



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI

2020 & 2021

AUDIT REPORT ON ECONOMIC SERVICES SECTOR



**PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 56 OF 2023**



OFFICE of the AUDITOR GENERAL Republic of Fiji

VISION

Promoting public sector accountability and sustainability through our audits

MISSION

To provide independent value adding audit services

To provide an environment where our people can excel

VALUES

RESPECT

We uphold respect in our relationships.

INTEGRITY

We are ethical, fair and honest in our duties.

INDEPENDENT & OBJECTIVE

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We maintain audit related information confidential.

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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

08 June 2023

The Honourable Ratu Naiqama Lalabalavu
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
SUVA.

Dear Sir

2020 AND 2021 AUDIT REPORT ON ECONOMIC SERVICES SECTOR

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 Economic Services Sector for 2020 and 2021.

A copy of the report has been submitted to the Minister for Finance 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.



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 the audit of the accounts of the Consolidated Fund and whole of Government financial statements 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 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 excellence in public sector auditing 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, the general public as well.

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AUDITOR-GENERAL'S FOREWORD



I am pleased to present the 2020 and 2021 report on the Economic Services Sector.

With effect from 24 February 2022, I took up the acting appointment of the Auditor-General. Over this period, I brought upon strategies to update the audits of Ministries and Department.

Permanent Secretaries and those charged with governance of the agencies under the Economic Services Sector, are responsible for the preparation and fair presentation of the financial statements in accordance with requirements of Finance Management Act 2004 and Finance Instructions 2010.

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.

It is important to note that the deficiencies highlighted in this report were identified during our audit and may have been subsequently resolved. These have been included in this report as they impacted on the overall system of control of the Ministries and Departments as at 31 July 2020 and 2021.

Status of the Audits

As at 31 May 2023, we have completed the audits of the Economic Services Sector for the year ended 31 July 2022 and they will also be reported to Parliament.

Report

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

The issues discussed in this report require the prompt action by Permanent Secretaries to improve their financial accountability. On the same note, I would like to commend the entities that have already made efforts to improve their financial reporting, governance, and internal controls.

I hope my reports to Parliament are a catalyst for change in public sector. While I believe that real change required the resolve and action of public sector entities themselves through continuous learning and development. I hope that these entities recognize the value of audit, welcome the scrutiny to act upon my recommendations to foster a culture of change and continuous improvement.

I would also like to acknowledge the assistance and cooperation rendered to my Office by these entities throughout the audit process.



Sairusi Dukuno
Acting Auditor-General
Date: 08 June 2023

1.0 SECTOR SUMMARY

This report includes the audit for agencies under the Economic Services sector, namely:

Head 30	Ministry of Agriculture
Head 31	Ministry of Fisheries
Head 32	Ministry of Forests
Head 33	Ministry of Lands and Mineral Resources
Head 34	Ministry of Commence, Trade, Tourism and Transport
Head 35	Ministry of Sugar Industry
Head 37	Ministry of Local Government

Results of our Audits - Quality and Timeliness of Financial statements

Of the seven agencies reported in this report, the audit resulted in the Auditor-General issuing unmodified audit opinion on six agencies. The details are contained in [Section 2.0](#).

The submission of acceptable draft financial statements for audit has improved.

2.0 AUDIT OPINION RESULTS

The main outcome of the audits are the independent auditor's reports on the agency financial statements that were produced and submitted to the Auditor-General.

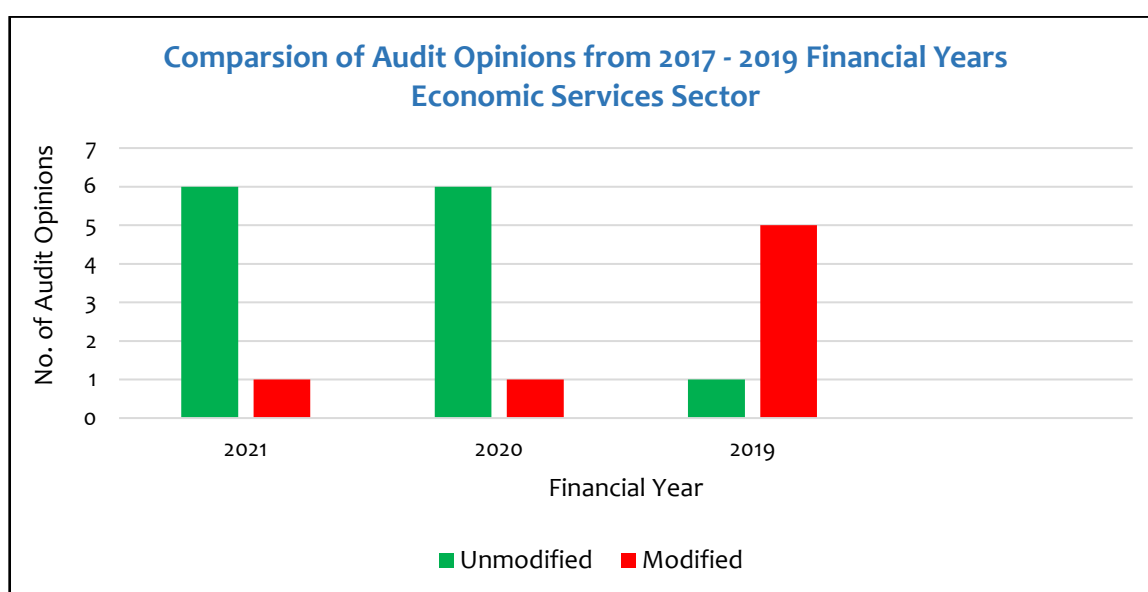
Comparatively, for the financial years 2020 and 2021, the quality of the agency financial statements for the agencies under the Economic Services Sector has improved. This indicate that significant matters reported in the independent auditor's report were given adequate attention and as a result they were resolved during these two financial years.

For financial years 2020 and 2021, six out of seven agencies were issued with an unmodified audit opinion.

The following table presents a comparison of the results of our audit for last three financial years for Ministries and Departments under the Economic Services Sector.

Ministry/Department	2020-2021 Financial Year		2019-2020 Financial Year	2018-2019 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Audit Opinion Type	Audit Opinion Type
30. Ministry of Agriculture	01/08/22	Unmodified	Unmodified	Modified
31. Ministry of Fisheries	08/07/22	Unmodified	Unmodified	Modified
32. Ministry of Forests	28/07/22	Unmodified	Unmodified	Modified
33. Ministry of Lands and Mineral Resources	18/08/22	Modified	Modified	Modified
34. Ministry of Commerce, Trade, Tourism and Transport	05/05/22	Unmodified	Unmodified	Unmodified
35. Ministry of Sugar Industry	25/05/22	Unmodified	Unmodified	Modified
37. Ministry of Local Government	22/09/22	Unmodified	Unmodified	Unmodified

The graphical presentation below provides a comparison of the results of our audits for last three financial years for Ministries and Departments under the Economic Services Sector.



In accordance with International Standards on Auditing, I express an unmodified opinion (unqualified) when the financial statements are prepared in accordance with the Financial Management Act 2004, Finance Instructions 2010 and with relevant legislative requirements.

This type of opinion indicates that the financial statements are free from material misstatements, individually or in aggregate.

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

An **Emphasis of Matter** paragraph is included in the auditor's report to highlight an issue that will help the user better understand the financial statements. And an **Other Matter** paragraph highlights a matter that is relevant to users' understanding of the audit report.

The reporting framework on which the agency financial statements of Ministries and Departments are prepared are based on the Financial Management Act 2004 and Finance Instructions 2010.

Based on the above, we issued a modified audit opinion for the Ministry of Lands and Mineral Resources on the following grounds:

Ministry of Lands and Mineral Resources

2020

1. The qualified opinion was based on an unreconciled variance of \$2,362,575 that 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. As a consequence, the accuracy of the Land and Property Rent balance of \$14,650,325 recorded in the Statement of Receipts and Expenditure could not be established.

2021

1. The qualified opinion was based on an unreconciled variance of \$2,970,822 existing between the FMIS general ledger and the report extracted from the Ministry's Crown Land Lease System (CLLS) for land and property rent revenue. As a consequence, the accuracy of the Land and Property Rent balance of \$14,140,272 recorded in the Statement of Receipts and Expenditure could not be established.

3.0 ASSESSMENT OF FINANCIAL GOVERNANCE

This section evaluates the effectiveness of the internal controls maintained by the seven Ministries and Departments.

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 and Heads of Departments 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 control 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 noted during our audit are reported to the Permanent Secretary or Head of Department of Ministries and Departments.

Our overall assessment of the financial governance of the agencies reported under the Economic Services Sector indicate no improvement around internal control, the financial statement preparing processes and responses to the Office of the Auditor-General. Details of our assessment is provided under [section 4.0 – Results Summary Financial Governance](#).

3.1 Internal control framework

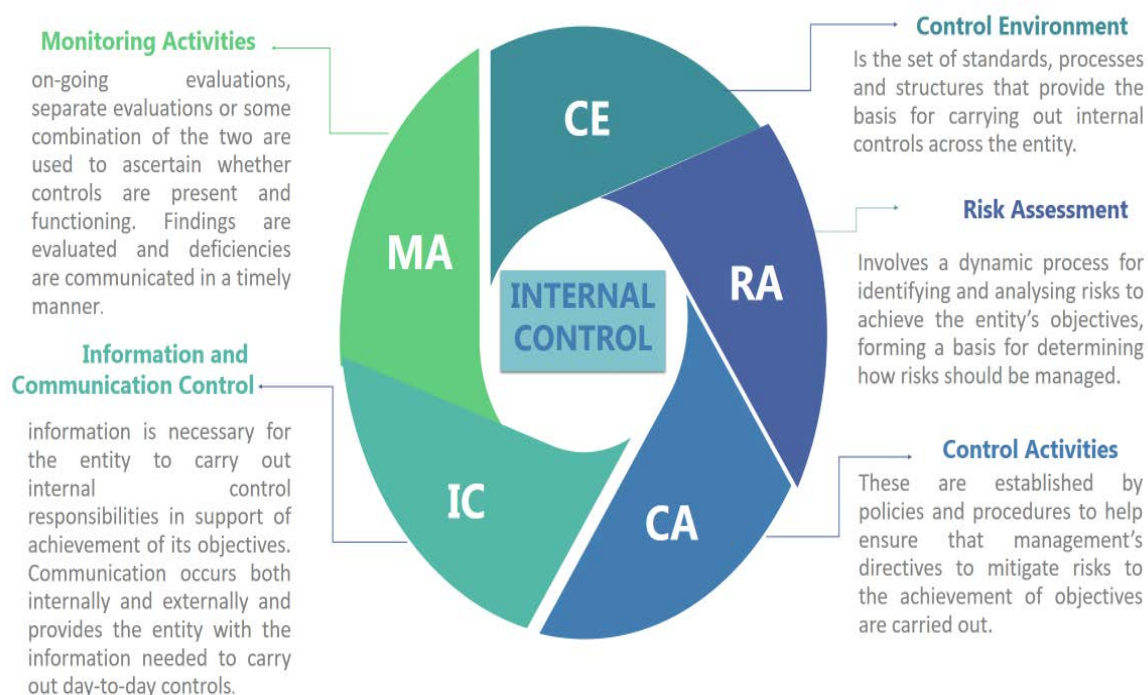
During our audit, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, I also test the operating effectiveness to ensure the internal controls are functioning as designed.

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.

3.2 Internal Controls

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



3.3 Preparation of Draft Agency Financial Statements

On 01 May 2020, Permanent Secretary for Finance issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

- Cancellation of unprocessed purchase orders by 20 July 2020
- Retirement of Imprest by 17 July 2020
- Processing of payments by 29 July 2020
- Clearance of stale cheques by 6 August 2020
- Closing date for journal adjustments by 6 August 2020
- Processing of virement by 21 August 2020
- Completion of reconciliation by 28 August 2020
- Clearance of Interdepartmental clearance accounts by 7 August 2020
- Annual Board of Survey on Drawings accounts cheques by 28 August 2020
- Submission of Arrears of Revenue Return by 28 August 2020

Similarly, on 30 April 2021, Permanent Secretary for Finance issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

- Cancellation of unprocessed purchase orders by 19 July 2021
- Retirement of Imprest by 16 July 2021
- Processing of payments by 29 July 2021
- Clearance of stale cheques by 6 August 2021
- Closing date for journal adjustments by 6 August 2021

- Processing of virement by 20 August 2021
- Completion of reconciliation by 27 August 2021
- Clearance of Interdepartmental clearance accounts by 6 August 2021
- Annual Board of Survey on Drawings accounts cheques by 27 August 2021
- Submission of Arrears of Revenue Return by 27 August 2021

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

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

3.4 Quality of Draft Financial Statements by Entities

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

We assessed the quality of financial statements by the impact these adjustments had on the total expenditures, operating results or net assets of the entity subject to our audit.

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

3.5 Timeliness of Draft Financial Statements for Entities

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received.

Rating	Timeliness of draft financial statements assessment
Effective	Acceptable draft financial statements received before or on 15 October 2020 and 2021
Generally effective	Acceptable draft financial statements received on or before 31 October 2020 and 2021
Ineffective	Acceptable draft financial statements received after 31 October 2020 and 2021

3.6 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 entities and the date the management comments and the signed accounts were received.

Rating	Timeliness of Management Comments Received
Effective	Within 14 days from the issue of Draft Management Letter
Ineffective	Within 21 days from the issue of Draft Management Letter
Ineffective	After 21 days from the issue of Draft Management Letter
Rating	Timeliness of Signed Financial Statements 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

4.0 RESULT SUMMARY – FINANCIAL GOVERNANCE

The following table comparatively summarises our assessment of controls, the financial statement preparing processes and responses to the Office of the Auditor-General across the Ministries and Departments in the *Economic Services Sector* for financial years 2019-2021 which were subject to our audit.

Ministry or Department	Internal controls															Financial Statement Preparation									Responses to OAG					
	CE			RA			CA			IC			MA			T			YE			Q			MC			SFS		
Financial Year	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19	'21	'20	'19
Economic Services Sector																														
30. Ministry of Agriculture	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
31. Ministry of Fisheries	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
32. Ministry of Forests	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
33. Ministry of Lands and Mineral Resources	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
34. Ministry of Commerce, Trade, Tourism and Transport	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
35. Ministry of Sugar	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
37. Ministry of Local Government	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★

'19 = 2019 '20= 2020 '21 = 2021

CE=Control Environment

RA=Risk Assessment

Q=Quality of draft financial statements

IC=Information and Communication Control

CA=Control Activities

YE= Year-end close processes

T=Timeliness of draft financial statements

MA=Monitoring Activities

MC=Management Comments provided

SFS=Signed Audited financial statements returned

Head 30

Ministry of Agriculture

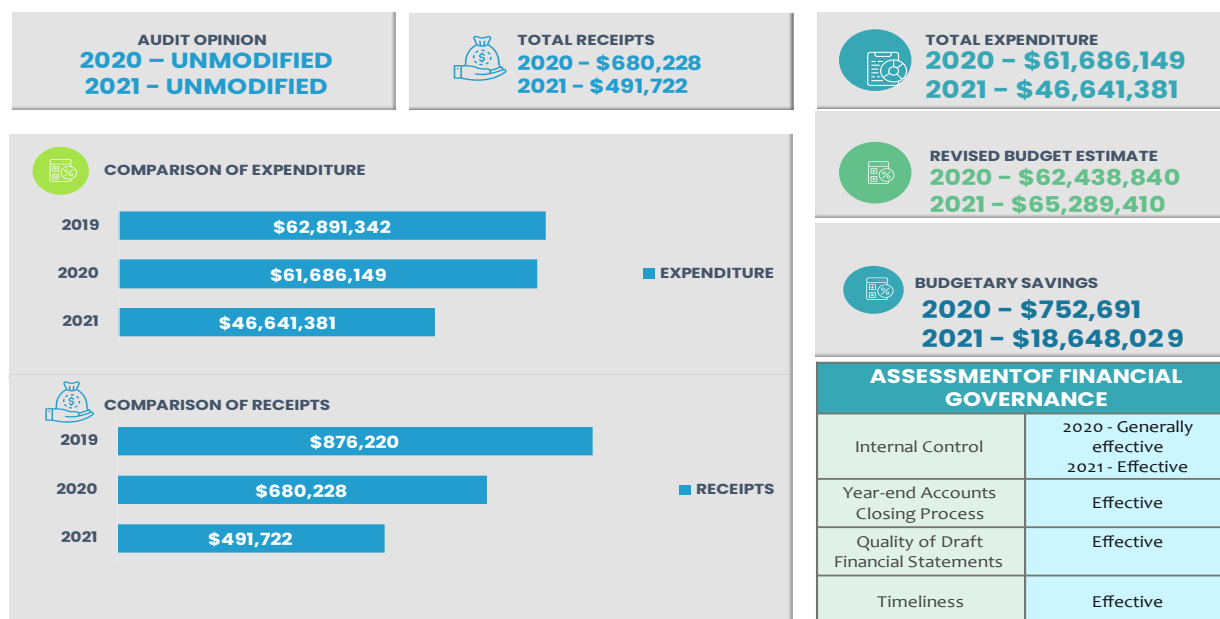
Roles and Responsibilities

The Ministry of Agriculture is responsible for providing support to hard-working Fijian farmers (aside from sugarcane farmers, who are supported separately by Ministry of Sugar Industry), and for helping them adapt to changing markets and climate change. The Ministry's approach is wide-reaching, from administering technical crop and livestock extension services to conducting new research to develop innovative solutions to unique challenges faced by Fiji's agriculture sector.

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PART A: FINANCIAL INFORMATION



30.1 Audit Opinion

2020

The audit of the 2020 accounts of the Ministry of Agriculture resulted in an unmodified audit opinion.

2021

The audit of the 2021 accounts of the Ministry of Agriculture resulted in an unmodified audit opinion.

30.2 Appropriation Statement

2020

The Ministry collected revenue totalling \$680,228 in 2020 and incurred expenditure totalling \$61.7 million against a revised budget of \$62.4 million resulting in savings of \$0.7 million or 1.1%.

2021

The Ministry collected revenue totalling \$491,722 in 2021 and incurred expenditure totalling \$46.6 million against a revised budget of \$65.3 million resulting in savings of \$18.7 million or 29%.

Details of expenditure against the revised budget are provided in Table 30.1 and 30.2.

Table 30.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	10,622,373	1,483,566	12,105,939	12,090,481	15,458
2	Government Wage Earners	3,884,306	309,829	4,194,135	4,194,054	81
3	Travel & Communication	666,181	36,656	702,837	702,671	166
4	Maintenance & Operations	1,787,775	184,428	1,972,203	1,971,608	595
5	Purchase of Goods & Services	601,369	(11,076)	590,293	590,150	143
6	Operating Grants & Transfers	4,036,124	(178,303)	3,857,821	3,856,512	1,309
7	Special expenditure	6,356,838	(90,038)	6,266,800	6,259,205	7,595
	Total Operating Costs	27,954,966	1,735,062	29,690,028	29,664,681	25,347
8	Capital Construction	15,199,535	(1,196,355)	14,003,180	13,275,875	727,305
9	Capital Purchase	1,766,550	32,009	1,798,559	1,798,556	3
10	Capital Grants & Transfers	14,523,457	603,800	15,127,257	15,127,228	29
	Total Capital Expenditure	31,489,542	(560,546)	30,928,996	30,201,659	727,337
13	Value Added Tax	2,373,957	(554,141)	1,819,816	1,819,809	7
	TOTAL	61,818,465	620,375	62,438,840	61,686,149	752,691

Table 30.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	14,498,649	-	14,498,649	11,708,851	2,789,798
2	Government Wage Earners	5,556,143	-	5,556,143	3,641,951	1,914,192
3	Travel & Communication	572,900	156,339	729,239	691,649	37,590
4	Maintenance & Operations	1,707,100	11,557	1,718,657	1,662,210	56,447
5	Purchase of Goods & Services	572,803	(163,396)	409,407	357,259	52,148
6	Operating Grants & Transfers	4,172,124	(13,650)	4,158,474	3,968,735	189,739
7	Special expenditure	2,168,500	(7,056)	2,161,444	1,795,843	365,601
	Total Operating Costs	29,248,219	(16,206)	29,232,013	23,826,498	5,405,515
8	Capital Construction	19,170,000	116,206	19,286,206	11,371,264	7,914,942
9	Capital Purchase	1,600,000	-	1,600,000	947,252	652,748
10	Capital Grants & Transfers	12,950,000	(100,000)	12,850,000	9,033,314	3,816,686
	Total Capital Expenditure	33,720,000	16,206	33,736,206	21,351,830	12,384,376
13	Value Added Tax	2,321,191	-	2,321,191	1,463,053	858,138
	TOTAL	65,289,410	-	65,289,410	46,641,381	18,648,029

The savings of \$4,703,990 in 2021 under payroll resulted from the delay in the Ministry to fill vacant positions and in providing extension of contract to staff because of the COVID 19 restriction that was in place.

