



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI

2022

AUDIT REPORT ON GENERAL ADMINISTRATION SECTOR



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 121 OF 2023



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

VISION

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

To provide independent value adding
audit services

MISSION

To provide an environment where
our people can excel

RESPECT

We uphold respect
in our relationships.

INTEGRITY

We are ethical, fair and
honest in our duties.

INDEPENDENT
& OBJECTIVE

We work independently
and report objectively.

VALUES

COMPETENCE

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

TRANSPARENCY

Our processes
are transparent.

CONFIDENTIALITY

We maintain audit
related information
confidential.

PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE
REPUBLIC OF FIJI

AUDIT
ACT 1969

ENVIRONMENT
MANAGEMENT ACT

NDP AND OTHER
LEGISLATION

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File: 102

17 November 2023

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

Dear Sir

2022 AUDIT REPORT ON GENERAL ADMINISTRATION SECTOR

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the General Administration Sector for 2022 financial year.

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

Yours sincerely

Sairusi Dukuno
ACTING AUDITOR-GENERAL



Encl.

The Office of the Auditor-General – Republic of Fiji

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

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

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

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

Table of Contents

AUDITOR-GENERAL’S FOREWORD	3
1.0 SECTOR SUMMARY	4
2.0 AUDIT OPINION RESULTS	5
3.0 ASSESSMENT OF FINANCIAL GOVERNANCE	7
3.1 Internal Control Framework	7
3.2 Internal Controls	8
3.3 Preparation of Draft Agency Financial Statements	8
3.4 Quality of Draft Financial Statements by Entities	9
3.5 Timeliness of Draft Financial Statements for Entities	9
3.6 Timeliness of Provision of Management Comments and Signing of Financial Statements	9
4.0 RESULT SUMMARY – FINANCIAL GOVERNANCE	10

AUDITOR-GENERAL'S FOREWORD



I am pleased to present the 2022 report on the General Administration Sector.

With effect from 24 February 2022, I took up the acting appointment of the Auditor-General. Over this period, I brought upon strategies to update the audits of Ministries and Department. I am pleased to advise that there has been significant progress in enabling the tabling of the 2022 reports for General Administration Sector to Parliament.

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

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

It is important to note that the deficiencies highlighted in this report were identified during our audit and may have been subsequently resolved. These have been included in this report as they impacted on the overall system of control of the Ministries and Departments as at 31 July 2022.

Report

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

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

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

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

A handwritten signature in black ink, appearing to be 'S Dukuno'.

Sairusi Dukuno

Acting Auditor-General

Date: 17 November 2023

1.0 SECTOR SUMMARY

This report includes the audit for agencies under the General Administration sector, namely:

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

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

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

Results of our Audits - Quality and Timeliness of Financial statements

Of the twenty-one agencies reported in this report, the audit resulted in the Auditor-General issuing modified audit opinion on three agencies in financial year 2022. The details are contained in [Section 2.0](#).

The submission of acceptable draft financial statements for audit were generally effective as majority of the draft financial statements were received by 31/10/22 except for six agencies for which the draft financial statements were received after 31/10/22.

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 2021-2022, the quality of the agency financial statements for the agencies under the General Administration Sector remained consistent with issuance of sixteen agencies with unmodified audit reports. The financial statements for Ministry of Foreign Affairs was issued a modified audit report in financial year 2022 while in 2020 and 2021 financial year, the Ministry's financial statement was unmodified.

For financial year ended 2022, three agencies were issued with modified audit opinion similar to financial year ended 2021.

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

Ministry/Department	2021-2022 Financial Year		2020-2021 Financial Year		2019-2020 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Date Report Signed	Audit Opinion Type	Audit Opinion Type
1. Office of the President	22/05/2023	Unmodified	22/08/2022	Unmodified	Unmodified
2. Office of the Prime Minister and Fijian Immigration Department	16/08/2023	Unmodified	16/09/2022	Unmodified	Unmodified
3. Office of the Attorney-General	15/08/2023	Unmodified	12/09/2022	Unmodified	Unmodified
5. Ministry of iTaukei Affairs	10/08/2023	Unmodified	01/07/2022	Unmodified	Unmodified
6. Ministry of Defence, National Security and Policing	22/08/2023	Unmodified	18/08/2022	Unmodified	Unmodified
7. Ministry of Employment, Productivity and Industrial Relations	18/07/2023	Unmodified	19/12/2022	Unmodified	Unmodified
8. Ministry of Foreign Affairs	08/08/2023	Modified	18/11/2022	Unmodified	Unmodified
9. Independent Bodies					
Judiciary Department	16/08/2023	Modified	02/09/2022	Modified	Modified
Parliament of Fiji	13/02/2023	Unmodified	19/09/2022	Unmodified	Unmodified
Office of the Director of Public Prosecutions	01/05/2023	Unmodified	28/07/2022	Unmodified	Unmodified
15. Ministry of Justice	19/07/2023	Unmodified	23/09/2022	Unmodified	Unmodified
15A. Fiji Corrections Service	23/08/2023	Unmodified	29/12/2022	Unmodified	Unmodified
16. Department of Information, Communications & Digital Government Transformation Office	13/06/2023	Unmodified	28/07/2022	Unmodified	Unmodified
16A. Department of Information Technology and Computing Services	04/07/2023	Unmodified	13/10/2022	Unmodified	Unmodified
17. Ministry of Civil Service	30/08/2023	Unmodified	05/08/2022	Unmodified	Unmodified
18. Ministry of Rural and Maritime Development and Disaster Management	21/08/2023	Unmodified	14/09/2022	Unmodified	Unmodified
19. Republic of Fiji Military Forces	08/09/2023	Modified	18/11/2022	Modified	Modified
20. Fiji Police Force	07/08/2023	Unmodified	17/10/2022	Unmodified	Unmodified
49. Peacekeeping Missions	08/09/2023	Unmodified	18/11/2022	Modified	Modified

In accordance with International Standards on Auditing, I express an *unmodified opinion* (unqualified) when the financial statements are prepared in accordance with the Financial Management Act 2004, Finance Instructions 2010 and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit which would affect the financial statements of an entity.

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

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

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

Based on the above, I issued modified audit opinion for agencies on the grounds presented as follows:

Judiciary

The financial statements provide the status of the Department's reconciliations for Suitors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances, with a closing balance of \$45,505,114 as disclosed in the Judicial Trust Fund Account Statement of Receipts and Payments.

Republic of Fiji Military Forces

Trading and Manufacturing Account - An unreconciled variance of \$30,543 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance.

Ministry of Foreign Affairs

An unreconciled variance of \$1,668,879 exists between the FMIS general ledger Overseas Bank balance of \$3,726,613 and the consolidated Overseas Mission's bank reconciliation statement balance of \$2,057,734. As such, I was unable to determine the accuracy of the total expenditure and total revenue amounting to \$26,704,002 and \$506,511 respectively reflected in the Statement of Receipts and Expenditure.

3.0 ASSESSMENT OF FINANCIAL GOVERNANCE

This section evaluates the effectiveness of the internal controls maintained by 21 Ministries and Departments.

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

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

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

Our overall assessment of the financial governance of the agencies reported under the General Administration Sector shows internal control, the financial statement preparing processes and responses to the Office of the Auditor-General. Details of our assessment is provided under [section 4.0 – Results Summary Financial Governance](#).

3.1 Internal Control Framework

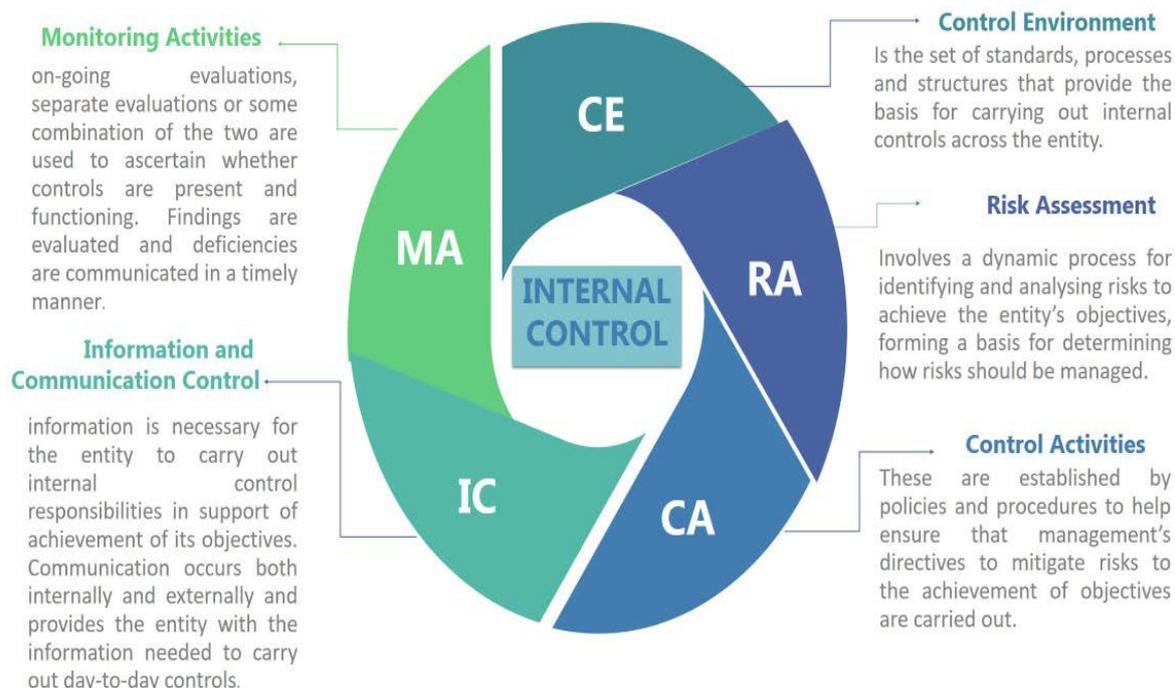
During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

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

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

3.2 Internal Controls

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



Rating	Internal Control Assessment
● Effective	No significant deficiencies identified in internal controls
● Generally effective	Some deficiencies identified in internal controls
● Ineffective	Significant deficiencies identified in internal controls

3.3 Preparation of Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Ministry of Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

- Cancellation of unprocessed purchase orders by 18 July 2022
- Retirement of Imprest by 15 July 2022
- Processing of payments by 28 July 2022
- Clearance of stale cheques by 5 August 2022
- Closing date for journal adjustments by 8 August 2022
- Processing of virement by 19 August 2022
- Completion of reconciliation by 26 August 2022
- Clearance of Interdepartmental clearance accounts by 5 August 2022
- Annual Board of Survey on Drawings accounts cheques by 26 August 2022
- Submission of Arrears of Revenue Return by 26 August 2022

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given MA 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 2022
● Generally effective	Acceptable draft financial statements received before or on 31 October 2022
● Ineffective	Acceptable draft financial statements received after 31 October 2022

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

Financial Year	Internal controls												Financial Statement Preparation						Responses to OAG					
	CE		RA		CA		IC		MA		T		YE		Q		MC		SFS					
	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20			
16. Department of Information Communication & Digital Government Transformation Office	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
16A. Department of Information Technology & Computing Services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
17. Ministry of Civil Service	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
18. Ministry of Rural and Maritime Development and Disaster Management	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
19. Republic of Fiji Military Forces	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
20. Fiji Police Force	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
49. Peacekeeping Missions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		

'22 = 2022 '21 = 2021 '20 = 2020

CE=Control Environment RA=Risk Assessment MA=Monitoring Activities

IC=Information and Communication Control CA=Control Activities YE=Year-end close processes

T=Timeliness of draft financial statements Q=Quality of draft financial statements MC=Management Comments provided

SFS=Signed Audited financial statements returned

Section 1

Office of the President

Roles and Responsibilities

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

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

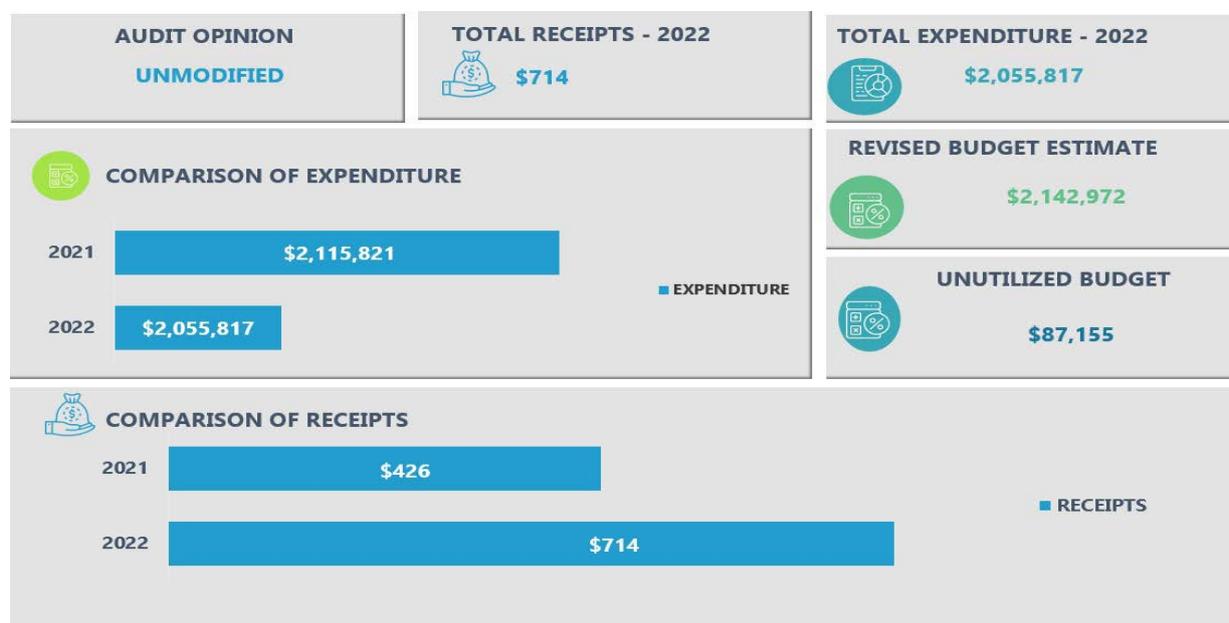
The President promotes Fiji to the international community by formally receiving the newly appointed Foreign Head of Missions who are accredited to Fiji, receiving visiting dignitaries including Head of States, Heads of Government, and leaders of International Organizations and by visiting other countries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

Table of Contents

PART A: FINANCIAL INFORMATION	2
1.1 Financial Information.....	2
1.2 Audit Opinion	2
1.3 Appropriation Statement.....	2
PART B: SIGNIFICANT MATTERS.....	3
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	4
1.4 Internal Controls.....	4
1.5 Submission of FY 2021-2022 Draft Agency Financial Statements.....	5
1.6 Quality of Draft Financial Statements by Entities.....	5
1.7 Timeliness of Draft Financial Statements	5
1.8 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	6

PART A: FINANCIAL INFORMATION

1.1 Financial Information



1.2 Audit Opinion

The audit of the 2022 accounts of the Office of the President resulted in an unmodified audit opinion.

1.3 Appropriation Statement

The Office collected revenue totalling \$714 in 2022 and incurred expenditure totalling \$2.0 million against a revised budget of \$2.1 million resulting in savings of \$87,155 or 4%.

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

Table 1.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	731,945	(13,852)	718,093	645,436	72,657
2	Government Wage Earners	248,886	4,467	253,353	245,778	7,575
3	Travel & Communication	237,500	(48,465)	189,035	187,529	1,506
4	Maintenance & Operations	492,472	(12,505)	479,967	479,697	270
5	Purchase of Goods & Services	336,169	70,355	406,524	405,878	646
	Total Operating Expenditure	2,046,972	----	2,046,972	1,964,318	82,654
13	Value Added Tax	96,000		96,000	91,499	4,501
	Total	2,142,972	----	2,142,972	2,055,817	87,155

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Office of the President.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

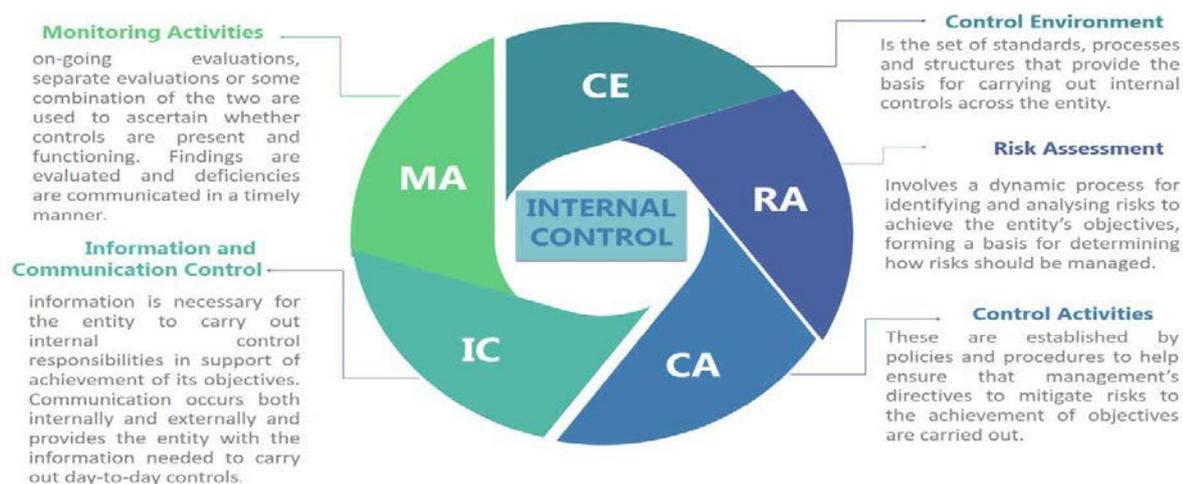
1.4 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
*	*	*	*	*

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

Rating	Internal control assessment
* Effective	No significant deficiency identified in the internal control

1.5 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022		Cancellation of unprocessed purchase orders by 18 July 2022	
Clearance of Inter-departmental clearance accounts by 08 August 2022		Processing of payments by 29 July 2022	
Clearance of stale cheques by 12 August 2022		Processing of virement by 19 August 2022	
Annual Board of Survey on Drawings Account cheques by 26 August 2022		Completion of reconciliations by 26 August 2022	
Retirement of imprests by 15 July 2022	Not Applicable	Submission of arrears of revenue returns by 27 August 2022	Not Applicable

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

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

Rating	Year- end close process assessment
Effective	All 8 key processes completed by the due date

1.6 Quality of Draft Financial Statements by Entities

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

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

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

1.7 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
☀ Generally Effective	Acceptable draft financial statements received on or before 31 October 2022

1.8 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
☀ Effective	Within 14 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

Section 2**Office of the Prime Minister and Fijian
Immigration Department****Roles and Responsibilities**

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

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

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

The Department's e-Passport system protects against forgery and identify theft. The Department also plans to proceed to the next step for a sweeping digital transformation in all immigration processes to secure borders.

Table of Contents

PART A: FINANCIAL INFORMATION	2
2.1 Financial Information	2
2.2 Audit Opinion.....	2
2.3 Appropriation Statement	2
2.4 Trust Fund Account	3
PART B: SIGNIFICANT MATTERS.....	7
2.5 Anomalies noted in Operating Trust Account.....	7
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	9
2.6 Internal Controls	9
2.7 Submission of Draft Agency Financial Statements.....	10
2.8 Quality of Draft Financial Statements by Entities	10
2.9 Timeliness of Draft Financial Statements.....	11
2.10 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	11
APPENDIX 2.1: CHINESE GRANT TRUST FUND ACCOUNT	12
APPENDIX 2.2: TAIWAN GRANT TRUST FUND ACCOUNT.....	12
APPENDIX 2.3: RETENTION FUND ACCOUNT.....	13
APPENDIX 2.4: MAHOGANY INDUSTRY COUNCIL FUND.....	14
APPENDIX 2.5: IMMIGRATION TRUST FUND ACCOUNT	14
APPENDIX 2.6: DETAILS OF SPORTS TRUST FUND	15
APPENDIX 2.7: DETAILS OF MISCELLANEOUS FUNDS.....	17

PART A: FINANCIAL INFORMATION

2.1 Financial Information



2.2 Audit Opinion

The audit of the 2022 accounts of the Office of the Prime Minister and Fijian Immigration Department resulted in an unmodified audit opinion with emphasis of matter.

2.3 Appropriation Statement

The consolidated Office of the Prime Minister and Fijian Immigration Department incurred expenditure totalling \$11.96 million in 2022 against a revised budget of \$14.7 million, resulting in a savings of \$2.7 million or 18.8%.

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

Table 2.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,893,954	(24,000)	4,869,954	4,558,767	311,187
2	Government Wage Earners	432,177	15,336	447,513	393,735	53,778
3	Travel & Communication	1,027,000	498,500	1,525,500	1,491,781	33,719
4	Maintenance & Operations	1,388,250	19,400	1,407,650	1,331,626	76,024

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	1,868,392	(90,900)	1,777,492	1,532,670	244,822
6	Operating Grants & Transfers	821,000	---	821,000	568,531	252,469
7	Special Expenditure	1,424,835	(18,336)	1,406,499	575,859	830,640
	Total Operating Expenditure	11,855,608	400,000	12,255,608	10,452,969	1,802,639
9	Capital Purchase	440,489	---	440,489	320,134	120,355
10	Capital Grants & Transfers	2,000,000	(400,000)	1,600,000	976,923	623,077
	Total Capital Expenditure	2,440,489	(400,000)	2,040,489	1,297,057	743,432
13	Value Added Tax	445,360	---	445,360	213,362	231,998
	TOTAL	14,741,457	---	14,741,457	11,963,388	2,778,069

The unutilized budget was largely due to the following:

1. The unutilized budget in Operating Grants and Transfers was due to the non-payment of Grant to Rabi Island Council as per Management decision.
2. The unutilized budget in Special Expenditure was due to funds for digitization & modernization being withheld awaiting clearance as submission was with ITC tender committee for evaluation. The funds were to be utilized for procurement of Document Management System, Client portal, Workflow Management System, Qmatic Management System and Upgrade of Pbx system which was with ITC tender committee for evaluation. In addition, savings also the result of the resignation of the IBMS Monitoring Staff.
3. The unutilized budget in Capital Purchase were due to funds for IBMS Upgrade to be utilized for the remaining balance to informatics.
4. The unutilized budget in Capital Grants and Transfers was mainly due to the reprioritizing of projects/ commitments by the Prime Minister. Towards the 3rd quarter, commitments were mostly focused on community assistance and projects mostly below \$50,000. Construction projects that were in the planning stage were directed to be put onhold.

2.4 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 Office of the Prime Minister operates and maintains four main trust fund bank accounts. The Fijian Immigration Department operates and maintains one main trust fund bank account.

Given below are the details of these accounts:

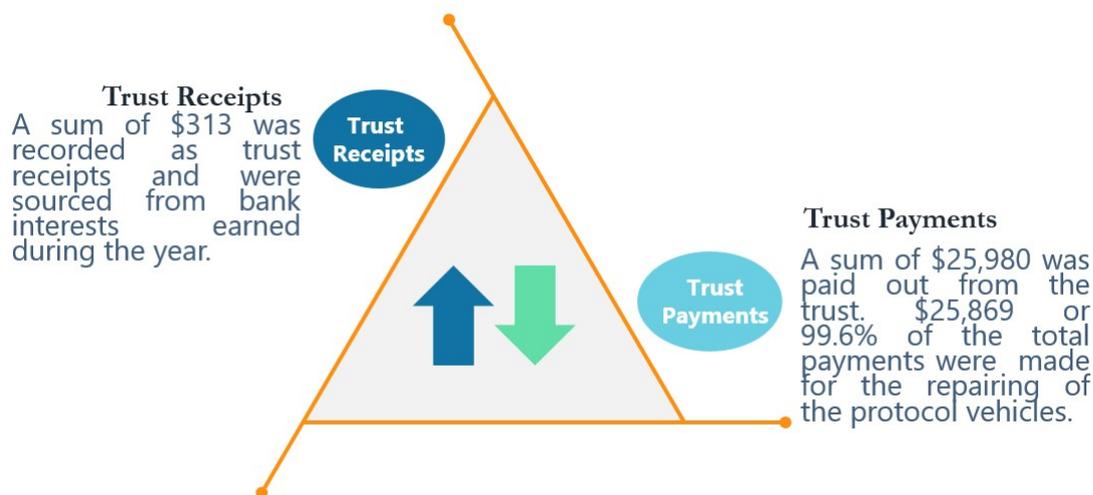
(a) Chinese Grant Trust Fund Account

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

The funds are generally used to cater for those projects that are committed by the Honorable Prime Minister through requests from the communities and evaluated based on its need and priority. These are mainly projects that assist communities in the areas of education, integrated village/settlement developments, youth developments, women’s and minority group settlement developments and are not provided for in the national budget estimates. The approving authority for the funding of assistance under this trust fund is the Honorable Prime Minister.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2022 is provided below.

Figure 2.1: Chinese Grant Trust Fund Receipts and Payments



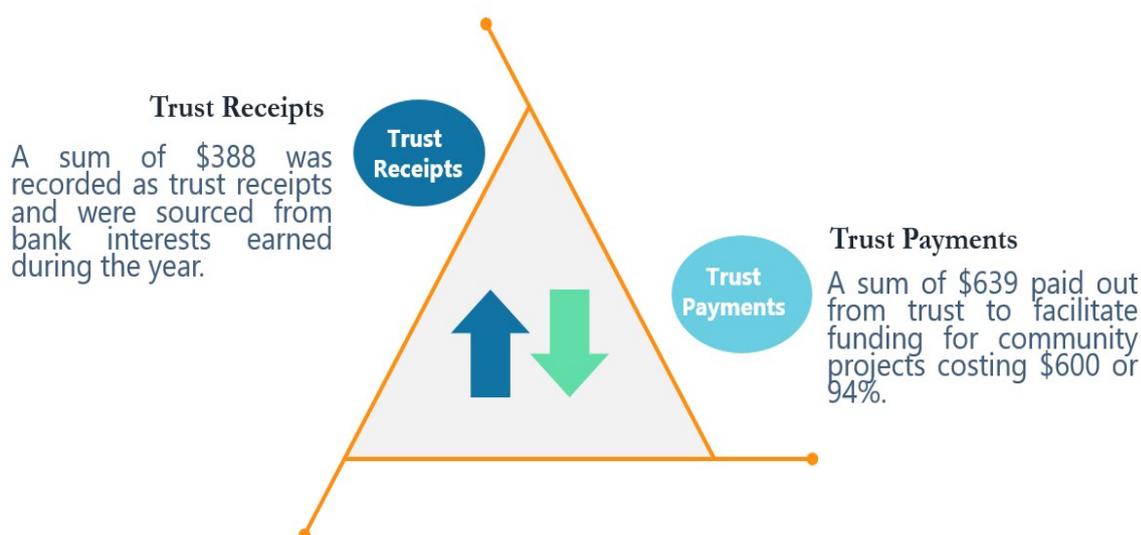
Detailed statement for trust receipts and payments are provided in **Appendix 2.1**.

(b) Taiwan Grant Trust Fund Account

The trust fund account is used to record and maintain grants that are provided by the Taiwanese Government to the Fiji Government through bilateral agreements. The funds are generally used to cater for those projects that are committed by the Honorable Prime Minister through requests from the communities and evaluated based on its need and priority. These are mainly projects that assist in the areas of education, integrated village/settlement developments, youth developments, women’s and minority group settlement developments and are not provided for in the national budget estimates. The approving authority for the funding of assistance under this trust fund is the Honorable Prime Minister.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2022 is provided below.

Figure 2.2: Taiwan Grant Trust Fund Receipts and Payments



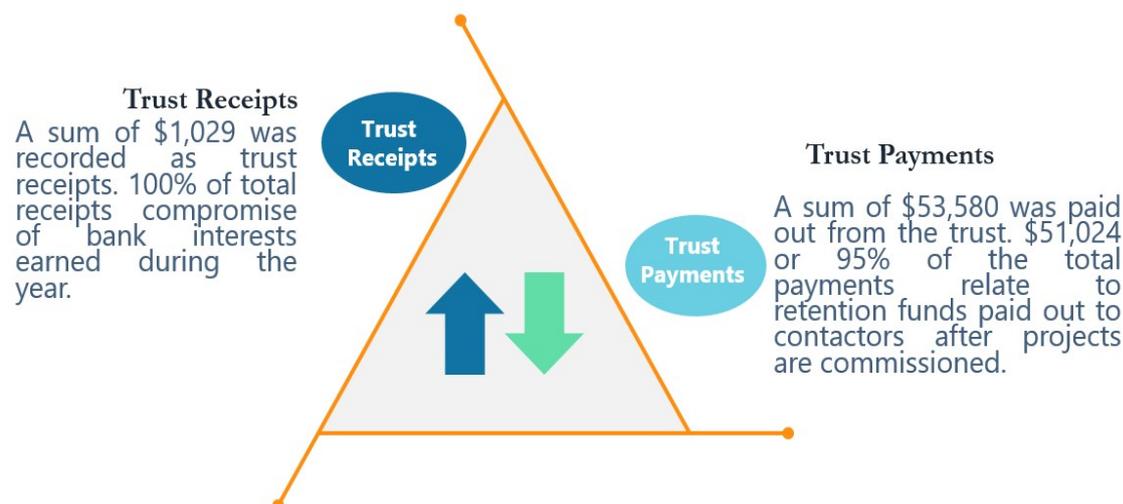
Detailed statement for trust receipts and payments are provided in **Appendix 2.2**.

(c) Retention Fund Account

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

The financial analysis of Trust Fund Receipts and Payments for the year ended 31 July 2022 is provided below.

Figure 2.3: Retention Trust Fund Receipts and Payments



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

(d) Mahogany Industry Council Trust Fund Account

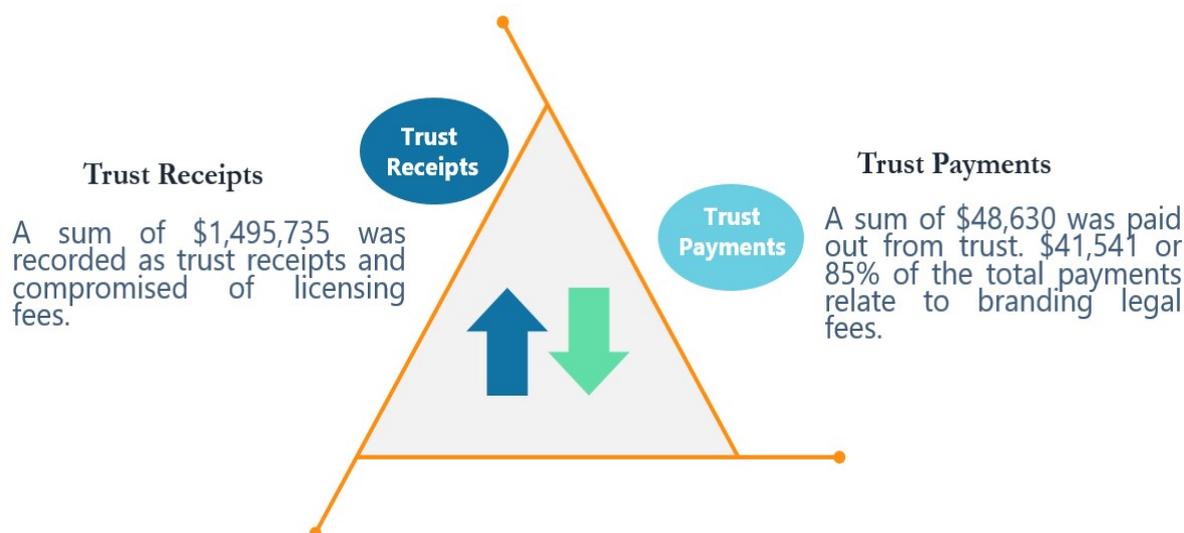
The Mahogany Industry Council Trust Fund (‘Fund’) was established in July 2015 for the sole purpose of administering all license fees paid by Mahogany Industry license holders.

The license fees concept was introduced in June 2011 following the Mahogany Industry Development

Act of 2010 and Mahogany Industry (Licensing and Branding) Act of 2011. The administration of the proceeds was handled by the Ministry of Finance and was only transferred to the Office of the Prime Minister, as Secretariat of the Mahogany Industry Council ('Council'), in August 2015.

The financial analysis of Trust Fund Receipts and Payments for the year ended 31 July 2022 is provided below.

Figure 2.4: Mahogany Industry Council Trust Fund Receipts and Payments



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

(e) Immigration Trust Fund Account

The Immigration Security bond trust fund account was established for the sole purpose of retention of money paid by non- Fiji citizens as security prior to the granting of the permit. Bonds are kept with the Department until such time, they leave the country then it will be refunded.

The financial analysis of Trust Receipts and Payments for the year ended 31 July 2022 is provided below.

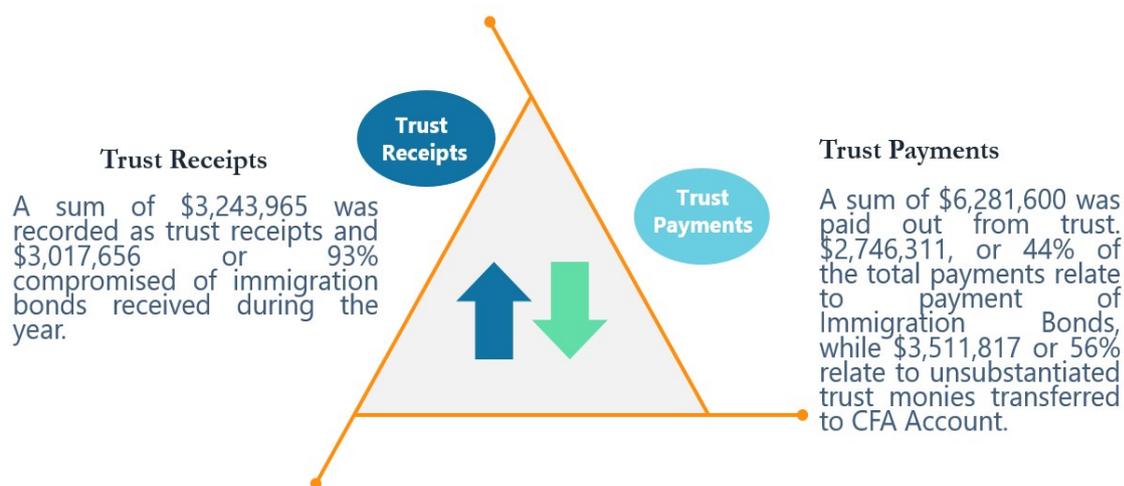


Figure 2.5: Immigration Trust Fund Receipts and Payment

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

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 Office 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 Office. These have been included in this report as they impacted on the overall system of control of the Office as at 31 July 2022.

2.5 Anomalies noted in Operating Trust Account

The Finance Manual 2021 for the Office of the Prime Minister requires that having a cost-effective internal control within the purchasing and payment system plays an important part in ensuring that wastage of funds, over-expenditures and corruption do not occur.

The Operating Trust for the Office of the Prime Minister is divided into two allocations:

1. SLG 86 – which constitutes institution deductions that the Office withholds from officers salaries/wages and remits to the various institutions at month-end.
2. SLG 89 - Sports Trust Fund and Miscellaneous Trust Fund.

The purpose of the Sports Trust Fund is to withhold a 2.5% portion of the funds donated/ sponsored from donors. Out of the 100% donated, 97.5% would be paid out to the major sporting bodies. The remaining 2.5% is withheld in the trust, and to be paid out to any minority sport of choice or on the discretion of the Honorable Prime Minister. With the frequent movements made within the Sports trust fund account, audit noted that the development of an SOP, to properly regulate the trust fund, was still pending.

Audit noted that the sporting trust was transferred to the Office of the Prime Minister from the Ministry of Youth and Sports in 2012. From 2019 till date, the transfer has still yet to eventuate. The OPM's custodian of the sporting trust creates a risk of double dipping by major sporting bodies. The OPM acknowledges that the Ministry of Youth and Sports are best equipped to manage the trust fund. Therefore, the OPM is working on transferring the funds back to the Ministry of Youth and Sports.

In relation to the Miscellaneous Trust Fund Account, audit gathered that the trust fund was used to receive payments for the sale of the books: The 3 legged stool; and the Ratu Sukuna Biography. The payments were received by the OPM and the books were issued by the Department of National Archives. The practice has since ceased and the OPM are in consultation with the Ministry of Finance for the transfer of the remaining balance and closure of the account. From 2019 till date, like the sports trust funds, the transfer is also yet to eventuate. As at 31 July 2022, the sports trust fund and miscellaneous trust fund accounts had balances of \$1,022,597 and \$ 32,571 respectively. Refer Appendix 2.6 and 2.7 for listings of the sports trust fund account and miscellaneous fund account respectively.

The OPM continued to operate the Accounts as previously operated. In relation to the Sports Trust Fund Account, the OPM noted that they had been following up with the Ministry of Youth and Sports through their former Manager Finance. However, due to the turnover of staff from both Ministry's and also the shortage of staff for OPM, they have not been able to push through with the transfer of funds. It was agreed in the last meeting between OPM and the Ministry of Youth and Sports (MoYS) that a proposal be put forth through a Cabinet Paper for Cabinet decision. The OPM have formulated a draft paper, yet no feedback has come from MoYS despite numerous follow-ups. Nonetheless, an initial process concept was provided to audit, together with the reconciliations and master list for the Sports trust account.

Recommendations

The Office of the Prime Minister was recommended to:

- **expedite the transfer of funds in the sporting trust fund account to the Ministry of Youth and Sports; and**
- **expedite the formulation of an SOP/policy on how to utilize the funds in the Miscellaneous Trust Fund Account and record this account in Main Trust general ledger, under Fund 9 in FMIS with separate bank accounts.**

Agreed Management Action

Sports Trust Fund Account – The OPM agreed with the recommendation to transfer the funds back to the MoYS, who is the line agency suited to handle the operations of the Sports Funds. The OPM would relook at the progress of the transfer as highlighted in the implications paragraph and put up a submission to their PS for decision.

In the exit meeting, the OPM confirmed that they were awaiting a cabinet paper meeting approval to formalize the changes. Once cabinet endorses the changes, the official handing over would be done between OPM and MoYS.

Miscellaneous Trust Fund Account – The OPM noted that the Miscellaneous Fund Account does not require an SOP, as the administration for the sale of the Ratu Sukuna Biography lies with the Department of Heritage. A separate trust fund bank account cannot be opened for miscellaneous trusts mainly because they have dormant balances with no listings available for outstanding amounts. The OPM further noted that miscellaneous trusts also do not meet the criteria for a fund 9 trust account. Therefore, the OPM proposes to journalize these amounts.

In the exit meeting, OPM agreed that they would identify a contra account to settle the carried forward monies, which have been deposited and posted to CFA from prior years. Currently, all this responsibility is controlled and maintained by Archives of Fiji.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

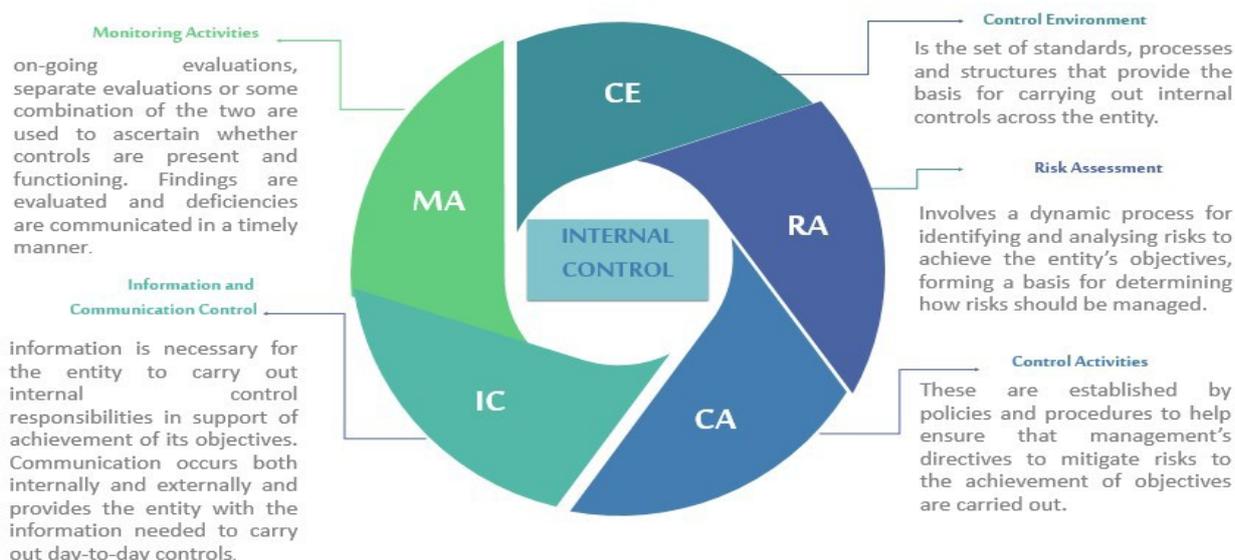
2.6 Internal Controls

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

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

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

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



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

Office of the Prime Minister

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

In view of the above, we have assessed the internal controls of the Office of the Prime Minister as:

Rating	Internal control assessment
★ Effective	No significant deficiencies identified in internal controls.

Fijian Immigration Department

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
🟢	🟢	🟢	🟢	🟢

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

Rating	Internal control assessment
🟢 Effective	No significant deficiencies identified in internal controls.

2.7 Submission of Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed based on information received, we have assessed the year-end close process as:

KEY FOCUS AREAS	ACHIEVEMENT OPM	ACHIEVEMENT FID	KEY FOCUS AREAS	ACHIEVEMENT OPM	ACHIEVEMENT FID
Closing date for journal adjustments by 08 August 2022	✔	✔	Cancellation of unprocessed purchase orders by 18 July 2022	✔	✔
Clearance of Inter-departmental clearance accounts by 08 August 2022	✔	✔	Processing of payments by 28 July 2022	✔	✔
Clearance of stale cheques by 05 August 2022	Not Applicable	Not Applicable	Processing of virement by 19 August 2022	✔	✔
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✘	✔	Completion of reconciliations by 26 August 2022	✔	✔
Retirement of imprests by 15 July 2022	✔	✔	Submission of arrears of revenue returns by 26 August 2022	Not Applicable	Not Applicable

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

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

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

2.8 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 Office of the Prime Minister and Fijian Immigration Department were:

Office of the Prime Minister

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

Fijian Immigration Department

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

2.9 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:

Rating	Timeliness of draft financial statements assessment
● Generally Effective	Acceptable draft financial statements received on or before 31 October 2022.

2.10 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:

Office of the Prime Minister

Rating	Timeliness of Management Comments Received
● Generally Effective	Within 21 days from issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
● Generally Effective	Within 15 days from issue of Financial Statements for signing.

Fijian Immigration Department

Rating	Timeliness of Management Comments Received
● Generally Effective	Within 21 days from issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
● Generally Effective	Within 15 days from issue of Financial Statements for signing.

