHORISATIONS
FOR THE PERIOD ENDING 31 JULY 2019

Summary by Standard Expenditure Group (SEG)	Original Budget 2019		Redeployment		Virements		Revised Estimate 2019		Actual Expenditure 2019		(Over) / Under Expenditure %
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
1. Established Staff	1,034,439,248	7,700,000	(11,665,469)	1,030,473,779	957,057,437	7					
2. Government Wage Earners	58,713,807	---	5,715,029	64,428,836	59,914,459	7					
3. Travel and Communications	42,639,659	---	2,381,050	45,020,709	37,815,306	16					
4. Maintenance and Operations	84,588,441	---	4,952,659	89,541,100	78,031,413	13					
5. Purchase of Goods and Services	193,015,602	---	(5,210,515)	187,805,087	161,562,680	14					
6. Operating Grants and Transfers	793,687,689	15,239,181	1,240,277	810,167,147	687,937,715	15					
7. Special Expenditures	133,987,470	(2,238,353)	6,683,044	138,432,161	85,155,959	38					
8. Capital Construction	248,958,410	---	(5,020,107)	243,938,303	108,004,075	56					
9. Capital Purchase	89,528,829	---	239,912	89,768,741	53,720,981	40					
10. Capital Grants and Transfers	1,513,759,495	(20,499,376)	(1,764,918)	1,491,495,201	971,404,859	35					
11. Pensions, Gratuities & Compassionate Allowances	46,221,100	---	---	46,221,100	34,647,442	25					
12. Charges on Account of Public Debt	9,200,000	---	---	9,200,000	3,903,139	58					
13. Value Added Tax	69,589,630	(201,452)	2,449,038	71,837,216	38,118,137	47					
14. Interest Payment on overseas loans	64,314,709	---	---	64,314,709	56,738,756	12					
15. Interest Payment on domestic loans	267,901,890	---	---	267,901,890	266,093,493	1					
Grand Total	4,650,545,979	---	---	4,650,545,979	3,600,105,851	23					

Actuals for all the SEGs were within the original approved budgets.

Ministry of Economy

Suva, Fiji

Dated 06 of the month of January, 2020



Mr. Shiri K Gounder

Permanent Secretary for Ministry of Economy

GOVERNMENT OF THE REPUBLIC OF FIJI
 BUDGET RESULT, ESTIMATES AND PROJECTIONS
 FOR THE PERIOD 2017 - 2021

	Actual		Estimate	Projected	
	2017	2018		2019	2020
	(\$)	(\$)	(\$)	(\$)	(\$)
REVENUE					
Operating Revenue	2,800,944,648	3,079,416,368	3,665,579,140	3,049,753,621	4,025,033,661
Investing Revenue	36,497,041	165,023,264	570,811,167	130,859,163	177,790,196
TOTAL REVENUE	2,837,441,689	3,244,439,632	4,236,390,307	3,180,612,784	4,202,823,857
EXPENDITURE					
Operating Expenditure	1,722,012,741	2,029,871,453	2,387,293,016	2,102,122,411	2,340,498,319
Interest Payments on Loans	276,746,090	291,503,011	341,416,599	326,735,388	338,300,788
Capital Expenditure	1,025,601,794	1,382,283,665	1,852,246,734	1,133,129,915	2,483,289,347
Value Added Tax	35,913,968	37,476,706	69,589,630	38,118,137	65,001,297
TOTAL EXPENDITURE	3,060,274,593	3,741,134,835	4,650,545,979	3,600,105,851	4,901,482,126
BUDGET RESULT	(222,832,904)	(496,695,203)	(414,155,672)	(419,493,067)	(698,658,269)

**GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2017 - 2021**

Description	Actual 2017 (\$)	Actual 2018 (\$)	Estimate 2019 (\$)	Actual 2019 (\$)	Projected 2020 (\$)	Projected 2021 (\$)
REVENUE						
Operating Revenue						
Direct Receipts (Income Tax & Capital Gain Tax)	766,055,195	825,724,215	1,011,315,373	754,429,587	1,063,342,564	1,117,573,035
Indirect Revenue						
VAT	702,407,811	788,486,612	946,592,878	831,819,871	995,290,415	1,046,050,227
Customs	605,543,006	666,366,034	756,278,307	667,751,095	798,343,022	839,058,516
Service Turnover Tax	133,742,799	97,871,902	130,757,229	89,565,778	137,484,044	144,495,731
Water Resource Tax	62,565,152	64,289,698	79,618,892	73,641,286	83,714,891	87,984,351
Departure Tax	145,091,598	139,529,223	196,175,612	139,258,522	206,267,880	216,787,542
Fish Levy	123,042	85,687	53,927	48,911	56,702	59,593
Stamp Duty	81,024,453	85,266,235	111,417,230	85,170,458	117,149,098	123,123,702
Luxury Vehicle Tax	1,752,157	2,063,000	2,601,097	1,264,500	---	---
Telecommunication Levy	---	1,007,902	1,143,700	976,157	1,202,538	1,263,868
Credit Card Levy	---	---	---	---	---	---
Third Party Insurance Levy	---	953,444	---	---	---	---
Environmental Levy	79,105,522	158,463,670	171,379,125	168,871,199	180,195,736	189,385,719
Health Levy	---	---	---	---	4,619,664	4,855,267
Miscellaneous Fees & Receipts	1,764,709	1,528,220	4,795,950	6,980,958	---	---
Fees, Fines, Charges and Penalties	127,840,431	142,973,799	158,034,252	133,087,675	165,771,940	173,852,661
Operating Revenue Sales	220	1,630	251	467	263	277
Other Revenue and Surpluses	44,298,661	34,401,166	50,619,299	43,079,519	52,569,077	54,622,600
Reimbursement and Recoveries	30,858,490	20,942,757	25,175,451	11,821,776	25,540,287	25,920,572
Grant in Aid	18,771,402	49,461,174	19,620,567	41,985,862	---	---
Total Operating Revenue	2,800,944,648	3,079,416,368	3,665,579,140	3,049,753,621	3,831,548,121	4,025,033,661

**GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2017 - 2021**

Description	Actual 2017 (\$)	Actual 2018 (\$)	Estimate 2019 (\$)	Actual 2019 (\$)	Projected 2020 (\$)	Projected 2021 (\$)
Investing Revenue						
Repayment of Term Loans Receivable	1,398,587	6,011,984	10,176,474	11,248,123	13,671,024	17,263,844
Sale of Government Assets	2,470,837	1,397,889	395,400,000	5,163,696	---	---
Dividends from Investment	25,308,640	149,766,928	157,700,000	106,649,184	155,200,000	152,200,000
Interest from Bank Balance	1,156,531	1,862,994	1,596,119	1,444,002	1,678,231	1,763,820
Interest on Term Loans and Advances	---	---	---	---	---	---
Return of Surplus Capital from Investment	6,162,446	5,961,851	5,938,574	6,354,140	6,244,084	6,562,532
Scholarship Bond Recovery	---	21,618	---	18	---	---
Total Investing Revenue	36,497,041	165,023,264	570,811,167	130,859,163	176,793,339	177,790,196
TOTAL REVENUE	2,837,441,689	3,244,439,632	4,236,390,307	3,180,612,784	4,008,341,460	4,202,823,857
EXPENDITURE						
General Administration Services						
Operating Expenditure	593,142,733	694,944,558	840,368,517	715,445,797	825,941,524	826,684,932
Capital Expenditure	60,340,461	69,857,616	116,202,613	61,233,042	72,239,970	54,827,587
Total General Administration	653,483,194	764,802,174	956,571,130	776,678,839	898,181,494	881,512,519
Social Services						
Operating Expenditure	763,344,255	890,476,411	1,031,816,000	987,416,987	1,029,168,128	1,029,168,131
Capital Expenditure	55,812,027	60,590,711	140,450,818	56,157,618	191,756,244	116,241,539
Total Social Services	819,156,282	951,067,122	1,172,266,818	1,043,574,605	1,220,924,372	1,145,409,670

GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2017 - 2021

Description	Actual 2017 (\$)	Actual 2018 (\$)	Estimate 2019 (\$)	Actual 2019 (\$)	Projected 2020 (\$)	Projected 2021 (\$)
Economic Services						
Operating Expenditure	108,281,854	125,986,292	152,802,196	122,816,611	138,718,716	138,718,716
Capital Expenditure	110,496,336	240,763,991	217,253,401	162,743,182	206,184,524	200,484,524
Total Economic Services	218,778,190	366,750,283	370,055,597	285,559,793	344,903,240	339,203,240
Infrastructure Services						
Operating Expenditure	160,075,309	173,973,322	217,644,154	171,277,256	208,267,934	208,267,941
Capital Expenditure	484,373,220	589,335,161	921,545,434	620,356,667	1,575,435,591	1,360,150,849
Total Infrastructure Services	644,448,529	763,308,483	1,139,189,588	791,633,923	1,783,703,525	1,568,418,790
Miscellaneous Services						
Operating Expenditure	62,288,177	107,932,560	98,441,049	70,518,319	92,180,961	84,680,961
Capital Expenditure	314,579,750	421,337,810	456,794,468	232,639,405	437,673,018	445,673,018
Total Miscellaneous Services	376,867,927	529,270,370	555,235,517	303,157,724	529,853,979	530,353,979
Unallocable						
Pensions, Gratuities and Compassionate Allowance	34,880,413	36,956,687	46,221,100	34,647,442	46,221,056	46,221,056
Value Added Tax	35,913,968	37,476,706	69,589,630	38,118,137	65,001,297	58,951,356
Interest Payments on Loans	276,746,090	291,503,011	341,416,599	326,735,388	338,300,788	331,411,516
TOTAL EXPENDITURE	3,060,274,593	3,741,134,836	4,650,545,979	3,600,105,851	5,227,089,751	4,901,482,126
(Deficit)/Surplus for the year	(222,832,904)	(496,695,204)	(414,155,672)	(419,493,067)	(1,218,748,291)	(698,658,269)

GOVERNMENT OF THE REPUBLIC OF FIJI
ESTIMATE AND ACTUAL BUDGET RESULT
FOR THE PERIOD 2017- 2019

Schedule 13

	Actual 2017 (\$)	Actual 2018 (\$)	Estimate 2019 (\$)	Actual 2019 (\$)
REVENUE				
Operating Revenue	2,800,944,648	3,079,416,368	3,665,579,140	3,049,753,621
Investing Revenue	36,497,041	165,023,264	570,811,167	130,859,163
TOTAL REVENUE	2,837,441,689	3,244,439,632	4,236,390,307	3,180,612,784
EXPENDITURE				
Operating Expenditure	1,722,012,741	2,029,871,453	2,387,293,016	2,102,122,411
Interest Payments on Loans	276,746,090	291,503,011	341,416,599	326,735,388
Capital Expenditure	1,025,601,794	1,382,283,665	1,852,246,734	1,133,129,915
Value Added Tax	35,913,968	37,476,706	69,589,630	38,118,137
TOTAL EXPENDITURE	3,060,274,593	3,741,134,835	4,650,545,979	3,600,105,851
BUDGET RESULT	(222,832,904)	(496,695,203)	(414,155,672)	(419,493,067)

The Office of the Auditor-General – Republic of Fiji

The Office of the Auditor-General is established as an Independent Office by the Constitution of the Republic of Fiji. Its roles and responsibilities include audit of the accounts of the Consolidated Fund and Financial Statements of Government and Annual Appropriation Statement required to be included in the Whole of Government annual report for a financial year under the *Financial Management Act 2004*. The audit extends to audit of the accounts of all money received or held by a State entity, whether or not for purposes of Government. These audits are carried out by the Auditor-General on behalf of Parliament.

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

This report satisfies these requirements.

As a result of its mandate, the Office of the Auditor-General has a distinctive view of the entire public sector of matters affecting financial and non-financial performance. We use this perspective to achieve our vision of promoting public sector accountability and sustainability through our audits by providing comprehensive analysis and value-adding recommendations.

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

Acronyms

Term	Definition
ADB	Asian Development Bank
AFS	Agency Financial Statement
AMMU	Asset Management and Monitoring Unit
CA	Control Activities
CE	Control Environment
COP 23	Conference of the Parties 23
COSO	Committee of the Sponsoring Organisations of the Treadway Commission
CP	Cabinet Paper
ECAL	Environment & Climate Adaptation Levy
EDF	European Development Fund
EU	European Union
FBOS	Fiji Bureau of Statistics
FCCC	Fijian Competition & Consumer Commission
FCS	Fiji Corrections Service
FDB	Fiji Development Bank
FI	Finance Instructions
FICAC	Fiji Independent Commission Against Corruption
FMA	Financial Management Act
FMIS	Financial Management Information System
FNCPD	National Council For Persons With Disabilities
FNPF	Fiji National Provident Fund
FNU	Fiji National University
FPO	Fiji Procurement Office
FRCS	Fiji Revenue and Customs Service
FRA	Fiji Roads Authority
FSG	Financial Statements of Government
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GWE	Government Wage Earner
IBRD	International Bank for Reconstruction and Development
IC	Information and Communication Control
IFAD	International Fund for Agricultural Development
IHRDP	Integrated Human Resource Development Programme
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IRD	Inland Revenue Department
ISA	International Standards on Auditing
ISSAI	International Standards for Supreme Audit Institutions
ITC	Information Technology and Computing Services
JEE	Job Evaluation Exercise
LTA	Land Transport Authority
NAMF	National Asset Management Framework
NDP	National Development Plan
NFAMF	National Fixed Asset Management Framework
OAG	Office of the Auditor-General
PFTAC	Pacific Financial Technical Assistance
PR	Public Relations
RA	Risk Assessment
SARUP	Suva Ariel Roads Upgrading Project

Term	Definition
SEG	Standard Expenditure Group
SLG	Standard Liability Group
SPO	Strategic Planning Office
TELS	Tertiary Education Loans Scheme
TMA	Trading and Manufacturing Account/Activity
TSF	Tuna Stabilisation Fund
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WOG	Whole of Government

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1.0 SUMMARY

1.1 Introduction

All Ministries and Departments prepare annual agency financial statements. Permanent Secretaries and management of these agencies are responsible for the preparation and fair presentation of the financial statements in accordance with requirements of the Financial Management Act (FMA) 2004 and other 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 Permanent Secretary for Economy is responsible for consolidating the financial information of all Ministries and Departments into the Financial Statements of Government (FSG). These financial statements separately disclose expenditures against Appropriation Heads for sectors which include General Administration, Social Services, Economic Services and Infrastructure Services. Certain expenditures that cannot be allocated to any of these sectors are reflected as unallocable. *Unallocable expenditures* include miscellaneous services, pensions, gratuities and compassionate allowances and finance charges on public debt.

The accounts of other public entities¹ have not been consolidated with those of government based on the decision of the Ministry of Economy.

Budget sectors

<p>General Administration Sector</p>	<ul style="list-style-type: none"> • Office of the President, Office of the Prime Minister and Department of Immigration, Office of the Attorney-General, Ministry of Economy, Ministry of iTaukei Affairs, Ministry of Defence and National Security, Ministry of Employment, Productivity and Industrial Relations, Ministry of Foreign Affairs, Judiciary, Parliament, Office of the Director of Public Prosecutions, Ministry of Disaster Management and Meteorological Services, Ministry of Justice, Fiji Corrections Service, Ministry of Communication, Ministry of Civil Service, Ministry of Rural and Maritime Development, Republic of Fiji Military Forces, Fiji Police Force and Peacekeeping Missions
<p>Social Services Sector</p>	<ul style="list-style-type: none"> • Ministry of Education, Heritage and Arts, Ministry of Health and Medical Services, Ministry of Housing and Community Development, Ministry of Women, Children and Poverty Alleviation, Ministry of Youth and Sports and Higher Education Institutions
<p>Economic Services Sector</p>	<ul style="list-style-type: none"> • Ministry of Agriculture, Ministry of Fisheries, Ministry of Forests, Ministry of Lands and Mineral Resources, Ministry of Industry, Trade and Tourism, Ministry of Sugar Industry, Ministry of Public Enterprise and Ministry of Local Government
<p>Infrastructure Sector</p>	<ul style="list-style-type: none"> • Ministry of Infrastructure and Transport, Ministry of Waterways and Environment and grants paid to Water Authority of Fiji and Fiji Roads Authority.

¹ Other public entities are entities other than Ministries and Departments

2018 - 2019 Budget

Government expenditures were guided by the following objectives²:

- Ensure adequate funding is provided for infrastructure development to continue to upgrade roads, bridges and jetties, and improve access to isolated regions;
- Improve access to quality education in Fiji through continuation of free education, hiring of additional teachers, transportation assistance and funding support for tertiary education;
- Continue to improve health services in Fiji by hiring more qualified doctors & nurses, extending access to private general practitioners, upgrading existing health facilities and supporting new public-private partnerships (PPP) in the health sector;
- Ensure the entire country is provided with safe drinking water, consistent power supply and effective sewerage disposal services;
- Continue support towards SME development, including the Youth Entrepreneurship Scheme, in order to empower people to raise incomes with innovative business ideas;
- Continue to fine tune social protection programmes so that they are well-targeted and sensitive to the special needs of the poor, disabled, elderly and the disadvantaged;
- Promote land development for residential purposes, encourage home ownership through funding support and explore options for securing feasible PPPs for housing developments;
- Expand the provision of legal services to all districts and towns in the country;
- Accelerate the implementation of new public sector reform initiatives in the civil service, SOEs and public financial management;
- Set aside contingency resources for disaster rehabilitation & recovery and pursue risk-sharing initiatives by providing house insurance, crop insurance, and bundled insurance packages;
- Allocate sufficient budgetary resources to progress the implementation of various commitments related to climate change;
- Invest in Fiji's primary industries as a strategy to reduce poverty, manage urban migration, expand exports, create employment, promote food security and progress rural development;
- Ensure sufficient resources are allocated for Fiji's hosting of the Asian Development Bank (ADB) Annual Meeting in 2019;
- Ensure remuneration rewards for civil servants are based on productivity improvements and improved service delivery;
- Maintain law & order and strengthen border security; and
- Promote investments in other priority sectors identified in Fiji's NDP and Green Growth Framework.

The financial position and expenditure of Government against the approved budget, have been considered against these contexts in this report.

1.2 Results of Our Audits

We issued 37 audit opinions which included one for the Financial Statements of Government and 36 for Agency Financial Statements of Ministries and Departments.

The details of the results of our audits are discussed in **Chapter 3** and **Appendix A**.

² Economic and Fiscal Update Supplement to the 2018 – 2019 Budget

Quality and Timeliness of Financial Statements

Financial Statements of Government

- A modified audit opinion with emphasis of matters and other matters was issued on 10 January 2022, which was after the legislative deadline of 30 April 2020.
- The Permanent Secretary for Economy signed the audited financial statements on 06 January 2022.
- We received the first acceptable draft financial statements for audit on 30 April 2020 with other amended draft financial statements received on 05/10/21, 25/10/21 and 19/11/21 respectively.

Ministries and Departments

- We issued unmodified opinions for 19 or 53% of the 36 agency financial statements compared to 24 unmodified opinions issued in 2018 which reflects a slight decrease for 2019. The remaining financial statements for 17 Ministries were issued with modified audit opinions.
- The submission of draft financial statements for 21 or 58% of Ministries/Departments were timely while 15 or 42% were significantly late after the set deadline on 31 October 2019. However, 26 or 72% of the draft financial statements were of good quality while 10 or 28% required audit and accounting adjustments after submission for our audit.
- Comments on draft management letters for 22 or 61% of Ministries/Departments were received on time and audited accounts for 24 or 67% of Ministries/Departments were signed and returned on time.

Delayed submissions of draft financial statements contributed to delays in our audits. Delays were also attributed to the following:

- Correction of errors and omissions on the draft financial statements submitted for audit;
- Various accounting adjustments passed;
- Delays in the submissions of management comments for issues raised in draft management letters; and
- Documents required for audit were not provided on time.

1.3 Financial Performance, Position and Sustainability

Each year, the Permanent Secretary for Economy prepares the Financial Statements of Government and the Annual Appropriation Statement in accordance with the provisions of the FMA 2004, Financial Instructions (FI) 2010 and Cash Basis International Public Sector Accounting Standards (IPSAS) 2017.

These statements provide a consolidated view of the revenues, expenses, assets and liabilities and cash flows of State agencies excluding controlled entities. The statements also reflect actual expenditure against approved and revised budget by sectors and appropriation heads and revenue collected by economic type.

Financial Snapshot

The key financial statement items namely expenditure, revenue, cash and cash equivalents, term loans receivables, investments, trust fund accounts, term loans payable and equity are explained below.

Understanding Financial Performance (Statement of Revenue and Expenses)

Table 1.1 provides a snapshot of revenue and expenses for 2019 in comparison to 2018.

Table 1.1: Revenue and Expenses Snapshot

Description	31/07/19 (\$)	31/07/18 (\$)	Increase/ (Decrease) (\$)
Direct Taxes	754,429,587	825,724,215	▼ (71,294,628)
Indirect Taxes	2,065,348,735	2,005,911,627	▲ 59,437,108
Fees, Fines and Charges	133,087,675	142,973,799	▼ (9,886,124)
Operating Revenue Sales	467	1,630	▼ (1,163)
Other Receipts	43,079,519	34,401,166	▲ 8,678,353
Reimbursements and Recoveries	11,821,776	20,942,757	▼ (9,120,981)
Grant Aid	41,985,862	49,461,174	▼ (7,475,312)
Total Operating Revenue	3,049,753,621	3,079,416,368	▼ (29,662,747)
Repayments of Term Loan Receivable	11,248,123	6,011,984	▲ 5,236,139
Sale of Government Assets	5,163,696	1,397,889	▲ 3,765,807
Dividends from Investments	106,649,184	149,766,928	▼ (43,117,744)
Interest from Bank Balances	1,444,002	1,862,994	▼ (418,992)
Return of Surplus Capital from Investment	6,354,140	5,961,851	▲ 392,289
Term Loan Receivable	18	21,618	▼ (21,600)
Total Investing Revenue	130,859,163	165,023,264	▼ (34,164,101)
Trade and Manufacturing Operations	17,689,401	17,970,568	▼ (281,167)
Total	3,198,302,185	3,262,410,200	▼ (64,108,015)
Operating Expenditure	715,445,797	694,944,558	▲ 20,501,239
Capital Expenditure	61,233,042	69,857,616	▼ (8,624,574)
Total General Administration Services	776,678,839	764,802,174	▲ 11,876,665
Operating Expenditure	987,416,987	890,476,411	▲ 96,940,576
Capital Expenditure	56,157,618	60,590,711	▼ (4,433,093)
Total Social Services	1,043,574,605	951,067,122	▲ 92,507,483
Operating Expenditure	122,816,611	125,986,292	▼ (3,169,681)
Capital Expenditure	162,743,182	240,763,991	▼ (78,020,809)
Total Economic Services	285,559,793	366,750,283	▼ (81,190,490)
Operating Expenditure	171,277,256	173,973,322	▼ (2,696,066)
Capital Expenditure	620,356,667	589,335,161	▲ 31,021,506
Total Infrastructure Services	791,633,923	763,308,483	▲ 28,325,440

Description	31/07/19 (\$)	31/07/18 (\$)	Increase/ (Decrease) (\$)
Operating Expenditure	70,518,319	107,932,560	▼ (37,414,241)
Capital Expenditure	232,639,405	421,337,810	▼ (188,698,405)
Total Miscellaneous Services	303,157,724	529,270,370	▼ (226,112,646)
Pensions, Gratuities and Compassionate Allowance	34,647,442	36,956,687	▼ (2,309,245)
Value Added Tax	38,118,137	37,476,706	▲ 641,431
Interest Payments on Loans	326,735,388	291,503,011	▲ 35,232,377
Trading and Manufacturing Operations	13,270,467	13,368,156	▼ (97,689)
Total Unallocable	412,771,434	379,304,560	▲ 33,466,874
Total Expenditure	3,613,376,318	3,754,502,992	▼ (141,126,674)
Key Financial Ratio			
Operating Margin³	1.45	1.52	▼

▲ Increase from previous year

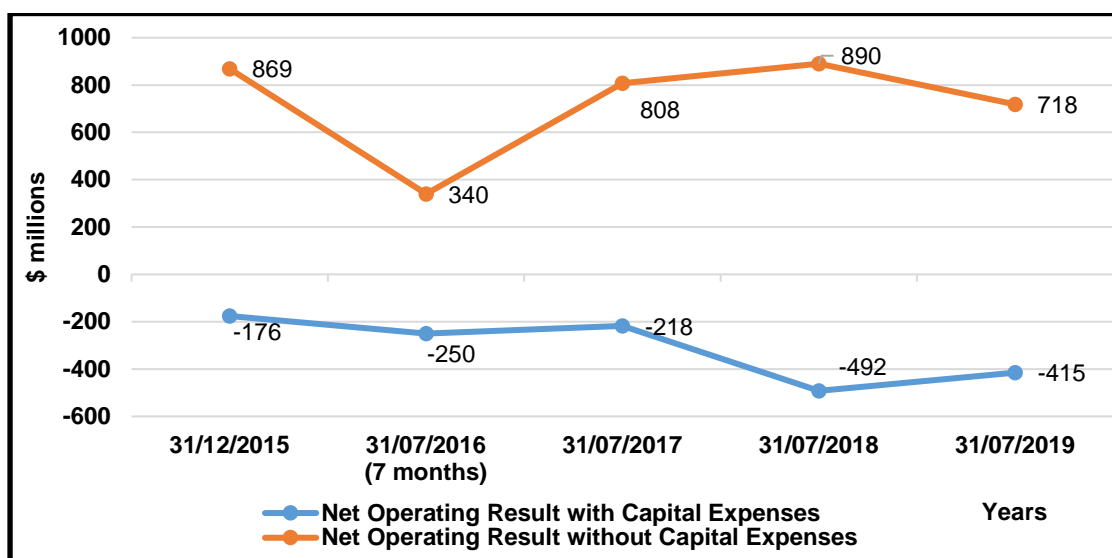
▼ Decrease from previous year

There was an overall decrease in revenue by \$64.1 million or 2%, which was mostly driven by decreases in direct taxes, fees, fines and charges, reimbursement & recoveries, grant aid and dividends.

