



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR - GENERAL OF THE REPUBLIC OF FIJI

2023 AUDIT REPORT ECONOMIC SERVICES SECTOR



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 198 of 2024



OFFICE of the AUDITOR GENERAL
Republic of Fiji

VISION

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

MISSION

To provide independent value adding
audit services

To provide an environment where
our people can excel

VALUES

RESPECT

We uphold respect
in our relationships.

INTEGRITY

We are ethical, fair and
honest in our duties.

**INDEPENDENT
& OBJECTIVE**

We work independently
and report objectively.

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

OTHER LEGISLATION

Location : Level 1, Modyl Plaza
Karsanji Street, Vatuwaqa
Suva, Fiji

Postal : P O BOX 2214, Government Buildings, Suva Fiji
Telephone : (679) 8921519
Email : info@auditorgeneral.gov.fj
Website : www.oag.gov.fj

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Modyl Plaza
Karsanji Street, Vatuwaqa
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 8921519
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File: 102

06 January 2025

The Honourable Filimone Jitoko
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Constitution Drive
SUVA

Dear Sir

2023 AUDIT REPORT ON ECONOMIC SERVICES SECTOR

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the Economic Services Sector for the financial year 2023.

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

Finau Seru Nagera
AUDITOR-GENERAL



Encl.

The Office of the Auditor-General – Republic of Fiji

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

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

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

Table of Contents

1.0	SECTOR SUMMARY	2
2.0	AUDIT OPINION	3
2.1	Types of Audit Opinion.....	3
3.0	FINANCIAL REPORTING	5
3.1	Preparation of Draft Agency Financial Statements	5
3.2	Quality of Draft Financial Statements	5
3.3	Timeliness of Draft Financial Statements	6
3.4	Timeliness of management comments and signing of Financial Statements	6
3.5	Assessment Result Summary.....	6

1.0 SECTOR SUMMARY

This report contains the summaries and analysis of the audit findings and high-level recommendations aimed at strengthening the financial reporting for the following agencies under the Economic Services Sector:

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

Results of Audits - Quality and Timeliness of Financial statements

The audits resulted in the issuing of unmodified audit opinions on all Ministries. The submissions of timely and acceptable draft financial statements for audits have improved.

The seven agencies reported in this report were all issued with an unmodified audit opinion. The details are contained in [Section 2.0 and 3.0](#).

There was one significant audit finding identified under the Ministry of Lands and Mineral Resources, compared to 13 reported in the previous year. The efforts made by the Ministries to improve financial reporting is commendable.

2.0 AUDIT OPINION

The main outcome of an audit is the independent auditor's report on the agency financial statements that are prepared and submitted to the Auditor-General.

Comparatively, for the 2023 financial year, the quality of the agency financial statements for the agencies under the Economic Services Sector has improved. This indicated that significant matters reported in the independent auditors' reports were given adequate attention and as a result they were resolved during the financial year.

All seven agencies were issued with unmodified audit opinions.

The results of our audits for the last three financial years are presented in the table below:

Head of Appropriation/Ministry	2023 Financial Year		2022 Financial Year	2021 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Audit Opinion Type	Audit Opinion Type
30. Ministry of Agriculture	22/04/2024	Unmodified	Unmodified	Unmodified
31. Ministry of Fisheries	25/01/2024	Unmodified	Unmodified	Unmodified
32. Ministry of Forestry	15/01/2024	Unmodified	Unmodified	Unmodified
33. Ministry of Lands and Mineral Resources	22/04/2024	Unmodified	Unmodified	Modified
34. Ministry of Commerce, Trade, Tourism and Transport	05/02/2024	Unmodified	Unmodified	Unmodified
35. Ministry of Sugar Industry	17/05/2024	Unmodified	Unmodified	Unmodified
37. Ministry of Local Government	18/03/2024	Unmodified	Unmodified	Unmodified

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

2.1 Types of Audit Opinion

In accordance with International Standards on Auditing, the Auditor-General expresses an **unmodified opinion** when the financial statements are prepared in accordance with the relevant financial reporting framework and legislative requirements. This type of opinion indicates that material misstatements, individually or in aggregate, were not noted in our audit, which would affect the financial statements of an entity.

Modified Opinions:

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

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

A **disclaimer of opinion** is issued when sufficient appropriate audit evidence is unable to be obtained on which to base the opinion, and we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

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

3.0 FINANCIAL REPORTING

Sound financial management require the important elements of accurate and timely financial statements. They bring accountability and transparency to the way public resources are utilised. Financial reporting for the Ministries has been assessed on the following aspects:

- Preparation of Draft Agency Financial Statements
- Quality of Draft Financial Statements
- Timeliness of Draft Financial Statements
- Timeliness of Provision of Management Comments and Signing of Financial Statements

Permanent Secretaries and Heads of 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.




Details of our assessments are provided under [Section 3.5 – Assessment Results Summary](#).

3.1 Preparation of Draft Agency Financial Statements

On 27 April 2023, the Permanent Secretary for Finance issued Circular No. 05/2022-2023 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for the closing of the 2023 accounts and timelines were detailed.

1. Cancellation of unprocessed purchase orders by 18 July 2023
2. Retirement of Imprest by 14 July 2023
3. Processing of payments by 28 July 2023
4. Clearance of Interdepartmental clearance accounts by 8 August 2023
5. Closing date for journal adjustments by 17 August 2023
6. Processing of virement by 18 August 2023
7. Completion of reconciliation by 25 August 2023
8. Submission of Arrears of Revenue Return by 25 August 2023

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

Rating	Year-end close process assessment
 Effective	All 8 key processes completed by the due date
 Generally effective	4 to 7 key processes completed by the due date
 Ineffective	Less than 4 processes completed by the due date

3.2 Quality of Draft Financial Statements

The extent of audit adjustments made to the draft financial statements indicate 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 expenditure, operating results or net assets of the entity.

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

3.3 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 received for audit.

Rating	Timeliness of draft financial statements assessment
Effective	Acceptable draft financial statements received on or before 31 October 2023.
Ineffective	Acceptable draft financial statements received after 31 October 2023.

3.4 Timeliness 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 dates the draft management letter and audited financial statements were issued to the entities and the dates the management comments and the signed accounts were received.

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

3.5 Assessment Result Summary

The table below comparatively summarises our assessments of the financial statements preparing processes and timeliness of responses for the past three years. The details of the assessments are included in each Section/Head.

Ministry or Department	Financial Statement Preparation									Responses to OAG								
	T			YE			Q			TMC			TSFS					
Financial Year	'23	'22	'21	'23	'22	'21	'23	'22	'21	'23	'22	'21	'23	'22	'21			
Economic Services Sector																		
30. Ministry of Agriculture	Effective	Generally effective	Effective	Effective	Generally effective	Effective	Ineffective	Generally effective	Effective	Ineffective	Generally effective	Effective	Effective	Generally effective	Effective			
31. Ministry of Fisheries	Effective	Generally effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective			
32. Ministry of Forestry	Effective	Generally effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective			
33. Ministry of Lands and Mineral Resources	Effective	Generally effective	Effective	Generally effective	Generally effective	Ineffective	Effective	Effective	Effective	Effective	Effective	Ineffective	Effective	Generally effective	Ineffective			
34. Ministry of Commerce, Trade, Tourism and Transport	Effective	Generally effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective			
35. Ministry of Sugar	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Ineffective	Effective	Effective	Effective			
37. Ministry of Local Government	Effective	Generally effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Effective	Ineffective	Ineffective	Effective	Generally effective	Effective			