APPENDIX 2.1: CHINESE GRANT TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Interest	313	363
Total Receipts	313	363
PAYMENTS		
Kiuva Village Project	---	23,469
Repair of Protocol Vehicles	25,869	62,082
Withholding Tax	31	36
Bank Audit Certificate	80	---
Total Payments	25,980	85,587
Net (Deficit)	(25,667)	(85,224)
Opening balance as at 1 August	330,281	415,505
Closing Balance as at 31 July	304,614	330,281

APPENDIX 2.2: TAIWAN GRANT TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Interest Received	388	389
Total Receipts	388	389
PAYMENTS		
Assistance to Community Projects	600	1,500
Withholding Tax	39	39
Total Payments	639	1,539
Net (Deficit)	(251)	(1,150)
Opening Balance as at 1 August	388,465	389,615
Closing Balance as at 31 July	388,214	388,465

APPENDIX 2.3: RETENTION FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Interest	1,029	1,083
Retention for Natadradave Evacuation Center	---	29,519
Total Receipts	1,029	30,602
PAYMENTS		
Bank fee	103	108
FRCS Payments	2,453	4,555
Retention for Natadradave Evacuation Center	---	17,096
Retention Payment – Nasivikoso Village School	11,978	11,978
Retention Payment – Biausevu Village Women’s Group	---	6,948
Retention Payment – Ballantine Memorial School	31,912	31,912
Retention Payment – Kubulau District School	---	9,697
Retention Payment – Sawanikula Primary School	---	8,112
Retention Payment – Immaculate College	7,134	---
Retention Payment – Qelemumu Primary School	---	6,869
Retention Payment – Suvavou Village	---	7,282
Retention Payment – Uluivalili College	---	13,402
Retention Payment – Suva Methodist Primary School	---	28,485
Retention Payment – Korovou Crematorium	---	4,555
Total Payments	53,580	150,999
Net (Deficit)	(52,551)	(120,397)
Opening Balance as at 1 August	1,047,949	1,168,346
Closing Balance as at 31 July	995,398	1,047,949

APPENDIX 2.4: MAHOGANY INDUSTRY COUNCIL FUND

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Interest	---	40
Licensing Fees	1,495,735	---
Total Receipts	1,495,735	40
PAYMENTS		
Audit Certificate Fee	100	---
Bank Charges	67	60
Withholding Tax	---	4
Branding Legal Fee	41,541	---
FRCS – Stamp Duty	6,922	---
Total Payments	48,630	64
Net Surplus/(Deficit)	1,447,105	(24)
Opening Balance as at 1 August	4,351	4,375
Closing Balance as at 31 July	1,451,456	4,351

APPENDIX 2.5: IMMIGRATION TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Immigration Bond Received	3,017,656	2,426,362
Interest	226,309	552,594
Total Receipts	3,243,965	2,978,956
PAYMENTS		
Immigration Bond Refund	2,746,311	2,873,252
Bank Charges	23,472	55,791
Unsubstantiated Trust Monies Transferred to CFA	3,511,817	---
Total Payments	6,281,600	2,929,043
Net (Deficit)/Surplus	(3,037,635)	49,913
Opening Balance as at 1 August	30,888,444	30,838,531
Closing Balance as at 31 July	27,850,809	30,888,444

APPENDIX 2.6: DETAILS OF SPORTS TRUST FUND

Sponsor	RECEIPTS		PAYMENTS (97.5%)	
	Amount Received (\$)	2.5% Retained (\$)	Payee	Amount (\$)
Company 1	10,000.00	250.00	Sporting Body 1	9,750.00
Company 2	50,000.00	1,250.00	Not disclosed	48,750.00
Company 3	20,500.00	512.50	Sporting Body 2	19,987.50
Company 4	109,000.00	2,725.00	Sporting Body 3	106,275.00
Company 5	5,000.00	125.00	Sporting Body 3	4,875.00
Bank 1	1,000.00	25.00	Sporting Body 3	975.00
Bank 2	121,750.00	3,043.75	Sporting Body 4	118,706.25
Company 6	1,000.00	25.00	Sporting Body 3	975.00
Company 7	860,000.00	21,500.00	Sporting Body 1	838,500.00
Company 7	3,911,552.64	97,788.81	Sporting Body 3	3,813,763.82
Company 8	5,000.00	125.00	Sporting Body 3	4,875.00
Company 9	1,500.00	37.50	Sporting Body 1	1,462.50
Company 10	585,000.00	14,625.00	Sporting Body 1	570,375.00
Company 11	2,000.00	50.00	Sporting Body 3	1,950.00
Company 12	3,166,658.15	79,166.49	Sporting Body 3	3,087,491.67
Company 12	466,710.00	11,667.75	Sporting Body 1	455,042.25
Company 13	5,000.00	125.00	Sporting Body 3	4,875.00
Bank 3	3,000.00	75.00	Sporting Body 3	2,925.00
Company 14	16,877,882.92	421,265.83	Sporting Body 3	16,456,617.09
Commission 1	394,016.00	9,850.40	Sporting Body 3	384,165.60
Company 15	58,075.00	1,451.87	Sporting Body 3	56,623.12
Company 16	12,307.69	307.69	Sporting Body 4	12,000.00
Company 17	32,000.00	800.00	Sporting Body 1	31,200.00
Company 18	207,100.00	5,177.50	Sporting Body 3	201,922.50
Company 19	25,000.00	625.00	Sporting Body 1	24,375.00
Company 20	10,000.00	250.00	Sporting Body 3	9,750.00
Company 21	5,000.00	125.00	Sporting Body 3	4,875.00
Company 22	1,000.00	25.00	Sporting Body 3	975.00
Bank 4	1,399,532.50	34,988.31	Sporting Body 3	1,364,544.19
Company 23	202,800.00	5,070.00	Sporting Body 1	197,730.00
Company 24	20,000.00	500.00	Sporting Body 3	19,500.00
Company 25	832,132.98	20,803.32	Sporting Body 3	811,329.66
Company 25	463,947.00	11,598.68	Sporting Body 3	452,348.32
Company 26	10,000.00	250.00	Sporting Body 3	9,750.00
Company 27	3,000.00	75.00	Sporting Body 3	2,925.00
Company 28	1,501,031.94	37,525.80	Sporting Body 3	1,463,506.13
Company 29	1,000.00	25.00	Sporting Body 3	975.00
Company 30	12,000.00	300.00	Sporting Body 4	11,700.00
Company 31	90,000.00	2,250.00	Sporting Body 1	87,750.00
Company 32	2,000.00	50.00	Sporting Body 3	1,950.00
Company 33	10,000.00	250.00	Sporting Body 1	9,750.00
Company 34	80,000.00	2,000.00	Sporting Body 1	78,000.00
Company 35	5,000.00	125.00	Sporting Body 3	4,875.00
Company 35	8,000.00	200.00	Sporting Body 1	7,800.00
Individual Donor 1	3,000.00	75.00	Sporting Body 3	2,925.00
Company 36	99,773.54	2,494.34	Sporting Body 4	97,279.20
Company 37	54,500.00	1,362.50	Sporting Body 3	53,137.50
Company 37	21,645.46	541.13	Sporting Body 7	21,104.33
Company 38	2,000.00	50.00	Sporting Body 3	1,950.00
Company 39	530,986.62	13,187.20	Sporting Body 3	517,799.42
Company 40	722,898.60	18,072.47	Sporting Body 3	704,826.14

Sponsor	RECEIPTS		PAYMENTS (97.5%)	
	Amount Received (\$)	2.5% Retained (\$)	Payee	Amount (\$)
Company 41	25,000.00	625.00	Sporting Body 3	24,375.00
Company 42	5,000.00	125.00	Sporting Body 3	4,875.00
Company 43	1,000.00	25.00	Sporting Body 3	975.00
Company 44	500.00	12.50	Sporting Body 3	487.50
Company 45	450,000.00	11,250.00	Sporting Body 1	438,750.00
Company 46	50,000.00	1,250.00	Sporting Body 4	48,750.00
Company 46	3,618,095.28	90,452.38	Sporting Body 1	3,527,642.90
Company 46	5,479,452.86	136,986.32	Sporting Body 2	5,342,466.54
Company 46	8,906,868.79	222,671.73	Sporting Body 3	8,684,197.06
Company 46	233,000.00	5,825.00	Sporting Body 5	227,175.00
Company 47	42,500.00	1,062.50	Sporting Body 6	41,437.50
Company 48	10,000.00	250.00	Sporting Body 3	9,750.00
Company 49	1,000.00	25.00	Sporting Body 3	975.00
TOTAL	51,844,717.97	1,295,349.27		50,549,368.69

Movement Details:

DESCRIPTION	AMOUNT (\$)
Total 2.5% withheld from Sports Trust	(1,295,349.27)
Differences in 2012 as detailed in the 1 st reconciliation submitted	(39,388.11)
Payout to Sporting Body 3 done in September in 2019	400,000.00
Adjustment of mis-posting done in miscellaneous based on 1 st reconciliation	(30,527.90)
Payment done in FY 2023. Deposit done 28/07/2022	(57,330.00)
Difference in rounding off error between excel and system from 2012 to 2022	(1.24)
Total	1,022,596.52

APPENDIX 2.7: DETAILS OF MISCELLANEOUS FUNDS

DATE	RECEIPT NO.	JV NO.	AMOUNT (\$)
04/06/2014	68658	JV 21/06/14	1,522.00
10/06/2014	68663	JV 21/06/14	304.40
22/07/2015	69038	JV 24/07/15	152.20
27/08/2015	69073	JV 25/08/15	30.44
06/05/2016	69276	JV 02/05/16	152.20
05/05/2017	69621	JV 02/10/17	304.40
			2,465.64

Movement Details:

	DEBIT (\$)	CREDIT (\$)	BALANCE (\$)
OPENING BALANCE			403,305.84
2014 PR 11	342,672.11 (JV 33/06/14)	1,826.40 (JV 21/06/14)	
2015 PR 12		152.20 (JV 24/07/15)	
2016 PR 1		30.44 (JV 25/08/15)	
2016 PR 10		152.20 (JV 2/05/16)	
2017 PR 10		304.40 (JV 02/10/17)	
2022 PR 4	30,527.90 (JV 07/04/22)		
Total	373,200.01	2,465.64	32,571.47

Section 3 Office of the Attorney-General

Roles and Responsibilities

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

The Chambers is therefore responsible for:

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

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

Table of Contents

PART A: FINANCIAL INFORMATION	2
3.1 Financial Information.....	2
3.2 Audit Opinion	2
3.3 Appropriation Statement - Head 03	2
3.4 Appropriation Statement – Head 09 Media Industry Development Authority.....	3
3.5 Appropriation Statement – Head 13 Constitutional Offices Commission.....	4
3.6 Main Trust Fund Account	4
PART B: SIGNIFICANT MATTERS.....	7
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	8
3.7 Internal Controls.....	8
3.8 Submission of FY 2021-2022 Draft Agency Financial Statements.....	9
3.9 Quality of Draft Financial Statements by Entities.....	9
3.10 Timeliness of Draft Financial Statements	9
3.11 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	10
APPENDIX 3.1 ATTORNEY-GENERAL'S CONFERENCE TRUST FUND ACCOUNT.....	11
APPENDIX 3.2 LAWS OF FIJI TRUST FUND ACCOUNT.....	11
APPENDIX 3.3 SOLICITOR GENERAL TRUST FUND ACCOUNT	12

PART A: FINANCIAL INFORMATION

3.1 Financial Information



3.2 Audit Opinion

The audit of the 2022 accounts of the Office of the Attorney-General resulted in an unmodified audit opinion.

3.3 Appropriation Statement - Head 03

The Office incurred expenditure totalling \$7.5 million in 2022 against a revised budget of \$10 million, resulting in unutilized budget of \$2.5 million or 25%

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

Table 3.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,408,089	---	3,408,089	2,784,398	623,691
2	Government Wage Earners	209,430	---	209,430	178,775	30,655
3	Travel & Communication	232,000	(42,000)	190,000	177,357	12,643
4	Maintenance & Operations	335,000	36,500	371,500	361,950	9,550
5	Purchase of Goods & Services	448,429	---	448,429	249,580	198,849
6	Operating Grants & Transfers	4,704,532	13,500	4,718,032	3,421,869	1,296,163
7	Special Expenditure	535,000	(8,000)	527,000	269,226	257,774

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Total Operating Expenditure	9,872,480	---	9,872,480	7,443,155	2,429,325
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	---	---	---	---	---
13	Value Added Tax	139,540	---	139,540	33,649	105,891
	TOTAL	10,012,020	---	10,012,020	7,476,804	2,535,216

The unutilized budget were due to the following:

- The unutilized budget of 18% under Established Staff allocation was due to the vacant positions that the office had during the Financial Year.
- The unutilized budget of 15% in Government Wage Earners was also due to the vacant driver position, which was vacant from August 2021 to January 2022.
- There were less than 10% unutilized budget in SEG 03 and SEG 04. More than 90% of the budget provided were utilized in both of these SEGs.
- Unutilized budget of 44% in the Purchase of Goods & Services SEG. Less purchasing of Goods was one of the contributing factor, however the Ministry was still able to utilize more than 50% of the provided budget in this SEG.
- Unutilized budget of only 27% under SEG 06 in the Operating Grants & Transfers. 73% of the Budget was fully utilized.
- Unutilized budget of 49% in the Special Expenditure SEG. However there was an increase in the overall expenditure in this SEG in 2022 compare to 2021 FY.

3.4 Appropriation Statement – Head 09 Media Industry Development Authority

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	53,133	---	53,133	23,067	30,066
	Total Operating Expenditure	53,133	---	53,133	23,067	30,066
	TOTAL	53,133	---	53,133	23,067	30,066

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

3.5 Appropriation Statement – Head 13 Constitutional Offices Commission

Head 13(i) Constitutional Offices Commission

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	20,000	---	20,000	5,246	14,754
	Total Operating Expenditure	20,000	---	20,000	5,246	14,754
	TOTAL	20,000	---	20,000	5,246	14,754

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

Head 13(ii) Accountability & Transparency Commission

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

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

3.6 Main Trust Fund Account

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

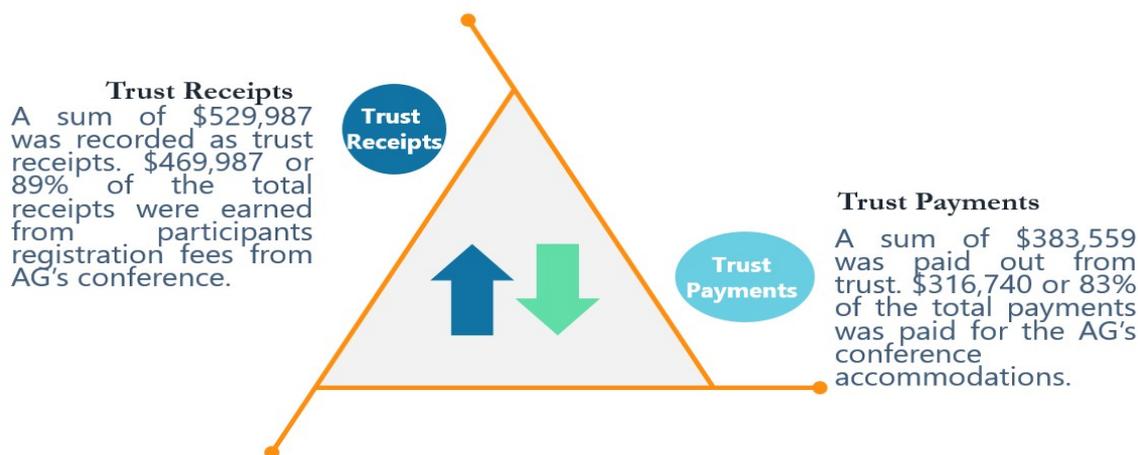
3.6.1 Attorney-General's Conference Trust Fund Account

The Trust Fund Account were established to retain surplus fund generated after the Annual Attorney-General Conference to assist the next conference as the Office are only allocated \$60,000 from the yearly budget allocation.

Receipts consist of \$60,000 from Continuing Legal Education allocation fees from private practitioners attending the Conference. Payments comprises of expenditure as associated with the Attorney-General Annual Conference which is usually held in December.

As at 31 July 2022, the Trust Fund Account had a balance of \$319,226. The balance is made up of the \$60,000 received from the budget allocation and the surplus funds carried forward from prior years for the Attorney-General Annual Conference.

AG’S Conference Trust Fund Account



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

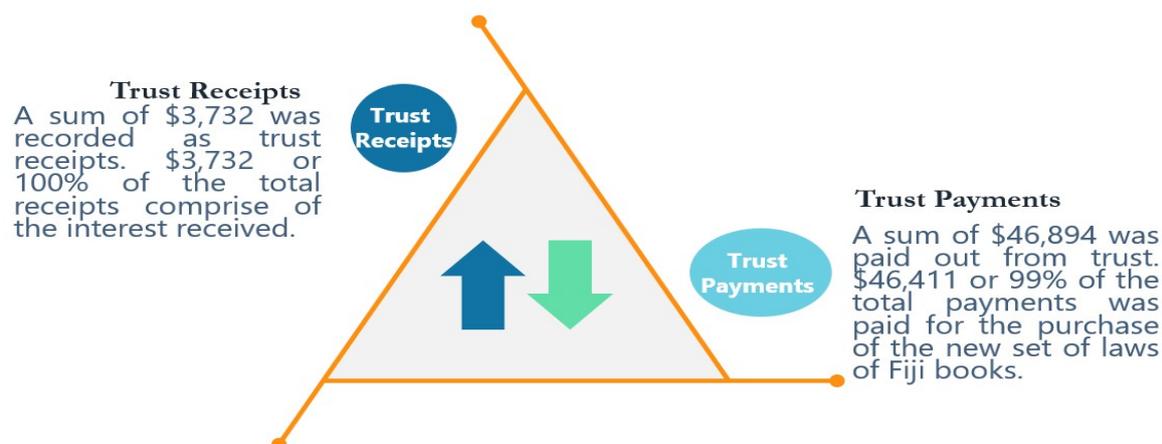
3.6.2 Laws of Fiji Trust Fund Account

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

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

As at 31 July 2022, the Laws of Fiji Trust Fund Account had a balance of \$431,616. This balance is made up of the surplus from sale and publishing and printing of the Law books as well as interest.

Laws of Fiji Trust Fund Account



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

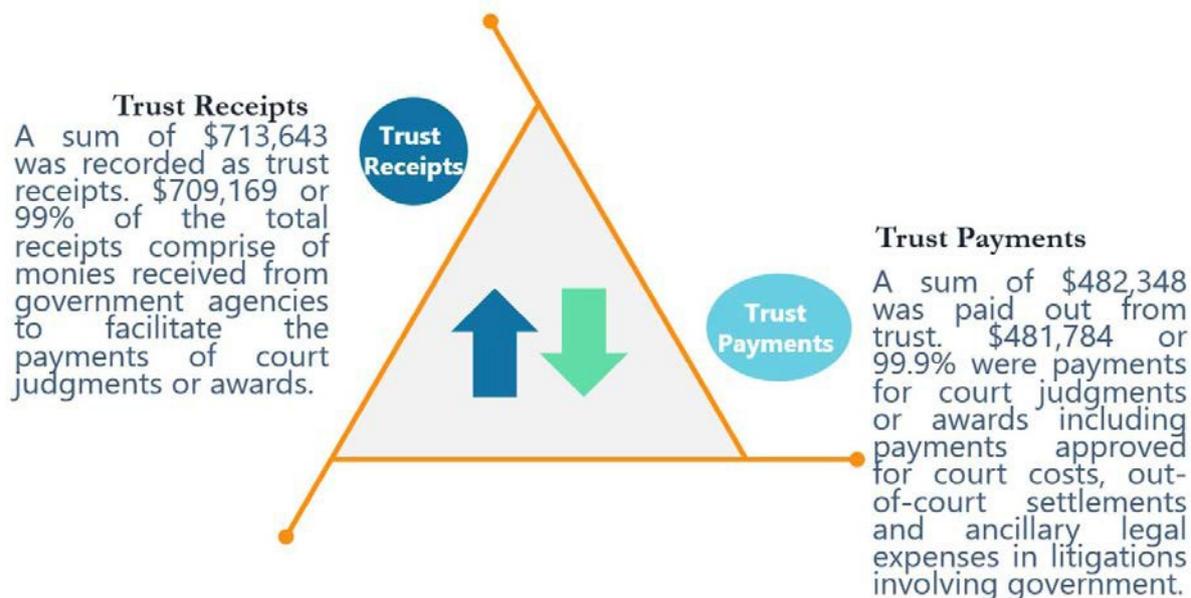
3.6.3 Solicitor-General’s Trust Account

The Solicitor General’s Trust Fund Account was established on 27 July 2018 and prior to that the funds received and paid out were recorded in the Standard Liability Group (SLG) 84 allocation in

the FMIS general Ledger. The funds received from government ministries, department and agencies to facilitate the payments of court judgements or awards, including payments approved for paying court costs, out of court settlements and ancillary legal expenses in litigation involving Government.

As at 31 July 2022, the Solicitor General Trust Fund Account had a balance of \$796,404. This balance is mostly made up of the payments received from the respective ministries, department and agencies for which the case is in progress.

Solicitor General’s Trust Fund Accounts



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

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Office of the Attorney-General.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

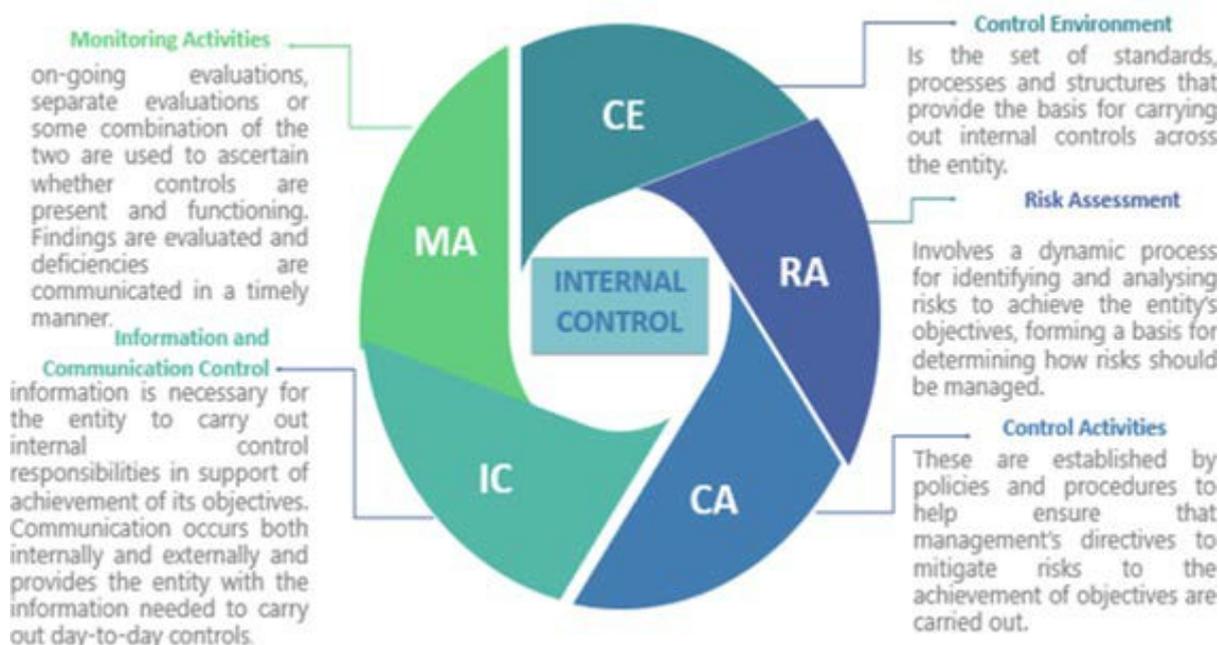
3.7 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
*	*	*	*	*

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

Rating	Internal Control assessment
* Effective	No significant deficiencies identified in internal controls

3.8 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Ministry of Finance issued Circular No. 06/2021 – 2022 to Permanent Secretaries, Head of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of the 2021 – 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of virement by 19 August 2022	✓
Retirement of imprest by 15 July 2022	✓	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Clearance of Inter-departmental clearance accounts by 26 August 2022	✓
Closing date for journal adjustments by 17 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓

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

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

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

3.9 Quality of Draft Financial Statements by Entities

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

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

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

3.10 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
● Generally Effective	Acceptable draft financial statements received on or before 31 October 2022

3.11 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
☀ Generally Effective	Management Comments received within 21 days from issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
☠ Ineffective	After 15 days from issue of Financial Statements for signing

APPENDIX 3.1 ATTORNEY-GENERAL'S CONFERENCE TRUST FUND ACCOUNT

DESCRIPTION	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Participants registration fees for AG's conference	469,987	369,199
Budget allocation from Consolidated Fund	60,000	80,000
Interest	---	2,310
Total Receipts	529,987	451,509
PAYMENTS		
AG's Conference - Accommodation	316,740	433,939
AG's Conference - Stationery	10,482	13,455
AG's Conference – Advertising	6,388	3,895
AG's Conference - Incidentals	2,730	2,250
Set Up & IT	38,041	53,118
Band	5,700	6,100
Meal Claims	566	3,263
Refund of registration fees	300	11,250
Uniform Expenses	2,520	---
Withholding Tax	---	231
Bank Charges	92	107
Dishonoured Cheque	---	1,000
Total Payments	383,559	528,608
Net Surplus/ (Deficit)	146,428	(77,099)
Balance as at 1 August	172,798	249,897
Closing Balance as at 31 July	319,226	172,798

APPENDIX 3.2 LAWS OF FIJI TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Laws of Fiji Book Order	---	---
Interest	3,732	5,024
Total Receipts	3,732	5,024
PAYMENTS		
Laws of Fiji Book Payments	46,411	51,482
Audit Certificate bank fees	50	---
Withholding Tax	373	503
Bank Charges	60	61
Total Payments	46,894	52,046
Net (Deficit)	(43,162)	(47,022)
Balance as at 1 August	474,778	521,800
Closing Balance as at 31 July	431,616	474,778

APPENDIX 3.3 SOLICITOR GENERAL TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Revenue	709,169	329,227
Interest	4,474	5,674
Total Receipts	713,643	334,901
PAYMENTS		
Litigation Payments	481,784	384,527
Withholding Tax	447	567
Bank Charges	117	67
Dishonoured Cheque	---	1,000
Total Payments	482,348	386,161
Net Surplus/ (Deficit)	231,295	(51,260)
Balance as at 1 August	565,109	616,369
Closing Balance as at 31 July	796,404	565,109

Section 5

Ministry of i-Taukei Affairs

Roles and Responsibilities

The Ministry of i-Taukei Affairs provides policy advice relating to the good governance and well-being of the i-Taukei including traditional leadership and governance, ownership of land, and natural resource matters. It also provides other support services to the Minister responsible for i-Taukei Affairs, who also serves as chairperson of the i-Taukei Affairs Board and the i-Taukei Lands Trust Board.

The Ministry assists the Fijian Government's commitment to promote and preserve i-Taukei culture, customs, traditions and language.

The Ministry funds the operational costs of the i-Taukei Affairs Board and the 14 Provincial Council Offices.

The Ministry provides administrative support to the i-Taukei Lands and Fisheries Commission (Commission). The Commission is the custodian of various registers that detail i-Taukei land ownership, customary fishing grounds, village boundaries and traditional titles, including the Vola no Kawa Bula. Through these records, the Commission resolves land and traditional title disputes. As the only custodian of i-Taukei records, the Commission actively works on the preservation of these records. It continues to work on the demarcation of Un-surveyed i-Taukei lands, surveys of un-surveyed i-Taukei lands, and GIS mapping of village boundary.

The Ministry compliments Government initiatives including the implementation of the sustainable development goals. This focus requires extensive public consultations to develop strategies that address the needs and concerns of the grassroots. This work includes but not limited to the i-Taukei road shows, cultural mapping, and traditional leadership training and awareness programmes.

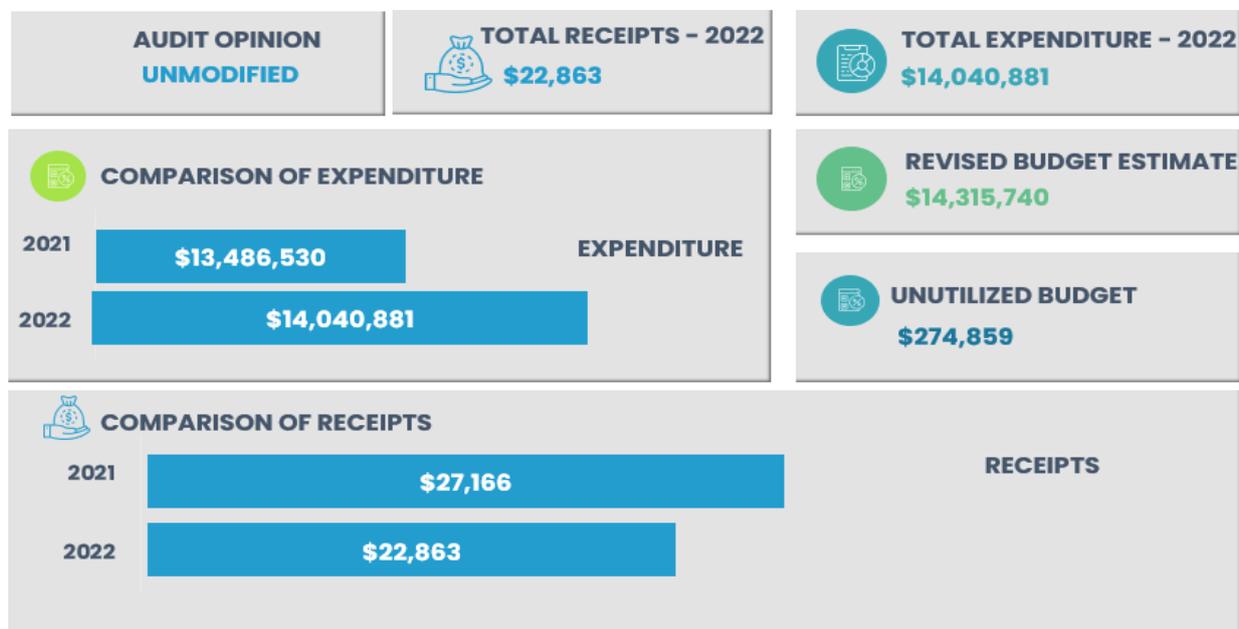
The Ministry also plays the coordination role amongst the i-Taukei Institutions through the i-Taukei Executive Forum.

Table of Contents

PART A FINANCIAL INFORMATION.....	2
5.1 Financial Information.....	2
5.2 Audit Opinion	2
5.3 Appropriation Statement.....	2
PART B: SIGNIFICANT MATTERS.....	4
5.4 Governance Issues – Recurring.....	4
5.5 Weakness and Non – Compliance with Finance Manual	5
5.6 Delay in the Preparation of Reconciliation Statements	5
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	6
5.7 Internal Controls.....	6
5.8 Submission of Draft Agency Financial Statements	7
5.9 Quality of Draft Financial Statements by Entities	7
5.10 Timeliness of Draft Financial Statements	7
5.11 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	8
Appendix 5.1: Procurement and Payment Anomalies.....	9
Appendix 5.2: Journal Vouchers not Approved.....	10
Appendix 5.3: Delay in the Preparation of Reconciliations.....	10

PART A FINANCIAL INFORMATION

5.1 Financial Information



5.2 Audit Opinion

The audit of the 2022 accounts of the Ministry of i-Taukei Affairs resulted in an unmodified audit opinion.

5.3 Appropriation Statement

The Ministry collected receipts totalling \$22,863 and incurred a total expenditure of \$14.0 million against a revised budget of \$14.3 million which resulted in unutilized budget of \$274,859 or 1.9%.

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

Table 5.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,372,988	(249,043)	3,123,946	3,051,961	71,985
2	Government Wage Earners	221,697	26,778	248,475	219,240	29,235
3	Travel & Communication	135,500	30,000	165,500	149,729	15,771
4	Maintenance & Operations	307,000	85,786	392,786	358,880	33,906
5	Purchase of Goods & Services	157,618	20,000	177,618	151,272	26,346
6	Operating Grants & Transfers	8,780,950	---	8,780,950	8,774,050	6,900

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
7	Special Expenditure	831,234	---	831,234	761,331	69,903
	Total Operating Expenditure	13,806,987	(86,479)	13,720,509	13,466,463	254,046
10	Capital Grants & Transfers	380,000	63,479	443,479	442,865	614
	Total Capital Expenditure	380,000	63,479	443,479	442,865	614
13	Value Added Tax	128,752	23,000	151,752	131,553	20,199
	TOTAL	14,315,739	---	14,315,740	14,040,881	274,859

The unutilized budget was largely due to the following:

1. Vacant positions due to resignation/ retirement of officers in SEGs 1 and 2 PE votes. These officers resigned from the Ministry for a good positions and salaries offered in other Government Ministry and Statutory body such as i-TAB and Non – Government Organizations (NGO's).
2. Staff been charged with OPR from their salary due to late arrival or leave without obtaining approval, such this deduction from source is returned into the PE votes (credits). This is stated in our GL salaries reconciliation.
3. From the savings being identified in SEG 1 and 2 (PE votes) the Ministry had to do some virements into the Operational SEGs in the travelling, subsistence, maintenance and operations vote and many more to cover and meet the over expenditure allocations.

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 2022.

5.4 Governance Issues – Recurring

The following governance issues were noted during the year.

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

FS	MOE Circular	Deadline	Date Submitted	No of days
2022	06/2021 -	30/10/2022	03/01/2023	63

2. The i-Taukei Affairs Board has yet to submit the draft 2006 to 2022 financial statements.
3. The latest annual report of the Ministry of i-Taukei Affairs was submitted and tabled in Parliament was for 2017-2019 financial year. The annual reports for 2020 - 2022 are still pending.

Failure to address the above issues could have an impact on the accountability and governance in the timely reporting of the Ministry's financial affairs and proper managing of grants disbursed to the i-Taukei Affairs Board.

Recommendations

Supervisory oversight should be improved to ensure:

- the timely submission of the financial statement for audit;
- timely preparation of annual reports; and
- to strengthen Ministry's role of overseeing the financial governance of i-Taukei institutions.

Agreed Management Action

Strong emphasis has been placed in meeting timeline and there should be some changes expected in the near future. It is obvious that at times the absence of essential information that can delay the whole submission. With regards to our role in overseeing i-TAB, apparently, the Ministry closely monitors the issuance and compliance. It can be evident from the Grant the limitations and controls ensuring governance.

5.5 Weakness and Non – Compliance with Finance Manual

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

- Unauthorized payment vouchers, competitive quotes not obtained, meal claim forms not certified, minutes not attached and incorrect classification of expenses.
- Delay in the retirement of accountable advance.
- Journal adjustments were not approved prior to posting to the FMIS general ledger.

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

Ineffective supervisory oversight in the Accounting Section to ensure compliance with the Finance Manual requirements indicates that there are inadequate controls in the procurement process and delays in retirements of accountable advance.

Recommendation

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

Agreed Management Action

The Ministry's Finance team is working towards the re-strengthening of processes that are commonly overseen, causing our major drawbacks, however, way forward for MTA, it is improving the weak areas and ensure every SOP is closely followed prior to final process.

5.6 Delay in the Preparation of Reconciliation Statements

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

The audit review of the Ministry's underline accounts revealed that monthly reconciliations were not prepared in a timely manner. Refer to **Appendix 5.3** for details.

The lack of supervisory controls by responsible officer(s) on book-keeping functions promptly will continue to affect timely preparations of monthly reconciliation if not properly monitored.

Recommendation

Supervision and proper monitoring of accounting responsibilities should be improved.

Agreed Management Action

MTA do agree with the Audit comment. It can be evident from the FMIS analysis monthly reconciliation submission which confirmed our timely submission, nevertheless on certain period only signified the delay. As a way forward, MTA will continue to strive for improvement.

¹ Ministry of i-taukei Affairs Finance Manual 2017-2018 Section 13.3.3

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

5.7 Internal Controls

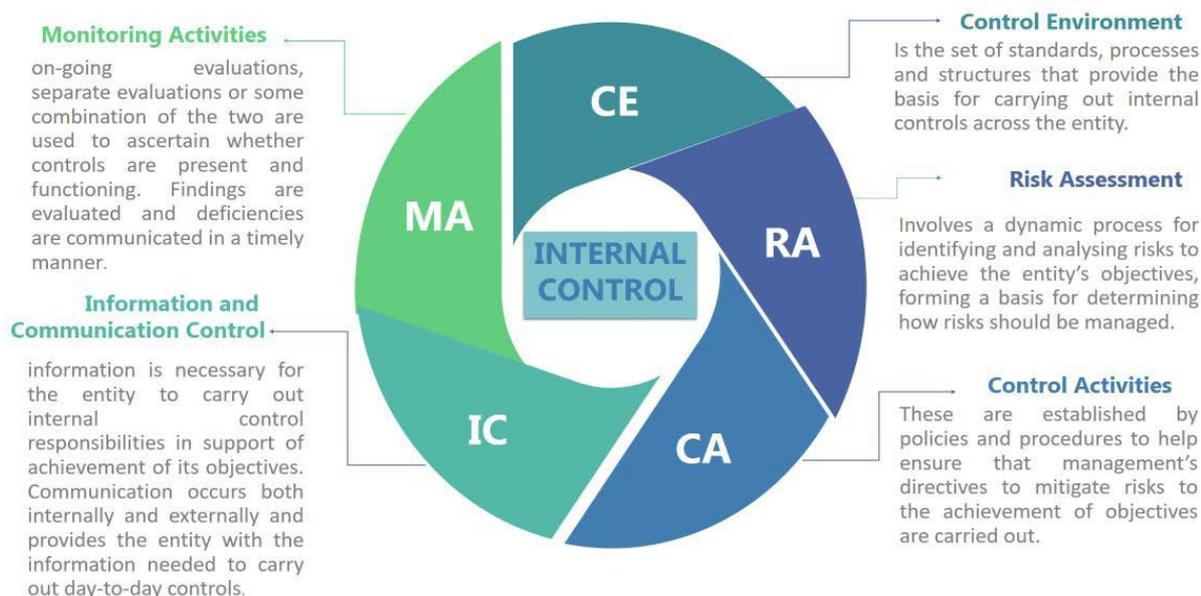
During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements.

Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☀	☀	☀	☀

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

Rating	Internal control assessment
☀ Generally Effective	Some deficiencies identified in internal controls.

5.8 Submission of Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021 - 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022	✓	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 08 August 2022	✓	Processing of payments by 28 July 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Processing of virement by 12 August 2022	✗
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✗	Completion of reconciliations by 26 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Submission of arrears of revenue returns by 26 August 2022	Not Applicable

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

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

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

5.9 Quality of Draft Financial Statements by Entities

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

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

Rating	Quality of draft financial statements assessment
☠ Ineffective	Although there were no audit adjustments made to the balances, the initial draft financial statements submitted for audit were incomplete.

5.10 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
☠ Ineffective	Acceptable draft financial statements received after 31 October 2022

5.11 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Ineffective	After 21 days from issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
 Generally Effective	Within 15 days from issue of Financial Statements for signing.

Appendix 5.1: Procurement and Payment Anomalies

i. Unauthorized Payment Vouchers

Date	Payment ID	Amount (\$)
11/11/2021	15352	2,500.00
19/11/2021	15420	1,600.00
11/10/2021	15329	1,241.20
01/11/2021	15328	6,284.90

ii. Competitive Quotes Not Obtained

Date	Payment ID	Amount (\$)
03/05/2022	16716	1,935.00
04/03/2022	16142	8,915.42
29/06/2022	17283	1,277.41
04/07/2022	17344	4,467.00

iii. Meal Claims forms not signed and witnessed by authorized officer

Date	Payment ID/ JV ID	Amount (\$)
14/07/2022	99	705.60
14/07/2022	98	1,182.80

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

Date	Payment ID/ JV ID	Amount (\$)
03/12/2021	36	580.00
04/04/2022	JV 6149 – 60/08/21-22	13,294.25

v. Incorrectly classified expenditure

Date	Payment ID/ JV ID	Amount (\$)
17/05/2022	16847	3,542.95
07/07/2022	17382	2,600
29/06/2022	17282	1,152.45
22/02/2022	16052	6,467.62
23/05/2022	16908	5,818.03
23/03/2022	16346	3,106.80
06/06/2022	17074	7,982.61
07/01/2022	15759	7,469.60
31/08/2021	15117	28,569.68
27/05/2022	16965	4,145.00
30/05/2022	16993	3,120.95
03/05/2022	16718	1,450.00
08/06/2022	17090	1,382.30
25/03/2022	16365	2,208.50
13/07/2022	17419	3,432.80

Date	Payment ID/ JV ID	Amount (\$)
27/06/2022	17279	7,246.47
29/06/2022	17283	1,277.41
18/07/2022	17434	2,885.62
23/09/2021	15175	2,756.25
04/07/2022	17344	4,467.00

vi. Minutes Not Attached

Date	Payment ID	Amount (\$)
04/02/2022	34220	1,258.00

Appendix 5.2: Journal Vouchers not Approved

Batch No	Date	Amount (\$)
6165 – 50/11/22	08/06/2022	6,316.50

Appendix 5.3: Delay in the Preparation of Reconciliations

Underline Account Reconciliation Statements

Months	Date to be Prepared	Date Prepared	Delays in number of Days
Accountable Advance			
August 2021	15/09/2021	15/02/2022	153 days
September 2021	15/10/2021	15/02/2022	123 days
October 2021	15/11/2021	15/02/2022	92 days
November 2021	15/12/2021	15/02/2022	62 days
December 2021	15/01/2022	16/02/2022	32 days
Drawings Account			
August 2021	15/09/2021	16/02/2022	370 days
September 2021	15/10/2021	16/02/2022	124 days
October 2021	15/11/2021	16/02/2022	93 days
November 2021	15/12/2021	16/02/2022	63 days
December 2021	15/01/2022	16/02/2022	32 days

Section 6

Ministry of Defence, National Security and Policing

Roles and Responsibilities

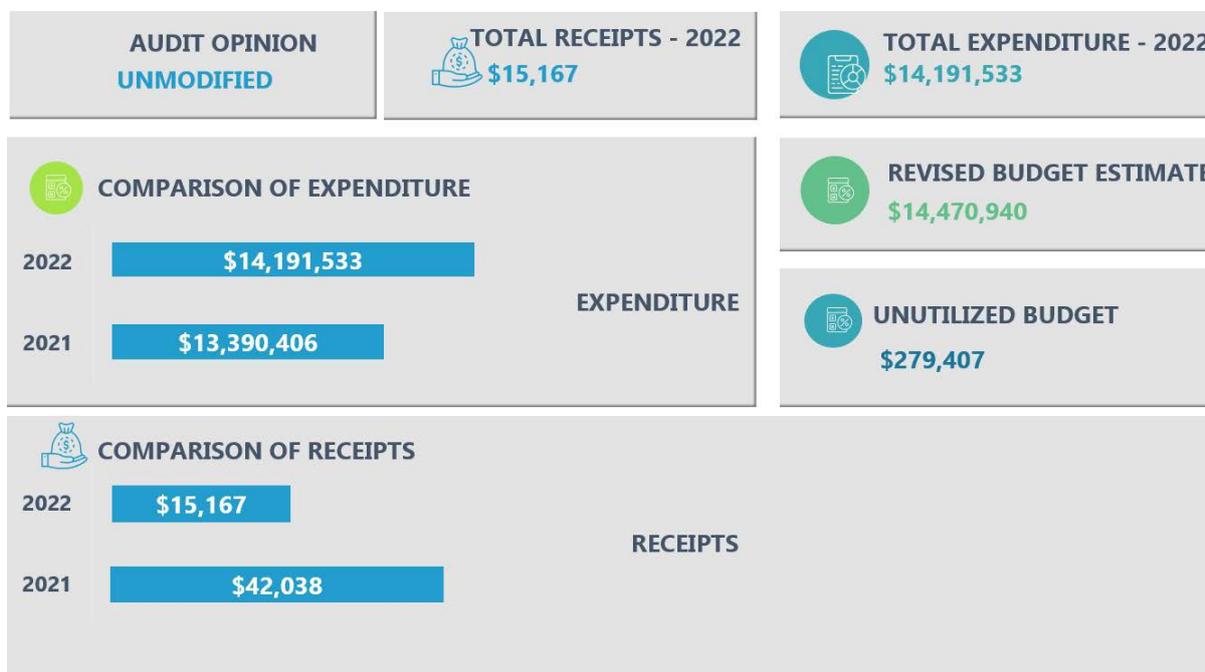
The Ministry of Defence and National Security is responsible for Fiji’s national security, including the defence of the country’s sovereignty and territorial integrity. The Ministry carries out this responsibility through the implementation of Fiji’s National Security Strategy and by conducting policy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

Table of Contents

PART A: FINANCIAL INFORMATION.....	2
6.1 Financial Information.....	2
6.2 Audit Opinion	2
6.3 Appropriation Statement.....	2
PART B: OTHER SIGNIFICANT MATTERS.....	4
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	5
6.4 Internal Controls.....	5
6.5 Submission of Draft Agency Financial Statements	6
6.6 Quality of Draft Financial Statements by Entities	6
6.7 Timeliness of Draft Financial Statements	6
6.8 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	7

PART A: FINANCIAL INFORMATION

6.1 Financial Information



6.2 Audit Opinion

The audit of the 2022 accounts for the Ministry of Defence, National Security and Policing resulted in an unmodified audit opinion.

6.3 Appropriation Statement

The Ministry collected revenue totalling \$15,167 in 2022 and incurred expenditure totalling \$14.2 million against a revised budget of \$14.5 million resulting in unutilised budget of \$0.3 million or 2%.

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

Table 6.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,038,752	(76,000)	962,752	899,669	63,083
2	Government Wage Earners	237,290	---	237,290	228,858	8,432
3	Travel & Communication	105,000	119,869	224,869	208,191	16,678
4	Maintenance & Operations	203,604	42,000	245,604	213,526	32,078

SEG	Item	Budget Estimate. (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	365,559	(85,869)	279,690	153,628	126,062
6	Operating Grants & Transfers	12,055,239	---	12,055,239	12,054,663	576
7	Special Expenditure	388,096	---	388,096	373,061	15,035
	Total Operating Expenditure	14,393,540	---	14,393,540	14,131,596	261,944
8	Capital Construction	---	---	---	---	---
	Total Capital Expenditure	---	---	---	---	---
13	Value Added Tax	77,400	---	77,400	59,937	17,463
	TOTAL	14,470,940	---	14,470,940	14,191,533	279,407

PART B: OTHER SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Ministry.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

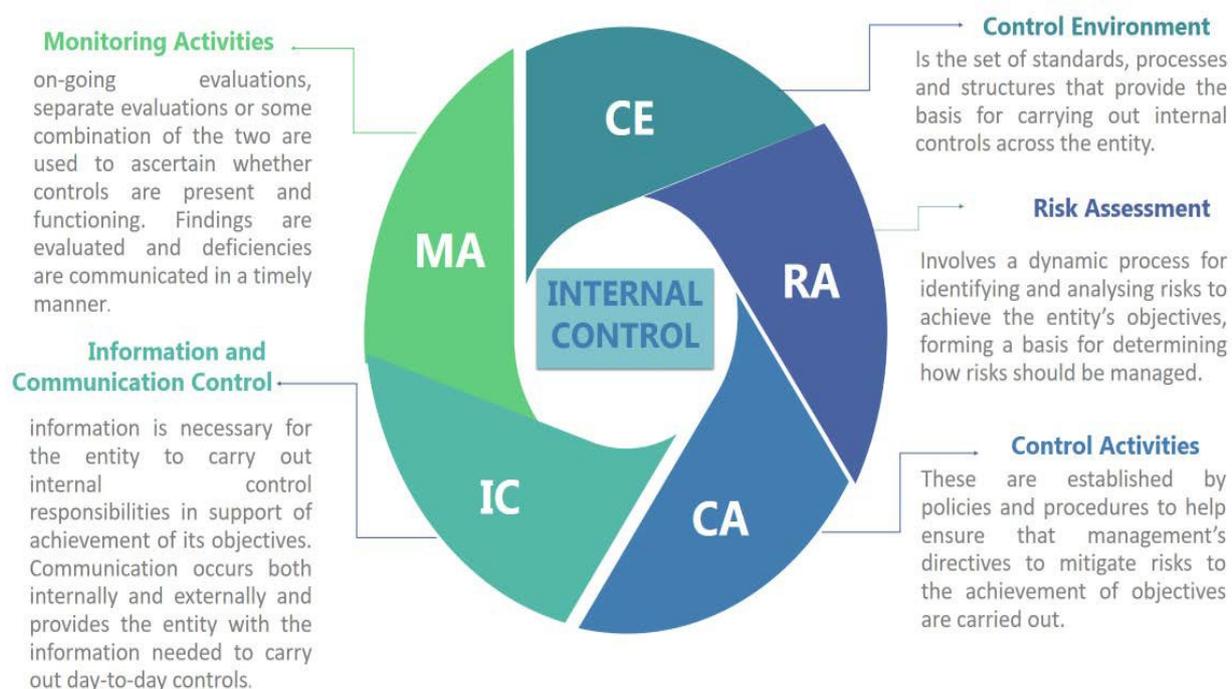
6.4 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

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

Rating	Internal control assessment
★ Effective	No significant deficiencies identified in internal controls.