Expenditure for general administration, social services, infrastructure services and unallocable services increased while expenditure for economic and miscellaneous services decreased, resulting in an overall decrease of \$ 141.1 million or 4% in 2019.

The net operating result with and without the inclusion of capital expenditures is shown in Figure 1.1 below.

Figure 1.1: Underlying Net Operating Result (Five Year Trend)



Source: Financial Statements of Government for 2015 - 2019

³ Operating margin benchmark is > 1.0

Net operating balance (with capital expenditure) remained in deficit in 2019 as in the last four years. The net operating deficit decreased by 16% from \$492 million in 2018 to \$415 million in 2019. With capital expenses excluded, Government's net operating balance recorded a surplus of \$718.1 million for 2019 (2018: \$889.8 million).

Payroll Details

Established staff and government wage earners include full-time employees on contractual basis and project officers employed for specific projects within Ministries/Departments. The components of payroll expenditure included personal emoluments, superannuation contributions (FNPF), various allowances and overtime payment. Payroll costs and the number of employees from 2015 to 2019 are shown in Table 1.2 below.

Table 1.2: Payroll Details

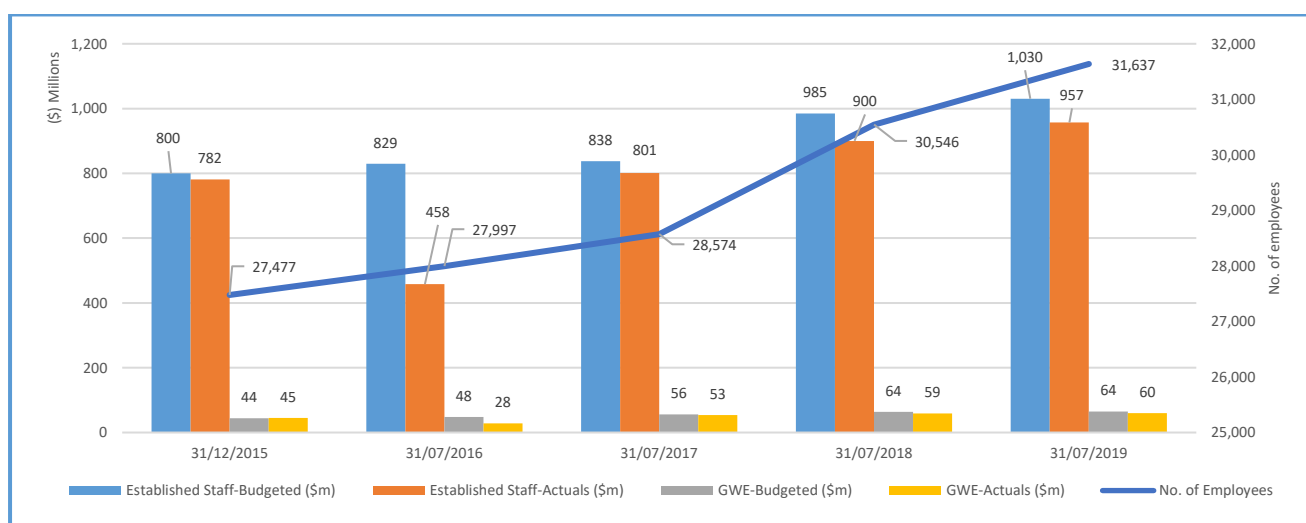
	2015	2016 (7 months)	2017	2018	2019
Established Staff					
Actual Payroll Expenditure	\$781,720,316	\$458,175,830	\$800,546,116	\$900,309,981	\$957,057,437
Number of Employees	23,126	23,477	23,932	26,283	27,253
Average Cost per employee	\$33,803	\$19,516	\$33,451	\$34,254	\$35,118
Government Wage Earners					
Actual Payroll Expenditure	\$45,089,205	\$28,140,510	\$53,462,154	\$58,949,182	\$59,914,459
Number of Employees	4,351	4,520	4,642	4,263	4,384
Average Cost per employee	\$10,363	\$6,226	\$11,517	\$13,828	\$13,667
Overall Total					
Actual Payroll Expenditure	\$826,809,521	\$486,316,340	\$854,008,270	\$959,259,163	\$1,016,971,896
Number of Employees	27,477	27,997	28,574	30,546	31,637

Source: Number of employees were extracted from Payroll Reports of Government

The payroll expenditure has been steadily increasing from 2015 to 2019 with concurrent increases in total number of employees. The notable decline in 2016 was due to the financial period being only for 7 months. The total payroll expenditure in 2019 was over \$1 billion for 31,637 employees.

The largest number of employees was recorded in 2019, an increase of 1,091 or 4% from 2018 with the largest increase recorded for Social Services Sector. The overall average payroll cost per employee in 2019 was \$32,145 compared to \$31,404 for 2018, an increase by 2%.

Figure 1.2 below shows the budgeted and actual established staff with government wage earners and employee numbers from 2015 to 2019.

Figure 1.2: Payroll Trends


Understanding Financial Position (Statement of Assets and Liabilities)

Table 1.3 provides an overview of assets and liabilities for 2019 in comparison to 2018.

Table 1.3: Assets and Liabilities Snapshot

Description	31/07/19 (\$)	31/07/18 (\$)	Increase/ (Decrease) (\$)
Cash and Cash Equivalents	344,074,924	286,653,731	▲ 57,421,193
Accounts Receivable	203,068,335	153,553,750	▲ 49,514,585
Prepayments	1,070,745	1,081,477	▼ (10,732)
Inventory	1,783,814	3,129,786	▼ (1,345,972)
Term-Loans Receivable	650,225,067	572,199,307	▲ 78,025,760
Equity Investments	1,313,895,388	1,335,906,060	▼ (22,010,672)
Total Assets	2,514,118,273	2,352,524,111	▲ 161,594,162
Liabilities			
Accounts Payable	255,275,450	164,938,055	▲ 90,337,395
Deferred Income	7,284,678	6,061,580	▲ 1,223,098
Trust Fund Account	205,478,333	197,701,126	▲ 7,777,207
Term Loans Payable - Treasury Bills	298,150,105	185,283,183	▲ 112,866,922
Term Loans Payable - Overseas Loans	1,455,397,778	1,455,292,843	▲ 104,935
Term Loans Payable - Domestic Loans	3,971,911,144	3,576,152,161	▲ 395,758,983
Total Liabilities	6,193,497,488	5,585,428,948	▲ 608,068,540
Net Liability	(3,679,379,215)	(3,232,904,837)	▼ (446,474,378)
Key Financial Ratios			
Current ratio ⁴	0.54	0.52	

▲ Increase from previous year

▼ Decrease from previous year

⁴ Current ratio benchmark is > 1.0

Total assets increased by \$161.6 million or 7% due to increases in cash and cash equivalents by \$57.4 million, accounts receivable by \$49.5 million and term loans receivable by \$78.0 million. The major increase in term loans receivable is due to the increase in financial assistance to students through the Tertiary Education Loan Scheme.

Liabilities increased by \$608.1 million or 10.9% due to increases in accounts payable by \$90.3 million and term loans payable by \$508.7 million. The increase in term loan payable was due to the increases in government borrowing, specifically through treasury bills and government bonds.

Total assets were \$2.5 billion against total liabilities of \$6.2 billion. The Government has yet to record all its property, plant and equipment in the Statement of Financial Position.

Understanding Sustainability

Financial sustainability is defined as the ability of Government to maintain existing programs and meet existing creditor requirements without increasing the burden on the economy. It is measured by the ratio of Government debt to the Gross Domestic Product (GDP).

The total Government debt as a percentage of GDP is an indication of debt sustainability relative to the production of goods and services.

Table 1.4 below shows the debt sustainability of Government for the last five years.

Table 1.4: Movement in Debt Sustainability to GDP

FY Ended	31/12/15	31/7/16 (7 Months)	31/7/16 (7 Months)	31/7/17	31/7/18	31/7/19
Total Debt	\$4.2 billion	\$4.5 billion	\$4.5 billion	\$4.7 billion	\$5.2 billion	\$5.7 billion
GDP	\$9.2 billion	\$9.8 billion	\$9.8 billion	\$9.9 billion	\$11.3 billion	\$11.7 billion
Debt to GDP Ratio	46%	46%	46%	47%	46%	49%

Source: Financial Statements of Government 2015 - 2019

There is an increase in debt to GDP ratio which indicates that there is slightly more burden of debt against the total production of goods and services by the Government.

Financial Flexibility

A good debt indicator is financial flexibility which shows the increase in financial resources or revenue to respond to increasing financial commitments either by expanding revenue or increasing the debt burden.

This indicator shows the percentage of total debt repayments against the total revenue for the economy. A lower percentage of debt to be repaid from total revenue is a good indicator for Government as this shows that a larger percentage of revenue is available to be used for other Government programs.

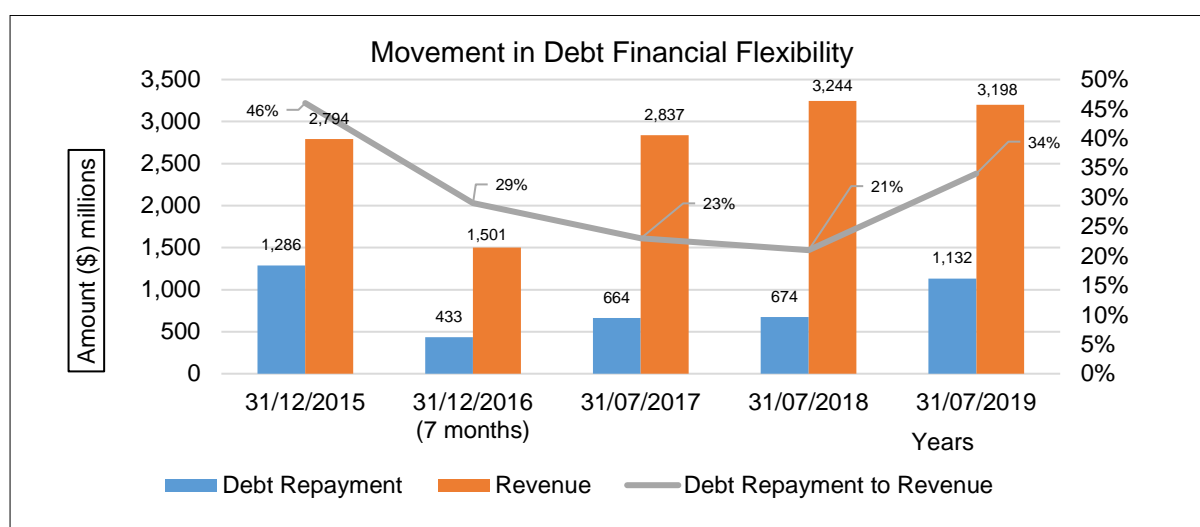
Table 1.5 and Figure 1.3 below shows the debt financial flexibility of Government for the last five years.

Table 1.5: Movement in Debt Financial Flexibility

FY Ended	31/12/15	31/7/16 (7 Months)	31/7/17	31/7/18	31/7/19
Debt Repayment	\$1,286 million	\$433 million	\$664 million	\$674 million	\$1.1 billion
Revenue	\$2.8 billion	\$1.5 billion	\$2.9 billion	\$3.3 billion	\$3.2 billion
Debt Repayment to Revenue	46%	29%	23%	21%	34%

Source: Financial Statements of Government 2015 - 2019

Figure 1.3: Movement in Debt Financial Flexibility



Financial Vulnerability

Financial vulnerability measures the total exposure of Government to exchange rates and other market risks through its dependence on external borrowings. The lesser the proportion of total external borrowings in comparison to total debt, the better it is for the Government.

Table 1.6 below shows the financial vulnerability measure of Government for the last five years.

Table 1.6: Movement in Financial Vulnerability Measure

FY Ended	31/12/15	31/7/16 (7 Months)	31/7/17	31/7/18	31/7/19
External Debt	\$1.2 billion	\$1.3 billion	\$1.4 billion	\$1.4 billion	\$1.4 billion
Total Debt	\$4.2 billion	\$4.5 billion	\$4.7 billion	\$5.2 billion	\$5.7 billion
External Debt to Total Debt	29%	28%	29%	28%	25%

Source: Financial Statements of Government 2015 - 2019

Government has a debt mix of approximately 25% external borrowing against 75% domestic borrowings.

Refer to **Appendix B** for other measures of financial vulnerability.

1.4 Understanding Internal Controls




Good internal controls provide reasonable assurance that Ministries or Departments are achieving their objectives relating to operations, reporting and compliance. We assess the controls used by the Ministries/Departments using the following five key elements:

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

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

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

The internal controls for the Ministries and Departments were assessed and categorised as either effective, generally effective or ineffective as follows:

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

Summary of control assessments across the whole of government and by Sectors are shown in Table 1.7 below:

Table 1.7: Summary of Control Assessments

Sector	No. of Ministries/Departments				
	Control Environment (CE)	Risk Assessment (RA)	Control Activities (CA)	Information and Communication Control (IC)	Monitoring Activities (MA)
General Administration					
Effective	5	3	6	13	4
Generally Effective	11	10	10	3	13
Ineffective	5	8	3	5	4
Social Services					
Effective	1	1	1	2	1
Generally Effective	2	1	-	1	1
Ineffective	2	3	4	2	3
Economic Services					
Effective	2	2	3	3	2
Generally Effective	5	4	2	3	4
Ineffective	1	2	3	2	2

Sector	No. of Ministries/Departments				
	Control Environment	Risk Assessment	Control Activities	Information and Communication Control	Monitoring Activities
	(CE)	(RA)	(CA)	(IC)	(MA)
Infrastructure Services					
Effective	-	-	-	1	-
Generally Effective	2	-	2	1	1
Ineffective	-	2	-	-	1

It is noted that the internal controls for majority of Ministries and Departments are collectively effective. Detailed discussions on assessment of internal controls and deficiencies noted have been reported in the following respective sector reports and in **Chapter 5** and **Appendix C** of this report:

1. 2019 Audit Report on Economic Services Sector (Parliamentary Paper No. 24 of 2021)
2. 2019 Audit Report on General Administration Sector (Parliamentary Paper No. 25 of 2021)
3. 2019 Audit Report on Infrastructure Sector (Parliamentary Paper No. 26 of 2021)
4. 2019 Audit Report on Social Services Sector (Parliamentary Paper No. 27 of 2021)
5. Remaining 2019 Audit Report on General Administration, Social Services and Economic Services and Infrastructure Services Sectors (Parliamentary Paper No. 109 of 2021)

This report summarises our analysis of the financial position, performance, sustainability and timeliness and quality of financial reporting of the whole of Government. The report also includes the results of internal control assessments of respective Ministries and Departments.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the agency. These have been considered in this report as they impacted the overall system of control of the Ministries and Departments as at 31 July 2019.

1.5 Reference to Comments

Responses provided by the Ministry of Economy have been incorporated in this report where applicable. Responses from other Ministries and Departments have been incorporated in the sector reports.

1.6 Report Structure

Chapter	Description
Chapter 1	<u>Provides a summary of the report</u>
Chapter 2	<u>Provides context for audit findings and conclusions and types of audit opinion</u>
Chapter 3	<u>Evaluates the audit opinion results, timeliness and quality of reporting</u>
Chapter 4	<u>Financial Statements of Government</u>
Chapter 5	<u>Assess the strength of internal controls in ministries & departments</u>
Chapter 6	<u>Discusses significant audit matters in the 2019 Financial Statements of Government</u>
Appendices	<u>Appendices containing Assessment, Audit Opinions and Glossary</u>

2.0 CONTEXT

2.1 Legislative Framework

The following legislation establishes the financial accountability frameworks and legislative time frames to complete financial statements audits for Ministries and Department. Refer to Table 2.1 below.

Table 2.1: Legislative Framework

Entity Type	Legislative Framework	Legislative Timeframe
Financial Statements of Government	<ul style="list-style-type: none"> Financial Management Act 2004 International Public Sector Accounting Standards (IPSAS) financial reporting under cash basis of accounting 	30 th April
Ministries & Departments	<ul style="list-style-type: none"> Financial Management Act 2004 Finance Instructions 2010 	31 st December

Financial Management Act 2004 (FMA 2004) states the following principles of responsible finance management:

- (a) to manage finance over a medium term on a responsible and transparent basis;
- (b) to manage revenues and expenditure in such a way as to achieve prudent levels of debt;
- (c) to ensure value for money in the use of money and resources;
- (d) to manage contingent liabilities in a prudent manner; and
- (e) to report transparently in accordance with relevant accounting and statistical standards.

The Minister for Economy is responsible for managing the financial affairs of the Government as a whole in accordance with the requirements of the Constitution of Republic of Fiji and the FMA 2004 and with due regard to the principles of responsible financial management. In addition, the Permanent Secretary of a Ministry/Department is responsible for managing the financial affairs of the entity in accordance with the requirements of the FMA 2004 and with due regards to the principles of responsible financial management.

2.2 Annual Financial Statements of Ministries and Departments

Each Ministry/Department must prepare the following statements as required by Section 71 (1) of the *Finance Instructions 2010 (FI 2010)* as part of annual financial statements:

- Statement of receipts and expenditure;
- Profit and loss statement for each trading and manufacturing activity (where applicable);
- Appropriation statement;
- Statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Statement of losses;

- Trust account statement of receipts and payments (where applicable).

On 29 May 2019, the Permanent Secretary for Economy issued *Circular No. 09/2019 – Closing of Accounts, Processes & Procedures* to all Ministries/Departments to submit the 2019 draft annual financial statements to the Auditor-General by 31 October 2019.

Except for Trading and Manufacturing Accounts (TMA) which are accounted for on accrual basis, Ministries/Departments prepare their financial statements using FMA 2004 and FI 2010.

Ministries/Departments must prepare and make publicly available, for each financial year, an annual report which must be tabled in Parliament by the responsible Minister. The annual report must include the audited annual financial statements and audit report issued by the Auditor-General for the financial year.

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

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

2.3 Consolidation Process

The accounts of Ministries and Departments are consolidated with those of the Ministry of Economy using *International Public Sector Accounting Standards (IPSAS): Financial Reporting under Cash Basis of Accounting* reporting requirements, *Cabinet Decision 277 of 2010 - Adoption of Cash Basis IPSAS* and disclosures made as required by FMA 2004. Additional statements are prepared in accordance with modified cash basis of accounting. Consolidated financial statements include State-agencies which are part of the national budget estimates and financials of those agencies outside the budget, such as TMAs and Trust Fund Accounts, as required by law.

Intra-economic entity transactions, receipts and expenditures are eliminated during consolidation.

2.4 Role of the Auditor-General

The Constitution of the Republic of Fiji states that at least once in every year, the Auditor-General shall inspect, audit and report to Parliament on -

- (a) the public accounts of the State;
- (b) the control of public money and public property of the State; and
- (c) all transactions with or concerning the public money or public property of the State.

In the report, the Auditor-General must state whether, in his or her opinion –

- (a) transactions with or concerning the public money or public property of the State have been authorised by or pursuant to the Constitution or any written law; and
- (b) expenditures have been applied for the purpose for it was authorised.

In addition to the above, the Auditor-General is responsible on behalf of Parliament, to audit –

- (a) the accounts of the Consolidated Fund;

- (b) the Financial Statements of Government and the Annual Appropriation statement required to be included in the Whole of Government Annual Report for a financial year under the FMA 2004; and
- (c) the accounts/financial statements of all state entities required to be included in the annual report for a financial year.

The Auditor-General must satisfy himself or herself that -

- (a) the accounts have been faithfully and properly kept;
- (b) expenditure has been properly authorised, properly applied and otherwise properly accounted for;
- (c) where applicable, all reasonable precautions have been taken to safeguard the collection of public money and trust money and other money and that the laws, directions and/or instructions relating to its collection have been duly observed;
- (d) where applicable, expenditure of money appropriate by Parliament has been applied to the purposes for which the money was appropriated; and
- (e) provisions of the Constitution of the Republic of Fiji and of the FMA 2004, and of any other law relating to money or property subject to his or her audit, have been complied with in all material respects.

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

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

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

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

2.5 Reporting to Parliament

At least once every year, the Auditor-General must report to Parliament on audits completed under the Audit Act 1969. In addition, a report of the Auditor-General to Parliament about an audit must be submitted to the Speaker to Parliament within 9 months after the financial year in which the audit relates or within a longer period appointed by resolution of Parliament.

The Act also requires that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

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

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

If any time in the opinion of the Auditor-General, serious irregularities have occurred in the receipt, custody or expenditure of public moneys or in the receipt, custody, issue sale, transfer or delivery of any stamps, securities, stores or other Government property or in the accounting for the same, he or she shall bring the matter to the notice of the -

- (a) Minister responsible for finance; and
- (b) Responsible authority and the Minister of the entity subject to audit.

2.6 Types of Audit Opinion

In accordance with ISA, we express an **unmodified opinion** when the financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) under the cash-basis of accounting and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit, which would affect the financial statements of an agency.

Modified Opinions:

We issue a **qualified opinion** when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

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

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

We include an **Emphasis of Matter and / or Other Matter** paragraph in the audit report to highlight an issue that will help the users better understand the financial statements.

3.0 RESULTS OF OUR AUDITS – MINISTRIES & DEPARTMENTS

We audit the financial statements of Ministries and Departments to provide reasonable assurance about whether the financial statements are free from material misstatements.

3.1 Key Findings and Audit Conclusion

We issued 36 audit opinions on the 2019 financial statements of Ministries and Departments out of which 19 or 53% were unmodified opinions while 17 or 47% were modified opinions. This indicated that 19 agency financial statements did not contain material misstatements.

Introduction

In addition to the Financial Statements of Government, each year, we also audit the financial statements of Ministries and Departments to provide assurance on their reliability.

The Ministry of Economy advised all Ministries and Departments to provide the 2019 draft agency financial statements to the Auditor-General by 31 October 2019. If an agency complies with the monthly and quarterly reporting requirements set by the FI 2010 throughout the year, it should be able to prepare and present a high-quality financial statement in a timely manner.

We assessed the quality and timeliness of financial statements by considering:

- Year - end closing process – whether accounts were closed-off by the due date;
- Timeliness – whether completed 2019 draft financial statements were submitted for audit by the agreed date;
- Quality – the extent of accounting and auditing adjustments made during the audit;
- Management comments – time taken (in days) by Ministries/Departments to submit management comments on audit findings; and
- Signing of financial statements – time taken (in days) to submit signed audited financial statements.

Our assessment criteria and the result for each Ministry/Department are included in **Appendix C** and the summary of the whole of government assessments of timeliness and quality are shown in Table 3.1 below.

Table 3.1: Summary of Timeliness and Quality Assessment

	No. of Ministries/Departments				
	Compliance to Year-End Process	Quality of Financial Statements	Timeliness of Financial Statement	Timeliness of Management Comments	Timeliness of Signing of Financial Statements
Effective	12	24	12	16	20
Generally Effective	17	2	9	6	4
Ineffective	7	10	15	14	12
Total	36	36	36	36	36

It is noted that most Ministries/Departments were effective or generally effective in complying with the year-end closing processes, quality of the financial statements and timeliness of signing audited financial statements.

However, some Ministries/Departments were rated as ineffective as follows:

- untimely submission of draft financial statements – 42% of the 36 Ministries/Departments
- untimely submission of management comments – 39% of the 36 Ministries/Departments
- untimely signing of audited financial statements -33% of the 36 Ministries/Departments

Audit Opinion Results

Table 3.2 summarises the types of audit opinions issued on the 2018-2019 financial statements by sectors.

Table 3.2: Audit Opinions Issued for FY 2018 - 2019

Sector	Modified Opinion (Qualified)	Unmodified Opinion
General Administration	7	14
Social Services	3	2
Economic Services	5	3
Infrastructure Services	2	-
Total	17	19

The summary and details of the agencies that fall under each sector and the opinion issued on the financial statements have been reported in the four sector reports submitted to Parliament.

Modified Opinions

We issued modified opinions on 17 (47%) of the 36 financial statements of Ministries and Departments.

The key reasons for the modified audit opinions, as discussed in **Appendix D** have been reported to the management of the respective agencies and in the various sector reports to Parliament.

Refer to Table 3.3 for Ministries/Departments with modified audit opinion and the key areas.

