



OFFICE *of the* AUDITOR GENERAL  
Republic of Fiji

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

**2020 & 2021**

## **AUDIT REPORT ON GENERAL ADMINISTRATION SECTOR**



PARLIAMENT OF FIJI  
PARLIAMENTARY PAPER NO. 54 OF 2023



OFFICE of the AUDITOR GENERAL  
Republic of Fiji

VISION

**Promoting public sector accountability  
and sustainability through our audits**

To provide independent value adding  
audit services

MISSION

To provide an environment where  
our people can excel

RESPECT

We uphold respect  
in our relationships.

INTEGRITY

We are ethical, fair and  
honest in our duties.

INDEPENDENT  
& OBJECTIVE

We work independently  
and report objectively.

VALUES

COMPETENCE

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

TRANSPARENCY

Our processes  
are transparent.

CONFIDENTIALITY

We maintain audit  
related information  
confidential.

PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE  
REPUBLIC OF FIJI

AUDIT  
ACT 1969

ENVIRONMENT  
MANAGEMENT ACT

NDP AND OTHER  
LEGISLATION

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# OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File: 102

08 June 2023

The Honorable Ratu Naiqama Lalabalavu  
Speaker of the Parliament of the Republic of Fiji  
Parliament Complex  
Gladstone Road  
**SUVA**

Dear Sir

## **2019/2020 & 2020/2021 AUDIT REPORT ON GENERAL ADMINISTRATION 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 General Administration Sector for 2019/2020 and 2020/2021.

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 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 General Administration 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 General Administration 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 are in the process of finalising the 2019/2020 audit for Ministry of Disaster Management and Meteorological Services. The audited financial statements for year ended 31 July 2020 for Ministry of Disaster Management and Meteorological Services was sent for signing on 16 March 2023. The signed financial statements are yet to be signed by those charged with governance and returned for the issue of the audit report on them.

### 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 agencies under the General Administration 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 will be 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 General Administration sector, namely:

Head 1	Office of the President
Head 2	Office of the Prime Minister and Department of Immigration
Head 3	Office of the Attorney-General
Head 5	Ministry of iTaukei Affairs
Head 6	Ministry of Defense and National Security
Head 7	Ministry of Employment, Productivity and Industrial Relations
Head 8	Ministry of Foreign Affairs
Head 9	<b>Independent Bodies:</b> Judiciary Department Parliament Office Office of the Director of Public Prosecutions Media Industry Development Authority ( <i>Reported with Office of the Attorney-General</i> )
Head 13	<b>Independent Commissions</b> Public Service Commission ( <i>Reported together with Ministry of Civil Service</i> )
Head 15	Ministry of Justice Fiji Corrections Service
Head 16	Ministry of Communications Department of Information Technology and Computing Services
Head 17	Ministry of Civil Service
Head 18	Ministry of Rural and Maritime Development
Head 19	Republic of Fiji Military Forces
Head 20	Fiji Police Force
Head 49	Peacekeeping Missions

The audited financial statements for year ended 31 July 2020 for Ministry of Disaster Management and Meteorological Services was sent for signing on 16 March 2023. The signed financial statements are yet to be signed by those charged with governance and returned for the issue of the audit report on them.

The report for Heads 04,50,51 and 52 under the Ministry of Finance will be included in our subsequent report to Parliament with the Financial Statements of Government.

The report for Head 9, Office of the Auditor-General will be included in our next report with Statutory Authorities, Independent Body and Commissions to Parliament

### Results of our Audits - Quality and Timeliness of Financial statements

Of the twenty-one agencies reported in this report, the audit resulted in the Auditor-General issuing modified audit opinion on three agencies in financial year 2020 and 2021. The details are contained in [Section 2.0](#).

The submission of acceptable draft financial statements for audit were generally delayed impacting the timeliness of financial statements.

## 2.0 AUDIT OPINION RESULTS

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

Comparatively, for the financial years 2019-2021, the quality of the agency financial statements for the agencies under the General Administration Sector has improved. This indicates that significant matters reported in the independent auditors' report are given adequate attention.

For financial year ended 2020 and 2021, three agencies were issued with modified audit opinion

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

Ministry/Department	2020-2021 Financial Year		2019-2020 Financial Year		2018-2019 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Date Report Signed	Audit Opinion Type	Audit Opinion Type
1. Office of the President	22/08/2022	Unmodified	25/03/2022	Unmodified	Unmodified
2. Office of the Prime Minister and Dept of Immigration	16/09/2022	Unmodified	10/08/2022	Unmodified	Modified
3. Office of the Attorney-General	12/09/2022	Unmodified	23/06/2022	Unmodified	Unmodified
5. Ministry of iTaukei Affairs	01/07/2022	Unmodified	01/07/2022	Unmodified	Unmodified
6. Ministry of Defence and National Security	18/08/2022	Unmodified	18/08/2022	Unmodified	Unmodified
7. Ministry of Employment, Productivity and Industrial Relations	19/12/2022	Unmodified	11/07/2022	Unmodified	Modified
8. Ministry of Foreign Affairs	18/11/2022	Unmodified	24/05/2022	Unmodified	Modified
9. <b>Independent Bodies</b> Judiciary Department Parliament of Fiji Office of the Director of Public Prosecutions	02/09/2022 19/09/2022 28/07/2022	Modified Unmodified Unmodified	02/09/2022 23/06/2022 03/03/2022	Modified Unmodified Unmodified	Modified Unmodified Unmodified
14. Ministry of Disaster Management and Meteorological Services	---	---	Awaiting signed accounts, sent for signing on 16/03/2023		Modified
15. Ministry of Justice	23/09/2022	Unmodified	11/07/2022	Unmodified	Unmodified
15A. Fiji Corrections Service	29/12/2022	Unmodified	01/08/2022	Unmodified	Unmodified
16. Department of Information, Communications & Digital Government Transformation Office	28/07/2022	Unmodified	18/07/2022	Unmodified	Unmodified
16A. Department of Information Technology and Computing Services	13/10/2022	Unmodified	13/10/2022	Unmodified	Unmodified
17. Ministry of Civil Service	05/08/2022	Unmodified	11/04/2022	Unmodified	Unmodified
18. Ministry of Rural and Maritime Development	14/09/2022	Unmodified	14/09/2022	Unmodified	Unmodified
19. Republic of Fiji Military Forces	18/11/2022	Modified	18/11/2022	Modified	Modified
20. Fiji Police Force	17/10/2022	Unmodified	30/06/2022	Unmodified	Modified
49. Peacekeeping Missions	18/11/2022	Modified	18/11/2022	Modified	Unmodified

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 material misstatements, individually or in the aggregate, were not noted in our audit which would affect the financial statements of an entity.

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 I was 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, Financial Management (Amendment) Act 2016, Finance Instructions 2010, and Finance (Amendment) Instructions 2016.

Based on the above, I issued modified audit opinion for agencies on the grounds presented in the next page:

## Judiciary

### 2020

The financial statements provide the status of the Department's reconciliations for Suitors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances.

### 2021

The financial statements provides the status of the Department's reconciliations for Suitors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances.

## Republic of Fiji Military Forces

### 2020

Expenditures totalling \$1,286,401 incurred by the Force was charged to Appropriation Head 49 - Peacekeeping Missions and is not reflected in the Statement of Receipts and Expenditure of the Force. The Force would have overspent its budget appropriation by \$1,273,128 had all the expenditures were correctly recorded in the Statement of Receipts and Expenditure.



Trading and Manufacturing Account - An unreconciled variance of \$42,346 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance.

2021

Expenditures totalling \$2,723,240 incurred by the Force was charged to Head 49 - Peacekeeping Missions and is not reflected in the Statement of Receipts and Expenditure of the Force. The Force would have overspent its budget appropriation had all the expenditures were correctly recorded in the Statement of Receipts and Expenditure.

Trading and Manufacturing Account - An unreconciled variance of \$34,904 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance.

**Peacekeeping Missions**

2020

Expenditures totalling \$1,286,401 incurred by the Republic of Fiji Military Force is recorded in the Financial Statement of Peacekeeping Missions in the financial year ended 31 July 2020.

2021

Expenditures totalling \$2,723,240 incurred by the Republic of Fiji Military Force is recorded in the Financial Statement of the Peacekeeping Missions in the financial year ended 31 July 2021.

## 3.0 ASSESSMENT OF FINANCIAL GOVERNANCE

This section evaluates the effectiveness of the internal controls maintained by 21 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, Heads of Departments and other personnel of Ministries and Departments are responsible for the preparation of the financial statements in accordance with the Financial Management Act 2004 and Finance Instructions 2010, and for such internal 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 General Administration Sector shows 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

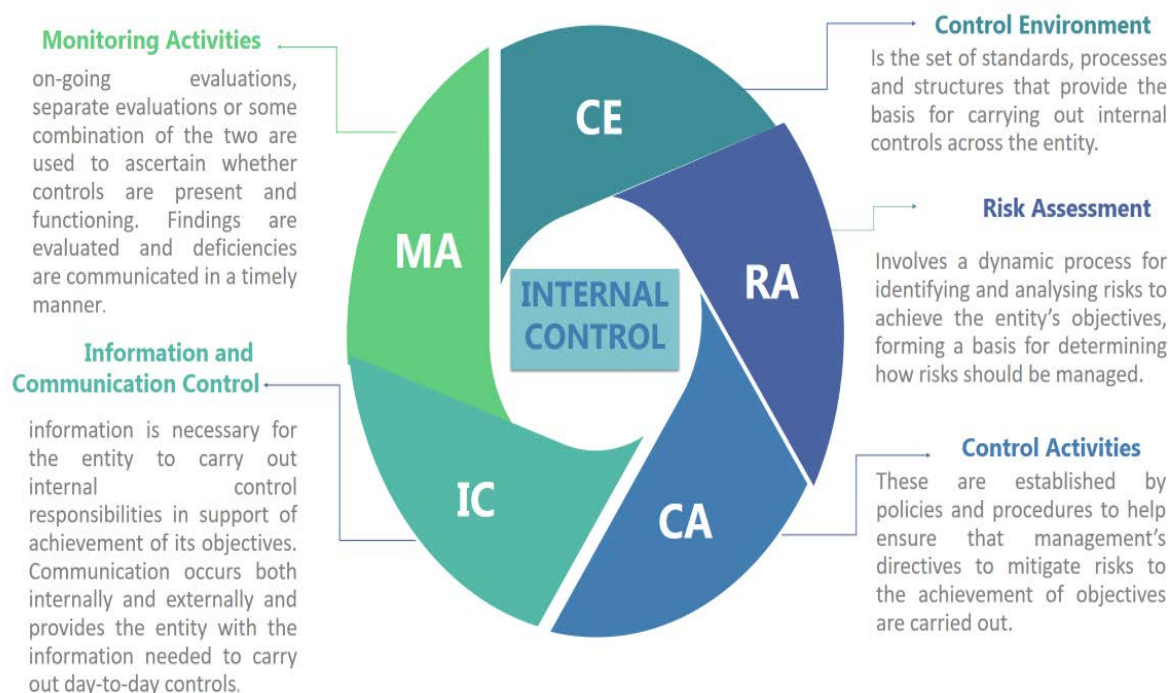
During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

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.

### 3.2 Internal controls

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



### 3.3 Preparation of 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.

- 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 virements 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 Account by 28 August 2020
- Submission of Arrears of Revenue Return by 28 August 2020

Similarly, 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.

- 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 virements 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 Account 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 Economy 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 31 October 2021
Generally effective	Acceptable draft financial statements received on or before 31 October 2020 and 31 October 2021
Ineffective	Acceptable draft financial statements received after 31 October 2020 and 31 October 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 entity and the date management comments and signed accounts were received.

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

## 4.0 RESULT SUMMARY – FINANCIAL GOVERNANCE

The following table comparatively summarizes 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 General Administration Sector for financial Years 2019-2021 which were subject to our audit.

	Internal controls										Financial Statement Preparation						Responses to OAG		
	CE	RA	CA	IC	MA	T	YE	Q				MC				SFS			
Financial Year	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19	'21 '19
<b>General Administration Sector</b>																			
1. Office of the President	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
2. Office of the Prime Minister Department of Immigration	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
3. Office of the Attorney-General	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
5. Ministry of i-Taukei Affairs	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
6. Ministry of Defence and National Security	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
7. Ministry of Employment, Productivity and Industrial Relations	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
8. Ministry of Foreign Affairs	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>9. Independent Bodies</b>																			
Judicial Department	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Parliament of Fiji	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Office of the Director of Public Prosecution	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>13. Independent Commissions:</b>																			
Public Service Commission	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
14. Ministry of Disaster Management and Meteorological Services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
15. Ministry of Justice	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
15A. Fiji Corrections Service	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●



	Internal controls										Financial Statement Preparation						Responses to OAG					
	CE		RA		CA		IC		MA		T		YE		Q		MC		SFS			
	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20		
Financial Year	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
16. Department of Information Communication & Digital Government Transformation Office											●	●	●	●	●		●	●		●		
16A. Department of Information Technology & Computing Services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
17. Ministry of Civil Service	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
18. Ministry of Rural and Maritime Development	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
19. Republic of Fiji Military Forces	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
20. Fiji Police Force	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
49. Peacekeeping Missions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		

**Key:**

● - 2020 accounts sent for signing on 16/03/2023. Signed accounts not yet returned for finalization.

● - For financial year 2021, Ministry of Disaster Management is reported with Ministry of Rural Maritime and Development while Meteorological Services is reported with Ministry of Infrastructure

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

## Section 1

## Office of the President

### Roles and Responsibilities

The Office of the President provides administrative and logistical support to the Head of State in the performance of their official duties. These duties include: the signing of Bills passed by Parliament into law, opening each session of Parliament, attending ceremonial functions, responsibility as Commander-in-Chief of the Republic of Fiji Military Forces (RFMF), state visits and active community engagement.

His Excellency is also Fiji's lead advocate and Champion in the national campaign to promote a fit and healthy nation. The Office also facilitates the President's engagements with specific audiences and the general public to help reduce non-communicable diseases, a serious health crisis affecting the Fijian people.

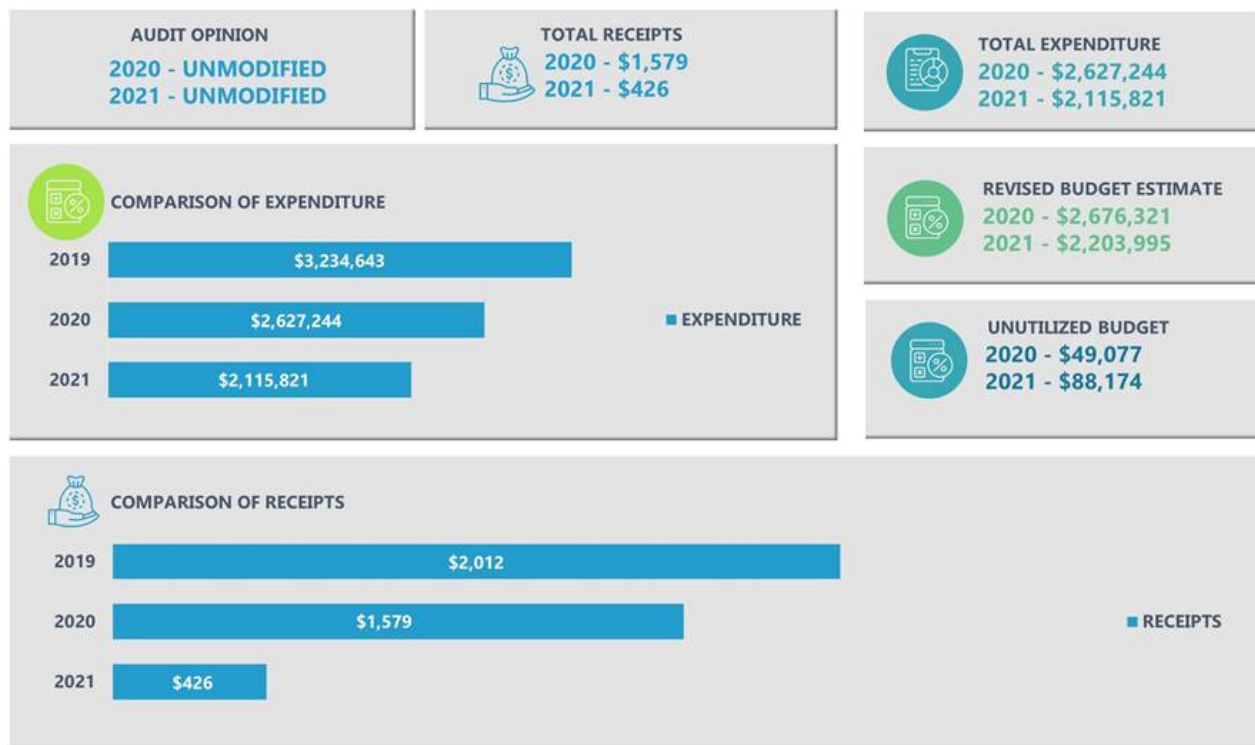
The President promotes Fiji to the international community by formally receiving the newly appointed Foreign Head of Missions who are accredited to Fiji, receiving visiting dignitaries including Head of States, Heads of Government, and leaders of International Organizations and by visiting other countries for special occasions and to move forward Fiji's strategic foreign policy priorities.

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## PART A: FINANCIAL INFORMATION



### 1.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Office of the President resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Office of the President resulted in an unmodified audit opinion.

### 1.2 Appropriation Statement

#### 2020

The Office collected receipts totaling \$1,579 in 2020 and incurred expenditure totaling \$2.6 million against a revised budget of \$2.7 million resulting in savings of \$49,077 or 2%.

Details of expenditure against the revised budget are provided in Table 1.1.

**Table 1.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	811,512	(21,278)	790,234	786,924	3,310
2	Government Wage Earners	262,137	21,278	283,415	274,783	8,632
3	Travel & Communication	577,477	(63,038)	514,439	514,437	2
4	Maintenance & Operations	404,806	137,336	542,142	541,771	371
5	Purchase of Goods & Services	488,054	(74,298)	413,756	412,834	922
	<b>Total Operating Expenditure</b>	<b>2,543,986</b>	<b>---</b>	<b>2,543,986</b>	<b>2,530,749</b>	<b>13,237</b>
13	Value Added Tax	132,335	---	132,335	96,495	35,840
	<b>TOTAL</b>	<b>2,676,321</b>	<b>---</b>	<b>2,676,321</b>	<b>2,627,244</b>	<b>49,077</b>

## 2021

The Office collected receipts totaling \$426 in 2021 and incurred expenditure totaling \$2.1 million against a revised budget of \$2.2 million resulting in savings of \$88,174 or 4%.

Details of expenditure against the revised budget are provided in Table 1.2.

**Table 1.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	715,757	---	715,757	656,829	58,928
2	Government Wage Earners	249,558	---	249,558	231,394	18,164
3	Travel & Communication	235,000	(83,312)	151,688	151,687	1
4	Maintenance & Operations	410,300	(44,154)	366,146	362,256	3,890
5	Purchase of Goods & Services	491,100	127,466	618,566	618,558	8
	<b>Total Operating Expenditure</b>	<b>2,101,715</b>	<b>---</b>	<b>2,101,715</b>	<b>2,020,724</b>	<b>80,991</b>
13	Value Added Tax	102,280	---	102,280	95,097	7,183
	<b>TOTAL</b>	<b>2,203,995</b>	<b>---</b>	<b>2,203,995</b>	<b>2,115,821</b>	<b>88,174</b>

## **PART B: 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 Office of the President.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

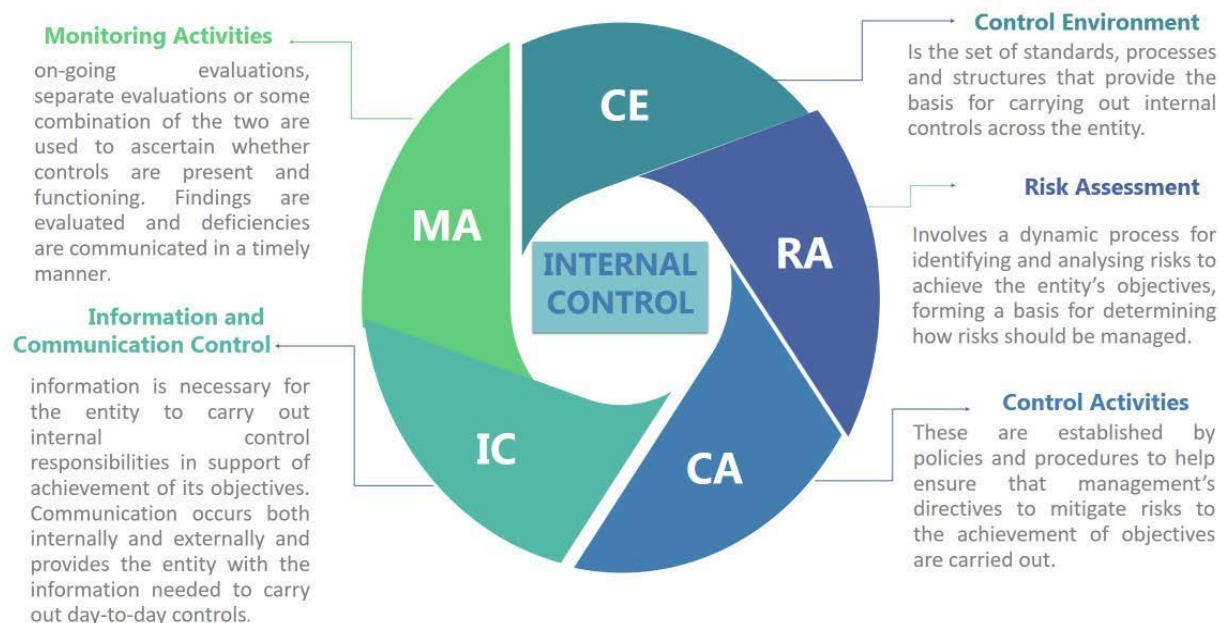
### 1.3 Internal Controls

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 Office as:

Year	Rating	Internal control assessment
2020	Effective	No significant deficiency identified in the internal control
2021	Effective	No significant deficiency identified in the internal control

#### 1.4 Submission of FY 2020 and 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	X	Cancellation of unprocessed purchase orders by 12 July 2020	✓
Clearance of Inter-departmental clearance accounts by 28 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 23 August 2020	✓
Annual Board of Survey on Drawings Account cheques by 30 August 2020	X	Completion of reconciliations by 29 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 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	Not Applicable	Submission of arrears of revenue returns by 27 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	☀ Generally effective	6 of 8 key processes completed within the due date
2021	🌱 Effective	8 of 8 key processes completed within the due date

### 1.5 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 Office was:

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

### 1.6 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 on or before 15 October 2020
2021	☀ Generally Effective	Acceptable draft financial statements received on or before 31 October 2021. Draft financial statements received on 29 October 2021.

### 1.7 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	● Effective	Within 14 days from issue of Draft Management Letter
2021	● Effective	Within 14 days from issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	● Effective	Within 5 days from issue of Financial Statements for signing
2021	● Ineffective	After 15 days from issue of Financial Statements for signing

## Section 2

# Office of the Prime Minister and Fijian Immigration Department

## Roles and Responsibilities

The Office of the Prime Minister ('OPM') assists the Prime Minister in his role as Head of Government and the Chairperson of Cabinet by providing administrative and logistical support. The Cabinet Office of the OPM provides Cabinet and the Prime Minister with secretarial support to ensure timely decisions for the effective running of Government.

The OPM also administers the implementation of a number of programs, including the development of the mahogany industry, issuance of small grants and the coordination of donor funding for community development projects (particularly in rural and outer areas) and the administration of the Rotuma, Rabi, and Kioa Island Councils.

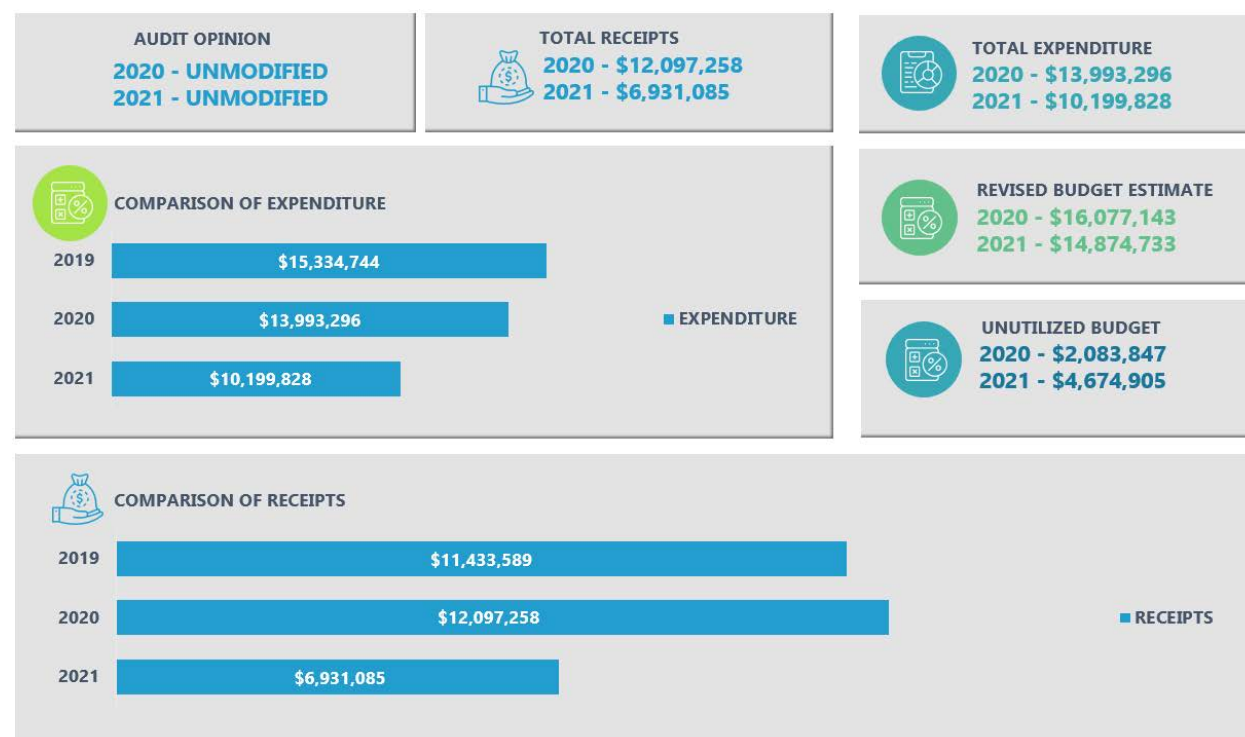
The OPM has authority over the Fijian Immigration Department, which is responsible for providing efficient and effective immigration services and ensuring the integrity of Fiji's Border and the effective management of people's movement in and out of Fiji. This includes processing and issuance of all types of permits, processing and issuance of pre-entry visa to eligible persons, processing and issuance of Passports to all bona fide Fiji Citizens, processing and granting of Fiji Citizenship to eligible persons, responsible for the identification, apprehension and removal from Fiji of persons who have breached conditions of their visa.

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## PART A: FINANCIAL INFORMATION



### 2.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Office of the Prime Minister and Fijian Immigration Department resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Office of the Prime Minister and Fijian Immigration Department resulted in an unmodified audit opinion.

### 2.2 Appropriation Statement

#### 2020

The consolidated Office of the Prime Minister and Fijian Immigration Department incurred expenditure totaling \$14 million in 2020 against a revised budget of \$16.1 million, resulting in a saving of \$2.1 million or 13%.

Details of expenditure against the revised budget are provided in Table 2.1.

**Table 2.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,518,803	(50,020)	5,468,783	5,121,105	347,678
2	Government Wage Earners	591,629	3,770	595,399	558,387	37,012
3	Travel & Communication	1,782,415	(87,379)	1,695,036	1,583,276	111,760
4	Maintenance & Operations	1,088,832	521,416	1,610,248	1,347,514	262,734
5	Purchase of Goods & Services	2,579,710	569,950	3,149,660	3,055,352	94,308
6	Operating Grants & Transfers	821,000	(234,958)	586,042	404,831	181,211
7	Special Expenditure	200,000	26,001	226,001	212,415	13,586
	<b>Total Operating Expenditure</b>	<b>12,582,389</b>	<b>748,780</b>	<b>13,331,169</b>	<b>12,282,880</b>	<b>1,048,289</b>
8	Capital Construction	---	43,133	43,133	43,133	---
10	Capital Grants & Transfers	2,986,054	(791,913)	2,194,141	1,300,427	893,714
	<b>Total Capital Expenditure</b>	<b>2,986,054</b>	<b>(748,780)</b>	<b>2,237,274</b>	<b>1,343,560</b>	<b>893,714</b>
13	Value Added Tax	508,700	---	508,700	366,856	141,844
	<b>TOTAL</b>	<b>16,077,143</b>	<b>---</b>	<b>16,077,143</b>	<b>13,993,296</b>	<b>2,083,847</b>

The unutilized budget was largely due to the following:

1. Unutilized budget of \$384,690 in SEG 1 - Established Staff and SEG 2 - Government Wage Earners was due to reduction in overtime, recruitment costs and vacant positions that were not filled at the Office of the Prime Minister and Fijian Immigration Department.
2. Unutilized budget of \$111,760 in SEG 3 - Travel and Communication was due to less overseas and local travel undertaken by staff because of the COVID-19 lockdown effects.
3. Unutilized budget of \$262,734 in SEG 4 - Maintenance and Operations was due to decrease in utility bills, motor vehicle maintenance, fuel and office maintenance because of the COVID-19 lockdown effects.
4. Unutilized budget of \$94,308 in SEG 5 - Purchase of Goods and Services was attributed to reduction in training and meeting expenses because of the COVID-19 lockdown effects.
5. Unutilized budget of \$181,211 in SEG 6 - Operating Grants and Transfers was due to the decrease in development grant utilized for Rabi, Melanesian and Kioa Island Council's as facilitated by the Office of the Prime Minister.
6. Unutilized budget of \$13,586 in SEG 7 - Special Expenditure was due to the decrease in former Prime Ministers and Presidents benefit expenses as facilitated by the Office of the Prime Minister.
7. Unutilized budget of \$893,714 in SEG 10 - Capital Grants and Transfers was due to the Office of

the Prime Minister exercising prudent financial management in funding capital projects considering the government tight cash flow position during this period because of the COVID-19 lockdown effects.

## 2021

The consolidated Office of the Prime Minister and Fijian Immigration Department incurred expenditure totaling \$10.2 million in 2021 against a revised budget of \$14.9 million, resulting in a saving of \$4.7 million or 31.5%.

Details of expenditure against the revised budget are provided in Table 2.2.

**Table 2.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,375,846	(39,579)	5,336,267	4,498,763	837,504
2	Government Wage Earners	628,207	(40,000)	588,207	414,419	173,788
3	Travel & Communication	879,000	(167,000)	712,000	360,980	351,020
4	Maintenance & Operations	1,437,560	212,500	1,650,060	1,328,789	321,271
5	Purchase of Goods & Services	1,963,073	91,375	2,054,448	995,688	1,058,760
6	Operating Grants & Transfers	821,000	---	821,000	419,167	401,833
7	Special Expenditure	229,000	(57,296)	171,704	85,289	86,415
	<b>Total Operating Expenditure</b>	<b>11,333,686</b>	<b>---</b>	<b>11,333,686</b>	<b>8,103,095</b>	<b>3,230,591</b>
9	Capital Purchase	1,041,547	---	1,041,547	576,924	464,623
10	Capital Grants & Transfers	2,000,000	---	2,000,000	1,252,048	747,952
	<b>Total Capital Expenditure</b>	<b>3,041,547</b>	<b>---</b>	<b>3,041,547</b>	<b>1,828,972</b>	<b>1,212,575</b>
13	Value Added Tax	499,500	---	499,500	267,761	231,739
	<b>TOTAL</b>	<b>14,874,733</b>	<b>---</b>	<b>14,874,733</b>	<b>10,199,828</b>	<b>4,674,905</b>

The unutilized budget was largely due to the following:

1. Unutilized budget of \$1,011,292 in SEG 1 – Established Staff and SEG 2 – Government Wage Earners - Government Wage Earners was due to reduction in overtime payments, recruitment costs and vacant positions that were not filled at the Office of the Prime Minister and Fijian Immigration Department.
2. Unutilized budget of \$351,020 in SEG 3 – Travel and Communication was due to less overseas and local travels undertaken by staff and telecommunication expenses for the Office of the Prime Minister and reduction in travel and subsistence expenses for the Fijian Immigration Department.
3. Unutilized budget of \$321,271 in SEG 4 – Maintenance & Operations was due to decrease in utility bills, fuel, printing and stationery, motor vehicle maintenance, office maintenance and other incidental expenses for the Office of the Prime Minister and reduction in Detention Center expenses for the Fijian Immigration Department.



4. Unutilized budget of \$1,058,760 in SEG 5 – Purchase of Goods and Services was attributed by the reduction in purchase of office equipment and public outreach expenses by the Office of the Prime Minister and decrease in purchases of passports and training fees for the Fijian Immigration Department.
5. Unutilized budget of \$401,833 in SEG 6 – Operating Grants and Transfers was due to the decrease in development grant for Rotuma, Rabi, Melanesian and Kioa Island Councils as facilitated by the Office of the Prime Minister.
6. Unutilized budget of \$86,415 in SEG 7 – Special Expenditure was due to the decrease in former Prime Ministers and Presidents benefit expenses for the Office of the Prime Minister.
7. Unutilized budget of \$464,623 in SEG 9 – Capital Purchase was due to lesser costs incurred for the IBM upgrade costs and with the new application server by the Fijian Immigration Department.
8. Unutilized budget of \$747,952 in SEG 10 – Capital Grants and Transfers was due to the decrease in the volume of payments facilitated for the small grants projects received through the development co-operation and facilitation office.

## **2.3 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 Office of the Prime Minister operates and maintains four main trust fund bank accounts. The Fijian Immigration Department operates and maintains one main trust fund bank account. Given below are the details of these accounts:

### **(a) Chinese Grant Trust Fund Account**

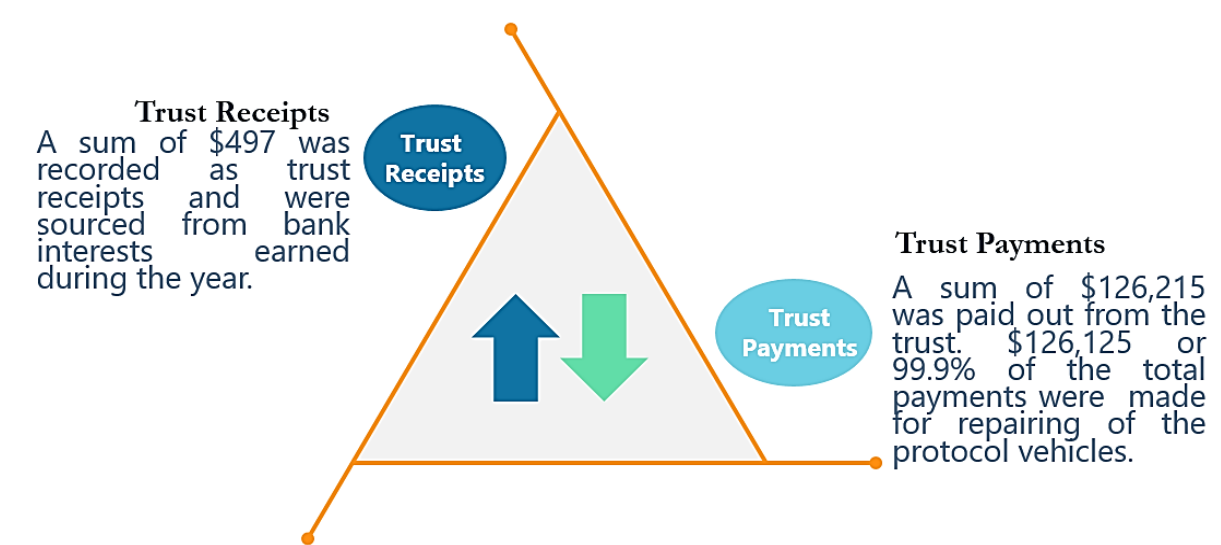
The trust fund account is used to record and maintain grants that are provided by the Chinese Government to the Fiji Government through bilateral agreements in the form of letter of exchange.

The funds are generally used to cater for those projects that are committed by the Honorable Prime Minister through requests from the communities and evaluated based on its need and priority.

These are mainly projects that assist communities in the areas of education, integrated village/settlement developments, youth developments, women's and minority group settlement developments and are not provided for in the national budget estimates. The approving authority for the funding of assistance under this trust fund is the Honorable Prime Minister.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2020 is provided below.

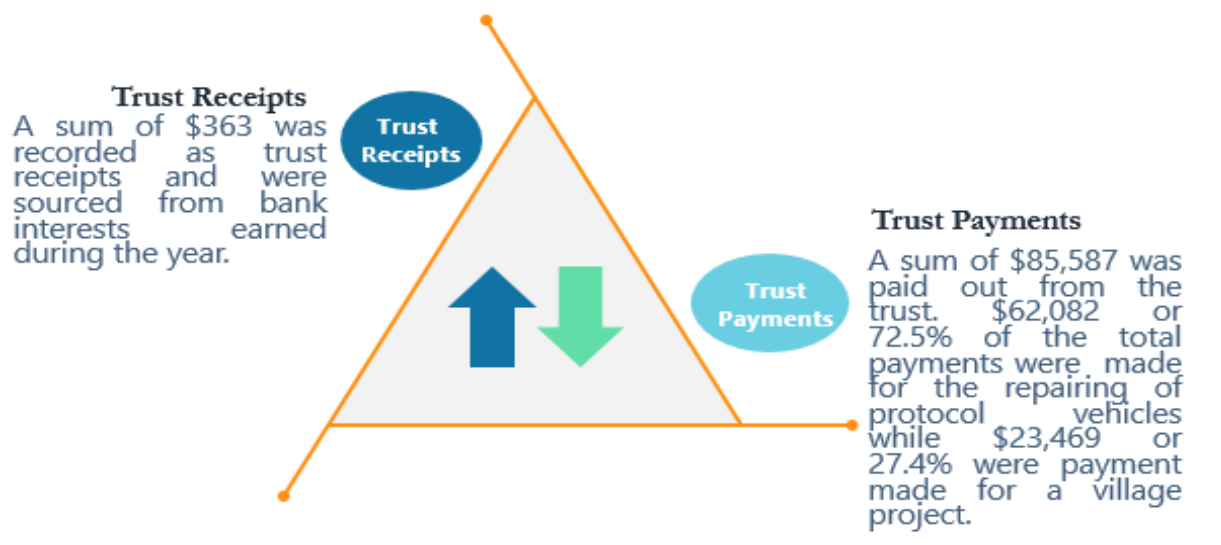
Figure 2.1: Chinese Grant Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.1**.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2021 is provided below.

Figure 2.2: Chinese Grant Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.2**.

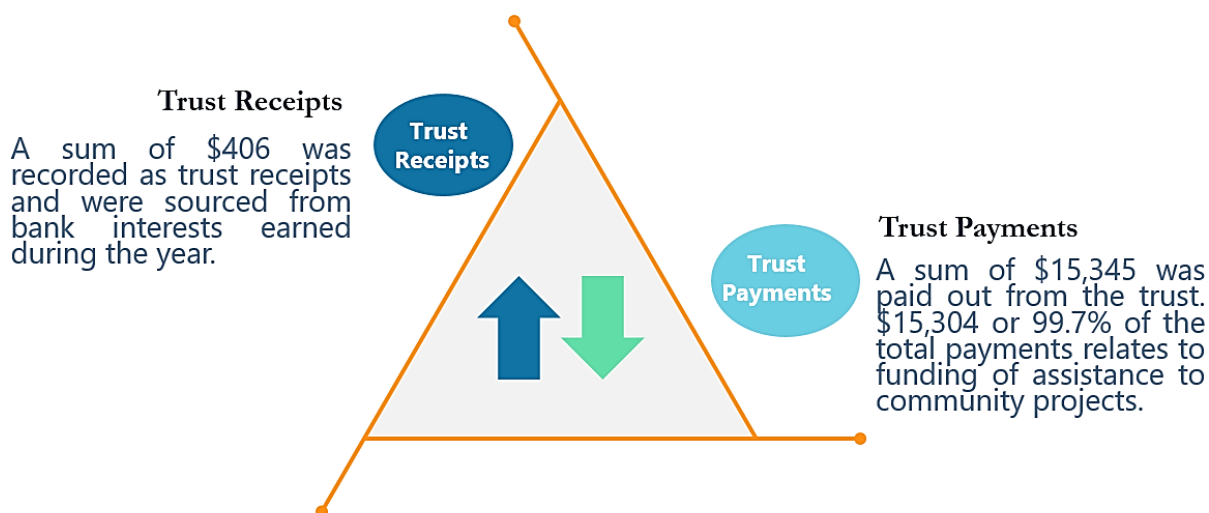
**(b) Taiwan Grant Trust Fund Account**

The trust fund account is used to record and maintain grants that are provided by the Taiwanese Government to the Fiji Government through bilateral agreements. The funds are generally used to cater for those projects that are committed by the Honorable Prime Minister through requests from the communities and evaluated based on its need and priority. These are mainly projects that assist communities in the areas of education, integrated village/settlement developments, youth

developments, women's and minority group settlement developments and are not provided for in the national budget estimates. The approving authority for the funding of assistance under this trust fund is the Honorable Prime Minister.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2020 is provided below.

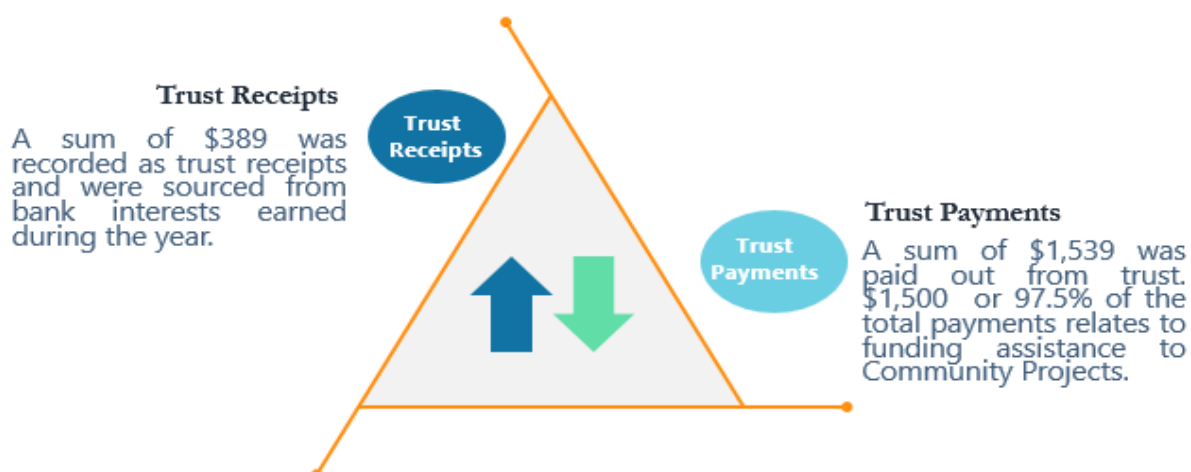
Figure 2.3: Taiwan Grant Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.3**.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2021 is provided below.

Figure 2.4: Taiwan Grant Trust Fund Receipts and Payments



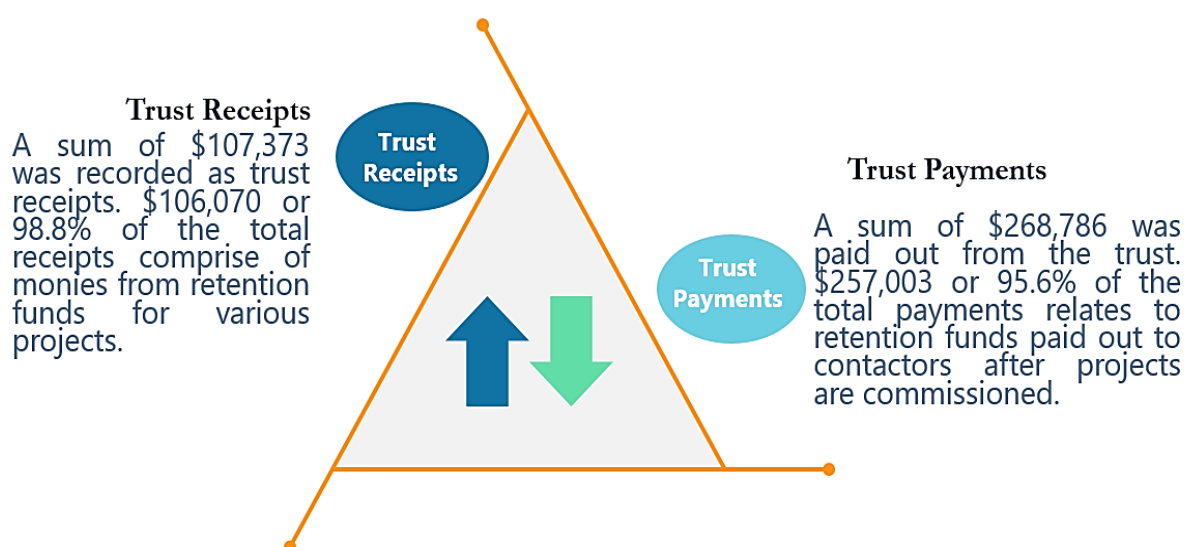
Detailed statement for trust receipts and payments are provided in **Appendix 2.4**.

### (c) Retention Fund Account

This trust fund account is used to maintain retention funds for various projects as per the conditions on the agreement. The funds will be paid out to contractors when certificate of completion is submitted, and all conditions of the contract are met.

The financial analysis of Trust Fund Receipts and Payments for the year ended 31 July 2020 is provided below.

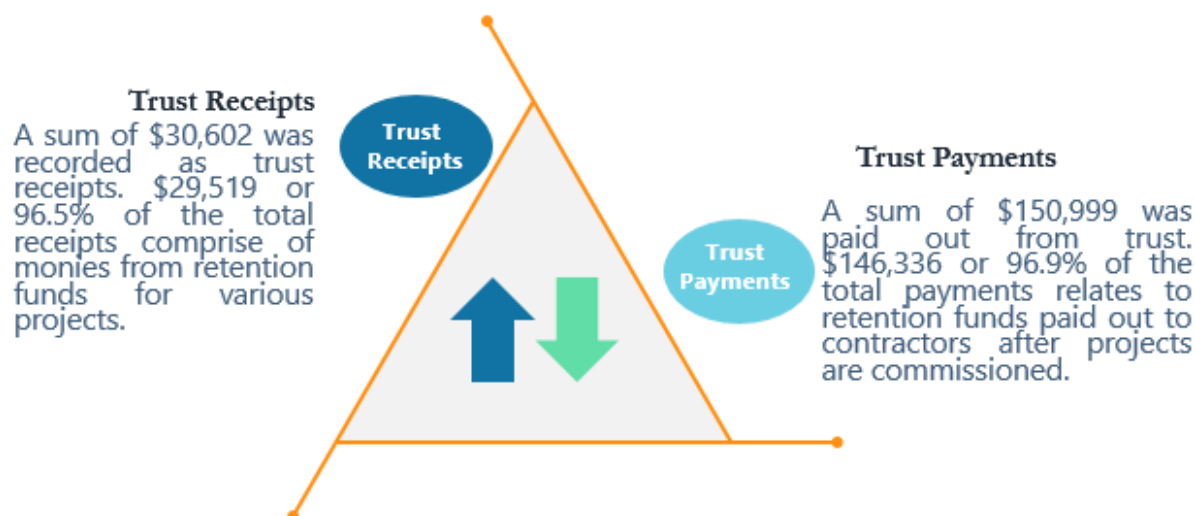
Figure 2.5: Retention Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.5**.

The financial analysis of Trust Fund Receipts and Payments for the year ended 31 July 2021 is provided below.

Figure 2.6: Retention Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.6**.

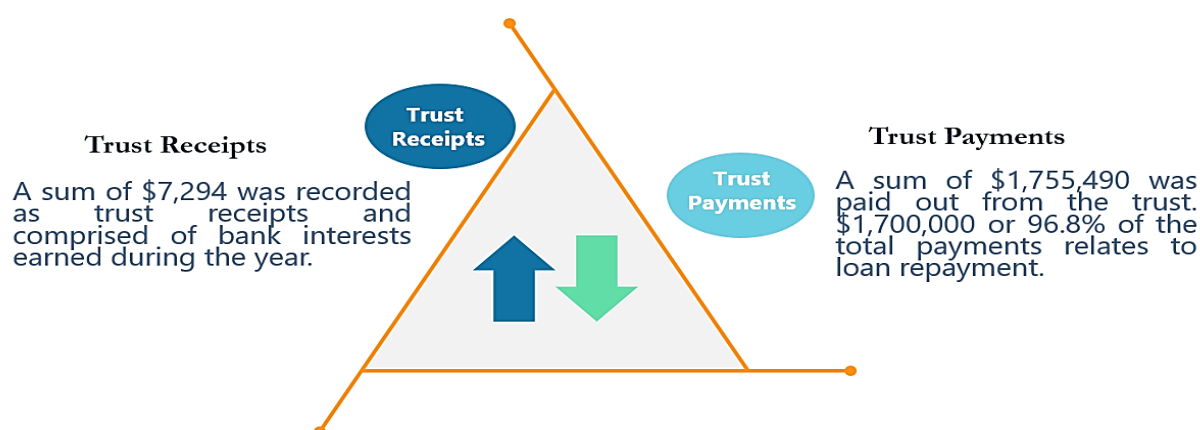
#### (d) Mahogany Industry Council Trust Fund Account

The Mahogany Industry Council Trust Fund ('Fund') was established in July 2015 for the sole purpose of administering all license fees paid by Mahogany Industry license holders.

The license fees concept was introduced in June 2011 following the Mahogany Industry Development Act of 2010 and Mahogany Industry (licensing and branding) Act of 2011. The administration of the proceeds was handled by the Ministry of Economy and was only transferred to the Office of the Prime Minister, as Secretariat of the Mahogany Industry Council ('Council'), in August 2015. The use of the proceeds is at the discretion of the Mahogany Industry Council.

The financial analysis of Trust Fund Receipts and Payments for the year ended 31 July 2020 is provided below.

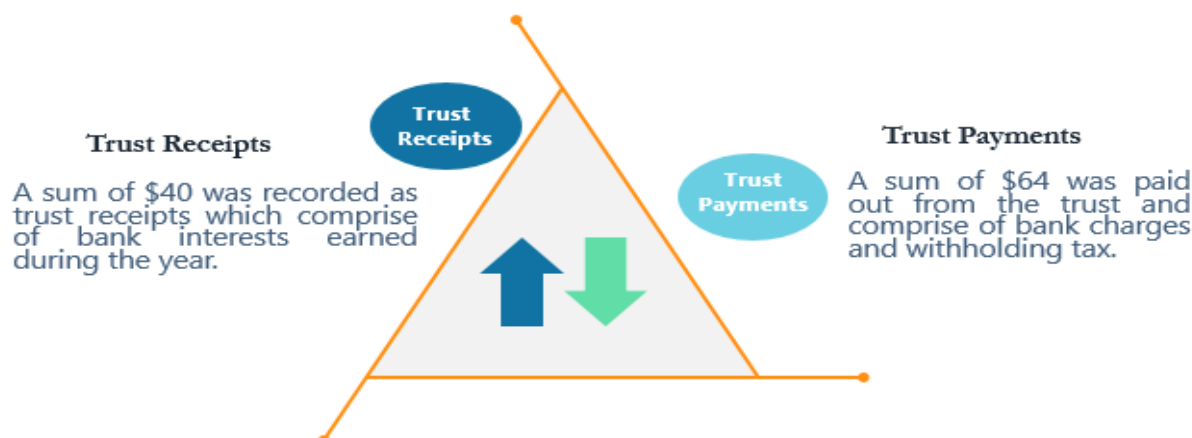
Figure 2.7: Mahogany Industry Council Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.7**.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2021 is provided below.

Figure 2.8: Mahogany Industry Council Trust Fund Receipts and Payments



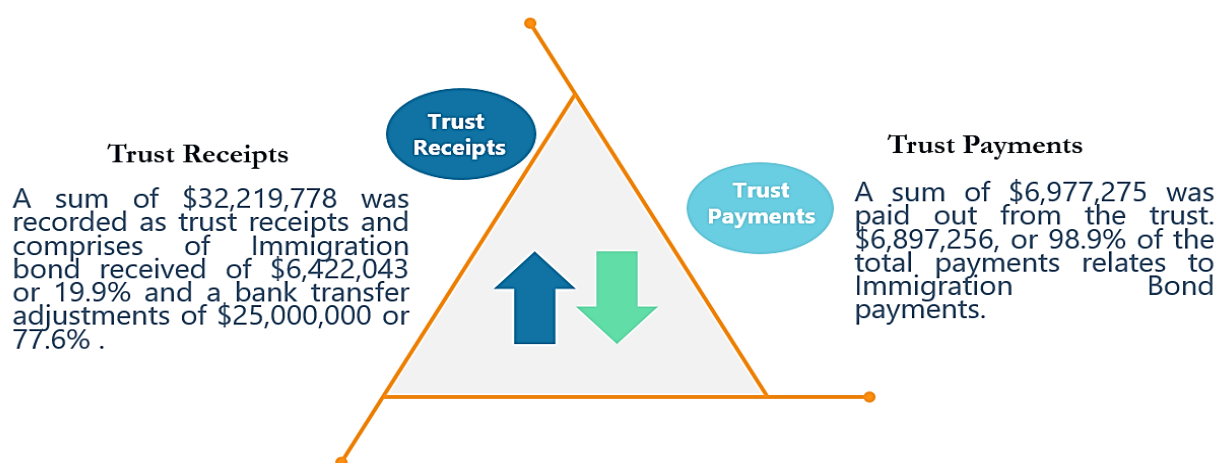
Detailed statement for trust receipts and payments are provided in **Appendix 2.8**.

### (e) Immigration Trust Fund Account

The Immigration Security bond trust fund account was established for the sole purpose of retention of money paid by non- Fiji citizens as security prior to the granting of the permit. Bonds are kept with the Department until such time, they leave the country then it will be refunded. The Department changed the Immigration Trust bank account from Westpac bank to HFC bank on 30th August 2018 due to the high interest rates offered by HFC bank. The Westpac bank account is still open as its still facilitating the Savusavu and Levuka stations. Now the Department is depositing the Trust Fund received and processing of bonds refund from the HFC Immigration Trust Account. The Department did not close the Westpac account because there is still money in the WBC account.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2020 is provided below.

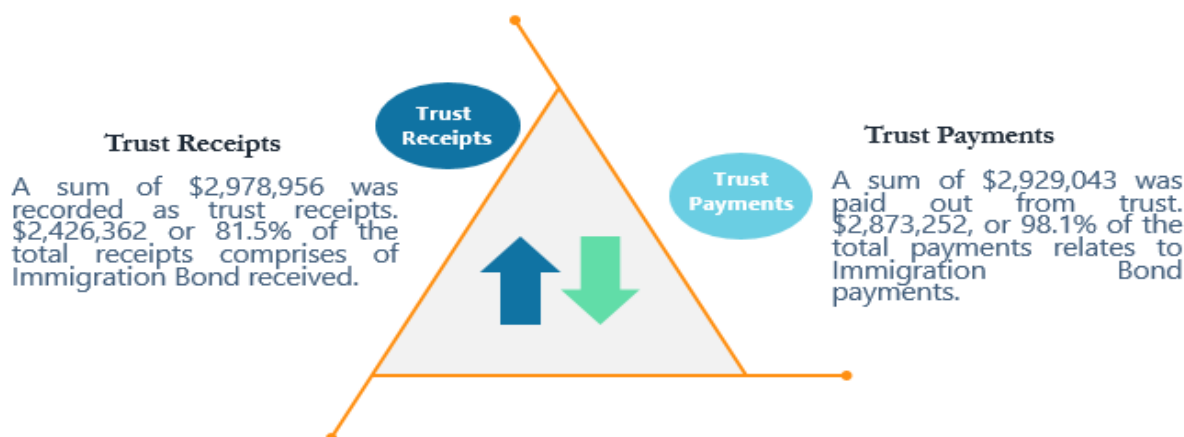
Figure 2.9: Immigration Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.9**.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2021 is provided below.

Figure 2.10: Immigration Trust Fund Receipts and Payments



Detailed statement for trust receipts and payments are provided in **Appendix 2.10**.

## **PART B: 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 year for the Office of the Prime Minister and Fijian Immigration Department.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

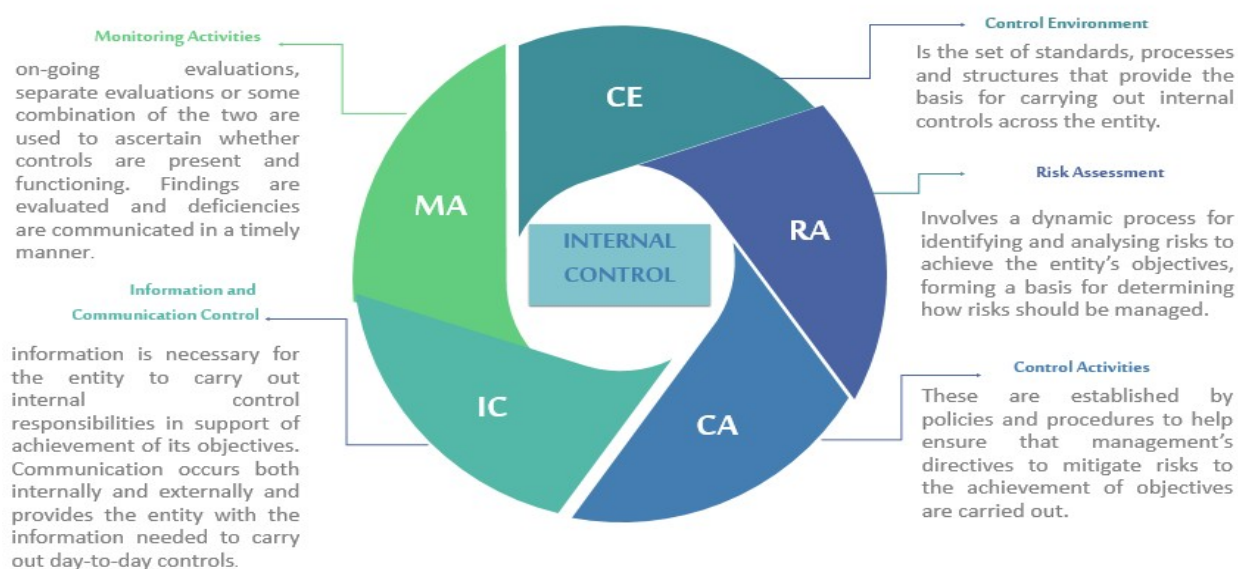
### 2.4 Internal Controls

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:

#### Office of the Prime Minister

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 Office of the Prime Minister as:



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

### Fijian Immigration Department

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

In view of the above, we have assessed the internal controls of the Fijian Immigration Department as:

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

## 2.5 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 and Foreign Missions in which procedures for closing of 2020 accounts and times were detailed based on information received, we have assessed the year-end close process as:

KEY FOCUS AREAS	ACHIEVEMENT OPM	ACHIEVEMENT DOI	KEY FOCUS AREAS	ACHIEVEMENT OPM	ACHIEVEMENT DOI
Closing date for journal adjustments by 11 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	Not Applicable	Not Applicable	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	Not Applicable	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 and Foreign Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT OPM	ACHIEVEMENT FID	KEY FOCUS AREAS	ACHIEVEMENT OPM	ACHIEVEMENT FID
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	Not Applicable	✓	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	✗	✓	Submission of arrears of revenue returns by 30 August 2021	Not Applicable	Not Applicable

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

Year	Rating	Year-end close process assessment
2020	☀ Generally effective	7 of 8 key processes for the Office of the Prime Minister was completed on or before specified time while the Fijian Immigration Department met all the applicable timelines for closing of accounts processes.
2021	☀ Generally effective	4 of 8 key processes for the Office of the Prime Minister was completed on or before specified time while the Fijian Immigration Department met all the applicable timelines for closing of accounts processes.

## 2.6 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 Office of the Prime Minister and Fijian Immigration Department were:

### Office of the Prime Minister

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

### Fijian Immigration Department

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

## 2.7 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	☀ Generally effective	Acceptable draft financial statements received before 31 October 2020.
2021	☀ Generally effective	Acceptable draft financial statements received before 31 October 2021.

## 2.8 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:

### Office of the Prime Minister

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

Year	Rating	Timeliness of Signed Financial Statements Received
2020	☀ Generally effective	Within 15 days from issue of Financial Statements for signing.
2021	☀ Generally effective	Within 15 days from issue of Financial Statements for signing.

### Fijian Immigration Department

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

Year	Rating	Timeliness of Signed Financial Statements Received
2020	☀ Generally effective	Within 15 days from issue of Financial Statements for signing.
2021	☀ Generally effective	Within 15 days from issue of Financial Statements for signing.

**APPENDIX 2.1: CHINESE GRANT TRUST FUND ACCOUNT FY 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
Interest	497	551
<b>Total Receipts</b>	<b>497</b>	<b>551</b>
<b>PAYMENTS</b>		
Assistance to Fiji Bowls	---	10,000
Repair of Protocol Vehicles	126,125	---
Withholding Tax	50	55
Bank Audit Certificate	40	---
<b>Total Payments</b>	<b>126,215</b>	<b>10,055</b>
Net Deficit	(125,718)	(9,504)
Opening balance as at 1 August 2019	541,223	550,727
<b>Closing Balance as at 31 July 2020</b>	<b>415,505</b>	<b>541,223</b>

**APPENDIX 2.2: CHINESE GRANT TRUST FUND ACCOUNT FY 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
Interest	363	497
<b>Total Receipts</b>	<b>363</b>	<b>497</b>
<b>PAYMENTS</b>		
Kuiva Village Project	23,469	---
Repair of Protocol Vehicles	62,082	126,125
Withholding Tax	36	50
Bank Audit Certificate	---	40
<b>Total Payments</b>	<b>85,587</b>	<b>126,215</b>
Net Deficit	(85,224)	(125,718)
Opening balance as at 1 August 2020	415,505	541,223
<b>Closing Balance as at 31 July 2021</b>	<b>330,281</b>	<b>415,505</b>

### APPENDIX 2.3: TAIWAN GRANT TRUST FUND ACCOUNT FY 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
Interest Received	406	435
<b>Total Receipts</b>	<b>406</b>	<b>435</b>
<b>PAYMENTS</b>		
Assistance to Community Projects	15,304	30,840
Bank Charges	---	40
Withholding Tax	41	43
<b>Total Payments</b>	<b>15,345</b>	<b>30,923</b>
Net Deficit	(14,939)	(30,488)
Opening Balance as at 1 August 2019	404,555	435,043
<b>Closing Balance as at 31 July 2020</b>	<b>389,616</b>	<b>404,555</b>

### APPENDIX 2.4: TAIWAN GRANT TRUST FUND ACCOUNT FY 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
Interest Received	389	406
<b>Total Receipts</b>	<b>389</b>	<b>406</b>
<b>PAYMENTS</b>		
Assistance to Community Projects	1,500	15,304
Withholding Tax	39	41
<b>Total Payments</b>	<b>1,539</b>	<b>15,345</b>
Net Deficit	(1,150)	(14,939)
Opening Balance as at 1 August 2020	389,615	404,555
<b>Closing Balance as at 31 July 2021</b>	<b>388,465</b>	<b>389,616</b>

## APPENDIX 2.5: RETENTION FUND ACCOUNT FY 2020

Description	31-Jul 2020 (\$)	31-Jul 2019 (\$)
<b>RECEIPTS</b>		
Interest	1,303	1,420
Retention for Nabua Resource Centre	---	8,513
Retention for Ballantine Memorial School	29,730	14,865
Retention for Naseyani Primary School	---	8,373
Retention for Tavua District School	---	14,258
Retention for Nubu Primary School	---	2,425
Retention for Dogotuki District School	---	2,726
Retention for Vuya District School	---	8,753
Retention for Kubulau District School	---	9,714
Retention for Immaculate Conception Primary School	---	6,312
Retention for Dama District School	---	12,070
Retention for Bukuya Health Centre	---	29,633
Retention for Raiwai Youth Hall	---	35,405
Retention for Suvavou Kindergarten	---	3,391
Retention for Rukurukulevu Village	---	14,925
Retention for Nausori District School	---	15,558
Retention for Biausevu Village Women's Group	1,618	20,563
Retention for Qelemumu Primary School	---	21,970
Retention for Bocalevu Village	---	3,995
Retention for Ratu Veikoso Primary School	---	14,585
Retention for Uluivalili College	---	26,805
Retention for Navuso District School	---	8,077
Retention for Cautata District School	---	8,022
Retention for Lomaiviti Nursing	---	30,826
Retention for Nabukaluka Primary School	---	8,118
Retention for Nasivikoso Village School	5,022	20,087
Retention for Sawanikula Primary School	---	17,004
Retention for Suva Methodist Primary School	40,381	16,591
Retention for Immaculate Conception College	13,455	1,500
Retention for Korovou Crematorium	9,547	---
Retention for Natadradave Evacuation Center	6,317	---
<b>Total Receipts</b>	<b>107,373</b>	<b>386,484</b>
<b>PAYMENTS</b>		
Bank fee	---	142

Description	31-Jul 2020 (\$)	31-Jul 2019 (\$)
FRCS Payments	11,783	32,156
Retention Payment – Nausori Primary School	38,186	---
Retention Payment – Vunisaiki Primary School	---	54,385
Retention Payment – Nabua Resource Centre	---	16,607
Retention Payment – Tavua District School	12,368	12,368
Retention Payment – Biausevu Village Women's Group	6,947	32,777
Retention Payment – Vuya District School	---	25,844
Retention Payment – Nubu Primary School	---	14,149
Retention Payment – Bukuya Health Centre	21,168	21,168
Retention Payment – Kubulau District School	---	9,253
Retention Payment – Nausori District School	22,266	22,266
Retention Payment – Queen Victoria School	---	11,336
Retention Payment – Naseyani Primary School	9,851	9,851
Retention Payment – Cautata District School	6,958	6,958
Retention Payment – Navuso District School	7,342	7,006
Retention Payment – Raiwai Youth Hall	56,301	56,301
Retention Payment – Sawanikula Primary School	---	8,112
Retention Payment – Dama District School	---	8,528
Retention Payment – Rukuruku Village School	---	6,820
Retention Payment – Immaculate College	16,026	8,892
Retention Payment – Bocalevu Village	---	3,812
Retention Payment – Dogotuki District School	6,760	6,760
Retention Payment – Nabukaluka Primary School	7,042	7,042
Retention Payment – Qelemumu Primary School	6,760	6,760
Retention Payment – Ratu Veikoso Primary School	7,293	6,958
Retention Payment – Suvavou Village	---	7,281
Retention Payment – Lomaiviti Nursing	---	20,656
Retention Payment – Uluivalili College	---	615
Retention Payment – Vaturova High School	---	10,982
Retention Payment – Suva Methodist Primary School	27,179	---
Retention Payment – Korovou Crematorium	4,555	---
<b>Total Payments</b>	<b>268,785</b>	<b>435,785</b>
Net Deficit	(161,412)	(49,301)
Opening Balance as at 1 August 2019	1,329,758	1,379,059
<b>Closing Balance as at 31 July 2020</b>	<b>1,168,346</b>	<b>1,329,758</b>

**APPENDIX 2.6: RETENTION FUND ACCOUNT FY 2021**

Description	31-Jul 2021 (\$)	31-Jul 2020 (\$)
<b>RECEIPTS</b>		
Interest	1,083	1,303
Retention for Ballantine Memorial School	---	29,730
Retention for Biausevu Village Women's Group	---	1,618
Retention for Nasivikoso Village School	---	5,022
Retention for Suva Methodist Primary School	---	40,381
Retention for Immaculate Conception College	---	13,455
Retention for Korovou Crematorium	---	9,547
Retention for Natahradave Evacuation Center	29,519	6,317
<b>Total Receipts</b>	<b>30,602</b>	<b>107,373</b>
<b>PAYMENTS</b>		
Bank fee	108	---
FRCS Payments	4,555	11,783
Retention Payment – Nausori Primary School	---	38,186
Retention Payment for Natahradave Evacuation Center	17,096	---
Retention Payment for Nasivikoso Village School	11,978	---
Retention Payment – Tavua District School	---	12,368
Retention Payment – Biausevu Village Women's Group	6,948	6,947
Retention Payment for Ballantine Memorial School	31,912	---
Retention Payment – Bukuya Health Centre	---	21,168
Retention Payment – Kubulau District School	9,697	---
Retention Payment – Nausori District School	---	22,266
Retention Payment – Naseyani Primary School	---	9,851
Retention Payment – Cautata District School	---	6,958
Retention Payment – Navuso District School	---	7,342
Retention Payment – Raiwai Youth Hall	---	56,301
Retention Payment – Sawanikula Primary School	8,112	---
Retention Payment – Immaculate College	---	16,026
Retention Payment – Dogotuki District School	---	6,760
Retention Payment – Nabukaluka Primary School	---	7,042
Retention Payment – Qelemumu Primary School	6,869	6,760
Retention Payment – Ratu Veikoso Primary School	---	7,293
Retention Payment – Suvavou Village	7,282	---
Retention Payment – Ulaivalili College	13,402	---
Retention Payment – Suva Methodist Primary School	28,485	27,179
Retention Payment – Korovou Crematorium	4,555	4,555
<b>Total Payments</b>	<b>150,999</b>	<b>268,785</b>
Net Deficit	(120,397)	(161,412)
Opening Balance as at 1 August 2020	1,168,346	1,329,758
<b>Closing Balance as at 31 July 2021</b>	<b>1,047,949</b>	<b>1,168,346</b>



**APPENDIX 2.7: MAHOGANY INDUSTRY COUNCIL FUND FY 2020**

Description	31-Jul 2020 (\$)	31-Jul 2019 (\$)
<b>RECEIPTS</b>		
Interest	7,294	18,738
<b>Total Receipts</b>	<b>7,294</b>	<b>18,738</b>
<b>PAYMENTS</b>		
Audit Fees	50	100
Bank charges	62	63
Withholding Tax	818	1,874
License Fees	54,249	394,346
Branding Legal Fees	311	25,753
Loan repayment	1,700,000	---
<b>Total Payments</b>	<b>1,755,490</b>	<b>422,136</b>
Net Deficit	(1,748,196)	(403,398)
Opening Balance as at 1 August 2019	1,752,571	2,155,969
<b>Closing Balance as at 31 July 2020</b>	<b>4,375</b>	<b>1,752,571</b>

**APPENDIX 2.8: MAHOGANY INDUSTRY COUNCIL FUND FY 2021**

Description	31-Jul 2021 (\$)	31-Jul 2020 (\$)
<b>RECEIPTS</b>		
Interest	40	7,294
<b>Total Receipts</b>	<b>40</b>	<b>7,294</b>
<b>PAYMENTS</b>		
Audit Fees	---	50
Bank charges	60	62
Withholding Tax	4	818
License Fees	---	54,249
Branding Legal Fees	---	311
Loan repayment	---	1,700,000
<b>Total Payments</b>	<b>64</b>	<b>1,755,490</b>
Net Deficit	(24)	(1,748,196)
Opening Balance as at 1 August 2020	4,375	1,752,571
<b>Closing Balance as at 31 July 2021</b>	<b>4,351</b>	<b>4,375</b>

## APPENDIX 2.9: IMMIGRATION TRUST FUND ACCOUNT FY 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
Immigration Bond Received	6,422,043	6,269,172
Interest	797,735	7,074
Adjustment of funds transferred from WBC to HFC	25,000,000	---
<b>Total Receipts</b>	<b>32,219,778</b>	<b>6,276,246</b>
<b>PAYMENTS</b>		
Immigration Bond Refund	6,897,256	4,404,022
Bank Charges	80,019	823
<b>Total Payments</b>	<b>6,977,275</b>	<b>4,404,845</b>
Net Surplus	25,242,503	1,871,401
Opening Balance as at 1 August 2019	5,596,028	28,724,628
<b>Closing Balance as at 31 July 2020</b>	<b>30,838,531</b>	<b>30,596,029</b>

## APPENDIX 2.10: IMMIGRATION TRUST FUND ACCOUNT FY 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
Immigration Bond Received	2,426,362	6,422,043
Interest	552,594	797,735
Adjustment of funds transferred from WBC to HFC	---	25,000,000
<b>Total Receipts</b>	<b>2,978,956</b>	<b>32,219,778</b>
<b>PAYMENTS</b>		
Immigration Bond Refund	2,873,252	6,897,256
Bank Charges	55,791	80,019
<b>Total Payments</b>	<b>2,929,043</b>	<b>6,977,275</b>
Net Surplus	49,913	25,242,503
Opening Balance as at 1 August 2020	30,838,531	5,596,028
<b>Closing Balance as at 31 July 2021</b>	<b>30,888,444</b>	<b>30,838,531</b>

## Section 3

## Office of the Attorney-General

### Roles and Responsibilities

The Attorney-General is the Chief Legal Adviser to Government, whose Permanent Secretary is the Solicitor-General. The Attorney-General's Chambers seeks to continually review and improve Fijian laws to bring about a more just and secure society. It provides legal services to Government and represents the State in legal proceedings. It also prepares draft laws on request of Cabinet and maintains a publicly accessible register of all written laws.

The Office is therefore responsible for:

- Providing legal advice to Government and to the holders of a public office on request;
- Drafting laws on the request of Cabinet;
- Maintaining a publicly accessible register of all written laws;
- Representing the State in Tribunals and Courts in legal proceedings to which the State is a party, except criminal proceedings; and
- Performing other functions assigned by the Constitution, any written law, Cabinet or the Attorney-General.

The Department of Civil Aviation comes under the Office of the Attorney-General and is responsible for the regulation of air transport in Fiji. The Department develops air safety protocols, in line with international standards, and looks after the development of Fijian airports.