'21 = 2021 '22 = 2022 '23 = 2023

T=Timeliness of draft financial statements

Q=Quality of draft financial statements

YE= Year-end close processes

TMC= Timeliness of Management Comments provided

TSFS= Timeliness of Signed Audited financial statements

Head 30**Ministry of Agriculture****Roles and Responsibilities**

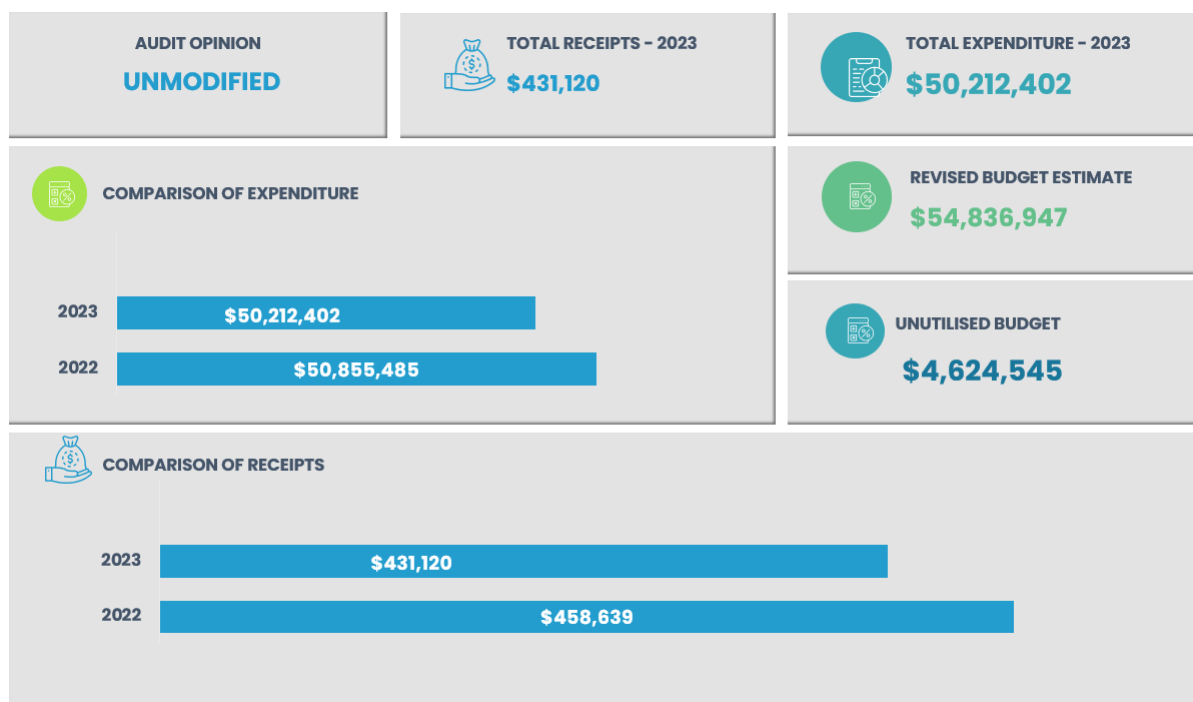
The Ministry of Agriculture ensures food and income security and sustainable livelihood for all Fijians, focusing on building community resilience. The emphasis of the Ministry is towards growing the sector through enhancement of Commercial Agriculture whilst achieving sustainable food security through extensive agriculture services.

Table of Contents

PART A: FINANCIAL INFORMATION.....	9
30.1 Financial Information.....	9
30.2 Audit Opinion	9
30.3 Appropriation Statement	9
30.4 Trading and Manufacturing Account.....	10
PART B: ASSESSMENT OF FINANCIAL REPORTING	12
30.5 Preparation of Draft Agency Financial Statements	12
30.6 Quality of Draft Financial Statements	12
30.7 Timeliness of draft financial statements	12
30.8 Timeliness of Provision of Management Comments and Financial Statements for Signing	13

PART A: FINANCIAL INFORMATION

30.1 Financial Information



30.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Agriculture resulted in an unmodified audit opinion.

30.3 Appropriation Statement

The Ministry incurred expenditures totalling \$50.2 million against a revised budget of \$54.8 million resulting in unutilised budget of \$4.6 million or 8%. A total of \$431,120 in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 30.1.

Table 30.1: Head 30 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	13,496,397	(65,135)	13,431,262	12,117,987	1,313,275
2	Government Wage Earners	3,806,629	65,135	3,871,764	3,635,371	236,393
3	Travel & Communications	583,000	13,590	596,590	581,334	15,256
4	Maintenance & Operations	1,678,400	173	1,678,573	1,631,059	47,514
5	Purchase of Goods & Services	815,903	(1,761)	814,142	759,552	54,590

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	3,078,524	100,000	3,178,524	3,176,398	2,126
7	Special Expenditures	1,883,138	(12,002)	1,871,136	1,743,312	127,824
	Total Operating Expenditure	25,341,991	100,000	25,441,991	23,645,013	1,796,978
8	Capital Construction	13,442,580	(1,651,376)	11,791,204	10,253,139	1,538,065
9	Capital Purchase	2,290,000	(91,743)	2,198,257	1,990,183	208,074
10	Capital Grants & Transfers	21,200,000	(7,500,000)	13,700,000	13,134,057	565,943
	Total Capital Expenditure	36,932,580	(9,243,119)	27,689,461	25,377,379	2,312,082
13	Value Added Tax	1,862,376	(156,881)	1,705,495	1,190,010	515,485
	TOTAL	64,136,947	(9,300,000)	54,836,947	50,212,402	4,624,545

The unutilised payroll budget of \$1.5 million resulted from the delays of filling vacant positions created from the high staff turnover during the year.

The unutilised budget of \$1.5 million under capital construction was due to the delays in the implementation of programs that emanated from the slow supply of raw materials from suppliers.

30.4 Trading and Manufacturing Account

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

The services include provision of recommended livestock genetic material, fencing material, tools, provision of veterinary services and advice to livestock stakeholders. It has also been used in the case of emergencies whereby destocking and transferring of animal to address animal welfare issues during disasters.

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

The detailed statements for the TMA are provided below.

Table 30.2: Consolidated Trading Account – Commercial Undertaking

Description	31 July 2023 (\$)	31 July 2022 (\$)
Sales	446,169	705,633
Opening Stock	463,150	536,365
Add: Purchases	324,513	450,735
Goods Available for Sale	787,663	987,100
Less: Closing Stock	(406,100)	(463,150)
Cost of Goods Sold	381,563	523,950
Gross Profit	64,606	181,683

Table 30.3: Consolidated Profit and Loss Account – Commercial Undertaking

Description	31 July 2023 (\$)	31 July 2022 (\$)
Income		
Gross Profit Transferred from Trading Account	64,606	181,683
Total Income	64,606	181,683
Expenses		
Travelling & Communication Expenses	18,805	8,927
Maintenance and Operation	67,784	102,931
Purchase of goods & services	25,185	13,736
Total Expenses	111,774	125,594
Net (Loss) / Profit	(47,168)	56,089

Table 30.4: Consolidated Balance Sheet – Commercial Undertaking

Description	31 July 2023 (\$)	31 July 2022 (\$)
Equity		
TMA Surplus		
Opening balance	(889,010)	(889,010)
Remittance	(135,323)	
Closing Balance	(1,024,333)	(889,010)
TMA Accumulated Surplus		
Opening balance	1,641,162	1,585,073
Net Profit	(47,168)	56,089
Closing Balance	1,593,994	1,641,162
Total Equity	569,661	752,152
Assets		
Cash at Bank	162,822	288,263
Accounts Receivable	739	739
Inventory	406,100	463,150
Total Assets	569,661	752,152
Liabilities		
Total Liabilities	-	-
Net Assets	569,661	752,152

At government level, there were plans to close the operation of the TMAs. To prepare for this, the Ministry reduced the operating activities of the TMA. As a result, the TMA sales reduced by \$259,464 or 37%, purchases reduced by \$126,222 or 28% and gross profit significantly decreased by \$117,077 or 64% in 2023 compared to 2022.