Table 3.3: Key Areas for Modified Audit Opinion – Auditor’s Reports

✓ New Key Area/emphasis of matter ✓ Recurring Key Area/emphasis of matter

Ministries/Departments	Key Areas for Modified Audit Opinion							
	Revenue	Main Trust Fund Account	Expenditure	Record Management	TMA	Cash	Receivables	Board of Survey
General Administration								
Office of the Prime Minister and Department of Immigration	✓	✓	✓					
Ministry of Employment, Productivity and Industrials Relations	✓	✓						
Ministry of Foreign Affairs	✓		✓			✓		
Judiciary		✓						
Ministry of Disaster Management and Meteorological Office	✓		✓					

Ministries/Departments	Key Areas for Modified Audit Opinion							
	Revenue	Main Trust Fund Account	Expenditure	Record Management	TMA	Cash	Receivables	Board of Survey
Republic of Fiji Military Forces		✓	✓	✓	✓	✓		
Fiji Police	✓	✓	✓					
Social Services								
Ministry of Education, Heritage and Arts	✓		✓	✓				
Ministry of Health and Medical Services		✓	✓	✓	✓			
Ministry of Women, Children and Poverty Alleviation			✓					
Economic Services								
Ministry of Agriculture	✓		✓		✓			
Ministry of Fisheries		✓	✓	✓				
Ministry of Forests	✓		✓		✓	✓	✓	
Ministry of Lands and Mineral Resources	✓	✓	✓	✓				
Ministry of Sugar Industry			✓					
Infrastructure Services								
Ministry of Infrastructure and Transport		✓	✓		✓	✓		✓
Ministry of Waterways and Environment		✓	✓	✓				✓

Unmodified Opinions

We issued unmodified opinions on 19 or 53% of the 36 financial statements for Ministries and Departments with emphasis of matters and other matters in a number of Auditor's Reports.

Refer to Table 3.4 for Ministries/Departments with unmodified audit opinion and with emphasis of matter/other matter.

Table 3.4: Ministries/Departments with Unmodified Audit Opinion

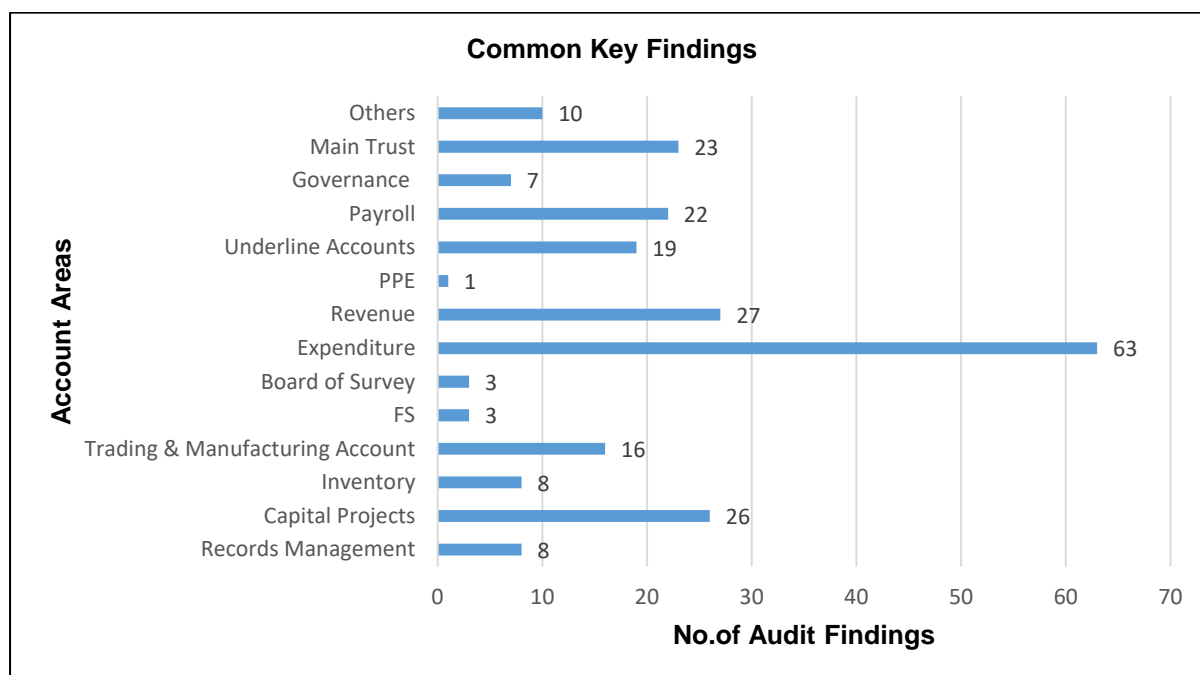
✓ Unmodified with emphasis of matter and/or other matter

Ministry/Department	Emphasis of Matter/Other Matters
1. Office of the President	
2. Office of the Attorney General	
3. Ministry of Economy	✓
4. Ministry of iTaukei Affairs	
5. Ministry of Defence and National Security	✓
6. Parliament	
7. Office of the Director of Public Prosecutions	
8. Ministry of Justice	✓
9. Fiji Corrections Service	✓
10. Ministry of Communication	
11. Department of Information, Technology and Computing Services (ITC)	
12. Ministry of Civil Service	✓
13. Ministry of Rural and Maritime Development	✓
14. Peacekeeping Missions	✓
15. Ministry of Housing and Community Development	✓
16. Ministry of Youth and Sports	
17. Ministry of Industry, Trade and Tourism	
18. Ministry of Public Enterprise	
19. Ministry of Local Government	✓

Common Key Findings

A total 236 common key findings were reported in the sector reports across the 36 Ministries and Departments. The findings are categorised according to the account areas as shown in Figure 3.1 below.

Figure 3.1: Common Audit Findings across Ministries/Departments



3.2 Quality of Draft Agency Financial Statements

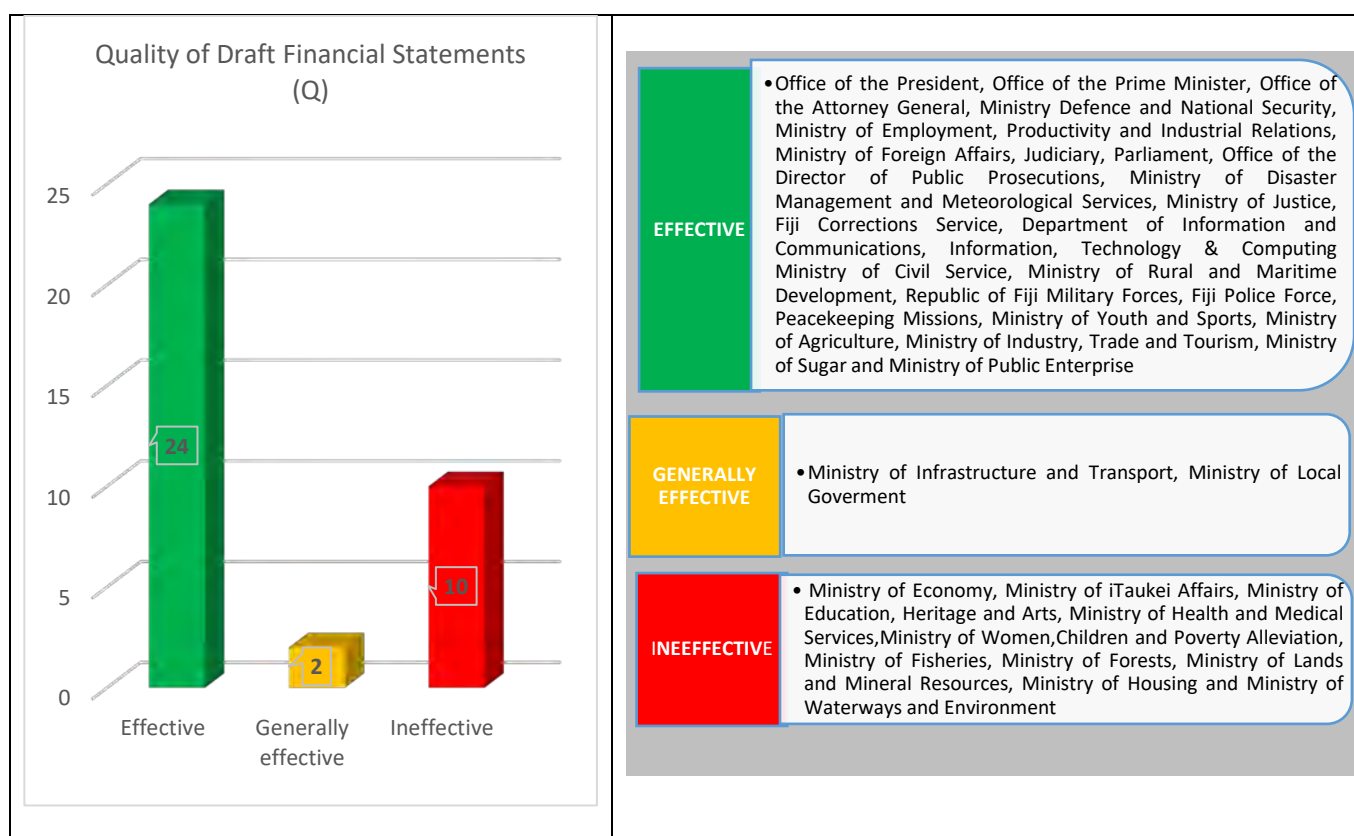
We assessed the quality of financial statements by the extent of audit/accounting adjustments made to draft financial statements throughout the audit which indicate the effectiveness of the agency’s internal review processes to identify and correct errors before financial statements are provided for audit. Refer to the table below for the rating.

Rating	Quality of draft financial statements assessment
Effective	No adjustments or resubmission of financial statements were required
Generally effective	Adjustments on operating results/net assets were less than 1% (< 1%)
Ineffective	<ul style="list-style-type: none"> Adjustments on operating results/net assets were more than 1% (> 1%) Re-submissions of draft financial statements

Of the 36 Ministries and Departments, 26 or 72% submitted quality draft financial statements for audit.

The quality of draft financial statements submitted by 10 Ministries and Departments were considered unsatisfactory/ineffective. Refer to Figure 3.2 for details.

Figure 3.2: Quality of Draft Financial Statements



3.3 Timeliness of Financial Reporting

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due according to the deadline stated in the Finance Instructions 2010 and the date it was received.

Rating	Timeliness of draft financial statements assessment
Effective	Acceptable draft financial statements received before or on 15 October 2019
Generally effective	Acceptable draft financial statements received on or before 31 October 2019
Ineffective	Acceptable draft financial statements received after 15 November 2019

15 or 42% of Ministries and Departments did not meet the due date for submission of draft financial statements for audit.

Refer to Table 3.5 below for details:

Table 3.5: Submission of Draft Financial Statements by 31 October 2019

✓ Met the timeline

✗ Did not meet timeline

Ministry/Department	Meeting Timelines
General Administration	
1. Office of the President	✓
2. Office of the Prime Minister and Department of Immigration	✓
3. Office of the Attorney General	✓
4. Ministry of Economy	✓
5. Ministry of iTaukei Affairs	✗
6. Ministry of Defence and National Security	✗
7. Ministry of Employment, Productivity and Industrial Relations	✗
8. Ministry of Foreign Affairs	✗
9. Judiciary	✓
10. Parliament	✓
11. Office of Director of Public Prosecution	✓
12. Ministry of Disaster Management and Metrological Service	✗
13. Ministry of Justice	✓
14. Fiji Corrections Service	✓
15. Department of Information and Communication	✓
16. Department of Information, Technology and Computing Services	✓
17. Ministry of Civil Service	✓
18. Ministry of Rural and Maritime Development	✗
19. Republic of Fiji Military Forces	✓
20. Fiji Police Force	✓
21. Peacekeeping Missions	✓
Social Services	
22. Ministry of Education, Heritage and Arts	✗
23. Ministry of Health and Medical Services	✗
24. Ministry of Housing and Community Development	✗
25. Ministry of Women, Children and Poverty Alleviation	✗
26. Ministry of Youth and Sports	✓
Economic Services	
27. Ministry of Agriculture	✗
28. Ministry of Fisheries	✗
29. Ministry of Forests	✗
30. Ministry of Lands and Mineral Resources	✓
31. Ministry of Industry, Trade and Tourism	✓
32. Ministry of Sugar Industry	✓
33. Ministry of Public Enterprises	✓
34. Ministry of Local Government	✗
Infrastructure Services	
35. Ministry of Infrastructure and Transport	✗
36. Ministry of Waterways and Environment	✓

3.4 Timeliness of provision of management comments and signing of financial statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to the entity and the date management comments and signed accounts were received.

Rating	Internal control assessment
Timeliness of Management Comments	
🟢 Effective	Within 14 days from the issue of Draft Management Letter
🟡 Generally effective	Within 21 days from the issue of Draft Management Letter
🔴 Ineffective	After 21 days from the issue of Draft Management Letter
Timeliness of Signed Accounts Received	
🟢 Effective	Within 5 days from the issue of Financial Statements for signing
🟡 Generally effective	Within 15 days from the issue of Financial Statements for signing
🔴 Ineffective	After 15 days from the issue of Financial Statements for signing

Comments on draft management letters for 22 or 61% of Ministries/Departments were received on time and audited accounts for 24 or 67% of Ministries/Departments were signed and also returned on time. Refer to **Appendix C** for details.

3.5 Year-End Closing Process

A quality financial statements preparation process will reduce the risk of untimely, inaccurate and unreliable financial reporting.

On 29 May 2019, the Permanent Secretary for Economy issued Circular No. 09/2019 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Overseas Missions in which procedures for closing of 2019 accounts and timelines were detailed.

The key focus areas in the Circular include:

- Cancellation of unprocessed purchase orders by 12 July 2019
- Retirement of imprests by 19 July 2019
- Processing of payments by 29 July 2019
- Clearance of stale cheques by 5 August 2019
- Closing date for journal adjustments by 7 August 2019
- Processing of virements by 23 August 2019
- Completion of reconciliations by 29 August 2019
- Submission of arrears of revenue returns by 30 August 2019
- Annual Board of Survey on Drawings Account cheques by 30 August 2019
- Clearance of Inter-departmental clearance accounts by 30 August 2019

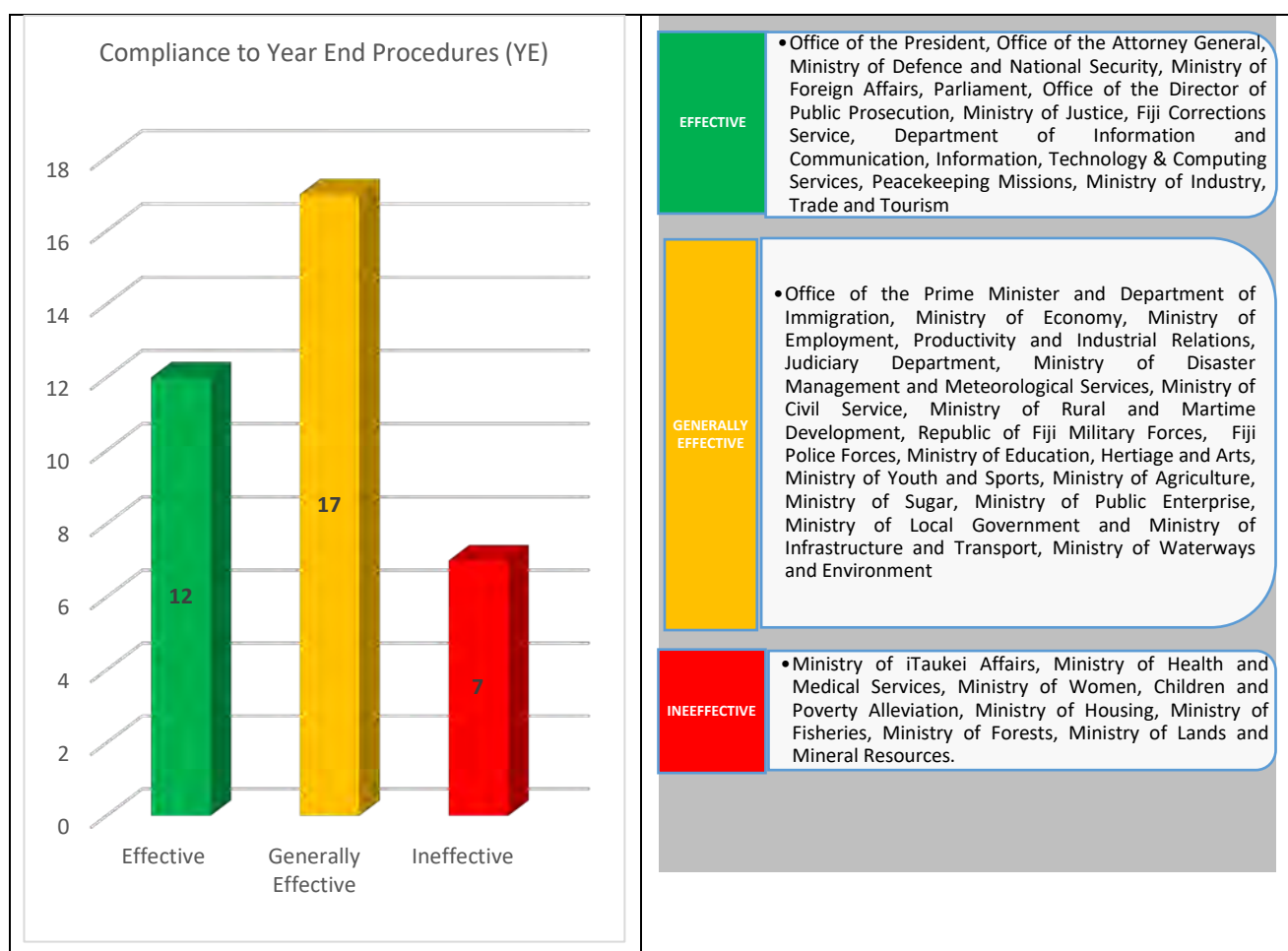
When Ministries and Departments achieve the key focus areas by the due dates, they are more likely to prepare accurate and timely draft financial statements for audit.

There were 10 key focus areas in the 2019 closing of accounts which we have classified into either effective, generally effective or ineffective as follows:

Rating	Year-end close process assessment
Effective	All 10 key processes completed by due date
Generally effective	Five of 10 key processes completed within two weeks of due date
Ineffective	Less than five of 10 key processes completed within two weeks of due date

Of the 36 Ministries and Departments, twelve (12) completed all processes by the due dates and seventeen (17) completed 5 of 10 key processes within 2 weeks of due dates and were categorised as effective and generally effective, respectively. Seven (7) Ministries and Departments were ineffective as they completed less than 5 of 10 key processes within two weeks of the due date. Refer to Figure 3.3 below.

Figure 3.3: Compliance with Year-End Closing Processes



4.0 FINANCIAL STATEMENTS OF GOVERNMENT

4.1 Introduction

The Permanent Secretary for Economy prepares the consolidated financial statements of Government annually. These financial statements are prepared in accordance with the Cash-basis IPSAS reporting requirements and Cabinet Decision 277 of 2010. Additional disclosures are also made in accordance with the requirements of FMA 2004. Some statements forming part of the financial statements were drawn up using modified-cash basis balances from the FMIS general ledger.

Consolidated Fund Reporting

The FMA 2004 requires that all public money is to be paid into the Consolidated Fund unless it is required to be paid to another fund or retained by the authority receiving it by written law. Trust money is not payable into the Consolidated Fund, except for payments made in error or not public money and refunds of unclaimed money. Withdrawals can only be made from the Consolidated Fund under an appropriation made by law.

This report covers the following transactions for the financial year:

- Operating revenue including taxes, dividend revenue from investments including those from TMA operations;
- Expenditures incurred for unallocable items;
- Government borrowings and repayments;
- Government guarantees and other contingent liabilities; and
- Government assets and liabilities.

Consolidated Trust Account

FMA 2004 states that trust money is to be accounted for separately from public money and other money and is to be kept in a separate bank account. Trust monies are to be utilised for purposes related to the objectives of the trust and accounted for, banked, invested, reported and otherwise controlled in accordance with FI 2010.

This report covers the trust fund receipts and payments for the financial year.

Appropriation Statement

Expenditure of money appropriated by an Appropriation Act from the Consolidated Fund or any other fund can be incurred only in accordance with the authorisation effected by the Appropriation Act. Ministries and Departments specified in the Appropriation Act concerned are responsible for its administration.

The Permanent Secretary for agencies may authorise the transfer or virement of any unspent amount in an appropriation category administered by a Budget Sector agency other than for a Constitutional body to another appropriation category within the head of appropriation.

An appropriation made by an Annual Appropriation Act lapses at the end of the financial year to which it relates except where the Minister has authorised the carry over to the following year of all or part of the unused appropriation that relates to known liabilities as at a particular date, for use in the following year, subject to such conditions as the Minister specifies in the authorisation.

The Minister may with the approval of Cabinet, authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry to the heads of appropriation and appropriation categories to one or more Ministries and Departments.

As per section 10 (1) of the FI 2010, the Permanent Secretaries of the agencies may authorise the transfer of budgeted funds as follows:

- (a) out from SEG 1 or 2 (Established and Unestablished Staff) but shall not transfer funds into SEG 1 or 2;
- (b) into and out of one or more of the following operating SEGs (SEGs 3, 4, 5, 6, or 7);
- (c) from the operating SEGs (SEGs 1, 2, 3, 4, 5, 6, or 7) to the capital SEGs (SEGs 8, 9, or 10) but not from capital to operating or from capital to capital; and
- (d) virement within SEG 13 to meet the consequential VAT component of the virements in (a), (b) and (c) above.

In addition, the Permanent Secretary for Economy may authorise the transfer of the following budgeted funds in respect of all agencies:

- (a) within each of SEGs 1 or 2 or from SEG 1 into SEG 2 or vice versa;
- (b) within each of capital expenditure SEGs (SEGs 8, 9, or 10) or from SEG 8 into either SEG 8, 9, or 10 or vice versa, as the case may be; and
- (c) virement within SEG 13 to meet the consequential VAT component of the virements in (a) and (b) above.

This report covers payments to Ministries and Departments through appropriation, redeployment of funds, virements, expenditures incurred and unspent balances.

Quality of Financial Report

The quality of the Financial Statements of Government largely depends on the reliability of the information provided to the Ministry of Economy by other Ministries and Departments.

4.2 Submission of Draft Financial Statements of Government

We received the first complete draft Financial Statements of Government for audit on 30 April 2020. Following this, amendments were made on additional disclosures and correction of errors and omissions. Refer to Table 4.1 below for details.

Table 4.1: Various Submission of Draft Financial Statements of Government for Audit

Draft Financial Statements	Date Received
First draft	30/04/20
Second draft	05/10/21
Third draft	25/10/21
Final draft	19/11/21

4.3 Results of our Audits

The Permanent Secretary for Economy signed the 2018/2019 Financial Statements of Government on 06 January 2022. A modified audit opinion with emphasis of matters and other matters on the financial statements was issued after the legislative deadline of 30 April 2020.

Basis for Qualified Audit Opinion

Included in the Trust Fund Account balance of \$205,478,333 in the Statement of Assets and Liabilities (Schedule 3) is Consolidated Main Trust Fund of \$164,604,625 (Note 33). Main Trust Fund Account balances totalling \$76,959,364 were not supported with detailed listing of claimants of monies held in trust. As a result, I was not able to satisfy myself on the accuracy and completeness of the component of Trust Fund Account balance of \$76,959,364 as at 31 July 2019.

Emphasis of Matters

- Reflected in the Statement of Assets and Liabilities (Schedule 3) is cash and cash equivalent of \$344,074,924. A total unreconciled variance of \$2,641,670 and \$3,346,001 existed between the balances in the FMIS general ledger, and bank statements of foreign bank accounts and the bank confirmation for domestic cash, respectively. In addition, domestic cash balance of \$251,944 was not booked in the FMIS general ledger and therefore not accounted for in the financial statements.
- Established Staff and Government Wage Earners Payroll expenditure in the Statement of Cash Receipts and Payments (Schedule 1) amounted to \$1,016,971,896. A total unreconciled variance of \$17,571,867 existed between the FMIS general ledger and the payroll reports of Ministries and Departments. On 29/09/21, the Ministry of Economy issued Circular 01/2021 – 2022 requiring Ministries and Departments to reconcile and justify the variances between the payroll reports and the FMIS general ledger balances.
- Reflected in the Statement of Revenue and Expenses (Schedule 4) is total revenue of \$3,198,302,185. A total unreconciled variance of \$2,463,484 existed between the FMIS general ledger and the revenue reports of Ministries and Departments.
- Reflected in the Statement of Revenue and Expenses (Schedule 4) is total expenditure of \$3,613,376,316. The Ministry of Education, Heritage and Arts, Ministry of Fisheries, Ministry of Lands and Mineral Resources and the Ministry of Health and Medical Services were not able to provide appropriate supporting documents including payments vouchers and journal vouchers for payments totalling \$15,172,129.
- The Trading and Manufacturing Accounts are operating on semi-accrual accounting basis instead of full accrual accounting. Property, plant and equipment for TMA operations are not disclosed in the Statement of Assets and Liabilities (Schedule 3) under Assets.
- Note 52 of the financial statements disclosed the novel Coronavirus (COVID-19) global pandemic impact subsequent to 31 July 2019 and also describes a number of measures and initiatives taken by the Government to ensure the safety of the population and to support the economy and those affected. No adjustments have been made to the financial statements as at 31 July 2019 for the financial implication, if any, that may be arising in future.

