



OFFICE *of the* AUDITOR GENERAL  
*Republic of Fiji*

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

**2020 & 2021**

## **AUDIT REPORT ON SOCIAL SERVICES SECTOR**



**PARLIAMENT OF FIJI  
PARLIAMENTARY PAPER NO. 55 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  
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## VALUES

### COMPETENCE

We deliver to the best  
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the highest standard of  
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### TRANSPARENCY

Our processes  
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International Standards for Supreme Audit Institutions

International Standards on Auditing

## LEGAL FRAMEWORK

2013 CONSTITUTION OF THE  
REPUBLIC OF FIJI

AUDIT  
ACT 1969

ENVIRONMENT  
MANAGEMENT ACT

NDP AND OTHER  
LEGISLATION

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# OFFICE OF THE AUDITOR GENERAL

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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 FINANCIAL YEAR**

### **AUDIT REPORT ON SOCIAL SERVICES SECTOR**

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the Social Services Sector for 2019/2020 and 2020/2021 financial years.

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**



## ***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 Social Services Sector.

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

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

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

### Status of the Audits

As at 31 May 2023, we are in the process of completing the audits of the Social Services Sector for the year ended 31 July 2022 and will be making every effort and in working with the Management of these entities to have the audits completed as soon as possible.

### 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 Social Services Sector.

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

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

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

A stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Sairusi Dukuno  
Acting Auditor-General  
Date: 08 June 2023

## 1.0 SECTOR SUMMARY

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

Head 21 & 26	Ministry of Education, Heritage and Arts & Higher Education Institutions
Head 22	Ministry of Health and Medical Services
Head 23	Ministry of Housing and Community Development
Head 24	Ministry of Women, Children and Poverty Alleviation
Head 25	Ministry of Youth and Sports

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

Of the five agencies reported in this report, the audit resulted in the Auditor-General issuing unmodified audit opinion on all agencies for the year ended 31 July 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 Social Services Sector has improved. This indicates that significant matters reported in the 2019 independent auditors' report were given adequate attention as a result, these matters were resolved resulting in unmodified audit opinion in 2021 financial year.

For financial year 2021, all five agencies had unmodified audit opinion compared to two agencies with modified audit opinion for financial year 2020. This indicates that Ministry of Education, Heritage and Arts and Ministry of Women, Children and Poverty Alleviation had given priority and attention to significant matters reported in the 2020 independent auditor's report. Accordingly, these matters were resolved in 2021 financial year resulting in unmodified audit opinion.

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

Ministry/Department	2020-2021 Financial Year		2019-2020 Financial Year		2018-2019 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Date Audit Report Signed	Audit Opinion Type	Audit Opinion Type
21. Ministry of Education, Heritage and Arts	29/11/2022	Unmodified	29/11/2022	Modified	Modified
22. Ministry of Health and Medical Services	29/11/2022	Unmodified	29/11/2022	Unmodified	Modified
23. Ministry of Housing and Community Development	15/11/2022	Unmodified	15/11/2022	Unmodified	Unmodified
24. Ministry of Women, Children and Poverty Alleviation	06/06/2022	Unmodified	06/06/2022	Modified	Modified
25. Ministry of Youth and Sports	28/07/2022	Unmodified	03/03/2022	Unmodified	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 we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

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

The reporting framework on which the agency financial statements of Ministries and Departments



are prepared are based on the Financial Management Act 2004 and Finance Instructions 2010.

Based on the above, I issued modified audit opinion for agencies on the following grounds for the financial year 2020:

### **Ministry of Education, Heritage and Arts**

Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll reports for Established Staff of \$4,032,922.

### **Ministry of Women, Children and Poverty Alleviation**

The statements of Receipts and Expenditure includes Operating Grants and Transfers amount of \$125,054,372. Included in this amount are the various Social Welfare Scheme payments totalling \$110,954,990. An unreconciled variance of \$4,203,130 exists between the General Ledger balance of \$ 110,954,990 and the actual payment amount made through the banks and other modes of payment totalling \$106,751,860 for the year ended 31 July 2020.

### 3.0 ASSESSMENT OF FINANCIAL GOVERNANCE

This section evaluates the effectiveness of the internal controls maintained by 5 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 Social Services 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

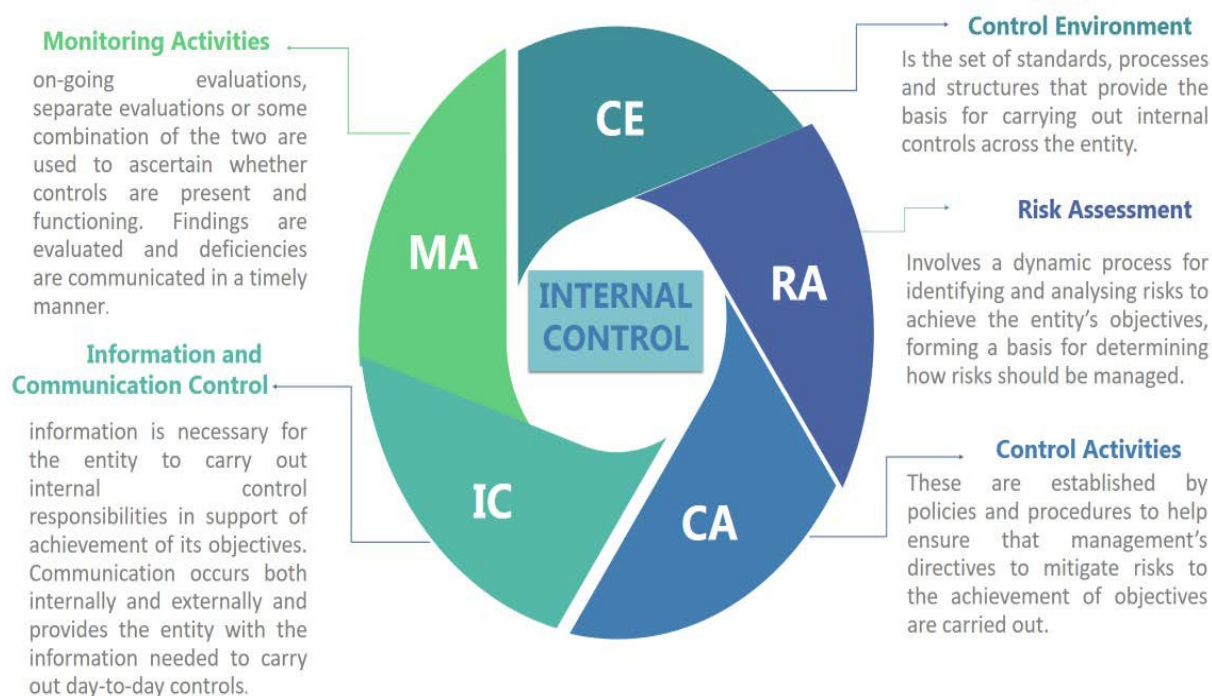
During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

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 virement by 21 August 2020
- Completion of reconciliation by 28 August 2020
- Clearance of Interdepartmental clearance accounts by 7 August 2020
- Annual Board of Survey on Drawings accounts cheques by 28 August 2020
- Submission of Arrears of Revenue Return by 28 August 2020

Similarly, On 30 April 2021, Permanent Secretary for 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 virement by 20 August 2021
- Completion of reconciliation by 27 August 2021

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

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

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

### 3.4. Quality of Draft Financial Statements by entities

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

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

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

### 3.5. Timeliness of Draft Financial Statements for entities

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

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

### 3.6. Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Rating	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
Rating	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 Social Services Sector for financial Years 2019-2021 which were subject to our audit.

Ministry or Department		Internal controls												Financial Statement Preparation						Responses to OAG										
		CE		RA		CA		IC		MA		T		YE		Q		MC		SFS										
Financial Year		'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21	'20	'21
Social Services Sector																														
21. Ministry of Education, Heritage and Arts		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
22. Ministry of Health and Medical Services		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
23. Ministry of Housing and Community Development		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
24. Ministry of Women, Children and Poverty Alleviation		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
25. Ministry of Youth and Sports		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

'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

SFS=Signed Audited financial statements returned



**Section 21****Ministry of Education, Heritage and Arts****Roles and Responsibilities**

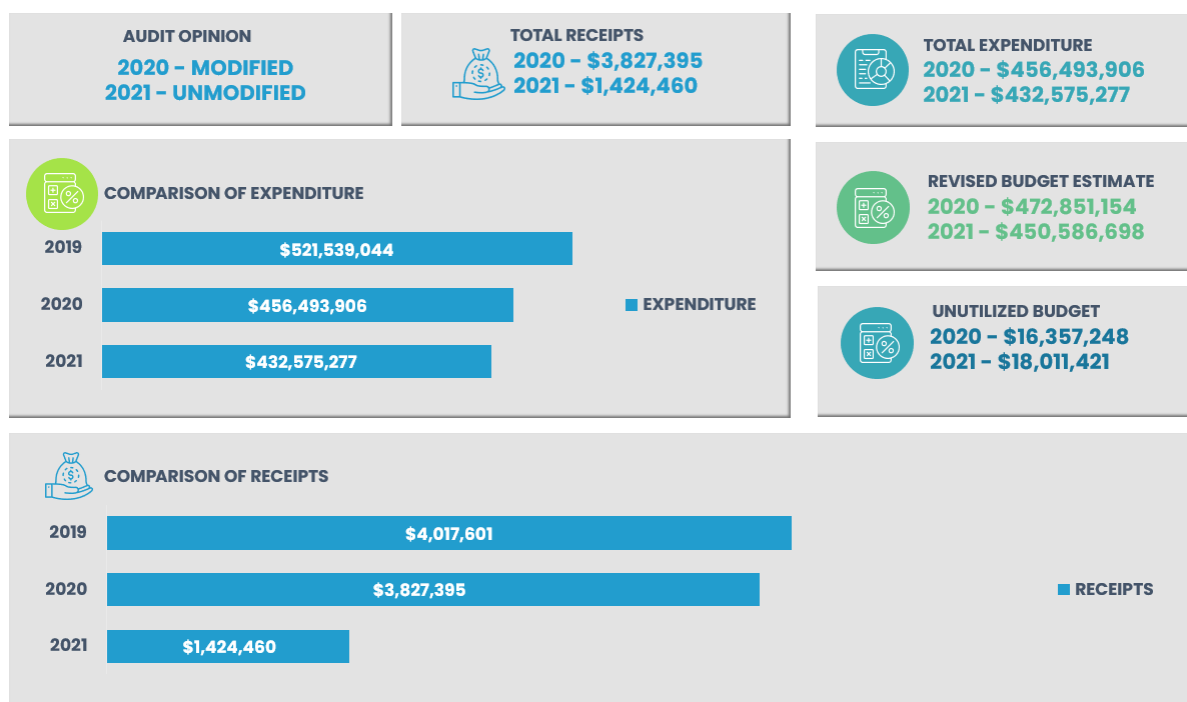
The Ministry of Education, Heritage and Arts is responsible for the design, implementation, monitoring and evaluation of educational legislations, policies and programs in Fiji. They provide the structures, human resources, budget, administrative and management support to ensure that the quality of service delivery is maintained at a high level. The Ministry of Education is specifically tasked to conduct and deliver education services at early childhood education, primary and secondary education, special and vocational schools, vocational education and training programs, technical college education, professional development and training for teachers and training of school managers and controlling authorities. Ministry of Education also reports for Fiji Higher Education Commission (FHEC). FHEC oversees the development and improvement of higher education in Fiji with the aim of ensuring that learners have the best possible opportunity to gain relevant qualifications required to support and sustain Fiji's economic and social prosperity.

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## PART A: FINANCIAL INFORMATION

### 21.1 Financial Information



### 21.2 Audit Opinion

#### 2020

The audit of the 2020 accounts of the Ministry of Education, Heritage and Arts resulted in a modified audit opinion. The qualification was as follows:

Unreconciled variances exist between the FMIS general ledger and the Ministry's payroll reports for Established Staff of \$4,032,922. Consequently, I was unable to establish the accuracy of the Established Staff expenditure recorded in the Statement of Receipts and Expenditure for the year ended 31 July 2020.

#### 2021

The audit of the 2021 accounts of the Ministry of Education, Heritage and Arts resulted in an unmodified audit opinion.

### 21.3 Appropriation Statement – Head 21

#### 2020

The Ministry collected revenue totalling \$3.8 million in 2020 and incurred expenditure totalling \$456.5 million against a revised budget of \$472.9 million resulting in savings of \$16.4 million or 3.5%.

Details of expenditure against the revised budget are provided in Table 21.1.

**Table 21.1: Appropriation Statement for 2020 – Head 21**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	358,465,013	4,129,031	362,594,044	362,593,145	899
2	Government Wage Earners	4,270,781	(317,373)	3,953,408	3,948,657	4,751
3	Travel & Communications	681,000	25,060	706,060	627,407	78,653
4	Maintenance & Operations	979,812	61,568	1,041,380	972,766	68,614
5	Purchase of Goods & Services	9,173,449	(196,183)	8,977,266	8,357,409	619,857
6	Operating Grants & Transfers	90,402,711	(3,883,751)	86,518,960	71,665,986	14,852,974
7	Special Expenditure	779,500	---	779,500	631,747	147,753
	<b>Total Operating Expenditure</b>	<b>464,752,266</b>	<b>(181,648)</b>	<b>464,570,618</b>	<b>448,797,117</b>	<b>15,773,501</b>
8	Capital Construction	3,009,558	279,620	3,289,178	3,279,278	9,900
9	Capital Purchase	661,416	---	661,416	637,169	24,247
10	Capital Grants & Transfers	3,052,220	(119,169)	2,933,051	2,933,049	2
	<b>Total Capital Expenditure</b>	<b>6,723,194</b>	<b>160,451</b>	<b>6,883,645</b>	<b>6,849,496</b>	<b>34,149</b>
13	Value Added Tax	1,375,694	21,197	1,396,891	847,293	549,598
	<b>TOTAL</b>	<b>472,851,154</b>	<b>---</b>	<b>472,851,154</b>	<b>456,493,906</b>	<b>16,357,248</b>

The unutilized budget was largely due to the following:

#### **SEG 5**

\$619,857 savings in SEG 5 for purchase of goods and services is an accumulative value from various programs and activities ranging from \$0.08 to \$82,587.70. These were balance of funds after purchases were done in allocations such as; Directory Expenses, Primary & Secondary School Library Scheme, Education Forum, Office Equipment Supplies, Materials & Stores, Training & Capacity Building, Fumigation, Books, Science Kits and Resources, Furniture & Fittings, Books & Periodicals, Careers Information Materials, E-Books, School Broadcast Program, National Curriculum Framework, Assessment Framework for Schools, Development of Curriculum and Resource Materials, Expenses of Examination, Library Software License & Database, Literacy and Numeracy Training. Major balances were in Printing of Textbooks and National Training and Productivity Levy.

\$159,944 in Printing of Textbook was balance after all relevant purchase were done and expenses were paid with the given budget.

\$131,560 in National Training and Productivity Levy was not utilized since the Human Resources were working on person to post (P2P) which could not be available by end of financial year. The Ministry has fully utilized payment of levy in 2021-2022 budget.

**SEG 6**Free Education Grant Primary, Secondary and ECE and Centralized Schools Allocations.

Approval to release 80% instead of 100% grants to all compliant schools for Term 2, 2020 was provided taking into consideration the fact that schools were closed from March 2020 to July 2020. Savings were also identified on the basis that grants are released to compliant schools only. For those schools which do not meet the termly grant payment conditions as per the School Management Handbook 2020, grants are withheld and these withheld grants is shown as savings in financial year end. For centralized schools, savings are identified when these schools are not able to utilize the total Free Education Grant (FEG) entitled to the school. These un-utilized funds are savings at the end of the financial year.

Transport Assistance Allocation

Due to schools being closed for more than four months, less expenditure was incurred in terms of payments to Rural Service Licence (RSL) Providers and E-Ticketing service provider resulting in savings being identified at the end of the financial year.

Grants to Special Schools, Vocational Grants and Boarding Per Capita Grants

Grants are released to only those schools which meet the termly grant payment conditions and submit requests and acquittals in a timely manner. Grants of non-compliant schools are withheld and these withheld grants are identified as savings at the end of the financial year. However, budget allocation is provided on the assumption that all schools are compliant but grants are paid out to only those schools that meet the termly grant compliance conditions.

National Substance Abuse Advisory Council

Release of Quarter 1 & 2 grants only due to non-compliance. The latest audit report was not submitted.

Grant Multi Ethnic Cultural Activities

Multi Cultural Center (MCC) Savusavu operating grant was not released due to agreement not being signed and Ba MCC Quarter 4 grants were not released due to submission not received.

Fiji Teachers Registration Authority

Quarter 4 grant not released due to non-compliance. Latest audit report was not submitted by the institution.

**21.4 Appropriation Statement – Head 21****2021**

The Ministry collected revenue totalling \$1.4 million in 2021 and incurred expenditure totalling \$432.6 million against a revised budget of \$450.6 million resulting in savings of \$18 million or 4%.

Details of expenditure against the revised budget are provided in Table 21.2.