6.5 Submission of Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of virements by 12 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	✓
Clearance of stale cheques by 05 August 2022	✗	Clearance of Inter-departmental clearance accounts by 5 August 2022	✓
Closing date for journal adjustments by 8 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓

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

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

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

6.6 Quality of Draft Financial Statements by Entities

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

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

Rating	Quality of draft financial statements assessment
🌿 Effective	No adjustment were required

6.7 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
✖ Ineffective	Acceptable draft financial statements received after 31 October 2022

6.8 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
✖ Ineffective	After 21 days from the issue of Draft Management Letter

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

Section 7**Ministry of Employment, Productivity And Industrial Relations****Roles and Responsibilities**

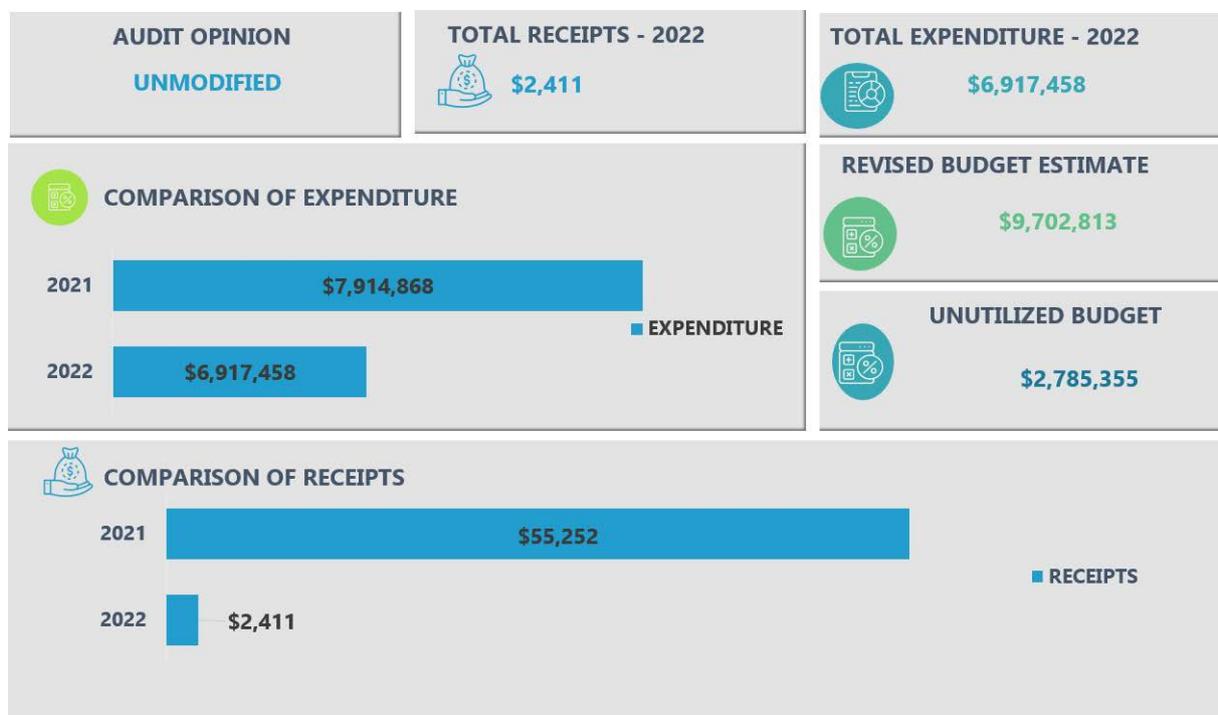
The Ministry of Employment, Productivity and Industrial Relations is responsible for upholding the constitutional right of every Fijian to economic participation, a just minimum wage, humane treatment in the workplace and proper working conditions. The Ministry promotes and advances the rights of workers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

Table of Contents

PART A: FINANCIAL INFORMATION.....	2
7.1 Financial Information.....	2
7.2 Audit Opinion	2
7.3 Appropriation Statement.....	2
7.4 Trust Fund Account.....	3
PART B: SIGNIFICANT MATTERS.....	7
7.5 Anomalies in Payroll reconciliation – Recurring Issue	7
7.6 Anomalies in Main Trust Fund Accounts	8
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	10
7.7 Internal Controls.....	10
7.8 Submission of FY 2021-2022 Draft Agency Financial Statements.....	10
7.9 Quality of Draft Financial Statements by Entities.....	11
7.10 Timeliness of Draft Financial Statements	11
7.11 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	12
APPENDIX 7.1 - NATIONAL OCCUPATIONAL HEALTH & SAFETY EDUCATION AND ACCIDENT PREVENTION TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS.....	13
APPENDIX 7.2 - EMPLOYMENT RELATIONS AGENCY TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS	14
APPENDIX 7.3 - NATIONAL EMPLOYMENT CENTRE TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS	14
APPENDIX 7.4 - OHS CONSULTANCY SERVICES, WORKMENS COMPENSATION AND WAGE FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS	15
APPENDIX 7.5 - LATE PAYROLL RECONCILIATIONS.....	16
APPENDIX 7.6 - UNSUBSTANTIATED TRUST DOCUMENTS	16
APPENDIX 7.7 – DELAY IN BANKING.....	17
APPENDIX 7.8 UNSIGNED CASH ANALYSIS SHEETS	17

PART A: FINANCIAL INFORMATION

7.1 Financial Information



7.2 Audit Opinion

The audit of the 2022 accounts of the Ministry of Employment, Productivity and Industrial Relations resulted in an unmodified audit opinion.

7.3 Appropriation Statement

The Ministry collected revenue totalling \$2,411 in 2022 and incurred expenditure totalling \$6,917,458 against a revised budget of \$9,702,813 resulting in savings of \$2,785,355 or 28.71%.

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

Table 7.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,893,377	---	5,893,377	4,665,996	1,227,381
2	Government Wage Earners	326,728	---	326,728	280,011	46,717
3	Travel & Communication	241,750	---	241,750	179,816	61,934
4	Maintenance & Operations	429,300	---	429,300	319,533	109,767
5	Purchase of Goods & Services	506,097	---	506,097	342,718	163,379
6	Operating Grants	100,540	---	100,540	63,432	37,108

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	& Transfers					
7	Special expenditure	782,369	---	782,369	367,017	415,352
	Total Operating Expenditure	8,280,161	---	8,280,161	6,218,523	2,061,638
10	Capital Grants & Transfers	1,246,292	---	1,246,292	618,779	627,513
	Total Capital Expenditure	1,246,292	---	1,246,292	618,779	627,513
13	Value Added Tax	176,360	---	176,360	80,156	96,204
	TOTAL	9,702,813	---	9,702,813	6,917,458	2,785,355

Unutilized budget were largely due to the following:

1. Unutilized budget in Established staff of \$1,227,381 or 21% is due to the 31 vacant positions that were not filled.
2. Unutilized budget in Special Expenditures of \$415,352 or 53% was mainly as a result of most expenses for labour mobility programme was funded by Pacific Labour Fund.
3. Unutilized budget in Capital grants and transfers of \$627,513 or 50% in 2022 was mainly due to less referral in relation to workmen compensation.

7.4 Trust Fund Account

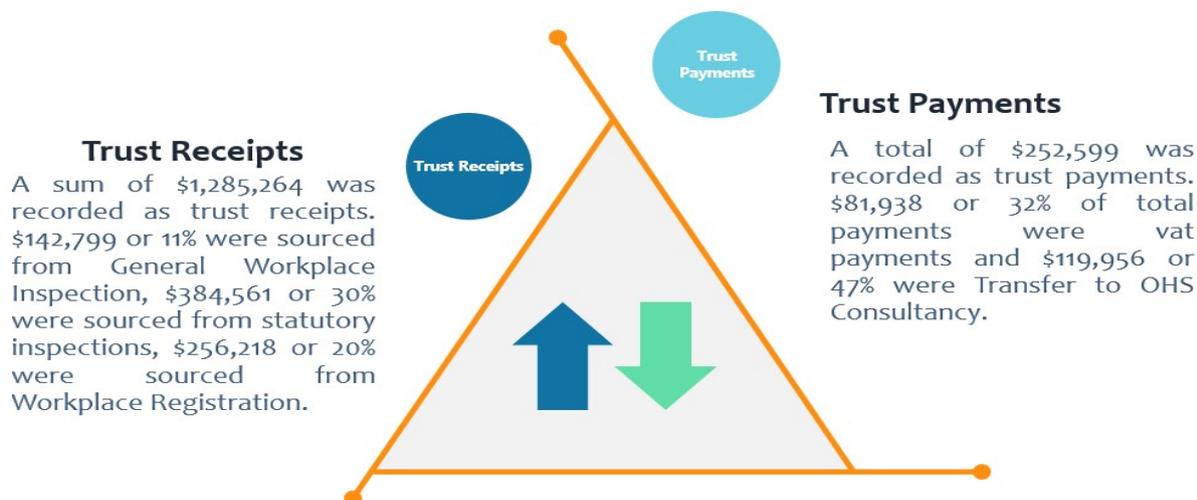
Ministry of Employment, Productivity and Industrial Relations maintains five main trust fund accounts. These trust monies relate to National Occupational Health and Safety Trust Account, Employment Relations Agency Trust Account, National Employment Centre Trust Account, Occupational Health and Safety (OHS) Consultancy Services, Workmen's Compensation and Wages Dispute Trust Fund Account. The following further explains the nature, purpose and use of each trust account.

7.4.1 National Occupational Health & Safety Education and Accident Prevention Trust Fund:

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

For the National Occupational Health and Safety Education and Accident Trust Fund Account, the Ministry collected trust revenue totalling \$1,285,264 in 2022 and incurred expenditure totalling \$252,599 resulting in a surplus of \$1,032,665 compared to a surplus of \$1,106,677 in 2021.

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

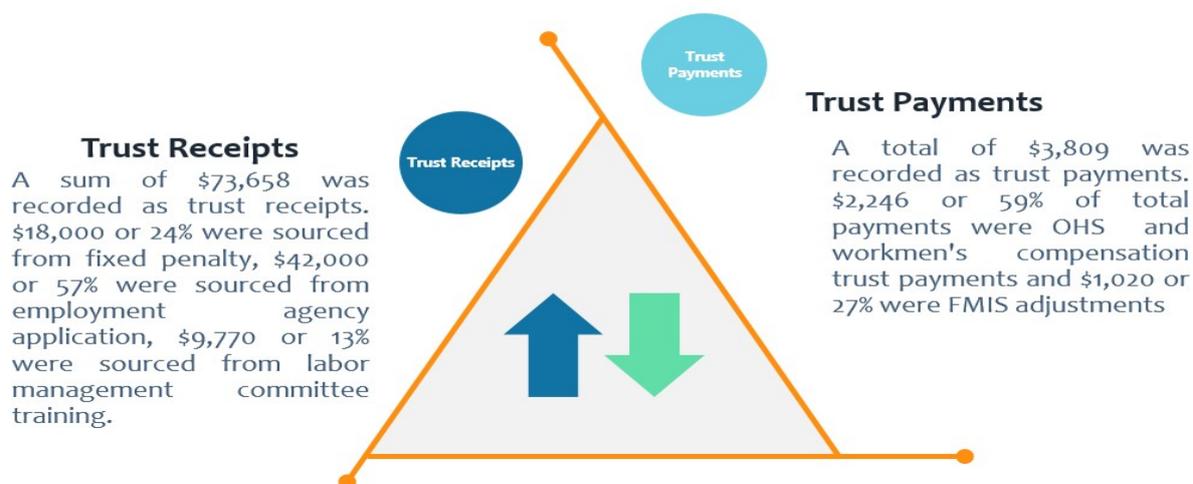


7.4.2 Employment Relations Agency Trust Fund Account:

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

For the Employment Relations Tribunal Trust Account, the Ministry collected trust revenue totalling \$73,658 in 2022 and incurred expenditure totalling \$3,809 resulting in a surplus of \$69,849 compared to a surplus of \$15,266 in 2021.

EMPLOYMENT RELATION AGENCY TRUST FUND ACCOUNT

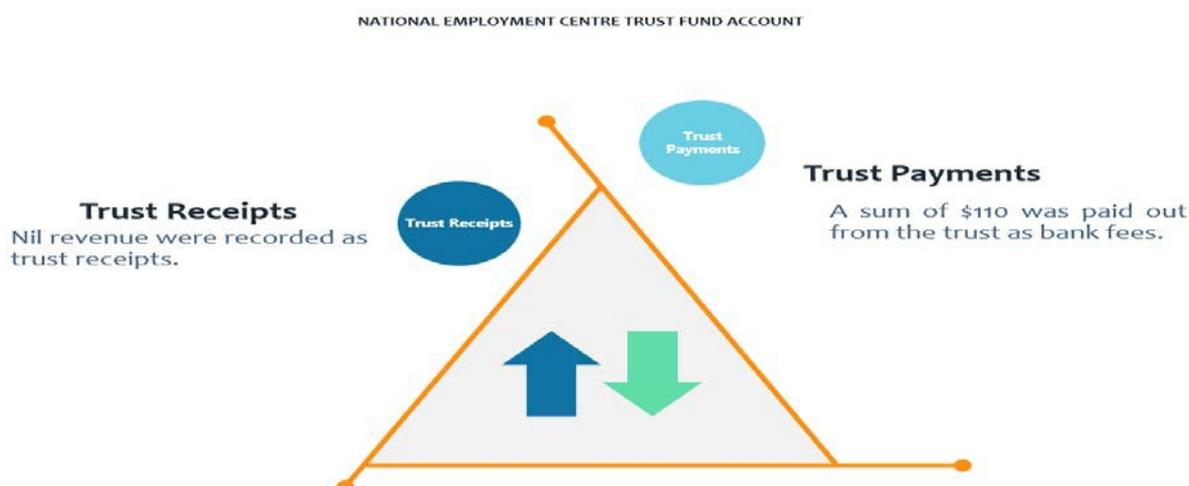


7.4.3 National Employment Centre Trust Fund Account:

The National Employment Centre operates under the National Employment Centre Act 2009. The Centre is responsible for providing employment skills training and facilitating employment opportunities for the unemployed. The Centre offers 3 services – Formal Employment Service, Foreign Employment Service and Fiji Volunteer Service. Unemployed persons who register under the National Employment Centre undertake professional counselling, aptitude assessment, life skills training and are trained in the relevant employment skills demanded by the labour market. Moreover, the Centre provides opportunities for the unemployed to do volunteer services, work attachment, and facilitates opportunities for employment both locally and internationally.

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

The Ministry collected nil trust revenue in 2022 and incurred expenditure of \$110 for the Employment Centre Trust Account resulting in a net deficit of \$110.



7.4.4 Occupational Health and Safety (OHS) Consultancy Services, Workmen’s Compensation and Wages Dispute Trust Fund Account

7.4.4.1 Work Compensation Trust Account:

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

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

7.4.4.2 Wages Dispute Trust Account:

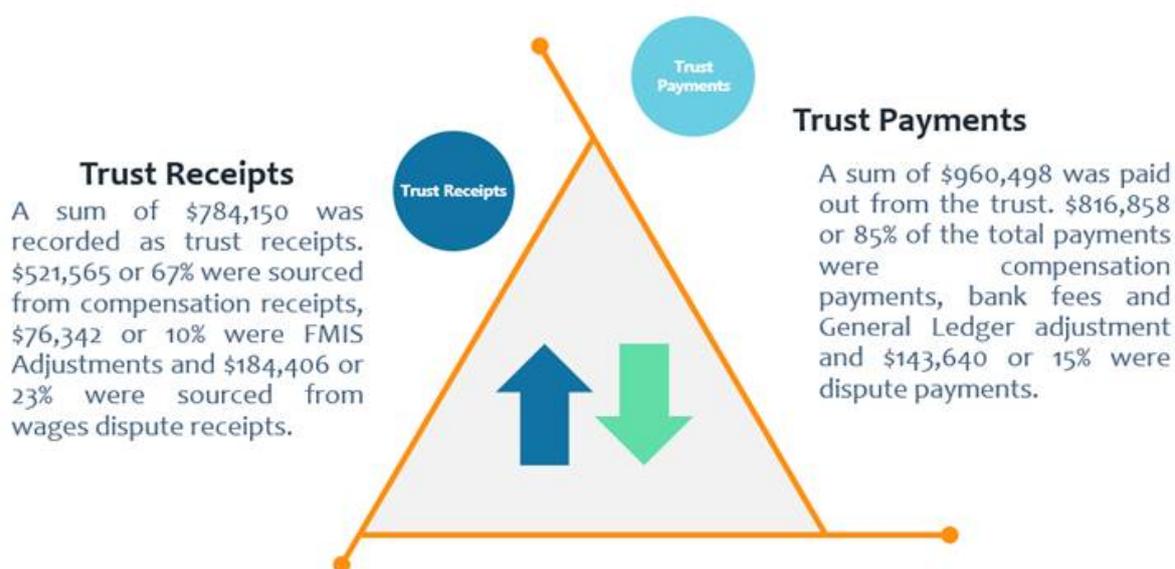
A liability account and the Wages Unit is responsible for setting minimum wages and other terms and conditions of employment in Fiji’s employment sector. It ensures workers are actually provided with the stipulated Wages Regulations terms and conditions. Any payment received from employer after dispute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

7.4.4.3 Occupational Health and Safety (OHS) Consultancy Trust Account:

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

For the Occupational Health and Safety (OHS) Consultancy Services, Workmen’s Compensation and Wages Dispute Trust Fund Account, the Ministry collected trust revenue totalling \$784,150 in 2022 and incurred expenditure totalling \$960,498 resulting in a deficit of \$176, 348 compared to a surplus of \$71,836 in 2021.

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



Detailed Statement for Trust Receipts and Payments are provided in **Appendix 7.1 to 7.4**

PART B: SIGNIFICANT MATTERS

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

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

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

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2022.

7.5 Anomalies in Payroll reconciliation – Recurring Issue

The salary reconciliation must reconcile the difference between the previous fortnight payroll report and the current report and must be prepared prior to each pay date.¹

Audit review of the salary reconciliations revealed that majority of the payroll reconciliations were not prepared on a timely manner and signed off by the officer preparing, checking and approving them.

Refer **Appendix 7.5** for details.

The audit finding indicates ineffective monitoring of supervisors. This is also attributed to the untimely preparation of payroll reconciliations to detect errors and fraud.

Untimely preparation and review of the salary reconciliation can result in errors in salary which may not be detected in a timely manner.

Recommendation

The Ministry should ensure that salary reconciliations are prepared, reviewed and endorsed in a timely manner in accordance with the Finance Manual.

Agreed Management Action

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

¹ MEPIR Finance Manual Section 4.1.4

7.6 Anomalies in Main Trust Fund Accounts

All journalized adjustments shall be sequentially numbered and dated to avoid double postings.²

All cash, cheques and documents of value shall be kept in a safe or strong locked room.³

The safe keeper shall be responsible for:-

- I. keeping the safe key;
- II. maintaining a safe register which is a record of all money and other valuables in the safe;
- III. conducting a stock take of items in the safe at least once every week

Within 5 days after the end of each month, the Account Officer, AAO OHS shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.⁴

The Accounts Officer and AAO OHS shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.⁵

The Ministry as at 31 July 2022 had the following main trust fund accounts:

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

Audit review of the above main trust fund accounts revealed the following anomalies and control weaknesses:

- There were instances when the receipts of the National Occupation Health & Safety Education and Accident Prevention Trust Fund Account were found not be in sequence. Audit review noted that the missing receipts related to a loss of cash through theft. The total amount missing from the Cashiers room totalled \$13,191 for the financial year 2021/2022.
- There were instances when receipts posted in general ledger were unsubstantiated due to absence of supporting documents in the files. Unsubstantiated documents include cash analysis sheet, receipts, bank lodgement form and bank statement.
- Audit noted delay in banking of cash receipts where it was kept in the cashier's safe for number of days and weeks.
- There were instances where cash analysis sheets were not signed by the preparer and checked by the reviewer.

Refer to **Appendix 7.6 – 7.8** for details.

² MEPIR Finance Manual Section 5.5.6

³ MEPIR Finance Manual Section 6.1.3

⁴ Ministry of Employment Productivity & Industrial Relations Finance Manual 2019, Part 14, Section 14.4 paragraph 14.4.1

⁵ Ministry of Employment Productivity & Industrial Relations Finance Manual 2019, Part 14, Section 14.4 paragraph 14.4.3

The loss of cash indicates non-compliance to essential internal control procedures which includes timely preparation of bank reconciliation and banking. The loss of cash for the Trust Account will require re-imburement to the Trust Fund from the budgetary allocation.

The internal control anomalies relating to cash indicate lack of adherence to the Ministry's Finance manual. These anomalies pose high risk of mismanagement of Trust Fund receipts.

Recommendations

The Ministry should ensure that:

- **the Finance Manager should monitor that the controls involving cash management is adhered to including daily banking, receipting and recording process;**
- **appropriate actions should be taken on officers who were negligent in performing of their duties and who failed to adhere to the required internal control procedures in a timely manner which resulted in loss of Trust funds; and**
- **the Ministry should set the tone at the top and ensure that all critical internal control processes are performed. Officers who fail in performing of their required duties in ensuring that internal controls are adhered consistently, should be cautioned and where appropriate, disciplined.**

Agreed Management Action

The loss of cash case has been referred to and is now under investigation by FICAC and Fiji Police.

The Ministry plans to fill in all vacant positions and conduct awareness training to all staff and have proper SOP's in place to avoid such issues in future.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

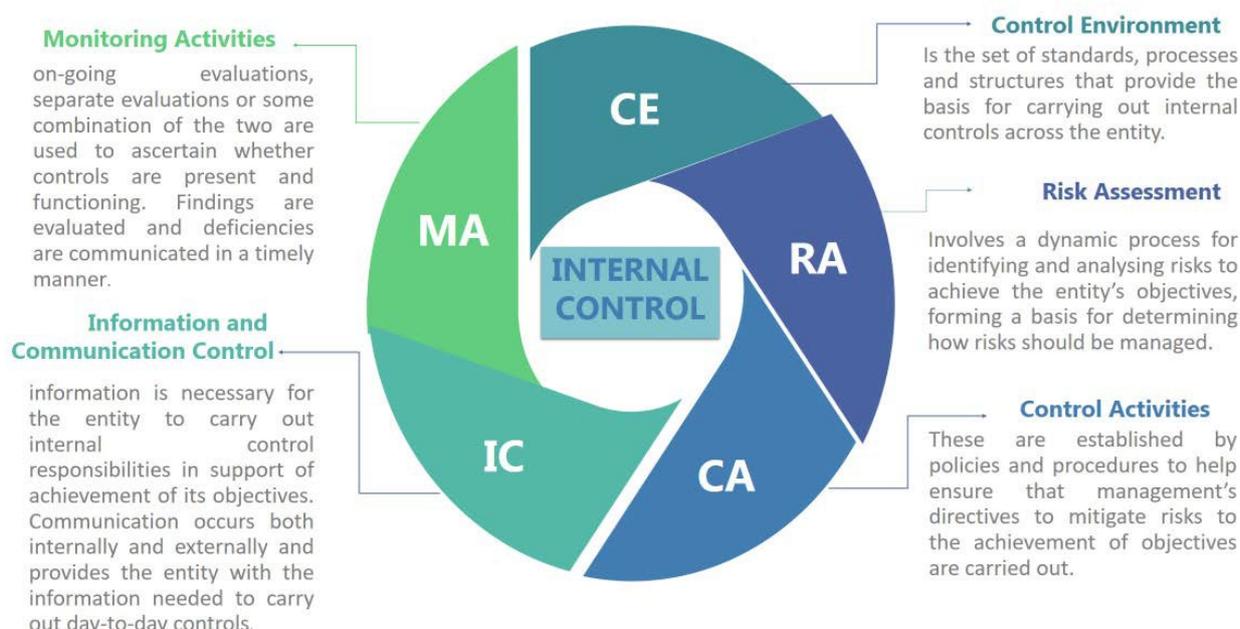
7.7 Internal Controls

During the audit, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, 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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
*	*	*	*	*

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

Rating	Internal control assessment
* Generally Effective	Some deficiencies identified in internal controls.

7.8 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022	✓	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 08 August 2022	✓	Processing of payments by 29 July 2022	✓
Clearance of stale cheques by 12 August 2022	✓	Processing of virement by 19 August 2022	✓
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓	Completion of reconciliations by 26 August 2022	✓
Retirement of imprests by 15 July 2022	Not Applicable	Submission of arrears of revenue returns by 27 August 2022	Not Applicable

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

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

Rating	Year-end close process assessment
🌟 Effective	8 of 8 key processes completed by due date

7.9 Quality of Draft Financial Statements by Entities

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

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

Rating	Quality of draft financial statements assessment
🌟 Generally Effective	Adjustments on total expenditure, operating results/net assets were less than one percent.

7.10 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
🌟 Generally Effective	Acceptable draft financial statements received before or on 31 October 2022

7.11 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Effective	Within 14 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
 Generally Effective	Within 15 days from issue of Financial Statements for signing

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

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
Business License	32,529	22,605
Business and Liquor License	11,488	1,260
Chemical Registration	3,986	3,684
General Workplace Inspection	142,799	120,257
Hotel License	4,345	5,040
Liquor License	---	3,330
OHS Consultancy	43,412	30,176
OHS Design Vetting	71,956	72,443
OHS Training	56,700	75,850
Penalty Notice	4,900	3,500
Plant Registration	24,249	1,160
Statutory Inspection	384,561	341,236
Workplace Commissioning	8,462	3,040
Workplace Registration	256,218	236,398
Transfer of Funds from OHS Consultancy	---	970
Reimbursement WHT -FRCS	---	36,502
Bank Interest	115,523	256,912
FMIS Adjustment	119,956	16,546
Non Destructive Training Inspection	4,180	---
Total Receipts	1,285,264	1,230,909
PAYMENTS		
VAT Payments	81,938	81,271
Withholding Tax	11,552	---
Bank Fees	860	26,635
Transfer to OHS Consultancy	119,956	---
FMIS Adjustment	38,293	16,326
Total Payments	252,599	124,232
Net Surplus	1,032,665	1,106,677
Balance as at 1 August	11,142,182	10,035,505
Closing Balance as at 31 July	12,174,847	11,142,182

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

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
LMCC Registration & Training	9,770	9,690
Wages Regulation Order – Photocopying	7	---
Court Fees	270	695
Fixed Penalty	18,000	4,300
Employment Agency Application	42,000	---
Fine Costs	1,680	100
Search Fees	59	116
Amendment Constitution	250	250
Incorrect Deposits	1,622	2,554
Total Receipts	73,658	17,705
PAYMENTS		
OHS and Workmen's Compensation Trust	2,246	2,374
Adjustment Posting	1,020	---
Employment Relation Tribunal Cost	500	---
Bank Fee	43	65
Total Payments	3,809	2,439
Net Surplus	69,849	15,266
Balance as at 1 August	687,011	671,745
Closing Balance as at 31 July	756,860	687,011

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

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
NEC Trust Fund Receipts	---	---
Total Receipts	---	---
PAYMENTS		
Bank Fees	110	30
Total Payments	110	30
Net Deficit	(110)	(30)
Balance as at 1 August	228,206	228,236
Closing Balance as at 31 July	228,096	228,206

APPENDIX 7.4 - OHS CONSULTANCY SERVICES, WORKMENS COMPENSATION AND WAGE FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS

Description	31 July 2022 (\$)	31 July 2021 (\$)
RECEIPTS		
<u>Workmen's Compensation</u>		
Compensation receipts	521,565	2,118,469
Bank Fees	778	973
FMIS Adjustment	76,342	46,385
Total	598,685	2,165,827
<u>Wages Dispute</u>		
Wages dispute receipts	184,406	113,189
FMIS Adjustment	1,059	-
Total	185,465	113,189
<u>OHS Consultancy</u>		
FMIS Adjustment	---	136
Total	---	136
Total Receipts	784,150	2,279,152
PAYMENTS		
<u>Workmen's Compensation</u>		
Compensation Payments	789,283	1,898,858
Bank Fees	312	567
FMIS Adjustment	27,263	191,250
Total	816,858	2,090,675
<u>Wage Dispute</u>		
Dispute Payments	143,640	116,505
Total	143,640	116,505
<u>OHS Consultancy</u>		
FMIS Adjustment	---	136
Total	---	136
Total Payments	960,498	2,207,316
Net (Deficit)/ Surplus	(176,348)	71,836
Balance as at 1 August	868,990	797,154
Closing Balance as at 31 July	692,642	868,990

APPENDIX 7.5 - LATE PAYROLL RECONCILIATIONS

Pay Date	Date Prepared	Date Checked	Date Verified	Date Endorsed
29.07.21- 04.08.21	24.08.21	24.08.21	24.08.21	24.08.21
05.08.21- 11.08.21	24.08.21	24.08.21	24.08.21	24.08.21
12.08.21-18.08.21	24.08.21	24.08.21	24.08.21	24.08.21
19.08.21-25.08.21	31.08.21	31.08.21	31.08.21	01.09.21
26.08.21-01.09.21	03.09.21	03.09.21	03.09.21	06.09.21
02.09.21-08.09.21	21.09.21	21.09.21	21.09.21	21.09.21
09.09.21-15.09.21	27.09.21	29.09.21	29.09.21	28.09.21
16.09.21-22.09.21	04.10.21	04.10.21	04.10.21	05.10.21
23.09.21- 29.09.21	04.10.21	04.10.21	04.10.21	05.10.21
30.09.21-06.10.21	14.10.21	15.10.21	15.10.21	20.10.21
07.10.21-13.10.21	15.10.21	15.10.21	15.10.21	20.10.21
14.10.21-20.10.21	25.10.21	26.10.21	26.10.21	26.10.21
21.10.21-27.10.21	01.11.21	01.11.21	01.11.21	01.11.21
28.10.21-03.11.21	08.11.21	08.11.21	08.11.21	08.11.21
04.11.21-10.11.21	15.11.21	17.11.21	18.11.21	19.11.21
11.11.21-17.11.21	22.11.21	22.11.21	22.11.21	23.11.21
13.01.22-19.01.22	24.01.22	24.01.22	24.01.22	24.01.22
18.11.21-24.11.21	28.11.21	29.11.21	30.11.21	30.11.21
25.11.21-01.12.21	08.12.21	08.12.21	08.12.21	08.12.21
02.12.21-08.12.21	10.12.21	13.12.21	14.12.21	14.12.21
09.12.21-15.12.21	12.12.21	12.12.21	12.12.21	12.12.21
16.12.21-22.12.12	12.01.22	12.01.22	12.01.22	12.01.22
23.12.12-29.12.21	12.01.22	12.01.22	12.01.22	12.01.22
30.12.21-05.01.22	17.01.22	17.01.22	17.01.22	18.01.22
06.01.22-12.01.22	17.01.22	17.01.22	17.01.22	18.01.22

APPENDIX 7.6 - UNSUBSTANTIATED TRUST DOCUMENTS

Date	Receipt Number	Station	Amount (\$)
29/02/22	695482	Ba	499
06/04/22	696652	Ba	450
01/11/21	119843	HQ	2,520
18/01/22	695914	NN	906
18/01/22	695920	NN	900
18/01/22	118982	Ba	1,584
09/10/21	NN	NN	2,328
NN	NN	NN	2,350
06/04/22	696655	Ba	7,246
01/06/22	696677	Ba	6,831
04/02/22	696348	HQ	2,168
02/10/21	696583	HQ	1,522
08/03/22	695483	Ba	1,160
Total			30,464

APPENDIX 7.7 – DELAY IN BANKING

Date Received	Date Banked	Number of Days Delayed in Banking	Receipt Number	Station	Receipt Amount (\$)
03.03.22	09.03.22	6 days	695448	Lautoka	1,062
13.09.22	23.09.21	9 days	117618	Nadi	2,105
03.02.22	10.02.22	7 days	696306	HQ	2,756
30.02.22	08.03.22	8 days	676293	HQ	2,226
02.02.22	10.02.22	8 days	120396	HQ	1,848
01.02.22	10.02.22	9 days	696259	HQ	1,270
04.02.22	10.02.22	6 days	696309	HQ	1,222
24.03.22	11.04.22	18 days	695524	Lautoka	1,512
Total					14,001

APPENDIX 7.8 UNSIGNED CASH ANALYSIS SHEETS

Date	Receipt No.	Client	Amount (\$)
08.11.21	673784	Work Communication for X Insurance	11,000
20.08.21	673753	Work Communication for X Insurance	24,000
04.08.21	673749	Work Communication for Y Investment	1,414
20.12.21	673800	Work Communication for X Insurance	12,570
29.12.21	673905	Work communication for E vs R and P.	11,513
01.02.22	673913	Work com for K vs P Run	10,195
02.08.21	647990	Garments	770
Total			71,462

Section 8

Ministry of Foreign Affairs

Roles and Responsibilities

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

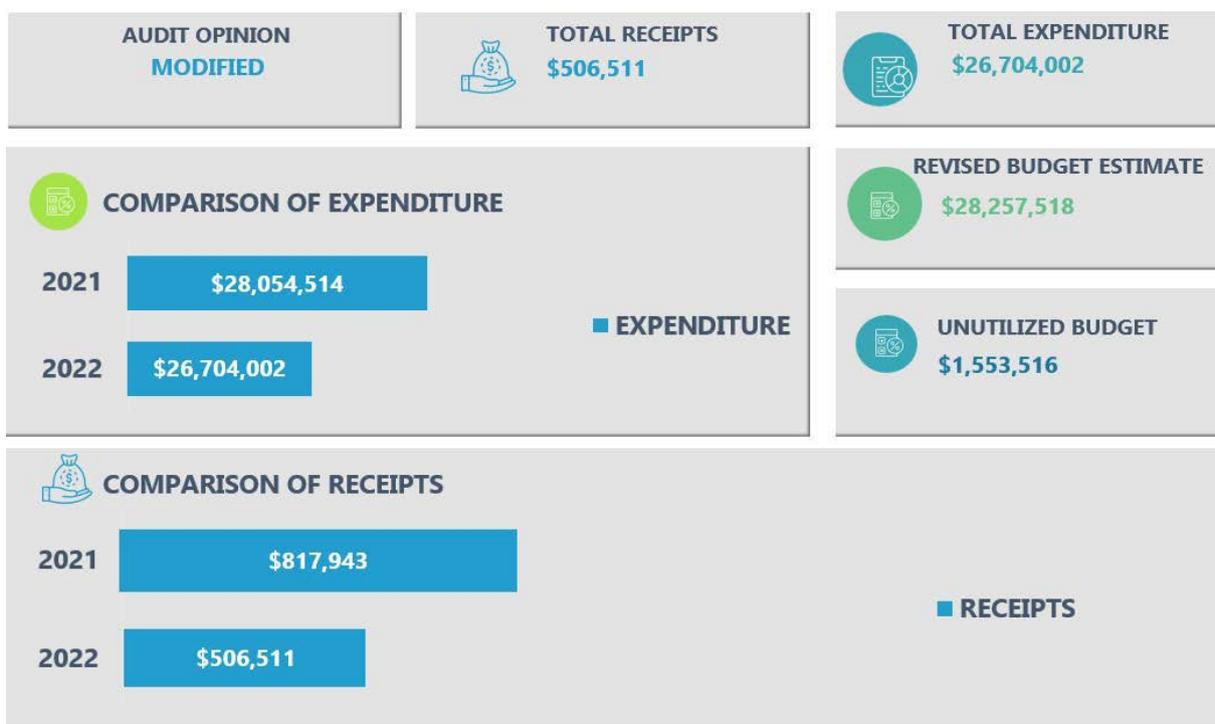
The Ministry also provides consular services to Fijians living overseas and helps coordinate high-level meetings and visits to Fiji, including conferences hosted on our shores.

Table of Contents

PART A: FINANCIAL INFORMATION.....	2
8.1 Financial Information.....	2
8.2 Audit Opinion	2
8.3 Appropriation Statement.....	3
PART B: SIGNIFICANT MATTERS.....	4
8.4 Overseas Bank Account not recorded in the General Ledger - for FY 2022	4
8.5 SAG 51 - Variance between FMIS GL and Bank Reconciliation Statements for Overseas Mission Cash Account - Recurring issue	5
8.6 Balances Carried Forward – Operating Trust Fund Account - Recurring issue	6
8.7 Payment and Procurement Anomalies	7
8.8 Weaknesses in Internal Control for Wellington Mission	7
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	10
8.9 Internal Controls.....	10
8.10 Submission of Draft Agency Financial Statement.....	11
8.11 Quality of Draft Financial Statements by Entities.....	11
8.12 Timeliness of Draft Financial Statements	11
8.13 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	12

PART A: FINANCIAL INFORMATION

8.1 Financial Information



8.2 Audit Opinion

The audit of the 2022 accounts of the Ministry of Foreign Affairs resulted in a modified audit opinion with emphasis of matter and other matters paragraphs.

The qualification was based on:

- The unreconciled variance of \$1,668,879 which exist between the FMIS general ledger Overseas Bank balance of \$3,726,613 and the accumulated Overseas Mission’s bank reconciliation statement balance of \$2,057,734. As such, the accuracy of the total expenditure and total revenue amounting \$26,704,002 and \$506,511 reflected in the Statement of Receipts and Expenditure for the year ended 31 July 2022 could not be determined.

The emphasis of matter were on the following:

- Internal controls were generally found to be weak for the Wellington Mission with respect to the non-submission of acquittals to the Ministry, payment vouchers and supporting documentations and receipts for certain months were not provided for audit. In addition, the bank reconciliation statements were not prepared for the months of November 2021 to July 2022. These internal control weaknesses, if not addressed promptly, may result in material misstatement and possible financial losses in the future.
- Bank audit certificates for the London, New York and Delhi Missions were not provided for audit verification

The other matters were as follows:

- All the approved management meeting minutes for 2022 were not provided. Consequently, decisions made pertaining to the operations of the Ministry could not be verified.
- Operating trust amounting to \$1,029,931 or 64% of the total operating trust have been carried forward from the previous year without any movement.

8.3 Appropriation Statement

The Ministry collected revenue totalling \$506,511 in 2022 and incurred expenditure totalling \$26.7 million against a revised budget of \$28.3 million, resulting in savings of \$1.55 million or 5.5%.

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

Table 8.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	10,834,481	(1,363,910)	9,470,571	9,303,064	167,507
2	Government Wage Earners	2,819,243	(495,891)	2,323,352	2,205,241	118,111
3	Travel & Communication	967,162	441,194	1,408,356	1,252,687	155,669
4	Maintenance & Operations	6,227,274	1,770,172	7,997,446	7,851,084	146,362
5	Purchase of Goods & Services	788,275	358,347	1,146,622	1,011,784	134,838
6	Operating Grants & Transfers	5,314,083	(710,412)	4,603,671	4,566,342	37,329
7	Special Expenditure	440,000	500	440,500	439,421	1,079
	Total Operating Expenditure	27,390,518	---	27,390,518	26,629,623	760,895
8	Capital Construction	100,000	---	100,000	4,069	95,931
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	100,000	---	100,000	4,069	95,931
13	Value Added Tax	767,000	---	767,000	70,310	696,690
	TOTAL	28,257,518	---	28,257,518	26,704,002	1,553,516

The significant unutilized budget was largely due to the following:

- **SEG 8** - The unutilized budget of \$95,931 in Capital Construction was mainly due to the unutilised provisions under SEG 8. The Capital Construction budget provisions is provided to accommodate all Overseas Missions capital needs. However, for financial year 2021/2022 the budget was only utilised by FHC Canberra.
- **SEG 13** - The unutilized budget of \$696,690 for Value Added Tax (VAT) was due to the nature of overseas missions' expenditures. VAT is not applicable for expenditures incurred in foreign countries.

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 2022.

8.4 Overseas Bank Account not recorded in the General Ledger - for FY 2022

Financial transactions shall be posted into the automated information system (General Ledger System) using journal entry input forms or directly from source documents such as journal vouchers or payment vouchers.¹

The audit review of the bank audit confirmation provided by Fiji High Commission to Canberra, Australia revealed that the High Commission had two bank accounts. However, one bank account with AUD\$109,430.31 balance was not reflected in the Ministry's FMIS general ledger as at 31 July 2022. This account had a 1% interest rate. Refer to Table 8.2 below for details.

Table 8.2: Overseas Bank Account not recorded in the General Ledger

Account Name	Account Number	Balance as at 31 July 2022 (AUD)
High Commission of the Republic of Fiji	032729356331	109,430.31

This has led to the balance being understated in the FMIS general ledger. However, the issue has been resolved in financial year 2023.

Recommendation

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

Agreed Management Action

In the 2022-2023 the audit issue has been rectified, in which the bank account has been closed and funds transferred into the Missions Operational bank account. In this regard, the amount posted into the General Ledger (GL) is also taking into account the exchange rate.

The sum of FJD\$163,237.59 has been the converted amount from AUD and has been credited in Miscellaneous Revenue for the Ministry.

¹ Ministry of Foreign Affairs, Finance Manual 2019, Section 12.2.1

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

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.²

The Director Finance must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.³

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

- Variances noted between the FMIS general ledger and the Ministry's bank reconciliation statements of \$1.7 million.
- The Fiji Consulate General Sydney was closed and transferred to the Ministry of Industry, Trade & Tourism in 2016. However, the balance of \$0.9 million continue to be reflected in the Ministry's FMIS general ledger.
- Foreign Missions in Adis Ababa and Brazil, Brussels, Washington, Seoul, Kuala Lumpur and Port Moresby were closed by 31 July 2021. However, their balances continued to be reflected in the Ministry's FMIS general ledger.
- Independent Bank Audit Certificates (BAC's) were not provided for Foreign Missions in London, New York and Delhi.
- The Ministry did not provide July Bank Reconciliation for Wellington.

Refer to Table 8.3 below for details.

Table 8.3: Variance between FMIS GL & Reconciliation Statement

Account	FMIS GL (\$)	Reconciliation Statement (\$)	Variance (\$)
Canberra Cash	291,077	260,142	30,935
London Cash	981,927	298,371	683,556
Tokyo Cash	203,033	93,551	109,482
Wellington Cash	557,031	---	557,031
Beijing USD Cash	48,781	92,313	(43,532)
Beijing RMB Cash	(105,898)	8,719	(114,617)
New York Cash	186,213	190,844	(4,631)
Geneva Cash	404,305	333,814	70,491
Abu Dhabi Cash	639,573	164,964	474,609
Jakarta USD	376,220	395,397	(19,177)
Jakarta Rupiah	164,279	37,701	126,578
New Delhi USD	6,901	147,223	(140,322)
New Delhi Rupee	(26,829)	34,694	(61,523)
Total	3,726,613	2,057,733	1,668,880

Lack of supervisory checks in postings made to the FMIS general ledger and timely regularisation of the accumulated variance from past years may be a contributing factor to the above.

² Financial Instruction 2010, Section 32 (6)

³ Ministry of Foreign Affairs Finance Manual 2019, Section 5.3.10

As a result, the audit could not ascertain the accuracy of the balances reflected in the FMIS general ledger.

Recommendations

The Ministry should:

- expedite the process in reconciling the balances in the FMIS GL to the bank reconciliation statement;
- liaise with Ministry of Finance to close the FMIS general ledger for missions that have closed and transfer the general ledger balances for missions that have been transferred to the correct Appropriation Heads; and
- ensure that Bank Audit Certificates are provided to the audit.

Agreed Management Action

The Ministry is working closely with Ministry of Finance in rectifying the variances recurring for the past years. Source documents has been currently compiled to substantiate the book entry for the variance of which the variance for closed Missions will be addressed first followed by the current opened 10 Missions. The Ministry hopes to address this variance by the end of the 2023 financial year.

8.6 Balances Carried Forward – Operating Trust Fund Account - Recurring issue

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

The closing balance for the operating trust fund account as at 31 July 2022 was \$1,608,318. Review of the FMIS general ledger revealed that 64% or \$1,024,797 have been carried forward from previous years without any movement noted during the year.

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

Recommendation

The Ministry should review the carried forward balances and liaise with Ministry of Finance to make the necessary accounting adjustments.

Agreed Management Action

The issue has been identified in line with the incorrect posting of Missions transactions whereby revenues collected in the Missions were credited in SLG86 instead of a revenue account. In this regard, a book entry will also be made to adjust the dormant SLG86 accounts by the end of 2023 financial year. The total operating trust as at 31 July 2022 was \$1,608,318 of which \$1,029,931 (64%) were carried forward from previous year and without any movement during the year.

⁴ Ministry of Foreign Affairs Finance Manual 2019, Section 3.5.3

8.7 Payment and Procurement Anomalies

Competitive quotes, instead of public tenders, may be called for procurements \$50,000 and less unless, the PSFA has approved an exemption in accordance with procurement regulation 29-(3).⁵

The Clerical officer payment preparing a payment voucher must ensure that all information required under Finance Instruction 14-(1) has been included on the payment voucher or attached to it, before passing it to the SAO for certification.⁶

As per Section 2.10.5 of the Ministry of Foreign Affairs Finance Manual 2019, The PAO, SAOs & AO's must not certify a payment as correct unless they are satisfied that the expenditure account is charged to is correct.

Audit review of the procurement and payment process revealed the following anomalies:

- No documentary evidence was provided to confirm that competitive quotations were obtained or that the Permanent Secretary's had approved the exemptions for the procurements totalling \$33,615;
- Lack of supporting documentations attached to the Payment Vouchers to support the payments totalling \$88,165;
- Journal vouchers and supporting documents totalling \$73,437 were not provided for audit verification; and
- Double posting of December - medical insurance (New York Mission) totalling \$37,250.

The above is an indication of the non-compliance to the Finance Manual.