Other Matters

- Internal controls were generally found to be weak for the Ministry of Disaster Management and Meteorological Services, Republic of Fiji Military Forces, Ministry of Foreign Affairs, Ministry of Agriculture, Ministry of Fisheries, Ministry of Forestry, Ministry of Lands and Mineral Resources, Ministry of Infrastructure and Transport, Ministry of Education, Heritage and Arts, Ministry of Health and Medical Services, Ministry of Civil Service, Fiji Police Force, Ministry of Rural and Maritime Development, Ministry of Defence and National Security, Ministry of Women, Children and Poverty Alleviation, Ministry of Housing and Community Development and Ministry of Local Government. If internal control issues are not addressed promptly, these can result in material misstatements and fraud, in the future.

The Ministry of Economy has put in place a process of preparing Reconciliation Compliance Reports for Permanent Secretaries. The reports include both internal and external audit issues.

- There were various Ministries and Departments that did not have in place policies on risk management.

5.0 ASSESSMENT OF INTERNAL CONTROLS

5.1 Introduction

In this chapter, we detail our assessment of the strength of the internal controls designed, implemented and maintained by the 36 Ministries and Departments to ensure reliable financial reporting.

We assess financial controls using the guidelines provided in the International Standards on Auditing/International Standards for Supreme Audit Institutions. We have noted the similarities of the controls in these standards with that of the internal control framework of the Committee of the Sponsoring Organisations of the Treadway Commission (COSO), which is widely recognised as a benchmark for designing and evaluating internal controls.

Internal controls are processes designed and implemented by Permanent Secretaries, Heads of Departments and other personnel of Ministries and Departments to provide reasonable assurance about the achievement of a Ministry or Department's objectives with regard to reliability of financial reporting effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "control" refers to any aspects of one or more components of internal control.

Permanent Secretaries, Heads of Departments and other personnel of Ministries and Departments are responsible for the preparation of the financial statements in accordance with the Financial Management Act 2004, and Finance Instructions 2010, and for such internal controls as they determine is necessary to enable preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Internal control issues arising during our audit were reported to the Permanent Secretary or Head of Department of Ministries and Departments.

Summary of our internal control assessments for the 36 Ministries and Departments against each element of internal controls is in **Appendix C**

5.2 Internal Control Framework

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

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

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

Internal controls are categorised against the following five components and assessed as either effective, generally effective or ineffective as follows:

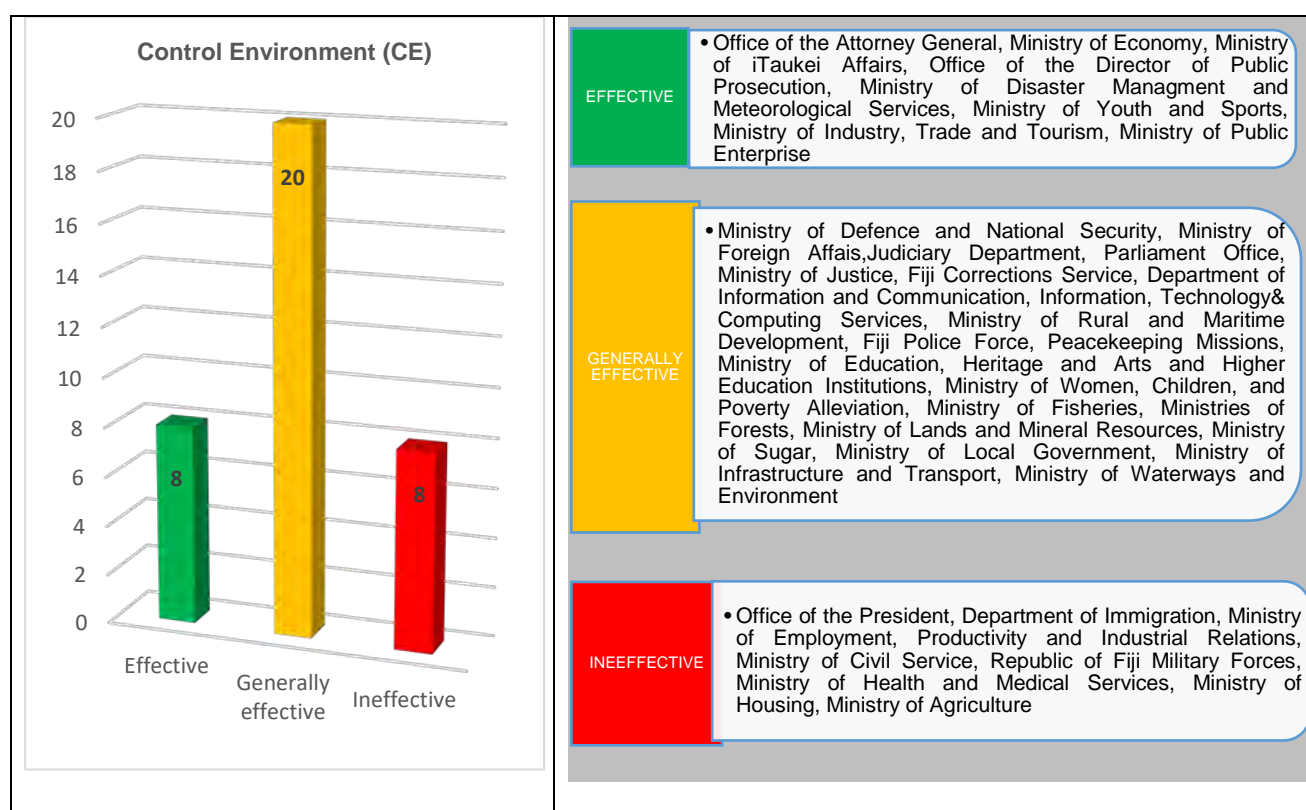
Rating	Internal control assessment
Effective	No deficiencies identified in internal controls
Generally effective	Deficiencies identified in internal controls
Ineffective	Significant deficiencies identified in internal controls

Control Environment (CE)

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

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

Figure 5.1: Categories of Control Environment



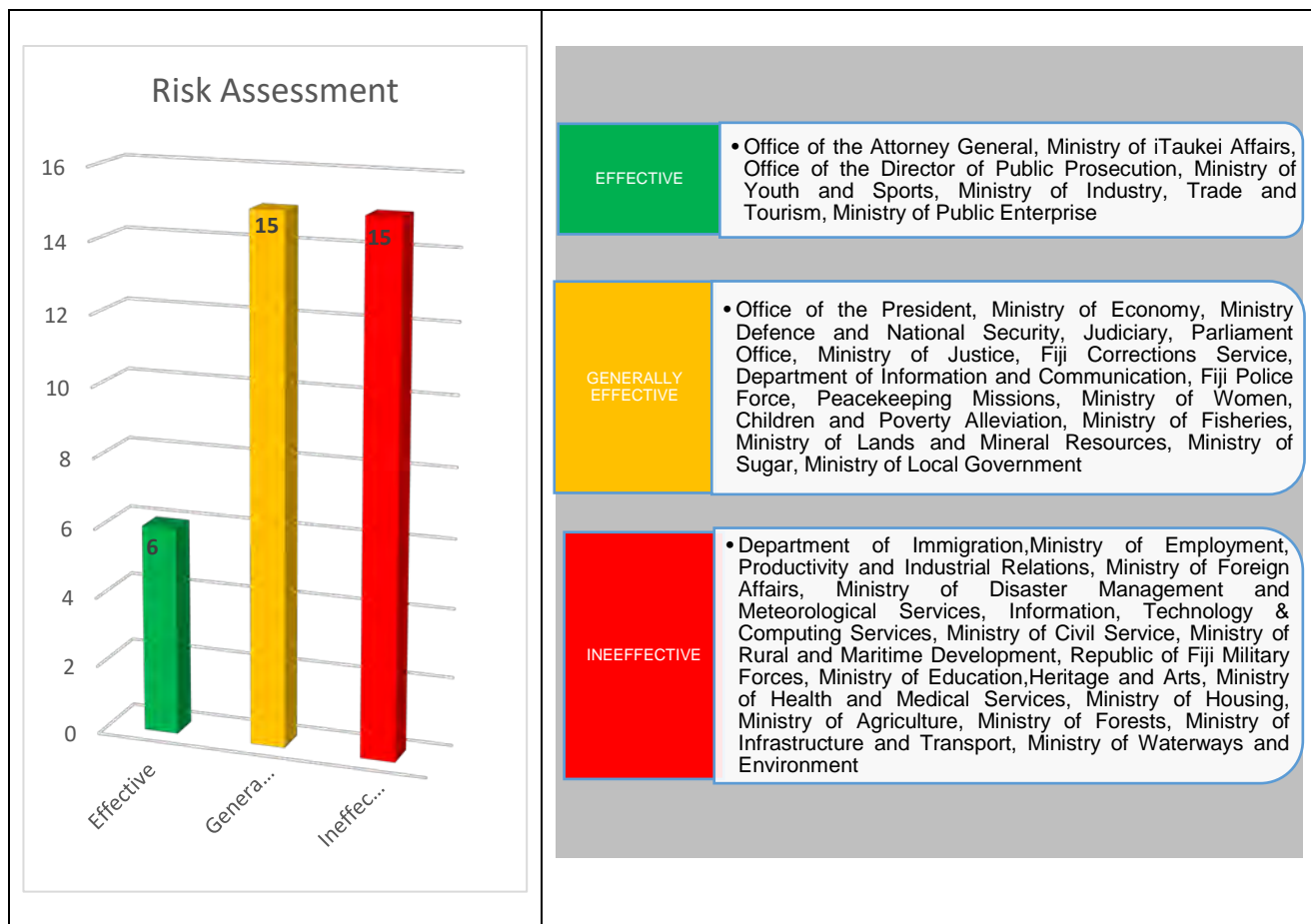
Of the Ministries and Departments reported, the control environment for 28 (78%) agencies were regarded as effective. Eight Ministries and Departments require improvement in setting standards, processes and structures for carrying out internal control across the agency.

Risk Assessment (RA)

Risk assessment involves a dynamic process for identifying and analysing risks to achieve the entity’s objectives, forming a basis for determining how risks should be managed.

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

Figure 5.2: Categories of risk assessment



Of the 36 Ministries and Departments reported, the risk assessment for 21 (58%) agencies were regarded as effective. Fifteen Ministries and Departments require improvement in the process for identifying and analysing risks including determining how risks should be managed.

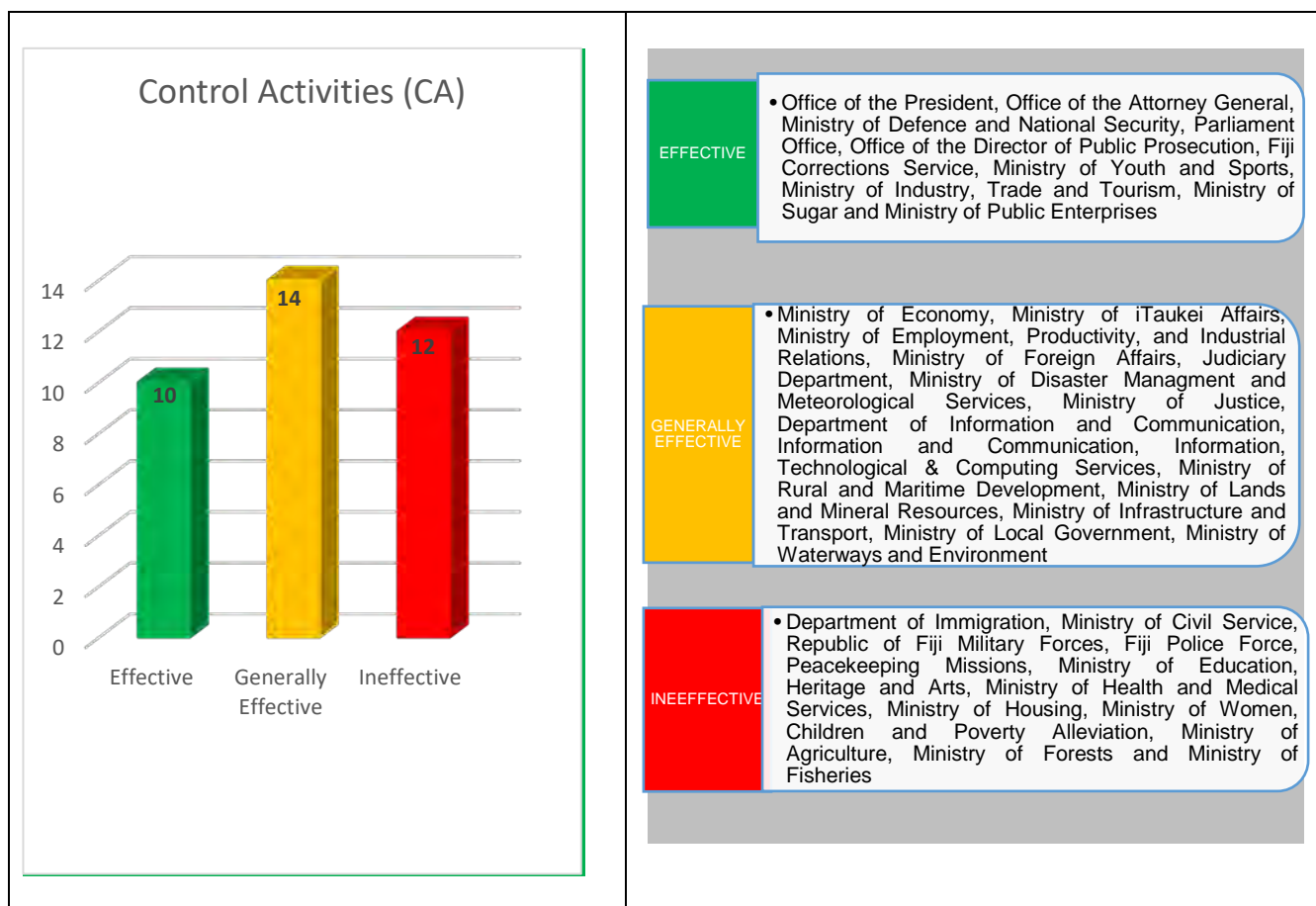
Control Activities (CA)

Control activities are established by policies and procedures to help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of an entity and at various stages within business processes, and over the environment.

Examples of issues which would fall under this category are general controls relating to information technology, documentation of procedures which have in-built checks and balances which are aligned

to the policies of the entity. Specific control activities include those relating to authorisation, performance reviews, information processing, physical controls, and segregation of duties.

Figure 5.3: Categories of control activities



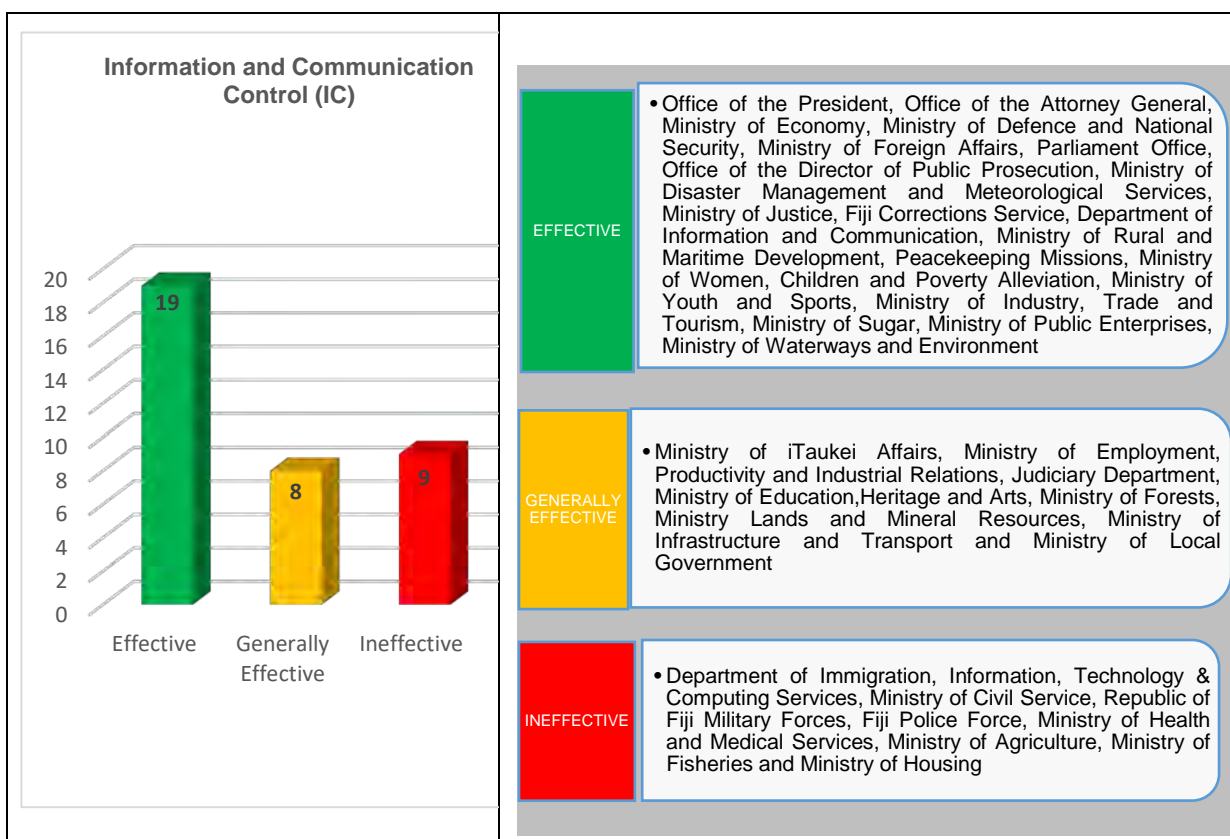
Of the 36 Ministries and Departments reported, the control activities for 24 (67%) agencies were considered effective. Twelve Ministries and Departments require improvement in the establishment of policies and procedures to help ensure that management’s directives to mitigate risks to the achievement of objectives.

Information and Communication Control (IC)

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

Examples of issues which would fall under this category are reporting to Permanent Secretaries and line Ministers of entities on matters relating to internal controls.

Figure 5.4: Categories of information and communication control



Of the 36 Ministries and Departments reported, the information and communication control for 27 (75%) agencies were considered as effective. Nine Ministries and Departments require improvement in the information and communication control to help ensure the achievement of objectives.

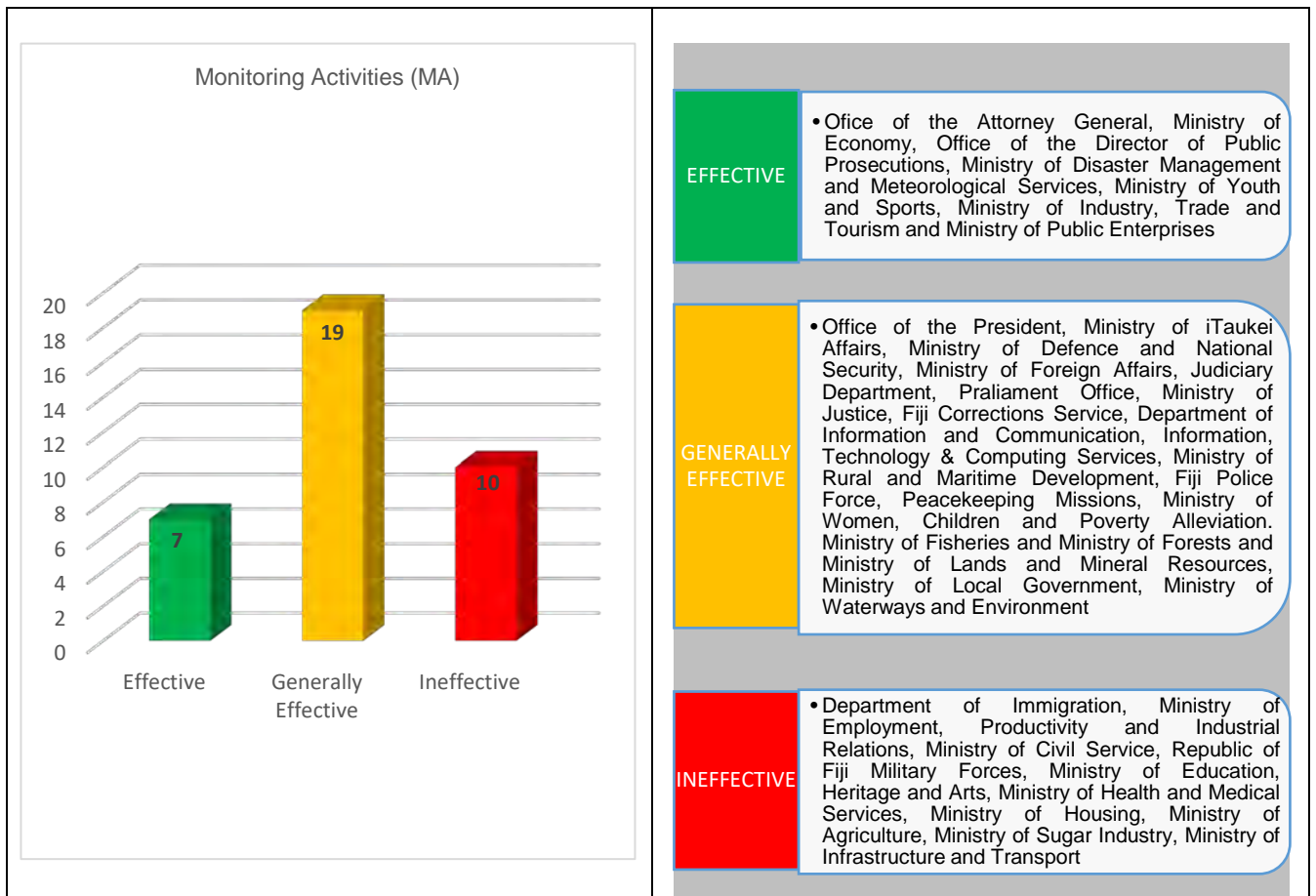
Monitoring Activities (MA)

On-going evaluations, separate evaluations or some combination of the two are used to ascertain whether controls are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner.

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

The monitoring activities of Ministries and Departments was assessed and categorised as effective, generally effective and ineffective in the graph below.

Figure 5.5: Categories of monitoring activities



Of the 36 Ministries and Departments reported, the monitoring activities for 26 (72%) agencies were regarded as effective. Ten Ministries and Departments require improvement in the on-going evaluations, separate evaluations to ascertain whether controls are present and functioning.

6.0 SIGNIFICANT AUDIT MATTERS

Significant audit matters highlighted in this report, include control weaknesses, which could cause or is causing severe disruptions to processes or the ability of the agencies to achieve process objectives and comply with relevant legislations.

In this chapter, we discuss significant audit matters in the 2019 Financial Statements of Government. The significant audit matters for Ministries and Departments have also been reported in the following Sector Reports.

1. [2019 Audit Report on Economic Services Sector \(Parliamentary Paper No. 24 of 2021\)](#)
2. [2019 Audit Report on General Administration Sector \(Parliamentary Paper No. 25 of 2021\)](#)
3. [2019 Audit Report on Infrastructure Sector \(Parliamentary Paper No. 26 of 2021\)](#)
4. [2019 Audit Report on Social Services Sector \(Parliamentary Paper No. 27 of 2021\)](#)
5. [Remaining 2019 Audit Report on General Administration, Social Services and Economic Services Sectors \(Parliamentary Paper No. 109 of 2021\)](#)

FINANCIAL STATEMENTS OF GOVERNMENT

6.1 Accounting policies

Contrary to Section 30(2) of the Finance Instructions, requiring the preparation of profit and loss statement and balance sheet on accrual basis, property, plant and equipment for the Trading Manufacturing Accounts were expensed and not capitalised.

Root Cause/Implication

The Ministry's Finance Manual does not specify the accounting policy and guideline to properly account for property, plant and equipment for TMA. In addition, TMA Policy is not aligned to the requirements of the Finance Instructions 2010. As a result, the Ministry did not capitalise the cost of fixed assets acquired during the period.

Recommendation

The Ministry should review the Finance Instructions and clearly document the accounting policies to include accounting treatment of property, plant and equipment for TMA.

Agreed Management Action

Comments not provided.

CONSOLIDATED ISSUES – MINISTRIES AND DEPARTMENT

6.2 Variances in Revenue

The audit noted a total variance of \$2.5 million between the revenue recorded in the FMIS general ledger and Revenue Reports of Ministries and Departments. Refer to the table below:

Table 6.1: Variances in Revenue

Ministry	Variance (\$)
Fiji Police Force	217,930
Ministry of Education, Heritage and Arts	54,514
Ministry of Lands & Mineral Resources	1,025,482
Ministry of Justice	893,620
Ministry of Forest	167,998
Ministry of Economy	103,940
Total Variance	2,463,484

Refer to **Appendix F** for details – Sourced from 2019 Reports for Ministries and Departments.

Root Cause/Implication

Absence of monthly revenue reconciliation. This may impact the accuracy of the total revenue recorded and highlighted in the Auditor's Report.

Recommendation

Ministries/Department must ensure that revenue reconciliations are carried out and variances noted are investigated and adjusted accordingly.

Agreed Management Action

Refer to **Appendix F** for the agreed management action from the respective Ministries and Departments.