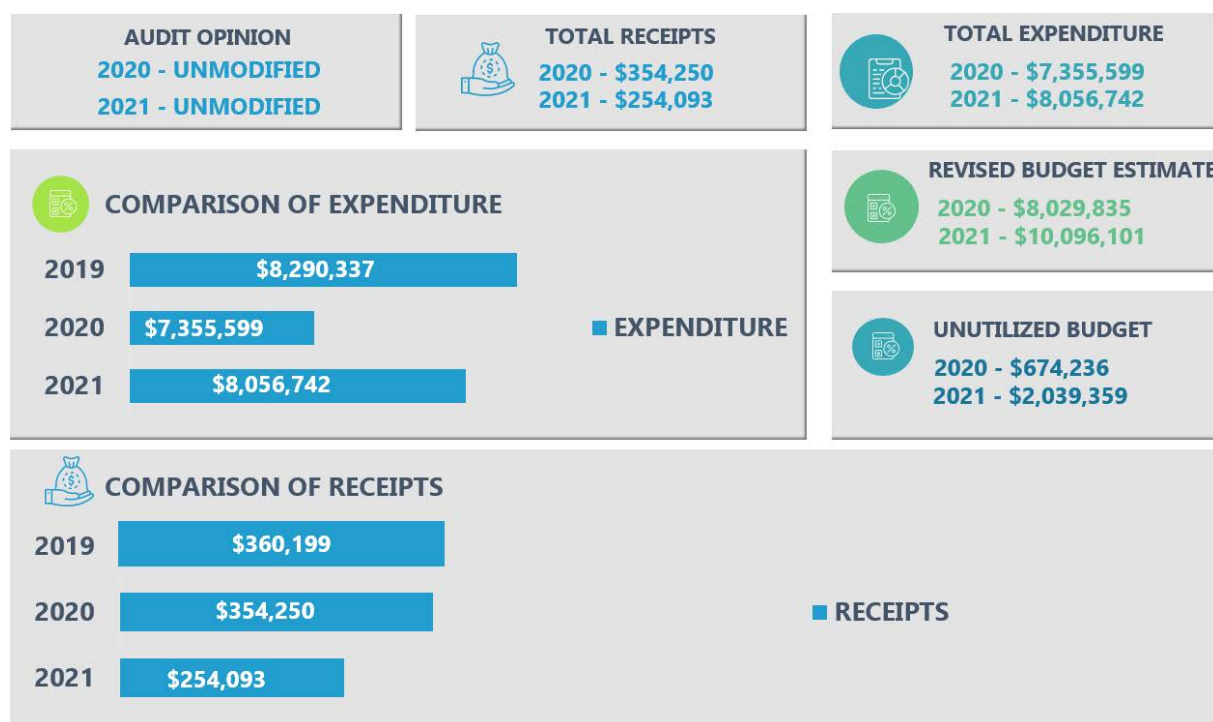
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## PART A: FINANCIAL INFORMATION

### 3.1 Financial Information



### 3.2 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Office of the Attorney-General resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Office of the Attorney-General resulted in an unmodified audit opinion.

### 3.3 Appropriation Statement - Head 03

#### 2020

The Office incurred expenditure totaling \$7.4 million in 2020 against a revised budget of \$8.0 million, resulting in unutilized budget of \$0.6 million or 7.5%

Details of expenditure against the revised budget are provided in Table 3.1.

Table 3.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,590,507	(2,400)	3,588,107	3,505,632	82,475
2	Government Wage Earners	336,059	2,400	338,459	297,771	40,688
3	Travel & Communication	396,201	57,000	453,201	437,241	15,960
4	Maintenance & Operations	443,651	(23,650)	420,001	398,004	21,997
5	Purchase of Goods & Services	565,999	(98,300)	467,699	391,725	75,974
6	Operating Grants & Transfers	1,910,279	131,350	2,041,629	1,841,030	200,599
7	Special Expenditure	606,018	(66,400)	539,618	405,677	133,941
	<b>Total Operating Expenditure</b>	<b>7,848,714</b>	<b>---</b>	<b>7,848,714</b>	<b>7,277,080</b>	<b>571,634</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	181,121	---	181,121	78,519	102,602
	<b>TOTAL</b>	<b>8,029,835</b>	<b>---</b>	<b>8,029,835</b>	<b>7,355,599</b>	<b>674,236</b>

The unutilized budget were due to the following:

- The savings of \$40,688 or 12% under Government Wage Earners was due to COVID-19 restrictions on overtime worked by GWE workers which also resulted in decrease in meal claims. Due to less overtime worked it also resulted savings in FNPF vote.
- The savings of \$75,974 or 16% under Purchase of Goods and Services was mainly due to reduction in the budget due to COVID-19 response budget. There was a significant reduction for Drafting of Laws to \$50,000 compared to \$300,000 in 2019.
- The savings of \$200,599 or 10% for Operating Grants and Transfers was mainly due to non-utilization of the \$200,000 operating grant budget for the Civil Aviation Authority of Fiji (CAAF) as they did not request any grant payment from the government.
- The savings of \$133,941 or 25% under Special Expenditure was due to minimum utilization of budget provision for Fiji Law Reform Commission of \$59,001 and Aircraft Accident Investigation of \$62,110. The Aircraft Accident Investigation funds were not fully utilised due to COVID-19 that caused delay in the investigations. The aircraft investigations are complex in nature which comprise of various investigations before a final report is issued, thus, investigations take more than a year to be completed and payments are done in phase of the investigations.

## 2021

The Office incurred expenditure totaling \$8.0 million in 2021 against a revised budget of \$10 million, resulting in a saving of \$2.0 million or 20%.

Details of expenditure against the revised budget are provided in Table 3.2.

**Table 3.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,807,297	---	3,807,297	2,982,396	824,901
2	Government Wage Earners	241,954	---	241,954	168,396	73,558
3	Travel & Communication	287,300	(25,000)	262,300	116,243	146,057
4	Maintenance & Operations	388,780	3,000	391,780	301,369	90,411
5	Purchase of Goods & Services	447,660	32,200	479,860	294,016	185,844
6	Operating Grants & Transfers	4,210,820	25,000	4,235,820	3,991,431	244,389
7	Special Expenditure	560,670	(35,200)	525,470	180,045	345,425
	<b>Total Operating Costs</b>	<b>9,944,481</b>	<b>---</b>	<b>9,944,481</b>	<b>8,033,896</b>	<b>1,910,585</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	151,620	---	151,620	22,846	128,774
	<b>TOTAL</b>	<b>10,096,101</b>	<b>---</b>	<b>10,096,101</b>	<b>8,056,742</b>	<b>2,039,359</b>

The unutilized budget were due to the following:

- The savings of \$824,901 or 22% under Established Staffs was due to the vacant positions of higher salary scale and the staff turnover the office had during the financial year. This also resulted due to the cessation of acting allowance.
- The savings of \$73,558 or 30% under Government Wage Earners was due to the vacant position as one of the drivers retired. This also resulted due to less overtime worked by the GWE workers which resulted in the decrease in meal claims.
- The savings of \$146,057 or 56% under Travel and Communications mainly resulted from no major international and local travel due to COVID-19 restriction. This also resulted due to less overtime worked by Established staffs which resulted in the decrease in meal claims.

- (d) The savings of \$90,411 or 23% under Maintenance and Operations was due to cost cutting measures taken to reduce cost and also less purchasing done for the financial year due to COVID-19 restrictions.
- (e) The savings of \$185,844 or 39% under Purchase of Goods and Services was mainly due to decrease in expenditure relating to Fiji Intellectual Property Office, Litigation Fees, and Training.
- (f) The savings of \$244,389 or 6% for Operating Grants & Transfers was mainly resulted from the Domestic Air Services Subsidy not fully utilised. This was due to COVID-19 pandemic, there was restrictions on domestic flights to outer islands, and hence no claims were submitted for subsidy payments.
- (g) The savings of \$345,425 or 66% under Special Expenditures was due to non-utilization of budget provision for Fiji Law Reform Commission and Aircraft Accident Investigation. The Aircraft Accident Investigation funds were not utilized for the financial year due to COVID-19 that caused the delay in the investigations so no claims were submitted for payments.

### 3.4 Appropriation Statement – Head 09 – Media Industry Development Authority

#### 2020

Payments relating to the functioning of the Media Industry Development Authority is facilitated by the Office of the Attorney-General.

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	80,000	---	80,000	47,147	32,583
	<b>Total Operating Expenditure</b>	<b>80,000</b>	<b>---</b>	<b>80,000</b>	<b>47,147</b>	<b>32,853</b>
	<b>TOTAL</b>	<b>80,000</b>	<b>---</b>	<b>80,000</b>	<b>47,147</b>	<b>32,853</b>

There were savings to MIDA due to the non-payment of allowances as the board members are yet to be appointed and no travelling expenses was incurred during the financial year. Currently, office equipment is in good condition so procurement will take place upon MIDA's expansion and recruitment of additional staff and also stationeries are currently in stock from previous years. There is also savings in the rental of the office space as Office of the Attorney – General is catering for it as they are principal lessee. Thus, budget will be utilised upon finding affordable rent space and expand to recruit more staff.

**2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	76,867	---	76,867	23,843	53,024
	<b>Total Operating Expenditure</b>	<b>76,867</b>	<b>---</b>	<b>76,867</b>	<b>23,843</b>	<b>53,024</b>
	<b>TOTAL</b>	<b>76,867</b>	<b>---</b>	<b>76,867</b>	<b>23,843</b>	<b>53,024</b>

Payments relating to the functioning of the Media Industry Development Authority is facilitated by the Office of the Attorney-General.

**3.5 Appropriation Statement – Head 13 Constitutional Offices Commission**

**2020**

**Head 13(i) Constitutional Offices Commission**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	8,400	---	8,400	8,400	---
	<b>Total Operating Expenditure</b>	<b>8,400</b>	<b>---</b>	<b>8,400</b>	<b>8,400</b>	<b>---</b>
	<b>TOTAL</b>	<b>8,400</b>	<b>---</b>	<b>8,400</b>	<b>8,400</b>	<b>---</b>

Payments relating to the functioning of the Constitutional Offices Commission is facilitated by the Office of the Attorney-General.

**2021**

**Head 13(i) Constitutional Offices Commission**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	50,000	---	50,000	10,786	39,214
	<b>Total Operating Expenditure</b>	<b>50,000</b>	<b>---</b>	<b>50,000</b>	<b>10,786</b>	<b>39,214</b>
	<b>TOTAL</b>	<b>50,000</b>	<b>---</b>	<b>50,000</b>	<b>10,786</b>	<b>39,214</b>

Payments relating to the functioning of the Constitutional Offices Commission is facilitated by the Office of the Attorney-General.



## Head 13(ii) Accountability & Transparency Commission

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	20,000	---	20,000	---	20,000
	<b>Total Operating Expenditure</b>	<b>20,000</b>	<b>---</b>	<b>20,000</b>	<b>---</b>	<b>20,000</b>
	<b>TOTAL</b>	<b>20,000</b>	<b>---</b>	<b>20,000</b>	<b>---</b>	<b>20,000</b>

Payments relating to the functioning of the Accountability and Transparency Commission is facilitated by the Office of the Attorney-General.

### 3.6 Main Trust Fund Account

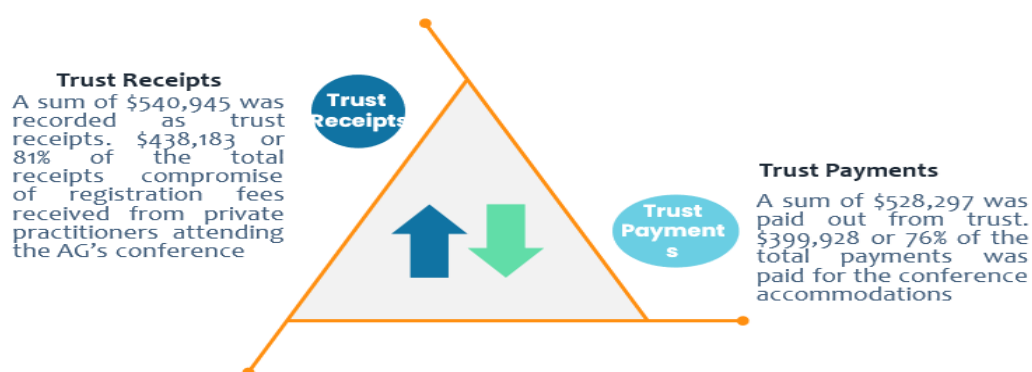
Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Office of the Attorney-General operates and maintains 3 main trust fund bank accounts which includes the following:

#### 3.6.1 Attorney-General's Conference Trust Fund Account (FY 2020)

The Trust Fund Account was established to retain surplus fund generated after the Annual Attorney-General's Conference to assist the next conference as the Office is only allocated a sum of \$100,000 from the annual budget allocation.

Receipts consist of \$100,000 from Continuing Legal Education allocation and fees from private practitioners attending the Conference. Payments comprises of expenditure associated with the Attorney-General Annual Conference which is usually held in December.

As at 31 July 2020, the Trust Fund Account had a balance of \$249,897. This balance is made up of \$100,000 received from the budget allocation and the surplus funds carried forward from prior years for the Attorney-General Annual Conference.



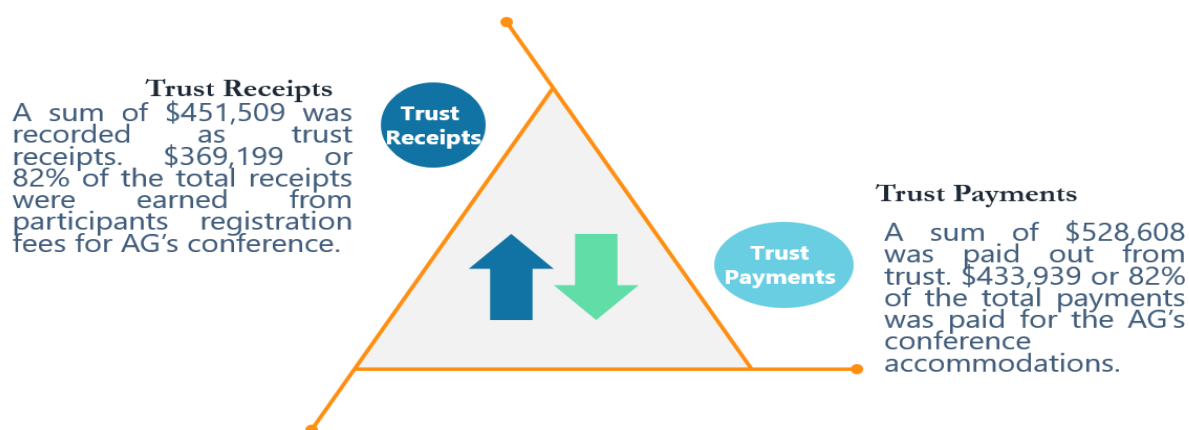
The detailed trust fund account statement of receipts and payments is provided in Appendix 3.1.

### 3.6.2 Attorney-General's Conference Trust Fund Account (FY 2021)

The Trust Fund Account were established to retain surplus fund generated after the Annual Attorney-General Conference to assist the next conference as the Office are only allocated \$80,000 from the yearly budget allocation.

Receipts consist of \$80,000 from Continuing Legal Education allocation and fees from private practitioners attending the Conference. Payments comprises of expenditure associated with the Attorney-General Annual Conference which is usually held in December.

As at 31 July 2021, the Trust Fund Account had a balance of \$172,798. This balance is made up of \$80,000 received from the budget allocation and the surplus funds carried forward from prior years for the Attorney-General Annual Conference.



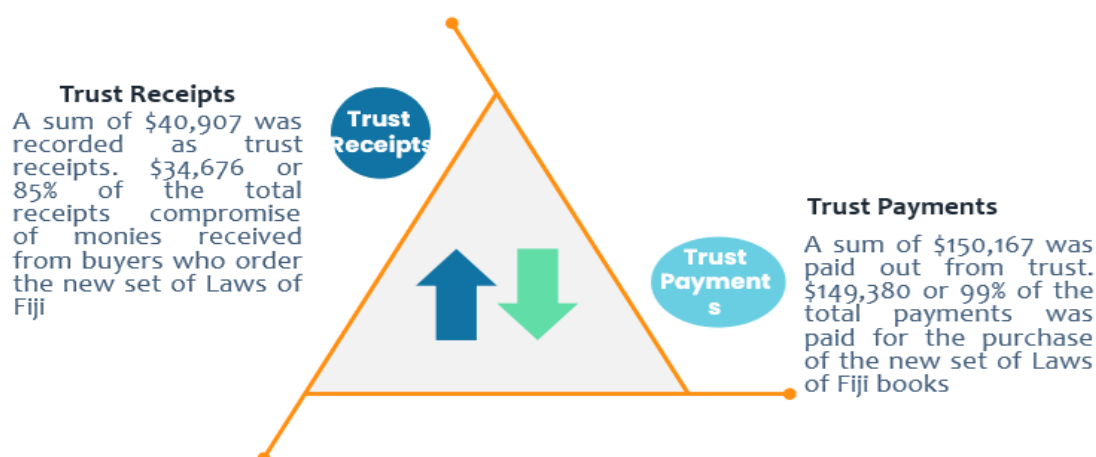
The detailed trust fund account statement of receipts and payments is provided in *Appendix 3.2*.

### 3.6.3 Laws of Fiji Trust Fund Account (FY 2020)

The Laws of Fiji Trust Fund was established to fund the cost of publication and printing of the Laws of Fiji and to provide funding for future law costs.

Receipts consist of the orders from the respective buyers of the new set of Law Books.

As at 31 July 2020, the Laws of Fiji Trust Fund Account had a balance of \$521,800. This balance is made up of the surplus from sale, publishing and printing of the Law books.

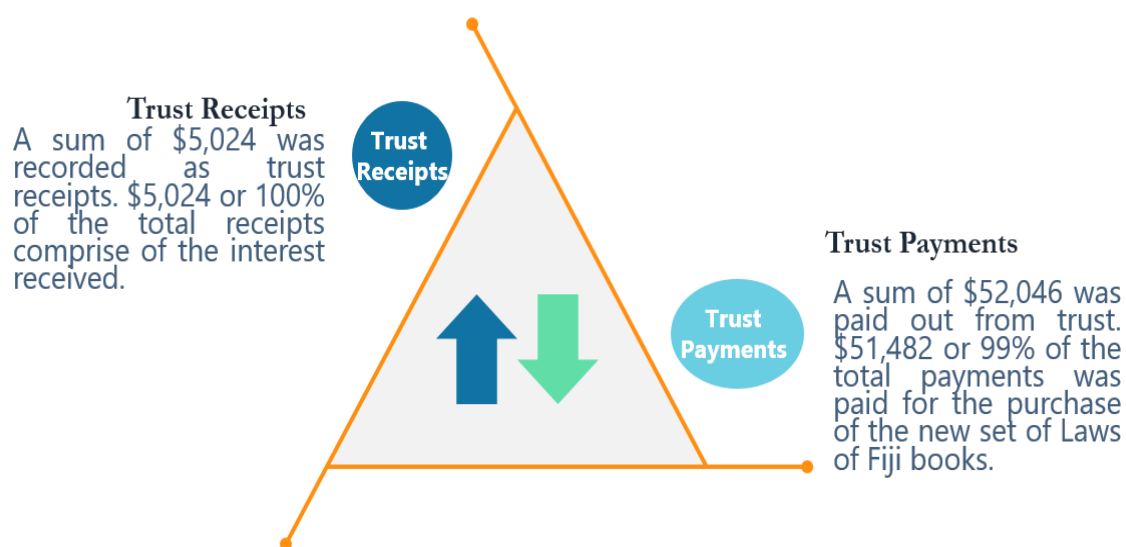


The detailed trust fund account statement of receipts and payments is provided in Appendix 3.3.

#### 3.6.4 Laws of Fiji Trust Fund Account (FY 2021)

Receipts consist of the orders from the respective buyers of the new set of Law Books.

As at 31 July 2021, the Laws of Fiji Trust Fund Account had a balance of \$474,778. This balance is made up of the surplus from sale, publishing and printing of the Law books.

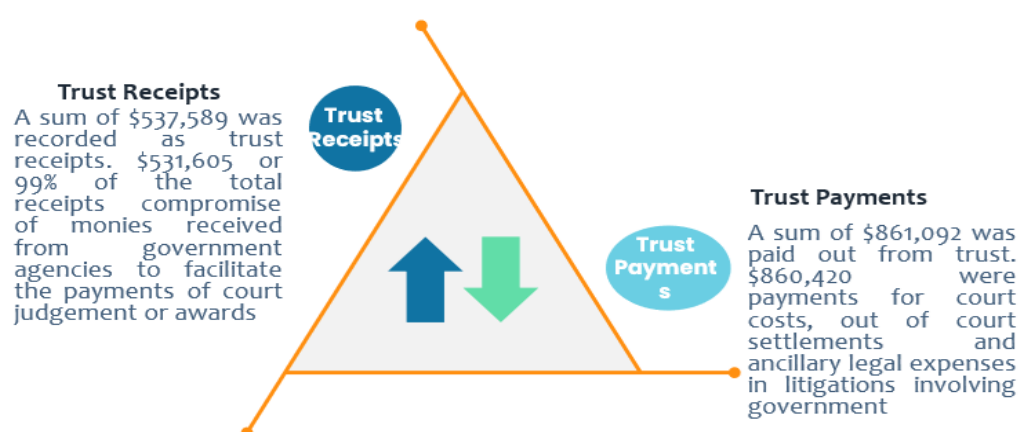


The detailed trust fund account statement of receipts and payments is provided in Appendix 3.4.

### 3.6.5 Solicitor-General's Trust Account (FY 2020)

The Solicitor-General's Trust Fund Account was established on 27 July 2018 and prior to that the funds received and paid out were recorded in the Standard Liability Group (SLG) 84 allocation in FMIS general ledger. The funds are received from government ministries, department and agencies to facilitate the payments of court judgements or awards, including payments approved for court costs, out-of-court settlements and ancillary legal expenses in litigation involving Government.

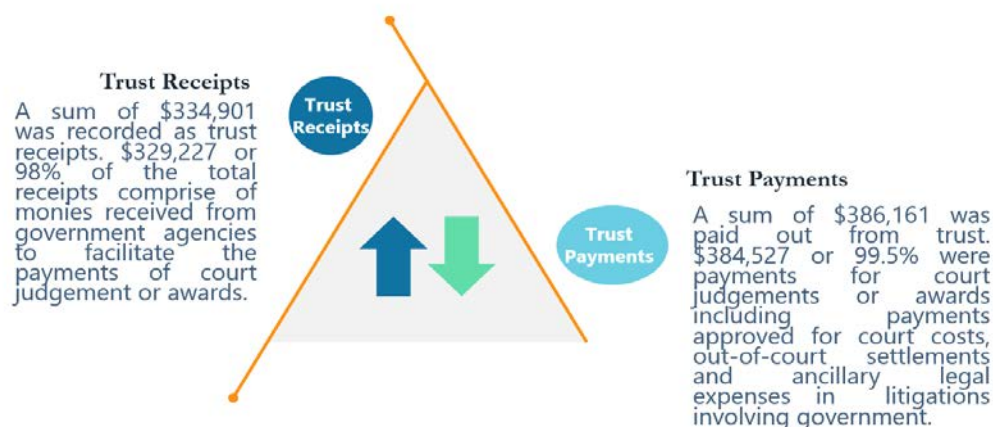
As at 31 July 2020, the Solicitor-General's Trust Fund Account had a balance of \$616,369. This balance is mostly made up of the payments received from ministries, department and agencies for which case is in progress.



The detailed trust fund account statement of receipts and payments is provided in Appendix 3.5.

### 3.6.6 Solicitor-General's Trust Account (FY 2021)

As at 31 July 2021, the Solicitor General Trust Fund Account had a balance of \$565,109. This balance is mostly made up of the payments received from the respective ministries, department and agencies for which the case is in progress.



The detailed trust fund account statement of receipts and payments is provided in Appendix 3.6.

## **PART B:      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 Office of the Attorney-General.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

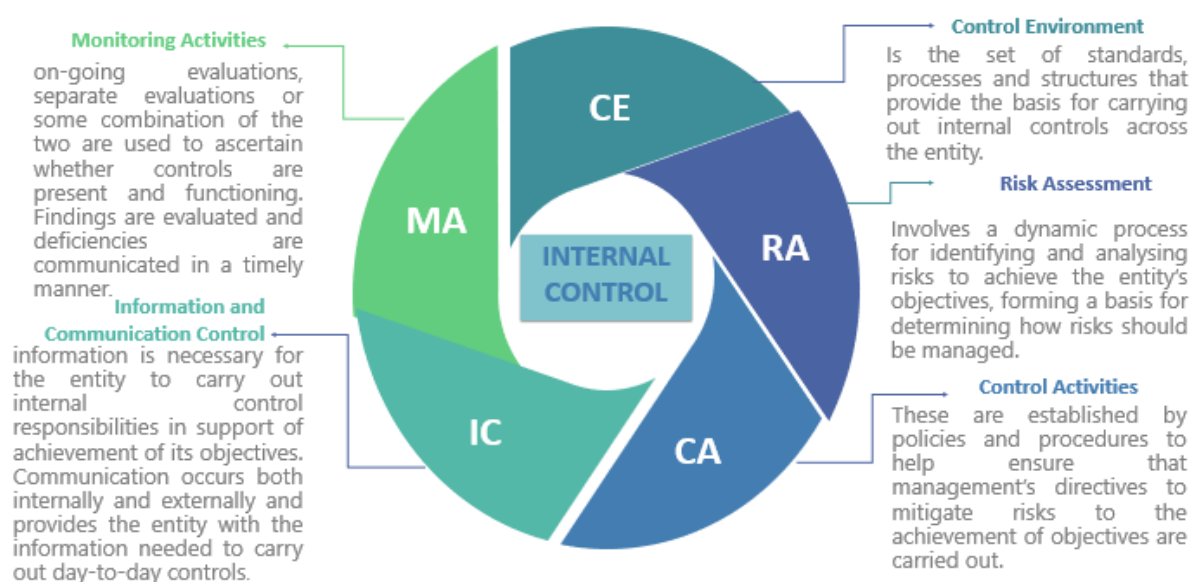
### 3.7 Internal Controls

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 Office as:

Year	Rating	Internal Control assessment
2020	● Effective	No deficiencies identified in internal controls
2021	● Effective	No deficiencies identified in internal controls

### 3.8 Submission of FY 2019-2020 & 2020-2021 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.

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 06 August 2021	✓	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 29 August 2020	✓

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 06 August 2021	✓	Annual Board of Survey on Drawings Account cheques 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 year-end close process as:

Year	Rating	Year-end close process assessment
2020	● Effective	All key processes completed by due date.
2021	● Effective	All key processes completed by due date.

### 3.9 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 Office was:

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

### 3.10 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	● Generally Effective	Acceptable draft financial statements received on or before 31 October 2020. Draft Financial Statements was received on 29 October 2020.
2021	● Generally Effective	Acceptable draft financial statements received before 31 October 2021. Draft Financial Statements was received on 26 October 2020.

### 3.11 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	● Effective	Within 14 days from issue of Draft Management Letter
2021	● Effective	Within 14 days from issue of Draft Management Letter

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



### APPENDIX 3.1 ATTORNEY-GENERAL'S CONFERENCE TRUST FUND ACCOUNT (FY 2020)

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Participants registration fees for AG's conference	438,183	572,568
Budget allocation from Consolidated Fund	100,000	100,000
Interest	2,762	3,030
<b>Total Receipts</b>	<b>540,945</b>	<b>675,598</b>
<b>Payments</b>		
AG's Conference – Accommodation	399,928	479,244
AG's Conference – Stationery	15,792	35,402
AG's Conference – Incidental	2,910	1,074
AG's Conference – Speakers Travel	35,263	29,844
AG's Conference – Advertising	4,506	6,624
AG's Conference - Transportation	1,500	1,500
Set up & IT	47,979	45,115
Band	5,630	4,050
Refund of registration fees	11,310	8,700
Dishonored cheques	1,000	500
Meal Claims	2,094	3,340
Bank Charges	109	126
Withholding Tax	276	303
<b>Total Payments</b>	<b>528,297</b>	<b>615,822</b>
<b>Net Surplus</b>	<b>12,648</b>	<b>59,776</b>
Balance as at 1 August	237,249	177,473
<b>Closing Balance as at 31 July</b>	<b>249,897</b>	<b>237,249</b>

### APPENDIX 3.2 ATTORNEY-GENERAL'S CONFERENCE TRUST FUND ACCOUNT (FY 2021)

DESCRIPTION	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Participants registration fees for AG's conference	369,199	438,183
Budget allocation from Consolidated Fund	80,000	100,000
Interest	2,310	2,762
<b>Total Receipts</b>	<b>451,509</b>	<b>540,945</b>
<b>Payments</b>		
AG's Conference - Accommodation	433,939	399,928
AG's Conference - Stationery	13,455	15,792
AG's Conference - Transportation	---	1,500
AG's Conference – Advertising	3,895	4,506
AG's Conference - Incidentals	2,250	2,910
Set Up & IT	53,118	47,979
Band	6,100	5,630
AG's Conference – Speakers Travel	---	35,263
Meal Claims	3,263	2,094
Refund of registration fees	11,250	11,310
Withholding Tax	231	276
Bank Charges	107	109

DESCRIPTION	31 July 2021 (\$)	31 July 2020 (\$)
Dishonoured Cheque	1,000	1,000
<b>Total Payments</b>	<b>528,608</b>	<b>528,297</b>
<b>Net (Deficit)/Surplus</b>	<b>(77,099)</b>	<b>12,648</b>
<b>Balance as at 1 August</b>	<b>249,897</b>	<b>237,249</b>
<b>Closing Balance as at 31 July</b>	<b>172,798</b>	<b>249,897</b>

### APPENDIX 3.3 LAWS OF FIJI TRUST FUND ACCOUNT (FY 2020)

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Laws of Fiji Book Order	34,676	181,410
Interest	6,231	7,367
<b>Total Receipts</b>	<b>40,907</b>	<b>188,777</b>
<b>Payments</b>		
Laws of Fiji Book Payments	149,380	531,528
Audit Certificate bank fees	100	---
Withholding Tax	623	737
Bank Charges	64	65
<b>Total Payments</b>	<b>150,167</b>	<b>532,330</b>
<b>Net (Deficit)</b>	<b>(109,260)</b>	<b>(343,553)</b>
<b>Balance as at 1 August</b>	<b>631,060</b>	<b>974,613</b>
<b>Closing Balance as at 31 July</b>	<b>521,800</b>	<b>631,060</b>

### APPENDIX 3.4 LAWS OF FIJI TRUST FUND ACCOUNT (FY 2021)

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Laws of Fiji Book Order	---	34,676
Interest	5,024	6,231
<b>Total Receipts</b>	<b>5,024</b>	<b>40,907</b>
<b>Payments</b>		
Laws of Fiji Book Payments	51,482	149,380
Audit Certificate bank fees	---	100
Withholding Tax	503	623
Bank Charges	61	64
<b>Total Payments</b>	<b>52,046</b>	<b>150,167</b>
<b>Net (Deficit)</b>	<b>(47,022)</b>	<b>(109,260)</b>
<b>Balance as at 1 August</b>	<b>521,800</b>	<b>631,060</b>
<b>Closing Balance as at 31 July</b>	<b>474,778</b>	<b>521,800</b>

### APPENDIX 3.5 SOLICITOR GENERAL TRUST FUND ACCOUNT (FY 2020)

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Revenue	531,605	2,193,919
Interest	5,984	6,459
<b>Total Receipts</b>	<b>537,589</b>	<b>2,200,378</b>
<b>Payments</b>		
Litigation Payments	860,420	1,737,328
Withholding Tax	598	646
Bank Charges	74	75
Dishonored Cheque	---	1,500
<b>Total Payments</b>	<b>861,092</b>	<b>1,739,549</b>
<b>Net (Deficit)/Surplus</b>	<b>(323,503)</b>	<b>460,829</b>
Balance as at 1 August	939,872	479,043
<b>Closing Balance as at 31 July</b>	<b>616,369</b>	<b>939,872</b>

### APPENDIX 3.6 SOLICITOR GENERAL TRUST FUND ACCOUNT (FY 2021)

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Revenue	329,227	531,605
Interest	5,674	5,984
<b>Total Receipts</b>	<b>334,901</b>	<b>537,589</b>
<b>Payments</b>		
Litigation Payments	384,527	860,420
Withholding Tax	567	598
Bank Charges	67	74
Dishonoured Cheque	1,000	---
<b>Total Payments</b>	<b>386,161</b>	<b>861,092</b>
<b>Net (Deficit)</b>	<b>(51,260)</b>	<b>(323,503)</b>
Balance as at 1 August	616,369	939,872
<b>Closing Balance as at 31 July</b>	<b>565,109</b>	<b>616,369</b>

## Section 5

### Ministry of iTaukei Affairs

#### Roles and Responsibilities

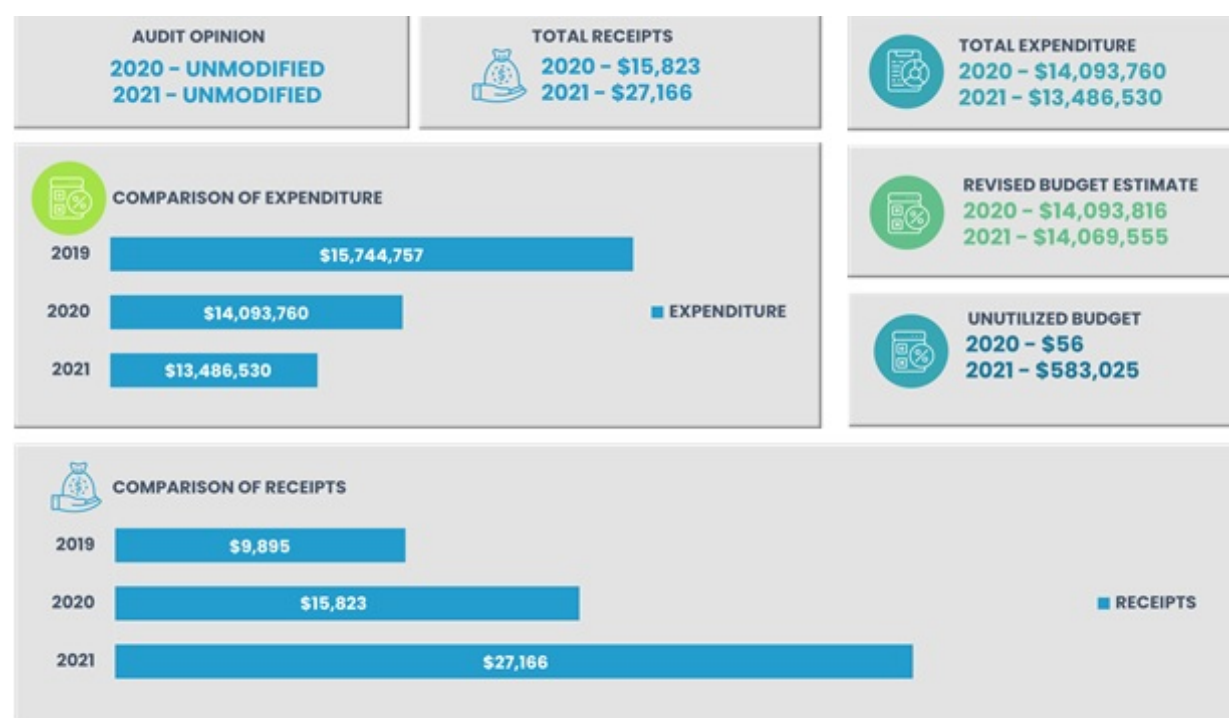
The Ministry of iTaukei Affairs is responsible for upholding the constitutional rights of the iTaukei, including their rights in relation to their land and resources. The Ministry ensures that it assists the Fijian Government's commitment to promote and preserve iTaukei culture, customs, traditions and language. The Ministry provides policy advice and other support to the Minister responsible for iTaukei Affairs. The Ministry funds the operational costs of the fourteen (14) Provincial Council Offices. The Ministry is the custodian of various registers that detail iTaukei land ownership, customary fishing grounds, village boundaries and traditional titles, including the Vola ni Kawa Bula, known as the VKB.

The Ministry has the important responsibility of resolving land and traditional title disputes in relation to the management and preservation of records. The Ministry compliments Government initiatives including the implementation of the sustainable development goals while strengthening traditional leadership and helping to preserve iTaukei culture and heritage.

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## PART A: FINANCIAL INFORMATION



### 5.1 Audit Opinion

#### 2020

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

#### 2021

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

### 5.2 Appropriation Statement

#### 2020

The Ministry collected receipts totalling \$15,823 and incurred a total expenditure of \$14.0 million against a revised budget of \$14.0 million which resulted in unutilised budget of \$56.

Details of expenditure against the revised budget are provided in Table 5.1.

Table 5.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	3,175,037	74,475	3,249,512	3,249,481	31
2	Government wage earners	281,350	(8,146)	273,204	273,193	11
3	Travel & communication	189,833	(14,767)	175,066	175,066	---

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
4	Maintenance & operations	339,807	79,382	419,189	419,176	13
5	Purchase of goods & services	236,921	(30,085)	206,836	206,835	1
6	Operating grants & transfers	8,332,293	---	8,332,293	8,332,293	---
7	Special expenditure	874,834	(23,447)	851,387	851,387	---
	<b>Total Operating Expenditure</b>	<b>13,430,075</b>	<b>77,412</b>	<b>13,507,487</b>	<b>13,507,431</b>	<b>56</b>
10	Capital grants & transfers	500,000	(51,237)	448,763	448,763	---
	<b>Total Capital Expenditure</b>	<b>500,000</b>	<b>(51,237)</b>	<b>448,763</b>	<b>448,763</b>	<b>---</b>
13	Value added tax	147,702	(10,136)	137,566	137,566	---
	<b>TOTAL</b>	<b>14,077,777</b>	<b>16,039</b>	<b>14,093,816</b>	<b>14,093,760</b>	<b>56</b>

No significant unutilised budget was noted for the financial year ended 31 July 2020.

## 2021

The Ministry collected receipts totalling \$27,166 and incurred a total expenditure of \$13.4 million against a revised budget of \$14.0 million which resulted in unutilised budget of \$583,025 or 4%.

Details of expenditure against the revised budget are provided in Table 5.2.

**Table 5.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	3,373,442	(173,895)	3,199,547	3,125,916	73,631
2	Government wage earners	239,107	(2,701)	236,406	194,408	41,998
3	Travel & communication	141,990	27,984	169,974	129,365	40,609
4	Maintenance & operations	315,995	220,205	536,200	455,083	81,117
5	Purchase of goods & services	198,618	258	198,876	101,463	97,413
6	Operating grants & transfers	8,274,114	---	8,274,114	8,271,085	3,029
7	Special expenditure	887,429	(71,851)	815,578	723,672	91,906
	<b>Total Operating Expenditure</b>	<b>13,430,695</b>	<b>---</b>	<b>13,430,695</b>	<b>13,000,992</b>	<b>429,703</b>
10	Capital grants & transfers	500,000	---	500,000	371,514	128,486
	<b>Total Capital Expenditure</b>	<b>500,000</b>	<b>---</b>	<b>500,000</b>	<b>371,514</b>	<b>128,486</b>
13	Value added tax	138,860	---	138,860	114,024	24,836
	<b>TOTAL</b>	<b>14,069,555</b>	<b>---</b>	<b>14,069,555</b>	<b>13,486,530</b>	<b>583,025</b>

The following factors contributed to the decrease in total expenditures in 2021 compared to 2020 by \$607,230 or 4%.

- a) The Established Staff costs showed a decrease of \$123,565 or 4% in 2021 compared to 2020. This was due to the number of vacant positions.
- b) Un-established staff cost recorded a decrease of \$ 78,785 or 29% in 2021 compared to 2020. The decrease was the result of the vacant position that existed. This was due to the impact of Covid 19 lockdown and restrictions.
- c) The Travel and Communications costs recorded a reduction in 2021 of \$45,701 or 26% compared to 2020. This was due to the Covid 19 restrictions and lock down, which resulted in the reduced engagement of the Ministry's in its planned activities for 3rd and 4th quarters.
- d) The Maintenance and Operations costs recorded an increase of \$35,907 or 9% in 2021 compared to 2020. The increase was due to the increase in the number of repairs, maintenance and fuel expenses of vehicles that were deployed to the Ministry of Health during Covid 19 period.
- e) The Purchase of Goods and Services costs decreased by \$105,372 or 51% in 2021 compared to 2020. This was due to the reduced requests for purchases, less engagement towards roadshow, trainings and tabua expenses. The major cause of the low utilisation was partly caused by reduced budget and the effect of Covid-19.
- f) The Special Expenditure costs recorded a decrease of \$127,715 or 15% in 2021 compared to 2020. The reduction due to the the impact of the pandemic, which affected the roll out of most planned activities.
- g) The Capital Grants and Transfer recorded a reduction of \$77,249 or 17% in 2021 compared to 2020 as projects were put on hold.
- h) The Value Added Tax reduced by \$23,542 or 17% in 2021 compared to 2020 was due to the reduction in expenditure incurred due to the impact of the pandemic.

## PART B: 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 2021.

### 5.3 Governance Issues – Recurring

The following governance issues were noted during the year.

1. Delay in submission of draft Agency Financial Statements of the Ministry. Refer to the table below for details.

FS	MOE Circular No.	Deadline	Date Submitted	No of days Delayed
2020	03/2019 -2020	30/10/2020	12/03/21	133 days

2. The iTaukei Affairs Board has yet to submit the draft 2008 to 2020 financial statements.
3. The latest annual report of the Ministry of iTaukei Affairs was submitted and tabled in Parliament was for 2016/2017 financial year. The annual reports for 2017/2018 and 2018/2019 are still pending.

### Recommendations

**Supervisory oversight should be improved to ensure:**

- the timely submission of the financial statement for audit; and
- timely preparation of annual reports

### Agreed Management Action

*Audit issues were noted with great concern, and commitment towards striving for an audit free organization. The Ministry is mindful of the issues raised and ensure these inaccuracies will not be repeated in future. The Ministry is always committed to prove best practices and good governance with much anticipation, however, a lot has transpired from this end, which has resulted in the delay. On the annual report, the Ministry had undergone a challenging moment of staff turnover. This has been noted to be the major hindrance, causing inconsistency. The Ministry is concerned with the issue highlighted. As far as grant is concerned, we have set the platform. The Ministry is conducting a quarterly meeting with the iTAB and TLTB on the administrations of grants. A designed monitoring template has been distributed for proper management. However, with the audit status, the Ministry will consult more often with iTAB and propose way forward for the organization. MTA will continue to monitor closely on the phases of improvement.*



## 5.4 Weakness and Non – compliance with Internal Control

Audit of the Ministry's internal control system revealed non – compliance with internal controls such as:

- Unauthorised payment vouchers, competitive quotes not obtained, payments were not supported with invoices, meal claim forms not certified, local purchase orders raised after invoices were received and incorrect classification of expenses.
- Delay in the retirement of accountable advance.
- Journal adjustments were not approved prior to posting to the FMIS general ledger.

Refer to **Appendix 5.1** for details of procurement and payment anomalies and **Appendix 5.2** for details of unapproved journal vouchers.

### **Recommendations**

**Supervisory oversight should be strengthened to ensure compliance with the requirements of the Finance Manual.**

### **Agreed Management Action**

*The issue on internal control is fully noted. With regards to payments made without proper documentation, the Ministry will ensure that we will improve in future. We do concur with the audit findings on this recurring issue. The Finance Manual is in place and act as a guiding principle in addition to the Accountable Advance policy, however, the team will need to improve on the management of accountable advance.*

## 5.5 Delay in the Preparation of Reconciliation Statements

Within 4 days of receiving the monthly general ledger reports from the Ministry of Finance, the SAO shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>1</sup>

The audit review of the Ministry's underline accounts revealed that monthly reconciliations were not prepared in a timely manner.

Refer to **Appendix 5.3** for details.

### **Recommendation**

**Supervision and proper monitoring of accounting responsibilities should be improved.**

### **Agreed Management Action**

*Your comments are duly noted. During the reporting period there were staff turnover and shortage of staff experienced in the unit. However, acting positions with responsibilities were awarded in addition to the respective table work that the staff needed to prioritize despite the fact that all are of equal importance.*

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<sup>1</sup> Ministry of iTaukei Affairs Finance Manual 2017-2018 Section 13.3.3

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

### 5.6 Internal Controls

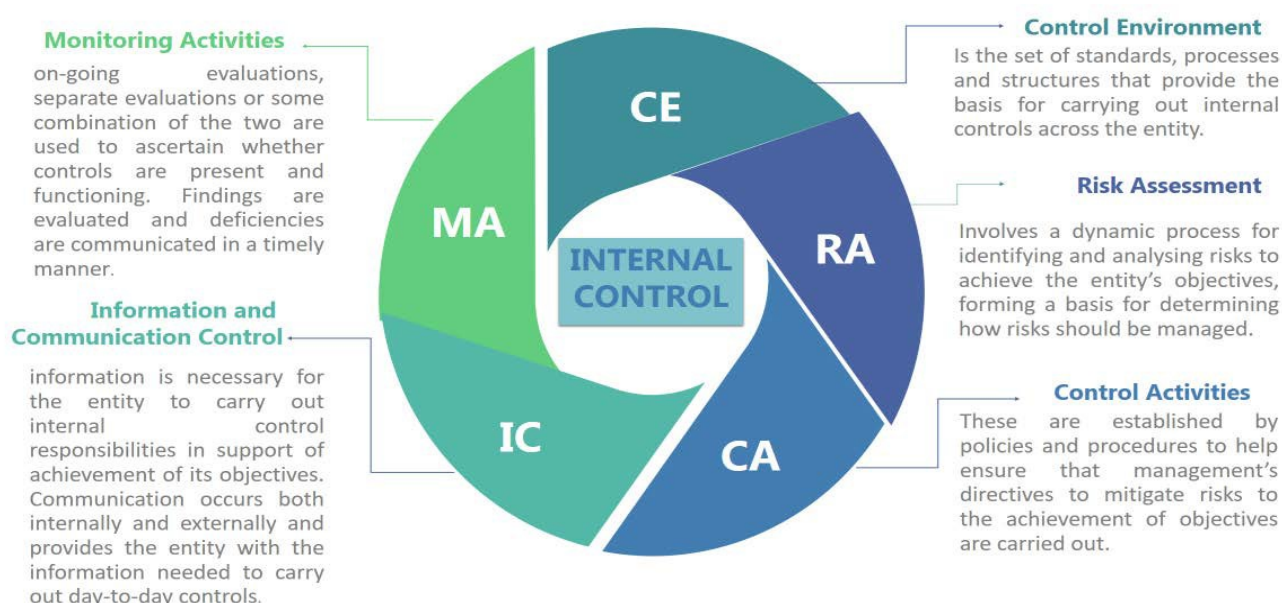
During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements.

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 as:

Year	Rating	Internal control assessment
2020	🟡 Generally effective	A few deficiencies identified in internal controls.
2021	🟡 Generally effective	A few deficiencies identified in internal controls.

## 5.7 Submission of Draft Agency Financial Statements

### 2020

On 1 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.

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 virements 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 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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of <u>virement</u> by 20 August 2021	✗
Retirement of <u>imprests</u> by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	✗
Clearance of stale cheques by 06 August 2021	✓	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 18 August 2021	✓	Annual Board of Survey on Drawings Account cheques 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 year-end close process as:

Year	Rating	Year-end close process assessment
2020	☀ Generally effective	8 of 10 key processes completed within two weeks of the due dates.
2021	☀ Generally effective	7 of 10 key processes completed within two weeks of the due dates.

## 5.8 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 was:

Year	Rating	Quality of draft financial statements assessment
2020	☹ Ineffective	Although there were no audit adjustments made to the balances, the initial draft financial statements submitted for audit were incomplete and not in compliance with Sections 71 & 73 of the 2010 Finance Instructions.
2021	☹ Ineffective	Although there were no audit adjustments made to the balances, the initial draft financial statements submitted for audit were incomplete and not in compliance with Sections 71 & 73 of the 2010 Finance Instructions.

## 5.9 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
2021	☹ Ineffective	Acceptable draft financial statements received after 31 October

## 5.10 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	☀ Effective	Within 14 days from issue of Draft Management Letter.
2021	☀ Effective	Within 14 days from issue of Draft Management Letter.

Year	Rating	Timeliness of Signed Financial Statements Received
2020	☀ Generally effective	Within 15 days from issue of Financial Statements for signing.
2021	☀ Generally effective	Within 15 days from issue of Financial Statements for signing.

## Appendix 5.1: Procurement and Payment Anomalies

### I. Unauthorized Payment Vouchers

Date	Payment ID	Description	Amount (\$)
16/08/2019	11146	Payment for the purchase of various toners for the various divisions	2,442.19
20/08/2019	11177	Payment for the purchase of 4 x Lanier MPC 2503 Toners for PSTA's photocopying machine	1,400.00
31/08/2019	11174	Payment for the purchase of 5 x Brother TN3425 Toners for TLFC VKB officers	1,766.05
13/09/2019	11339	Payment of EFL bills for the month of August, 2019 (31/07/19 - 31/08/19)	8,750.00
13/09/2019	11339	Payment of EFL bills for the month of August, 2019 (31/07/19 - 31/08/19)	1,500.00
20/09/2019	11358	Payment of trimester 3/2019 fees for officer pursuing Bachelor of Commerce at Nasinu Campus	1,968.00
24/09/2019	11365	Payment for fuel and oil for the month of July 2019	1,977.12
30/09/2019	11351	Payment of PERDIEM allowance for Assistant Minister during official tour	6,383.44
30/09/2019	33916	Payment of wages for unestablished staffs Pay 38/19 period ending 05.09.19 - 11.09.19	3,479.29
30/09/2019	33929	Payment of wages for unestablished staffs Pay 40/19 period ending 19.09 - 25.09.19	(9,954.24)
09/10/2019	11324	Payment for the repairs of vehicle no.GQ154	4,963.39
12/10/2019	11957	Payment of EFL bills for the month of November, 2019 (31/10 - 29/11/19)	9,953.27
12/10/2019	11957	Payment of EFL bills for the month of November, 2019 (31/10 - 29/11/19)	1,000.00
12/10/2019	11953	Payment of comic books "Teri kei Kalavo, O Ra Kasala, O Drevulakata, and Dimailagi kei na nona ketekete" for the TILC Division.	3,919.27
21/10/2019	11547	Payment for 1 x OptiPlex x 3060MT XCTO 17 desktop	2,251.83
22/10/2019	11552	Payment of Fuel card account	5,111.91
24/10/2019	11599	Payment of 2 x FBEA Corporate Table for MTA staffs at the FBEA awards to be held on 2nd November at Denarau	4,587.16
29/10/2019	11636	Payment for R17 MT Tyres (Off Road) for GQ 131	1,155.96
31/10/2019	33944	Payment of return airfare for PSTA and CTLFC who will be part of the Prime Minister's delegation to the Fiji day celebration in Sydney, Australia from the 25th -26th October 2019	4,705.14
31/10/2019	33947	Payment of return airfare for 3 MTA staffs who will be part of the Prime Minister's delegation to the Fiji day celebration in Sydney, Aust from the 25th - 26th October 2019	7,139.17
31/10/2019	33949	Payment of airfare for official tour PNG	3,486.65
31/10/2019	33941	Payment of wages for unestablished staffs Pay 42/19 period ending 03.10 - 09.10.19	3,478.92
25/11/2019	11833	Payment of 16 x A4 white photocopying papers to cater for CSD Division	619.27
26/11/2019	11815	Payment of accommodation to HOD's during Traditional Leadership Graduation held at Lawaqa on 29/11/19	2,899.08
24/12/2019	12043	Payment of Plant Hire and meal charges	672.89
31/12/2019	33987	Payment of wages for unestablished staffs Pay 52/19 period ending 12.12 - 18.12.19	(3,468.44)



Date	Payment ID	Description	Amount (\$)
31/12/2019	33987	Payment of wages for unestablished staffs Pay 52/19 period ending 12.12 - 18.12.19	(2,424.11)
05/01/2020	12795	Payment of wages for unestablished staffs Pay 20/20 period ending 07.05.20 - 13.05.20	3,486.84
20/01/2020	12135	Payment of Fuel card account for the month of Oct-Nov.	5,543.11
29/01/2020	12174	Payment of FNPF contribution for the month of December, 2019.	1,080.12
13/02/2020	12281	Payment for training for Module 1	4,541.28
18/02/2020	12375	Payment for the purchase of photocopying paper (TLFC & CSD)	2,547.80
18/02/2020	12366	Payment for purchase of Display Cabinet	5,458.72
18/02/2020	12347	Payment of Traditional artefacts to be displayed on 21/2/20 during the Mother Language Day celebration.	1,376.15
28/02/2020	12387	Payment of December and January fuel card account	6,908.03
02/03/2020	34005	Payment of wages for unestablished staffs Pay 05/20 period ending 23.01.20 - 29.01.20	3,483.17
13/03/2020	12531	Payment for 2 1/2 days MTA induction training for new appointment & renewal of contracts [16/03 - 18/03/20]	1,816.51
18/03/2020	12554	Payment for the purchase of Installing rear canopy for GR 480	4,533.16
02/04/2020	12209	Payment for the repair and maintenance of GQ 497	3,391.60
15/04/2020	12682	Payment for the purchase of masks and gloves to be used by staff for the COVID-19 prevention measures	2,201.84
13/05/2020	12783	Payment for the repair of filing cabinet	1,007.34
14/05/2020	12784	Payment of EFL bills for the month of April, 2020 (31/03 - 29/04/20)	7,479.43
14/05/2020	12784	Payment of EFL bills for the month of April, 2020 (31/03 - 29/04/21)	5,306.11
21/05/2020	12819	Payment for the purchase of dessert boots, rain coat and water bag	7,700.00
21/05/2020	12821	Payment for the purchase of Laptop (Project Unit)	9,300.00
31/05/2020	12794	Payment of meals to officer while on official engagement with NDMO during Covid 19 Lockdown period.	1,200.00
09/06/2020	12939	Payment for the purchase of GPS Accessories (Project Unit)	20,380.00
12/06/2020	12975	Payment for the purchase of refurbishment of VKB unit.	10,222.73
15/06/2020	12995	Payment for 1x1 Konica Minolta Bizhub Black, Magneta, Cyan, Yellow & TN513 toner.	2,491.95
23/06/2020	13040	Payment for the purchase of HP61 blk, clr, HP654 blk, cyan & yellow, Brother TN3425, HP63 blk & canon blk	961
24/06/2020	13041	Payment for training of trainers for Module 2	4,541.28
30/06/2020	13053	Payment of wages for unestablished staffs Pay 26/20 period ending 18.06.20	1,600.00
30/06/2020	13061	Payment of Fuel card account for the month of May 2020	2,252.21
17/07/2020	13117	Payment of purchase of conference chairs with padded seat & back	6,488.53
17/07/2020	13216	Payment for the purchase of refurbishment of VKB unit.	10,222.73
20/07/2020	13230	Payment for the short courses training for MTA staffs at USP (TAFE) on the 21/07 -22/07 & 27/07 - 29/07/20	1,830.27
28/07/2020	13296	Payment of pot plant hire at Colo I Suva garden wef Jan-June,2020	879.00
28/07/2020	13297	Payment of EFL bills for the month of June,2020 (31/05-29/06/20)	12,502.09
28/07/2020	13302	Payment of MTA Marquee setup at a village on 25/06/20	871.56
28/07/2020	13303	Payment for 3rd Quarter grant for ITLTB	37,008.00
29/07/2020	13325	Payment of FNU - NPTC Levy for the month of July-Dec, 2019	5,871.56
06/08/2020	12929	Payment for the purchase of HP PC	9,052.10
01/09/2020	12155	Payment for 2 x OptiPlex 3060 tower	5,596.33
01/09/2020	12108	Payment of Trimble handheld GPS & GIS software to cater for survey team	6,220.00

Date	Payment ID	Description	Amount (\$)
05/11/2020	12768	Payment for outstanding payments of Marquee 50 x 30 set up at Nabalili, Rewa during Soqo ni Vakalutu Qele on 21/12/17	5,816.51
06/11/2020	12949	Payment for EFL bills for the month of May, 2020 [30/04-30/05/2020]	6,294.04
06/11/2020	12954	Payment for the purchase of SONY HD CAMCORDER HXR-MC2500	5,044.95
02/12/2020	12259	Payment for GPS monthly fee from April - Dec 2019	1,080.00
06/12/2020	13000	Payment for the purchase of outdoor sign board	6,902.61
06/12/2020	12967	Payment for the purchase of high-definition digital voice recorder	1,743.12
06/12/2020	12971	Payment for the GQ 078 Dues	5,237.00
06/12/2020	12971	Payment for the GQ 088 Dues	5,437.00
24/08/2020	13474	Payment for the Vodafone bills for the month of July, 2020	1,700.00
28/08/2020	13493	Payment of wages for unestablished staffs Pay 35/20 period ending 20.08.20 - 26.08.20	2,819.15
31/08/2020	13515	Payment of EFL bills for the month of July 2020 [30/06 - 30/07/20]	11,792.41
04/09/2020	13535	Payment of repairs of GR 056 (Maxus Minivan)	620.41
15/09/2020	13607	Payment for the Vodafone bills for the month of August, 2020	2,031.60
15/09/2020	13604	Payment of purchase of VKB covers	1,100.92
18/09/2020	13637	Payment for the purchase of 4 new tyres & 1 spare tyre for GR 056	756.88
28/09/2020	13677	Payment of EFL bills for the month of August 2020 [31/07 - 28/08/20]	11,727.84
02/10/2020	13703	Payment of wages for unestablished staffs Pay 40/20 period ending 24.09.20 - 30.09.20	2,683.18
09/10/2020	13754	Payment of Magnetic whiteboard, 2 cabinet drawer, 4 cabinet drawer & vacuum cleaner.	1,883.49
14/10/2020	13755	Payment for the balance of NPTC Levy for the month of July December, 2019 - 2020 FY	8,056.05
16/10/2020	13797	Payment of purchase of TN 516 toner, drum unit, image transfer belt, toner filter and general servicing.	2,407.85
16/10/2020	13779	Payment of wages for unestablished staffs Pay 42/20 period ending 07.10.20 - 14.10.20	3,300.16
29/10/2020	13857	Payment of wages for unestablished staffs Pay 44/20 period ending 22.10.20 - 28.10.20	520.00
30/10/2020	13857	Payment of wages for unestablished staffs Pay 44/20 period ending 22.10.20 - 28.10.20	1,392.21
05/11/2020	34103	Payment of Fiji Water	440.37
06/11/2020	13884	Payment of Telecom bills for the month of October, 2020	1,748.18
06/11/2020	13886	Payment of purchase of HP #61 TRI COLOR INK	330.00
06/11/2020	13889	Payment of hire of stage 20 x 16 x 1500, Marquee 60 x 40 x Ground floor and Chairs 100 x folding chairs.	3,486.24
10/11/2020	13912	Payment of purchase of 2 x new nankang tyre - GQ 300	495.41
19/11/2020	34110	Payment of 50% fuel and food ration during the Roadshow.	9,134.33
20/11/2020	13973	Payment of wages for unestablished staffs Pay 47/20 period ending 12.11.20 - 18.11.20	3,447.99
23/11/2020	13976	Payment of Fuel card account for the month of September 2020.	3,199.19
24/11/2020	13978	Payment of accommodation for the officers during official - on 25/11 - 27/11/20	1,000.00
30/11/2020	14005	Payment for the Vodafone bills for the month of October, 2020	2,218.76
30/11/2020	14004	Payment of EFL bills for the month of October 2020 [30/09 - 30/10/20]	18,103.54
02/12/2020	14010	Payment of Accommodation for MTA team	1,018.35
03/12/2020	14036	Payment of extra repairs - GQ 131	1,926.56

Date	Payment ID	Description	Amount (\$)
04/12/2020	14040	Payment of wages for unestablished staffs Pay 49/20 period ending 26.11.20 - 02.12.20	1,138.38
04/12/2020	14036	Payment of service - GQ 131	794.45
08/12/2020	14043	Payment of purchase of new battery and fuel pump for GR 056	1,043.26
11/12/2020	14055	Payment of pot plant hire at Colo-I -Suva Garden wef July Nov, 2020.	1,211.01
11/12/2020	14058	Payment of 2 days Accommodation & meals for the 14 TILC & Dulali members on 13/12 15/12/20	2,576.00
14/12/2020	14075	Payment of purchase of TN 321 BLK, TN 321 Magneta, TN 321 cyan & TN 321 yellow.	4,695.42
22/12/2020	14130	Payment for the Vodafone bills for the month of November, 2020	2,467.89
23/12/2020	14135	Payment of steam cleaning, shampoo & remove stains, etc	1,073.39
23/12/2020	14136	Payment of purchase of Lecia surveying equipment.	49,100.00
31/12/2020	34129	Payment of Boat Fare for Project staff during official tour to T/C Yasa Rehabilitation Northern Division on 02/01 - 15/01/20	1,200.00
08/01/2021	14174	Payment of Fuel card account to Total Fiji Limited for the month of October 2020.	3,529.12
12/01/2021	14202	Payment for the purchase of 5 x \$190.00 new tires for GR 481.	871.56
15/01/2021	14212	Payment of EFL bills for the month of December 2020 [28/11 - 20/12/20]	16,803.68
20/01/2021	14248	Payment for the purchase of various toners.	3,476.67
28/01/2021	14265	Payment for the purchase of A5 diary, A4 diary and desk calendar refill.	2,196.34
29/01/2021	14267	Payment for the Vodafone bills for the month of December, 2020	2,962.28
04/02/2021	14310	Payment of EFL bills for the month of January 2021 [31/12 29/01/21]	17,249.94
04/02/2021	14311	Payment of purchase of 200 pads x 100s yellow & green certificates.	2,128.44
09/02/2021	14339	Payment for the Vodafone bills for the month of January, 2021	2,294.16
11/02/2021	14357	Payment for purchase of i7 Dell latitude 5500laptop & supply & install of 1 x power supply + battery.	2,844.04
12/02/2021	14356	Payment for the purchase of A4 photocopying paper	286.72
22/02/2021	14399	Payment for the purchase of various toners.	527.99
25/02/2021	14414	Payment of replacement tyres & rubber tubeless valve	917.44
25/02/2021	14412	Payment of additional night for accommodation to the VKB staff during official trip to Northern Division	1,100.93
01/03/2021	14425	Payment of purchase of survey pegs 200.	12,000.00
01/03/2021	14426	Payment of repairs for GR 057	690.05
10/03/2021	14466	Payment of Fuel card account for the month of January 2021.	3,071.28
10/03/2021	14464	Payment of EFL bills for the month of February 2021 [30/01 26/02/21]	13,525.99
12/03/2021	14486	Payment for the Vodafone bills for the month of February, 2021	2,417.55
15/03/2021	14500	Payment of service for GR 056	551.51
17/03/2021	14522	Payment of purchase of business cards printed on 300GSM Artboard	309.65
17/03/2021	14511	Payment of the purchase of Dell Desktop 3060 - Standard Desktop	2,251.83
23/03/2021	14562	Payment of Accommodation & Meals for NRTOC programme	6,129.99
23/03/2021	14563	Payment of repairs of MTA Marquee	2,339.45
31/03/2021	14613	Payment for the purchase of A4 photocopying paper	286.68
08/04/2021	14636	Payment of Fuel card account for the month of May,2020	3,380.56
10/05/2021	14694	Payment for purchase of new tyres - GQ 300	1,009.17
10/05/2021	14698	Payment of purchase of Thunderer LT265/70R17 tyres.	1,192.66



Date	Payment ID	Description	Amount (\$)
10/05/2021	14699	Payment of service for GR 057 (Maxus Minivan)	523.99
10/05/2021	14693	Payment of the purchase of Dell OptiPlex 3070	1,660.94
10/05/2021	14697	Payment for the purchase of Hardcover folder x 2 and Evidence book	2,568.86
20/05/2021	14741	Payment for the purchase of Dell Latitude 3510	1,712.70
26/05/2021	14750	Payment for toners for DSTA	798.16
27/05/2021	14762	Payment of meal allowance	410.00
27/05/2021	14763	Payment of meal allowance	300.00
28/05/2021	14777	Payment of repair of tyres for GR 057 & GR 056 ( Maxus Minivan)	770.64
03/06/2021	14804	Payment of replacement tyres & rubber tubeless valve - GR 480	1,541.28
10/06/2021	14820	Payment of repairs of GQ 148	917.43
16/06/2021	14842	Payment for the Vodafone bills for the month of May 2021.	3,337.97
02/07/2021	14920	Payment of refund to vendor for the excess claims whilst engaged in the Public Health Awareness from 07/06 - 27/06/21.	1,350.00
08/07/2021	14947	Payment for the purchase of heavy duty reflector jacket with padding pants & heavy duty reflector vest - Covid 19 Operations	2,293.60
09/07/2021	14949	Payment of EFL bills for the month of June 2021 (26/05/2129/06/21)	8,972.44
14/07/2021	14966	Payment of the purchase of OptiPlex 5080 tower XCTO, Dell 20 monitor & Dell Latitude 3520.	13,551.54
16/07/2021	14978	Payment for the purchase of IT equipment - laptops & desktop	20,000.00
29/07/2021	15031	Payment of purchase of 60*200 survey pegs.	12,000.00
29/07/2021	15037	Payment of FNU Levy & Grants and Training & Development levy	11,524.72
04/06/2021	14814	Payment of replacement of clutch kit -GR 056 (Maxus Minivan)	1,027.91

## II. Competitive Quotes Not Obtained

Date	Payment ID	Description	Amount (\$)
31/10/2019	33944	Payment of return airfare for PSTA and CTLFC who will be part of the Prime Minister's delegation to the Fiji day celebration in Sydney, Australia from the 25th -26th October 2019	4,705.14
31/10/2019	33949	Payment of airfare during official tour PNG.	3,486.65
26/11/2019	11815	Payment of accommodation to HOD's during Traditional Leadership Graduation held at Lawaqa on 29/11/19	2,899.08
24/12/2019	12043	Payment of Plant Hire and meal charges	672.89
18/02/2020	12347	Payment of Traditional artefacts to be displayed on 21/2/20 during the Mother Language Day celebration.	1,376.15
28/04/2020	12728	Payment for the purchase of Photocopier Machine	5,458.72
13/10/2020	13738	Payment of accommodation to accompany OM's tour in Western Division from 14/10 - 16/10/20.	1,458.72
06/11/2020	13889	Payment of hire of stage 20 x 16 x 1500, Marquee 60 x 40 x Ground floor and Chairs 100 x folding chairs.	3,486.24
03/12/2020	14039	Payment of purchase of catalyst accessories.	9,925.00
11/12/2020	14058	Payment of 2 days Accommodation & meals for the 14 TILC & Dulali members on 13/12 - 15/12/20	2,576.00
31/12/2020	34129	Payment of Boat Fare for Project staff during official tour to T/C Yasa Rehabilitation Northern Division on 02/01 - 15/01/20	1,200.00
25/02/2021	14412	Payment of additional night for accommodation to the VKB staff during official trip to Northern Division	1,100.93
03/06/2021	14804	Payment of replacement tyres & rubber tubeless valve - GR 480	1,541.28

### III. Invoice not attached

Date	Payment ID	Description	Amount (\$)
31/10/2019	33944	Payment of return airfare for PSTA and CTLFC who will be part of the Prime Minister's delegation to the Fiji day celebration in Sydney, Australia from the 25th -26th October 2019	4,705.14
13/03/2020	12531	Payment for 2 1/2 days MTA induction training for new appointment & renewal of contracts [16/03 - 18/03/20]	1,816.51
28/07/2020	13302	Payment of MTA Marquee setup at Village on 25/06/20	871.56
13/10/2020	13738	Payment of accommodation to cater AM and team whilst accompany OM's tour in Western Division from 14/10 - 16/10/20.	1,458.72
28/10/2020	13851	Payment of Accommodation during Traditional Leadership Graduation day on 28/10 - 29/10/20	1,467.89
19/11/2020	34110	Payment of 50% fuel and food ration during the Roadshow.	9,134.33
24/11/2020	13978	Payment of accommodation for the officers during official tour on 25/11 - 27/11/20	1,000.00
11/12/2020	14058	Payment of 2 days Accommodation & meals for the 14 TILC & Dulali members on 13/12 - 15/12/20	2,576.00
31/12/2020	34129	Payment of Boat Fare for Project staff during official tour to T/C Yasa Rehabilitation - Northern Division on 02/01 - 15/01/20	1,200.00
08/02/2021	14330	Payment of accountable advance to the vendor to cater for sitting allowance, meals and other expenses for Appeals Tribunal on Tribunal hearing on 09/02 - 11/02/21	1,100.92
25/02/2021	14412	Payment of additional night for accommodation to the VKB staff during official trip to Northern Division	1,100.93

### IV. Meal Claims forms not certified

Date	Payment ID/ JV ID	Description	Amount (\$)
31/05/2020	12794	Payment of meals while on official engagement with NDMO during Covid 19 Lockdown period.	1,200.00
31/08/2019	5782	Reason for adjustment was being clearance of accountable advance on the Royal Visit.	14,495.25
25/10/2019	11605	Payment for meals and subsistence allowance GCC Complex building Nasese, Suva on 01/10 - 25/10/21	1,875.00
29/10/2019	11624	Payment for meals and subsistence allowance to attend to the Reconnaissance of Survey marks on each station to enable the continuation of Survey and Demarcation task on 27/08 - 27/10/19	4,950.00
29/10/2019	11627	Payment for meals and subsistence allowance to attend to the Reconnaissance of Survey marks on each station to enable the continuation of Survey and Demarcation task on 27/08 - 27/10/20	4,950.00
24/12/2019	12042	Payment for meals and subsistence allowance Driver -Village boundary demarcation and GPS on 02/12 -21/12/19	1,413.00
09/12/2019	11335	Payment for meals and subsistence allowance. GCC Complex building Nasese, Suva. Demarcation of boundary on 23/08 - 12/09/19	1,550.00
31/12/2019	05836	Reason for adjustment was being clearance of accountable advance during official trip to Adi Bua Festival, 2019 on 30/10- 2/11/19.	5,131.25
13/01/2020	12115	Payment of Trimble handheld GPS & GIS software to cater for survey of unsurvey land on 20/12/19 - 13/01/20	1,400.00
31/01/2020	5850	Reason for adjustment was being clearance of accountable	2,415.00

Date	Payment ID/ JV ID	Description	Amount (\$)
		advance while on official tour to Leadership Awareness on 06/10-11/10/19.	
20/02/2020	12384	Payment for meals and subsistence allowance survey of unsurveyed iTaukei land on 28/01 - 17/02/20	1,500.00
28/02/2020	5858	Reason for adjustment was being clearance of accountable advance during official tour -Team 2 on 18/11 - 16/12/19.	7,759.35
28/02/2020	5858	Reason for adjustment was being clearance of accountable advance during official tour - Team 2 on 18/11 - 16/12/19.	7,756.35
28/02/2020	05861	Reason for adjustment was being clearance of accountable advance during official tour on 22/11 - 30/11/19.	7,789.10
28/02/2020	5862	Reason for adjustment was being clearance of accountable advance during official on 30/09-16/10/19.	5,200.00
31/03/2020	5865	Reason for adjustment was being clearance of accountable advance during official tour	2,281.00
30/04/2020	05872	Reason for adjustment was being clearance of accountable advance during official program International Mother Language Day on 20/02/20.	5,783.00
09/12/2019	11335	Payment for meals and subsistence allowance- GCC Complex building Nasese, Suva. Demarcation of boundary on 23/08 - 12/09/19	1,550.00
09/12/2019	11337	Payment for meals and subsistence allowance- GCC Complex building Nasese, Suva. Demarcation of boundary 22/08 - 12/09/19	1,640.00
31/10/2019	5810	Reason for adjustment was being clearance of accountable advance for during official on 25/08 - 31/08/19.	2,565.00
30/11/2019	5824	Reason for adjustment was being clearance of accountable advance during official tour on 10/09 08/10/19.	11,340.00
30/11/2019	5831	Reason for adjustment was being clearance of accountable advance during official trip on 15/09 -20/09/19.	3,814.00
30/11/2019	05831	Reason for adjustment was being clearance of accountable advance during official trip on 26/08 - 20/09/19	5,951.75
30/11/2019	05831	Reason for adjustment was being clearance of accountable advance during official trip on 25/08 - 13/09/19.	4,815.95
31/12/2019	5832	Reason for adjustment was being clearance of accountable advance during official trip.	2,945.20
31/12/2019	05836	Reason for adjustment was being clearance of accountable advance during official trip on 14/10 - 25/10/19.	2,969.00
30/04/2020	5873	Reason for adjustment was being clearance of accountable advance during official tour on 11/2-14/2/20.	2,673.00
30/04/2020	5873	Reason for adjustment was being clearance of accountable advance during official tour on 17/11 - 19/12/19.	8,280.00
31/05/2020	5883	Reason for adjustment was being clearance of accountable advance during formal sitting on 04/03-06/03/20.	2,800.00
31/07/2020	5910	Reason for adjustment was being clearance of accountable advance while on official tour on 24/02 - 06/03/20.	3,490.00
31/07/2020	5910	Reason for adjustment was being clearance of accountable advance while on official tour on 24/02 - 06/03/20.	2,300.00
31/07/2020	05910	Reason for adjustment was being clearance of accountable advance during official tour on 13/2 - 14/2/20.	2,642.95
31/07/2020	5930	Reason for adjustment was being clearance of accountable advance during traditional Leadership training.	3,246.65