The savings of \$12,749,977 in 2021 under special and capital expenditures is due to the delay in the implementation of programs as COVID 19 restrictions were in place.

30.3 Trading and Manufacturing Account

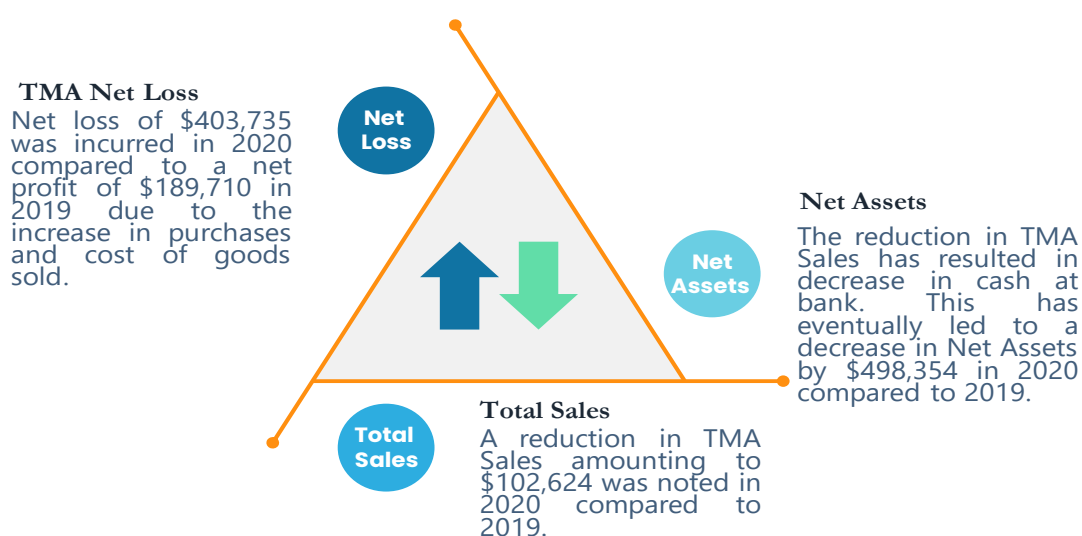
The Trading and Manufacturing account (TMA) records livestock, fuel and oil. The service of the TMA is provided through livestock extension offices, veterinary clinics, research stations and fuel and oil are provided through the crop extension offices.

The services include provision of recommended livestock genetic material, fencing material, tools, provision of veterinary services and advice to livestock stakeholders. It has also been used in the case of emergencies whereby destocking and transferring of animal to address animal welfare issues during disasters. The machinery hires within the crop extension division include hiring of government owned machines such as tractors, diggers, and rice harvesters for farmers at a rate of \$28/hour.

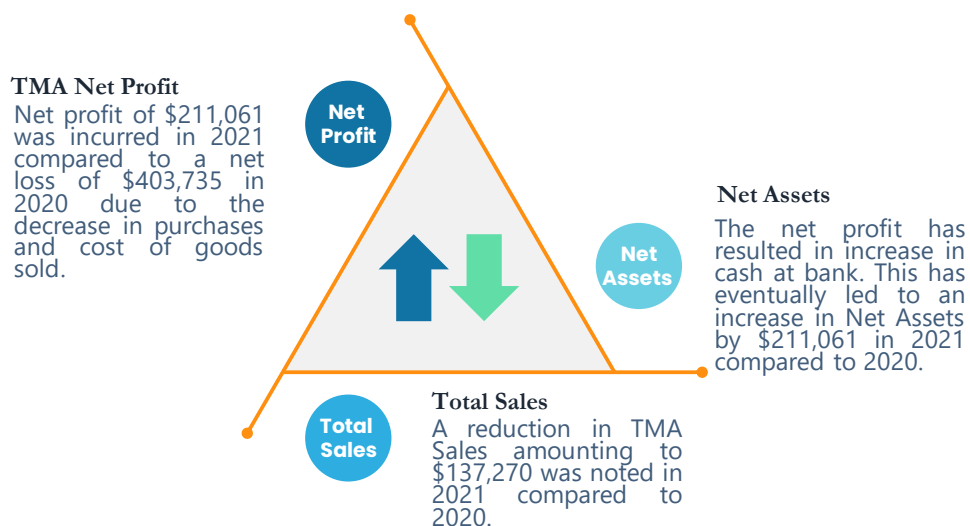
The Trading and Manufacturing Account operates as a revolving fund and has a ceiling of \$200,000 yearly (\$120,000 for the livestock operation and \$80,000.00 for fuel and oil for crop extension).

The financial analysis of TMA for the year ended 31 July 2020 and 31 July 2021 is provided below. Detailed Statements for the TMA are provided in Appendix 30.1.

2020



2021



PART B: OTHER SIGNIFICANT MATTERS

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

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

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

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 Ministry. For the audit of the Ministry for 31 July 2020, these deficiencies have been included in this report as they impacted on the overall system of control of the Ministry. For the audit of the Ministry for 31 July 2021, there were no significant matters identified.

30.4 Construction of Office and Staff Quarters Program

The objective of this program is to ensure that the Ministry of Agriculture stations and officers are well supported through improved living and working condition. The strategic goal is to improve quality public sector performance and service delivery of the Ministry and its officers.

The budget for capital expenditures comes from the Public Sector Investment Program (PSIP), which specifies the cost components of all capital programs.

The Quarterly Performance Progress Report (QPPR) is a tool used by the Ministry to monitor the performance progress of a particular program on a quarterly basis during a financial year.

From the review of expenditures incurred during the year audit noted the following:

- one contractor was engaged for the installation of solar system for two staff quarters in Bua valued at \$87,774. The construction works were treated separately on case-by-case basis and invoiced separately although the work was single in nature and awarded to the same supplier. This work warrants Government Tender Board (GTB) approval given the total value of work undertaken is over \$50,000.
- there was no PSIP prepared for this program during the period under review.
- there was no QPPR prepared and used during the period under review.

The finding indicates absence of proper planning by the Ministry on the procurement of works to ensure that proper tender process is followed, and proper approval are obtained. This also indicates non – adherence to Procurement Regulations 2010. There is a risk of deliberate splitting of works to circumvent the tender process.

As a result of splitting of works, upper-level approvals were not obtained and fair competition are avoided, which could lead to abuse of public funds through schemes such as kickbacks or fictitious vendors.

The absence of PSIP may be due to the lack of proper planning during the budget planning phase of the Ministry. This could result in the lack of proper feasibility assessment and cost – benefit analysis of the program prior to its commencement.

Failure to properly measure the program could result in loss of public funds through mismanagement.

Recommendations

The Ministry should ensure that:

- **public tenders are called for any procurement of goods, services or works valued at \$50,000 or more**
- **the principle of promoting open and fair competition among suppliers and contractors are maintained**
- **any officer splitting payments to circumvent upper-level approval are cautioned and appropriate disciplinary action taken; and**
- **there is a proper and realistic measurement system in place to correctly measure the performance of the program.**

Ministry's Comments

- *All programs have PSIP, and an APP is done at the beginning of the year where plus \$50,000 procurement are identified and tenders are called.*
- *Also, MOA has recently updated and circulated its procurement SOP which includes calling of Request for Quotation (RFQ) through newspaper advertisement to promote fair competition among bidders.*
- *Procurement compliance is checked, and any breach is taken seriously, and officers are cautioned*
- *The Ministry monitors its capital programs on a weekly basis.*
- *Expenditure postings are monitored, and any breach will be dealt within the processes.*
- *The Ministry has an annual PIR (Post Implementation Review) and weekly tracking system of its capital programs and continues to strengthen its process where required. Project progress is measured by the M&E team, PIR team, Dedicated Project Managers tracking, COP and SOP monitoring team and Finance weekly tracking.*

30.5 Farm Mechanization Program

The primary objective of this program is to improve efficiency and effectiveness of Agricultural Farm Mechanization service delivery to all categories of farmers through the provision of necessary farm equipment, tools, and resources to increase agricultural production, reduces cost of production and increase farmer's income.

From the review of expenditures incurred during the year audit noted the following:

- the Ministry procured three combine rice harvesters for the Northern Division amounting to \$111,750 (VIP). Audit noted that all three machines were designated for Northern Division as per the GTB approval however only two machines were taken to the North while one

machine was distributed to the Western Division. No further approval from GTB to divert the distribution of the machine was provided by the Ministry.

- In the year 2018 – 2019, the Ministry of Disaster Management & Meteorological Services received aid in kind from the Government of Japan in the form of vehicles, machineries, and heavy equipment to assist in disaster rehabilitation and response. Refer to Appendix 30.2 for details.

These items were further distributed to be used by the Ministry of Agriculture. Audit verification of these items in 2021 revealed that most of these items were still left unutilized at the Ministry's yard at Lakena. Audit cannot ascertain if the items are still in working condition or not given the length of time it has been kept in store.

Despite the above, audit noted that the Ministry engaged in procurement of heavy equipment and machines during the period amounting to \$928,485. Refer to Appendix 30.3 for details.

Furthermore, the Ministry continued to hire excavators during the period amounting to \$283,567 for farmland preparation of assisted farmers. Refer to Appendix 30.4 for details.

The findings indicate management override on matters regarding movement of property, plant & equipment within and out of the Ministry.

This also indicate serious asset management problem within the Ministry highlighting its lack of ability to effectively utilize assets in its disposal to generate required expected returns.

As a result, the Ministry ended up expensing significant amount of public funds on procurement and hire of property, plants and equipment which could have been saved or utilized in a more meaningful ways if available assets were properly managed.

Recommendations

The Ministry should:

- **ensure that GTB approval conditions are complied with**
- **consider utilizing assets available at its disposal to carry out required capital works that are usually outsourced to external suppliers such as digging works and farmland preparation; and**
- **capitalized the usage of donated items as they are given at no cost and is an ideal way for government funds to be saved and best utilized in other areas of priority.**

Ministry's Comments

Comment is noted. The Ministry decided to send one of the machines to the West because of the government's initiative to develop rice farming in the West region as a supplementary crop to cane.

Also, North region still received 3 machines of which, 1 was donated by China. And this was done because of availability of parts with supplier in the North for these machines. This is done to optimize Ministry's outputs and to benefit maximum number of beneficiaries with limited number of machines.

The Ministry uses its own assets and machines, and outsourcing is only done where its resources is exhausted or to achieve best value. Cost benefit analysis are done, and the Ministry has a \$10.02 return on investment on every dollar spent based on 2019 GDP.

Idle Machine – *This machine was donated by Japan which was not compatible and not in use status at the time of the audit. Parts came from Italy in late 2020 and the issue is now fixed.*

30.6 Procurement of Fuel and Oil

The review of expenditures relating to the procurement of fuel and oil by the Ministry indicated the following:

- The capital programs budget includes operational cost such as fuel & oil expenses for each program. The absence of clear instruction or guideline on expenditure boundary among operation and capital programs opens room for misallocating and misrepresenting the true cost of fuel at expenditure and program level.
- There is no mechanism in place to capture the link between fuel usage to the program. There is high possibility that fuel charged to a particular program may include fuel used for the work of other programs.
- Instances where fuel used for operation purposes were charged to capital expenditure. Refer to Appendix 30.5 for details.

The absence of clear instruction & guideline on fuel and oil procurement could result in difficulty in determining the actual cost of fuel and oil usage for a particular program or for the Ministry's operational fuel expenses.

If not properly controlled and monitored, this could be an area exploited given the nature of the goods procured where fuel and oil for operation purposes are sourced from capital programs.

Recommendations

The Ministry should:

- **have proper control and monitoring over fuel usage and allocation charged to**
- **consider implementing measure to capture the link between usage of fuel for a particular work with its appropriate program; and**
- **avoid charging operational fuel cost to capital expenditure allocation.**

Ministry's Comments

Audit comment is noted. This year the Ministry has reviewed its fuel usage plan which includes:

- re-alignment of fuel card limits of all vehicles.*
- locking of all fuel allocations for all capital which will be handled from HQ.*

Proper charging of expenses to correct capital projects and operating cost centre will be the expected outcome of this change.

30.7 Other Procurement Anomalies in Capital Expenditure

The review of capital expenditures during the period revealed the following:

- procurement of goods & services amounting to \$125,889.13 were made without competitive quotes being obtained. Refer to Appendix 30.6 for details.
- mismatch of the amount between invoice, local purchase order and payment voucher for a payment totalling \$2,848.62 for supply of sprinkler.
- delivery dockets for procurements amounting to \$54,150.73 were not attached to the payment vouchers. Included in this total is an amount of \$8,995 being payment for poultry manure that was made based on unauthorized invoices. Refer to Appendix 30.7 for details.

The findings indicate non-compliance to stipulated rules and guidelines over payments. It also indicates internal control weaknesses and lack of supervisory checks.

Internal control breaches defeat the whole purpose of putting up control mechanism in place as it reduces the Ministry's ability to safeguard itself from risks it is exposed to.

Recommendations

The Ministry should:

- **ensure that control procedures in place are complied with**
- **strengthen supervisory checks and monitoring undertaken over the payment process; and**
- **ensure that all relevant supporting documents are attached and verified prior to any payments being made.**

Ministry's Comments

Ministry will investigate this. Furthermore, an audit of its systems and processes on procurement, payments and delivery & receiving of goods will be undertaken whereby gaps will identified and corrective measures will be undertaken.

The Ministry has revised its procurement SOP again in October 2021 to take of these issues. More alignment will be done as and when required.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

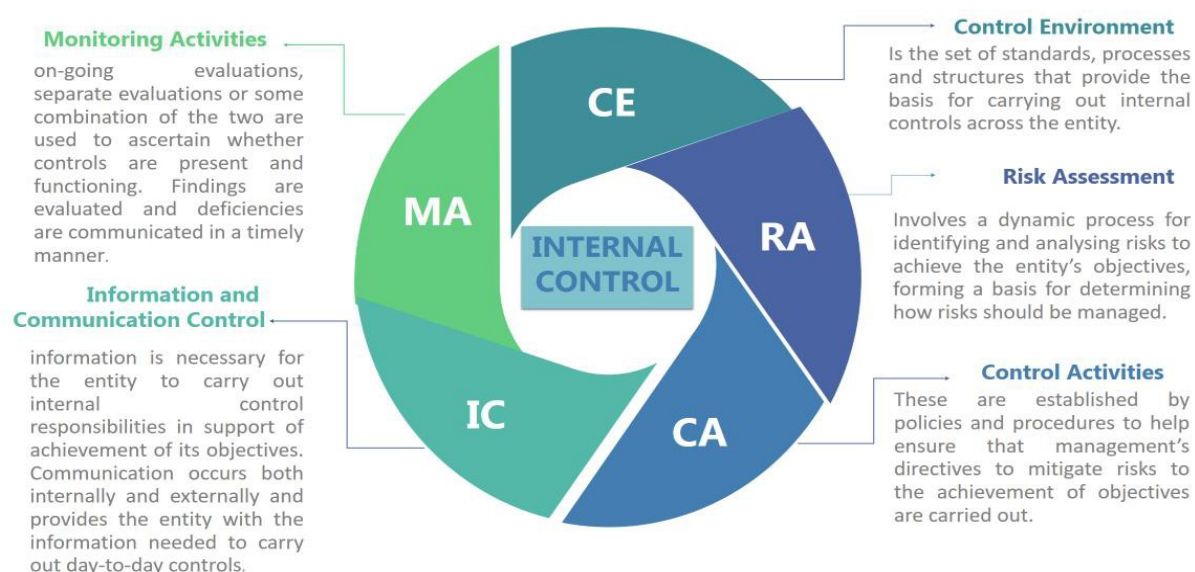
30.8 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	☀ Generally Effective	☀ Generally Effective	☀ Generally Effective	☀ Generally Effective	☀ Generally Effective
2021	🌿 Effective	🌿 Effective	🌿 Effective	🌿 Effective	🌿 Effective

In view of the above, we have assessed the internal controls of the Ministry as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Some deficiencies identified in internal controls.
2021	🌿 Effective	No significant deficiencies identified in internal controls.

30.9 Submission of FY 2019-2020 and 2020-2021 Draft Agency Financial Statements

On 01 May 2020, Permanent Secretary for Economy issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 10 July 2020	✓
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 21 August 2019	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓	Completion of reconciliations by 29 August 2020	✓
Retirement of imprests by 17 July 2020	✓	Submission of arrears of revenue returns by 28 August 2020	✓

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✓	Cancellation of unprocessed purchase orders by 09 June 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 20 August 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✓	Completion of reconciliations by 27 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Submission of arrears of revenue returns by 27 August 2021	✓

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

Based on information received, we have assessed the year-end close process as:

Year	Rating	Year-end close process assessment
2020	Effective	All the 10 key processes completed within two weeks of due date.
2021	Effective	All the 10 key processes completed within two weeks of due date.

30.10 Quality of Draft Financial Statements by entities

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

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Year	Rating	Quality of draft financial statements assessment
2020	🟢 Effective	No adjustments were required
2021	🟢 Effective	No adjustments were required

30.11 Timeliness of draft financial statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	🟢 Effective	Acceptable draft financial statements received within 31 October 2020
2021	🟢 Effective	Acceptable draft financial statements received with 31 October 2021

30.12 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 entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2020	🟡 Generally effective	Within 21 days from the issue of Draft Management Letter
2021	🟢 Effective	Within 14 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	🟡 Generally effective	Within 15 days from the issue of Financial Statements for signing
2021	🟢 Effective	Within 5 days from the issue of Financial Statements for signing

APPENDIX 30.1: DETAILED STATEMENT OF TRADING AND MANUFACTURING ACCOUNT

2020

Consolidated Trading Account – Commercial Undertaking

Description	31 July 2020 (\$)	31 July 2019 (\$)
Sales	866,396	969,020
Opening Stock	687,997	592,672
Add: Purchases	769,901	546,456
Add: Direct Labor	-	2,445
Goods Available for Sale	1,457,898	1,141,573
Less: Closing Stock	463,985	687,997
Cost of Goods Sold	993,913	453,576
Gross (Loss)/Profit	(127,517)	515,444

Consolidated Profit and Loss Account – Commercial Undertaking

Description	31 July 2020 (\$)	31 July 2019 (\$)
Income		
Gross Profit Transferred from Trading Account	(127,517)	515,444
Total Income	(127,517)	515,444
Expenses		
Travelling & Communication Expenses	5,144	11,066
Maintenance and Operation	239,148	289,316
Purchase of goods & services	31,926	25,352
Total Expenses	276,218	325,734
Net (Loss)/Profit	(403,735)	189,710

Consolidated Balance Sheet – Commercial Undertaking

Description	31 July 2020 (\$)	31 July 2019 (\$)
Equity		
TMA Surplus		
Opening balance	(796,468)	(506,438)
Remittance	(92,542)	(290,030)
Closing Balance	(889,010)	(796,468)
TMA Accumulated Surplus		
Opening balance	1,779,824	1,612,227
Net (Loss)/Profit	(403,735)	189,710
Write off loss of inventory	(2,077)	-
Write off deposits and retention	-	(22,113)
Closing Balance	1,374,012	1,779,824
Total Equity	485,002	983,356
Assets		
Cash at Bank	20,278	294,620

Description	31 July 2020 (\$)	31 July 2019 (\$)
Accounts Receivable	739	739
Inventory	463,985	687,997
Total Assets	485,002	983,356
Liabilities		
Deposits & Retention	-	-
Total Liabilities	-	-
Net Assets	485,002	983,356

2021

Consolidated Trading Account – Commercial Undertaking

Description	31 July 2021 (\$)	31 July 2020 (\$)
Sales	729,126	866,396
Opening Stock	463,985	687,997
Add: Purchases	316,992	769,901
Goods Available for Sale	780,977	1,457,898
Less: Closing Stock	536,365	463,985
Cost of Goods Sold	244,612	993,913
Gross Profit/(Loss)	484,514	(127,517)

Consolidated Profit and Loss Account – Commercial Undertaking

Description	31 July 2021 (\$)	31 July 2020 (\$)
Income		
Gross Profit Transferred from Trading Account	484,514	(127,517)
Total Income	484,514	(127,517)
Expenses		
Travelling & Communication Expenses	8,003	5,144
Maintenance and Operation	239,456	239,148
Purchase of goods & services	25,994	31,926
Total Expenses	273,453	276,218
Net Profit/(Loss)	211,061	(403,735)

Consolidated Balance Sheet – Commercial Undertaking

Description	31 July 2021 (\$)	31 July 2020 (\$)
Equity		
TMA Surplus		
Opening balance	(889,010)	(796,468)
Remittance	-	(92,542)
Closing Balance	(889,010)	(889,010)
TMA Accumulated Surplus		
Opening balance	1,374,012	1,779,824
Net Profit/(Loss)	211,061	(403,735)

Description	31 July 2021 (\$)	31 July 2020 (\$)
Write off loss of inventory	-	(2,077)
Closing Balance	1,585,073	1,374,012
Total Equity	696,063	485,002
Assets		
Cash at Bank	158,959	20,278
Accounts Receivable	739	739
Inventory	536,365	463,985
Total Assets	696,063	485,002
Liabilities		
Deposits & Retention	-	-
Total Liabilities	-	-
Net Assets	696,063	485,002