6.3 Records Not Provided

From the review of payments made by Ministries and Departments, we noted that records/supporting documents for payments totalling \$15.2 million were not provided for audit.

Refer to the table below for detail – Sourced from 2019 Reports for Ministries and Departments.

Table 6.2: Records not Provided

Ministry/ Department	Balance (\$)
Ministry of Education, Heritage and Arts	8,336,585
Ministry of Fisheries	1,198,854
Ministry of Lands and Mineral Resources	201,387
Ministry of Health and Medical Services	5,435,303
Total	15,172,129

Root Cause/Implication

Accounting records were not properly maintained. Thus, the accuracy and completeness of the expenditure balances recorded in the financial statements could not be ascertained.

Recommendation

Ministries concerned should strengthen its records management to ensure that all accounting records are properly maintained and presented for audit.

Agreed Management Action

Refer to **Appendix G** for the agreed management action from the respective Ministries and Department

6.4 Detailed Listing not maintained for Main Trust Fund Account - Recurring

Section 58(3) of the Finance Instructions 2010 states that, the names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items must be investigated and resolved promptly.

The audit noted that the detailed listings for Main Trust Fund accounts totaling \$76.96 million. Refer to **Appendix H** below for detail – Sourced from 2019 Reports for Ministries and Departments.

Root Cause/Implication

Poor records management and the lack of reconciliations has resulted in the issue. As such, the audit could not ascertain the accuracy and completeness of the component of Trust Fund account balance of \$76.96 million as at 31 July 2019.

This issue was also included as a qualification in the audit report for the year ended 31 July 2018.

The respective Ministries have agreed to the recommendations provided in their management letters.

Recommendations

- **Ministries/Departments should strengthen its records management and reconciliation of Trust Fund accounts.**
- **The FMIS Division should ensure that Ministries/Departments are submitting the detailed listing of claimants of the monies held in trust in its monthly reconciliation.**

Agreed Management Action

- *Ministry of Economy through its Financial Reporting and Monitoring & Evaluation (FR and M&E) Unit have developed a Reconciliation Compliance Report (RCR)*
- *The RCR identifies whether compliance are met in accordance with the provisions of the FMA 2004, FI 2010, Finance Circulars and Finance Manuals including improvements needed to meet the standards of regulations or internal controls. The RCR covers all accounts including Cash at BANK (Domestic and Overseas), Drawings, Inter-Departmental Charges (IDC), Bank Lodgement Clearance (BLC), Accounts Payable, Operating Trust, Main Trust, Imprest, Accounts Receivable and Refundable Advances (RFA). This report is sent to the respective Accounting Heads (AHs) and Permanent Secretaries (PSs) on a monthly basis.*

- Ministry of Economy had conducted Reconciliation Trainings for respective Ministries and Departments during FY 2020-2021. The training evolved around performing reconciliation, importance of reconciliations and the importance of rectifying anomalies in a timely manner. Additionally, the training also emphasised on the source documents and ascertaining the correctness and accuracy of the closing General Ledger (GL) balances. Furthermore, Ministry of Economy will continue to conduct trainings on performing reconciliation every financial year.

6.5 Variances between FMIS GL and Bank Reconciliation Statement

The review of Cash and cash equivalent held by the government revealed an unreconciled variance of \$2.6 million and \$3.3 million existed between the balances in the FMIS general ledger, and the bank statements of foreign bank accounts and the bank confirmation for domestic cash respectively. Refer to **Appendix I** for details.

In addition, Domestic cash totalling \$251,944 was not recorded in the FMIS general ledger and has not been accounted in the financial statements. Refer to table below for details.

Table 6.3: Domestic Cash not Recorded in FMIS

Type of Cash	Details	Amount (\$)
Domestic Cash	Business Interest Bearing Cheque	251,944

Root Cause/Implication

The finding indicates the lack of monitoring of bank reconciliations carried out at by the respective ministries responsible for the cash accounts. This has resulted in the misstatement of cash and cash equivalent.

A reason provided for bank reconciliations not prepared was that there were no movements in certain cash general ledger accounts. As a result, there is a risk that movement in the bank accounts may not be correctly reflected in the general ledgers and the financial statements.

Recommendations

- Ministries holding cash accounts should ensure that the FMIS general ledger is reconciled on a monthly basis and any variances are investigated and resolved.**
- The Ministry should prepare bank reconciliations despite no movements in the ledger accounts as bank fees and interest are charged on monthly basis. Movements in the bank accounts will need to be accounted for in the general ledger.**

Agreed Management Action

Management noted comments and recommendation. Ministry of Economy (MOE) through the Monitoring & Evaluation Unit reviews all reconciliations submitted by the respective Ministries/Departments. Further follows ups and meetings are convened to address such issues.

6.6 Internal Control Weaknesses for Ministries and Departments

Section 59(1) of the Finance Instructions 2010 states that, each agency must have in place a cost-effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors and avoids unfavourable audit reports.

The audit noted that internal controls were generally found to be weak in agencies. In addition, the board of survey for agencies were not carried out for the financial year 31 July 2019. Refer to **Appendix J** for details. – Sourced from 2019 Reports for Ministries and Departments.

Root Cause/Implication

Failure to strengthen internal controls may result in material misstatements and possible financial losses in the future. Material misstatements at Ministry level will impact on the audit report for the financial statements of Government.

Recommendations

Ministries and Departments should:

- regularly evaluate its internal controls to determine its effectiveness and identify weaknesses so that corrective action can be taken and;
- ensure that the Board of Survey is carried out annually as required under the Finance Instructions.

Agreed Management Action

The Accounting Head of Agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency. Thus, the Permanent Secretaries for the Government Ministries/Departments are responsible for the audit matters related to their agencies and as enshrined in the 2013 Constitution of the Republic of Fiji, section 127. Hence, the audit matters of agencies are not proper to be placed on Ministry of Economy.

Ministry of Economy through the Monitoring & Evaluation department have been highlighting anomalies identified during the reconciliation review process to the respective Accounting Heads and Permanent Secretaries. Further, in Ministry of Economy roles and responsibilities, we are placing the behaviour of highest accountability wherever we can but cannot look into the finer processing of transactional issues of respective agencies. These are responsibilities of the respective Head of Agencies and is fair to report with the line Ministries.

6.7 Variance in Payroll

An unreconciled variance of \$17.6 million exists between FMIS general ledger and the Ministry's Payroll Report for both Established Staff and Government Wage Earner. Refer to **Appendix K** for variances in the respective Ministries.

Root Cause/Implication

The Finance Manual and Finance Instructions does not require the reconciliation of these two records.

Variances between critical records may indicate the existence of errors and omissions and may result in ministries failing to detect possible irregularities in the payment of salaries in a timely manner.

Recommendations

The Ministries should:

- **consider incorporating this requirement into the Finance Manual of ministries/departments.**
- **ensure that identified errors and variances arising from Monthly reconciliations are rectified.**

Agreed Management Action

Payroll and FMIS are two separate systems that do not communicate with each other and variance between the two systems are mainly due to the following:

- *The manual payments and salary reversals are processed in FMIS and these payments are not reflected in payroll.*
- *Officers who are not on the payroll ([i.e., NEC volunteers) are directly paid via FMIS.*
- *Project Officers are paid from SEG 1 and later adjustments are made to SEG 7, 8, 9 and 10.*
- *Project Officers whose salary are funded by donor agencies are paid from payroll and later these charges are adjusted to correct GL in FMIS.*
- *The line agencies are responsible to carry out its GL reconciliation and ensure that necessary adjustments are made to salary components of its staffs.*

APPENDIX A: AUDIT OPINION RESULTS

The following Tables present the results of our audit of the 2018-2019 financial statements for Ministries and Departments. Consistent with presentation in this report, the results have been summarised by sectors.

The legislated timeframe for issuing of audit opinion for 2019 was 31 December 2019.

General Administration

	Ministry/Department	Date audit report signed	Audit Opinion Type
1.	Office of the President	6 July 2020	Unmodified with Other Matter
2.	Office of the Prime Minister and Department of Immigration	22 April 2021	Modified
3.	Office of the Attorney General	21 May 2020	Unmodified
4.	Ministry of Economy	27 October 2021	Unmodified with Emphasis of Matter and Other Matter
5.	Ministry of iTaukei Affairs	15 April 2020	Unmodified with Other Matter
6.	Ministry of Defence and National Security	10 November 2020	Unmodified with Emphasis of Matter and Other Matter
7.	Ministry of Employment, Productivity and Industrial Relations	19 March 2021	Modified
8.	Ministry of Foreign Affairs	18 March 2021	Modified
9.	Judiciary	10 November 2020	Modified
10.	Parliament	10 August 2020	Unmodified with Other Matter
11.	Office of the Director of Public Prosecutions	6 May 2020	Unmodified
12.	Ministry of Disaster Management and Meteorological Services	19 March 2021	Modified
13.	Ministry of Justice	1 March 2021	Unmodified with Emphasis of Matter
14.	Fiji Corrections Service	11 February 2021	Unmodified with Emphasis of Matter
15.	Department of Information and Communication	14 January 2021	Unmodified
16.	Department of Information, Technology and Computing Services (ITC)	25 March 2021	Unmodified
17.	Ministry of Civil Service	21 April 2021	Unmodified with Emphasis of Matter and Other Matter
18.	Ministry of Rural and Maritime Development	25 March 2021	Unmodified with Emphasis of Matter
19.	Republic of Fiji Military Forces	6 August 2020	Modified
20.	Fiji Police Force	22 May 2020	Modified
21.	Peacekeeping Missions	8 February 2021	Unmodified with Emphasis of Matter

Social Services

	Ministry/Department	Date audit report signed	Audit Opinion Type
22.	Ministry of Education, Heritage and Arts and Higher Education Institutions	14 April 2021	Modified
23.	Ministry of Health and Medical Services	18 March 2021	Modified
24.	Ministry of Housing and Community Development	15 November 2021	Unmodified with Emphasis of Matter
25.	Ministry of Women, Children and Poverty Alleviation	14 January 2021	Modified
26.	Ministry of Youth and Sports	11 August 2020	Unmodified

Economic Services

	Ministry/Department	Date audit report signed	Audit Opinion Type
27.	Ministry of Agriculture	19 March 2020	Modified
28.	Ministry of Fisheries	23 March 2021	Modified
29.	Ministry of Forests	12 February 2021	Modified
30.	Ministry of Lands and Mineral Resources	23 April 2021	Modified
31.	Ministry of Industry, Trade and Tourism	27 October 2020	Unmodified
32.	Ministry of Sugar Industry	13 October 2020	Modified
33.	Ministry of Public Enterprise	1 June 2021	Unmodified with Other Matter
34.	Ministry of Local Government	2 September 2021	Unmodified with Emphasis of Matter

Infrastructure Services

	Ministry/Department	Date audit report signed	Audit Opinion Type
35.	Ministry of Infrastructure and Transport	30 September 2020	Modified
36.	Ministry of Waterways and Environment	18 November 2021	Modified

APPENDIX B: OTHER MEASURES OF FINANCIAL VULNERABILITY

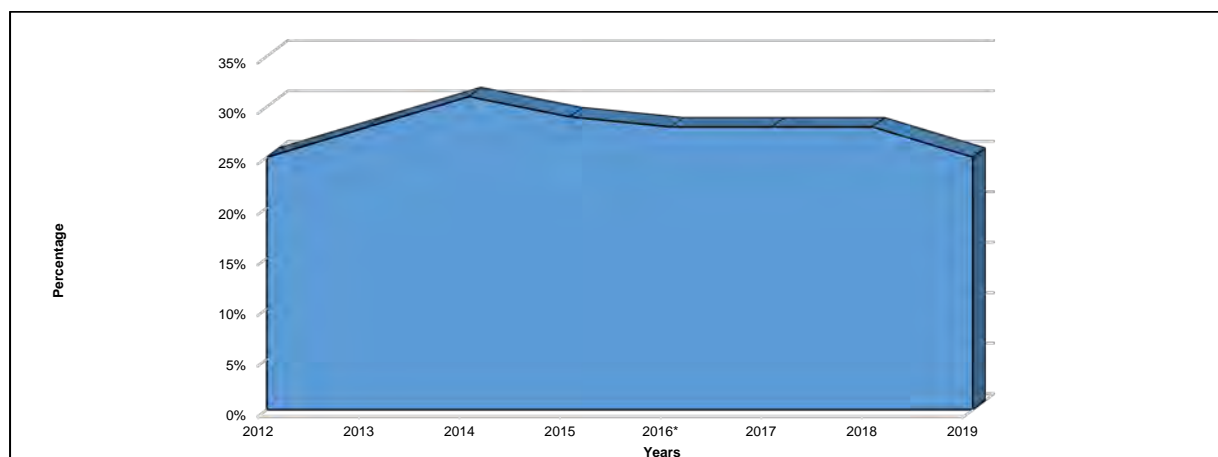
Financial vulnerability is the measure of the degree of dependence of Government on sources of borrowing outside its control or influence.

A measure of vulnerability is the comparison of Overseas Borrowings to the total Government debt. Overseas borrowings to total government debt for a period of eight years is shown in the table below.

Year	Outstanding Overseas Borrowings Amount \$'000	Government Debt Amount \$'000	Percentage
2012	935,530.60	3,678,829.20	25%
2013	1,081,097.40	3,824,940.00	28%
2014	1,254,277.30	4,083,194.80	31%
2015	1,241,407.40	4,221,151.90	29%
2016*	1,258,728.40	4,502,423.80	28%
2017	1,367,960.90	4,667,607.50	29%
2018	1,455,292.80	5,216,728.20	28%
2019	1,455,397.80	5,725,459.00	25%

* 7 months

In 2019, overseas borrowings made up 25% of outstanding government borrowings which decreased by 3% when compared to 2018.



*7 months

The overall trend indicated an increasing reliance by Government on overseas borrowings.

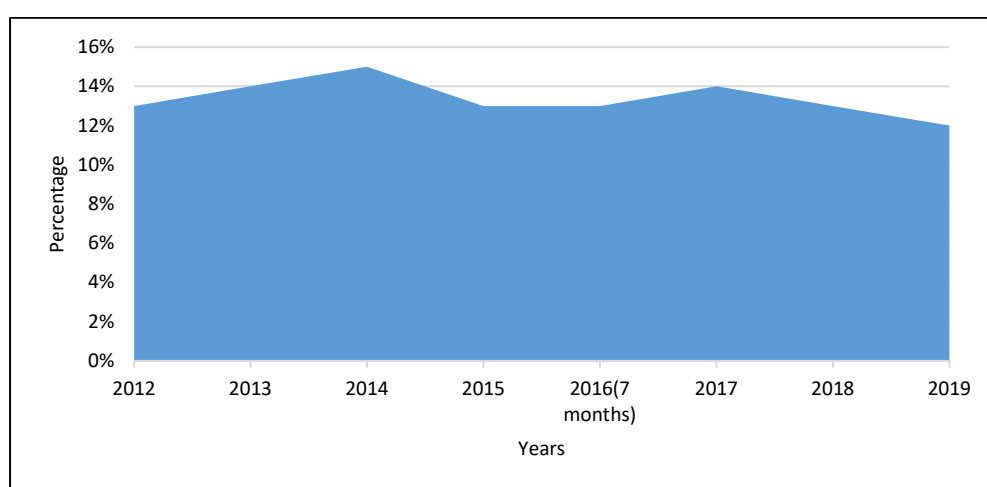
Another measure of financial vulnerability is the comparison of overseas borrowings to Gross Domestic Product (GDP). The table below compares overseas borrowings to GDP over a period of eight years.

Year	Overseas Borrowings Amount \$'000	Nominal GDP Amount \$'000	Percentage of Overseas Borrowings/GDP
2012	935,530.60	7,109,500.0[r]	13%
2013	1,081,097.40	7,715,700.0[r]	14%
2014	1,254,277.30	8,435,900.0[r]	15%
2015	1,241,407.40	9,210,800.0[p]	13%
2016*	1,258,728.40	9,852,704.1[p]	13%
2017	1,367,960.90	9,865,489.8(p)	14%
2018	1,455,292.80	11,348,969.4[p]	13%
2019	1,455,397.80	11,778,330.3[p]	12%

[r]: GDP Revised Figure

[p]: GDP Provisional Figure

[*]: * 7 months



Comparison of the domestic debt to GDP is another measure of financial vulnerability. Domestic borrowings to GDP for a period of eight years is shown in the table below.

Year	Domestic Borrowings Amount \$'000	Nominal GDP Amount \$'000	% of Domestic Borrowings/GDP
2012	2,631,565.7	7,109,500.0[r]	37%
2013	2,641,564.5	7,715,700.0[r]	34%
2014	2,698,317.5	8,435,900.0[r]	32%
2015	2,836,488.6	9,210,800.0 ⁵ [p]	31%
2016*	3,079,850.6	9,852,704.1	31%
2017	3,204,762.3	9,865,489.8(p)	32%
2018	3,576,152.2	11,348,969.4(p)	32%
2019	3,971,911.1	11,778,330.3(p)	34%

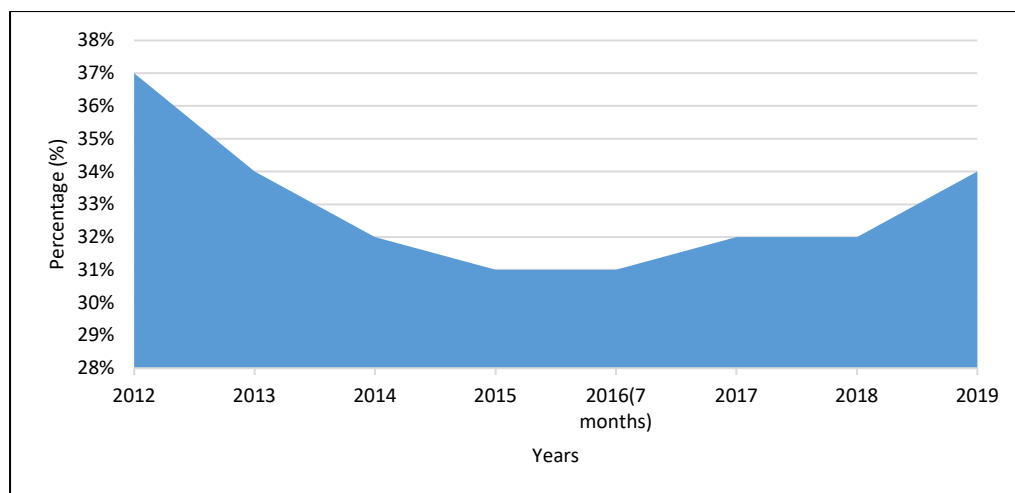
[r]: GDP Revised Figure

[p]: GDP Provisional Figure

[*]: 7 months

Domestic borrowing as a percentage of GDP remained constant at 32% in 2017 and 2018, however, slightly increased to 34% in 2019.

⁵ Excludes Treasury Bills outstanding at year end

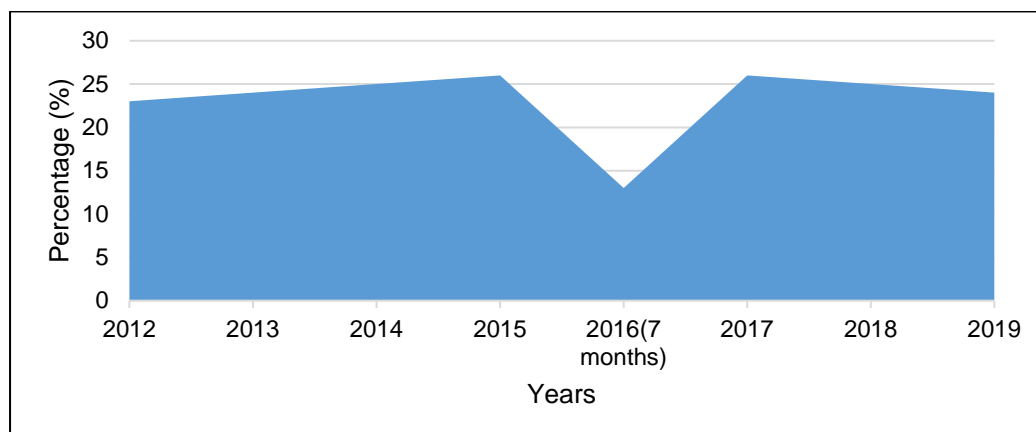


The figure above shows that the Domestic Borrowing as a percentage of the GDP has been decreasing over the years which indicates the Government’s capability to meet its internal debt obligations when due. However, a slight increase was noted in 2019.

The table and figure below show the comparison between tax revenue and the GDP. The tax revenue as a percentage of GDP in the past eight years has been between 22% and 26%. In 2019, this percentage decreased from 25% to 24%.

Year	Tax Revenue Amount \$'000	GDP Amount \$'000	Percentage of Tax Revenue/GDP
2012	1,722,147.5	7,109,500.0[r]	24%
2013	1,879,295.2	7,715,700.0[r]	24%
2014	2,117,742.4	8,435,900.0[r]	25%
2015	2,359,863.2	9,210,800.0[p]	26%
2016*	1,314,520.0	9,852,704.1	13%
2017	2,579,175.4	9,865,489.8(p)	26%
2018	2,831,635.8	11,348,969.4(p)	25%
2019	2,819,778.3	11,778,330.3(f)	24%

[r]: GDP Revised Figure
 [p]: GDP Provisional Figure
 [f]: GDP Forecasted Figure
 [*]: 7 months

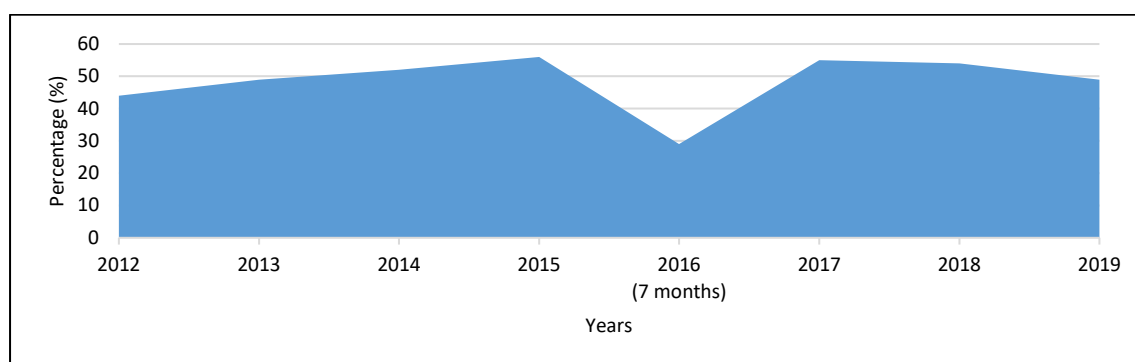


Another measure of financial vulnerability is the comparison of tax revenue to debt. The table below compares tax revenue to debt for a period of eight years.

Year	Tax Revenue Amount \$'000	Debt Amount \$'000	Percentage of Tax Revenue/Debt
2012	1,722,147.5	3,678,829.2	47%
2013	1,879,295.2	3,824,940.0	49%
2014	2,117,742.4	4,083,194.8	52%
2015	2,359,863.2	4,221,151.9	56%
2016*	1,314,520.0	4,502,423.8	29%
2017	2,579,175.4	4,667,607.5	55%
2018	2,831,635.8	5,216,728.2	54%
2019	2,819,778.3	5,725,459.0	49%

[*]: 7 months

The tax revenue as a percentage of debt has slightly decreased from 54% in 2018 to 49% in 2019, which indicate that 49% of total government debt in 2019 can be met from tax revenue.



The ability of tax revenue to meet the debt over the eight-year period gradually increased from 2012 to 2015 due to increase in tax collections during these years. However, a sharp decrease in 2016 was due to the change in accounting period from 12 months to 7 months. In 2019 there was a slight decrease from 54% to 49%.

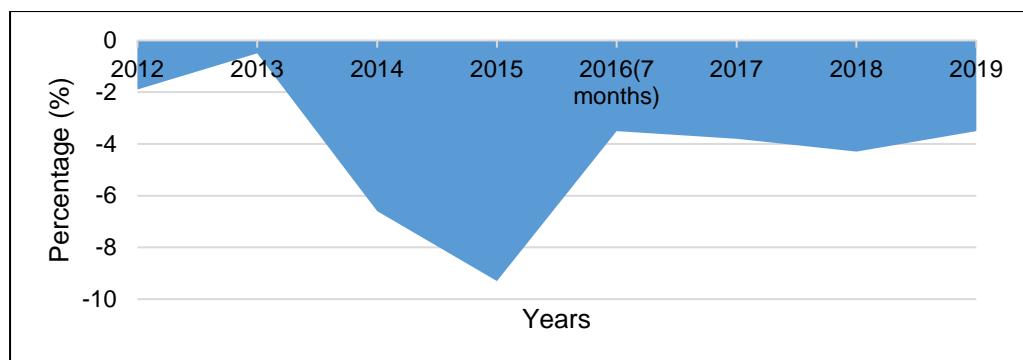
The table below shows the comparison of government deficit to GDP.