Date	Payment ID/ JV ID	Description	Amount (\$)
31/08/2020	5973	Reason for adjustment was being clearance of accountable advance while on official tour on 12/08 14/08/20.	2,644.15
30/09/2020	5984	Reason for adjustment was being clearance of accountable advance while on official tour 24/08 - 28/08/20.	1,074.00
30/09/2020	5984	Reason for adjustment was being clearance of accountable advance while on official tour on 16/08 - 23/08/20.	1,835.00
30/09/2020	5997	Reason for adjustment was being clearance of accountable advance while on official tour on 24/08 16/09/20.	6,189.10
30/09/2020	5997	Reason for adjustment was being clearance of accountable advance while on official tour - Women's Cultural Show.	3,540.40
29/10/2019	11626	Payment for meal and subsistence allowance to attend to reconnaissance of survey marks on each station to enable continuation of survey & demarcation task.	4,950.00
31/10/2020	6000	Reason for adjustment was being clearance of accountable advance while on official tour on 28/08 - 08/09/20.	3,981.00
31/10/2020	6000	Reason for adjustment was being clearance of accountable advance while on 15/09 18/09/20.	1,130.00
31/10/2020	6001	Reason for adjustment was being clearance of accountable advance during official trip on 24/08 - 16/09/20.	4,720.00
31/10/2020	6012	Reason for adjustment was being clearance of accountable advance while on official tour - on 21/09 - 25/09/20.	1,040.00
30/11/2020	6016	Reason for adjustment was being clearance of accountable advance while on official tour on 12/10 -30/10/20.	6,730.00
30/11/2020	6016	Reason for adjustment was being clearance of accountable advance while on official tour on 07/11/20.	1,978.45
30/11/2020	6017	Reason for adjustment was being clearance of accountable advance while on official tour to on 10/11 - 12/11/20.	3,460.05
31/12/2020	6017	Reason for adjustment was being clearance of accountable advance while on official tour on 16/11 - 20/11/20.	1,260.00
31/12/2020	6025	Reason for adjustment was being clearance of accountable advance while on official tour on 15/09 - 18/09/20.	6,362.00
31/01/2021	6032	Reason for adjustment was being clearance of accountable advance during official trip Traditional Leadership - 29/10/20.	2,683.10
31/01/2021	6032	Reason for adjustment was being clearance of accountable advance during official trip on 25/11 - 28/11/20.	4,786.85
31/01/2021	6033	Reason for adjustment was being clearance of accountable advance during official trip on 23/11 - 11/12/20	3,772.00
31/01/2021	6033	Reason for adjustment was being clearance of accountable advance during official trip on 23/11 - 16/12/20.	4,620.00
01/07/2021	6049	Reason for adjustment was clearance of accountable advance during official trip on 23/11 -24/12/20.	13,766.00
01/07/2021	6049	Reason for adjustment was clearance of accountable advance during official trip on 27/01 - 03/02/21.	1,641.00
26/03/2021	14587	Payment for meals and subsistence allowance - Survey and demarcation of NLC boundaries on dispute	3,000.00
31/03/2021	6058	Reason for adjustment was being clearance of accountable advance during official trip on 05/10 - 09/10/20.	3,638.25
31/03/2021	6060	Reason for adjustment was being clearance of accountable advance during official trip on 01/10 - 10/10/20.	(6,362.00)
31/03/2021	6061	Reason for adjustment was being clearance of accountable advance during official tour on 09/02 12/02/21.	3,108.10
31/03/2021	6063	Reason for adjustment was being clearance of accountable advance while on official tour on 21/02 - 26/02/21.	1,830.00

Date	Payment ID/ JV ID	Description	Amount (\$)
30/04/2021	6077	Reason for Adjustment was being clearance of accountable advance while conducting awareness.	2,030.00
30/04/2021	6077	Reason for Adjustment was being clearance of accountable advance while attending Informal sitting.	1,540.00
30/06/2021	6088	Reason for adjustment was being clearance of accountable advance	5,470.00
30/06/2021	6088	Reason for adjustment was being clearance of accountable advance while on official tour on 22/02 - 17/03/21.	4,570.00
31/05/2020	12794	Payment of meals officer while on official engagement with NDMO during Covid 19 Lockdown period.	1,200.00

**V. Advance not retired within the specified time frame of 7 days**

Date	Payment ID/ JV ID	Description	Amount (\$)	No of days Lapsed
31/07/2020	05911	Reason for adjustment was clearance of accountable advance Traditional Leadership Nadave.	3,360.00	180 days
31/12/2019	5847	Reason for adjustment was being clearance of accountable advance during official tour on 28/7-3/8/19.	3,833.40	19 days
31/12/2019	05836	Reason for adjustment was being clearance of accountable advance during official trip on 30/10-2/11/19.	5,131.25	19 days
30/04/2020	05872	Reason for adjustment was being clearance of accountable advance during official program International Mother Language Day on 20/02/20.	5,783.00	31 days
30/04/2020	05872	Reason for adjustment was being clearance of accountable advance while on official tour on 24/11-30/11/19.	4,651.75	60 days
01/07/2021	6049	Reason for adjustment was clearance of accountable advance during official trip to Child Protection Pre-visit on 23/11 -24/12/20.	13,766.00	9 days
31/07/2021	6095	Reason for adjustment was being retirement of accountable advance - SRU Workshop - on 18/04 - 23/04/21.	3,540.00	94 days
31/01/2021	6036	Reason for adjustment was being clearance of accountable advance during official trip to Yaubula Day - Ra on 10/12/20.	2,783.75	39 days
30/04/2021	6077	Reason for adjustment was being clearance of accountable advance whilst engaged in the Cultural Empowerment at CATD before graduation on 15/02/21.	2,641.80	72 days
31/10/2020	6000	Reason for adjustment was being clearance of accountable advance while on official tour on 28/0/-08/09/20.	3,981.00	22 days
31/10/2020	6000	Reason for adjustment was being clearance of accountable advance	1,130.00	25 days
31/10/2020	6001	Reason for adjustment was being clearance of accountable advance during official trip on 24/08 16/09/20.	4,720.00	9 days
31/01/2021	6033	Reason for adjustment was being clearance of accountable advance during official trip on 23/11-11/12/20	3,772.00	10 days
30/06/2021	6088	Reason for adjustment was being clearance of	5,470.00	9 days



Date	Payment ID/ JV ID	Description	Amount (\$)	No of days Lapsed
		accountable advance Memo outlining the retirement expenses and calculations checked.		
30/06/2021	6088	Reason for adjustment was being clearance of accountable advance while on official tour on 22/02 – 17/03/21.	4,570.00	9 days
31/12/2020	6025	Reason for adjustment adjustment was being clearance of accountable advance while on official tour on 15/09 – 18/09/20.	6,362.00	60 days
31/03/2021	6060	Reason for adjustment was being clearance of accountable advance during official trip on 01/10 - 10/10/20	(6,362.00)	39 days
31/03/2021	6063	Reason for adjustment was being clearance of accountable advance while on official tour on 21/02 - 26/02/21	1,830.00	28 days

#### VI. LPO Raised after Invoice was received

Date	Payment ID/JV ID	Description	Amount (\$)
25/11/2019	11833	Payment of 16 x A4 white photocopying papers to cater for CSD Division	619.27
06/08/2020	12947	Payment for the purchase of wall-to-wall carpet.	12,700.00
01/03/2021	14425	Payment of purchase of survey pegs 200	12,000.00

#### VII. Incorrectly classified expenditure

Date	Payment ID/ JV ID	Description	Amount (\$)	Correct allocation	Incorrect allocations
31/08/2019	11174	Payment for the purchase of 5 x Brother TN3425 Toners for TLFC VKB officers	1,766.05	SEG 4 – Office Stationery & Printing	SEG 3 - Subsistence
24/10/2019	11599	Payment of 2 x FBEA Corporate Table for MTA staffs at the FBEA awards to be held on 2nd November at Denarau	4,587.16	SEG 4 – Incidentals	SEG 5 – iTaukei Roadshow
28/02/2020	12387	Payment of December and January fuel card account	6,908.03	SEG 4 –Fuel & Oil	SEG 3 - Travel
18/03/2020	12554	Payment for the purchase of Installing rear canopy for GR 480	4,533.16	SEG 4 – Spare Parts & Maintenance	SEG 10- Demarcation of unsurveyed land
02/04/2020	12209	Payment for the repair and maintenance of GQ 497	3,391.60	SEG 4 – Spare Parts & Maintenance	SEG 10- Demarcation of unsurveyed land
30/04/2020	12747	Payment for the purchase of Photocopier Machine	5,458.72	SEG 4 - Incidentals	SEG 7 – Customary Title Dispute.
21/05/2020	12819	Payment for the purchase of field uniforms (Project Unit)	5,404.00	SEG 4 - Incidentals	SEG 10 – Demarcation of unsurveyed land

Date	Payment ID/ JV ID	Description	Amount (\$)	Correct allocation	Incorrect allocations
21/05/2020	12819	Payment for the purchase of dessert boots, rain coats and water bag	7,700.00	SEG 4 - Incidentals	SEG 10 – Demarcation of unsurveyed land
15/06/2020	12995	Payment for 1x1 Konica Minolta Bizhub Black, Magneta, Cyan, Yellow & TN513 toner	2,491.95	SEG 4 – Office Stationery & Printing	SEG 7 – Leadership Awareness
17/07/2020	13117	Payment of purchase of conference chairs with padded seat & back	6,488.53	SEG 4 – Incidentals	SEG 5 – iTaukei Roadshow
28/07/2020	13297	Payment of EFL bills for the month of June, 2020 (31/05-29/06/20)	12,502.09	SEG 4 – Power Supply	SEG 5 – iTaukei Roadshow
06/08/2020	12929	Payment for the purchase of HP PC	9,052.10	SEG 4 – Incidentals	SEG 10 – Demarcation of unsurveyed land
13/08/2020	13406	Payment of the purchase of TN 3425 Brother toners	1,321.10	SEG 4 – Office Stationery & Printing.	SEG 7 – Maintenance Preservation of Nadi
15/09/2020	13604	Payment of purchase of VKB covers	1,100.92	SEG 4 – Office Stationery & Printing	SEG 7 – Maintenance Preservation of Nadi
06/10/2020	12937	Payment for the purchase of CISCO SWITCH	13,224.72	SEG 4 – Incidentals	SEG 7 – Tabua Shop Expenses
06/10/2020	12937	Payment for the purchase of CISCO Switch	4,713.94	SEG 4 – Incidentals	SEG 7 – Review of iTaukei Dictionary.
06/10/2020	12937	Payment for the purchase of CISCO Switch	11,926.61	SEG 4 – Incidentals	SEG 7 – Special Revitalization Program.
06/10/2020	12942	Payment for the purchase of 3590 DELL LATITUDE	5,138.09	SEG 4 – Incidentals	SEG 7 – Special Revitalization Program.
06/11/2020	12949	Payment for EFL bills for the month of May, 2020 [30/04 - 30/05/2020]	6,294.04	SEG 4 – Power Supply.	SEG 10 – Demarcation of unsurveyed land
24/11/2020	13978	Payment of accommodation to the TLF officers during official tour to Formal sitting - T/Y Nabukebuke on 25/11 - 27/11/20 to Customary Title Dispute	1,000.00	SEG 5 – iTaukei Roadshow	SEG 7 – Customary Title Dispute
02/12/2020	14010	Payment of Accommodation for MTA team for 3 nights during state funeral	1,018.35	SEG 5 – iTaukei Roadshow	SEG 4 - Incidentals
06/12/2020	12971	Payment for the GQ 088 Dues	5,437.00	SEG 4-	SEG 10

Date	Payment ID/ JV ID	Description	Amount (\$)	Correct allocation	Incorrect allocations
				Spare Parts & Maintenance	Demarcation of unsurveyed land
06/12/2020	12971	Payment for the GQ 078 Dues	5,237.00	SEG 4- Spare Parts & Maintenance.	SEG 10 – Digital Planning.
11/12/2020	14058	Payment of 2 days Accommodation & meals for the 14 TILC & Dulali members on 13/12 - 15/12/20	2,576.00	SEG 5 – iTaukei Roadshow	SEG 7 – iTaukei Cultural Awareness
14/12/2020	14075	Payment of purchase of TN 321 BLK, TN 321 Magneta, TN 321 cyan & TN 321 yellow Maintenance Preservation of Nadi	4,695.42	SEG 4- Office Stationery & Printing.	SEG 7 – Maintenance Preservation of Nadi
31/12/2020	34129	Payment of Boat Fare for Project staff during official tour to T/C Yasa Rehabilitation - Northern Division on 02/01 - 15/01/20	1,200.00	SEG 5 – iTaukei Roadshow	SEG 4 - Incidentals
04/02/2021	14311	Payment of purchase of 200 pads x 100s yellow & green certificates to Maintenance Preservation of Nadi	2,128.44	SEG 4 – Office Stationery & Printing.	SEG 7 – Maintenance Preservation of Nadi
25/02/2021	14412	Payment of additional night for accommodation to the VKB staff during official trip to Northern Division to Maintenance Preservation of Nadi	1,100.93	SEG 5 – iTaukei Roadshow	SEG 7 – Maintenance Preservation of Nadi
17/03/2021	14511	Payment of the purchase of Dell Desktop 3060 - Standard Desktop to Maintenance Preservation of Nadi	2,251.83	SEG 4 – Incidentals	SEG 7 – Maintenance Preservation of Nadi
10/05/2021	14693	Payment of the purchase of Dell OptiPlex 3070 to Maintenance Preservation of Nadi	1,660.94	SEG 4 – Incidentals	SEG 7 – Maintenance Preservation of Nadi
10/05/2021	14697	Payment for the purchase of Hardcover folder x 2 and Evidence book to Maintenance Preservation of Nadi	2,568.86	SEG 4 – Office Stationery and printing	SEG 7 – Maintenance Preservation of Nadi
16/07/2021	14978	Payment for the purchase of IT equipment - laptops & desktops	7,659.99	SEG 4 - Incidentals	SEG 3 - Travel
16/07/2021	14978	Payment for the purchase of IT equipment - laptops & desktop	20,000.00	SEG 4 - Incidentals	SEG 5- iTaukei Roadshow



## Appendix 5.2: Journal Vouchers not Approved

### i. No evidence to confirm that the Journal Voucher was approved

Batch No	Date	Amount (\$)
5785	31/08/2019	(3,152.01)
5785	31/08/2019	(3,471.44)
5808	30/09/2019	4,587.16
5810	31/10/2019	2,565.00
5822	30/11/2019	3,130.20
5822	30/11/2019	7,289.00
5824	05/08/2020	3,217.80
5824	30/11/2019	2,300.00
5824	30/11/2019	11,340.00
5836	31/12/2019	9,841.00
5836	31/12/2019	3,520.00
5857	28/02/2020	5,950.47
5857	28/02/2020	6,132.89
5857	28/02/2020	5,087.93
5858	28/02/2020	7,759.35
5858	28/02/2020	7,756.35
5861	28/02/2020	7,789.10
5862	28/02/2020	5,200.00
5864	28/02/2020	2,215.00
5865	31/03/2020	2,281.00
5879	30/04/2020	17,798.81
5883	31/05/2020	2,800.00
5900	30/06/2020	11,675.00
5904	30/06/2020	8,955.00
5970	31/07/2020	6,294.04
5997	30/09/2020	6,189.10
5997	30/09/2020	3,540.40
5999	31/10/2020	17,071.00
6000	31/10/2020	1,130.00
6001	31/10/2020	1,000.00
6001	31/10/2020	4,720.00
6012	31/10/2020	1,040.00
6016	30/11/2020	6,730.00
6016	30/11/2020	1,978.45
6017	30/11/2020	3,460.05
6017	31/12/2020	1,260.00
6024	30/12/2020	11,685.24
6025	31/12/2020	6,362.00
6032	31/01/2021	2,683.10
6032	31/01/2021	4,786.85
6033	30/01/2021	1,400.00
6033	31/01/2021	3,772.00
6033	31/01/2021	4,620.00
6049	01/07/2021	1,641.00
6058	31/08/2021	4,407.80
6058	31/03/2021	3,638.25
6058	31/03/2021	4,160.00
6060	31/03/2021	(6,362.00)
6063	31/03/2021	1,830.00

ii. Late Retirement of advance – No evidence that JV was approved

Batch No	Date	Amount (\$)
5782	31/08/2019	14,495.25
5810	31/10/2019	2,565.00
5824	30/11/2019	11,340.00
5836	31/12/2019	5,131.25
5847	31/12/2019	3,833.40
5858	28/02/2020	7,759.35
5858	28/02/2020	7,756.35
5861	28/02/2020	7,789.10
5872	30/04/2020	5,783.00
5872	30/04/2020	4,651.75
5904	30/06/2020	8,955.00
5911	31/07/2020	3,360.00
6036	31/01/2021	2,783.75
6049	01/07/2021	13,766.00
6077	30/04/2021	2,641.80
6095	31/07/2021	3,540.00

## Appendix 5.3: Delay in the Preparation of reconciliations

i. Underline Account Reconciliation Statements

Months	Date to be Prepared	Date Prepared	Delays in number of Days
<b>Operating Trust</b>			
August 2019	10/09/2019	06/02/2020	149 days
September 2019	10/10/2019	12/11/2019	33 days
November 2019	10/12/2019	03/01/2020	24 days
December 2019	10/01/2020	04/02/2020	25 days
July 2020	10/08/2020	28/08/2020	18 days
September 2020	10/10/2020	21/10/2020	11 days
March 2021	10/04/2021	10/07/2021	91 days
April 2021	10/05/2021	10/07/2021	61 days
July 2021	10/08/2021	23/08/2021	13 days
<b>Imprest Account</b>			
August 2019	05/09/2019	06/02/2020	154 days
September 2019	05/10/2019	05/02/2020	123 days
October 2019	05/11/2019	05/02/2020	92 days
November 2019	05/12/2019	05/02/2020	62 days
December 2019	05/01/2020	05/02/2020	31 days
January 2020	05/02/2020	21/04/2020	76 days
September 2020	05/10/2020	21/10/2020	16 days
April 2021	05/05/2021	05/07/2021	61 days
<b>Accountable Advance</b>			
August 2019	15/09/2019	03/01/2020	110 days
September 2019	15/10/2019	03/01/2020	80 days
October 2019	15/11/2019	03/01/2020	49 days
November 2019	15/12/2019	03/01/2020	19 days
December 2019	15/01/2020	04/02/2020	20 days
July 2020	15/08/2020	28/08/2020	13 days

Months	Date to be Prepared	Date Prepared	Delays in number of Days
August 2020	15/09/2020	12/02/2021	150 days
September 2020	15/10/2020	12/02/2021	120 days
October 2020	15/11/2020	12/02/2021	89 days
November 2020	15/12/2020	12/02/2021	59 days
December 2020	15/01/2021	12/02/2021	28 days
<b>Drawings</b>			
August 2019	15/09/2019	20/05/2020	248 days
September 2019	15/10/2019	20/05/2020	218 days
October 2019	15/11/2019	20/05/2020	187 days
November 2019	15/12/2019	20/05/2020	157 days
December 2019	15/01/2020	20/05/2020	126 days
January 2020	15/02/2020	21/05/2020	96 days
February 2020	15/03/2020	21/05/2020	67 days
March 2020	15/04/2020	25/05/2020	40 days
April 2020	15/05/2020	26/05/2020	11 days
<b>Bank Lodgment Clearance</b>			
August 2019	15/09/2019	07/04/2020	205 days
September 2019	15/10/2019	07/04/2020	175 days
October 2019	15/11/2019	07/04/2020	144 days
November 2019	15/12/2019	07/04/2020	114 days
December 2019	15/01/2020	07/04/2020	83 days
January 2020	15/02/2020	07/04/2020	52 days
February 2020	15/03/2020	07/04/2020	23 days
April 2021	15/05/2021	05/07/2021	51 days
<b>Inter – Departmental Clearance</b>			
September 2019	15/10/2019	03/01/2020	80 days
October 2019	15/11/2019	03/01/2020	49 days
November 2019	15/12/2019	03/01/2020	19 days
December 2019	15/01/2020	04/02/2020	20 days

ii. Salary and Wages Reconciliations

Pay No	Pay Date	Date to be Prepared	Date Prepared	Delays in Days
<b>Salary Reconciliation</b>				
16/19	08/08/2019	15/08/2019	08/11/2019	85 days
17/19	22/08/2019	29/08/2019	08/11/2019	71 days
18/19	05/09/2019	12/09/2019	08/11/2019	57 days
19/19	19/09/2019	26/09/2019	08/11/2019	43 days
20/19	03/10/2019	10/10/2019	08/11/2019	29 days
21/19	17/10/2019	24/10/2019	08/11/2019	15 days
22/19	31/10/2019	07/11/2019	03/01/2020	57 days
23/19	14/11/2019	21/11/2019	03/01/2020	43 days
24/19	28/11/2019	05/12/2019	03/01/2020	29 days
25/19	12/12/2019	19/12/2019	03/01/2020	15 days
1/20	09/01/2020	16/01/2020	04/02/2020	19 days
3/20	06/02/2020	13/02/2020	21/04/2020	68 days
4/20	20/02/2020	27/02/2020	21/04/2020	54 days
5/20	05/03/2020	12/03/2020	21/04/2020	40 days
6/20	19/03/2020	26/03/2020	21/04/2020	26 days
7/20	02/04/2020	09/04/2020	14/05/2020	35 days
8/20	16/04/2020	23/04/2020	14/05/2020	21 days
10/20	14/05/2020	21/05/2020	15/06/2020	25 days

Pay No	Pay Date	Date to be Prepared	Date Prepared	Delays in Days
12/20	11/06/2020	18/06/2020	10/07/2020	22 days
14/20	09/07/2020	16/07/2020	20/08/2020	35 days
15/20	23/07/2020	30/07/2020	20/08/2020	21 days
16/20	06/08/2020	13/08/2020	15/09/2020	33 days
17/20	20/08/2020	27/08/2020	15/09/2020	19 days
18/20	03/09/2020	10/09/2020	21/10/2020	41 days
19/20	17/09/2020	24/09/2020	21/10/2020	27 days
20/20	01/10/2020	08/10/2020	12/11/2020	35 days
21/20	15/10/2020	22/10/2020	12/11/2020	21 days
25/20	10/12/2020	17/12/2020	13/01/2021	27 days
1/21	07/01/2021	14/01/2021	12/02/2021	29 days
2/21	21/01/2021	28/01/2021	12/02/2021	15 days
3/21	04/02/2021	11/02/2021	15/03/2021	32 days
4/21	18/02/2021	25/02/2021	15/03/2021	18 days
5/21	04/03/2021	11/03/2021	14/05/2021	64 days
6/21	18/03/2021	25/03/2021	14/05/2021	50 days
7/21	01/04/2021	08/04/2021	14/05/2021	36 days
8/21	15/04/2021	22/04/2021	15/05/2021	23 days
15/21	22/07/2021	29/07/2021	24/08/2021	26 days
<b>Wages Reconciliation</b>				
33/19	14/08/2019	21/08/2019	26/09/2019	36 days
34/19	21/08/2019	28/08/2019	08/11/2019	72 days
35/19	28/08/2019	04/09/2019	08/11/2019	65 days
36/19	04/09/2019	11/09/2019	08/11/2019	58 days
37/19	11/09/2019	18/09/2019	08/11/2019	51 days
38/19	18/09/2019	25/09/2019	08/11/2019	44 days
39/19	25/09/2019	02/10/2019	08/11/2019	37 days
40/19	02/10/2019	09/10/2019	08/11/2019	30 days
41/19	09/10/2019	16/10/2019	08/11/2019	23 days
42/19	16/10/2019	23/10/2019	08/11/2019	16 days
44/19	30/10/2019	06/11/2019	03/01/2020	58 days
45/19	06/11/2019	13/11/2019	03/01/2020	51 days
46/19	13/11/2019	20/11/2019	03/01/2020	44 days
47/19	20/11/2019	27/11/2019	03/01/2020	37 days
48/19	27/11/2019	04/12/2019	03/01/2020	30 days
49/19	04/12/2019	11/12/2019	03/01/2020	23 days
50/19	11/12/2019	18/12/2019	03/01/2020	16 days
53/19	01/01/2020	08/01/2020	04/02/2020	27 days
1/20	08/01/2020	15/01/2020	20/02/2020	36 days
2/20	15/01/2020	22/01/2020	20/02/2020	29 days
3/20	22/01/2020	29/01/2020	20/02/2020	22 days
4/20	29/01/2020	05/02/2020	20/02/2020	15 days
6/20	12/02/2020	19/02/2020	21/04/2020	62 days
7/20	19/02/2020	26/02/2020	21/04/2020	55 days
8/20	26/02/2020	04/03/2020	21/04/2020	48 days
9/20	04/03/2020	11/03/2020	21/04/2020	41 days
10/20	11/03/2020	18/03/2020	21/04/2020	34 days
11/20	18/03/2020	25/03/2020	21/04/2020	27 days
12/20	25/03/2020	01/04/2020	21/04/2020	20 days
13/20	01/04/2020	08/04/2020	14/05/2020	36 days
14/20	08/04/2020	15/04/2020	14/05/2020	29 days
15/20	15/04/2020	22/04/2020	14/05/2020	22 days
16/20	22/04/2020	29/04/2020	14/05/2020	15 days

Pay No	Pay Date	Date to be Prepared	Date Prepared	Delays in Days
18/20	06/05/2020	13/05/2020	15/06/2020	33 days
19/20	13/05/2020	20/05/2020	15/06/2020	26 days
20/20	20/05/2020	27/05/2020	15/06/2020	19 days
21/20	27/05/2020	03/06/2020	15/06/2020	12 days
22/20	03/06/2020	10/06/2020	10/07/2020	30 days
23/20	10/06/2020	17/06/2020	10/07/2020	23 days
24/20	17/06/2020	24/06/2020	10/07/2020	16 days
26/20	01/07/2020	08/07/2020	20/08/2020	43 days
27/20	08/07/2020	15/07/2020	20/08/2020	36 days
28/20	15/07/2020	22/07/2020	20/08/2020	29 days
29/20	22/07/2020	29/07/2020	20/08/2020	22 days
30/20	29/07/2020	05/08/2020	20/08/2020	15 days
31/20	05/08/2020	12/08/2020	15/09/2020	34 days
32/20	12/08/2020	19/08/2020	15/09/2020	27 days
33/20	19/08/2020	26/08/2020	15/09/2020	20 days
35/20	02/09/2020	09/09/2020	21/10/2020	42 days
36/20	09/09/2020	16/09/2020	21/10/2020	35 days
37/20	16/09/2020	23/09/2020	21/10/2020	28 days
38/20	23/09/2020	30/09/2020	21/10/2020	21 days
39/20	30/09/2020	07/10/2020	21/10/2020	14 days
40/20	07/10/2020	14/10/2020	12/11/2020	29 days
41/20	14/10/2020	21/10/2020	12/11/2020	22 days
42/20	21/10/2020	28/10/2020	12/11/2020	15 days
44/20	04/11/2020	11/11/2020	11/12/2020	30 days
45/20	11/11/2020	18/11/2020	Not signed	
46/20	18/11/2020	25/11/2020	Not signed	
47/20	25/11/2020	02/12/2020	Not signed	
48/20	02/12/2020	09/12/2020	13/01/2021	35 days
49/20	09/12/2020	16/12/2020	13/01/2021	28 days
50/20	16/12/2020	23/12/2020	13/01/2021	21 days
51/20	23/12/2020	30/12/2020	13/01/2021	14 days
1/21	06/01/2021	13/01/2021	12/02/2021	30 days
2/21	13/01/2021	20/01/2021	12/02/2021	23 days
03/21	20/01/2021	27/01/2021	12/02/2021	16 days
05/21	03/02/2021	10/02/2021	15/03/2021	33 days
06/21	10/02/2021	17/02/2021	15/03/2021	26 days
7/21	17/02/2021	24/02/2021	15/03/2021	19 days
9/21	03/03/2021	10/03/2021	23/04/2021	44 days
10/21	10/03/2021	17/03/2021	23/04/2021	37 days
11/21	17/03/2021	24/03/2021	23/04/2021	30 days
12/21	24/03/2021	31/03/2021	23/04/2021	23 days
13/21	31/03/2021	07/04/2021	23/04/2021	16 days
16/21	21/04/2021	28/04/2021	14/05/2021	16 days
30/12	28/07/2021	04/08/2021	23/08/2021	19 days

## Section 6

### Ministry of Defence, National Security and Policing

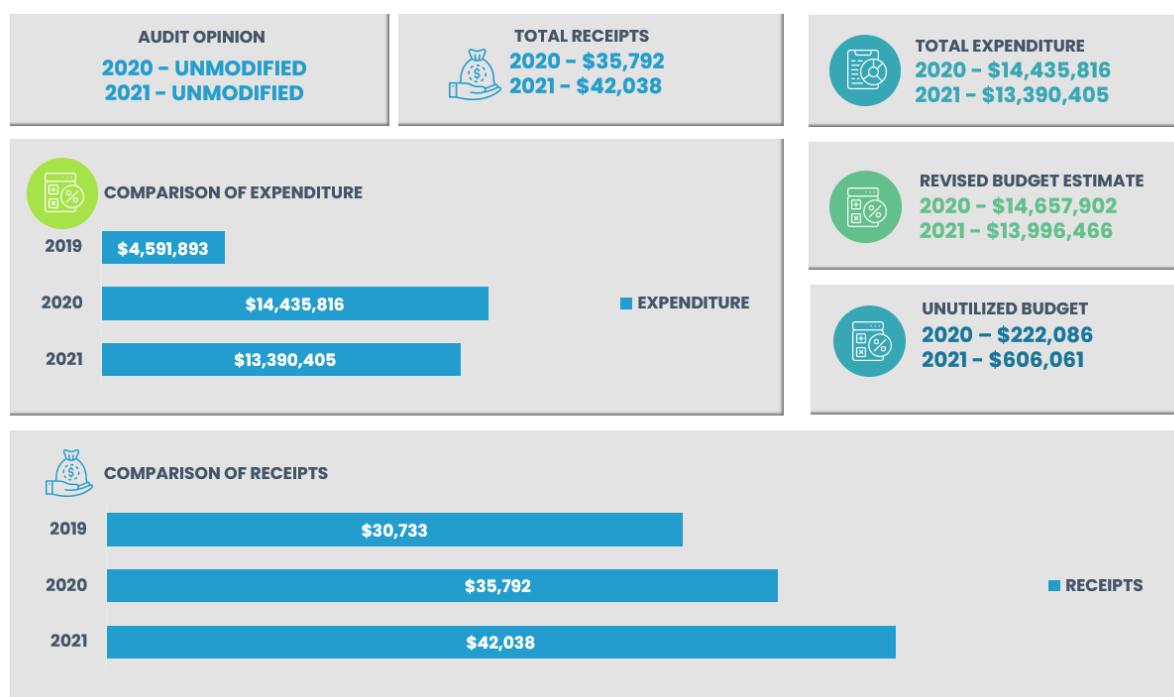
#### Roles and Responsibilities

The Ministry of Defence and National Security is responsible for Fiji's national security, including the defence of the country's sovereignty and territorial integrity. The Ministry carries out this responsibility through the implementation of Fiji's National Security Strategy and by conducting policy oversight of two of Fiji's Disciplined Forces, the Republic of Fiji Military Forces (RFMF) and Fiji Police Force (FPF).

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## PART A: FINANCIAL INFORMATION



### 6.1 Audit Opinion

#### 2020

The audit of the 2020 accounts for the Ministry of Defence, National Security and Policing resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts for the Ministry of Defence, National Security and Policing resulted in an unmodified audit opinion.

### 6.2 Appropriation Statement

#### 2020

The Ministry collected revenue totalling \$35,792 in 2020 and incurred expenditure totalling \$14.4 million against a revised budget of \$14.7 million resulting in unutilised budget of \$222,086 or 1.5%.

Details of expenditure against the revised budget are provided in Table 6.1.

Table 6.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	809,392	191,345	1,000,737	989,376	11,361
2	Government Wage Earners	307,670	24,959	332,629	331,918	711

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
3	Travel & Communication	271,417	---	271,417	244,445	26,972
4	Maintenance & Operations	107,310	18,111	125,421	119,651	5,770
5	Purchase of Goods & Services	239,969	32,202	272,171	256,846	15,325
6	Operating Grants & Transfers	11,324,983	---	11,324,983	11,321,033	3,950
7	Special Expenditure	1,150,164	(166,577)	983,587	977,736	5,851
	<b>Total Operating Expenditure</b>	<b>14,210,905</b>	<b>100,040</b>	<b>14,310,945</b>	<b>14,241,005</b>	<b>69,940</b>
8	Capital Construction	263,997	(100,040)	163,957	36,047	127,910
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>263,997</b>	<b>(100,040)</b>	<b>163,957</b>	<b>36,047</b>	<b>127,910</b>
13	Value Added Tax	183,000	---	183,000	158,764	24,236
	<b>TOTAL</b>	<b>14,657,902</b>	<b>---</b>	<b>14,657,902</b>	<b>14,435,816</b>	<b>222,086</b>

## 2021

The Ministry collected revenue totalling \$42,038 in 2021 and incurred expenditure totalling \$13.4 million against a revised budget of \$14.0 million resulting in unutilised budget of \$606,061 or 4.3%.

Details of expenditure against the revised budget are provided in Table 6.2.

**Table 6.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,015,712	---	1,015,712	915,368	100,344
2	Government Wage Earners	269,366	---	269,366	233,591	35,775
3	Travel & Communication	210,000	(55,566)	154,434	90,368	64,066
4	Maintenance & Operations	98,490	48,566	147,056	130,613	16,443
5	Purchase of Goods & Services	228,790	7,000	235,790	138,145	97,645
6	Operating Grants & Transfers	11,524,983	187,732	11,712,715	11,485,748	226,967
7	Special Expenditure	411,189	---	411,189	352,738	58,451
	<b>Total Operating Expenditure</b>	<b>13,758,530</b>	<b>187,732</b>	<b>13,946,262</b>	<b>13,346,571</b>	<b>599,691</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>



SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
13	Value Added Tax	50,204	---	50,204	43,834	6,370
	<b>TOTAL</b>	<b>13,808,734</b>	<b>187,732</b>	<b>13,996,466</b>	<b>13,390,405</b>	<b>606,061</b>

## 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

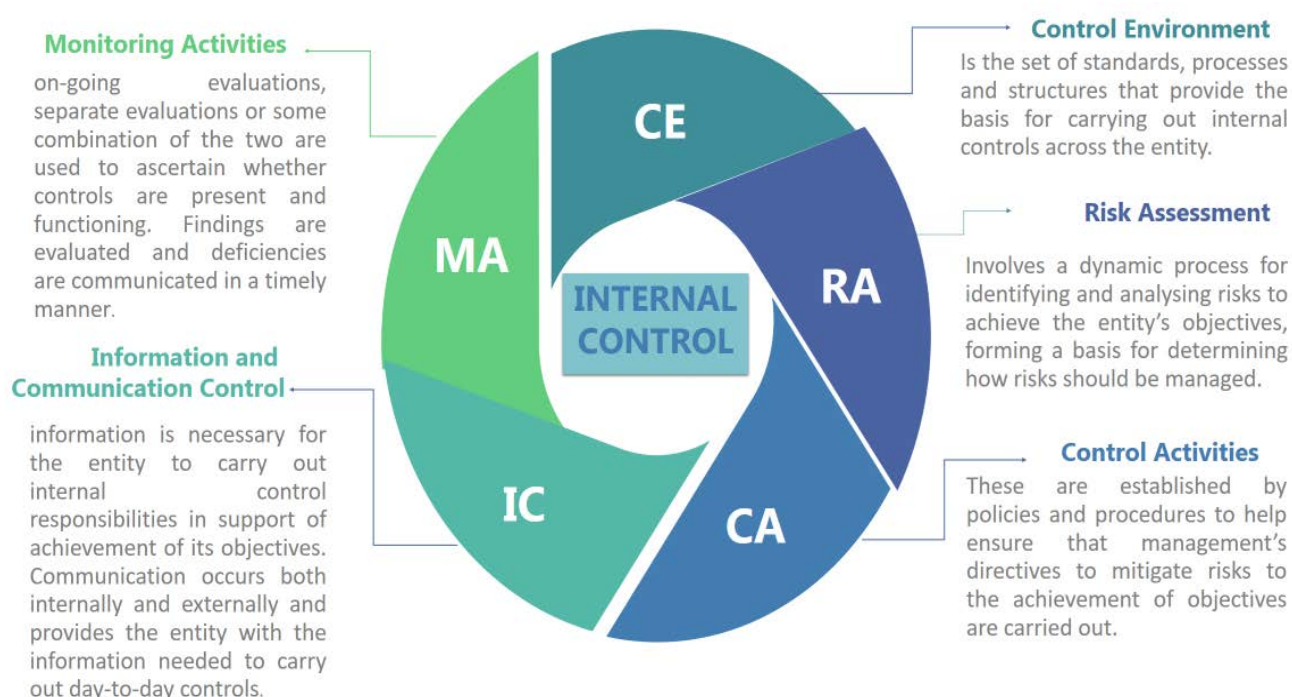
### 6.3 Internal Controls

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	Some deficiencies identified in internal controls.
2021	☀ Generally effective	Some deficiencies identified in internal controls.

## 6.4 Submission of Draft Agency Financial Statements

### 2020

On 1 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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 20 July 2020	✓	Processing of virement by 21 August 2020	✓
Retirement of imprests by 17 July 2020	N/A	Completion of reconciliations by 28 August 2020	✓
Processing of payments by 29 July 2020	✓	Submission of arrears of revenue return by 29 August 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Clearance of Inter-departmental clearance accounts by 7 August 2020	✓
Closing date for journal adjustments by 06 August 2020	✗	Annual Board of Survey on Drawings Account cheques by 28 August 2020	✗

### 2021

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✗
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 06 August 2021	✗	Annual Board of Survey on Drawings Account cheques 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 year-end close process as:

Year	Rating	Year-end close process assessment
2020	☀ Generally effective	7 of the 9 key processes completed within two weeks of due date.
2021	☀ Generally effective	7 of the 10 key processes completed within two weeks of due date.

## 6.5 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 adjustment were required
2021	🌿 Effective	No adjustment were required

## 6.6 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	☀ Generally effective	Acceptable draft financial statements received on or before 31 October 2020
2021	☀ Generally effective	Acceptable draft financial statements received on or before 31 October 2021

## 6.7 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	☀ Generally effective	Within 21 days from issue of Draft Management Letter
2021	☀ Generally effective	Within 21 days from issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	☀ Generally effective	Within 15 days from issue of Financial Statements for signing
2021	☀ Generally effective	Within 15 days from issue of Financial Statements for signing

## Section 7

# Ministry of Employment, Productivity and Industrial Relations

### Roles and Responsibilities

The Ministry of Employment, Productivity and Industrial Relations is responsible for upholding the constitutional right of every Fijian to economic participation, a just minimum wage, humane treatment in the workplace and proper working conditions. The Ministry promotes and advances the rights of workers and employers, and administers and enforces the Employment Relations Promulgation 2007, Health and Safety at Work Act 1997, National Employment Centre Act 2009 and the Workers Compensation Act (Cap. 94).

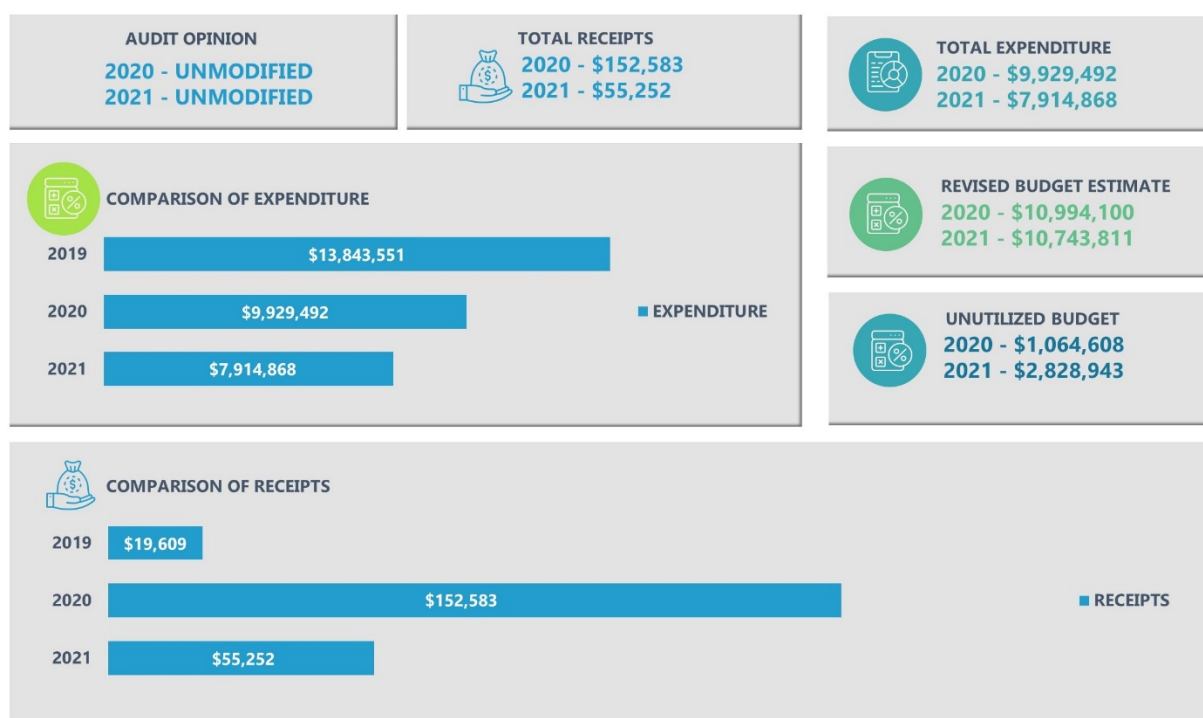
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## PART A: FINANCIAL INFORMATION



### 7.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Ministry of Employment, Productivity and Industrial Relations resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Ministry of Employment, Productivity and Industrial Relations resulted in an unmodified audit opinion.

### 7.2 Appropriation Statement

#### 2020

The Ministry collected revenue totalling \$152,583 in 2020 and incurred expenditure totalling \$9,929,492 against a revised budget of \$10,994,100 resulting in savings of \$1,064,608 or 9.68%.

Details of expenditure against the revised budget are provided in Table 7.1.

Table 7.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,014,000	---	6,014,000	5,774,315	239,685



SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
2	Government Wage Earners	532,200	---	532,200	447,778	84,422
3	Travel & Communication	337,300	---	337,300	302,976	34,324
4	Maintenance & Operations	501,400	11,500	512,900	453,186	59,714
5	Purchase of Goods & Services	811,700	(11,500)	800,200	579,080	221,120
6	Operating Grants & Transfers	107,500	---	107,500	107,294	206
7	Special Expenditure	2,418,300	---	2,418,300	2,132,873	285,427
	<b>Total Operating Expenditure</b>	<b>10,722,400</b>	<b>---</b>	<b>10,722,400</b>	<b>9,797,502</b>	<b>924,898</b>
13	Value Added Tax	271,700	---	271,700	131,990	139,710
	<b>TOTAL</b>	<b>10,994,100</b>	<b>---</b>	<b>10,994,100</b>	<b>9,929,492</b>	<b>1,064,608</b>

Unutilized budget were largely due to the following:

1. Savings in Established Staff is due to the vacant positions in the Ministry that were not filled.
2. The savings in Purchase of Goods and Services is attributed to the reduction in the purchase of fixed asset, planned training did not take place, ISO Audit not conducted due to travel restrictions and fewer publications, printing and advertising done during the year.
3. The savings in Special Expenditure is the result of reduction in operational expenditure for Fiji volunteer scheme, Pacific Labour Scheme and Attachment Allowance.

## 2021

The Ministry collected revenue totalling \$55,252 in 2021 and incurred expenditure totalling \$7,914,868 against a revised budget of \$10,743,811 resulting in savings of \$2,828,943 or 26%.

Details of expenditure against the revised budget are provided in Table 7.2.

**Table 7.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,232,723	(25,000)	6,207,723	5,175,693	1,032,030
2	Government Wage Earners	390,631	---	390,631	275,258	115,373
3	Travel & Communication	228,750	15,000	243,750	169,341	74,409
4	Maintenance & Operations	471,300	10,000	481,300	323,953	157,347

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	745,657	---	745,657	219,932	525,725
6	Operating Grants & Transfers	107,480	---	107,480	24,478	83,002
7	Special Expenditure	1,135,000	---	1,135,000	487,369	647,631
	<b>Total Operating Expenditure</b>	<b>9,311,541</b>	<b>---</b>	<b>9,311,541</b>	<b>6,676,024</b>	<b>2,635,517</b>
10	Capital Grants and Transfers	1,200,000	---	1,200,000	1,175,396	24,604
	<b>Total Capital Expenditure</b>	<b>1,200,000</b>	<b>---</b>	<b>1,200,000</b>	<b>1,175,396</b>	<b>24,604</b>
13	Value Added Tax	232,270	---	232,270	63,448	168,822
	<b>TOTAL</b>	<b>10,743,811</b>	<b>---</b>	<b>10,743,811</b>	<b>7,914,868</b>	<b>2,828,943</b>

Unutilised budget were largely due to the following:

1. Savings in Established Staff and Government Wage Earners were mainly due to 31 Established and 2 un-established vacant positions.
2. Savings in Travel and Communication was mainly due to travel restriction in place due to impact of COVID-19.
3. The savings in Purchase of Goods and Services was attributed to the non-attending of ILO convention by Government delegation in 2021 and less expenditure incurred for Apprentice scheme.
4. The savings in Maintenance and Operations is attributed to the controlling measures in place for fuel, travelling and vehicle maintenance costs.
5. The savings in Operating Grants and Transfers was attributed to Singapore mediation centre training was not conducted as a result of COVID-19 restriction.
6. The savings in Special Expenditure is mainly due to international borders being closed and less workers were sent overseas under the Foreign Employment Service and Pacific Labour Scheme.

### 7.3 Trust Fund Account

Ministry of Employment, Productivity and Industrial Relations maintains five main trust fund accounts. These trust monies relate to receipts and payments related to Work Compensation, Wages dispute, Occupational Health and Safety Consultancy, Occupational Health and Safety Trust, Employment Relations Tribunal, National Employment Centre and Child Labour. The following further explains the nature, purpose and use of each trust account.

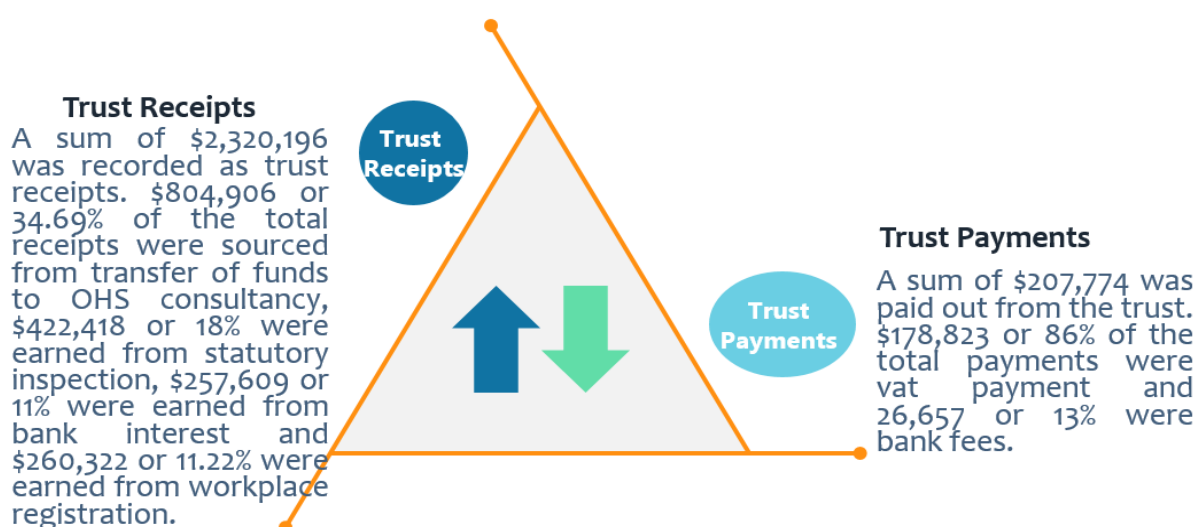
### 7.3.1 Occupational Health and Safety Trust Account:

A liability account responsible for the promotion of OHS and enforcement of the *Health and Safety at Work Act 1996* and its subsidiary legislations. The Service aims to promote and maintain a working environment, which is healthy and safe for both workers and employers and directly contributes to improved productivity.

#### 2020

For the Occupational Health and Safety Trust Account, the Ministry collected trust revenue totalling \$2,320,196 in 2020 and incurred expenditure totalling \$207,774 resulting in a surplus of \$2,112,422 compared to a surplus of \$1,023,530 in 2019.

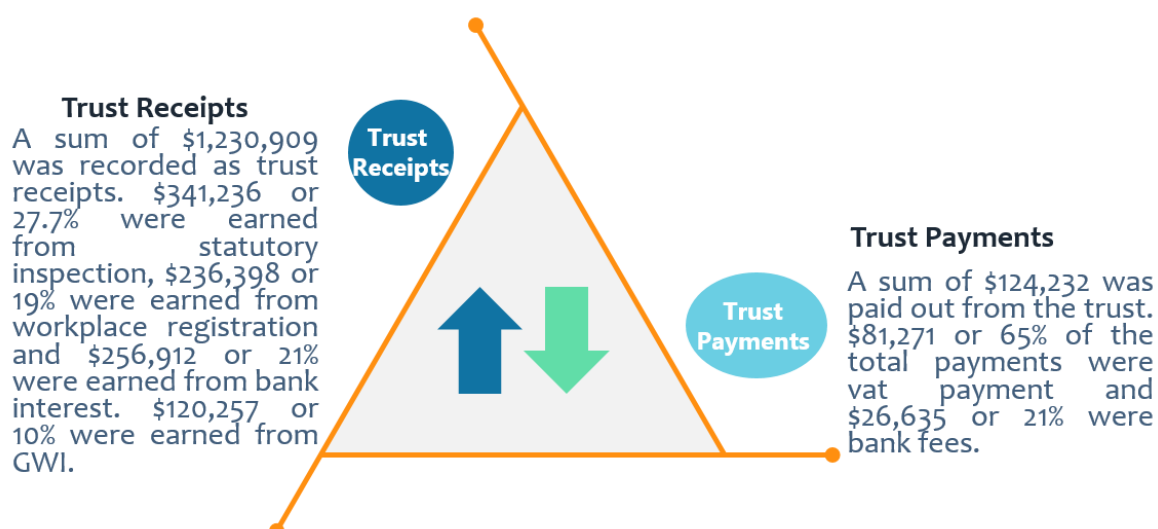
NATIONAL OCCUPATIONAL HEALTH & SAFETY EDUCATION AND ACCIDENT PREVENTION TRUST FUND ACCOUNT



#### 2021

For the Occupational Health and Safety Trust Account, the Ministry collected trust revenue totalling \$1,230,909 in 2021 and incurred expenditure totalling \$124,232 resulting in a surplus of \$1,106,677 compared to a surplus of \$2,112,422 in 2020.

NATIONAL OCCUPATIONAL HEALTH & SAFETY EDUCATION AND ACCIDENT PREVENTION TRUST FUND ACCOUNT

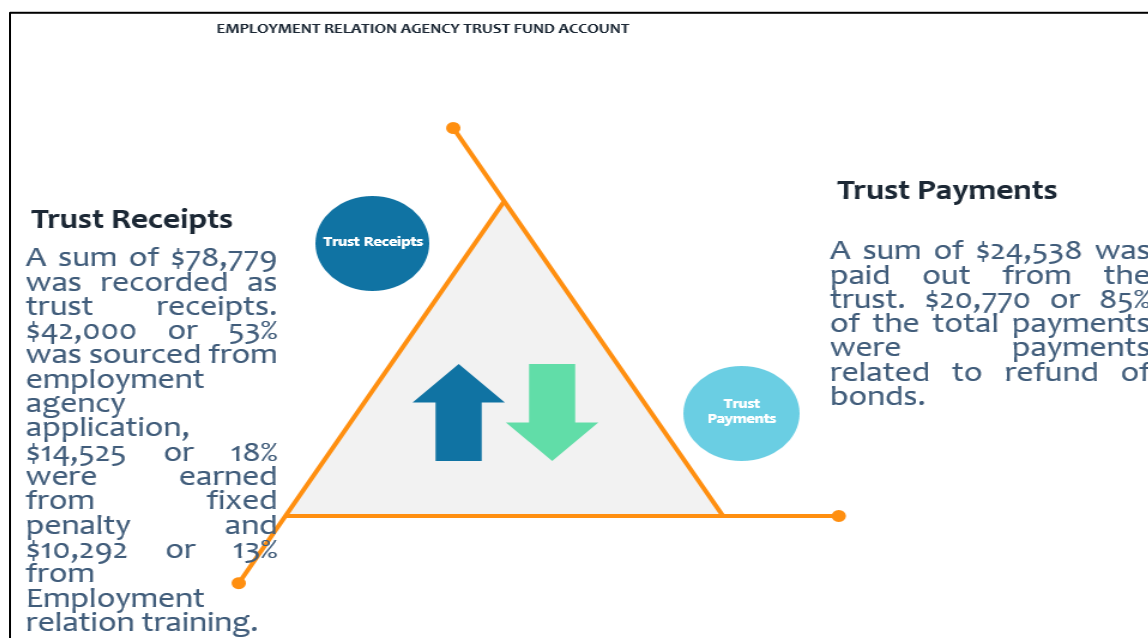


### 7.3.2 Employment Relations Agency Trust Account:

A liability account whereby when employment disputes and employment grievances are not resolved by the Mediation Service, the Employment Relations Tribunal assists employers or their representatives and workers or their representative trade union by adjudicating and determining the grievance or dispute between parties. In adjudication proceedings, there is also a requirement on the Tribunal to provide mediation assistance to the disputing parties when the need arises. In this regard the Tribunal assists disputing parties to amicably settle matters and these settlements are documented as binding awards or decisions.

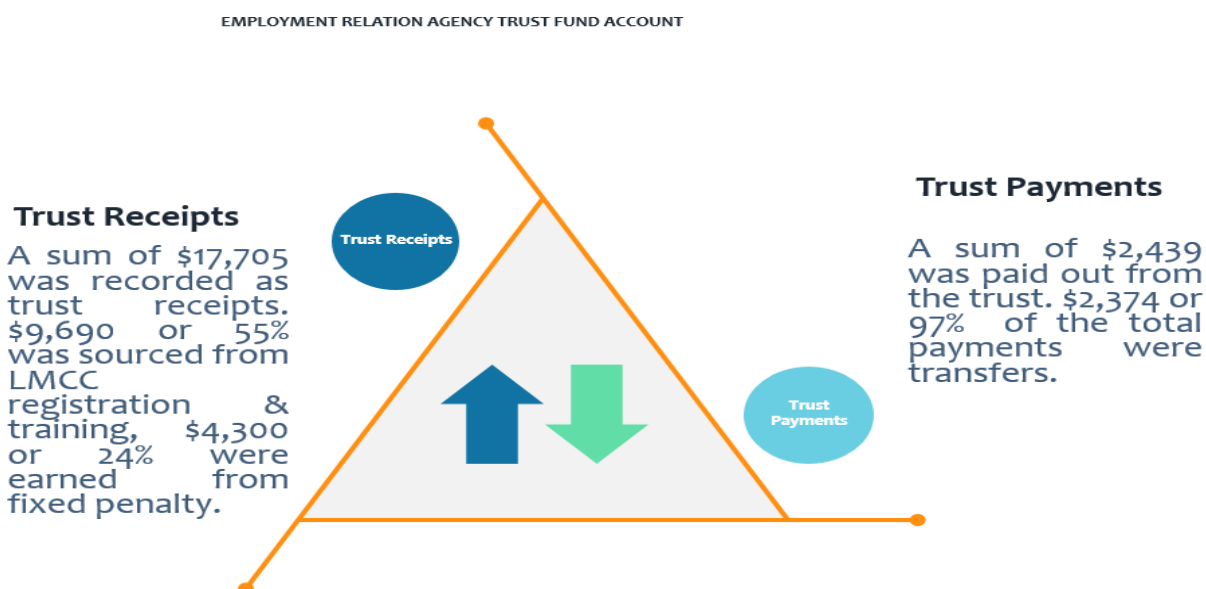
#### **2020**

For the Employment Relations Tribunal Trust Account, the Ministry collected trust revenue totalling \$78,779 in 2020 and incurred expenditure totalling \$24,538 resulting in a surplus of \$54,241 compared to a surplus of \$60,295 in 2019.



## 2021

For the Employment Relations Tribunal Trust Account, the Ministry collected trust revenue totalling \$17,705 in 2021 and incurred expenditure totalling \$2,439 resulting in a surplus of \$15,266 compared to a surplus of \$54,241 in 2020.



### 7.3.3 National Employment Centre Trust Account:

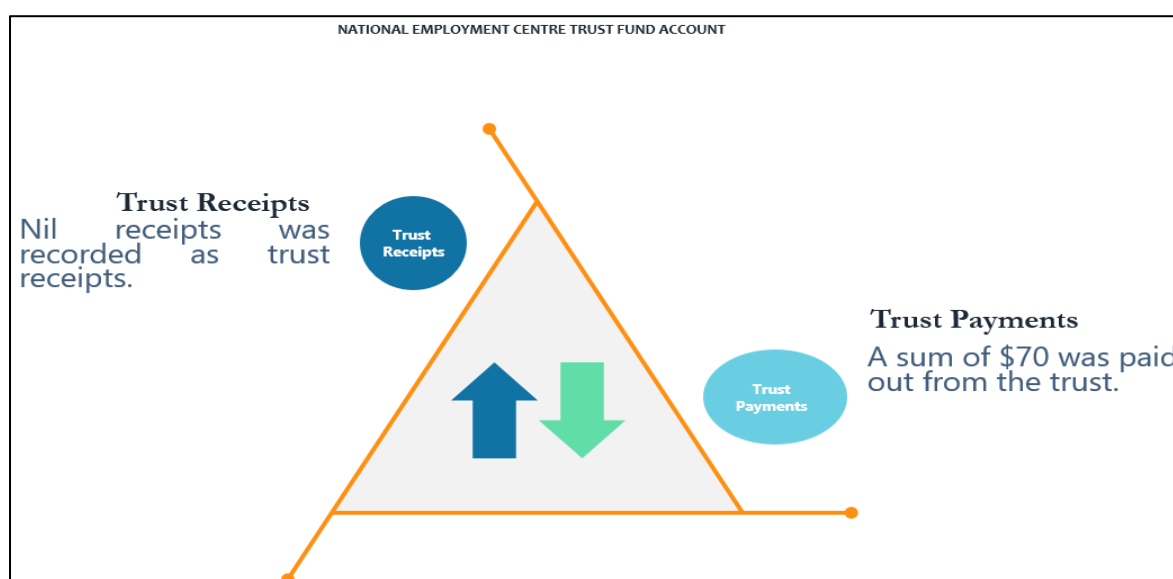
The National Employment Centre operates under the National Employment Centre Act 2009. The Centre is responsible for providing employment skills training and facilitating employment opportunities for the unemployed. The Centre offers 3 services – Formal Employment Service, Foreign Employment Service and Fiji Volunteer Service. Unemployed persons who register under the National Employment Centre undertake professional counselling, aptitude assessment, life

skills training and are trained in the relevant employment skills demanded by the labour market. Moreover, the Centre provides opportunities for the unemployed to do volunteer services, work attachment, and facilitates opportunities for employment both locally and internationally.

There was minimal activity in this trust account as the Ministry has ceased the operation of this account and is working on formally closing the account.

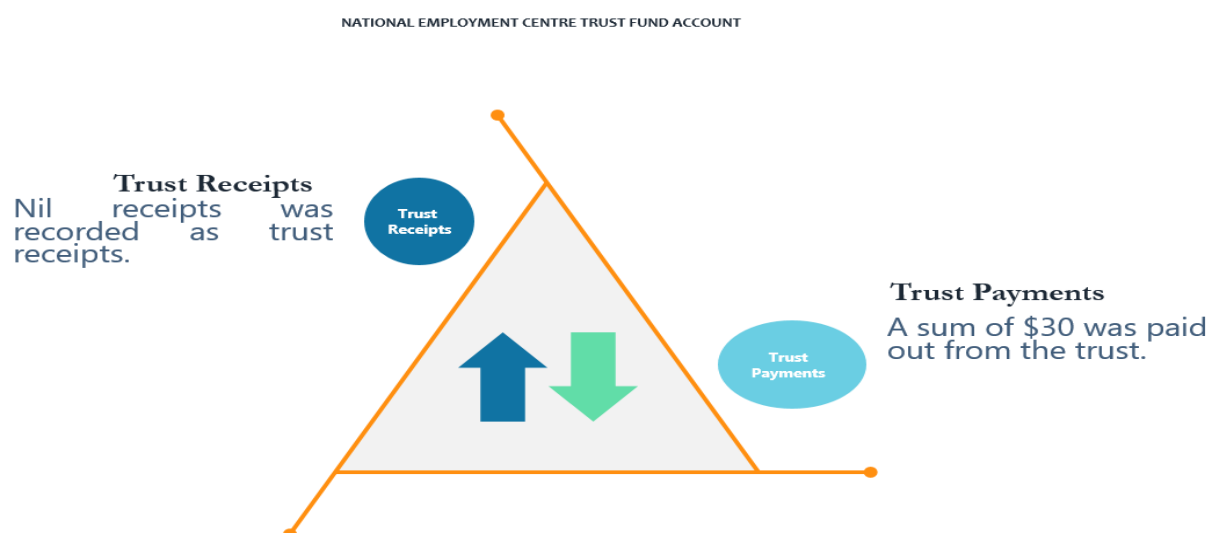
## 2020

The Ministry collected nil trust revenue in 2020 and incurred expenditure of \$70 for the Employment Centre Trust Account resulting in a net deficit of \$70.



## 2021

The Ministry collected nil trust revenue in 2021 and incurred expenditure of \$30 for the Employment Centre Trust Account resulting in a net deficit of \$30.



### **7.3.4 Occupational Health and Safety (OHS) Consultancy Services, Workmen's Compensation and Wages Dispute Trust Fund Account**

#### **7.3.4.1 Work Compensation Trust Account:**

A liability account and the Workmen's Compensation Act (Cap. 94) places on employers the legal responsibility to compensate workers who sustain injuries, lose their lives or contract diseases in the course of their employment. Compensation is through monetary payments and medical care provisions for the injured workers. Cases involving the death of a worker, monetary payments are given to the dependents' of the deceased worker.

With effective from January 1, 2019, the workmen compensation function of the Ministry has been transferred to the Accident Compensation Commission of Fiji (ACCF). The Ministry will continue to process compensation cases prior to January 1, 2019 in accordance with the requirement of the Workmen's Compensation Act and the Ministry's standard operating procedures.

#### **7.3.4.2 Wages Dispute Trust Account:**

A liability account and the Wages Unit is responsible for setting minimum wages and other terms and conditions of employment in Fiji's employment sector. It ensures workers are actually provided with the stipulated Wages Regulations terms and conditions. Any payment received from employer after dispute on wages is resolved by the Wages unit and is paid out to the respective employee.

#### **7.3.4.3 Occupational Health and Safety (OHS) Consultancy Trust Account:**

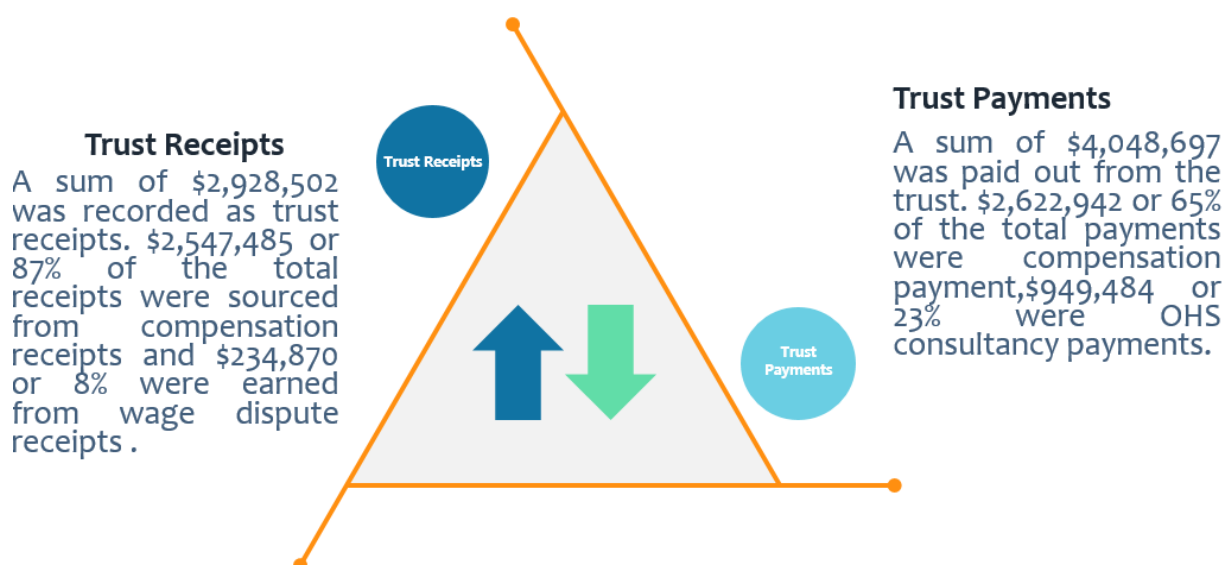
A liability account used to facilitate the payment of overtime hours, meal allowances, transport allowances, and accommodation which is paid by companies into OHS Trust account when OHS Inspectors have performed services to the companies. Funds are transferred from OHS Trust Account to OHS Consultancy to pay the OHS inspectors.

#### **2020**

For the Occupational Health and Safety (OHS) Consultancy Services, Workmen's Compensation and Wages Dispute Trust Fund Account, the Ministry collected trust revenue totalling \$2,928,502 in 2020 and incurred expenditure totalling \$4,048,697 resulting in a deficit of \$1,120,195 compared to a surplus of \$400,635 in 2019.



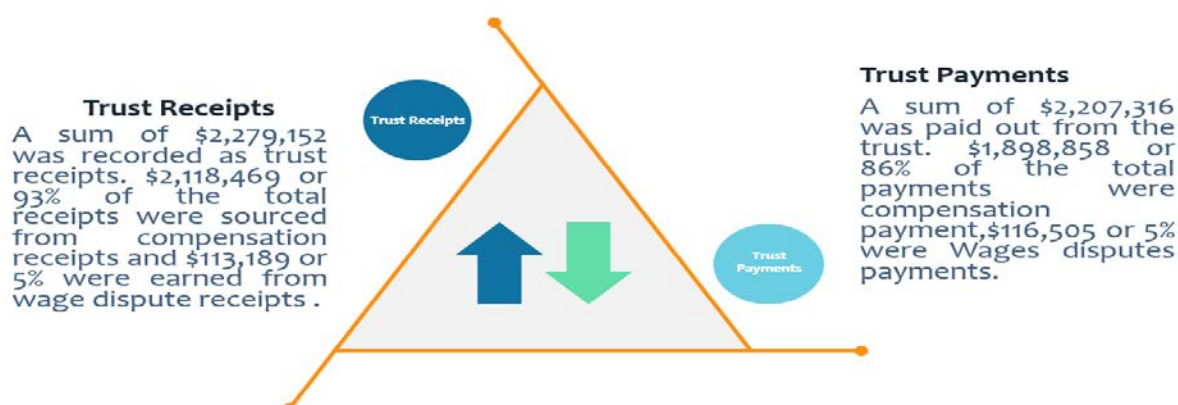
OHS CONSULTANCY SERVICES, WORKMENS COMPENSATION AND WAGES DISPUTE TRUST FUND ACCOUNT



**2021**

For the Occupational Health and Safety (OHS) Consultancy Services, Workmen's Compensation and Wages Dispute Trust Fund Account, the Ministry collected trust revenue totalling \$2,279,152 in 2021 and incurred expenditure totalling \$2,207,316 resulting in a surplus of \$71,836 compared to a deficit of \$1,120,195 in 2020.

OHS CONSULTANCY SERVICES, WORKMENS COMPENSATION AND WAGES DISPUTE TRUST FUND ACCOUNT



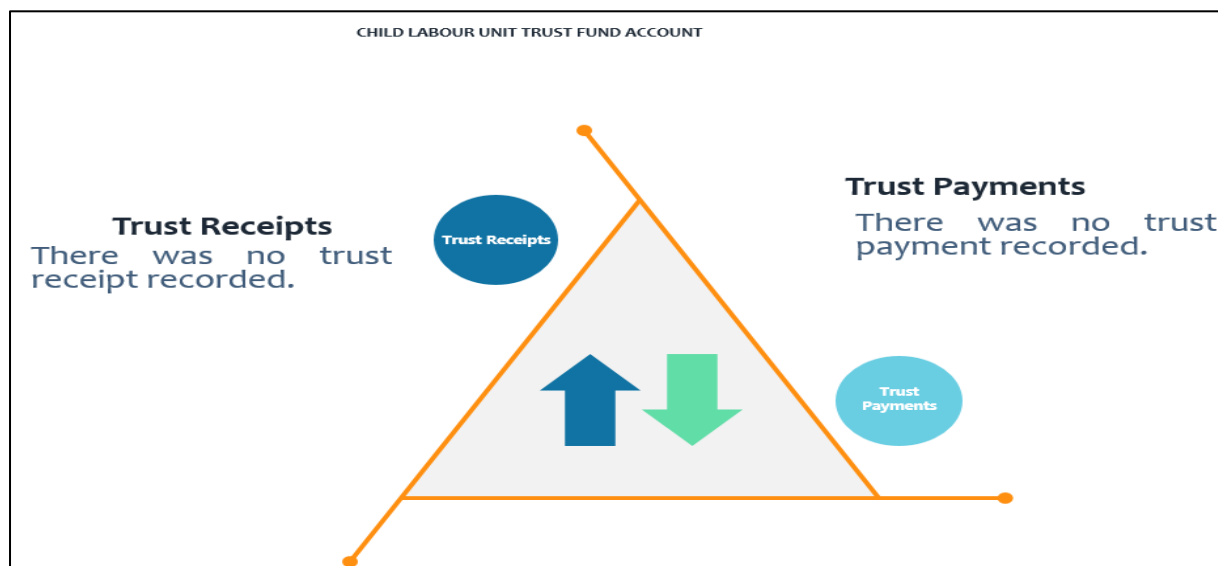
### 7.3.5 Child Labour Trust Fund Account

The Child Labour Unit is responsible for monitoring, training and development for the labour inspectorate and stakeholders on all aspects of child labour issues under the ERP 2007 and Health and Safety at Work Act 1996, for promotion and advocacy on issues of child labour in Fiji and also for the maintenance of child labour information system in Fiji with the aim of maintaining proper and effective management of the child labour cases. The unit conducts investigation and prosecution on child labour cases, provides awareness programmes for stakeholders and members

of the public on the aspects of child labour laws and ensures that issues related to child protection are properly addressed.

**2020**

For the Child Labour Trust Fund Account, the Ministry did not collect any revenue in 2020 and incurred no expenditure as well. The balance of \$116 in trust from 2020 was transferred to the Government consolidated fund account, hence the Child labour Trust account was closed.



Detailed statement for trust receipts and payments are provided in Appendix 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8 and 7.9.

## **PART B: SIGNIFICANT MATTERS (FY 2020 & FY 2021)**

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 2021.

### **7.4 Anomalies in Procurement and Payment for Good and Services (FY 2020)**

The Manager Finance or Accounts Officer must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>1</sup>

Audit review of sample procurement and payments for goods and services revealed that there were instances where expenditures were charged to Standard Expenditure Groups (SEGs) contrary to the nature of the goods or services acquired.

Audit also noted that virements were not raised to regularize these expenditures.

Refer Appendix 7.10 for examples.

The above issue was highlighted in the audit of the 2018/2019 Agency Financial Statements of the Ministry, however, remained unresolved.

The audit findings indicates non-compliance to the Ministry's Finance Manual.

Misallocation of expenses indicates lack of proper procurement planning and cash flow management to ensure that sufficient cash flow is available when required for a particular Standard Expenditure Group.

### **Recommendations**

**The Ministry should:**

- **strengthen internal controls around procurement of goods and services; and**
- **Improve supervisory checks and due diligence in its procurement.**

---

<sup>1</sup> Ministry of Employment Productivity & Industrial Relations Finance Manual 2019, Part 2, Section 2.8 paragraph 2.8.4

### **Agreed Management Action**

*Monitoring of work done will be strengthened to ensure that internal controls are followed when tasked is performed.*

*The Ministry agrees with audit recommendation on the need to strengthen the internal control around procurement of goods and services.*

## **7.5 Anomalies in Main Trust Fund Accounts reconciliations (FY 2020 & 2021)**

Within 5 days after the end of each month, the Account Officer, AAO OHS shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.<sup>2</sup>

The Accounts Officer and AAO OHS shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.<sup>3</sup>

The Ministry as at 31 July 2020 and 2021 had the following main trust fund accounts:

- National Occupational Health & Safety Education and Accident Prevention Trust Fund Account;
- Employment Relations Agency Trust Fund Account;
- National Employment Center Trust Fund Account;
- Workmen's Compensation, Wages dispute, OHS Consultancy Services Trust Fund Account; and
- Child Labour Trust Fund Account.

Audit review of the above main trust fund accounts reconciliations revealed that for all the five trust fund accounts, bank reconciliations were not prepared in a timely manner, that is, within five days after the end of each month.

The findings indicate non-compliance to the Ministry's Finance Manual. The findings also shows poor supervision of the internal control function in preparation of bank reconciliations.

Lack of timely preparation of bank reconciliation poses risk of errors and omissions not being identified in a timely manner.

### **Recommendations**

**The Ministry should ensure that proper monitoring and supervisions to be implemented on the overall management and processing of the trust fund accounts.**

### **Agreed Management Action**

*Monitoring of work done will be strengthened to ensure that internal control procedures are strictly followed when tasked is performed.*

---

<sup>2</sup> Ministry of Employment Productivity & Industrial Relations Finance Manual 2019, Part 14, Section 14.4 paragraph 14.4.1

<sup>3</sup> Ministry of Employment Productivity & Industrial Relations Finance Manual 2019, Part 14, Section 14.4 paragraph 14.4.3

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

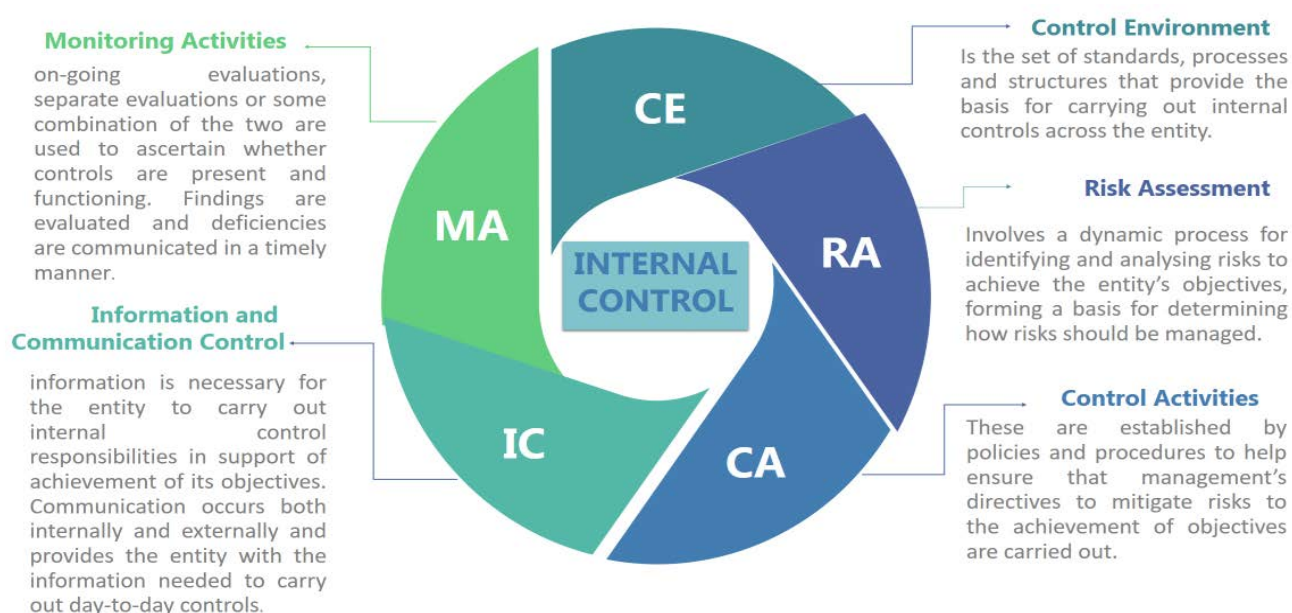
### 7.6 Internal Controls

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 as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Some deficiencies identified in internal controls.
2021	☀ Generally effective	Some deficiencies identified in internal controls.