Table 21.2: Appropriation Statement for 2021 – Head 21

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	339,113,418	---	339,113,418	336,303,605	2,809,813
2	Government Wage Earners	4,115,597	---	4,115,597	2,991,807	1,123,790
3	Travel & Communication	632,900	32,966	665,866	558,694	107,172
4	Maintenance & Operations	958,500	55,738	1,014,238	769,102	245,136
5	Purchase of Goods & Services	8,321,237	(424,137)	7,897,100	5,641,303	2,255,797
6	Operating Grants & Transfers	92,891,840	(7,520)	92,884,320	84,122,899	8,761,421
7	Special Expenditure	447,000	(1,621)	445,379	161,763	283,616
	<b>Total Operating Expenditure</b>	<b>446,480,492</b>	<b>(344,574)</b>	<b>446,135,918</b>	<b>430,549,173</b>	<b>15,586,745</b>
8	Capital Construction	1,470,704	428,838	1,899,542	646,700	1,252,842
9	Capital Purchase	400,545	(18,864)	381,681	219,087	162,594
10	Capital Grants & Transfers	1,134,185	(65,400)	1,068,785	663,458	405,327
	<b>Total Capital Expenditure</b>	<b>3,005,434</b>	<b>344,574</b>	<b>3,350,008</b>	<b>1,529,245</b>	<b>1,820,763</b>
13	Value Added Tax	1,100,772	---	1,100,772	496,859	603,913
	<b>TOTAL</b>	<b>450,586,698</b>	<b>---</b>	<b>450,586,698</b>	<b>432,575,277</b>	<b>18,011,421</b>

The unutilized budget was largely due to the following:

#### SEG 1

The \$2.8m savings in SEG 1 was mainly due to personal emoluments funds were not fully utilized. The major contributor has been program 2, Primary Education. The reasons behind Primary Education, Personal Emoluments not fully utilized was due to the fact of COVID-19 outbreak, the schools were closed from April 2021 until it partially opened for year 13 in December 2021. During the closure period, there were no appointment of teachers on relieving or new appointment.

Secondly, there has been school reclassification in Primary Education. In 2019 there were 14 large, 388 medium and 337 small schools. After reclassification, 34 large, 194 medium and 508 small schools were noted. Majority impact was on Assistant Head Teacher since before reclassification there were 416 and after reclassification 262. The 154 Assistant Head Teacher (AHT) positions do not exist anymore and the teachers were reverted to teacher primary positions.

#### SEG 2

The \$1.1m savings in SEG 2 was due to balance of funds in Government school's wages earners allocation. There was also some balance of funds in other program and activities which has contributed to overall savings in SEG 2.

**SEG 5**

The \$2.3m savings in SEG 5 was mainly due to goods and services in all program and activities could not be fully purchased because of closure of schools due to COVID-19 outbreak. The Government school's food rations grant worth \$953,574 was not paid since there were no boarders in the facility and the schools were closed. \$176,068 budget for printing of text book was not utilized since \$1,658,124 was sufficient to purchase the textbook that were required. NTPC Levy \$131,560 was not paid to FNU due to person to post reconciliation could not be made available. \$129,255 Exam expenses budget was not utilized since full scale exam could not be rolled out. \$110,288 Primary & Secondary school library schemes was not fully utilized since the budget was reduced and vendor was not agreeing to supply on reduced quantity. \$100,082 from Printing of exam papers could not be utilized since all exams were suspended except year 12 and 13. This was due to COVID-19 outbreak and protocols that were in place to control the outbreak. There were other items in SEG 5 that could not be utilized due to COVID-19 outbreak and travel restrictions.

**SEG 6**Free Education Grant Primary, Secondary and ECE and Centralized Schools Allocations

Approval to release 80% instead of 100% grants to all compliant schools for Term 3, 2020 and Term 1, 2021 was provided taking into consideration the budgetary provision received and the fact that schools were closed from April 2021 to the financial year end. Savings were also identified on the basis that grants are released to compliant schools only. For those schools which do not meet the termly grant payment conditions as per the School Management Handbook 2020, grants are withheld and these withheld grants is shown as savings at the end of the financial year. For centralized schools, savings are identified when these schools are not able to utilize the total FEG entitled to the school. These un-utilized funds are savings at the end of the financial year.

Transport Assistance Allocation

Due to schools being closed from April 2021 to the financial year end, less expenditure was incurred in terms of payments to Rural Service Licence (RSL) Providers and E-Ticketing service provider resulting in savings being identified at the end of the financial year.

Grants to Special Schools, Vocational Grants and Boarding Per Capita Grants

Grants are released to only those schools which meet the termly grant payment conditions and submit requests and acquittals in a timely manner. Grants of non-compliant schools are withheld and these withheld grants are identified as savings at the end of the financial year.

However, budget allocation is provided on the assumption that all schools are compliant but grants are paid out to only those schools that meet the termly grant compliance conditions.

National Substance Abuse Advisory Council

Partial Grant released for quarter 1 - 4 due to non-submission of latest audited financials.



National Trust of Fiji

Partial Grant released for quarter 4 due to non-submission of latest audited financials.

Fiji Teachers Registration Authority

Partial Grant released for quarter 3 and 4 due to non-submission of latest audited financials.

Fiji Museum

Partial Grant released for quarter 4 due to non-submission of latest audited financials.

Multi-Ethnic Cultural Centers

Monitoring of Multi-Cultural Center (MCC's) activities was not done due to COVID-19 restrictions and MCC Ba Quarter 4 was not released due to payment not being processed before close of accounts. Due to lockdown areas the relevant staff could not access the office for release of these payment.

**SEG 8**

\$1.3m savings in capital projects were due to COVID-19 outbreak protocols which lead to staff not being able to implement the projects on ground. The site inspections and consultations with engineers could not be completed therefore the projects could not progress to award contracts for work to commence.

Due to COVID-19 outbreak protocols and restrictions, staff were not being able to implement most of the projects on the ground. The site inspections and consultations with engineers could not be completed therefore the projects could not progress to award contracts for work to commence.

\$231,901 was balance in Upgrade & Maintenance of Non-Government Secondary School. The RIE application for the building grant returned from Economy for further requirement. Later this allocation was diverted towards TC Yasa rehabilitation in the Northern Division. \$200,000 was vired out for payment towards construction of classrooms at Lekutu Secondary Schools.

\$105,968 Construction of new facilities for Government Schools. QVS retention 2 did not fall in 2020-2021 financial year as planned previously. This amount has been paid from 2021 - 2022 financial year.

\$217,495 Upgrade & Maintenance of Non-Government Primary Schools. The application for the building grant returned from Economy for further requirements. Later this allocation was diverted towards TC Yasa rehabilitation in the Northern Division. \$200,000 was vired out for payment towards construction of classrooms at Dama and Bua District Schools.

\$82,859 Construction of new school facilities for Non-Government Primary. The application for the building grant returned from Economy for further requirement. Later this allocation was diverted towards TC Yasa rehabilitation in the Northern Division. \$200,000 was vired out for payment towards construction of classrooms at Dama and Bua District Schools.

\$448,656 Upgrade & Maintenance of Institutional Offices. Projects budgeted were for Mualevu House, Senikau House and Gohil Building. Projects were signed but works were postponed due to the lockdown/ restrictions and uncertainty period of COVID19.

\$165,963 Upgrade & Maintenance of Government Schools. Project budgeted was for Natabua Primary School Ablution, the contract was awarded, signed, re-tendered and then works were postponed due to the lockdown and restrictions and uncertainty period of COVID19.

## 21.5 Appropriation Statement – Head 26

### 2020

The Higher Education Institutions incurred expenditure totalling \$102.2 million in 2020 against a revised budget of \$102.7 million resulting in savings of \$0.5 million or 0.5%.

Details of expenditure against the revised budget are provided in Table 21.3.

Table 21.3: Appropriation Statement for 2020 – Head 26

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	87,691,978	---	87,691,978	87,332,918	359,060
	<b>Total Operating Expenditure</b>	<b>87,691,978</b>	<b>---</b>	<b>87,691,978</b>	<b>87,332,918</b>	<b>359,060</b>
10	Capital Grants & Transfers	15,000,000	---	15,000,000	14,822,488	177,512
	<b>Total Capital Expenditure</b>	<b>15,000,000</b>	<b>---</b>	<b>15,000,000</b>	<b>14,822,488</b>	<b>177,512</b>
	<b>TOTAL</b>	<b>102,691,978</b>	<b>---</b>	<b>102,691,978</b>	<b>102,155,406</b>	<b>536,572</b>

## 21.6 Appropriation Statement – Head 26

### 2021

The Higher Education Institutions incurred expenditure totalling \$53.7 million in 2021 against a revised budget of \$81.4 million resulting in savings of \$27.7 million or 34%.

Details of expenditure against the revised budget are provided in Table 21.4.

Table 21.4: Appropriation Statement for 2021 – Head 26

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	81,385,814	---	81,385,814	53,730,416	27,655,398
	<b>Total Operating Expenditure</b>	<b>81,385,814</b>	<b>---</b>	<b>81,385,814</b>	<b>53,730,416</b>	<b>27,655,398</b>
10	Capital Grants & Transfers	---	---	---	---	---
	<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
	<b>TOTAL</b>	<b>81,385,814</b>	<b>---</b>	<b>81,385,814</b>	<b>53,730,416</b>	<b>27,655,398</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.

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.

### 21.7 Salary Overpayments

Accounts Officer Salaries must immediately inform the salaries clerk and ensure that the resignation date is entered into the payroll and salary is terminated in time to avoid overpayment of salary.<sup>1</sup>

The audit of the payroll record revealed overpayment of salary for those Teachers who had resigned from the Ministry. Refer to the Table 21.5 below for details.

**Table 21.5: Examples of Salary Overpayment**

EDP No.	Reasons	Total Overpayment (\$)	EDP No.	Reasons	Total Overpayment (\$)
<b>31/07/2020</b>			<b>31/07/2021</b>		
84919	Deemed Resigned	2,149.25	88754	Resignation	1,666.76
81357	Resignation	1,977.55	84976	Resignation	1,089.51
80067	Resignation	3,954.83	88419	Resignation	1,010.90
89098	Resignation	2,197.17	112623	Resignation	1,563.71
88139	Resignation	2,379.51	82855	Resignation	8,838.20
69748	Resignation	15,332.20			
67556	Resignation	6,876.48			
89081	Resignation	4,716.18			
66029	Resignation	103.76			

Teachers resigning without 30 days notice and non-timely cessation of salary has resulted in salary overpayments.

#### **Recommendation**

**The Ministry should ensure that salaries of the officers leaving the public service are ceased on time and implement proper and stringent internal control to avoid such overpayments.**

<sup>1</sup> Ministry of Education, Finance Manual 2017, Section 4.1.7

**Agreed Management Action**

The Audit recommendations are noted. Currently, the salary is stopped once the notification is sent by Employee Admin to Salaries team. If officer is overpaid then they are informed to refund. Certificate of Service letter is only issued once all dues to the Ministry is cleared by the officer. To address this issue, a tab will be created in FEMIS to allow the resignation and death notice to be done online through which the notification will automatically be sent to respective teams including salaries team and immediate actions will be taken to case salary or do salary reversal from bank.

**21.8 Variance between FMIS General Ledger and Payroll Report (Recurring Issue)**

Salaries and wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorised payments, inaccurate payroll reports and invalid pay rates.<sup>2</sup>

Audit noted variances between the Financial Management Information System (FMIS) General Ledger and the Ministry's payroll report balance for the Established staff and government wage earners. Refer to Table 21.6 below for details.

**Table 21.6: Variance between FMIS General Ledger and Payroll System**

Payroll	31/07/2020		31/07/2021	
	Established Staff (\$)	Government Wage Earners (\$)	Established Staff (\$)	Government Wage Earners (\$)
FMIS Personal Emoluments	323,157,858.87	3,634,178.00	318,146,794.38	2,837,533.00
Add: Allowances	14,448,946.86	---	1,780,156.00	---
Add: Relieving Staff	419,678.26	6,254.00	406,189.33	---
<b>Total FMIS General Ledger Balance (A)</b>	<b>338,026,483.99</b>	<b>3,640,432.00</b>	<b>320,333,139.71</b>	<b>2,837,533.00</b>
Total Gross Salary/Wages from Ministry's Payroll System	332,422,433.88	5,046,216.66	319,440,083.99	3,344,296.26
Add: Manual payments	819,640.91	---	---	---
Add: Amounts posted into FMIS general ledger	751,487.07	---	758,810.40	---
<b>Total (B)</b>	<b>333,993,561.86</b>	<b>5,046,216.66</b>	<b>320,198,894.39</b>	<b>3,344,296.26</b>
<b>Variance (A – B)</b>	<b>4,032,922.13</b>	<b>(1,405,784.66)</b>	<b>134,245.32</b>	<b>(506,763.26)</b>

Lack of reconciliation between the FMIS general ledger and payroll reports has resulted in the variances. Variances between critical records may indicate the existence of errors and omissions.

**Recommendations**

The Ministry should ensure that:

- reconciliations between FMIS general ledger and payroll report are accurately carried out; and
- any variance noted should be investigated and adjusted accordingly.

<sup>2</sup> Ministry of Education Finance Manual 2017, Part 4 - Introductory Paragraph

**Agreed Management Action**

The variance will always exist between FMIS and Payroll. The GL is always correct because all Ministry budget and expenditure is noted in GL. The payroll monetary value will always be less compared to FMIS because the payroll system does not have provision to note some transactions such as manual payments, journal adjustments (volunteers, NEC, Ministers pay, TRCOs pay), direct payments (compensations) and salary reversals.

The Ministry has held several meetings and trainings with MOE in year 2020 and 2021 after which a whole of Government circular was issued on 29 September 2021 which address a standard template/format to carry out the monthly reconciliations. Reconciliations are done since August 2021 and submitted to MOE.

**21.9 Anomalies in Payments**

Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>3</sup>

The Ministry misposted VAT Inclusive Price (VIP) expenditures to the following SEG's:

- SEG 3 (Travel and Communication),
- SEG 4 (Maintenance and Operations)
- SEG 5 (Purchase of Goods and Services)

This shows that the Ministry did not exclude VAT from payments to post it to SEG 13 (Value Added Tax). As a result SEGs 3, 4 and 5 was overstated and SEG 13 was understated.

Refer to Tables 21.7 below for details.

**Table 21.7: VAT Inclusive Price (VAT) Amount posted in the General Ledger**

Date	Cheque/ Journal No.	Amount (\$) (VIP)	Amount (\$) (VEP)	Amount (\$) (VAT)	Allocation (VIP) was posted to
<b>31/07/2020</b>					
22/01/20	613280	8,295.31	7,610.38	684.93	SEG 3 - Communication
10/02/19	615488	8,251.08	7,569.80	681.28	SEG 3 - Communication
21/01/20	613241	7,455.26	6,839.69	615.57	SEG 3 - Communication
10/12/19	608584	7,361.53	6,753.70	607.83	SEG 3 - Communication
10/12/19	608585	1,157.97	1,062.36	95.61	SEG 3 - Communication
06/12/19	608590	215.29	197.51	17.78	SEG 3 - Communication
04/12/19	608587	225.13	206.54	18.59	SEG 3 - Communication
13/09/19	595261	171.10	156.97	14.13	SEG 3 - Communication
13/08/19	595260	858.17	787.31	70.86	SEG 3 - Communication
08/08/19	595256	293.57	269.33	24.24	SEG 3 - Communication
03/02/19	616682	2,000.00	1,834.86	165.14	SEG 3 - Travel
		<b>36,284.41</b>	<b>33,288.45</b>	<b>2,995.96</b>	<b>Overstated by</b>
01/10/19	599191	22,132.32	20,304.84	1,827.48	SEG 4 - Vehicle Fuel & Oil
09/12/19	608597	22,457.80	20,603.49	1,854.31	SEG 4 - Vehicle Fuel & Oil
11/02/20	615632	22,890.14	21,000.13	1,890.01	SEG 4 - Vehicle Fuel & Oil
		<b>67,480.26</b>	<b>61,908.46</b>	<b>5,571.80</b>	<b>Overstated by</b>
13/11/19	606455	29,300.00	26,880.81	2,419.19	SEG 5 - Primary & Secondary Library Scheme

<sup>3</sup> Ministry of Education, Finance Manual 2017, Section 16.3.4

Date	Cheque/ Journal No.	Amount (\$) (VIP)	Amount (\$) (VEP)	Amount (\$) (VAT)	Allocation (VIP) was posted to
30/06/20	624060	84,083.38	77,140.72	6,942.66	SEG 5 - Examination Expense
3/03/20	621624	129,563.00	118,865.14	10,697.86	SEG 5 - Examination Expense
01/05/20	621587	84,079.14	77,136.83	6,942.31	SEG 5 - Textbook Printing Expenses
		<b>327,025.52</b>	<b>300,023.50</b>	<b>27,002.02</b>	<b>Overstated by</b>
<b>31/07/2021</b>					
02/03/21	655672	75,007.57	68,814.28	6,193.29	SEG 5 – Textbook Printing Expense
04/09/21	629606	4,572.05	4,194.54	377.51	SEG 5 – Goods and Service
20/08/20	628103	3,375.08	3,096.40	278.68	SEG 5 – Goods and Service
		<b>82,954.70</b>	<b>76,105.22</b>	<b>6,849.48</b>	<b>Overstated by</b>

The above indicates that internal controls were not applied in the processing of payments for goods and services.

These internal controls include proper supervisory checks to be carried out by reviewing officers of documents before approval, prior year payments and posting to the FMIS general ledger.

### **Recommendations**

#### **The Ministry should:**

- strengthen internal controls for processing of payments; and
- ensure that all payments are adequately supported and correctly posted to FMIS general ledger.

### **Agreed Management Action**

The audit issue and recommendations are noted. It is agreed there has been error in expenditure posting. Moving forward, the VEP amount will be posted into correct expenditure SEG, while the VAT will be posted in SEG13. To address this issue, the payments team has been informed of the error to which they have agreed the oversight. SOP has been documented which act as guideline to ensure the payments staff, post expenditure in correct allocations.



## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

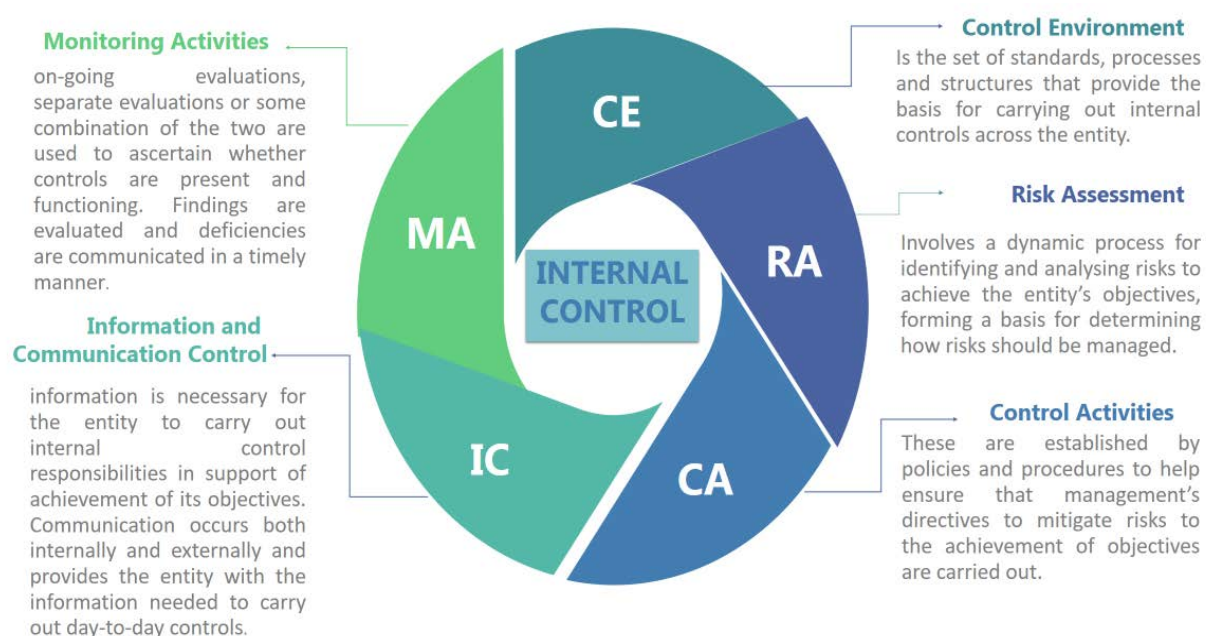
### 21.10 Internal Controls

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 audit was as follows:

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

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

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

## 21.11 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
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 06 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 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 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	Eight out of 10 key processes completed within two weeks of due date.
2021	☹ Ineffective	Four out of 10 key processes completed within two weeks of due date

**21.12 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 Ministry was:

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

**21.13 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

**21.14 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 the Financial Statements for signing
2021	● Ineffective	After 15 days from the issue of the Financial Statements for signing

## Section 22

## Ministry of Health and Medical Services

### Roles and Responsibilities

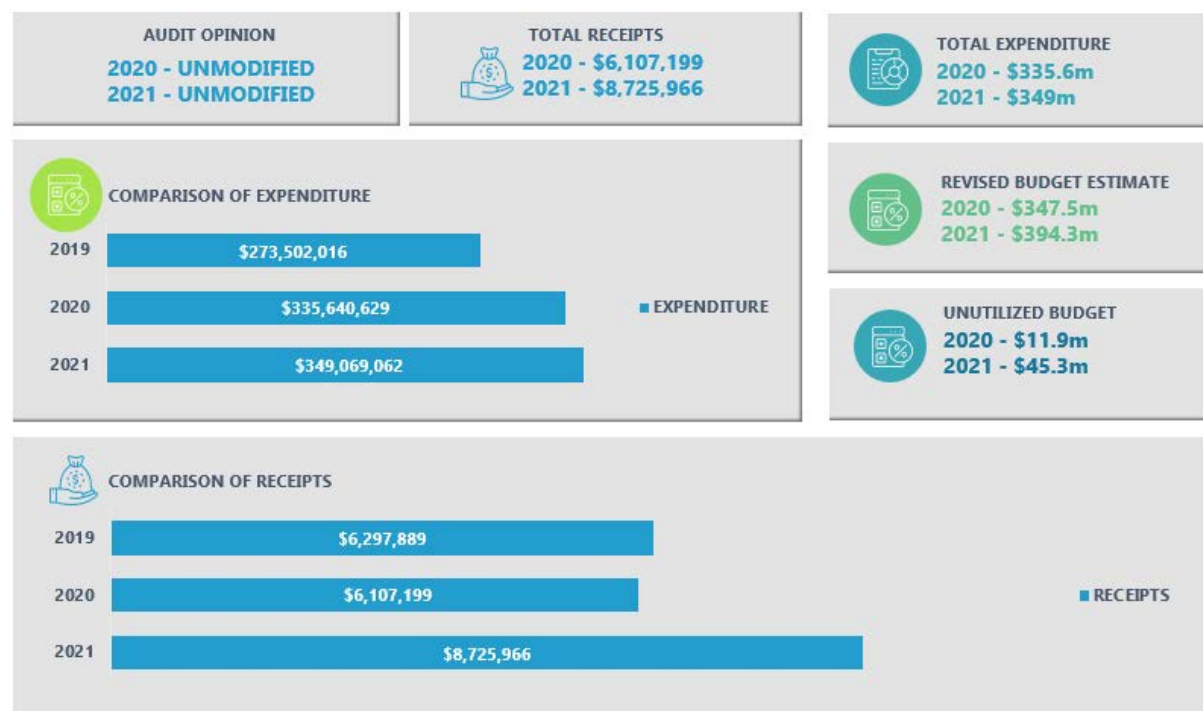
The Ministry of Health and Medical Services is responsible for the promotion of health and well-being, protection of life and prevention & cure of disease, injuries and substance abuse. The Ministry of Health and Medical Services for the financial years 2019-2020 and 2020-2021 was budgeted for the following measurable/verifiable improvement in outcomes for the citizens of Fiji.

- Upgrade nursing quarters and maritime facilities.
- Increase in service delivery outcome under broad priority areas such as Non-Communicable Diseases, Maternal & Child Health and Communicable Diseases including environmental health and disaster preparedness.
- Increase in primary health care outcomes by expanding outreach programmes, improving continuum of care and improving quality and safety standards at health facilities.
- Increase in availability and accessibility of medicinal products and medical equipment to ensure effective service delivery.

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## PART A: FINANCIAL INFORMATION



### 22.1 Audit Opinion

#### 2020

The audit of the 2019/2020 accounts of the Ministry of Health and Medical Services resulted in an unqualified audit opinion with the following included as other matters:

#### Other Matters

- An unreconciled variance of \$23,766 exists between the FMIS General Ledger balance for Cash at Bank and the Bank Reconciliation for Trading and Manufacturing Account Bulk Purchase Scheme.
- There was no listing maintained for Accounts Receivable of \$10,278 recorded in the Trading and Manufacturing Account Bulk Purchase Scheme Balance Sheet.

#### 2021

The audit of the 2020/2021 accounts of the Ministry of Health and Medical Services resulted in an unqualified audit opinion with the following included as other matters:

#### Other Matters

- An unreconciled variance of \$23,108 exists between the FMIS General Ledger balance for Cash at Bank and the Bank Reconciliation for Trading and Manufacturing Account Bulk Purchase Scheme.
- There was no listing maintained for Accounts Receivable of \$11,306 recorded in the Trading and Manufacturing Account Bulk Purchase Scheme Balance Sheet.

- Internal Controls over revenue management were found to be weak as not all revenue reports were submitted to Headquarters and there were delays in banking. If not addressed promptly will result in material misstatements and possible financial losses.

## 22.2 Appropriation Statement

### 2020

The Ministry collected revenue totalling \$6,107,199 in 2019/2020 and incurred expenditure totalling \$335.6 million against a revised budget of \$347.5 million resulting in savings of \$11.9 million or 3.4%. Details of expenditure against the revised budget are provided in Table 22.1.

**Table 22.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	189,416,983	2,729,780	192,146,763	191,820,823	325,940
2	Government Wage Earners	20,626,531	428,395	21,054,926	21,054,759	167
3	Travel & Communication	5,966,900	686,335	6,653,235	6,495,131	158,104
4	Maintenance & Operations	15,261,534	871,586	16,133,120	15,383,614	749,506
5	Purchase of Goods & Services	62,760,624	333,034	63,093,658	60,195,752	2,897,906
6	Operating Grants & Transfers	548,000	---	548,000	533,011	14,989
7	Special Expenditure	6,513,580	(601,747)	5,911,833	5,651,196	260,637
	<b>Total Operating Expenditure</b>	<b>301,094,152</b>	<b>4,447,383</b>	<b>305,541,535</b>	<b>301,134,286</b>	<b>4,407,249</b>
8	Capital Construction	26,190,491	(2,380,505)	23,809,986	21,774,768	2,035,218
9	Capital Purchase	8,833,431	---	8,833,431	6,103,090	2,730,341
10	Capital Grants & Transfers	90,000	---	90,000	89,976	24
	<b>Total Capital Expenditure</b>	<b>35,113,922</b>	<b>(2,380,505)</b>	<b>32,733,417</b>	<b>27,967,834</b>	<b>4,765,583</b>
13	Value Added Tax	11,297,358	(2,066,878)	9,230,480	6,538,509	2,691,971
	<b>TOTAL</b>	<b>347,505,432</b>	<b>---</b>	<b>347,505,432</b>	<b>335,640,629</b>	<b>11,864,803</b>

### 2021

The Ministry collected revenue totalling \$8,725,966 in 2020/2021 and incurred expenditure totalling \$349 million against a revised budget of \$394.3 million resulting in savings of \$45.3 million or 11.5%.

Details of expenditure against the revised budget are provided in Table 22.2.



Table 22.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	197,858,809	(1,943,374)	195,915,435	185,414,124	10,501,311
2	Government Wage Earners	15,529,012	1,943,374	17,472,386	15,919,828	1,552,558
3	Travel & Communication	6,002,500	567,047	6,569,547	5,126,817	1,442,730
4	Maintenance & Operations	15,281,964	1,703,883	16,985,847	15,372,096	1,613,751
5	Purchase of Goods & Services	67,715,463	5,795,356	73,510,819	70,391,279	3,119,540
6	Operating Grants & Transfers	548,000	---	548,000	529,710	18,290
7	Special Expenditure	13,282,531	(45,000)	13,237,531	5,210,065	8,027,466
	<b>Total Operating Expenditure</b>	<b>316,218,279</b>	<b>8,021,286</b>	<b>324,239,565</b>	<b>297,963,919</b>	<b>26,275,646</b>
8	Capital Construction	23,545,617	(4,956,222)	18,589,395	11,030,731	7,558,664
9	Capital Purchase	12,824,307	66,936	12,891,243	9,279,296	3,611,947
10	Capital Grants & Transfers	29,680,852	---	29,680,852	24,647,233	5,033,619
	<b>Total Capital Expenditure</b>	<b>66,050,776</b>	<b>(4,889,286)</b>	<b>61,161,490</b>	<b>44,957,260</b>	<b>16,204,230</b>
13	Value Added Tax	12,075,393	(3,132,000)	8,943,393	6,147,883	2,795,510
	<b>TOTAL</b>	<b>394,344,448</b>	<b>---</b>	<b>394,344,448</b>	<b>349,069,062</b>	<b>45,275,386</b>

### 22.3 Trading and Manufacturing Account

The Bulk Purchase Scheme (BPS) is a commercial arm of the Ministry of Health's Fiji Pharmaceutical & Biomedical Supply Centre which has a revolving fund ceiling of \$500,000. Pharmaceutical sales being a restricted business, BPS has been issued a license to wholesale by the Pharmacy and Poisons Board, as per the Pharmacy and Poisons Act, Cap 115.

BPS primary purpose is to engage in the acquisition and the sale of affordable pharmaceutical products in Fiji. Since the inception in 1981, the BPS was established to source pharmaceuticals both for the Government and Non-Government sector.

The volume in terms of the inventory BPS required gave it the capacity and edge to negotiate for low prices with international traders and manufacturers. These low prices have also benefited patients accessing health services via the Private Sector and Non-Government Organizations.

**2020****Table 22.3: TMA-Manufacturing Account-Bulk Purchase Scheme**

Description	2020 (\$)	2019 (\$)
<b>Sales</b>	<b>293,381</b>	<b>498,713</b>
Opening stock of Finished Goods	37,633	34,785
Add: Purchases	229,860	415,187
	<b>267,493</b>	<b>449,972</b>
Less: Closing stock of Finished Goods	(5,718)	(37,633)
<b>Cost of Goods Sold</b>	<b>261,775</b>	<b>412,339</b>
<b>Gross profit transferred to Profit &amp; Loss Statement</b>	<b>31,606</b>	<b>86,374</b>

**Table 22.4: TMA-Profit and Loss Statement-Bulk Purchase Scheme**

Description	2020 (\$)	2019 (\$)
<b>Income</b>		
Gross Profit transferred to Profit & Loss Statement	31,606	86,374
<b>Expenses</b>		
Personnel Emoluments	44,507	40,883
FNPF	3,671	3,460
Travel Domestic	1,101	1,234
Office Upkeep And Supplies	231	173
Special Fees And Charges	102	101
Lease And Rental Payments	16,514	17,257
<b>Total Expense</b>	<b>66,126</b>	<b>63,108</b>
<b>Net (Loss)/ Profit</b>	<b>(34,520)</b>	<b>23,266</b>

**Table 22.5: TMA-Balance Sheet-Bulk Purchase Scheme**

Description	2020 (\$)	2019 (\$)
<b>Current Assets</b>		
Cash at Bank	471,412	508,892
Accounts Receivables	10,278	11,353
VAT Receivable	16,381	16,489
Finished Goods	5,719	37,633
<b>Total Current Assets</b>	<b>503,790</b>	<b>574,367</b>
<b>Total Liabilities</b>	<b>---</b>	<b>---</b>
<b>Net Assets</b>	<b>503,790</b>	<b>574,367</b>
<b>Equity</b>		
TMA Surplus	(599,625)	(551,915)
TMA Accumulated Surplus	1,126,282	1,103,016
Less: Remittance	(36,056)	---
Add: Prior Year Error Adjusted in Current Year	47,709	---
Net (Loss)/Profit	(34,520)	23,266
<b>Total Equity</b>	<b>503,790</b>	<b>574,367</b>

**2021****Table 22.6: TMA-Manufacturing Account-Bulk Purchase Scheme**

Description	2021 (\$)	2020 (\$)
<b>Sales</b>	<b>153,377</b>	<b>293,381</b>
Opening stock of Finished Goods	5,718	37,633
Add: Purchases	129,117	229,860
	<b>134,835</b>	<b>267,493</b>
Less: Closing stock of Finished Goods	88,397	5,718
<b>Cost of Goods Sold</b>	<b>46,438</b>	<b>261,775</b>
<b>Gross profit transferred to Profit &amp; Loss Statement</b>	<b>106,939</b>	<b>31,606</b>

**Table 22.7: TMA-Profit and Loss Statement-Bulk Purchase Scheme**

Description	2021 (\$)	2020 (\$)
<b>Income</b>		
Gross Profit transferred to Profit & Loss Statement	106,939	31,606
<b>Expenses</b>		
Personnel Emoluments	38,407	44,507
FNPF	1,919	3,671
Travel Domestic	1,101	1,101
Office Upkeep And Supplies	231	231
Special Fees And Charges	67	102
Lease And Rental Payments	16,514	16,514
<b>Total Expense</b>	<b>58,239</b>	<b>66,126</b>
<b>Net Profit/(Loss)</b>	<b>48,700</b>	<b>(34,520)</b>

**Table 22.8: TMA-Balance Sheet-Bulk Purchase Scheme**

Description	2021 (\$)	2020 (\$)
<b>Current Assets</b>		
Cash at Bank	434,488	471,412
Accounts Receivables	11,306	10,278
VAT Receivable	18,299	16,381
Finished Goods	88,397	5,719
<b>Total Current Assets</b>	<b>552,490</b>	<b>503,790</b>
<b>Total Liabilities</b>	<b>---</b>	<b>---</b>
<b>Net Assets</b>	<b>552,490</b>	<b>503,790</b>
<b>Equity</b>		
TMA Surplus	(599,625)	(599,625)
TMA Accumulated Surplus	1,103,415	1,126,282
Less: Remittance	---	(36,056)
Add: Prior Year Error Adjusted in Current Year	---	47,709
Net Profit/(Loss)	48,700	(34,520)
<b>Total Equity</b>	<b>552,490</b>	<b>503,790</b>

## 22.4 Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Ministry of Health and Medical Services operated and maintained five main trust fund bank accounts which includes the following:

### (a) CWM Hospital Staff Amenities Trust Fund Account

This fund was set up for the emergency purchase of medicines, consumables or other medical items that are urgently required for patient care.

Detailed statements for the trust receipts and payments are provided below:

#### **2020**

This trust account had a balance of \$35,424 as at 31 July 2020.

**Table 22.9: Main Trust Fund Account-CWM Hospital Staff Amenities**

Description	2020 (\$)	2019 (\$)
Receipts	10,000	---
<b>Total Receipts</b>	<b>10,000</b>	<b>---</b>
Payments	147	25
<b>Total Payments</b>	<b>147</b>	<b>25</b>
Net Surplus/(Deficit)	9,853	(25)
Opening Balance as at 01/08/19	25,571	25,596
<b>Closing Balance as at 31/07/20</b>	<b>35,424</b>	<b>25,571</b>

#### **2021**

This trust account had a balance of \$35,364 as at 31 July 2021.

**Table 22.10: Main Trust Fund Account-CWM Hospital Staff Amenities**

Description	2021 (\$)	2020 (\$)
Receipts	---	10,000
<b>Total Receipts</b>	<b>---</b>	<b>10,000</b>
Payments	60	147
<b>Total Payments</b>	<b>60</b>	<b>147</b>
Net (Deficit)/Surplus	(60)	9,853
Opening Balance as at 01/08/20	35,424	25,571
<b>Closing Balance as at 31/07/21</b>	<b>35,364</b>	<b>35,424</b>

**(b) Cardiac Taskforce Trust Fund Account**

This trust account was set up to assist in the catering of the annual visit by Seventh Day Adventist Open Heart Cardiac Surgery team. Cash donations from sponsors and supporting companies are deposited into this trust account. The fund is used for registration fees for the doctors and nurses and catering for the team at the end of the visit.

Detailed statements for the trust receipts and payments are provided below:

**2020**

As at 31 July 2020 it had a balance \$862.