**APPENDIX 30.2: LIST OF DONATED ITEMS TRANSFERRED FROM MINISTRY OF
DISASTER MANAGEMENT & METEOROLOGICAL SERVICES**

No.	Product	Quantity	Photo	Storage location	Division
RECEIVED ITEMS					
1	12 ton Excavator	5		Ministry of Agriculture	All Divisions
2	10 ton Dump Truck	4		Ministry of Agriculture	All Divisions
3	Motor Grader	1		Ministry of Agriculture	Eastern
4	9 ton Crane Truck	4		Ministry of Agriculture	All Divisions
5	Pick up Truck Twin Cab	5		DISTRIBUTED TO DIVISIONS	All Divisions
6	Tractor	4		Ministry of Agriculture	All Divisions
7	Forklift	4		Ministry of Agriculture	All Divisions

APPENDIX 30.3: DETAILS OF PROCUREMENT OF HEAVY EQUIPMENT

Cheque Date	Cheque/EFT No.	Particulars	Amount VIP (\$)	Program	Allocation
10/08/2019	70522	Purchase of 3 digger machines with 2 buckets	510,000.00	Farm Mechanization	1-30202-30201-090119
13/05/2020	77599	Purchase of 1 x 65-70HP digger machine for Ba province	135,000.00	Farm Mechanization	1-30202-30201-090119
06/09/2019	66496	Purchase of tractor with implements	76,000.00	Farm Mechanization	1-30202-30201-090119
23/01/2020	73884	Purchase for one only tractor for Sigatoka Research Horticulture Section.	27,000.00	ARS - Horticulture	1-30203-30369-080645
31/10/2019	71652	Purchase of parts for tractor GL414 Mua station	16,000.00	Sheep Diversification Program	1-30303-30379-080624
08/01/2020	73338	Supply of tractor parts for repair of GR633	5,360.00	Vegetable Development Program	1-30203-30369-080603
24/01/2020	73884	Purchase for one only tractor for Sigatoka research horticulture	27,000.00	Vegetable Development Program	1-30203-30369-080603
21/02/2020	74843	Supply of tractor parts, tyres & tubes for GL 415	8,225.00	Vegetable Development Program	1-30203-30369-080603
02/03/2020	75133	Supply of 1 x tractor with implements (Massey Ferguson) for livestock rehab program.	123,900.00	Livestock Rehabilitation Program	1-30302-30201-080699
Total			\$928,485.00		

APPENDIX 30.4: DETAILS OF PAYMENTS MADE FOR HIRE OF EXCAVATOR FOR LAND PREPARATION

Cheque Date	Cheque/EFT No.	Particulars	Amount VIP (\$)	Program	Allocation
27/11/2019	72206	Land preparation for ginger farmers in Waidina for 2 acres	9,500.00	Agriculture Extension Services	1-30202-30201-080543
09/07/2020	79601	Hiring digger for clearing land at Naduruloulou research	7,000.00	Agriculture Research Service –Tree Crops	1-30203-30369-080644
06/03/2020	75307	Land clearing and drainage for Beef Farm	30,000.00	Beef Diversification Program	1-30302-30201-080623
05/02/2020	74212	Upgrading and Maintenance of Farm Roads under the Farm Access Road program	36,352.29	Cocoa Revitalization Program	1-30202-30201-080516
26/05/2020	78002	Upgrading and Maintenance of farm road under the Farm Access Road program	28,000.00	Cocoa Revitalization Program	1-30202-30201-080516
16/01/2020	73575	Clearing and Drainage works for Farm Road	22,000.00	Cocoa Revitalization Program	1-30202-30201-080516
24-Jun-20	79098 (1)	Digger works for 300 hours for 3 dairy farmers	21,000.00	Establishment of Brucellosis Free Farms	1-30302-30201-080622
21/07/2020	79926	Land Preparation under EPP programme	4,905.00	Food Security Program	1-30202-30201-080640
21/07/2020	79926	Land Preparation under EPP programme	4,905.00	Food Security Program	1-30202-30201-080640
21/07/2020	79936	Land Preparation under EPP programme	4,905.00	Food Security Program	1-30202-30201-080640
21/07/2020	79936	Land Preparation works under EPP programme	4,905.00	Food Security Program	1-30202-30201-080640
01/06/2020	78322	Land Clearing/Land Cultivation/ Drainage Works	5,450.00	Food Security Program	1-30202-30201-080640
08/10/2019	71154	Land Preparation for Ginger Dev. Program	18,000.00	Ginger Development Program	1-30202-30201-080607
26/07/2019	70830	Land Preparation for Ginger Program	7,900.00	Ginger Development Program	1-30202-30201-080607
31/07/2019	70831	Land preparation work	4,250.00	Ginger Development Program	1-30202-30201-080607

01/08/2019	70878	Land Preparation	7,500.00	Ginger Development Program	1-30202-30201-080607
20/09/2019	70800	Land prep for Ginger Farm	5,014.00	Ginger Development Program	1-30202-30201-080607
19/09/2019	70782	Land preps for ginger	9,800.00	Ginger Development Program	1-30202-30201-080607
21/09/2019	70833	Land preparation work	4,300.00	Ginger Development Program	1-30202-30201-080607
06/11/2020	78782	Land preparation, blocking, land clearing & drainage for Dalo project under ROI programme	5,450.00	Rural & Outer Island Program	1-30202-30201-100140
29/06/20	79252	Land preparation, blocking, land clearing & drainage construction for Dalo Project	5,450.00	Rural & Outer Island Program	1-30202-30201-100140
16/01/2020	73637	Hire of tractor for the land clearing at Nadogo tikina	15,300.00	Women in Agriculture Program	1-30202-30201-080517
10/01/2020	73623	Tractor works for the land preparation	4,031.20	Women in Agriculture Program	1-30202-30201-080517
	75056	Hire of digger for the Land clearing in Ra Province	17,650.00	Women in Agriculture Program	1-30202-30201-080517
Total			\$283,567.49		

APPENDIX 30.5: DETAILS OF FUEL PAYMENTS MADE FROM CAPITAL EXPENDITURE

Cheque Date	Cheque/EFT No.	Particulars	Amount VIP (\$)	Program	Remarks
19/06/20	79074	Diesel for PAO West Operation	2,641.72	Women in Agriculture Program	Diesel for office operational cost charged to capital expenditure.
05/06/20	77744	Supply of 18x200 ltrs diesel for crop extension division at SRS under SVD Project.	6,561.75	Sigatoka Valley Development Program	Audit cannot ascertain if the fuel were all utilized directly into SVDP related work.
15/05/20	77890	Supply of 4000 ltrs diesel for crop extension section under SVD project.	5,803.60	Sigatoka Valley Development Program	Audit cannot ascertain if the fuel were all utilized directly into SVDP related work.
16/06/20	78739	Supply of drums diesel & drum premix for Taveuni station	4,287.97	Dalo Development Program	Audit cannot ascertain if the fuel were all utilized directly into Dalo Development related work.
12/02/20	74465	Fuel Cards and Open Fuel Cards for HRF & I Division	11,764.47	Dalo Development Program	Audit cannot ascertain if the fuel were all utilized directly into Dalo Development related work.
17/06/20	78829	Fuel card for AH & P vehicles for May 2020	12,788.84	BTEC Program	Audit cannot ascertain if the fuel were all utilized directly into BTEC Program related work. There is high possibility that it may also include fuel usage for other programs under AH&P even operation fuel cost of the Division.
08/05/20	77407 (3)	Fuel card for AH & P vehicles for March 2020	16,354.09	BTEC Program	Audit cannot ascertain if the fuel were all utilized directly into BTEC Program related work. There is high possibility that it may also include fuel usage for other programs under AH&P even operation fuel cost of the Division.
29/11/19	72300	Fuel card for AH & P vehicles for July & August 2019	23,296.16	BTEC Program	Audit cannot ascertain if the fuel were all utilized directly into BTEC Program related work. There is high possibility that it may also include fuel usage for other programs under AH&P even operation fuel cost of the Division.
05/02/20	74302	Payment for purchase for diesel and oil for tree crops activity.	10,995.75	ARS – Tree Crops	Audit cannot ascertain if the fuel were all utilized directly into ARS – Tree Crops related work.
18/02/20	74772	Payment for purchasing of fuel for WRS	9,949.52	ARS – Tree Crops	Audit cannot ascertain if the fuel were all utilized directly into ARS – Tree Crops related work.
23/01/20	74038	Payment for the purchased Diesel for Office	3,285.91	ARS – Root Crops	Diesel for office operational cost charged to capital expenditure.
Total			\$107,729.78		

APPENDIX 30.6: DETAILS OF PAYMENTS WITHOUT COMPETITIVE QUOTES OBTAINED

Cheque Date	Cheque/EFT No.	Particulars	Amount VIP (\$)
31/10/19	71652	Payment for purchase of parts for tractor GL 414 Mua station	16,000.00
29/11/19	72290	Payment for purchase of flexi tapes, tag applicator for 4 sheep stations	12,587.48
04/05/20	77361	Payment for purchasing Mulato II hybrid Brachiari for sheep section	6,737.25
21/05/20	77852	Payment for purchase of 3x15l Startec Spectrum oral drench for sheep at Nawaicoba station	10,650.00
09/01/20	73334	Payment for supplying of parent day old chicks for Poultry Research Unit at SRS	12,500.00
13/01/20	73439	Payment for supplying of nipple drinking system for COBB 500 and automatic feeding system for Poultry Section at SRS	28,000.00
14/01/20	73472	Payment for supplying of breeder starter crumps grower and high spec breeder prelay and layer 1 & 2 for Poultry Section at SRS	19,707.20
03/06/20	78259	Payment for supply of breeder starter and grower for Poultry Section at SRS	19,707.20
Total			\$125,889.13

APPENDIX 30.7: DETAILS OF PAYMENTS WITHOUT DELIVERY DOCKET ATTACHED

Cheque Date	Cheque/EFT No.	Particulars	Amount VIP (\$)	Remarks
29/11/19	72515	Being payment for poultry manure for Root crops KRS.	5,995.00	• Delivery docket not attached & unauthorized invoice.
29/11/19	72609	Payment for poultry manure for root crops KRS	3,000.00	• Delivery docket not attached & unauthorized invoice.
25/02/20	74956	Supply of pine post & steel post for Keson beef project (Nadi)	7,618.38	• Delivery docket not attached.
23/07/20	79950	50% payment for purchase of chaff cutter for DIS Farmers	23,435.00	• Delivery docket not attached.
30/06/20	79292	Supply of 225kg Seteria seeds under the DIS program	14,102.35	• Delivery docket not attached.
Total			\$54,150.73	

Head 31

Ministry of Fisheries

Roles and Responsibilities

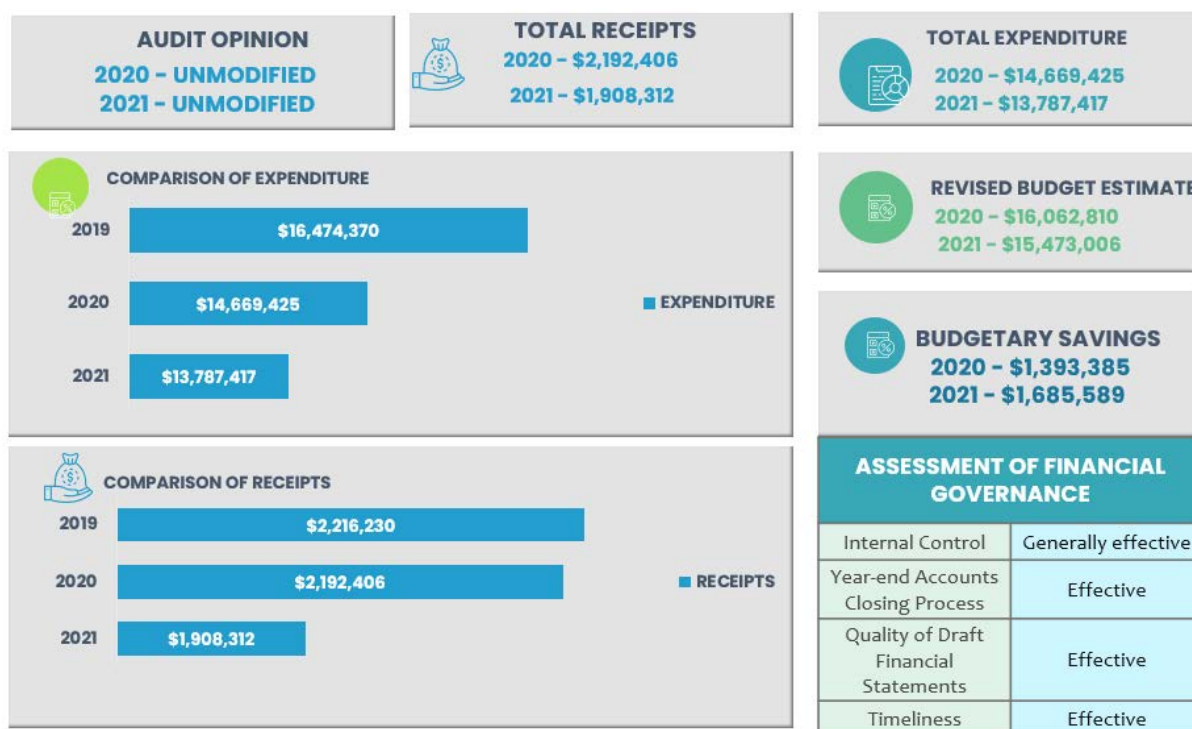
The Ministry of Fisheries ('Ministry') is the regulatory and service organization responsible for national fisheries management through the administration and enforcement of national fisheries policies, programmes and projects. In this regard, the Ministry ensures that Fiji is able to meet its international obligations relating to marine resources. The Ministry provides efficient and effective fisheries extension services delivery to fishing communities and other stakeholders. This includes applied marine resource research to foster and promote marine resource commodity development for income generation, food security and sustainable management practices.

The Ministry navigates Fiji's blue economy by supporting existing and emerging fisheries while helping the sector adapt to changes in the climate, economy, and international law. These include combatting illegal, unreported and unregulated fishing; fisheries sector trade subsidies; maximizing resource rent; building Fiji's food security; harnessing the full potential of Fiji's aquaculture and inshore industries through import substitution and diversification; climate change adaptation and mitigation; blue carbon trading; marine biodiversity conservation; and disaster management. The Ministry continues to work in close collaboration with all fisheries stakeholders to sustainably grow the sector through regional and international best practices.

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PART A: FINANCIAL INFORMATION



31.1 Audit Opinion

2020

The audit of the 2020 accounts of the Ministry of Fisheries resulted in an unmodified audit opinion.

2021

The audit of the 2021 accounts of the Ministry of Fisheries resulted in an unmodified audit opinion.

31.2 Appropriation Statement

2020

The Ministry collected revenue totalling \$2.1 million and incurred a total expenditure of \$14.7 million against a revised budget of \$16 million resulting in savings of \$1.3 million or 8%.

Details of expenditure against the revised budget are provided in Table 31.1.

Table 31.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	5,683,086	(64,364)	5,618,722	5,563,482	55,240
2	Government wage earners	1,345,522	64,364	1,409,886	1,409,530	356
3	Travel & communication	640,476	-	640,476	590,626	49,850

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
4	Maintenance & operations	2,365,152	-	2,365,152	2,171,077	194,075
5	Purchase of goods & services	376,270	-	376,270	261,366	114,904
6	Operating grants & transfers	10,000	-	10,000	10,000	-
7	Special expenditure	370,568	-	370,568	337,843	32,725
	Total Operating Expenditure	10,791,074	-	10,791,074	10,343,924	447,150
8	Capital Construction	4,526,636	-	4,526,636	3,878,354	648,282
	Total Capital Expenditure	4,526,636	-	4,526,636	3,878,354	648,282
13	Value added tax	745,100	-	745,100	447,147	297,953
	TOTAL	16,062,810	-	16,062,810	14,669,425	1,393,385

The budget savings of \$1.3 million resulted mainly from savings in capital, maintenance, and operation expenditure allocations. This was mainly due to the reduction in Capital Projects due to phasing out of completed projects in 2018/2019 and the reduction in operation due to the Covid-19 pandemic during the year.

2021

The Ministry collected revenue totalling \$1.9 million and incurred a total expenditure of \$13.8 million against a revised budget of \$15.5 million resulting in savings of \$1.7 million or 11%.

Details of expenditure against the revised budget are provided in Table 31.2.

Table 31.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	5,390,926	(46,213)	5,344,713	5,188,295	156,418
2	Government wage earners	1,290,565	46,213	1,336,778	1,294,541	42,237
3	Travel & communication	471,650	-	471,650	386,087	85,563
4	Maintenance & operations	2,327,980	-	2,327,980	2,015,346	312,634
5	Purchase of goods & services	236,384	-	236,384	192,158	44,226
6	Operating grants & transfers	10,000	-	10,000	9,593	407
7	Special expenditure	928,760	-	928,760	818,887	109,873
	Total Operating Expenditure	10,656,265	-	10,656,265	9,904,907	751,358
8	Capital Construction	4,091,721	-	4,091,721	3,488,190	603,531
9	Capital Purchases	-	-	-	-	-
	Total Capital Expenditure	4,091,721	-	4,091,721	3,488,190	603,531
13	Value added tax	725,020	-	725,020	394,320	330,700

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	TOTAL	15,473,006	-	15,473,006	13,787,417	1,685,589

The budget savings of \$1.7 million resulted mainly from savings in operating expenditure allocations. This was mainly due to the reduction in procurement due to operations being on hold. Also, there was staff turnover, and it took time for the posts to be filled.

31.3 Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Ministry operates and maintains one main trust fund bank account.

31.3.1 Fisheries Trust Fund Account

The True Trust Account was initially set-up to facilitate the fisheries one third and two thirds subsidy scheme and was shared under then Head 32 – Ministry of Fisheries and Forest prior to 01 August 2017. Even though the scheme has lapsed, the previous Ministry of Fisheries and Forests continued to operate the bank account to maintain performance bonds and retention monies for construction projects.

The Finance Management Information System (FMIS) for the Trust Fund Account continued to be reflected under Head 32 – Ministry of Forests. The Ministry is liaising with Ministry of Finance to have the FMIS general ledger balances transferred to the Ministry's Appropriation Head.

The transactions recorded in 2020 and 2021 were the interests earned from the bank account maintained for the trust fund account. Details of the statements of trust receipts and payments for 2020 and 2021 are provided in Table 31.3 and 31.4.