## 7.7 Submission of FY 2019-2020 & 2020-2021 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 11 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 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	✓

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 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 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	☀ Generally effective	9 of 10 key processes completed on due date.
2021	🌟 Effective	All key processes completed within due date.

## 7.8 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 was:

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

## 7.9 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	🟡 Generally effective	Acceptable draft financial statements received before 31 October 2020
2021	🟡 Generally effective	Acceptable draft financial statements received before 31 October 2021

## 7.10 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	🟢 Effective	Within 14 days from issue of Draft Management Letter
2021	🟢 Effective	Within 14 days from issue of Draft Management Letter

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



**APPENDIX 7.1: NATIONAL OCCUPATIONAL HEALTH & SAFETY EDUCATION AND ACCIDENT  
PREVENTION TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS - 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
Business License	209,346	285,660
Business and Liquor License	3,070	-
Chemical Registration	4,037	5,738
GWl	7,457	-
Hotel License	7,690	9,720
Liquor License	22,050	26,190
OHS Consultancy	60,447	80,336
OHS Design Vetting	58,740	83,651
OHS Training	89,460	115,634
Penalty Notice	17,400	26,050
Plant Registration	1,050	-
Statutory Inspection	422,418	350,949
Workplace Commissioning	14,285	15,190
Workplace Registration	260,322	259,940
Transfer of Funds to OHS Consultancy	804,906	52,068
Tender License	-	180
Refund	-	180
AMVD License	-	180
Bank Interest	257,609	211,276
FMIS Adjustment	79,909	-
<b>Total Receipts</b>	<b>2,320,196</b>	<b>1,522,942</b>
<b>PAYMENTS</b>		
Operating Payments	-	367,541
VAT Payments	178,823	78,372
Bank Fees	26,657	22,179
Transfer to OHS Consultancy	2,294	31,320
<b>Total Payments</b>	<b>207,774</b>	<b>499,412</b>
<b>Net Surplus</b>	<b>2,112,422</b>	<b>1,023,530</b>
Balance as at 1 August 2019	7,923,083	6,899,555
<b>Closing Balance as at 31 July 2020</b>	<b>10,035,505</b>	<b>7,923,085</b>

**APPENDIX 7.2: EMPLOYMENT RELATIONS AGENCY TRUST FUND ACCOUNT STATEMENT  
OF RECEIPTS AND PAYMENTS - 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
LMCC Registration & Training	9,449	38,916
WRO, Photocopying	207	123
Court Fees	2,306	3,930
Fixed Penalty	14,525	17,579
Employment Agency Application	42,000	21,000
ERT Training	10,292	770
<b>Total Receipts</b>	<b>78,779</b>	<b>82,318</b>
<b>PAYMENTS</b>		
Transfer	3,720	1,581
Refund of Bond	20,770	20,000
Overtime	-	232
Bank Fee	48	210
<b>Total Payments</b>	<b>24,538</b>	<b>22,023</b>
<b>Net Surplus</b>	<b>54,241</b>	<b>60,295</b>
Balance as at 1 August 2019	617,504	557,209
<b>Closing Balance as at 31 July 2020</b>	<b>671,745</b>	<b>617,504</b>

**APPENDIX 7.3: NATIONAL EMPLOYMENT CENTRE TRUST FUND ACCOUNT STATEMENT OF  
RECEIPTS AND PAYMENTS - 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
NEC Trust Fund Receipts	-	47
<b>Total Receipts</b>	-	<b>47</b>
<b>PAYMENTS</b>		
Bank Fees	70	47
<b>Total Payments</b>	<b>70</b>	<b>47</b>
<b>Net Deficit</b>	<b>(70)</b>	-
Balance as at 1 August 2019	228,306	228,306
<b>Closing Balance as at 31 July 2020</b>	<b>228,236</b>	<b>228,306</b>

**APPENDIX 7.4: OHS CONSULTANCY SERVICES, WORKMENS COMPENSATION AND WAGES  
DISPUTE TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS - 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
<b><u>Workmen's Compensation</u></b>		
Compensation receipts	2,547,485	3,763,505
Bank Fees	283	96
FMIS Adjustment	108,301	171,628
<b>Total</b>	<b>2,656,069</b>	<b>3,935,229</b>
<b><u>Wages Dispute</u></b>		
Wages dispute receipts	234,870	527,681
Bank Fees	-	103
FMIS Adjustment	-	7,228
<b>Total</b>	<b>234,870</b>	<b>535,012</b>
<b><u>OHS Consultancy</u></b>		
Inspection Fees	24,908	52,949
Overtime	11,406	32,998
Re-imbursement	-	10,264
Shared Services	-	60,000
NEC Payments	-	16,939
Fees	-	27,084
FMIS Adjustment	1,249	70,000
<b>Total</b>	<b>37,563</b>	<b>270,234</b>
<b>TOTAL RECEIPTS</b>	<b>2,928,502</b>	<b>4,740,475</b>
<b>PAYMENTS</b>		
<b><u>Workmen's Compensation</u></b>		
Compensation payments	2,622,942	3,622,508
Bank Fees	118	-
FMIS Adjustment	201,067	42,657
<b>Total</b>	<b>2,824,127</b>	<b>3,665,165</b>
<b><u>Wages Dispute</u></b>		
Dispute Payments	255,580	486,967
FMIS Adjustment	19,506	15,799
<b>Total</b>	<b>275,086</b>	<b>502,766</b>
<b><u>OHS Consultancy</u></b>		
Payments	949,484	81,971
Overtime	-	16,938
FMIS Adjustment	-	73,000
<b>Total</b>	<b>949,484</b>	<b>171,909</b>
<b>TOTAL PAYMENTS</b>	<b>4,048,697</b>	<b>4,339,840</b>
<b>Net (Deficit)/Surplus</b>	<b>(1,120,195)</b>	<b>400,635</b>
Balance as at 1 <sup>st</sup> August 2019	1,917,348	1,516,713
<b>Balance as at 31<sup>st</sup> July 2020</b>	<b>797,153</b>	<b>1,917,348</b>

**APPENDIX 7.5: CHILD LABOUR UNIT TRUST FUND ACCOUNT STATEMENT OF RECEIPTS  
AND PAYMENTS - 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>RECEIPTS</b>		
Child Labour Unit Trust Fund	-	-
<b>Total Receipts</b>	-	-
<b>PAYMENTS</b>		
Child Labour Unit Trust Fund	-	656
<b>Total Payments</b>	-	<b>656</b>
<b>Net Deficit</b>	-	<b>(656)</b>
Balance as at 1 August 2019	116	772
<b>Transferred balance to MOE</b>	(116)	-
<b>Closing Balance as at 31 July 2020</b>	-	<b>116</b>

**APPENDIX 7.6: NATIONAL OCCUPATIONAL HEALTH & SAFETY EDUCATION AND ACCIDENT  
PREVENTION TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS - 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
Business License	22,605	209,346
Business and Liquor License	1,260	3,070
Chemical Registration	3,684	4,037
GWl	120,257	7,457
Hotel License	5,040	7,690
Liquor License	3,330	22,050
OHS Consultancy	30,176	60,447
OHS Design Vetting	72,443	58,740
OHS Training	75,850	89,460
Penalty Notice	3,500	17,400
Plant Registration	1,160	1,050
Statutory Inspection	341,236	422,418
Workplace Commissioning	3,040	14,285
Workplace Registration	236,398	260,322
Transfer of Funds to OHS Consultancy	970	804,906
Reimbursement WHT-FRCS	36,502	-
Bank Interest	256,912	257,609
FMIS Adjustment	16,546	79,909
<b>Total Receipts</b>	<b>1,230,909</b>	<b>2,320,196</b>
<b>PAYMENTS</b>		
VAT Payments	81,271	178,823
Bank Fees	26,635	26,657
Transfer to OHS Consultancy	-	2,294
FMIS Adjustment	16,326	-
<b>Total Payments</b>	<b>124,232</b>	<b>207,774</b>
<b>Net Surplus</b>	<b>1,106,677</b>	<b>2,112,422</b>
Balance as at 1 August 2020	10,035,505	7,923,083
<b>Closing Balance as at 31 July 2021</b>	<b>11,142,182</b>	<b>10,035,505</b>

**APPENDIX 7.7: EMPLOYMENT RELATIONS AGENCY TRUST FUND ACCOUNT STATEMENT  
OF RECEIPTS AND PAYMENTS - 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
LMCC Registration & Training	9,690	9,449
WRO, Photocopying	-	207
Court Fees	695	2,306
Fixed Penalty	4,300	14,525
Employment Agency Application	-	42,000
ERT Training	-	10,292
Fine Costs	100	-
Search Fees	116	-
Amendment Constitution	250	-
Incorrect Deposit	2,554	-
<b>Total Receipts</b>	<b>17,705</b>	<b>78,779</b>
<b>PAYMENTS</b>		
Transfer	2,374	3,720
Refund of Bond	-	20,770
Bank Fee	65	48
<b>Total Payments</b>	<b>2,439</b>	<b>24,538</b>
<b>Net Surplus</b>	<b>15,266</b>	<b>54,241</b>
Balance as at 1 August 2020	671,745	617,504
<b>Closing Balance as at 31 July 2021</b>	<b>687,011</b>	<b>671,745</b>

**APPENDIX 7.8: NATIONAL EMPLOYMENT CENTRE TRUST FUND ACCOUNT STATEMENT OF  
RECEIPTS AND PAYMENTS - 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
NEC Trust Fund Receipts	-	-
<b>Total Receipts</b>	-	-
<b>PAYMENTS</b>		
Bank Fees	30	70
<b>Total Payments</b>	<b>30</b>	<b>70</b>
<b>Net Deficit</b>	<b>(30)</b>	<b>(70)</b>
Balance as at 1 August 2020	228,236	228,306
<b>Closing Balance as at 31 July 2021</b>	<b>228,206</b>	<b>228,236</b>



**APPENDIX 7.9: OHS CONSULTANCY SERVICES, WORKMENS COMPENSATION AND WAGES  
DISPUTE TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS - 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>RECEIPTS</b>		
<b><u>Workmen's Compensation</u></b>		
Compensation Receipts	2,118,469	2,547,485
Bank Fees	973	283
FMIS Adjustment	46,385	108,301
<b>Total</b>	<b>2,165,827</b>	<b>2,656,069</b>
<b><u>Wages Dispute</u></b>		
Wages Dispute Receipts	113,189	234,870
<b>Total</b>	<b>113,189</b>	<b>234,870</b>
<b><u>OHS Consultancy</u></b>		
Inspection Fees	-	24,908
Overtime	-	11,406
FMIS Adjustment	136	1,249
<b>Total</b>	<b>136</b>	<b>37,563</b>
<b>Total Receipts</b>	<b>2,279,152</b>	<b>2,928,502</b>
<b>PAYMENTS</b>		
<b><u>Workmen's Compensation</u></b>		
Compensation Payments	1,898,858	2,622,942
Bank Fees	567	118
FMIS Adjustments	191,250	201,067
<b>Total</b>	<b>2,090,675</b>	<b>2,824,127</b>
<b><u>Wages Dispute</u></b>		
Dispute Payments	116,505	255,580
FMIS Adjustment	-	19,506
<b>Total</b>	<b>116,505</b>	<b>275,086</b>
<b><u>OHS Consultancy</u></b>		
Payments	-	949,484
Overtime	-	-
FMIS Adjustment	136	-
<b>Total</b>	<b>136</b>	<b>949,484</b>
<b>Total Payments</b>	<b>2,207,316</b>	<b>4,048,697</b>
<b>Net Surplus/ (Deficit)</b>	<b>71,836</b>	<b>(1,120,195)</b>
Balance as at 1 August 2020	797,154	1,917,348
<b>Closing Balance as at 31 July 2021</b>	<b>868,990</b>	<b>797,153</b>

**APPENDIX 7.10: ANOMALIES IN PROCUREMENT AND PAYMENTS - 2020**

Cheque Date	Cheque Number/ EFT	Particulars	VIP Amount (\$)	Remarks
06/11/2020	14571	Being payment made for 2020 June Bills	1,233.00	Bill charged in to SEG 4.
26/03/2020	14276	Being payment made for the Ministry bill for the month of February.	20,014	Electricity Bill charged in to SEG 4
24/02/2020	14173	Being payment made for the Ministry bill for the month of February.	7,512.00	Bill charged in to SEG 4
06/11/2020	14571	Being payments for the Ministry bill for the month of October.	2,250.00	Bill charged in to SEG 4
24/02/2020	14173	Being payment made for 2020 Jan Bills Ac#912058023 Invoice #178938450	1,341.00	Bill incorrectly charged to SEG 5
07/06/2020	14639	Being payment made to for the June power Bill payable in July	14,478.00	Bill incorrectly charged to SEG 5
07/04/2020	14319	Payment of Ministry Bill for the month of Februarys 2020	7,462.00	Bill incorrectly charged to SEG 5

## Section 8

## Ministry of Foreign Affairs

### Roles and Responsibilities

The Ministry of Foreign Affairs is responsible for implementing Fiji's foreign policy by maintaining and strengthening Fiji's diplomatic relations, building bridges of cooperation with development partners, and growing trade with other nations.

The Ministry also provides consular services to Fijians living overseas and helps coordinate high-level meetings and visits to Fiji, including conferences hosted on our shores.

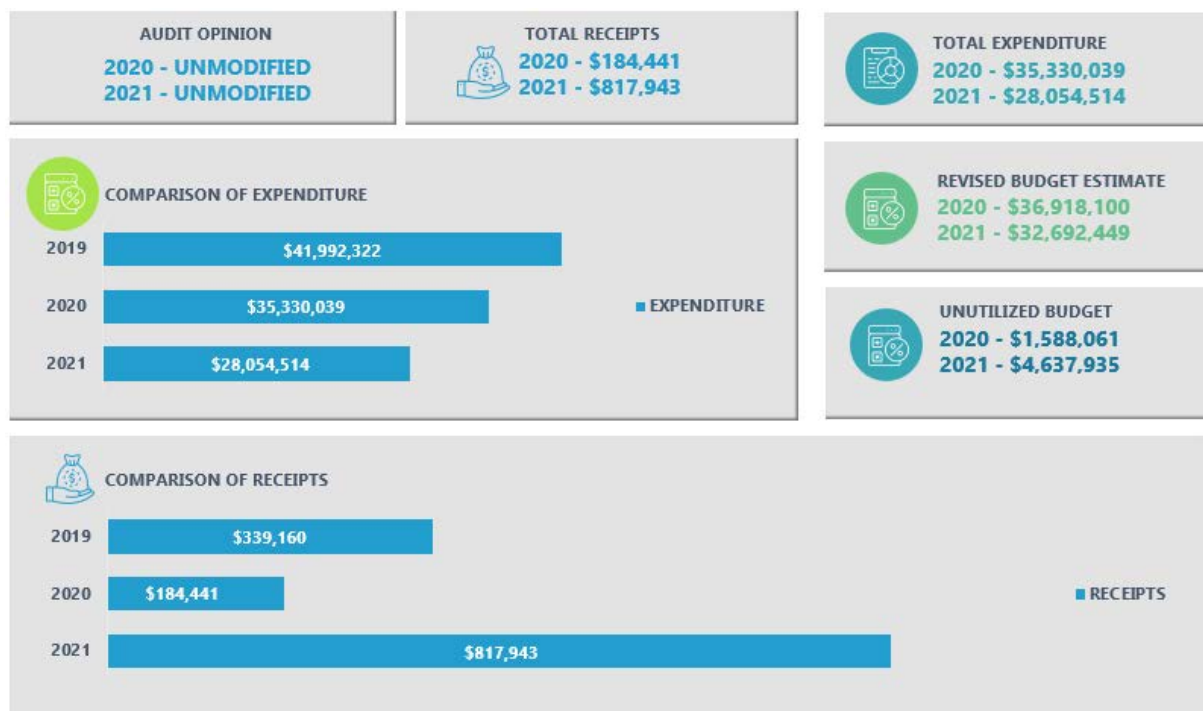
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## PART A: FINANCIAL INFORMATION



### 8.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Ministry of Foreign Affairs resulted in an unmodified audit opinion with other matter paragraph. The other matter was as follows:

An unreconciled variance of \$3,839,862 exists between the FMIS general ledger balance of \$7,682,103 and the accumulated Overseas Mission's bank reconciliation statements balances of \$3,842,241. The Ministry is working with the Ministry of Economy to rectify and appropriately adjust the unreconciled variances.

#### 2021

The audit of the 2021 accounts of the Ministry of Foreign Affairs resulted in an unmodified audit opinion with other matter paragraph. The other matter was as follows:

An unreconciled variance of \$3,990,195 exists between the FMIS general ledger balance of \$7,760,986 and the accumulated Overseas Mission's bank reconciliation statements balances of \$3,770,791. The Ministry is working with the Ministry of Economy to rectify the variances.

### 8.2 Appropriation Statement

#### 2020

The Ministry collected revenue totalling \$184,441 in 2020 and incurred expenditure totalling \$35.33 million against a revised budget of \$36.92 million, resulting in savings of \$1.59 million or 4.3%.

Details of expenditure against the revised budget are provided in Table 8.1.

**Table 8.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	12,885,489	5,538	12,891,027	12,890,975	52
2	Government Wage Earners	3,587,889	(5,538)	3,582,351	3,537,754	44,597
3	Travel & Communication	2,010,242	139,364	2,149,606	2,123,333	26,273
4	Maintenance & Operations	10,228,333	(41,395)	10,186,938	10,057,758	129,180
5	Purchase of Goods & Services	1,132,796	203,400	1,336,196	1,259,872	76,324
6	Operating Grants & Transfers	5,150,012	(375,420)	4,774,592	4,626,059	148,533
7	Special Expenditure	660,501	74,051	734,552	703,076	31,476
	<b>Total Operating Expenditure</b>	<b>35,655,262</b>	<b>---</b>	<b>35,655,262</b>	<b>35,198,827</b>	<b>456,435</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	1,262,838	---	1,262,838	131,212	1,131,626
	<b>TOTAL</b>	<b>36,918,100</b>	<b>---</b>	<b>36,918,100</b>	<b>35,330,039</b>	<b>1,588,061</b>

The unutilized budget of \$1,131,626 from the Value Added Tax (VAT) allocation was attributed to the lack of economic activities around the globe which contributed to minimal transactions affecting VAT during the period.

## 2021

The Ministry collected revenue totalling \$817,943 in 2021 and incurred expenditure totalling \$28.05 million against a revised budget of \$32.69 million, resulting in savings of \$4.64 million or 14.2%

Details of expenditure against the revised budget are provided in Table 8.2.

**Table 8.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	10,944,413	(517,250)	10,427,163	10,182,980	244,183
2	Government Wage Earners	2,785,350	(219,345)	2,566,005	2,477,708	88,297
3	Travel & Communication	970,000	55,261	1,025,261	765,347	259,914
4	Maintenance & Operations	7,830,270	497,043	8,327,313	7,616,148	711,165
5	Purchase of Goods & Services	870,683	263,265	1,133,948	856,953	276,995

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	5,489,253	---	5,489,253	3,733,908	1,755,345
7	Special Expenditure	2,490,000	(78,974)	2,411,026	2,247,462	163,564
	<b>Total Operating Expenditure</b>	<b>31,379,969</b>	<b>---</b>	<b>31,379,969</b>	<b>27,880,506</b>	<b>3,499,463</b>
8	Capital Construction	200,000	---	200,000	57,320	142,680
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>200,000</b>	<b>---</b>	<b>200,000</b>	<b>57,320</b>	<b>142,680</b>
13	Value Added Tax	1,112,480	---	1,112,480	116,688	995,792
	<b>TOTAL</b>	<b>32,692,449</b>	<b>---</b>	<b>32,692,449</b>	<b>28,054,514</b>	<b>4,637,935</b>

Significant unutilized budget was largely due to the following:

#### SEG 4

From the overall Ministry's SEG 4 allocations, majority of the savings were from running expenses and office and building rental of various missions. These savings have occurred due to the reduced activities during the period of COVID 19 pandemic. Also for Rental savings, Fiji Embassy Indonesia's was reduced due to resignation of First Secretary. In other Missions, Budget loading was not accurately distributed upon commencement of financial year 2021.

#### SEG 6

Due to the lack of economic activities around the globe caused by the recent Covid 19 pandemic, the process of payment of all Government contributions under SEG 6 was not fully accommodated. This contributed to savings of \$1,755,345 in overall SEG 6 allocations.

#### SEG 8

The lack of movement and economic activities around the globe due to recent Covid 19 pandemic has caused the stall of refurbishment in most of our Fiji Missions abroad. This has contributed to savings of around \$142,680 in SEG 8 allocation.

#### SEG 13

The Ministry saved a total sum of \$995,792 from the Value Added Tax (VAT) allocation. This savings were attributed to the lack of economic activities around the globe which are anticipated to be caused by the effects of Covid-19 pandemic.

## **PART B:     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 & 2021.

### **8.3     SAG 51 - Variance between FMIS GL and Bank Reconciliation Statements for Overseas Mission Cash Account - Recurring issue**

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.<sup>1</sup> Unreconciled items must be investigated and resolved promptly.<sup>2</sup>

The Principal Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.<sup>3</sup>

The following anomalies were noted from the review of the Overseas Mission Cash accounts records:

- Variances between the FMIS general ledger and the Ministry's bank reconciliation statements of \$3,839,862.
- The Fiji Consulate General Sydney was closed and transferred to the Ministry of Industry, Trade & Tourism in 2016. However, the balance of \$919,009 continued to be reflected in the Ministry's FMIS general ledger.
- Independent Bank Audit Certificates (BAC's) were not provided for all Missions, except for Beijing

Refer to Table 8.3 below for details

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<sup>1</sup> Finance Instruction 2010, Section 32 (6)

<sup>2</sup> Finance Instructions 2010, Section 58 (3)

<sup>3</sup> Ministry of Foreign Affairs Finance Manual 2019, Section 5.3.10

**Table 8.3: Variance between FMIS GL & Reconciliation Statement**

Account	FMIS GL (\$)	Reconciliation Statement (\$)	Variance (\$)	Comments
Fiji Consulate General Sydney	919,009	---	919,009	No reconciliation performed It has been transferred to Ministry of Industry, Trade and Tourism in 2016. However the general ledger balances continued to be reflected under Ministry's Appropriation Head.
Canberra Cash	181,861	141,187	40,674	
London Cash	806,177	-	806,177	No reconciliation performed
Tokyo Cash	217,514	157,298	60,216	
Wellington Cash	816,272	734,243	82,029	
Beijing USD Cash	379,331	105,028	274,303	
Beijing RMB Cash	(75,901)	14,843	(90,744)	
Beijing Visa Cash	21,266	21,541	(275)	
Brussels Cash	288,073	181,079	106,994	
New York Cash	590,357	463,112	127,245	
Washington Cash	509,993	263,880	246,113	
Switzerland Cash	239,320	137,343	101,977	
Adis Ababa Cash	425,230	---	425,230	No reconciliation performed
Abu Dhabi Cash	732,152	252,451	479,701	
Seoul Cash	365,485	235,792	129,693	
Kuala Lumpur Cash	334,141	238,064	96,077	
Port Moresby, PNG Cash	445,405	361,493	83,912	
New Delhi USD	408,443	97,283	311,160	
Jakarta USD	422,675	284,641	138,034	
Brazil Real Cash	(114,600)	---	(114,600)	No reconciliation performed
Jakarta Rupiah	22,064	29,248	(7,184)	
New Delhi Rupee	(315,291)	30,853	(346,144)	
New Delhi Rental	63,128	92,863	(29,735)	
<b>Total</b>	<b>7,682,104</b>	<b>3,842,242</b>	<b>3,839,862</b>	

Lack of supervisory checks in postings made to the FMIS general ledger and timely regularisation of the accumulated variance from past years.

The audit could not ascertain the accuracy of the balances reflected in the FMIS general ledger.



**Recommendations****The Ministry should:**

- Expedite the process in reconciling the balances as per the FMIS GL and the bank reconciliation statement;
- Liaise with Ministry of Economy to close the FMIS general ledger for missions that have closed and transfer the general ledger balances for missions that have been transferred to the correct Appropriation Heads; and
- Create awareness on the importance of obtaining bank audit certificate.

**Agreed Management Action**

The Ministry has been currently liaising with Ministry of Economy officials in resolving this long recurring issues of variances in SAG's 51 and SLG 86. These variances are anticipated to be adjusted in the current period given that audit adjustments for previous years have now been closed. The Ministry is aiming to process and complete these adjustments before the end of the calendar year 2021.

Further to this, MoE has also confirmed to extend FMIS into our ten (10) Fiji Missions abroad. This development would also assist in addressing variances once the activation of the system is made to each Missions office.

**8.4 Balances Carried Forward – Operating Trust Fund Account - Recurring issue**

Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.<sup>4</sup>

The closing balance for the operating trust fund account as at 31 July 2020 was \$1,574,296.

Review of the FMIS general ledger revealed that 65% or \$1, 017,901 have been carried forward from previous years without minimal movement noted during the year.

Refer to Table 8.4 below for details.

**Table 8.4 Carried Forward Balances for Operating Trust Fund Account**

Allocation	Balance as at 31/07/2020 \$	Balance as at 31/07/2019 \$	Movement \$	Carried Forward Balance \$
1-08101-08101-861900	(522,892)	(525,905)	3,013	-
1-08103-80102-863100	(330,158)	(330,158)	---	(330,158)
1-08103-80101-863100	(239,445)	(239,445)	---	(239,445)
1-08101-08101-861900	(212,073)	(212,073)	---	(212,073)
1-08103-80701-863100	(131,018)	(131,018)	---	(131,018)
1-08103-80201-863100	(49,269)	(49,269)	---	(49,269)

<sup>4</sup> Ministry of Foreign Affairs Finance Manual 2019, Section 3.5.3

Allocation	Balance as at 31/07/2020 \$	Balance as at 31/07/2019 \$	Movement \$	Carried Forward Balance \$
1-08101-08101-861900	(27,076)	(26,506)	(570)	-
1-08103-81001-863100	(23,962)	(23,962)	---	(23,962)
1-08101-08101-864100	(18,795)	(18,795)	---	(18,795)
1-08103-81102-863100	(8,101)	(8,101)	---	(8,101)
1-08101-08101-861900	(5,362)	(5,376)	14	-
1-08103-80401-863100	(3,261)	(3,261)	---	(3,261)
1-08101-08101-864100	(1,704)	(1,704)	---	(1,704)
1-08101-08101-861900	(360)	(361)	1	---
1-08101-08101-861500	(306)	(231)	(75)	---
1-08101-80101-861500	(287)	---	(287)	---
1-08101-08101-861200	(115)	(115)	---	(115)
1-08101-08101-861200	(81)	---	(81)	---
1-08101-08101-861900	(31)	(16)	(15)	---
	<b>(1,574,296)</b>	<b>(1,576,296)</b>	<b>2,000</b>	<b>(1,017,901)</b>

Failure to promptly investigate and rectify the outstanding balances from prior years has resulted in the substantial balance for the operating trust fund account.

### **Recommendations**

**The balance carried forward from previous years should be reviewed with the Ministry liaising with Ministry of Economy to make the necessary accounting adjustments.**

### **Agreed Management Action**

*The Ministry has been currently liaising with Ministry of Economy officials in resolving this long recurring issue of Variances in SEG's 51 and SLG 86. These variances are anticipated to be adjusted in the current period given that Audit adjustments for previous years have now been closed.*

*The Ministry is aiming to process and complete these adjustments before the end of the calendar year 2021.*

*Further to this, MoE has also confirmed to extend FMIS into our ten (10) Fiji Missions abroad. This development would also assist in addressing variances once the activation is made to each Mission office.*

## 8.5 Overseas Bank Account not recorded in the General Ledger -FY 2021

Financial transactions shall be posted in to the automated information system (General Ledger System) using journal entry input forms or directly from source documents such as journal vouchers or payment vouchers.<sup>5</sup>

The audit review of the bank audit confirmation provided by Fiji High Commission to Canberra, Australia revealed that the High Commission had two bank accounts. However, one bank account with AUD\$109,394.56 balance was not reflected in the Ministry's FMIS general ledger as at 31 July 2021. This account had a 1% interest rate. Refer to Table 8.5 below for details.

**Table 8.5: Overseas Bank Account not recorded in the General Ledger**

Account Name	Account Number	Balance as at 31 July 2021 (AUD)
High Commission of the Republic of Fiji	032729356331	109,394.56

This has led to balance being understated in the FMIS general ledger.

### **Recommendation**

**The Ministry should ensure that all bank accounts maintained at Overseas Missions and Embassies are reflected in the Ministry's FMIS general ledger.**

## 8.6 SAG 51 - Variance between FMIS GL and Bank Reconciliation Statements for Overseas Mission Cash Account - Recurring Issue

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.<sup>6</sup> Unreconciled items must be investigated and resolved promptly.<sup>7</sup>

The Principal Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.<sup>8</sup>

The following anomalies were noted from the review of the Overseas Mission Cash accounts records:

- Variances between the FMIS general ledger and the Ministry's bank reconciliation statements of \$3,990,194.53.
- The Fiji Consulate General Sydney was closed and transferred to the Ministry of Industry, Trade & Tourism in 2016. However, the balance of \$919,009 continued to be reflected in the Ministry's FMIS general ledger.
- Adis Ababa and Brazil Mission closed in prior years. However, the balances continued to be reflected in the Ministry's FMIS general ledger.

<sup>5</sup> Ministry of Foreign Affairs, Finance Manual 2019, Section 12.2.1

<sup>6</sup> Finance Instruction 2010, Section 32 (6)

<sup>7</sup> Finance Instructions 2010, Section 58 (3)

<sup>8</sup> Ministry of Foreign Affairs Finance Manual 2019, Section 5.3.10

- Missions namely Brussels, Washington, Seoul, Kuala Lumpur and Port Moresby was closed as at 31 July 2021. However, their balances continued to be reflected in the Ministry's FMIS general ledger.
- Independent Bank Audit Certificates (BAC's) were not provided for missions in Wellington, New York and Jakarta.

Refer to Table 8.6 below for details.

**Table 8.6: Overseas Bank Account not recorded in the General Ledger**

Variance between FMIS GL & Reconciliation Statement				
Account Name	FMIS General Ledger (\$)	Reconciliation Statement (\$)	Variance (\$)	BAC Provided
<b>Bank Accounts in Operation at Missions:</b>				
Canberra Cash Account	255,484.24	213,031.87	42,452.37	✓
London Cash Account	1,036,205.19	557,077.33	479,127.86	✓
Tokyo Cash Account	441,599.87	379,456.18	62,143.69	✓
Wellington Cash Account	646,335.05	601,642.21	44,692.84	x
Beijing USD Cash Account	335,835.83	110,458.71	225,377.12	✓
Beijing RMB Cash Account	(116,562.21 )	19,673.69	(136,235.90)	✓
New York Cash Account	408,021.65	377,954.56	30,067.09	x
Geneva Cash Account	657,271.15	559,194.76	98,076.39	✓
Abu Dhabi Cash Account	617,564.10	121,415.71	496,148.39	✓
Jakarta USD Cash Account	488,574.19	389,951.29	98,622.90	x
Jakarta Rupiah Cash Account	76,959.25	41,626.73	35,332.52	x
New Delhi USD Account	636,525.53	343,087.29	293,438.24	✓
New Delhi Rupee Account	(419,559.16)	56,220.77	(475,779.93)	✓
<b>Total</b>	<b>5,064,254.68</b>	<b>3,770,791.10</b>	<b>1,293,463.58</b>	
<b>Accounts Closed during the Financial Period:</b>				
Beijing Visa Cash Account	130,144.92	---	130,144.92	N/A
New Delhi Rental Account	121,540.23	---	121,540.23	N/A
Brussels Cash Account	163,896.78	---	163,896.78	Bank Statements were not attached to the reconciliations to validate closing balance
Washington Cash Account	389,889.01	---	389,889.01	
Seoul Cash Account	317,580.33	---	317,580.33	
Kuala Lumpur Cash Account	120,028.94	---	120,028.94	
PNG Cash Account	224,011.96	---	224,011.96	
<b>Total</b>	<b>1,467,092.17</b>	<b>---</b>	<b>1,467,092.17</b>	
<b>Prior Year Closed Accounts:</b>				
Fiji Consulate General Sydney Account	919,008.76	---	919,008.76	Bank Statements were not attached to the reconciliations to validate closing balance
Adis Ababa Cash Account	425,230.45	---	425,230.45	
Brazil Real Cash Account	(114,600.43)	---	(114,600.43)	
<b>Total</b>	<b>1,229,638.78</b>	<b>---</b>	<b>1,229,638.78</b>	
<b>Overall Total</b>	<b>7,760,985.63</b>	<b>3,770,791.10</b>	<b>3,990,194.53</b>	

Lack of supervisory checks in postings made to the FMIS general ledger and timely regularisation of the accumulated variances from past years.

The audit could not ascertain the accuracy of the balances reflected in the FMIS general ledger.

## Recommendations

### The Ministry should:

- Expedite the process in reconciling the balances as per the FMIS GL and the bank reconciliation statement.
- Liaise with Ministry of Economy to close the FMIS general ledger for missions that have closed and transfer the general ledger balances for missions that have been transferred to the correct Appropriation Heads.
- Create awareness on the importance of obtaining bank audit certificate.

### Agreed Management Action

- The variances between balances in FMIS general ledger and overseas mission's bank account balances have been recurring for the past years till to date. The Ministry had been working closely with the Ministry of Economy and are optimistic to address this issue by the first quarter of this financial year (2023).
- The Fiji Consulate General Sydney balances of \$919,009 in the General Ledger will be included in the process to be taken with the variances issue for all Cash accounts (SAG51) mentioned above.
- The Ministry have taken the initiative to request by emails through the Missions copying Auditors on the need for each banks to provide Bank Audit Certificates. However, unfortunately only one Mission responded in year 2021. The Ministry will continue to request the Mission for these certificates as requirements for standard financial reporting for Government.

Source documents have been gathered and adjustments will be made in the current financial year to rectify this issue.

## 8.7 Balances Carried Forward – Operating Trust Fund Account - Recurring Issue

Within five (5) days after the end of each month, the senior accounts officer – headquarters shall prepare a trust reconciliation to reconcile trust account balances to the ledger total.<sup>9</sup> Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.<sup>10</sup>

The closing balance for operating trust fund account as at 31 July 2021 was \$1,584,830.65.

Review of the FMIS general ledger revealed that \$1,004,638.79 or 63% have been carried forward from previous years without any movement during the year. Refer to Table 8.7 on the next page for details.

**Table 8.7: Carried Forward Balances for Operating Trust Fund Account**

Allocation	Balance as at 31/07/21 (\$)	Balance as at 31/07/20 (\$)	Movement (\$)	Carried Forward Balances (\$)
1-08101-08101-861537	(287.30)	(287.30)	---	(287.30)
1-08101-08101-861901	(5,361.61)	(5,361.61)	---	(5,361.61)
1-08101-08101-861910	(212,072.61)	(212,072.61)	---	(212,072.61)
1-08103-80101-863101	(239,444.54)	(239,444.54)	---	(239,444.54)
1-08103-80102-863101	(330,157.99)	(330,157.99)	---	(330,157.99)
1-08103-80201-863101	(49,269.33)	(49,269.33)	---	(49,269.33)
1-08103-80401-863101	(3,261.14)	(3,261.14)	---	(3,261.14)

<sup>9</sup> Ministry of Foreign Affairs Finance Manual 2019, Section 11.4.1

<sup>10</sup> Ministry of Foreign Affairs Finance Manual 2019, Section 12.1.1

Allocation	Balance as at 31/07/21 (\$)	Balance as at 31/07/20 (\$)	Movement (\$)	Carried Forward Balances (\$)
1-08103-80701-863101	(131,018.25)	(131,018.25)	---	(131,018.25)
1-08103-81001-863101	(23,961.59)	(23,961.59)	---	(23,961.59)
1-08103-81102-863101	(8,100.51)	(8,100.51)	---	(8,100.51)
1-08101-08101-864199	(1,703.92)	(1,703.92)	---	(1,703.92)
	<b>(1,004,638.79)</b>	<b>(1,004,638.79)</b>	<b>---</b>	<b>(1,004,638.79)</b>

In addition, the audit noted debit balances in SLG86 Account. Refer to Table 8.8 below for details.

**Table 8.8: Operating Trust Fund Account with debit balances**

Allocation	Description	Balance as at 31/07/2021 (\$)
1-08101-08101-861101	202 PD OPR Current Year	239.00
1-08101-08101-861202	241 PD	328.83
1-08101-08101-861204	244 PD	908.21
1-08101-08101-861299	XXX PD Others	1,065.05
1-08101-08101-861525	316 PD	474.00
1-08101-08101-861926	Payroll Deductions – Company A	43.40
<b>Total</b>		<b>3,058.49</b>

Failure to promptly investigate and rectify the outstanding balances from prior years has resulted in the substantial balance for the operating trust fund account.

Debit balances indicates that trust fund accounts were overdrawn.

### **Recommendation**

**The balance carried forward from previous years and debit balances should be reviewed with the Ministry liaising with Ministry of Economy to make the necessary accounting adjustments.**

### **Agreed Management Action**

- The Ministry has SLG86 accounts that are been dormant for past years and some with debit balances. Most of these balances occurred due to incorrect postings of revenues collected in the Missions in the general ledger.
- The Ministry is now conducting a collaborated effort in addressing both the variances and SLG86 carried forward figures which is intended to be addressed by the first quarter of the financial year 2023.
- Source documents relating to this process has been gathered and adjustments will be made accordingly in the current financial year.



## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

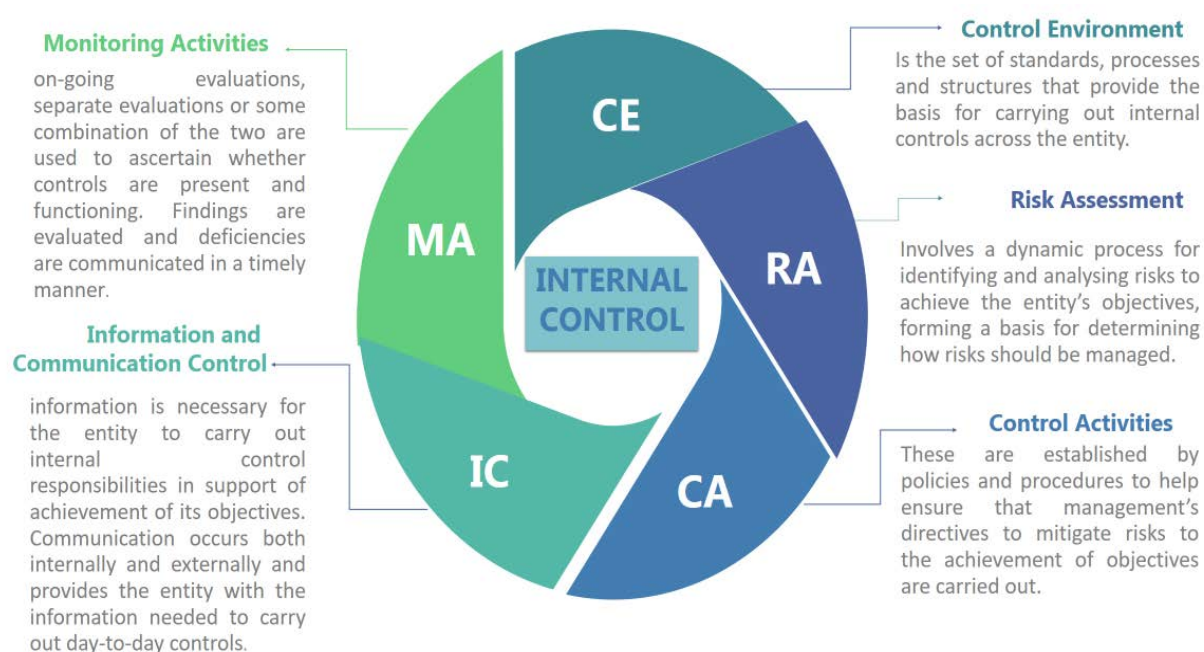
### 8.8 Internal Controls

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	●	●	●	●	●
2021	●	●	●	●	●

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	● Generally Effective	Some deficiencies identified in internal controls.

## 8.9 Submission of FY 2019-2020 & 2020-2021 Draft Agency Financial Statement

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 2019-2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 10 July 2020	✓	Processing of virement by 21 August 2020	✗
Retirement of imprests by 17 July 2020	✗	Completion of reconciliations by 28 August 2020	✗
Processing of payments by 29 July 2020	✓	Clearance of Inter-departmental clearance accounts by 07 August 2020	✓
Clearance of stale cheques by 06 August 2020	✗	Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓
Closing date for journal adjustments by 06 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 2020-2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	✗
Retirement of imprests by 16 July 2021	✗	Completion of reconciliations by 27 August 2021	✗
Processing of payments by 29 July 2021	✗	Submission of arrears of revenue return by 27 August 2021	N/A
Clearance of stale cheques by 6 August 2021	✓	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 06 August 2021	✗	Annual Board of Survey on Drawings Account cheques 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	☀ Generally Effective	4 of 9 key processes completed within two weeks of due date.
2021	☀ Generally Effective	3 of 9 key processes completed within two weeks of due date.



### 8.10 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

### 8.11 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	🟡 Generally Effective	Acceptable draft financial statements received before 31 October 2020.
2021	🟡 Generally Effective	Acceptable draft financial statements received before 31 October 2021.

### 8.12 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	🟢 Effective	Within 14 days from issue of Draft Management Letter
2021	🟡 Generally Effective	Within 21 days from 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	🟡 Generally Effective	Within 15 days from the issue of Financial Statements for signing

## Section 9

## Judicial Department

### Roles and Responsibilities

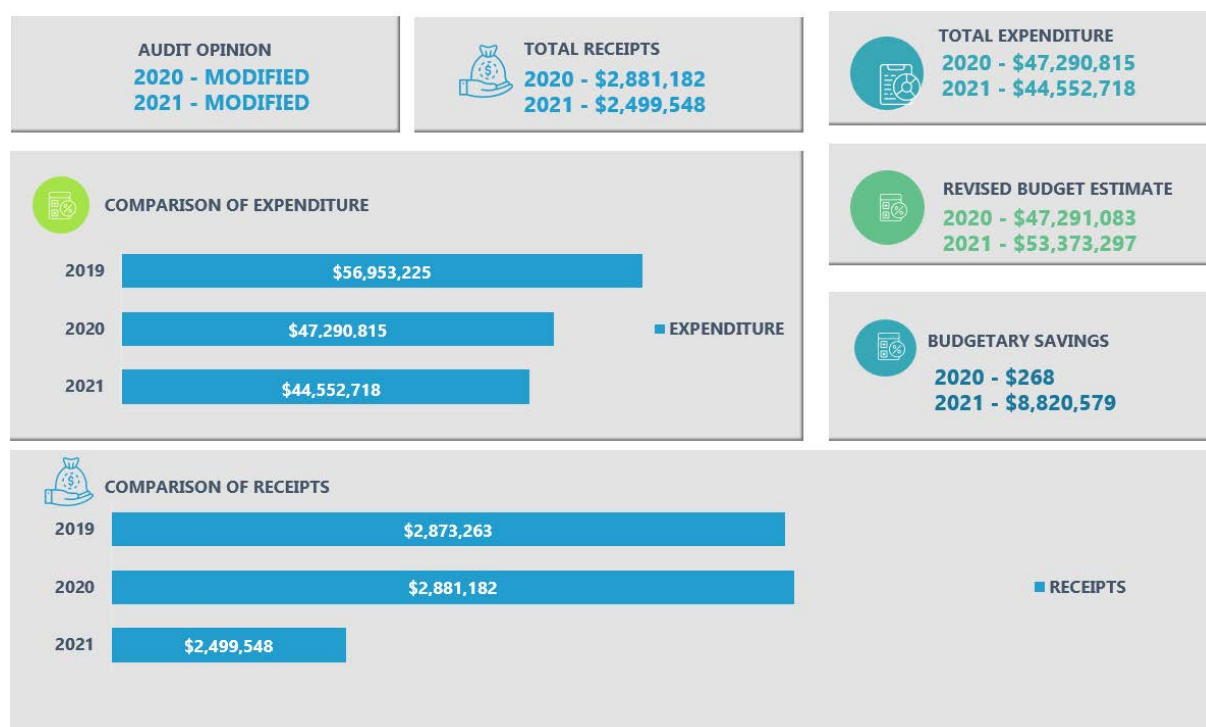
The Judicial Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System as the cornerstone of Justice. The Court System will uphold the principles of impartiality, equality, fairness and access, while protecting the dignity and rights of all members of the community. In line with the Constitution of the Republic of Fiji 2013, Chapter 5, Part A 97 (2), the courts and all judicial officers are subject only to the Constitution of the Republic of Fiji and the law, which they must apply without fear, favour or prejudice.

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## PART A: FINANCIAL INFORMATION

### 9.1 Financial Information



### 9.2 Audit Opinion

#### 2020

The audit of the 2020 accounts for the Judicial Department resulted in a modified audit opinion. The qualification issue was:

- The financial statements provide the status of the Department's reconciliations for Suitors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances, as such I was unable to satisfy myself on the accuracy of the closing balance of \$41,760,808 disclosed in the Judicial Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2020.

#### 2021

The audit of the 2021 accounts for the Judicial Department resulted in a modified audit opinion. The qualification issue was:

- The financial statements provides the status of the Department's reconciliations for Suitors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of

reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances, as such I was unable to satisfy myself on the accuracy of the closing balance of \$48,310,607 disclosed in the Judicial Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2021.

### 9.3 Appropriation Statement

#### 2020

The Department collected revenue totalling \$2.9 million in 2020 and incurred expenditure totalling \$47.3 million against a revised budget of \$47.3 million.

Details of expenditure against the revised budget are provided in Table 9.1.

**Table 9.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	45,134,226	2,156,857	47,291,083	47,290,815	268
7	Special expenditure	---	---	---	---	---
	<b>Total Operating Costs</b>	<b>45,134,226</b>	<b>2,156,857</b>	<b>47,291,083</b>	<b>47,290,815</b>	<b>268</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	---	---	---	---	---
	<b>TOTAL</b>	<b>45,134,226</b>	<b>2,156,857</b>	<b>47,291,083</b>	<b>47,290,815</b>	<b>268</b>

No significant unutilised budgets was noted for the financial year ended 31 July 2020.

#### 2021

The Department collected revenue totalling \$2.5 million in 2021 and incurred expenditure totalling \$44.6 million against a revised budget of \$53.4 million resulting in unutilised budget of \$8.8 million or 16.5%.

Details of expenditure against the revised budget are provided in Table 9.2.

**Table 9.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	53,373,297	---	53,373,297	44,552,718	8,820,579
7	Special expenditure	---	---	---	---	---
	<b>Total Operating Costs</b>	<b>53,373,297</b>	<b>---</b>	<b>53,373,297</b>	<b>44,552,718</b>	<b>8,820,579</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	---	---	---	---	---
	<b>TOTAL</b>	<b>53,373,297</b>	<b>---</b>	<b>53,373,297</b>	<b>44,552,718</b>	<b>8,820,579</b>

The unutilised budget were largely due to the following:

- An unutilised budget of \$3,372,518 was attributed to the vacant posts for Judicial Officers which were not filled.
- An unutilised budget of \$3,393,714 of the budget for Capital Construction was mainly attributed to low utilization rate of on-going projects and the non-implementation of the project earmarked for the 2020/2021 financial year. Unutilised budget of \$1,327,878 was noted for the relocation of Ba court. The project was going on well but due to the pandemic had to be deferred. Unutilised budget of \$670,574 was noted under Renovation of Old Parliament Complex. Due to the pandemic the contractor had sought extension of time to complete the project. Unutilised budget of \$1,197,308 was noted under Construction of new Tagimoucia High Court. The main project didn't take place. Only the preliminary works had been done by the Consultant. The project proper was rolled over to the next financial year. Most of the work and projects were affected by the COVID -19 pandemic.

#### 9.4 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 Judicial Department operates and maintains 3 main trust fund bank accounts which include the Judicial Trust Fund Account, the Judiciary Trust Fund Account and the Legal Practitioners Unit Fund Account.

The Trust Fund Account Statements of Receipts and Payments are now presented separately for transparency purposes and to correctly reflect the trust monies received and paid out of the three separate bank accounts maintained for the various trust funds being administered by the Department.

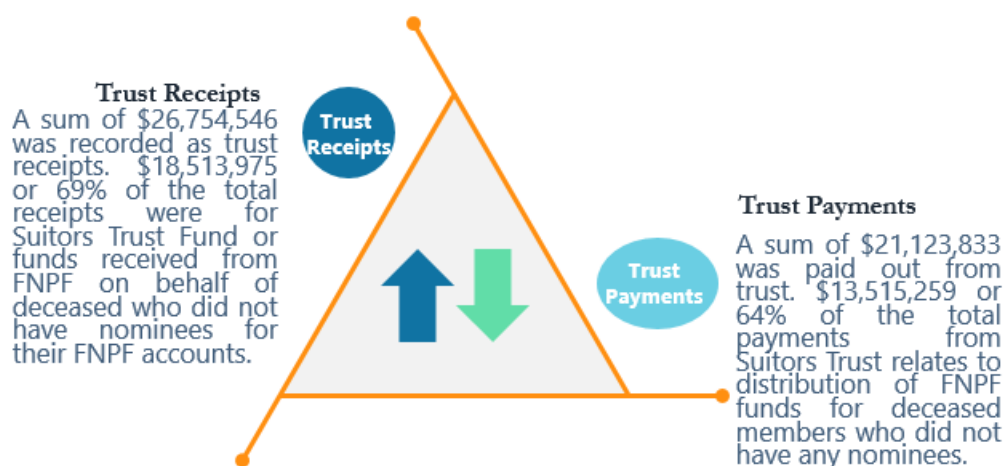
## 2020

### 9.4.1 Judicial Trust Fund Account

The Judicial Trust Account consisted of four trust fund accounts. They are; Suitor's Trust, Maintenance Trust, Sundries Trust and Retention for Project Funds.

- i. The Suitors Trust compromise of monies received from FNPF on behalf of deceased who did not have nominees for their FNPF accounts, Criminal and Civil cases related matters. The Suitors Trust Account are administered only at Suva, Lautoka and Labasa office.
- ii. The Maintenance Trust compromise of monies received from maintenance payments by defendants to their spouses based on the judgements passed by the Family Law Court. The Maintenance Trust are administered at 11 stations as follows: Suva, Sigatoka, Nadi, Lautoka, Ba, Tavua, Rakiraki, Nausori, Nasinu, Taveuni and Levuka.
- iii. The Sundries Trust of monies received from Civil and Criminal cases based on court judgements. These include compensations, LTA fines, cash bail, court fees, bailiff fees and small claims. The Sundries Trusts are administered at 12 stations as follows; Suva, Nasinu, Nausori, Rakiraki, Tavua, Ba, Lautoka, Nadi, Sigatoka, Labasa, Savusavu and Taveuni.
- iv. The Deposit Retention for projects comprises of funds retained for the projects that are being carried out by the contractors and are paid back to them after the defects liability period. It is usually 10% of the gross cost of the project. The funds are kept in this account because some projects defect liability period lapses in the following financial year.

As at 31 July 2020, the Judicial Trust Fund Account had a balance of \$41,760,808.

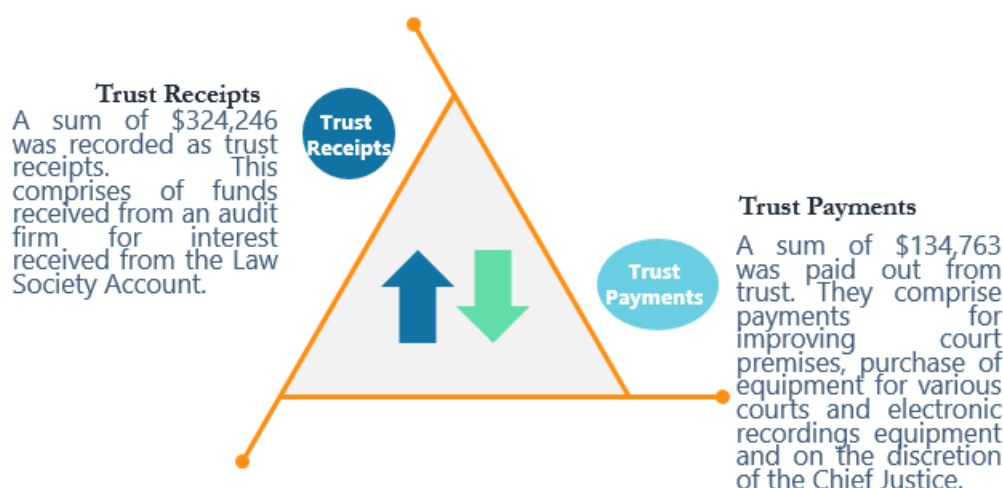


Detailed statement for trust receipts and payments are provided in **Appendix 9.1**.

#### 9.4.2 Judiciary Trust Fund Account

The Trust Fund comprise of funds from an audit firm for interest received from the Law Society Account to meet the costs and expenses for improving court premises, purchase of equipment for various courts in all the divisions including acquisition of equipment for the Judiciary, implementation of electronic recording of court proceedings and on the discretion of the Chief Justice.

As at 31 July 2020, the Judiciary Trust Fund Account had a balance of \$1,077,557.

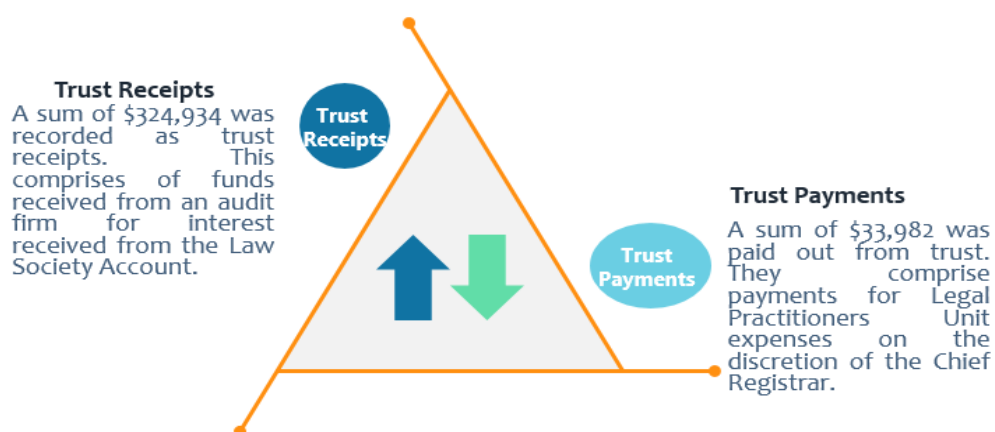


The detailed trust fund account statement of receipts and payments is provided in **Appendix 9.2**.

#### 9.4.3 Legal Practitioners Trust Fund Account

The Trust Fund comprise of funds received from an audit firm for interest received from the Law Society Account to meet the costs and expenses of the Legal Practitioners Unit in the Office of the Chief Registrar in the performance of the functions and duties of the Chief Registrar under the Legal Practitioners Act 2009 and other expenses on the discretion of the Chief Registrar.

As at 31 July 2020, the Legal Practitioner Unit Fund Account had a balance of \$1,738,281.



The detailed trust fund account statement of receipts and payments is provided in **Appendix 9.3**.

## 2021

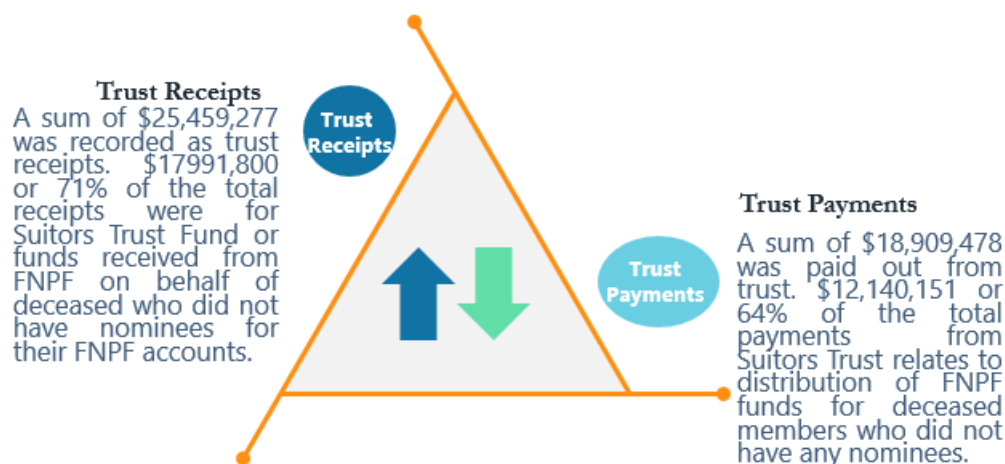
### 9.4.4 Judicial Trust Fund Account

The Judicial Trust Account consisted of four trust fund accounts. They are; Suitor's Trust, Maintenance Trust, Sundries Trust and Retention for Project Funds.

- I. The Suitors Trust compromise of monies received from FNPF on behalf of deceased who did not have nominees for their FNPF accounts, Criminal and Civil cases related matters. The Suitors Trust Account are administered only at Suva, Lautoka and Labasa office.
- II. The Maintenance Trust compromise of monies received from maintenance payments by defendants to their spouses based on the judgements passed by the Family Law Court. The Maintenance Trust are administered at 11 stations as follows: Suva, Sigatoka, Nadi, Lautoka, Ba, Tavua, Rakiraki, Nausori, Nasinu, Taveuni and Levuka.
- III. The Sundries Trust of monies received from Civil and Criminal cases based on court judgements. These includes compensations, LTA fines, cash bail, court fees, bailiff fees and small claims. The Sundries Trusts are administered at 12 stations as follows; Suva, Nasinu, Nausori, Rakiraki, Tavua, Ba, Lautoka, Nadi, Sigatoka, Labasa, Savusavu and Taveuni.
- IV. The Deposit Retention for Project Funds comprises of funds retained for the projects that are being carried out by the contractors and are paid back to them after the defects liability period. It is usually 10% of the gross cost of the project. The funds are kept in this account because some projects defect liability period lapses in the following financial year.

As at 31 July 2021, the Judicial Trust Fund Account had a balance of \$48,310,607.



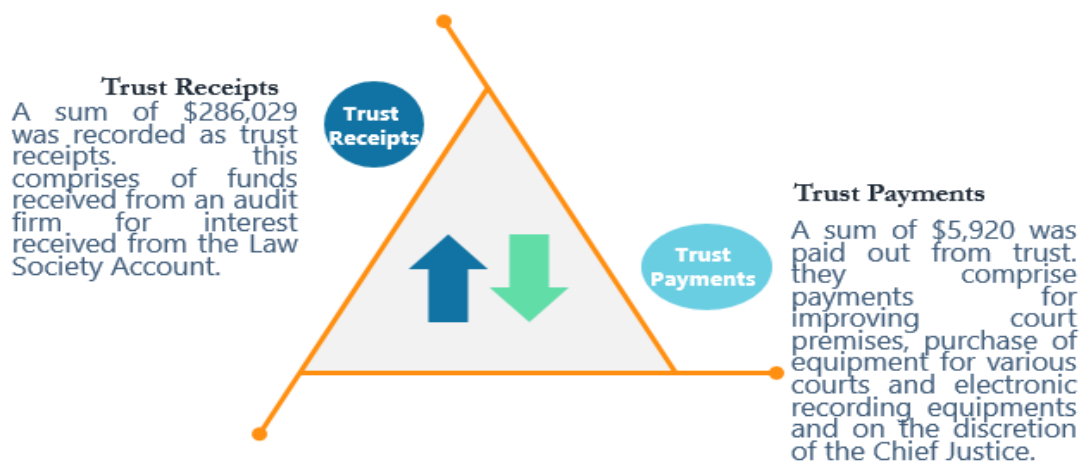


Detailed statement for trust receipts and payments are provided in **Appendix 9.4**.

#### 9.4.5 Judiciary Trust Fund Account

The Trust Fund comprise of funds received from an audit firm for interest received from the Law Society Account to meet the costs and expenses for improving court premises, purchase of equipment for various courts in all the divisions including acquisition of equipment for the Judiciary, implementation of electronic recording of court proceedings and on the discretion of the Chief Justice.

As at 31 July 2021, the Judiciary Trust Fund Account had a balance of \$1,357,666.

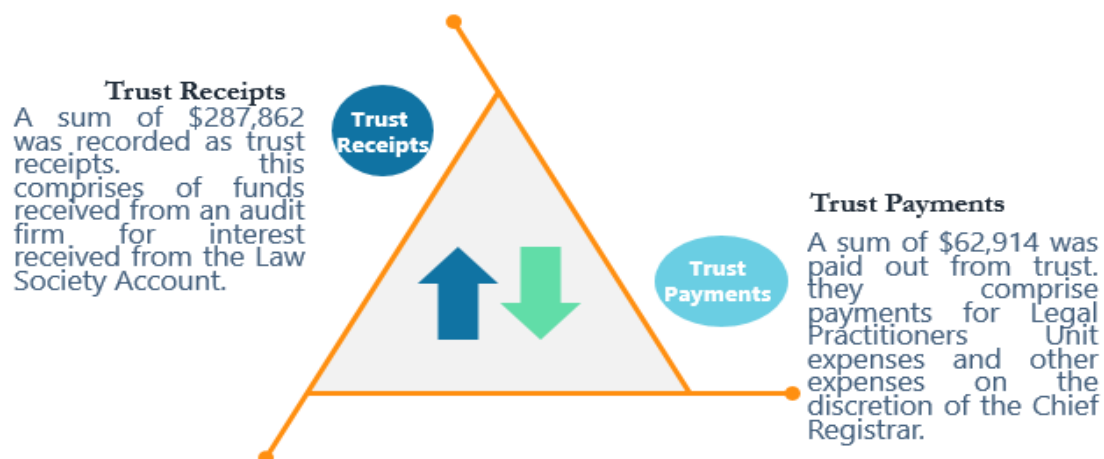


The detailed trust fund account statement of receipts and payments is provided in **Appendix 9.5**.

#### 9.4.6 Legal Practitioners Trust Fund Account

The Trust Fund comprise of funds received from an audit firm for interest received from the Law Society Account to meet the costs and expenses of the Legal Practitioners Unit in the Office of the Chief Registrar in the performance of the functions and duties of the Chief Registrar under the Legal Practitioners Act 2009 and other expenses on the discretion of the Chief Registrar.

As at 31 July 2021, the Legal Practitioner Unit Fund Account had a balance of \$1,963,229.



The detailed trust fund account statement of receipts and payments is provided in **Appendix 9.6**.

## PART B: 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 Department 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 Department. These have been included in this report as they impacted on the overall system of control of the Department as at 31 July 2020 and 2021.

### 9.5 Judicial Trust Fund Account Bank Reconciliation Variance – Recurring Issue

Each month the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>1</sup>

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts. Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>2</sup>

The Department maintains Judicial Trust Fund Account which consists of four trust fund accounts. These include Suitor's Trust, Maintenance Trust, Sundries Trust accounts and Retention Monies.

As at 31 July 2020 and 2021, the General Ledger for respective trust fund account had balances as detailed in Table 9.3 and 9.4.

**Table 9.3: Details of the Judicial Trust Fund Account 2020**

Trust Account	Amount (\$)
Suitors Trust Fund	31,564,836
Maintenance Trust Fund	1,945,708
Sundries Trust Fund	6,184,196
Retention of Funds	2,066,068
<b>Total</b>	<b>41,760,808</b>

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<sup>1</sup> Finance Instructions 2010 – Section 58 (3)

<sup>2</sup> Finance Instructions 2010 – Section 58 (2&3)

**Table 9.4: Details of the Judicial Trust Fund Account 2021**

Trust Account	Amount (\$)
Suitors Trust Fund	37,416,485
Maintenance Trust Fund	2,039,024
Sundries Trust Fund	5,932,256
Retention of Funds	2,922,842
<b>Total</b>	<b>48,310,607</b>

Audit review of the Department's Judicial Trust Fund Account Bank Reconciliation revealed the following anomalies:

- There is a balance of \$734,667 that is appearing in the Judicial Trust account bank reconciliation as "Adjustment by Ministry of Finance in December 2013". This amount has been appearing in the Judicial Trust reconciliation since 2013. It is most likely that funds amounting to \$734,667 is yet to be transferred by Ministry of Finance to the Department. Although the Department has raised the issue with the Ministry of Finance on numerous occasions, the issue is yet to be rectified. As a result, the cash at bank general ledger is overstated by the same amount as there is no actual cash held against this balance;
- Included in the trust fund account reconciliation as at 31 July 2020 and 2021 is a reconciling balance of \$49,774 for which the Department could not substantiate; and
- A variance of \$13,210 and \$12,910 between the Trust Fund Account balance (SLG 89) and the Cash at bank balance (SAG 52) in the FMIS general ledger as at 31 July 2020 and 2021 respectively. Refer to Tables 9.5 and 9.6 for details.

**Table 9.5: Variance between SLG 89 and SAG 52 - 2020**

Description	Amount (\$)
FMIS Cash at Bank Balance	41,774,018
FMIS Trust Fund Balance	41,760,808
<b>Variance</b>	<b>13,210</b>

**Table 9.6: Variance between SLG 89 and SAG 52 - 2021**

Description	Amount (\$)
FMIS Cash at Bank Balance	48,323,517
FMIS Trust Fund Balance	48,310,607
<b>Variance</b>	<b>12,910</b>

As at that date of the audit report, there still exists significant lapse in the years of reconciliation and absence of detailed breakdown listings of beneficiaries and their current balances. As such the accuracy of the closing balance of \$41,760,808 and \$48,310,607 disclosed in the Judicial Trust Fund account Statement of Receipts and Payments for the year ended 31 July 2020 and 2021 respectively could not be determined.

As a result, we could not obtain the detailed breakdown listing of those beneficiaries and ascertain their respective balances being held by Department as trust as at 31 July 2020 and 2021.

The backlog was mainly due to the limited staffs and resource constraints to browse through the old records and update the schedules from prior years.

In the absence of proper reconciliations, we were not able to ascertain the correctness of the balance reflected in the Judicial Trust Fund accounts.

If this issue is not addressed, there is a high risk of fraudulent payments being made as the detailed listing of the beneficiaries and their respective balances as at year end are not available.

### **Recommendations**

**The Department should:**

- **liaise with the Ministry of Finance to rectify the variances noted above;**
- **consider establishing a reconciliation team immediately to undertake the exercise of updating the backlog in the trust account detailed reconciliations; and**
- **ensure that trust fund account bank statement balance, trust fund cash at bank balance in FMIS general ledger and trust fund account balance in FMIS general ledger is reconciled on a monthly basis and any error or omissions are investigated and resolved.**

### **Agreed Management Action**

*The Department had another meeting with Ministry of Finance on 2<sup>nd</sup> December 2021 whereby documents which are submitted were returned. We were then formally informed to formally resubmit all documents to substantiate the balance of \$784,441 to be transferred and to correctly annex station wise for ease of reference. These are the monies that were deposited in the revenue instead of trust in 2009 when there was a mapping exercise carried out by Ministry of Finance. This is currently in progress and once properly annexed then will be submitted to Ministry of Finance.*

*The variance currently is \$12,910. The department was informed to verify all postings in Org 11 to rectify the variance. This had to be done from very old records. We have almost completed the verifications. After this, the necessary adjustment would be made to rectify the variance. Reconciliations are in progress and detailed listings of beneficiaries are maintained in soft copies for all the reconciliation that have been completed.*

## **9.6 Presentation of Judicial Trust Fund Accounts – Recurring Issue**

Trust money is to be accounted for separately from public money and other money within the meaning of this Act. Trust money is to be kept in a separate bank account pending its withdrawal and accounted for separately from “public money” and “other money”.

The receipts and payment of trust money must be recorded in a separate cashbook or set of ledger accounts. Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items must be investigated and resolved promptly.<sup>3</sup>

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<sup>3</sup> Finance Instructions 2010 – Section 58 (2&3)

The Department maintains Judicial Trust Fund Account which consists of four trust fund accounts: Sutor's Trust, Maintenance Trust, Sundries Trust accounts and Retention Monies. The audit noted that all funds related to the above trusts are deposited in one bank account and a consolidated statement of trust receipts and payments is prepared by the Department in its Agency Financial Statements.

Currently, separate statements are not presented for each trust type with the receipts and payments to be classified by the nature of receipt and expenditure. Instead, the current presentation in the Statement of Trust receipts and payments classifies the trust receipts and payments by trust types as a one-line item on the Statement even though the nature of the trust receipt and payment may vary.

Moreover, we noted that the retention monies of \$2,066,068 and \$2,922,842 for three capital projects were also kept in the Judicial Trust Fund bank account and therefore the amount is reflected in the Judicial Trust cash balance as at 31 July 2020 and 2021.

With the various trust funds being deposited into one bank account, there is a risk of misuse of the trust funds as one trust fund account may be utilized by another trust.

With the current presentation, the trust fund accounts disclosures are deemed inadequate and does not provide adequate useful information to the users of the financial statements.

### **Recommendation**

**The Department should work towards maintaining separate bank accounts for all new trust accounts created and submit separate statements accordingly.**

### **Agreed Management Action**

*Currently the reconciliations have been completed from January 2016 to May 2022 and June 2022 reconciliation is in progress.*

*January 2015 to August 2015 reconciliation has been completed.*

*January 1995 to December 2005 reconciliation completed.*

*January/February/March 2006 data entry in progress.*

*Once all the reconciliations are properly prepared then consideration will be given to open separate bank accounts.*

## **9.7 Anomalies noted in the Sundries Trust Fund – Suva – Recurring Issue**

Every accused person has a right to be released on bail unless it is not in the interests of justice that bail should be granted.<sup>4</sup>

Bail may be granted unconditionally or subject to written conditions imposed by the police officer or the court, as the case may be. The accused person deposits with an authorised officer of the

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<sup>4</sup> Bail Act 2002, Section 3(1)

court a specified amount of money in cash and enters into an agreement to forfeit the amount deposited if the accused person fails to comply with his or her bail undertaking.<sup>5</sup>

Within 5 days after the end of each month, the Assistant Accounts Officer (Ledgers) shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.<sup>6</sup> Details of balances must be attached to the reconciliation statement.<sup>7</sup>

Review of the records maintained at the Registry, noted that the registry was maintaining the register to record the case files, however the registry does not maintain a detailed breakdown case listing of funds held in Trust as at 31/07/2020 and 2021.

The respective authorities and the respondents (plaintiff/defendants) are not following up actively with the Registry on their refund or status.

Hence, the unclaimed funds have accumulated in the trust account. In absence of the detailed breakdown and monitoring would limit the management's decision making in prioritizing and disposing the cases, increase the risk of fraud and would continue to build up the accumulation of the trust balances.

### **Recommendations**

**The Suva Magistrate Court Registry should:**

- **Stock take and review the case files to ensure there was no breach of bail condition, compensation received and payable and administrative fees payable to the respective authorities are in order and take necessary measures to clear the balance and;**
- **prepare the detailed breakdown listing of the Trust Fund closing balance for its decision making, monitoring and meticulously settling/disposing the cases.**

### **Agreed Management Action**

*Criminal Registry – the registry has an updated list of unclaimed monies in the Trust Account and when monies are paid out this list is updated. Also the registry is working on the unclaimed monies for old files so that refunds could be made to the payees. Further, refunds on recent disposed files are up to date.*

*Civil Registry- the registry is working on compiling a list of all the unclaimed funds in the trust account and have also started raising vouchers to clear the same from 2020-2022.*

## **9.8 Anomalies noted in the Suitors Trust Fund – Suva – Recurring Issue**

Within 5 days after the end of each month, the Assistant Accounts Officer (Ledgers) shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.<sup>8</sup> Details of the balances must be attached to the reconciliation statement.<sup>9</sup>

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<sup>5</sup> Bail Act 2002, Section 22.1.22.2(g)

<sup>6</sup> Judicial Department Finance Manual 2013, section 15.4.1

<sup>7</sup> Judicial Department Finance Manual 2013, section 15.4.2

<sup>8</sup> Judicial Department Finance Manual 2013 – section 15.4.1

<sup>9</sup> Judicial Department Finance Manual 2013– section 15.4.2

On audit verification, it was noted that the registry was maintaining the register to record the case files, however the registry does not maintain a detailed breakdown listing of funds held in trust as at 31/07/20 and 31/07/21.

This was mainly attributed to the absence of internal controls and monitoring and manual record keeping system.

Absence of the detailed breakdown listing of the funds held and stringent monitoring can limit the management's decision-making, increase the risk of fraud and would result in accumulation of the funds.