**Table 22.11: Main Trust Fund Account- Cardiac Taskforce**

Description	2020 (\$)	2019 (\$)
Receipts	---	---
<b>Total Receipts</b>	---	---
Payments	---	---
<b>Total Payments</b>	---	---
Net Deficit	---	---
Opening Balance as at 01/08/19	862	862
<b>Closing Balance as at 31/07/20</b>	<b>862</b>	<b>862</b>

**2021**

As at 31 July 2021 it had a balance \$652.

**Table 22.12: Main Trust Fund Account- Cardiac Taskforce**

Description	2021 (\$)	2020 (\$)
Receipts	84	---
<b>Total Receipts</b>	<b>84</b>	---
Payments	294	---
<b>Total Payments</b>	<b>294</b>	---
Net Deficit	(210)	---
Opening Balance as at 01/08/20	862	862
<b>Closing Balance as at 31/07/21</b>	<b>652</b>	<b>862</b>

**(c) Fiji Children Overseas Treatment Fund**

The Children's Overseas Treatment Trust Fund was initially established in the 1990s to assist in sending children overseas for operations and treatments not available in Fiji before the Ministry of Health and Medical Services had established its overseas treatment funding and guidelines. The source of funds for this account has been donations from sponsors and supporting companies. Over the years, with MOH providing more overseas treatment plus other CSO/NGOs assisting, the fund has been used to procure medicines, consumables and assist families with passports/visa preparation. This trust account receives donations from local and overseas donors and is used to

buy treatments, medications and consumables related to children's treatment not available through government funding.

Detailed statements for the trust receipts and payments are provided below:

#### **2020**

The balance of this accounts as at 31 July 2020 was \$269,902.

**Table 22.13: Main Trust Fund Account- Fiji Children Overseas Treatment Fund**

Description	2020 (\$)	2019 (\$)
Receipts	30,000	30,000
<b>Total Receipts</b>	<b>30,000</b>	<b>30,000</b>
Payments	46,571	10,476
<b>Total Payments</b>	<b>46,571</b>	<b>10,476</b>
Net (Deficit)/ Surplus	(16,571)	19,524
Opening Balance as at 01/08/19	286,473	266,949
<b>Closing Balance as at 31/07/20</b>	<b>269,902</b>	<b>286,473</b>

#### **2021**

The balance of this accounts as at 31 July 2021 was \$290,461.

**Table 22.14: Main Trust Fund Account- Fiji Children Overseas Treatment Fund**

Description	2021 (\$)	2020 (\$)
Receipts	25,269	30,000
<b>Total Receipts</b>	<b>25,269</b>	<b>30,000</b>
Payments	4,710	46,571
<b>Total Payments</b>	<b>4,710</b>	<b>46,571</b>
Net Surplus/(Deficit)	20,559	(16,571)
Opening Balance as at 01/08/20	269,902	286,473
<b>Closing Balance as at 31/07/21</b>	<b>290,461</b>	<b>269,902</b>

#### **(d) Cardiology Services Fund**

The trust fund was set up for the purchase of expensive cardiology investigation consumables. These consumables are used for diagnostic and therapeutic angiography. The source of funds for this account is the fees chargeable for the cardiology investigations offered.

Detailed statements for the trust receipts and payments are provided below:

#### **2020**

Closing balance as at 31 July 2020 was \$522,790.

**Table 22.15: Main Trust Fund Account- Cardiology Services Fund**

Description	2020 (\$)	2019 (\$)
Receipts	39,240	139,520
<b>Total Receipts</b>	<b>39,240</b>	<b>139,520</b>
Payments	16	133,545
<b>Total Payments</b>	<b>16</b>	<b>133,545</b>
Net Surplus	39,224	5,975
Opening Balance as at 01/08/19	591,745	585,770
<b>Add:</b> Prior year adjustments of receipts in current year	123,715	---
<b>Less:</b> Prior year adjustments of payments in current year	(231,894)	---
<b>Closing Balance as at 31/07/20</b>	<b>522,790</b>	<b>591,745</b>

**2021**

Closing balance as at 31 July 2021 was \$269,896.

**Table 22.16: Main Trust Fund Account- Cardiology Services Fund**

Description	2021 (\$)	2020 (\$)
Receipts	20,165	39,240
<b>Total Receipts</b>	<b>20,165</b>	<b>39,240</b>
Payments	273,059	16
<b>Total Payments</b>	<b>273,059</b>	<b>16</b>
Net (Deficit)/Surplus	(252,894)	39,224
Opening Balance as at 01/08/20	522,790	591,745
<b>Add:</b> Prior year adjustments of receipts in current year	---	123,715
<b>Less:</b> Prior year adjustments of payments in current year	---	(231,894)
<b>Closing Balance as at 31/07/21</b>	<b>269,896</b>	<b>522,790</b>

**(e) Sahyadri Trust Fund**

The Sahyadri Trust Fund was established following the Joint Venture agreement entered into between the Republic of Fiji through the Ministry of Health and Medical Services and Sahyadri Speciality Pacific Hospital Ltd in July 2012 to provide various services in cardiology, neurology and joint replacements as well as providing specialised doctors, trained paramedical staff, technicians and other health related speciality services to the general public of Fiji.

The receipts are the contributions from the patients and governments assistance to approved patients and the payments are for the services to Sahyadri Speciality Pacific Hospital Ltd. The Joint Venture agreement dated 12 July 2012 expired on 16 September, 2017 between the Government and Sahyadri Speciality Pacific Hospital Ltd (SSPHL).

An approval for the closure of the Sahyadri Trust Fund was received on the 3<sup>rd</sup> of June 2020. The remaining balances of \$21,032 in the Account was transferred to the Consolidated Fund's Operating Fund Account (Fund 1) on 20<sup>th</sup> August 2020.

Detailed statements for the trust receipts and payments are provided below:

**2020**

**Table 22.17: Main Trust Fund Account- Sahyadri Fund**

Description	2020 (\$)	2019 (\$)
Receipts	545	---
<b>Total Receipts</b>	<b>545</b>	<b>---</b>
Payments	108	---
<b>Total Payments</b>	<b>108</b>	<b>---</b>
Net Surplus	437	---
Opening Balance as at 01/08/19	20,610	20,609
<b>Closing Balance as at 31/07/20</b>	<b>21,047</b>	<b>20,609</b>

**2021**

**Table 22.18: Main Trust Fund Account- Sahyadri Fund**

Description	2021 (\$)	2020 (\$)
Receipts	---	545
<b>Total Receipts</b>	<b>---</b>	<b>545</b>
Payments	21,032	108
<b>Total Payments</b>	<b>21,032</b>	<b>108</b>
Net (Deficit)/Surplus	(21,032)	437
Opening Balance as at 01/08/20	21,047	20,610
<b>Closing Balance as at 31/07/21</b>	<b>15</b>	<b>21,047</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.

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 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.

### 22.5 Misallocation of Expenditures

The Cost Centre Accounting Head or Accounts Supervisor must not certify a payment as correct unless they are satisfied that it is in accordance with Section 2.8.5 of the Finance Manual.

The audit 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 Table 22.19 and 22.20 below for details of misallocations.

**Table 22.19: Net Effect of Misallocation-FY 2020**

SEG	Population (\$)	Misstatement-Net Effect
SEG 1	191,820,822.81	Overstated by \$487,585.29
SEG 2	21,054,758.96	Understated by \$529,842.10
SEG 3	6,495,131.46	Understated by \$33,956.81
SEG 4	15,383,614.11	Understated by \$100,556.08
SEG 5	60,195,751.93	Overstated by \$160,334.60
SEG 6	533,011.49	Overstated by \$4,899.03
SEG 7	11,536.07	Overstated by \$11,536.07

**Table 22.20: Net Effect of Misallocation-FY 2021**

SEG	Population (\$)	Misstatement-Net Effect
SEG 1	185,414,123.94	Overstated by \$99,387.41
SEG 2	15,919,827.74	Understated by \$123,571.62
SEG 3	5,126,817.19	Overstated by \$156,760.34
SEG 4	15,372,095.99	Understated by \$385,947.52
SEG 5	70,391,278.75	Understated by \$166,452.64
SEG 9	9,279,296.08	Overstated by \$428,908.94
SEG 10	24,647,233.42	Understated by \$133,511.39
SEG 13	6,147,882.57	Overstated by \$133,511.39

The findings indicate that the Ministry did not regularize misposting during the closing of accounts process resulting in misstatement of expenditure groups.

### **Recommendations**

**The Ministry should ensure that:**

- **all transactions are posted to the correct allocations in the FMIS General ledger.**
- **Any errors or misallocations must be adjusted by way of journal vouchers or regularized during the closing of accounts period.**

### **Agreed Management Action**

*Audit findings and recommendation is acknowledged.*

*For misallocation noted from CWMH, CWM-Moving forward CWMH will ensure that any misallocations done in the current month will be corrected by JV in the new month or if detected earlier voucher will be cancelled and a new voucher will be raised debiting the correct allocation.*

*For Central and Eastern Division operation - General Stores and other request received was urgent needed but due to the unavailability of fund, other allocation was utilized due to its urgency. This request supposed to be source from COVID allocation but it was delay in receiving approvals, we had to source within using the Division vote (Central/Eastern) that had available funding.*

*For Lautoka hospital, during these two years closing of accounts period, there was 1st and 2nd wave of COVID outbreak and some Accounting staffs were isolated from work which resulted in some Closing of Accounts process not being completed as required.*

*For FPBS Allocation (12240185101), this transaction was misallocated in vouchering process, instead of seg4 seg3 was used since the natural accounts were similar. Team has noted this and will ensure it won't be a repetitive issue. For the misallocation noted for SEG 5, this are not mis- allocations as officers are to be paid through the project allocation 1-22401-85101-059130. SEG 5 Free medicine vote has been used to pay wages for GWE's recruited under project positions, thus requesting audit to take this issue out from the final audit report as they are correctly paid.*

## **22.6 Payment vouchers and related source documents not stamped “PAID”**

Immediately after payment has been affected, the cashier must stamp “paid” on all vouchers and supporting documentation to avoid any double payments.<sup>1</sup>

Audit review of the payment vouchers noted that a significant number of payment vouchers and supporting documents were not stamped 'PAID' by the cashier despite the payment already been effected.

Refer to **Appendix 22.1 and 22.2** for the listing of the payments not being stamped “paid” for the years 2020 and 2021 respectively.

As a result, it was noted that an invoice no. FA21157548 was paid twice. Refer to Table below for details.

<sup>1</sup> Finance Manual 2019 – section 2.8.16

**Table 22.21: Showing Payment made Twice**

Date	Payment Voucher No.	Payment ID	Invoice	VIP (\$)
22/07/21	484573	92255	FA21157548	70,405.73
07/07/20	482503	91642	FA21157548	70,405.73

Discussions revealed that the payment vouchers were not stamped paid due to lack of staffs as these vouchers were processed during the Covid-19 period where majority of the staffs were in isolation with only few staffs raising and processing the payment vouchers at HQ.

The above denotes weakness in controls over the payment process and there is a high risk of double payment being done without being detected.

### **Recommendations**

#### **The Ministry should:**

- ensure that all payment vouchers and related source documents are stamped “paid” immediately after payment has been effected.
- strengthen internal control measures for payments and ensure that payment processes are strictly followed.

### **Agreed Management Action**

*Audit findings and recommendation is acknowledged.*

*Due to Covid 19, both cashiers were positive and were isolated from work which resulted in some Closing of Accounts process not being completed as required.*

*However, this should not be the reason for this oversight and we will ensure that our processes are strengthened.*

## **22.7 Missing Asset Disposal Forms**

Annual board of survey must be conducted by 3 officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.<sup>2</sup>

The audit was unable to verify the approved Asset Disposal Forms totaling \$75,829 and \$1,440 for the years 2019/2020 and 2020/2021 respectively as the forms were missing.

Refer to Table below for details of items without any approved asset disposal forms.

Moreover, the Ministry also failed to provide any approvals for the disposal of expired medical inventories namely drugs, laboratory, dental and vaccines totaling \$407,242 for the year ended 31 July 2020.

<sup>2</sup> Finance Instructions 2010 – section 49(2)

**Table 22.22: Approved Asset Disposal Forms Not Provided (2020 & 2021)**

Station	Unit	Description	No.	Amount (\$)
<b>2019/2020</b>				
Nadi Hospital	Kitchen	Food Trolley	3	42,000
DMO Central Office	Admin Office	AC Unit	1	1,200
Tamavua Hospital	MS Office	Swivel Chairs	7	3,750
Tamavua Hospital	Kitchen Area	Food Trolley	2	16,000
Tamavua Hospital	Ward	Walker, Light, Wheelchair	6	2,780
Tamavua Hospital	Ward	Mattress, Drawer, Wardrobe	6	2,099
Tamavua Hospital	Ward	Suction Machine, P/Valve, Bed	3	8,000
<b>Total</b>				<b>75,829</b>
<b>2020/2021</b>				
CWM Hospital	Radiology Department	AC Unit	1	1,440
<b>Total</b>				<b>1,440</b>

The approved asset disposal forms were not properly filed and indexed and in most instances the approvals were not filed in sequential order hence the approvals may have been misplaced.

In the absence of the approved disposal forms, the accuracy and completeness of the assets written off recorded in Board of Survey and Statement of Losses could not be substantiated.

### **Recommendation**

**The Ministry should implement proper filing and indexing system to ensure that all approved asset disposal forms are properly filed for easier reference purposes and provided for audit purposes.**

### **Agreed Management Action**

*Audit findings and recommendation is acknowledged.*

*We will ensure that our record keeping is enhanced for both hard copies of approved asset disposal forms (to enhance storage space / proper filing system) and also the soft copies of the approvals (access to MHMS shared drive to properly store scanned copies of approvals).*

## **22.8 Variance in TMA Cash at Bank – 2020 & 2021**

The Cashiers together with the delegated Accounting Officer should ensure that the payment processes is scheduled in the General Ledger (GL350) on a daily basis.<sup>3</sup> After reconciling details in the cash books, the Accounts Supervisor shall submit the cash books, duplicate receipts and lodgment forms to the Data Entry clerk for posting into the General Ledger.<sup>4</sup>

Refer to the Table below for details:

<sup>3</sup> Finance Manual 2019 - section 2.8.20

<sup>4</sup> Finance Manual 2019 – section 5.5.4

**Table 22.23: Showing Variance Between Bank Reconciliation and FMIS GL**

Year	Cash Book & Bank Statement Reconciliation (\$)	General Ledger Balance (\$)	Variance (\$)
2020	495,178.78	471,412.44	23,766.34
2021	457,597.04	434,488.38	23,108.66

The difference is mainly attributed to sales from the prior periods not being receipted and the Ministry is not able to locate manual invoice to support the posting of the transaction in the FMIS GL.

The above denotes poor record keeping to ensure that the FMIS general ledger balances are reconciled on a regular basis.

### **Recommendations**

The Ministry should ensure that:

- proper sales records are kept and is recorded in the FMIS GL on a regular basis.
- the cash balances as per the FMIS GL is reconciled on a monthly basis against the cash at bank balances.

### **Agreed Management Action**

*Audit findings and recommendation is acknowledged.*

*Bulk Purchase Scheme in FPBS will adhere to the recommendation given by the auditor in regards to the reconciliation for cash against FMIS GL.*

## **22.9 Absence of TMA Accounts Receivable Listing - FY 2020 & 2021**

A register of debtors shall be maintained to record details of people or organizations that have been approved to buy goods or services on credit from the agency.<sup>5</sup>

The audit noted that there is no Accounts Receivables listing maintained to support the balances of \$10,278 and \$11,306 recorded in the FMIS general ledger for both financial years ending 31/07/20 and 31/07/21. Refer to Table below for details of the balances.

**Table 22.24: Showing Accounts Receivable Balance**

Allocation	2020 (\$)	2021 (\$)
AR Companies (560102)	4,908.66	4,949.66
AR Individuals (560103)	5,369.41	6,356.11
<b>Total</b>	<b>10,278.07</b>	<b>11,305.77</b>

Additionally, debtors reconciliation was not carried for the both financial years and the balances have been carried forward since 2019.

<sup>5</sup> Finance Manual 2019 - section 9.1.2

The above indicates that the invoicing and receipting process in the FMIS system are not performed correctly resulting in these balances not being cleared.

As a result, the audit was unable to substantiate the TMA Accounts receivable balances as at year end.