Table 31.3: Statement of Receipts and Payments - 2020 FY

Description	2020 (\$)	2019 (\$)
Opening balance	261,946	261,728
Receipts		
Interest earned	263	218
Total Receipts	263	218
Payments		
Retention money	-	-
Bank fee charges	-	-
Total Payments	-	-
Closing balance	262,209	261,946

Table 31.4: Statement of Receipts and Payments - 2021 FY

Description	2021 (\$)	2020 (\$)
Opening balance	262,209	261,946
Receipts		
Interest earned	263	263
Total Receipts	263	263
Payments		
Retention money	-	-
Bank fee charges	-	-
Total Payments	-	-
Closing balance	262,472	262,209

PART B: OTHER SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2020 and 2021 financial years of the Ministry.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

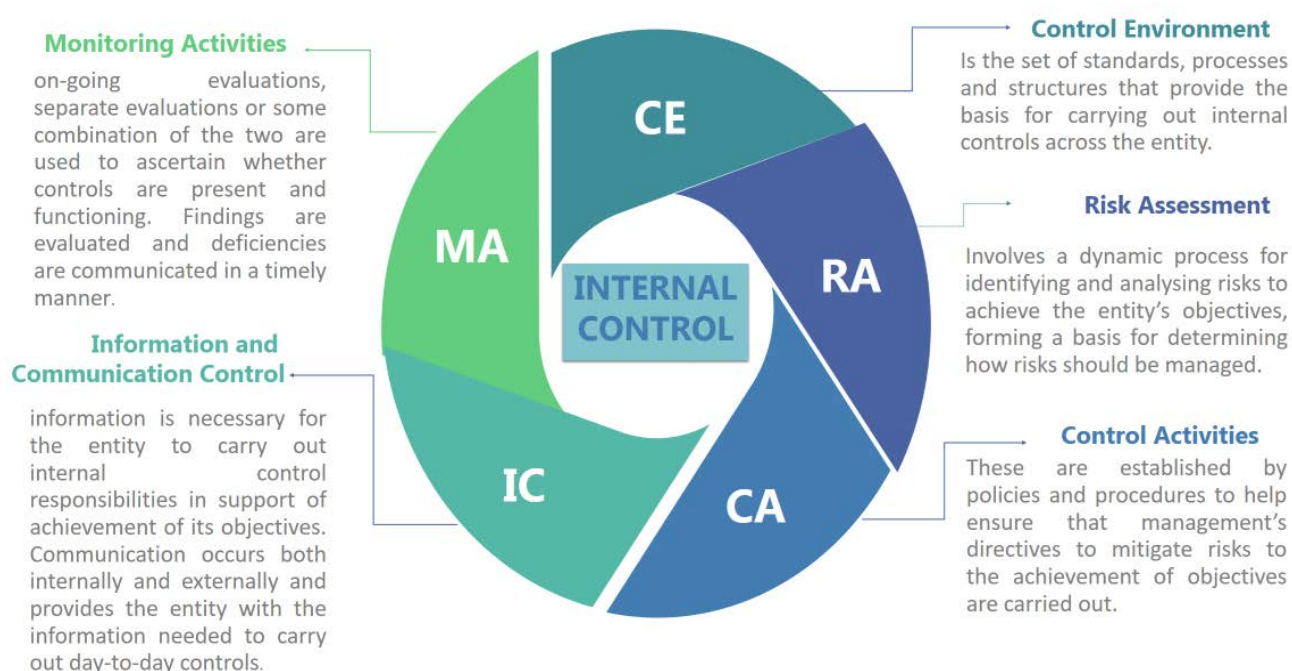
31.4 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	🟢	🟢	🟡	🟡	🟡
2021	🟢	🟢	🟡	🟡	🟡

In view of the above, we have assessed the internal controls of the Ministry of Fisheries as:

Year	Rating	Internal control assessment
2020	🟡 Generally effective	Deficiencies identified in internal controls
2021	🟡 Generally effective	Deficiencies identified in internal controls

31.5 Submission of Draft Agency Financial Statements

2020

On 01 May 2020, Permanent Secretary for Economy issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 10 July 2020	✓
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✗	Processing of virement by 21 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓	Completion of reconciliations by 28 August 2020	✓
Retirement of imprests by 17 July 2020	✓	Submission of arrears of revenue returns by 28 August 2020	✓

2021

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✓	Cancellation of unprocessed purchase orders by 09 June 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 20 August 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✓	Completion of reconciliations by 27 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Submission of arrears of revenue returns by 27 August 2021	✓

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

Based on information received, we have assessed the 2020 and 2021 year-end closing process as:

Year	Rating	Year-end close process assessment
2020	✱ Effective	Nine of 10 key processes completed within two weeks of due date

Year	Rating	Year-end close process assessment
2021	🟢 Effective	Ten of 10 key processes completed within two weeks of due date

31.6 Quality of Draft Financial Statements by entities

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

We assessed the quality of the 2020 and 2021 financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Year	Rating	Quality of draft financial statements assessment
2020	🟢 Effective	No Adjustments were required
2021	🟢 Effective	No Adjustments were required

31.7 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	🟢 Effective	Acceptable draft financial statements received before 31 October 2020.
2021	🟢 Effective	Acceptable draft financial statements received before 31 October 2021.

31.8 Timeliness of Provision of Management Comments and Financial Statements for Signing

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 entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2020	🔴 Ineffective	After 21 days from the issue of Draft Management Letter
2021	🔴 Ineffective	After 21 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	🟢 Effective	Within 5 days from the issue of Financial Statements for signing
2021	🟢 Effective	Within 5 days from the issue of Financial Statements for signing

Head 32

Ministry of Forestry

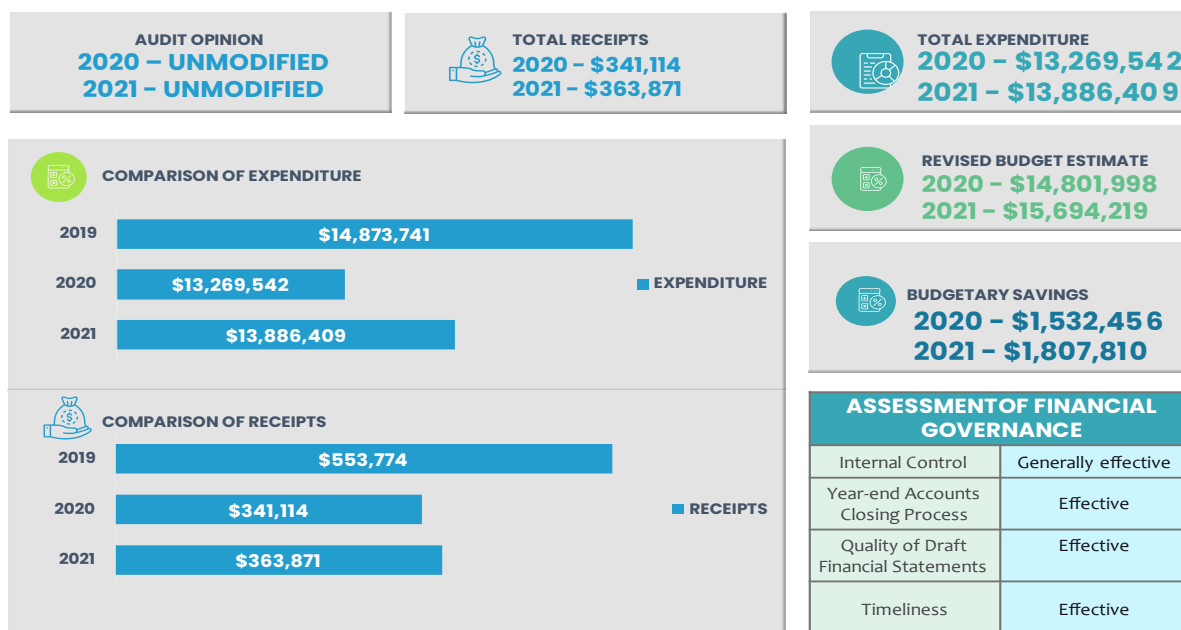
Roles and Responsibilities

The Ministry of Forestry is responsible for the formulation of policies to ensure the long-term sustainability of Fiji's forest resources, stimulate economic growth within Forestry sector and improve livelihoods for communities that rely on these resources. The Ministry achieves this by ensuring a balance between resource utilization and resource conservation, and the development and alignment of its policies, strategies, and structures to better address emerging issues, capture emerging opportunities, ensure effective and efficient service delivery to all our stakeholders.

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PART A: FINANCIAL INFORMATION



32.1 Audit Opinion

2020

The audit of the 2020 accounts of the Ministry of Forestry resulted in an unmodified audit opinion.

2021

The audit of the 2021 accounts of the Ministry of Forestry resulted in an unmodified audit opinion.

32.2 Appropriation Statement

2020

The Ministry collected revenue totalling \$341,114 in 2020 and incurred expenditure totalling \$13.3 million against a revised budget of \$14.8 million resulting in savings of \$1.5 million or 10%.

2021

The Ministry collected revenue totalling \$363,871 in 2021 and incurred expenditure totalling \$13.9 million against a revised budget of \$15.7 million resulting in savings of \$1.8 million or 12%.

Details of expenditure against the revised budget are provided in Table 32.1 and 32.2.

Table 32.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,170,192	12,230	4,182,422	4,083,660	98,762
2	Government Wage Earners	1,749,318	10,846	1,760,164	1,595,526	164,638
3	Travel & Communication	535,985	212,988	748,973	707,627	41,346
4	Maintenance & Operations	1,358,940	(195,933)	1,163,007	1,133,067	29,940
5	Purchase of Goods & Services	1,099,028	(45,791)	1,053,237	1,005,314	47,923
6	Operating Grants & Transfers	878,907	(15,000)	863,907	855,238	8,669
7	Special expenditure	1,806,724	-	1,806,724	1,244,116	562,608
	Total Operating Costs	11,599,094	(20,660)	11,578,434	10,624,548	953,886
8	Capital Construction	2,158,472	20,660	2,179,132	1,908,207	270,925
9	Capital Purchase	507,432	-	507,432	395,983	111,449
10	Capital Grants & Transfers	-	-	-	-	-
	Total Capital Expenditure	2,665,904	20,660	2,686,564	2,304,190	382,374
13	Value Added Tax	537,000	-	537,000	340,804	196,196
	TOTAL	14,801,998	-	14,801,998	13,269,542	1,532,456

The savings in Special Expenditures of \$562,608 is a result of the delay in consultancy work hence the delay in payments, the funding of a course for international forest policy at the Fiji National University that was put on hold and direct payments projects made by the World Bank (or donor) to the vendors.

The savings in Capital Construction of \$270,925 is due to the RED PLUS allocation delays in lease payments to the Mataqali Emalu and other contracts payments and realigning of activities due to COVID 19.

The savings in Capital Purchases of \$111,449 is a result of suspending the major purchases of the new harvesting machine, post peeler machines, wheel loaders and bulldozer due to COVID 19.

Table 32.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,135,575	(86,981)	4,048,594	3,785,747	262,847
2	Government Wage Earners	1,457,608	86,981	1,544,589	1,380,363	164,226
3	Travel & Communication	363,356	53,500	416,856	400,322	16,534
4	Maintenance & Operations	1,307,070	22,273	1,329,343	1,203,649	125,694
5	Purchase of Goods & Services	1,082,659	(17,570)	1,065,089	1,048,148	16,941

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	928,907	(57,930)	870,977	831,995	38,982
7	Special expenditure	804,935	(273)	804,662	760,155	44,507
	Total Operating Costs	10,080,110	-	10,080,110	9,410,379	669,731
8	Capital Construction	3,388,078	250,468	3,638,546	2,871,506	767,040
9	Capital Purchase	1,510,000	(250,468)	1,259,532	1,146,212	113,320
10	Capital Grants & Transfers	-	-	-	-	-
	Total Capital Expenditure	4,898,078	-	4,898,078	4,017,718	880,360
13	Value Added Tax	716,031	-	716,031	458,312	257,719
	TOTAL	15,694,219	-	15,694,219	13,886,409	1,807,810

The savings in Government Wage Earners of \$164,226 was due to the unfilled of vacant positions and the realignment of positions as approved by Ministry of Economy.

There was a significant savings in Capital Construction of \$767,040 because of the impacts of COVID 19 hence the Consultancy payments for the RED PLUS Fiji Component and Sandalwood Project were affected significantly.

32.3 Trading and Manufacturing Account

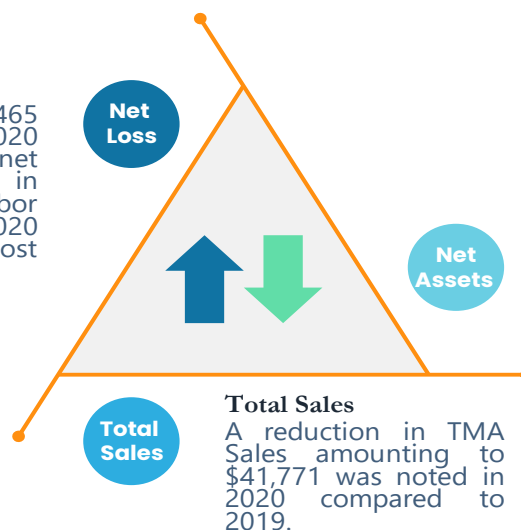
The Ministry of Forestry operates a TMA that helps in the processing and selling of pine products.

The financial analysis of TMA for the year ended 31 July 2020 and 31 July 2021 is provided below. Detailed Statements for the TMA are provided in Appendix 32.1.

2020

TMA Net Loss

Net loss of \$181,465 was incurred in 2020 compared to a net loss of \$324,607 in 2019 due to no labor cost incurred in 2020 and reduction in cost of goods sold.



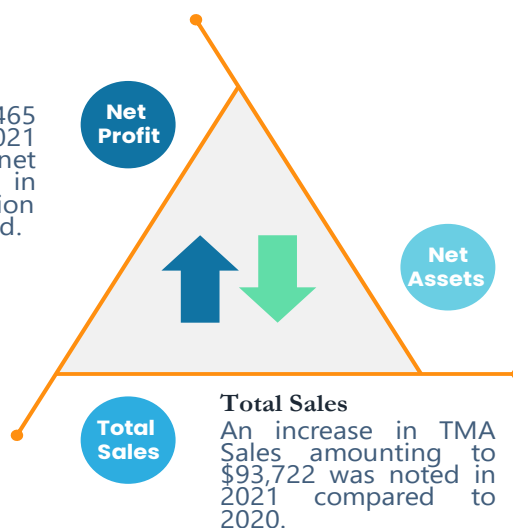
Net Assets

The net loss has resulted in decrease in cash at bank. This has eventually led to a decrease in Net Assets by \$181,466 in 2020 compared to 2019.

2021

TMA Net Profit

Net profit of \$147,465 was incurred in 2021 compared to a net loss of \$181,465 in 2020 due to reduction in cost of goods sold.



Net Assets

The net profit has resulted in increase in cash at bank. This has eventually led to an increase in Net Assets by \$147,465 in 2021 compared to 2020.

PART B: OTHER SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2020 and 2021 financial years of the Ministry.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

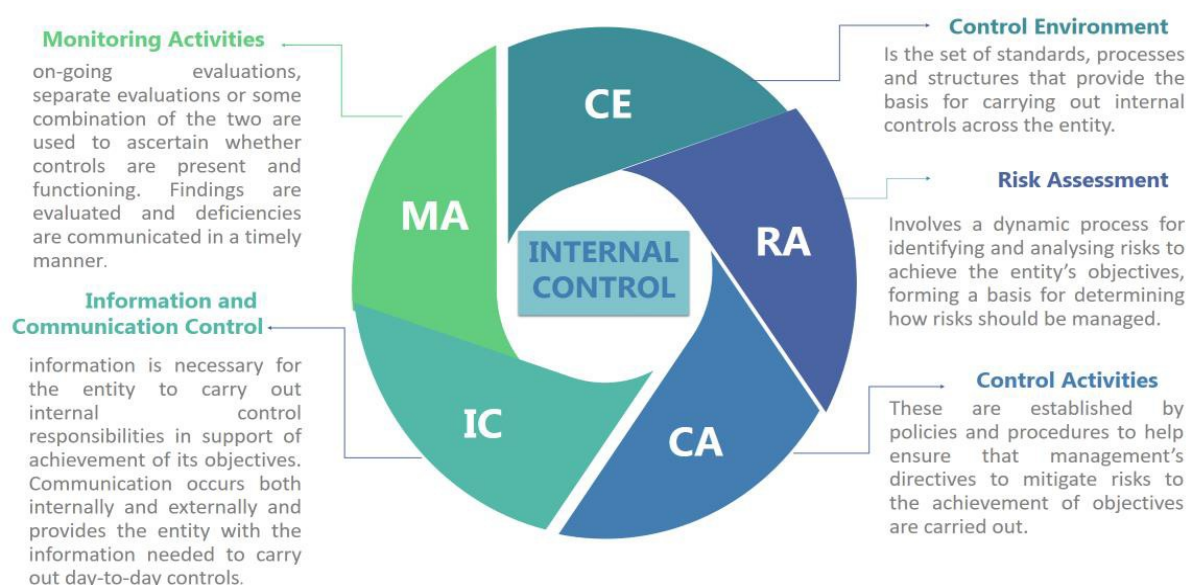
32.4 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	☀	☀	☀	☀	☀
2021	☀	☀	☀	☀	☀

In view of the above, we have assessed the internal controls of the Ministry as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Deficiencies identified in internal controls
2021	☀ Generally effective	Deficiencies identified in internal controls

32.5 Submission of FY 2019-2020 and 2020-2021 Draft Agency Financial Statements

2020

On 01 May 2020, Permanent Secretary for Economy issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 20 July 2020	✓
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 14 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓	Completion of reconciliations by 28 August 2020	✓
Retirement of imprests by 17 July 2020	Not Applicable	Submission of arrears of revenue returns by 30 August 2020	Not Applicable

2021

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✓	Cancellation of unprocessed purchase orders by 19 July 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 30 July 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✓	Completion of reconciliations by 27 August 2021	✓
Retirement of imprests by 16 July 2021	Not Applicable	Submission of arrears of revenue returns by 30 August 2021	Not Applicable

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

Based on information received, we have assessed the year-end close process as:

Year	Rating	Year-end close process assessment
2020	🌟 Effective	Eight of 8 key processes completed within two weeks of due date
2021	🌟 Effective	Eight of 8 key processes completed within two weeks of due date

32.6 Quality of Draft Financial Statements by entities

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

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Year	Rating	Quality of draft financial statements assessment
2020	🌟 Effective	No Adjustments were required
2021	🌟 Effective	No Adjustments were required

32.7 Timeliness of draft financial statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	🌟 Effective	Acceptable draft financial statements received before 31 October 2020.
2021	🌟 Effective	Acceptable draft financial statements received before 31 October 2021.

32.8 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 entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2020	🌟 Generally effective	Within 21 days from the issue of Draft Management Letter
2021	🌟 Generally effective	Within 21 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	🌟 Generally effective	Within 15 days from the issue of Financial Statements for signing

Year	Rating	Timeliness of Signed Financial Statements Received
2021	☀ Generally effective	Within 15 days from the issue of Financial Statements for signing

APPENDIX 32.1: DETAILED STATEMENT OF TRADING AND MANUFACTURING ACCOUNT

2020

Manufacturing Account – Timber Utilization Division

Description	31 July 2020 (\$)	31 July 2019 (\$)
Opening Raw Materials	74,691	211,881
Add: Purchases	-	-
	74,691	211,881
Less: Closing Raw Materials	13,520	74,691
Raw Materials Used	61,171	137,190
Add: Direct Labour	-	70,969
Cost of Goods Manufactured transferred to Trading Account	61,171	208,159

Trading Account – Timber Utilization Division

Description	31 July 2020 (\$)	31 July 2019 (\$)
Sales	102,315	144,086
Opening Finished Goods	45,323	20,786
Add: Cost of Manufactured Goods	61,171	208,159
	106,494	228,945
Less: Closing Finished Goods	23,588	45,323
Cost of Goods Sold	82,906	183,622
Gross Profit/(Loss)	19,409	(39,536)

Profit and Loss Account – Timber Utilization Division

Description	31 July 2020 (\$)	31 July 2019 (\$)
Income		
Gross Profit Transferred from Trading Account	19,409	(39,536)
Total Income	19,409	(39,536)
Expenses		
Maintenance and Operation	200,874	285,071
Total Expenses	200,874	285,071
Net Loss	(181,465)	(324,607)

Balance Sheet – Timber Utilization Division

Description	31 July 2020 (\$)	31 July 2019 (\$)
Assets		
Cash at Bank	1,228,107	1,338,610
Raw Materials	13,520	74,691
Accounts Receivable	73,857	73,857

Description	31 July 2020 (\$)	31 July 2019 (\$)
Finished Goods	23,588	45,323
Total Assets	1,339,072	1,532,481
Liabilities		
Accounts Payable	9,631	9,631
Deferred Income	2,198,548	2,198,548
Deposits & Deductions	(24,762)	(12,819)
Total Liabilities	2,183,417	2,195,360
Net Assets	(844,345)	(662,879)
Equity		
TMA Accumulated Loss	(892,726)	(568,118)
Net Loss for the period	(181,465)	(324,607)
	(1,074,191)	(892,725)
Transfers to Consolidated Fund	229,846	229,846
Total Equity	(844,345)	(662,879)

2021

Manufacturing Account – Timber Utilization Division

Description	31 July 2021 (\$)	31 July 2020 (\$)
Opening Raw Materials	13,520	74,691
Add: Purchases	-	-
	13,520	74,691
Less: Closing Raw Materials	6,774	13,520
Raw Materials Used	6,746	61,171
Add: Direct Labour	-	-
Cost of Goods Manufactured transferred to Trading Account	6,746	61,171

Trading Account – Timber Utilization Division

Description	31 July 2021 (\$)	31 July 2020 (\$)
Sales	196,037	102,315
Opening Finished Goods	23,588	45,323
Add: Cost of Manufactured Goods	6,746	61,171
	30,334	106,494
Less: Closing Finished Goods	7,122	23,588
Cost of Goods Sold	23,212	82,906
Gross Profit	172,825	19,409

Profit and Loss Account – Timber Utilization Division

Description	31 July 2021 (\$)	31 July 2020 (\$)
Income		
Gross Profit Transferred from Trading Account	172,825	19,409
Total Income	172,825	19,409
Expenses		
Maintenance and Operation	25,360	200,874
Total Expenses	25,360	200,874
Net Profit/(Loss)	147,465	(181,465)

Balance Sheet – Timber Utilization Division

Description	31 July 2021 (\$)	31 July 2020 (\$)
Assets		
Cash at Bank	1,390,359	1,228,107
Raw Materials	6,774	13,520
Accounts Receivable	73,857	73,857
Finished Goods	7,122	23,588
Total Assets	1,478,112	1,339,072
Liabilities		
Accounts Payable	-	9,631
Deferred Income	2,198,548	2,198,548
Deposits & Deductions	(23,556)	(24,762)
Total Liabilities	2,174,992	2,183,417
Net Assets	(696,880)	(844,345)
Equity		
TMA Accumulated Loss	(1,074,191)	(892,726)
Net Profit/(Loss) for the period	147,465	(181,465)
	(926,726)	(1,074,191)
Transfers to Consolidated Fund	229,846	229,846
Total Equity	(696,880)	(844,345)

Head 33

MINISTRY OF LANDS AND MINERAL RESOURCES

The Ministry of Lands and Mineral Resources ('Ministry') is responsible for policy formulation, monitoring and implementation of programs in the areas governing State Land Administration, Mineral Sector and Fiji's Groundwater Resources, all of which play a distinct role in Fiji's economy.