### **Recommendation**

**The Suva High Court Registry should review the case files and prepare the detailed breakdown listing of the funds held in trust for its decision making, monitoring the bank balances and settling/disposing the cases.**

### **Agreed Management Action**

*The registry is now maintaining a detailed listing.*

## **9.9 Significant Arrears of Revenue – Recurring Issue**

The credit officer must promptly follow up accounts that fall due. If the recovery is unsuccessful after one month, the following actions shall be taken:

- A demand notice of payment shall be sent to the debtor after his/her debt has been overdue for more than a month; and
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.<sup>10</sup>

If a final notice had been issued to one of the debtors listed, the Principal Accounts Officer may approve the case to be referred to the Solicitor General or the Small Claim Tribunal, after considering the cost implication and the probability of recovery.<sup>11</sup>

The arrears of revenue comprise of arrears arising from court fees, fines and costs awarded to the state. The Department's arrears of revenue as at 31 July 2020 and 2021 amounted to \$12,999,522 and \$13,444,435 respectively. The last seven years' balance are provided in Table 9.7.

**Table 9.7: Arrears of Revenue for last 7 Financial Years**

Year	Balance (\$)
31/07/21	13,444,435
31/07/20	12,999,522

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<sup>10</sup> Judicial Department Finance Manual 2013– section 9.2.1

<sup>11</sup> Judicial Department Finance Manual 2013– section 9.2.4



Year	Balance (\$)
31/07/19	13,431,984
31/07/18	13,337,274
31/07/17	13,450,691
31/07/16	13,461,155
2015	13,215,858

The Department has established a Fine Enforcement Unit in prior years to manage the arrears of revenue however, the arrears of revenue for the Department has remained substantial.

The breakdown aging details as at 31/07/20 and 31/07/21 are as follows:

**Table 9.8: Aging of Debtors – 2020**

Age of Debtors	Amount (\$)	% of Total
Less than 1 year	271,281	2.09
1-2 years	447,622	3.44
2-5 years	2,999,880	23.08
More than 5 years	9,280,739	71.39
<b>Total</b>	<b>12,999,522</b>	<b>100</b>

**Table 9.9: Aging of Debtors – 2021**

Age of Debtors	Amount (\$)	% of Total
Less than 1 year	375,669	2.79
1-2 years	562,945	4.19
2-5 years	2,385,199	17.74
More than 5 years	10,120,622	75.28
<b>Total</b>	<b>13,444,435</b>	<b>100</b>

The recovery measures warrant immediate review and collaborative actions with other government agencies. Delays in collecting the outstanding revenue increases the risk of revenue not being collected which may require write-offs resulting in loss of revenue for government.

### **Recommendations**

**The Department should:**

- work closely with Fine Enforcement Unit in an effort to recover the arrears of revenue from the defaulters;
- consider seeking collaborative assistance in terms of recovery from FRCS, LTA, Immigration and FNPF before considering the write offs; and
- Upgrade its database information to capture information such as FNPF/Tin number, License and Passport Number in order to easily track the defaulters.

### **Agreed Management Action**

*Even though the department has increased the execution, there seems to be not much decrease in the arrears. It becomes very difficult to locate the defaulters especially for old cases since they have either changed their addressess, migrated or may have even passed away.*

*The law as its stands empowers the police officers to execute and collect fines. Our officers just accompany them to receive monies. The full legal authority to enforce by way of committal warrants on defaulters, only rests with Fiji Police Force.*

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

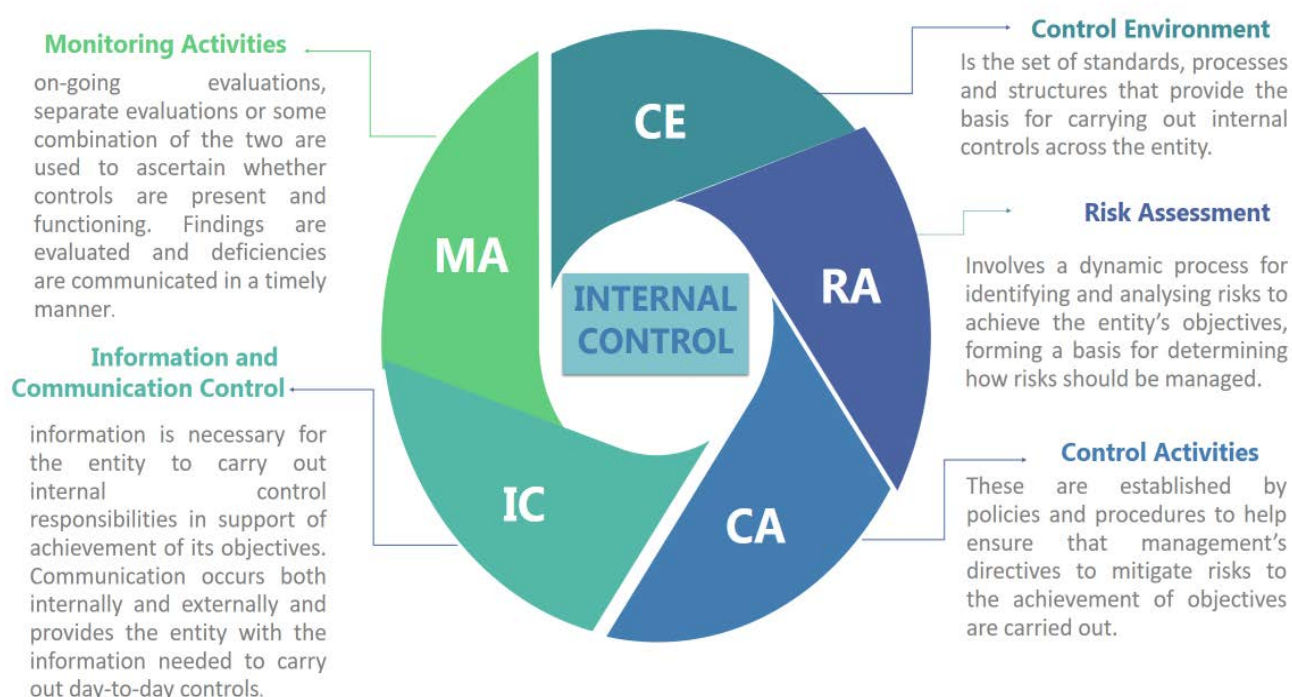
### 9.10 Internal Controls

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 Department as:

Year	Rating	Internal control assessment
2020	☀ Generally effective	Some deficiencies identified in internal controls.
2021	☀ Generally effective	Some deficiencies identified in internal controls.

### 9.11 Submission of FY 2020 & 2021 Draft Agency Financial Statements

On 1 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.

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 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	✓

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.

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 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 year-end close process as:

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

## 9.12 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 Department was:

Year	Rating	Quality of draft financial statements assessment
2020	Ineffective	No adjustment was processed but a modified opinion was issued.
2021	Ineffective	No adjustment was processed but a modified opinion was issued.

## 9.13 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	Ineffective	Acceptable draft financial statements received after 31 October 2021

## 9.14 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 issue of Draft Management Letter
2021	Ineffective	After 21 days from issue of Draft Management Letter

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

## APPENDIX 9.1: JUDICIAL TRUST FUND ACCOUNT – 2020

Description	31 July 2020	31 July 2019
<b>Receipts</b>		
Suitors Fund	18,513,975	29,573,308
Maintenance Fund	3,799,599	5,394,588
Sundries	3,535,491	8,666,956
Interest	37,816	---
Deposit Retention for Project Funds	867,665	1,487,708
<b>Total Receipts</b>	<b>26,754,546</b>	<b>45,122,560</b>
<b>Payments</b>		
Suitors Fund	13,515,259	27,271,257
Maintenance Fund	3,893,223	5,095,147
Sundries	3,382,396	8,219,248
Retention for Project Funds	332,955	88,310
<b>Total Payments</b>	<b>21,123,833</b>	<b>40,673,962</b>
Net Surplus	5,630,713	4,448,598
Opening balance as at 1 August	36,130,095	31,681,497
<b>Closing balance as at 31 July</b>	<b>41,760,808</b>	<b>36,130,095</b>

## APPENDIX 9.2: JUDICIARY TRUST FUND ACCOUNT – 2020

Description	31 July 2020	31 July 2019
<b>Receipts</b>		
Judiciary Trust Fund Account	324,246	387,518
<b>Total Receipts</b>	<b>324,246</b>	<b>387,518</b>
<b>Payments</b>		
Judiciary Trust Fund Account	134,763	227,336
<b>Total Payments</b>	<b>134,763</b>	<b>227,336</b>
Net Surplus	189,483	160,182
Opening balance as at 1 August	888,074	727,892
<b>Closing balance as at 31 July</b>	<b>1,077,557</b>	<b>888,074</b>

## APPENDIX 9.3: LEGAL PRACTITIONERS UNIT TRUST FUND ACCOUNT – 2020

Description	31 July 2020	31 July 2019
<b>Receipts</b>		
Legal Practitioners Unit Trust Fund	324,934	415,752
<b>Total Receipts</b>	<b>324,934</b>	<b>415,752</b>
<b>Payments</b>		
Legal Practitioners Unit Trust Fund	33,982	97,475
<b>Total Payments</b>	<b>33,982</b>	<b>97,475</b>
Net Surplus	290,952	318,277
Opening balance as at 1 August	1,447,329	1,129,052
<b>Closing balance as at 31 July</b>	<b>1,738,281</b>	<b>1,447,329</b>

#### APPENDIX 9.4: JUDICIAL TRUST FUND ACCOUNT – 2021

Description	31 July 2021	31 July 2020
<b>Receipts</b>		
Suitors Fund	17,991,800	18,513,975
Maintenance Fund	3,237,413	3,799,599
Sundries	3,040,516	3,535,491
Interest	45,112	37,816
Deposit Retention for Project Funds	1,144,436	867,665
<b>Total Receipts</b>	<b>25,459,277</b>	<b>26,754,546</b>
<b>Payments</b>		
Suitors Fund	12,140,151	13,515,259
Maintenance Fund	3,144,096	3,893,223
Sundries	3,337,568	3,382,396
Retention for Project Funds	287,663	332,955
<b>Total Payments</b>	<b>18,909,478</b>	<b>21,123,833</b>
Net Surplus	6,549,799	5,630,713
Opening balance as at 1 August	41,760,808	36,130,095
<b>Closing balance as at 31 July</b>	<b>48,310,607</b>	<b>41,760,808</b>

#### APPENDIX 9.5: JUDICIARY TRUST FUND ACCOUNT – 2021

Description	31 July 2021	31 July 2020
<b>Receipts</b>		
Judiciary Trust Fund Account	286,029	324,246
<b>Total Receipts</b>	<b>286,029</b>	<b>324,246</b>
<b>Payments</b>		
Judiciary Trust Fund Account	5,920	134,763
<b>Total Payments</b>	<b>5,920</b>	<b>134,763</b>
Net Surplus	280,109	189,483
Opening balance as at 1 August	1,077,557	888,074
<b>Closing balance as at 31 July</b>	<b>1,357,666</b>	<b>1,077,557</b>

#### APPENDIX 9.6: LEGAL PRACTITIONERS UNIT TRUST FUND ACCOUNT – 2021

Description	31 July 2021	31 July 2020
<b>Receipts</b>		
Legal Practitioners Unit Trust Fund	287,862	324,934
<b>Total Receipts</b>	<b>287,862</b>	<b>324,934</b>
<b>Payments</b>		
Legal Practitioners Unit Trust Fund	62,914	33,982
<b>Total Payments</b>	<b>62,914</b>	<b>33,982</b>
Net Surplus	224,948	290,952
Opening balance as at 1 August	1,738,281	1,447,329
<b>Closing balance as at 31 July</b>	<b>1,963,229</b>	<b>1,738,281</b>

## Section 9

## Parliament of Fiji

### Roles and Responsibilities

The primary function of the Parliament is provided for under Section 46 (1) of the Fijian Constitution, which states that, “the authority and power to make laws for the State is vested in Parliament”. The Parliament is the voice of the Fijian people, and it is responsible for ensuring representative government, openly debating relevant issues and providing oversight of government activities.

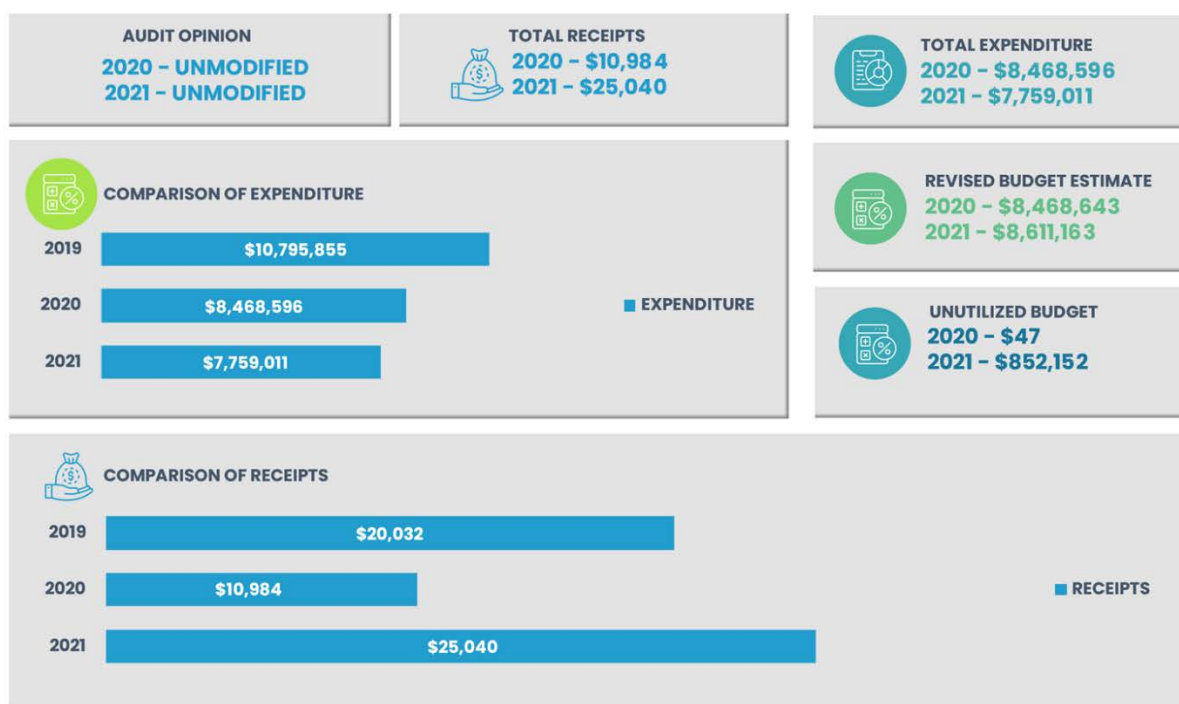
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## PART A: FINANCIAL INFORMATION



### 9.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Parliament of Fiji resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts for the Parliament of Fiji resulted in an unmodified audit opinion.

### 9.2 Appropriation Statement

#### 2020

The Parliament of Fiji collected revenue totalling \$10,984 in 2020 and incurred expenditure totalling \$8,468,596 against a revised budget of \$8,468,643 resulting in a saving of \$47.

Details of actual expenditure against the revised budget are provided in Table 9.1.

**Table 9.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	7,862,365	606,278	8,468,643	8,468,596	47
7	Special Expenditure	---	---	---	---	---
	<b>Total Operating Expenditure</b>	<b>7,862,365</b>	<b>606,278</b>	<b>8,468,643</b>	<b>8,468,596</b>	<b>47</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	---	---	---	---	---
	<b>TOTAL</b>	<b>7,862,365</b>	<b>606,278</b>	<b>8,468,643</b>	<b>8,468,596</b>	<b>47</b>

No significant unutilized budget was noted for the financial year ended 31 July 2020.

## 2021

The Parliament of Fiji collected revenue totalling \$25,040 in 2021 and incurred expenditure totalling \$7,759,011 against a revised budget of \$8,611,163 resulting in savings of \$852,152 or 9.9%.

Details of expenditure against the revised budget are provided in Table 9.2

**Table 9.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	8,611,163	---	8,611,163	7,759,011	852,152
7	Special Expenditure	---	---	---	---	---
	<b>Total Operating Expenditure</b>	<b>8,611,163</b>	<b>---</b>	<b>8,611,163</b>	<b>7,759,011</b>	<b>852,152</b>
8	Capital Construction	---	---	---	---	---

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	---	---	---	---	---
13	Value Added Tax	---	---	---	---	---
	<b>TOTAL</b>	<b>8,611,163</b>	<b>---</b>	<b>8,611,163</b>	<b>7,759,011</b>	<b>852,152</b>

The unutilized budget was due to the following:

Total expenditure decreased by 8% compared to 2019/2020 that accounted a saving of \$852,152. The decrease was due to measures put in place during COVID-19 restrictions and lockdown. Virtual Parliament sitting was held from May to September and the face-to-face committee sitting suspended. The virtual meetings enabled Members to connect from the comfort of their homes instead of travelling to the meeting venue. Online meeting platform reduced spending in travelling both local and overseas, accommodation, catering and other related expenses. Most staff worked from home whilst skeleton staff manned the office to carry out essential corporate services.

## **PART B:     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 Parliament of Fiji.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

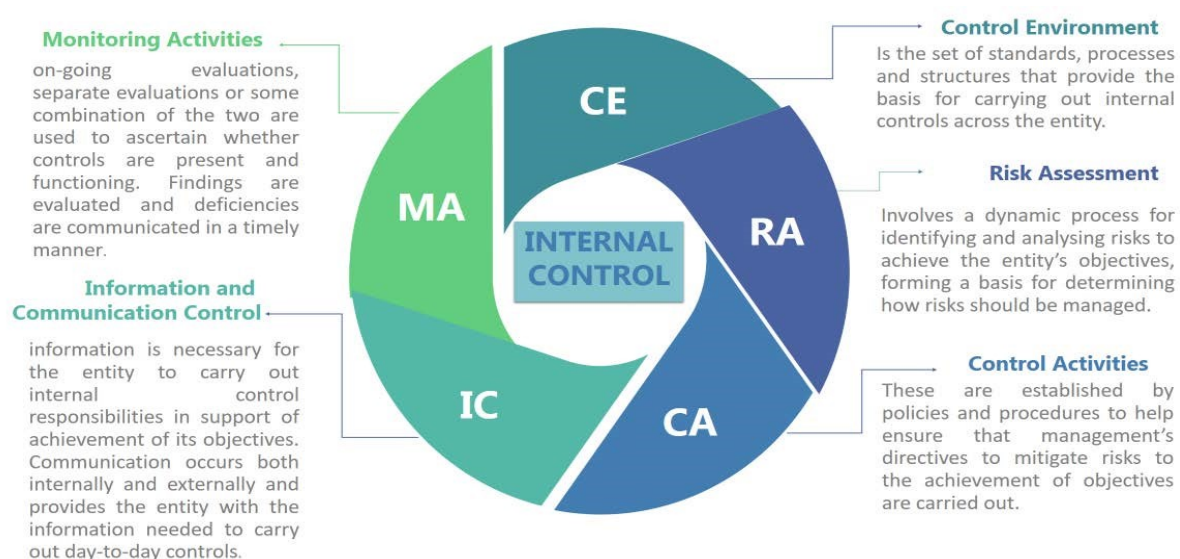
### 9.3 Internal Controls

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 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 Office as:

Year	Rating	Internal control assessment
2020	● Effective	No significant deficiencies identified in internal control
2021	● Effective	No significant deficiencies identified in internal control

## 9.4 Submission of FY 2019-2020 & 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 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	N/A
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

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 20 August 2021	N/A
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 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	8 of 8 key processes completed within two weeks of due date.
2021	Effective	8 of 8 key processes completed within two weeks of due date.

## 9.5 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 Office was:

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

## 9.6 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	Generally Effective	Acceptable draft financial statements received before 31 October 2020.
2021	Generally Effective	Acceptable draft financial statements received before 31 October 2021

## 9.7 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	Effective	Within 14 days from issue of Draft Management Letter
2021	Effective	Within 14 days from issue of Draft Management Letter

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

## Section 9

## Office of the Director of Public Prosecutions

### Roles and Responsibilities

The Office of the Director of Public Prosecution is an independent office established by the Fijian Constitution. The Director of Public Prosecutions (DPP) is responsible for instituting and conducting criminal proceeding in Fiji.

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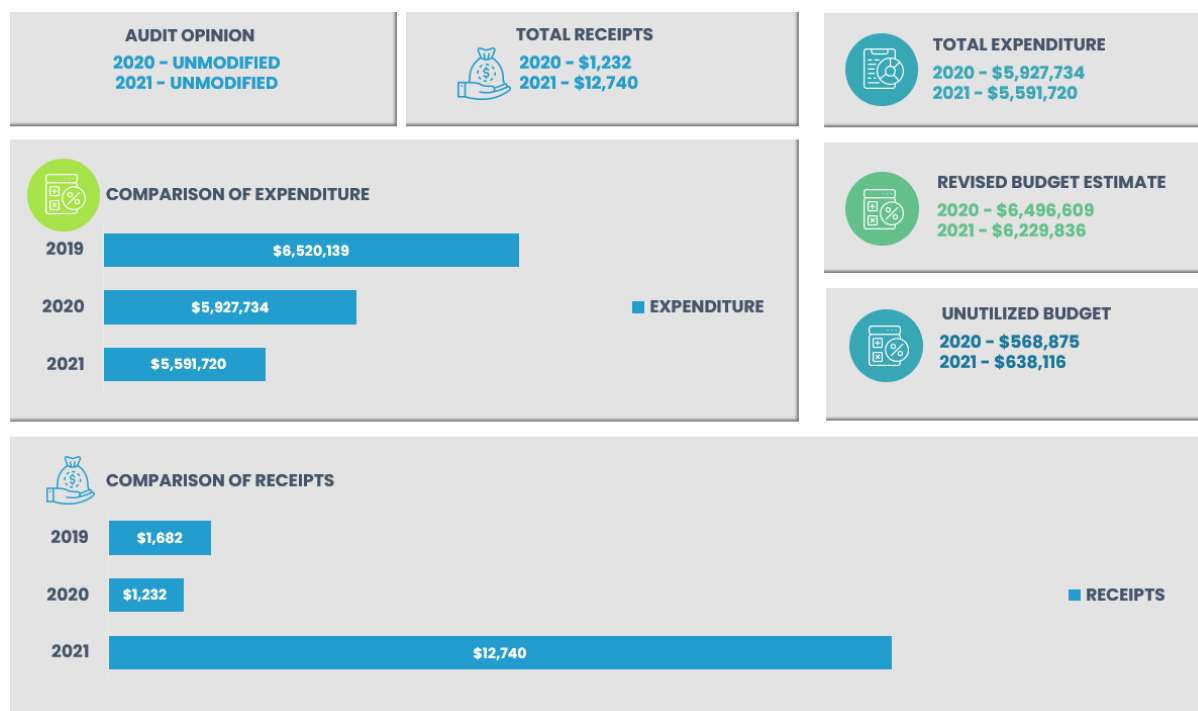
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## PART A: FINANCIAL INFORMATION



### 9.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Office of the Director of Public Prosecutions resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Office of the Director of Public Prosecutions resulted in an unmodified audit opinion.

### 9.2 Appropriation Statement

#### 2020

The Office incurred expenditure totalling \$5.9 million in 2020 against a revised budget of \$6.5 million resulting in savings of \$0.6 million or 9%.

Details of expenditure against the revised budget are provided in Table 9.1.

**Table 9.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	6,496,609	---	6,496,609	5,927,734	568,875
7	Special Expenditure	--	---	---	---	---
	<b>Total Operating Expenditure</b>	<b>6,496,609</b>	<b>---</b>	<b>6,496,609</b>	<b>5,927,734</b>	<b>568,875</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>--</b>	<b>--</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	---	---	---	---	---
	<b>TOTAL</b>	<b>6,496,609</b>	<b>---</b>	<b>6,496,609</b>	<b>5,927,734</b>	<b>568,875</b>

The unutilized budget of \$568,875 was mainly due to decrease in training (local and overseas), court witness and fees, travel expenses (local and overseas) which was mainly attributed by the COVID-19 pandemic.

## 2021

The Office incurred expenditure totalling \$5.6 million in 2021 against a revised budget of \$6.2 million resulting in savings of \$0.6 million or 10%.

Details of expenditure against the revised budget are provided in Table 9.2.

**Table 9.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	6,229,836	---	6,229,836	5,591,720	638,116
7	Special Expenditure	--	---	---	---	---
	<b>Total Operating Expenditure</b>	<b>6,229,836</b>	<b>---</b>	<b>6,229,836</b>	<b>5,591,720</b>	<b>638,116</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>--</b>	<b>--</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	---	---	---	---	---
	<b>TOTAL</b>	<b>6,229,836</b>	<b>---</b>	<b>6,229,836</b>	<b>5,591,720</b>	<b>638,116</b>

The unutilized budget of \$638,116 was mainly due to decrease in government wage earners staff cost, travel (local and overseas), subsistence, training (local and overseas), legal expenses & fees, court witness and fees which was mainly attributed by the COVID-19 pandemic.

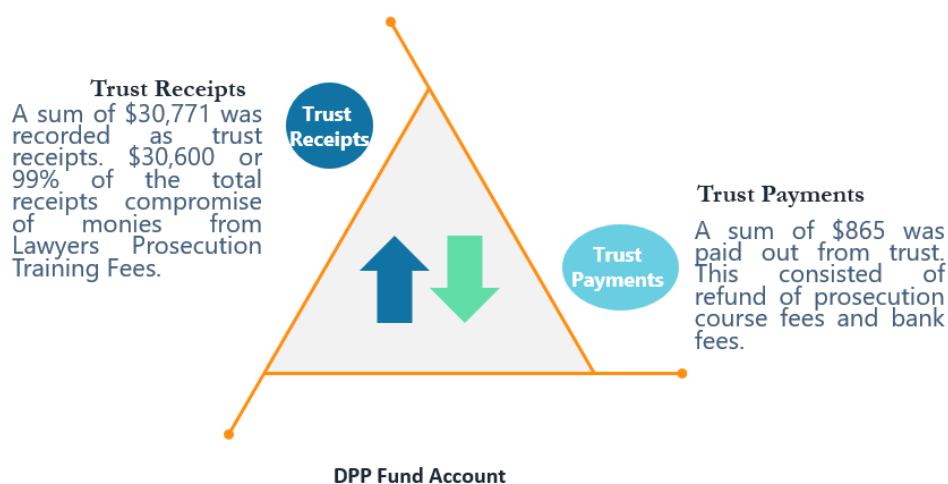
### 9.3 Trust Fund Account

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 Office of the Director of Public Prosecutions maintains the following two trust accounts:

#### 2020

##### 9.3.1 Director of Public Prosecutions Trust Account

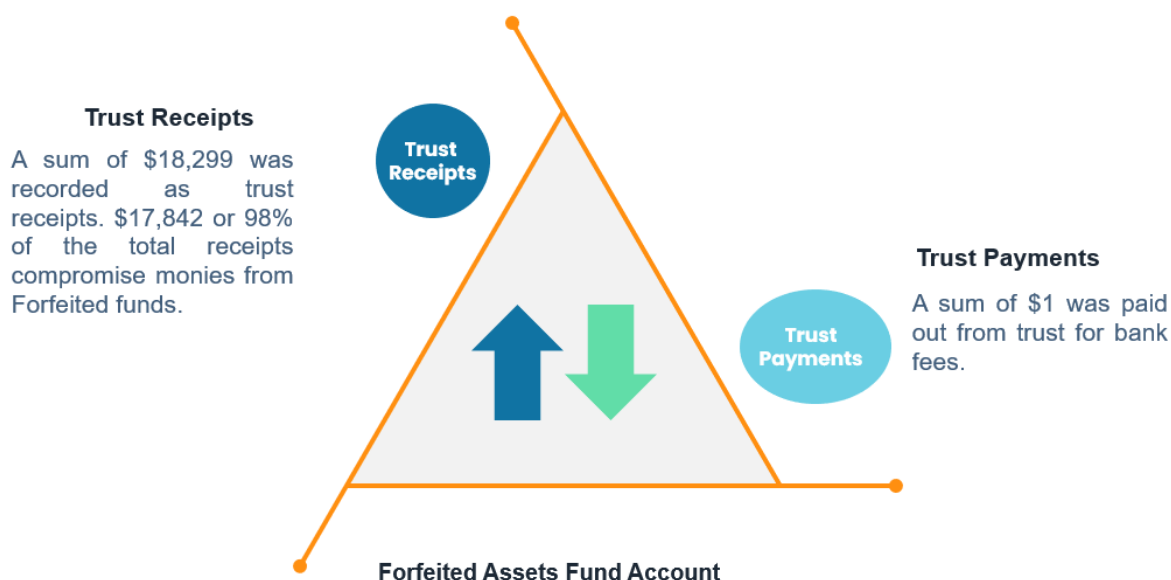
The purpose of the fund is to administer the training normally conducted by the Office. The money is received from parties such as lawyers and other participants and payments are for the operation of the training such as training materials. This consists of receipts of \$30,771 from prosecution course fees and bank interest. Payments of \$865 for refund of prosecution course fees and bank fees.



Detailed statement for trust receipts and payments are provided in Appendix 9.1.

### 9.3.2 Forfeited Assets Fund Account

Proceeds of Crime Act 2004 and Proceeds of Crime Act Amendment No.7/2005, Section 71 (A) established the trust fund account for the purpose of keeping funds received from forfeited order as per section 16 of the act, proceeds of pecuniary penalty orders and money received by the state from a foreign country for mutual assistance on criminal matters. The purpose of this funds are to make payments to the person if a forfeiture order is discharged, make payments to foreign countries with approval of the Minister of Economy in the obligation with respect of a registered foreign forfeiture order and registered foreign pecuniary order. This consists of receipts of \$18,299 for bank interest and forfeited funds and payment of \$1 for bank fees.

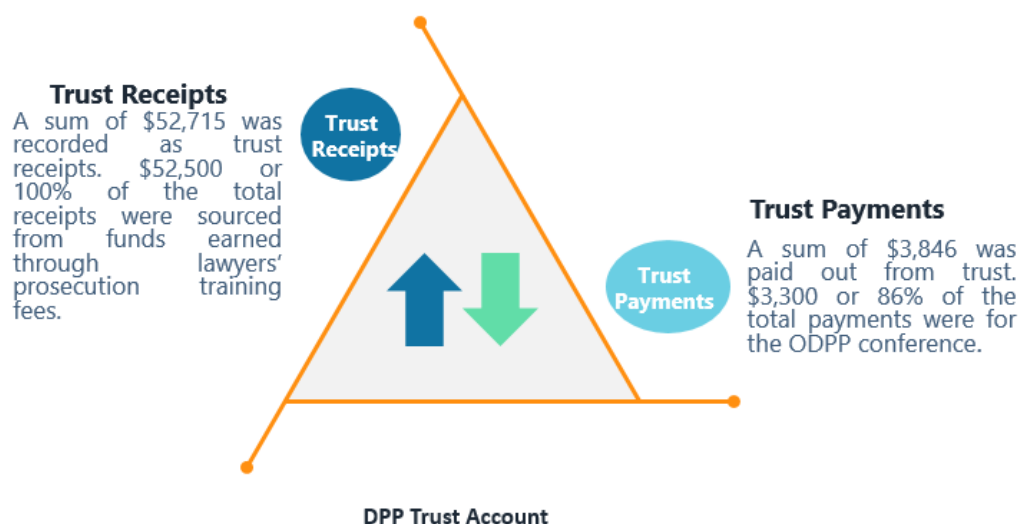


Detailed statement for trust receipts and payments are provided in Appendix 9.2.

**2021**

### 9.3.3 Director of Public Prosecutions Trust Account

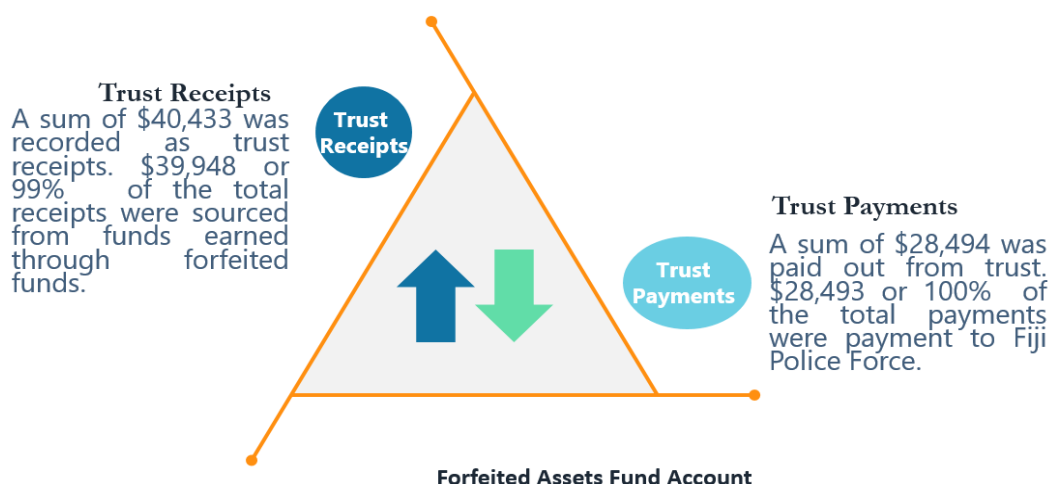
The purpose of the fund is to administer the training normally conducted by the office. The money is received from parties such as lawyers and other participants and payments are for the operation of the training such as training materials. This consists of receipts of \$52,715 from prosecution course fees and bank interest. Payments of \$3,846 for refund of prosecution course fees & ODPP conference fees and bank fees.



Detailed statement for trust receipts and payments are provided in Appendix 9.3.

#### 9.3.4 Forfeited Assets Fund Account

Proceeds of Crime Act 2004 and Proceeds of Crime Act Amendment No.7/2005, Section 71 (A) established the trust fund account for the purpose of keeping funds received from forfeited order as per section 16 of the act, proceeds of pecuniary penalty orders and money received by the state from a foreign country for mutual assistance on criminal matters. The purpose of this funds are to make payments to the person if a forfeiture order is discharged, make payments to foreign countries with approval of the Minister of Economy in the obligation with respect of a registered foreign forfeiture order and registered foreign pecuniary order. This consists of receipts of \$40,433 for bank interest and forfeited funds and payment of \$28,494 for bank fees and payment to Fiji Police Force.



Detailed statement for trust receipts and payments are provided in Appendix 9.4.

## **PART B:     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 Office of the Director of Public Prosecutions.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

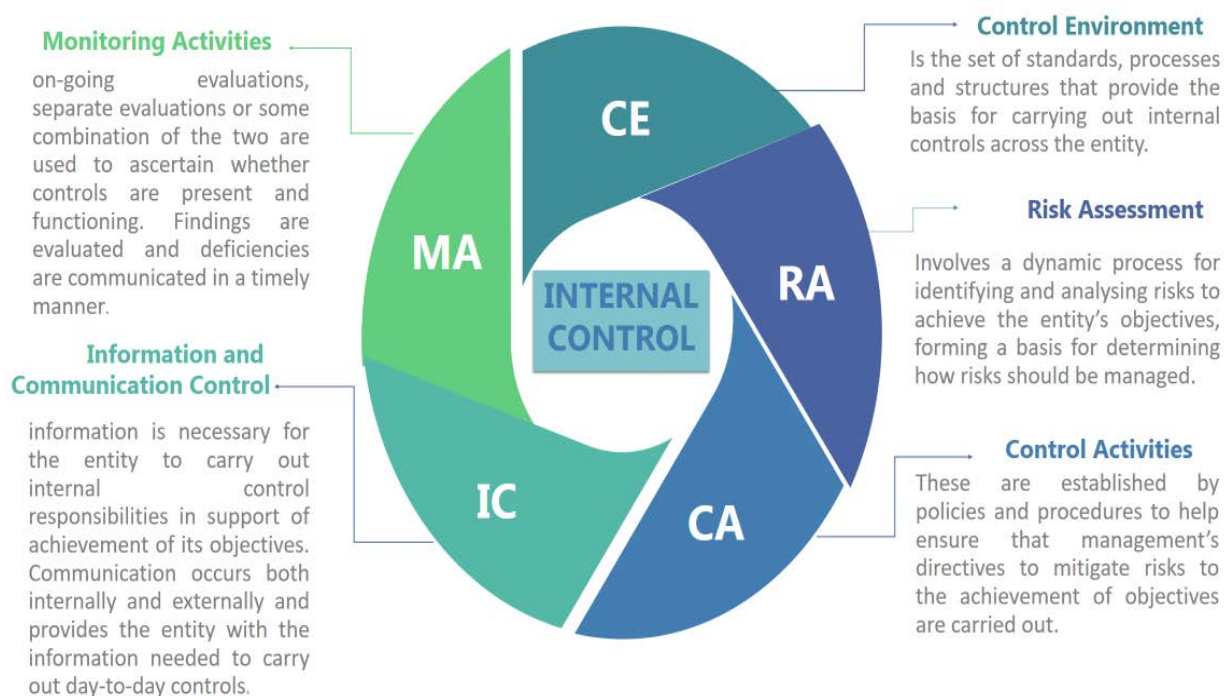
### 9.4 Internal Controls

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 Office as:

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

## 9.5 Submission of FY 2019-2020 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
Cancellation of unprocessed purchase orders by 10 July 2020	✓	Processing of virements by 21 August 2020	✓
Retirement of imprests by 17 July 2020	✓	Completion of reconciliations by 28 August 2020	✓
Processing of payments by 29 July 2020	✓	Clearance of Inter-departmental clearance accounts by 28 August 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓
Closing date for journal adjustments by 06 August 2020	✗	Submission of arrears of revenue returns by 28 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
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	Not Applicable
Retirement of imprests by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	Not Applicable
Clearance of stale cheques by 06 August 2021	✓	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 06 August 2021	✓	Annual Board of Survey on Drawings Account cheques 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	☀ Generally Effective	8 out of 9 key processes completed within two weeks of due date
2021	☀ Effective	All the key processes completed by due date

## 9.6 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 Office was:

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

## 9.7 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	☀ Generally effective	Acceptable draft financial statements received before 31 October 2020. Draft financial statements received on 20 October 2020.
2021	☀ Generally effective	Acceptable draft financial statements received before 31 October 2021. Draft financial statements received on 26 October 2021.

## 9.8 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	☀ Effective	Within 14 days from issue of Draft Management Letter
2021	☀ Effective	Within 14 days from issue of Draft Management Letter

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

**APPENDIX 9.1: STATEMENT OF RECEIPTS AND PAYMENTS – DPP TRUST  
ACCOUNT (FY 2020)**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Lawyers' Prosecution Training Fees	30,600	66,800
Interest	171	126
<b>Total Receipts</b>	<b>30,771</b>	<b>66,926</b>
<b>Payments</b>		
Return Cheque – Prosecution Training Fees	300	300
Bank Fees	265	217
Refund of Prosecution Training Fees	300	-
ODPP Conference	-	17,505
Credit Reversal	-	500
<b>Total Payments</b>	<b>865</b>	<b>18,522</b>
<b>Net Surplus</b>	<b>29,906</b>	<b>48,404</b>
Opening balance as at 1 August	154,403	105,999
<b>Closing balance as at 31 July</b>	<b>184,309</b>	<b>154,403</b>

**APPENDIX 9.2: STATEMENT OF RECEIPTS AND PAYMENTS – FORFEITED  
ASSETS (FY 2020)**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Interest	457	419
Forfeited Funds	17,842	259,340
<b>Total Receipts</b>	<b>18,299</b>	<b>259,759</b>
<b>Payments</b>		
Bank Fees	1	1
<b>Total Payments</b>	<b>1</b>	<b>1</b>
<b>Net Surplus</b>	<b>18,298</b>	<b>259,758</b>
Opening balance as at 1 August	442,803	183,045
<b>Closing balance as at 31 July</b>	<b>461,101</b>	<b>442,803</b>

### APPENDIX 9.3: STATEMENT OF RECEIPTS AND PAYMENTS – DPP TRUST ACCOUNT (FY 2021)

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Lawyers' Prosecution Training Fees	52,500	30,600
Interest	215	171
<b>Total Receipts</b>	<b>52,715</b>	<b>30,771</b>
<b>Payments</b>		
Return Cheque – Prosecution Training Fees	-	300
Bank Fees	246	265
Refund of Prosecution Training Fees	300	300
ODPP Conference	3,300	-
<b>Total Payments</b>	<b>3,846</b>	<b>865</b>
<b>Net Surplus</b>	<b>48,869</b>	<b>29,906</b>
Opening balance as at 1 August	184,309	154,403
<b>Closing balance as at 31 July</b>	<b>233,178</b>	<b>184,309</b>

### APPENDIX 9.4: STATEMENT OF RECEIPTS AND PAYMENTS – FORFEITED ASSETS (FY 2021)

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Interest	485	457
Forfeited Funds	39,948	17,842
<b>Total Receipts</b>	<b>40,433</b>	<b>18,299</b>
<b>Payments</b>		
Bank Fees	1	1
Payment to Fiji Police Force	28,493	-
<b>Total Payments</b>	<b>28,494</b>	<b>1</b>
<b>Net Surplus</b>	<b>11,939</b>	<b>18,298</b>
Opening balance as at 1 August	461,101	442,803
<b>Closing balance as at 31 July</b>	<b>473,040</b>	<b>461,101</b>

**Section 15****Ministry of Justice****Roles and Responsibilities**

The Ministry of Justice is responsible for the administration of law and justice in Fiji. The Ministry delivers judicial services through registries established by the law to maintain official records of legal documents.

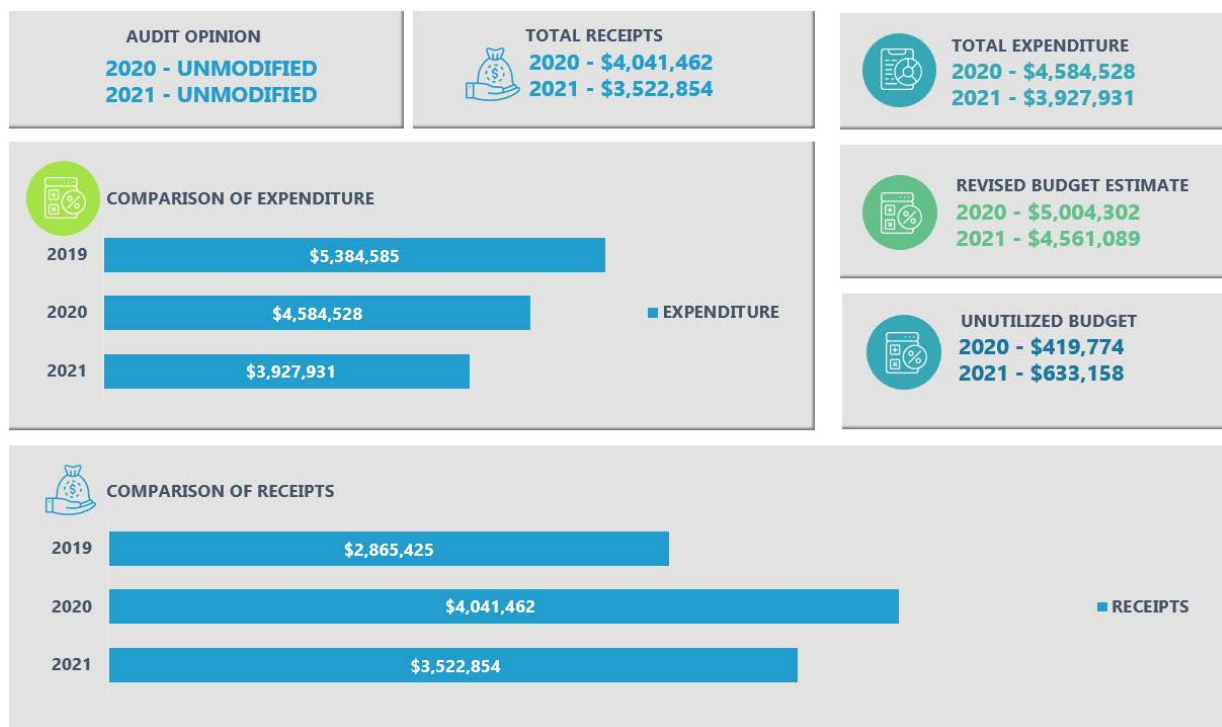
The Office of the Registrar of Companies registers companies, businesses, credit unions and money lenders. The Office of the Registrar of Titles registers titles and deeds. The Office of the Registrar-General registers births, deaths and marriages.

The Office of the Official Receiver is responsible for the administration of the winding-up of companies and bankruptcy matters, whereas the Office of the Administrator General is responsible for the administration of the Justices of the Peace.

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## PART A: FINANCIAL INFORMATION



### 15.1 Audit Opinion

#### **2020**

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

#### **2021**

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

### 15.2 Appropriation Statement

#### **2020**

The Ministry collected revenue totalling \$4.0 million in 2020 and incurred expenditure totalling \$4.6 million against a revised budget of \$5.0 million, resulting in a savings of \$0.4 million or 8%.

Details of expenditure against the revised budget are provided in Table 15.1.

Table 15.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,105,523	---	3,105,523	3,040,151	65,372
2	Government Wage Earners	113,247	29,000	142,247	135,111	7,136
3	Travel & Communication	200,591	85,000	285,591	209,826	75,765
4	Maintenance & Operations	677,306	(35,000)	642,306	501,754	140,552
5	Purchase of Goods & Services	182,871	5,000	187,871	148,926	38,945
6	Operating Grants & Transfers	17,160	---	17,160	17,160	---
7	Special expenditure	481,604	(114,000)	367,604	333,626	33,978
	<b>Total Operating Expenditure</b>	<b>4,778,302</b>	<b>(30,000)</b>	<b>4,748,302</b>	<b>4,386,554</b>	<b>361,748</b>
	<b>Capital Expenditure</b>					
9	Capital Purchase	80,000	30,000	110,000	107,466	2,534
	<b>Total Capital Expenditure</b>	<b>80,000</b>	<b>30,000</b>	<b>110,000</b>	<b>107,466</b>	<b>2,534</b>
13	Value Added Tax	146,000	---	146,000	90,508	55,492
	<b>TOTAL</b>	<b>5,004,302</b>	<b>---</b>	<b>5,004,302</b>	<b>4,584,528</b>	<b>419,774</b>

The unutilized budget were due to the following:

- The unutilized budget in Travel and Communications is due to the decrease in travel domestic and telecommunications.
- The unutilized budget in Maintenance and Operations is due to decrease in the expenses for Office Stationery and Power Supply.
- The unutilized budget in Purchases of Goods and Services is due to decrease in the expenses for Training and administration of Justice of Peace.
- The unutilized budget in Special Expenditure is due to the decrease in the expenses for Anti-Corruption Activities.

## 2021

The Ministry collected revenue totalling \$3,522,854 in 2021 and incurred expenditure totalling \$3.9 million against a revised budget of \$4.6 million resulting in savings of \$0.7 million or 15.2%.

Details of expenditure against the revised budget are provided in Table 15.2.

**Table 15.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,138,226	(10,000)	3,128,226	2,829,104	299,122
2	Government Wage Earners	138,279	---	138,279	117,841	20,438
3	Travel & Communication	150,000	68,000	218,000	160,508	57,492
4	Maintenance & Operations	657,000	(138,000)	519,000	422,311	96,689
5	Purchase of Goods & Services	162,000	(35,000)	127,000	65,347	61,653
6	Operating Grants & Transfers	17,000	---	17,000	17,000	---
7	Special Expenditure	143,924	115,000	258,924	205,795	53,129
	<b>Total Operating Expenditure</b>	<b>4,406,429</b>	<b>---</b>	<b>4,406,429</b>	<b>3,817,906</b>	<b>588,523</b>
9	Capital Purchase	50,000	---	50,000	47,154	2,846
	<b>Total Capital Expenditure</b>	<b>50,000</b>	<b>---</b>	<b>50,000</b>	<b>47,154</b>	<b>2,846</b>
13	Value Added Tax	104,660	---	104,660	62,871	41,789
	<b>TOTAL</b>	<b>4,561,089</b>	<b>---</b>	<b>4,561,089</b>	<b>3,927,931</b>	<b>633,158</b>

The unutilized budget were largely due to the following:

1. The unutilized budget in Travel and Communications was due to decrease in overseas travel, subsistence and meal claim expenditure.
2. The unutilized budget in Maintenance and Operation was due to decrease in repair and maintenance of office equipment expenditure.
3. The unutilized budget in Purchase of Goods and Services was mainly due to decrease in expenditure for training, public relations, awareness, and administration of Justice of Peace allowance.
4. The unutilized budget in Special Expenditure budget was due to decrease in Anti-Corruption and Digitization expenditure.

### 15.3 Trust Fund Account

The Ministry of Justice maintains two main trust fund accounts. These are the Official Receiver Liquidation and Official Receiver Bankruptcy Trust Fund Accounts.

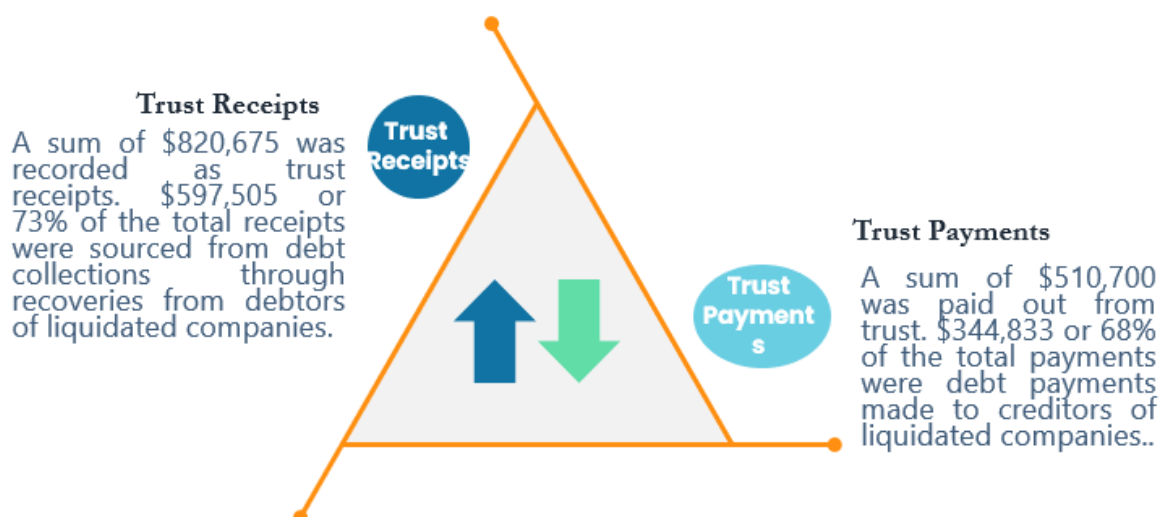
The Official Receiver administers Liquidation and Bankruptcy Accounts in accordance to the Companies Act 2015 and Bankruptcy Act 1944, respectively. The creditor files the petition against the debtor by paying a sum of \$109 for individual debtors and \$763 for Companies.

The petitions are then lodged with the Magistrates' Court or High Court which then appoints the Official Receiver as the Official Receiver of a debtor's estate for individuals or as the Provisional Liquidator for a company.

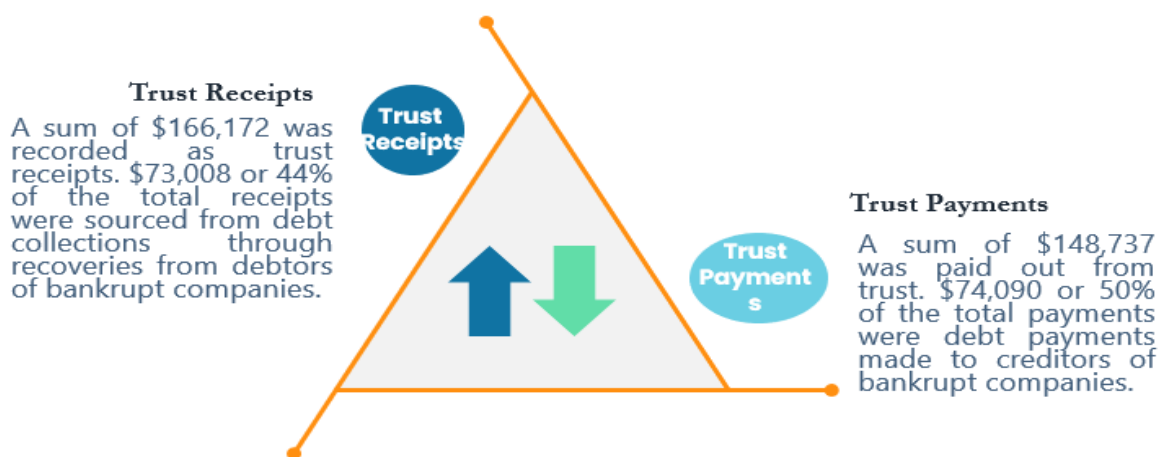
The Official Receiver then would have to take necessary steps as required under the Companies Act 2015 and the Bankruptcy Act 1944 to ensure recoveries are made from the debtors to pay off the creditors. Money received from Liquidated Companies on the other hand is deposited into the Liquidation Trust Bank Account for payment to creditors.

## 2020

The Official Receiver Liquidation Trust Fund account collected trust revenue totalling \$820,675 in 2020 and incurred expenditure totalling \$510,700 resulting in a surplus of \$309,975 compared to a surplus of \$109,680 in 2019.



The Official Receiver Bankruptcy Trust Fund collected trust revenue totalling \$166,172 in 2020 and incurred expenditure totalling \$148,737 resulting in a surplus of \$17,435 compared to a surplus of \$15,712 in 2019.



Detailed statement for trust receipts and payments are provided in Appendix 15.1 and 15.2.

## 2021

The Official Receiver Liquidation Trust Fund account collected trust revenue totalling \$2,907,962 in 2021 and incurred expenditure totalling \$1,353,766 resulting in a surplus of \$1,554,196 compared to a surplus of \$309,975 in 2020.



## OFFICIAL RECEIVER LIQUIDATION TRUST FUND

**Trust Receipts**  
A sum of \$2,907,962 was recorded as trust receipts. \$2,837,099 or 98% of the total receipts were sourced from debt collections through recoveries from debtors of liquidated companies.

Trust Receipts



Trust Payments

**Trust Payments**

A sum of \$1,353,766 was paid out from trust. \$1,289,232 or 95% of the total payments were debt payments made to creditors of liquidated companies.

The Official Receiver Bankruptcy Trust Fund collected trust revenue totalling \$163,359 in 2021 and incurred expenditure totalling \$68,111 resulting in a surplus of \$95,248 compared to a surplus of \$17,435 in 2020.

## OFFICIAL RECEIVER BANKRUPTCY TRUST FUND

**Trust Receipts**  
A sum of \$163,359 was recorded as trust receipts. \$136,167 or 83% of the total receipts were sourced from debt collections through recoveries from debtors of bankrupt companies.

Trust Receipts



Trust Payments

**Trust Payments**

A sum of \$68,111 was paid out from trust. \$39,888 or 59% of the total payments were debt payments made to creditors of bankrupt companies.

Detailed statement for trust receipts and payments are provided in Appendix 15.3 and 15.4.

## PART B: 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 2021.

### 15.4 Absence Detailed Listings for Official Receiver Trust Fund Account Balance – Recurring Issue

The Clerical Officer Revenue shall properly file correspondences, reports, trust agreements and other relevant trust documents. Each trust account shall have its own file.<sup>1</sup> The Clerical Officer Revenue shall keep a trust ledger to record movement of trust money. The ledger shall record the following information:

- i. Name of trust account;
- ii. Date and amount of receipts and payee;
- iii. Date, amount paid and payer including reference number;
- iv. Balance to date.<sup>2</sup>

The audit noted that no listing maintained for Bankruptcy Trust Fund Account as at 31/07/2020.

Similarly, there was no listing maintained for Liquidation Trust Fund Account as at 31/07/2020. However, the Ministry has reconciled the balance in the Bank with the FMIS GL as at 30/04/2022.

In the absence of the detailed listings, it was not possible to ascertain the correctness of the balance reflected in the Liquidation and Bankruptcy Trust Fund accounts as at 31/07/2020.

#### **Recommendation**

**The Ministry should ensure that the manual records of individuals under receivership and companies under provisional liquidations are updated, consolidated and reconciled with the respective Trust Fund Account balances.**

#### **Agreed Management Action**

*Ministry is now maintaining debtors listing in excel spreadsheet. Our internal system analyst is developing the database software which will capture the details for debtors.*

<sup>1</sup> Ministry of Justice Finance Manual 2013 Part 14 Section 3 – Trust Accounts Paragraph 14.3.1

<sup>2</sup> Ministry of Justice Finance Manual 2013 Part 14 Section 3 – Trust Accounts Paragraph 14.3.2

## 15.5 Outstanding VAT Liability – Recurring Issue

A list of all invoices and other claims overdue for payment shall be prepared by the Accounts Officer and included in a report to the Principal Accounts Officer. The report shall also set out reasons why the payments are overdue.<sup>3</sup>

VAT on Revenue with closing balance was \$303,905 or 95.6% of the total Operating Trust Fund balance of \$317,857 as at 31/07/2020.

Significant balances in the VAT on revenue indicates that monies kept in Trust Fund were not paid to Fiji Revenue and Custom Services (FRCS) on time and/or unaccounted balances are maintained in the Operating Trust Fund account.

Failure to make correct VAT payment to FRCS could result in VAT penalties imposed to the Ministry.

### **Recommendation**

**The Ministry should investigate the significant balances in the VAT on Revenue account and take appropriate action to clear the balances.**

### **Agreed Management Action**

*On 23<sup>rd</sup> February, Ministry has again written memo to Ministry of Economy for the GL adjustment. However, we were advised by Ministry of Economy to get the payment confirmation details from FRCS from 2014 in order to approve the GL adjustment. We have emailed FRCS but are yet to get the details for the payment from the year 2014 to date.*

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<sup>3</sup> Ministry of Justice Finance Manual 2013 – Part 12 Section 12- Liabilities Paragraph 12.1.4  
Ministry of Justice

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

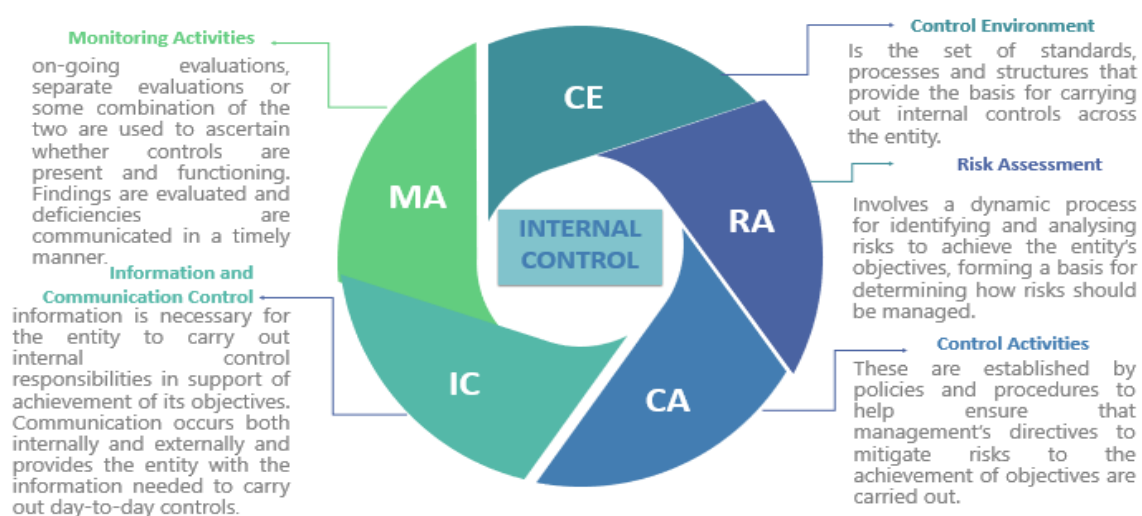
### 15.6 Internal Controls

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 as:

Year	Rating	Internal control assessment
2020	● Generally Effective	Some deficiencies identified in internal control.
2021	● Generally Effective	Some deficiencies identified in internal control.

## 15.7 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 6 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 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 29 August 2020	NA

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 19 July 2021	✓
Clearance of Inter-departmental clearance accounts by 06 August 2021	✗	Processing of payments by 31 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	☀ Generally effective	6 of 9 key processes completed within two weeks of due date.
2021	☀ Generally effective	7 of 10 key processes completed within two weeks of due date.

### 15.8 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 was:

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

### 15.9 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	Generally effective	Acceptable draft financial statements received on or before 31 October 2020. Draft financial statements was received on 22 October 2020.
2021	Generally effective	Acceptable draft financial statements received before 31 October 2021.

### 15.10 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	Effective	Within 14 days from issue of Draft Management Letter.
2021	Effective	Within 14 days from issue of Draft Management Letter.

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

**APPENDIX 15.1: OFFICIAL RECEIVER LIQUIDATION TRUST FUND ACCOUNT (FY 2020)**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Debt Collected	597,505	742,115
Petition	77,064	64,092
Search Fees	6,475	8,044
Proof of Debt	49,185	3,870
Fees and Costs	90,446	67,137
<b>Total Receipts</b>	<b>820,675</b>	<b>885,258</b>
<b>Payments</b>		
Debt Payment	344,833	654,790
Debtor Refund	3,052	---
Petition Refund	9,269	3,052
Reversal of Dishonoured Cheque	88,769	---
Publication Costs	7,407	4,518
Bank Fees & Charges	455	233
Payment to CFA	54,665	112,925
Reversal to Bank Account	2,250	60
<b>Total Payments</b>	<b>510,700</b>	<b>775,578</b>
Surplus	309,975	109,680
Opening Balance as at 1 August	699,333	589,653
<b>Closing balance as at 31 July</b>	<b>1,009,308</b>	<b>699,333</b>

**APPENDIX 15.2: OFFICIAL RECEIVER BANKRUPTCY TRUST FUND ACCOUNT (FY 2020)**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Debt Collected	73,008	133,124
Search Fees	25,048	34,401
OR Fees & Costs	61,615	8,319
Petition	6,472	2,848
Proof of Debt	29	1,241
<b>Total Receipts</b>	<b>166,172</b>	<b>179,933</b>
<b>Payments</b>		
Debt Payment	74,090	99,609
Debtor Refund	2,700	24,279
Petition Refund	761	---
Publication Costs	594	501
Bank Fees & Charges	459	294
Payment to CFA	70,133	39,538
<b>Total Payments</b>	<b>148,737</b>	<b>164,221</b>
Surplus	17,435	15,712
Opening balance as at 1 August	289,972	274,260
<b>Closing Balance as at 31 July</b>	<b>307,407</b>	<b>289,972</b>

**APPENDIX 15.3: OFFICIAL RECEIVER LIQUIDATION TRUST FUND ACCOUNT (FY 2021)**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Debt Collected	2,837,099	597,505
Petition	58,751	77,064
Search Fees	4,600	6,475
Proof of Debt	7,512	49,185
Fees and Costs	-	90,446
<b>Total Receipts</b>	<b>2,907,962</b>	<b>820,675</b>
<b>Payments</b>		
Debt Payment	1,289,232	344,833
Company Operational Expenditures	40,485	-
Debtor Refund	-	3,052
Petition Refund	4,578	9,269
Publication Costs	1,331	7,407
Bank Fees & Charges	540	455
Payment to CFA	9,960	54,665
Reversal of Dishonored Cheque	6,900	88,769
Reversal to Bank Account	740	2,250
<b>Total Payments</b>	<b>1,353,766</b>	<b>510,700</b>
Surplus	1,544,196	309,975
Opening balance as at 1 August	1,009,308	699,333
<b>Closing Balance as at 31 July</b>	<b>2,563,504</b>	<b>1,009,308</b>

**APPENDIX 15.4: OFFICIAL RECEIVER BANKRUPTCY TRUST FUND ACCOUNT (FY 2021)**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Debt Collected	136,167	73,008
Search Fees	21,616	25,048
OR Fees & Costs	269	61,615
Petition	5,287	6,472
Proof of Debt	20	29
<b>Total Receipts</b>	<b>163,359</b>	<b>166,172</b>
<b>Payments</b>		
Debt Payment	39,888	74,090
Debtor Refund	6,028	2,700
Publication Costs	130	594
Petition Refund	422	761
Bank Fees & Charges	402	459
Payment to CFA	21,241	70,133
<b>Total Payments</b>	<b>68,111</b>	<b>148,737</b>
Surplus	95,248	17,435
Opening balance as at 1 August	307,407	289,972
<b>Closing Balance as at 31 July</b>	<b>402,655</b>	<b>307,407</b>



## Section 15 A      **Fiji Corrections Service**

### **Roles and Responsibilities**

The Fiji Corrections Service [FCS] is responsible for properly and safely detaining and rehabilitating persons sentenced to a term of imprisonment or placed on remand pending trial by the courts at its correctional centres.

The FCS upholds Government's obligation to meet international standards and best practices in its custody of inmates. One of its main responsibilities is to reduce overcrowding in correction centres to ensure that the human dignity of all inmates is respected.

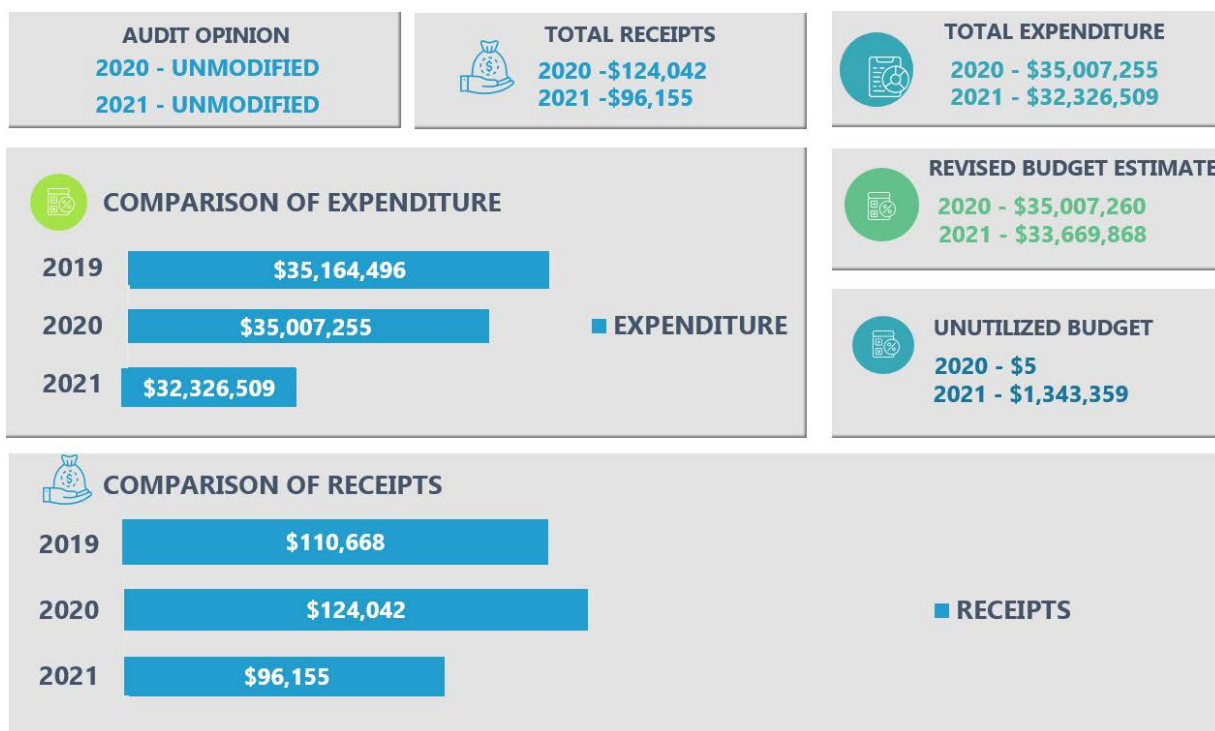
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## PART A: FINANCIAL INFORMATION

### 15A.1 Financial Information



### 15A.2 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Fiji Corrections Service resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Fiji Corrections Service resulted in an unmodified audit opinion.

### 15A.3 Appropriation Statement – FY 2020

The Department collected revenue totaling \$124,042 in 2020 and incurred expenditure totalling \$35 million against a revised budget of \$35 million.

Details of expenditure against the revised budget are provided in Table 15A.1.

**Table 15A.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	18,992,619	710,949	19,703,568	19,703,567	1
2	Government Wage Earners	18,997	1,810	20,807	20,807	---
3	Travel & Communication	852,000	171,638	1,023,638	1,023,637	1
4	Maintenance & Operations	2,441,425	118,550	2,559,975	2,559,974	1
5	Purchase of Goods & Services	5,934,016	582,566	6,516,582	6,516,580	2
6	Operating Grants & Transfers	21,578	(5,901)	15,677	15,677	---
7	Special Expenditure	500,000	(148,271)	351,729	351,729	---
	<b>Total Operating Costs</b>	<b>28,760,635</b>	<b>1,431,341</b>	<b>30,191,976</b>	<b>30,191,971</b>	<b>5</b>
8	Capital Construction	3,801,125	(737,134)	3,063,991	3,063,991	---
9	Capital Purchase	585,773	(40,065)	545,708	545,708	---
	<b>Total Capital Expenditure</b>	<b>4,386,898</b>	<b>(777,199)</b>	<b>3,609,699</b>	<b>3,609,699</b>	<b>---</b>
13	Value Added Tax	1,270,300	(64,715)	1,205,585	1,205,585	---
	<b>TOTAL</b>	<b>34,417,833</b>	<b>589,427</b>	<b>35,007,260</b>	<b>35,007,255</b>	<b>5</b>

#### 15A.4 Trust Fund Account – FY 2020

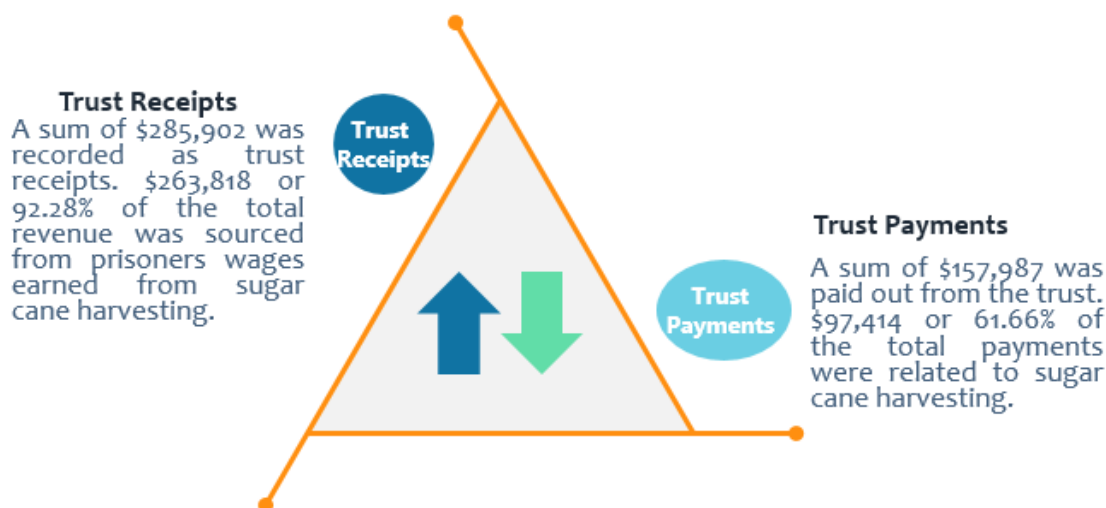
The Fiji Corrections Service maintains a Prisoners Cash Trust Fund Account.

Money held in trust consist of confiscated cash from prisoners upon convictions, engagement in the Trading and Manufacturing Small Business Units (TMA SBUs), engagement in the art gallery and commercial wage job placements. For the TMA SBUs, the wage rate depends on the job cost, skill of the prisoner and years of experience in the trade. The more skillful the prisoner the more the wage rate is charged. For commercial wage job placements, the wage rate depends on the rate offered by the company. For the art gallery, 60% of sale goes to the prisoner while 40% is used to purchase gallery items. The hours worked by the Prisoners are recorded in the timesheets and receipted when deposited into the Prisoners Trust Account.

Any pay out for prisoners upon discharge is taken out from this same Trust Account upon producing receipts. Pay outs are based on actual cash earned by the prisoners during incarceration. If there are discipline issues during incarceration these are accounted for when making payments to prisoners during release upon Commissioner's discretion. All payments are supported by receipts and approved by the Commissioner before being paid.

The Prisoners Cash Trust Fund Account collected trust revenue totalling \$285,902 in 2020 and incurred expenditure totalling \$157,987 resulting in a surplus of \$127,915 compared to a surplus of \$170,324 in 2019.

### PRISONERS CASH TRUST FUND ACCOUNT



Detailed statement for trust receipts and payments are provided in Appendix 15A.1.

#### 15A.5 Trading and Manufacturing Account – FY 2020

The Fiji Corrections Service operates the Trading and Manufacturing Account (TMA) and is guided by its legal mandate to operate its Commercial Enterprises Unit as stipulated under the Fiji Corrections Act 2006 under Part 10 Clause 45 (a) to (d).

The Department's TMA consists of six Small Business Units (SBUs) namely the Bakery, Joinery, Piggery, Poultry, Tailor and Crops. The summary of the activities are presented in a consolidated form as there is only one bank account for all the SBUs.

The operation of these TMA helps in the rehabilitative work programs with key objective of teaching and developing inmates with basic industrial and agricultural skills. The TMA also generates much needed revenue through the sale of agricultural products, joinery, tailor and bakery materials.

The activities for the TMA are as follows:

##### Bakery

The Bakery Unit is responsible for baking long loaves and sliced bread. Bakery unit is located within the Maximum Correction facility. This is the only product currently produced at the bakery. The production is to cater for the demand from the corrections institution and two main external customers which are the Fiji Military Forces and Fiji Navy. It also includes supply for special events like the Hibiscus Festival and Show Case when need arises.

## **Crops**

This business unit does farming of crops and vegetables such as ginger, cassava, dalo and many other products according to seasons. The produce is mostly used to cater for institutional needs and also for sale to local buyers.

## **Joinery**

The joinery team comprises of inmates who are involved with the construction of furniture items for institutional and commercial use. The furniture items include construction of tables, desks, chairs, coffin boxes and wardrobes.

## **Piggery**

This business unit is responsible for breeding pigs and supplying pig meat to buyers along the Navua to Nausori corridor. The unit breeds pigs from weaner to baconer. Although it's not part of the major supplies of pig meat in Fiji, the unit is aiming to improve its breeding numbers.