### **Recommendations**

**The Ministry should ensure that:**

- **proper invoicing and receipting process in the FMIS is followed at all times.**
- **all general ledger balances are properly supported and reconciled on a regular basis. Any errors or misstatement to be adjusted accordingly.**

### **Agreed Management Action**

*Audit findings and recommendation is acknowledged.*

*Bulk Purchase Scheme in FPBS will liaise with FMIS in regards to panel access for Account receivable listings and also for reconciliation purpose.*

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

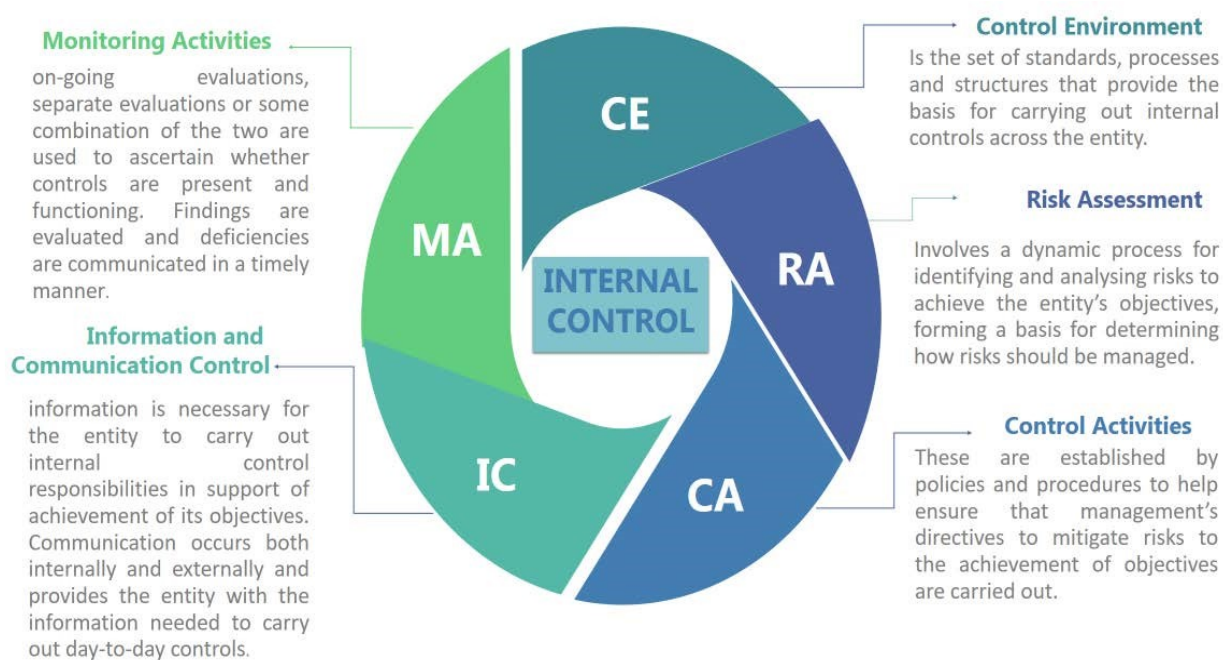
### 22.10 Internal Controls

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 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

## 22.11 Submission of FY 2020 and 2021 Draft Agency Financial Statements

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

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✗	Cancellation of unprocessed purchase orders by 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 <u>virement</u> 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 <u>imprests</u> 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 2020 and 2021 year-end close process as:



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

Year	Rating	Year-end close process assessment
2020	☀ Generally effective	Seven of 10 key processes completed within two weeks of due date
2021	☀ Generally effective	Five of 10 key processes completed within two weeks of due date

## 22.12 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 Ministry was:

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

## 22.13 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. Two draft financial statements received on 26 November 2020 and 11 December 2020
2021	☀ Generally effective	Acceptable draft financial statements received on or before 31 October 2021. Draft financial statements received on 26 October 2021 and 26 November 2021

## 22.14 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	☀ 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 22.1 : Payment Vouchers not stamped “Paid” - FY 2020**

Date	Cheque/ EFT No.	Description	Amount (\$)
03/06/2020	69269	Medical supplies	602,786.24
21/07/2020	73712	Hamilton ventilator service fee	384,642.35
15/07/2020	73728	Purchase of forklift	146,697.25
15/06/2020	70219	Purchase 50 hp prodesk-it unit	83,046.79
19/02/2020	61274	Medical gas upgrading project	75,403.07
15/07/2020	73371	Medical supplies	69,576.49
18/06/2020	70892	Payment for operating theatre lights	59,613.63

**APPENDIX 22.2 : Payment Vouchers not stamped “Paid” - FY 2021**

Date	Cheque/ EFT No.	Description	Amount (\$)
08/06/2021	90188	Being Payment of cooking items	1,906.42
20/06/2021	90584	Being payment to the named payee for services provided to CWMH	1,236.88
18/06/2021	90894	Being payment for purchase of projector for Wellness centre	2,564.22
21/06/2021	91204	Being payment to the named payee for upgrading the kitchen at FPBS.	9,582.00
07/06/2021	15584	Being payment for hire of cherry picker for old incinerator works.	8,348.62
21/07/2021	16071	Being payment for accommodation for Outreach Team in Savusavu wef:17/06-17/07/21	1,284.40
22/02/2021	84784	Being payment to the named payee for services provided to CWMH for January 2021.	131,810.30
06/01/2021	81637	Being payment of indent	70,498.85
02/09/2020	75008	Being payment of claim 2 - Maintenance work	200,152.07
26/05/2021	89180	Being payment to the named payee for bills	92,561.72
09/09/2020	7015	Being cost of hotel accommodation	538,725
26/05/2021	88824	Being hotel accommodation	111,586
30/06/2021	91497	Being payment of accommodation	1,344,906.37
09/09/2020	75103	Being cost of hotel accommodation	741,542.00
---	88815	Being cost of hotel accommodation	621,882.00
06/01/2021	81808	Being payment of sitting allowance for being an Independent Panelists	280.18
20/01/2021	82381	Being payment of water bill payment	60,821.38
19/01/2021	82543	Being payment to the named payee for CTG	44,587.14
04/02/2021	83413	Being purchase of car battery for GQ681 Covid19	311.94
04/02/2021	83747	Being cost of servicing Sea Leg for Covid19	2,032.85
08/02/2021	84235	Being cost of accommodation for Fiji Nationals Covid-19	61,805.00
14/04/2020	88094	Being payment for the supply of domestic items	1,766.97
24/05/2021	88512	Being payment relieving duties at Moala H/C	1,970.00
20/05/2021	88519	Being payment to the named payee for services provided to CWMH for payment of food rations	7,138.72
25/05/2021	88829	Being payment to the named payee for electrical works	5,045.87
26/05/2021	88814	Being cost of hotel accommodation	617,061.00
09/09/2020	75102	Being cost of hotel accommodation.	185,645.00
26/05/2021	88820	Being cost of hotel accommodation	366,880.13
09/09/2020	75106	Being hotel accommodation	136,500.00

Date	Cheque/ EFT No.	Description	Amount (\$)
12/06/2021	91500	Being payment of extension of hotel accommodation.	92,575.00
30/06/2021	91498	Being payment of accommodation for Ministry of Health staff safe bubble – Covid 19 operations.	58,448.37
12/07/2021	91697	Purchase of lunch packs for Naitasiri Screening team.	10,600.00
11/06/2021	90157	Being payment for lunch packs Nasinu contact tracing/swabbing team.	7,000.00
09/05/2021	87600	Being cost of catering for Covid screening central division.	12,750.00
11/06/2021	90156	Being payment for supply of 11 serve of dinner pack at \$10 each.	1,100.00
11/02/2021	84239	60% advance payment – medical beds.	1,718,480.40
31/07/2021	92570	40% balance payment – medical beds.	1,145,653.60
31/03/2021	85517	Payment of medical goods.	532,564.05
06/03/2021	90355	Payment for medical consumables and equipment.	428,908.24

**Section 23****Ministry of Housing and Community Development****Roles and Responsibilities**

The Ministry of Housing and Community Development is responsible for all of the functions of the Department of Housing and Rural Housing Unit formerly under the Ministry of Rural and Maritime Development, along with the various housing and community services previously offered by the Ministry of Lands and the Ministry of Local Government to help more Fijian families own their home.

The Ministry works expeditiously to increase the supply of affordable housing in Fiji, the Ministry will also engage with all stakeholders, including construction companies, with the ambition to reduce the construction costs of homes by harnessing new technologies. The Ministry works with development partners, including the private sector, to introduce innovative new strategies employed in other parts of the world to successfully meet increasing demands for home ownership.

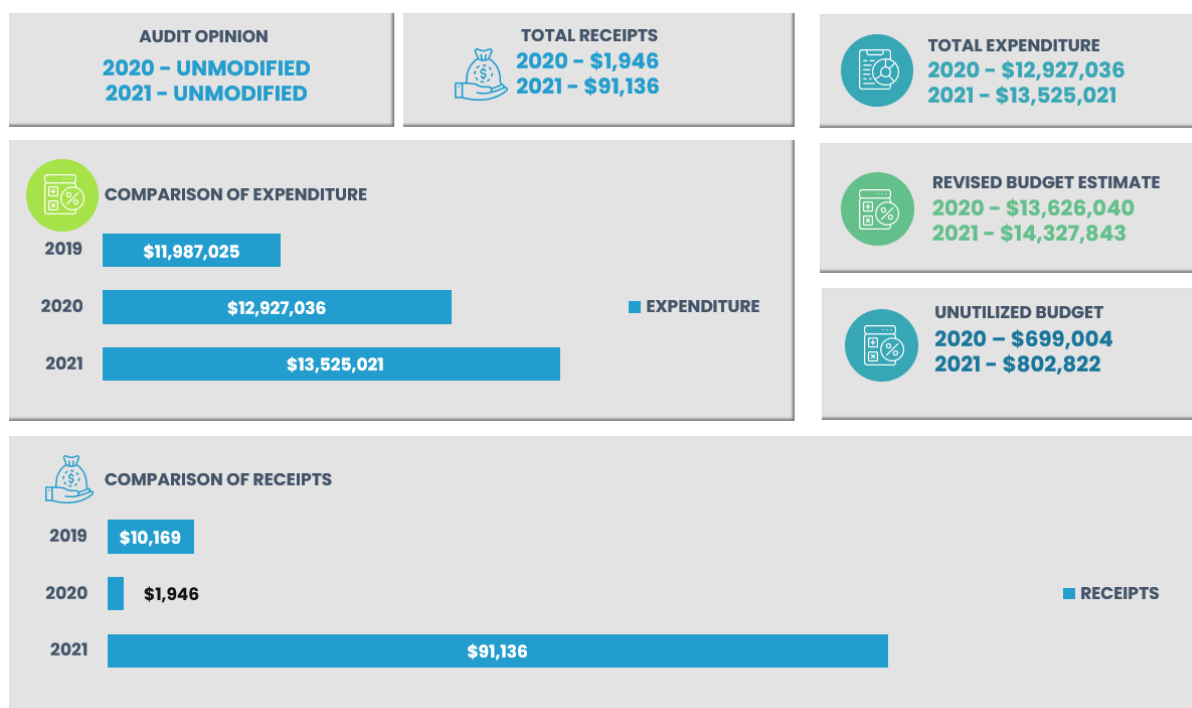
The Ministry will also continue the important work around the country to provide security of tenure to Fijians residing in informal settlements, bringing the stability and peace of mind of long term land ownership to more Fijian families.

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## PART A: FINANCIAL INFORMATION

### 23.1 Financial Information



### 23.2 Audit Opinion

#### 2020

The audit of the 2020 accounts for the Ministry of Housing and Community Development resulted in an unmodified audit opinion. However, attention was drawn to the following other matter:

The Ministry recorded deposits received from the public for rural housing assistance of \$575,049 as Unearned Income under the Liability Account (SLG 85) in the FMIS general ledger.

#### 2021

The audit of the 2021 accounts for the Ministry of Housing and Community Development resulted in an unmodified audit opinion. However, attention was drawn to the following other matter:

The Ministry recorded deposits received from the public for rural housing assistance of \$490,556 as Unearned Income under the Liability Account (SLG 85) in the FMIS general ledger

### 23.3 Appropriation Statement

#### 2020

The Ministry collected revenue totalling \$1,946 in 2020 and incurred expenditure totalling \$12,927,036 against a revised budget of \$13,626,040 in savings of \$699,004 or 5.1%.

Details of expenditure against the revised budget are provided in Table 23.1.

Table 23.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	615,069	33,804	648,873	648,639	234
2	Government Wage Earners	373,843	495	374,338	367,825	6,513
3	Travel & Communication	52,040	6,800	58,840	58,831	9
4	Maintenance & Operations	57,061	44,551	101,612	98,624	2,988
5	Purchase of Goods & Services	99,720	(51,846)	47,874	38,223	9,651
6	Operating Grants & Transfers	1,480,000	(33,804)	1,446,196	1,360,000	86,196
7	Special Expenditure	303,000	---	303,000	281,833	21,167
	<b>Total Operating Expenditure</b>	<b>2,980,733</b>	<b>---</b>	<b>2,980,733</b>	<b>2,853,975</b>	<b>126,758</b>
8	Capital Construction	2,000,000	---	2,000,000	1,911,904	88,096
10	Capital Grants & Transfers	8,419,207	---	8,419,207	7,957,496	461,711
	<b>Total Capital Expenditure</b>	<b>10,419,207</b>	<b>---</b>	<b>10,419,207</b>	<b>9,869,400</b>	<b>549,807</b>
13	Value Added Tax	226,100	---	226,100	203,661	22,439
	<b>TOTAL</b>	<b>13,626,040</b>	<b>---</b>	<b>13,626,040</b>	<b>12,927,036</b>	<b>699,004</b>

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

## 2021

The Ministry collected revenue totalling \$91,136 in 2021 and incurred expenditure totalling \$13,525,021 against a revised budget of \$14,327,843 in savings of \$802,822 or 5.6%.

Details of expenditure against the revised budget are provided in Table 23.2.

Table 23.2: Appropriation Statement for 2021

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	736,159	---	736,159	658,622	77,537
2	Government Wage Earners	379,262	---	379,262	291,514	87,748
3	Travel & Communication	45,000	19,000	64,000	58,337	5,663
4	Maintenance & Operations	60,400	24,000	84,400	75,727	8,673
5	Purchase of Goods & Services	183,792	(60,000)	123,792	74,238	49,554
6	Operating Grants & Transfers	1,300,000	---	1,300,000	1,285,731	14,269
7	Special Expenditure	80,000	17,000	97,000	88,628	8,372
	<b>Total Operating Expenditure</b>	<b>2,784,613</b>	<b>---</b>	<b>2,784,613</b>	<b>2,532,797</b>	<b>251,816</b>
8	Capital Construction	2,000,000	(400,000)	1,600,000	1,489,680	110,320

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
10	Capital Grants & Transfers	8,470,000	1,260,000	9,730,000	9,333,265	396,735
	<b>Total Capital Expenditure</b>	<b>10,470,000</b>	<b>860,000</b>	<b>11,330,000</b>	<b>10,822,945</b>	<b>507,055</b>
13	Value Added Tax	213,230	---	213,230	169,279	43,951
	<b>TOTAL</b>	<b>13,467,843</b>	<b>860,000</b>	<b>14,327,843</b>	<b>13,525,021</b>	<b>802,822</b>

No significant unutilized budget was noted for the financial year ended 31 July 2021, however the Ministry had received \$860,000 through redeployment of funds for the First Home Purchase Programme as follows:

**Table 23.3: Redeployment of \$860,000**

Redeployment No.	Transfer from	Transfer to	Grant	Amount (\$)
REDY02	Head 24	1-23201-23999-100251	First Home Purchase (less than \$50,000)	690,000
		1-23201-23999-100252	First Home Purchase (\$50,000-\$100,000)	170,000
Total				860,000

## **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.

### **23.4              Monthly Reconciliations Not Prepared – Recurring Issue**

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at ministry/department level and/but most importantly at whole of government level. The Assistant Accountant must reconcile all accounts to be submitted to Ministry of Economy within two weeks after the closing of each monthly account. The Senior Accountant must verify all the reconciliations before signing and submitting it to the Ministry of Economy.

Audit noted monthly reconciliation statements were not prepared for underline accounts for the financial years 2020 and 2021.

Refer to Appendix 23.1 for details.

The Ministry did not have sufficient resources for its accounting function to adequately perform the monthly reconciliation of accounts.

#### **Recommendation**

**The Ministry should ensure sufficient resourcing of the accounting function.**

#### **Agreed Management Action**

*The Ministry notes the observation and recommendations; this has been since rectified and reconciliations are prepared monthly from 2021-2022 financial year.*

*However, there are a few prior years of unreconciled non-moving balances which the ministry is working with assistance from MLG and MOE. The Ministry will be clearing this in 2021-2022 Financial year.*



### **23.5 Variance between Underline Account Reconciliation Statements and GL Balances – Recurring Issue**

Within 3 days of receiving the monthly general ledger reports from the Ministry of Economy, the Assistant Accountant shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>1</sup>

The audit noted that variances still exists between the Ministry's Underline Account Reconciliation Statements and the FMIS general ledger balances for the financial years 2019/2020 and 2020/2021.

Refer to Appendix 23.2 for details.

Absence of effective supervisory checks with the Drawings Account reconciliation process resulted in the variances.

#### **Recommendations**

**The Ministry should:**

- **strengthen supervisory checks with the drawings account reconciliation process to ensure accuracy and completeness of the reconciliation statements and FMIS GL balances; and**
- **develop a training plan for capacity development of existing resources on accounting and reconciliation process.**

#### **Agreed Management Action**

*The Ministry had further consulted with the Ministry of Economy Financial reporting unit in June 2022 and the Ministry of Local Government to further reconcile \$136,580.84 which is reflected in the Ministry's drawing Account as previous years carried forward balance.*

*The Ministry will work in collaboration with the Ministry of Local Government and Ministry of Economy in 22-23 financial year to obtain the details of transactions prior to recommending for accounting adjustments.*

### **23.6 Carried forward balances for Operating Trust Fund Account – Recurring Issue**

The Senior Accountant is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.<sup>2</sup>

As at 31/07/2020 and 2021, Operating Trust Fund Account had credit closing balances of \$406,822 and \$407,255 respectively. It was noted that the balance of \$403,307 has been carried forward over a five (5) year period and remains outstanding as at 31/07/2020 and 2021 respectively.

Refer to Appendix 23.3 for details.

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<sup>1</sup> Ministry of Local Government, Urban Development, Housing & Environment Finance Manual 2013, section 16.3.3 and 16.3.4

<sup>2</sup> Ministry of Local Government, Urban Development, Housing & Environment Finance Manual 2013, Part 16

Absence of adequate supervisory checks with the accounting function relating to monitoring and reviewing of the monthly accounts reconciliation performed. Failure to accurately perform reconciliation of accounts can lead to errors and omission not being detected on a timely basis.

### **Recommendations**

**The Ministry should consider capacity development for accounting officers involved in the monthly reconciliation of accounts and awareness on the requirements of the Finance Instructions and Finance Manual; and**

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

### **Agreed Management Action**

*The Ministry had further consulted with the Ministry of Economy Financial reporting unit in June 2022 and the Ministry of Local Government to further reconcile \$136,580.84 which is reflected in the Ministry's drawing Account as previous years carried forward balance.*

*The Ministry will work in collaboration with the Ministry of Local Government and Ministry of Economy in 22-23 financial year to obtain the details of transactions prior to recommending for accounting adjustments.*

## **23.7 Anomalies noted in Revolving Fund Account – Recurring Issue**

The Assistant Accountant must also record the travel advance in the debtor's register. Where an advance has not been acquitted within seven days of travel, the Senior Accountant shall effect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.<sup>3</sup>

Audit noted the following anomalies:

### **Advances: 1-23101-23999-570301**

The advances allocation had an outstanding balance of \$181,110 for the financial years 2020 and 2021. There has been no movement in the balance from 31/07/2018 to 31/07/2021. Refer to Table 23.7 below for details.