PART B: ASSESSMENT OF FINANCIAL REPORTING

30.5 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023	✓	Cancellation of unprocessed purchase orders by 18 July 2023	✓
Clearance of Inter-departmental clearance accounts by 08 August 2023	✓	Processing of payments by 28 July 2023	✓
Retirement of imprests by 14 July 2023	✓	Processing of virement by 18 July 2023	✓
Submission of arrears of revenue returns by 25 August 2023	✓	Completion of reconciliations by 25 August 2023	✓

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

Rating	Year-end close process assessment
● Effective	All 8 key processes were completed by the due dates.

30.6 Quality of Draft Financial Statements

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

Rating	Quality of draft financial statements assessment
● Ineffective	Adjustments on total expenditure, operating results/net assets were more than one percent.

30.7 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
● Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Ineffective	Management response received after 14 days from the issue of Draft Management Letter.
Rating	Timeliness of Signed Financial Statements Received
 Effective	Signed financial statements received within 14 days from the date of issue for signing.

Head 31**Ministry of Fisheries****Roles and Responsibilities**

The Ministry of Fisheries is mandated to lead the whole-of-nation approach towards sustainably managing Fiji's fisheries resources. It does this through increasing collaboration with the various stakeholders from the subsistence fisher in the remote islands, rural villages, and informal settlements to the inshore and offshore commercial fishers, among others.

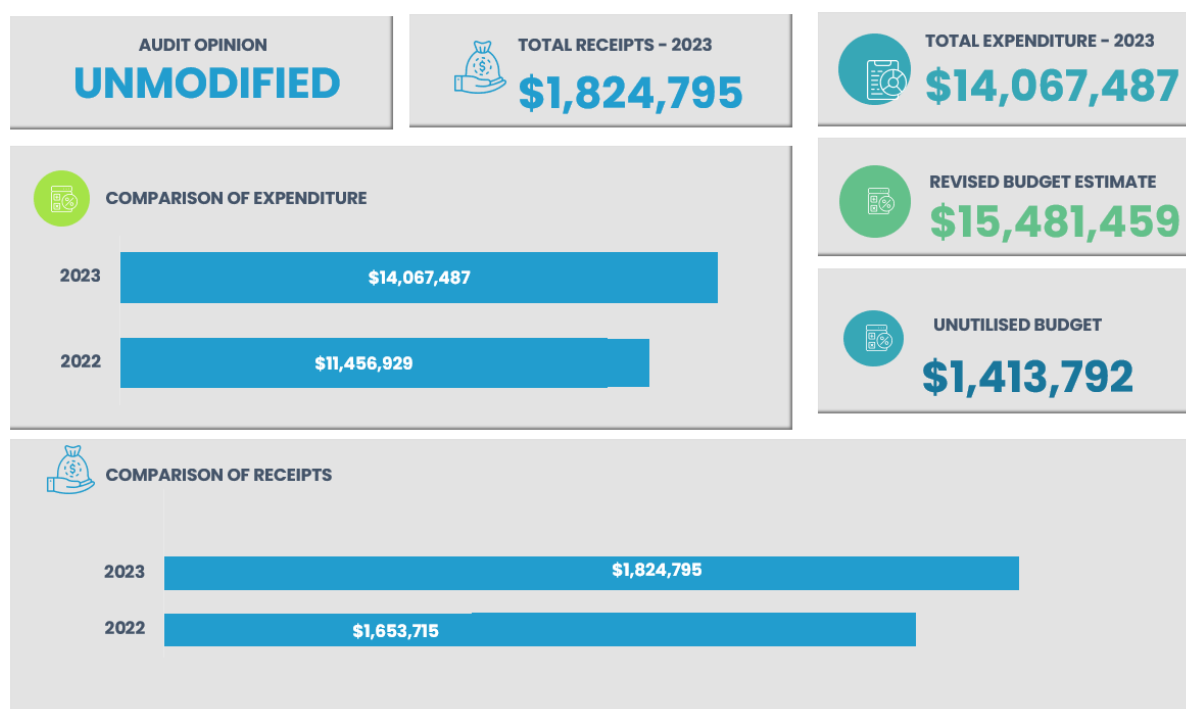
The Ministry also develop fit for purpose legislative framework, enforce compliance, implement the offshore and coastal licensing system, provide advisory and support services, and conduct appropriate research and marine conservation activities all of which is aligned to Government's national priorities, and to Fiji's commitment to international conventions.

Table of Contents

PART A: FINANCIAL INFORMATION	15
31.1 Financial Information.....	15
31.2 Audit Opinion	15
31.3 Appropriation Statement.....	15
PART B: ASSESSMENT OF FINANCIAL REPORTING	17
31.4 Preparation of Draft Agency Financial Statements	17
31.5 Quality of Draft Financial Statements	17
31.6 Timeliness of Draft Financial Statements	17
31.7 Timeliness of Provision of Management Comments and Financial Statements for Signing	18

PART A: FINANCIAL INFORMATION

31.1 Financial Information



31.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Fisheries resulted in an unmodified audit opinion.

31.3 Appropriation Statement

The Ministry incurred expenditures totalling \$14.1 million against a revised budget of \$15.5 million resulting in unutilised budget of \$1.4 million or 9%. A total of \$1.8 million in revenue was collected by the Ministry.

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

Table 31.1: Head 31 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,848,567	-	5,848,567	5,313,597	534,970
2	Government Wage Earners	1,563,796	-	1,563,796	1,441,467	122,329
3	Travel & Communications	338,000	-	338,000	330,494	7,506
4	Maintenance & Operations	1,566,950	-	1,566,950	1,553,561	13,389

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	160,519	-	160,519	156,819	3,700
6	Operating Grants & Transfers	10,000	-	10,000	9,674	326
7	Special Expenditures	1,050,256	(105,505)	944,751	805,882	138,869
	Total Operating Expenditure	10,538,088	(105,505)	10,432,583	9,611,494	821,089
8	Capital Construction	4,478,000	(119,266)	4,358,734	4,125,450	233,284
9	Capital Purchase	300,000	(300,000)	-	-	-
	Total Capital Expenditure	4,778,000	(419,266)	4,358,734	4,125,450	233,284
13	Value Added Tax	710,371	(20,229)	690,142	330,543	359,599
	TOTAL	16,026,459	(545,000)	15,481,459	14,067,487	1,413,972

The major component of the unutilised budget relates to payroll expenditure, due to the delays in filling in vacant positions that resulted mainly from staff turnover.

PART B: ASSESSMENT OF FINANCIAL REPORTING

31.4 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023	✓	Cancellation of unprocessed purchase orders by 18 July 2023	✓
Clearance of Inter-departmental clearance accounts by 08 August 2023	✓	Processing of payments by 28 July 2023	✓
Retirement of imprests by 14 July 2023	✓	Processing of virement by 18 July 2023	✓
Submission of arrears of revenue returns by 25 August 2023	✓	Completion of reconciliations by 25 August 2023	✓

Based on information received, we have assessed the 2023 year-end closing process as:

Rating	Year-end close process assessment
Effective	All 8 key processes were completed by due dates.

31.5 Quality of Draft Financial Statements

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

Rating	Quality of draft financial statements assessment
Effective	No audit adjustment was required.

31.6 Timeliness of Draft Financial Statements


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


Rating	Timeliness of draft financial statements assessment
Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Effective	Management response received within 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
 Effective	Signed financial statements received within 14 days from the date of issue.