Year	Gross Surplus/ (Deficit) Amount \$'000	GDP Amount \$'000	Percentage of Gross Surplus (Deficit) /GDP
2012	(136,880.6)	7,109,500.0[r]	-1.9%
2013	(37,583.7)	7,715,700.0[r]	-0.5%
2014	(554,256.8)	8,435,900.0[r]	-6.6%
2015	(859,086.2)	9,210,800.0[p]	-9.3%
2016*	(347,125.0)	9,852,704.1	-3.5%
2017	(371,812.0)	9,865,489.8(p)	-3.8%
2018	(492,092.8)	11,348,969.4(p)	-4.3%
2019	(415,074.1)	11,778,330.3(p)	-3.5%

[r]: GDP Revised Figure

[p]: GDP Provisional Figure

[*]: 7 months



In 2019, the gross deficit as a percentage of GDP declined to 3.5%.

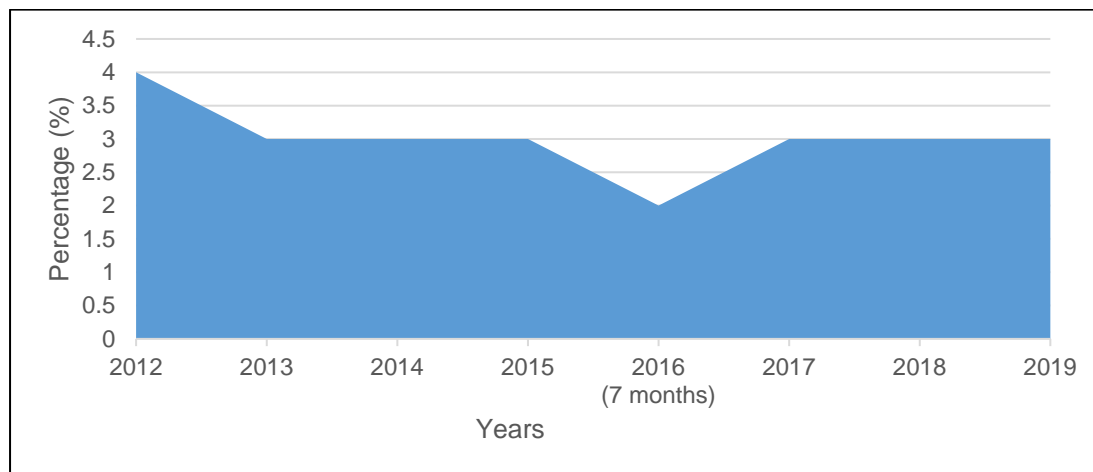
The table and the figure below compare interest payments to GDP for a period of eight years. Interest payments as a percentage of GDP remained the same at 3% in 2017, 2018 and 2019.

Year	Interest Payments Amount \$'000	GDP Amount \$'000	Percentage of Interest Payments /GDP
2012	260,860.9	7,109,500.0[r]	4%
2013	260,450.7	7,715,700.0[r]	3%
2014	264,309.2	8,435,900.0[r]	3%
2015	295,416.3	9,210,800.0[p]	3%
2016*	150,088.6	9,852,704.1	2%
2017	276,746.1	9,865,489.8(p)	3%
2018	291,503.0	11,348,969.4(p)	3%
2019	326,735.4	11,778,330.3(p)	3%

[r]: GDP Revised Figure

[p]: GDP Provisional Figure

[*]: 7 months

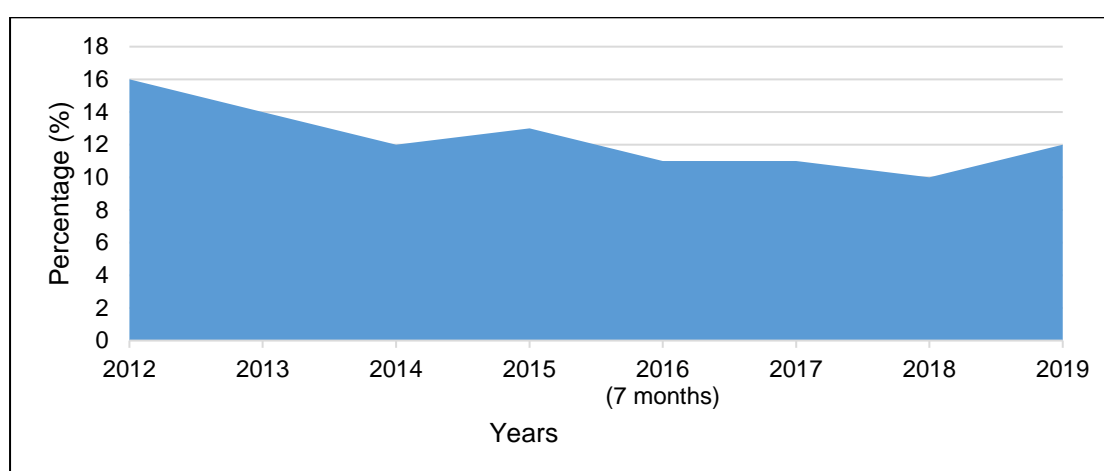


The ability of tax revenue to meet interest payments on public debt over the eight year period reduced from 2011 to 2014. It slightly increased by 1% in 2015 and reduced from 2016 to 2018. For 2019, 12% of tax revenue was used to pay interest payment on public debt has decreased.

The table and the figure below compare interest payment to tax revenue for a period of eight years.

Year	Interest Payments Amount \$'000	Tax Revenue Amount \$'000	Percentage of Interest Payments /Tax Revenue
2012	260,860.9	1,722,147.5	15%
2013	260,450.7	1,879,295.2	14%
2014	264,309.2	2,117,742.4	12%
2015	295,416.3	2,359,863.2	13%
2016*	150,088.6	1,314,520.0	11%
2017	276,746.1	2,579,175.4	11%
2018	291,503.0	2,831,635.8	10%
2019	326,735.4	2,819,778.3	12%

[*]: 7 months



Overall outlook of the financial vulnerability is shown below:

Indicator	Results	Commentary
Overseas Borrowings/GDP	12%	Percentage of GDP output to meet overseas debt has decreased
Overseas Borrowings/ Total Debt	25%	Percentage of overseas borrowings composition of the total Debt is less than Domestic borrowings
Domestic Debt/Nominal GDP	34%	Percentage of GDP output to meet domestic debt has decreased
Tax Revenue/GDP	24%	Percentage of GDP output been collected by government through tax has decreased
Tax Revenue/Total Debt	49%	Percentage of Tax Revenue ability to meet total debt has decreased
Gross Deficit/GDP	-3.5%	Percentage of GDP output to meet Gross Deficit has decreased
Interest Payment/GDP	3%	Percentage of GDP ability to meet interest payment has decreased
Interest Payment/Tax Revenue	12%	Percentage of Tax Revenue ability to meet interest payment has decreased

Global Bonds Refinancing

Fiji's first international bond was raised in September 2006 by the Government with a sum of US\$150 million (FJ\$300 million) which matured in September 2011. This was issued at an interest rate of 6.875%.

In September 2011, the Government raised US\$250 million through the second issue of Global Bond, to repay the first Global Bond. The second issue was at a higher interest rate of 9% for a term of five years. In 2015, US\$200 million was raised by way of a third issue of Global Bond at an interest rate of 6.6% to refinance the Global Bond issued in 2011. The third issue of Global Bond will mature on 2 October 2020.

Details of the of Global Bonds issued is shown below.

Year	Bond Amount US (\$)	Borrowing Revenue for year end at FJD Amount \$'000	Principal Repayments FJD Amount \$'000	Interest Rate	Comments
2006	150m	260,460.0	---	6.875%	<ul style="list-style-type: none"> 1st issue was in 2006 at an interest rate of 6.875%. \$260,460,000 was raised in 2006 as borrowing revenue.
2011	250m	452,305.2	266,051.8	9%	<ul style="list-style-type: none"> 2nd issue of bonds was to refinance the 1st global funds issued in 2006 and the remainder to finance priority capital investments in the 2011 budget. \$452,305,199 worth of global bonds raised in 2011 as borrowing revenue.
2015	200m	434,593.7	528,357.2	6.625%	<ul style="list-style-type: none"> 3rd issue of global bonds to assist in the repayment of the US\$250m global bond issued in 2011. \$425,440,000 was the outstanding global bond balance as at 31/12/2015. \$434,593,655 worth of bonds were raised in 2015 as borrowing revenue from the issue of the US\$200m worth of bonds \$528,357,236 was the total principal repayment made to pay off the 2011 global bonds \$63,563,241 was the total interest payments made to pay off the 2011 global bonds
2018	200m	---	---	6.625%	<ul style="list-style-type: none"> As at 31/07/2018, total interest payments made was \$27,866,702 No principal repayments made in 2018 As per the 2015 Global Bond Terms and Conditions, the 2015 global bonds will mature on 2 October 2020
2019			---	6.625%	<ul style="list-style-type: none"> As at 31/07/2019, total interest payments made was \$29,094,699. No principal payments made in 2019.

APPENDIX C: ASSESSMENT OF FINANCIAL GOVERNANCE

The following table summarises our assessment of controls and the 2018-2019 financial statement preparing processes across Ministries and Departments which were audited.

Ministry or Department	Internal controls															Financial Statement Preparation									Responses to OAG																							
	CE			RA			CA			IC			MA			T			YE			Q			MC			SFS																				
	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17															
General Administration Sector																																																
1. Office of the President	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
2. Office of the Prime Minister Department of Immigration	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
3. Office of the Attorney General	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
4. Ministry of Economy	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
5. Ministry of iTaukei Affairs	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
6. Ministry Defence and National Security	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
7. Ministry of Employment, Productivity and Industrial Relations	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
8. Ministry of Foreign Affairs	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
9. Independent Bodies																																																
Office of the Auditor General	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Judiciary Department	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Parliament Office	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Office of the Director of Public Prosecution	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
13. Independent Commissions																																																

Ministry or Department	Internal controls											Financial Statement Preparation							Responses to OAG														
	CE			RA			CA			IC			MA			T			YE			Q			MC			SFS					
	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17	'19	'18	'17
31. Ministry of Fisheries	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
32. Ministry of Forests	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
33. Ministry of Lands and Mineral Resources	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
34. Ministry of Industry, Trade and Tourism	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
35. Ministry of Sugar	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
36. Ministry of Public Enterprise	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
37. Ministry of Local Government	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Infrastructure Sector																																	
40. Ministry of Infrastructure and Transport	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
41. Ministry of Waterways and Environment	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

CE=Control Environment RA=Risk Assessment CA=Control Activities IC=Information and Communication Control MA=Monitoring Activities
T=Timeliness of draft financial statements YE= Year-end close processes Q=Quality of draft financial statement MC=Management Comments Received
SFS=Signed Audited financial statements returned




Timeliness of Management Comments

To assess the timeliness of management comments, we have compared the date the agency financial statement draft management letter (DML) was issued and the date management comments were received.

Rating	Timeliness of management comments
● Effective	Management comments received within 14 days
● Generally effective	Management comments received within 21 days
● Ineffective	Management comments received after 21 days

Timeliness of Signed Accounts Received

To assess the timeliness of signed accounts received, we have compared the date the financial statements were sent to Ministries/Departments for signing and the date the signed financial statements were received.

Rating	Timeliness of signed accounts received
 Effective	Received signed accounts within 5 days
 Generally effective	Received signed accounts within 15 days
 Ineffective	Received signed accounts after 15 days

APPENDIX D: MODIFIED AUDIT OPINION – MINISTRIES AND DEPARTMENTS

The qualification issues for modified audit opinions of Ministries and Departments are shown in Table below:

Ministries/Departments	Modified Audit Opinion
<p>Office of the Prime Minister and Department of Immigration</p>	<p><u>Department of Immigration</u></p> <ol style="list-style-type: none"> The Value Added Tax (VAT) on revenue recorded in the general ledger was incorrectly computed by the Department of Immigration. The incorrect accounting for VAT on revenue was prevalent for 11 months during the financial year. Due to the extent of the incorrect accounting for VAT, it was not practical for me to substantiate the total value of the misstatement. Furthermore, bank lodgement forms and cash analysis sheets for operating revenue totalling \$162,007 were not checked and certified by the supervising officers. As a result, the accuracy and completeness of the operating revenue balance of \$11,433,053 recorded in the consolidated financial statements for the financial year ended 31 July 2019 cannot be ascertained. An unreconciled variance of \$915,722 exists between the Immigration Bond Trust Fund Account closing balance in the financial statements and the cash at bank balance. Consequently, the accuracy and completeness of the total receipts and total payments of \$6,276,246 and \$4,404,845 respectively in the Trust Fund Account Statement of Receipts and Payments cannot be substantiated. As at the date of my audit report, there still exists significant lapse in reconciliations and absence of detailed breakdown listings of permit holders and their current balances. As such, the accuracy of the closing balance of \$30,596,029 disclosed in the Immigration Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 cannot be ascertained. Included in the Established Staff expenditure of the Department of Immigration are charges in respect of payment for meal claims, accountable advance and accommodation totalling \$85,985 which are not payroll related expenditures. Due to the misallocation, the consolidated Established Staff balance of \$5,350,211 is overstated by \$85,985 and the Travel and Communication balance is understated by the same amount.
<p>Ministry of Employment, Productivity and Industrial Relations</p>	<ol style="list-style-type: none"> The reconciliation process for the main trust fund bank accounts is ineffective for the National Employment Centre, Employment Relations Tribunal, Occupational Health and Safety, Workmen Compensation, Wages Dispute and OHS Consultancy Trust Fund Accounts. Proper cash books were not maintained for each trust account, stale cheques were not cleared and receipts and payments were not posted in the general ledger on a timely basis. As a result, an unreconciled variance of \$167,827 exists between the Workmen's Compensation, Wages dispute, OHS consultancy, Occupational Health and Safety Trust Fund Account cash general ledger balances and the bank reconciliation for these accounts. Consequently, the completeness of the respective trust fund receipts and payments and accuracy of the cash at bank balance totalling \$9,840,504 of these trust fund accounts as at 31 July 2019 cannot be ascertained

Ministries/Departments	Modified Audit Opinion
Ministry of Foreign Affairs	<p>2. The Ministry received \$60,000 from the Ministry of Civil Service under the Shared Services Agreement and receipted the service fees into the OHS Consultancy Trust Fund Account Transfer of public funds into a trust account is improper as funds in trust are those funds other than the public money. Consequently, including the amount received and accumulated over the years, the OHS Consultancy Trust Fund Account is overstated by \$190,000 and operating revenue understated by the same amount.</p> <p>1. The qualification was due to the unreconciled variance of \$3,587,846 which exists between the FMIS general ledger balance of \$7,382,725 and the accumulated Overseas Mission's bank reconciliation balance of \$3,794,879. As a result, the accuracy of the total expenditure and total revenue amounting \$41,992,322 and \$339,160 respectively reflected in the Statement of Receipts and Expenditure for the year ended 31 July 2019 cannot be ascertained.</p> <p>The Ministry, in its effort to resolve the above variance has developed a new posting method in 2017 where each bank account is transacted to a corresponding general ledger account from 2017 onwards. The Ministry intends to work closely with Ministry of Economy to rectify and adjust the unreconciled variance before the end of the 2021 financial year.</p> <p>Attention was also drawn to the following matters:</p> <ul style="list-style-type: none"> (i) Internal controls over procurement of goods and services were generally found to be weak. This is in respect to Local Purchase Orders not raised; competitive quotes not obtained; supporting documents not attached to payment vouchers to substantiate the payment made; invoices not attached to payment vouchers; and invoices received before the purchase was authorised. These internal control weaknesses, if not addressed promptly, may result in material misstatement and possible financial losses in the future. (ii) The Fiji Public Service (Diplomatic and Consular Services) Regulations 2005 is yet to be reviewed and aligned to the recent changes in legislation, regulations and international best practices concerning diplomatic and consular services.
Judiciary	<p>The financial statements provide the status of the Department's reconciliations for Suitsors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. However, as at the date of the audit report, there still exists significant lapse in the years of reconciliation and absence of detailed breakdown listings of beneficiaries and their current balances. As such, the accuracy of the closing balance of \$36,130,095 disclosed in the Judicial Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 cannot be determined.</p>
Ministry of Disaster Management and Metrological Office	<ul style="list-style-type: none"> 1. There is an unreconciled variance of \$91,709 between the FMIS general ledger and the Ministry's payroll report for Government Wage Earners. Consequently, the accuracy of Government Wage Earners balance of \$215,273 recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 cannot be ascertained. 2. The Ministry did not include as part of the Statement of Receipts and Expenditure, the grant for Building Safety and Resilience in the Pacific Project (BSRP) amounting to \$622,991 received from the Secretariat of the Pacific Community. The BSRP grant was not

Ministries/Departments	Modified Audit Opinion
<p>Republic of Fiji Military Forces</p>	<p>facilitated through Ministry of Economy’s Overseas Development Assistance Unit, thus not recorded in the FMIS General Ledger. As a result, grant funds received are kept in a bank account operated by the Permanent Secretary for Ministry of Disaster Management and Meteorological Services.</p> <p>Attention was also drawn to the following matters:</p> <ul style="list-style-type: none"> (i) Internal controls relating to payments, journal vouchers, reconciliation for payroll, revolving fund account, operating trust fund account, inter departmental clearance account, main trust fund account, bank lodgement clearance account and drawing account were weak. This is in respect of non-preparation of monthly underline account reconciliations, non-certification of journal adjustment, delay in preparation of the payroll and underline accounts reconciliations, delay in clearance of stale cheques, payment vouchers not stamped “paid” and not supported with source documents. These internal controls weakness, if not addressed promptly, may result in material misstatements and possible financial losses in the future. (ii) Policies and Standard Operating Procedures (SOPs) for effective management of aid in kind was yet to be approved. These SOPs need to be approved for effective management of aid in kind received by the National Disaster Management Office. (iii) The Statement of Losses provides details of losses of money, revenue and assets. As at the date of the audit report, the Ministry of Disaster Management and Meteorological Services was still waiting for the approval from Permanent Secretary for Economy to write off unserviceable assets valued at \$84,745. (iv) Cabinet decision (05) 310 of 2005 states that Civil Aviation Authority of Fiji and Fiji Airports Limited to reimburse the 50% cost to Fiji Meteorological Services relating to the Nadi and Nausori Terminal. In addition, it stated that review of the structure of the cost be carried out by the Fiji Meteorological Office. The Ministry is yet to enter into a contract agreement for the provisions of weather services to the aviation industry due to the lack of suitable consultants to undertake a review to determine the cost related to the aviation centre which is to be reimbursed by Fiji Airports Limited to the Ministry. Due to non-review of the cost structure, Fiji Airports Limited is only paying \$50,000 monthly. <ol style="list-style-type: none"> 1. An unreconciled variance of \$122,559 exists between the bank reconciliation and the Cash at Bank General Ledger balances for the Engineers Projects Trust Fund Account for the year ended 31 December 2019. As a result, the accuracy and completeness of the closing cash at bank balance of \$830,546 reflected in the Trust Fund Account Statement of Receipts and Payments cannot be substantiated. 2. There were unreconciled variances of \$81,658 and \$202,296 between the Engineers Trust Fund Cash Book and the general ledger balances for cash receipts and cash payments, respectively. Consequently, the accuracy and completeness of the total receipts and total payments of \$3,150,090 and \$4,026,048, respectively in the Trust Fund Account Statement of Receipts and Payments cannot be substantiated.

Ministries/Departments	Modified Audit Opinion
	<p>3. The Force was unable to provide relevant supporting documents to substantiate the progressive claims made by the subcontractors engaged for the construction of Rotuma Hospital totalling \$1,163,637. Due to the lack of appropriate supporting documents, the completeness and the accuracy of payments totalling \$2,475,435 for Rotuma Hospital as reflected in the Engineers Projects Trust Fund Account Statement of Receipts and Payments could not be substantiated.</p> <p>4. An unreconciled variance of \$7,067 existed between the Plant Pool Trading Account cash at bank balance and the FMIS General Ledger cash balance. In addition, there were unreconciled variances of \$89,182 and \$94,503 for cash receipts and cash payments, respectively between the Plant Pool Trading Account cash book and the FMIS general ledger balances. Consequently, the accuracy and completeness of the cash at bank balance of \$424,052 stated in the Plant Pool Trading Account balance sheet as at 31 July 2019 cannot be confirmed.</p> <p>5. An unreconciled variance of \$48,664 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance. Consequently, the accuracy and completeness of the VAT receivables balance of \$171,642 stated in the Plant Pool Trading Account balance sheet as at 31 July 2019 cannot be confirmed.</p> <p>6. Internal controls over procurement processes were generally weak. These weak controls resulted in procurement of goods and services without following the open tender process amounting to \$762,138, procurement of goods and services without obtaining competitive quotations totalling \$387,046, splitting of local purchase order totalling \$243,472, charging of expenditure to incorrect expenditure allocations totalling \$333,577, payments vouchers not certified as correct totalling \$172,364, procurements made on expired and undated quotations totalling \$90,938 and payments not adequately supported totalling \$82,388.</p> <p>7. Consequently, the completeness and accuracy of the maintenance and operations, purchase of goods and services and special expenditures totalling \$4,623,243, \$10,276,529 and \$3,586,457, respectively reflected in the Statement of Receipts and Expenditure cannot be ascertained.</p> <p>8. The internal controls over payroll were generally weak. This relates to delay in the preparation of payroll reconciliations, errors noted in the payroll reconciliations, overpayment of lodging allowances, salary overpayments and improper maintenance of payroll records. Consequently, the accuracy of the established staff and government wage earners expenditure recorded in the Statement of Receipts and Expenditure of \$69,982,199 and \$338,472 respectively cannot be ascertained.</p>
Fiji Police Force	<p>1. The Force did not include, as part of the Financial Statements, the Trust Fund Account Statement of Receipts and Payments for the Force Band Trust Fund Account which had receipts \$88,820 and payments amounting \$43,216 for the period ended 31 July 2019. In addition, the Force Band account transactions were not recorded in the FMIS General Ledger.</p>

Ministries/Departments	Modified Audit Opinion
<p>Ministry of Education, Heritage and Arts</p>	<p>2. A variance of \$217,930 exists between the Police Clearance revenue record maintained by the Force Criminal Record Unit and the FMIS general ledger. As a result, the correctness of the Police Clearance revenue balance of \$2,761,043 could not be substantiated as recorded in the financial statements for the financial year ended 31 July 2019.</p> <p>1. Included in Operating Grants and Transfers account balance of \$108.1 million is bus fare assistance program amounting to \$29.5 million. The Ministry was not able to provide the detailed breakdown of payments made to the supplier amounting to \$5.1 million. As such, the accuracy and completeness of the Operating Grants and Transfers account balance reflected in the Statement of Receipts and Expenditure could not be confirmed.</p> <p>2. Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll reports for both Established Staff and Government Wage Earners of \$606,092 and \$731,875, respectively. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.</p> <p>Without further qualifying the opinion expressed, attention was also drawn to the following matters:</p> <p>(i) Internal controls over revenue, administration of the Free Education Grant, reconciliation of accounts and records management were generally weak. These relate to misallocation of revenue, non-compliance to the policy on utilisation of Free Education Grant in accordance with prescribed percentage allocation and non-provision of accounting records for audit verification. If these issues are not addressed promptly, it will result in material misstatements and possible financial losses.</p> <p>(ii) The administration and management over the Bus Fare Scheme were generally found to be weak as highlighted in the Performance Audit Report on the Administration and Management of Bus Fare Assistance through E-ticketing for School Children, Elderies and Person with Disability (Parliament Paper No. 71 of 2020).</p>
<p>Ministry of Health and Medical Services</p>	<p>1. The Ministry recorded Capital Construction expenditures of \$21.7 million in the Statement of Receipts and Expenditure for the year ended 31 July 2019. The Ministry was unable to provide the payment and journal vouchers to support capital expenditures totalling \$4.7 million. As a result, the completeness and accuracy of the capital construction expenditures could not be confirmed.</p> <p>2. Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll report for both Established Staff and Government Wage Earners for \$5.1 million and \$4.7 million respectively. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.</p> <p>3. There was no movement for the Sahyadri Trust Fund Account during the year. The opening balance of \$20,609 was qualified in the 2018 financial statements as the Ministry was not able to provide a detailed listing of the closing balance of \$20,609 which included</p>

Ministries/Departments	Modified Audit Opinion
	<p>contributions from the patients and Government's assistance to approved patients. As a result, the accuracy and completeness of closing balance of \$20,609 reflected in the Sahyadri Trust Fund Account Statements of Receipts and Payments could not be substantiated.</p> <ol style="list-style-type: none"> 4. Receipts totalling \$26,705 were not recorded in the FMIS general ledger for the Cardiology Services Trust Fund Account. As a result, the total receipts and closing balances were understated by the same amount at year ended 31 July 2019. 5. An unreconciled variance of \$26,683 exists between the FMIS general ledger and the Bank Reconciliation statement for the Cardiology Services Main Trust Fund Account. Consequently, the accuracy of the closing balance reflected in the Cardiology Services Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 could not be established. 6. Expenditures totalling \$12,060 were not posted to the FMIS general ledger for Fiji Children's Overseas Treatment Trust Fund Account. As a result, total expenditure and closing balance were understated by the same amount at year ended 31 July 2019. 7. An unreconciled variance of \$10,586 exists between FMIS general ledger and the Bank Reconciliation statement for the Fiji Children's Overseas Treatment Trust Fund Account. Consequently, the accuracy of the closing balance reflected in the Fiji Children's Overseas Treatment Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2019 could not be established. 8. Internal controls over purchases and procurement, receipting and recording of Trust Fund revenue, reconciliation of accounts and records management were generally weak and if not addressed promptly will result in material misstatements and possible financial losses. 9. Internal controls for the Bulk Purchase Scheme Trading and Manufacturing Account over receipting and payments were generally weak. This relates to price charged that were not in accordance with the approved price list and the understatement of utility costs which is not paid for by the Bulk Purchase Trading and Manufacturing Account. 10. The list of patients treated under Fiji Children's Overseas Treatment Trust Fund were not made available for audit. 11. A total of \$55.9 million was incurred by the Ministry of Civil Service for the payment of personal emoluments and FNPF for the doctors employed by the Ministry of Health and Medical Services. The Ministry of Civil Service was responsible for the administration of these expenditures in accordance with the budget approved by Parliament.
Ministry of Women, Children and Poverty Alleviation	<ol style="list-style-type: none"> 1. The Statement of Receipts and Expenditure includes Operating Grants and Transfers of \$120.5 million. Included in this amount were the various Social Welfare Scheme payments totalling \$116 million. An unreconciled variance of \$365,360 existed between the General Ledger balance of \$116 million and the actual payments made totalling \$115.7 million for the year ended 31 July 2019.