Recommendations

The Ministry should:

- **strengthen supervision and monitoring of the accounting function to ensure compliance with the requirements of the Finance Manual; and**
- **provide refresher training on the procurement and payment process to accounting officers.**

Agreed Management Action

The audit recommendation is noted. On this note, the Ministry is looking into the review of the Ministry's Finance Manual and the Overseas Missions Finance guidelines in the new financial year. The review will incorporate the Overseas Missions finance processes aligning to the Financial Management Act, Finance Instructions and Procurement regulations and meeting the nature of work for Fijian Missions abroad.

8.8 Weaknesses in Internal Control for Wellington Mission

The Head of Mission shall ensure that all Missions monthly acquittals are submitted in a timely manner.⁷

Payment vouchers are to be recorded in an Expenditure Record (soft copy and hard copy) ... At the end of each month, a summary of Mission's expenditure and commitment statement to be submitted as part of the monthly report. The statement shall be submitted to HQ for inclusion into the monthly management report.⁸

⁵ Ministry of Foreign Affairs Finance Manual 2019, Section 2.6.2

⁶ Ministry of Foreign Affairs Finance Manual 2019, Section 2.10.4

⁷ Overseas Missions Finance Guideline 2019 – Section 1.3

⁸ Overseas Missions Finance Guideline 2019 – Section 2.13

The Revenue Collector shall maintain a revenue cash/cheque register in which he/she shall enter on a daily basis. The Monthly Revenue Statement shall be included as part of the Monthly Finance Report.⁹

The Head of Mission shall ensure that Bank Reconciliations must be submitted with relevant acquittals and received by Head Quarters on the 3rd of every month.¹⁰

Contrary to the Ministry of Foreign Affairs – Overseas Missions Finance Guideline (2019), the audit noted the following anomalies:

- Acquittals for the months of June and July 2022 were not submitted to Headquarters;
- Expenditure summary for the months of May to July 2022 were not provided for audit verification;
- Payment vouchers and supporting documentations for the months of November to December 2021, January, February, June and July 2022 were not provided for audit verifications;
- Revenue summary for the months of August 2021 and May to July 2022 were not provided for audit verification;
- Receipt numbers 537891 – 537897 (JV No 80202) issued for passport renewals totalling \$1,400 and receipts issued for the months July were not provided for audit verification;
- Revenue Collectors Cash Analysis Sheet for the months of May to July 2022 were not provided for audit verification;
- Double posting of revenue collected for the month of March totalling \$20,664;
- Bank reconciliation statements for the months of November 2021 to July 2022 were not provided for audit verifications; and
- A variance of \$208,948 was noted between the bank audit certificate balance and the FMIS General Ledger.

Poor records management and capacity issues in the Accounts Section of the Mission is a contributing factor to the above. This also increases the risk of misappropriation of funds without being detected.

Recommendations

The Ministry should ensure that:

- **supervision and proper monitoring of accounting responsibilities should be enhanced;**
- **accounting records should be properly maintained to provide evidence of the utilization of funds and should be readily available for audit verifications;**
- **expenditure should be properly supported with documentary evidence before they are processed for payments;**
- **proper records management should be established to ensure systematic storage that will allow easy identification and retrieval of documents and records;**
- **the Head of Mission must ensure that bank reconciliations are performed at the end of each month by a competent officer and reviewed by a Senior Officer independent of the preparer;**
- **receipts, payment vouchers and bank reconciliation statements to be provided for audit verifications; and**
- **corrective actions should be taken to resolve the variances and double postings to the FMIS general ledger.**

⁹ Overseas Missions Finance Guideline 2019 – Section 4.7 and 4.8

¹⁰ Overseas Missions Finance Guideline 2019 – Section 5.16)

Agreed Management Action

From the mid of the 2021-2022 financial year, the Mission has faced with the high staff turnover which includes the officer that was fully responsible of the finances of the Missions. The officer immediately resigned in which there was no proper handing over of duties and responsibilities. To ensure financial records are updated and recorded in the General Ledger for the Mission before the end of the 2021-2022 financial year, the Ministry deployed a finance officer from Headquarters for a short term period to the Mission to facilitate the necessary pending tasks.

On this note, the Ministry fully supports the recommendation provided, hence, from 2022-2023 financial year, the Ministry has deployed a Finance Officer from Headquarters to the Fiji High Commission to be permanently engaged with the Mission as a Finance Officer. The officer will be tasked to undertake all activities of the Missions that have financial implications, ensuring processes and procedures are fully compliant of the Ministry's finance regulations.

As for the double posting of revenue amounting \$20,664 for the month of March, 2022, the Ministry request for an adjustment to be made in order to rectify the double posting.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

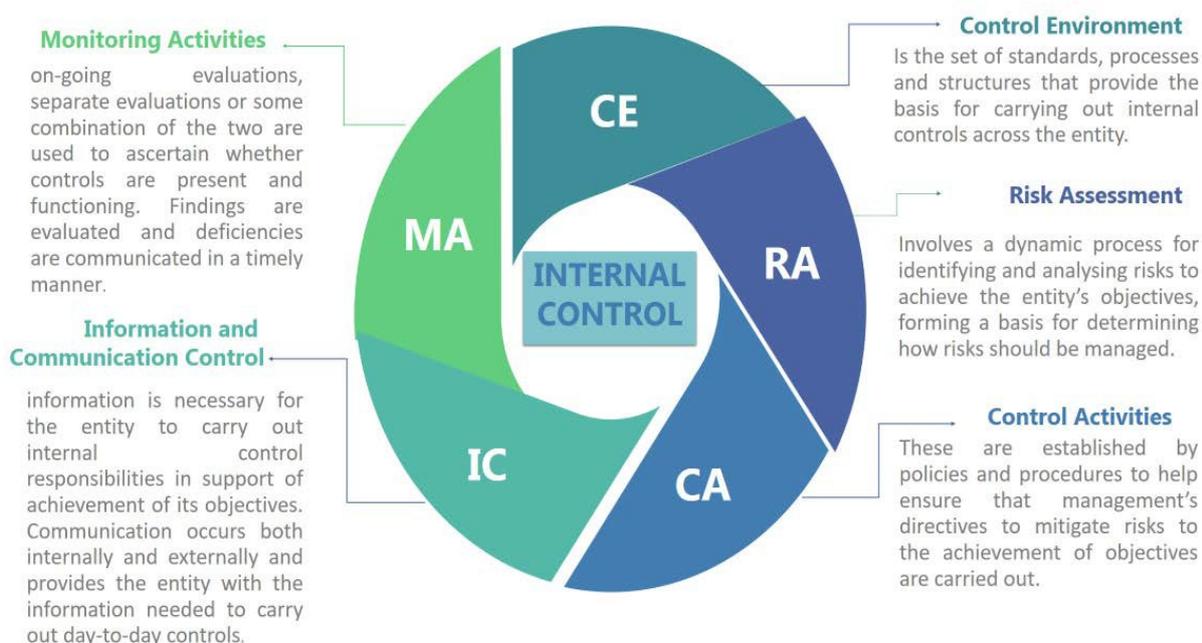
8.9 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

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

Rating	Internal control assessment
★ Generally Effective	Some deficiencies identified in internal controls.

8.10 Submission of Draft Agency Financial Statement

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021-2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2022		Cancellation of unprocessed purchase orders by 18 July 2022	
Clearance of Inter-departmental clearance accounts by 5 August 2022		Processing of payments by 28 July 2022	
Retirement of imprests by 15 July 2022		Processing of virement by 19 August 2022	
Clearance of stale cheques by 05 August 2022		Completion of reconciliations by 26 August 2022	
Annual Board of Survey on Drawings Account cheques by 26 August 2022		Submission of arrears of revenue returns by 26 August 2022	Not Applicable

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

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

Rating	Year-end close process assessment
 Generally Effective	6 of 9 key processes completed within two weeks of due date.

8.11 Quality of Draft Financial Statements by Entities

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

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

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

8.12 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
● Generally Effective	Acceptable draft financial statements received on 31 October 2022.

8.13 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
● Effective	Within 14 days from the issue of Draft Management Letter

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

Section 9 **Judicial Department**

Roles and Responsibilities

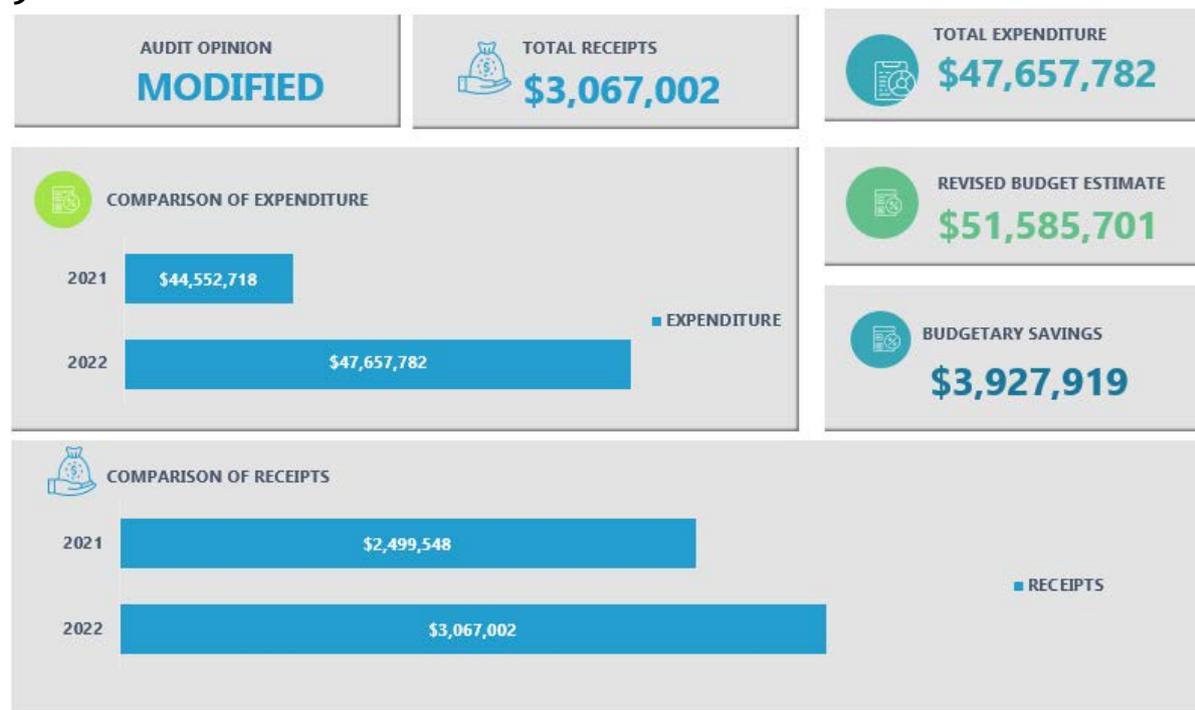
The Judicial Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System as the cornerstone of Justice. The Court System will uphold the principles of impartiality, equality, fairness and access, while protecting the dignity and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

Table of Contents

PART A: FINANCIAL INFORMATION	2
9.1 Financial Information.....	2
9.2 Audit Opinion	2
9.3 Appropriation Statement.....	2
9.4 Main Trust Fund Account	3
PART B: SIGNIFICANT MATTERS.....	6
9.5 Absence of Detailed Listing and Variance in Trust Funds Account - Recurring Issue	6
9.6 Presentation of Judicial Trust Fund Accounts – Recurring Issue	8
9.7 Significant Arrears of Revenue – Recurring Issue	9
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	11
9.8 Internal Controls.....	11
9.9 Submission of FY 2022 Draft Agency Financial Statements.....	12
9.10 Quality of Draft Financial Statements by Entities	12
9.11 Timeliness of Draft Financial Statements	12
9.12 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	13
APPENDIX 9.1: JUDICIAL TRUST FUND ACCOUNT	14
APPENDIX 9.2: JUDICIARY TRUST FUND ACCOUNT.....	14
APPENDIX 9.3: LEGAL PRACTITIONERS UNIT FUND ACCOUNT.....	14

PART A: FINANCIAL INFORMATION

9.1 Financial Information



9.2 Audit Opinion

The audit of the 2022 accounts for Judicial Department resulted in a modified audit opinion. The qualification issue was:

Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances, as such I was unable to satisfy myself on the accuracy of the closing balance of \$45,505,114 disclosed in the Judicial Trust Fund Account Statement of Receipts and Payments for the year ended 31 July 2022.

9.3 Appropriation Statement

The Department collected revenue totalling \$3,067,002 in 2022 and incurred expenditure totalling \$47,657,782 against a revised budget of \$51,585,701 resulting in savings of \$3,927,919 or 7.6%.

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

Table 9.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	51,585,701	---	51,585,701	47,657,782	3,927,919
7	Special Expenditure	---	---	---	---	---
	Total Operating Expenditure	51,585,701	---	51,585,701	47,657,782	3,927,919
8	Capital Construction	---	---	---	---	---
10	Capital Purchases	---	---	---	---	---
	Total Capital Expenditure	---	---	---	---	---
13	Value Added Tax	---	---	---	---	---
	TOTAL	51,585,701	---	51,585,701	47,657,782	3,927,919

No significant unutilised budget was noted for the financial year ended 31 July 2022.

9.4 Main Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Judicial Department operates and maintains 3 main trust fund bank accounts which include the Judicial Trust Fund Account, the Judiciary Trust Fund Account and the Legal Practitioners Unit Fund Account.

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

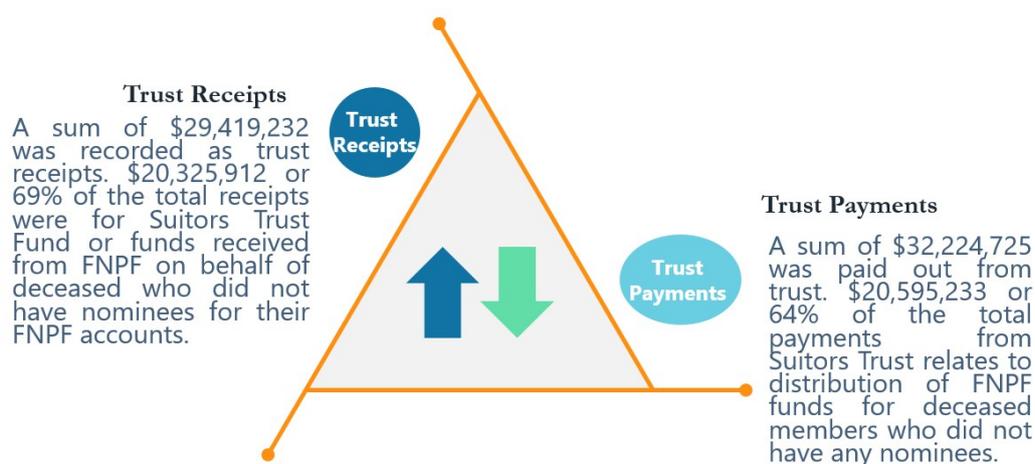
Judicial Trust Fund Account

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

- I. The Suitors Trust compromise of monies received from FNPF on behalf of deceased who did not have nominees for their FNPF accounts, Criminal and Civil cases related matters. The Suitors Trust Account are administered only at Suva, Lautoka and Labasa office.
- II. The Maintenance Trust compromise of monies received from maintenance payments by defendants to their spouses based on the judgements passed by the Family Law Court. The Maintenance Trust are administered at 11 stations as follows: Suva, Sigatoka, Nadi, Lautoka, Ba, Tavua, Rakiraki, Nausori, Nasinu, Taveuni and Levuka.

- III. The Sundries Trust of monies received from Civil and Criminal cases based on court judgements. These includes compensations, LTA fines, cash bail, court fees, bailiff fees and small claims. The Sundries Trusts are administered at 12 stations as follows; Suva, Nasinu, Nausori, Rakiraki, Tavua, Ba, Lautoka, Nadi, Sigatoka, Labasa, Savusavu and Taveuni.
- IV. The Deposit Retention for project comprises of funds retained for the projects that are being carried out by the contractors and are paid back to them after the defects liability period. It is usually 10% of the gross cost of the project. The funds are kept in this account because some projects defect liability period lapses in the following financial year.

As at 31 July 2022, the Judicial Trust Fund Account had a balance of \$45,505,114.

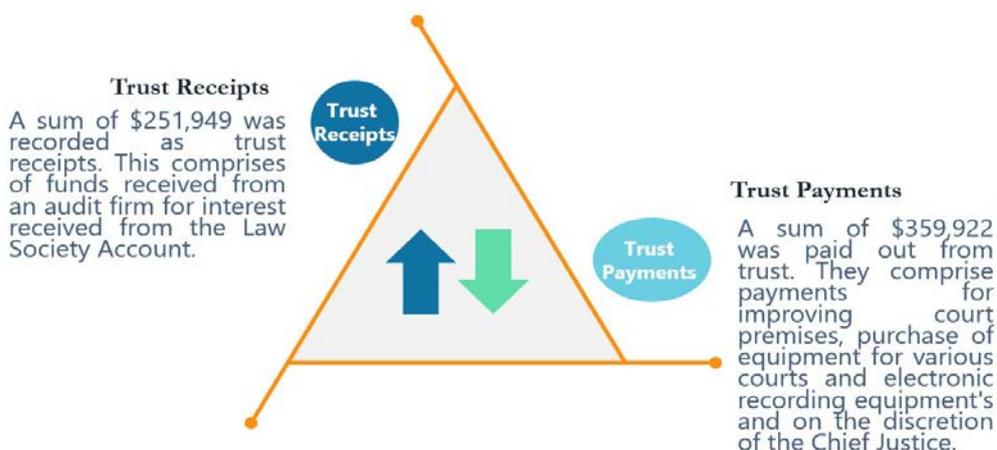


Detailed statement for trust receipts and payments are provided in **Appendix 9.1**.

Judiciary Trust Fund Account

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

As at 31 July 2022, the Judiciary Trust Fund Account had a balance of \$1,249,693.

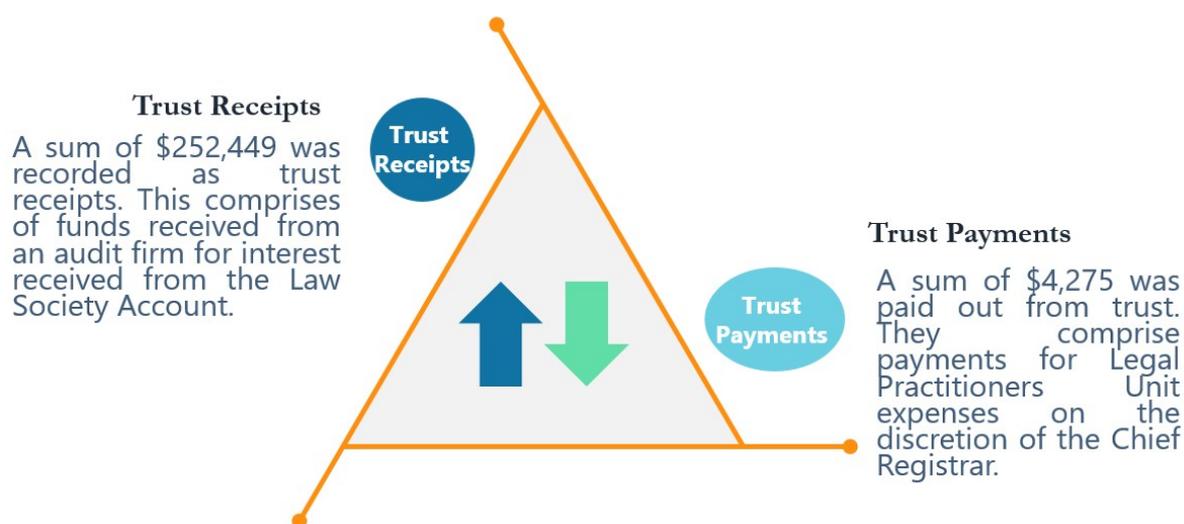


The detailed trust fund account statement of receipts and payments is provided in **Appendix 9.2**.

Legal Practitioners Unit Trust Fund Account

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

As at 31 July 2022, the Legal Practitioner Unit Fund Account had a balance of \$2,211,403.



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

PART B: SIGNIFICANT MATTERS

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

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

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

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Department. These have been included in this report as they impacted on the overall system of control of the Department as at 31 July 2022.

9.5 Absence of Detailed Listing and Variance in Trust Funds Account - Recurring Issue

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

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

The Department maintains Judicial Trust Fund Account which consists of three trust fund accounts: Suitor's Trust, Maintenance Trust and Sundries Trust accounts.

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

- As at that date of the audit report, there still exists significant lapse in the years of reconciliation and absence of detailed breakdown listings of beneficiaries and their current balances except for Suitors Trust Fund Account. As such the accuracy of the closing balance reflected in the Judicial Trust Fund account Statement of Receipts and Payments for the year ended 31 July 2022 respectively could not be determined.
- Variance of \$12,911 exists between the Trust Fund Account balance (SLG 89) and the Cash at bank balance (SAG 52) in the FMIS general ledger as at 31 July 2022. Refer to Table 9.2 for details.

¹ Finance Instructions 2010 – Section 58 (3)

² Finance Instructions 2010 – Section 58 (2&3)

Table 9.2: Variance between SLG 89 and SAG 52

Description	Amount (\$)
FMIS Cash at Bank Balance	45,518,025
FMIS Trust Fund Balance	45,505,114
Variance	12,911

As a result, we could not obtain the detailed breakdown listing of those beneficiaries and ascertain their respective balances being held by the Department as trust as at 31 July 2022.

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

Recommendations

The Department should:

- update the reconciliation showing the detailed breakdown listings of beneficiaries;
- reconcile the balance in the cash at bank and the SLG89 FMIS general ledger; and
- ensure that trust fund account bank statement balance, trust fund cash at bank balance in FMIS general ledger and trust fund account balance in FMIS general ledger is reconciled on a monthly basis and any error or omissions are investigated and resolved.

Agreed Management Action

The department is now maintaining the detailed listing. Furthermore, those without detailed listings and the unsubstantiated amounts have been transferred to MOF.

The documents for \$784,441 was correctly annexed and submitted to MOF. We had another meeting with MOF in late 2022 and we were given 3 options:

1. To source within Fund 1 if funds are available in the current FY Budget.
2. To request for funds in the next FY Budget submission.
3. Redeployment of funds from other Ministry.

We managed to source the funds within this FY and it has been transferred to the main trust fund account.

The variance currently is \$12,910. The department was informed by FMIS to verify all postings in ORG 11 to rectify the variance. This had to be done from very old records. We have done the reconciliations for six months from the time the variance started between SLG 89 and 52. We found out that when Trust monies are banked into revenue then we drew a cheque from Drawings account and deposit into Trust account.

Due to costs and time involved in reconciling from the old records we had another meeting with MOF asking them to write-off. However, the department was told to continue with the reconciliation process until the time the variance is stagnant. Due to workload and shortage of staff we are still left to reconcile the Four (4) years of old records.

Update of Main Trust Fund back log reconciliations Maintenance Account

Reconciliations for Night Shift staffs has been completed till June 2008 for all stations.

As for the current reconciliations (Daytime Staffs) the reconciliations are completed till February 2023 for all stations.

Sundries Account

Reconciliations for Night Shift staffs has been completed till June 2008 for all stations.

As for the current reconciliations (Daytime Staffs) the reconciliations are completed till February 2023 for all stations.

Suitors Fund Account

All suitors fund reconciliations are up to date till June 2023.

9.6 Presentation of Judicial Trust Fund Accounts – Recurring Issue

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

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

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

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

Moreover, the audit noted that the retention monies is kept in the Judicial Trust Fund bank account and therefore the amount is reflected in the Judicial Trust cash balance at year end. The balance was \$2,922,842 and \$3,509,518 respectively for 2021 and 2022.

With the various trust funds being deposited into one bank account, there is a risk of funds for a particular trust being utilized for the other trust funds exacerbated by the backlog in the reconciliation for each of the trust types.

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

Recommendation

The Department should work towards maintaining separate bank accounts for all new trust accounts and include separate statements of Trust Fund Account in the financial statements.

³ Finance Instructions 2010 – Section 58 (2&3)

Agreed Management Action

Although there is only one Bank account but we have 11 maintenance allocations, 12 sundries allocation, 3 Sutors allocations and 1 retention allocation.

Furthermore, the reconciliations are done by allocations as provided in the General Ledger by FMIS. In my view there is no need to open separate Bank accounts for individual allocations as long as reconciliations are carried out separately and records are kept in order.

9.7 Significant Arrears of Revenue – Recurring Issue

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

- A demand notice of payment shall be sent to the debtor after his/her debt has been overdue for more than a month; and
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.⁴

If a final notice had been issued to one of the debtors listed, the Principal Accounts Officer may approve the case to be referred to the Solicitor General or the Small Claim Tribunal, after considering the cost implication and the probability of recovery.⁵

The arrears of revenue comprise of arrears arising from court fees, fines and costs awarded to the state. The Department's arrears of revenue as at 31 July 2022 amounted to \$14,000,394. The last seven years' balance are provided in Table 9.3.

Table 9.3: Arrears of Revenue for last 7 Financial Years

Year	Balance (\$)
31/07/22	14,000,394
31/07/21	13,444,435
31/07/20	12,999,522
31/07/19	13,431,984
31/07/18	13,337,274
31/07/17	13,450,691
31/07/16	13,461,155

The Department has established a Fine Enforcement Unit in prior years to manage the arrears of revenue however, the arrears of revenue for the Department has remained substantial. The aging details as at 31/07/22 is as follows:

⁴ Judicial Department Finance Manual 2013 – section 9.2.1

⁵ Judicial Department Finance Manual 2013 – section 9.2.4

Table 9.4: Ageing of Arrears of Revenue

Age of Debtors	Amount (\$)	% of Total
Less than 1 year	488,605	3.49
1 – 2 years	537,575	3.84
2 - 5 years	1,989,020	14.21
More than 5 years	10,985,194	78.46
Total	14,000,394	100

The recovery measures warrants immediate review and collaborative actions with other government agencies.

Further delay in collecting the outstanding revenue increases the risk of revenue not likely to be collected which may require writing it off resulting in loss of revenue for government.

Recommendations

The Department should:

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

Agreed Management Action

Even though the department has increased the execution, there seems to be not much decrease in the Arrears. It becomes very difficult to locate the defaulters especially for old cases as far as from 1988. They may have either migrated, changed their address or even passed away.

The law as it stands empowers the Police Officers to execute warrants and collect fines. Our Department provides transportation and officers just accompany police officers to receive the monies. At times when police officers are not available then no executions are done. The full legal authority to enforce by way of committal warrants on defaulters, only rests with Fiji Police Force. Our Department only imposes committal warrants on defaulters.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

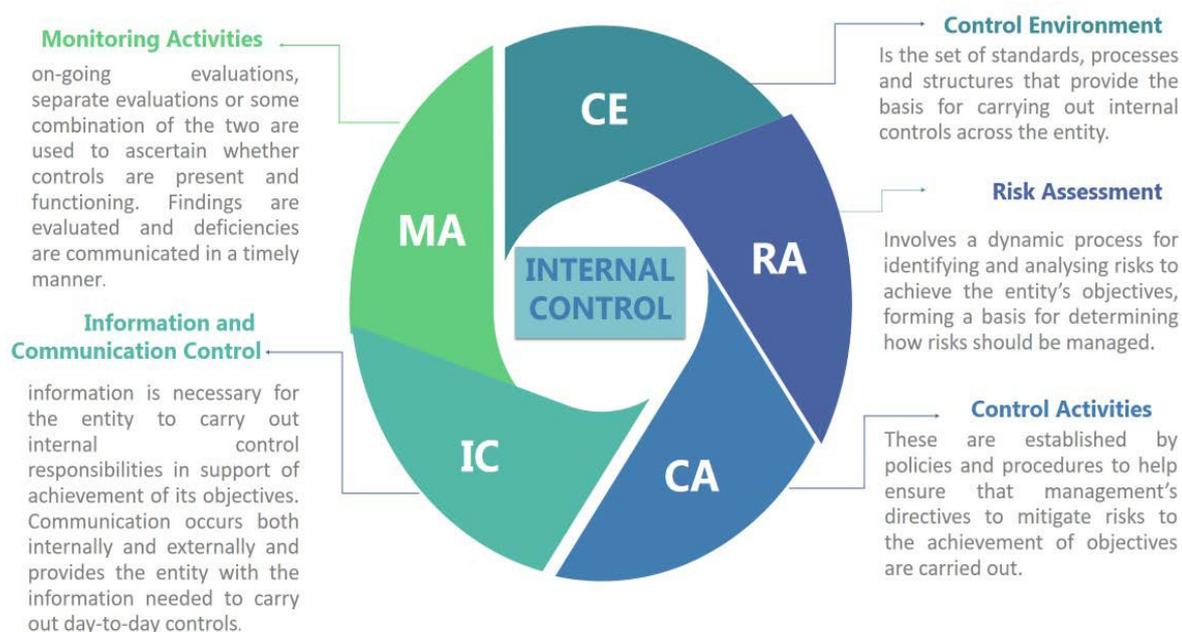
9.8 Internal Controls

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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
✱	✱	✱	✪	✪

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

Rating	Internal control assessment
✪ Generally effective	Some deficiencies identified in Internal controls

9.9 Submission of FY 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021 - 2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2022	✓	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 08 August 2022	✓	Processing of payments by 28 July 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Processing of virement by 19 August 2022	N/A
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓	Completion of reconciliations by 26 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Submission of arrears of revenue returns by 26 August 2022	✓

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

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

Rating	Year-end close process assessment
● Effective	9 of 9 key processes completed within two weeks of due date.

9.10 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 Department was:

Rating	Quality of draft financial assessments
● Effective	No adjustments were required

9.11 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:

Rating	Timeliness of draft financial assessments
☀ Generally effective	Acceptable draft financial statements received on or before 31 October 2022.

9.12 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:

Rating	Timeliness of Management Comments Received
☀ Effective	Within 14 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
☹ Ineffective	After 15 days from the issue of the Financial Statements for signing

APPENDIX 9.1: JUDICIAL TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Suitors Fund	20,325,912	17,991,800
Maintenance Fund	3,752,216	3,237,413
Sundries	3,859,345	3,040,516
Interest	49,035	45,112
Deposit Retention for Project Funds	1,432,724	1,144,436
Total Receipts	29,419,232	25,459,277
Payments		
Suitors Fund	20,595,233	12,140,151
Maintenance Fund	4,874,987	3,144,096
Sundries	5,908,457	3,337,568
Retention paid for Project Funds	846,048	287,663
Total Payments	32,224,725	18,909,478
Net (Loss)/Surplus	(2,805,493)	6,549,799
Opening balance as at 1 August	48,310,607	41,760,808
Closing balance as at 31 July	45,505,114	48,310,607

APPENDIX 9.2: JUDICIARY TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Judiciary Trust Fund Account	251,949	286,029
Total Receipts	251,949	286,029
Payments		
Judiciary Trust Fund Account	359,922	5,920
Total Payments	359,922	5,920
Net (Loss)/Surplus	(107,973)	280,109
Opening balance as at 1 August	1,357,666	1,077,557
Closing balance as at 31 July	1,249,693	1,357,666

APPENDIX 9.3: LEGAL PRACTITIONERS UNIT FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Legal Practitioners Unit Fund	252,449	287,862
Total Receipts	252,449	287,862
Payments		
Legal Practitioners Unit Fund	4,275	62,914
Total Payments	4,275	62,914
Net Surplus	248,174	224,948
Opening balance as at 1 August	1,963,229	1,738,281
Closing balance as at 31 July	2,211,403	1,963,229

Section 9 Parliament of Fiji

Roles and Responsibilities

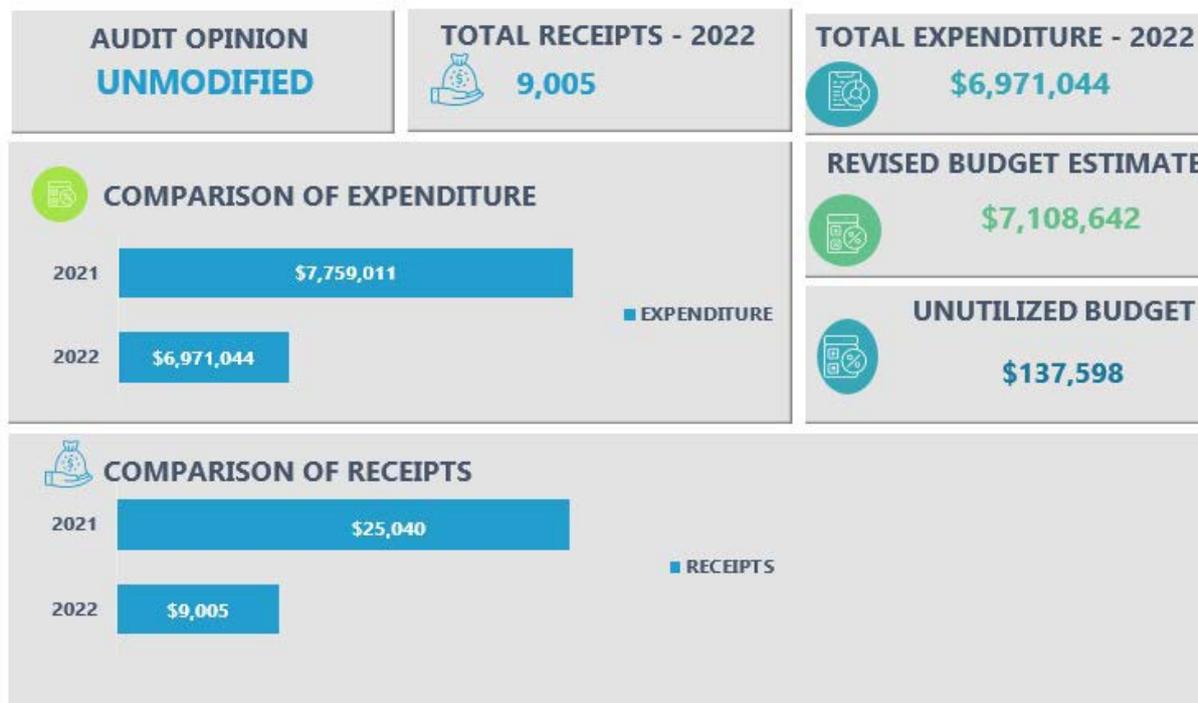
The primary function of the Parliament of Fiji is provided for under Section 46(1) of the Fijian Constitution, which states that, “the authority and power to make laws for the State is vested in Parliament”. The Parliament is the voice of the Fijian people, and it is responsible for ensuring representative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

Table of Contents

PART A: FINANCIAL INFORMATION.....	2
9.1 Financial Information.....	2
9.2 Audit Opinion	2
9.3 Appropriation Statement.....	2
PART B: SIGNIFICANT MATTERS	4
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	5
9.4 Internal Controls.....	5
9.5 Submission of Draft Agency Financial Statement.....	6
9.6 Quality of Draft Financial Statements by Entities	6
9.7 Timeliness of Draft Financial Statements	6
9.8 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	7

PART A: FINANCIAL INFORMATION

9.1 Financial Information



9.2 Audit Opinion

The audit of the 2022 accounts of the Parliament of Fiji resulted in an unmodified audit opinion.

9.3 Appropriation Statement

The Office collected revenue totalling \$9,005 in 2022 and incurred expenditure totalling \$7.0 million against a revised budget of \$7.1 million resulting in unutilized budget of \$0.1 million or 1.9%.

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

Table 9.1: Appropriation Statement

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

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	7,108,642	---	7,108,642	6,971,044	137,598
7	Special Expenditure	---	---	---	---	---
	Total Operating Expenditure	7,108,642	---	7,108,642	6,971,044	137,598
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	7,108,642	---	7,108,642	6,971,044	137,598
13	Value Added Tax	---	---	---	---	---
	TOTAL	7,108,642	---	7,108,642	6,971,044	137,598

No significant unutilized budget was noted for the financial year ended 31 July 2022.

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Parliament of Fiji.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

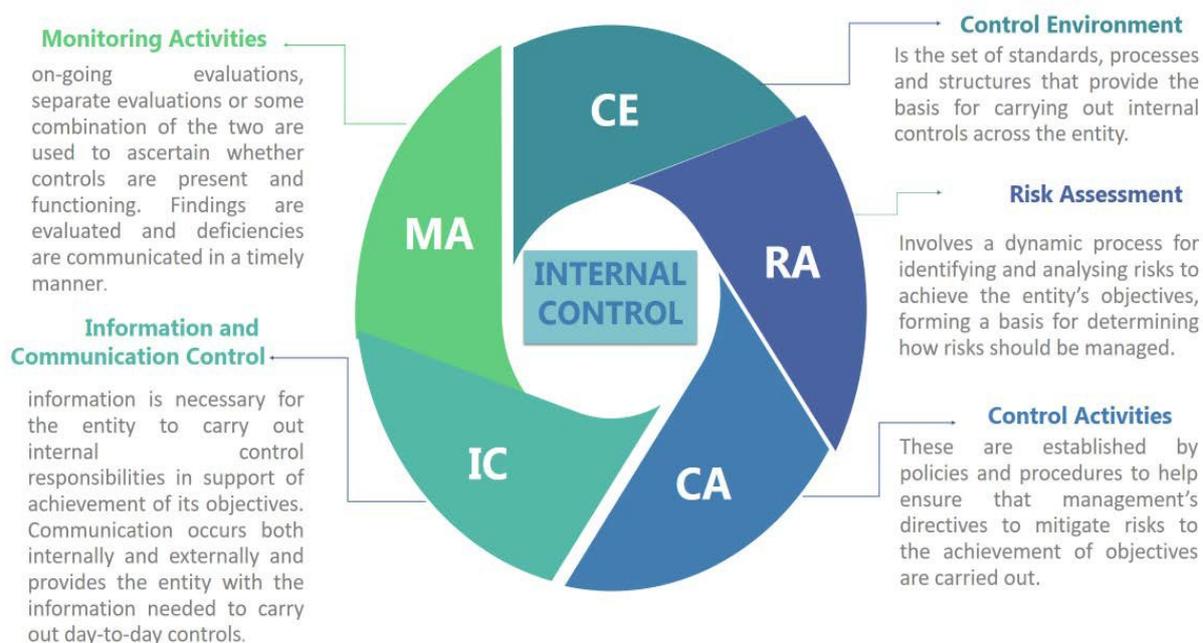
9.4 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
*	*	*	*	*

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

Rating	Internal control assessment
* Effective	No significant deficiencies identified in internal controls.

9.5 Submission of Draft Agency Financial Statement

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021-2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022	✓	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 05 August 2022	✓	Processing of payments by 28 July 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Processing of virement by 28 July 2022	✓
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓	Completion of reconciliations by 26 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Submission of arrears of revenue returns by 26 August 2022	Not Applicable

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

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

Rating	Year-end close process assessment
★ Effective	9 of 9 key processes completed within two weeks of due date.

9.6 Quality of Draft Financial Statements by Entities

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

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

Rating	Quality of draft financial statements assessment
★ Effective	No adjustments were required.

9.7 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
☀ Generally Effective	Acceptable draft financial statements received on or before 31 October 2022.

9.8 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
• Effective	Within 14 days from the issue of Draft Management Letter

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

Section 9 Office of the Director of Public Prosecutions

Roles and Responsibilities

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

Table of Contents

PART A: FINANCIAL INFORMATION	2
9.1 Financial Information.....	2
9.2 Audit Opinion	2
9.3 Appropriation Statement.....	2
9.4 Trust Fund Account.....	3
9.4.1 Director of Public Prosecutions Trust Account.....	3
9.4.2 Forfeited Assets Fund Account	4
PART B: SIGNIFICANT MATTERS	5
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	6
9.5 Internal Controls.....	6
9.6 Submission of FY 2021-2022 Draft Agency Financial Statements.....	7
9.7 Quality of Draft Financial Statements by Entities.....	7
9.8 Timeliness of Draft Financial Statements	7
9.9 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	8
Appendix 9.1: Statement of Receipts and Payments – DPP Trust Fund Account	9
Appendix 9.2: Statement of Receipts and Payments – Forfeited Assets Fund Account	9

PART A: FINANCIAL INFORMATION

9.1 Financial Information



9.2 Audit Opinion

The audit of the 2022 accounts of the Office of the Director of Public Prosecutions resulted in an unmodified audit opinion.

9.3 Appropriation Statement

The Office incurred expenditure totalling \$5.7 million in 2022 against a revised budget of \$6.1 million resulting in unutilized budget of \$0.4 million or 7%.

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

Table 9.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	6,144,259	---	6,144,259	5,739,977	404,282

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
7	Special expenditure	--	---	---	---	---
	Total Operating Expenditure	6,144,259	---	6,144,259	5,739,977	404,282
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	---	---	---	---	---
13	Value Added Tax	---	---	---	---	---
	TOTAL	6,144,259	---	6,144,259	5,739,977	404,282

The unutilized budget of \$404,282 was mainly due to decrease in Government Wage Earners staff cost, subsistence, decrease in costs for purchase of office furniture, no major renovation of office & building, decrease in IT costs and decrease in court witness and fees which was mainly attributed by the COVID-19 pandemic.

9.4 Trust Fund Account

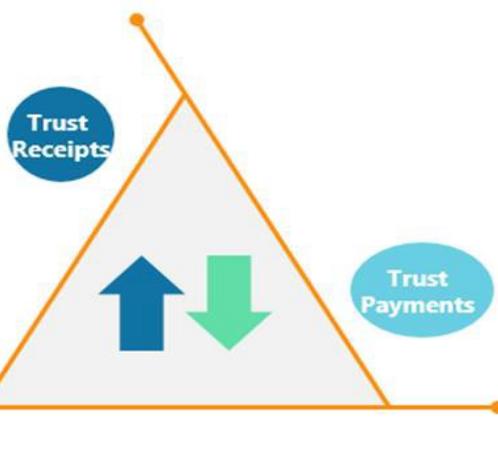
Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Office of the Director of Public Prosecutions maintains the following two trust accounts:

9.4.1 Director of Public Prosecutions Trust Account

The purpose of the fund is to administer the training normally conducted by the office and for the Director of Public Prosecutions conference. The money is received from parties such as lawyers and other participants and payments are for the operation of the training such as training materials and conference expenses. This consists of receipts of \$77,572 from prosecution course fees, DPP conference and bank interest. Payments of \$50,170 for refund of prosecution training fees, transfer from Exhibit Trust to CFA and bank fees.

DPP Trust Fund Accounts

Trust Receipts
A sum of \$77,572 was recorded as trust receipts. \$44,100 or 57% of the total receipts was sourced from funds earned through lawyers prosecution training fees and \$33,220 or 43% of the total receipts was sourced from DPP conference fees.

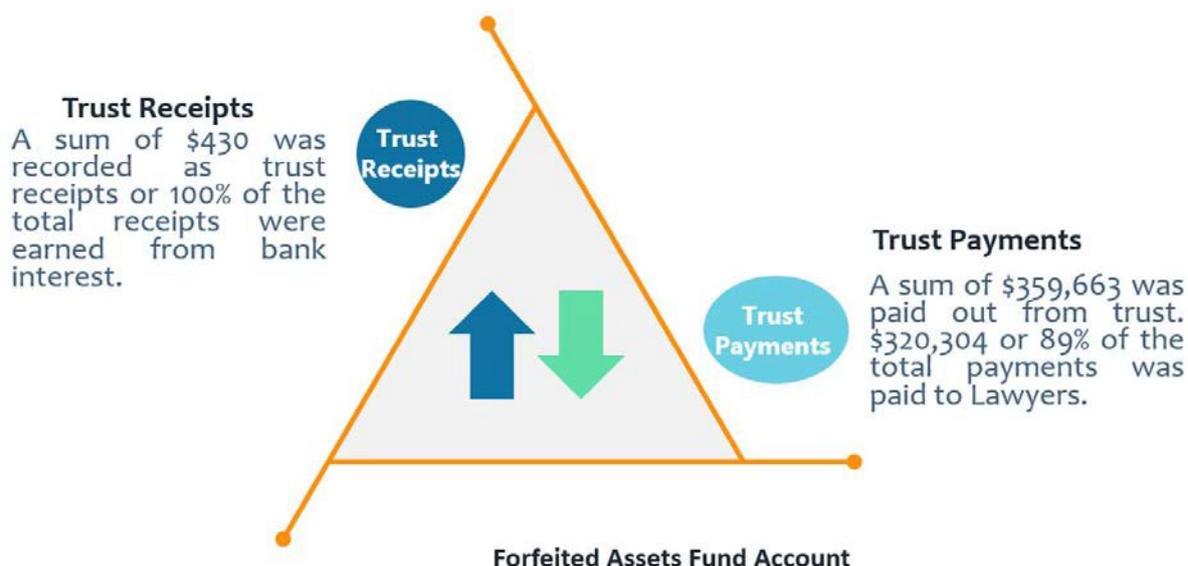


Trust Payments
A sum of \$50,170 was paid out from trust. \$49,806 or 99% of the total payments were for the transfer of Exhibit Trust to CFA.

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

9.4.2 Forfeited Assets Fund Account

Proceeds of Crime Act 2004 and Proceeds of Crime Act Amendment No.7/2005, Section 71 (A) established the trust fund account for the purpose of keeping funds received from forfeited order as per section 16 of the act, proceeds of pecuniary penalty orders and money received by the state from a foreign country for mutual assistance on criminal matters. The purpose of this funds are to make payments to the person if a forfeiture order is discharged, make payments to foreign countries with approval of the Minister of Finance in the obligation with respect of a registered foreign forfeiture order and registered foreign pecuniary order. This consists of receipts of \$430 for bank interest and forfeited funds and payment of \$359,663 for bank fees and payment to Fiji Police Force & Lawyers.