Within the Ministry, the Department of Lands & Survey is responsible for the effective and efficient administration, development and management of all State land in Fiji. Services that fall under the Department's purview include the administration of State leases; land surveying; mapping; land valuation; survey plan examination and approval; development and maintenance of State land; and geospatial information systems.

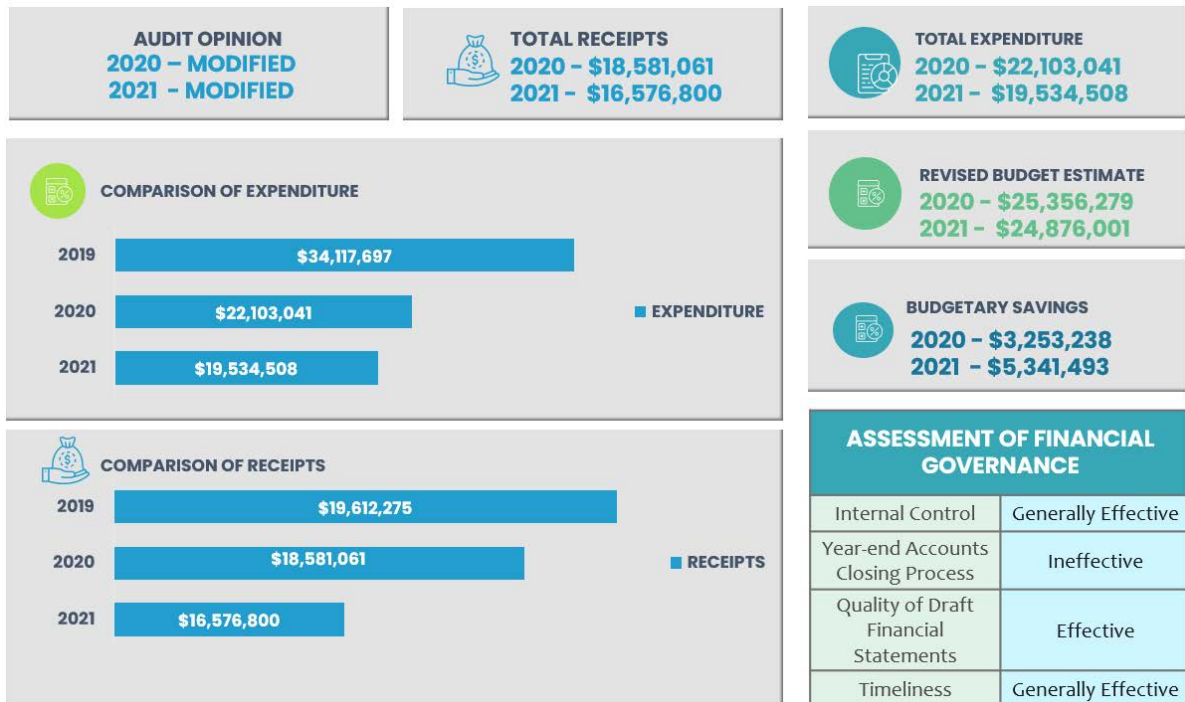
The Department also manages the Land Use Unit, which coordinates the implementation of Government's land reform initiatives. The governance of State land is provided under the provisions of the State Lands Act 1945, Property Law Act 1971, Lands Sales Act 1974, Land Transfer Act 1971 and Agricultural Landlord and Tenant Act (ALTA) 1966.

Separately, the Department of Mineral Resources oversees and facilitates development of Fiji's mineral, rock and groundwater resources. It undertakes studies in relation to geological hazard assessment, which includes geotechnical issues, and monitors for landslides, earthquakes and tsunamis for public alerts and warnings. The Department also regulates the mining and quarrying sector with a mandate under a multitude of Acts, including the Mining, Petroleum (Exploration and Exploitation) 1978, Quarries Act 1939, Explosives Act 1937 and Continental Shelf Act 1970. It also monitors the sector's impact on Fiji's environment.

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PART A: FINANCIAL INFORMATION



33.1 Audit Opinion

2020

The audit of the 2020 accounts of the Ministry of Lands and Mineral Resources resulted in a modified audit opinion. The qualified opinion was based on an unreconciled variance of \$2,362,575 that 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, I was unable to establish the accuracy of the Land and Property Rent balance of \$14,650,325 recorded in the Statement of Receipts and Expenditure.

2021

The audit of the 2021 accounts of the Ministry of Lands and Mineral Resources resulted in a modified audit opinion. The qualified opinion was based on an unreconciled variance of \$2,970,822 exists 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, I was unable to establish the accuracy of the Land and Property Rent balance of \$14,140,272 recorded in the Statement of Receipts and Expenditure.

33.2 Appropriation Statement

2020

The Ministry collected revenue totalling \$18.6 million in 2020 and incurred expenditure totalling \$22.1 million against a revised budget of \$25.4 million resulting in a saving of \$3.3 million or 13%.

Details of expenditure against the revised budget are provided in Table 33.1.

Table 33.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staffs	10,162,687	(10,000)	10,152,687	10,083,789	68,898
2	Government Wage Earners	1,106,109	-	1,106,109	1,030,808	75,301
3	Travel and Communications	739,700	17,000	756,700	714,771	41,929
4	Maintenance and Operations	5,864,943	(30,303)	5,834,640	4,107,312	1,727,328
5	Purchase of Goods and Services	951,700	(34,000)	917,700	827,928	89,772
6	Operating Grants and Transfers	32,100	-	32,100	31,500	600
7	Special Expenditures	460,000	(29,000)	431,000	384,179	46,821
	Total Operating Expenditure	19,317,239	(86,303)	19,230,936	17,180,287	2,050,649
8	Capital Construction	4,311,667	75,000	4,386,667	3,820,943	565,724
9	Capital Purchase	200,000	-	200,000	200,000	-
10	Capital Grants and Transfers	400,000	11,303	411,303	244,889	166,414
	Total Capital Expenditure	4,911,667	86,303	4,997,970	4,265,832	732,138
13	Value Added Tax	1,127,373	-	1,127,373	656,922	470,451
	Total Expenditure	25,356,279	-	25,356,279	22,103,041	3,253,238

Savings of \$1,727,328 under Maintenance and Operations was mainly due to savings in Municipal Council rate, which was due to the Ministry taking advantage of the discount incentive offered by the Municipal Councils; savings in Land Lease to State, which was due to the change of Financial year for the Municipal Councils whereby the lease of the 2nd half of the calendar year was payable in the next financial year; and savings in Renewal of Native Lease, which was due to the less number of I Taukei land leases that had expired and was due for renewal.

Savings of \$565,724 under Capital Construction was mainly due to savings in Groundwater Assessment and Development, which was because of COVID-19 pandemic whereby travel restrictions was imposed that hindered officers' movements and savings in Development of State Land, which was due to the need to amend the engineering plan to be aligned to Fiji Roads Authority and Water Authority of Fiji standards.

Savings of \$166,414 under Capital Grants and Transfers was mainly due to savings in Land Bank investment, which was due to the impact of COVID-19 pandemic and the impact of natural disaster that had damage the development being carried out in the financial year which needs to be re-carried out by the contractor.

2021

The Ministry collected revenue totalling \$16.5 million in 2021 and incurred expenditure totalling \$19.5 million against a revised budget of \$24.8 million resulting in a saving of \$5.3 million or 21%.

Details of expenditure against the revised budget are provided in Table 33.2.

Table 33.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staffs	10,813,230	-	10,813,230	8,680,645	2,132,585
2	Government Wage Earners	1,005,437	-	1,005,437	854,380	151,057
3	Travel and Communications	466,000	31,712	497,712	349,885	147,827
4	Maintenance and Operations	5,747,693	(88,842)	5,658,851	4,827,489	831,362
5	Purchase of Goods and Services	706,500	(74,198)	632,302	470,254	162,048
6	Operating Grants and Transfers	32,100	-	32,100	-	32,100
7	Special Expenditures	500,000	-	500,000	303,824	196,176
	Total Operating Expenditure	19,270,960	(131,328)	19,139,632	15,486,477	3,653,155
8	Capital Construction	3,583,481	-	3,583,481	2,417,601	1,165,880
9	Capital Purchase	680,000	-	680,000	517,978	162,022
10	Capital Grants and Transfers	290,000	131,328	421,328	363,150	58,178
	Total Capital Expenditure	4,553,481	131,328	4,684,809	3,298,729	1,368,080
13	Value Added Tax	1,051,560	-	1,051,560	749,302	302,258
	Total Expenditure	24,876,001	-	24,876,001	19,534,508	5,341,493

Savings of \$2,132,585 under Established Staffs was mainly due to the internal freezing on vacant positions for the organisational structure review such as realignment of positions and position upgrades.

Savings of \$831,362 under Maintenance and Operations was mainly due to savings in Municipal Council rate, which was due to the Ministry taking advantage of the discount incentive offered by the Municipal Councils; savings in Land Lease to State, which was due to the change of Financial year for the Municipal Councils whereby the lease of the 2nd half of the calendar year was payable in the next financial year; and savings in Renewal of Native Lease, which was due to the less number of I Taukei land leases that had expired and was due for renewal.

Savings of \$1,165,880 under Capital Construction was mainly due to savings in Groundwater Assessment and Development, which was due to the effects of COVID-19 pandemic whereby travel restrictions were imposed that hindered officers' movements and savings in Development of State Land, which was due to the need to amend the engineering plan to be aligned to FRA and WAF standards; and savings under Maintenance of Existing Sub Division, which was due to the effect of COVID-19 pandemic whereby restrictions were imposed that hindered the work to be carried out.

33.3 Main Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Ministry operates and

maintains two main trust fund bank accounts which include the Lands Trust Fund Account and Minerals Trust Fund Account.

33.3.1 Lands Trust Fund Account

The Lands Trust Fund Account was created due to the new Land Use Unit and as such the Department is responsible for the collection of fees, lease rents and other official land charges for the Government and also for the collection of the same revenue for the Native Landowners that have deposited their land into the Land Bank. Funds collected also include security such as deposits, payments in advance and bank guarantees as stipulated in Section 12 of the Land Use Act.

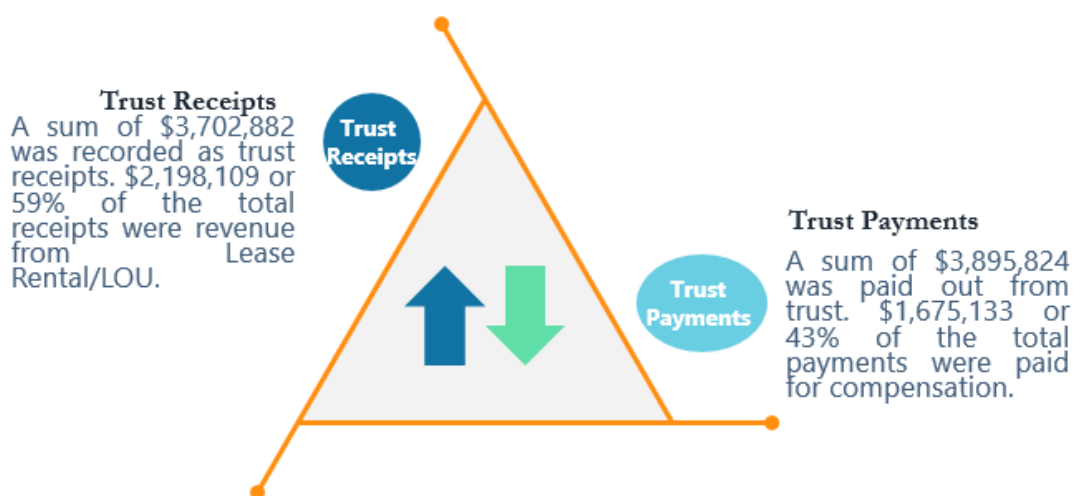
The funds that are operated under the Land Trust Fund included the following:

- Land Acquisition Compensation funds;
- Land Bank Fees, Leases & Securities collected on behalf of Land Owning Units;
- Sand & Gravel Extraction Royalties;
- Qoliqoli Compensation;
- Government Survey & Plan Ad-Hoc Work;
- Government Construction Work Compensation;
- Land Owning Unit Leases;
- Funds received for Vanua View Services; and
- Funds received for Re-Evaluation of city and town boundaries for municipal councils.

2020

The Lands Trust Fund Account had an opening balance of \$6,647,529 in 2020. The Ministry collected Lands Trust Fund revenue totalling \$3,702,882 and incurred expenditure totalling \$3,895,824 during the year, resulting in a closing balance of \$6,454,587.

The financial analysis of the Lands Trust Fund Account for the year ended 31 July 2020 is provided below.

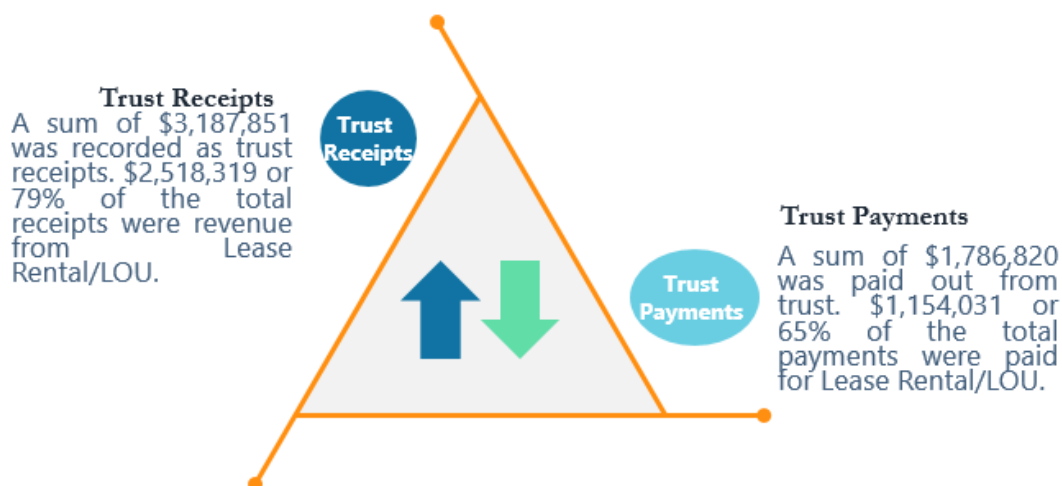


The detailed trust fund account statement of receipts and payments is provided in Appendix 33.1.

2021

The Lands Trust Fund Account had an opening balance of \$6,454,587 in 2021. The Ministry collected Lands Trust Fund revenue totalling \$3,187,851 and incurred expenditure totalling \$1,786,820 during the year, resulting in a closing balance of \$7,855,618.

The financial analysis of the Lands Trust Fund Account for the year ended 31 July 2021 is provided below.



The detailed trust fund account statement of receipts and payments is provided in Appendix 33.2.

33.3.2 Minerals Trust Fund Account

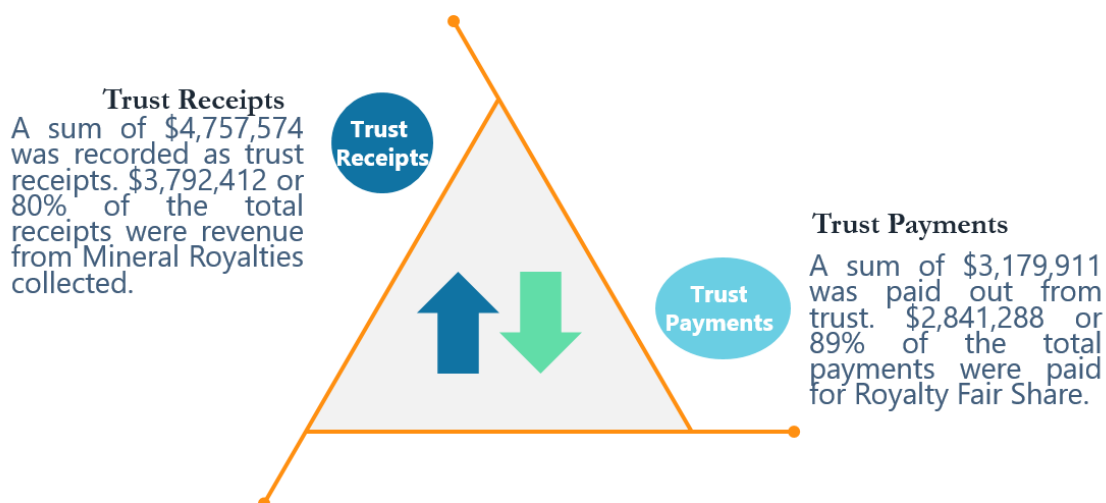
The Minerals Trust Fund Account includes licence paid in advance. This is to ensure that any environmental damage caused will be covered by the money held.

The money held in non-mining trust fund account is from the private or public entities who request the Mineral Resources Department to conduct works or projects. This includes groundwater project or mineral investigations.

2020

The Minerals Trust Fund Account had an opening balance of \$5,476,448 in 2020. The Ministry collected Minerals Trust Fund revenue totalling \$4,757,574 and incurred expenditure totalling \$3,179,911 resulting in a closing balance of \$7,054,111.

The financial analysis of the Minerals Trust Fund Account for the year ended 31 July 2020 is provided below.

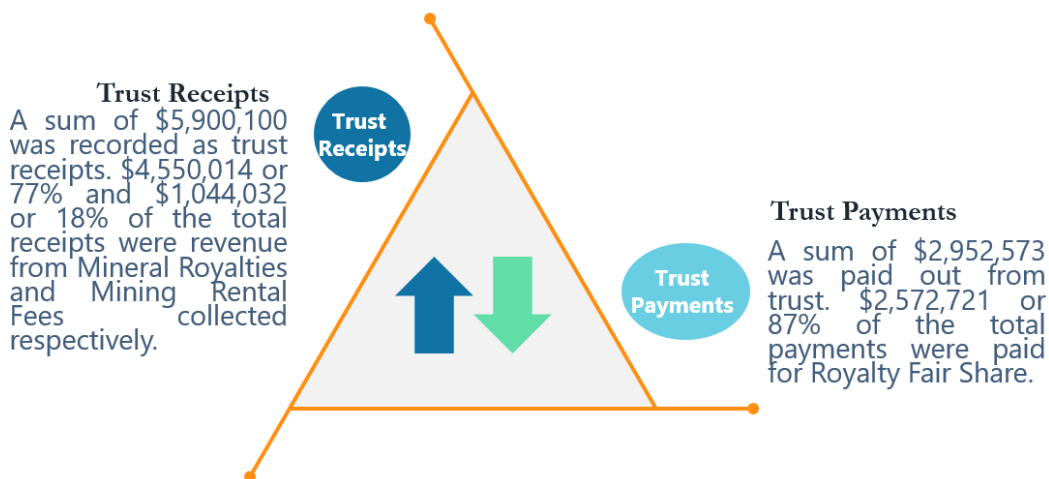


The detailed trust fund account statement of receipts and payments is provided in Appendix 33.3.

2021

The Minerals Trust Fund Account had an opening balance of \$7,054,111 in 2021. The Ministry collected Minerals Trust Fund revenue totalling \$5,900,100 in 2021 and incurred expenditure totalling \$2,952,573 resulting in a closing balance of \$10,001,638.

The financial analysis of the Minerals Trust Fund Account for the year ended 31 July 2021 is provided below.



The detailed trust fund account statement of receipts and payments is provided in Appendix 33.4.

PART B: OTHER SIGNIFICANT MATTERS

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

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

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

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 Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2020 and 31 July 2021.

33.4 Variance between Crown Land Lease System and FMIS

Any errors or misallocations must be immediately adjusted by way of journal vouchers.¹

The audit noted a variance of \$2,362,575 and \$2,970,822 between the Land and Property Rent revenue collected as per Crown Land Lease System (CLLS) and the FMIS general ledger balance for the year ended 31 July 2020 and 31 July 2021, respectively. Refer to table 33.3 below for details.

Table 33.3: Variance in Land and Property Rent Revenue

Details	2020 (\$)	2021 (\$)
Crown Land Lease System	17,012,900	17,111,094
FMIS General Ledger	14,650,325	14,140,272
Variance	2,362,575	2,970,822

The variance was due to expired leases for which posting of revenue could not be done in CLLS.

Consequently, the accuracy of the Land and Property Rent balance at year end could be ascertained.