Head 32**Ministry of Forestry****Roles and Responsibilities**

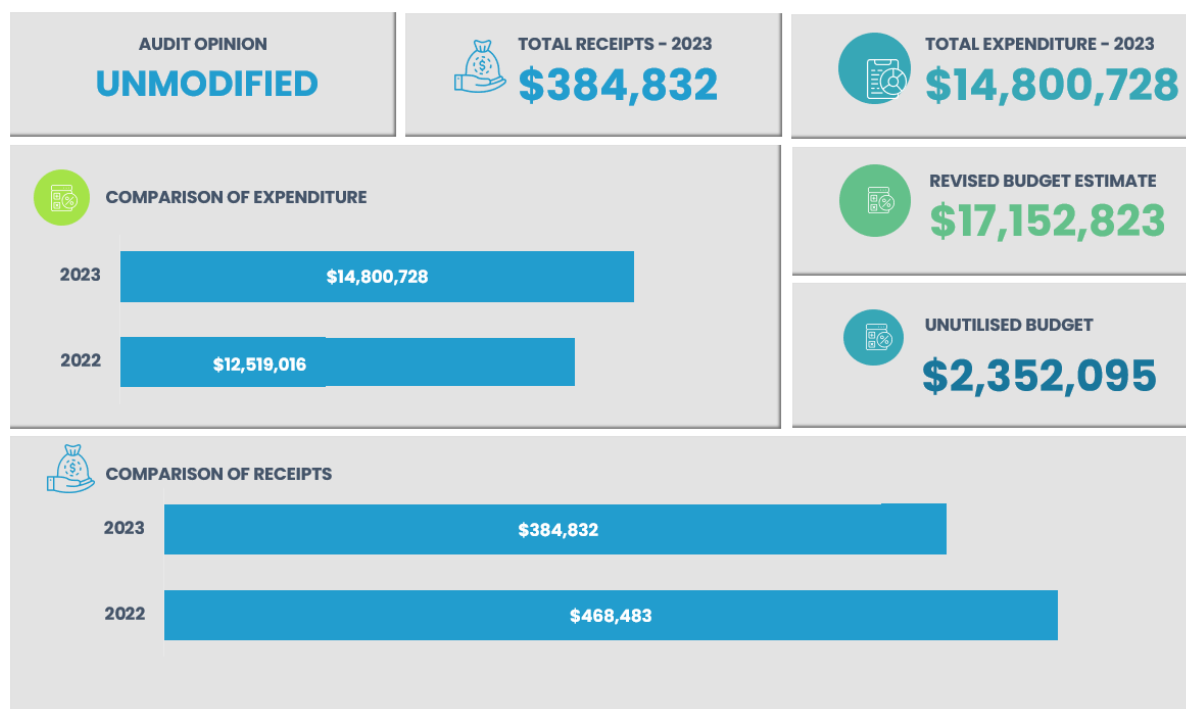
The Ministry of Forestry is responsible for the formulation of policies to ensure the long-term sustainability of Fiji's forest resources, stimulate economic growth within Forestry sector and improve livelihoods for communities that rely on these resources. The Ministry achieves this by ensuring a balance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

Table of Contents

PART A:	FINANCIAL INFORMATION	20
32.1	Financial Information	20
32.2	Audit Opinion	20
32.3	Appropriation Statement – Head 32	20
PART B:	ASSESSMENT OF FINANCIAL REPORTING	22
32.4	Preparation of Draft Agency Financial Statements	22
32.5	Quality of Draft Financial Statements	22
32.6	Timeliness of Draft Financial Statements	22
32.7	Timeliness of Provision of Management Comments and Financial Statements for Signing	23

PART A: FINANCIAL INFORMATION

32.1 Financial Information



32.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Forestry resulted in an unmodified audit opinion.

32.3 Appropriation Statement – Head 32

The Ministry incurred expenditures totalling \$14.8 million against a revised budget of \$17.1 million resulting in unutilised budget of \$2.3 million or 13%. A total of \$384,832 in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 32.1.

Table 32.1: Head 32 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,106,007	(41,291)	4,064,716	3,614,220	450,496
2	Government Wage Earners	1,303,996	5,291	1,309,287	1,097,956	211,331
3	Travel & Communication	306,075	72	306,147	304,749	1,398
4	Maintenance & Operations	1,130,026	(10,489)	1,119,537	1,019,654	99,883
5	Purchase of Goods & Services	786,993	10,417	797,410	793,960	3,450
6	Operating Grants & Transfers	948,102	-	948,102	930,704	17,398

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
7	Special Expenditures	2,350,500	36,000	2,386,500	2,129,229	257,271
	Total Operating Expenditure	10,931,699	-	10,931,699	9,890,472	1,041,227
8	Capital Construction	5,190,000	(495,039)	4,694,961	3,883,408	811,553
9	Capital Purchase	800,000	-	800,000	665,917	134,083
	Total Capital Expenditure	5,990,000	(495,039)	5,494,961	4,549,325	945,636
13	Value Added Tax	770,716	(44,553)	726,163	360,931	365,232
	TOTAL	17,692,415	(539,592)	17,152,823	14,800,728	2,352,095

The unutilised budget resulted mainly from the following:

- Vacant positions were not filled.
- Delays in the implementation of projects due to the slow supply of materials.

PART B: ASSESSMENT OF FINANCIAL REPORTING

32.4 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023	✓	Cancellation of unprocessed purchase orders by 18 July 2023	✓
Clearance of Inter-departmental clearance accounts by 08 August 2023	✓	Processing of payments by 28 July 2023	✓
Retirement of imprests by 14 July 2023	✓	Processing of virement by 18 July 2023	✓
Submission of arrears of revenue returns by 25 August 2023	✓	Completion of reconciliations by 25 August 2023	✓

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

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

32.5 Quality of Draft Financial Statements

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

Rating	Quality of draft financial statements assessment
Effective	No audit adjustment was required.

32.6 Timeliness of Draft Financial Statements


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


Rating	Timeliness of draft financial statements assessment
Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Effective	Management response received within 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
 Effective	Signed financial statements received within 14 days from the date of issue for signing.

Head 33**Ministry of Lands and Mineral Resources****Roles and Responsibilities**

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

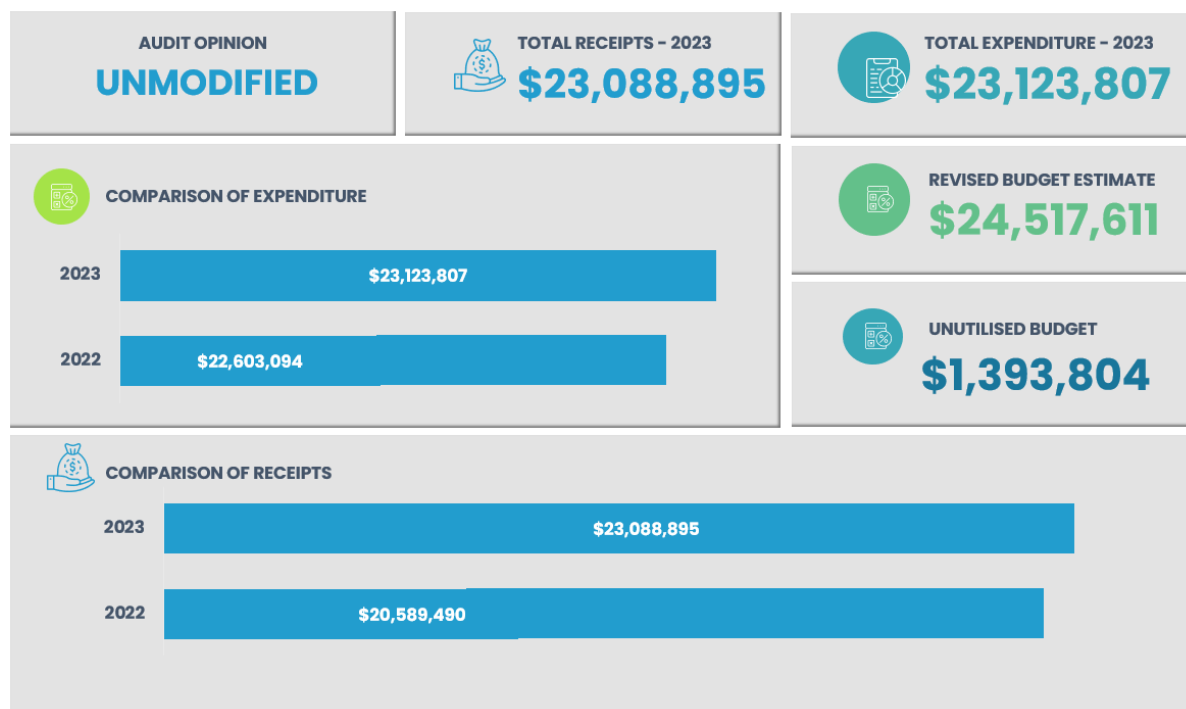
The Department of Lands & Survey is responsible for the effective and efficient administration, development and management of all State land in Fiji. Services that fall under the Department's purview include the administration of State leases; land surveying; mapping; land valuation; survey plan examination and approval; development and maintenance of State land; and geospatial information systems. The Department also manages the Land Use Unit, which coordinates the implementation of Government's land reform initiatives.