## **Poultry**

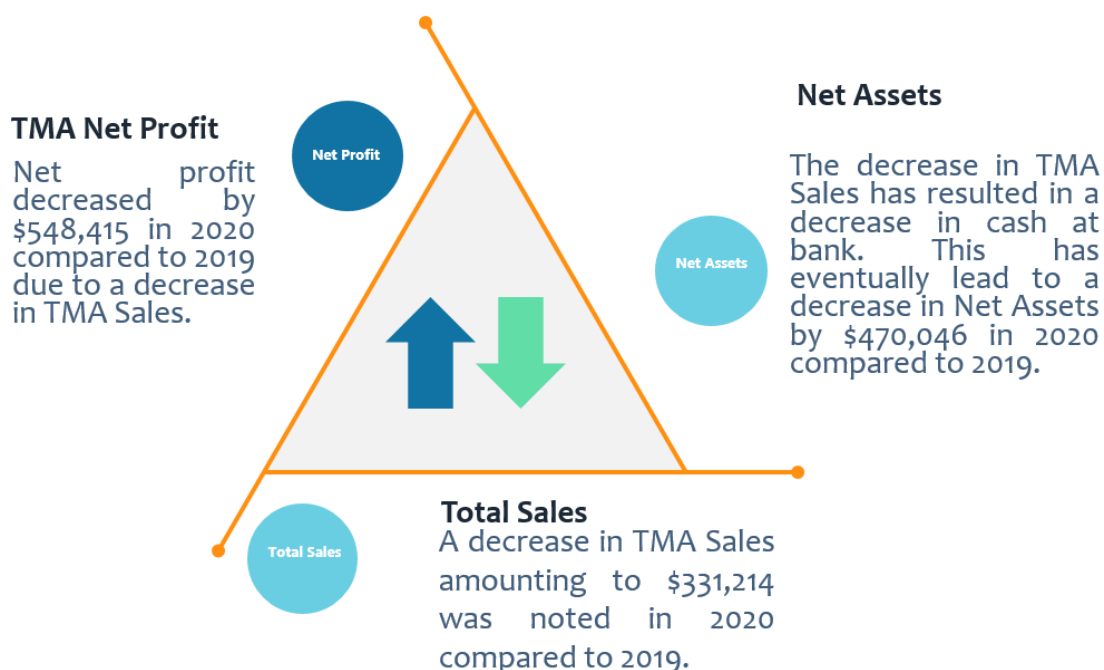
This business unit is responsible for breeding live chickens for supply of fresh eggs which are then retailed in the local market. The eggs produced are of high quality with affordable prices compared to other suppliers of fresh eggs and is mostly bought by households and businesses around the greater Suva area. Additionally the unit also sells live chicken.

## **Tailor**

The tailor unit is responsible for making garments such as school uniforms, beddings, government uniforms, health workers uniforms/coats and many more. Garments are mostly bought by clothing retail shops around Fiji. The unit also specializes in custom made designs and modifies the designs according to customer needs.

The financial analysis of TMA for the year ended 31 July 2020 is provided below. Detailed Statements for the TMA are provided in Appendix 15A.2.

## TRADE AND MANUFACTURING ACCOUNT



### 15A.6 Appropriation Statement – FY 2021

The Department collected revenue totalling \$96,155 in 2021 and incurred expenditure totalling \$32.3 million against a revised budget of \$33.6 million in savings of \$1.3 million or 4%.

Details of expenditure against the revised budget are provided in Table 15A.2.

**Table 15A.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	20,402,504	(1,004,008)	19,398,496	19,368,799	29,697
2	Government Wage Earners	33,081	---	33,081	22,036	11,045
3	Travel & Communication	700,000	114,000	814,000	643,692	170,308
4	Maintenance & Operations	2,362,000	170,000	2,532,000	2,197,818	334,182
5	Purchase of Goods & Services	5,492,757	672,200	6,164,957	5,997,021	167,936
6	Operating Grants & Transfers	21,000	---	21,000	16,621	4,379
7	Special Expenditure	550,000	---	550,000	205,949	344,051
	<b>Total Operating Costs</b>	<b>29,561,342</b>	<b>(47,808)</b>	<b>29,513,534</b>	<b>28,451,936</b>	<b>1,061,598</b>

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
8	Capital Construction	2,695,446	---	2,695,446	2,552,746	142,700
9	Capital Purchase	322,180	---	322,180	279,849	42,331
	<b>Total Capital Expenditure</b>	<b>3,017,626</b>	<b>---</b>	<b>3,017,626</b>	<b>2,832,595</b>	<b>185,031</b>
13	Value Added Tax	1,090,900	47,808	1,138,708	1,041,978	96,730
	<b>TOTAL</b>	<b>33,669,868</b>	<b>---</b>	<b>33,669,868</b>	<b>32,326,509</b>	<b>1,343,359</b>

Unutilized budget were largely due to the following:

1. The savings in Government Wage Earners is due to the one vacant position due to resignation.
2. The savings in Travel and Communication is due to restrictions in movements caused by the COVID-19 pandemic resulting in the reduction of staff transfers within Institutions, re-scheduled or cancelled planned work related movements for staff and reduction in the movement of inmates between the Courts and other Institutions.
3. The savings in the Operating Grants and Transfers is due to the reduction in payment of stage gratuities to discharged inmates as most of those who were scheduled to be discharged were placed on hold waiting resumption of Court sessions and clearance of the COVID-19 restrictions. The payment of stage gratuities are facilitated from this allocation.
4. The savings in Special Expenditure was due to the reduction in spending for programs under the Rehabilitation programs (Yellow Ribbon Project & Poverty Alleviation Programs) as most planned programs has to be cancelled and re-scheduled due to the pandemic.
5. The savings in Capital Purchase is due to the supply chains delays faced by suppliers because of the restrictions posed by the COVID-19 pandemic. Fiji Correction Services operations was also on 'essential service level' therefore minimizing the need for capital purchases during the pandemic.

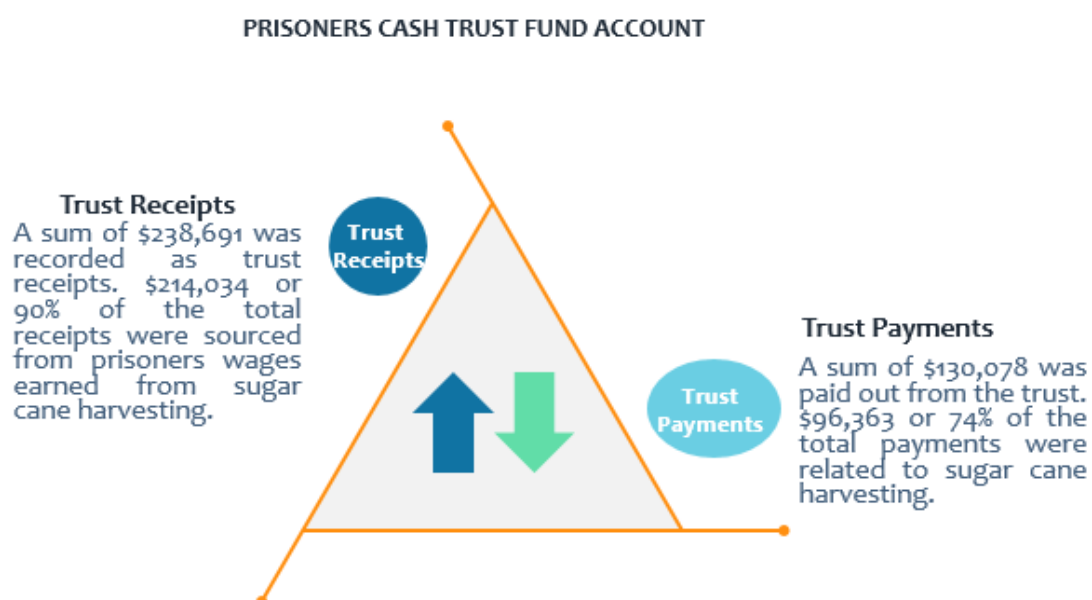
#### 15A.7 Trust Fund Account – FY 2021

The Fiji Corrections Service maintains a Prisoners Cash Trust Fund Account.

Money held in trust consist of confiscated cash from prisoners upon convictions, engagement in the Trading and Manufacturing Small Business Units (TMA SBUs), engagement in the art gallery and commercial wage job placements. For the TMA SBUs, the wage rate depends on the job cost, skill of the prisoner and years of experience in the trade. The more skillful the prisoner the more the wage rate is charged. For commercial wage job placements, the wage rate depends on the rate offered by the company. For the art gallery, 60% of sale goes to the prisoner while 40% is used to purchase gallery items. The hours worked by the Prisoners are recorded in the timesheets and receipted when deposited into the Prisoners Trust Account.

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The Prisoners Cash Trust Fund Account collected trust revenue totalling \$238,691 in 2021 and incurred expenditure totalling \$130,078 resulting in a surplus of \$108,613 compared to a surplus of \$127,915 in 2020.



Detailed statement for trust receipts and payments are provided in Appendix 15A.3.

### 15A.8 Trading and Manufacturing Account – FY 2021

The Fiji Corrections Service operates the Trading and Manufacturing Account (TMA) and is guided by its legal mandate to operate its Commercial Enterprises Unit as stipulated under the Fiji Corrections Act 2006 under Part 10 Clause 45 (a) to (d).

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The activities for the TMA are as follows:

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### **Crops**

This business unit does farming of crops and vegetables such as ginger, cassava, dalo and many other products according to seasons. The produce is mostly used to cater for institutional needs and also for sale to local buyers.

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The joinery team comprises of inmates who are involved with the construction of furniture items for institutional and commercial use. The furniture items include construction of tables, desks, chairs, coffin boxes and wardrobes.

### **Piggery**

This business unit is responsible for breeding pigs and supplying pig meat to buyers along the Navua to Nausori corridor. The unit breeds pigs from weaner to baconer. Although it's not part of the major supplies of pig meat in Fiji, the unit is aiming to improve its breeding numbers.

### **Poultry**

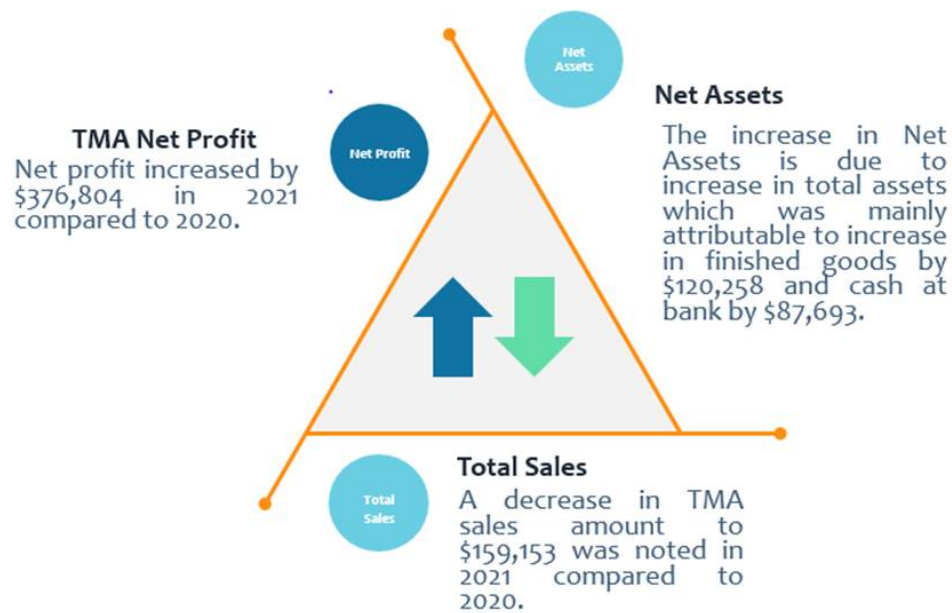
This business unit is responsible for breeding live chickens for supply of fresh eggs which are then retailed in the local market. The eggs produced are of high quality with affordable prices compared to other suppliers of fresh eggs and is mostly bought by households and businesses around the greater Suva area. Additionally, the unit also sells live chicken.

### **Tailor**

The tailor unit is responsible for making garments such as school uniforms, beddings, government uniforms, health workers uniforms/coats and many more. Garments are mostly bought by clothing retail shops around Fiji. The unit also specializes in custom made designs and modifies the designs according to customer needs.

The financial analysis of TMA for the year ended 31 July 2021 is provided below. Detailed Statements for the TMA are provided in Appendix 15A.4.

TRADE AND MANUFACTURING ACCOUNT



## **PART B:           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 Fiji Corrections Service.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

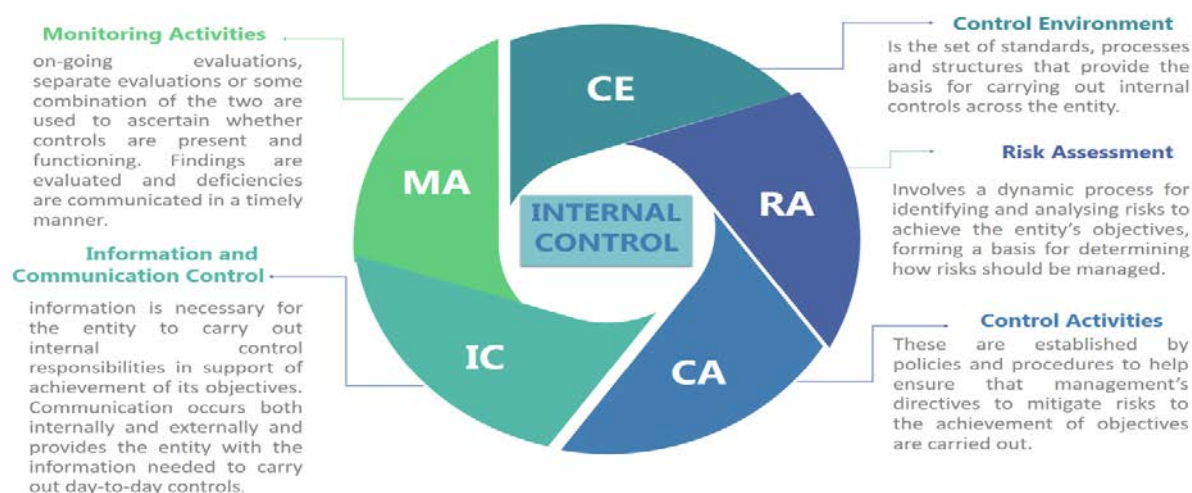
### 15A.9 Internal Controls

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 Department as:

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

## 15A.10 Submission of FY 2019-2020 & 2020-2021 Draft Agency Financial Statements

### 2020

On 1 May 2020, Permanent Secretary for Finance issued Circular No. 03/2019-20 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 11 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 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	Not Applicable

### 2021

On 30 April 2021, Permanent Secretary for Finance issued Circular No. 08/2020-21 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 29 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	✓	Submission of arrears of revenue returns by 27 August 2021	Not Applicable

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	Year-end close process assessment
2020	☀ Generally Effective	6 of 9 key processes completed by due date
2021	☀ Generally effective	8 of 9 key processes completed within the timeline

#### 15A.11 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 Department was:

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

#### 15A.12 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 15 October 2020.
2021	🌱 Effective	Acceptable draft financial statements received before 15 October 2021.

#### 15A.13 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 issue of Draft Management Letter
2021	☀ Generally effective	Within 21 days from issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	🌱 Effective	Within 5 days from issue of Financial Statements for signing
2021	🌶 Ineffective	After 15 days from issue of Financial Statements for signing

## APPENDIX 15A.1: PRISONERS CASH TRUST FUND - 2020

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Prisoner's cash	8,105	13,434
Job placement	1,612	3,360
Sale of Art gallery	12,367	34,559
Sugar cane harvesting	263,818	293,341
Commercial wages		3,633
<b>Total Receipts</b>	<b>285,902</b>	<b>348,327</b>
<b>Payments</b>		
Return of Prisoner's cash	42,503	99,393
Job placement	1,197	3,355
Art gallery	16,873	2,880
Sugar cane harvesting	97,414	72,375
<b>Total Payments</b>	<b>157,987</b>	<b>178,003</b>
<b>Net Surplus</b>	<b>127,915</b>	<b>170,324</b>
Balance as at 1 August	937,790	767,466
<b>Closing Balance as at 31 July</b>	<b>1,065,705</b>	<b>937,790</b>

## APPENDIX 15A.2: CONSOLIDATED TRADING AND MANUFACTURING ACCOUNT - 2020

Table 15A.3: Manufacturing Account

Description	31 July 2020 (\$)	31 July 2019 (\$)
Opening Raw Materials	78,611	72,841
Add: Purchases	1,130,904	999,923
	<b>1,209,515</b>	<b>1,072,764</b>
Less: Closing Raw materials	75,832	78,611
<b>Raw Materials Used</b>	<b>1,133,683</b>	<b>994,153</b>
Add: Opening Work In Progress	14,269	357,243
Add: Direct Cost – Labour	16,147	31,399
Less: Closing Work in Progress	6,506	14,269
<b>Cost of Manufactured Goods Transferred to Trading Account</b>	<b>1,157,593</b>	<b>1,368,526</b>

Table 15A.4: Trading Account

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Sales</b>	<b>1,414,463</b>	<b>1,745,677</b>
Opening Stock	423,365	17,570
Add: Cost of Manufactured Goods transferred from Manufacturing Account	1,157,593	1,368,526
Less: Closing Stock of Finished Goods	296,801	423,365
<b>Cost of Goods Sold</b>	<b>1,284,157</b>	<b>962,731</b>
<b>Gross Profit transferred to Profit &amp; Loss Account</b>	<b>130,306</b>	<b>782,946</b>

Table 15A.5: Profit and Loss Account

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Income</b>		
Gross Profit Transferred from Trading Account	130,306	782,946
<b>Total Income</b>	<b>130,306</b>	<b>782,946</b>
<b>Expenses</b>		
Maintenance and Operations	52,884	157,109
<b>Total Payments</b>	<b>52,884</b>	<b>157,109</b>
<b>Net Profit</b>	<b>77,422</b>	<b>625,837</b>

Table 15A.6: Balance Sheet

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Assets</b>		
Cash at Bank	428,636	747,469
Raw Materials	75,832	78,611
Works in Progress	6,506	14,269
Finished Goods	296,801	423,364
VAT Receivable	12,221	15,741
<b>Total Assets</b>	<b>819,996</b>	<b>1,279,454</b>
<b>Liabilities</b>		
Deferred Income	15,288	4,700
<b>Total Liabilities</b>	<b>15,288</b>	<b>4,700</b>



Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Net Assets</b>	<b>804,708</b>	<b>1,274,754</b>
<b>Equity</b>		
TMA Surplus transferred to Consolidated Fund	(1,063,397)	(502,328)
TMA Accumulated Surplus	1,790,683	1,151,245
Net Profit	77,422	625,837
<b>Total Equity</b>	<b>804,708</b>	<b>1,274,754</b>

#### APPENDIX 15A.3: PRISONERS CASH TRUST FUND - 2021

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Prisoner's cash	2,275	8,105
Job placement	450	1,612
Sale of Art gallery	21,932	12,367
Sugar cane harvesting	214,034	263,818
<b>Total Receipts</b>	<b>238,691</b>	<b>285,902</b>
<b>Payments</b>		
Return of Prisoner's cash	10,115	42,503
Job placement	---	1,197
Art gallery	23,600	16,873
Sugar cane harvesting	96,363	97,414
<b>Total Payments</b>	<b>130,078</b>	<b>157,987</b>
<b>Net Surplus</b>	<b>108,613</b>	<b>127,915</b>
Balance as at 1 August	1,065,705	937,790
<b>Closing Balance as at 31 July</b>	<b>1,174,318</b>	<b>1,065,705</b>

#### APPENDIX 15A.4: CONSOLIDATED TRADING AND MANUFACTURING ACCOUNT - 2021

Table 15A.7: Manufacturing Account

Description	31 July 2021 (\$)	31 July 2020 (\$)
Opening Raw Materials	75,832	78,611
Add: Purchases	863,329	1,130,904
	<b>939,161</b>	<b>1,209,515</b>
Less: Closing Raw materials	74,550	75,832
<b>Raw Materials Used</b>	<b>864,611</b>	<b>1,133,683</b>
Add: Opening Work In Progress	6,506	14,269
Add: Direct Cost – Labour	34,424	16,147

Description	31 July 2021 (\$)	31 July 2020 (\$)
Less: Closing Work in Progress	1,083	6,506
<b>Cost of Manufactured Goods Transferred to Trading Account</b>	<b>904,458</b>	<b>1,157,593</b>

Table 15A.8: Trading Account

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Sales</b>	<b>1,255,310</b>	<b>1,414,463</b>
Opening Stock	296,801	423,365
Add: Cost of Manufactured Goods transferred from Manufacturing Account	904,458	1,157,593
Less: Closing Stock of Finished Goods	417,059	296,801
<b>Cost of Goods Sold</b>	<b>784,200</b>	<b>1,284,157</b>
<b>Gross Profit transferred to Profit &amp; Loss Account</b>	<b>471,110</b>	<b>130,306</b>

Table 15A.9: Profit and Loss Account

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Income</b>		
Gross Profit Transferred from Trading Account	471,110	130,306
<b>Total Income</b>	<b>471,110</b>	<b>130,306</b>
<b>Expenses</b>		
Maintenance and Operations	16,884	52,884
<b>Total Payments</b>	<b>16,884</b>	<b>52,884</b>
<b>Net Profit</b>	<b>454,226</b>	<b>77,422</b>

**Table 15A.10: Balance Sheet**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Assets</b>		
Cash at Bank	516,329	428,636
Raw Materials	74,550	75,832
Works in Progress	1,083	6,506
Finished Goods	417,059	296,801
VAT Receivable	26,371	12,221
<b>Total Assets</b>	<b>1,035,392</b>	<b>819,996</b>
<b>Liabilities</b>		
Deferred Income	---	15,288
<b>Net Assets</b>	<b>1,035,392</b>	<b>804,708</b>
<b>Equity</b>		
TMA Surplus transferred to Consolidated Fund	(1,291,639)	(1,063,397)
TMA Accumulated Surplus	1,872,805	1,790,683
Net Profit	454,226	77,422
<b>Total Equity</b>	<b>1,035,392</b>	<b>804,708</b>

## Section 16

# Departments of Information, Communications and Digital Government Transformation Office

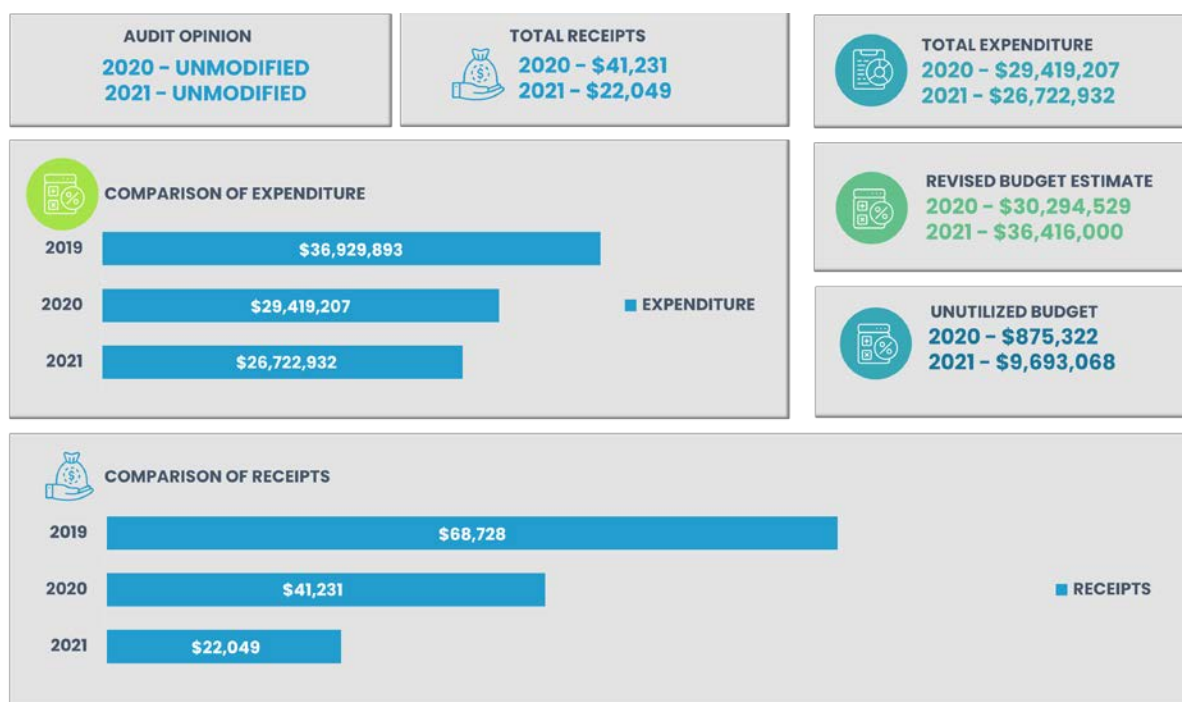
## Roles and Responsibilities

The Department of Communications is spearheading the digitalFIJI Program, a digital government transformation initiative which optimises and digitalises key Government services which is focused on a citizen-centric approach through the establishment of a common services platform, data harmonisation, release of software and mobile applications (digitalFIJI app and the careFIJI app) to dramatically increase accessibility of Government services.

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## PART A: FINANCIAL INFORMATION



### 16.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Departments of Information and Communications resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts of the Departments of Information, Communications & Digital Government Transformation Office resulted in an unmodified audit opinion.

### 16.2 Appropriation Statement

#### 2020

The Departments of Information and Communications in 2020 collected revenue totalling \$41,231 and incurred expenditure totalling \$29.4 million against a revised budget of \$30.3 million resulting in unutilised budget of \$0.9 million or 3%.

Details of expenditure against the revised budget are provided in Table 16.1.

Table 16.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,317,585	(12,000)	1,305,585	1,198,455	107,130
2	Government Wage Earners	179,750	---	179,750	161,005	18,745

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
3	Travel & Communication	356,442	---	356,442	318,675	37,767
4	Maintenance & Operations	685,336	(29,000)	656,336	617,824	38,512
5	Purchase of Goods & Services	2,279,888	583,000	2,862,888	2,601,983	260,905
6	Operating Grants & Transfers	941,905	---	941,905	933,686	8,219
7	Special expenditure	616,480	(42,000)	574,480	567,384	7,096
	<b>Total Operating Costs</b>	<b>6,377,386</b>	<b>500,000</b>	<b>6,877,386</b>	<b>6,399,012</b>	<b>478,374</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchases	11,163,283	600,000	11,763,283	11,547,868	215,415
10	Capital Grants & Transfers	10,294,731	---	10,294,731	10,294,731	---
	<b>Total Capital Expenditure</b>	<b>21,458,014</b>	<b>600,000</b>	<b>22,058,014</b>	<b>21,842,599</b>	<b>215,415</b>
13	Value Added Tax	1,359,129	---	1,359,129	1,177,596	181,533
	<b>TOTAL</b>	<b>29,194,529</b>	<b>1,100,000</b>	<b>30,294,529</b>	<b>29,419,207</b>	<b>875,322</b>

The unutilised budget were largely due to the following:

1. The unutilised budget in Established Staff and Government Wage Earners were caused by vacant jobs in the Department. Travel costs were reduced as a result of COVID-19 travel restrictions. The unutilised budget in Maintenance and Operations is attributed to the implementation of cost-cutting measures on certain of its operational expenses, such as incidentals, postage, and equipment upkeep. The unutilised budget in Purchase of Goods and Services were due to the Department receiving the July invoice from a consultant company after the payment cut-off date, therefore it was processed in the next financial year.
2. The unutilised budget in Capital Purchases was attributed to the Department allocating \$11.1 million for the Digital Government Transformation Project, with additional funds vired from ITC. Payments were made upon completion of milestones.

## 2021

The Departments of Information, Communications and Digital Government Transformation Office in 2021 collected revenue totalling \$22,049 and incurred expenditure totalling \$26.7 million against a revised budget of \$36.4 million resulting in unutilised budget of \$9.6 million or 27%.

Details of expenditure against the revised budget are provided in Table 16.2.

**Table 16.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,006,489	(65,000)	1,941,489	1,524,261	417,228
2	Government Wage Earners	177,307	(38,000)	139,307	110,326	28,981

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
3	Travel & Communication	377,527	---	377,527	174,743	202,784
4	Maintenance & Operations	499,719	20,000	519,719	443,559	76,160
5	Purchase of Goods & Services	2,249,130	119,475	2,368,605	1,778,936	589,669
6	Operating Grants & Transfers	1,044,420	(36,475)	1,007,945	938,802	69,143
7	Special expenditure	16,427,402	---	16,427,402	11,301,787	5,125,615
	<b>Total Operating Costs</b>	<b>22,781,994</b>	<b>---</b>	<b>22,781,994</b>	<b>16,272,414</b>	<b>6,509,580</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	11,874,136	---	11,874,136	10,303,231	1,570,905
	<b>Total Capital Expenditure</b>	<b>11,874,136</b>	<b>---</b>	<b>11,874,136</b>	<b>10,303,231</b>	<b>1,570,905</b>
13	Value Added Tax	1,759,870	---	1,759,870	147,287	1,612,583
	<b>TOTAL</b>	<b>36,416,000</b>	<b>---</b>	<b>36,416,000</b>	<b>26,722,932</b>	<b>9,693,068</b>

The unutilised budget were largely due to the following:

1. The unutilised budget in Established staff \$417,228 (21%) and SEG 2 Unestablished staff \$28,981 (21%) was due to the vacant positions in the Department.
2. The unutilised budget in SEG 3 Travel & Communication amounting to \$202,784 (54%) was due to the reduction in travel as a result of COVID-19 travel restrictions.
3. The unutilised budget in SEG 5 - Purchase of Goods and Services of \$589,669 (25%) was mainly due to the following:
  - The Department of Communications had advertised for the position of the Project Officer – CERT (Cyber Emergency Response Team); however, no suitable candidate was identified. Currently, the Department is in consultation with strategic partners to develop an updated job description for the position which will be re-advertised.
  - The Department of Information was unable to procure video material and other equipment from abroad due to travel restrictions and chain supply issues.
  - As the pandemic intensified in April 2021, the Department of Information had to reduce productions of the by-monthly Fiji Focus, Nations Business and other special videos due to low economic activity brought about by Covid-19 protection measures. The Department also had to prioritise coverage on whole of government Covid-19 efforts to date.

4. The unutilised budget for SEG 7 - Special Expenditure was \$5,125,615 (31%) and is attributed to the following:
- The Department had received only one application for assistance during the year requesting for funding to publish a book. The Department of Communications carried out its due process on the application; and advised the applicant to consult and get clearance from the Ministry of Education on the content of the book. No further updates was received from the applicant on the publishing of the book.
  - The project components of the National Emergency Telecommunication Plan were agreed to and finalised with International Telecommunication Union (ITU) in September 2020 however due to the pandemic, the recruitment of the Consultant by ITU was delayed which resulted in the delay in starting the project. As a result of second wave of the pandemic, all the consultations were conducted virtually. Hence the unutilised budget, was a result of the consultations happening virtually and travel to different sites with emergency communications capacity being deferred to a later date in consultation with ITU and relevant stakeholders. Furthermore, Telecentres were shut down during the pandemic and meetings were conducted virtually or deferred to later date.
  - The Tender for the provision of Integrated Project Management Services (PMO) for the Online Business and Construction Licensing System was advertised in November 2020. Following the closure of advertisement, the tender bids were evaluated and submitted to the ITC Steering Committee and the approval was received on 18 February 2021. The Ministry of Commerce, Trade and Tourism (MCTTT) as the implementing agency and the Digital Government Transformation Office (DGTO) on behalf of the Ministry entered into contractual discussions with the selected vendor to finalise the contract, project schedule and payment milestones. Due to the COVID-19 outbreak in Fiji and Malaysia, where the selected vendor's office is based, a number of disruptions were faced during contract negotiations also taken into account the travel restrictions. Due to the COVID-19 outbreak in Fiji, the priorities of both MCTTT and DGTO both changed to assist the Ministry of Health and Medical Services to contain the spread of COVID-19 and aid in the vaccination campaign, where the DGTO was heavily involved in the in-house development and support of digital solutions such as the careFIJI app, careFIJI QR Code, Check-In System, VAX-check application, Online and Offline modules of the Vaccination Registry System, including for the Child Vaccination Registry office. The contractual discussion with the selected vendor was picked up again after the easing up of COVID-19 case numbers and restrictions. Since then, the Department has successfully negotiated and finalised the contract, project schedule and payment milestones. The contract has been signed by all the parties and the project kick-off meeting is earmarked for November 2021.
  - This digitalFIJI allocation recorded a 10% unutilised budget relating the Registrar of Companies (ROC) System Development and ROC System User Acceptance Testing (UAT) milestones. Following the completion of systems development and conducting of user acceptance tests by the vendor, ROC under Ministry of Justice requested for additional changes to the ROC system functionality. Once these changes were analysed and endorsed, the relevant sign off for these packages were then facilitated. Since then, all the discussions with regards to the ROC system amendments have been completed and the relevant sign-



offs have been obtained by all parties. The payment for these milestones were made in the 2021/2022 financial year.

5. The unutilised budget in SEG 10 - Capital Grants was \$1,570,905 (13%). The Department was allocated a budget of \$1.5 million for the Northern Connectivity Project. Further consultation regarding the scope of work in restructuring of the Loan Agreement were held with World Bank and Ministry of Finance. Once the agreement was executed, project commenced in June 2021.
6. The unutilised budget in SEG 13 - Value Added Tax of \$1,612,583 (92%) was because VAT Reversals were not payable in the year 2021.

### 16.3 Trust Fund Account

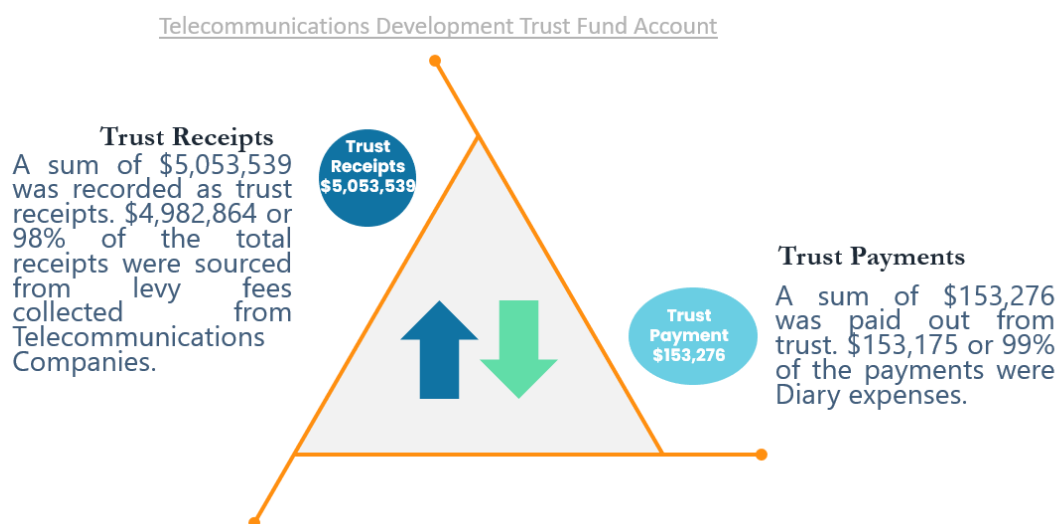
The Departments of Information and Communications maintains two main trust fund accounts. These are the Telecommunication Development Trust Fund account and Fibre Cable Management Trust Fund account.

The Telecommunication Promulgation and the Telecommunications (Trust Fund) Regulations 2016 established the Trust Fund Account for the purpose of imposing a levy on the interconnections to fund national developments in telecommunication such as Tele-centres and the Digital TV expenditures. Carriers (such as Telecommunication companies) are liable to pay to the Ministry a levy at such rate as maybe specified by order to be published in the Gazette; and different rates may be specified in respect of different types of interconnections.

Money that is accumulated in the Telecommunication Development Trust Fund may be invested or utilised for national development in relation to information, communication and technology projects approved by Minister.

#### 2020

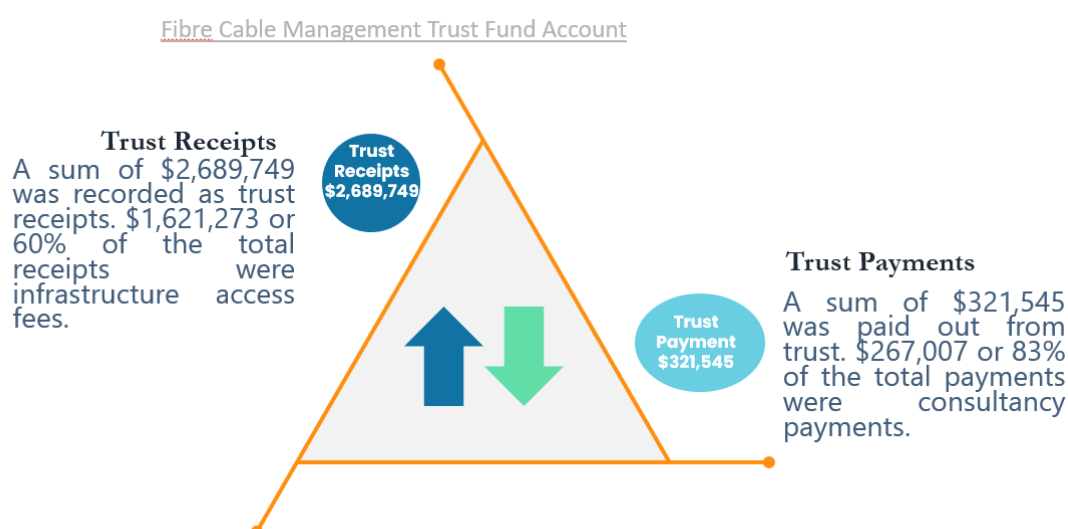
As at 31st July 2020, there were funds amounting to \$5,660,425 in the Telecommunication Development Trust Fund Account.



The Telecommunication Act and the Telecommunication (Trust Fund) regulations 2019 establishes the Trust Fund Account for the purpose of utilisation of the Savusavu spur to fund the maintenance, management and operational cost of Fibre cable system.

Money that is accumulated in the Fibre Cable Management Trust Fund may be invested or utilised for and any future expansion of the system.

As at 31st July 2020, there were funds amounting to \$2,368,204 in the Fibre Cable Management Trust Fund Account.



Detailed statement for trust receipts and payments are provided in **Appendix 16.1** and **16.2**.

## **2021**

As at 31st July 2021, there were funds amounting to \$6,317,060 in the Telecommunication Development Trust Fund Account.

#### Telecommunications Development Trust Fund Account

##### Trust Receipts

A sum of \$658,968 was recorded as trust receipts. \$632,297 or 96% of the total receipts were levy fees from Telecommunication Companies.

Trust Receipts  
\$658,968



##### Trust Payments

A sum of \$2,333 was paid out from trust which were bank fees.

Trust Payment  
\$2,333

The Telecommunications Act 2008 and the Telecommunications (Fibre Cable Management Trust Fund) Regulations 2019 (Regulations 2019) establishes the Trust Fund Account for the purpose of utilisation for the Savusavu spur to fund the maintenance, management and operational cost of Fibre cable system.

Pursuant to regulation 4 of the Telecommunications Regulations 2019, money that is accumulated in the Fibre Cable Management Trust Fund may be invested or utilised for and any future expansion of system.

As at 31st July 2021, there were funds amounting to \$4,523,725 in the Fibre Cable Management Trust Fund Account.

#### Fibre Cable Management Trust Fund Account

##### Trust Receipts

A sum of \$3,303,377 was recorded as trust receipts. \$2,868,665 or 87% of the total receipts were infrastructure access fees.

Trust Receipts  
\$3,303,377



##### Trust Payments

A sum of \$1,147,856 was paid out from trust. \$485,277 or 42% of the total payments were consultancy payments.

Trust Payment  
\$1,147,856

Detailed statement for trust receipts and payments are provided in **Appendix 16.3** and **16.4**.

## **PART B:     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 Departments of Information, Communications & Digital Government Transformation Office.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

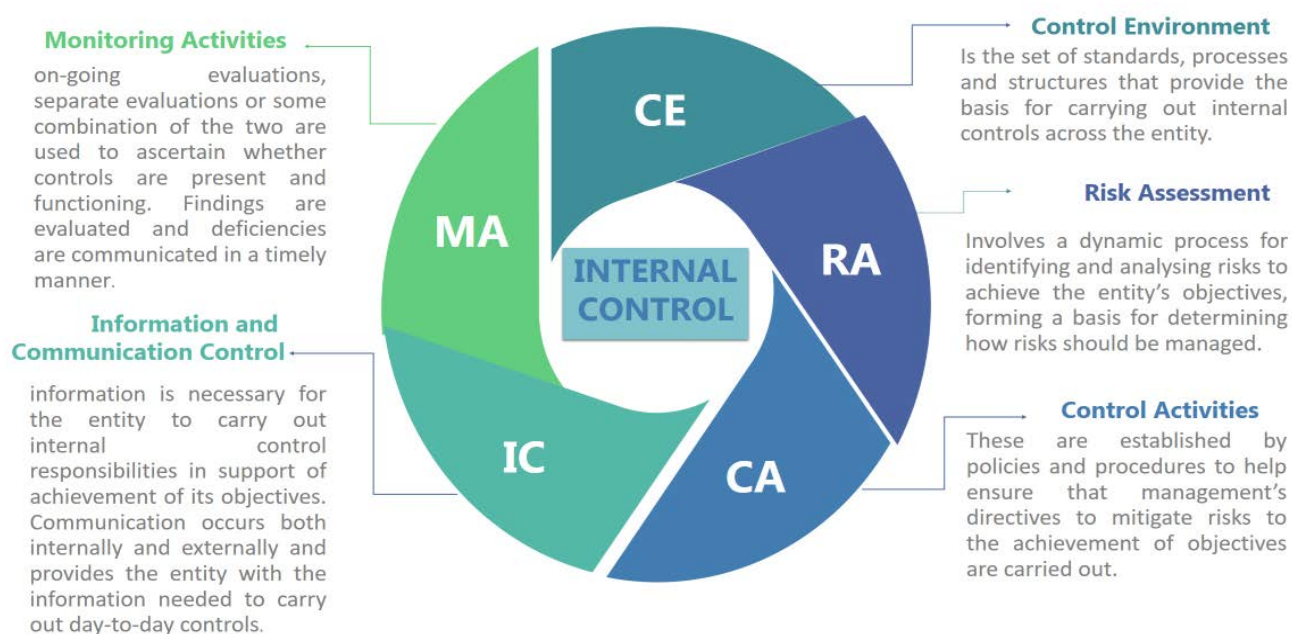
### 16.4 Internal Controls

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 Department as:

Year	Rating	Internal control assessment
2020	★ Effective	Internal controls are in place
2021	★ Effective	Internal controls are in place

## 16.5 Submission of Draft Agency Financial Statements

### 2020

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.

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 28 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	NOT APPLICABLE

### 2021

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 2020 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 29 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	✓	Submission of arrears of revenue returns by 20 August 2021	NOT APPLICABLE

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	Rating	Year-end close process assessment
2020	Effective	All key processes were completed before due date.
2021	Effective	All key processes were completed before due date.

## 16.6 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 Department was:

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

## 16.7 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	Generally Effective	Acceptable draft financial statements received on or before 31 October 2020.
2021	Effective	Acceptable draft financial statements received before or on 15 October 2021.

## 16.8 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	Effective	Within 14 days from issue of Draft Management Letter
2021	Effective	Within 14 days from issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	Generally Effective	Within 15 days from issue of Financial Statements for signing
2021	Generally Effective	Within 15 days from issue of Financial Statements for signing

**APPENDIX 16.1: TELECOMMUNICATION DEVELOPMENT TRUST FUND ACCOUNT  
STATEMENT OF RECEIPTS AND PAYMENTS 31 JULY 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Levy Fees from Telecommunication Companies	4,982,864	4,075,288
Interest	2,950	2,287
Sales of Government Diaries	67,725	-
<b>Total Receipts</b>	<b>5,053,539</b>	<b>4,077,575</b>
<b>Payments</b>		
Digital TV Expenses	-	4,000,000
Diary Expenses	153,175	-
Bank Fee	101	30
<b>Total Payments</b>	<b>153,276</b>	<b>4,000,030</b>
Surplus	4,900,263	77,545
Opening balance as at 1 August	760,162	682,617
<b>Closing Balance as at 31 July</b>	<b>5,660,425</b>	<b>760,162</b>

**APPENDIX 16.2: FIBRE CABLE MANAGEMENT TRUST FUND ACCOUNT STATEMENT OF  
RECEIPTS AND PAYMENTS 31 JULY 2020**

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Infrastructure Access Fees	1,621,273	-
Interest	14,993	-
Refund from EFL	5,247	-
Refund from Southern Cross	1,048,236	-
<b>Total Receipts</b>	<b>2,689,749</b>	<b>-</b>
<b>Payments</b>		
Consultancy Payments	267,007	-
Bank Fee & Withholding Taxes on Interest	1,534	-
SXNEXT Cable Project	53,004	-
<b>Total Payments</b>	<b>321,545</b>	<b>-</b>
Surplus	2,368,204	-
Opening balance as at 1 August	-	-
<b>Closing Balance as at 31 July 2020</b>	<b>2,368,204</b>	<b>-</b>



**APPENDIX 16.3: TELECOMMUNICATION DEVELOPMENT TRUST FUND ACCOUNT  
STATEMENT OF RECEIPTS AND PAYMENTS 31 JULY 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Levy Fees from Telecommunication Companies	632,297	4,982,864
Interest	26,641	2,950
Sales of Government Diaries	30	67,725
<b>Total Receipts</b>	<b>658,968</b>	<b>5,053,539</b>
<b>Payments</b>		
Digital TV Expenses	-	-
Diary Expenses	-	153,175
Bank Fee	2,333	101
<b>Total Payments</b>	<b>2,333</b>	<b>153,276</b>
Surplus	656,635	4,900,263
Opening balance as at 1 August	5,660,425	760,162
<b>Closing Balance as at 31 July 2021</b>	<b>6,317,060</b>	<b>5,660,425</b>

**APPENDIX 16.4: FIBRE CABLE MANAGEMENT TRUST FUND ACCOUNT STATEMENT OF  
RECEIPTS AND PAYMENTS 31 JULY 2021**

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
Infrastructure Access Fees	2,868,665	1,621,273
Interest	45,283	14,993
Refund from EFL	5,748	5,247
Refund from Southern Cross	383,681	1,048,236
<b>Total Receipts</b>	<b>3,303,377</b>	<b>2,689,749</b>
<b>Payments</b>		
Consultancy Payments	485,277	267,007
Bank Fee & Withholding Taxes on Interest	4,297	1,534
SXNEXT Cable Project	298,084	53,004
Marine Operations & Maintenance Fee	360,198	-
<b>Total Payments</b>	<b>1,147,856</b>	<b>321,545</b>
Surplus	2,155,521	2,368,204
Opening balance as at 1 August	2,368,204	-
<b>Closing Balance as at 31 July</b>	<b>4,523,725</b>	<b>2,368,204</b>

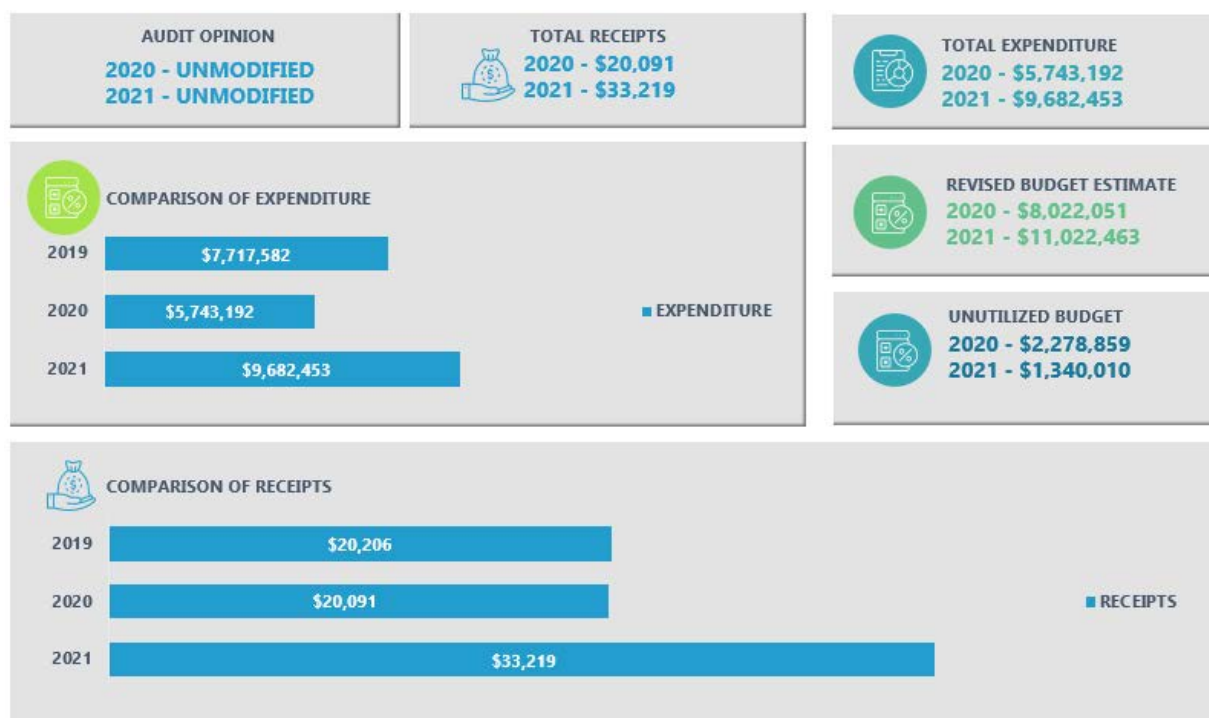
## Section 16A Department of Information Technology and Computing Services

### Role and Responsibilities

The Department manages the entire government ICT network and infrastructure. The Ministry is currently undertaking a significant investment to set up a secondary site for IT Disaster Recovery which, in the event of disaster, will allow for the switch over and recovery of critical IT systems from the Government Data Centre. The investment will also facilitate the upgrade of equipment, resulting in secure, reliable, and efficient Government network infrastructure to better serve Fijians.

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**PART A: FINANCIAL INFORMATION****16A.1 Audit Opinion****2020**

The audit of the 2020 accounts of the Department of Information Technology and Computing Services resulted in an unmodified audit opinion.

**2021**

The audit of the 2021 accounts of the Department of Information Technology and Computing Services resulted in an unmodified audit opinion.

**16A.2 Appropriation Statement****2020**

The Department of Information Technology and Computing Services incurred expenditure totalling \$5.7 million in 2020 against a revised budget of \$8 million resulting in savings of \$2.3 million or 29%.

Details of expenditure against the revised budget are provided in Table 16A.1.

**Table 16A.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,193,207	---	1,193,207	1,135,392	57,815
2	Government Wage Earners	48,829	---	48,829	46,370	2,459

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
3	Travel & Communications	1,378,540	---	1,378,540	1,268,153	110,387
4	Maintenance & Operations	999,530	---	999,530	810,883	188,647
5	Purchase of Goods & Services	3,501,345	---	3,501,345	1,985,833	1,515,512
7	Special Expenditure	---	---	---	---	---
	<b>Total Operating Expenditure</b>	<b>7,121,451</b>	<b>---</b>	<b>7,121,451</b>	<b>5,246,631</b>	<b>1,874,820</b>
9	Capital Purchase	1,350,000	(1,100,000)	250,000	84,763	165,237
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>1,350,000</b>	<b>(1,100,000)</b>	<b>250,000</b>	<b>84,763</b>	<b>165,237</b>
13	Value Added Tax	650,600	---	650,600	411,798	238,802
	<b>TOTAL EXPENDITURE</b>	<b>9,122,051</b>	<b>(1,100,000)</b>	<b>8,022,051</b>	<b>5,743,192</b>	<b>2,278,859</b>

**2021**

The Department of Information Technology and Computing Services incurred expenditure totalling \$9.7 million in 2021 against a revised budget of \$11 million resulting in savings of \$1.3 million or 12%.

Details of expenditure against the revised budget are provided in Table 16A.2.

**Table 16A.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,661,216	---	1,661,216	1,080,047	581,169
2	Government Wage Earners	47,477	---	47,477	29,094	18,383
3	Travel & Communications	1,370,000	---	1,370,000	1,306,871	63,129
4	Maintenance & Operations	1,075,535	---	1,075,535	864,146	211,389
5	Purchase of Goods & Services	3,599,235	---	3,599,235	3,544,696	54,539
7	Special Expenditure	---	---	---	---	---
	<b>Total Operating Cost</b>	<b>7,753,463</b>	<b>---</b>	<b>7,753,463</b>	<b>6,824,854</b>	<b>928,609</b>
9	Capital Purchase	2,500,000	---	2,500,000	2,446,133	53,867
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>2,500,000</b>	<b>---</b>	<b>2,500,000</b>	<b>2,446,133</b>	<b>53,867</b>
13	Value Added Tax	769,000	---	769,000	411,466	357,534
	<b>TOTAL EXPENDITURE</b>	<b>11,022,463</b>	<b>---</b>	<b>11,022,463</b>	<b>9,682,453</b>	<b>1,340,010</b>

## **PART B:      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 Department of Information Technology and Computing Services.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

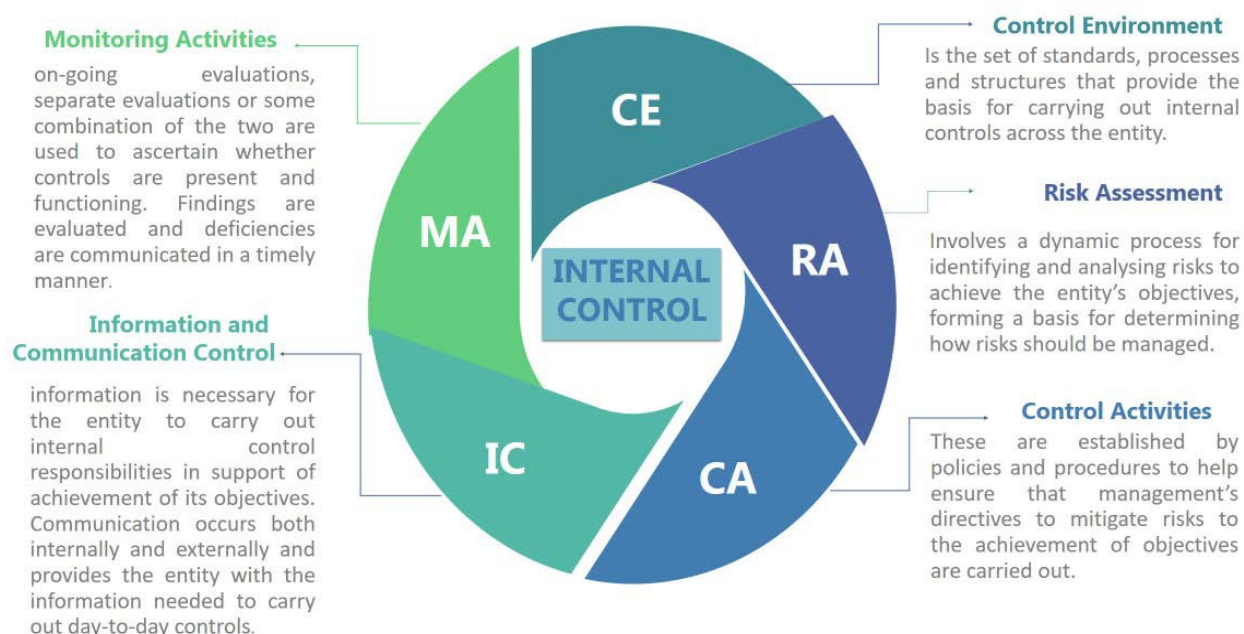
### 16A.3 Internal Controls

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 Department as:

Year	Ratings	Internal control assessment
2020	★ Generally Effective	Some deficiencies identified in internal controls
2021	★ Generally Effective	Some deficiencies identified in internal controls

#### 16A.4 Submission of FY 2020 & 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 Overseas Missions in which procedures for closing of 2020 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 20 July 2020	✓	Processing of virement by 21 August 2020	✓
Retirement of imprests by 17 July 2020	✓	Completion of reconciliations by 28 August 2020	✓
Processing of payments by 29 July 2020	✓	Submission of arrears of revenue return by 28 August 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Clearance of inter-departmental clearance accounts by 28 August 2020	✓
Closing date for journal adjustments by 18 August 2020	✓	Annual Board of Survey on Drawings Account cheques 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 Overseas Missions in which procedures for closing of 2021 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✗	Submission of arrears of revenue return by 27 August 2021	✓
Clearance of stale cheques by 06 August 2021	✓	Clearance of inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 18 August 2021	✓	Annual Board of Survey on Drawings Account cheques 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	Ratings	Year-end close process assessment
2020	● Effective	All 10 key processes completed by due date
2021	● Generally Effective	Nine out of 10 key processes completed within two weeks of due date

### 16A.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 below department was:

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

### 16A.6 Timeliness of Draft Financial Statements

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

Year	Ratings	Timeliness of Draft Financial Statements assessment
2020	● Generally Effective	Acceptable draft financial statements received before or on 31 October 2020
2021	● Generally Effective	Acceptable draft financial statements received before or on 31 October 2021

### 16A.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	● Effective	Within 14 days from issue of Draft Management Letter
2021	● Effective	Within 14 days from issue of Draft Management Letter

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



## Section 17

## Ministry of Civil Service

### Roles and Responsibilities

The Ministry of Civil Service has been created to oversee and implement the necessary central guidelines in line with the Government's view of Civil Sector Reform, which was undertaken to produce a more accountable, effective and professional Civil Service with the ultimate aim of improving service delivery to the public.

The Ministry comprises of six main divisions: Public Service Commission (PSC) Secretariat – responsible for providing administrative and analytical support to PSC and for the administration of Permanent Secretaries terms and conditions of service; Policy Analysis Division – responsible for the analysis and assessment of ministries' human resource policies to ensure consistency and fairness across the Civil Service; Training Division – responsible for coordinating local and international central training programmes focused on the up skilling and capacity-building of civil servants; Recruitment Division – facilitates recruitment, contracting, administration and posting of staff and Government doctors; Business Management Division – responsible for financial management, procurement and contract management of the Customer Care Call Centre and the Government Service Centre; and Major Events Division – coordinates and provides advice on the organisational aspects of major international meetings on behalf of the Government.

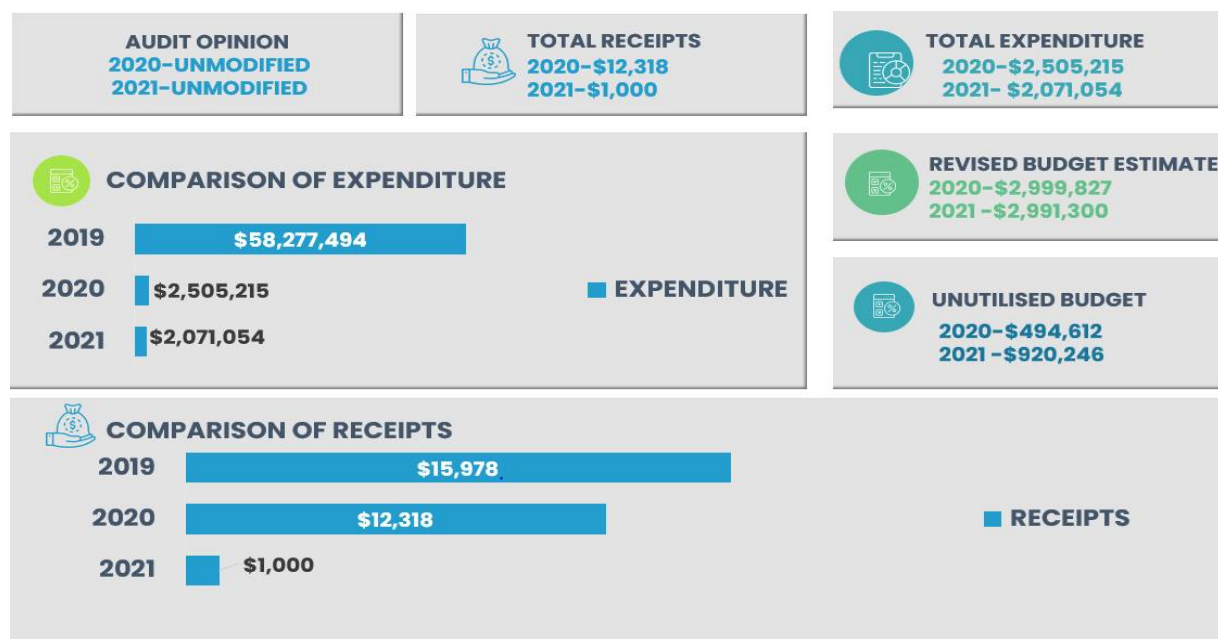
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## PART A: FINANCIAL INFORMATION

### 17.1 Financial Information – Head 17 Ministry of Civil Service



### 17.2 Financial Information – Head 13 Public Service Commission



### 17.3 Audit Opinion – Head 17 Ministry of Civil Service

#### 2020

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

#### 2021

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

## 17.4 Audit Opinion – Head 13 Public Service Commission

### 2021

The audit of the 2021 accounts of the Public Service Commission resulted in an unmodified audit opinion.

## 17.5 Appropriation Statement – Head 17 Ministry of Civil Service

### 2020

The Ministry incurred expenditure totalling \$2.5 million in 2020 against a revised budget of \$3 million, resulting in savings of \$0.5 million or 16.5%.

Details of expenditure against the revised budget are provided in table 17.1.

Table 17.1: Appropriation Statement for 2020 – Head 17 Ministry of Civil Service

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	898,042	---	898,042	860,630	37,412
2	Government Wage Earners	142,635	---	142,635	87,688	54,947
3	Travel & Communication	67,236	---	67,236	47,449	19,787
4	Maintenance & Operations	399,468	58,090	457,558	353,364	104,194
5	Purchase of Goods & Services	468,518	(42,530)	425,988	323,360	102,628
6	Operating Grants & Transfers	1,000	---	1,000	---	1,000
7	Special expenditure	861,219	(15,560)	845,659	773,204	72,455
	<b>Total Operating Expenditure</b>	<b>2,838,118</b>		<b>2,838,118</b>	<b>2,445,695</b>	<b>392,423</b>
13	Value Added Tax	161,709	---	161,709	59,520	102,189
	<b>TOTAL</b>	<b>2,999,827</b>	<b>---</b>	<b>2,999,827</b>	<b>2,505,215</b>	<b>494,612</b>

Unutilised budget were largely attributed to the following:

- Established staff savings was mainly due to the vacant positions, for which recruitments were done as and when needed.
- Government Wage Earners allocation reflects significant savings as two drivers resigned during the financial year and while the recruitment was in process the positions were vacant. There was also a reduction in overtime payment as overtimes were well managed and monitored.
- The savings in the Maintenance and Operations allocation was mainly due to the savings from the Customer Care Centre allocation, due to the delay in rolling out the Customer Care Centre for Ministry of Employment, Productivity and Industrial Relations. Savings was also

noted in the Spare Parts and Maintenance allocation as all vehicles are leased vehicles and costs are catered for the lessor.

- d. The savings in Purchase of Goods and Services allocation was mainly due to the savings in the training budget as trainings were not conducted as planned due to the travel restrictions and the impact of the COVID-19 pandemic. The leadership trainings were also on hold as this is mostly conducted at a venue away from Suva to train the senior leaders of the Civil Service and the trainer is from Australia. So due to the Pandemic, the trainer couldn't travel so this has been on hold.
- e. Special Expenditure allocation catered for the salary of the CSCIU staff and directors travel expenses. There were a few vacancies which were not filled as trainings were on hold and travel restricted due to the pandemic.

## 2021

The Ministry incurred expenditure totalling \$2.0 million in 2021 against a revised budget of \$3 million, resulting in savings of \$1 million or 30.8%.

Details of expenditure against the revised budget are provided in Table 17.2.

**Table 17.2: Appropriation Statement for 2021 - Head 17 Ministry of Civil Service**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,544,548	---	1,544,548	1,190,147	354,401
2	Government Wage Earners	87,841	---	87,841	56,837	31,004
3	Travel & Communication	38,000	24,813	62,813	50,634	12,179
4	Maintenance & Operations	542,900	12,187	555,087	450,614	104,473
5	Purchase of Goods & Services	365,348	(37,000)	328,348	134,251	194,097
6	Operating Grants & Transfers	1,000	---	1,000	---	1,000
7	Special Expenditure	299,563	---	299,563	120,108	179,455
	<b>Total Operating Expenditure</b>	<b>2,879,200</b>	<b>---</b>	<b>2,879,200</b>	<b>2,002,591</b>	<b>876,609</b>
13	Value Added Tax	112,100	---	112,100	68,463	43,637
	<b>TOTAL</b>	<b>2,991,300</b>	<b>---</b>	<b>2,991,300</b>	<b>2,071,054</b>	<b>920,246</b>

Unutilized budget were largely due to the following:

- a. Established Staff unutilized budget was mainly due to the vacant positions, for which recruitments were done as and when needed.
- b. Government Wage Earners allocation reflects unutilized budget as 1 of the driver's position remained vacant and the recruitment and selection for driver position who resigned in June

2020 was made in March 2021. There was no overtime payment made during the financial year since overtime was compensated through time off in lieu.

- c. The unutilized budget in the Maintenance and Operations SEG was mainly due to the savings in the Customer Care Centre allocation for the lowered operational charges by the supplier for Call Centre Services to the Ministry. Savings were also noted in the Stationary & Printing allocation as there were reduced usage of paper, printer and photocopier.
- d. The unutilized budget in the Purchase of Goods and Services allocation was mainly due to the non-utilisation of Leadership training budget. Due to COVID-19 there were travel bans and Lockdown in Fiji and the trainer from Australia was unable to travel to conduct training. Savings was also noted in the In-Service Training allocation as trainings were conducted virtually and saving were made in meals and training materials.
- e. Special Expenditure allocation catered for the Fiji 50 Independence Celebration and Cadetship Programme. Savings were made in Fiji 50 Celebration allocation as there were businesses who sponsored the event. The Cadetship Programme was placed on hold due to the reprioritisation of Government initiatives due to the Ministry's engagement in the COVID response.

## 17.6 Appropriation Statement - Head 13 Public Service Commission

### 2020

The Public Service Commission incurred expenditure totaling \$5.7 million in 2020 against a revised budget of \$5.7 million resulting in a savings of \$4,919.

Details of expenditure against the revised budget are provided in Table 17.3.

Table 17.3: Appropriation Statement for 2020 – Head 13 Public Service Commission

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	5,425,181	243,054	5,668,235	5,663,316	4,919
	<b>Total Operating Expenditure</b>	<b>5,425,181</b>	<b>243,054</b>	<b>5,668,235</b>	<b>5,663,316</b>	<b>4,919</b>
	<b>TOTAL</b>	<b>5,425,181</b>	<b>243,054</b>	<b>5,668,235</b>	<b>5,663,316</b>	<b>4,919</b>

### 2021

The Public Service Commission incurred expenditure totalling \$4.2 million in 2021 against a revised budget of \$5.2 million, resulting in savings of \$1 million or 18.9%.

Details of expenditure against the revised budget are provided in Table 17.4.

**Table 17.4: Appropriation Statement for 2021 - Head 13 Public Service Commission**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	5,173,900	---	5,173,900	4,195,729	978,171
	<b>Total Operating Expenditure</b>	<b>5,173,900</b>	<b>---</b>	<b>5,173,900</b>	<b>4,195,729</b>	<b>978,171</b>
	<b>TOTAL</b>	<b>5,173,900</b>	<b>---</b>	<b>5,173,900</b>	<b>4,195,729</b>	<b>978,171</b>

Unutilized Budget were largely due to the following:

- a. The unutilized budget in the Personal Emoluments for the PS's vote was mainly due to the savings from the vacant PS's position namely; 1) Ministry of Local Government 2) Ministry of Communication 3) Ministry of itaukei Affairs 4) Ministry of Economy 5) Ministry of Education 6) Ministry of Fisheries and 7) Ministry of Foreign Affairs.
- b. The unutilized budget in the Housing Allowance allocation was mainly due to the resignation of 2 Permanent Secretaries (PS's) that were entitled to a housing allowance of up to \$5,000 a month.
- c. The unutilized budget in the Fees for Commissioner (PSC) allocation was mainly due to the non-renewal of contract for the full time Commissioner.
- d. The unutilized budget in the Monthly Allowance for Commission Members allocation was mainly due to the 2 members that volunteered not to receive allowance.
- e. The unutilized budget in the Training allocation was mainly due to the cancellation of the 2021 PS Retreat due to the COVID 19 pandemic and travel restrictions during the financial year.
- f. The unutilized budget in the Travel (airfare) allocation was mainly due to the restriction in travel for PSC Chairman and other members to attend PSC meetings due to COVID 19 pandemic.
- g. The unutilized budget in the Other Contractual Services allocation was mainly due to the Commissioners agreeing to roll over PS's contract, which were expiring, for another year. The expenditure for this allocation was for the 2018 job evaluation exercise for PS's and PS recruitment.
- h. The unutilized budget in the Travel & Shipment allocation was mainly due to the restriction in travel for Permanent Secretaries due to the COVID 19 Pandemic.
- i. The unutilized budget in the Subsistence allocation was mainly due to no travel for PSC Chairman and other members to attend PSC meeting due to COVID 19 Pandemic restrictions.
- j. The unutilized budget in the Education allocation was mainly due to the child entitled for the allowance turning 18 which nullified his eligibility.

## PART B: 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 & 2021.

### 17.7 Drawings Account Anomalies

The Accounts Officer must reconcile all accounts to be submitted to Ministry of Economy within two weeks after the closing of each monthly account.<sup>1</sup>

Review of the FMIS General Ledger for Drawings Account Allocation 1-17101-02999-530301 revealed the following anomalies:

- Monthly reconciliations were not performed;
- Drawings Account Board of Survey (BoS) was not carried out;
- Review of the FMIS GL 1-17101-02999-530301 showed that there has not been movements in the balance for the past 4 years.

Refer to Table 17.5 for details.

**Table 17.5: Drawings Account Balance for Past 4 Years**

Year	Amount (\$)
2018	533,393
2019	533,393
2020	533,393
2021	533,393

Lack of monitoring and checks done by the supervising officers to ensure compliance with the requirements of the Finance Manual.

---

<sup>1</sup> Ministry of Civil Service Finance Manual 2020, Section 17.2.5



## Recommendations

### The Ministry should:

- Strengthen supervision and monitoring of the accounting function to ensure compliance with the requirements of the Finance Manual; and
- Investigate and rectify the carried forward Drawings account balance recorded in the FMIS general ledger.

### Agreed Management Action

*We have the necessary records in the JV and this can be rectified. We will liaise with Ministry of Economy for proper adjustments.*

## 17.8 Operating Trust Account Anomalies

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>2</sup>

Review of Operating Trust Fund account noted the following anomalies:

- There has been no movements in the two substantial SLG 86 accounts from 31/07/19 to 31/07/21. The balances of these accounts totalled to \$113,696 for the two years. In addition, the Ministry does not maintain detailed listing for these two accounts.
- The balance in the account was \$669,140 as at 31 July 2021. Majority (81%) of the balance was made up of transactions made by the former Public Service Commission in 2015 which was not regularised.
- The Payroll Deduction PSC Bond Quarters balance as at 31 July 2019, 2020 and 2021 was \$85,912 which was not transferred to TMA Liabilities account when the administration of quarters was transferred to Ministry of Economy with effect from 1 January 2016.

Refer to Table 17.6 and 17.7 for details.

**Table 17.6: Listing not Maintained for Operating Trust Account**

Allocation	Operating Trust Account	Amount (\$) 31/07/2019	Amount (\$) 31/07/2020	Amount (\$) 31/07/2021
1-17101-02999-861313	TELS Loan Repayment	54,372	54,372	54,372
1-17101-02999-861528	322 Fiji Medical Association	59,324	59,324	59,324
	<b>Total</b>	<b>113,696</b>	<b>113,696</b>	<b>113,696</b>

<sup>2</sup> Finance Instruction 2010, Section 58(3)



**Table 17.7: Balances not Regularised in the last three Years**

Allocation	Amount (\$) 31/07/2019	Amount (\$) 31/07/2020	Amount (\$) 31/07/2021
1-17305-02999-861701	428,593	428,593	428,593
1-17301-02999-861901	19,038	19,038	19,038
1-17351-02999- 861929	85,912	85,912	85,912
1-17301-02999- 861923	4,492	4,492	4,492
1-17301-02999- 899988	2,805	2,805	2,805
1-17301-02999- 861106	1,340	1,340	1,340
<b>Total</b>	<b>542,180</b>	<b>542,180</b>	<b>542,180</b>

This is due to lack of proper reconciliation and consultation with Ministry of Health after the Doctor's payroll was transferred and not making necessary adjustment before the closure of accounts, in accordance with the Ministry's Finance Manual.

In the absence of such Accounting records and Proper reconciliations, the existence and accuracy of these creditors cannot be ascertained.

### **Recommendations**

**The Ministry should ensure that:**

- Detailed listing is maintained for closing balances in its SLG 86 Accounts relevant parties are involved and the no movement balances are rectified; and
- Liaise with Ministry of Economy and regularize the carried forward balances and close off inactive accounts.

### **Agreed Management Action**

*The Agency is conducting a thorough reconciliation to identify the Operating Trust Account anomaly and relative adjustments will be carried out accordingly.*

*The TELS loan Repayments Account and Fiji Medical Association Account:*

*The TELS Loan Repayments Account and Fiji Medical Association Account is currently being analysed and discussions are underway with the Ministry of Economy on proposed accounting adjustments.*

*The Ministry will liaise with the Construction Implementation Unit of Ministry of Economy with regards to the Quarters Bonds before proposing the accounting adjustments to the Ministry of Economy. As advised earlier the Agency does not hold the former Public Service Commission records. Various avenues have been utilized to reconcile the Trust Account Anomalies. The Ministry proposes to:*

- transfer the remaining Trust Account Funds to Equity after consultations with Ministry of Economy.
- develop a proper Standard Operating Procedure for dispersal of unreconciled variances for future claims.