**Table 23.7: RFA Outstanding balance**

Year	Balance (\$)
2016	177,399
2017	178,999
2018	181,110
2019	181,110
2020	181,110
2021	181,110

### **Accounts Receivable: 1-23101-23999-560203**

<sup>3</sup> Ministry of Local Government, Urban Development, Housing & Environment Finance Manual 2013, section 10.1.10 and 10.1.14

Accounts receivable allocation shows credit balance of \$46,036 which is still outstanding as at 31 July 2020 and 2021 respectively.

Absence of adequate supervisory checks with the accounting function relating to monitoring and reviewing of the monthly accounts reconciliation performed.

Accounts receivable with credit balances indicated lack of proper reconciliation and misposting of transactions in the FMIS general ledger.

### **Recommendation**

**The Ministry should strengthen the administration of accountable advances and improve supervisory checks of the accounts reconciliation process.**

### **Agreed Management Action**

*This balance is non-moving.*

*The Ministry had further consulted with the Ministry of Economy Financial Reporting Unit in June 2022 and the Ministry of Local Government to further reconcile \$181,111, which is reflected in the Ministry's Revolving Fund Account as previous years carried forward balance.*

*The Ministry will work in collaboration with the Ministry of Local Government and Ministry of Economy in 22-23 financial year to obtain the details of transactions prior to recommending for accounting adjustments.*

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

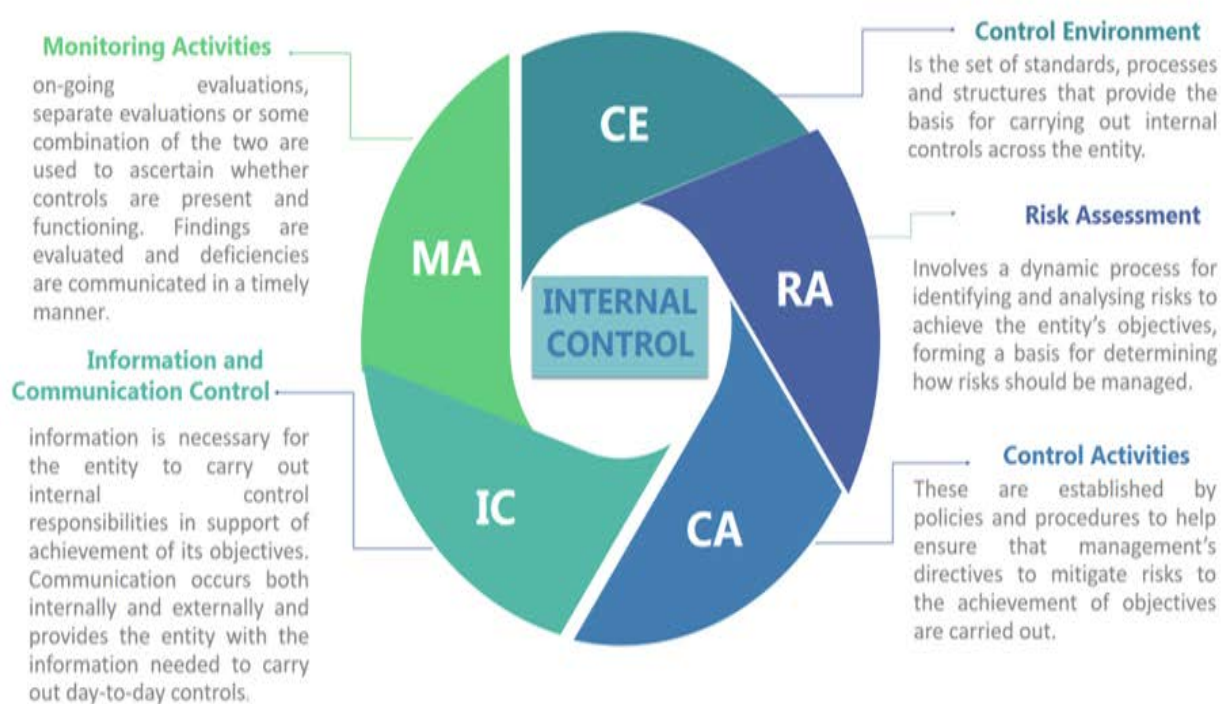
### 23.8 Internal Controls

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.

### 23.9 Submission of FY 2020 and 2021 Draft Agency Financial Statements

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

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 06 August 2020	✓	Cancellation of unprocessed purchase orders by 20 July 2020	✓
Clearance of Inter-departmental clearance accounts by 7 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	NA

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	✗	Submission of arrears of revenue returns by 27 August 2021	NA

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	Six of 9 key processes completed within two weeks of due date.
2021	☀ Generally effective	Five of 9 key processes completed within two weeks of due date

### 23.10 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

### 23.11 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	🔴 Ineffective	Acceptable draft financial statements received after 31 October 2020. Financial Statements were resubmitted on 25 March 2022 and 05 August 2022
2021	🔴 Ineffective	Acceptable draft financial statements received after 31 October 2021. Financial Statements were received on 01 November 2021, 25 March 2022 and 05 August 2022

### 23.12 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	🔴 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 the Financial Statements for signing
2021	🔴 Ineffective	After 15 days from the issue of the Financial Statements for signing

**APPENDIX 23.1: MONTHLY RECONCILIATIONS NOT PREPARED****FY 2019/2020**

FMIS GL Allocation	Account Description	GL balance as at 31 <sup>st</sup> July 2020	Comments
1-23101-23999-530301	Drawings Account	(996,509)	One consolidated reconciliation was prepared from April 2020 to July 2020 on 26.10.2020; Monthly reconciliation statements not prepared from August 2019 to March 2020.
1-23101-23999-537103	Imprest Account	Nil	Monthly reconciliation statements not prepared from August 2019 to November 2019, February 2020 and June 2020.
1-23101-23999-560203	Account Receivables	(46,036)	Monthly reconciliation statements not prepared August 2019 to July 2020.
1-23401-23999-840602	SLG 84 - Withholding Tax	(89,460)	Monthly reconciliation statements not prepared for January 2020, May 2020 and June 2020.
1-23101-23999-840102	SLG 84 – Adaptation Fund Project	Nil	One consolidated reconciliation prepared from August 2019 to July 2020 on 23.09.2021.
1-23101-23999-840101-001	SLG 84 – Previous Year Social Housing Contr.Refund	Nil	Monthly reconciliation not prepared from August 2019 to July 2020.
1-23000-00000-860000	SLG 86 – Operating Trust Fund Account	(406,822)	Monthly reconciliation statements not prepared from August 2019 to November 2019 and April 2020.



**FY 2020/2021**

FMIS GL Allocation	Account Description	GL balance as at 31 <sup>st</sup> July 2021	Comments
1-23101-23999-538101	BLC	Nil	One consolidated reconciliation was prepared from August 2020 to December 2020 on 14.1.2021.
1-23101-23999-536101	IDC	Nil	One consolidated reconciliation was prepared from August 2020 to December 2020 on 12.01.2021.
1-23401-23999-537103	Imprest	Nil	Three consolidated reconciliations were prepared from August 2020 to September 2020 on 23.04.2021, December 2020 to February 2021 on 30.08.2021 and April 2021 to July 2021 on 30.08.2021.
1-23101-23999-560203	Account Receivables	(46,036)	Monthly reconciliation statements not prepared from August 2020 to July 2021.
1-23101-23999-570301	Revolving Fund Account	181,111	One consolidated reconciliation was prepared from August 2020 to December 2020 on 25.01.2021.
1-23101-23999-840602	SLG 84 – Withholding Tax	(89,980)	Monthly reconciliation statements not prepared from August 2020 to February 2021.
1-23101-23999-840102	SLG 84 - Adaptation Fund Project	Nil	One consolidated reconciliation was prepared from August 2020 to July 2021 on 23.09.2021.
1-23101-23999-840101-001	SLG 84 – Previous Year Social Housing Contr. Refund	Nil	Monthly reconciliation statements not prepared from August 2020 to July 2021.
1-23000-00000-860000	SLG 86 – Operating Trust Fund Account	(407,225)	Monthly reconciliations statements not prepared from August 2020 to December 2021.

**APPENDIX 23.2: VARIANCES BETWEEN UNDERLINE ACCOUNT RECONCILIATION STATEMENTS AND GL BALANCES****FY 2019/2020**

Account Name	Balance as per Reconciliation statement (\$)	Balance as per FMIS GL (\$)	Variance (\$)
BLC Account	(500.00)	---	(500.00)
IDC Account	(840,038)	---	(840,038)
Drawings Account	201,649	(996,509)	(794,860)
Operating Trust Fund Account	(387,582)	(406,822)	19,240

**FY 2020/2021**

Account Name	Balance as per Reconciliation statement (\$)	Balance as per FMIS GL (\$)	Variance (\$)
Drawings Account	4,546	(139,128)	(134,582)
IDC Account	(662,279)	---	(662,279)
Operating Trust Fund Account	(387,996)	(407,225)	19,229

**APPENDIX 23.3: CARRIED FORWARD BALANCES FOR OPERATING TRUST FUND ACCOUNT – FY 2020 & 2021**

Account Allocation	2017 (\$)	2018 (\$)	2019 (\$)	2020 (\$)	2021 (\$)
Tender Deposit	400,836	400,836	400,836	400,836	400,836
Security Deposits	95	95	95	95	95
OPR Current Year	83	83	83	83	83
PSC Scholarship Loan	2,239	2,239	2,239	2,239	2,239
Payroll Deduction Agriculture	54	54	54	54	54
<b>Total</b>					<b>403,307</b>

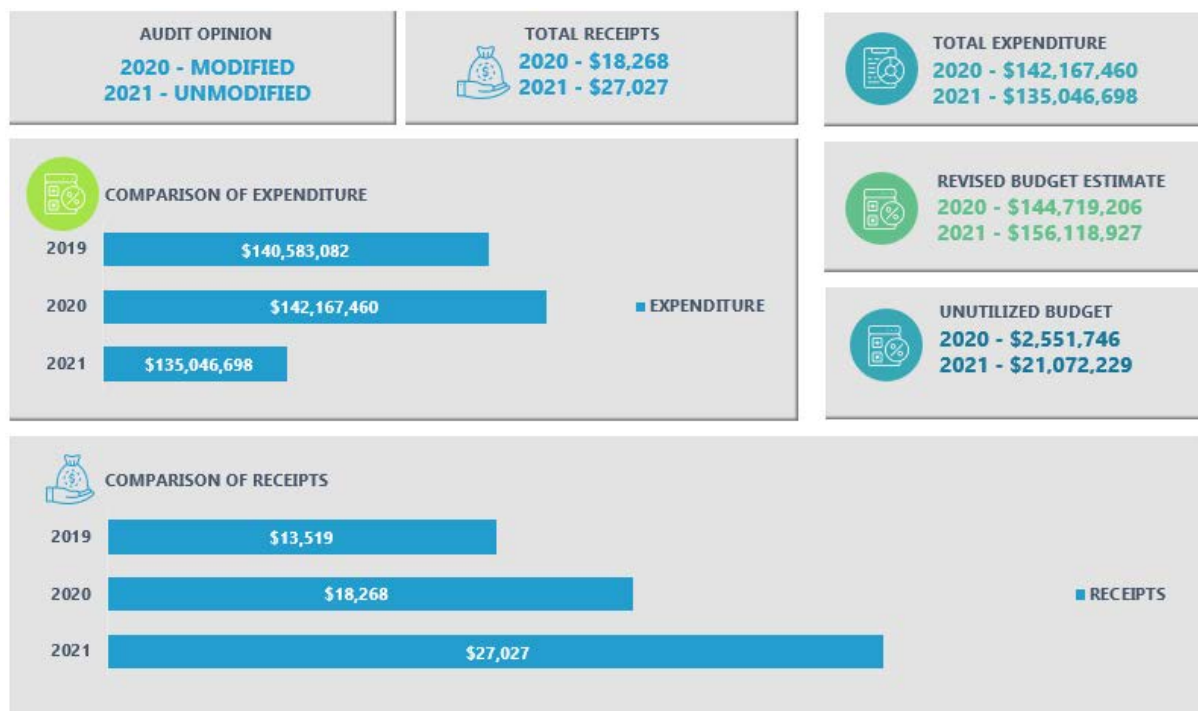
**Section 24****Ministry of Women, Children and Poverty Alleviation****Roles and Responsibilities**

The Ministry of Women, Children and Poverty Alleviation oversees national policies and programmes that create an inclusive social safety net for Fiji's most vulnerable groups and ensure they are cared for, empowered and included in our ongoing national prosperity.

The Ministry of Women, Children and Poverty Alleviation is responsible for providing services and administering programmes that protect and serve the most vulnerable, and contributes to the national poverty alleviation strategy and programmes, working to reduce poverty in Fiji. The Ministry's core work provides critical support to the most disadvantaged groups, with programmes that consider gender, disability, children, older persons and their social and economic circumstances and needs. The Ministry has authority over the Department of Social Welfare, Department of Women and the Poverty Monitoring Unit.

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**PART A: FINANCIAL INFORMATION****24.1 Audit Opinion****2020**

The audit of the 2020 accounts for the Ministry of Women, Children and Poverty Alleviation resulted in a modified audit opinion with an emphasis of matter.

The qualification issue was:

- The statements of Receipts and Expenditure includes Operating Grants and Transfers amount of \$125,054,372. Included in this amount are the various Social Welfare Scheme payments totalling \$110,954,990. An unreconciled variance of \$4,203,130 exists between the General Ledger balance of \$ 110,954,990 and the actual payment amount made through the banks and other modes of payment totalling \$106,751,860 for the year ended 31 July 2020. Consequently, I cannot establish the accuracy and completeness of Operating Grants and Transfers of \$125,054,372 reflected in the financial statements. The Ministry has reduced these variances in the 2021 financial year.

The emphasis of matter paragraph was on the:

- Unreconciled variances of \$193,109 and \$198,724 that existed between the FMIS general ledger and the Ministry's payroll report for Established Staff and Government Wage Earners respectively.

**2021**

The audit of the 2021 accounts for the Ministry of Women, Children and Poverty Alleviation resulted in an unmodified audit opinion with an emphasis of matter.

The emphasis of matter paragraph was on the:

- Unreconciled variances of \$909,997 and \$768,051 that existed between the FMIS general ledger and the Ministry's payroll report for Established Staff and Government Wage Earners, respectively.

## 24.2 Appropriation Statement

### 2020

The Ministry collected revenue totalling \$18,268 in 2020 and incurred expenditure totalling \$142.2 million against a revised budget of \$144.7 million resulting in unutilised budget of \$2.5 million or 1.7%.

Details of expenditure against the revised budget are provided in Table 24.1.

Table 24.1: Appropriation Statement for 2020

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,912,501	(23,979)	7,888,522	7,888,506	16
2	Government Wage Earners	2,075,346	294,287	2,369,633	2,369,610	23
3	Travel & Communication	288,025	67,274	355,299	349,049	6,250
4	Maintenance & Operations	760,500	165,007	925,507	893,006	32,501
5	Purchase of Goods & Services	2,521,768	81,963	2,603,731	2,551,938	51,793
6	Operating Grants & Transfers	128,160,132	(950,124)	127,210,008	125,054,372	2,155,636
7	Special expenditure	992,000	(45,145)	946,855	869,155	77,700
	<b>Total Operating Costs</b>	<b>142,710,272</b>	<b>(410,717)</b>	<b>142,299,555</b>	<b>139,975,636</b>	<b>2,323,919</b>
8	Capital Construction	500,000	8,444	508,444	508,443	1
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	910,000	545,547	1,455,547	1,455,545	2
	<b>Total Capital Expenditure</b>	<b>1,410,000</b>	<b>553,991</b>	<b>1,963,991</b>	<b>1,963,988</b>	<b>3</b>
13	Value Added Tax	455,660	---	455,660	227,836	227,824
	<b>TOTAL</b>	<b>144,575,932</b>	<b>143,274</b>	<b>144,719,206</b>	<b>142,167,460</b>	<b>2,551,746</b>

The significant unutilised budget for the financial year ended 31 July 2020 were as follows:

- (a) The unutilised budget in Operating Grants & Transfers (SEG 6) was due to the following:
- Unutilised budget in Bus Fare Program amounting to \$780,000 was due to the reduction of monthly top up value from \$40 to \$20.
  - Unutilised budget in Child Protection Allowance of \$438,000 was due to recertification and review exercises for all Social Protection programmes.
  - Social Pension Scheme unutilised budget of \$614,000 was due to the recertification and review exercises for all Social Protection Programmes.
  - Unutilised budget in Poverty Benefit Programmes of \$245,000 was due to the recertification and review exercises for all Social Protection Programmes.

- v. Unutilised budget in Women Plan of Action of \$67,000 was due to unreleased RIE.
- (b) The unutilised budget under Special Expenditure (SEG 7) was due to the following:
- Unutilised budget of \$30,000 for Domestic Violence Support Fund is due to internal processing that needs to be reviewed for in the cabinet paper.
  - Unutilised budget of \$13,000 for Child Protection Programme is due to the reduction in the revised budget programmes plus the payment of Child Helpline Mascot which was pending completion and delivery from overseas supplier.
  - Unutilised budget of \$10,000 for Domestic Violence Helpline is due to meeting other commitments towards the end of this financial year plus also the issue in the delay of the MOA.

**2021**

The Ministry collected revenue totalling \$27,027 in 2021 and incurred expenditure totalling \$135 million against a revised budget of \$156 million resulting in unutilised budget of \$21 million or 13.5%.