The Department of Mineral Resources oversees and facilitates development of Fiji's mineral, rock and groundwater resources.

PART A: FINANCIAL INFORMATION	25
33.1 Financial Information.....	25
33.2 Audit Opinion	25
33.3 Appropriation Statement	25
33.4 Main Trust Fund Account	26
33.4.1 Lands Trust Fund Account	26
33.4.2 Minerals Trust Fund Account	27
PART B: OTHER SIGNIFICANT MATTERS	29
33.5 Significant Arrears of Revenue – Recurring Issue	29
PART C: ASSESSMENT OF FINANCIAL REPORTING.....	31
33.6 Preparation of Draft Agency Financial Statements	31
33.7 Quality of Draft Financial Statements	31
33.8 Timeliness of Draft Financial Statements	31
33.9 Timeliness of Provision of Management Comments and Financial Statements for Signing	32

PART A: FINANCIAL INFORMATION

33.1 Financial Information



33.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Lands and Mineral Resources resulted in an unmodified audit opinion.

However, attention was drawn to Note 6 of the financial statements, on the Department of Lands Trust Fund Account that included the Land-Owning Units (LOUs) lease funds to be paid to the respective LOUs trust accounts. The Ministry is yet to submit all draft financial statements and relevant supporting documents for individual LOUs for audit as required by the Land Use Regulations 2011 – Regulation 5(7).

33.3 Appropriation Statement

The Ministry incurred expenditures totalling \$23.1 million against a revised budget of \$24.5 million resulting in unutilised budget of \$1.4 million or 5.7%. A total of \$23.1 million in revenue was collected by the Ministry.

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

Table 33.1: Head 33 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	11,169,862	(750,000)	10,419,862	9,922,331	497,531
2	Government Wage Earners	1,005,016	-	1,005,016	824,877	180,139
3	Travel and Communications	398,100	52,000	450,100	431,766	18,334
4	Maintenance and Operations	6,063,558	(258,000)	5,805,558	5,660,576	144,982
5	Purchase of Goods and Services	760,859	(94,000)	666,859	632,300	34,559
6	Operating Grants and Transfers	32,100	-	32,100	27,915	4,185
7	Special Expenditures	742,324	-	742,324	726,172	16,152
	Total Operating Expenditure	20,171,819	(1,050,000)	19,121,819	18,225,937	895,882
8	Capital Construction	3,703,402	(250,000)	3,453,402	3,156,934	296,468
9	Capital Purchase	552,000	-	552,000	510,041	41,959
10	Capital Grants and Transfers	340,000	-	340,000	313,595	26,405
	Total Capital Expenditure	4,595,402	(250,000)	4,345,402	3,980,570	364,832
13	Value Added Tax	1,099,890	(49,500)	1,050,390	917,300	133,090
	Total Expenditure	25,867,111	(1,349,500)	24,517,611	23,123,807	1,393,804

The unutilised budget of \$1.4 million resulted mainly from the following:

- Reduction in salaries for officers not meeting the full qualification requirements of the positions thus were appointed on acting capacity on the vacant positions for specialised areas such as Scientific Officers and Mining Engineers.
- Restructure of payments made to all Government Wage Earners.
- Large and Small Island Groundwater Development budgets was not fully utilised.

33.4 Main Trust Fund Account

Trust money is to be accounted for separately from public money and other money and kept in a separate bank account pending its withdrawal for use. The Ministry operates and maintains two main trust fund bank accounts which includes the Lands Trust Fund Account and the Minerals Trust Fund Account.

33.4.1 Lands Trust Fund Account

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

The funds operated under the Land Trust Fund include the following:

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

The Trust Fund Account had an opening balance of \$6.8 million in 2023. The Ministry collected revenue totalling \$3.5 million and incurred expenditures totalling \$2.5 million during the year, resulting in a closing balance of \$7.8 million.

The detailed trust fund account statement of receipts and payments is provided below.

Table 33.2: Lands Trust Fund Account – Statement of Receipts and Payments

Description	31 July 2023 (\$)	31 July 2022 (\$)
Receipts		
Compensation	760,738	252,328
Fisheries Impact	41,279	86,905
Lease Rental/LOU	858,565	1,350,717
Meal/Mileage Claim	4,559	766
Royalty	1,748,745	543,765
Other Revenue	110,443	928,465
Total Receipts	3,524,329	3,162,946
Payments		
Bank Fee	154	123
Meal/Mileage Claim	36,502	33,418
Royalty/State Land	417,477	268,798
Fisheries Impact	51,426	39,325
Compensation	112,943	-
Lease rental/LOU	1,459,087	828,000
Transfer of Funds to Ministry of Finance	-	2,921,737
Other Expenses	386,660	167,785
Total Payments	2,464,249	4,259,186
Net Surplus/(Deficit)	1,060,080	(1,096,240)
Opening balance as at 1 August	6,759,378	7,855,618
Closing balance as at 31 July	7,819,458	6,759,378

33.4.2 Minerals Trust Fund Account

The Minerals Trust Fund Account includes license fees paid in advance.

Money held in the Non-mining Trust Fund Account are from entities that request the Mineral Resources Department to conduct works or projects, including groundwater project or mineral investigations.

The Trust Fund Account had an opening balance of \$10.4 million in 2023. The Ministry collected revenue totalling \$4.3 million in 2023 and incurred expenditures totalling \$5.9 million resulting in a closing balance of \$8.7 million.

The detailed trust fund account statement of receipts and payments is provided below.

Table 33.3: Minerals Trust Fund Account – Statement of Receipts and Payments

Description	31 July 2023 (\$)	31 July 2022 (\$)
Receipts		
Mining		
Mining Bond	425,756	508,237
SPL Renewal Fees	3,328	6,121
Mining Lease	8,845	-
Mining Rental Fees	448,414	115,977
Royalty	3,188,738	4,075,221
Non-Mining		
Geotechnical Survey	22,020	17,957
Borehole Construction	165,603	10,815
SPL Licenses	5,776	12,734
Total Receipts	4,268,480	4,747,062
Payments		
Mining		
Transfer of Renewal Fees	3,744,370	1,289
Bond Refund	5,366	-
Royalty Fair Share	2,138,957	4,348,025
Non – Mining		
Borehole Construction	15,463	5,939
Geotechnical Survey	517	9,975
Transfer of Other Revenue held in Trust	7,274	654
Total Payments	5,911,947	4,365,882
Net (Deficit)/Surplus	(1,643,467)	381,180
Opening balance as at 1 August	10,382,818	10,001,638
Closing balance as at 31 July	8,739,351	10,382,818

PART B: OTHER SIGNIFICANT MATTERS

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

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

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

It is important to note that the issue detailed in this report may have been subsequently resolved by the Ministry. This has been included in this report as it impacted on the overall system of control of the Ministry as at 31 July 2023.