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

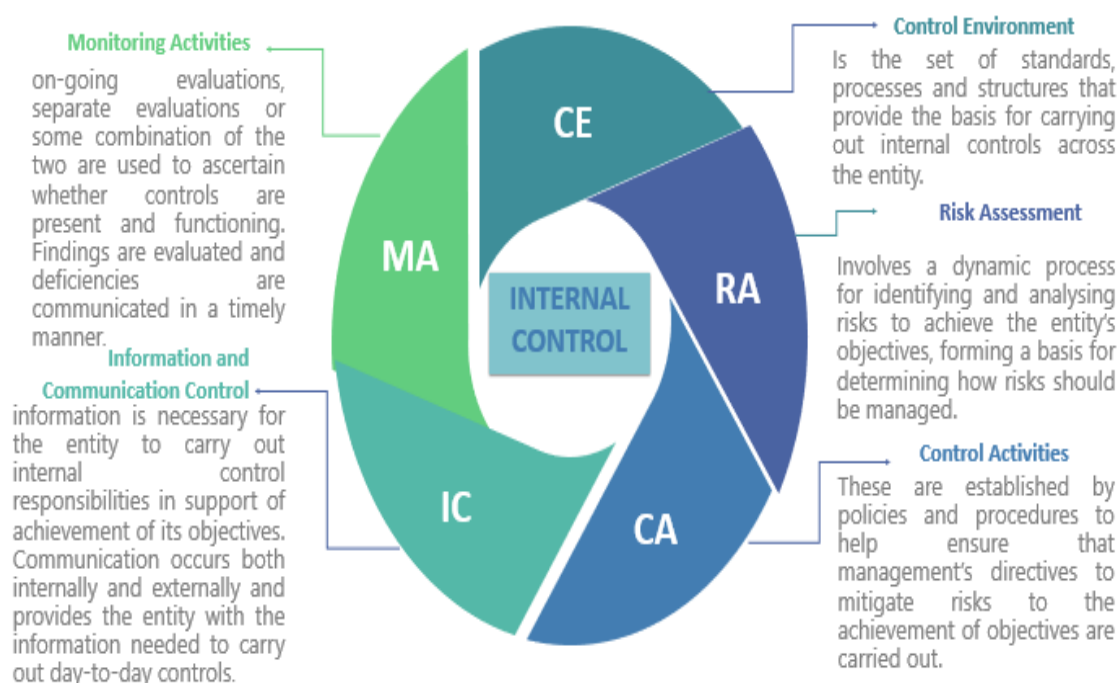
### 17.9 Internal Controls

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 as:

Year	Rating	Internal control assessment
2020	☀ Generally Effective	Some deficiencies identified in internal control.
2021	☀ Generally Effective	Some deficiencies identified in internal control.

### 17.10 Submission of FY 2019-2020 & 2020-2021 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 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

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
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	✓
Retirement of imprests by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	N/A
Clearance of stale cheques by 06 August 2021	✓	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 18 August 2021	✓	Annual Board of Survey on Drawings Account cheques 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	9 of 9 key processes completed by due date.
2021	Effective	9 of 9 key processes completed by due date.

### 17.11 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.

### 17.12 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	Generally Effective	Acceptable draft financial statements received before 31 October 2020.
2021	Ineffective	Acceptable draft financial statements received after 31 October 2021.

### 17.13 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	Effective	Within 14 days from issue of Draft Management Letter
2021	Effective	Within 14 days from issue of Draft Management Letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	Generally Effective	Within 15 days from issue of Financial Statements for signing
2021	Generally Effective	Within 15 days from issue of Financial Statements for signing

## Section 18

# Ministry of Rural & Maritime Developments and Disaster Management

### Roles and Responsibilities

The Ministry of Rural and Maritime Development manages and coordinates Government's rural and maritime development programs. Guided by the socioeconomic rights enshrined in the Fijian Constitution, the Ministry is focused on providing Fijians with the things they need to empower themselves and support their families.

The Ministry's programs are targeted at generating economic growth and improving living standards in Fiji's rural and maritime communities. This includes Self-Help Programme, Emergency Water and Community Access Roads, Footpaths and Footbridges. They are also responsible for the implementation of the National Disaster Management Strategy as required by the 1995 National Disaster Management Plan and the National Disaster Management Act 1998, covering disaster prevention, mitigation, preparedness, response, emergency operations, relief and rehabilitation. Correspondingly, the Ministry implements climate change mitigation programmes.

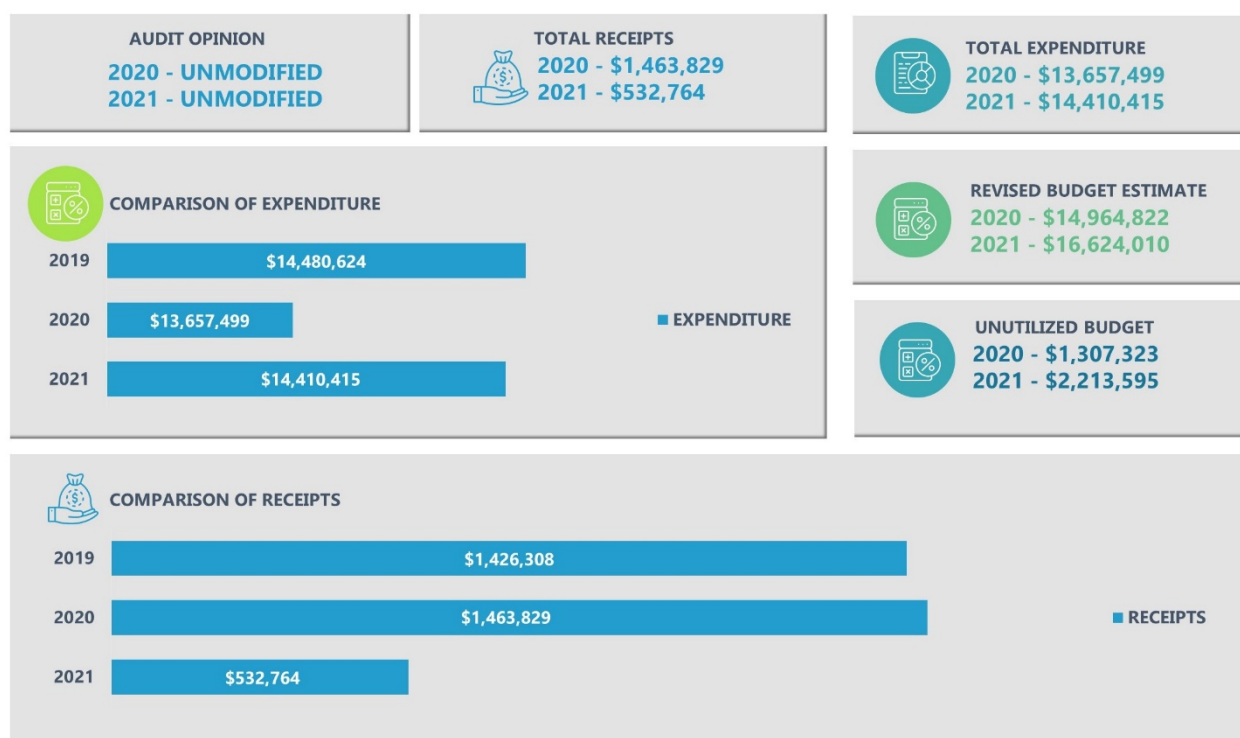
The Ministry also provides support services to rural, peri-urban and maritime communities such as issuing licences and collecting licence and permit fees.

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## PART A: FINANCIAL INFORMATION



### 18.1 Audit Opinion

#### **2020**

The audit of the 2019/2020 accounts of the Ministry of Rural & Maritime Development resulted in an unmodified audit opinion.

#### **2021**

The audit of the 2020/2021 accounts of the Ministry of Rural & Maritime Development and Disaster Management resulted in an unmodified audit opinion.

### 18.2 Appropriation Statement

#### **2020**

The Ministry collected revenue totalling \$1,463,829 in 2019/2020 and incurred expenditure totalling \$13.7 million and against a revised budget of \$15 million resulting in savings of \$1.3 million or 8.7%.

Details of expenditure against the revised budget are provided in Table 18.1.

Table 18.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,116,655	(69,500)	5,047,155	4,878,299	168,856
2	Government Wage Earners	1,224,438	45,500	1,269,938	1,188,648	81,290
3	Travel & Communication	349,772	59,349	409,121	395,244	13,877
4	Maintenance & Operations	786,473	32,349	818,822	801,424	17,398
5	Purchase of Goods & Services	387,756	38,750	426,506	400,411	26,095
6	Operating Grants & Transfers	678,445	(58,277)	620,168	595,039	25,129
7	Special expenditure	562,073	(23,994)	538,079	313,345	224,734
	<b>Total Operating Expenditure</b>	<b>9,105,612</b>	<b>24,177</b>	<b>9,129,789</b>	<b>8,572,410</b>	<b>557,379</b>
8	Capital Construction	3,944,305	(210,530)	3,733,775	3,273,565	460,210
9	Capital Purchase	148,858	1,400	150,258	145,165	5,093
10	Capital Grants & Transfers	1,210,047	153,953	1,364,000	1,147,106	216,894
	<b>Total Capital Expenditure</b>	<b>5,303,210</b>	<b>(55,177)</b>	<b>5,248,033</b>	<b>4,565,836</b>	<b>682,197</b>
13	Value Added Tax	556,000	31,000	587,000	519,253	67,747
	<b>TOTAL</b>	<b>14,964,822</b>	<b>---</b>	<b>14,964,822</b>	<b>13,657,499</b>	<b>1,307,323</b>

The budget savings were largely due to the following:

- The savings of \$224,734 under the Special Expenditure (SEG 7) allocation resulted from the underutilisation of funds in the Emergency Water Supplies budget. Drought was recorded during the year but heavy rain occurred thereafter, thus the unutilised funds. The Emergency Water Supplies funding is maintained at Headquarters and only distributed to the Divisional Commissioners upon request in case of a drought.
- The savings of \$460,210 under the Capital Construction (SEG 8) allocation resulted from funds withheld by Ministry of Economy on the following Construction of four (4) Government Stations namely Vunidawa, Kubulau, Wainua and Wainikoro. The Civil, Fencing and Landscaping works for ADO Korolevu and ADO Namarai Office. The construction of District Offices and quarters for Kavala and Vanuabalavu and also the Community Access Roads, Footpaths and Footbridges (CARFF) funded projects.
- There was a saving of \$216,894 under the Capital Grants & Transfers (SEG 10) allocation which resulted in underutilisation of funds allocated to the four (4) Divisions for the Project Preparatory Works and Self Help.
- The savings of \$67,747 under the Value Added Tax (SEG 13) allocation was a result of capital funds withheld by Ministry of Economy in the Capital Construction (SEG 8) budget.



## 2021

The Ministry collected revenue totalling \$532,764 in 2020/2021 and incurred expenditure totalling \$14.4 million and against a revised budget of \$16.6 million resulting in savings of \$2.2 million or 13.3%.

Details of expenditure against the revised budget are provided in Table 18.2.

**Table 18.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,011,065	(92,309)	5,918,756	5,093,383	825,373
2	Government Wage Earners	1,244,759	---	1,244,759	1,043,887	200,872
3	Travel & Communication	345,000	9,931	354,931	329,195	25,736
4	Maintenance & Operations	893,575	180,511	1,074,086	922,193	151,893
5	Purchase of Goods & Services	531,184	(3,623)	527,561	430,740	96,821
6	Operating Grants & Transfers	638,975	---	638,975	576,422	62,553
7	Special expenditure	587,275	(18,830)	568,445	389,747	178,698
	<b>Total Operating Expenditure</b>	<b>10,251,833</b>	<b>75,680</b>	<b>10,327,513</b>	<b>8,785,567</b>	<b>1,541,946</b>
8	Capital Construction	3,900,000	(75,680)	3,824,320	3,219,655	604,665
9	Capital Purchase	100,000	---	100,000	88,812	11,188
10	Capital Grants & Transfers	1,800,000	---	1,800,000	1,793,091	6,909
	<b>Total Capital Expenditure</b>	<b>5,800,000</b>	<b>(75,680)</b>	<b>5,724,320</b>	<b>5,101,558</b>	<b>622,762</b>
13	Value Added Tax	572,177	---	572,177	523,290	48,887
	<b>TOTAL</b>	<b>16,624,010</b>	<b>---</b>	<b>16,624,010</b>	<b>14,410,415</b>	<b>2,213,595</b>

The unutilised budget were largely due to the following:

- The savings in Established Staff (SEG 1) is due to realignment of the Ministries organisation structure to the new strategic priorities outlined in the Ministry's 10-year SDP. In the phase 1 of the restructure the Ministry aims to address the critical areas of need through review of the positions as they get vacant and merging of positions and creation of new position in line with the budget provision. These savings were generated to create new positions for the Ministry.
- The savings of \$178,698 under the Special Expenditures (SEG 7) allocation resulted from the underutilization of funds in the Emergency Water Supplies (EWS) budget. The EWS is deemed a contingency allocation to facilitate immediate relief assistance to rural and maritime zone communities encountering severe fresh water shortages due to adverse weather conditions. It is noted that despite facilitating some emergency service, there was still some funds unutilised.



- c) The accumulated savings of \$604,665 under Capital Construction (SEG 8) allocation was a result of underutilisation of funds for the Capital Construction and Community Access Road, Footpaths and Footbridges (CARFF) budgetary allocations. For Capital Construction, there was a savings of \$582,170, arising from the unutilised provision under (i) Construction of Government Stations \$496,855; (ii) Vunidawa Government Station \$6,841; (iii) Warehouse Renovations \$19,572; and (iv) Upgrade & Renovation of Existing Quarters \$58,902. The low utilisation noted was a result of movement restrictions implemented by Government in adherence to the COVID-19 protocols and the impacts of Tropical Cyclones Yasa and Ana during the financial period.

Additionally, the accumulated savings from CARFF Projects were from the unutilised provision under SEG 8: Head Quarters \$2,951; Commissioner Central Division (CCD) \$2,226; Commissioner Western Division (CWD) \$6,143; Commissioner Northern Division (CND) \$28; Commissioner Eastern Division (CED) \$11,149; which sums to \$22,497. Noted that the CARFF allocation utilisation was 99% and unutilised component was only 1%.

### **18.3 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.

#### **18.3.1 Provincial Development Trust Fund Account**

##### **2020**

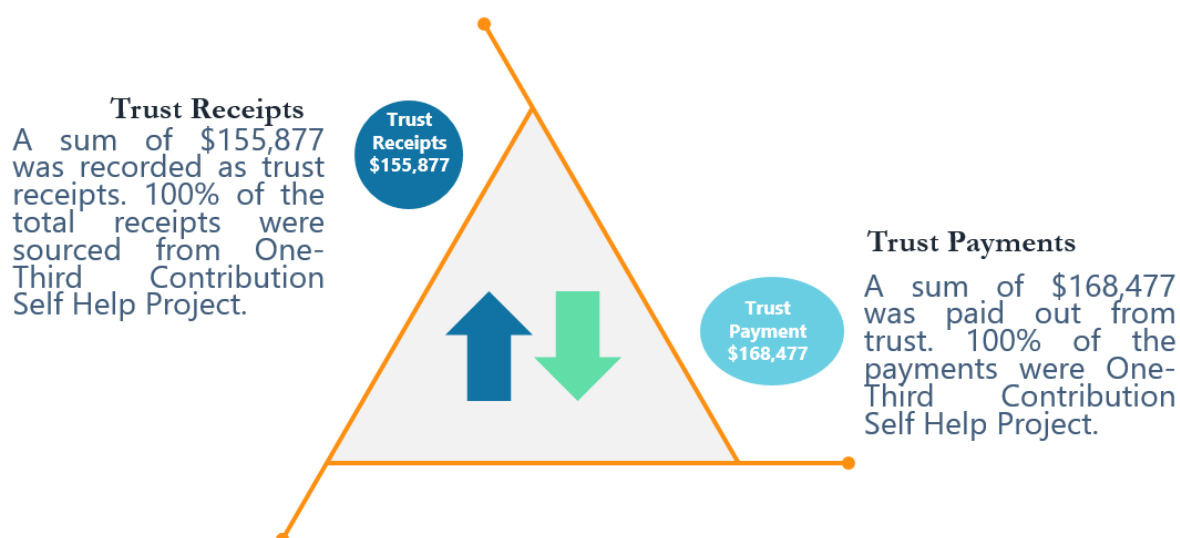
The Trust Fund is administered in one (1) bank account and categorised as follows:

- Tender Deposit: for tender deposits which are refunded to unsuccessful tenderers;
- Rural Housing Scheme II: a scheme where rural dwellers are assisted by Government in the building of their homes and they are required to meet one third of the cost;
- Unclaimed Wages: is where wages/ salaries of an employee is retained in the event of the death of a worker and this is paid out to the legal beneficiaries upon declaring documents;
- Rural Housing Scheme I/ PM Relief and Rehabilitation: is where the rural dwellers deposit the full cost of their building materials for their houses to be built in the rural outer islands. Government would negotiate and get cheaper quotes and also provide free transportation for the delivery of the materials;
- One Third (1/3) Contributions- Self Help: the Ministry assist communities in its Self-Help Projects whereby the Government to contribute two thirds (2/3) of the costs whilst the community provides one third (1/3) in contributions.

The Trust Fund Account Statement of Receipts and Payments is presented to reflect the trust monies received and paid out as maintained by the Ministry.

In 2019, the Rural Housing Trust Fund and Special Purpose Trust Fund was transferred to Head 23 Ministry of Housing and Community Development.

The Provincial Development Trust Fund account collected trust revenue totalling \$155,877 in 2020 and incurred expenditure totalling \$168,477 resulting in a deficit of \$12,600 compared to a deficit of \$740,611 in 2019.



Detailed statement for trust receipts and payments are provided in **Appendix 18.1**.

## 2021

The Trust Fund Account Statement of Receipts and Payments is prepared to reflect the trust monies received and paid out as maintained by the Ministry. It is administered in two bank accounts and categorised as follows:

- PM's Disaster Rehabilitation Trust Fund (NDMO)
- Ministry of Rural Maritime Development National Disaster Management

### 1. PM's Disaster Rehabilitation Trust Fund (NDMO)

In 2021, the Disaster Management Trust Fund has been transferred to the Ministry.

The Trust Fund Account with the Ministry comprises of the Prime Minister's Disaster & Rehabilitation Trust Fund Account. An allocation of \$800,000 is always set aside each year to be drawn from the Ministry budget and deposited directly into this Trust Account. For 2021, the \$800,000 was requisitioned and procurement was made direct from the TC Yasa operations.

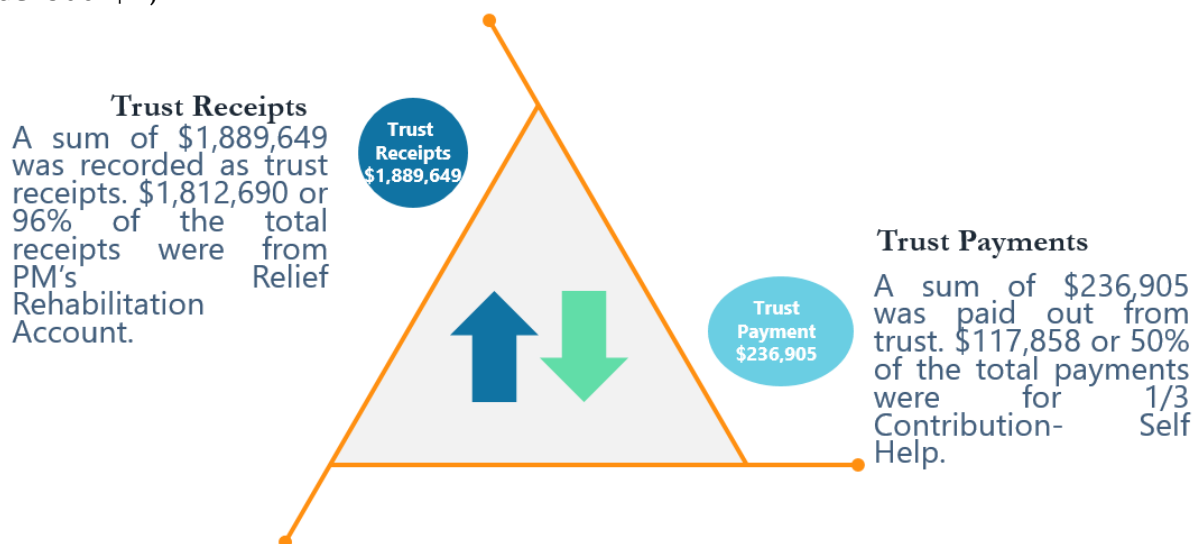
For the Disaster Preparedness Trust Fund, there was an accumulated balance of \$1,152,930 at the beginning of August 2020. The only other funds into the account was the \$1,760,171 being funds deposited directly or through the Disaster Management Office from both local and overseas donors.

### 2. Ministry of Rural Maritime Development & Natural Disaster Management

- a) One – Third (1/3) Contributions- Self Help: the Ministry assists communities through its Self-Help Programme whereby the Government contributes two third (2/3) of the costs whilst the community provides one third (1/3) of the project costs;
- b) Tender Deposit: for tender deposits which are refunded to unsuccessful tenderers;

- c) Rural Housing Scheme I/ PM Relief and Rehabilitation: where the rural dwellers deposit the full cost of building materials for their houses to be built in the rural outer islands. Government would negotiate and get cheaper quotes and also provide free transportation in the delivery of these materials.

The Provincial Development Trust Fund account collected trust revenue totalling \$1,889,649 in 2021 and incurred expenditure totalling \$236,905 resulting in a surplus of \$1,652,744 compared to a deficit of \$12,600 in 2020.



Detailed statement for trust receipts and payments are provided in **Appendix 18.2**.

## PART B: 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.

### 18.4 Drawings Account Annual Board of Survey not carried out

Accounting Heads must ensure that an Annual Board of Survey (BoS) for assets and cheques are carried out by 27 August 2021.<sup>1</sup>

While the Drawings account reconciliations were carried out, the audit noted that the Ministry did not carry out an Annual Board of Survey for its Drawings Account for the year end 31 July 2021.

Refer to Table 18.3 for details.

**Table 18.3 Drawings Account Annual Board of Survey not carried out**

Allocation	Description	Amount as at 31/07/2021 (\$)
1-18101-68999-530301	Drawings – Prov D	5,877
1-18401-69108-530301	DISMAC Drawings	19,110

The above findings indicate non-compliance to the year-end closing of accounts process circular issued by the Ministry of Economy.

#### Recommendation

**The Ministry should ensure that Drawings account board of survey are carried out at year end.**

#### Agreed Management Action

*The Ministry was not able to perform the Drawings Account Board of Survey due to Critical shortage of Accounts staff as posts were not filled; Restriction of movement due to COVID-19 protocol; There*

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<sup>1</sup> 2019-2020 Closing of Accounts, Processes & Procedures section 7.3.1

were only 3 staff in Accounts office who were attending to Closing of Accounts processes while also working on verification and clearing of disaster claims and acquittals.

Noted that this was a one-off incident only as it did not happen in previous years hence it is ensured this will not be repeated.

Appointment of the BOS team has been approved by PS.

The appointment letters will be sent out to the members for the team to conduct BOS for 2020-2021 and 2021-2022, FYs in August 2022.

## 18.5 Bank Lodgement Forms not checked and signed

The lodgment forms shall be checked and signed by the AO (who must not also be responsible for collecting revenue). Cash to be deposited shall be counted before the AO signs the lodgments forms.<sup>2</sup>

The audit noted that on one certain occasion the bank lodgment forms were not checked and signed by authorized officer (other than the revenue collector).

Refer to Table 18.4 for details.

**Table 18.4 Bank Lodgement forms not checked and signed**

JV No. and Date	Receipt No.	Amount (\$)
BLC08 of Oct 2020	738561	2,119.50
BLC10 of Oct 2020	738562	140.00
BLC19 of Dec 2019	738564	1,500.00
BLC19 of Dec 2019	738565	10.80
BLC048 of 22/09/20	578791	176.00
BLC008 of 30/12/20	123123	88.00
BLC008 of 30/12/20	123124	44.00
BLC102 of 31/12/20	123131	385.00

This indicates the lack of oversight and adequate supervisory checks.

These internal controls weakness, if not addressed may result in possible losses in future.

### **Recommendation**

**The Ministry should ensure that Bank Lodgement forms and Cash Analysis Sheets are checked and signed by Supervising Officers.**

<sup>2</sup> Rural and Maritime Development and Natural Disaster Management Finance Manual section 5.4.3

### **Agreed Management Action**

*It is noted that there could have been inadvertent oversight in supervision resulting from critical shortage of staff in the Accounts Section including the districts*

*The Ministry is progressively attending to the shortage of staff issue.*

*It is ensured that once the full set of Accounts staff are appointed then there will be adequate Supervision. However Accounting Head has discussed this issue with all Accounts Supervisors and staff on the proper process for compliance.*

## **18.6 Misallocation of Expenditure – 31/07/2021**

Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>3</sup>

Review of the payment vouchers noted that the Ministry charged expenditures to incorrect allocations during the year which were not regularised at the end of the financial year.

Refer to **Appendix 18.3** for details of the expenditures charged to incorrect allocations.

The above findings indicate that the Ministry did not regularise mis posting during the closing of accounts process resulting in mis postings of expenditure.

These situations can also arise when budget funding is not available in a particular allocation and payments made are charged to other allocations.

### **Recommendations**

**The Ministry should ensure that:**

- **all transactions are posted to the correct allocations in the FMIS General Ledger; and**
- **any mis postings should be regularised during the closing of accounts period.**

### **Agreed Management Action**

*These misallocations were to be regularized later however due to COVID-19, TC Harold, TC Yasa, TC Ana ad TC Cody disaster operations, these were not able to be properly scrutinized due to critical shortage of Accounts staff, COVID-19 protocol – restrictions of movement and staff engaged in verification and clearing of disaster claims and acquittals.*

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<sup>3</sup> Rural and Maritime Development and Natural Disaster Management Finance Manual section 14.3.4

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

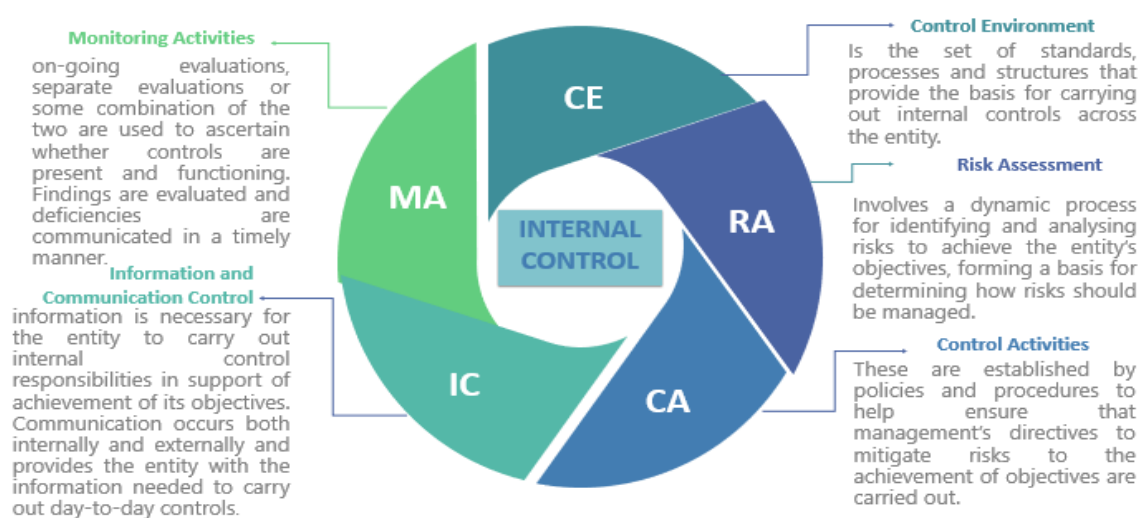
### 18.7 Internal Controls

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	Some deficiencies identified in internal controls.
2021	☀ Generally effective	Some deficiencies identified in internal controls.

## 18.8 Submission of FY 2019-2020 & 2020-2021 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 18 August 2020	✗	Cancellation of unprocessed purchase orders by 12 July 2020	✓
Clearance of Inter-departmental clearance accounts by 28 August 2020	✓	Processing of payments by 29 July 2020	✓
Clearance of stale cheques by 06 August 2020	✓	Processing of virement by 23 August 2020	✗
Annual Board of Survey on Drawings Account cheques by 30 August 2020	✗	Completion of reconciliations by 29 August 2020	✓
Retirement of imprests by 17 July 2020	✓	Submission of arrears of revenue returns by 30 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 18 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 13 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 June 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	☀ Generally effective	6 of 10 key processes completed within two weeks of due date.
2021	☹ Ineffective	4 of 10 key processes completed within two weeks of due date.



## 18.9 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.

## 18.10 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	● Generally effective	Acceptable draft financial statements received on 29 October 2021.

## 18.11 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 issue of Draft Management Letter.
2021	● Generally effective	Within 21 days from issue of Draft Management Letter.

Year	Rating	Timeliness of Signed Financial Statements Received
2020	● Generally effective	Within 15 days from issue of Financial Statements for signing.
2021	● Generally effective	Within 15 days from issue of Financial Statements for signing.

## APPENDIX 18.1: Provincial Development Trust Fund Account (FY 2020)

Description	31 July 2020 (\$)	31 July 2019 (\$)
<b>Receipts</b>		
Tender Deposits	---	11,252
Rural Housing Deposits Scheme II	---	128,244
Rural Housing Scheme I/ PM Relief & Rehab Committee	---	14,000
Unclaimed Wages	---	15,763
One-Third Contribution Self Help Projects	155,877	236,253
<b>Total Receipts</b>	<b>155,877</b>	<b>405,512</b>
<b>Payments</b>		
Tender Deposits	---	6,888
Rural Housing Deposits Scheme II	---	75,554
Rural Housing Scheme I/ PL Relief & Rehab Committee	---	14,000
Unclaimed Wages	---	16,821
Special Purpose Trust Account- Vatukoula	---	17,973
Cities Trust	---	3,202
Environment Trust	---	1,161
One- Third Contribution Self Help Projects	168,477	246,874
Transfer of Funds to Min of Housing & Community Dev.	---	763,650
<b>Total Payments</b>	<b>168,477</b>	<b>1,146,123</b>
Net Deficit	(12,600)	(740,611)
Add Balance as at 1 August 2019	1,551,187	2,291,798
<b>Closing balance as at 31 July 2020</b>	<b>1,538,587</b>	<b>1,551,187</b>

## APPENDIX 18.2: Provincial Development Trust Fund Account (FY 2021)

Description	31 July 2021 (\$)	31 July 2020 (\$)
<b>Receipts</b>		
PMs Relief Rehabilitation Account (NDMO)	1,812,690	---
1/3 Contribution- Self Help	76,959	155,877
<b>Total Receipts</b>	<b>1,889,649</b>	<b>155,877</b>
<b>Payments</b>		
Tender Deposits	107,353	---
Rural Housing Scheme I/ PM Relief & Rehab Committee	6,331	---
PMs Relief Rehabilitation Account (NDMO)	5,363	---
1/3 Contribution- Self Help	117,858	168,477
<b>Total Payments</b>	<b>236,905</b>	<b>168,477</b>
Net Surplus / (Deficit)	1,652,744	(12,600)
Add Balance as at 1 August 2020	1,538,587	1,551,187
Add Balance of Funds for PMs Relief & Rehab Trust	1,152,902	---
<b>Closing balance as at 31 July 2021</b>	<b>4,344,233</b>	<b>1,538,587</b>

**APPENDIX 18.3: Charging of Expenditure to Incorrect Allocation**

Date	PV NO.	Nature of Payment	Amount (\$)	Expenditure Allocation Charged	Correct Allocation
31/10/2020	000152967	GR747:90000KM SERVICING	546.05	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
31/10/2020	000153730	GM485: CARRY OUT FULL SERVICIN	331.00	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
31/01/2020	000155950	MAKE BATTERY BOX FOR GM485	690.00	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
28/02/2021	000156115	EXCESS FEE FOR GOVT VEHICLE	917.43	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
28/02/2021	000156777	GM485: REMOVE/FIT GEAR BOX, CL	523.00	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
30/06/2021	000158890	TOWING OF GR039	275.23	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
31/07/2021	000159132	TOWING CHARGES FOR GR745	275.23	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
30/06/2021	000157722	DISMAC Fuel BILL 03/05/2021	1,087.81	1-18202-92991-030101 - Travel	1-18202-92991-040101 – Fuel & Oil
<b>Overstatement of SEG 3 by</b>			<b>4,645.75</b>		
31/07/2021	000159145	Telecom BILL	172.33	1-18202-92991-040311 – Upkeep of Burial Ground	1-18202-92991-030401 - Telecommunications
31/07/2021	000159146	Telecom BILL	61.05	1-18202-92991-040311 – Upkeep of Burial Ground	1-18202-92991-030401 - Telecommunications
31/07/2021	000159147	Telecom BILL	30.64	1-18202-92991-040311 – Upkeep of Burial Ground	1-18202-92991-030401 - Telecommunications
30/06/2021	000159085	Telecom Bill account #8362921for APRIL 2021	4,184.67	1-18101-68999-050411 – Training Expenses	1-18101-68999-030401 - Telecommunications
30/06/2021	000159086	Telecom Bill account #8362921_MAY 2021	4,109.59	1-18101-68999-050412 – National Productivity Levy	1-18101-68999-030401 - Telecommunications
31/07/2021	000159551	Vodafone Bill account #189297404_JUNE 2021	2,982.05	1-18101-68999-050412 – National Productivity Levy	1-18101-68999-030401 - Telecommunications
31/03/2021	000157480	Telecom Bill for FEB 2021 acc# 8362921	832.21	1-18101-68999-070201 – Administrative Expenses	1-18101-68999-030401 - Telecommunications

**APPENDIX 18.3: Charging of Expenditure to Incorrect Allocation (continued)**

Date	PV NO.	Nature of Payment	Amount \$	Expenditure Allocation Charged	Correct Allocation
31/05/2021	000157765	Telecom Bill	4,340.85	1-18101-68999-070201 – Administrative Expenses	1-18101-68999-030401 – Telecommunications
31/05/2021	000157764	Vodafone Bill	2,903.88	1-18101-68999-070201 – Administrative Expenses	1-18101-68999-030401 – Telecommunications
31/05/2021	000158304	Vodafone bill INV#188392366 for APR 21	2,569.30	1-18101-68999-070201 – Administrative Expenses	1-18101-68999-030401 – Telecommunications
<b>Understatement of SEG 3 by</b>			<b>22,186.57</b>		
31/07/21	000159145	Telecom BILL	172.33	1-18202-92991-040311 Upkeep of Burial Ground	1-18202-92991-030401 – Telecommunications
31/07/21	000159146	Telecom BILL	61.05	1-18202-92991-040311 Upkeep of Burial Ground	1-18202-92991-030401 – Telecommunications
31/07/21	000159147	Telecom BILL	30.64	1-18202-92991-040311 Upkeep of Burial Ground	1-18202-92991-030401 – Telecommunications
<b>Overstatement of SEG 4 by</b>			<b>264.02</b>		
31/10/2020	000152967	GR747:90000KM SERVICING FOR GO	546.05	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
31/10/2020	000153730	GM485: CARRY OUT FULL SERVICIN	331.00	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
31/01/2020	000155950	MAKE BATTERY BOX FOR GM485	690.00	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
28/02/2021	000156115	EXCESS FEE FOR GOVT VEHICLE	917.43	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
28/02/2021	000156777	GM485: REMOVE/FIT GEAR BOX, CL	523.00	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
30/06/2021	000158890	TOWING OF GR039	275.23	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
31/07/2021	000159132	TOWING CHARGES FOR GR745	275.23	1-18202-92991-030101 - Travel	1-18202-92991-040361 – Spare Parts & Maintenance
30/06/2021	000157722	DISMAC Fuel Bill 03/05/2021	1,087.81	1-18202-92991-030101 - Travel	1-18202-92991-040101 – Fuel & Oil

**APPENDIX 18.3: Charging of Expenditure to Incorrect Allocation (continued)**

Date	PV NO.	Nature of Payment	Amount \$	Expenditure Allocation Charged	Correct Allocation
30/09/2020	000152374	Maritime Boat Registration Fees	630.00	1-18101-68999-050411 – Training Expenses	1-18101-68999-040361 – Spare Parts & Maintenance
31/07/2021	000159134	EFL bill	5,466.84	1-18101-68999-050501 - Bks, Per. & Publicatn.	1-18101-68999-040421 – Power Supply
<b>Understatement of SEG 4 by</b>			<b>10,742.59</b>		
30/09/2020	000152374	Maritime Boat Registration Fees	630.00	1-18101-68999-050411 – Training Expenses	1-18101-68999-040361 – Spare Parts & Maintenance
30/06/2021	000159085	Telecom Bill	4,184.67	1-18101-68999-050411 – Training Expenses	1-18101-68999-030401 - Telecommunications
30/06/2021	000159086	Telecom Bill	4,109.59	1-18101-68999-050412 – National Productivity Levy	1-18101-68999-030401 - Telecommunications
31/07/2021	000159551	Vodafone Bill	2,982.05	1-18101-68999-050412 – National Productivity Levy	1-18101-68999-030401 - Telecommunications
31/07/2021	000159134	EFL bill	5,466.84	1-18101-68999-050501 - Bks,Per. & Publicat.	1-18101-68999-040421 – Power Supply
<b>Overstatement of SEG 5 by</b>			<b>17,373.15</b>		
31/03/2021	000157480	Telecom Bill	832.21	1-18101-68999-070201- Administrative Expenses	1-18101-68999-030401- Telecommunications
31/05/2021	000157765	Telecom Bill	4,340.85	1-18101-68999-070201- Administrative Expenses	1-18101-68999-030401- Telecommunications
31/05/2021	000157764	Vodafone Bill	2,903.88	1-18101-68999-070201- Administrative Expenses	1-18101-68999-030401- Telecommunications
31/05/2021	000158304	Vodafone Bill	2,569.30	1-18101-68999-070201- Administrative Expenses	1-18101-68999-030401- Telecommunications
<b>Overstatement of SEG 7 by</b>			<b>10,646.24</b>		

## Section 19

## Republic of Fiji Military Forces

### Roles and Responsibilities

The Republic of Fiji Military Forces (RFMF) is responsible for maintaining the security and Defence of Fiji and the Fijian people, employing the latest technologies and defence strategies to address emerging security threats, and supporting the international community to reduce conflict and forge peaceful solutions around the world.

RFMF also implements a number of projects and programmes in rural and maritime regions in Fiji. As part of its contribution to the wellbeing of the Fijian people, RFMF's Engineering Corps carries out an extensive range of development projects across the country that improves the living conditions of ordinary Fijians.

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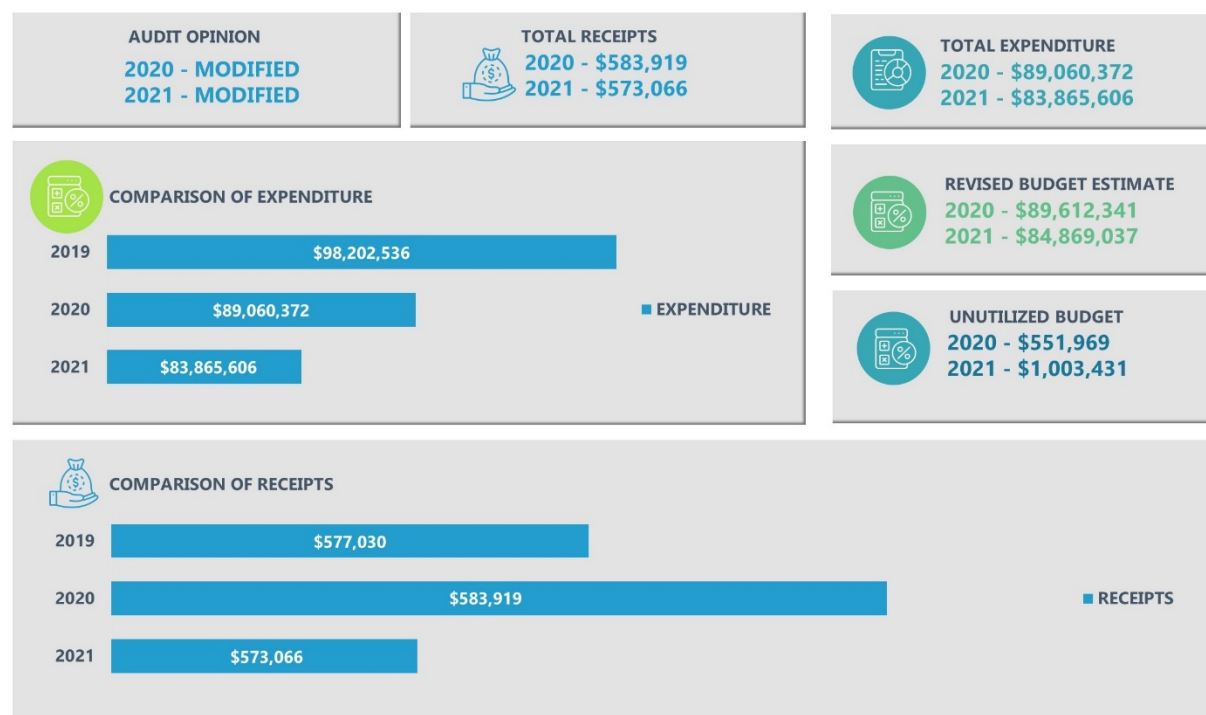
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## PART A: FINANCIAL INFORMATION



### 19.1 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Republic of Fiji Military Forces resulted in a modified audit opinion. The basis for qualification issues were as follows:

- Expenditures totalling \$1,286,401 incurred by the Force was charged to Appropriation Head 49 - Peacekeeping Missions and is not reflected in the Statement of Receipts and Expenditure of the Force. The Force would have overspent its budget appropriation by \$1,273,128 had all the expenditures were correctly recorded in the Statement of Receipts and Expenditure. As a result, the total expenditure of the Force is understated by \$1,286,401 at year end.

#### Trading and Manufacturing Account

- An unreconciled variance of \$42,346 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance. Consequently, audit could not confirm the accuracy and completeness of the VAT receivables balance of \$203,730 stated in the Plant Pool Trading Account balance sheet as at 31 July 2020.

The Other Matters paragraph included the following:

- The Appropriation Statement Revised Budget of \$89,612,341 is \$410,000 additional appropriation which was sourced from Head 49 – Peacekeeping Mission. This additional appropriation was not approved by the Minister of Economy, contrary to the requirements of Section 22(1) of the Financial Management Act 2004.



- The Plant Pool Trading Account is operating on a semi accrual accounting basis instead of full accrual accounting. The plant and equipment which are used for the operation of the Plant Pool have not been reflected in the balance sheet of the Plant Pool Trading Account.

#### **2021**

The audit of the 2021 accounts for the Republic of Fiji Military Forces resulted in a modified audit opinion. The basis of qualification issues were as follows:

- Expenditures totalling \$2,723,240 incurred by the Force was charged to Head 49 - Peacekeeping Missions and was not reflected in the Statement of Receipts and Expenditure of the Force. The Force would have overspent its budget appropriation had all the expenditures were correctly recorded in the Statement of Receipts and Expenditure.

As a result, the total expenditure of the Force is understated by \$2,723,240 at year end.

#### **Trading and Manufacturing Account**

- An unreconciled variance of \$34,904 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance. Consequently, I could not confirm the accuracy and completeness of the VAT receivables balance of \$203,203 stated in the Plant Pool Trading Account balance sheet as at 31 July 2021.

In addition to the above, the Other Matter reported included the following:

- Included in the Appropriation Statement Revised Budget Estimate of \$84,869,037 is \$3,823,600 additional appropriation sourced from Head 49 – Peacekeeping Mission. This additional appropriation was not approved by the Minister of Economy, contrary to the requirements Section 22(1) of the Financial Management Act of 2004; and
- The Plant Pool Trading Account is operating on a semi accrual accounting basis instead of full accrual accounting. The plant and equipment which are used for the operation of the Plant Pool have not been reflected in the balance sheet of the Plant Pool Trading Account.

## **19.2 Appropriation Statement**

#### **2020**

The Republic of Fiji Military Forces collected revenue totalling \$583,919 in 2020 and incurred expenditure totalling \$89 million against a revised budget of \$89.6 million in savings of \$0.6 million or 0.7%.

Details of expenditure against the revised budget are provided in Table 19.1.

Table 19.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	64,647,271	(509,500)	64,137,771	63,933,612	204,159
2	Government Wage Earners	311,211	---	311,211	309,885	1,326
3	Travel & Communication	1,464,758	125,663	1,590,421	1,585,824	4,597
4	Maintenance & Operations	4,717,347	633,295	5,350,642	5,273,233	77,409
5	Purchase of Goods & Services	11,728,179	(110,480)	11,617,699	11,604,426	13,273
6	Operating Grants & Transfers	---	---	---	---	---
7	Special expenditure	2,743,586	272,440	3,016,026	2,925,149	90,877
<b>Total Operating Expenditure</b>		<b>85,612,352</b>	<b>411,418</b>	<b>86,023,770</b>	<b>85,632,129</b>	<b>391,641</b>
8	Capital Construction	897,325	---	897,325	869,238	28,087
9	Capital Purchase	690,864	(39,400)	651,464	646,267	5,197
<b>Total Capital Expenditure</b>		<b>1,588,189</b>	<b>(39,400)</b>	<b>1,548,789</b>	<b>1,515,505</b>	<b>33,284</b>
13	Value Added Tax	2,001,800	37,982	2,039,782	1,912,738	127,044
<b>TOTAL</b>		<b>89,202,341</b>	<b>410,000</b>	<b>89,612,341</b>	<b>89,060,372</b>	<b>551,969</b>

## 2021

The Republic of Fiji Military Forces collected revenue totalling \$573,066 in 2021 and incurred expenditure totalling \$83.9 million against a revised budget \$84.9 million in savings of \$1 million or 1.2%.

Details of expenditure against the revised budget are provided in Table 19.2.

Table 19.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	61,879,003	999,141	62,878,144	62,616,398	261,746
2	Government Wage Earners	300,794	29,800	330,594	327,847	2,747
3	Travel & Communication	943,500	219,973	1,163,473	1,156,859	6,614
4	Maintenance & Operations	4,613,400	1,772,172	6,385,572	6,363,375	22,197
5	Purchase of Goods & Services	8,395,490	207,345	8,602,835	8,597,840	4,995
7	Special expenditure	1,603,000	595,169	2,198,169	2,177,710	20,459
<b>Total Operating Expenditure</b>		<b>77,735,187</b>	<b>3,823,600</b>	<b>81,558,787</b>	<b>81,240,029</b>	<b>318,758</b>
8	Capital Construction	835,000	---	835,000	629,380	205,620
9	Capital Purchase	917,500	---	917,500	444,543	472,957
<b>Total Capital Expenditure</b>		<b>1,752,500</b>	<b>---</b>	<b>1,752,500</b>	<b>1,073,923</b>	<b>678,577</b>
13	Value Added Tax	1,557,750	---	1,557,750	1,551,654	6,096
<b>TOTAL</b>		<b>81,045,437</b>	<b>3,823,600</b>	<b>84,869,037</b>	<b>83,865,606</b>	<b>1,003,431</b>

## 19.3 Trust Fund Account

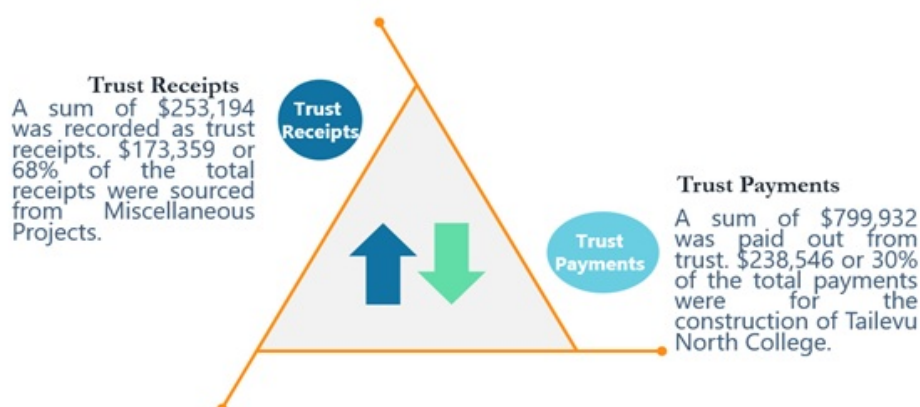
Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Republic of Fiji Military Forces operates and maintains the following trust fund bank account:

### 19.3.1 Engineer Project Trust Fund Account

On 19 May 2017, the RFMF obtained approval from Ministry of Economy to open the Engineer Project Trust Fund Account. The Engineers Trust Fund recorded the receipts and payments incurred for each Engineers project carried out during the financial year.

#### 2020

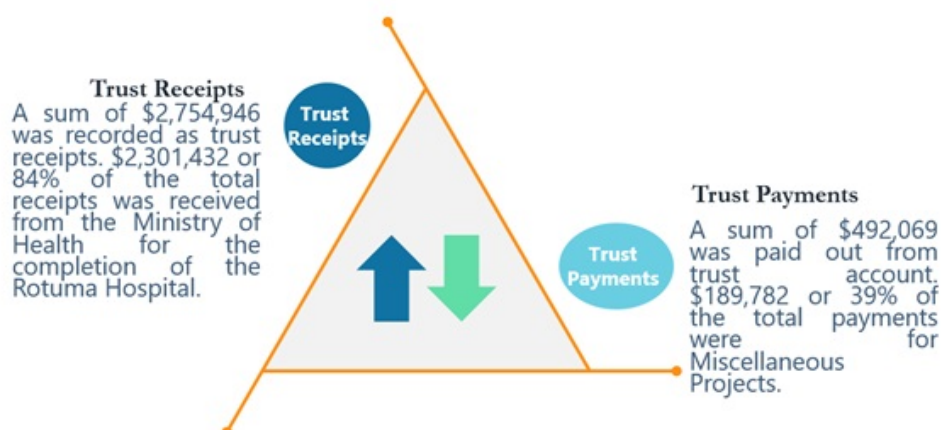
The Force collected trust revenue totalling \$253,194 in 2020 and incurred expenditure totalling \$799,932 resulting in a deficit of \$546,738 compared to a deficit of \$875,958 in 2019.



The detailed trust fund account statement of receipts and payments is provided in **Appendix 19.1**.

#### 2021

The Force collected trust revenue totalling \$2,754,946 in 2021 and incurred expenditure totalling \$492,069.



The detailed trust fund account statement of receipts and payments is provided in **Appendix 19.3**.

### 19.4 Trading and Manufacturing Account

#### 2020

The RFMF Engineers Plant Pool Trading Activity account was formed to construct and develop roads and playgrounds in the inaccessible parts of rural areas in Fiji. The Plant Pool Trading Account

is operated on semi commercial basis with an approved ceiling of \$500,000 focusing on social and development obligations of the country.

The total sales for Plant Pool Troop for 2020 decreased by \$628,652 as there was no new project undertaken in 2020 and since RFMF's focus was to complete all outstanding and pending projects. The financial analysis of TMA for the year ended 31 July 2020 is provided below.

Detailed Statements of the TMA are provided in **Appendix 19.2**.



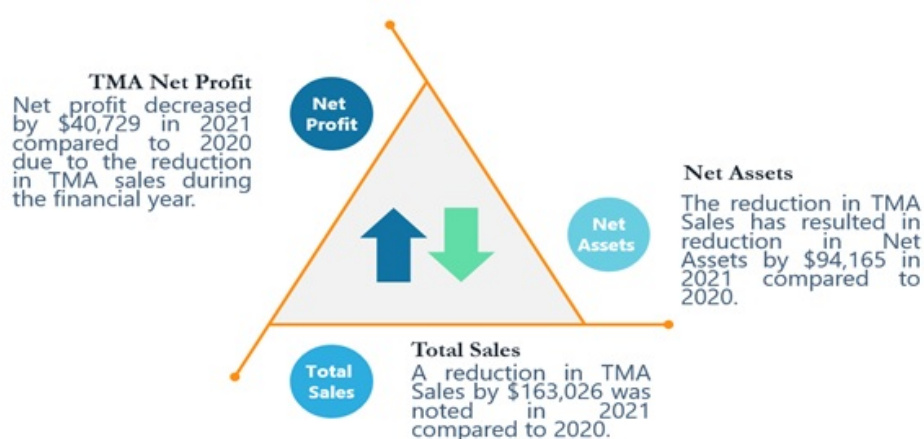
## 2021

The RFMF operates the Engineers Plant Pool trading account which was formed in 1978 to construct and develop roads to the inaccessible parts of rural areas in Fiji. No new projects were undertaken in 2020 as RFMF's focus was to complete all pending projects.

The total trust income for Plant Pool Troop for 2021 decreased by \$163,026 mostly due to no newer projects undertaken in 2021 since RFMF's focus was to complete all outstanding and pending projects.

The financial analysis of TMA for the year ended 31 July 2021 is provided below.

Detailed Statements of the TMA are provided in **Appendix 19.4**.



## **PART B: 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 Force in the 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 Force. These have been included in this report as they impacted on the overall system of control of the Force as at 31 July 2020 and 31 July 2021.

### **19.5 Proper Approval Not Sought for Movement of Appropriated Funds from Head 49 to Head 19**

The Minister may, with the approval of Cabinet, authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.<sup>1</sup>

The Permanent Secretaries of agencies may authorise the transfer of budgeted funds out from SEG 1 or 2 (Established and Unestablished Staff) but shall not transfer funds into SEG 1 or 2<sup>2</sup>.

The audit noted that the Force:

- Used virement forms to move appropriated funds from Head 49 Peacekeeping Missions in the Years 2020 and 2021, to Head 19 RFMF, contrary to the requirements of the FMA; and
- A total of \$1,543,500 redeployed from Head 49 in to Head 19 SEGs 1 & 2 contrary to the requirement of section 10.1 of the Finance Instruction 2010.

Refer to **Appendix 19.5** for details.

The movement of appropriated fund from one head of appropriation to another without the Minister of Economy's approval is not allowed under the Financial Management Act 2004.

Consequently, this enabled the RFMF to increase its available budget without proper authorisation.

### **Recommendation**

**The Force must ensure that proper approval is sought for the redeployment of funds from one head of appropriation to another.**

---

<sup>1</sup> 2004 Financial Management Act, Section 22 (1)

<sup>2</sup> Finance Instruction 2010, Section 10

### **Agreed Management Action**

*Commander Republic of Fiji Military Forces is the Head of Appropriation for both Budget Head 19 and 49. Whilst he endorses virement requests for both Heads, the RFMF is of the understanding that the sole authority to the endorsement of virement rests with the Minister of Economy. As per regulations, RFMF virement requests are always submitted to the MOE's FMIS/Budget division which always advises on any anomalies regarding our submissions.*

### **Way Forward**

*The force will ensure that MOE is consulted and that appropriate approval is sought for accessing appropriation.*

## **19.6 Charging of Expenditures into Incorrect Allocations – Recurring Issues**

Details of each invoice or other source document for a payment must be promptly and accurately entered into the fields provided, these includes the ledger account it is charged to.<sup>3</sup>

Audit review of payments made by the Force during the financial years 2020 & 2021 revealed mis-postings within the Forces expenditure allocations.

Refer to **Appendix 19.6A** for the details.

In addition, there were Head 19 expenditures posted to Head 49 general ledger.

Refer to **Appendix 19.6B** for the details and **Appendix 19.6C** for impact of mis-posting on the Accounts of RFMF.

Instances of misallocation were due to the unavailability of funds at the correct allocation at the time of transaction. However, these were supposed to be regularised later in the period.

This indicates lack of procurement planning and improper budgeting by the Force. Failure to address the issue could result in the misappropriation of public funds. Those expenditures charged to Head 49 understates the expenditure of the Force by that amount. It also reveals that at financial year end the Force would have overspent their appropriation by \$861,477 in 2020 and \$1,725,905 in 2021.

### **Recommendations**

**The Force should ensure that:**

- **proper procurement planning and budgeting are made;**
- **all expenditures are appropriately reflected in their correct allocation; and**
- **Head 49 General ledger access must be restricted to Peacekeeping officers only.**

### **Agreed Management Action**

*This is noted, the Force will make the necessary amendment. Way Forward: The Force will conduct training to all its Cost Centre personnel in ensuring that they have the competency to conduct transactions for their Cost Centre's. The training will cover the issues highlighted in Audit reports.*

---

<sup>3</sup> 2010 Finance Instructions, section 14(1)

## 19.7 Inconsistency in the Forces Procurement Authorisation Limit

The Force procurement authorisation limits were provided under the following:

- RFMF Finance Manual 2018 (section 6); and
- RFMF Procurement Manual 2018 (section 4).

Comparison of the above sources revealed that the delegation of the procurement authorities were not consistent with each other.

Refer to **Appendix 19.7** for details.

The findings indicate that the Force Finance Manual 2018 has not been thoroughly reviewed to ensure consistency with the requirements of the Procurement Manual 2018.

Failure to harmonise the level of procurement authorisation limits required under the above manuals could create confusion on responsible officers. It could also provide avenues for authorising purchases in excess of limits if left unchecked.

### **Recommendation**

**The Force should ensure that the manuals are reviewed to ensure consistency.**

### **Agreed Management Action**

*This is noted, the Force will make the necessary amendment. RFMF will amend the procurement regulation limits to be in-line with RFMF Finance Manual.*

## 19.8 Anomalies in Procurement and Payments – Recurring Issues

Competitive quotes, instead of public tenders, may be called for procurements \$50,000 and less, the CRFMF has approved an exemption in accordance with Government Procurement Regulation 29-(3).<sup>4</sup> The Principal Accounts Officer must not certify a payment voucher as correct unless they are satisfied that:<sup>5</sup>

- It is in accordance with an LPO, indent, contract, invoice, statement or other authorisation;
- The expenditure account it is charged to is correct.

Audit review of payments made by the Force during the year revealed the following anomalies:

- Competitive quotations were not obtained for procurement of goods and services valued at \$135,149. Refer to **Appendix 19.8** Table A for details.
- Payment vouchers were authorised without adequate supporting documents attached. Refer to **Appendix 19.8** Table B for details.

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<sup>4</sup> RFMF Procurement Manual, Chapter 3, Section 5 – Competitive Procurement: paragraph 10.3.9

<sup>5</sup> RFMF Finance Manual: Part 2, Section 13 – Payment: paragraph 1.2.1.27

- The Force mis-posted VAT Inclusive Price (VIP) to expenditure allocation. Refer to **Appendix 19.8**, Table C below for details.

The findings indicate non - compliance to rules and regulations. It also indicate the lack of supervisory checks. Furthermore, the above also indicate that the Force did not regularise the mis-postings during the closing of accounts process which resulted in the mis-postings.

### **Recommendations**

**The Force should ensure that:**

- **Stipulated procurement procedures in place are adhered to at all times;**
- **All transactions are posted to the correct allocations in the FMIS General Ledger; and**
- **Proper oversight and supervisory check and that competitive quotes processes are strictly adhered to.**

### **Agreed Management Action**

*This is noted and the Force will ensure that SOPs are developed to guide all procurement.*

### **Way Forward**

*Ensure that SOPs are in place for all Cost Centre's.*

## **19.9 Overpayment of Lodging Allowance – Recurring Issues**

All single officers are entitled to lodging allowance on the following conditions:

- a) They have been granted approval to “live out” by their Commanding Officers. The basis for granting such approvals may include the unavailability of “live in” accommodation;
- b) A House Inspection Report is carried out on the house in which they will reside in;
- c) The approval to “live out” is published in the Routine Orders Part 2 after satisfying a. and b. above; and
- d) Any officer who has satisfied a, b and c above but is still occupying “live in” accommodation will forfeit their lodging allowance until such time they have vacated their “live in” accommodation.<sup>6</sup>

All legally married officers are entitled to Lodging Allowance provided that the following conditions are met:

- a) They have been granted approval to “live out” by their Commanding Officers. The basis for granting such approvals may include the unavailability of “live in” accommodation.
- b) A House Inspection Report is carried out on the house in which they will reside in; and
- c) The approval is to be published in the Routine Orders Part 11 after satisfying a. and b. above.<sup>7</sup>

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<sup>6</sup> RFMF Administrative Instructions No.75 - Lodging allowance for officers: paragraph 3

<sup>7</sup> RFMF Administrative Instructions No.75 - Lodging allowance for officers: paragraph 3



Audit review of the Force's Quarters Returns revealed that officers who are occupying the RFMF quarters were also receiving lodging allowance. This resulted in overpayment totalling \$120,296 and \$20,715 respectively for the financial years 2020 and 2021.

Refer to **Appendix 19.9** for details.

The lack of coordination between the moving officer and/or supervising officer and lack of monitoring by the Camp Commandant's Office has resulted in overpayment of lodging allowance which ultimately led to loss of public funds.

### **Recommendations**

**The Force must ensure that:**

- **Officers occupying the quarters are to inform immediate supervisors if they are receiving allowances outside their entitlement and immediate supervisors to promulgate cancellation of lodging allowance upon receiving report;**
- **Stringent control and supervisory checks are put in place to ensure that all officers residing in quarters are not paid lodging allowance;**
- **Recovery of overpaid lodging allowances should commence immediately from occupants that are receiving lodging allowances; and**
- **Regular inspection should be carried out by the Camp Commandant's Office to ensure officers occupying the quarters are not receiving lodging allowance.**

### **Agreed Management Action**

*This is noted. RFMF Pay Office is working on recovery and cessation of payment for Officer's lodging allowance.*

### **Way Forward**

*RFMF will ensure that the office of the camp commandant submits its monthly reconciliation of camp occupancy and also notify pay office in advance of in the event of any charges camp occupancy.*

## **19.10 Anomalies Noted in Leave Management – Recurring Issue**

Annual leave cannot be accumulated and must be taken by the 31<sup>st</sup> day of March in the year next following the year in which it was earned, unless deferment is authorised by the Commander. No authority exists for the deferment or accumulation of vacation leave except that the Commander may order its deferment under the provisions of paragraph 20.37, subject to the existence of service.<sup>8</sup>

The purpose of leave is to provide periods of relaxation during the year so personnel can return refreshed and thus work at a higher performance level. To not take leave over protracted period defeats the purpose for which it is granted.<sup>9</sup>

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<sup>8</sup> RFMF Administrative Instructions No.10 – Taking of Leave: paragraph 1

<sup>9</sup> RFMF Administrative Instructions No.10 – Taking of Leave: paragraph 3

The audit review of the Force's leave records revealed the following anomalies:

- The Force's Human Resources (HR) Department did not maintain a consolidated leave database for the whole of RFMF to effectively monitor the leave records. According to Warrant Officer – Leave, the Force can only accurately determine an officer's leave balance through leave recalculation done upon discharge (retirement, resignation, termination), by which it would be too late to control leave liability.
- The Force's leave liability remained significantly high. During the financial year, the Force has paid leave compensation amounting to \$256,027 in 2020 and \$152,228 in 2021.
- From Unit Personal Files verification at LSU and Engineers Regiment, the audit noted instances where officers had accumulated more than 150 days of annual leave/long service leave balances or leave liabilities totalling \$389,787. Refer to **Appendix 19.10** for details.
- The manual leave cards were not maintained in the individual officers' Unit Personal Files.

The finding indicates weak internal control and lack of proper monitoring of leave balances.

Ensuring the Officers take annual/long service leave on a timely manner would mitigate the risk of leave compensation and would also allow the timely break for the Officers to manage their stress level resulting from nature of work and create a work-life balance.

### **Recommendations**

The Force should consider:

- **The consolidation of the leave balances for all Officer in a structured manner for monitoring purposes; and**
- **Having an annual leave plan for Officers.**

### **Agreed Management Action**

*The RFMF still has a manual based HR system which makes it hard to manage leave issues – given the size of the RFMF.*

### **Way Forward**

*The RFMF is developing its customised HR software database which should resolve leave management issues.*

## **19.11 Salary Overpayments – Recurring Issues**

Where it becomes necessary to hold, cease or reverse an employee's salary, the Staff Officer Pay must immediately advise the Ministry of Economy in writing.<sup>10</sup>

The Warrant Officer Pay shall prepare the appropriate input form for ceasing or reversing salary payments as well as journal voucher (in duplicate) to reverse or cease all deductions for that particular pay period.<sup>11</sup>

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<sup>10</sup> RFMF Finance Manual 2018, Section 11 – Reversal or withholding of salary: paragraph 1.4.1.60

<sup>11</sup> RFMF Finance Manual 2018, Section 11 – Reversal or withholding of salary: paragraph 1.4.1.61

Audit review of the Force's payroll records noted instances of salary overpayment amounting to \$6,452 in 2020 and \$22,748 in 2021 arising from re-engagement of officers.

Refer to **Appendix 19.11** for details.

This is the basic internal control failure arising from the lack of coordination between the Force's HR Section, the Units and the Pay Office on the timely cessation of salaries.

### **Recommendations**

#### **The Force should:**

- **strengthen its internal control procedures and ensure that the Pay Office is informed in a timely manner and followed up for the salary cessations; and**
- **review and strengthen its payroll unit through resourcing and training.**

### **Agreed Management Action**

*The RFMF HR system is still conducted manually and hence there are instances whereby there are late notifications to the Pay Office to either cease or pay the officer.*

### **Way Forward**

*RFMF is developing its automated HR system which should solve most of the issues that is associated with operating a manual HR system.*

## **19.12 Anomalies in Engineers Project Main Trust Fund Account**

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts.<sup>12</sup>

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>13</sup>

The audit noted the following anomalies while reviewing the Engineer Project Trust Fund Account records:

- The Engineers Project Trust Fund Account cashbook was not submitted for audit verification. and
- Upon completion of a project, the RFMF Engineers would prepare an acquittal report and refund any remaining balance of the project funds. The audit noted that there were completed projects, whose remaining project funds had not been refunded to respective clients. Refer to Table 19.3 for details

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<sup>12</sup> Finance Instructions 2010 – section 58 (2)

<sup>13</sup> RFMF Finance Manual 2018, Chapter 3, Section 1-10.3.1

**Table 19.3: Trust Fund Project Details**

<b>Project</b>	<b>Remaining balance 2020 (\$)</b>
Druadrua Footpath	14,113
Neomai Lewakita footpath	2,646
Miscellaneous project	20,112
Nasau Village rehabilitation	4,892
Ratu Ilaisa Memorial School	24,261

<b>Project</b>	<b>Remaining balance 2021 (\$)</b>
Druadrua Footpath	113
Neomai Lewakita footpath	2,646
Miscellaneous project	3,868
Ratu Ilaisa Memorial School	24,261

The finding indicates the non-adherence to stipulated procurement processes and procedures, the lack of oversight and management override of controls.

### **Recommendations**

**The Force must ensure that:**

- the Cash book and the Engineers Project Fund Account is properly maintained and updated; and
- instructions and requirements stipulated in the Finance Instructions and Finance Manual are complied with.

### **Agreed Management Action**

*Audit findings is noted. A cash book for the project trust fund will be maintained and presented when required for audit inspections. Trust fund credit balances that have remained dormant for long periods will be verified with the records maintained by the Project Office.*

### **Way Forward**

*A cash book for project trust funds will be maintained and monthly reconciliations will be carried out with the FMIS General ledger system to monitor and reconcile movement of funds into and out of the projects trust account. The projects office will be consulted regarding the status of the projects with dormant balances to determine the rightful recipients of the remaining balances for completed projects. The Ministry of Economy will be consulted regarding the refunds to the rightful recipients.*

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

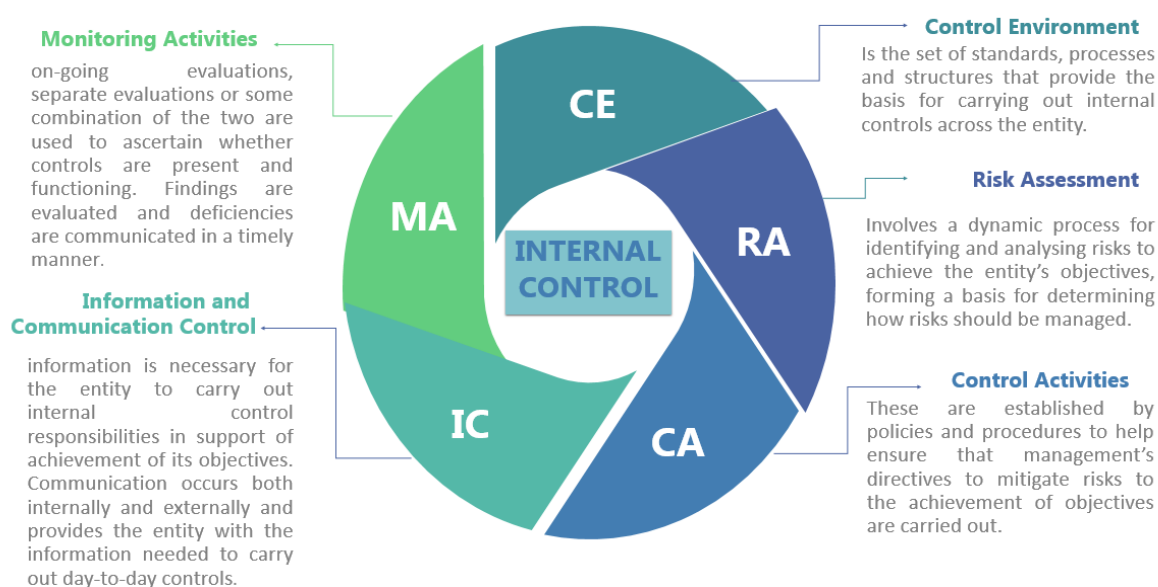
### 19.13 Internal Controls

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 categorised 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	✖ Ineffective	Deficiencies identified in internal controls
2021	✖ Ineffective	Deficiencies identified in internal controls

## 19.14 Submission of FY 2019-2020 Draft Agency Financial Statements

On 1 May 2020, the Commander RFMF for Peacekeeping Missions 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
Cancellation of unprocessed purchase orders by 20 July 2020	✓	Processing of <u>virement</u> by 21 August 2020	✓
Retirement of <u>imprests</u> by 17 July 2020	✓	Completion of reconciliations by 28 August 2020	✓
Processing of payments by 29 July 2020	✓	Submission of arrears of revenue return by 29 August 2020	N/A
Clearance of stale <u>cheques</u> by 06 August 2020	N/A	Clearance of Inter-departmental clearance accounts by 7 August 2020	✓
Closing date for journal adjustments by 18 August 2020	✗	Annual Board of Survey on Drawings Account <u>cheques</u> by 28 August 2020	✓

On 30 April 2021, the Commander RFMF for Peacekeeping Missions 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
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of <u>virement</u> by 20 August 2021	✓
Retirement of <u>imprests</u> by 16 July 2021	✓	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	N/A
Clearance of stale <u>cheques</u> by 06 August 2021	N/A	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 18 August 2021	✗	Annual Board of Survey on Drawings Account <u>cheques</u> 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	☀ Generally effective	7 of 8 key processes completed within two weeks of due date.
2021	☀ Generally effective	6 of 8 key processes completed within two weeks of due date.

### 19.15 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	☹ Ineffective	Adjustments were not carried out but a modified opinion was issued.
2021	☹ Ineffective	Adjustments were not carried out but a modified opinion was issued.

### 19.16 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 15 October 2021.

### 19.17 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	☀ Effective	Within 14 days from issue of Draft Management Letter
2021	☀ Effective	Within 14 days from issue of Draft Management Letter.