Details of expenditure against the revised budget are provided in Table 24.2.

**Table 24.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,758,701	(306,484)	7,452,217	7,203,282	248,935
2	Government Wage Earners	1,832,000	306,484	2,138,484	2,038,611	99,873
3	Travel & Communication	244,800	52,145	296,945	277,032	19,913
4	Maintenance & Operations	705,500	199,290	904,790	863,917	40,873
5	Purchase of Goods & Services	4,062,012	(8,989)	4,053,023	3,145,899	907,124
6	Operating Grants & Transfers	125,540,597	(242,446)	125,298,151	111,186,939	14,111,212
7	Special expenditure	11,283,494	---	11,283,494	7,223,538	4,059,956
	<b>Total Operating Costs</b>	<b>151,427,104</b>	<b>---</b>	<b>151,427,104</b>	<b>131,939,218</b>	<b>19,487,886</b>
8	Capital Construction	6,228,761	(2,627,769)	3,600,992	2,632,879	968,113
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	200,000	---	200,000	78,000	122,000
	<b>Total Capital Expenditure</b>	<b>6,428,761</b>	<b>(2,627,769)</b>	<b>3,800,992</b>	<b>2,710,879</b>	<b>1,090,113</b>
13	Value Added Tax	1,127,330	(236,499)	890,831	396,601	494,230
	<b>TOTAL</b>	<b>158,983,195</b>	<b>(2,864,268)</b>	<b>156,118,927</b>	<b>135,046,698</b>	<b>21,072,229</b>

Significant unutilised budget for the financial year ended 31 July 2021 are as follows:

- The unutilised budget in Established Staff cost was due to the unfilled vacant positions.
- The unutilised budget in Purchases of Goods & Services (SEG 5) was due to the following:

- i. Technical Assistance - SPP Reform- \$500,000: the unutilised budget was due to the pending recruitment of technical staffs.
  - ii. Commission charges - \$370,335: the unutilised budget was due to the reduction of new approval of cases received due to the imposition of COVID restrictions.
- c) The unutilised budget in Operating Grants & Transfers (SEG 6) was due to the following:
- i. National Council for Persons with Disabilities unutilised budget of \$83,432 was due to unfilled vacant positions and operations cost for the Western Disability Centre.
  - ii. Grants to Voluntary Organizations unutilised budget of \$126,000 was due to delay in receiving the acquittals and audit reports for previous years before tabling of applications and agreements.
  - iii. National Council for Older Persons unutilised budget of \$121,613 was the result of the imposition of COVID restrictions, thus programs were put on hold.
  - iv. Bus Fare Programme for Older / Persons with Disabilities unutilised budget of \$2,849,854 was due to reduction in monthly top up value from \$20 to \$ 10 and COVID restrictions imposed.
  - v. Child Protection Allowance unutilised budget of \$1,233,316, Food voucher for Rural Pregnant Mothers unutilised budget of \$569,001, Social Pension Schemes unutilised budget of \$3,536,808, Allowance for Persons with Disability unutilised budget of \$169,184, Poverty Benefit Scheme unutilised budget of \$4,847,419, were the result of reduction in cases received for approval and the imposition of COVID restrictions.
  - vi. Women and Gender Development unutilised budget of \$352,525 was due to the imposition of COVID restrictions which led to programme activities being cancelled.
  - vii. Women's Institutions unutilised budget of \$180,000 was due to the unutilised budget component for National Women's Shelter for gender based violence.
- d) The unutilised budget in Special Expenditure (SEG 7) was due to the following:
- i. Community Act unutilised budget of \$188,311 was due to pending recruitment for the Community Based Correction (CBC) staff.
  - ii. REACH unutilised budget of \$70,853 and Integrated National Poverty Eradication Programme unutilised budget of \$98,931 were due to the imposition of COVID restrictions which led to most programme activities being cancelled.
  - iii. Child Protection Program unutilised budget of \$60,521 was due to the cancellation of programmes because of COVID restrictions and tropical cyclones and the engagement of officers in the DISMAC operations.
  - iv. Social Welfare Management Information System (DFAT) unutilised budget of \$2,193,702 was due to the pending recruitment of the National Coordinator.
  - v. Social Welfare Top-Up (DFAT) unutilised budget of \$1,323,292 was due to approval of only certain categories of assistance.
- e) The unutilised budget in capital construction (SEG 8) was due to the following:
- i. Construction of Aged Care Facility unutilised budget of \$435,494 and Construction of Barefoot College unutilised budget of \$532,619 were due to the delay in the progress of construction as a result of COVID restrictions.
- f) The unutilised budget in Capital Grants & Transfers (SEG 10) was due to the following:
- i. Voluntary Organisation unutilised budget of \$100,000 was due to the delay in the receipt of acquittals and audit reports of NGOs in the previous years before tabling of applications and agreement.



### 24.3 Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Ministry of Women operates and maintains 1 main trust fund bank account which is the Help for Home Trust Fund Account.

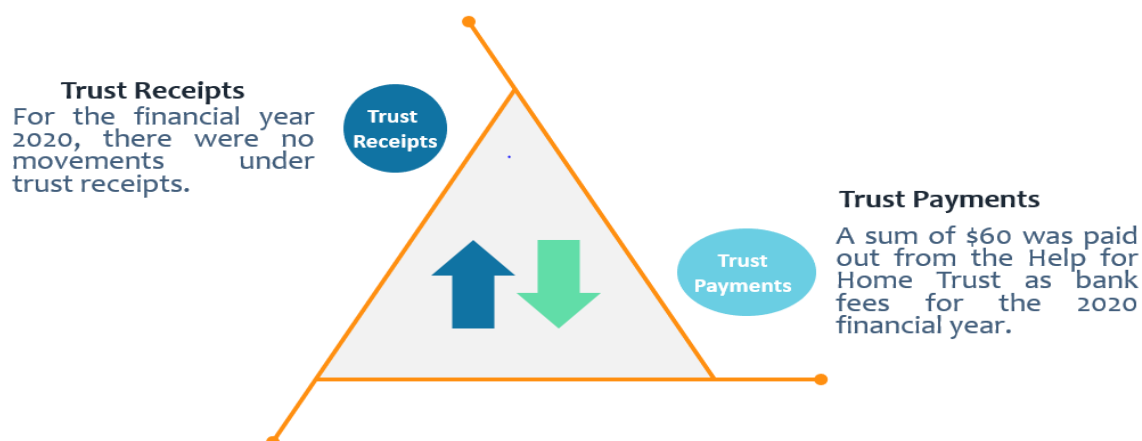
#### Help for Home Trust Fund Account

This main trust account had been set up to cater for the refunds to the affected victims of TC Winston who had been claiming for purchases of goods and services from the grants scheme assistance.

#### **2020**

Except for bank fees, there were no payments made from this account during financial year 2019/2020.

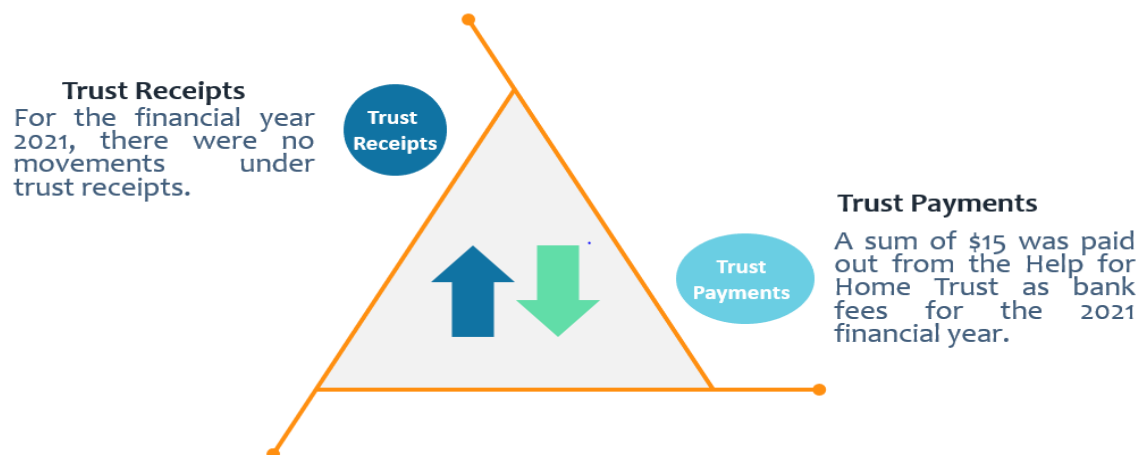
As at 31 July 2020, the Help for Home Trust Fund Account had a balance of \$189,987.



#### **2021**

Except for bank fees, there were no payments made from this account during financial year 2020/2021.

As at 31 July 2021, the Help for Home Trust Fund Account had a balance of \$189,972.



## 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.

### 24.4 Variance in Pay

Audit noted variances between the fortnightly/ weekly pay as per the payroll system and the independent calculations carried out.

**Table 24.3: Details of Pay Variances**

Officer	Amount as per Payroll Report (\$)	Amount as per Independent Calculation (\$)	Variance (\$)	Details
Officer 1	7,365.40	9,242.40	1,877.00	Variance due to incorrect payment of annual leave and time off hours
Officer 2	4,491.54	4,194.99	(296.55)	Variance due to annual leave compensation calculated on incorrect weekly pay (545.42-505.42) *7.4
Officer 3	3,899.43	433.27	(3,466.16)	Deemed resignation approved from 8/11/21 while officer received eight subsequent pays from 12/11/20-25/08/21 (433.27*8)
Officer 4	7,772.26	7,682.26	(90.00)	Calculation error in meal payment
Officer 5	1,877.38	1,646.96	(230.42)	Variance in arrears of salary payment
Officer 6	2,362.80	2,178.00	(184.80)	Pay rate in the payroll report was changed from \$4.95 to \$5.37 for 10 pays from 30/05/19-07/08/19 ((5.37-4.95) *44) *10)
Officer 7	2,362.80	2,178.00	(184.80)	Pay rate in the payroll report was changed from \$4.95 to \$5.37 for 10 pays from 30/05/19-07/08/19 ((5.37-4.95) *44) *10)
Officer 8	2,589.68	-	(2,589.68)	Contract terminated on 21/1/19 while officer received four subsequent pays from 15/01/20-10/03/20 (647.42*4)

The variances were the result of incorrect calculation of annual leave liability when the officers exit the Ministry.

**Recommendation**

**The Ministry should strengthen the controls around monitoring and review of the annual leave calculation and payment of arrears.**

**Agreed Management Action**

*Ministry noted the recommendations.*

**24.5 Operating Trust Balances Not Cleared**

The SAO must ensure that any misallocation or outstanding balances from the previous month have been dealt with<sup>1</sup>.

The audit was not able to substantiate the operating trust account balances after performing subsequent payment testing for the outstanding operating trust balances as at 31 July 2020 and 2021. Refer to the table below for details.

In addition, the Ministry was not able to determine the aging of the balances which have been carried forward.

**Table 24.4: Operating Trust balances not cleared**

Operating Trust	Balance 31 July 2020 (\$)	Long outstanding balance (\$)	Long Outstanding (%)	Balance 31 July 2021 (\$)	Long outstanding balance (\$)	Long Outstanding (%)
Social Welfare	102,271	57,885	57	89,139	58,748	66
Dept of Women	10,417	5,759	55	10,698	7,240	68
<b>Total</b>	<b>112,688</b>	<b>63,644</b>	<b>56</b>	<b>99,837</b>	<b>65,988</b>	<b>66</b>

The audit findings indicate that the Operating Trust Account was not reviewed for accuracy and reconciled on a timely basis by the responsible officer.

**Recommendations**

**The Ministry should:**

- Investigate and rectify the carried forward balances from prior years; and
- Ensure that controls and adequate supervisory checks are carried out to avoid such discrepancies from occurring in future.

**Agreed Management Action**

*Ministry will seek Ministry of Finance's advice on the clearance of long outstanding balances.*

<sup>1</sup> Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, Section 16.3.6

## 24.6 Variances in the Scheme Allocation – Recurring Issue

Each agency must have in place a cost-effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors, and avoids unfavourable audit reports.<sup>2</sup>

Variances were noted between Disbursement records against FMIS general ledger. In FY 2020, a material variance was noted which resulted in the qualification.

In FY 2021, the variance has decreased which was an improvement by the Ministry.

Refer to Table 24.5 below for details.

**Table 24.5: Variance in Scheme Allocations FY2019/2020 and FY2020/2021**

FY2019-2020					
Disbursements	PBS (\$)	SPS (\$)	DAS (\$)	CP (\$)	Total
Bank payments	22,654,239.00	51,493,191.00	7,099,200.00	6,586,462.00	
Redeemed food vouchers	8,293,427.79	501,201.48		4,260,291.55	
Homes allowance				208,493.16	
Paymaster	66,818.00	68,900.00	25,355.00	20,970.00	
Post Fiji	2,870,349.58	1,396,155.00	168,130.00	1,038,676.00	
<b>Total as per Exp Records</b>	<b>33,884,834.37</b>	<b>53,459,447.48</b>	<b>7,292,685.00</b>	<b>12,114,892.71</b>	<b>\$106,751,859.56</b>
<b>Total as per GL</b>	<b>38,180,775.65</b>	<b>54,367,762.52</b>	<b>6,457,811.04</b>	<b>11,948,640.74</b>	<b>\$110,954,989.95</b>
<b>Variance</b>	<b>(4,295,941.28)</b>	<b>(908,315.04)</b>	<b>834,873.96</b>	<b>166,251.97</b>	<b>(4,203,130.39)</b>
<b>% Variance</b>	<b>-11%</b>	<b>-2%</b>	<b>13%</b>	<b>1%</b>	<b>4%</b>

FY2020-2021					
Disbursements	PBS (\$)	SPS (\$)	DAS (\$)	CP (\$)	Total
Bank payments	21,719,938.00	47,416,617.00	8,305,031.20	6,900,254.40	
Redeemed food vouchers	11,553,845.00	246,849.00		3,879,096.81	
Homes allowance				251,550.00	
Paymaster	79,974.00	22,200.00	8,280.00	25,548.00	
Post Fiji	1,418,884.00	2,084,259.00	1,111,010.00	523,454.00	
<b>Total as per Exp Records</b>	<b>34,772,641.00</b>	<b>49,769,925.00</b>	<b>9,424,321.20</b>	<b>11,579,903.21</b>	<b>105,546,790.41</b>
<b>Total as per GL</b>	<b>33,489,339.15</b>	<b>51,904,581.37</b>	<b>9,007,574.40</b>	<b>11,153,925.00</b>	<b>105,555,419.92</b>
<b>Variance</b>	<b>1,283,301.85</b>	<b>(2,134,656.37)</b>	<b>416,746.80</b>	<b>425,978.21</b>	<b>(8,629.51)</b>
<b>% Variance</b>	<b>4%</b>	<b>-4%</b>	<b>5%</b>	<b>4%</b>	<b>0.01%</b>

The anomaly is due to payments being made for other expenditures apart from social welfare schemes which were not adjusted.

### Recommendations

The Ministry should:

- Implement a policy to perform reconciliation of Social Welfare Payouts against the General Ledger for every month end; and
- Strengthen its internal controls in bank pay-outs such as segregation and rotation of duties for loading of bank files and the performance of the reconciliations.

<sup>2</sup> Finance Instruction 2010 Section 59(1)

**Agreed Management Action**

The variance include:

- The component of redeemed Food Vouchers
- The funds returned due to invalid accounts
- Returned funds from acquittals
- Paymaster charges

All will be adjusted and posted back to relevant SPP Program.

Current Process:

- Ledger book is maintained for posting of respective SPP allocations.
- RIE to be approved and released earlier before monthly payout so charges are made according to the right allocations.

**24.7 Variances between Payroll and FMIS General Ledger – Recurring Issue**

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at Ministry/department level and/but most importantly at whole of government level.<sup>3</sup>

The audit noted variances between the Financial Management Information System (FMIS) and the Ministry's payroll report balance for the Established staffs and the Unestablished staffs for FY 2020 and 2021. Refer to the Table 24.6 below for details.

**Table 24.6: Variances between Payroll and General Ledger**

Payroll Summary Analysis	FY 2020		FY 2021	
	Established \$	Unestablished \$	Established \$	Unestablished \$
PE- Salary/ Wages	5,919,569	3,400,828	6,313,052	2,415,507
Add Allowances	48,211	36,980	49,003	13,690
Add Overtime		63,820	-	4,338
<b>Total FMIS</b>	<b>5,967,780</b>	<b>3,501,628</b>	<b>6,362,055</b>	<b>2,433,535</b>
Less Payroll Summary Report	5,774,671	3,700,352	5,452,058	3,201,586
<b>Variance</b>	<b>193,109</b>	<b>-198,724</b>	<b>909,997</b>	<b>-768,051</b>

Lack of reconciliation between the FMIS and payroll report has resulted in the variance.

**Recommendation**

**The Ministry should reconcile the payroll report and FMIS general on a monthly basis.**

**Agreed Management Action**

Monthly reconciliation is done to reflect that the right persons is paid from the appropriate relevant programme budget.