Recommendations

The Ministry should:

- **Generate year-end report as at 31 July at close of business from CLLS to be reconciled with FMIS General Ledger;**
- **Reconcile revenue figures in CLLS and FMIS General Ledger on a timely manner; and**
- **Investigate and rectify the variance between the two systems.**

¹ Ministry's Finance Manual 2013 – Section 16.3.4

Ministry's Comments

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:

- i. 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 accounts (Oracle System) it shows that their lease has been expired.*
- ii. The inconsistency in the timeframe for processing the renewal of leases.*

Corrective measures undertaken by the Ministry to address the above issue includes;

- i. Activate expired leases accounts in CLLs for the purpose of receipting and deactivate them at the end of the process.*
- ii. Review of SOPs to ensure consistent and timely renewal of leases.*
- iii. Verification of Revenue Manual Records /FMIS against the LIS records are now being instigated to ensure that records captured are correct and error free.*

33.5 Significant Arrears of Revenue

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Economy. Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual.²

The audit noted that the Ministry had substantial arrears of revenue amounting to \$30.3 million and \$33.4 million for the year ended 31/07/2020 and 30/07/2021, respectively. Over the past 6 years, the arrears of revenue for the Ministry showed an increasing trend, remaining above \$20 million since 2016 and exceeded \$30 million from 2020. Refer to table 33.4 below for details.

Table 33.4: Arrears of Revenue for past 6 years

Year	Amount (\$)
2021	33,432,792
2020	30,342,570
2019	26,936,731
2018	23,457,483
2017	21,820,630
2016	20,778,013

In addition, the Ministry collected Land and Property Rent revenue totalling \$14.6 million and \$14.1 million during the 2020 and 2021 financial years, respectively. However, the Ministry could not establish the amounts of arrears it collected and from which period the arrears are related to.

The finding indicates that recovery measures in place have not effectively reduce the arrears of revenue over the years. As a result, there is high risk of this arrears of revenue becoming

² Finance Instruction 2010, Section 41 & 43

irrecoverable and written off resulting in loss to Government.

In addition, incompatibility of the Crown Land Lease System (CLLS) with Financial Management Information System (FMIS) may lead to incorrect reporting.

Recommendations

The Ministry should:

- **Implement effective recovery measures that will ensure recoveries from defaulters; and**
- **Establish how much of the Land & Property Rent collected each year relates to arrears of revenue to determine whether recovery strategies adopted have been effective.**

Ministry's Comments

The Management duly acknowledge to the recommendations made. The Ministry has vigorously implemented and instigate appropriate measures and strategies to strengthen collection of Revenue and at the same time work in reducing arrears of revenue. This includes the digitization of our records. For several years we have been requesting for funding to support stabling a digitization of our land record systems but this has been deferred and funds not given.

The strategies currently undertaken by the Ministry are as below:

- *Developed a Debt and Revenue Management policy,*
- *Waiver of interest incentive,*
- *Site visits to lessees and conducting awareness on rental payments,*
- *Issuance of notices and flyer on rental, and*
- *Accepting undertaking with lessees to clear rental arrears within a respective period.*

The Ministry has also sought legal advice and now processing in taking those not complying in payments to court to recover what is owed to state. Also, the Ministry is going to launch a web app whereby lessees have access to their details and accounts. This would assist in notifying customers of due payments.

The Ministry is currently working in developing a platform that we can use to address the issue regarding demarcating lease rental arrears from the current rental collected. This is largely affected in the legislated payment timelines by which the Land information system is created. January 31st and July 31st are end dates of payments for lease rental hence when payment is not done on those dates, it becomes arrears.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

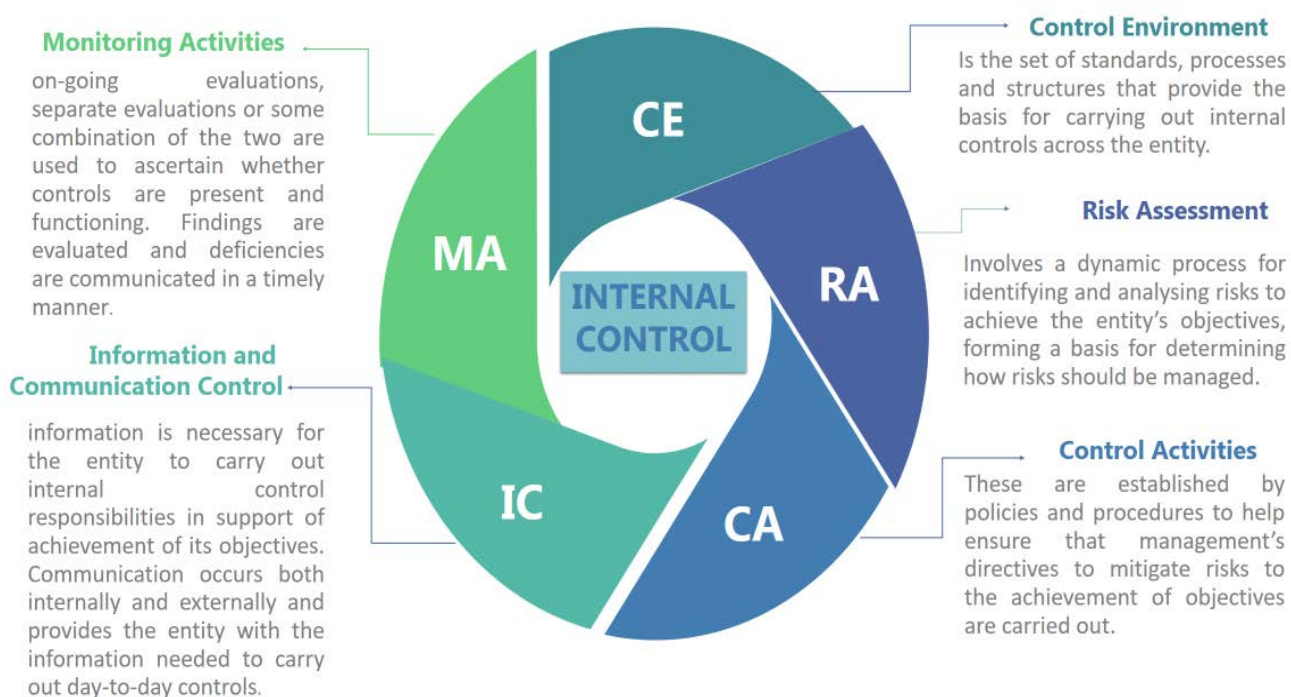
33.6 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	★	★	★	★	★
2021	★	★	★	★	★

In view of the above, we have assessed the internal controls of the Ministry of Lands and Mineral Resources as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Deficiencies identified in internal controls
2021	☀ Generally effective	Deficiencies identified in internal controls

33.7 Submission of 2020 and 2021 FY Draft Agency Financial Statements

2020

On 01 May 2020, Permanent Secretary for Economy issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✗	Cancellation of unprocessed purchase orders by 10 July 2020	✗
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✗	Processing of virement by 21 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✗	Completion of reconciliations by 28 August 2020	✓
Retirement of imprests by 17 July 2020	✗	Submission of arrears of revenue returns by 28 August 2020	✗



2021

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✗	Cancellation of unprocessed purchase orders by 09 June 2021	✗
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 20 August 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✗	Completion of reconciliations by 27 August 2021	✗
Retirement of imprests by 16 July 2021	✗	Submission of arrears of revenue returns by 27 August 2021	✗

When ministries and departments achieve the key focus areas highlighted by the Permanent Secretary for Economy by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.



Based on information received, we have assessed the year-end close process as:

Year	Rating	Year-end close process assessment
2020	 Ineffective	Four of 10 key processes completed within two weeks of due date
2021	 Ineffective	Four of 10 key processes completed within two weeks of due date

33.8 Quality of draft financial statements by entities



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

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry of Lands and Mineral Resources was:

Year	Rating	Quality of draft financial statements assessment
2020	 Effective	No Adjustments were required
2021	 Effective	No Adjustments were required

33.9 Timeliness of Draft Financial Statements



To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	 Ineffective	Acceptable draft financial statements received after 31 October 2020
2021	 Effective	Acceptable draft financial statements received before 31 October 2021

33.10 Timeliness of Provision of Management Comments and Financial Statements for Signing

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 entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2020	 Ineffective	After 21 days from the issue of Draft Management Letter
2021	 Ineffective	After 21 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	✖ Ineffective	After 15 days from the issue of Financial Statements for signing
2021	✖ Ineffective	After 15 days from the issue of Financial Statements for signing

APPENDIX 33.1: LANDS TRUST FUND ACCOUNT – 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
Receipts		
Compensation	694,126	1,265,264
Fisheries Impact	94,827	133,382
Lease Rental/LOU	2,198,109	1,250,391
Priority Plan	50,763	69,758
Royalty	548,452	526,416
Sand and Gravel	-	25,891
Other Revenue	116,605	142,981
Total Receipts	3,702,882	3,414,083
Payments		
Bank Fee	145	-
Meal/Mileage Claim	-	299,564
Priority Plan & General	59,897	52,023
Royalty/State Land	887,909	497,164
Fisheries Impact	507,057	31,963
Compensation	1,675,133	580,852
Lease rental/LOU	615,532	1,856,619
Other Expenses	150,151	63,239
Total Payments	3,895,824	3,381,424
Net (Deficit)/Surplus	(192,942)	32,659
Opening balance as at 1 August	6,647,529	6,614,870
Closing balance as at 31 July	6,454,587	6,647,529

APPENDIX 33.2: LANDS TRUST FUND ACCOUNT – 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
Receipts		
Compensation	225,805	694,126
Fisheries Impact	-	94,827
Lease Rental/LOU	2,518,319	2,198,109
Priority Plan	-	50,763
Royalty	245,968	548,452
Other Revenue	197,759	116,605
Total Receipts	3,187,851	3,702,882
Payments		
Bank Fee	121	145
Meal/Mileage Claim	20,318	-
Priority Plan & General	-	59,897
Royalty/State Land	256,961	887,909
Fisheries Impact	-	507,057
Compensation	255,190	1,675,133
Lease rental/LOU	1,154,031	615,532
Other Expenses	100,199	150,151
Total Payments	1,786,820	3,895,824
Net Surplus/(Deficit)	1,401,031	(192,942)
Opening balance as at 1 August	6,454,587	6,647,529
Closing balance as at 31 July	7,855,618	6,454,587

APPENDIX 33.3: MINERALS TRUST FUND ACCOUNT – 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
Receipts		
Mining		
Mining Bond	303,935	69,503
SPL Renewal Fees	328,545	63,402
Royalty	3,792,412	3,106,498
Non-Mining		
Geotechnical Survey	35,046	25,343
Borehole Construction	281,780	74,146
Aggregate Survey	-	27,325
SPL Licenses	15,856	12,817
Total Receipts	4,757,574	3,379,034
Payments		
Mining		
Transfer of Renewal Fees	22,423	41,869
Bond Refund	163,780	11,171
Royalty Fair Share	2,841,288	3,214,910
Non – Mining		
Borehole Construction	65,292	15,964
Geotechnical Survey	3,158	11,020
Transfer of Other Revenue held in Trust	83,970	13,188
Total Payments	3,179,911	3,308,122
Net Surplus	1,577,663	70,912
Opening balance as at 1 August	5,476,448	5,405,536
Closing balance as at 31 July	7,054,111	5,476,448

APPENDIX 33.4: MINERALS TRUST FUND ACCOUNT – 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
Receipts		
Mining		
Mining Bond	106,000	303,935
SPL Renewal Fees	151,217	328,545
Mining Rental Fees	1,044,032	-
Royalty	4,550,014	3,792,412
Non-Mining		
Geotechnical Survey	13,503	35,046
Borehole Construction	13,307	281,780
SPL Licenses	22,027	15,856
Total Receipts	5,900,100	4,757,574
Payments		
Mining		
Transfer of Renewal Fees	240,557	22,423
Bond Refund	-	163,780
Royalty Fair Share	2,572,721	2,841,288
Non – Mining		
Borehole Construction	10,828	65,292
Geotechnical Survey	2,310	3,158
Transfer of Other Revenue held in Trust	126,157	83,970
Total Payments	2,952,573	3,179,911
Net Surplus	2,947,527	1,577,663
Opening balance as at 1 August	7,054,111	5,476,448
Closing balance as at 31 July	10,001,638	7,054,111

Head 34

Ministry of Commerce, Trade, Tourism and Transport

The Ministry of Commerce, Trade, Tourism and Transport ('Ministry') aims to promote Fiji to the world as an attractive destination for both business and pleasure alike. The Ministry actively works to solidify and strengthen Fiji's position as the economic hub of the Pacific, and to develop and diversify the Fijian economy to be more vibrant, dynamic, and export led.

Across all industries, the Ministry strives to adapt and innovate the nation's growing economy to ensure that Fijian businesses can aggressively compete on the international stage; having already achieved record-setting economic growth, Fiji's economy is well-positioned to assume a larger role in the global marketplace. As such, the Ministry is working to broaden the base of export markets for Fijian-Made products and services.

The Ministry is continuously reviewing Fiji's investment policy and laws to better align with the Fijian Government's overall vision for continued prosperity. This introspective approach aims to ensure that the Fijian economy remains as competitive and business friendly as possible, attracting new business, maximizing investor confidence, and allowing Fiji's existing businesses to flourish.

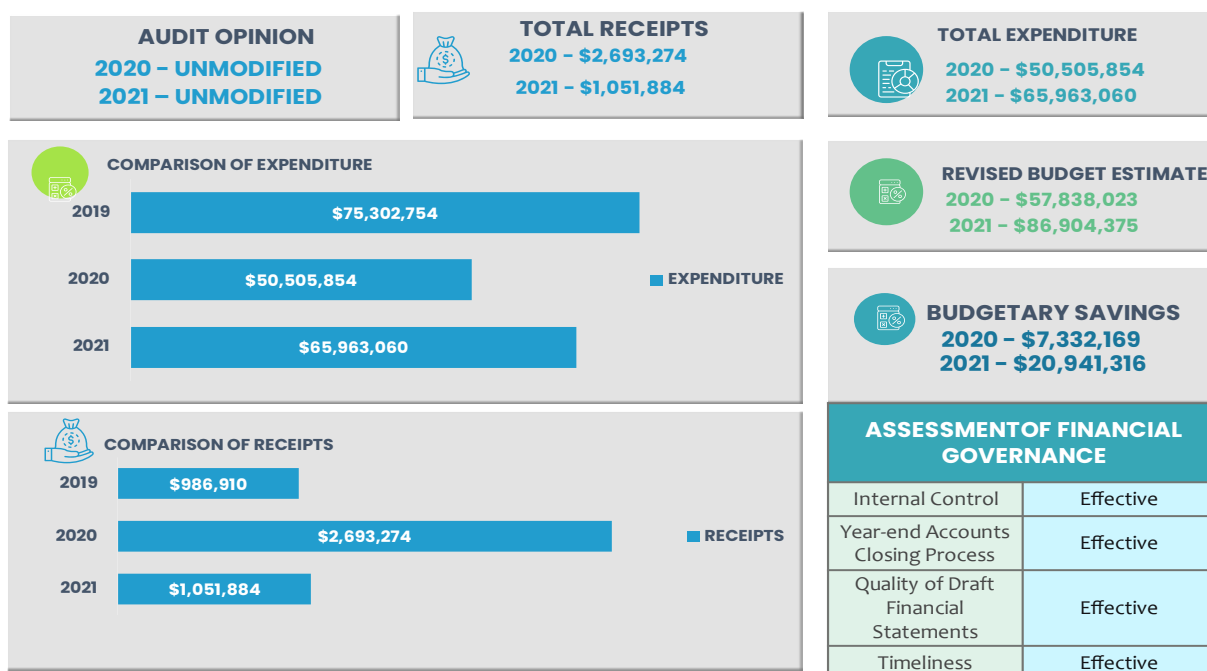
To ignite grassroots entrepreneurship, the Ministry's programs and initiatives heavily focus on the support and development of Fiji's micro, small and medium enterprises, the backbone of the Fijian society. By creating a business climate where good ideas can easily become reality, the Ministry is empowering ordinary Fijians' ability to tap into their economic potential, all while growing the economy. The Ministry also specifically incentivizes young Fijians through the Young Entrepreneurship Scheme who have innovative business ideas by providing skills training and economic guidance, arming them with the necessary knowledge to navigate Fiji's formal financial sector with a higher chance of success.

The following highly specified divisions are under the ambit of the Ministry: The Trade Unit; Economic Unit; Department of National Trade Measurement and Standard; Department of Co-operative Business; Tourism Unit; and the Integrated Human Resource Development Programme; along with four distinct Trade Commissions to cater to targeted international markets: Australia and New Zealand; China; North America; and Papua New Guinea. The Ministry also provides oversight for the following institutions, boards, and councils: The Consumer Council of Fiji; National Centre for Small and Medium Enterprises, Fijian Competition and Consumer Commission; Investment Fiji; Tourism Fiji; Film Fiji; and the Real Estate Agents Licensing Board.

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PART A: FINANCIAL INFORMATION



34.1 Audit Opinion

2020

The audit of the 2020 accounts of the Ministry of Commerce, Trade, Tourism and Transport resulted in an unmodified opinion.

2021

The audit of the 2021 accounts of the Ministry of Commerce, Trade, Tourism and Transport resulted in an unmodified opinion.

34.2 Appropriation Statement

2020

The Ministry collected revenue totalling \$2.7 million in 2020 and incurred expenditure totalling \$50.5 million in 2020 against a revised budget of \$57.8 million resulting in budget savings of \$7.3 million or 13%.

Details of expenditure against the budget estimate are provided in Table 34.1 below.

Table 34.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	4,169,439	(45,700)	4,123,739	3,735,898	387,841
2	Government Wage Earners	409,659	45,700	455,359	386,883	68,476
3	Travel & Communications	386,019	(51,671)	334,348	251,334	83,014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
4	Maintenance & Operations	597,171	642	597,813	575,419	22,394
5	Purchase of Goods &	250,497	48,825	299,322	210,349	88,974
6	Operating Grants &	13,724,405	209,224	13,933,629	13,429,550	504,079
7	Special Expenditures	6,432,266	(216,268)	6,215,998	5,833,280	382,718
	Total Operating	25,969,456	(9,248)	25,960,208	24,422,713	1,537,495
8	Capital Construction	250,000	-	250,000	206,628	43,372
9	Capital Purchases	-	9,248	9,248	9,248	-
10	Capital Grants & Transfers	30,906,067	-	30,906,067	25,682,270	5,223,797
	Total Capital Expenditure	31,156,067	9,248	31,165,315	25,898,146	5,267,169
13	Value Added Tax	712,500	-	712,500	184,995	527,505
	TOTAL	57,838,023	-	57,838,023	50,505,854	7,332,169

The budget savings were largely due to the following:

1. The savings for payroll is due to staff movement and vacant positions.
2. The savings in travel and communication, maintenance and operations, purchase of goods and services is due to implementation of controls to reduce expenditure for the respective expenditure allocations.
3. The savings in operating grants and transfers is due to the non-release of grant to Real Estate Agents Licensing Board (\$123,231) as they had sufficient savings to cater for their operations and the merger of National Centre for Small and Medium Enterprises Development (NCSMED) with Ministry as there was less expenditure noted in NCSMED.
4. The savings for special expenditure is due to Covid-19 travel restrictions and social gathering for the period. This has resulted in savings for the various special expenditure operations such as Doing Business Reform, Preparatory Works – World Expo, Trade Commission Australia, and PNG. Further saving is attributed to the closure of Trade Commission PNG office.
5. The saving in capital construction is due to non-construction of full twenty-four (24) stalls which was initially a pre-COVID budget of \$500,00, however Ministry of Finance only approved eleven (11) stalls with a cost of \$206,628.
6. The saving in capital grants and transfers was due to non-release of the fourth quarter marketing grant of \$4,614,738 to Tourism Fiji as the agency had sufficient savings and due to Covid-19 travel restrictions and social gathering for the period. In addition, savings were noted in Special Economic Zone Program, Northern Development Program, Research, and Innovation Scheme Enterprise Program and IHRDP programme which had less activities due to COVID-19.

2021

The Ministry collected revenue totalling \$1,051,884 in 2021 and incurred expenditure totalling \$65.9 million in 2021 against a revised budget of \$86.9 million resulting in budget savings of \$21 million or 24%.

Details of expenditure against the budget estimate are provided in Table 34.2 below.