33.5 Significant Arrears of Revenue – Recurring Issue

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Finance. Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual.¹

The audit noted that the Ministry had substantial arrears of revenue, which as at 31/07/2023 totalled \$32.8 million. Although a slight decline of \$3 million or 8% compared to the previous year, there was an increasing trend noted over the past 8 years, with arrears of revenue remaining above \$20 million since 2016 and exceeded \$30 million from 2020.

Refer to Table 33.4 for details.

Table 33.4: Arrears of Revenue

Year	Amount (\$)
2023	32,821,448
2022	35,881,068
2021	33,432,792
2020	30,342,570
2019	26,936,731
2018	23,457,483
2017	21,820,630
2016	20,778,013

¹ *Finance Instruction 2010, Section 43 & 41*

Debtors with highest arrears are owed by business entities within the industrial, foreshore, commercial and special class of leases. Refer to Table 33.5 for the top 20 lease debtors.

Table 33.5: Top 20 lease arrears debtors

File Reference No.	Lease No.	Lease Type	Arrears as at 31/07/23 (\$)
4/16/8246	16163	SPECIAL	1,322,209.75
4/10/3101	13734	COMMERCIAL	715,640.09
4/16/4069	11975	COMMERCIAL	649,946.08
4/7/3320	248965	SPECIAL	321,665.97
4/7/2769	18762	INDUSTRIAL	309,464.47
4/7/3567	13843	INDUSTRIAL	193,166.27
4/7/3573	13849	INDUSTRIAL	175,084.04
4/7/2767	18760	INDUSTRIAL	143,410.39
4/10/1491	19524A	COMMERCIAL	136,870.80
60/42	004492	INDUSTRIAL	131,194.05
4/16/8366	18014	INDUSTRIAL	131,152.09
4/7/2771	18764	INDUSTRIAL	128,314.56
4/16/3772	2832	COMMERCIAL	115,636.14
4/7/2145	18056	INDUSTRIAL	104,387.25
4/11/989	21886	SPECIAL	104,139.43
4/10/6070	859390	COMMERCIAL	103,696.99
4/4/657	XXX23368	INDUSTRIAL	101,359.51
4/4/2333	AN27278	INDUSTRIAL	100,969.17
4/14/3077	AN3077	INDUSTRIAL	99,080.11
4/16/8368	18015	INDUSTRIAL	98,793.57

The high arrears of revenue indicated that debt recovery measures in place may not be sufficient to reduce the arrears over the years.

Recommendations

The Ministry should strengthen the various recovery measures it has instituted to ensure impactful recoveries on the increasing total arrears of revenues carried forward from previous years.

Ministry's Comments

The strategies undertaken by the Ministry are as below:

- *Waiver of interest incentive*
- *Site visits to lessees and conducting awareness on rental payments*
- *Issuance of notices and flyer on rental*
- *Accepting undertaking with lessees to clear rental arrears within a respective period*
- *Media publicity*
- *Options on mode of payments to lessees*
- *Debt and Revenue Management Policy formulated*

The team has been successful as they are enforcing the abovementioned strategies, and this has resulted in an increase in rental collection.

PART C: ASSESSMENT OF FINANCIAL REPORTING

33.6 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023	✗	Cancellation of unprocessed purchase orders by 18 July 2023	✗
Clearance of Inter-departmental clearance accounts by 08 August 2023	✓	Processing of payments by 28 July 2023	✓
Retirement of imprests by 14 July 2023	✓	Processing of virement by 18 July 2023	✓
Submission of arrears of revenue returns by 25 August 2023	✓	Completion of reconciliations by 25 August 2023	✓

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

Rating	Year-end close process assessment
☀ Generally Effective	Six (6) of eight (8) key processes were completed by the due dates.

33.7 Quality of Draft Financial Statements

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

Rating	Quality of draft financial statements assessment
🌿 Effective	No audit adjustment was required.

33.8 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
🌿 Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Effective	Management response received within 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
 Effective	Signed financial statements received within 14 days from the date of issue for signing.

Head 34**Ministry of Commerce, Trade, Tourism and Transport****Roles and Responsibilities**

The Ministry of Commerce, Trade, Tourism and Transport is responsible for formulating and implementing policies and strategies that create and facilitate growth in industry, investment, trade, tourism, transport, co-operative businesses, micro and small enterprises and enhance metrology, standards and consumer protection.

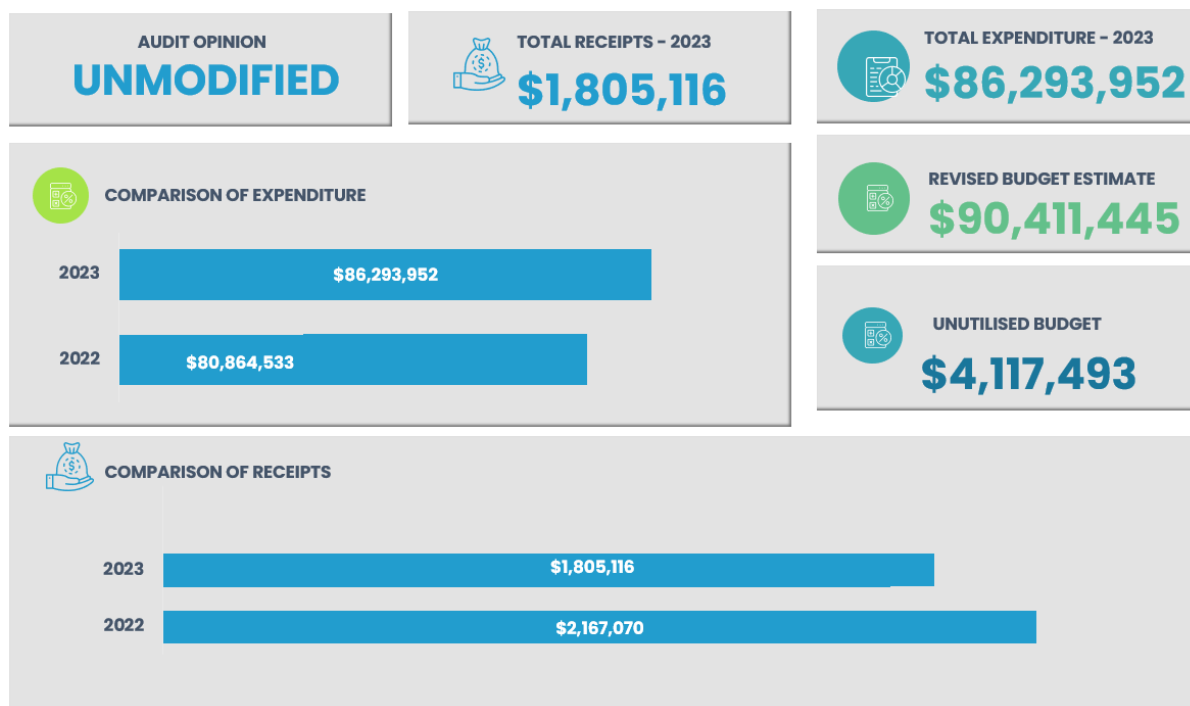
The following divisions are under the ambit of the Ministry: the Trade Unit; Economic Unit; Department of National Trade Measurement and Standards; Department of Co-operative Business; Tourism Unit; Micro Small Medium Enterprises Fiji Unit; Department of Transport, Government Shipping Service, Department of Town and Country Planning, along with four distinct Trade Commissions to cater for targeted international markets: Australia; New Zealand; China and North America. The Ministry also oversees the following statutory bodies: the Consumer Council of Fiji; Investment Fiji; Tourism Fiji; Film Fiji; Real Estate Agents Licensing Board; Land Transport Authority and the Maritime Safety Authority of Fiji.