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

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Office of the Director of Public Prosecution.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

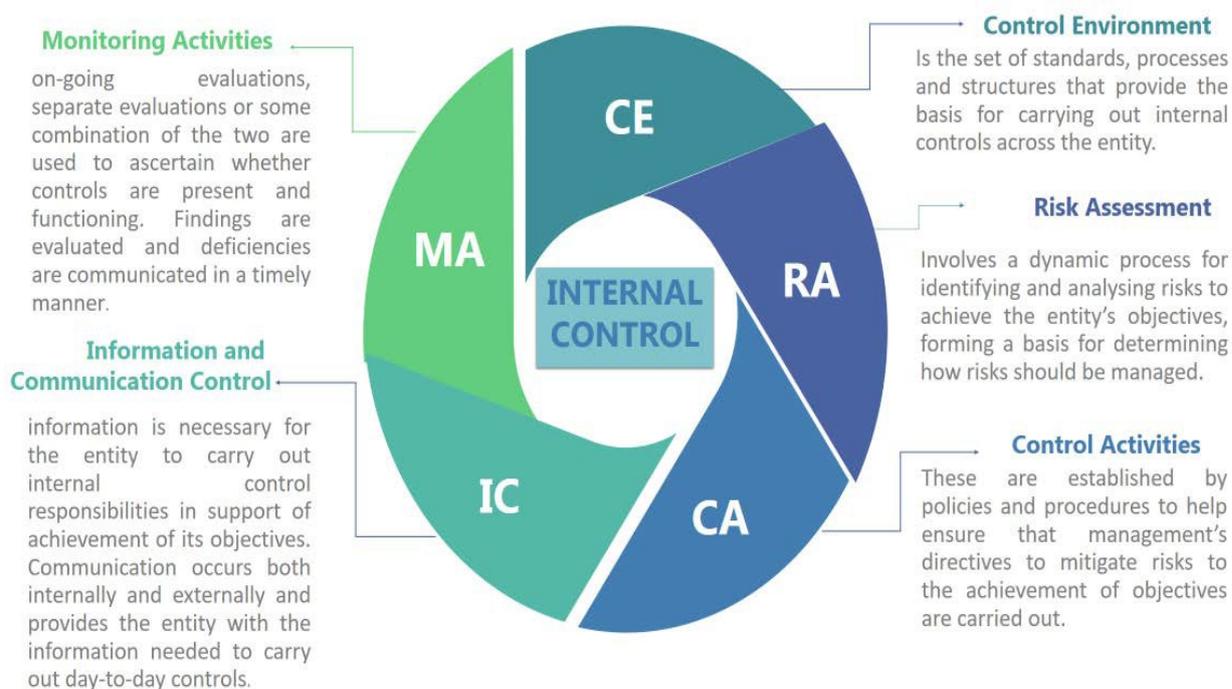
9.5 Internal Controls

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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
*	*	*	*	*

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

Rating	Internal control assessment
* Effective	No significant deficiencies identified in internal controls

9.6 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Ministry of Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of virement by 19 August 2022	Not Applicable
Retirement of imprest by 15 July 2022	✓	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	Not Applicable
Clearance of stale cheques by 05 August 2022	✓	Clearance of Inter-departmental clearance accounts by 26 August 2022	✓
Closing date for journal adjustments by 17 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓

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

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

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

9.7 Quality of Draft Financial Statements by Entities

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

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

Rating	Quality of draft financial statements assessment
★ Effective	No adjustments were required

9.8 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:

Rating	Timeliness of draft financial statements assessment
☀ Generally Effective	Acceptable draft financial statements received on or before 31 October 2022

9.9 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:

Rating	Timeliness of Management Comments Received
• Effective	Within 14 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
• Ineffective	After 15 days from issue of Financial Statements for signing

Appendix 9.1: Statement of Receipts and Payments – DPP Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Lawyers' Prosecution Training Fees	44,100	52,500
DPP Conference	33,220	---
Interest	252	215
Total Receipts	77,572	52,715
Payments		
Bank Fees	64	246
Refund of Prosecution Training Fees	300	300
ODPP Conference	---	3,300
Transfer from Exhibit Trust to CFA	49,806	---
Total Payments	50,170	3,846
Net Surplus	27,402	48,869
Opening balance as at 1 August	233,178	184,309
Closing balance as at 31 July	260,580	233,178

Appendix 9.2: Statement of Receipts and Payments – Forfeited Assets Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Interest	430	485
Forfeited Funds	---	39,948
Total Receipts	430	40,433
Payments		
Bank Fees	1	1
Payment to Fiji Police Force	39,358	28,493
Payment to Lawyers	320,304	---
Total Payments	359,663	28,494
Net (Deficit)/ Surplus	(359,233)	11,939
Opening balance as at 1 August	473,040	461,101
Closing balance as at 31 July	113,807	473,040

Section 15 Ministry of Justice

Roles and Responsibilities

The Ministry of Justice is responsible for the administration of law and justice in Fiji. The Ministry delivers judicial services through registries established by law to maintain official records of legal documents. These registries inscribe companies, businesses, credit unions, money lenders, justices of the peace, titles, deeds, births, deaths and marriages.

The Ministry decentralized and expanded services through the establishment of 27 Births, Deaths and Marriages offices throughout Fiji in order to improve access for all Fijians.

The Registrar of Companies is engaged with the digital transformation project to allow members of the public to register Fijian business online for the first time, greatly streamlining the establishment of new Fijian enterprises. The Office of the Registrar of Companies registers companies, business names, credit unions and money lenders. The Office of the Registrar of Titles registers land titles and deeds documents, whilst the Office of the Registrar-General registers births, deaths and marriages.

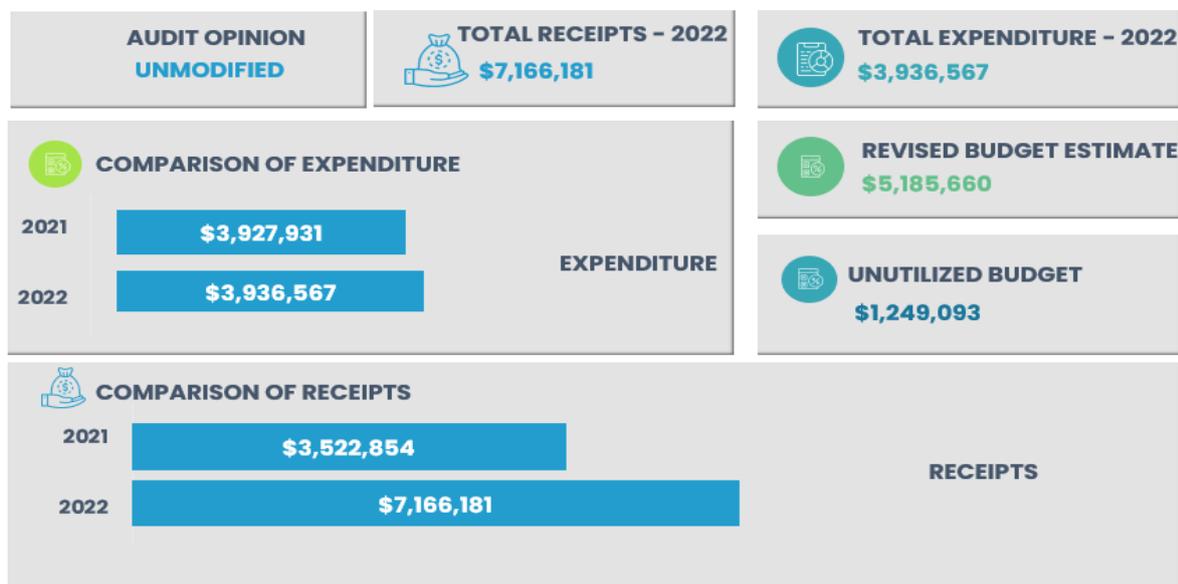
The Office of the Official Receiver is responsible for the administration of the winding-up of companies and bankruptcy matters, whereas the Office of the Administrator General is responsible for the administration of the Justices of the Peace.

Table of Contents

PART A: FINANCIAL INFORMATION	2
15.1 Financial Information.....	2
15.2 Audit Opinion.....	2
15.3 Appropriation Statement.....	2
15.4 Trust Fund Account.....	3
PART B: SIGNIFICANT MATTERS	5
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	6
15.5 Internal Controls.....	6
15.6 Submission of FY 2021-2022 Draft Agency Financial Statements.....	7
15.7 Quality of Draft Financial Statements by Entities.....	7
15.8 Timeliness of Draft Financial Statements.....	7
15.9 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	8
APPENDIX 15.1: OFFICIAL RECEIVER LIQUIDATION TRUST FUND	9
APPENDIX 15.2: OFFICIAL RECEIVER BANKRUPTCY TRUST FUND	9

PART A: FINANCIAL INFORMATION

15.1 Financial Information



15.2 Audit Opinion

The audit of the 2022 accounts of the Ministry of Justice resulted in an unmodified audit opinion.

15.3 Appropriation Statement

The Ministry collected revenue totalling \$7.2 million in 2022 and incurred expenditure totalling \$3.9 million against a revised budget of \$5.2 million resulting in unutilized budget of \$1.3 million or 24%. Details of expenditure against the revised budget are provided in Table 15.1.

Table 15.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,077,866	50,000	3,127,866	2,847,157	280,709
2	Government Wage Earners	136,415	---	136,415	116,391	20,024
3	Travel Communication	145,000	85,000	230,000	161,686	68,314
4	Maintenance & Operations	638,000	(60,000)	578,000	440,099	137,901
5	Purchase of Goods & Services	135,965	(49,000)	86,965	73,726	13,239
6	Operating Grants & Transfers	17,000	---	17,000	17,000	---
7	Special Expenditure	824,014	(36,000)	788,014	153,222	634,792
	Total Operating	4,974,260	(10,000)	4,964,260	3,809,281	1,154,979

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Expenditure					
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	50,000	10,000	60,000	54,141	5,859
	Total Capital Expenditure	50,000	10,000	60,000	54,141	5,859
13	Value Added Tax	161,400	---	161,400	73,145	88,255
	TOTAL	5,185,660	---	5,185,660	3,936,567	1,249,093

The unutilized budget was largely due to the following:

1. The unutilized budget in Travel and Communications is due to decrease in overseas travel, subsistence and meal claim expenditure.
2. The unutilized budget in Maintenance and Operation is due to decrease in printing and stationery expenditure.
3. The unutilized budget in special expenditure budget was because of the Vax Pass Project budget which was allocated to the Ministry in the revised budget. The Ministry was allocated \$788,014, however the Ministry only utilized \$153,222 due to the duration and closing of accounts since LPO issuance for normal operation closed on 31 May 2022, the project will continue for the financial year 2022/2023.

15.4 Trust Fund Account

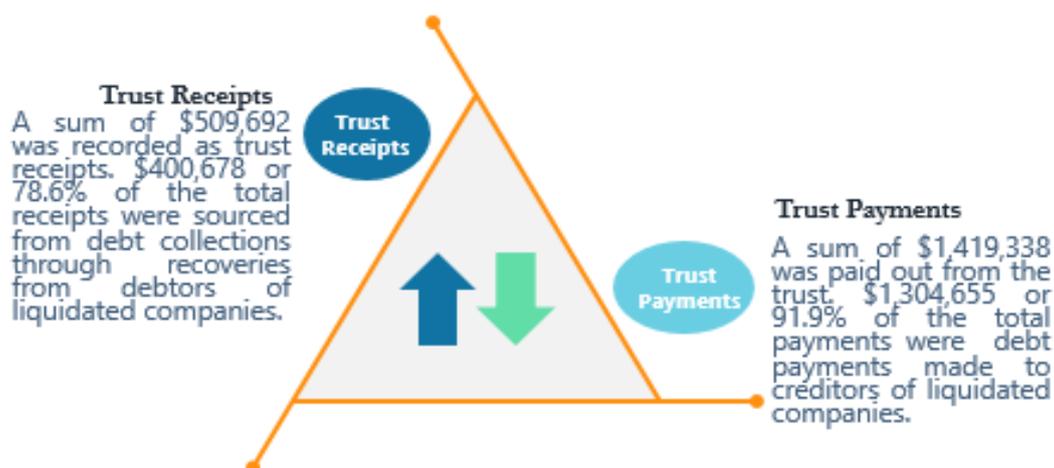
The Ministry of Justice maintains two main trust fund accounts. These are the Official Receiver Liquidation and Official Receiver Bankruptcy Trust Fund Accounts.

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

The petitions are then lodged with the Magistrates' Court or High Court which then appoints the Official Receiver as the Official Receiver of a debtor's estate for individuals or as the Provisional Liquidator for a company. The Official Receiver then would have to take necessary steps as required under the Companies Act 2015 and the Bankruptcy Act 1944 to ensure recoveries are made from the debtors to pay off the creditors. Money received from Liquidated Companies on the other hand is deposited into the Liquidation Trust Bank Account for payment to creditors.

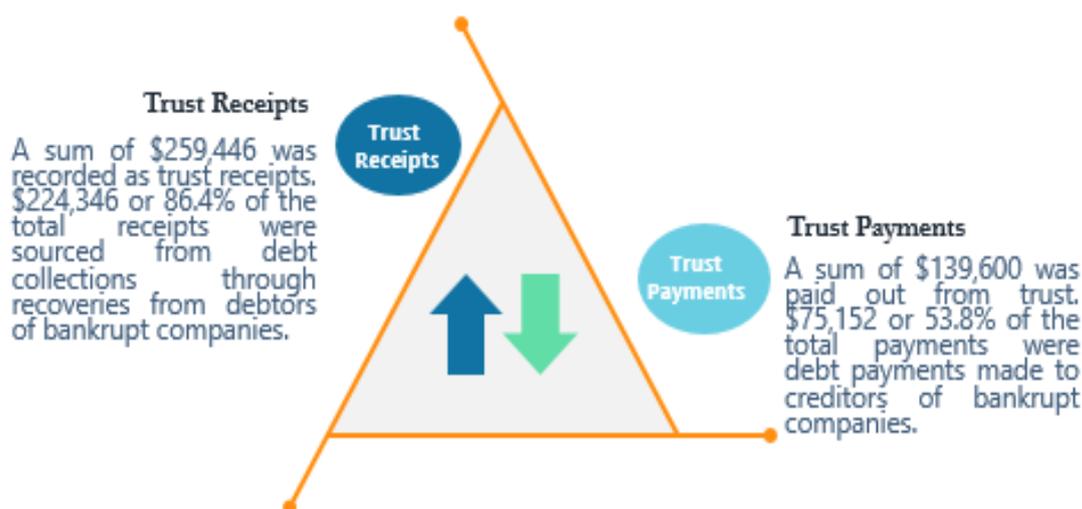
The Official Receiver Liquidation Trust Fund account collected trust revenue totalling \$509,692 in 2022 and incurred expenditure totalling \$1,419,338 resulting in a deficit of \$909,646 compared to a surplus of \$1,554,196 in 2021.

OFFICIAL RECEIVER LIQUIDATION TRUST FUND



The Official Receiver Bankruptcy Trust Fund collected trust revenue totalling \$259,446 in 2022 and incurred expenditure totalling \$139,600 resulting in a surplus of \$119,846 compared to a surplus of \$95,248 in 2021.

OFFICIAL RECEIVER BANKRUPTCY TRUST FUND



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

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Ministry of Justice.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

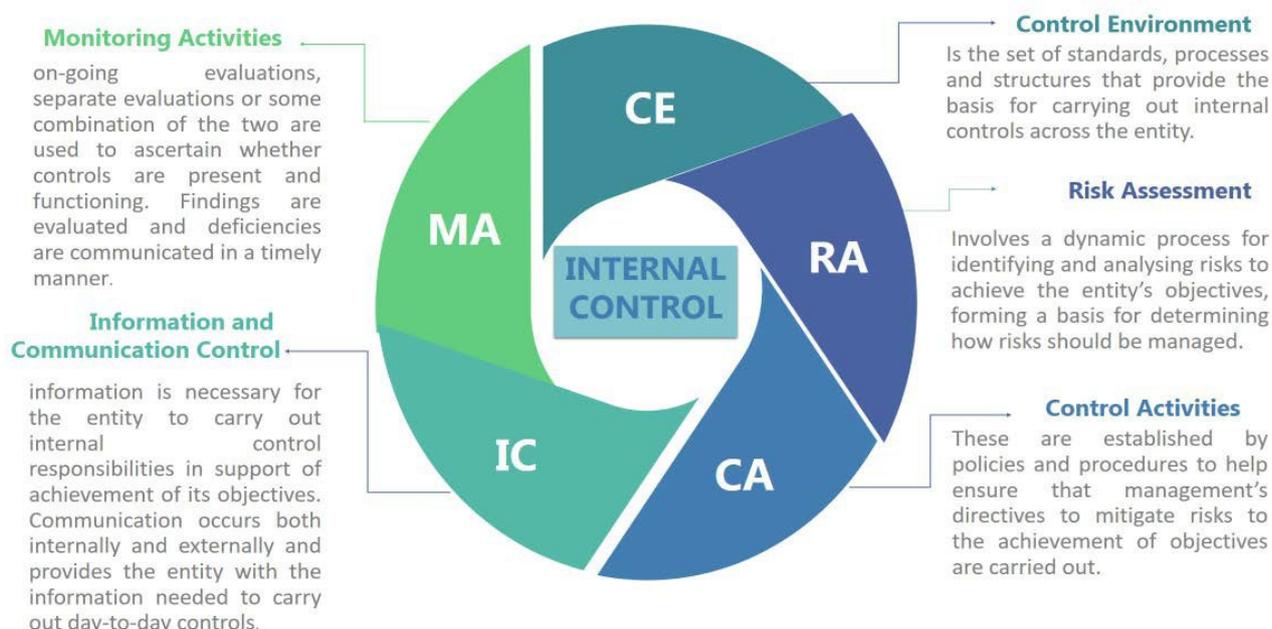
15.5 Internal Controls

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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

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

Rating	Internal control assessment
★ Generally effective	Some deficiencies identified in internal controls.

15.6 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022		Cancellation of unprocessed purchase orders by 18 July 2022	
Clearance of Inter-departmental clearance accounts by 05 August 2022		Processing of payments by 28 July 2022	
Clearance of stale cheques by 05 August 2022		Processing of virement by 19 August 2022	
Annual Board of Survey on Drawings Account cheques by 26 August 2022		Completion of reconciliations by 26 August 2022	
Retirement of imprests by 15 July 2022		Submission of arrears of revenue returns by 26 August 2022	

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

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

Rating	Year-end close process assessment
 Generally effective	9 of 10 key processes completed by due date.

15.7 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:

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

15.8 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:

Rating	Timeliness of draft financial statements assessment
☀ Generally Effective	Acceptable draft financial statements received before or on 31 October 2022.

15.9 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:

Rating	Timeliness of Management Comments Received
☠ Ineffective	After 21 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
☠ Ineffective	After 15 days from issue of Financial Statements for signing

APPENDIX 15.1: OFFICIAL RECEIVER LIQUIDATION TRUST FUND

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Debt Collected	400,678	2,837,099
Petition	48,069	58,751
Search Fees	8,251	4,600
Proof of Debt	6,976	7,512
Fees and Costs	45,718	---
Total Receipts	509,692	2,907,962
Payments		
Debt Payment	1,304,655	1,289,232
Company Operational Expenditures	---	40,485
Debtor Refund	96,445	---
Petition Refund	3,315	4,578
Publication Costs	1,606	1,331
Bank Fees & Charges	568	540
Payment to CFA	12,749	9,960
Reversal of Dishonored Cheque	---	6,900
Reversal to Bank Account	---	740
Total Payments	1,419,338	1,353,766
Net (Deficit)/Surplus	(909,646)	1,554,196
Opening balance as at 1 August	2,563,504	1,009,308
Closing Balance as at 31 July	1,653,858	2,563,504

APPENDIX 15.2: OFFICIAL RECEIVER BANKRUPTCY TRUST FUND

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Debt Collected	224,346	136,167
Search Fees	32,253	21,616
OR Fees & Costs	---	269
Petition	2,835	5,287
Proof of Debt	12	20
Total Receipts	259,446	163,359
Payments		
Debt Payment	75,152	39,888
Debtor Refund	35,206	6,028
Publication Costs	370	130
Petition Refund	---	422
Bank Fees & Charges	429	402
Payment to CFA	28,443	21,241
Total Payments	139,600	68,111
Net Surplus	119,846	95,248
Opening balance as at 1 August	402,655	307,407
Closing Balance as at 31 July	522,501	402,655

Section 15A

Fiji Corrections Service

Roles and Responsibilities

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

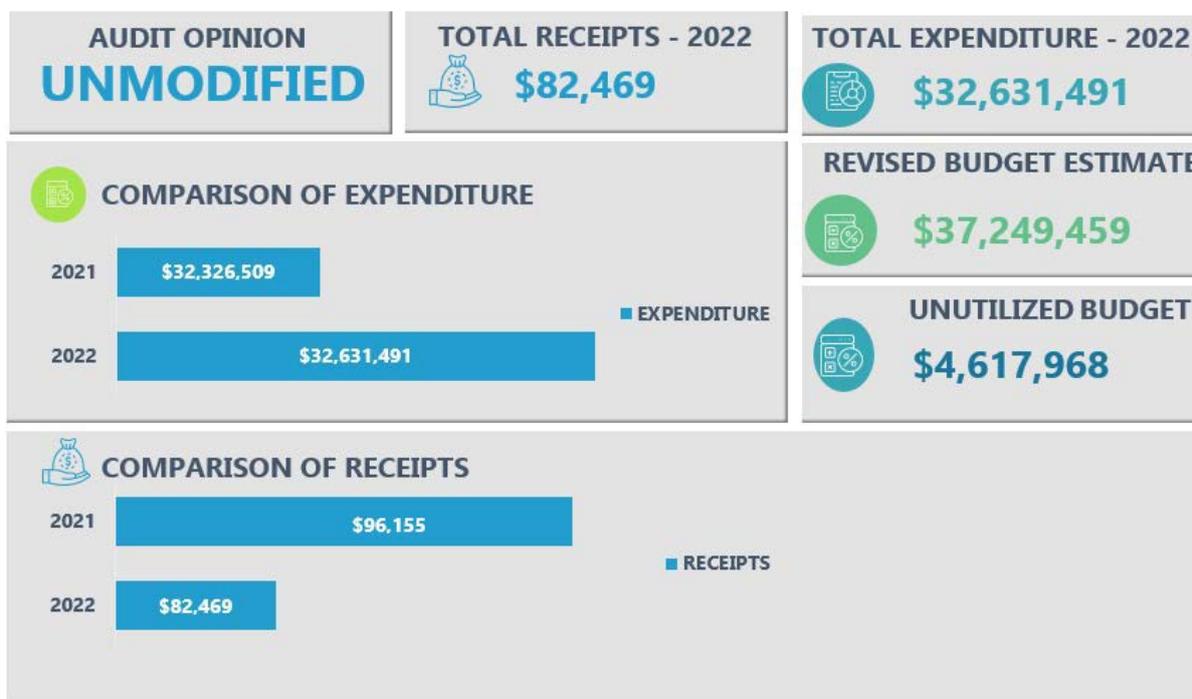
The FCS upholds Government’s obligation to meet international standards and best practices in its custody of inmates. One of its main responsibilities is to reduce overcrowding in correction centres to ensure that the human dignity of all inmates is respected.

Table of Contents

PART A	FINANCIAL INFORMATION.....	2
15A.1	Financial Information	2
15A.2	Audit Opinion.....	2
15A.3	Appropriation Statement.....	2
15A.4	Trust Fund Account	3
15A.5	Trading and Manufacturing Account	4
PART B:	SIGNIFICANT MATERS.....	6
PART C:	ASSESSMENT OF FINANCIAL GOVERNANCE.....	7
15A.6	Internal Controls.....	7
15A.7	Submission of FY 2021-2022 Draft Agency Financial Statements	8
15A.8	Quality of Draft Financial Statements by Entities	8
15A.9	Timeliness of Draft Financial Statements.....	8
15A.10	Timeliness of Provision of Management Comments and Signing of Financial Statements	9
APPENDIX 15A.1:	PRISONERS CASH TRUST FUND.....	10
APPENDIX 15A.2:	CONSOLIDATED TRADING AND MANUFACTURING ACCOUNT	10

PART A: FINANCIAL INFORMATION

15A.1 Financial Information



15A.2 Audit Opinion

The audit of the 2022 accounts of the Fiji Corrections Service resulted in an unmodified audit opinion.

15A.3 Appropriation Statement

The Department collected revenue totaling \$82,469 in 2022 and incurred expenditure totaling \$32.6 million against a revised budget of \$37.2 million resulting in a unutilized budget of \$4.6 million or 12%.

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

Table 15A.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	22,956,432	(2,153,840)	20,802,592	19,538,990	---	1,263,602
2	Government Wage Earners	33,396	--	33,396	22,991	---	10,405
3	Travel & Communication	700,000	175,000	875,000	810,763	---	64,237
4	Maintenance & Operations	2,284,000	634,000	2,918,000	2,638,073	---	279,927
5	Purchase of Goods & Services	5,460,000	1,118,000	6,578,000	6,122,507	---	455,493

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry Over (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	20,000	---	20,000	12,195	---	7,805
7	Special Expenditure	500,000	---	500,000	436,450	---	63,550
	Total Operating Expenditure	31,953,828	(226,840)	31,726,988	29,581,969	---	2,145,019
8	Capital Construction	3,465,891	---	3,465,891	1,644,934	---	1,820,957
9	Capital Purchase	654,040	49,000	703,040	334,712	---	368,328
	Total Capital Expenditure	4,119,931	49,000	4,168,931	1,979,646	---	2,189,285
13	Value Added Tax	1,175,700	177,840	1,353,540	1,069,876	---	283,664
	TOTAL	37,249,459	---	37,249,459	32,631,491	---	4,617,968

The unutilised budget were largely due to the following:

1. The unutilised budget in Established Staff was due to the retirement of senior officers and there was only one recruitment during the period.
2. The unutilised budget in Maintenance and Operations was due to restrictions that were continuously imposed by FCS for the sake of those under our care. Burial and operational movements were limited as inmates and FCS personnel continue to isolate when leaving institutions.
3. The unutilised budget in Capital Construction was due to the delay in the completion of outdoor construction projects mainly because of factors such as bad weather and limited supply of materials.
4. The unutilised budget in Capital Purchases was due to delays in the supply of materials. Supplies were fully received into port after the financial year.

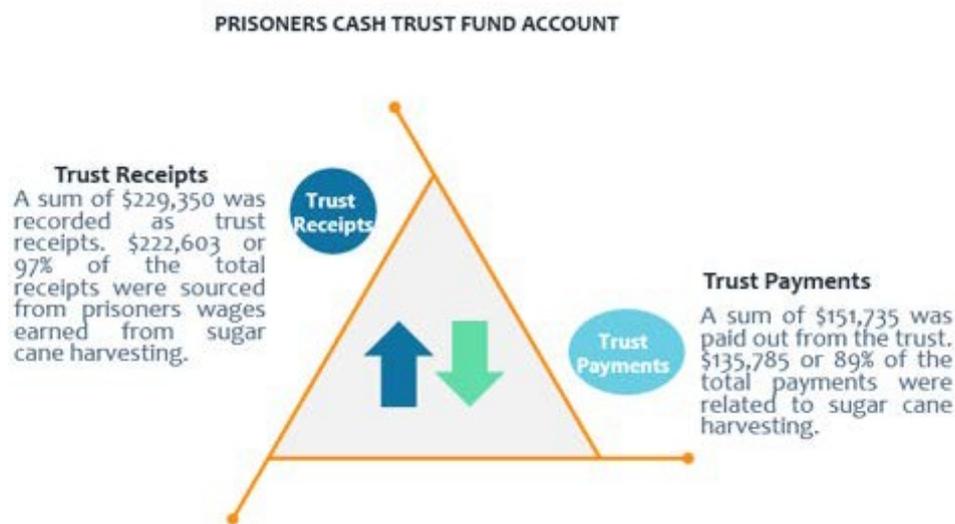
15A.4 Trust Fund Account

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

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

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

The Prisoners Cash Trust Fund Account collected trust revenue totalling \$229,350 in 2022 and incurred expenditure totalling \$151,735 resulting in a surplus of \$77,615 compared to a surplus of \$108,613 in 2021.



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

15A.5 Trading and Manufacturing Account

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

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

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

The activities for the TMA are as follows:

Bakery

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

Crops

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

Joinery

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

Piggery

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

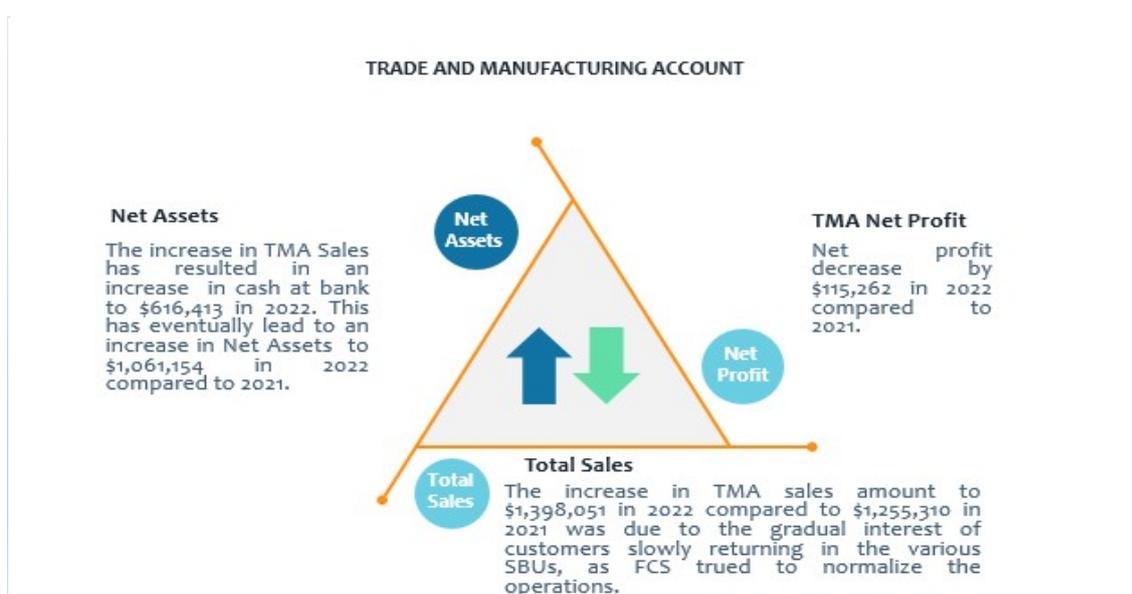
Poultry

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

Tailor

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

The financial analysis of TMA for the year ended 31 July 2022 is provided below.



Detailed Statements for the TMA are provided in **Appendix 15A.2**.

PART B: SIGNIFICANT MATERS

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

There were no other significant matters identified during the audit of the 2022 financial year for the Fiji Corrections Service.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

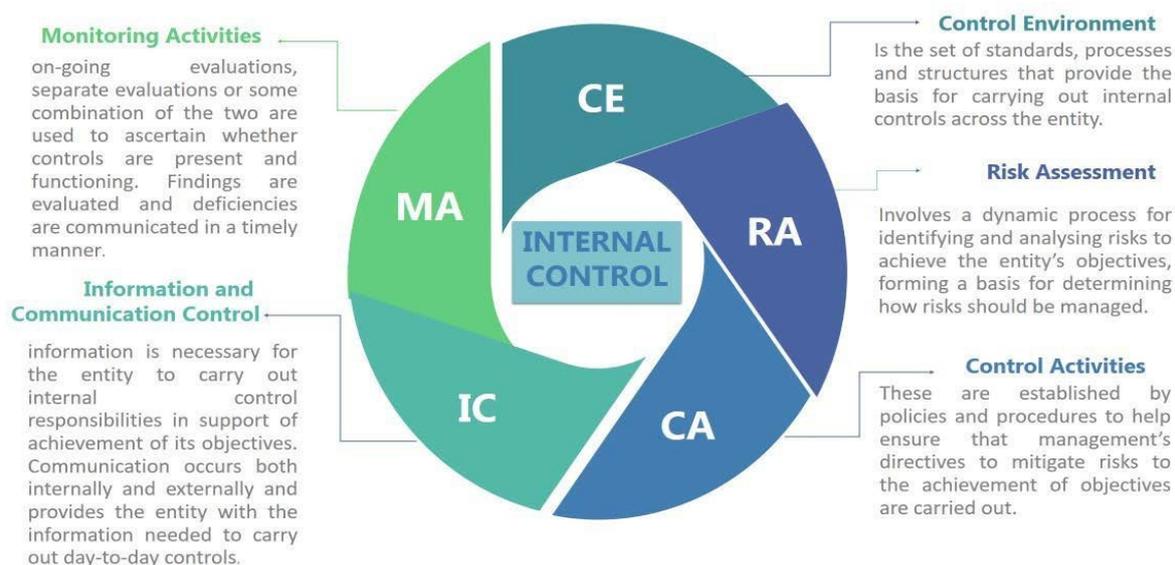
15A.6 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

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

Rating	Internal control assessment
★ Generally Effective	Some deficiencies identified in internal controls.

15A.7 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Economy issued Circular No. 06/2021-22 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022	✓	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 05 August 2022	✓	Processing of payments by 28 July 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Processing of virement by 28 July 2022	✓
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓	Completion of reconciliations by 26 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Submission of arrears of revenue returns by 26 August 2022	Not Applicable

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

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

Rating	Year-end close process assessment
Effective	9 of 9 key processes completed within two weeks of due date.

15A.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 Department was:

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

15A.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:

Rating	Timeliness of draft financial statements assessment
☀ Generally Effective	Acceptable draft financial statements received before 31 October 2022.

15A.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:

Rating	Timeliness of Management Comments Received
🌱 Effective	Within 14 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
☀ Generally Effective	Within 15 days from issue of Financial Statements for signing

APPENDIX 15A.1: PRISONERS CASH TRUST FUND

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Prisoner's cash	2,224	2,275
Job placement	72	450
Sale of Art gallery	4,451	21,932
Sugar cane harvesting	222,603	214,034
Total Receipts	229,350	238,691
Payments		
Return of Prisoner's cash	15,180	10,115
Job placement	570	---
Art gallery	200	23,600
Sugar cane harvesting	135,785	96,363
Total Payments	151,735	130,078
Net Surplus	77,615	108,613
Balance as at 1 August	1,174,318	1,065,705
Closing Balance as at 31 July	1,251,933	1,174,318

APPENDIX 15A.2: CONSOLIDATED TRADING AND MANUFACTURING ACCOUNT

Table 15A.2.1: Manufacturing Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Raw Materials	74,550	75,832
Add: Purchases	900,830	863,329
	975,380	939,161
Less: Closing Raw materials	58,872	74,550
Raw Materials Used	916,508	864,611
Add: Opening Work In Progress	1,083	6,506
Add: Direct Cost – Labour	26,795	34,424
Less: Closing Work in Progress	5,082	1,083
Cost of Manufactured Goods Transferred to Trading Account	939,304	904,458

Table 15A.2.2: Trading Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Sales	1,398,051	1,255,310
Opening Stock	417,059	296,801
Add: Cost of Manufactured Goods transferred from Manufacturing Account	939,304	904,458
Less: Closing Stock of Finished Goods	349,823	417,059
Cost of Goods Sold	1,006,540	784,200
Gross Profit transferred to Profit & Loss Account	391,511	471,110

Table 15A.2.3: Profit and Loss Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Income		
Gross Profit Transferred from Trading Account	391,511	471,110
Total Income	391,511	471,110
Expenses		
Maintenance and Operations	52,547	16,884
Total Payments	52,547	16,884
Net Profit	338,964	454,226

Table 15A.2.4: Balance Sheet

Description	31 July 2022 (\$)	31 July 2021 (\$)
Assets		
Cash at Bank	616,413	516,329
Raw Materials	58,872	74,550
Works in Progress	5,082	1,083
Finished Goods	349,823	417,059
VAT Receivable	30,964	26,371
Total Assets	1,061,154	1,035,392
Liabilities		
Deferred Income	---	---
Net Assets	1,061,154	1,035,392
Equity		
TMA Surplus transferred to Consolidated Fund	(1,604,841)	(1,291,639)
TMA Accumulated Surplus	2,327,031	1,872,805
Net Profit	338,964	454,226
Total Equity	1,061,154	1,035,392

Section 16**Departments of Information, Communications and Digital Government Transformation Office****Roles and Responsibilities**

The Department of Communications is spearheading the digitalFIJI Program, a digital government transformation initiative which optimises and digitalises key Government services which is focused on a citizen-centric approach through the establishment of a common services platform, data harmonisation, release of software and mobile applications (digitalFIJI app and the careFIJI app) to dramatically increase accessibility of Government services.

Table of Contents

PART A: FINANCIAL INFORMATION	2
16.1 Financial Information	2
16.2 Audit Opinion	2
16.3 Appropriation Statement	2
16.4 Trust Fund Account	5
PART B: SIGNIFICANT MATTERS	7
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	8
16.5 Internal Controls	8
16.6 Submission of 2022 Draft Agency Financial Statements	9
16.7 Quality of Draft Financial Statements by Entities	9
16.8 Timeliness of Draft Financial Statements	9
16.9 Timeliness of Provision of Management Comments and Signing of Financial Statements	10
APPENDIX 16.1: TELECOMMUNICATION DEVELOPMENT TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS.....	11
APPENDIX 16.2: FIBRE CABLE MANAGEMENT TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS	11

PART A: FINANCIAL INFORMATION

16.1 Financial Information



16.2 Audit Opinion

The audit of the 2022 accounts of the Departments of Information, Communications and Digital Government Transformation Office resulted in an unmodified audit opinion.

16.3 Appropriation Statement

The Departments of Information, Communications and Digital Government Transformation Office in 2022 collected revenue totalling \$849 and incurred expenditure totalling \$36.7 million against a revised budget of \$46.3 million resulting in unutilised budget of \$9.6 million or 21%.

Details of expenditure against the revised budget are provided in Table 16.1.

Table 16.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,414,155	(200,000)	2,214,155	1,569,088	645,067
2	Government Wage Earners	162,125	---	162,125	139,612	22,513
3	Travel & Communication	602,374	10,000	612,374	506,356	106,018
4	Maintenance & Operations	485,072	---	485,072	430,096	54,976
5	Purchase of Goods & Services	2,306,496	---	2,306,496	2,016,751	289,745
6	Operating Grants & Transfers	1,165,816	200,000	1,365,816	1,231,506	134,310
7	Special Expenditure	17,644,944	(10,000)	17,634,944	11,435,564	6,199,380
	Total Operating Expenditure	24,780,982	---	24,780,982	17,328,973	7,452,009

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	19,654,287	---	19,654,287	18,840,138	814,149
	Total Capital Expenditure	19,654,287	---	19,654,287	18,840,138	814,149
13	Value Added Tax	1,893,600	---	1,893,600	555,886	1,337,714
	TOTAL	46,328,869	---	46,328,869	36,724,997	9,603,872

The unutilised budget were largely due to the following:

1. Savings in Established staff was \$645,067 or 29% & savings in Government Wage Earners was \$22,513 or 14%, due to 20 vacant positions. Positions were advertised however due to unsuitable applicants the positions were re-advertised.
2. Savings in Travel & Communication was \$106,018 or 17%. Given the pandemic, most of the meetings and conferences were deferred or held virtually hence cost of travel declined. The savings in communications component was caused by the delayed billing from the vendor. The dedicated 50 Megabit internet access link from Vodafone was delivered on time however the switches, firewalls and access point's temporary devices were delayed due to global supply chain challenges. This then resulted in the delayed completion of installation. Once the components were delivered, the invoice was issued by the vendor and the payment was made. As a result of the existing vacancies the cost telecommunications was also reduced.
3. Savings in Maintenance and Operation was \$54,976 or 11%. Departments had implemented cost cutting measures on operational expenses such as incidental, stationery, postage, electricity & vehicle maintenance.
4. Saving in Purchase of Goods and Services of \$289,745 or 13% was mainly due to the following:
 - Department of Information was unable to continue with the procurement of video and photographic materials together with other specialised equipment as vendors were unable to secure items from suppliers abroad due to COVID19 challenges on global supply chains.
 - As the pandemic had intensified in April 2021, the Department of Information had to reduce productions of Fiji Focus, Nations Business and other special videos. Department of Information also had to prioritise coverage for whole-of- Government COVID19 efforts to date.
 - The Advertising and Marketing budget is normally used to raise awareness on national events like Constitution Day and Fiji Day, this budget was underutilised due to COVID19 containment strategies.

5. Savings in Operating Grant & Subscription was \$134,310 or 10%. The careFIJI application is configured on a pay-as-you-go model which enables customers to easily scale up or scale down computational resources depending on the number of clients using the application. Based on this model, the billing will be low when there are fewer clients using the careFIJI app and higher when client numbers are more. The budget for this allocation was estimated based on the usage of the careFIJI app at peak numbers in preparation for COVID-19 mandatory measures, if required. However, as the COVID-19 mandatory measures were scaled down and the use of the careFIJI app was no longer mandatory, the billing for this service has been very minimal which has led to significant savings in this allocation.
6. Special Expenditure had savings of \$6,199,380 or 35%, attributed to the following budgetary activities:
 - Connectivity Rollout - The Ministry had received funding to connect 40 schools and Health centres and upon negotiation with the vendors and suppliers, the cost was further reduced and this resulted in savings.
 - Cost of Telecentres - Telecentres were closed in the beginning of the financial year due to COVID-19 containment measures and commenced operations upon resumption of schools, hence resulting in savings in the cost of operations.
 - COVID-19 HELPLINE 158 – As part of the national COVID containment strategy, the Department had factored costs of procuring software licences and re-engagement costs should there be a need. Savings due to the successful COVID-19 containment and recovery efforts.
 - Online Business and Construction Licensing System - This allocation was for the engagement and payment of the project management partner as well as the technology partner who will deliver the technical solution. The savings of \$3,017,760 is due to the project management firm not being able to travel to Fiji due to COVID-19 travel restrictions and carry out the business process validation exercise and produce the business process review report and high-level functional requirements document. These two documents would form the tender documentation to engage a suitable technology partner to deliver the technical solution. By way of an update, the project management firm has undertaken the required work, and the tender has been advertised and awarded to the technology partner.
 - DigitalFIJI - The savings of \$1,389,470 in the digitalFIJI allocation resulted from the re-prioritisation of internal resources from existing projects under the digitalFIJI banner to urgently support the whole-of-Government response to the COVID-19 pandemic. In particular, the Digital Government Transformation Office developed, deployed and maintained a range of digital solutions such as the careFIJI app, careFIJI QR Code Check-In System, VAX-check application, and, the Online and Offline modules of the Vaccination Registry System.
 - Fijian Vaccine Pass System - The savings in the Fijian Vaccine Pass System allocation was due to COVID-19 restrictions on travel and global supply chain delays. Given these challenges, the Site Acceptance Test (SAT) was deferred until the vendor technical team was in. Therefore, the SAT was not carried out in the 2021-2022 financial year and therefore this resulted in the savings of \$1,288,218.
7. Capital Grants had savings of \$814,149 or 4%. The Ministry was allocated a budget of \$3.5 million for the Northern Connectivity Project. This project was funded by the World Bank and therefore, the funds allocated for this project was the result of the savings achieved from the Fiji Connectivity Project. As per the agreed scope and timeframes, all project activities were to be completed by 16 December 2021 and no further project activities could be added. By way of an update, the Ministry completed all project activities within the timeframe.

8. Savings in Value Added Tax was \$1,337,714 or 71%, due to VAT Reversals were not payable in the year 2022, hence savings.

16.4 Trust Fund Account

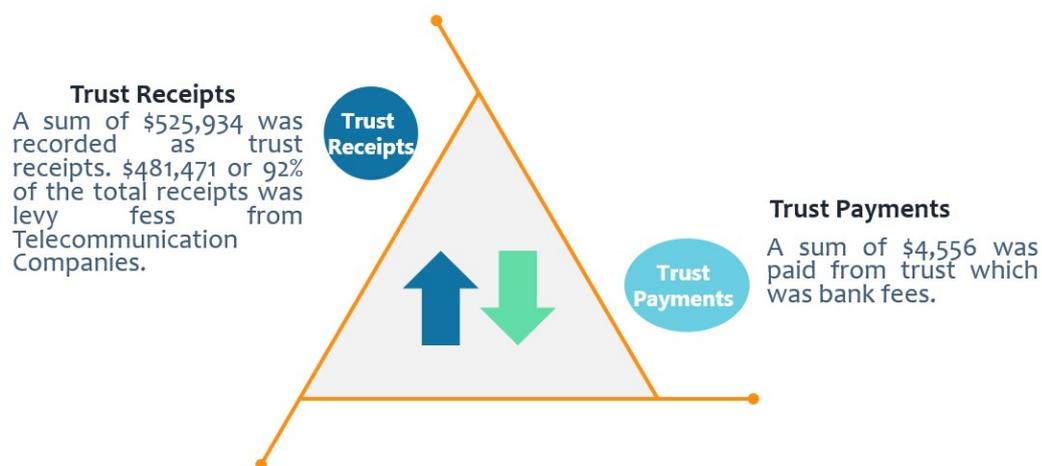
The Departments of Information, Communications and Digital Government Transformation Office maintains two main trust fund accounts. These are the Telecommunications Development Trust Fund account and Fibre Cable Management Trust Fund account.

The Telecommunication Promulgation and the Telecommunications (Trust Fund) Regulations 2016 established the Trust Fund Account for the purpose of imposing a levy on the interconnections to fund national developments in telecommunication such as Tele-centres and the Digital TV expenditures. Carriers (such as Telecommunication companies) are mandated by law to pay to the Ministry a prescribed levy.

Regulation 4 of the Regulations 2016 provisions for the Telecommunications Development Trust Fund.

As of 31st July 2022, there were funds amounting to \$6,838,438 in the Telecommunication Development Trust Fund Account.