Ministries/Departments	Modified Audit Opinion
Ministry of Agriculture	<p>Consequently, the accuracy and completeness of Operating Grant and Transfers of \$120.5 million reflected in the financial statements could not be established.</p> <p>2. An unreconciled variance of \$453,794 existed between FMIS general ledger and the Ministry's payroll report for Established Staff. Consequently, the accuracy of the Established Staff expenditure recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established</p> <p>1. Under the Livestock Rehabilitation Programme, the Ministry imported 300 embryos which were transferred into local recipients' cattle at a cost of \$1,194,629. The funds were sourced from the Ministry's capital budget allocation. Given that the financial activities for the Livestock Rehabilitation Programme are recorded under the Trading and Manufacturing Account, the Ministry did not account governments' contribution in the Trading and Manufacturing Account. As a result, the Trading and Manufacturing Account Equity balance is understated by \$1,194,629 while capital budget allocation has been overstated by the same amount.</p> <p>2. The Ministry was unable to explain or provide relevant supporting documents to substantiate the basis on which the unit cost of livestock is calculated. As a result, the impact of the above limitations, if any, on the inventory balances amounting to \$687,997 recorded in the Trading and Manufacturing Account cannot be determined.</p> <p>3. The loss of livestock amounting to \$9,427 reported in the Statement of Losses was not accounted for in the Trading and Manufacturing Profit and Loss Account. As a result, the Trading and Manufacturing Account net profit for the year ended 31 July 2019 is overstated by \$9,427.</p> <p>4. Included in the miscellaneous revenue balance is \$106,213 worth of agency revenue generated directly from the normal course of Ministry's operations. Despite the existence of specific general ledger allocation to record agency revenue, the Ministry posted the receipts into the miscellaneous revenue allocation. As a result, the miscellaneous revenue balance is overstated by \$106,213.</p> <p>5. Internal controls over procurement processes and revenue were generally found to be weak. This relates to anomalies in the procurement process and control weaknesses in the receipting process. These weak controls resulted in payments being made without receipt of goods and services, field officers signing off on delivery documents without receiving items and advance payments for goods and services.</p> <p>6. Moreover, internal controls over payroll were generally found to be weak. This relates to delay in preparation of payroll reconciliations and improper maintenance of payroll records. Consequently, I was unable to determine the accuracy of the established staff and government wage earners expenditure recorded in the Statement of Receipts and Expenditure of \$13,275,080 and \$4,784,857 respectively.</p>
Ministry of Fisheries	<p>1. The Ministry recorded total expenditure of \$16.4 million in the Statement of Receipts and Expenditure for the year ended 31 July 2019. The Ministry was unable to provide payment vouchers, journal vouchers and supporting documents to substantiate</p>

Ministries/Departments	Modified Audit Opinion
	<p>expenditures totalling \$1.2 million. As a result, the audit was unable to verify the completeness and occurrences of the balances and also unable to determine whether any adjustments might have been necessary at the end of the financial year.</p> <p>2. There is an unreconciled variance of \$2.4 million between the FMIS general ledger and the Ministry's payroll report for both Established Staff and Government Wage Earners. Consequently, the audit was unable to establish the accuracy of the Established Staff Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019.</p> <p>3. The Ministry did not maintain the detailed listing of beneficiaries of the Trust Fund Account. Consequently, the audit was unable to substantiate the completeness of the closing balance of \$261,684 reflected in the Statement of Receipts and Payments of the Trust Fund Account.</p> <p>In addition to the above, emphasis was made on the following matters:</p> <p>(i) Note 5 of the Financial Statements which states that the general ledger for the Trust Fund Account is reflected under Head 32 - Ministry of Forests. The Ministry of Fisheries has recorded a Trust Fund Account closing balance of \$261,684 as at 31/07/2019.</p> <p>(ii) Non-compliance with the requirements of the Finance Manual in relation to procurement of goods and services, expenditure charged to incorrect allocations, reconciliation of accounts and delayed banking of revenue have recurred despite the recommendations to improve compliance with the requirements of the Finance Manual. These internal control weaknesses, if not addressed promptly, may result in material misstatements and possible financial losses in the future.</p>
Ministry of Forests	<p>1. Expenditures totalling \$302,301 were not recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019. The amount relates to unrecorded expenditures for accountable advance which were not cleared from the Revolving Fund Account as at 31 July 2019. Consequently, total expenditure of \$14.9 million for the year ended 31 July 2019 is understated by the same amount.</p> <p>2. There is an unreconciled variance of \$1.0 million between the FMIS general ledger and the Ministry's payroll report for both Established Staff and Government Wage Earners. Consequently, the audit was unable to establish the accuracy of the Established Staff Government and Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019.</p> <p>3. There is an unreconciled variance of \$167,998 between the FMIS general ledger for revenue received from Native Timber Measurement and the report extracted from the Timber Revenue System. Consequently, the audit was unable to establish the accuracy of the revenue recorded under Native Timber Measurement of \$318,442 in the Statement of Receipts and Expenditure for the year ended 31 July 2019.</p>

Ministries/Departments	Modified Audit Opinion
	<p>4. Included in the FMIS general ledger are accounts receivable of \$677,339, accrued expenses and deferred income of \$1,739 and accounts payable of \$5,767, carried forward from previous years. The Ministry was unable to provide appropriate documentations to support these balances. As a result, the completeness and accuracy of the balances could not be determined and whether any adjustments might have been necessary and any corresponding adjustments to the elements making up the statement of income and expenditure.</p> <p>5. There is an unreconciled variance of \$112,699 between the Trading and Manufacturing Activity (TMA) bank reconciliation and the general ledger balance for Cash at Bank. Consequently, the accuracy and completeness of the Cash at Bank balance of \$1.3 million recorded in the TMA Balance Sheet as at 31 July 2019 could not be established.</p> <p>6. The Ministry, with the approval of the Ministry of Economy, transferred a sum of \$2.0 million in 2016 to the TMA account from its operating budget for the purpose of salvaging logs after Tropical Cyclone Winston. Although funds amounting to \$228,886 was utilised in 2019, deferred income was not adjusted and the balance remained unchanged since 2017. The cash at bank balance of \$1.3 million recorded in the TMA Balance Sheet was not sufficient to support the remaining deferred income balance of \$2.2 million.</p> <p>7. The Ministry recorded maintenance and operation expenses of \$285,071 in the TMA Profit and Loss Account, which included the cost of a logging truck of \$218,349. As a result, the maintenance and operations expenses were overstated by \$218,349 for the year ended 31 July 2019.</p> <p>8. The Ministry recorded Accounts Receivable of \$73,857 in the TMA Balance Sheet as at 31 July 2019. The Ministry was unable to provide debtors' aging listing, subsidiary debtor's ledgers and account reconciliation statements to support the accounts receivable balance.</p> <p>In addition to the above, emphasis was made on the following matters:</p> <p>(i) Trading and Manufacturing account continues to operate at loss since 2010 which has resulted in excess of liabilities over assets of \$662,879 in the TMA Balance Sheet as at 31 July 2019.</p> <p>(ii) Non-compliance with the requirements of the Finance Manual in relation to procurement of goods and services, retirement of accountable advance, cash management, and unsubstantiated carried forward balances have recurred despite the recommendations for improvement.</p>
Ministry of Lands and Mineral Resources	<p>1. An unreconciled variance of \$1.3 million existed between FMIS general ledger and the Ministry's payroll report for both Established Staff and Government Wage Earners. Consequently, the accuracy of the Established Staff and Government Wage Earners balances recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 was not established.</p>

Ministries/Departments	Modified Audit Opinion
	<p>2. Trust Fund Account balance for the Department of Lands amounting to \$6.6 million was not supported with detailed listing of claimants of the monies held in trust. As such, the completeness of the Trust Fund Account balance as at 31 July 2019 could not be established.</p> <p>3. An unreconciled variance of \$1.02 million existed between the FMIS general ledger and the report extracted from the Ministry's Crown Land Lease System (CLLS) for land and property rent revenue. Consequently, the accuracy of the Land and Property Rent balance of \$16.5 million recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2019 could not be established.</p> <p>4. The Ministry recorded Capital Grants and Transfers expenditures of \$2.2 million in the Statement of Receipts and Expenditures for the year ended 31 July 2019. Capital Grants and Transfers expenditures totalling \$374,363 were incorrectly posted to other expenditure allocations in the FMIS general ledger. As a result, Capital Grants and Transfers was understated by \$374,363 with overstatements of expenditures in Travel & Communications by \$24,400, Maintenance and Operations by \$98,163, Purchase of Goods & Services by \$32,000 and Capital Construction by \$219,800.</p> <p>5. The Ministry recorded Miscellaneous Revenue of \$1.6 million for the year ended 31 July 2019. Miscellaneous revenue totalling \$263,426 were incorrectly posted to other revenue allocations in the FMIS general ledger. As a result, miscellaneous revenue is understated by \$263,426 with overstatements in the revenues from Surveys & Sales of Navigation and Fees, Charges, Fines & Penalties for \$261,300 and \$2,126 respectively.</p> <p>In addition to the above, emphasis was made on the following matters:</p> <p>(i) The Ministry was unable to provide me with payment and journal vouchers to support expenditures totalling \$201,387. The amount comprised of \$93,409 operating expenditures and \$107,978 for capital expenditures.</p> <p>Implementation of internal controls over receipting, recording and checking of trust fund and operating fund revenues, reconciliation of accounts and records management were generally weak. If the issues are not addressed promptly, this will result in material misstatements and possible financial losses in future.</p>
Ministry of Sugar Industry	<p>1. There is an unreconciled variance of \$1,820,659 and \$3,838,071 between the cane access roads and cane planting grant acquittals, respectively and bank statement balance of the cane access roads and cane planting grant maintained by Fiji Sugar Corporation. Consequently, the accuracy of the Capital grants and transfers amounts of \$57,750,367 reflected in the financial statements cannot be confirmed.</p> <p>2. The Cane Top-up payments of \$3,134,295 and \$2,869,165 were incorrectly posted to Sugar Development and Farmers Assistance program allocation and Cane Access Road allocation respectively. Consequently, the general ledger account of the Cane Top-up</p>

Ministries/Departments	Modified Audit Opinion
<p>Ministry of Infrastructure and Transport</p>	<p>payment is understated by \$6,003,460, and the general ledger of the Sugar Development and Farmers Assistance program allocation and Cane Access Road was overstated by \$3,134,295 and \$2,869,165, respectively.</p> <p>3. Acquittals totalling \$5,659,906.72 submitted by the Fiji Sugar Corporation were not supported with proper records for all costs incurred and the utilisation of the cane cartage grant in accordance with the requirements of Section 6.1 of the Grant Agreement.</p> <p>1. An unreconciled variance of \$905,624 exists between the TMA balance sheet cash at bank balance of \$1,112,093 and bank reconciliation balance of \$206,469 as at 31/07/19. Consequently, the audit could not confirm the accuracy and completeness of the Cash at bank balance of \$3,189,465 stated in the Consolidated TMA balance sheet as at 31 July 2019.</p> <p>2. Energy Trust Account closing balance of \$2,818,425 was not supported with a detail listing. Consequently, the audit was unable to perform appropriate verifications to confirm the accuracy of the balance stated in the Energy Trust Account Receipts and Payments.</p> <p>3. The Ministry has incorrectly classified VAT component of \$2,442,873 as Capital grant expenditure in the Statement of Receipts and Expenditure. As a result, the Capital grant expenditure was overstated and VAT being understated in the Agency Financial Statements.</p> <p>4. The Ministry did not carry out an annual board of Survey for both Department of Transport and Department of Water and Sewerage to verify the existence and condition of all assets under its authority contrary to section 49 of Finance Instruction 2010.</p> <p>Without further qualifying the opinion expressed above, attention was also drawn to the following matters:</p> <p>(i) The Ministry has disclosed the seventeen Trading and Manufacturing Accounts in the financial statements by consolidating them according to divisions. The change in the format of the presentation has resulted in the limited information being disclosed in the financial statements for each type of TMA in terms of its performance and cash flows. In addition, the explanations for variances noted in the Note to the financial statements are not meaningful as comparatives for 2018 have not been reflected.</p> <p>(ii) The Ministry has disclosed status of the Rural Electrification Projects (REU) contracted out to Energy Fiji Limited (EFL) in the financial statements. As at 31 July 2019, Energy Fiji Limited was yet to implement a total of 129 Rural Electrification Project totalling \$36,914,862.</p> <p>(iii) Internal controls relating to payroll, inventory, agency revenue and journal vouchers need to be strengthened to avoid any possible mismanagement of funds. This includes non-preparation, non-certification and delay of the payroll reconciliations, non-certification of bank lodgement, duplicate copies of receipts not attached to the revenue analysis sheets and journal vouchers not stamped "posted" and not supported with relevant documents.</p>

Ministries/Departments	Modified Audit Opinion
<p>Ministry of Waterways and Environment</p>	<ol style="list-style-type: none"> <li data-bbox="256 112 422 1720">1. Monthly bank and Trust Fund Account reconciliations for the Environment Trust Fund account were not performed during the financial year. As a result, an unreconciled variance of \$4.1 million existed between the bank balance (bank audit confirmation) and the FMIS general ledger balance. Furthermore, the Ministry was unable to provide for verification payment vouchers and supporting documents of the trust fund account for payments totalling \$359,980. Consequently, audit was unable to substantiate the accuracy and completeness of the Trust Fund Account balance of \$6.05 million reflected in the Environment Trust Fund Account. <p>Note 6(b) to the financial statements provides the status of the Ministry's effort to resolve the above variance. The Environment Trust Fund account bank reconciliation statements for 2019 - 2021 have been prepared and submitted to the Ministry of Economy.</p> <li data-bbox="422 112 502 1720">2. Contrary to the requirements of section 49 of Finance Instructions 2010, the Ministry did not prepare a report for the annual board of survey of assets under its authority. As a result, audit was unable to verify the existence and condition of the Ministry's assets and could not ascertain the accuracy of Loss of Assets recorded in the Statement of Losses. <li data-bbox="502 112 662 1720">3. The Ministry disbursed a total of \$3.4 million as capital grants to Municipal Councils for maintenance of drainage. Audit was unable to extend the verification beyond the acquittal reports submitted by the Municipal Councils. The acquittals reports were not supported with appropriate progress reports and project completion reports or engineer's certificate. Furthermore, the Ministry did not carry out independent verification of the projects to ascertain whether the projects were undertaken as per the approved scope and plan. Due to the lack of appropriate supporting documents and evidence of verification by the Ministry, audit was unable to ascertain whether value for money for payments totalling \$3.4 million for maintenance of drainage reflected as Capital Grant and Transfers in the Financial Statements has been achieved. <li data-bbox="662 112 1091 1720">4. Funds totalling \$50,505 were transferred from the Drainage Boards in accordance with section 26 of the Drainage (Budget Amendment) Act 2018. The funds transferred were neither based on audited closing cash at bank balance nor supported with closing bank statements balances of the respective Drainage Boards. As a result, audit was unable to ascertain the accuracy and completeness of the Transfer of Drainage Board Fund revenue totalling \$50,505 reflected in the Statement of Receipts and Expenditure.

APPENDIX E: GLOSSARY

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws.
Accounting estimates	An approximation of a monetary amount in the absence of a precise mean of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation.
Appropriation	A sum of total budget for the ordinary services of government for the financial year ending 31 July 2018.
Audit evidence	All the information used by the auditor in arriving at the conclusions on which the audit opinion is based. Audit evidence includes the information contained in the accounting records underlying the financial statements and other information.
Audit Memorandum	Management Letter highlighting areas where improvements can be made by an entity following an audit.
Audit strategy	The strategy that sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan.
Consolidated fund account	The main bank account of the government where public monies are paid into for the operations of government. Trust money is not paid into this account.
Contingent liability	A contingent liability is a potential liability that may or may not become due, depending on whether a possible event occurs, such as a claim for compensation, an indemnity or other legal claims.
Current ratio	This ratio shows the amount of current assets available to meet current liabilities as they fall due.
Deferred income	Deferred income refers to money received by an entity before it provides the related goods or services to the customer.
Deficiencies	Failings, weaknesses or shortcomings.
Express an opinion	A written expression of the auditor's overall conclusion on the financial report based on audit evidence obtained.
Financial sustainability	The ability of Government to maintain existing programs and meet existing creditor requirements without increasing the burden on the economy. It is measured by the ratio of Government debt to the Gross Domestic Product (GDP).
Financial flexibility	A debt indicator that shows the increase in financial resources or revenue to respond to increasing financial commitments either by expanding revenue or increasing the debt burden.
Financial vulnerability	Measures the total exposure of Government to exchange rates and other market risks through its dependence on external borrowings.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Governance	The control arrangements in place at an entity that are used to govern and monitor its activities to achieve its strategic and operational goals.
International Public Sector Accounting Standards (IPSAS) under cash basis of accounting	Standards adopted by Government of Fiji for financial reporting of Financial Statements of Government.
Management	Those with the executive responsibility for conducting an operation.
Material misstatement	A significant difference between the amounts, classification, presentation, or disclosure of a reported financial statement item

Term	Definition
	and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Misstatement	A difference between the amounts, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Other significant matter	Include control weaknesses which <i>could cause</i> or <i>is causing</i> severe disruption of the process or severe adverse effect on the ability of an auditee to achieve process objectives and comply with relevant legislation. It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.
Reasonable assurance	A high but not absolute level of assurance.
Re-deployment	Transfer of budgeted funds from one appropriation head to another which is approved by Cabinet.
Revaluation	An adjustment made to the recorded value of an asset to accurately reflect its current market value.
Risks	The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action.
Standards on auditing	International Standards on Auditing adopted by Fiji Institute of Accountants and applied by Office of the Auditor-General for audits carried out.
Trading and Manufacturing activities	Are operated on semi-commercial basis to increase the returns which are derived from them and to provide goods, services or works more cost-effectively.
Unmodified audit opinion	The opinion is issued when the financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) under the cash-basis of accounting and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit, which would affect the financial statements of an agency.
Value-adding	Financial or non-financial gains arising from improved compliance or mitigation of risks.
Virements	Permanent Secretaries of Ministries and Departments may authorise the transfer of budgeted funds between Standard Expenditure Groups as per section 10(1) of the Finance Instructions 2010.

APPENDIX F: DETAILS OF VARIANCES IN REVENUE

Ministry	Description	Agreed Management Action												
<p>Fiji Police Force</p>	<p>The Police Force's major source of the revenue is through the issue of the Police Clearance report. Analytical review performed during audit using the FMIS (GL) data compared with data obtained from the Force Criminal Record Unit revealed a variance of \$217,930 between the two records. The details are as follows:</p> <table border="1" data-bbox="496 911 756 1755"> <thead> <tr> <th>Description</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>Total Police Clearance Revenue as per GL (FMIS)</td> <td>2,761,043</td> </tr> <tr> <td>Converted to VIP</td> <td>3,009,537</td> </tr> <tr> <td>Police Clearance Revenue as per Forensic Unit Report (VIP)</td> <td>2,791,607</td> </tr> <tr> <td>Variance</td> <td>217,930</td> </tr> <tr> <td>Percentage Variance</td> <td>7 %</td> </tr> </tbody> </table>	Description	Amount (\$)	Total Police Clearance Revenue as per GL (FMIS)	2,761,043	Converted to VIP	3,009,537	Police Clearance Revenue as per Forensic Unit Report (VIP)	2,791,607	Variance	217,930	Percentage Variance	7 %	<p>The Collecting Revenue Officer (CRO) have provided amount from their Police clearance register for the number of Police clearance applications were received and processed. The figures are from the application forms written by the various revenue collectors through the country and not direct from the individual revenue receipts, hence there is likely of transferring errors into the CRO register that has been rectified.</p> <p>We also noted that the fees paid for Police reports, copies of disclosures, etc. are credited into this allocation (Police Clearance). However, as per your recommendations and we have advised the CRO to regularly verify and reconcile. The Revenue Collectors are to be more vigilant and ensure to put the correct amount on every application form for the fees paid as per Revenue Receipts.</p>
Description	Amount (\$)													
Total Police Clearance Revenue as per GL (FMIS)	2,761,043													
Converted to VIP	3,009,537													
Police Clearance Revenue as per Forensic Unit Report (VIP)	2,791,607													
Variance	217,930													
Percentage Variance	7 %													
<p>Ministry of Education, Heritage and Arts</p>	<p>Audit review and analysis of fees revenue received from Government boarding schools revealed a variance of \$54,514 between the balance recorded in the FMIS general ledger of \$382,380 and the balance of \$436,894 that should have been collected according to the school rolls.</p> <p>Refer to Audit Report on Social Services Sector 2018. [PP27 of 2021]</p>	<p>The audit is noted. The Ministry will conduct comprehensive review of boarding fees collection, receipting and deposits. Appropriate analysis will be done such as quarterly reconciliation of border roll and revenue receipts books. Reports will be prepared and checked against GL and arrears of revenue report. School Principals, Bursars and Clerical Officers will be reminded via MEMO to carefully handle the enrolment and receipting of boarders. The receipts will be carefully examined to note the payments done are for current or previous terms.</p>												

Ministry	Description	Agreed Management Action												
Ministry of Lands & Mineral Resources	<p>We noted a variance of \$1.02 million between the Crown Land Lease System (CLLS) record and the FMIS general ledger for the Land and Property Rent revenue collected as at 31 July 2019.</p> <p>Details are as follows:</p>	<p>The recommendation is acknowledged and noted. The Ministry has strengthened its internal processes through daily verification and reconciliation of revenue received together with Cash Analysis against the CLLS revenue records. The variance was due to:</p>												
	<table border="1" data-bbox="435 1119 669 1755"> <thead> <tr> <th>Particulars</th> <th>31/7/18 Amount (\$)</th> <th>31/7/19 Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>Crown Land Lease System</td> <td>14,699,733</td> <td>15,488,441</td> </tr> <tr> <td>FMIS general ledger</td> <td>14,386,719</td> <td>16,513,923</td> </tr> <tr> <td>Variance</td> <td>313,014</td> <td>(1,025,482)</td> </tr> </tbody> </table>	Particulars	31/7/18 Amount (\$)	31/7/19 Amount (\$)	Crown Land Lease System	14,699,733	15,488,441	FMIS general ledger	14,386,719	16,513,923	Variance	313,014	(1,025,482)	<ul style="list-style-type: none"> The expired leases not updated to the CLLS for those agencies that make one-off payments for large listings of lessees such as FSC, Post Fiji and Housing Authority. Payment was received in bulk from FSC but upon updating this payment to the individual account (Oracle System) it shows that their lease has been expired. The inconsistency in the timeframe for processing the renewal of leases.
Particulars	31/7/18 Amount (\$)	31/7/19 Amount (\$)												
Crown Land Lease System	14,699,733	15,488,441												
FMIS general ledger	14,386,719	16,513,923												
Variance	313,014	(1,025,482)												
		<p>Corrective measures undertaken by the Ministry to address the above issue includes:</p> <ul style="list-style-type: none"> Activate expired leases accounts in CLLs for the purpose of receipting and deactivate them at the end of the process; Review of SOPs to ensure consistent and timely renewal of leases. Verification of Revenue Manual Records /FMIS against the LIS records are now being instigated to ensure that records captured are correct and error free. 												