Table of Content

PART A:	FINANCIAL INFORMATION	34
34.1	Financial Information	34
34.2	Audit Opinion	34
34.3	Appropriation Statement	34
34.4	Main Trust Fund Account	35
34.4.1	Co-operative Trust Fund Account	35
34.4.2	IHRDP Trust Fund Account	36
PART B:	ASSESSMENT OF FINANCIAL FINANACIAL REPORTING	37
34.5	Preparation of Draft Agency Financial Statements	37
34.6	Quality of Draft Financial Statements	37
34.7	Timeliness of Draft Financial Statements	37
34.8	Timeliness of Provision of Management Comments and Financial Statements for Signing	38

PART A: FINANCIAL INFORMATION

34.1 Financial Information



34.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Commerce, Trade, Tourism and Transport resulted in an unmodified opinion.

34.3 Appropriation Statement

The Ministry incurred expenditures totalling \$86.3 million against a revised budget of \$90.4 million resulting in unutilised budget of \$4.1 million or 5%. A total of \$1.8 million in revenue was collected by the Ministry.

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

Table 34.1: Head 34 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,067,540	(58,381)	7,009,159	5,917,597	1,091,562
2	Government Wage Earners	2,722,623	75,735	2,798,358	2,354,733	443,625
3	Travel & Communication	293,000	141,241	434,241	344,164	90,077
4	Maintenance & Operations	3,868,500	28,855	3,897,355	3,368,118	529,237
5	Purchase of Goods & Services	447,600	(12,949)	434,651	251,738	182,913

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	43,911,099	(1,364,544)	42,546,555	41,985,028	561,527
7	Special Expenditures	4,708,794	737,662	5,446,456	5,232,321	214,135
	Total Operating Expenditure	63,019,156	(452,381)	62,566,775	59,453,699	3,113,076
8	Capital Construction	2,650,000	(610,637)	2,039,363	2,014,274	25,089
9	Capital Purchase	270,000	(119,965)	150,035	133,097	16,938
10	Capital Grants & Transfers	30,153,782	(5,587,552)	24,566,230	24,111,347	454,883
	Total Capital Expenditure	33,073,782	(6,318,154)	26,755,628	26,258,718	496,910
13	Value Added Tax	1,101,418	(12,376)	1,089,042	581,535	507,507
	TOTAL	97,194,356	(6,782,911)	90,411,445	86,293,952	4,117,493

The unutilised budget resulted from the following:

- Vacant positions were not filled.
- Implementation of controls to reduce expenditure.
- Grants for the Maritime Safety Authority of Fiji (\$44,502), Shipping Services subsidy (\$491,093) and REALB (\$24,786) were not released as these agencies had sufficient fundings to cater for their operations.
- Partial release of capital grant (\$15,459) to for Maritime Safety Authority of Fiji as it had sufficient funding.
- Unutilised budget for the Integrated Human Resource Development Programme (\$62,069) and Trade Enhancement Programme (\$17,316) since some applications did not meet the program criteria. Other unutilised budget relate to the New Town Development (\$212,089) and Municipalities Master Plan (\$147,558).

34.4 Main Trust Fund Account

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

34.4.1 Co-operative Trust Fund Account

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

The Department of Co-operative collected trust revenue totalling \$56,832 and incurred expenditures totalling \$62,809 resulting in a deficit of \$5,977 in 2023.

The detailed Co-operative Trust Fund Account statement of receipts and payments are provided below.

Table 34.2: Co-operative Trust Fund Account – Statement of Receipts and Payments

Description	31 July 2023 (\$)	31 July 2022 (\$)
Receipts		
Co-operative Training Fees	45,797	45,675
Interest Received	179	1,341
Sales of Stationery	5,135	1,622
Refunds and adjustment of Accountable	5,721	3,016
Total Receipts	56,832	51,654
Payments		
Bank Charges	254	317
Repair & Maintenance - CCF	7,000	-
Interest Paid to Revenue	-	1,025
Other Expenses	518	2,795
Adjustment of Double Posting	37	53
Issuance of Accountable advance	54,585	7,039
FRCS	415	544
Total Payments	62,809	11,773
Net (Deficit)/Surplus	(5,977)	39,881
Opening Balance as at 1 August	148,301	108,420
Closing Balance as at 31 July	142,324	148,301

34.4.2 IHRDP Trust Fund Account

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

The IHRDP Trust Fund collected trust revenue totalling \$163,605 and incurred expenditures totalling \$183,785 resulting in a deficit of \$20,180 in 2023.

The detailed IHRDP trust fund account statement of receipts and payments are provided below.

Table 34.3: IHRDP Trust Fund Account – Statement of Receipts and Payments

Description	31 July 2023 (\$)	31 July 2022 (\$)
Receipts		
Contributions receive from various projects	163,605	169,732
Total Receipts	163,605	169,732
Payments		
Bank Charges	80	115
Refunds to various projects	3,611	15,469
Payments for various projects	180,094	143,999
Total Payments	183,785	159,583
Net (Deficit)/Surplus	(20,180)	10,149
Opening Balance as at 1 August	93,623	83,476
Closing Balance as at 31 July	73,443	93,625

PART B: ASSESSMENT OF FINANCIAL FINANCIAL REPORTING

34.5 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023	✓	Cancellation of unprocessed purchase orders by 18 July 2023	✓
Clearance of Inter-departmental clearance accounts by 08 August 2023	✓	Processing of payments by 28 July 2023	✓
Retirement of imprests by 14 July 2023	✓	Processing of virement by 18 July 2023	✓
Submission of arrears of revenue returns by 25 August 2023	✓	Completion of reconciliations by 25 August 2023	✓

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

Rating	Internal control assessment
● Effective	All 8 key processes were completed by the due dates.

34.6 Quality of Draft Financial Statements

We assessed the quality of financial statements by the impact audit adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment of the Ministry of Commerce, Trade, Tourism and Transport was:

Rating	Quality of draft financial statements assessment
● Effective	No audit adjustment was required.


34.7 Timeliness of Draft Financial Statements


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

Rating	Internal control assessment
● Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Rating	Timeliness of Management Comments Received
 Effective	Management response received within 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
 Effective	Signed financial statements received within 14 days from the date of issue for signing.

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

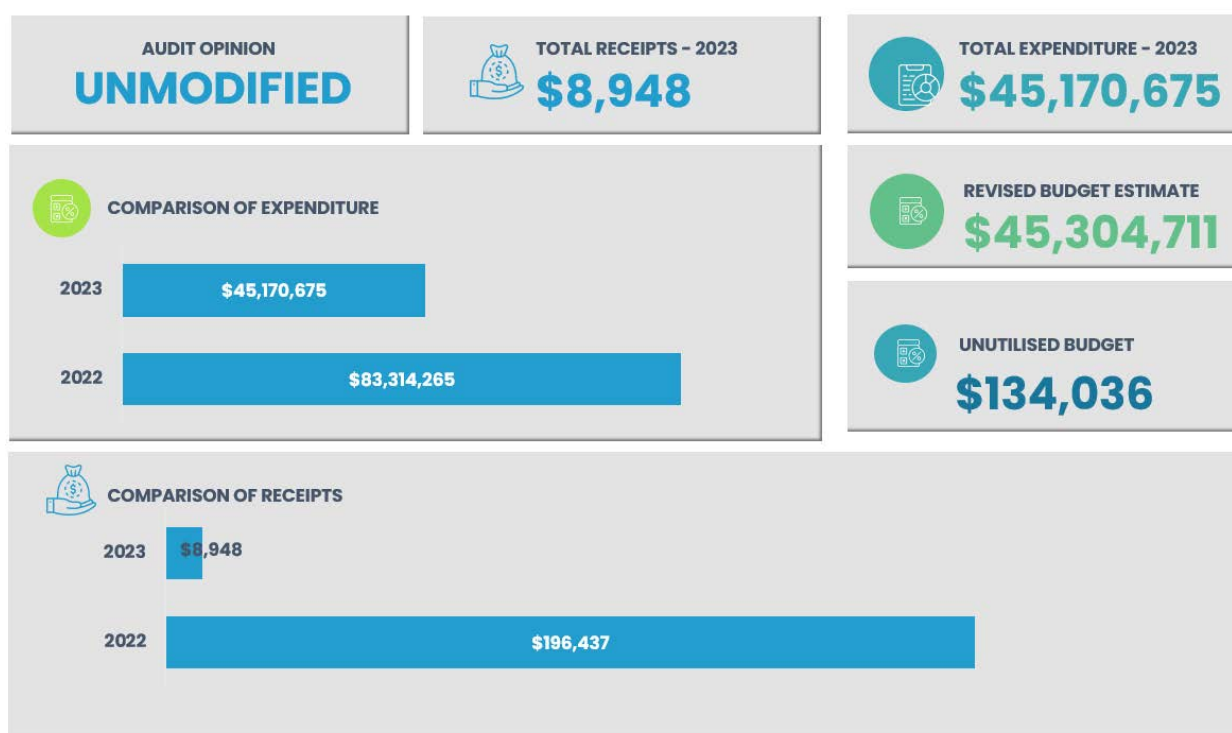
The Ministry of Sugar Industry is responsible for the coordination of the activities and functions of the various institutions that make up the sugar industry with the sole objective of ensuring that Government's commitment to reviving the industry is achieved.