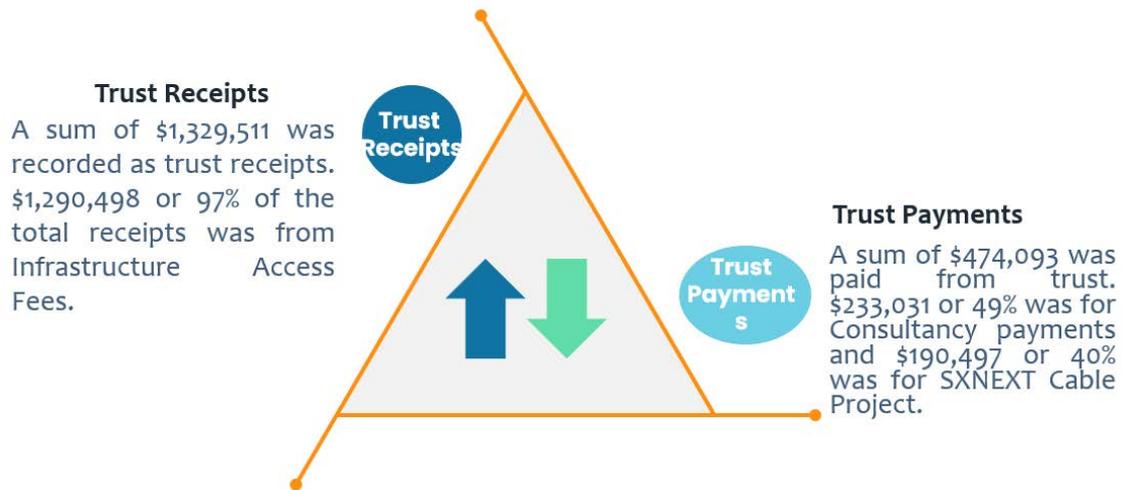
Telecommunications Development Trust Fund Account



As of 31st July 2022, there were funds amounting to \$5,379,143 in the Fibre Cable Management Trust Fund Account.

The Telecommunications Act 2008 and the Telecommunications (Fibre Cable Management Trust Fund) Regulations 2019 establishes the Trust Fund Account for the purpose of utilisation for the Savusavu spur to fund the maintenance, management and operational cost of Fibre cable system. Regulation 4 of the Regulation 2019 outlines the purpose of the Fibre Cable Management Trust Fund

Fibre Cable Management Trust Fund Account



Detailed statement for trust receipts and payments are provided in **Appendix 16.1** and **16.2**.

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Departments of Information, Communications and Digital Government Transformation Office.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

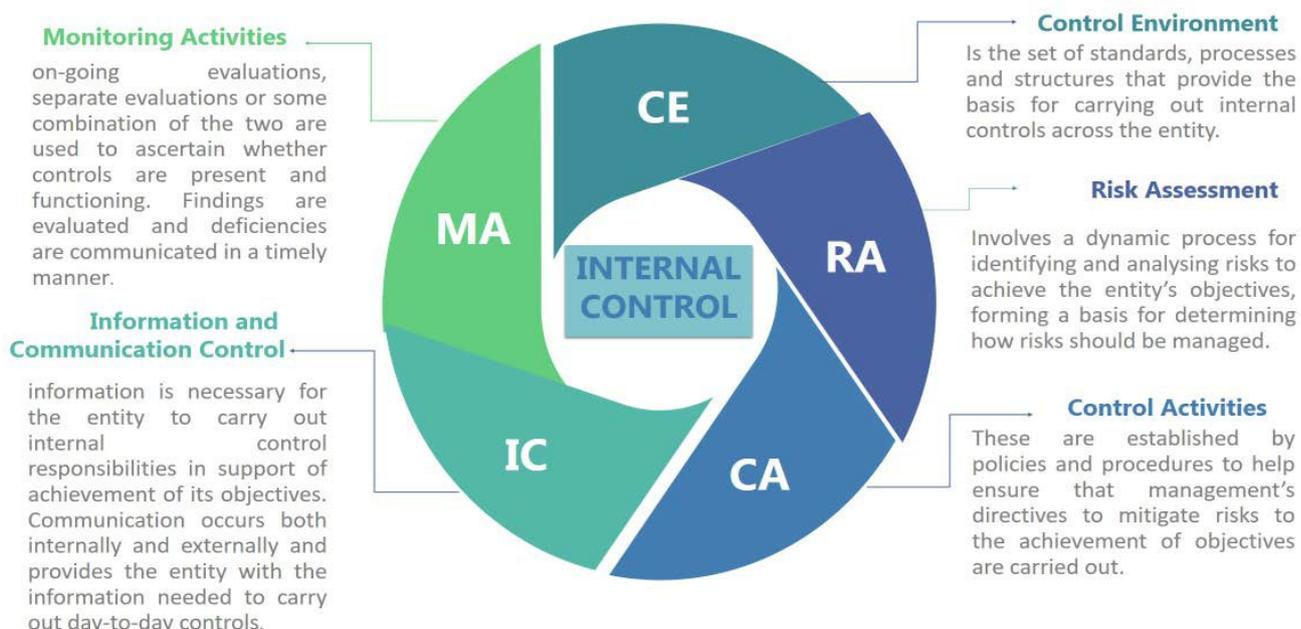
16.5 Internal Controls

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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
*	*	*	*	*

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

Rating	Internal control assessment
* Effective	No significant deficiencies identified in internal controls

16.6 Submission of 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021 - 2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of virement by 19 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	Not Applicable
Clearance of stale cheques by 05 August 2022	✓	Clearance of Inter-departmental clearance accounts by 08 August 2022	✓
Closing date for journal adjustments by 17 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓

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

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

Rating	Year-end close process assessment
Effective	All 9 key processes were completed by due date.

16.7 Quality of Draft Financial Statements by Entities

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

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

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

16.8 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:

Rating	Timeliness of draft financial statements assessment
☀ Generally Effective	Acceptable draft financial statements received on or before 31 October 2022.

16.9 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:

Rating	Timeliness of Management Comments Received
☀ Generally Effective	Within 21 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
☀ Generally Effective	Within 15 days from issue of Financial Statements for signing

APPENDIX 16.1: TELECOMMUNICATION DEVELOPMENT TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Levy Fees from Telecommunication Companies	481,471	632,297
Interest	44,463	26,641
Sales of Government Diaries	---	30
Total Receipts	525,934	658,968
Payments		
Digital TV Expenses	---	---
Diary Expenses	---	---
Bank Fee	4,556	2,333
Total Payments	4,556	2,333
Net Surplus	521,378	656,635
Opening balance as at 1 August	6,317,060	5,660,425
Closing Balance as at 31 July	6,838,438	6,317,060

APPENDIX 16.2: FIBRE CABLE MANAGEMENT TRUST FUND ACCOUNT STATEMENT OF RECEIPTS AND PAYMENTS

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
Infrastructure Access Fees	1,290,498	2,868,665
Interest	33,174	45,283
Refund from EFL	5,839	5,748
Refund from Southern Cross	---	383,681
Total Receipts	1,329,511	3,303,377
Payments		
Consultancy Payments	233,031	485,277
Bank Fee & Withholding Tax on Interest	3,435	4,297
SXNEXT Cable Project	190,497	298,084
Marine Operations & Maintenance Fee	47,130	360,198
Total Payments	474,093	1,147,856
Net Surplus	855,418	2,155,521
Opening balance as at 1 August	4,523,725	2,368,204
Closing Balance as at 31 July	5,379,143	4,523,725

Section 16A Department of Information Technology and Computing Services

Role and Responsibilities

The Ministry of Communications comprises the Department of Information, Digital Government Transformation Office, Department of Communications, and the Department of Information Technology and Computing Services (ITC).

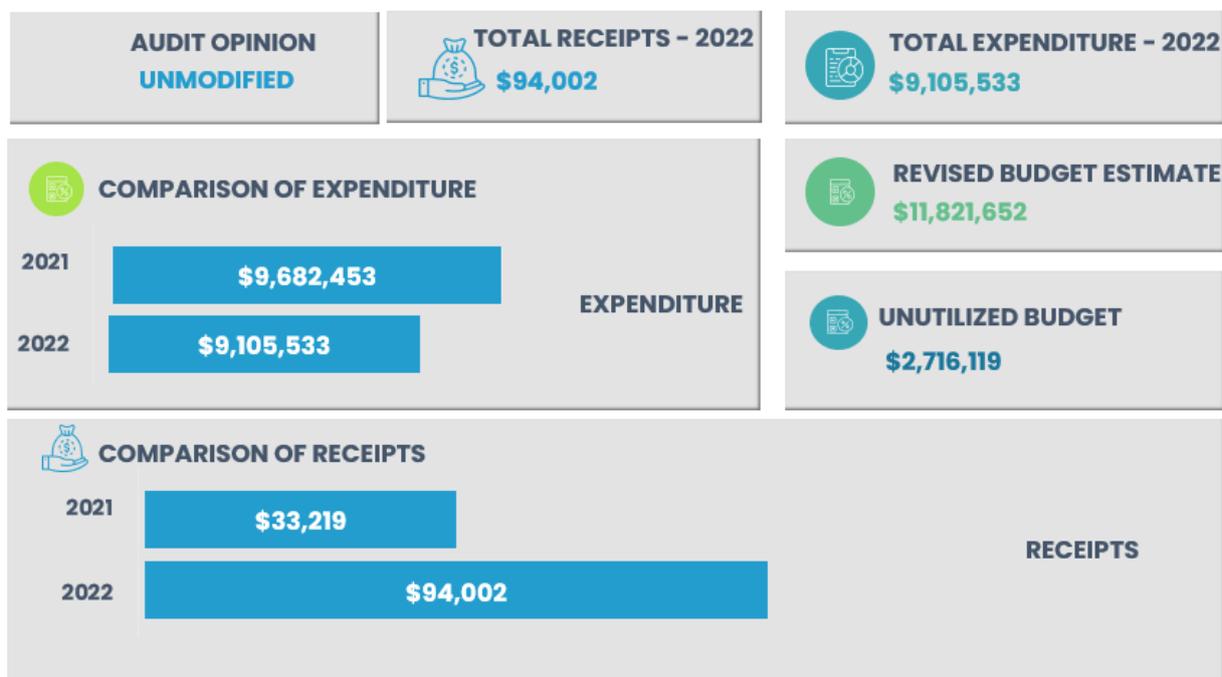
The Ministry manages the entire government ICT network and infrastructure. It is currently undertaking a significant investment to set up a secondary site for IT Disaster Recovery, which will allow for the switchover and recovery of critical IT systems from the Government Data Centre in the event of disaster. The investment will also fund the upgrade of equipment, resulting in secure, reliable, and efficient Government network infrastructure to better serve Fijians.

Table of Contents

PART A:	FINANCIAL INFORMATION	2
16A.1	Financial Information	2
16A.2	Audit Opinion.....	2
16A.3	Appropriation Statement	2
PART B:	SIGNIFICANT MATTERS.....	4
PART C:	ASSESSMENT OF FINANCIAL GOVERNANCE.....	5
16A.4	Internal Controls	5
16A.5	Submission of FY 2022 Draft Agency Financial Statements	6
16A.6	Quality of Draft Financial Statements by Entities	6
16A.7	Timeliness of Draft Financial Statements.....	6
16A.8	Timeliness of Provision of Management Comments and Signing of Financial Statements.....	7

PART A: FINANCIAL INFORMATION

16A.1 Financial Information



16A.2 Audit Opinion

The audit of the 2022 accounts of the Department of Information Technology and Computing Services resulted in an unmodified audit opinion.

16A.3 Appropriation Statement

The Department of Information Technology and Computing Services incurred expenditure totalling \$9.1 million in 2022 against a revised budget of \$11.8 million resulting in savings of \$2.7 million or 22.9%.

Details of expenditure against the revised budget are provided in Table 16A.1.

Table 16A.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,655,295	---	1,655,295	1,178,642	476,653
2	Government Wage Earners	31,641	---	31,641	31,468	173
3	Travel & Communications	1,602,000	---	1,602,000	943,767	658,233
4	Maintenance & Operations	976,500	(63,836)	912,664	798,787	113,877

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	3,653,000	---	3,653,000	3,143,401	509,599
7	Special Expenditure	---	---	---	---	---
	Total Operating Expenditure	7,918,436	(63,836)	7,854,600	6,096,065	1,758,535
9	Capital Purchase	3,066,416	63,836	3,130,252	2,411,383	718,869
10	Capital Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	3,066,416	63,836	3,130,252	2,411,383	718,869
13	Value Added Tax	836,800	---	836,800	598,085	238,715
	TOTAL EXPENDITURE	11,821,652	---	11,821,652	9,105,533	2,716,119

PART B: SIGNIFICANT MATTERS

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

There were no other significant matters identified during the audit of the 2022 financial year of the Department of Information, Technology and Computing Services.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

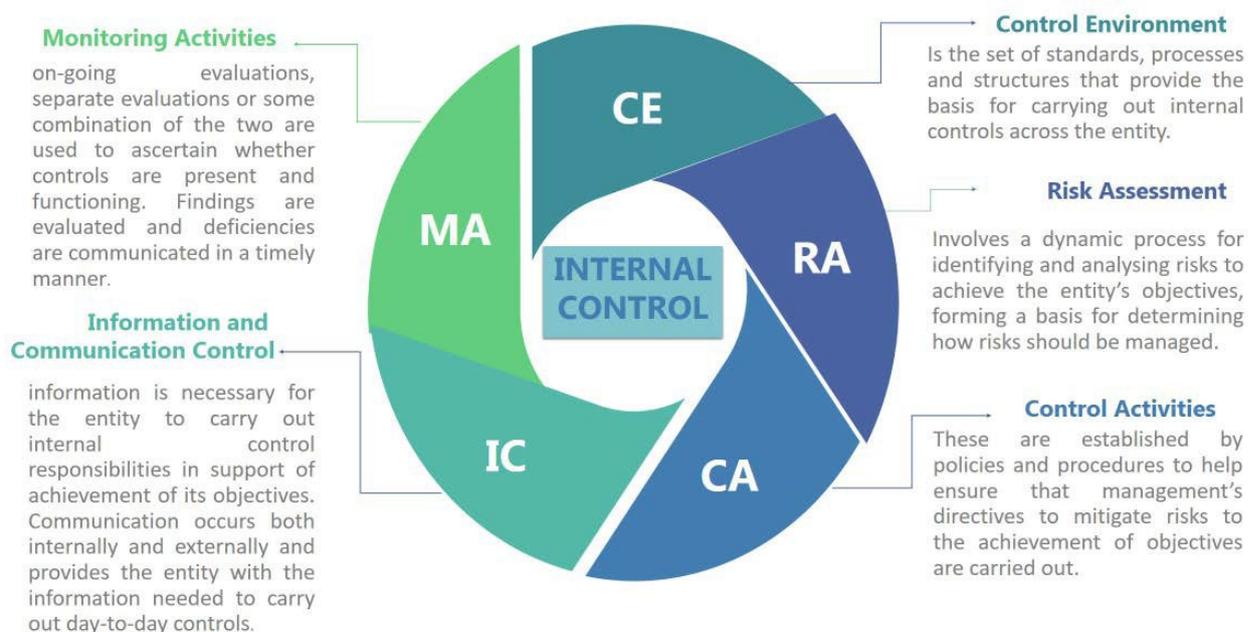
16A.4 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

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

Ratings	Internal control assessment
★ Generally Effective	Some deficiencies identified in internal controls

16A.5 Submission of FY 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Overseas Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 08 August 2022	✓	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 05 August 2022	✓	Processing of payments by 28 July 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Processing of virement by 19 August 2022	✓
Annual Board of Survey on Drawings Account cheques by 28 August 2022	✓	Completion of reconciliations by 28 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Submission of arrears of revenue returns by 26 August 2022	✓

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

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

Ratings	Year-end close process assessment
● Effective	All 10 key processes completed by due date.

16A.6 Quality of Draft Financial Statements by Entities

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

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

Ratings	Quality of draft financial statements assessment
● Effective	No adjustments were required

16A.7 Timeliness of Draft Financial Statements

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

Ratings	Timeliness of Draft Financial Statements assessment
● Generally Effective	Acceptable draft financial statements received on or before 31 October 2022.

16A.8 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Rating	Timeliness of Management Comments Received
✖ Ineffective	After 21 days from issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
✖ Ineffective	After 15 days from issue of Financial Statements for signing.

Section 17 Ministry of Civil Service

Roles and Responsibilities

The Ministry of Civil Service supports Ministries and Departments with the ongoing implementation of modern best practice in service delivery across the Whole of Government to firmly establish Government as a merit-based, efficient and responsible employer.

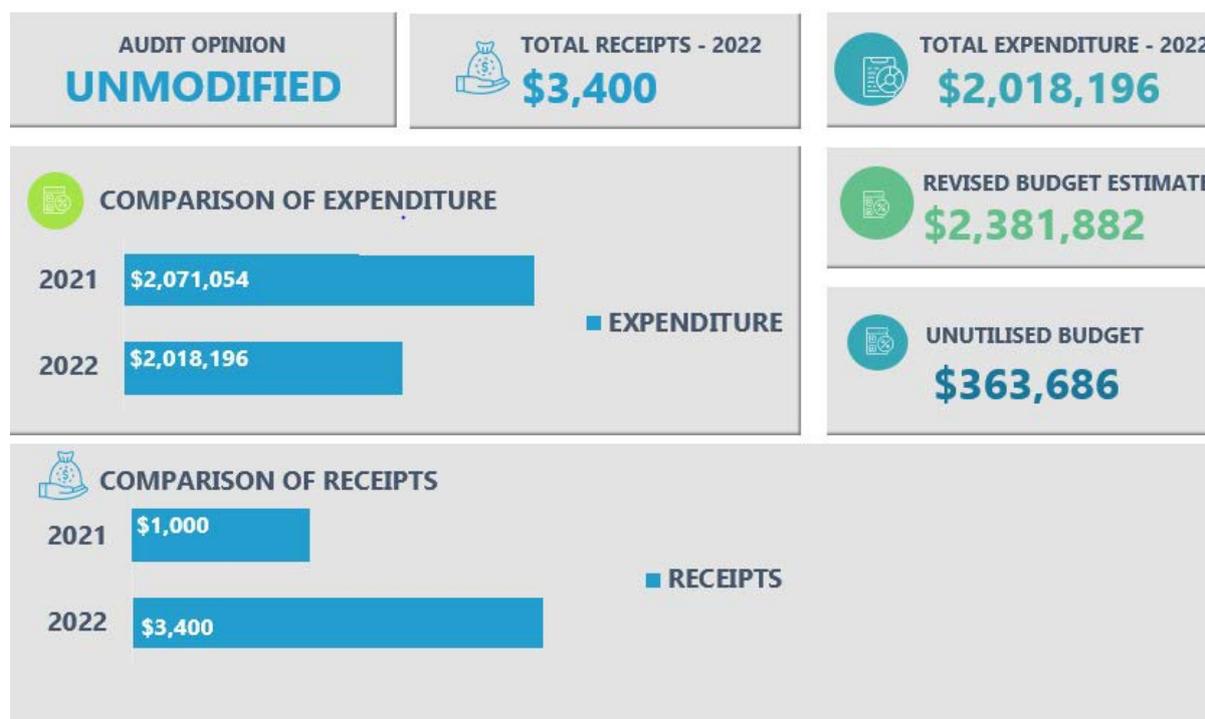
The Ministry provides human-resource policy support and guidance to the Permanent Secretaries; acts as the Secretariat and provides support services to the Public Service Commission (PSC); monitors and reports on the implementation of guidelines and policies to the PSC and Ministers; provides guidance to Ministries to continue the rapid progress towards a merit-based and efficient civil service; works in partnership with Ministries to facilitate improved customer care; coordinates core-skills training and learning and development opportunities funded by development partners; and works in partnership with Ministries and Departments, business leaders, the private sector and sponsors to organise large-scale conferences and events that benefit all Fijians.

Table of Contents

PART A: FINANCIAL INFORMATION	2
17.1 Financial Information - Head 17 – Ministry of Civil Service	2
17.2 Audit Opinion – Head 17 Ministry of Civil Service	2
17.3 Appropriation Statement – Head 17 Ministry of Civil Service	2
17.4 Financial Information - Head 13 – Public Service Commission	4
17.5 Audit Opinion – Head 13 Public Service Commission	4
17.6 Appropriation Statement – Head 13 Public Service Commission	4
PART B: SIGNIFICANT MATTERS	6
17.7 Operating Trust Account Anomalies	6
17.8 Drawings Account Anomalies	8
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	9
17.9 Internal Controls	9
17.10 Submission of FY 2021-2022 Draft Agency Financial Statements	10
17.11 Quality of Draft Financial Statements by Entities	10
17.12 Timeliness of Draft Financial Statements	10
17.13 Timeliness of Provision of Management Comments and Signing of Financial Statements	11

PART A: FINANCIAL INFORMATION

17.1 Financial Information - Head 17 – Ministry of Civil



17.2 Audit Opinion – Head 17 Ministry of Civil Service

The audit of the 2022 accounts of the Ministry of Civil Service resulted in an unmodified audit opinion.

17.3 Appropriation Statement – Head 17 Ministry of Civil Service

The Ministry incurred expenditure totalling \$2.0 million in 2022 against a revised budget of \$2.4 million, resulting in an unutilised budget of \$363,686 or 15%.

Details of expenditure against the revised budget are provided in Table 17.1.

Table 17.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,315,672	---	1,315,672	1,231,990	83,682
2	Government Wage Earners	69,535	---	69,535	63,904	5,631
3	Travel & Communication	58,000	---	58,000	32,933	25,067
4	Maintenance & Operations	511,900	6,000	517,900	446,619	71,281
5	Purchase of Goods & Services	294,511	(6,000)	288,511	187,152	101,359
6	Operating Grants & Transfers	---	---	---	---	---

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
7	Special Expenditure	50,000	---	50,000	---	50,000
	Total Operating Expenditure	2,299,618	---	2,299,618	1,962,598	337,020
13	Value Added Tax	82,264	---	82,264	55,598	26,666
	TOTAL	2,381,882	---	2,381,882	2,018,196	363,686

Significant unutilised budget was largely due to the following:

- a. Established Staff unutilised budget was mainly due to the vacant positions, for which recruitments were done as and when needed. Savings were also noted in Overtime allocation which remained unutilised. The funds were allocated to the Ministry following the announcements made during the 2021-2022 revised budget address pertaining to overtime in the Fijian Civil Service in March 2022. There were no overtime requests by staff during the 5 month period as the work was well managed during the period.
- b. The unutilised budget in Travel & Communications was mainly due to savings in the Telecommunications budget as strict controls were placed by the management to monitor and manage communication charges by placing smart government plans for data and call expenses.
- c. The unutilised budget in Maintenance and Operations was mainly due to the non-utilisation of Air condition allocation as no major maintenance work was carried out to the air conditioners at the Government Service Centre & Centre for Training and Development buildings due to COVID-19 restrictions from August 2021 till March 2022. Unutilised budget was also noted in the Water, Sewage, and Fire service allocation due to limited usage of Training and Development facilities by participants during the COVID-19 restriction period. In addition, budget was also under-utilised in the Customer Care Centres allocation as there were less SMS and call charges from the supplier in comparison to the anticipated charges for these services under Customer Care Call Centre.
- d. The unutilised budget in the Purchase of Goods and Services allocation was mainly due to the under-utilisation of the In-Service Training allocation as majority of trainings were conducted virtually and savings were made in meals and printing of training materials due to COVID-19. Following the uplifting of COVID-19 restrictions, the face-to-face training resumed in April 2022. Savings were also noted in the Leadership Training budget as 2 out of 5 leadership sessions were conducted virtually in 2022 and 3 sessions deferred to 2023. Due to COVID-19 there were travel bans and lockdown in Fiji and the Leadership training facilitator from Australia was unable to travel to conduct face to face sessions.
- e. The Special Expenditure funds were allocated to the Ministry in the Revised National Budget announcement in March 2022. The Ministry of Civil Service had been tasked to undertake a comprehensive review of “scarce skills” in the Fijian Government. The report on the Fijian Civil Service Retention Strategies as a result of the Scarce Skills Review allocation was completed within the financial year using the existing Ministry resources.

17.4 Financial Information - Head 13 – Public Service Commission



17.5 Audit Opinion – Head 13 Public Service Commission

The audit of the 2022 accounts of the Public Service Commission resulted in an unmodified audit opinion.

17.6 Appropriation Statement – Head 13 Public Service Commission

The Public Service Commission incurred expenditure totalling \$4.3 million in 2022 against a revised budget of \$4.7 million, resulting in an unutilised budget of \$0.4 million or 9%.

Details of expenditure against the revised budget are provided in Table 17.2.

Table 17.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	4,706,252	---	4,706,252	4,289,451	416,801
	Total Operating Expenditure	4,706,252	---	4,706,252	4,289,451	416,801
	TOTAL	4,706,252	---	4,706,252	4,289,451	416,801

Significant unutilised budget was largely due to the following:

- The unutilised budget in the Personal Emolument for PS's vote was mainly due to the savings from the vacant PS's position namely; 1) Ministry of Local Government 2) Ministry of Communication 3) Ministry of Fisheries 4) Ministry of Foreign Affairs and 5) Ministry of Justice.
- The unutilised budget in the subsistence allocation was mainly due to virtual meetings carried out for the Commission due to Covid-19 Pandemic and travel restrictions.
- The unutilised budget in the Other Contractual Services allocation was mainly due to the engagement of a local recruitment firm to recruit the 5 Permanent Secretaries at a cheaper cost than forecasted.

- d. The unutilised budget in the Housing Allowance allocation was mainly due to the appointment of local Permanent Secretaries during the year. No expatriate appointments were made during the year and only one expatriate Permanent Secretary was entitled for the housing allowance during the year.
- e. The unutilised budget in the Stationery & Printing allocation was mainly due to virtual meetings for PSC, hence less usage of printing and stationery.
- f. No induction for Permanent Secretaries was conducted during the financial year. This led to the unutilised budget in the Expenses-Induction for PS's allocation.
- g. There was unutilised budget in the Travel and Shipment allocation as there was only one Permanent Secretary existing during the year. Another expatriate Permanent Secretary was given an extension of appointment for another year.

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 2022.

17.7 Operating Trust Account Anomalies

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

The following were noted from the review of the Operating Trust Fund account:

- The total balance in the account was \$674,871 as at 31 July 2022. Majority (80%) of the balance \$542,897 were made up of transactions posted by Public Service Commission in 2015 which were not cleared from the Operating Trust account. Refer to Table 17.3 for further details.
- The Payroll Deduction PSC Bond Quarters balance as at 31 July 2022 remains at \$85,912 which was not transferred to TMA Liabilities account when the administration of quarters was transferred to Ministry of Finance on 1 January 2016.
- There has been no movement in the two substantial SLG 86 accounts from 31/07/19 to 31/07/22. The balances of these accounts totalled to \$113,696 for the four years. In addition, the Ministry does not maintain detailed listing for these two accounts. Refer to Table 17.4 for further details.

Table 17.3: Balances not regularised in the last Four Years

Allocation	Operating Trust Account	Amount 31/07/2019 (\$)	Amount 31/07/2020 (\$)	Amount 31/07/2021 (\$)	Amount 31/07/2022 (\$)
1-17305-02999-861701	Deduction for Rent of Govt Quarters	428,593	428,593	428,593	428,593
1-17301-02999-861901	201 PD Tax Arrears/PAYE	19,755	19,755	19,755	19,755
1-17351-02999-861929	Payroll Ded-PSC-Bond-Quarters	85,912	85,912	85,912	85,912
1-17301-02999-861923	Payroll Deduction Agriculture	4,492	4,492	4,492	4,492

¹ Finance Instruction 2010, Section 58(3)

Allocation	Operating Trust Account	Amount 31/07/2019 (\$)	Amount 31/07/2020 (\$)	Amount 31/07/2021 (\$)	Amount 31/07/2022 (\$)
1-17301-02999-899988	Miscellaneous Fund V Open Item	2,805	2,805	2,805	2,805
1-17301-02999-861106	390 PD Gov Water Rates Chrgs	1,340	1,340	1,340	1,340
Total		542,897	542,897	542,897	542,897

Table 17.4: Listing not Maintained for Operating Trust Account

Allocation	Operating Trust Account	Amount 31/07/2019 (\$)	Amount 31/07/2020 (\$)	Amount 31/07/2021 (\$)	Amount 31/07/2022 (\$)
1-17101-02999-861313	TELEs Loan Repayment	54,372	54,372	54,372	54,372
1-17101-02999-861528	322 Fiji Medical Association	59,324	59,324	59,324	59,324
Total		113,696	113,696	113,696	113,696

This is due to the lack of proper reconciliation and consultation with Ministry of Health after the Doctor's payroll was transferred and not making necessary adjustment before the closure of accounts, in accordance with the Ministry's Finance Manual.

In the absence of such accounting records and proper reconciliations, the existence and accuracy of these creditors cannot be ascertained.

Recommendations

The Ministry should:

- ensure that detailed listing is maintained for closing balances in its SLG 86 Accounts and balances without movement during the year are rectified; and
- liaise with Ministry of Finance to regularise the carried forward balances and close off inactive accounts.

Agreed Management Action

The Ministry is in process of reconciling these Trust Accounts. As advised earlier, the Agency does not hold the former Public Service Commission records.

Various avenues have been utilised to reconcile the Trust Account Anomalies. The Ministry propose to:

- Transfer the remaining trust account funds to equity after consultation with the Ministry of Finance.
- Develop a proper standard operating procedure for dispersal of unreconciled variances for future claims.

17.8 Drawings Account Anomalies

The Accounts Officer must reconcile all accounts to be submitted to Ministry of Finance within two weeks after the closing of each monthly account.²

Review of the FMIS General Ledger for Drawings Account Allocation 1-17101-02999-530301 revealed the following anomalies:

- Monthly reconciliations were not performed;
- Drawings Account Board of Survey (BoS) was not carried out; and
- Review of the FMIS GL 1-17101-02999-530301 showed that there has not been movements in the balance for the past 5 years.

Refer to Table 17.5 for further details.

Table 17.5: Drawings Account Balance for Past 5 Years

Year	Amount (\$)
2018	533,393
2019	533,393
2020	533,393
2021	533,393
2022	533,393

Lack of monitoring by the supervising officers to ensure compliance with the requirements of the Finance Manual.

Recommendations

The Ministry should:

- **strengthen supervision and monitoring of the accounting function to ensure compliance with the requirements of the Finance Manual; and**
- **investigate and rectify the carried forward Drawings account balance recorded in the FMIS general ledger.**

Agreed Management Action

All the JV's passed for resolving of Drawings Account and Trust Account (Tels Loan Repayment – 861528 & FMA – 861313) were reversed as MOF is carrying out further verifications. The Ministry is working closely with the Ministry of Finance to have the prior period audit issues resolved.

² Ministry of Civil Service Finance Manual 2020, Section 17.2.5

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

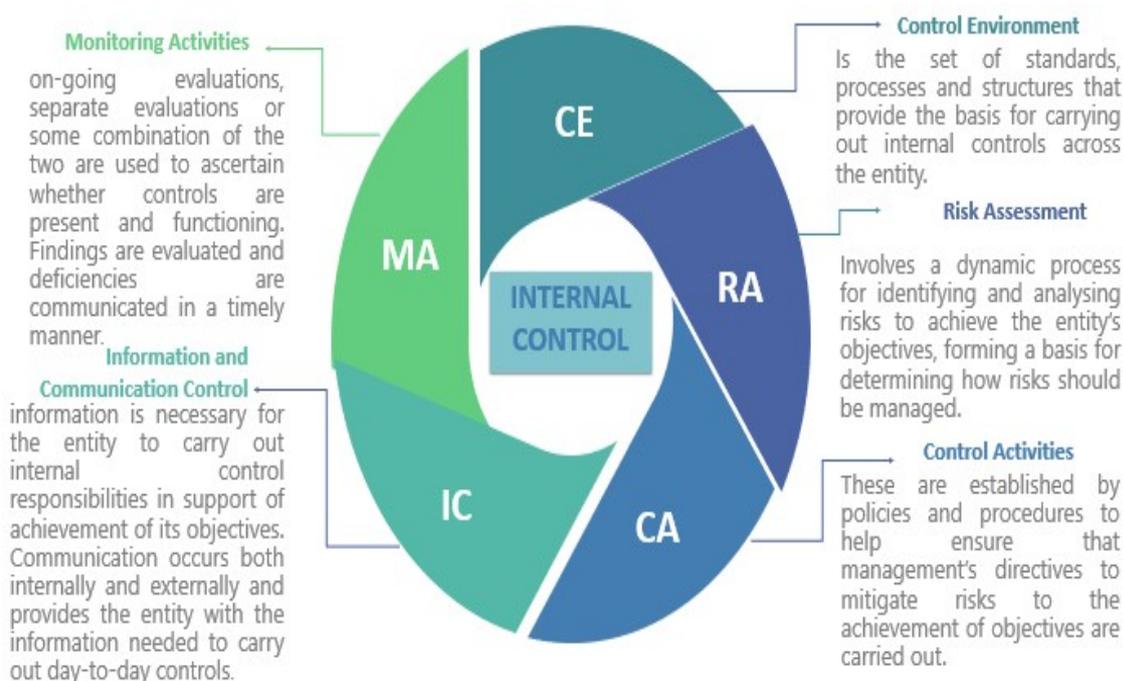
17.9 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
★	★	★	★	★

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

Rating	Internal control assessment
★ Generally Effective	Some deficiencies identified in internal control

17.10 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, the Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2021-2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of <u>virement</u> by 19 August 2022	✓
Retirement of <u>imprests</u> by 15 July 2022	✓	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	N/A
Clearance of stale <u>cheques</u> by 05 August 2022	✓	Clearance of Inter-departmental clearance accounts by 05 August 2022	✓
Closing date for journal adjustments by 17 August 2022	✓	Annual Board of Survey on Drawings Account <u>cheques</u> by 26 August 2022	✓

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

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

Rating	Year-end close process assessment
● Effective	All 9 key processes completed by due date.

17.11 Quality of Draft Financial Statements by Entities

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

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

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

17.12 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
● Generally Effective	Acceptable draft financial statements received before or on 31 October 2022.

17.13 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Effective	Within 14 days from issue of Draft Management Letter

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

Section 18**Ministry of Rural & Maritime Developments
and Disaster Management****Roles and Responsibilities**

The Ministry of Rural and Maritime Development manages and coordinates Government’s rural and maritime development programs. Guided by the socioeconomic rights enshrined in the Fijian Constitution, the Ministry is focused on providing Fijians with the things they need to empower themselves and support their families.

The Ministry’s programs are targeted at generating economic growth and improving living standards in Fiji’s rural and maritime communities. This includes Self-Help Programme, Emergency Water and Community Access Roads, Footpaths and Footbridges. They are also responsible for the implementation of the National Disaster Management Strategy as required by the 1995 National Disaster Management Plan and the National Disaster Management Act 1998, covering disaster prevention, mitigation, preparedness, response, emergency operations, relief and rehabilitation. Correspondingly, the Ministry implements climate change mitigation programmes.

The Ministry also provides support services to rural, peri-urban and maritime communities such as issuing licences and collecting licence and permit fees.

Table of Contents

PART A: FINANCIAL INFORMATION	2
18.1 Financial Information.....	2
18.2 Audit Opinion	2
18.3 Appropriation Statement.....	2
18.4 Trust Fund Account.....	3
PART B: SIGNIFICANT MATTERS	5
18.5 Arrears of Revenue Report Not Prepared	5
18.6 Payment Voucher and Supporting Documents Were Not Stamped “PAID”	6
18.7 Significant Operating Trust Balances Carried Forward from Prior Years	6
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	8
18.8 Internal Controls.....	8
18.9 Submission of FY 2022 Draft Agency Financial Statements.....	9
18.10 Quality of Draft Financial Statements by Entities	9
18.11 Timeliness of Draft Financial Statements	9
18.12 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	10
APPENDIX 18.1: PROVINCIAL DEVELOPMENT TRUST FUND ACCOUNT	11
APPENDIX 18.2: PAYMENT VOUCHERS AND SUPPORTING DOCUMENTS WERE NOT STAMPED “PAID”	11

PART A: FINANCIAL INFORMATION

18.1 Financial Information



18.2 Audit Opinion

The audit of the 2022 accounts for the Ministry of Rural & Maritime Development and Disaster Management resulted in an unmodified audit opinion.

18.3 Appropriation Statement

The Ministry collected revenue totalling \$673,849 in 2022 and incurred expenditure totalling \$14,004,427 and against a revised budget of \$14,753,780 resulting in savings of \$749,353 or 5.1%.

Details of expenditure against the revised budget are provided in Table 18.1.

Table 18.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,389,819	(218,651)	5,171,168	4,976,471	194,697
2	Government Wage Earners	1,108,828	6,500	1,115,328	1,061,858	53,470
3	Travel & Communication	338,000	153,466	491,466	434,675	56,791
4	Maintenance & Operations	892,550	62,312	954,862	897,231	57,631
5	Purchase of Goods & Services	348,444	48,189	396,633	381,680	14,953

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	638,975	(102,859)	536,116	475,897	60,219
7	Special Expenditure	450,200	3,234	453,434	418,622	34,812
	Total Operating Expenditure	9,166,816	(47,809)	9,119,007	8,646,434	472,573
8	Capital Construction	2,748,064	---	2,748,064	2,536,482	211,582
9	Capital Purchase	100,000	37,266	137,266	133,692	3,574
10	Capital Grants & Transfers	2,300,000	8,829	2,308,829	2,266,341	42,488
	Total Capital Expenditure	5,148,064	46,095	5,194,159	4,936,515	257,644
13	Value Added Tax	438,900	1,714	440,614	421,478	19,136
	TOTAL	14,753,780	---	14,753,780	14,004,427	749,353

No significant unutilised budget was noted for the financial year ended 31 July 2022.

18.4 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.

Provincial Development Trust Fund Account

The Trust Fund Account Statement of Receipts and Payments is prepared to reflect the trust monies received and paid out as maintained by the Ministry. It is administered in two bank accounts and categorised as follows:

The two bank accounts are:

- PM's Disaster Rehabilitation Trust Fund (NDMO)
- Ministry of Rural Maritime Development National Disaster Management

1. PM's Disaster Rehabilitation Trust Fund (NDMO)

In 2021, the Disaster Management Trust Fund has been transferred to the Ministry.

a) Budget Transfer:

The Trust Fund Account with the Ministry comprises of the Prime Minister's Disaster & Rehabilitation Trust Fund Account. An allocation of \$800,000 is always set aside each year to be drawn from Ministry budget and deposited directly into this Trust Account. For 2022, the \$800,000 was requisitioned and procurement was made direct from the allocation for the TC Yasa operations.

For the Disaster Preparedness Trust Fund, there was an accumulated balance of \$2,960,228 at the beginning of August 2021. The other funds coming into the account was the \$692,939 being funds deposited directly or through the Disaster Management Office from both local and overseas donors.

b) Donations

The Trust Fund Account Statement of Receipts and Payments is presented correctly to reflect the trust monies received and paid out of the bank account maintained by the Ministry. Total cash receipts received for this Trust Account during the year was \$722,528. Refer to Table 18.2 below.

Table 18.2: Total Receipts

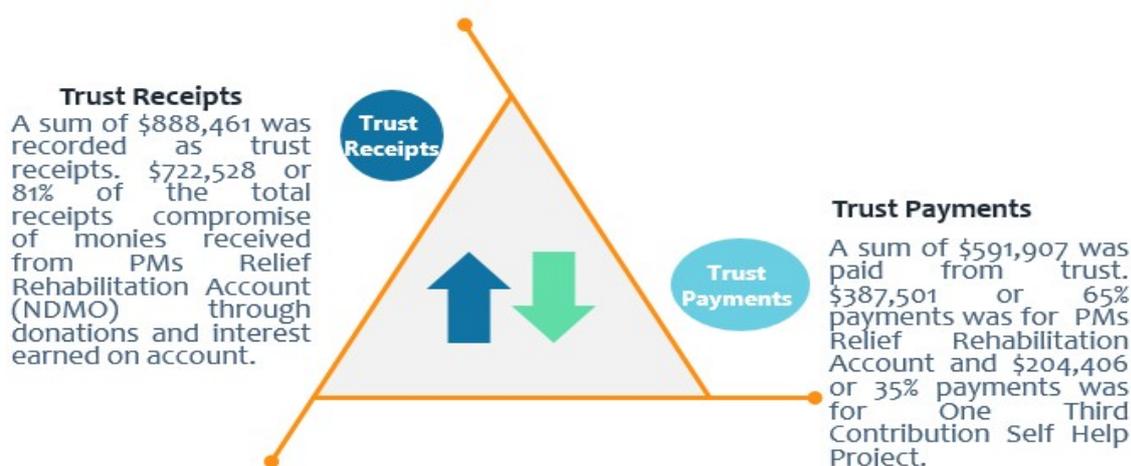
Description	Amount (\$)
Local & Overseas Direct Deposits	692,939
Interest Earned	29,589
Total	722,528
GL Adjustment	1,164,501
TOTAL	1,887,029

2. Ministry of Rural Maritime Development & Natural Disaster Management

- a) One – Third (1/3) Contributions- Self Help: the Ministry assists communities through its Self-Help Programme whereby the Government contributes two third (2/3) of the costs whilst the community provides one third (1/3) of the project costs.
- b) Tender Deposit: for tender deposits which are refunded to unsuccessful tenderers.
- c) Rural Housing Scheme I/ PM Relief and Rehabilitation: where the rural dwellers deposit the full cost of building materials for their houses to be built in the rural outer islands. Government would negotiate and get cheaper quotes and also provide free transportation in the delivery of these materials.

The Provincial Development Trust Fund account collected trust revenue totalling \$888,461 in 2022 and incurred expenditure totalling \$591,907 resulting in a surplus of \$296,554 compared to a surplus of \$1,652,744 in 2021.

Provincial Development Trust Fund Account



Detailed statement for trust receipts and payments are provided in **Appendix 18.1**.

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 2022.

18.5 Arrears of Revenue Report Not Prepared

Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the finance manual.¹ The Manager Finance shall certify all financial reports that must be submitted to the Ministry of Finance and must ensure that these are submitted within the timeframes set by the Ministry.²

The Ministry had a significant arrears of revenue balance totalling to \$2,068,777. The audit noted that the Ministry did not prepare the arrears of revenue report after January 2022, which comprises of arrears of business license fees for operation, for outside the town/city boundaries and maritime areas. Refer to Table 18.3 below for details.

Table 18.3: Arrears of Revenue as at 31/01/2022

Ageing of Debtors	Amount (\$)	Percentage (%)
Less than 1 year	---	---
1 - 2 years	165,518	8
2 – 5 years	811,776	39
More than 5 years	1,091,483	53
	2,068,777	100

Delays in collecting the outstanding revenue increases the risk of revenue not being collected which may result in loss of revenue for government.

Recommendations

The Ministry should:

- ensure that the Arrears of Revenue returns are prepared quarterly and submitted to Ministry of Finance; and
- exhaust all avenues to recover the arrears of revenue from the defaulters.

¹ Finance Instructions 2010, Section 41

² Rural and Maritime Development Natural Disaster Management Finance Manual 2013, Section 16.3.1

Agreed Management Action

Audit comments have been noted. The Ministry will rectify the issue at the earliest and provide feedback to the Audit Team.

18.6 Payment Voucher and Supporting Documents Were Not Stamped “PAID”

Immediately after payment has been effected, the Manager Finance or Accounts Officer must stamp “paid” on all vouchers and supporting documentation to avoid any double payments.³

Audit noted that the payment voucher and supporting documents were not stamped “PAID”. Refer to **Appendix 18.2** for details.

Payment voucher and supporting documents not stamped “PAID” increases the risk of double payments.

Recommendation

The Ministry should ensure that all payment vouchers and related source documents are stamped “paid” immediately after payment has been effected.

Agreed Management Action

Audit comments and recommendations have been noted. The paid stamp was misplaced during that particular period which could not be located. However, we bought a new stamp and updated our records accordingly.

18.7 Significant Operating Trust Balances Carried Forward from Prior Years

The ledger reconciliation statement shall be forwarded to the Manager Finance. The Manager Finance must ensure that all balances are accurate and adequately supported any misallocations or outstanding balances from the previous month have been dealt with.⁴

The Operating Trust Fund account had a balance of \$257,016 as at 31 July 2022. The audit review of the operating trust fund account balances revealed that three allocations had significant balances totalling \$253,436.60 which made up 99% of the overall operating trust fund account balance as at 31 July 2022. In August 2022, there was movement of only \$4,003.79. This indicates that there are carried forward balances in the Operating Trust Fund Account maintained by the Ministry.

Refer to Table 18.4 below for details.

Table 18.4: Significant Operating Trust Balances Carried Forward

Allocation	Balance as at 31/07/21 (\$)	Balance as at 31/07/22 (\$) (A)	Balance as at 31/08/22 (\$) (B)	Movement (\$) (A – B = C)
1-18101-68999-861901	(41,978.28)	(41,319.31)	(41,319.31)	---
1-18101-68999-861920	(19,313.72)	(34,955.24)	(32,398.04)	(2,557.20)
1-18101-68999-863201	(195,232.68)	(177,162.05)	(183,723.04)	6,560.99
TOTAL	(256,524.68)	(253,436.60)	(257,440.39)	4,003.79

³Rural and Maritime Development Natural Disaster Management Finance Manual 2013, Section 2.8.9

⁴Rural and Maritime Development Natural Disaster Management Finance Manual 2013, Part 14 Ledger Accounts, Section 14.3.6

Failure to promptly investigate and rectify the significant balances has resulted in the substantial balance for the operating trust fund account being carried forward.

Recommendation

The Ministry should review the balances carried forward and take appropriate action.

Agreed Management Action

Audit comments have been noted.

1-18101-68999-861901201 PD TAX ARREARS / PAYE

Reconciliation of this allocation is in progress liaising with MOF Salaries Unit to identify the credits. Due to lack of Staff in HQ Accounts Section the Ledgers section has been overloaded with adhoc duties coupled with the Ledgers section responsibilities which resulted in the exercise of reconciling and identifying the credits which could not be continued. Currently there are still vacant posts exists in the Ledgers section to action the above exercise. We look forward to management action to fill the vacant post.