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

## APPENDIX 19.1: ENGINEERS PROJECTS TRUST FUND ACCOUNT FY2020

Description	2020 (\$)	2019 (\$)
<b>Receipts</b>		
Miscellaneous Project	173,359	---
Rotuma Hospital	18,099	1,954,466
Nasamila District School	---	461
Ratu Ilaisa Memorial School	2,175	897
Namalata District School	3,353	24,786
Tailevu North College	30,386	514,511
Nawaikama Footpath	12,875	---
Ratu Kadavulevu School	---	16
Vunisalusalu	567	210
Vaturova/Koroalau	---	165
Tobunio	---	556
Rt Nacagilevu Primary School	12,380	123,667
Nasau Village Rehab Project	---	408,863
Upgrade of Nabukaluka Com Hall	---	121,492
<b>Total Receipts</b>	<b>253,194</b>	<b>3,150,090</b>
<b>Payments</b>		
Rural Development	4,194	10,152
Miscellaneous Project	158,286	---
Rotuma Hospital	88,927	2,475,435
Nasamila District School	5,261	29,356
Ratu Ilaisa Memorial School	21,771	65,900
Namalata	194,141	245,822
Tailevu North College	238,546	374,282
Nawaikama Footpath	44,116	19,518
Ratu Kadavulevu School	---	7,302
Vunisalusalu	567	79,754
Vaturova/Koroalau	402	89,919
Tobunio	14,039	117,693
Rt Nacagilevu Primary School	12,380	5,438
Nasau Village Rehab Project	74	403,897
Upgrade of Nabukaluka Com Hall	17,228	101,580
<b>Total Payments</b>	<b>799,932</b>	<b>4,026,048</b>
<b>Net Deficit</b>	<b>(546,738)</b>	<b>(875,958)</b>



## APPENDIX 19.2: ENGINEERS PLANT POOL TRADING ACCOUNT FY2020

### Trading Account –Engineers Plant Pool Trading Activity

Description	2020 (\$)	2019 (\$)
<b>Sales</b>		
Plant Hire	232,063	860,715
	<b>232,063</b>	<b>860,715</b>
Opening Finished Goods	---	---
Add: Cost of Manufactured Goods	---	---
Less: Closing of Hydrographic TMA Adjustment	---	---
Less: Closing Finished Goods		
<b>Cost of Goods Sold</b>	<b>---</b>	<b>---</b>
<b>Gross Profit transferred to Profit &amp; Loss Statement</b>	<b>232,063</b>	<b>860,715</b>

### Profit and Loss Account –Engineers Plant Pool Trading Activity

Description	2020 (\$)	2019 (\$)
<b>Income</b>		
Gross profit transferred from Trading Account	232,063	860,715
<b>Total Income</b>	<b>232,063</b>	<b>860,715</b>
<b>Expenses</b>		
Fuel and oil	37,655	88,820
Repairs and maintenance	138,051	198,190
Freight	30,705	73,873
Fixed asset replacement and improvement	32,134	22,918
Minor Improvement	26,265	63,197
Consultant and expert fees	102,148	3,303
<b>Total Expenses</b>	<b>366,958</b>	<b>450,301</b>
<b>Net (Loss)/Profit</b>	<b>(134,895)</b>	<b>410,414</b>

### Balance Sheet –Engineers Plant Pool Trading Activity

Description	2020 (\$)	2019 (\$)
<b>Assets</b>		
Cash at Bank	257,069	424,052
Accounts Receivable	289	289
VAT Receivable	203,730	171,642
<b>Total Assets</b>	<b>461,088</b>	<b>595,983</b>
<b>Liabilities</b>		
Revenue Received in advance	---	---
<b>Total Liabilities</b>	<b>---</b>	<b>---</b>
<b>Net Assets</b>	<b>461,088</b>	<b>595,983</b>
<b>Equity</b>		
TMA Accumulated Surplus	595,983	185,569
Net Profit/(Loss) for the period	(134,895)	410,414
<b>Total Equity</b>	<b>461,088</b>	<b>595,983</b>

### APPENDIX 19.3: ENGINEERS PROJECTS TRUST FUND ACCOUNT FY2021

Description	2021 (\$)	2020 (\$)
<b>Receipts</b>		
Miscellaneous Project	158,465	173,359
Rotuma Hospital	2,301,432	18,099
Ratu Ilaisa Memorial School	---	2,175
Namalata District School	---	3,353
Tailevu North College	349	30,386
Nawaikama Footpath	---	12,875
Vunusalusalu	---	567
Rt Nacagilevu Primary School	---	12,380
Nukutui Village	162,897	---
Nalagi	13,181	---
Biausevu	41,933	---
Homes of Hope Wailoku Tamavua	76,689	---
<b>Total Receipts</b>	<b>2,754,946</b>	<b>253,194</b>
<b>Payments</b>		
Rural Development	---	4,194
Miscellaneous Project	189,782	158,286
Rotuma Hospital	101,944	88,927
Nasamila District School	---	5,261
Ratu Ilaisa Memorial School	---	21,771
Namalata	20,220	194,141
Tailevu North College	1,742	238,546
Nawaikama Footpath	433	44,116
Vunusalusalu	284	567
Vaturova/Koroalau	45	402
Drauadrua Footpath	14,000	---
Tobunigio	1,222	14,039
Rt Nacagilevu Primary School	---	12,380
Nasau Village Rehab Project	4,892	74
Upgrade of Nabukaluka Com Hall	2,684	17,228
Nukutui Village	136,366	---
Homes of Hope Wailoku Tamavua	18,455	---
<b>Total Payments</b>	<b>492,069</b>	<b>799,932</b>
<b>Net Deficit</b>	<b>2,262,877</b>	<b>(546,738)</b>

## APPENDIX 19.4: ENGINEERS PLANT POOL TRADING ACCOUNT FY2021

### Trading Account –Engineers Plant Pool Trading Activity

Description	2021 (\$)	2020 (\$)
<b>Sales</b>		
Plant Hire	69,037	232,063
	<b>69,037</b>	<b>232,063</b>
Opening Finished Goods	---	---
Add: Cost of Manufactured Goods	---	---
Less: Closing of Hydrographic TMA Adjustment	---	---
Less: Closing Finished Goods	---	---
<b>Cost of Goods Sold</b>	---	---
<b>Gross Profit transferred to Profit &amp; Loss Statement</b>	<b>69,037</b>	<b>232,063</b>

### Profit and Loss Account –Engineers Plant Pool Trading Activity

Description	2021 (\$)	2020 (\$)
<b>Income</b>		
Gross profit transferred from Trading Account	69,037	232,063
<b>Total Income</b>	<b>69,037</b>	<b>232,063</b>
<b>Expenses</b>		
Fuel and oil	2,224	37,655
Repairs and maintenance	146,118	138,051
Freight	---	30,705
Office upkeep and supplies	216	---
Fixed asset replacement and improvement	14,271	32,134
Minor Improvement	374	26,265
Consultant and expert fees	---	102,148
<b>Total Expenses</b>	<b>163,203</b>	<b>366,958</b>
<b>Net (Loss)/Profit</b>	<b>(94,166)</b>	<b>(134,895)</b>

### Balance Sheet –Engineers Plant Pool Trading Activity

Description	2021 (\$)	2020 (\$)
<b>Assets</b>		
Cash at Bank	163,431	257,069
Accounts Receivable	289	289
VAT Receivable	203,203	203,730
<b>Total Assets</b>	<b>366,923</b>	<b>461,088</b>
<b>Liabilities</b>		
Revenue Received in advance	---	---
<b>Total Liabilities</b>	<b>---</b>	<b>---</b>
<b>Net Assets</b>	<b>366,923</b>	<b>461,088</b>
<b>Equity</b>		
TMA Accumulated Surplus	461,089	595,983
Net Profit/(Loss) for the period	(94,166)	(134,895)
<b>Total Equity</b>	<b>366,923</b>	<b>461,088</b>

**APPENDIX 19.5: EXAMPLES OF MOVEMENT OF APPROPRIATION FROM HEAD 49 TO HEAD 19**

Financial Year	Virement No	From	SEG	To	SEG	Amount (\$)	Approved by
2020	DV4913	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 7	410,000	CRFMF
2021	V19001	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 1 & 2	1,234,900	CRFMF
2021	DV1907	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 3,4 & 7	415,000	CRFMF
2021	DV4902	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 4	500,000	CRFMF
2021	DV4903	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 4	500,000	CRFMF
2021	DV4906	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 4,5 & 7	265,100	CRFMF
2021	DV4907	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 3,4 & 7	600,000	CRFMF
2021	V49001	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 1	308,600	CRFMF

**Increase in Appropriation to RFMF as a result of the above**

Financial Year	Additional Appropriation to RFMF (\$)
2020	410,000
2021	3,823,600

## APPENDIX 19.6A: CHARGING OF EXPENDITURE TO INCORRECT ALLOCATION

Date	Payment ID	FMIS Amount (\$)	Posted in Allocation	Correct Allocation
FY 2020				
01/10/2019	43633	20,214	SEG 3	SEG 4
24/03/2020	48903	1,453	SEG 4	SEG 3 – Telecommunication
25/03/2020	48916	8,134		
24/06/2020	50869	18,708		
13/08/2019	42389	12,142	SEG 4 – Fuel & Oil	SEG 3
23/08/2019	42623	6,688		SEG 3
27/08/2019	42693	2,452		
27/08/2019	42697	2,452		
28/08/2019	42716	858		
19/11/2019	44896	723	SEG 4 – Fuel & Oil	SEG 5
03/02/2020	47260	5,883		SEG 3
06/02/2020	47341	3,486		SEG 5
29/08/2019	42731	1,607	SEG 4 – Power Supplies	SEG 5
10/12/2019	45671	6,772		
18/03/2020	48799	214		
01/06/2020	50340	23,635	SEG 5	SEG 4 – Power Supplies
Date	Payment ID	FMIS Amount (\$)	Posted in Allocation	Correct Allocation
FY 2020				
10/09/2019	42991	6,779	SEG 4 – Fuel & Oil	SEG 3
10/09/2019	42989	6,832		SEG 5
11/09/2019	43026	6,851		SEG 3
18/09/2019	43248	8,551		
26/09/2019	43467	2,404		
26/09/2019	43471	1,990		
30/09/2019	43620	11,972		
08/10/2019	43754	3,908		
04/11/2019	44526	7,218		SEG 5
04/11/2019	44551	2,651		SEG 3
04/11/2019	44552	2,651		SEG 3
07/11/2019	44656	8,716		SEG 5
25/03/2020	48911	367	SEG 4 – Fuel & Oil	SEG 5
03/06/2020	50364	6,190		SEG 5
04/06/2020	50375	6,461		SEG 5
16/07/2020	51372	1,376		SEG 5
20/02/2020	48777	44,037	SEG 7	SEG 5
10/09/2019	50374	3,322		SEG 5
23/10/2019	50513	1,317		SEG 5
20/02/2020	42998	21,000		SEG 5
17/03/2020	44168	10,000		SEG 5
04/06/2020	47884	3,761		SEG 5
05/06/2020	47884	7,061		SEG 5
18/12/2019	45885	25,780	SEG 5	SEG 7
19/03/2020	48817	6,227	SEG 9	SEG 5
19/03/2020	48817	5,191		
27/03/2020	49070	4,983		
05/06/2020	50506	2,963		
05/06/2020	50506	2,252		

Date	Payment ID	FMIS Amount (\$)	Posted in Allocation	Correct Allocation
05/06/2020	50506	1,661		
05/06/2020	50506	359		
21/02/2020	47931	8,165		
17/03/2020	48769	8,165		
11/12/2019	45704	8,533		
13/03/2020	48728	7,348		
<b>Total</b>		<b>372,463</b>		

Date	Payment ID	FMIS Amount (\$)	Posted in Allocation	Correct Allocation
<b>FY 2021</b>				
04/06/2021	58844	7,338	SEG 4 – Office Upkeep	SEG 5-Messes
07/06/2021	58877	3,146		SEG 3-Accommodation
09/06/2021	58925	245		SEG 3-Telecom
11/06/2021	58943	198		SEG 3-Accommodation
11/06/2021	58943	198		SEG 3-Accommodation
14/06/2021	58963	4,612		SEG 5-Messes
29/06/2021	59203	2,102		SEG 3
07/06/2021	58878	3,410		SEG 3
01/06/2021	58670	28,440		SEG 5
22/06/2021	59128	16,404		SEG 5
24/06/2021	59152	8,563		SEG 5
19/11/2020	54174	6,594	SEG 4	SEG 5
23/11/2020	54209	14,538	SEG 4	SEG 5
18/11/2020	54059	10,321	SEG 4	SEG 5
19/01/2021	80364	12,600	SEG 5	SEG 3
18/03/2021	57367	7,431	SEG 7	SEG 5
30/10/2020	53678	7,248		SEG 4
01/02/2021	55995	6,421		SEG 5
24/11/2021	54229	5,993		
16/03/2021	57295	5,899		
16/03/2021	57308	4,128		
23/02/2021	56491	8,257	SEG 7	SEG 8 – Capital Construction
23/02/2021	56491	2,752		
01/03/2021	56876	9,174		
11/03/2021	57133	4,587		
04/05/2021	58103	2,752		
19/05/2021	58383	9,441		SEG 4 – Fuel & Oil
27/04/2021	57946	13,599		
07/05/2021	58167	14,020		
07/05/2021	58167	1,838		
18/03/2021	57310	19,054	SEG 8	SEG 9
<b>Total</b>		<b>241,303</b>		

## APPENDIX 19.6 B: CHARGING OF EXPENDITURE TO HEAD 49

Financial year	Date	Payment ID	Amount (\$)	Posted to Allocation	Correct Allocation
2020	16/07/2020	51402	70,908	Head 49 – SEG 4	Head 19 – SEG 5
	15/07/2020	57370	55,985		
	06/07/2020	51136	45,413		
	06/07/2020	51177	35,780		
	06/07/2020	51155	27,248		
			19,757		
	24/04/2020	190302	1,011,499	Head 49 – SEG 3	Head 19 – SEG 5
	05/02/2020	47331	6,280		
	27/01/2020	47332	4,128		
	27/01/2020	47333	4,128		
	28/01/2020	47337	5,275		
	<b>Total</b>		<b>1,286,401</b>		
2021	07/06/2021	58864	5,878	Head 49 – SEG 4	Head 19 – SEG 4
	28/05/2021	58703	30,000	Head 49 – SEG 4	SEG 8
	12/03/2021	57152	1,148,473	Head 49 – SEG 5	Head 19 – SEG 5
	04/06/2021	58852	9,998	SEG 5 - Messes	Head 19
	04/06/2021	58844	9,625		Head 19
	15/06/2021	58985	7,549		Head 19
	14/06/2021	58952	6,180		Head 19
	12/11/2020	54017	1,505,537	Head 49 – SEG 9	Head 19
	<b>Total</b>		<b>2,723,240</b>		

**APPENDIX 19.6C: IMPACT OF MISPOSTING ON THE ACCOUNTS OF RFMF**

Allocation	Description	Revised Budget	Actual Expenditure 2020	Mis posting within Head 19	Mis posting to Head 49	Actual should mis posting didn't occur	Over/Under Expenditure
1-19000-00000-010000	Established Staff	64,137,771	63,933,612			63,933,612.47	204,158.53
1-19000-00000-020000	Government Wage Earners	311,211	309,885			309,884.78	1,326.22
1-19000-00000-030000	Travel & Communications	1,590,421	1,585,824	106,527.00		1,585,823.99	4,597.31
1-19000-00000-040000	Maintenance & Operations	5,350,642	5,273,233	43,849.00		5,273,233.31	77,408.73
1-19000-00000-050000	Purchase of Good & Services	11,617,699	11,604,426	196,307.00	1,286,401.00	12,890,826.84	(1,273,127.84)
1-19000-00000-070000	Special Expenditure	3,016,026	2,925,149	25,780.00		2,925,149.38	90,876.62
1-19000-00000-080000	Capital Construction	897,325	869,238	27,522		869,238.00	28,087.00
1-19000-00000-090000	Capital Purchase	651,464	646,267	19,054		646,267.25	5,196.75
<b>Totals</b>		<b>87,572,559</b>	<b>87,147,634</b>	<b>419,039.00</b>	<b>1,286,401.00</b>	<b>88,434,036.02</b>	<b>(861,476.68)</b>

Allocation	Description	Revised Budget	Actual Expenditure 2021	Mis posting within Head 19	Mis posting to Head 49	Actual should mis posting didn't occur	Over/Under Expenditure
1-19000-00000-010000	Established Staffs	62,878,144.00	62,616,398.35			62,616,398.35	261,745.65
1-19000-00000-020000	Government Wage Earners	330,594.00	327,847.00			327,847.00	2,747.00
1-19000-00000-030000	Travel & Communication	1,163,473.00	1,156,858.62	21,899.00		1,156,858.62	6,614.38
1-19000-00000-040000	Maintenance & Operations	6,385,572.00	6,363,374.96	46,146.00	5,878.00	6,369,252.96	16,319.00
1-19000-00000-050000	Purchase of Goods & Services	8,602,835.00	8,597,839.85	126,682.00	1,181,825.00	9,779,664.85	(1,176,829.85)
1-19000-00000-070000	Special Expenditure	2,198,169.00	2,177,709.73	0.00		2,177,709.75	20,459.27
1-19000-00000-080000	Capital Construction	835,000.00	629,380.39	27,522.00	30,000.00	659,380.39	175,619.61
1-19000-00000-090000	Capital Purchase	917,500.00	444,543.28	19,054.00	1,505,537.00	1,950,080.28	(1,032,580.28)
<b>Total</b>		<b>83,311,287.00</b>	<b>82,313,952.18</b>	<b>241,303.00</b>	<b>2,723,240.00</b>	<b>85,037,192.20</b>	<b>(1,725,905.22)</b>



## APPENDIX 19.7: DETAILS OF INCONSISTENCY IN THE FORCE'S PROCUREMENT AUTHORISATION LIMIT

Appointment	RFMF Finance Manual (2018-2019) Section 6: Delegation of Procurement Authorities (\$)	RFMF Procurement Manual (2018-2019) Section 4: Delegation of Procurement Authorities (\$)
Commander RFMF	50,000 & all Indents up to 50,000	50,000 & all Indents up to 50,000
Deputy Commander RFMF	47,000 & all Indents up to 47,000	---
COSRFMF	45,000 & all Indents up to 45,000	40,000 & all Indents up to 40,000
DFLA, CSO Finance	40,000 & all Indents up to 40,000	35,000 & all Indents up to 35,000
PAO	35,000	---
Comd LFC, CFN, CSO Acq	30,000	30,000
CoS LFC	27,000	25,000
CO LSU, CO Eng, SO Trade, DPKO	23,000	20,000
Cost Centre Manager	15,000	7,000
2IC of Units	7,000	---

## APPENDIX 19.8: ANOMALIES IN PROCUREMENT AND PAYMENTS

Table A: Competitive Quotations not obtained

Date	Payment ID	FMIS Amount (\$)
FY 2020		
02/03/2020	48268	14,385
29/01/2020	47069	24,661
		39,474
20/12/2019	46018	27,968
FY 2021		
05/01/2021	55256	9,174
25/01/2021	55723	19,487
<b>Total</b>		<b>135,149</b>

Table B: Lack of Supporting Documents

Date	Payment ID	FMIS Amount (\$)	Anomaly
FY 2021			
01/06/2021	58670	28,440	- No LPO was attached with the PV - No delivery slip was attached with the PV
22/06/2021	59128	16,404	Quotations & LPO's were attached not with the PV

Table C: VIP Amounts Posted to Expense Allocation

Date	Payment ID	FMIS Amount (\$)	VEP Amount as per Payment Voucher (\$)	VAT component to be posted in SEG 13 (\$)
24/06/2020	50869	27,136	24,895	2,241
01/06/2021	58670	31,000	28,440	2,560

Date	Payment ID	FMIS Amount (\$)	VEP Amount as per Payment Voucher (\$)	VAT component to be posted in SEG 13 (\$)
22/06/2021	59128	17,880	16,404	1,476
24/06/2021	59152	9,334	8,563	771
20/07/2021	59558	52,483	48,150	4,333

## APPENDIX 19.9: OVER-PAYMENT OF LODGING ALLOWANCE

### FY 2020 Overpayment of Lodging Allowances

No	EDP No.	Amount (\$)
1	31964	1,054
2	31947	2,734
3	26993	9,845
4	30693	7,462
5	30057	4,990
6	30132	1,670
7	29897	2,505
8	30469	2,342
9	30517	2,214
10	30782	1,908
11	30844	2,103
12	30963	2,207
13	31135	2,208
14	31701	2,227
15	31570	2,490
16	32455	1,996
17	32549	1,616
18	34100	1,691
19	30669	1,499
20	31892	2,214
21	29705	5,559
22	33166	725
23	32584	2,235
24	33053	1,779
25	30065	1,949
26	32377	1,779
27	30647	2,042
28	31131	2,062
29	31290	1,949
30	31726	2,413
31	31773	1,778
32	32036	1,949
33	26433	2,881
34	29534	1,574
35	32339	2,543
36	32187	2,417
37	27394	3,367
38	27525	2,937
39	30056	2,937
40	31418	3,260

No	EDP No.	Amount (\$)
41	26988	3,906
42	28022	3,856
43	28653	3,790
44	29691	3,634
<b>Total</b>		<b>120,296</b>

#### FY 2021 Over-payment of Lodging Allowances

No.	EDP No.	Amount (\$)
1	31947	2,629
2	30693	7,462
3	31570	1,341
4	32584	2,413
5	31726	2,413
6	26988	4,457
<b>Total</b>		<b>20,715</b>

#### APPENDIX 19.10: DETAILS OF LEAVE ANOMALIES

Rank	Regimental No.	Total Leave Due (a)	Daily Salary (\$) (b)	Leave Liability (\$) (a*b)
MAJ	28437	369	112.85	41,642
WO2	27581	252	66.70	16,808
WO1	27381	218	83.39	18,179
COL	29429	252	159.77	40,262
LTCOL	28437	294	136.12	40,019
MAJ	30600	321	112.85	36,225
MAJ	30860	311	112.85	35,096
CAPT	31351	321	103.20	33,127
CAPT	30883	303	103.20	31,270
WO2	28113	274	66.70	18,276
WO1	26654	283	77.16	21,836
SSGT	26939	275	58.95	16,211
LTCOL	29419	300	136.12	40,836
<b>Total</b>				<b>389,787</b>

## APPENDIX 19.11: DETAILS OF SALARY OVERPAYMENTS

EDP No.	Amount (\$)
<b>FY 2020</b>	
25621	4,440
27237	2,012
<b>Total</b>	<b>6,452</b>
<b>FY 2021</b>	
26163	5,052
26547	4,041
28376	2,516
26389	3,571
26016	2,516
27425	5,052
<b>Total</b>	<b>22,748</b>

## APPENDIX 19.12: DETAILS OF BALANCE CARRIED FORWARD FROM DORMANT ACCOUNT

Account ID	Description	2020 (\$)	2021 (\$)
11910119999861200	244 PD-LICI	(40.35)	(40.35)
11910119999861200	249 PD MARSH & MCLENNAN (HTH/P	(449.37)	(449.37)
11910119999861200	XXX PD OTHERS	(50,906.95)	(50,204.95)
11910119999861300	266 PD FDB HOUSING	(10,641.29)	(10,641.29)
11910119999861400	203 PD RENT ARREARS	(738.44)	(738.44)
11910119999861500	294 PD FIJI MEDICAL ASSIST. AS	(696.04)	(696.04)
11910119999861500	301 PD FPS CREDIT UNION	(68.99)	(68.99)
11910119999861500	305 PD GSMA CREDIT UNION	(650.00)	(650.00)
11910119999861500	WESRAM FINANCE	(205.01)	(205.01)
11910119999861500	DOMINION FINANCE LIMITED	(173.75)	(578.35)
11910119999861500	XXX PD OTHERS0	(10,597.53)	(10,597.53)
11910119999861500	341 PD MAINT-SUVA	(502.04)	(502.04)
11910119999861600	342 PD MAINT-NAUSORI	(1,770.35)	(1,770.35)
11910119999861600	345 PD MAINT-BA	(159.99)	(159.99)
11910119999861600	363 PD-RATES-TAVUA	(155.32)	(155.32)
11910119999861700	382 PD FORFEITURES	(26.91)	(26.91)
11910119999861900	385 PD SPORTS & SOCIAL	(1,331.50)	(1,331.50)
11910119999861900	PD-FIJIAN HOLDING UNIT TRUST	(80.00)	(80.00)
11910119999861900	PAYROL DED-PSC BOND-QUARTERS	(620.04)	(660.04)
11910119999861900	PAYROL DED-UNIT TRUST OF FIJI	(220.00)	(220.00)
11910119999861900	PAYROL DED-SUBRAILS FURNITURE	(48.00)	(48.00)
11910119999861900	NUPW CREDIT UNION	(680.00)	(680.00)
11910119999861900	NUPW WELFARE	(26.18)	(26.18)
11910119999861900	YYY PAYROLL DEDUCTION MISCEL	(552.35)	(552.35)
<b>Total</b>		<b>(81,340.40)</b>	<b>(81,083)</b>

## Section 20

### Fiji Police Force

#### Roles and Responsibilities

The Fiji Police Force is responsible for maintaining law and order in Fijian society by employing best practices in police work and using modern technologies and innovative strategies to prevent criminal activity.

The Fiji Police Force engages in a wide range of activities to maintain professional personnel that are well-trained and well-equipped to handle evolving criminal threats.

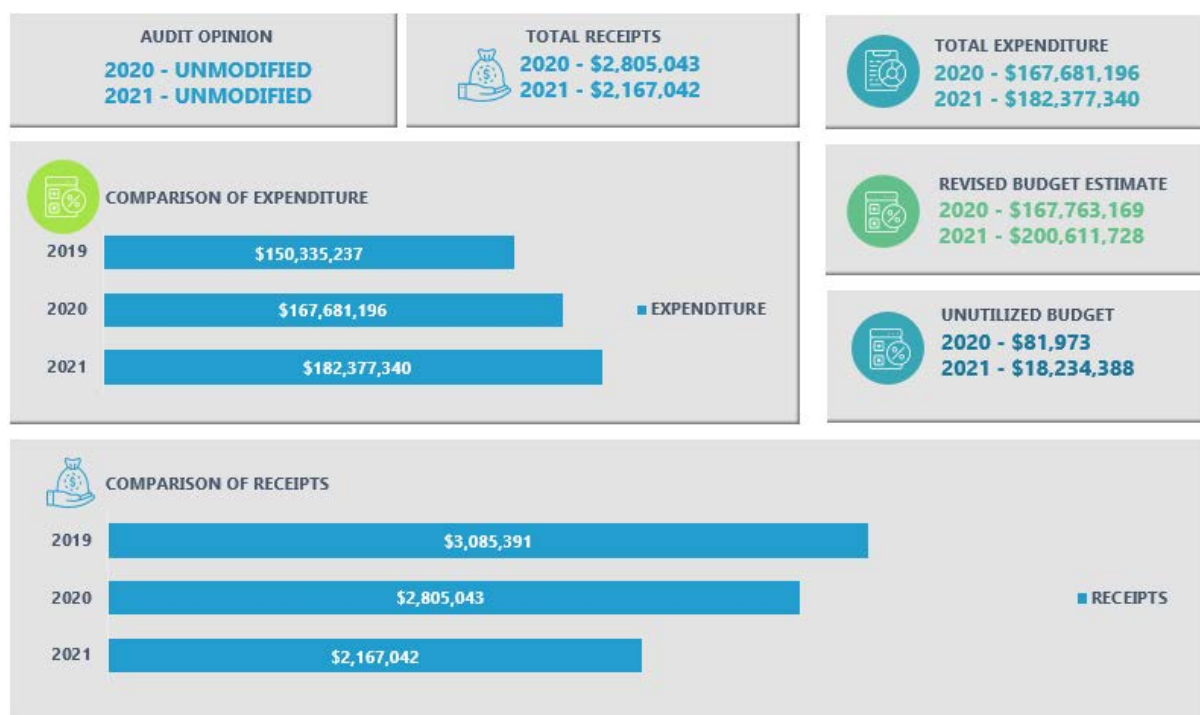
The Force is currently seeking to expand the reach of its services through the construction of new facilities and to improve response times and investigate effectiveness by procuring new specialised equipment, including vehicles, communication equipment and forensic science tools.

The Force's efforts to integrate new technology will also help address crimes of increasing levels of sophistication, particularly the investigation and prevention of cybercrimes.

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## PART A: FINANCIAL INFORMATION



### 20.1 Audit Opinion

#### 2020

The audit of the 2020 accounts for the Fiji Police Force resulted in an unmodified audit opinion.

#### 2021

The audit of the 2021 accounts for the Fiji Police Force resulted in an unmodified audit opinion with an emphasis of matter. The emphasis of matter was on an unreconciled variance of \$523,118 which exist between the approved Board of Survey records and the Statement of Loss amount of \$1,404,942. The variance was represented by the accumulated variances in Office Equipment, Boats & Accessories and Stores Equipment from the Force's Board of Survey records which the Force could not identify.

### 20.2 Appropriation Statement

#### 2020

The Force collected revenue totalling \$2.8 million in 2020 and incurred expenditure totalling \$167.7 million against a revised budget of \$167.8 million resulting in a savings of \$81,973.

Details of expenditure against the revised budget are provided in Table 20.1.

**Table 20.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	124,159,772	1,307,353	125,467,125	125,466,728	397
2	Government Wage Earners	1,048,692	(56,808)	991,884	991,884	---
3	Travel & Communication	4,523,605	721,398	5,245,003	5,245,003	---
4	Maintenance & Operations	6,501,319	1,036,483	7,537,803	7,537,597	206
5	Purchase of Goods & Services	3,880,143	(120,068)	3,760,075	3,760,075	---
6	Operating Grants & Transfers	50,000	(3,832)	46,168	46,168	---
7	Special Expenditure	1,503,017	21,167	1,524,184	1,478,404	45,780
	<b>Total Operating Expenditure</b>	<b>141,666,548</b>	<b>2,905,693</b>	<b>144,572,242</b>	<b>144,525,859</b>	<b>46,383</b>
8	Capital Construction	17,873,134	1,305,871	19,179,005	19,179,004	1
9	Capital Purchase	608,413	39,434	647,847	647,845	2
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>18,481,547</b>	<b>1,345,305</b>	<b>19,826,852</b>	<b>19,826,849</b>	<b>3</b>
13	Value Added Tax	3,156,405	207,670	3,364,075	3,328,488	35,587
	<b>TOTAL</b>	<b>163,304,500</b>	<b>4,458,668</b>	<b>167,763,169</b>	<b>167,681,196</b>	<b>81,973</b>

There was no significant savings for the financial year ended 31<sup>st</sup> July, 2020 due to the following

- The significant decrease in the Response to the Covid-19 Supplementary Budget which resulted in the over expenditure in SEG 1 provisions for the 2019-2020 Financial Year.
- The redeployment of funds in the revised 2019-2020 budget to cater for the construction of the New Nakasi, Lautoka, Nadi and Nalawa Police Stations.

## 2021

The Force collected revenue totalling \$2.2 million in 2021 and incurred expenditure totalling \$182.4 million against a revised budget of \$200.6 million in savings of \$18.2 million or 9.1%.

Details of expenditure against the revised budget are provided in Table 20.2.

**Table 20.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	136,966,352	(2,531,000)	134,435,352	128,350,725	6,084,627
2	Government Wage Earners	1,203,939	---	1,203,939	967,700	236,239
3	Travel & Communication	3,958,000	840,000	4,798,000	4,689,904	108,096
4	Maintenance & Operations	6,673,100	1,829,000	8,502,100	8,355,084	147,016

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	3,043,545	5,385,073	8,428,618	7,997,649	430,969
6	Operating Grants & Transfers	50,000	---	50,000	50,000	---
7	Special Expenditure	1,765,200	(20,000)	1,745,200	1,654,957	90,243
	<b>Total Operating Expenditure</b>	<b>153,660,136</b>	<b>5,503,073</b>	<b>159,163,209</b>	<b>152,066,019</b>	<b>7,097,190</b>
8	Capital Construction	40,150,000	(7,023,525)	33,126,475	23,660,857	9,465,618
9	Capital Purchase	1,650,000	508,589	2,158,589	1,489,606	668,983
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>41,800,000</b>	<b>(6,514,936)</b>	<b>35,285,064</b>	<b>25,150,463</b>	<b>10,134,601</b>
13	Value Added Tax	5,151,592	1,011,863	6,163,455	5,160,858	1,002,597
	<b>TOTAL</b>	<b>200,611,728</b>	<b>---</b>	<b>200,611,728</b>	<b>182,377,340</b>	<b>18,234,388</b>

The unutilised budget were largely due to the following:

1. Unutilised budget of \$6.1 million in Seg 1 – Established staff was attributed to the vacant positions that were not filled, officers not paid their re-engagement bonus as they do not meet the criteria, officers were acting without allowance and police officers interdicted on half salary.
2. Unutilised budget of \$9.5 million in SEG 8 – Capital Construction was due to the on-going project for the construction of the New Nakasi, Lautoka, Nadi, and Nalawa Police Station. They were on hold due to Covid-19 pandemic and construction is now in progress and consultation is still ongoing for the Nalawa Police Station



## PART B: 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 Force 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 Force. These have been included in this report as they impacted on the overall system of control of the Force as at 31 July 2020 and 2021.

### 20.3 Procurement of Meals for Person(s) in Police Custody- Recurring Issue

Public tenders must be called for any procurement of goods, services or works valued at \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).

The Force incurred a total of \$950,049 (VEP) for meals of person(s) under Police custody for the financial year 2019-2020. The audit noted that the Force did not call for tenders for procurement of meals for person(s) in Police custody.

Table 20.3 provides the details of suppliers that provided meals with total value above \$50,000.

**Table 20.3: Details of Suppliers of Meals above \$50,000**

Vendor	Amount (\$VEP)
Vendor 1	96,690
Vendor 2	64,386
Vendor 3	683,588
Vendor 4	105,385

In addition, proper procurement procedures were not followed as competitive quotations were not obtained.

The finding indicates absence of proper planning by the Force to ensure that proper tender process is followed for procurement of goods and services over \$50,000. The possible existence of conflict of interest in the supply of meals by the Fiji Police Officers Mess cannot be ruled out.

Absence of competitive quotes indicate non – compliance to stated rules and regulations to procurements.

In the absence of a proper tender process, the procurement could be deduced to have been made without an open and fair competition among suppliers.

## **Recommendations**

**The Force should ensure that:**

- proper procurement process are followed by the calling of tender for the supply of meals for Person(s) in Police custody;
- owners, trustees and beneficiary of the Fiji Police Officers' Mess are fully disclosed and any conflict of Interest in procurements made is declared and dealt with as appropriate; and
- competitive quotes are obtained for all procurements less than \$50,000.

## **Agreed Management Action**

*FPF are legally obliged to provide meals to every person in custody. We note the concerns by the Audit of no contract in place for the provision of these meals.*

*We further note that this period of reporting includes COVID 19 high detention rates which had busted some of those station which were operating on 3 quotes. Also during the said period and restrictions in place, we were limited to few providers. Since then, MoE has called tender and is currently being evaluated.*

## **20.4 Other Anomalies in Procurement of Goods & Services– Recurring Issues**

A local purchase order shall be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.<sup>1</sup> Competitive quotes, instead of public tenders, may be called for procurements below \$50,000 unless the Commissioner of Police or Deputy Commissioner of Police has approved an exemption.<sup>2</sup>

An LPO must be signed by two officers; the officer preparing it and an authorising officer (officer with the necessary procurement authority).<sup>3</sup> The Officers preparing a payment voucher must ensure that all information required under Finance Instruction 14-(1) has been included on the payment voucher or attached to it, before passing it to the Assistant Accounts Officer - Payments for verification and then to Accounts Officer – Payments, the Deputy Force Accountant or the Accountant for certification.<sup>4</sup>

Audit review of payments made by the Force during the 2020 financial year revealed the following anomalies:

- Instances were noted where procurements were made without Local Purchase Orders (LPO); and
- Competitive quotations were not obtained for procurement of goods and services; and
- LPO'S were approved above their limit; and
- Invoices were dated earlier than the LPO; and
- Competitive quotes not dated; and
- Instances were noted where from the 3 quotations obtained, only one related to the current year whereas 2 were from prior year; and
- Indents not attached for overseas suppliers; and
- Purchase made despite tender for that purchased item being expired; and
- Tender process being avoided via splitting of purchases

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<sup>1</sup> Fiji Police Force Finance Manual 2015 – Section 2.5.1

<sup>2</sup> Fiji Police Force Finance Manual 2015 – Section 2.3.2

<sup>3</sup> Fiji Police Force Finance Manual 2015 – Section 2.5.10

<sup>4</sup> Fiji Police Force Finance Manual 2015 – Section 2.8.3

Refer to **Appendix 20.1** for details.

The findings indicate the lack of oversight and supervisory check.

### **Recommendations**

**The Force should ensure that:**

- **Stipulated procurement procedures in place are adhered to at all times;**
- **Proper oversight and supervisory check are in place and properly functioning;**
- **Officers releasing (approving) the LPO in the FMIS system should be the same officers physically signing the LPO; and**
- **Appropriate disciplinary action should be taken against officers failing to comply with procurement regulations.**

### **Agreed Management Action**

*The stipulated procurement procedures in place are strictly adhered to at all times and the monitoring was done by Deputy Force Accountant. The request is facilitated on a case by case basis and it's on priority within the expected responding timelines to support operations. Daily monitoring will be provided by the respective AAOs.*

*FPF has conducted an in-house training and also strictly advised all Officers processing request to be vigilant in their day-to-day activities and to adhere to the Regulations and Policies in place.*

## **20.5 Officers occupying quarters and receiving Lodging Allowance – Recurring Issues**

Audit review of a sample of the Force Monthly Quarters Returns revealed that some officers who are occupying police quarters were also receiving lodging allowance. This resulted in overpayment totalling \$111,640.72 in FY 2020.

Refer to **Appendix 20.2** for details.

The non-cancellation of lodging allowance indicates weak internal controls and monitoring mechanisms to ensure that officers moving into quarters notify their immediate supervisors for the cancellation of lodging allowance to be effected.

The lack of monitoring by the Force's Asset Management Unit has resulted in overpayment of lodging allowance.

### **Recommendations**

**The Force should ensure that:**

- **officers occupying quarters inform immediate supervisors if they are receiving allowances outside their entitlement;**
- **stringent control and supervisory checks are put in place to ensure that all officers residing in quarters are not paid lodging allowance;**

- **recovery of overpaid lodging allowances commences immediately from occupants that are receiving lodging allowances; and**
- **regular inspection is carried out by the Force's Asset Management Unit to ensure officers occupying the quarters are not receiving lodging allowance.**

**Agreed Management Action**

*Reconciliations is currently conducted between our monthly quarters return and payroll. Recovery of over payment has been directed. Workshop has been conducted to all Divisional Admin Officers, Station Sergeants to monitor officers who are occupying the quarters and verify with the Divisional Accounts Officers for officers receiving lodging allowance so that recoveries can be facilitated from their pay.*

*For the 14 officers who were over paid, recoveries amounting to \$69,342.74 has been made from their salaries. FPF is implementing its Human Resource Information System (HRIS) for ease of monitoring.*

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

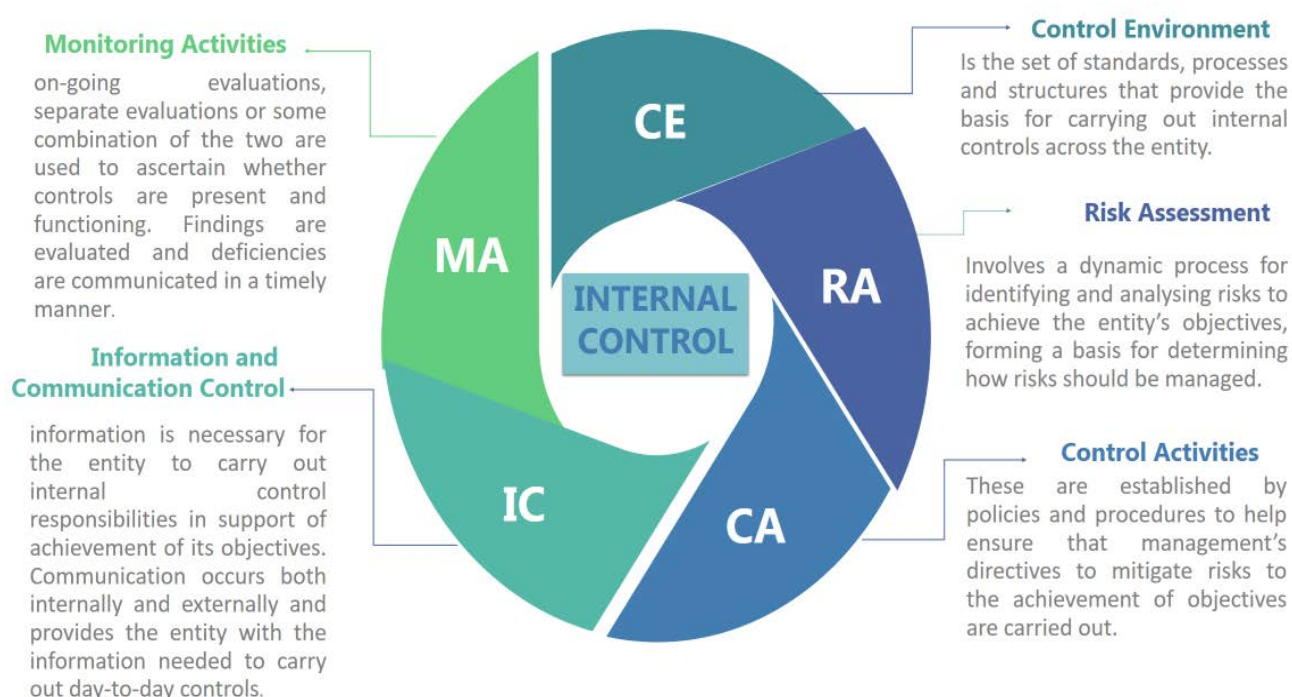
### 20.6 Internal Controls

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 categorised 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 Force as:

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

## 20.7 Submission of FY 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 20 July 2020	✓
Clearance of Inter-departmental clearance accounts by 28 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	✓

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 29 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	✗	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 10 key processes completed within two weeks of due date
2021	🟡 Generally Effective	5 of 10 key processes completed within two weeks of due date

## 20.8 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 Force was:

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

## 20.9 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	🔴 Ineffective	Acceptable draft financial statements received after 31 October 2021

## 20.10 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	Acceptable management comments received after 21 days from the issue of draft management letter
2021	🔴 Ineffective	Acceptable management comments received after 21 days from the issue of draft management letter

Year	Rating	Timeliness of Signed Financial Statements Received
2020	🟢 Effective	Within 5 days from issue of Financial Statements for signing
2021	🔴 Ineffective	After 15 days from the issue of Financial Statements for signing

**APPENDIX 20.1: Details of Other Procurement Anomalies during the financial year 2020**

Date	EFT No.	Description	Amount [VEP \$]	Anomalies Noted
11/03/20	41166	Being payment for return ticket	4,086.15	LPO is not authorised as per delegation limit.
09/01/20	39118	Being payment for purchasing of A4 Paper	4,334.86	LPO is not authorised as per delegation limit.
27/05/20	43112	Being payment for purchasing of 100 Carton A4 & A3 paper	3,474.77	LPO is not authorised as per delegation limit.
26/05/20	43493	Being payment for the purchase of 100 cartons of A4 paper	3,096.00	LPO is not authorised as per delegation limit.
12/12/19	38445	Being payment for repairing of vehicle (GQ438) F/108 for HRM	5,950.07	LPO is not authorised as per delegation limit.
04/11/19	37034	Being payment for Purchasing & Repairing of vehicle parts (GQ434) F/30 for Media/HQ & (GQ437) F/94	5,704.86	No competitive quotes/ contract sighted. LPO is not authorised as per delegation limit. No competitive quotes/ contract sighted.
12/02/20	40169	Being payment for purchasing of Printer for DCP's Registry	5,871.56	LPO is not authorised as per delegation limit.
30/11/19	37637	Being payment for purchasing of chairs with armrest for Police Head Quarters	8,371.56	LPO is not authorised as per delegation limit.
20/02/20	40520	Being payment for the transfer of 56 standard chairs for ED/ HQ conference room	8,733.94	LPO is not authorised as per delegation limit.
05/05/20	42413	Being payment for purchasing of Crown Rank Badges	8,256.88	LPO is not authorised as per delegation limit.
21/01/20	39584	Being payment of accommodation for FORCHAP and Team for Kadavu trip	9,541.28	No competitive quotes are attached.
14/02/20	40283	Being payment of account for purchasing of 50,000 TOD Docket covers for stores	4,679.00	LPO is not approved as per delegation limit.
27/09/19	35834	Being payment of account for purchasing of Finger Print Form for Stationery	3,119.20	LPO is not approved as per delegation limit.
22/06/20	44000	Being payment of account for purchasing of tally cards for stores	3,440.37	LPO is not approved as per delegation limit.
22/06/20	44000	Being payment of account for purchasing of Bank Lodgement Form	3,660.55	LPO is not approved as per delegation limit.



Date	EFT No.	Description	Amount [VEP \$]	Anomalies Noted
03/06/20	43340	Being payment of account for purchasing of PEP register for stores	3,623.85	LPO is not approved as per delegation limit.
11/06/20	43616	Being payment of account for purchasing of AR docket cover	5,504.59	LPO is not approved as per delegation limit.
22/05/20	42918	Purchasing of Network Accessories for ITHQ	14520.00	Quotation dated back to prior financial year 04/07/2018.
21/07/20	45111	Being payment of prisoners meals supplied to the Valelevu PS for the month of April/ 20	6,881.19	No competitive quotes or contract is attached.
13/11/19	37346	Being payment for Purchasing of Air Ticket	13,193.12	PO is dated after the invoice date. LPO not approved as per the delegation limit LPO not attached.
12/09/19	35394	Purchasing of Air Ticket to attend the 88th Interpol General Assembly in Santiago	31,738.53	
13/11/19	37346	Being payment for Purchasing of Air Ticket	6,055.05	PO is dated after the invoice date. LPO is not approved as per the Delegation Limit
30/10/19	36837	Being payment of account for the Air Passage for attending at the Indonesia National Police Institution	11,550.46	LPO not attached
02/01/20	38952	Being payment of 200 official diaries	4,495.41	LPO is not approved as per delegation limit.
30/10/19	36831	Being payment of account to attend the Fiji's Periodic Universal Review Meeting at Human Rights Council in Geneva, Switzerland	18,991.74	LPO not attached
30/10/19	36834	Being payment of account for the Air Passage for attending the 6th Intercessional Meeting on Narcotics Drugs at Vienna, Austria	8,608.26	LPO not attached
30/10/19	36837	Being payment of account for the Air Passage for attending at the Indonesia National Police Institution	11,550.46	LPO not attached
03/10/19	36127	Being payment of printing medical forms for stationery unit	4,486.20	LPO is not approved as per delegation limit.

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Date	EFT No.	Description	Amount [VEP \$]	Anomalies Noted
27/09/19	35833	Being payment of account for purchasing of 10 TOR registers	7,522.93	LPO is not approved as per delegation limit.
23/12/19	730702	Being payment of air fare for officers to Rotuma to assist for 'Christmas Operation'	7,975.05	No LPO attached
15/01/20	39259	Being payment of account for Purchasing of Note Books for Stores	8,256.88	LPO is not approved as per delegation limit.
09/10/19	36238	Being payment of account for Purchasing of A4 Photocopy Paper for stores	4,644.50	LPO is not approved as per delegation limit.
30/10/19	37059	Being payment of account for Purchasing of Toners for IBHQ	3,946.79	LPO is not approved as per delegation limit.
05/09/19	35470	Being payment of account for Printing of 2019- 2020 Annual Corporate Plan for Planning/ HQ	3,853.21	LPO is not approved as per delegation limit.
08/01/20	39070	Being payment of account for purchasing of 800 A5 2020 official diary for stores	9,174.31	LPO is not approved as per delegation limit.
25/02/20	40676	Being payment of account for purchasing of White PVC Tarpaulin	9,128.44	LPO is not approved as per delegation limit.
11/02/20	40163	Being payment of account for printing of 2017- 2018 annual report for planning/ HQ	6,238.53	LPO is not approved as per delegation limit.
11/02/20	40173	Being payment of account for purchasing of 10,000 CR Docket Cover for stores	5,366.90	LPO is not approved as per delegation limit.
12/03/20	41210	Being payment of account for purchasing of TOR register for stores	4,541.28	LPO is not approved as per delegation limit.
03/07/20	44374	Being payment of account for purchasing of 230 station diary for stores	3,608.26	LPO is not approved as per delegation limit.
10/02/20	40098	Being payment for Printing of report books for stores	3,440.37	LPO is not approved as per delegation limit.
27/04/20	42261	Being payment of account for statement forms for stores	3,211.50	LPO is not approved as per delegation limit.
24/04/20	42182	Being payment of 1 vehicle reg No. GQ 449 under SDHW	27,522.94	No competitive quotes or contract sighted.

Date	EFT No.	Description	Amount [VEP \$]	Anomalies Noted
30/08/19	35126	Being payment for variation works on slipping of boat/ water vessel-	17,347.50	Contract not sighted.
26/11/19	37609	Being payment of account for Construction & Passing of a 25ft aluminium boat trailer	8,990.83	LPO is not approved as per delegation limit.
09/10/19	36240	Being payment of account for repairing of Boat (WP) for WaterPol	7,614.68	LPO is not approved as per delegation limit.
14/04/20	41971	Being payment of repair and parts for GQ 440	9,707.65	No competitive quotes or contract sighted.
30/09/19	35833	Being payment for purchasing of account for Purchasing of Register & Docket Covers	7,522.93	The tender for registers & docket covers expired and the next tender is still In process.
16/01/20	39498	Being payment for the Service Update of Law Books for Legal Unit/HQ	11,990.84	However, no indent is attached.
25/09/19	35752	Being payment for purchase of law books for legal unit	8,009.16	No overseas indent is attached.
12/09/19	35401	Being payment of account for purchasing of 50,000 TOR docket covers	5,367.00	The tender for registers & docket covers expired and the next tender is still In process.
05/09/19	35247	Being payment of account for purchasing of 1000 note books	4,128.44	The tender for the note book has expired and next tender is still in process.
21/10/19	36635	Being payment of account for purchasing of police note books	4,128.44	The tender for the note book has expired and next tender is still in process.
03/06/20	43340	Being payment of account for CR Docket Cover	4,541.28	The tender for registers & docket covers expired and the next tender is still In process.
23/04/20	42192	Being payment of accountant for Purchasing of 1000 Torch light rechargeable for stores	44,495.41	It is suspected that tender process was avoided since the other 3 suppliers provided quotes above \$50,000 however, purchase made amounts to almost \$50,000.
10/12/19	38173	Being payment for purchase of 280 WPC Caps and 1 ACP cap	39,467.01	No overseas indent is attached.

Date	EFT No.	Description	Amount [VEP \$]	Anomalies Noted
25/05/2020	42949	Being payment of account for Purchasing of 2000 Beret Navy Blue with Red Diamonds	22,935.78	However, during December and May 2019 caps for WPC (which is a similar item as berets) were purchased.
08/01/20	39065	Being payment of account for purchasing of 2000 pcs Tie Bar for stores	17,155.96	The tender for Tie Bar has expired and the next tender is still in process
11/11/19	38106	Being payment for suspects meal for Lautoka Police Station	9,160.00	No competitive quotes or contract is attached. No LPO obtained as well.
24/09/19	35816	Being payment for suspects meal for Lautoka Police Station	9,545.00	No competitive quotes or contract is attached. No LPO obtained as well.
27/08/19	730412	Being payment for the Standard Annual Maintenance Plan Support	23,312.00	No overseas indents attached.
05/05/20	42406	Being payment of account for purchasing of 500 Large Traffic Cones and 500 small Traffic Cones for Stores	26,605.51	The tender for PVC Traffic Cones (Large) has expired and the next tender is still in process.
15/07/20	44774	Being purchase of handcuffs with pouch for stores	40,114.68	3 purchases booked through 3 separate LPOs - it should've been booked vide one LPO because these purchases made are of similar items.
15/07/20	44774	Being payment for purchasing of reflector vests for Stores	36,467.88	
15/07/20	44774	Being payment of account for purchasing of 1500 Batton with Pouch for stores	39,013.76	These purchases altogether amount to \$125,999.99 VIP for which tender should've been called because these payments are made on same day and to the same supplier.
14/02/20	40281	Being payment of account for purchasing of 500 body bags & 2000 Police Whistle with chain for stores	50,344.02	The tender for the body bags has expired and the next tender is still in process.
30/12/19	38947	Being payment for suspects meal for Lautoka Police Station	9,960.00	No competitive quotes or contract is attached.
13/05/20	42646	Being payment of account for purchasing of 660 ceremonial PVC belt for stores	31,486.24	During January 2020, black leather belts was purchased from Vendor as they were of good quality. There was no quote for PVC belt obtained from the same vendor.
06/04/20	41854	Being payment for suspects meal for Lautoka Police Station	10,517.50	No competitive quotes or contract is attached.

Date	EFT No.	Description	Amount [VEP \$]	Anomalies Noted
21/07/20	45111	Being payment of prisoners meals supplied to the Valelevu PS	6,881.19	No competitive quotes or contract is attached.
11/10/19	36546	Being payment for suspects meal for Lautoka Police Station	11,162.50	No competitive quotes or contract is attached.
22/05/20	42918	Being payment of account for Purchasing of Network Accessories for ITHQ	14,520.00	Quotation dated back to prior FY i.e. 04/07/2018
21/11/19	37460	Being payment of air ticket to attend the Policing Training Architecture Programme	8,944.95	LPO not attached
18/02/20	40396	Being payment of account for hiring of communication Equipment for DOPs	36,650.00	The LPO is dated after the invoice date. LPO is dated at 17/02/2020 whereas invoice is dated at 12/02/2020.
09/01/20	39130	Being payment of account for Air Passage to attend course at Indonesia	8,036.70	LPO is not approved as per the delegation limit.
29/06/20	44263	Being payment of account for Printing of Property registers- stores	3,119.27	LPO is not approved as per the delegation limit.
11/03/20	41167	Being payment of account for A3 80 GMS Cell Book for stores	3,440.37	LPO is not approved as per the delegation limit.

## APPENDIX 20.2: Details of Overpayment of Lodging Allowance (Sample Selected)

No.	Rank	Quarters No.	Location	Date of Occupation	Total Overpayment (\$)
1.	PC	79A	Sigatoka	12.12.18	6,373.40
2.	PC	Top floor of Post	Korolevu	15.02.18	10,381.06
3.	PC	83A	Ba	31.03.18	9,363.51
4.	PC	83D	Ba	21.09.19	3,379.54
5.	PC	Raviravi	Ba	13.02.18	10,225.37
6.	PC	Nayavu	Korovou	04.12.19	3,556.74
7.	PC	78	Ba	07.09.19	6,734.32
8.	PC	36B	Vunidawa	12.11.16	14,083.35
9.	PC	36D	Vunidawa	07.04.18	8,277.14
10.	PC	36F	Vunidawa	13.02.20	1,512.77
11.	PC	23B	Vunidawa	24.04.19	4,335.15
12.	PC67	23A	Vunidawa	17.05.19	3,646.59
13.	PC	48A	Nasinu	23.04.14	19,870.11
14.	PC	47C	Nasinu	01.07.14	9,901.67
<b>Total Overpayment (based on sample selected)</b>					<b>111,640.72</b>

## Section 49

## Peacekeeping Missions

### Roles and Responsibilities

For more than 40 years, Fiji has responded to the call of the United Nations ('UN') to serve in some of the most difficult circumstances around the world. Fiji has proudly contributed troops to successive peacekeeping operations in Lebanon, Sinai, Iraq, Syria, Timor Leste, South Sudan, Darfur, Liberia, Bosnia, Kosovo, Kuwait, Namibia, Cambodia and the Solomon Islands.

The Republic of Fiji Military Force and the Fiji Police Force currently have personnel deployed on UN missions in Syria, Iraq, Lebanon, South Sudan and Sinai.

The UN Security Council mandate for peacekeeping operations calls for security personnel deployed to conflict zones under UN authority to maintain or restore international peace and security, exclusively in the common interest of the international community; disengage the conflict parties; create conditions for peaceful settlement of a conflict; monitor ceasefire peace agreements; and render humanitarian assistance to civilian populations in the area of deployment

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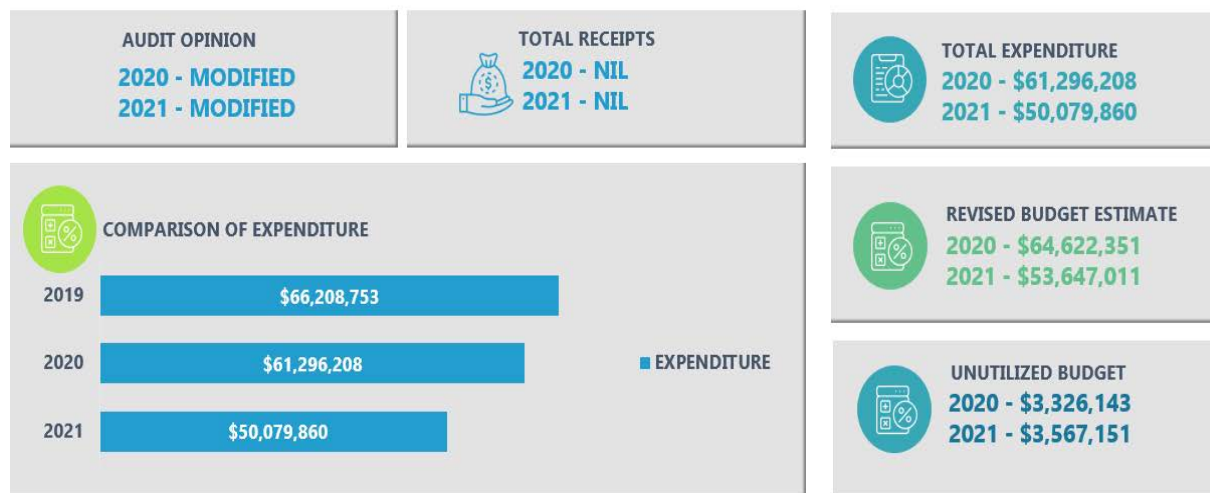
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## PART A: FINANCIAL INFORMATION

### 49.1 Financial Information



### 49.2 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Peacekeeping Missions resulted in a modified audit opinion with an Other Matter paragraph. The basis of qualification was:

- Expenditures totalling \$1,286,401 incurred by the Republic of Fiji Military Force is recorded in the Financial Statement of Peacekeeping Missions in the financial year ended 31 July 2020. As a result, the total expenditure of the Mission is overstated by \$1,286,401.

The other matter paragraph was that:

- \$410,000 of the Peacekeeping Missions' budget was redeployed to Appropriation Head 19 – Republic of Fiji Military Forces. This redeployment was not approved by the Minister of Finance contrary to the requirements of Section 22(1) of the Financial Management Act 2004.

#### 2021

The audit of the 2021 accounts of the Peacekeeping Missions resulted in a modified audit opinion with an Other Matter paragraph. The basis of qualifications was:

- Expenditures totalling \$2,723,240 incurred by the Republic of Fiji Military Force is recorded in the Financial Statement of the Peacekeeping Missions in the financial year ended 31 July 2021. As a result, the total expenditure of the Mission is overstated by \$2,723,240.

The other matter paragraph was that:

- \$3,823,600 of the Peacekeeping Missions' budget was redeployed to Appropriation Head 19 – Republic of Fiji Military Forces. This redeployment was not approved by the Minister of Finance contrary to the requirements of Section 22(1) of the Financial Management Act 2004.

### 49.3 Appropriation Statement

#### 2020

The Force incurred expenditure totalling \$61.3 million in 2020 against a revised budget of \$64.6 million resulting in savings of \$3.3 million or 5.1%.

Details of expenditure against the revised budget are provided in Table 49.1.

**Table 49.1: Head 49 - Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	58,061,175	(6,235,473)	51,825,702	49,893,286	1,932,416
3	Travel & Communication	1,041,370	380,914	1,422,284	1,411,607	10,677
4	Maintenance & Operations	497,677	2,909,909	3,407,586	2,722,384	685,202
5	Purchase of Goods & Services	4,169,102	2,335,703	6,504,805	6,020,348	484,457
7	Special expenditure	629,803	(190,880)	438,923	236,911	202,012
<b>Total Operating Expenditure</b>		<b>64,399,127</b>	<b>(799,827)</b>	<b>63,599,300</b>	<b>60,284,536</b>	<b>3,314,764</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
<b>Total Capital Expenditure</b>		<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	570,455	452,596	1,023,051	1,011,672	11,379
<b>TOTAL</b>		<b>64,969,582</b>	<b>(347,231)</b>	<b>64,622,351</b>	<b>61,296,208</b>	<b>3,326,143</b>

The unutilised budget was largely due to the following:

- Unutilised budget of \$1.9 million in SEG 1- Established Staff was due to the withdrawal of troops from the United Nations Interim Force in Lebanon.
- Unutilised budget of \$0.7 million in SEG 4 -Maintenance and Operations was due to reduction in expenses incurred for the repairs and maintenance.
- Unutilised budget of \$0.5 million in SEG 5 – Purchase of Goods and Services was due to reduction in expenses incurred for the personal equipment.
- Unutilised budget of \$ 0.2 million in SEG 7 -Special Expenditure was due to savings in Standby Arrangement for rapid deployment of manpower (RDPM).

#### 2021

The Force incurred expenditure totalling \$50.1 million in 2021 against a revised budget of \$53.6 million resulting in savings of \$3.5 million or 6.5%.

Details of expenditure against the revised budget are provided in Table 49.2.

**Table 49.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	52,485,495	(8,775,027)	43,710,468	42,559,126	1,151,342
3	Travel & Communication	627,000	63,000	690,000	577,881	112,119
4	Maintenance & Operations	585,000	---	585,000	341,633	243,367
5	Purchase of Goods & Services	2,811,500	3,382,890	6,194,390	4,337,307	1,857,083
6	Operating Grants & Transfers	---	---	---	---	---
7	Special expenditure	550,000	---	550,000	352,621	197,379
<b>Total Operating Expenditure</b>		<b>57,058,995</b>	<b>(5,329,137)</b>	<b>51,729,858</b>	<b>48,168,568</b>	<b>3,561,290</b>
9	Capital Purchases	---	1,505,537	1,505,537	1,505,537	---
<b>Total Capital Expenditure</b>		<b>---</b>	<b>1,505,537</b>	<b>1,505,537</b>	<b>1,505,537</b>	<b>---</b>
13	Value Added Tax	411,616	---	411,616	405,755	5,861
<b>TOTAL</b>		<b>57,470,611</b>	<b>(3,823,600)</b>	<b>53,647,011</b>	<b>50,079,860</b>	<b>3,567,151</b>

The unutilised budget were due to the following:

- Unutilised budget of \$1.1 million in SEG 1 - Established Staff was due to the withdrawal of troops from the United Nations Interim Force in Lebanon;
- Unutilised budget of \$1.9 million in SEG 5 – Purchase of Goods and Services was due to the reduction in expenses incurred for the stores

## **PART B: 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 matter highlighted in this report, include control weakness 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 this issue may have an impact on the operations of the Mission 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 Mission. These have been included in this report as they impacted on the overall system of control of the Mission as at 31 July 2020 and 31 July 2021.

### **49.4 Proper Approval not sought for the Movement of Appropriated Funds from Head 49 to Head 19**

The Minister may, with the approval of Cabinet, authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.<sup>1</sup>

The audit noted that:

- Virement forms were used to move appropriated funds from Head 49 Peacekeeping Missions in the years 2020 and 2021. This is contrary to the requirements of Section 22(1) of the Financial Management Act 2004; and
- Virement forms were approved by the Commander of the Republic of Fiji Military Forces. Refer to Appendix 49.1 for details

There is a difference in the interpretation of head of appropriation as stated in the FMA 2004.

The movement of appropriated fund from one head of appropriation to another without the Minister of Finance's approval is not allowed under the Financial Management Act 2004.

#### **Recommendation**

**The Force must ensure that proper approval is sought for the redeployment of funds from one head of appropriation to another.**

#### **Agreed Management Action**

*CRFMF is the Head of Appropriation for both Budget Head 19 and 49. Whilst he endorses virement requests for both Heads, the RFMF is of the understanding that the sole authority to the endorsement of virements rests with the Minister of Finance. As per regulations, RFMF virement requests are always submitted to the MOE's FMIS/Budget division which always advises on any anomalies regarding our submissions.*

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<sup>1</sup> 2004 Financial Management Act, Section 22(1)

### Way Forward

The Force will ensure that the MOE is consulted and that appropriate approval is sought for accessing appropriation.

## **49.5 Cost Sharing Arrangement between Head 19 & Head 49 – Recurring Issues**

The Staff Officer Accounts, Chief Staff Officer Finance or Supplies Officer Trade must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>2</sup>

The audit noted that RFMF (Head 19) expenses totalling \$1,514,392 and \$91,036 were posted to the Peacekeeping Missions (Head 49) FMIS General Ledger for the financial years 2020 and 2021. Refer to Appendix 49.2 and 49.3 for details.

Table 49.3 below shows total RFMF costs paid from Peacekeeping Budget.

**Table 49.3: RFMF Costs paid from Peacekeeping Budget**

Years	Total RFMF Costs paid from Peacekeeping Budget (\$)
2019	415,677
2020	1,514,392
2021	91,036

In the absence of a structured cost sharing arrangement, demarcating certain expenses that specifically relate to preparing for deployment for peacekeeping operations was difficult with expenses reflected in either Head 19 or Head 49.

This has resulted in the overstatement of the expenses of the Peacekeeping Mission.

### **Recommendation**

**The RFMF should consider developing a structured cost sharing arrangement to ensure that expenses are correctly reflected in the FMIS GL and AFS for both Peacekeeping and the RFMF.**

### **Agreed Management Action**

OAG comments are noted.

Operationally there is an overlap between H-19 and H-49 when it comes to Peacekeeping. Prior to any service personnel being deployed for Peacekeeping Operations, they first have to go through a series of screening, testing and training of their Units (H-19 Cost Centre) before they are recommended to the RFMFs (H-49) Directorate of Peace Support Operations for the official pre-deployment training (PDT) at the Peacekeeping School at Blackrock in Nadi. The expenses incurred by RFMF (H-19) Unit include costs such as training, travelling, messing, Vodafone, telecommunications, electricity, water, etc.

<sup>2</sup> RFMF Finance Manual 2014, Section 2.8.4(e)

*The cost sharing exercise hence has been adopted so that the H19 Cost Centres are not disadvantaged by the utilization of their funds for the aforementioned expenses. The preliminary vetting of service personnel is critical to the overall performance of RFMF personnel in the global peacekeeping area.*

#### **49.6 Incorrect Charging of RFMF Expenses to Peacekeeping – Recurring Issue**

The PAO, CSO Fin or SO Trade must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>3</sup>

The audit noted that the Mission was charging expenses to incorrect expenditure allocations.

Refer to Appendix 49.4 and Appendix 49.5 for details of the incorrect account allocations; and

Due to posting of expenses to incorrect allocations, the expenses have been incorrectly accounted for and reflected against an incorrect approved budget allocation.

It reflects the absence of thorough checks and payment voucher allocation validation before approvals.

#### **Recommendations**

- **The Mission, before approving any payment voucher, should ensure that payments are made from the correct allocations and that transactions are accounted for under the correct General Ledger accounts when completing the payment process;**
- **Accounts Officers should carry out reviews of payments to identify the incorrect postings and correct them in a timely manner; and**
- **FMIS General Ledger access and payment approval access to Peacekeeping accounts in FMIS should be restricted only to Peacekeeping accounts staff.**

#### **Agreed Management Action**

*The Force will make the necessary amendment.*

#### **Way Forward**

*The Force will conduct training to all its Cost Centre personnel in ensuring that they have the competency to conduct transactions for their Cost Centres. The training will cover the issues highlighted in Audit Reports.*

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<sup>3</sup> Finance Manual, Part II, Section 13  
Peacekeeping Missions

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

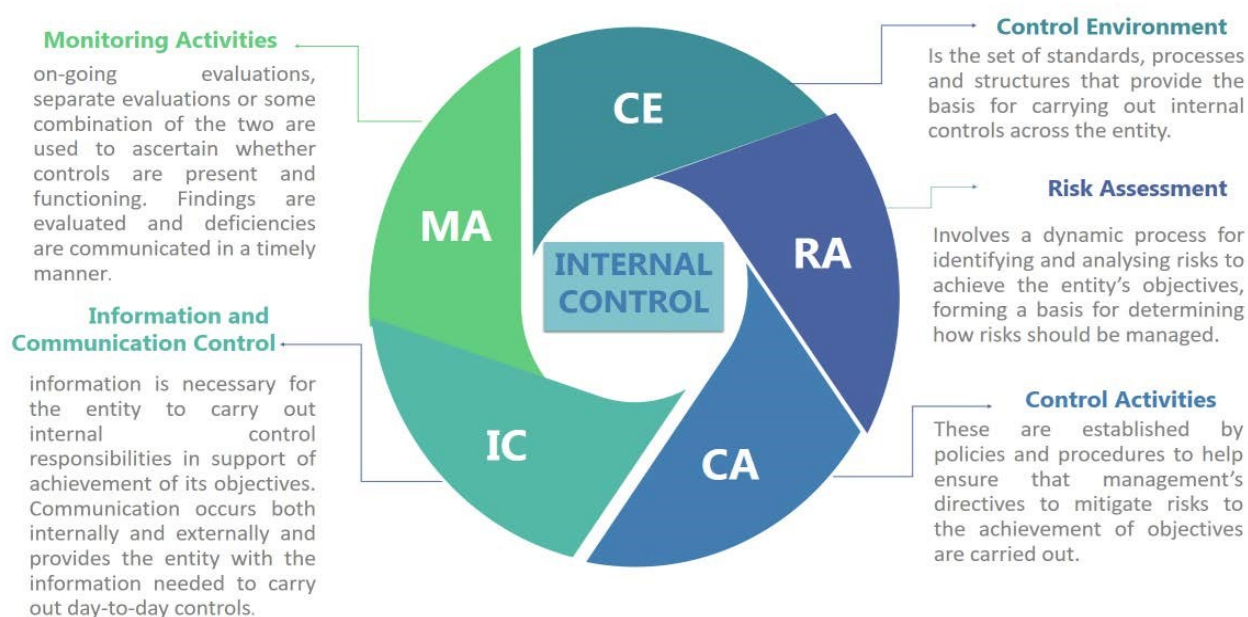
### 49.7 Internal Controls

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 Mission as:

Year	Rating	Internal Control Assessment
2020	🟡 Generally effective	Some deficiencies identified in internal controls
2021	🟡 Generally effective	Some deficiencies identified in internal controls



#### 49.8 Submission of FY 2020 and 2021 Draft Agency Financial Statements

On 1 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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 20 July 2020	✓	Processing of virement by 21 August 2020	✓
Retirement of imprests by 17 July 2020	N/A	Completion of reconciliations by 28 August 2020	✓
Processing of payments by 29 July 2020	✓	Submission of arrears of revenue return by 29 August 2020	N/A
Clearance of stale cheques by 06 August 2020	N/A	Clearance of Inter-departmental clearance accounts by 7 August 2020	✓
Closing date for journal adjustments by 06 August 2020	✓	Annual Board of Survey on Drawings Account cheques by 28 August 2020	✓

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 19 July 2021	✓	Processing of virement by 20 August 2021	✓
Retirement of imprests by 16 July 2021	N/A	Completion of reconciliations by 27 August 2021	✓
Processing of payments by 29 July 2021	✓	Submission of arrears of revenue return by 27 August 2021	N/A
Clearance of stale cheques by 06 August 2021	N/A	Clearance of Inter-departmental clearance accounts by 27 August 2021	✓
Closing date for journal adjustments by 06 August 2021	✗	Annual Board of Survey on Drawings Account cheques 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 year-end close process as:



Year	Rating	Year-end Close Process Assessment
2020	● Effective	7 of 7 key processes completed within two weeks of due date
2021	● Generally effective	5 of 7 key processes completed within two weeks of due date



#### 49.9 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. Our assessment for the Mission was:

Year	Rating	Quality of Draft Financial Statements Assessment
2020	 Ineffective	Adjustments were not carried out but a modified opinion was issued
2021	 Ineffective	Adjustments were not carried out, but a modified opinion was issued.

#### 49.10 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	 Generally Effective	Acceptable draft financial statements received before or on 31 October 2021

#### 49.11 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 issue of Draft Management Letter
2021	 Ineffective	After 21 days from 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 49.1: EXAMPLES OF APPROPRIATION FROM HEAD 49 TO HEAD 19

FY	Virement No.	From	SEG	To	SEG	Amount (\$)	Approved by
2020	DV 4913	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 7	410,000	CRFMF
2021	V19001	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 1 & 2	1,234,900	CRFMF
2021	D1907	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 3, 4 & 7	415,000	CRFMF
2021	DV4902	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 4,5 & 7	500,000	CRFMF
2021	DV4903	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 4	500,000	CRFMF
2021	DV4906	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 4, 5 & 7	265,100	CRFMF
2021	DV4907	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 3,4 & 7	600,000	CRFMF
2021	V49001	Head 49 – Peacekeeping Mission	SEG 1	Head 19 – RFMF	SEG 1	308,600	CRFMF

### Increase in Appropriation to RFMF as a result of the above

FY	Additional Appropriation to RFMF (\$)
2020	410,000
2021	3,823,600

## APPENDIX 49.2: DETAILS OF RFMF (HEAD 19) EXPENDITURES PAID FOR & ACCOUNTED BY PEACEKEEPING (HEAD 49) IN FINANCIAL YEAR 2020

Date	Payment ID	SEG	Amount paid by Peacekeeping (\$)	Amount related to RFMF (\$)	Amount related to Peacekeeping Missions (\$)
24/03/20	48903	SEG 3	46,280	46,280	---
24/06/20	50869	SEG 3	27,136	27,136	---
19/03/20	48833	SEG 3	34,044	34,044	---
12/05/20	49953	SEG 3	23,122	23,122	---
20/03/20	48852	SEG 3	45,198	45,198	---
12/05/20	49957	SEG 3	19,435	19,435	---
<b>Total SEG 3</b>			<b>195,215</b>	<b>195,215</b>	---
11/05/20	49947	SEG 5	1,142,681	1,142,681	---
13/05/20	49963 B	SEG 5	27,431	27,431	---
<b>Total SEG 5</b>			<b>1,170,112</b>	<b>1,170,112</b>	---
21/04/20	49444 C	SEG 4	1,008	1,008	---
21/04/20	49444 B	SEG 4	8,962	8,962	---
21/04/20	49444 A	SEG 4	39,599	39,599	---
22/04/20	49953	SEG 4	41,347	41,347	---
23/04/20	48852	SEG 4	627	627	---
24/04/20	49957	SEG 4	52,640	52,460	---
28/04/20	49614	SEG 4	4,882	4,882	---
<b>Total SEG 4</b>			<b>149,065</b>	<b>148,885</b>	---
<b>TOTAL</b>			<b>1,514,392</b>		

**APPENDIX 49.3: DETAILS OF RFMF (HEAD 19) EXPENDITURES PAID FOR & ACCOUNTED BY PEACEKEEPING (HEAD 49) IN FINANCIAL YEAR 2021**

Date	Payment ID	SEG	Amount paid by Peacekeeping (\$)	Amount related to RFMF (\$)	Amount related to Peacekeeping Missions (\$)
23/02/21	57460	SEG 3	50,422	50,422	---
10/03/21	57369	SEG 3	20,050	20,050	---
23/02/21	57288	SEG 3	10,070	10,070	---
04/06/21	58854	SEG 4	10,494	10,494	---
<b>Total for SEG 3</b>			<b>91,036</b>	<b>91,036</b>	<b>---</b>

**APPENDIX 49.4: EXAMPLES OF INCORRECT POSTINGS NOTED FROM FY 2020**

Date	Payment ID	Amount (\$)	Incorrectly posted to SEG	Should be posted to SEG
16/07/20	51402	70,908	Head 49 – SEG 4	Head 19 – SEG 5
15/07/20	57370	55,985		
06/07/20	51136	45,413		
06/07/20	51177	35,780		
06/07/20	51155	27,248		
		19,757		
24/04/20	190302	1,011,499	Head 49 – SEG 3	Head 19 – SEG 5
05/02/20	47331	6,280		
27/01/20	47332	4,128		
27/01/20	47333	4,128		
28/01/20	47337	5,275		
<b>Total</b>		<b>1,286,401</b>		

**APPENDIX 49.5: EXAMPLES OF INCORRECT POSTINGS NOTED FROM FY 2021**

Date	Payment ID	Amount (\$)	Incorrectly posted to SEG	Should be posted to SEG
07/06/21	58864	5,878	Head 49 – SEG 4	Head 19 – SEG 4
28/05/21	58703	30,000	Head 49 – SEG 4	SEG 8
12/03/21	57152	1,148,473	Head 49 – SEG 5	Head 19 – SEG 5
04/06/21	58852	9,998	SEG 5 – Messes	Head 19
04/06/21	58844	9,625		Head 19
15/06/21	58985	7,549		Head 19
14/06/21	58952	6,180		Head 19
12/11/21	54017	1,505,537	Head 49 – SEG 9	Head 19
<b>Total</b>		<b>2,723,240</b>		



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