Table 34.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	6,555,608	(1,500)	6,554,108	5,504,949	1,049,159
2	Government Wage Earners	3,248,846	1,500	3,250,346	2,637,889	612,457
3	Travel & Communications	252,100	50,000	302,100	201,978	100,122
4	Maintenance & Operations	3,245,200	(4,942)	3,240,258	2,026,914	1,213,345
5	Purchase of Goods &	422,247	38,034	460,281	301,827	158,454
6	Operating Grants &	38,300,730	118,090	38,418,820	37,070,086	1,348,734
7	Special Expenditures	4,889,562	(305,014)	4,584,548	4,070,541	514,007
	Total Operating Expenditure	56,914,293	(103,832)	56,810,461	51,814,184	4,996,278
8	Capital Construction	614,796	-	614,796	164,796	450,000
9	Capital Purchases	-	-	-	-	-
10	Capital Grants & Transfers	28,736,061	(100,000)	28,636,061	13,713,297	14,922,764
	Total Capital Expenditure	29,350,857	(100,000)	29,250,857	13,878,093	15,372,764
13	Value Added Tax	848,225	(5,168)	843,057	270,783	572,274
	TOTAL	87,113,375	(209,000)	86,904,375	65,963,060	20,941,316

The budget savings were largely due to the following:

1. The savings for payroll is due to vacant positions.
2. The savings in travel and communication, maintenance and operations, purchase of goods and services is due to implementation of controls to reduce expenditure for the respective expenditure allocations. Also due to COVID-19 and lockdowns there was less movement and travelling.
3. The savings in operating grants and transfers is due to the non-release of the 4th quarter grant for Film Fiji (\$179,450) and REALB (\$79,432) as agencies had sufficient savings for the fourth quarter operations.
4. The savings in special expenditure is attributed to National Youth Awards, Doing Business Reforms, Trade Commission North America and PNG, Fijian Made Buy Fijian Campaign, Trading Standard, Quality Control Enforcement, International Cooperative Day, Tourism Events, Tourism Research and Survey expenses, due to COVID 19 most of the activities did not take place due to travel restrictions, lockdowns, social gathering and distancing laws.
5. The savings in capital construction is due to activities that did not take place in the financial year; construction of retaining wall at government wharf phase 1 (\$200,000) and upgrade of government shipping vessels (\$250,000).
6. The savings in capital grants and transfers is due to partial release of second quarter marketing grant and full amount of third quarter grant was not released to Tourism Fiji (\$13,900,950) due to COVID-19. Also, savings were noted in Special Economic Zone programme which has less activities due to COVID 19. Maritime Safety Authority of Fiji did not request for their capital grant (\$495,578) from Ministry; therefore, it was not released.

34.3 Main Trust Fund Account

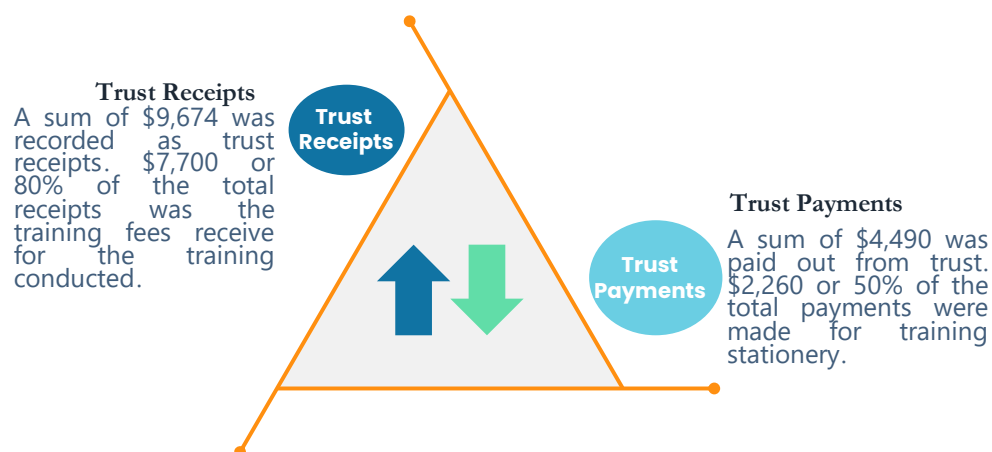
Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Ministry operates and maintains two main trust fund bank accounts as explained below.

34.3.1 Co-operative Trust Fund Account - Statement of Receipts and Payments

The Co-operative Trust Fund Account was established to administer the training services delivered to co-operative members. The receipts consist of fees charged to trainees and payment relates to the operation of the training institutes.

2020

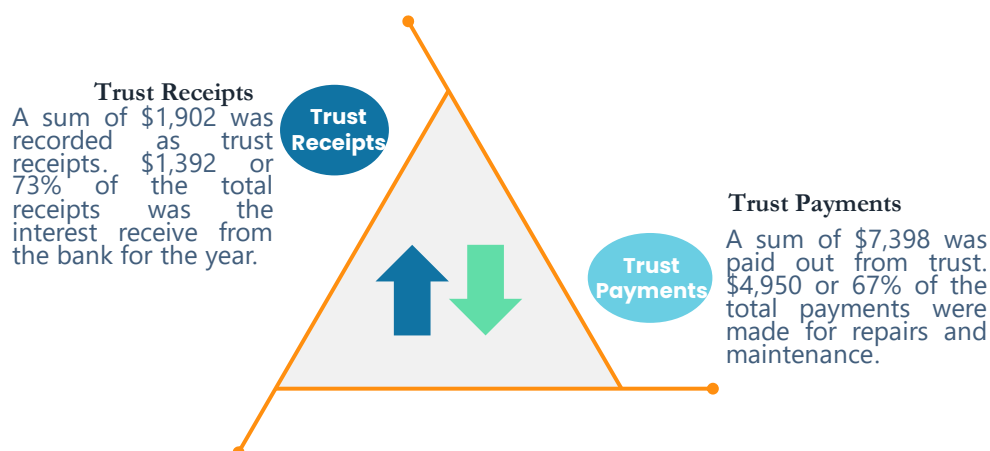
The Department of Co-operative collected trust revenue totaling \$9,674 in 2020 and incurred expenditure totaling \$4,490 resulting in a surplus of \$5,184 in 2020.



The detailed trust fund account statement of receipts and payments is provided in Appendix 34.1.

2021

The Department of Co-operative collected trust revenue totalling \$1,902 in 2021 and incurred expenditure totalling \$7,398 resulting in a deficit of \$5,496 in 2021.



The detailed trust fund account statement of receipts and payments is provided in Appendix 34.2.

34.3.2 IHRDP Trust Fund Account - Statement of Receipts and Payments

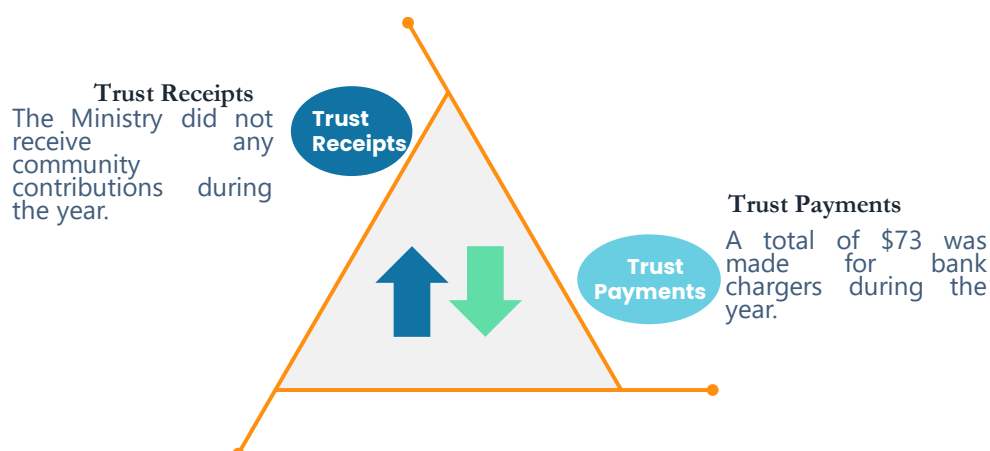
The Ministry administers the Integrated Human Resource Development Programme (IHRDP) Trust Fund Account.

The Integrated Human Resource Development Programme was endorsed by Government in 2000 to establish income generating projects and to create decent employment. These small and medium economic activities are intended to generate and revitalize the local rural economies and thus enhancing the livelihood of rural communities, settlements and villages.

The administration of the accounts was transferred from the Ministry of Economy (MOE) to Ministry of Commerce, Trade, Tourism and Transport in 2017.

2020

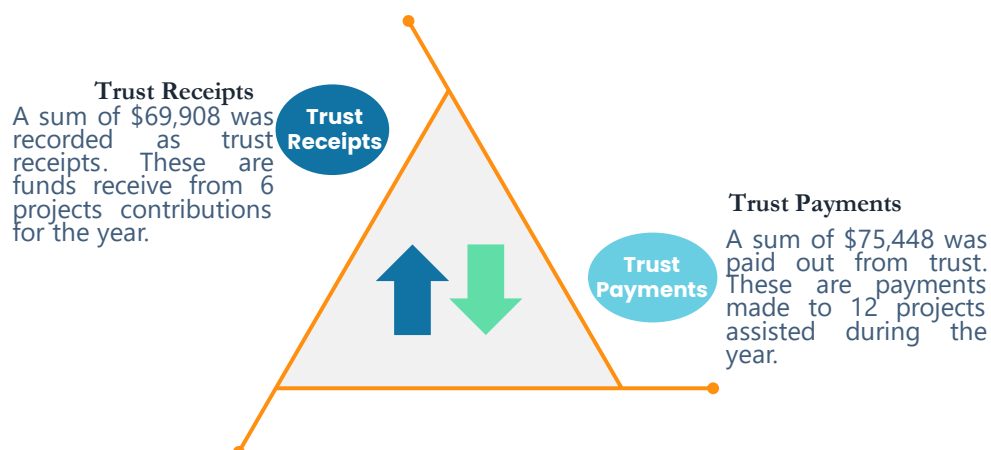
The Ministry did not receive any community contribution for the financial year 2020 and incurred expenditure totalling \$73 resulting in a deficit of \$73 in 2020.



The detailed trust fund account statement of receipts and payments is provided in Appendix 34.3.

2021

The IHRDP Trust Fund collected trust revenue totalling \$69,908 in 2021 and incurred expenditure totalling \$75,448 resulting in a deficit of \$5,540 in 2021.



The detailed trust fund account statement of receipts and payments is provided in Appendix 34.4.

PART B: OTHER SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2020 and 2021 financial years of the Ministry.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

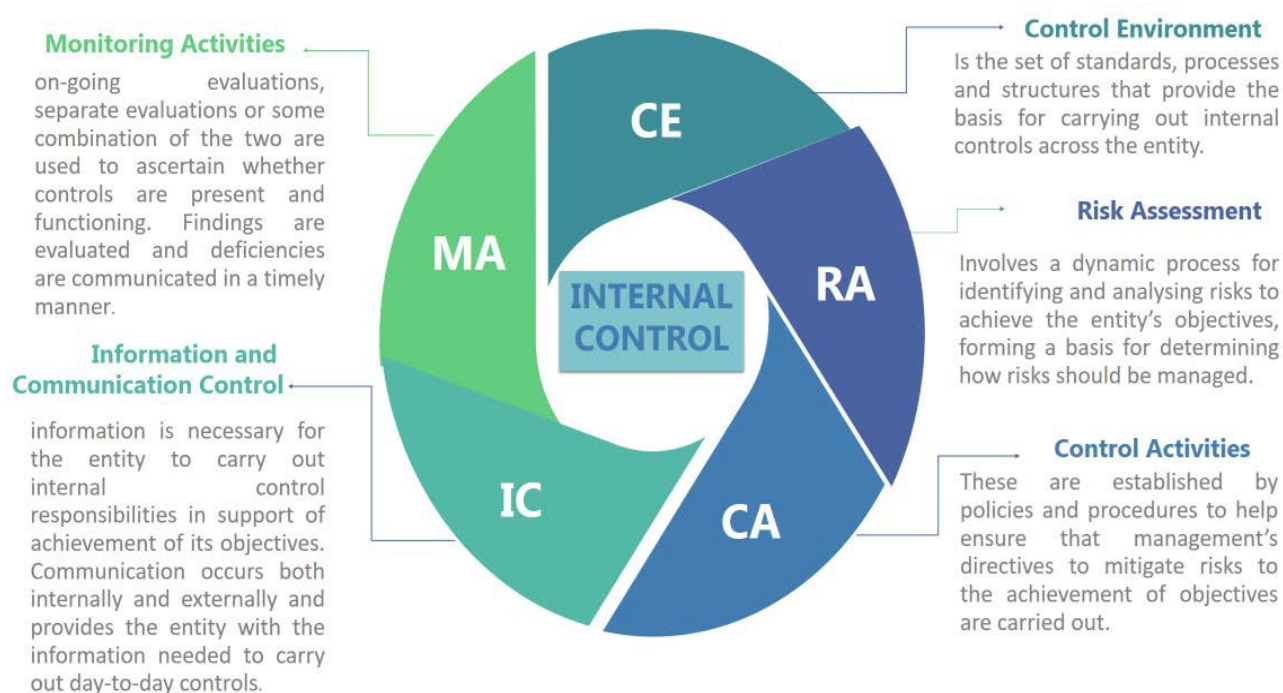
34.4 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our 2020 and 2021 audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	🌟	🌟	🌟	🌟	🌟
2021	🌟	🌟	🌟	🌟	🌟

In view of the above, we have assessed the internal controls of the Ministry of Commerce, Trade, Tourism and Transport as:

Year	Rating	Internal control assessment
2020	🌟 Effective	No deficiencies identified in internal controls
2021	🌟 Effective	No deficiencies identified in internal controls

34.5 Submission of Draft Agency Financial Statements

2020

On 29 May 2020, Permanent Secretary for Economy issued Circular No. 09/2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 10 July 2020	✓
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 21 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓	Completion of reconciliations by 28 August 2020	✓
Retirement of imprests by 17 July 2020	✓	Submission of arrears of revenue returns by 28 August 2020	N/A

2021

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✓	Cancellation of unprocessed purchase orders by 09 June 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 20 August 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✓	Completion of reconciliations by 27 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Submission of arrears of revenue returns by 27 August 2021	N/A

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

Based on information received, we have assessed the year-end close process as:

Year	Ratings	Internal control assessment
2020	Effective	All key processes completed by due date
2020	Effective	All key processes completed by due date

34.6 Quality of Draft Financial Statements by Entities

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

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the 2020 and 2021 audit for the Ministry was:

Year	Rating	Quality of draft financial statements assessment
2020	Effective	No Adjustments were required
2021	Effective	No Adjustments were required

34.7 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	Effective	Acceptable draft financial statements received before 31 October 2020
2021	Effective	Acceptable draft financial statements received before 31 October 2021

34.8 Timeliness of Management Comments and Signed 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 entity and the date management comments and signed accounts were received. Accordingly, we have assessed timeliness for 2020 and 2021 audit as:

Year	Rating	Timeliness of Management Comments Received
2020	Effective	Within 14 days from the issue of Draft Management Letter
2021	Effective	Within 14 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	Effective	Within 5 days from the issue of Financial Statements for signing
2021	Effective	Within 5 days from the issue of Financial Statements for signing

APPENDIX 34.1: DETAILS OF CO-OPERATIVE TRUST FUND ACCOUNT - 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
Receipts		
Co-operative Training Fees	7,700	14,910
Interest Received from Bank	1,361	1,175
Sales of Stationery	613	793
Total Receipts	9,674	16,878
Payments		
Bank Charges	212	227
Stationery	2,260	---
Interest Paid to Ministry of Economy	1,149	948
FRCS	869	1,559
Total Payments	4,490	2,734
Net Surplus	5,184	14,144
Opening Balance as at 1 August	108,732	94,588
Closing Balance as at 31 July	113,916	108,732

APPENDIX 34.2: DETAILS OF CO-OPERATIVE TRUST FUND ACCOUNT - 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
Receipts		
Co-operative Training Fees	-	7,700
Interest Received	1,392	1,361
Sales of Stationery	510	613
Total Receipts	1,902	9,674
Payments		
Bank Charges	263	212
Repair & Maintenance - CCF	4,950	-
Stationery	1,010	2,260
Interest Paid to Revenue	1,129	1,149
FRCS	46	869
Total Payments	7,398	4,490
Net (Deficit)/Surplus	(5,496)	5,184
Opening Balance as at 1 August	113,916	108,732
Closing Balance as at 31 July	108,420	113,916

APPENDIX 34.3: DETAILS OF IHRDP TRUST FUND ACCOUNT - 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
Receipts		
Community Contribution	---	---
Total Receipts	---	---
Payments		
Adjustment of Bank Charges	73	70
Concrete – Cautata Village Bakery	---	6,649
Merchandise- Matainasau Bakery	---	1,344
Gas Oven & Spiral Mixer- Lawaki Bakery	---	12,051
Total Payments	73	20,114
Net Deficit	(73)	(20,114)
Opening Balance as at 1 August	89,089	109,203
Closing Balance as at 31 July	89,016	89,089

APPENDIX 34.4: DETAILS OF IHRDP TRUST FUND ACCOUNT - 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
Receipts		
Wai Farmers Cooperatives	18,650	-
Lovu Cooperative Limited	9,000	-
Navutulevu Development Enterprise	19,875	-
Nobonu Land Purchase Cooperative	14,000	-
Mataqali Koroitose	8,383	-
Total Receipts	69,908	-
Payments		
Bank Charges	35	73
Refund-CFA	2,546	-
Refund- Koronivia Vegetable Farmers	2,000	-
Refund- Nasuatoka Youth Club	5,000	-
Tractor- Wai Farmers Cooperative	18,650	-
Fiberglass Boat & Safety Kit- Lovu Cooperative Ltd	2,322	-
Outboard Engine - Lovu Cooperative Ltd	1,575	-
Premix Lovu Cooperative Ltd	97	-
Solar Panel & Freezer Installation - Lovu Cooperative Ltd	3,168	-
Portable Sawmill & Materilas - Navutulevu Development	14,435	-
Carpentry Tools & machinery - Navutulevu Development	3,983	-
Hardware Materials - Mataqali Koroitose	1,592	-
Beekeeping Materials- Mataqali Koroitose	6,790	-
WD - Nabonu Land Purchase Cooperative	13,255	-
Total Payments	75,448	73
Net Deficit	(5,540)	(73)
Opening Balance as at 1 August	89,016	89,089
Closing Balance as at 31 July	83,476	89,016

Head 35**Ministry of Sugar Industry****Roles and Responsibilities**

The Ministry of Sugar Industry is responsible for the coordination of the activities and functions of the various institutions that make up the sugar industry with the sole objective of ensuring that Government's commitment to reviving the industry is achieved. On-going partnership with the relevant industry stakeholders will enable more land available for productive and social purposes which encourages cane cultivation, adequate labour and committed sugar workforce.

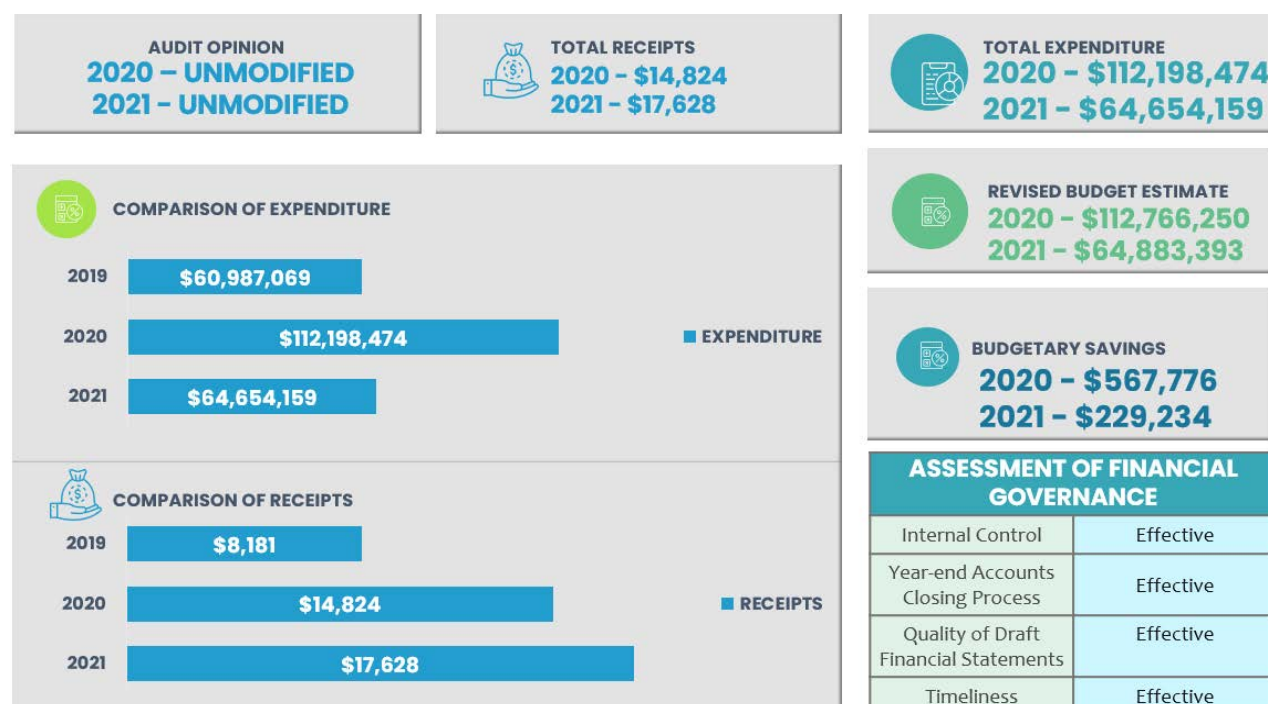
The establishment of a dedicated Ministry of Sugar Industry provides the enabling environment for direct efficient delivery of services to the stakeholders and cane districts and sectors throughout Fiji. The adoption of the 'professional' service delivery by the Ministry will promote maximum cane and sugar production annually through increased investments in cane and mill efficiency operation which lead to higher prices in sugar exports to existing and potential global markets.