1-18101-68999-863201 VAT ON REVENUE

Reconciliation of this allocation is in progress. We have already liaised with FRCS and they have provided the Statement to be reconciled with the VAT payment done from our end. Also attached is the statement and FRCS vat recon that was carried out. Due to lack of staff in HQ Accounts Section the Ledgers section has been overloaded with ad hoc duties coupled with the Ledgers section responsibilities which resulted in the exercise of reconciling and identifying the credits which could not be continued. Currently there is still vacant posts exists in the Ledgers section to action the above exercise. We look forward to management action to fill the vacant post.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

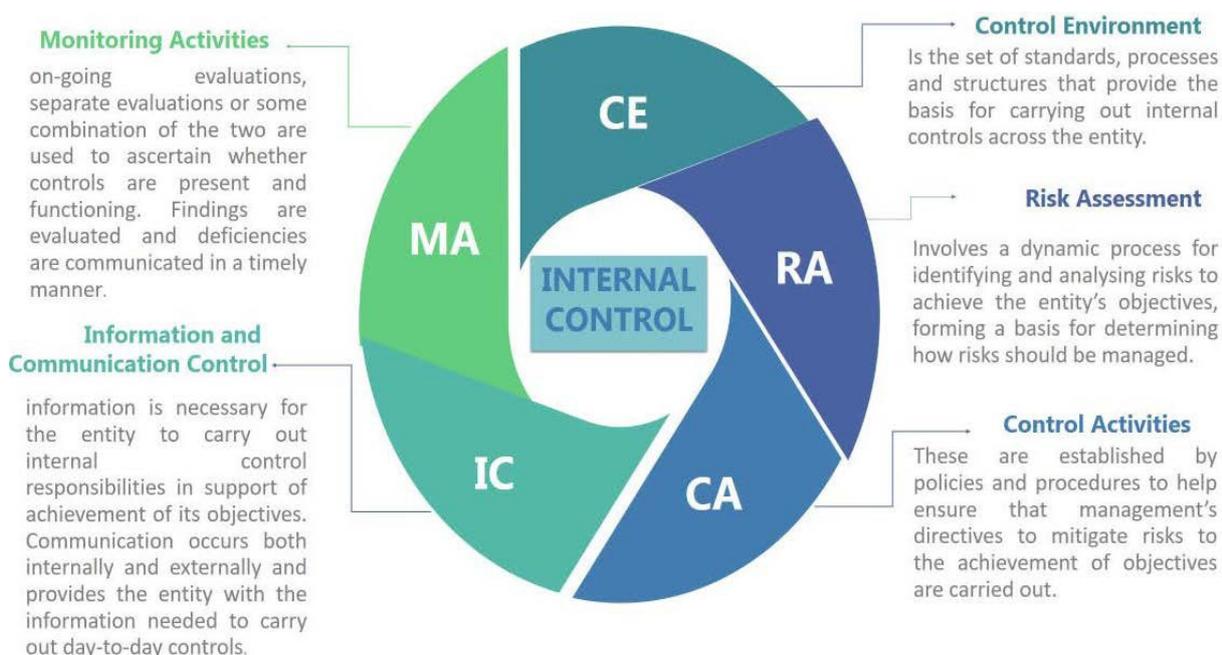
18.8 Internal Controls

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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☀	☀	☀	☀

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

Rating	Internal control assessment
☀ Generally effective	Some deficiencies identified in internal controls

18.9 Submission of FY 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021 - 2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2022	✗	Cancellation of unprocessed purchase orders by 18 July 2022	✓
Clearance of Inter-departmental clearance accounts by 8 August 2022	✗	Processing of payments by 28 July 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Processing of virement by 19 August 2022	✓
Annual Board of Survey on Drawings Account cheques by 26 August 2022	✗	Completion of reconciliations by 26 August 2022	✓
Retirement of imprests by 15 July 2022	✓	Submission- of arrears of revenue returns by 26 August 2022	✗

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

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

Rating	Year-end close process assessment
☀ Generally effective	6 of 10 key processes completed within two weeks of due date

18.10 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:

Rating	Quality of draft financial statements
🌿 Effective	No adjustments were required

18.11 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:

Rating	Timeliness of draft financial statements assessment
🔴 Ineffective	Acceptable draft financial statements received after 31 October 2022.

18.12 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:

Rating	Timeliness of Management Comments Received
✖ Ineffective	After 21 days from issue of Draft Management Letter

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

APPENDIX 18.1: PROVINCIAL DEVELOPMENT TRUST FUND ACCOUNT

Description	31 July 2022 (\$)	31 July 2021 (\$)
Receipts		
PMS Relief Rehabilitation Account (NDMO)	722,528	1,812,690
1/3 Contribution -Self Help	165,933	76,959
Total Receipts	888,461	1,889,649
Payments		
Tender Deposits	---	107,353
Rural Housing Scheme I/PM Relief & Rehab Committee	---	6,331
PMS Relief Rehabilitation Account (NDMO)	387,501	5,363
1/3 Contribution - Self Help	204,406	117,858
Total Payments	591,907	236,905
Net Surplus	296,554	1,652,744
Balance of Funds for PMs Relief & Rehab Trust	---	1,152,902
Balance as at 1 August 2021 (1/3 Contribution)	1,388,108	1,538,587
Balance as at 1 August 2021 (PMs Relief NDMO)	2,960,228	---
Closing balance as at 31 July 2022	4,644,890	4,344,233

APPENDIX 18.2: PAYMENT VOUCHERS AND SUPPORTING DOCUMENTS WERE NOT STAMPED “PAID”

Date	Cheque/ EFT No.	Amount (\$)
18/11/2021	37916	2,064.22
25/11/2021	37934	3,330.27
21/02/2022	38113	3,302.75
01/03/2022	38159	2,306.42
08/03/2022	38170	1,875.35
16/05/2022	38378	1,045.87
29/06/2022	38551	3,224.98
03/11/2021	37846	3,886.56
29/06/2022	38554	16,643.04
07/12/2021	37978	7,232.11
26/04/2022	38328	3,211.01
05/04/2022	38261	2,962.75
15/10/2021	37819	3,828.60
15/10/2021	37821	3,776.72
15/10/2021	37821	2,994.90
15/06/2022	38506	3,350.00
14/11/2022	38038	15,045.87
25/05/2022	38426	6,563.14

Section 19 Republic of Fiji Military Forces

Roles and Responsibilities

The Republic of Fiji Military Forces (RFMF) is responsible for maintaining the security and Defence of Fiji and the Fijian people, employing the latest technologies and defence strategies to address emerging security threats, and supporting the international community to reduce conflict and forge peaceful solutions around the world.

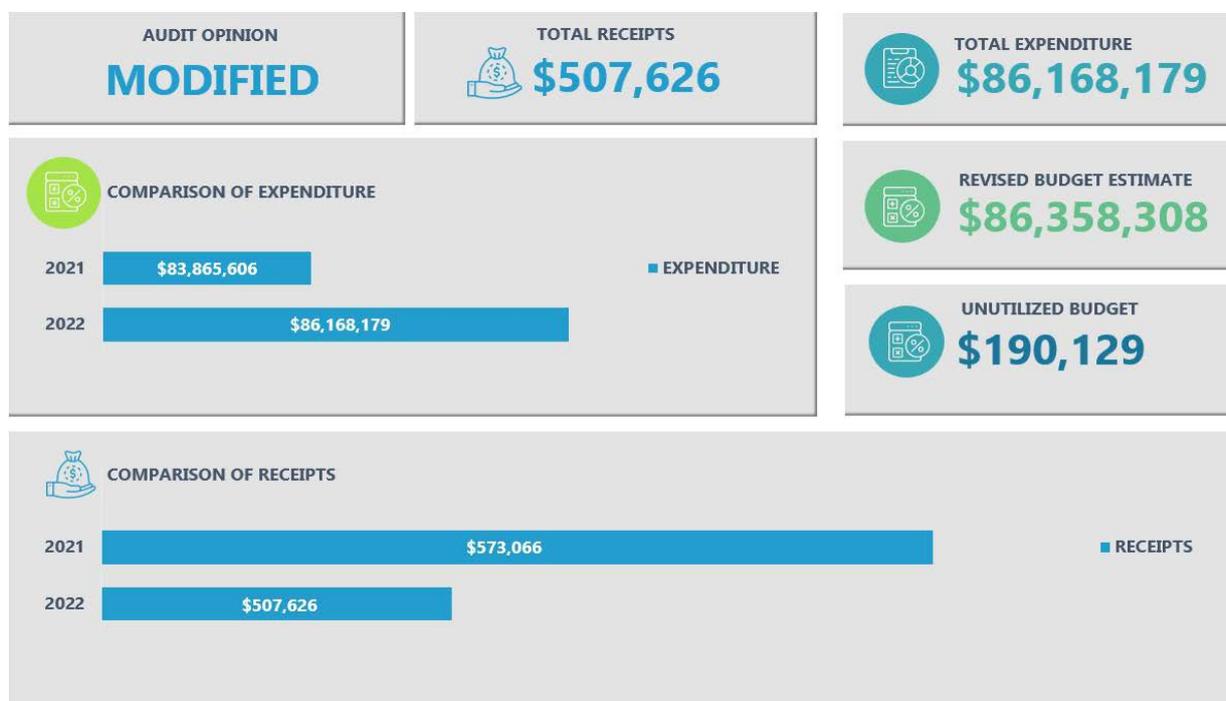
RFMF also implements a number of projects and programmes in rural and maritime regions in Fiji. As part of its contribution to the wellbeing of the Fijian people, RFMF's Engineering Corps carries out an extensive range of development projects across the country that improves the living conditions of ordinary Fijians.

Table of Contents

PART A: FINANCIAL INFORMATION	2
19.1 Financial Information.....	2
19.2 Audit Opinion	2
19.3 Appropriation Statement.....	3
19.4 Trust Fund Account.....	3
19.5 Trading and Manufacturing Account.....	4
PART B: SIGNIFICANT MATTERS	5
19.6 Board of Survey Not Carried Out.....	5
19.7 Public Tender Not Called for Procurement of Goods & Services	6
19.8 Significant Outstanding Accounts Receivable Balance.....	6
19.9 Person to Post Listing (Line & Column) Not Provided for Audit Purposes	7
19.10 Significant Outstanding Operating Trust Fund Balance	7
19.11 Proper Approval Not Sought for Movement of Appropriated Funds from Head 49 to Head 19 – Recurring Issue.....	8
19.12 Anomalies of the Fixed Asset Register – Recurring Issue	9
19.13 Charging of Expenditures into Incorrect Allocations – Recurring Issue.....	10
19.14 Anomalies Noted in Leave Management – Recurring Issue	11
19.15 Anomalies noted in the Trade and Manufacturing Account – Recurring Issue	12
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	13
19.16 Internal Controls.....	13
19.17 Submission of FY 2021-2022 Draft Agency Financial Statements.....	14
19.18 Quality of Draft Financial Statements by Entities.....	14
19.19 Timeliness of Draft Financial Statements	14
19.20 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	15
APPENDIX 19.1: ENGINEERS PROJECTS TRUST FUND ACCOUNT	16
APPENDIX 19.2: ENGINEERS PLANT POOL TRADING ACCOUNT	17
APPENDIX 19.3: EXAMPLES OF REDEPLOYMENT FROM HEAD 49 TO HEAD 19	18
APPENDIX 19.4: CAPITAL PURCHASES NOT RECORDED IN FIXED ASSET REGISTER	18
APPENDIX 19.5A: CHARGING OF EXPENDITURE TO INCORRECT ALLOCATION	19
APPENDIX 19.5B: CHARGING OF EXPENDITURE TO HEAD 49	20
APPENDIX 19.6: SIGNIFICANT OUTSTANDING OPERATING TRUST FUND BALANCE	20

PART A: FINANCIAL INFORMATION

19.1 Financial Information



19.2 Audit Opinion

The audit of the 2022 accounts of the Republic of Fiji Military Forces resulted in a modified audit opinion with an Emphasis of Matter and Other Matter paragraphs. The basis of qualification was:

Trading and Manufacturing Account

- An unreconciled variance of \$30,543 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance. Consequently, I could not confirm the accuracy and completeness of the VAT receivables balance of \$214,238 stated in the Plant Pool Trading Account balance sheet as at 31 July 2022.

The Emphasis of Matter was as follows:

- Expenditures totalling \$58,204 incurred by the Force was charged to Head 49 – Peacekeeping Missions and is not reflected in the Statement of Receipts and Expenditure of the Force. The Force would have overspent its budget appropriation for operating expenditures had all the expenditures were correctly recorded in the Statement of Receipts and Expenditure. As a result, the total operating expenditure of the Force is understated by \$58,204 at year end.
- The Force did not carry out an annual board of survey to verify the existence and condition of all assets under its authority contrary to Section 49(1) of the Finance Instructions 2010.

In addition to the above, the other matters were included as follows:

- Included in the Appropriation Statement Revised Budget Estimate of \$86,358,308 is \$349,187 additional appropriation sourced from Head 49 – Peacekeeping Mission. This additional appropriation was not approved by the Minister of Finance, contrary to the requirements of Section 22(1) of the Financial Management Act of 2004.
- The Plant Pool Trading Account is operating on a semi accrual accounting basis instead of full accrual accounting. The plant and equipment which are used for the operation of the Plant Pool have not been reflected in the balance sheet of the Plant Pool Trading Account.

19.3 Appropriation Statement

The Republic of Fiji Military Forces collected revenue totalling \$507,626 in 2022 and incurred expenditure totalling \$86.2 million against a revised budget of \$86.4 million in savings of \$0.2 million or 0.2%.

Details of expenditure against the revised budget are provided in Table 19.1.

Table 19.1: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	65,506,351	(2,348,288)	63,158,063	63,145,754	12,309
2	Government Wage Earners	346,110	(24,459)	321,651	318,993	2,658
3	Travel & Communication	986,600	164,945	1,151,545	1,151,545	---
4	Maintenance & Operations	4,595,660	1,383,023	5,978,683	5,976,709	1,974
5	Purchase of Goods & Services	9,870,000	264,935	10,134,935	10,133,545	1,390
7	Special Expenditure	1,740,000	713,116	2,453,116	2,452,906	210
	Total Operating Expenditure	83,044,721	153,272	83,197,993	83,179,452	18,541
8	Capital Construction	900,000	---	900,000	875,102	24,898
9	Capital Purchase	400,000	---	400,000	257,859	142,141
	Total Capital Expenditure	1,300,000	---	1,300,000	1,132,961	167,039
13	Value Added Tax	1,664,400	195,915	1,860,315	1,855,766	4,549
	TOTAL	86,009,121	349,187	86,358,308	86,168,179	190,129

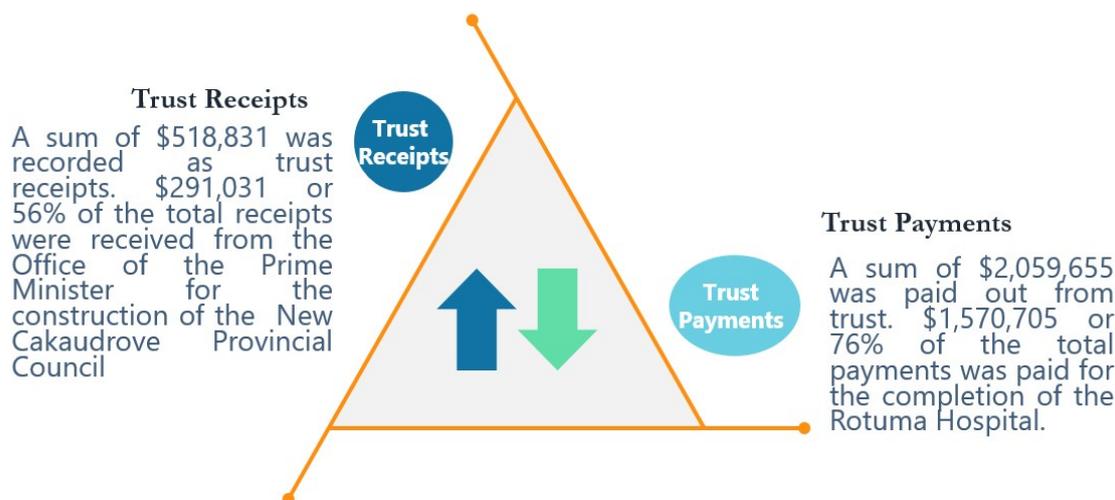
19.4 Trust Fund Account

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 Republic of Fiji Military Forces operates and maintains the following trust fund bank account:

19.4.1 Engineer Project Trust Fund Account

The Force collected trust receipts totalling \$518,831 in 2022 and incurred payments totalling \$2,059,655 resulting in a deficit of \$1,540,824 compared to a surplus of \$2,262,877 in 2021.

The detailed trust fund account statement of receipts and payments is provided in **Appendix 19.1**.



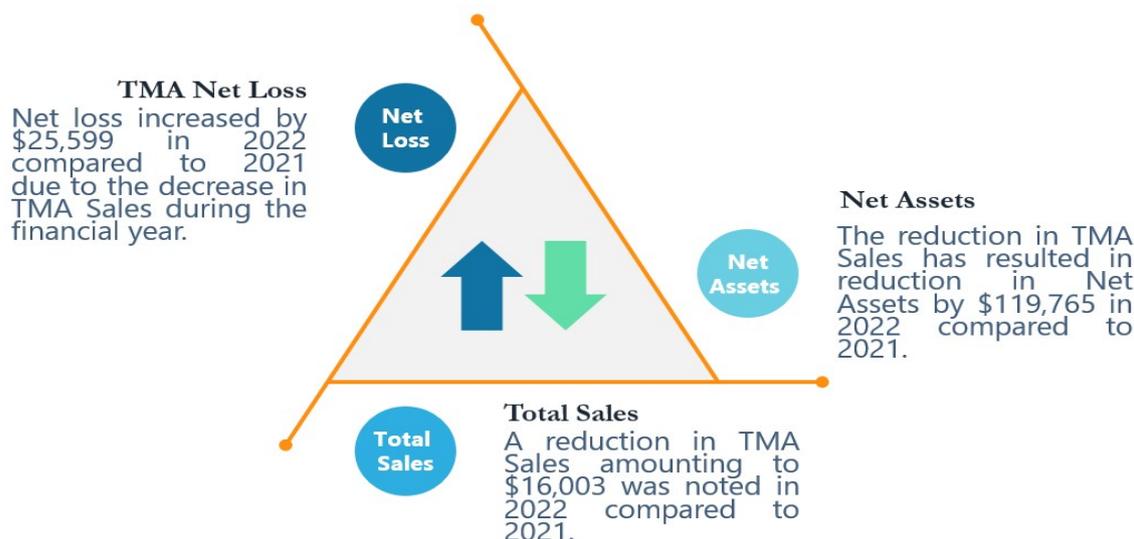
19.5 Trading and Manufacturing Account

The RFMF operates the Engineers Plant Pool trading account which was formed in 1978 to construct and develop roads to the inaccessible parts of rural areas in Fiji. Three new projects were undertaken in 2022.

The total sales for Plant Pool Troop for 2022 decreased by \$16,003 mostly due to decline in the demand of plant hire.

The financial analysis of TMA for the year ended 31 July 2022 is provided below.

Detailed Statements of the TMA are provided in **Appendix 19.2**.



PART B: SIGNIFICANT MATTERS

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

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

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

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Force. These have been included in this report as they impacted on the overall system of control of the Force as at 31 July 2022.

19.6 Board of Survey Not Carried Out

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.¹

The audit noted that the Force did not carry out an annual Board of Survey for fixed assets and expandable items for the year ended 31 July 2022.

Without a Board of Survey report the condition of assets of the Force could not be substantiated.

Recommendation

The Force should ensure that officers are appointed to undertake annual board of survey of fixed assets and expandable items annually as required under section 49 (1) of the Finance Instructions 2010.

Agreed Management Action

The Force acknowledges the OAG findings and the recommendations stated in the report. The RFMF had carried out preparations for the Annual Board of Survey, but due to posting of personnel during this period, the handing over of this responsibility was not completed on time. However, it should be noted that the BOS has been successfully conducted in the following FY 2022/2023. Approvals for the BOS have also been obtained from Ministry of Finance.

Way Forward

The Force will ensure that planning for posting of personnel does not hinder the conduct of BOS.

¹ 2010 Finance Instructions section 49(1)

19.7 Public Tender Not Called for Procurement of Goods & Services

Public tenders must be called for any procurement of goods, services or works valued at \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Government Procurement Regulation 30-(1).²

The audit noted that the Force failed to call for a tender to procure goods from Company A in the financial year 2022. Audit noted that for the financial year 2022, the company supplied single product totalling \$749,997 to the Force without tender board approval.

Failure to comply with the procurement regulation could increase the risk of fraud and collusion between the two parties.

Recommendation

The Force should ensure that section 30(1) of the Procurement Regulation is adhered to.

Agreed Management Action

Audit findings and recommendations are duly noted. This is difficult to track as each unit is responsible for their own procurements in accordance with their activities/tasking which has led to amounts exceeding \$50,000 for the whole of RFMF. The RFMF is now preparing a Tender for all Common User Items which includes food rations and other stores.

Way Forward

The RFMF will call a Tender for all CUI in the new FY.

19.8 Significant Outstanding Accounts Receivable Balance

The Accounts Receivables account is made up of the Malaya Pension account and the Malaya Widow Pension account. These accounts record the pension payments made to former soldiers who served in Malaya from 1952 to 1956. Payment is processed from SAG 56 account allocation to the pensioner and is cleared to Head 51 (Ministry of Finance) when RFMF receives the reimbursement from the relevant authority.

As at 31 July 2022, the Accounts Receivable Account had a debit balance of \$1,020,942 as at 31/7/22. The audit noted that this balance has been increasing over the years and remains outstanding as at 31st July 2022.

Table 19.2 Significant Outstanding Accounts Receivable Balances

Account Description	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Malaya Pension	797,413	788,457	779,500	767,983	746,934
Malaya Widow Pension	223,529	188,085	151,801	136,301	127,881
Total	1,020,942	976,542	931,301	904,284	874,815

² Section 2.3.1 RFMF Finance Manual 2013

Recommendation

The Force should investigate and follow up with the relevant authority on the reimbursement of funds so that the outstanding balance is reduced/cleared.

Agreed Management Action

Audit findings and recommendations are duly noted. Malaya Widow / Malaya Pension claim is being lodged on Annual basis as per the address provided by the MOF. The MOF has been advised on the status of the account and we are awaiting their guidance. RFMF does have a Malaya Widow/ Malaya Pension register from January 2020 and the ageing debtors' listings for Pension from January 2022. This is attached with the Reconciliations Report sent to MOF and a copy is usually available to be presented to the Auditors upon request.

Way Forward

RFMF to pursue other avenues to recover this outstanding including assistance from the new UK Defence Attaché.

19.9 Person to Post Listing (Line & Column) Not Provided for Audit Purposes

The Person to Post (P2P) is required to contain the actual establishment, movement and approved salary or wages of employees within a Ministry or Department. Information recorded on P2P assists management in making strategic decisions on matters relating to the current status of the staff establishment.

The audit was not provided with the Force's Line and Column for the financial year 2021/2022.

The non-provision of an updated P2P is mainly attributed to the Human Resources Unit not maintaining and updating its P2P in a timely manner.

In the absence of an updated and consolidated P2P that captures the Force's staff strength and numbers, strategic decisions such as budget submissions on Payroll Expenditures would be impacted.

Recommendation

The Human Resources Unit should ensure that all necessary information of staff personnel are collated and updated into the P2P.

Agreed Management Action

The RFMF is currently updating its Person to Post Listing and will provide a copy to the OAG in September 2023.

19.10 Significant Outstanding Operating Trust Fund Balance

Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.³

The audit review of the Operating Trust Fund account noted that the account had a credit balance of \$801,479 as at 31/07/2022. This included significant outstanding balances amounting to \$597,506 which was carried forward from prior year. Refer to the Table 19.3 below for details.

³Section 4.7.3 RFMF Finance Manual 2013.

Table 19.3: Significant Operating Trust Balance

Allocation	Description	Amount 31/7/21 (\$)	Amount 31/7/22 (\$)
1-19101-19999-861920	501 PD Employees FNPF	597,506	643,099

Audit further noted that there were dormant operating trust accounts which consists of carried forward balances from prior years with totalling to \$105,409. Refer to Appendix 19.6 for details.

The anomaly indicates non-clearance of deductions to respective authorities/organisations or the non-clearance of the entries in a timely manner.

This could be attributed to the lack of stringent monitoring and review of the monthly reconciliation performed in the accounts section.

Recommendations

The Force should:

- **maintain its vigilant control to ensure timely clearance of the operating trust balance;**
- **review of the postings made in the general ledger (FMIS) and clearance of outstanding balances carried forward; and**
- **Consider liaising directly with relevant authorities and seek confirmation that all dues was cleared for the respective periods.**

Agreed Management Action

Audit findings and recommendations are duly noted. This has been an ongoing issue with the work required being to summarize all the carried forward balances and submitting to MOE for clearance. The focus now is on the long outstanding balances where we are compiling all supporting document for the clearance of this figure. This is expected to take some time we need to access the old portal to gather information.

Way Forward

RFMF to acquire new staff to look at pending issue. RFMF Accounts to continue reconciliation. Advise MOF on Reconciliation on a monthly basis.

19.11 Proper Approval Not Sought for Movement of Appropriated Funds from Head 49 to Head 19 – Recurring Issue

The Minister may, with the approval of Cabinet, authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.⁴

The Permanent Secretaries of agencies may authorise the transfer of budgeted funds out from SEG 1 or 2 (Established and Unestablished Staff) but shall not transfer funds into SEG 1 or 2⁵.

⁴ Financial Management Act 2004, Section 22 (1)

⁵ Finance Instruction 2010, Section 10

The audit noted that the Force:

- Used virement forms to move appropriated funds from Head 49 Peacekeeping Missions in the financial year 2022, contrary to the requirements of the Financial Management Act 2004;
- A total of \$349,187 was redeployed from Head 49 in to Head 19 SEGs 3 & 4; and
- The virement forms were approved by the Commander of the RFMF.

Refer to **Appendix 19.3** for details.

There is a difference in the interpretation of head of appropriation as stated in the Financial Management Act 2004. The movement of appropriated fund from one head of appropriation to another without the Minister of Finance's approval is not allowed under the Financial Management Act 2004.

Consequently, this enabled the RFMF to increase its available budget without proper authorisation.

Recommendation

The Force must ensure that the Ministry of Finance is consulted, and that appropriate approval is sought for accessing appropriated funds from another head of appropriation.

Agreed Management Action

Audit findings and recommendations are duly noted. The FMA requirement has been observed in 2022-23FY.

Way Forward

RFMF will adhere to the use of form - DV4904 when moving funds between the two Heads.

19.12 Anomalies of the Fixed Asset Register – Recurring Issue

Each agency is required to maintain an asset register for assets valued at \$2000 and above. Assets that are similar in nature may be grouped under a specific class of assets. The description in the asset register should include the total quantity of assets and where applicable, the individual and total cost.

Audit noted that the Force's Fixed Asset Register was not kept up to date. The current register maintained does not have unique codes to distinguish each asset by type and class. The assets however are grouped according to the purchase order numbers.

Furthermore, audit noted from the review of selected sample that capital purchases made during the year were not recorded in the register. Whilst, the invoices revealed the receiving of these procured items, audit could not trace these assets to the FAR. Refer to **Appendix 19.4** for details.

The above findings indicate the inadequate system of controls in the management of fixed assets to ascertain its existence and condition.

Recommendation

The Force must ensure that fixed asset register is updated and assets with a value in excess of \$2,000 is recorded in the fixed asset register.

Agreed Management Action

The RFMF has a FAR in place but it is yet to be updated. The RFMF is in the process of completing a 100% inventory & asset stock take on all its camps and facilities. The data from this stock take will be used to update the RFMF FAR. A copy of the FAR will be submitted to OAG in the first quarter of the 2024 FY.

Way Forward

The Force will update the RFMF Master Fixed Asset Register on completion of the 100% stocktake and advise OAG accordingly.

19.13 Charging of Expenditures into Incorrect Allocations – Recurring Issue

The Staff Officer Accounts, Chief Staff Officer Finance or Staff Officer Trade must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.⁶

Audit review of payments made by the Force during the financial year 2022 revealed mis-postings within the Force's expenditure allocations. Refer to **Appendix 19.5A** for the details.

In addition, there were Head 19 expenditures posted to Head 49 general ledger. Refer to **Appendix 19.5B** for the details of mis-posting on the Accounts of RFMF.

Instances of misallocation could be due to the unavailability of funds at the correct allocation at the time of transaction. However, these were supposed to be regularised.

This indicates lack of procurement planning and improper budgeting by the Force.

Recommendations

The Force should ensure that:

- **proper procurement planning and budgeting are made;**
- **all expenditures are appropriately reflected in their correct allocation; and**
- **Head 49 General ledger access must be restricted to Peacekeeping officers only.**

Agreed Management Action

Audit findings and recommendations are duly noted. RFMF has conducted training for all its FMIS buyers and Cost Centre Managers where this issue is highlighted. Proper strategies have been put in place to address this.

Way Forward

RFMF will conduct monthly and quarterly reviews to ensure that corrective strategies are adhered to.

⁶ Section 2.8.4 (v) RFMF Finance Manual 2013

19.14 Anomalies Noted in Leave Management – Recurring Issue

Annual leave cannot be accumulated and must be taken by the 31st day of March in the year next following the year in which it was earned, unless deferment is authorised by the Commander. No authority exists for the deferment or accumulation of vacation leave except that the Commander may order its deferment under the provisions of paragraph 20.37, subject to the existence of service.⁷

The purpose of leave is to provide periods of relaxation during the year so personnel can return refreshed and thus work at a higher performance level. To not take leave over protracted period defeats the purpose for which it is granted.⁸

The audit was not provided with the Force's consolidated leave schedule / balances or manual leave cards. As such audit could not substantiate on the current year leave liability. There is also no proper system in place to effectively manage the leave balance.

Ensuring the Officers take annual/long service leave on a timely manner would mitigate the risk of leave compensation and would also allow the timely break for the Officers to manage their stress level resulting from nature of work and enjoy their time with their families and children.

Accumulation of excessive leave balances could pose as a risk to the health and safety of the staffs and represent a significant financial liability to the Force.

Recommendations

The Force should consider:

- **the consolidation of the leave balances for all officers in a structured manner for monitoring purposes; and**
- **having an annual leave plan for officers.**

Agreed Management Action

Audit findings and recommendations are duly noted. The RFMF is in the process of consolidating and reconciling RFMF's leave balances. A copy of the document will be provided to the OAG once it is finalised. It is to be noted that the RFMF Circular J42/4/21, issued on 30 May 2023, had instructed all pers that had accumulated leave of more than 50 days to expend their leave with immediate effect. Furthermore, the RFMF had also invested in developing a HR Data Base which is 60% complete. This project, which is expected to be finalized in the next 12 months, will ensure that the issue of leave management is resolved completely.

Way Forward

RFMF to complete its leave reconciliation for the 2022-23 FY and provide a copy to OAG.

⁷ RFMF Administrative Instructions No.10 – Taking of Leave: paragraph 1

⁸ RFMF Administrative Instructions No.10 – Taking of Leave: paragraph 3

19.15 Anomalies noted in the Trade and Manufacturing Account – Recurring Issue

The Credit Officer must maintain a debtors' register and adhere to the debt recovery procedures in accordance of the Manual.⁹ The Staff Officer Ledgers must reconcile all accounts to be submitted to Ministry of Finance within two weeks after the closing of each monthly account.¹⁰

Review of the Trade and Manufacturing Account (TMA) records noted the following anomalies:

- The Accounts Receivables for the financial year ended 31 July 2022 totalled \$289. This balance was carried forward since 2013 without any listing and could not be substantiated.
- Audit noted unexplained variance of \$30,543 between VAT receivable as per the general ledger (FMIS) and as per VAT reconciliation statement. Refer to Table 19.4 below for details.

Table 19.4: Variances in VAT Receivables

Particulars	Amount (\$)
VAT Receivables as per reconciliation statement	244,781
VAT Receivables as per Financial Statements	214,238
Variance	30,543

- The Plant Pool Trading Account is operating on a semi accrual accounting basis instead of full accrual accounting. The plant and equipment which are used for the operation of the Plant Pool have not been reflected in the balance sheet of the Plant Pool Trading Account.

The carried forward Accounts Receivables indicates the lack of monitoring of unsupported account balances sitting in the general ledger.

Recommendations

The Force must ensure that:

- **unsubstantiated general ledger balances carried forward from prior years are investigated and corrected; and**
- **reconciliations are carried out regularly between the VAT receivables general ledger (FMIS) balance and the TMA's Statement of VAT Account.**

Agreed Management Action

Audit findings and recommendations are duly noted. The variance highlighted was from previous years before the TMA was incorporated into the FMIS system. These issues have been a topic of discussion in the last two OAG audits where it was recommended for the account to be written off. This variance was because some vendor were deleted from the FRCS portal on the advice of FRCS. Hence, RFMF GL posting will be higher than the FRCS posting because of VAT inclusion figure.

Way Forward

RFMF to recommend for the write off of the \$289 to MOF. RFMF will ensure that new vendors are fully registered with FRCS.

⁹ Section 6.4.8 RFMF Finance Manual 2013.

¹⁰ Section 17.2.4 RFMF Finance Manual 2013.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

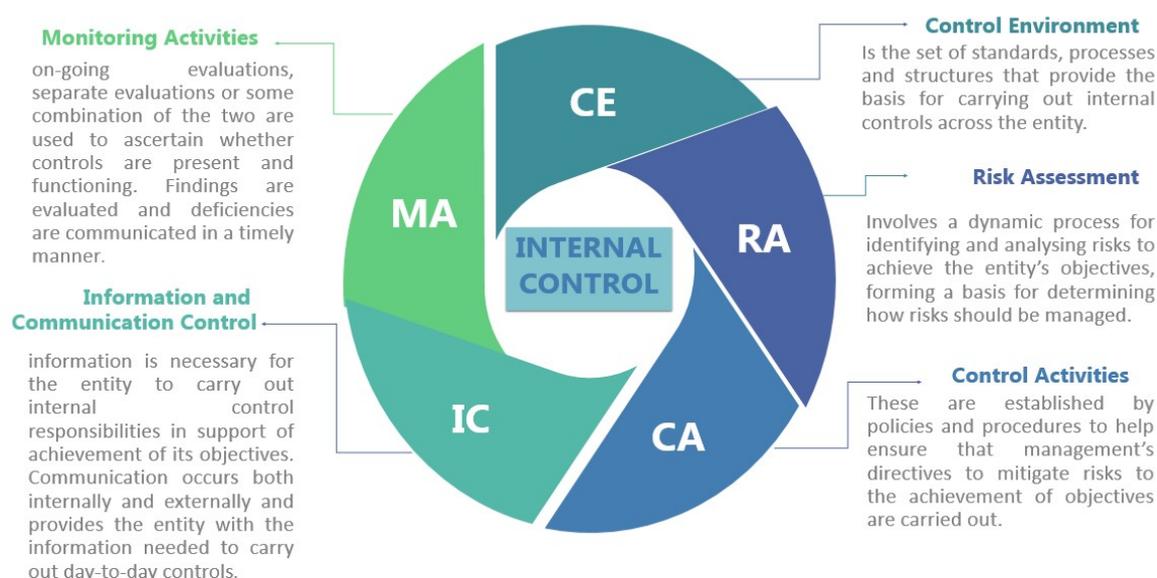
19.16 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☀	☀	☀	☀

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

Rating	Internal control assessment
☀ Generally Effective	Some deficiencies were identified in internal controls

19.17 Submission of FY 2021-2022 Draft Agency Financial Statements

On 29 April 2022, the Permanent Secretary of Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✗	Processing of virement by 19 August 2022	✓
Retirement of imprests by 15 July 2022	✗	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	N/A
Clearance of stale cheques by 05 August 2022	N/A	Clearance of Inter-departmental clearance accounts by 26 August 2022	✓
Closing date for journal adjustments by 08 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓

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

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

Rating	Year-end close process assessment
☀ Generally effective	6 of 8 key processes completed within two weeks of due date

19.18 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:

Rating	Quality of draft financial statements assessment
🌿 Effective	No adjustments were required

19.19 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:

Rating	Timeliness of draft financial statements assessment
🔴 Ineffective	Acceptable draft financial statements received after 31 October 2022

19.20 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:

Rating	Timeliness of Management Comments Received
 Ineffective	After 21 days from issue of Draft Management Letter

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

APPENDIX 19.1: ENGINEERS PROJECTS TRUST FUND ACCOUNT

Description	2022 (\$)	2021 (\$)
Receipts		
Miscellaneous Project	79,146	158,465
Rotuma Hospital	6,956	2,301,432
Nasamila District School	---	---
Neomai Lewakai	---	---
Tailevu North	---	349
Nukutui Village	---	162,897
Nalagi	---	13,181
Biausevu	---	41,933
Homes of Hope Wailoku Tamavua	18	76,689
Navakasiga District School	95,141	---
Vunivutu Project School	46,539	---
New Cakaudrove Provincial Council	291,031	---
Total Receipts	518,831	2,754,946
Payments		
Miscellaneous Project	81,503	189,782
Rotuma Hospital	1,570,705	101,944
Nasamila District School	9,686	---
Tailevu North College	---	1,742
Namalata	---	20,220
Nawaikama Footpath	---	433
Vunusalusalu	---	284
Vaturova/Koroalau	---	45
Druadrua Footpath	113	14,000
Tobuniquio	---	1,222
Rt Nacagilevu Primary School	118,230	---
Nasau Village Rehab Project	---	4,892
Upgrade of Nabukaluka Com Hall	---	2,684
Nukutui Village	26,531	136,366
Nalagi	11,064	---
Biausevu	41,933	---
Homes of Hope Wailoku Tamavua	58,252	18,455
Navakasiga District School	95,141	---
Vunivutu Project Macuata	46,497	---
Total Payments	2,059,655	492,069
Net (Deficit)/Surplus	(1,540,824)	2,262,877
Opening balance as at 1 August	2,546,685	283,808
Closing balance as at 31 July	1,005,861	2,546,685

APPENDIX 19.2: ENGINEERS PLANT POOL TRADING ACCOUNT**Trading Account – Engineers Plant Pool Trading Activity**

Description	2022 (\$)	2021 (\$)
Sales		
Plant Hire	53,034	69,037
	53,034	69,037
Opening Finished Goods	---	---
Add: Cost of Manufactured Goods	---	---
Less: Closing of Hydrographic TMA Adjustment	---	---
Less: Closing Finished Goods	---	---
Cost of Goods Sold	---	---
Gross Profit transferred to Profit & Loss Statement	53,034	69,037

Profit and Loss Account – Engineers Plant Pool Trading Activity

Description	2022 (\$)	2021 (\$)
Income		
Gross profit transferred from Trading Account	53,034	69,037
Total Income	53,034	69,037
Expenses		
Fuel and oil	44,608	2,224
Repairs and maintenance	114,206	146,118
Freight	716	---
Office upkeep and supplies	4,484	216
Fixed asset replacement and improvement	8,785	14,271
Minor Improvement	---	374
Total Expenses	172,799	163,203
Net Loss	(119,765)	(94,166)

Balance Sheet – Engineers Plant Pool Trading Activity

Description	2022 (\$)	2021 (\$)
Assets		
Cash at Bank	32,631	163,431
Accounts Receivable	289	289
VAT Receivable	214,238	203,203
Total Assets	247,158	366,923
Liabilities		
Revenue Received in advance	---	---
Total Liabilities	---	---
Net Assets	247,158	366,923
Equity		
TMA Accumulated Surplus	366,923	461,089
Net Loss for the period	(119,765)	(94,166)
Total Equity	247,158	366,923

APPENDIX 19.3: EXAMPLES OF REDEPLOYMENT FROM HEAD 49 TO HEAD 19

Virement No & Date	From	SEG	To	SEG	Amount (\$)
DV4904 05/07/22	Head 49 – Peacekeeping Mission	SEG 4,5,7	Head 19 – RFMF	3 & 4	349,187

APPENDIX 19.4: CAPITAL PURCHASES NOT RECORDED IN FIXED ASSET REGISTER

Date	Payment ID	Amount (\$)	PO Number	Fixed Asset Description
21/01/2022	63789	6,695.50	PO19101-008312	<ul style="list-style-type: none"> • OptiPlex 3080 Tower Intel Core i5-10500 4GB (1x4GB) DDR4 non @\$1,810.42 each • Dell 22 Monitor – SE2222H • Dell Latitude Laptop 3520 CTO 11th Generation Intel Core-i5-1135 G72BBZW93
23/02/2022	64639	13,761.47	PO19101-008449	<ul style="list-style-type: none"> • 404380-ACER ASPIRE C27-1655 27” AIO P
12/07/2022	68523	29,758.41	PO19101-008623	<ul style="list-style-type: none"> • 3ANET Mount Wall Nbox for Faceplate WHT • Tools Wire Tracker WH806CFOR Wire Sorting • BBWay Powerboard Maxem 4 Way with 1 Maste • TP Link W/L N Access Point 300 MBPS Enter • TP Link Switch 24 Port Gigabit Easy Smart
19/07/2022	68726	15,652.17	No LPO attached to PV	<ul style="list-style-type: none"> • Lenovo ThinkCentre M710q Tiny PC, Core i7 6700T
20/07/2022	68790	24,500.00	PO19101-008697	<ul style="list-style-type: none"> • HP PRODESK 400 SFF
15/07/2022	68687	4,104.81	Indent No# 05(21/22)	<ul style="list-style-type: none"> • Orthopadic Bed (1) • Overhead Moveable Meal Table (7) • Emergency/Resuscitation Cart (1)
15/07/2022	68687	99,971.72	Indent No# 05(21/22)	<ul style="list-style-type: none"> • 7 Pack Patient Monitor Modular/Multi Parameter • Central Monitoring Station
Total		194,444.08		

APPENDIX 19.5A: CHARGING OF EXPENDITURE TO INCORRECT ALLOCATION

Date	Payment ID	FMIS Amount (\$)	Posted in Allocation	Correct Allocation
27/09/2021	60820	9,564.30	11910519999030101	SEG 4 – Incidentals
01/09/2021	60324	3,211.01	11910519999030101	
02/12/2021	62339	2,200.92	11910519999030101	
10/01/2022	63447	1,871.56	11910519999030101	
10/05/2022	66518	240.00	11910119999030201	
10/05/2022	66518	120.00	11910119999030201	
10/05/2022	66518	120.00	11910119999030201	
17/08/2021	60050	458.34	11910519999059101	
18/08/2021	60075	2,201.85	11910519999059101	
18/08/2021	60075	2,752.30	11910519999059101	
27/09/2021	60810	2,981.65	11910519999030301	SEG 5 – Clothing & Uniform
27/09/2021	60810	1,284.40	11910519999030301	
27/09/2021	60827	1,100.91	11910519999030301	
27/09/2021	60827	960.00	11910519999030301	
29/12/2021	62873	958.72	11910919999030301	
18/08/2021	60075	1,100.91	11910519999059101	
18/08/2021	60075	1,376.15	11910519999059101	
20/04/2022	65978	45,871.56	11910119999070409	
29/04/2022	66277	45,183.49	11910119999070409	
19/01/2022	63746	17,889.90	11910119999071123	
19/01/2022	63746	13,302.75	11910119999071123	
12/04/2022	65870	44,000.00	11910119999070409	
12/04/2022	65870	44,000.00	11910119999070409	
20/08/2021	60111	5,380.73	11910219999059101	SEG 4 - Maintenance
06/01/2022	63221	6,431.16	11910419999050499	SEG 5 - Operations
23/02/2022	64628	5,871.56	11910719999050499	
27/06/2022	68089	21,871.56	11910719999050499	
04/02/2022	64088	11,009.17	11910919999051008	
27/07/2022	68895	12,103.62	11910119999040216	SEG 3 - Communications
26/07/2022	68875	14,940.76	11910119999040216	
14/01/2022	63683	3,976.33	11910519999040333	
14/01/2022	63683	2,684.00	11910519999040333	
10/01/2022	63448	11,904.78	11910119999071123	
07/01/2022	63352	9,722.01	11910119999071123	
26/01/2022	63898	10,091.74	11910119999040216	SEG 5 – Stores & Supplies
10/03/2022	65054	5,998.79	11910119999071123	
07/06/2022	67558	3,250.00	11910519999040333	
07/06/2022	67557	3,527.94	11910519999040105	
07/06/2022	67558	1,390.00	11910519999040105	
07/06/2022	67558	1,100.00	11910519999040105	
07/06/2022	67558	1,100.00	11910519999040105	
07/06/2022	67558	1,100.00	11910519999040105	
09/06/2022	67580	3,924.00	11910519999040333	SEG 5 – Operations
06/06/2022	67506	4,200.00	11910919999040333	
13/04/2022	65881	57,339.45	11910119999070409	
26/11/2021	62261	1,952.34	11910319999030101	SEG 4 – Power Supply
31/05/2022	190263	14,170.00	11910119999040216	SEG 3 - Subsistence
13/06/2022	67661	10,808.99	11910119999040216	SEG 4- Fuel & Oil
03/08/2021	59871	9,200.00	11910119999040216	SEG 3 - Travel
11/07/2022	68441	13,664.22	11910119999040216	SEG 3 – Overseas Travel
11/07/2022	68441	38,430.27	11910119999040216	
03/11/2021	61651	6,282.22	11910119999030101	
03/11/2021	61654	5,265.70	11910119999030101	
23/11/2021	62146	3,501.15	11910119999030101	

Date	Payment ID	FMIS Amount (\$)	Posted in Allocation	Correct Allocation
31/12/2021	190110	2,149.00	11910119999030101	
24/12/2021	62829	7,490.83	11910119999030101	
14/01/2022	63685	18,137.10	11910119999071123	SEG 3 Communications
Total		572,720.14		

APPENDIX 19.5B: CHARGING OF EXPENDITURE TO HEAD 49

Date	Payment ID	Amount (\$)	Posted to Allocation
15/12/21	62636	5,037	Head 49 – SEG 4
24/12/21	62828	2,939	Head 49 – SEG 4
13/06/21	67639	21,828	Head 49 – SEG 7
21/07/22	68816	28,400	Head 49 – SEG 7
Total Mis-posting		58,204	

APPENDIX 19.6: SIGNIFICANT OUTSTANDING OPERATING TRUST FUND BALANCE

Account ID	Description	31/07/2022 (\$)	31/07/2021 (\$)	Movements
11900000000861100	PD Revenue Accounts	(760.00)	(760.00)	---
11900000000861200	PD Insurance	(50,694.67)	(50,694.67)	---
11900000000861300	PD Loans & Advances	(36,905.14)	(36,905.14)	---
11900000000861400	PD Direct Credit	(738.44)	(738.44)	---
11900000000861500	PD Union & Association	(13,215.91)	(13,215.91)	---
11900000000861600	PD Maintenance	(2,432.38)	(2,432.38)	---
11900000000861700	PD Rates	(155.32)	(155.32)	---
11900000000861800	PD Rents	(507.01)	(507.01)	---
Total		(105,408.87)	(105,408.87)	---

Section 20**Fiji Police Force****Roles and Responsibilities**

The Fiji Police Force is responsible for maintaining law and order in Fijian society by employing best practices in police work and using modern technologies and innovative strategies to prevent criminal activity.