<sup>3</sup> Ministry of Women, Children & Poverty Alleviation Finance Manual 2013 - Section 17.2.4

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

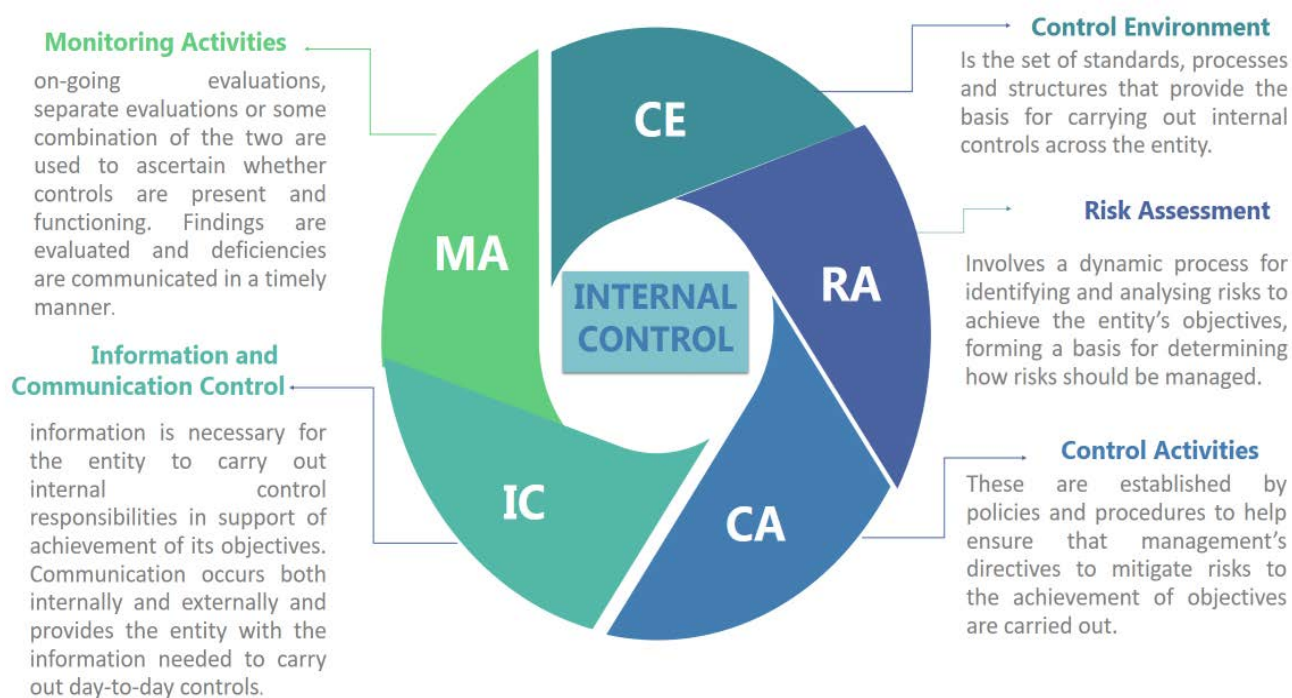
### 24.8 Internal Controls

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

#### 24.9 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	✓	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	✗	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	✓	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 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 2020 and 2021 year-end close process as:

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

#### 24.10 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	🔴 Ineffective	No adjustment was processed but a modified opinion was issued
2021	🟢 Effective	No adjustments were required

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

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

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

## Section 25 Ministry of Youth and Sports

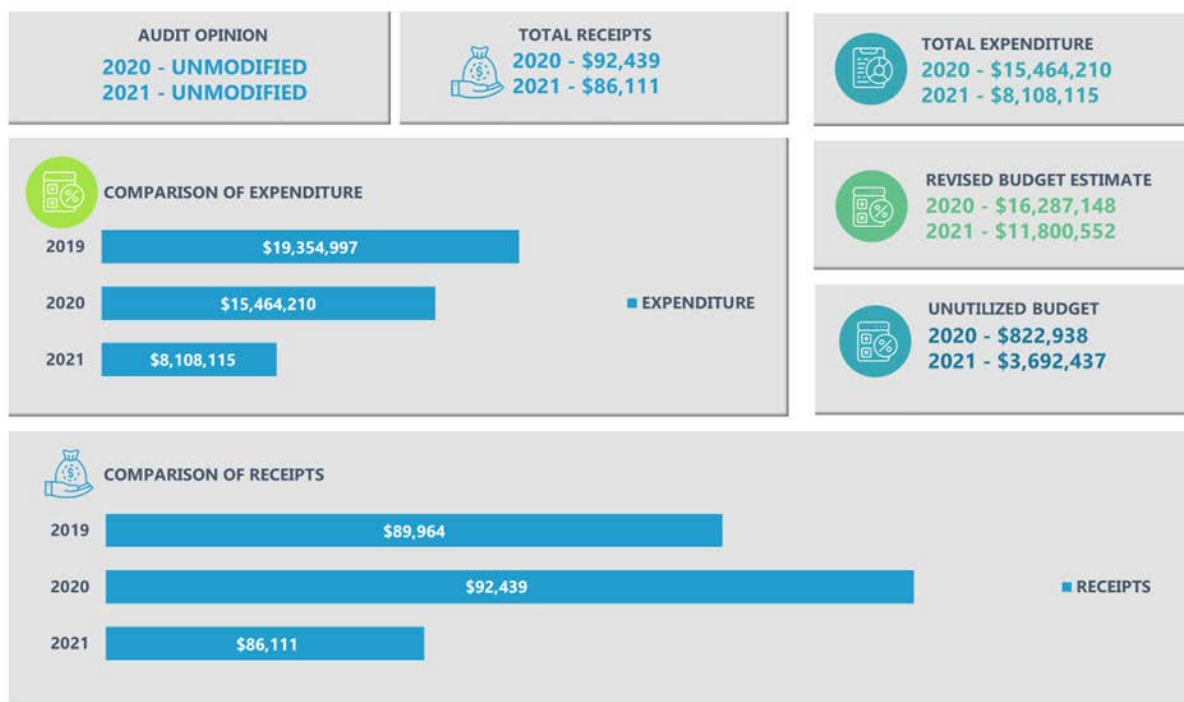
### Roles and Responsibilities

The Ministry offers training to youths through five Youth Training Centres around the country, along with mobile training in rural and urban areas. The training is run in close cooperation with other ministries, particularly the Ministries of Agriculture, Fisheries, Forests, and iTaukei Affairs. The training is aimed at empowering young people to be productive members of the community and equipping them with the knowledge and skills to venture into specific income-earning opportunities.

The Ministry also drives sporting development in Fiji to encourage healthy lifestyle choices among Fijians of all ages, in addition to maintaining and building upon Fiji's position as the Pacific hub for athletic competition. The Ministry's work falls within the framework of a number of existing policies that govern national sporting development.

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**PART A: FINANCIAL INFORMATION****25.1 Audit Opinion****2020**

The audit of the 2020 accounts of the Ministry of Youth and Sports resulted in an unmodified audit opinion.

**2021**

The audit of the 2021 accounts of the Ministry of Youth and Sports resulted in an unmodified audit opinion.

**25.2 Appropriation Statement****2020**

The Ministry incurred expenditure totalling \$15.5 million in 2020 against a revised budget of \$16.3 million resulting in savings of \$0.8 million or 5%.

Details of expenditure against the revised budget are provided in Table 25.1.

**Table 25.1: Appropriation Statement for 2020**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,841,312	(105,561)	1,735,751	1,641,605	94,146
2	Government Wage Earners	203,590	2,003	205,593	193,697	11,896

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
3	Travel & Communication	176,165	24,563	200,728	180,079	20,649
4	Maintenance & Operations	288,908	26,538	315,446	290,152	25,294
5	Purchase of Goods & Services	677,837	89,753	767,590	671,989	95,601
6	Operating Grants & Transfers	11,438,947	(9,618)	11,429,329	10,980,893	448,436
7	Special Expenditure	841,922	(37,296)	804,626	749,769	54,857
	<b>Total Operating Expenditure</b>	<b>15,468,681</b>	<b>(9,618)</b>	<b>15,459,063</b>	<b>14,708,184</b>	<b>750,879</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	639,867	9,618	649,485	648,454	1,031
	<b>Total Capital Expenditure</b>	<b>639,867</b>	<b>9,618</b>	<b>649,485</b>	<b>648,454</b>	<b>1,031</b>
13	Value Added Tax	178,600	---	178,600	107,572	71,028
	<b>TOTAL</b>	<b>16,287,148</b>	<b>---</b>	<b>16,287,148</b>	<b>15,464,210</b>	<b>822,938</b>

The unutilized budget was largely due to the following:

Savings in Operating Grants and Transfers (SEG 6) of \$448,436 was due to the unutilized funding by the Boxing Commission of Fiji approximately 68% of the COVID-19 revised budget due to restrictions on contact sports. A savings of \$428,054 or 26% was also due to reduced expenditures on the Engagement of Sports Coaches during the financial year.

## 2021

The Ministry collected revenue totaling \$86,111 in 2021 and incurred expenditure totaling \$8.1 million against a revised budget of \$11.8 million resulting in savings of \$3.7 million or 31%.

Details of expenditure against the revised budget are provided in Table 25.2.

**Table 25.2: Appropriation Statement for 2021**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,242,326	(123,740)	2,118,586	1,831,069	287,517
2	Government Wage Earners	198,508	---	198,508	177,975	20,533
3	Travel & Communication	131,000	51,603	182,603	141,548	41,055
4	Maintenance & Operations	252,000	35,000	287,000	255,457	31,543
5	Purchase of Goods & Services	568,500	47,490	615,990	407,075	208,915
6	Operating Grants & Transfers	6,000,465	---	6,000,465	4,657,946	1,342,519
7	Special Expenditure	675,000	(10,353)	664,647	379,363	285,284

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	<b>Total Operating Expenditure</b>	<b>10,067,799</b>	<b>---</b>	<b>10,067,799</b>	<b>7,850,433</b>	<b>2,217,366</b>
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	1,586,343	---	1,586,343	171,341	1,415,002
	<b>Total Capital Expenditure</b>	<b>1,586,343</b>	<b>---</b>	<b>1,586,343</b>	<b>171,341</b>	<b>1,415,002</b>
13	Value Added Tax	146,410	---	146,410	86,341	60,069
	<b>TOTAL</b>	<b>11,800,552</b>	<b>---</b>	<b>11,800,552</b>	<b>8,108,115</b>	<b>3,692,437</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.

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 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.

### **25.3 Governance Issues (FY 2020)**

The Ministry will proactively identify and manage its risk and opportunities at all levels.<sup>1</sup> The Ministry will ensure the implementation of an effective and holistic enterprise risk management system which will support and strengthen the corporate governance process.<sup>2</sup>

The audit noted there was no risk assessment carried out and no risk register was maintained for the financial year 2020.

Lack of awareness of the requirements of the Risk Management Framework.

Failure to address these issues could have an impact on achieving the Ministry's objectives in managing risks particularly risk of fraud and misappropriation of assets.

#### **Recommendation**

**The Ministry should carry out awareness of the Risk Management Framework to ensure that the requirements of the framework are implemented.**

#### **Agreed Management Action**

*The Ministry had developed its Risk Management Framework 2020 as a measure to ensure the implementation of an effective and holistic enterprise risk management system which will support and strengthen the corporate governance process.*

*The Ministry currently imposes the Public Services disciplinary guidelines upon identification of risks particularly risk of fraud and misappropriation of assets and conducts formal investigations in accordance to the disciplinary guidelines and any breaches to the public service code of conduct or values are dealt accordingly. The Ministry*

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<sup>1</sup> Risk Management Framework Section 2.1

<sup>2</sup> Risk Management Framework Section 2.2

will further ensure that appropriate risk assessments are conducted on annual basis in addition to the compliance of the public service disciplinary guidelines.

The Ministry will also conduct internal awareness to Senior Management, Head of sections at leadership positions and officers in charge of youth Training Centre's on the Risk Management Framework details and the need to ensure risk register is maintained by each section and Youth Training Centre and the conducting of annual risk assessment for the Ministry.

#### 25.4 Carried forward balances for Operating Trust Fund Account – Recurring Issue (FY 2020)

Within 3 days of receiving the monthly general ledger reports from the Ministry of Economy (FMIS), the Assistant Coordinator Finance (Ledger) shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>3</sup> Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>4</sup>

As at 31/07/2020, Operating Trust Fund Account had a credit closing balance of \$43,621.21. The audit noted that balance has been carried forward from previous years and remains outstanding in the FMIS GL as at 31/07/2020. Refer to table 25.3 below for details.

Table 25.3 Carried forward balances

Account Allocation	Balance as at 31/07/2019 (\$)	Balance as at 31/07/2020 (\$)
12510125101861599	(7.87)	(7.87)
12510125101861901	(4,617.53)	(4,617.53)
12510125101861920	(24,313.64)	(31,930.44)
12510125101863201	(70.21)	(585.39)
12510125101899999	(6,479.98)	(6,479.98)
<b>Total</b>	<b>(35,489.23)</b>	<b>(43,621.21)</b>

Performing reconciliation of accounts were not conducted on a timely basis.

#### Recommendations

**Monthly reconciliation of accounts should be performed on time and properly checked by relevant supervisor.**

**The carried forward balances from previous years should be reviewed and necessary accounting adjustments made.**

<sup>3</sup> Ministry of Youth and Sports Finance Manual 2020 Section 15.3.3

<sup>4</sup> Ministry of Youth and Sports Finance Manual 2020 Section 15.3.4

**Agreed Management Action**

*The Ministry had made submissions to the Ministry of Economy and held consultations on the adjustments and had also written to the office of Auditor General on the accumulated balances. With the due diligence processes and improved check and balancing processes in place with the Ministry's Finance Section, such issues are rectified and addressed that could lead to accumulation of balances into these Liability accounts.*

*The Ministry ensures monthly reconciliations are timely conducted and ledgers are maintained by the Reconciliation clerk, with proper supervisory checks through the Manager Finance to curb any such issues in future. The Ministry's Finance Section also have developed standard operating procedures in place and all finance staffs have opportunities to attend FMIS refresher training and capacity building workshop for accounts cadres within the Ministry. The Ministry is currently in consultation with the Ministry of Economy (FMIS) to make necessary accounting adjustment during the closing of accounts for financial year 2020-2021.*

**25.5 Fiji Boxing Commission Accounts Not Audited (FY 2021)**

The accounts of the Commission shall be audited annually by the Auditor General or by such other person on such terms and conditions as he or she may appoint. <sup>5</sup>

According to the Section 6.3 (b) of the Operating Grant agreement between Ministry of Youth and Sports and the Boxing Commission of Fiji dated 17<sup>th</sup> August 2020, the grant recipient must provide to the Government a final audit report in accordance with this clause no later than three months after the period under audit.

The audit noted that Fiji Boxing Commission did not submit any of its draft accounts to the Office of the Auditor General for audit purposes.

Review of the FMIS General Ledger showed that the following grants were paid by the Ministry to Fiji Boxing Commission over the last four years. Refer to the table 25.4 below for details.

**Table 25.4 Grant Paid by Ministry to Fiji Boxing Commission over last four years**

Year	Operating Grant Amount (\$)
2018	75,000
2019	30,000
2020	---
2021	19,980

Lack of expertise in the preparation of the financial statement of the Boxing Commission of Fiji has resulted in the non-submission of the draft accounts in accordance with the applicable financial reporting framework.

<sup>5</sup> Boxing Commission of Fiji Act 2008 Section 29 (2)



**Recommendation**

**The Ministry should ensure that the Fiji Boxing Commission submits its Financial Statements for audit purposes.**

**Agreed Management Action**

*Recommendation is kindly acknowledged and noted. To promote good governance and transparency, the Ministry will assist the Fiji Boxing Commission in ensuring it submits its Financial Statements for audit purposes to the Auditor – General.*

## PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

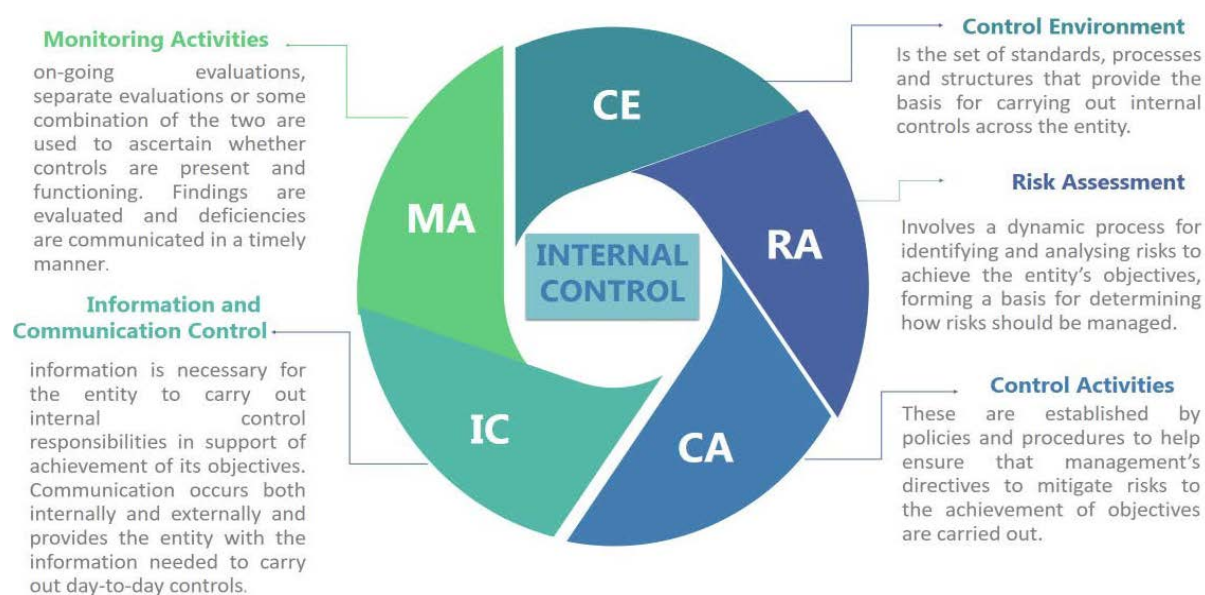
### 25.6 Internal Controls

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 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 controls
2021	🌿 Effective	No deficiencies identified in internal controls

## 25.7 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 18 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. 08/2020 - 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 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 2020 and 2021 year-end close process as:

Year	Rating	Year-end close process assessment
2020	🟢 Effective	All 10 key process completed by due date
2021	🟢 Effective	All 10 key process completed by due date

### 25.8 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 adjustment were required
2021	🟢 Effective	No adjustment were required

### 25.9 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	🟢 Effective	Acceptable draft financial statements received before 15 October 2020
2021	🟢 Effective	Acceptable draft financial statements received before 15 October 2021

### 25.10 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



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