With clear guidelines in place to achieve specific targets, the Ministry is committed to adopting a 'professional' service status that promotes:

- (a) Investment in cane management systems thus ensuring increased cane production.
- (b) Investments in mill technology thus contributing to improved mill efficiency and sugar extraction.
- (c) Exploring opportunities to value adding of milling by products as a source of additional revenue for the industry.

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PART A: FINANCIAL INFORMATION**35.1 Audit Opinion****2020**

The audit of the 2020 accounts of the Ministry of Sugar Industry resulted in an unmodified audit opinion.

2021

The audit of the 2021 accounts of the Ministry of Sugar Industry resulted in an unmodified audit opinion.

35.2 Appropriation Statement**2020**

The Ministry collected revenue totalling \$14,824 in 2020 and incurred expenditure totalling \$112.1 million against a revised budget of \$112.7 million resulting in a saving of \$567,776 or 0.50%.

2021

The Ministry collected revenue totalling \$17,628 in 2021 and incurred expenditure totalling \$64.6 million against a revised budget of \$64.8 million resulting in a saving of \$229,234 or 0.35%.

Details of expenditure against the revised budget are provided in Table 30.1 and Table 30.2 for financial year 2020 and 2021 respectively.

Table 30.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	623,225	---	623,225	505,929	117,296
2	Government Wage Earners	56,357	---	56,357	38,425	17,932
3	Travel & Communication	100,000	(4,382)	95,618	93,975	1,643
4	Maintenance & Operations	68,300	341,659	409,959	408,898	1,061
5	Purchase of Goods & Services	13,800	1,050	14,850	14,416	434
6	Operating Grants & Transfers	1,710,000	330	1,710,330	1,710,329	1
7	Special expenditure	30,000	(29,374)	626	625	1
	Total Operating Costs	2,601,682	309,283	2,910,965	2,772,597	138,368
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	5,940,000	(5,940,000)	---	---	---
10	Capital Grants & Transfers	103,370,136	6,020,643	109,390,779	109,390,772	7
	Total Capital Expenditure	109,310,136	80,643	109,390,779	109,390,772	7
13	Value Added Tax	553,700	(89,194)	464,506	35,105	429,401
	TOTAL	112,465,518	300,732	112,766,250	112,198,474	567,776

The budget savings were largely due to the following:

1. Savings in established staff expenditure is due to the reduction in the Assistant Minister's salary, staff movement, resignation and delay in appointments. In addition, there was no acting appointment for established staff.
2. Savings in Government wage earners is due to the decrease in Driver's overtime and meal claims as a result of reduced travel because of COVID-19 pandemic.

Table 30.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	589,079	---	589,079	470,692	118,387
2	Government Wage Earners	62,339	---	62,339	40,318	22,021
3	Travel & Communication	30,000	(3,503)	26,497	26,058	439
4	Maintenance & Operations	256,300	144,258	400,558	393,899	6,659
5	Purchase of Goods & Services	13,000	557	13,557	7,969	5,588
6	Operating Grants & Transfers	1,710,000	343	1,710,343	1,710,343	---
7	Special expenditure	30,000	(18,426)	11,574	---	11,574
	Total Operating Costs	2,690,718	123,229	2,813,947	2,649,279	164,668
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	50,870,136	11,158,619	62,028,755	61,978,102	50,653
	Total Capital Expenditure	50,870,136	11,158,619	62,028,755	61,978,102	50,653
13	Value Added Tax	29,600	11,091	40,691	26,778	13,913
	TOTAL	53,590,454	11,292,939	64,883,393	64,654,159	229,234

The budget savings were largely due to the following:

1. Savings in established staff expenditure was due to the resignation of Executive Support Officer and Senior Research Officer.
2. Savings in capital grants and transfers was due to the removal of budgetary allocation for support to FSC in the 2020-2021 budget.

PART B: OTHER SIGNIFICANT MATTERS

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

Significant Matters noted in the financial year 2020 have been resolved in the financial year 2021 and no significant matters were noted in the financial year 2021.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

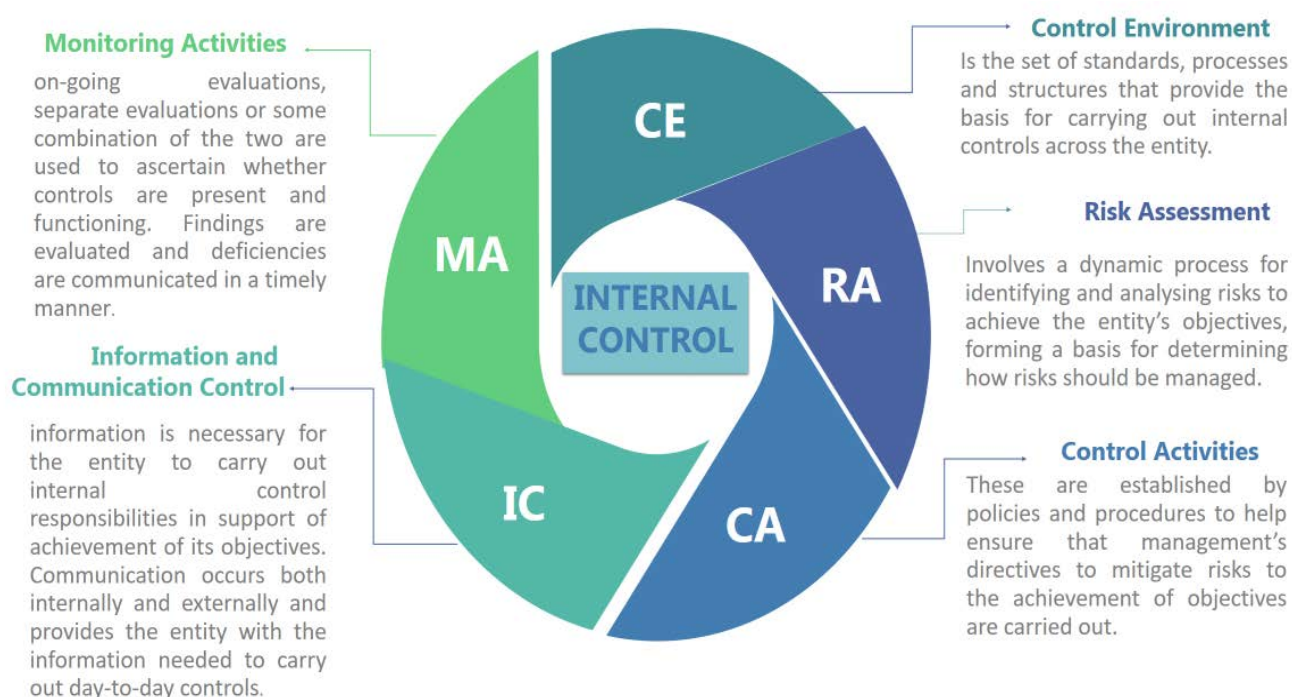
35.3 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	☀	☀	☀	☀	☀
2021	☀	☀	☀	☀	☀

In view of the above, we have assessed the internal controls of the Ministry as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Deficiencies identified in internal controls
2021	☀ Effective	No deficiencies in internal controls identified

35.4 Submission of FY 2020 and 2021 Draft Agency Financial Statements

On 1 May 2020, Permanent Secretary for Economy issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 20 July 2020	✓
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 14 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓	Completion of reconciliations by 28 August 2020	✓
Retirement of imprests by 17 July 2020	Not Applicable	Submission of arrears of revenue returns by 30 August 2020	Not Applicable

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✓	Cancellation of unprocessed purchase orders by 19 July 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 30 July 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✓	Completion of reconciliations by 27 August 2021	✓
Retirement of imprests by 16 July 2021	Not Applicable	Submission of arrears of revenue returns by 30 August 2021	Not Applicable

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

Based on information received, we have assessed the year-end close process as:

Year	Rating	Year-end close process assessment
2020	Effective	All key processes completed within two weeks of due date
2021	Effective	All key processes completed within two weeks of due date

35.5 Quality of Draft Financial Statements by Entities

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

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Year	Rating	Quality of draft financial statements assessment
2020	● Effective	No adjustments were required
2021	● Effective	No adjustments were required

35.6 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	● Effective	Acceptable draft financial statements received before 31 October 2020.
2021	● Effective	Acceptable draft financial statements received before 31 October 2021.

35.7 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 entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2020	● Ineffective	After 21 days from the issue of Draft Management Letter
2021	● Ineffective	After 21 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	● Effective	Within 5 days from the issue of Financial Statements for signing
2021	● Effective	Within 5 days from the issue of Financial Statements for signing

Head 37

MINISTRY OF LOCAL GOVERNMENT

The Ministry of Local Government is responsible for formulating and implementing local government and urban planning policies. The Ministry oversees two key Departments: Local Government & Town and Country Planning.

The primary responsibility of the Department of Local Government is to improve local governance through the effective implementation of the Local Government Act 1972. It is also responsible for the provision of policy advice and support service to the National Fire Authority to ensure effective delivery of its core services.

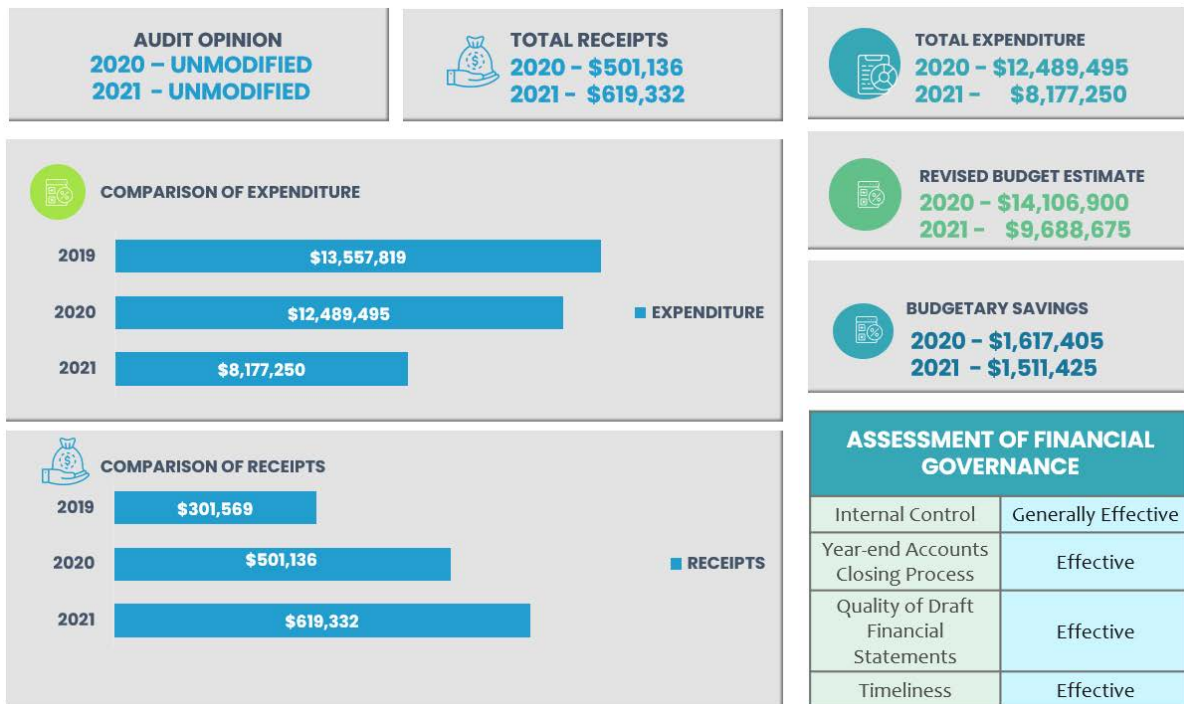
The Department of Town and Country Planning is responsible for the overall administration, planning and regulation of land use in Fiji through the Town Planning Act 1946 and Subdivision of Land Act 1937, to ensure sustainable development and coordinated growth. Its key functions are strategic planning of urban and rural areas and regulation and compliance with development laws. It also offers physical planning and land development advice to government and promotes town planning in Fiji.

The Ministry also partners with other authorities such as National Fire Authority, Municipal Councils nationwide, as well as with international donor agencies that conduct environment waste management programs.

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PART A: FINANCIAL STATEMENTS



37.1 Audit Opinion

2020

The audit of the 2020 accounts of the Ministry of Local Government resulted in an unmodified audit opinion.

2021

The audit of the 2021 accounts of the Ministry of Local Government resulted in an unmodified audit opinion.

37.2 Appropriation Statement

2020

The Ministry collected revenue totalling \$501,136 in 2020 and incurred expenditure totalling \$12.5 million against a revised budget of \$14.1 million resulting in a saving of \$1.6 million or 11%.

2021

The Ministry collected revenue totalling \$619,332 in 2021 and incurred expenditure totalling \$8.2 million against a revised budget of \$9.7 million resulting in a saving of \$1.5 million or 15%.

Details of expenditure against the revised budget for the 2020 and 2021 financial years are provided in Table 37.1 and Table 37.2, respectively.

Table 37.1: Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staffs	1,712,239	(26,019)	1,686,220	1,673,517	12,703
2	Government Wage Earners	115,756	52,640	168,396	163,210	5,186
3	Travel and Communications	144,500	11,533	156,033	139,877	16,156
4	Maintenance and Operations	135,200	400,751	535,951	516,589	19,362
5	Purchase of Goods and Services	82,385	33,615	116,000	89,180	26,820
6	Operating Grants and Transfers	3,323,000	-	3,323,000	3,309,145	13,855
7	Special Expenditures	907,500	(165,481)	742,019	685,096	56,923
	Total Operating Expenditure	6,420,580	307,039	6,727,619	6,576,614	151,005
8	Capital Construction	-	-	-	-	-
9	Capital Purchase	277,685	1,719	279,404	279,404	-
10	Capital Grants and Transfers	7,269,394	(337,543)	6,931,851	5,538,623	1,393,228
	Total Capital Expenditure	7,547,079	(335,824)	7,211,255	5,818,027	1,393,228
13	Value Added Tax	139,241	28,785	168,026	94,854	73,172
	Total Expenditure	14,106,900	-	14,106,900	12,489,495	1,617,405

Savings of \$1,393,228 under Capital Grants and Transfers was mainly due to the non-utilisation of Capital Funds budgeted for Challenge and Investment Fund, New Rakiraki Bus Station, Completion of Swimming Pool and New Town Developments.

Table 37.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staffs	2,107,453	(346,699)	1,760,754	1,600,610	160,144
2	Government Wage Earners	94,999	27,232	122,231	77,195	45,036
3	Travel and Communications	33,500	58,155	91,655	84,565	7,090
4	Maintenance and Operations	65,700	192,063	257,763	178,582	79,181
5	Purchase of Goods and Services	63,385	55,193	118,578	85,929	32,649
6	Operating Grants and Transfers	4,761,455	-	4,761,455	4,639,953	121,502
7	Special Expenditures	1,089,500	(15,830)	1,073,670	590,785	482,885
	Total Operating Expenditure	8,215,992	(29,886)	8,186,106	7,257,619	928,487
8	Capital Construction	-	-	-	-	-
9	Capital Purchase	-	-	-	-	-
10	Capital Grants and Transfers	2,160,000	(800,000)	1,360,000	884,264	475,736

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Total Capital Expenditure	2,160,000	(800,000)	1,360,000	884,264	475,736
13	Value Added Tax	112,683	29,886	142,569	35,367	107,202
	Total Expenditure	10,488,675	(800,000)	9,688,675	8,177,250	1,511,425

The savings of \$482, 885 under Special Expenditures was due to the reduction in expenditures for Special Administrators, Digital – E Service Platform and Urban Policy Action Plan.

The savings of \$475,736 under Capital Grants and Transfers was due to the reduction in expenditures for Special Administrators, Digital – E Service Platform and Urban Policy Action Plan.

PART B: OTHER SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2020 and 2021 financial years of the Ministry.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

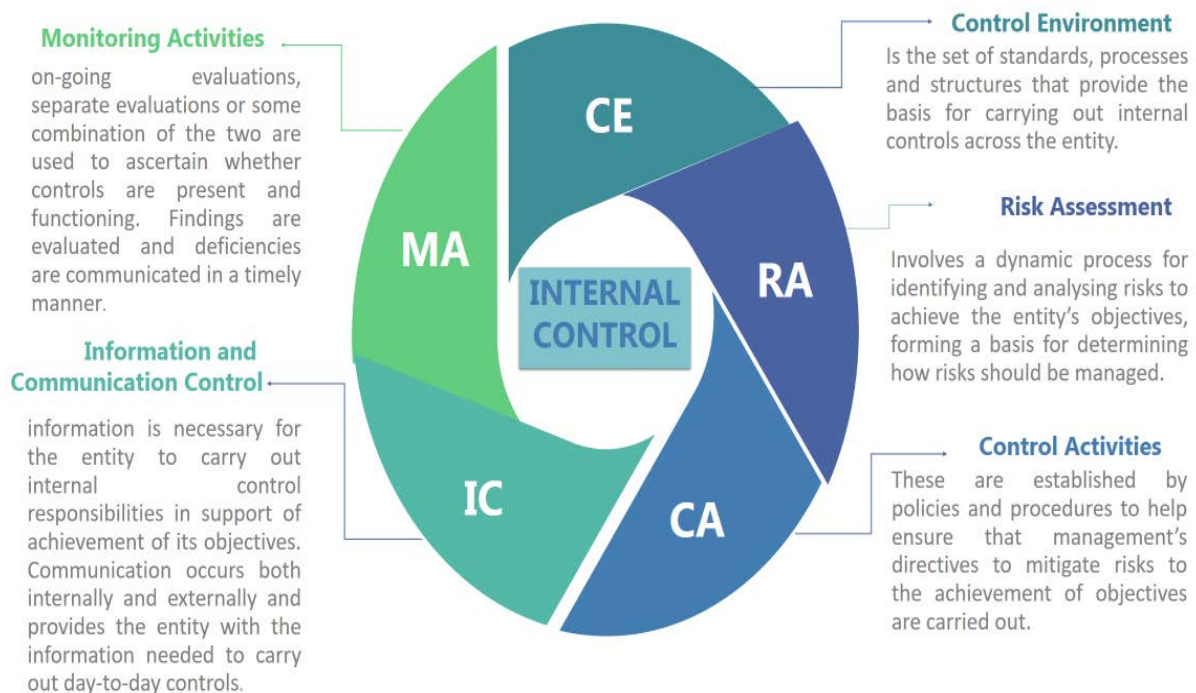
37.3 Internal Controls

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

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 categorized against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2020	★	★	★	★	★
2021	★	★	★	★	★

In view of the above, we have assessed the internal controls of the Ministry of Local Government as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Deficiencies identified in internal controls
2021	☀ Generally effective	Deficiencies identified in internal controls

37.4 Submission of 2020 and 2021 FY Draft Agency Financial Statements

2020

On 01 May 2020, Permanent Secretary for Economy issued Circular No. 03/2019-2020 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 20 July 2020	✓
Clearance of Inter-departmental clearance accounts by 07 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 14 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓	Completion of reconciliations by 28 August 2020	✓
Retirement of imprests by 17 July 2020	Not Applicable	Submission of arrears of revenue returns by 30 August 2020	Not Applicable

2021

On 30 April 2021, Permanent Secretary for Economy issued Circular No. 08/2020-2021 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2021	✓	Cancellation of unprocessed purchase orders by 19 July 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✓	Processing of payments by 29 July 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Processing of virement by 30 July 2021	✓
Annual Board of Survey on Drawings Account cheques by 27 August 2021	✓	Completion of reconciliations by 27 August 2021	✓
Retirement of imprests by 16 July 2021	Not Applicable	Submission of arrears of revenue returns by 30 August 2021	Not Applicable

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

Based on information received, we have assessed the year-end close process as:

Year	Rating	Year-end close process assessment
2020	● Effective	All key processes completed within two weeks of due date
2021	● Effective	All key processes completed within two weeks of due date

37.5 Quality of Draft Financial Statements by Entities

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

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry of Local Government was:

Year	Rating	Quality of draft financial statements assessment
2020	● Effective	No Adjustments were required
2021	● Effective	No Adjustments were required

37.6 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2020	● Effective	Acceptable draft financial statements received before 31 October 2020.
2021	● Effective	Acceptable draft financial statements received before 31 October 2021.

37.7 Timeliness of Provision of Management Comments and Financial Statements for Signing

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 entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2020	● Ineffective	After 21 days from the issue of Draft Management Letter
2021	● Ineffective	After 21 days from the issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	★ Effective	Within 5 days from the issue of Financial Statements for signing
2021	★ Effective	Within 5 days from the issue of Financial Statements for signing



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