Ministry	Description	Agreed Management Action																
Ministry of Justice	<p>Audit review of the Ministry’s revenue records revealed the following anomalies:</p> <ul style="list-style-type: none"> • A variance of \$137,339 existed between the registration revenue recorded in the system generated report and the amount recorded in the general ledger (FMIS). • A variance of \$738,342 existed between the miscellaneous revenue recorded in the system generated report and the amount recorded in the general ledger (FMIS). • A variance of \$17,939 existed between the money lenders revenue recorded in the system generated report and the amount recorded in the general ledger (FMIS). 	<p>As the way forward we have implemented a register to keep a track for the direct deposit and manual receipts as and when notice is given to the Ministry of Justice by the Ministry of Economy. We are now issuing manual receipt for the direct deposit to keep a track of direct deposits where possible but given the nature of transactions, this would be difficult as such reporting/recording is done by the Ministry of Economy. There may be variance in the recording process, but as far as receipt of revenue is concerned, there is no variance in the actual revenue received. The reporting process needs to be tied to the reporting and recording done at the Ministry of Economy for a clearer picture.</p> <ul style="list-style-type: none"> • Ministry’s Finance Manual has been reviewed with the TRS component. • Technical staff have been trained and issued with data entry gadgets (tablets) to upload all the Removal License (RML) Data to TRS. • Monitoring team to continuously monitor on quarterly basis of the data input for TRS and should reconcile with FMIS. • Way-forward – Divisional Executives Officers to monitor and reconcile TRS on a monthly basis. 																
Ministry of Forest	<p>We noted a variance of \$167,998 between the balances reflected in the FMIS general ledger account and the report extracted from the Timber Revenue System (TRS) on the total fees collected for Native Timber Measurement. The details are as follows:</p> <table border="1" data-bbox="833 940 1011 1749"> <thead> <tr> <th>Native Timber Balances</th> <th>Measurement</th> <th>2019 (\$)</th> <th>2018 (\$)</th> </tr> </thead> <tbody> <tr> <td>Timber Revenue System</td> <td></td> <td>149,063</td> <td>248,571</td> </tr> <tr> <td>FMIS General Ledger</td> <td></td> <td>317,061</td> <td>286,381</td> </tr> <tr> <td>Variance</td> <td></td> <td>167,998</td> <td>37,810</td> </tr> </tbody> </table> <p>Although the Finance Manual has been amended, it did not specify that reconciliations should be performed between the reports extracted from the TRS and FMIS GL with variances (if any) promptly rectified.</p>	Native Timber Balances	Measurement	2019 (\$)	2018 (\$)	Timber Revenue System		149,063	248,571	FMIS General Ledger		317,061	286,381	Variance		167,998	37,810	<p>The Ministry is performing revenue reconciliation with collecting agencies and obtaining revenue confirmation on a quarterly basis from FY2019-2020. This has been discussed in length with the staffs of OAG during the audit process. Additionally, Ministry is correctly recording revenue under cash basis accounting (incorporating reversals, dishonored cheque,</p>
Native Timber Balances	Measurement	2019 (\$)	2018 (\$)															
Timber Revenue System		149,063	248,571															
FMIS General Ledger		317,061	286,381															
Variance		167,998	37,810															
Ministry of Economy	<p>A variance \$103,940 was noted between FMIS general ledger and LTA Revenue Summary Report for 2018/2019. No reconciliations were carried out for 2018/2019 period. Refer below for details.</p>	<p>The Ministry is performing revenue reconciliation with collecting agencies and obtaining revenue confirmation on a quarterly basis from FY2019-2020. This has been discussed in length with the staffs of OAG during the audit process. Additionally, Ministry is correctly recording revenue under cash basis accounting (incorporating reversals, dishonored cheque,</p>																

Ministry		Description					Agreed Management Action		
Month	LTA report	LTA revenue	LTA (VEP) (A)	Revenue GL (B)	Amount as per GL (B)	Variance C= (A) – (B)			
August	5,500,074.64	5,045,940.04	5,045,940.04	5,500,074.64	-454,134.60				
September	4,044,066.46	3,710,152.72	3,710,152.72	-2,471,098.28	6,181,251.00				
October	4,845,440.75	4,445,358.49	4,445,358.49	6,650,402.52	-2,205,044.03				
November	4,319,732.55	3,963,057.39	3,963,057.39	8,270,580.12	-4,307,522.73				
December	4,460,507.77	4,092,208.96	4,092,208.96	2,692,361.32	1,399,847.64				
January	4,827,886.79	4,429,253.94	4,429,253.94	2,182,008.65	2,247,245.29				
February	4,025,373.50	3,693,003.21	3,693,003.21	4,790,210.82	-1,097,207.61				
March	4,483,243.28	4,113,067.23	4,113,067.23	-	4,113,067.23				
April	4,494,764.68	4,123,637.32	4,123,637.32	-	4,123,637.32				
May	5,292,958.35	4,855,925.09	4,855,925.09	-	4,855,925.09				
June	5,050,441.30	4,633,432.39	4,633,432.39	4,382,156.11	251,276.28				
July	6,077,754.22	5,575,921.30	5,575,921.30	20,118,360.27	-14,542,438.97				
Total	57,422,244.29	52,680,958.06	52,680,958.06	52,115,056.17	565,901.89				
Less dishonoured Cheques					461,962.23				
Variance					103,939.77				

refunds and VAT payments). LTA is now providing journal vouchers for the recording of revenue in the correct revenue streams. Ministry has held discussion with the LTA team in July of 2020 and a reconciliation with working sheet was provided to them for their verification and confirmation.

APPENDIX G: RECORDS NOT PROVIDED

Ministry/ Department	Description	Management Comments
Ministry of Education, Heritage and Arts	<p>The following records were not provided for audit verification:</p> <ul style="list-style-type: none"> • Detail breakdown for payments of \$5.09 million made to the supplier for the Bus Fare Scheme. • Text books distribution listings to schools - The Ministry prints and distributes text books annually to all schools and in 2019 incurred expenditures totalling \$2.9 million. Records for the distributions of textbooks including the number of textbooks distributed to schools were not maintained. • Payment vouchers and supporting documents for expenditures totalling \$338,363.26. 	<p>Audit comments noted. Ministry was not able to provide all detail breakdown of payments made to the relevant supplier for the Bus Fare Scheme. This was mainly because of sudden change in staffing without any handing over. The records were also not found in the staff computer devices. Ministry had exhausted multiple avenues but no records were located. However, Ministry wishes to advise Audit that moving forward, Ministry will ensure that all records of detail breakdown of payments made is stored and kept both electronically and physically.</p> <p>Text book distribution listing is being kept from 2021 as FEMIS has Textbook Module which consists of data on textbooks distributed. Also, EMS has records of textbook distributed to the schools. 2020 we started using FEMIS 2021 onwards all onwards all information available.</p>
Ministry of Fisheries	<p>The Ministry was unable to provide payment vouchers, journal vouchers and supporting documents to substantiate expenditures totalling \$1.2 million for the year ended 31 July 2019.</p>	<p>The Ministry notes the issue of concern and are taking remedial measures to address this. We have counselled staffs and implemented rotation of staffs to improve this aspect and have conducted follow ups and monitoring on filings of financial records.</p>
Ministry of Lands and Mineral Resources	<p>The Ministry was unable to provide the payments and journal vouchers with supporting documents for expenditures totalling \$201,387 for the year ended 31 July 2019.</p>	<p>The Auditors recommendation is noted. Finance Team is currently collating the documents identified as missing to be made available for further scrutiny.</p> <p>The biggest challenge faced is when audit or investigations are being conducted, documents submitted are not returned to its file for proper recording and integrity of the files and at times documents provided are sometimes not returned hence affects future audits where the same information is required.</p> <p>A proper storage system will be in place for easy identification and retrieval of relevant documents.</p>
Ministry of Health and Medical Services	<p>The Ministry was unable to provide for audit verification critical records such as payment vouchers, invoices and receipts to substantiate expenditures incurred totalling to \$5.4 million.</p>	<p>The Ministry will ensure that proper record keeping is done, and the requested audit information / documents is provided accordingly. Improvements have been made to the filing process in Accounts and it</p>

Ministry/ Department	Description	Management Comments
		envisaged that this will assist in locating the vouchers and receipts and providing these documents.

APPENDIX H: DETAILED LISTINGS NOT MAINTAINED FOR MAIN TRUST ACCOUNTS

Ministries/Departments	Trust Fund Account	Amount (\$)	Managements comments
Prior Year Issue			
OPM-Department of Immigration	Immigration Bond Trust	30,596,029	The Department has maintained the detailed listing on a manual register, to update all bond fee records (receipts and refund), however failed to maintain the database (excel sheet) to record the same. The Department has commenced updating records for bond database and have updated for the period of 1980 to 2008. The Department has engaged NEC volunteers to work on updating the bond database for the period of 2009 – 2018. It should be noted that the records have been updated from 2019 till to date. The Department has recruited NEC volunteers from 12.10.2020 for updating of backlog of bond database for Accounts Section. The Department had designed a SOP for this process which includes monthly Bond updates by the responsible Accounts Clerks.
Ministry of Infrastructure and Transport	Energy Trust Account	2,818,425	The Ministry agrees with recommendations made. This issue is largely due to inadequate number of staffs. Currently most of the vacant posts are filled and its work in progress to update Energy Trust Database.
Ministry of Fisheries	Fisheries 1/3 Subsidy Scheme Trust	261,728	All reconciliations from 2018-2020 appended to the Ministry of Economy and OAG
Ministry of Lands and Mineral Resources	Land Trust Fund Account	6,647,529	The Auditors comments is noted. The Ministry has taken appropriate measures to address this ongoing issue. As of now we have an updated listing of claimants from the time this account was open till to date.
Judiciary	Maintenance Fund Trust Account	2,039,332	The Department understands the importance of the reconciliations but as advised earlier we have inherited this problem but are trying our best to update it. Since there are so many transactions and also the number of reconciliations to be carried out, it takes time to do the data entry and then reconcile. However, after the engagement of Nine (9) staff on project who are doing night shift because of space shortage, we have managed to complete all Maintenance and Sundries reconciliation till April 2001. The staff have started with the data entry for May 2001. The day shift staff who had started with the reconciliations from 2016 onwards have completed reconciliations for all stations till July 2020.They are currently working on August 2020 reconciliation. Once they finished with the current reconciliations then they start with 2015 and some have completed reconciliations till March 2015 and started on Data Entry for April 2015. Our staff are tirelessly trying to update the reconciliations which was not done in the prior years. At the current pace which the staff are working at, we expect to complete the reconciliations in the year 2023.
Judiciary	Sundries Trust Fund Account	5,993,284	
Judiciary	Suitors Trust Fund Account	26,566,121	
Current Year Issue			

Ministries/Departments	Trust Fund Account	Amount (\$)	Managements comments
Ministry of Justice	Official Receiver Liquidation Trust Fund Account	699,333	The software developed for maintaining these two trust funds is under process. During data migration, all the manual records will be verified and inputted into the system. Thus, the system will capture all the details for recording purpose.
Ministry of Justice	Official Receiver Bankruptcy Trust Fund Account	289,972	
Fiji Corrections	Prisoners Cash Trust	937,790	We confirm that receipt documents prior to 2015 cannot be located in our archives room and stores. FCS confirms that the current records are properly maintained to confirm the release of prisoners' funds upon discharge. As way forward, to release funds to an inmate being discharged that was incarcerated prior to 2015, the original receipt is requested from the supervisor and OC in which the inmate is detained. This is checked with the FMIS system for any payments processed for this bearer if not, then a payment is processed upon the approval of the commissioner and released to the inmate. If original is misplaced, a statutory declaration is made and system checked also. We also ensure that this documentations and receipts are kept safely for refunding on discharge.
Ministry of Health and Medical Services	Sahyadri Trust Account	20,610	The Ministry will ensure that proper record keeping is done, and the requested audit information / documents is provided accordingly. Improvements have been made to the filing process in Accounts and it envisaged that this will assist in locating the vouchers and receipts and providing these documents.
Ministry of Economy	Group Insurance Trust Account	89,211	No comments were received
	Total	76,959,364	

APPENDIX I: DETAILS OF VARIANCE BETWEEN FMIS GL AND BANK RECONCILIATION STATEMENT

Variance in Overseas Cash Balance									
Ministries	Allocation	Description	General Ledger Amount (\$)	Bank Confirmation/Bank Statement (\$)	Exchange rate	Figure in FJD (\$)	Variances (\$)		
Ministry of Foreign Affairs	10410204202510200	CROWN AGENTS LONDON	104,680.07	21,221.92	0.3653	58,094.50	46,585.57		
	10810381001510200	LONDON CASH AC	658,875.39	43,329.11	0.3653	118,612.40	540,262.99		
	10810380501510400	TOKYO CASH AC	346,664.88	14,250,243.00	49.9215	285,453.02	61,211.86		
	10810380701510500	WELLINGTON CASH AC	695,524.01	353,557.67	0.7024	503,356.59	192,167.42		
	10810380201510500	BEIJING USD CASH AC	430,825.39	110,418.04	0.4632	238,380.92	192,444.47		
	10810380101510100	CANBERRA CASH AC	156,307.48	75,380.40	0.6664	113,115.85	43,191.63		
	10810380201510500	BEIJING RMB CASH AC	13,320.67	25,783.50	3.1968	8,065.41	5,255.26		
	10810380301510600	BRUSSELS CASH AC	274,355.22	83,216.94	0.4106	202,671.55	71,683.67		
	10810381101510800	NEW YORK CASH AC	387,495.23	134,816.22	0.4632	291,054.02	96,441.21		
	10810381102510800	WASHINGTON CASH AC	422,030.77	86,299.58	0.4632	186,311.70	235,719.07		
	10810380407510800	GENEVA CASH AC	352,661.57	152,681.90	0.4561	334,755.32	17,906.25		
	10810380301510900	ADIS ABABA CASH AC	425,230.45	-	0.4632	-	425,230.45		
	10810380405510900	ABUDHABI CASH AC	706,667.66	314,692.84	1.7015	184,950.24	521,717.42		
	10810380406510900	SEOUL CASH AC	578,689.90	206,470.11	0.4632	445,747.22	132,942.68		
	10810380601510900	KUALA LUMPUR CASH AC	336,545.20	467,997.12	1.9289	242,623.84	93,921.36		
	10810380801510900	PNG CASH AC	275,674.02	358,332.51	1.493	240,008.38	35,665.64		
	10810380401510900	NEW DELHI USD AC	132,841.50	68,686.84	0.4632	148,287.65	(15,446.15)		
10810380402510900	JAKARTA USD CASH AC	328,849.32	90,264.67	0.4632	194,871.91	133,977.41			
10810380403510900	BRAZIL REAL CASH AC	-114,600.43	0	1.79	-	(114,600.43)			
10810380401510900	NEW DELHI RUPEE AC	1,429.95	1,371,687.60	31.817	43,111.78	(41,681.83)			
10810380401510900	NEW DELHI RENTAL AC	67,649.03	3,200,000.00	31.817	100,575.16	(32,926.13)			
					Total	2,641,669.82			

Variance in Domestic Cash Balance						
Ministry	Allocation	Description	Amount as per GL (\$)	Amount as per Bank confirmation (\$)	Variance (\$)	
RFMF	41915119999540300	TMA DOMINION CASH CNB SUVA	424,052.15	431,118.74	(7,066.59)	
Health	42225122999540300	TMA Dominion Cash CNB Suva	508,891.34	536,056.01	(27,164.67)	
Forestry	43225177999540300	TMA Dominion Cash CNB Suva	1,338,609.91	1,462,680.07	(124,070.16)	
Ministry of Public Enterprise-Government Printing	43650166999540100	TMA Dominion Cash ANZ Suva	604,443.89	203,124.98	401,318.91	
Ministry of Infrastructure and Transport	44025191011540200	TMA Dominion Cash WBC Suva	1,112,092.83	202,396.75	909,696.08	
	44026291011540200	TMA Dominion Cash WBC Suva	819,825.44	406,430.03	413,395.41	
Ministry of Employment, Productivity and Industrial Relations	90710107003520300	Workmen's Comp	1,917,348.36	2,003,713.71	(86,365.35)	
	90710107006520400	OHS Trust Account	7,923,082.16	8,004,335.56	(81,253.40)	
	90710107010520400	Employee Relations Agency TF	617,503.45	621,189.46	(3,686.01)	
Judiciary	90930111999520300	Trust Drawings Account	36,143,304.66	35,530,317.36	612,987.30	
Ministry of Disaster Management and Meteorological Services	91450169108520400	Pm Relief & Rehabilitation Trust Account	4,175,280.57	4,171,051.13	4,229.44	
Ministry of Justice	91510115999520400	Liquidation Trust	699,332.23	720,452.73	(21,120.50)	
Ministry of Lands and Mineral Resources	93310179001520400	Lands Trust Fund Account	6,647,529.42	6,780,305.93	(132,776.51)	
Ministry of Waterways and Environment	93810188999520300	Environment Trust Bank A/C	5,884,438.71	10,833,019.53	(4,140,716.33)	
	94230188999520300	Environment Trust Drawings Account	807,864.49			
Ministry of Economy	10410404351520800	Government Consolidated Fund Account-LTA	827,286.36	1,906,232.27	(1,078,945.91)	
	10410204201520712	Government HFC 2019 ADB	15,537.37	---	15,537.37	
		Total		Total	(3,346,000.92)	

APPENDIX J: INTERNAL CONTROL WEAKNESS AND BOARD OF SURVEY NOT CARRIED OUT

Internal control weakness	
Ministry/Department	Extracted from the Auditor's Report
Ministry of Agriculture	Internal controls over procurement processes and revenue were generally found to be weak. This relates to anomalies in the procurement process and control weaknesses in the receipting process. These weak controls resulted in payments being made without receipt of goods and services, field officers signing off on delivery documents without receiving items and advance payments for goods and services. Moreover, internal controls over payroll were generally found to be weak. This relates to delay in preparation of payroll reconciliations and improper maintenance of payroll records. Consequently, I was unable to determine the accuracy of the established staff and government wage earners expenditure recorded in the Statement of Receipts and Expenditure of \$13,275,080 and \$4,784,857 respectively.
Ministry of Fisheries	Non-compliance with the requirements of the Finance Manual in relation to procurement of goods and services, expenditure charged to incorrect allocations, reconciliation of accounts and delayed banking of revenue have occurred despite the recommendations to improve compliance with the requirements of the Finance Manual. These internal control weaknesses, if not addressed promptly, may result in material misstatements and possible financial losses in the future.
Ministry of Forestry	Non-compliance with the requirements of the Finance Manual in relation to procurement of goods and services, retirement of accountable advance, cash management, and unsubstantiated carried forward balances have occurred despite the recommendations for improvement.
Ministry of Lands and Mineral Resources	Implementation of internal controls over receipting, recording and checking of trust fund and operating fund revenues, reconciliation of accounts and records management were generally weak. If the issues are not addressed promptly, this will result in material misstatements and possible financial losses in future.
Ministry of Disaster Management and Meteorological Services	Internal controls relating to payments, journal vouchers, reconciliation for payroll, revolving fund account, operating trust fund account, inter departmental clearance account, main trust fund account, bank lodgement clearance account and drawing account were weak. This is in respect of non-preparation of monthly underline account reconciliations, non-certification of journal adjustment, delay in preparation of the payroll and underline accounts reconciliations, delay in clearance of stale cheques, payment vouchers not stamped "paid" and not supported with source documents. These internal controls weakness, if not addressed promptly, may result in material misstatements and possible financial losses in the future.

Internal control weakness	
Ministry/Department	Extracted from the Auditor's Report
Republic of Fiji Military Forces	<p>Internal controls over procurement processes were generally weak. These weak controls resulted in procurement of goods and services without following the open tender process amounting to \$762,138, procurement of goods and services without obtaining competitive quotations totalling \$387,046, splitting of local purchase order totalling \$243,472, charging of expenditure to incorrect expenditure allocations totalling \$333,577, payments vouchers not certified as correct totalling \$172,364, procurements made on expired and undated quotations totalling \$90,938 and payments not adequately supported totalling \$82,388.</p> <p>The internal controls over payroll were generally weak. This relates to delay in the preparation of payroll reconciliations, errors noted in the payroll reconciliations, overpayment of lodging allowances, salary overpayments and improper maintenance of payroll records. Consequently, the accuracy of the established staff and government wage earners expenditure recorded in the Statement of Receipts and Expenditure of \$69,982,199 and \$338,472 respectively cannot be ascertained.</p>
Ministry of Foreign Affairs	<p>Internal controls over procurement of goods and services were generally found to be weak. This is in respect to Local Purchase Orders not raised; competitive quotes not obtained; supporting documents not attached to payment vouchers to substantiate the payment made; invoices not attached to payment vouchers; and invoices received before the purchase was authorised. These internal control weaknesses, if not addressed promptly, may result in material misstatement and possible financial losses in the future.</p>
Ministry of Infrastructure and Transport	<p>Internal controls relating to payroll, inventory, agency revenue and journal vouchers need to be strengthened to avoid any possible mismanagement of funds. This includes non-preparation, non-certification and delay of the payroll reconciliations, non-certification of bank lodgement, duplicate copies of receipts not attached to the revenue analysis sheets and journal vouchers not stamped "posted" and not supported with relevant documents.</p>
Ministry of Education, Heritage and Arts	<p>Internal controls over revenue, administration of the Free Education Grant, reconciliation of accounts and records management were generally weak. These relate to misallocation of revenue, non-compliance to the policy on utilisation of Free Education Grant in accordance with prescribed percentage allocation and non-provision of accounting records for audit verification. If these issues are not addressed promptly, it will result in material misstatements and possible financial losses.</p>
Ministry of Health and Medical Services	<p>Internal controls over purchases and procurement, receipting and recording of Trust Fund revenue, reconciliation of accounts and records management were generally weak and if not addressed promptly will result in material misstatements and possible financial losses.</p> <p>Internal controls for the Bulk Purchase Scheme Trading and Manufacturing Account over receipting and payments were generally weak. This relates to price charged that were not in accordance with the approved price list and the understatement of utility costs which is not paid for by the Bulk Purchase Trading and Manufacturing Account.</p>

Internal control weakness	
Ministry/Department	Extracted from the Auditor's Report
Ministry of Civil Service	Internal controls over procurements and payroll processes were generally found to be weak, and if not addressed promptly may result in material misstatements and possible financial losses in the near future. The weak procurement controls resulted in procurement without the filling and approval of procurement requisition form, difference in payment ID between the payment vouchers and that in the system, use of prior year and undated competitive quotes to facilitate payments, payment vouchers not passed for payments, procurements made without issuance of Local Purchase Orders, payments based on photocopied documentations, and payment vouchers not stamped "Paid". The weak controls around the payroll process resulted in the delay in preparation of payroll reconciliations and improper maintenance of payroll records.
Fiji Police Force	In addition to the above, the Other Matter reported was that internal controls over procurement processes and stores and payroll were generally found to be weak and if not addressed promptly can result in material misstatements and possible financial losses in the near future. The weak procurement controls were attributed to splitting of purchase orders, goods and services procured without purchase orders and without obtaining competitive quotations. Weak controls around payroll processes were due to delay in preparation of payroll reconciliations, overpayment of lodging allowance and anomalies in leave management.
Ministry of Rural and Maritime Development	Internal controls over procurements were generally found to be weak, and if not addressed promptly may result in material misstatements and possible financial losses in the near future. The weak procurement controls resulted in payments made on the strength of photocopied invoices, invoices and delivery dockets for project materials were not verified and signed-off by representative from the District Offices, payment vouchers not stamped paid; Local Purchase Orders not raised; Invoices not attached and competitive quotes not obtained.
Ministry of Defence and National Security	Internal controls over procurement and payment processes and revenue were generally found to be weak. This is in respect of incorrect posting of value added tax, reimbursement revenue and accountable advance in the general ledger and the incorrect rate of license fees charged. These internal controls weakness if not addressed promptly, may result in material misstatements and possible financial losses in the future.
Ministry of Women, Children and Poverty Alleviation	Internal controls over procurement were generally found to be weak. In addition, the detailed listing of officers who have yet to retire accountable advance as reflected in the Revolving Fund Account was not maintained by the Ministry.
Ministry of Local Government	It was emphasised that necessary controls for payments were found to be weak. In addition, timely reconciliations were not performed for Drawings Account, SLG 84 Account, Operating Trust Fund and Advances. These are critical areas of the Ministry's operation and if not addressed promptly could result in financial losses or financial irregularities in future.

Internal control weakness	
Ministry/Department	Extracted from the Auditor's Report
Board of Survey Not Carried Out	
Ministry/Department	Extracted from the Auditor's Report
Peacekeeping Missions	Peacekeeping Missions did not carry out a complete board of survey to verify the existence and condition of the assets under its authority contrary to Section 49(2) of the Finance Instructions 2010.
Ministry of Infrastructure and Transport	The Ministry did not carry out an annual board of Survey for both Department of Transport and Department of Water and Sewerage to verify the existence and condition of all assets under its authority contrary to section 49 of Finance Instructions 2010.

APPENDIX K: DETAILS OF VARIANCE IN PAYROLL

Ministry/Department	Balance (\$)
Ministry of Women, Children & Poverty Alleviation-SEG 1	453,794
Ministry of Women, Children & Poverty Alleviation-SEG 2	(86,870)
Ministry of Civil Service- SEG 1	325,046
Ministry of Civil Service- SEG 2	2,030
Ministry of Disaster Management and Meteorological Services-SEG 2	(91,709)
Peacekeeping Missions-SEG 1	164,764
Ministry of Education, Heritage and Arts-SEG 1	606,092
Ministry of Education, Heritage and Arts-SEG 2	(731,876)
Ministry of Health and Medical Services-SEG 1	5,140,334
Ministry of Health and Medical Services-SEG 2	(4,708,635)
Ministry of Housing and Community Development-SEG 2	(21,229)
Ministry of Fisheries-SEG 1	1,463,788
Ministry of Fisheries-SEG 2	(895,901)
Ministry of Forestry-SEG 1	1,058,619
Ministry of Forestry-SEG 2	(33,072)
Ministry of Lands and Mineral Resources-SEG 1 & 2	(1,305,978)
Ministry of Infrastructure and Transport-SEG 2	503,359
Total	17,593,096



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