The Fiji Police Force engages in a wide range of activities to maintain professional personnel that are well-trained and well-equipped to handle evolving criminal threats.

The Force is currently seeking to expand the reach of its services through the construction of new facilities and to improve response times and investigate effectiveness by procuring new specialised equipment, including vehicles, communication equipment and forensic science tools.

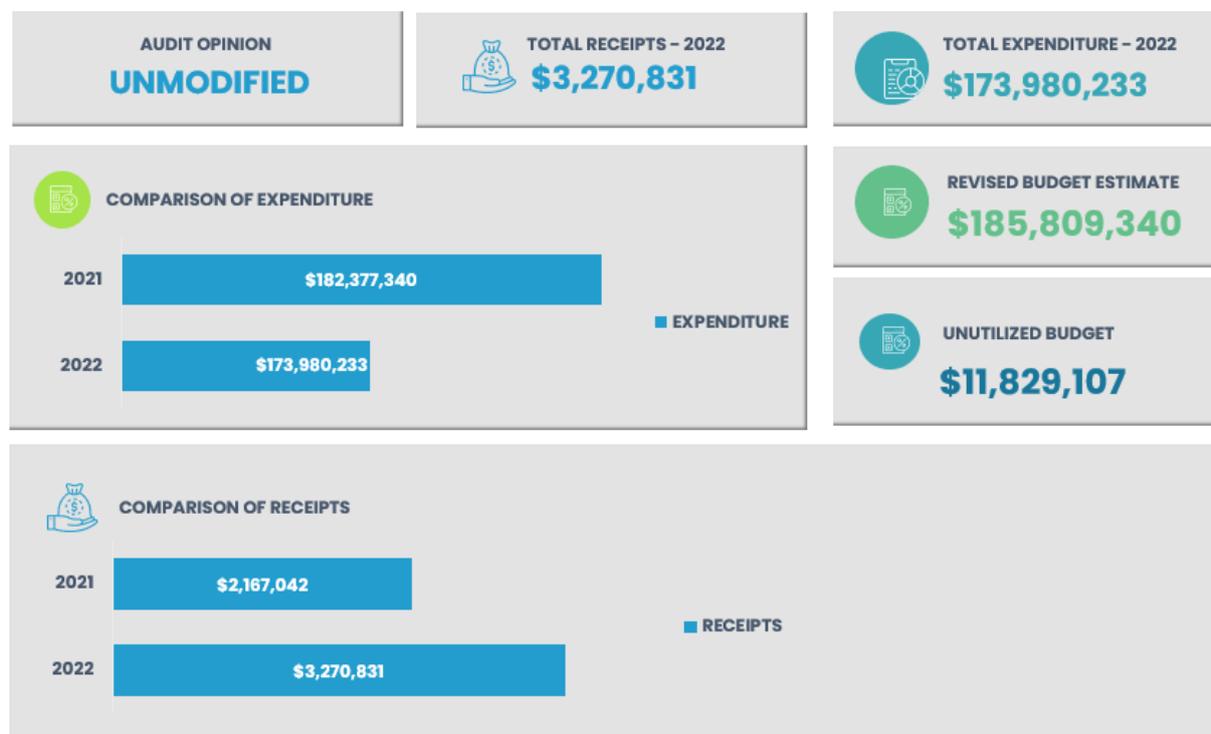
The Force's efforts to integrate new technology will also help address crimes of increasing levels of sophistication, particularly the investigation and prevention of cybercrimes.

Table of Contents

PART A: FINANCIAL INFORMATION	2
20.1 Financial Information.....	2
20.2 Audit Opinion	2
20.3 Appropriation Statement.....	2
PART B: SIGNIFICANT MATTERS.....	4
20.4 Variance between Bank Lodgements and Total Revenue	4
20.5 Fixed Assets Register Not Updated	5
20.6 Payment Voucher Anomalies	5
20.7 Outstanding Accounts Receivables Balances	6
20.8 Absence of an Approved Human Resources Manual	7
20.9 Absence of Disaster Recovery Plan	7
20.10 Police Band Trust Fund.....	8
20.11 Storage of Exhibits.....	8
20.12 Balances Carried Forward for Operating Trust Fund Account	9
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE.....	11
20.13 Internal Controls.....	11
20.14 Submission of FY 2022 Draft Agency Financial Statements.....	12
20.15 Quality of Draft Financial Statements by Entities.....	12
20.16 Timeliness of Draft Financial Statements	12
20.17 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	13
APPENDIX 20.1 ASSETS NOT UPDATED IN THE FIXED ASSET REGISTER	14
APPENDIX 20.2 DETAILS OF PAYMENT IRREGULARITIES.....	14
APPENDIX 20.3: EXAMPLES OF THE FINDINGS AT THE EXHIBIT	16

PART A: FINANCIAL INFORMATION

20.1 Financial Information



20.2 Audit Opinion

The audit of the 2022 accounts for the Fiji Police Force resulted in an unmodified audit opinion with an emphasis of matter and other matter paragraphs. The emphasis of matter was as follows:

An unreconciled variance of \$605,294 exists between the State Revenue balance of \$3,270,831 reflected in the Statement of Receipts and Expenditure and the Bank Lodgement Clearance (BLC) account for the year ended 31 July 2022.

The Other Matter paragraph included the following:

- The Force did not include as part of the Statement of Receipts and Expenditure the Fiji Police Force Band Trust Fund Account receipts and payments for the year ended 31 July 2022. The Force Band account transactions were also not recorded in the FMIS General ledger. The closing balance of the Band Trust Fund Account as at 31 July 2022 was \$16,424.
- The Force does not have a Disaster Recovery Plan and the Human Resource Manual was in draft.

20.3 Appropriation Statement

The Force collected revenue totalling \$3.3 million in 2022 and incurred expenditure totalling \$174.0 million against a revised budget of \$185.8 million resulting in a savings of \$11.8 million or 6.4%.

Details of expenditure against the revised budget are provided in Table 20.1.

Table 20.1: Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	134,649,168	---	134,649,168	130,318,959	4,330,209
2	Government Wage Earners	1,188,512	---	1,188,512	1,057,149	131,363
3	Travel & Communication	4,433,500	796,000	5,229,500	5,200,363	29,137
4	Maintenance & Operations	8,857,000	163,201	9,020,201	8,765,955	254,246
5	Purchase of Goods & Services	2,810,200	(226,894)	2,583,306	2,498,742	84,564
6	Operating Grants & Transfers	50,000	---	50,000	50,000	---
7	Special Expenditure	1,944,000	(345,000)	1,599,000	1,577,762	21,238
	Total Operating Expenditure	153,932,380	387,307	154,319,687	149,468,930	4,850,757
8	Capital Construction	26,000,000	(250,000)	25,750,000	19,715,577	6,034,423
9	Capital Purchase	1,755,000	(137,307)	1,617,693	1,070,107	547,586
10	Capital Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	27,755,000	(387,307)	27,367,693	20,785,684	6,582,009
13	Value Added Tax	4,121,960	---	4,121,960	3,725,619	396,341
	TOTAL	185,809,340	---	185,809,340	173,980,233	11,829,107

There was an unutilized budget of \$11,829,107 for the financial year ended 31 July 2022 due to the following:

SEG 1 Established Staff - Vacant positions were not filled, officers were not paid with their re-engagement bonus as they do not meet the criteria, officers were acting without allowances and police officers interdicted on half salary.

SEG 8 Capital Construction - The on-going project for the construction of the New Nakasi, Lautoka and Nadi Police Station – on the completion stages.

SEG 9 Capital Purchases - Less purchase done for forensic chemistry equipment, communication equipment, purchase of police boats and outboard engines and the traffic management equipment.

PART B: SIGNIFICANT MATTERS

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

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

It is likely that these issues may have an impact on the operations of the Force in future, if necessary action is not taken to address them. It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Force. These have been included in this report as they impacted on the overall system of control of the Force as at 31 July 2022.

20.4 Variance between Bank Lodgements and Total Revenue

Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the Assistant Accounts Officer Revenue shall reconcile the revenue figures in the report to the Revenue Statement.¹ Similarly, the Inter-Departmental Clearance Account balances must be reconciled.²

Audit noted an unreconciled variance of \$605,294 between the revenue balance in FMIS general ledger and the Bank Lodgement Clearance (BLC) account. Refer to Table 20.2 below for details.

Table 20.2: Variance between Bank Lodgements and Revenue in FMIS GL

	31/07/2022 (\$)
Total Police Clearance	3,043,366
Add Miscellaneous Revenue/Commission	227,465
Total Revenue (A)	3,270,831
Total BLC Lodgement	2,905,435
Less VAT Portion	239,898
Total Cash Lodgements (B)	2,665,537
Variance (A – B)	605,294

Variances between critical records may indicate the existence of errors and omissions.

Recommendation

The Force should ensure that Bank Lodgements and Revenue balances recorded in FMIS General Ledger are reconciled in a timely manner.

Agreed Management Action

As per the Audit report, variance of \$605,294 is noted between the BLC posting and the records maintained by CRO. The issue is now taken into consideration for improvement and regular checkups.

¹ Fiji Police Finance Manual 2015 - Section 5.5.12

² Fiji Police Finance Manual 2015 - Section 5.5.13

20.5 Fixed Assets Register Not Updated

All assets acquired with a cost in excess of \$2000, shall be recorded in the Assets Module of the FMIS or a fixed assets register.³

The Officer In-charge – Stores, Divisional Police Commanders, Unit/Formation Heads shall be responsible for maintaining the fixed assets register. The fixed assets register shall provide the following details:

- I. date of acquisition (including if asset was acquired by transfer, gift or second-hand) and cost;
- II. description;
- III. serial number and model;
- IV. location;
- V. other relevant information (e.g. if asset is sold or written off).⁴

Audit review of sample payments revealed that fixed assets worth \$1,012,760 was not recorded in the Fixed Assets Register (FAR). Additionally, it was noted that the fixed asset register was last updated by the Force in year 2020. Refer to **Appendix 20.1** for examples of fixed assets purchased which was not recorded in the FAR.

Non-updating of Fixed Asset Register can lead to loss of fixed assets without detection.

Recommendation

The Force should ensure that all items valued above \$2,000 are recorded in the Fixed Asset Register upon purchase and the Fixed Asset Register is up to date.

Agreed Management Action

These units (IT, Comms, Watpol & NTCC) were identified and warned to update the fixed asset register and forwarded a copy of the responsible unit. The HQ Asset team will continue update in close liaison with Accounts Office on every procurement more than \$2,000.00 for record update and inspection.

20.6 Payment Voucher Anomalies

The Accounts Officer – Payments, Force Accountant or the Deputy Force Accountant must not certify a payment as correct unless they are satisfied that:

- I. it is in accordance with an LPO, indent, contract, invoice or other authorisation;
- II. there is documentation that the goods, services or works have been received;⁵

Competitive quotes, instead of public tenders, may be called for procurements below \$50,000 unless the Commissioner of Police or Deputy Commissioner of Police has approved an exemption.⁶

³ Fiji Police Finance Manual 2015 - Section 10.1.3

⁴ Fiji Police Finance Manual 2015 - Section 10.2.1

⁵ Fiji Police Finance Manual 2015 - Section 2.8.4

⁶ Fiji Police Finance Manual 2015 - Section 2.8.4

Audit review of payments made by the Force during the year revealed that the supporting documents such as competitive quotes, LPO and invoices were not attached to the payment voucher. Refer to **Appendix 20.2** for details.

Failure to implement internal control already in place and processing payments without proper documentation increases the risk of double and unauthorized payments.

Recommendation

The Force should ensure that no payments are to be authorized unless it can be substantiated with adequate supporting documents.

Agreed Management Action

1. Competitive Quotes not attached to Payment Voucher

1.1 *In Rural Areas, competitive quotations will not be viable. However, for daily consumption per meal which is unpredictable in terms of number of prisoners present a challenge in obtaining quotations. It will be difficult to obtain three competitive quotations from various vendors daily on the supply of prisoners' meals for the various stations. Currently DCS office through MPP are working on the tender processes (Above \$50K) and contract agreements (below\$50k) for the supply of prisoners' meals.*

1.2 *The contract term for Veera catering at FPA has lapsed but the condition is that it will be valid until a new caterer is selected and awarded. New Tender is now closed awaiting technical committee recommendations.*

2. LPO not attached to the Payment Voucher

For EFT number 64582 dated 26th July 2022, the payment voucher contains the tax invoices however the mail order book was not attached. The issue raised by the auditors are taken into consideration for all future prisoners' meals payments.

20.7 Outstanding Accounts Receivables Balances

A register of debtors shall be maintained to record details of people or organisations that have been approved to buy goods or services on credit from the agency.⁷ The Force Accountant must ensure that the register is kept updated.⁸

The closing balance for accounts receivable account as at 31 July 2022 was \$90,967. Review of the FMIS general ledger revealed that 100% or \$90,967 have been carried forward from previous years without any movement noted during the year. Refer to Table 20.3 below for details:

Table 20.3: Details of outstanding accounts receivable balances

Allocation	Description	Outstanding Balance (\$)		Movement (\$)
		31/07/21	31/07/22	
12010120101560103	Accounts Receivables	90,967	90,967	---

This is due to aging debtors listing not being maintained by the Force and prior years outstanding balance for the accounts receivable not promptly investigated and rectified.

⁷ Fiji Police Finance Manual 2015 - Section 8.1.1

⁸ Fiji Police Finance Manual 2015 - Section 8.1.3

Recommendation

The outstanding balances from previous years should be reviewed by the Force and appropriate action should be taken.

Agreed Management Action

Force agrees that no aging reports were prepared for the previous years. We have already implemented the change whereby aging report is compulsory. For the current and last financial period, the Accounts Receivable balances were zero. We are working closely with Ministry of Finance in order to identify ways in clearing the previous year balance of \$90,967.

20.8 Absence of an Approved Human Resources Manual

The Human Resources Manual is intended to serve as a guide to the management of all members of the Force on all aspects in the management of human resource personnel. It will also ensure that terms and conditions and related policies are correctly implemented.

The audit noted that the Force currently does not have an approved Human Resource Manual.

Absence of an approved human resource manual was due to draft manual awaiting final endorsement. Absence of an approved Human Resources Manual may lead inconsistent application of procedures.

Recommendation

The Force should expedite the endorsement of the Human Resource Manual to guide all employees of the Force and targeted officers who are involved in the execution of the human resources function.

Agreed Management Action

Hindrance to our HR manual development is the ongoing Police Act and FSO review, we are working on the HR Manual and submit the same to Director HRM in September.

20.9 Absence of Disaster Recovery Plan

Disaster recovery involves a set of policies, tools and procedures to enable the recovery or continuation of vital technology infrastructure and systems following a natural or human-induced disaster. Disaster recovery focuses on the IT or technology systems supporting critical business functions, as opposed to business continuity, which involves keeping all essential aspects of a business functioning despite significant disruptive events.

Audit noted that there is no disaster recovery plan in place to outline procedures to be followed in cases of disasters.

It is imperative to have a Disaster Recovery Plan to ensure that all records are secured from data security breaches and natural disasters. Failure to have a disaster recovery plan increases the risk of records and data loss in the event of natural disaster.

Recommendation

The Force should consider developing and putting in place a disaster recovery plan.

Agreed Management Action

We fully support the initiative believing that it is our way forward to eradicate inconsistency in our decision-making process with a server housed outside of HQ being our backup plan.

20.10 Police Band Trust Fund

Each year the Deputy Force Accountant shall prepare an annual trust receipts & payments statement within two weeks of the end of the year.⁹

The audited financial statement of trust balances shall be included in the agency's annual report.¹⁰

Financial transactions shall be posted into automated information system (General Ledger System) using journal entry input forms or directly from source documents such as journal vouchers or payment vouchers.¹¹

Audit noted that the Force's Band Trust Fund records the receipts and payments incurred for the band entertainment provided to general public on request. These transactions are neither recorded in the FMIS General Ledger (GL) nor reflected in the Force's Financial Statements.

The closing balance of the band trust fund as at 31 July 2022 was \$16,424.

Recommendations

The Force should:

- **liaise with Ministry of Finance on reflecting the Police Band Trust Fund account in the FMIS General Ledger as receipts are derived from providing service to general public by Officers while on duty; and**
- **ensure that all revenue generated from the hire of band should be deposited into Consolidated Fund Account while the expenses should be channelled through the normal budgetary process.**

Agreed Management Action

The band fund is intended to repair Musical Equipment's. Technicians have been identified in the process of recruitment for the upkeep of our musical instruments. Band Engagement continue to increase Fiji wide given Fiji Police prioritizing community policing. Band is a tool for engaging the community.

20.11 Storage of Exhibits

Exhibits shall be stored in the Exhibit Store in chronological order. Where an exhibit is not kept in the Exhibit Store a card will be placed in the relevant place in the store indicating where the exhibit is kept.¹²

⁹ Fiji Police Finance Manual 2015 - Section 14.4.5

¹⁰ Fiji Police Finance Manual 2015 – Section 14.4.8

¹¹ Fiji Police Finance Manual 2015 – Section 15.2.1

¹² Force Standing Order No.203 – Section 21

The audit carried out site visit of Exhibit Room during 13/4/23-14/4/23 and noted the following at the Nakasi Police Station and Valelevu Police Station:

- The exhibit rooms used at the stations are very small and congested.
- Exhibits were not systematically arranged in chronological order.
- Instances were noted where articles in the exhibits were stacked on top of one another.
- At Valelevu station one of the containers used as storage had a jammed lock and could not be opened on the day of audit visit.

Refer to **Appendix 20.3** for details.

Inadequate storage space poses challenges in systematically arranging exhibits and maintaining tidiness of exhibit rooms. This can lead to exhibits being damaged or misplaced.

Recommendations

The Force should:

- ensure that all exhibits are properly stored in a safe and secured room at all times; and
- ensure that the Exhibit are maintained in chronological order and Exhibit rooms are always kept clean and tidy.

Agreed Management Action

Nakasi PS-Storage space would be solved once the station is relocated into the new building.

Valelevu PS – Issue raised taken into consideration, our challenge is the office space, containerized exhibit room is a temporary measure until the station is extended.

20.12 Balances Carried Forward for Operating Trust Fund Account

Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.¹³

The closing balance for operating trust fund account as at 31 July 2022 was \$2,665,582. This included significant outstanding balance of \$2,392,585 or 90% carried forward from previous years without any or minimal movement noted during the year. Refer to Table 20.4 below for details:

Table 20.4: Details of balances carried forward for operating trust fund account

Allocation	Outstanding Balance (\$)	Outstanding Balance (\$)	Movement (\$)
	31/07/21	31/07/22	
12010120101861210	213,411	213,411	---
12010120101861517	656,034	659,486	3,452
12010120101861902	139,792	156,541	16,749
12010120101861917	341,335	201,558	(139,777)
12010120101861920	69,180	284,958	215,778
12010120101863201	972,833	1,103,143	130,310
TOTAL	2,392,585	2,619,097	226,512

¹³ Fiji Police Finance Manual 2015 - Section 4.7.3

This indicates possibility of mis-postings, non-clearance of the various deductions to respective authorities/organisation or the non-clearance of the entries on a timely manner. The balance was carried forward from the previous years and the Force was still in process of identifying and verifying the postings.

Recommendations

- **The Force should maintain its vigilant control to ensure timely clearance of the operating trust balance and review the postings made in the FMIS General Ledger.**
- **Alternatively, the Force may consider liaising directly with the relevant authorities and seek confirmation that all dues was cleared for the respective periods.**

Agreed Management Action

The issues raised has been taken into consideration.

We will seek the approval of the Commissioner of Police for the long outstanding charges from previous years to be written off.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

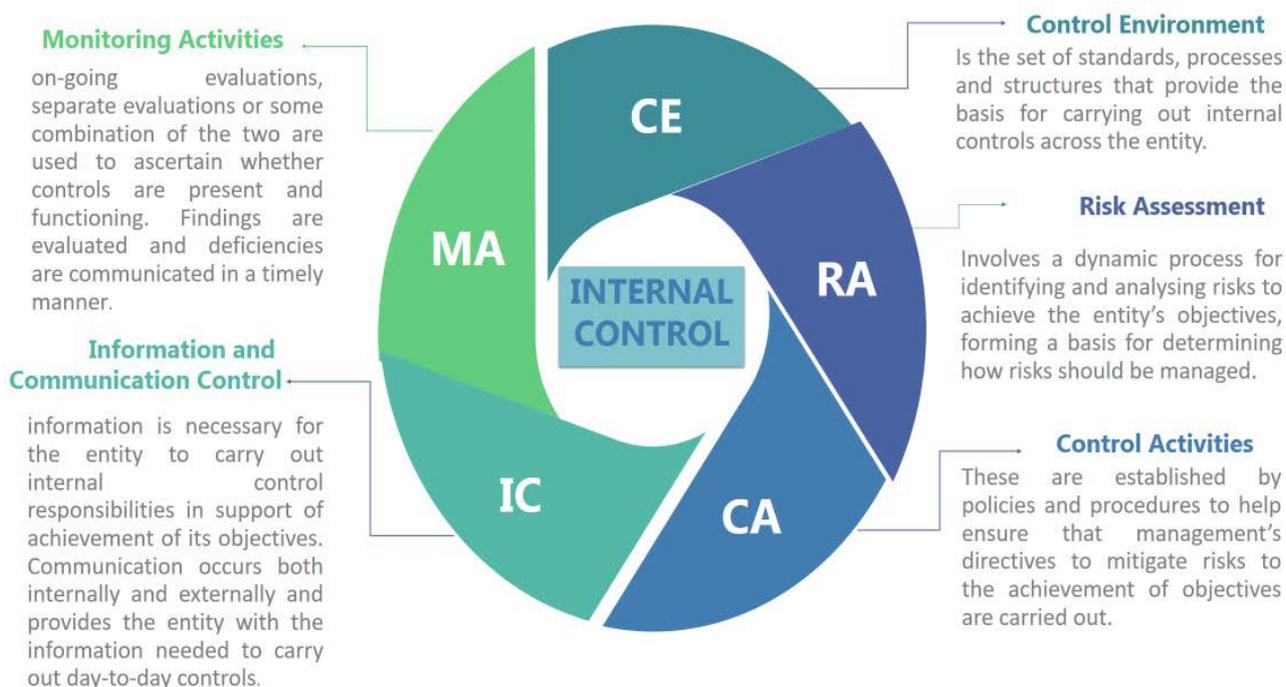
20.13 Internal Controls

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

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

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

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



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

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☀	☀	☀	☀

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

Rating	Internal control assessment
☀ Generally Effective	Some deficiencies identified in internal controls

20.14 Submission of FY 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Economy issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of virement by 19 August 2022	✗
Retirement of imprests by 15 July 2022	✗	Completion of reconciliations by 26 August 2022	✗
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	✓
Clearance of stale cheques by 05 August 2022	✓	Clearance of Inter-departmental clearance accounts by 05 August 2022	✓
Closing date for journal adjustments by 17 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✓

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

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

Rating	Year-end close process assessment
☀ Generally Effective	7 of 10 key processes completed within two weeks of due date

20.15 Quality of Draft Financial Statements by Entities

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

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

Rating	Quality of draft financial statements assessment
🌿 Effective	No adjustments were required

20.16 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
🔴 Ineffective	Acceptable Draft Financial Statements received after 31 October 2022

20.17 Timeliness of Provision of Management Comments and Signing of Financial Statements

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
✖ Ineffective	After 21 days from issue of Draft Management Letter

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

APPENDIX 20.1 ASSETS NOT UPDATED IN THE FIXED ASSET REGISTER

Date	EFT/Chq No.	Voucher No.	Amount (\$)
14/12/2021	900000057449	246318	32,434
17/12/2021	900000057569	246483	77,848
17/12/2021	900000057569	246483	18,668
17/12/2021	900000057573	246481	44,804
14/01/2022	900000058041	247389	17,347
21/01/2022	900000058208	247670	507,673
25/11/2021	900000057004	245531	19,481
14/07/2022	900000064010	257881	49,751
13/07/2022	900000063954	257813	106,356
19/11/2021	900000056862	245329	44,898
28/07/2022	900000064807	259060	38,847
08/11/2021	900000056531	244738	49,868
16/12/2021	900000057531	246429	4,785
Total			1,012,760

APPENDIX 20.2 DETAILS OF PAYMENT IRREGULARITIES**Details of supporting documents not attached to the payment voucher**

Date	EFT/Chq No.	Amount (\$)	Issue Noted
23/12/2021	900000057680	7,176.15	Competitive quote/ approved agreement not attached to PV
08/12/2021	900000057287	7,232.20	Competitive quote/ approved agreement not attached to PV
01/02/2022	900000058481	3,130.46	Competitive quote/ approved agreement not attached to PV
28/04/2022	900000061280	3,705.14	Competitive quote/ approved agreement not attached to PV
10/05/2022	900000061660	3,932.20	Competitive quote/ approved agreement not attached to PV
20/09/2021	900000055408	3,394.30	Competitive quote/ approved agreement not attached to PV
22/10/2021	900000056194	3,486.24	Competitive quote/ approved agreement not attached to PV
03/03/2022	900000059471	5,337.16	Competitive quote/ approved agreement not attached to PV
05/04/2022	900000060524	4,738.53	Competitive quote/ approved agreement not attached to PV
15/12/2021	900000057482	3,249.54	Competitive quote/ approved agreement not attached to PV
28/01/2022	900000058460	13,750.52	Competitive quote/ approved agreement not attached to PV

Date	EFT/Chq No.	Amount (\$)	Issue Noted
08/02/2022	900000058758	39,540.00	Competitive quote/ approved agreement not attached to PV
13/08/2021	900000054871	4,190.46	Competitive quote/ approved agreement not attached to PV
21/09/2021	900000055436	4,211.28	Competitive quote/ approved agreement not attached to PV
03/12/2021	900000057202	6,184.40	Competitive quote/ approved agreement not attached to PV
15/07/2022	900000064089	2,064.22	Competitive quote not attached to PV
08/11/2021	900000056538	9,182.57	Competitive quote/approved agreement not attached to payment voucher. The agreement provided was for 2014 which was valid till 2016, not for the current financial year being audited.
04/03/2022	900000059550	9,951.00	Competitive quote/ approved agreement not attached to payment voucher. The agreement provided was for 2014 which was valid till 2016, not for the current financial year being audited.
19/05/2022	900000062003	5,596.52	Competitive quote/ approved agreement not attached to payment voucher. The agreement provided was for 2014 which was valid till 2016, not for the current financial year being audited.
13/07/2022	900000063984	5,956.52	Competitive quote/ approved agreement not attached to payment voucher. The agreement provided was for 2014 which was valid till 2016, not for the current financial year being audited.
05/08/2021	900000054741	7,106.42	LPO not attached to payment voucher
26/07/2022	900000064582	3,805.04	Prisoner's Meal Order Book copies not attached to the payment voucher

APPENDIX 20.3: EXAMPLES OF THE FINDINGS AT THE EXHIBIT

Exhibit Room at Valelevu Police Station - Date of Visit 13/04/23



Exhibit Room at Nakasi Police Station - Date of Visit 13/04/23



Section 49

Peacekeeping Missions

Roles and Responsibilities

For more than 40 years, Fiji has responded to the call of the United Nations ('UN') to serve in some of the most difficult circumstances around the world. Fiji has proudly contributed troops to successive peacekeeping operations in Lebanon, Sinai, Iraq, Syria, Timor - Leste, South Sudan, Darfur, Liberia, Bosnia, Kosovo, Kuwait, Namibia, Cambodia and the Solomon Islands.

The Republic of Fiji Military Force and the Fiji Police Force currently have personnel deployed on UN missions in Syria, Iraq, Lebanon, South Sudan and Sinai.

The UN Security Council mandate for peacekeeping operations calls for security personnel deployed to conflict zones under UN authority to maintain or restore international peace and security, exclusively in the common interest of the international community; disengage the conflict parties; create conditions for peaceful settlement of a conflict; monitor ceasefire peace agreements; and render humanitarian assistance to civilian populations in the area of deployment

Table of Contents

PART A: FINANCIAL INFORMATION	2
49.1 Financial Information.....	2
49.2 Audit Opinion	2
49.3 Appropriation Statement.....	2
PART B: SIGNIFICANT MATTERS.....	4
49.4 Board of Survey Not Carried Out.....	4
49.5 Proper Approval not sought for the Movement of Appropriated Funds from Head 49 to Head 19 – Recurring Issue.....	5
49.6 Cost Sharing Arrangement between Head 19 & Head 49 – Recurring Issues	5
49.7 Expenditure Charged to Incorrect Allocation – Recurring Issue.....	6
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	8
49.8 Internal Controls.....	8
49.9 Submission of FY 2022 Draft Agency Financial Statements.....	9
49.10 Quality of Draft Financial Statements by Entities.....	9
49.11 Timeliness of Draft Financial Statements	9
49.12 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	10
APPENDIX 49.1: EXAMPLES OF REDEPLOYMENT FROM HEAD 49 TO HEAD 19	11
APPENDIX 49.2: DETAILS OF RFMF (HEAD 19) EXPENDITURES PAID FOR & ACCOUNTED BY PEACEKEEPING (HEAD 49) IN FINANCIAL YEAR 2022.....	11
APPENDIX 49.3:EXAMPLES OF INCORRECT POSTINGS.....	11

PART A: FINANCIAL INFORMATION

49.1 Financial Information



49.2 Audit Opinion

The audit of the 2022 accounts of the Peacekeeping Missions resulted in an unmodified audit opinion with an Emphasis of Matter and Other Matter paragraph. The emphasis of matter included the following:

- The Mission did not carry out an annual board of survey to verify the existence and condition of all assets under its authority contrary to Section 49(1) of the Finance Instructions 2010.
- Expenditures totalling \$58,204 incurred by the Republic of Fiji Military Forces under Head 19 is recorded in the Financial Statement of the Peacekeeping Missions under Head 49 in the financial year ended 31 July 2022. As a result, the total expenditures of the Mission is overstated by \$58,204 at financial year end.

The other matter paragraph was that:

- \$349,187 of the Peacekeeping Missions' budget was redeployed to Appropriation Head 19 – Republic of Fiji Military Forces. This redeployment was not approved by the Minister of Finance contrary to the requirement of Section 22(1) of the Financial Management Act 2004.

49.3 Appropriation Statement

The Mission incurred expenditure totalling \$45.5 million in 2022 against a revised budget of \$46.1 million resulting in savings of \$0.6 million or 1.3%.

Details of expenditure against the revised budget are provided in Table 49.1.

Table 49.1: Head 49 - Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	38,554,576	1,207,396	39,761,972	39,266,471	495,501
3	Travel & Communication	397,540	169,518	567,058	567,058	---
4	Maintenance & Operations	647,373	(336,985)	310,388	290,388	20,000
5	Purchase of Goods & Services	3,056,925	268,919	3,325,844	3,305,844	20,000
7	Special Expenditure	2,082,669	(457,860)	1,624,809	1,624,809	---
Total Operating Expenditure		44,739,083	850,988	45,590,071	45,054,570	535,501
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---
Total Capital Expenditure		---	---	---	---	---
13	Value Added Tax	556,600	(83,643)	472,957	469,357	3,600
TOTAL		45,295,683	767,345	46,063,028	45,523,927	539,101

The unutilised budget in the Established Staff allocation due to the withdrawal of troops from the United Nations Interim Force in Lebanon in 2018. However, the budgetary provisions was not reduced accordingly.

PART B: SIGNIFICANT MATTERS

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

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

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

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Mission. These have been included in this report as they impacted on the overall system of control of the Mission as at 31 July 2022.

49.4 Board of Survey Not Carried Out

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.¹

The audit noted that the Mission did not carry out an annual Board of Survey for fixed assets and expandable items for the year ended 31 July 2022.

Without a Board of Survey report the condition of assets of the Mission could not be substantiated.

Recommendation

The Mission should ensure that Officers are appointed to undertake annual board of survey of fixed assets and expandable items annually as required under section 49(1) of the 2010 Finance Instructions.

Agreed Management Action

The Mission acknowledges the OAG findings and the recommendations stated in the report.

The Mission had carried out preparations for the Annual Board of Survey (BOS), but due to unforeseen circumstances, the process was not able to be completed on time.

However, it is to be noted that the BOS has been completed in the 2022 – 23 FY. Approvals for the BOS have also been obtained from the Ministry of Finance.

Way Forward:

The Force will review its processes and ensure that BOS's are duly carried out in time.

¹ Finance Instructions 2010, section 49(1)

49.5 Proper Approval not sought for the Movement of Appropriated Funds from Head 49 to Head 19 – Recurring Issue

The Minister may, with the approval of Cabinet, authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry heads of appropriation and appropriation categories to be administered by one or more other budget sector agencies.²

The audit noted that:

- Virement forms were used to move appropriated funds from Head 49 Peacekeeping Missions in the financial year 2022. This is contrary to the requirements of Section 22(1) of the Financial Management Act 2004; and
- Virement forms were approved by the Commander of the Republic of Fiji Military Forces. Refer to **Appendix 49.1** for details.

The movement of appropriated fund from one head of appropriation to another without the Minister of Finance's approval is not allowed under section 22(1) of the Financial Management Act 2004.

Recommendation

The Mission must ensure that proper approval is sought for the redeployment of funds from one head of appropriation to another.

Agreed Management Action

OAG comments are noted and acknowledged. It is to be noted that virement were requested to MOF who approved the request.

Way Forward:

The RFMF will ensure that approved processes are followed when funds are being appropriated from Head 49 to Head 19.

49.6 Cost Sharing Arrangement between Head 19 & Head 49 – Recurring Issues

The Staff Officer Accounts, Chief Staff Officer Finance or Supplies Officer Trade must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.³

The audit noted that RFMF (Head 19) expenses totalling \$58,204 were posted to the Peacekeeping Missions (Head 49) FMIS General Ledger for the financial year 2022. Refer to **Appendix 49.2** for details.

Table 49.2 below shows total RFMF costs paid from Peacekeeping Budget.

² Financial Management Act 2004, Section 22(1)

³ RFMF Finance Manual 2013, Section 2.8.4(v)

Table 49.2: RFMF Costs paid from Peacekeeping Budget

Years	Total RFMF Costs paid from Peacekeeping Budget (\$)
2019	415,677
2020	1,514,392
2021	91,036
2022	58,204

In the absence of a structured cost sharing arrangement, demarcating certain expenses that specifically relate to preparing for deployment for peacekeeping operations was difficult with expenses reflected in either Head 19 or Head 49.

This has resulted in the overstatement of the expenses of the Peacekeeping Mission.

Recommendation

The RFMF should consider developing a structured cost sharing arrangement to ensure that expenses are correctly reflected in the FMIS GL and financial statements for both Peacekeeping and the RFMF.

Agreed Management Action

OAG comments and recommendations are noted and acknowledged.

The Force will put in place measures and make appropriate actions to resolve this issue.

Way Forward

Ensure that proper documentation highlighting the cost of sharing arrangements are in place.

49.7 Expenditure Charged to Incorrect Allocation – Recurring Issue

The Staff Officer Accounts, Chief Staff Officer Finance or Supplies Officer Trade must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.⁴

The audit noted that the Mission was charging expenditures to incorrect expenditure allocations.

Refer to Appendix 49.3 for details of the incorrect account allocations.

Due to posting of expenses to incorrect allocations, the expenses are incorrectly accounted for and reflected against an incorrect approved budget allocation.

The above findings indicate that the Mission did not regularise the mis-postings during the closing of accounts process which has resulted in mis-postings.

⁴ RFMF Finance Manual 2013, Section 2.8.4(v)

Recommendations

- **The Mission, before approving any payment voucher, should ensure that payments are made from the correct allocations and that transactions are accounted for under the correct General Ledger accounts when completing the payment process;**
- **Accounts Officers should carry out reviews of payments to identify the incorrect postings and correct them in a timely manner; and**
- **FMIS General Ledger access and payments approval access to Peacekeeping accounts in FMIS must be restricted to Peacekeeping accounts staff only.**

Agreed Management Action

OAG comments and recommendations are noted and acknowledged.

Way Forward

Accounts will review its processes and ensure that proper vetting is done before pay-out is affected.

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

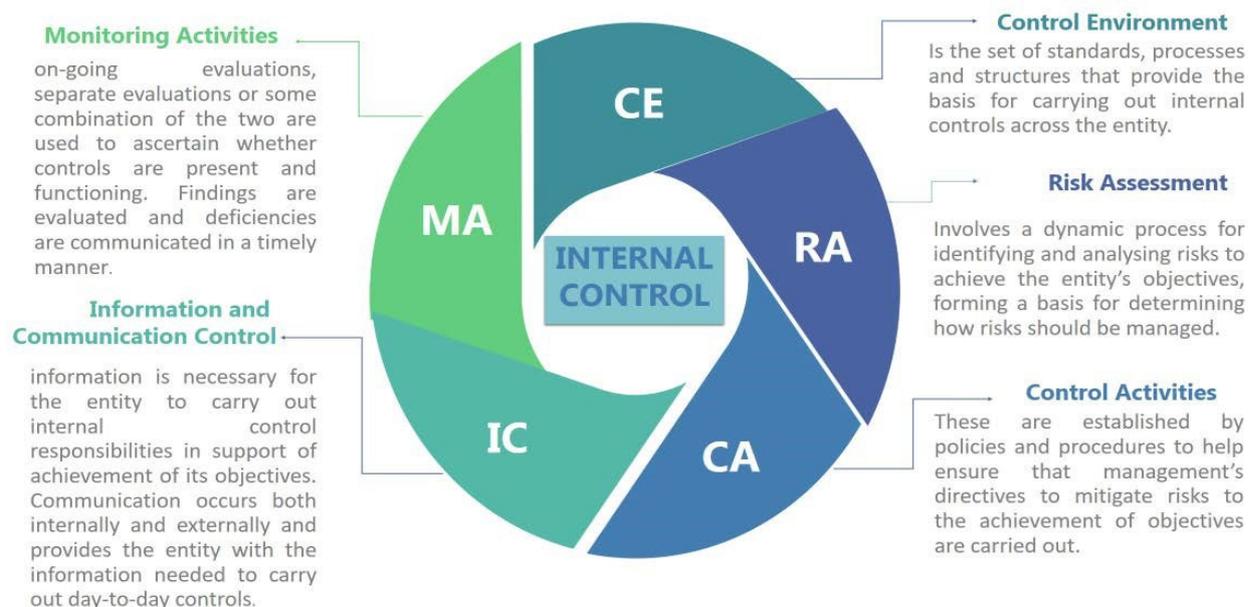
49.8 Internal Controls

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:

Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
☀	☀	☀	☀	☀

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

Rating	Internal Control Assessment
☀	Some deficiencies identified in internal controls

49.9 Submission of FY 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022	✓	Processing of virement by 19 August 2022	✗
Retirement of imprests by 15 July 2022	✗	Completion of reconciliations by 26 August 2022	✓
Processing of payments by 28 July 2022	✓	Submission of arrears of revenue return by 26 August 2022	N/A
Clearance of stale cheques by 05 August 2022	N/A	Clearance of Inter-departmental clearance accounts by 26 August 2022	✓
Closing date for journal adjustments by 08 August 2022	✓	Annual Board of Survey on Drawings Account cheques by 26 August 2022	✗

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

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

Rating	Year-end Close Process Assessment
☀ Generally Effective	5 of 8 key processes completed within two weeks of due date

49.10 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 Mission was:

Rating	Quality of Draft Financial Statements Assessment
🌿 Effective	No adjustments were required

49.11 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:

Rating	Timeliness of Draft Financial Statements Assessment
🔴 Ineffective	Acceptable draft financial statements received after 31 October 2022

49.12 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:

Rating	Timeliness of Management Comments Received
☀ Generally effective	Within 21 days from issue of Draft Management Letter

Rating	Timeliness of Signed Financial Statements Received
☠ Ineffective	After 15 days from the issue of Financial Statements for signing

APPENDIX 49.1: EXAMPLES OF REDEPLOYMENT FROM HEAD 49 TO HEAD 19

Approval Date	Virement No	From	SEG	To	SEG	Amount (\$)
05/07/2022	DV4904	Head 49 – Peacekeeping Missions	SEG 4,5,7	Head 19 – RFMF	3 & 4	349,187

APPENDIX 49.2: DETAILS OF RFMF (HEAD 19) EXPENDITURES PAID FOR & ACCOUNTED BY PEACEKEEPING (HEAD 49) IN FINANCIAL YEAR 2022

Date	Payment ID	SEG	Amount paid by Peacekeeping (\$)	Amount related to RFMF (\$)	Amount related to Peacekeeping Missions
15/12/21	62636	4	5,037	5,037	---
24/12/21	62828	4	2,939	2,939	---
Total for SEG 4			7,976	7,976	---
13/06/22	67639	7	21,828	21,828	---
21/07/22	68816	7	28,400	28,400	---
Total for SEG 7			50,228	50,228	---
TOTAL FOR FY 2022			58,204	58,204	---

APPENDIX 49.3: EXAMPLES OF INCORRECT POSTINGS

Date	Payment ID	Amount (\$)	Incorrectly posted to SEG	Should be posted to SEG	Net Effect (\$)	Overstated/ (Understated)
13/06/2022	67650	252.29	SEG 7	SEG 5	252.29	
13/06/2022	67650	252.29	SEG 7	SEG 5	252.29	
13/06/2022	67650	298.17	SEG 7	SEG 5	298.17	
13/06/2022	67650	344.04	SEG 7	SEG 5	344.04	
13/06/2022	67650	321.10	SEG 7	SEG 5	321.10	
13/06/2022	67650	229.36	SEG 7	SEG 5	229.36	
13/06/2022	67650	206.42	SEG 7	SEG 5	206.42	
13/06/2022	67650	206.42	SEG 7	SEG 5	206.42	
13/06/2022	67650	137.61	SEG 7	SEG 5	137.61	
13/06/2022	67650	132.11	SEG 7	SEG 5	132.11	
13/06/2022	67650	495.41	SEG 7	SEG 5	495.41	
13/06/2022	67650	90.83	SEG 7	SEG 5	90.83	
13/06/2022	67650	605.50	SEG 7	SEG 5	605.50	
13/06/2022	67650	91.74	SEG 7	SEG 5	91.74	
13/06/2022	67650	357.80	SEG 7	SEG 5	357.80	
13/06/2022	67650	298.17	SEG 7	SEG 5	298.17	
13/06/2022	67650	275.23	SEG 7	SEG 5	275.23	
13/06/2022	67650	165.14	SEG 7	SEG 5	165.14	
13/06/2022	67650	458.71	SEG 7	SEG 5	458.71	
13/06/2022	67650	8,233.94	SEG 7	SEG 5	8,233.94	
14/06/2022	67680	8,233.94	SEG 7	SEG 5	8,233.94	
14/06/2022	67680	3,669.72	SEG 7	SEG 5	3,669.72	

Date	Payment ID	Amount (\$)	Incorrectly posted to SEG	Should be posted to SEG	Net Effect (\$)	Overstated/ (Understated)	
14/06/2022	67680	1,100.92	SEG 7	SEG 5	1,100.92	SEG 7 overstated by \$63,879 SEG 5 understated by \$52,062 SEG 3 understated by (\$11,817)	
21/06/2022	67952	356.88	SEG 7	SEG 5	356.88		
21/06/2022	67952	288.89	SEG 7	SEG 5	288.89		
21/06/2022	67952	151.38	SEG 7	SEG 5	151.38		
21/06/2022	67952	2,384.40	SEG 7	SEG 5	2,384.40		
21/06/2022	67952	3,117.43	SEG 7	SEG 5	3,117.43		
21/06/2022	67952	1,742.20	SEG 7	SEG 5	1,742.20		
29/06/2022	68121	1,064.22	SEG 7	SEG 5	1,064.22		
30/06/2022	68146	1,064.22	SEG 7	SEG 5	1,064.22		
30/06/2022	68146	1,064.22	SEG 7	SEG 5	1,064.22		
06/07/2022	68344	1,064.22	SEG 7	SEG 5	1,064.22		
12/07/2022	68524	7,568.81	SEG 7	SEG 5	7,568.81		
22/06/2022	67968	779.82	SEG 7	SEG 5	779.82		
22/06/2022	67968	779.82	SEG 7	SEG 5	779.82		
22/06/2022	67968	779.82	SEG 7	SEG 5	779.82		
27/06/2022	68095	743.13	SEG 7	SEG 5	743.13		
27/06/2022	68095	623.88	SEG 7	SEG 5	623.88		
27/06/2022	68095	412.65	SEG 7	SEG 5	412.65		
27/06/2022	68095	481.65	SEG 7	SEG 5	481.65		
27/06/2022	68095	275.24	SEG 7	SEG 5	275.24		
27/06/2022	68095	275.24	SEG 7	SEG 5	275.24		
27/06/2022	68095	229.36	SEG 7	SEG 5	229.36		
27/06/2022	68095	201.84	SEG 7	SEG 5	201.84		
27/06/2022	68095	155.97	SEG 7	SEG 5	155.97		
23/05/2022	67092	11,816.52	SEG 7	SEG 3	11,816.52		
Total		63,878.67					



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