Table of Content

PART A: FINANCIAL INFORMATION	40
35.1 Financial Information	40
35.2 Audit Opinion	40
35.3 Appropriation Statement	40
PART B: ASSESSMENT OF FINANCIAL REPORTING	42
35.4 Preparation of Draft Agency Financial Statements.....	42
35.5 Quality of Draft Financial Statements.....	42
35.6 Timeliness of Draft Financial Statements	42
35.7 Timeliness of Provision of Management Comments and Financial Statements for Signing	43

PART A: FINANCIAL INFORMATION

35.1 Financial Information



35.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Sugar Industry resulted in an unmodified audit opinion.

35.3 Appropriation Statement

The Ministry incurred expenditures totalling \$45.2 million against a revised budget of \$45.3 million resulting in unutilised budget of \$0.1 million. A total of \$8,948 in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 35.1.

Table 35.1: Head 35 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	505,565	-	505,565	499,320	6,245
2	Government Wage Earners	47,700	20,350	68,050	58,100	9,950
3	Travel & Communication	59,000	367,010	426,010	345,930	80,080
4	Maintenance & Operations	366,510	90,823	457,333	436,870	20,463

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	10,381	11,667	22,048	19,570	2,478
6	Operating	2,327,510	1,611	2,329,121	2,329,120	1
7	Special Expenditures	43,000	(16,961)	26,039	15,913	10,126
	Total Operating Costs	3,359,666	474,500	3,834,166	3,704,823	129,343
8	Capital Construction	-	-	-	-	-
9	Capital Purchase	-	-	-	-	-
10	Capital	41,901,945	(475,000)	41,426,945	41,422,306	4,639
	Total	41,901,945	(475,000)	41,426,945	41,422,306	4,639
13	Value Added Tax	43,100	500	43,600	43,546	54
	TOTAL	45,304,711	-	45,304,711	45,170,675	134,036

PART B: ASSESSMENT OF FINANCIAL REPORTING

35.4 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023		Cancellation of unprocessed purchase orders by 18 July 2023	
Clearance of Inter-departmental clearance accounts by 08 August 2023		Processing of payments by 28 July 2023	
Completion of reconciliations by 25 August 2023		Processing of virement by 11 August 2023	
Retirement of imprests by 14 July 2023	Not Applicable	Submission of arrears of revenue returns by 25 August 2023	Not Applicable

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

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

35.5 Quality of Draft Financial Statements

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

Rating	Quality of draft financial statements assessment
Effective	No audit adjustment was required.

35.6 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
• Effective	Management response received within 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
• Effective	Signed financial statements received within 14 days from the date of issue for signing.

Head 37**MINISTRY of LOCAL GOVERNMENT****Roles and Responsibilities**

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

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

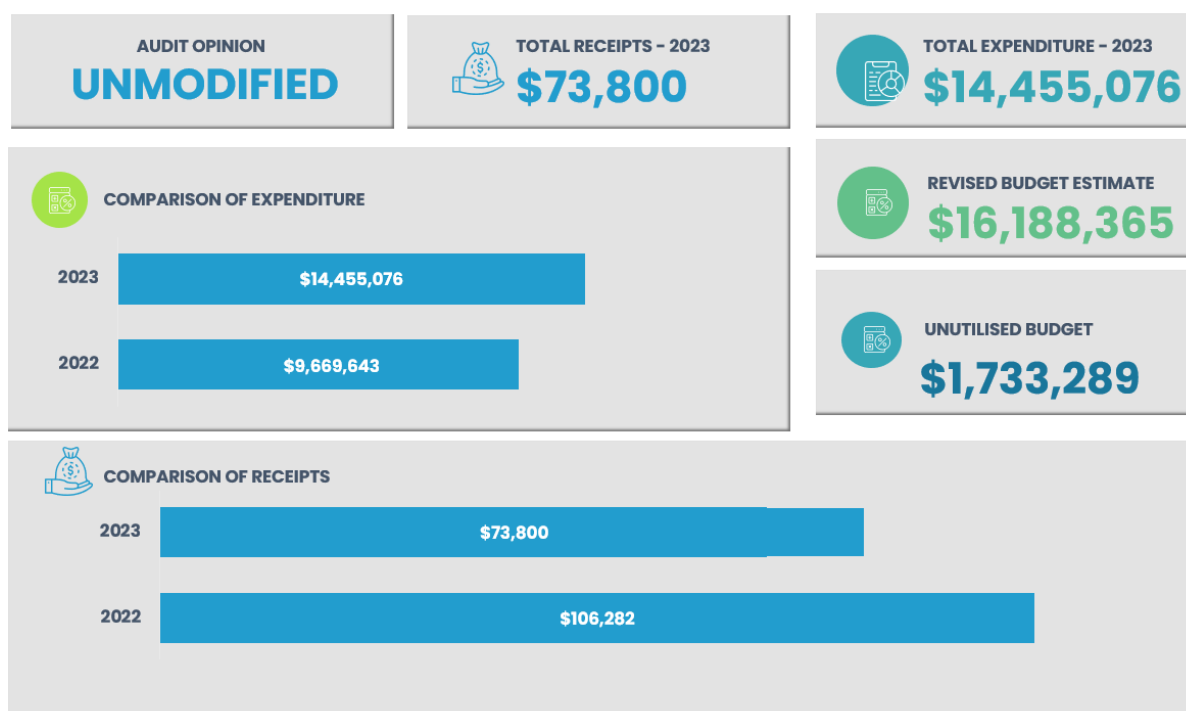
The Department of Town and Country Planning is responsible for the overall administration, planning and regulation of land use in Fiji through the Town Planning Act 1946 and Subdivision of Land Act 1937, to ensure sustainable development and coordinated growth. Its key functions are strategic planning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

Table of Contents

PART A: FINANCIAL INFORMATION	45
37.1 Financial Information	45
37.2 Audit Opinion	45
37.3 Appropriation Statement.....	45
PART B: ASSESSMENT OF FINANCIAL REPORTING.....	47
37.4 Preparation of Draft Agency Financial Statements	47
37.5 Quality of draft financial statements	47
37.6 Timeliness of Draft Financial Statements.....	47
37.7 Timeliness of Provision of Management Comments and Financial Statements for Signing	48

PART A: FINANCIAL INFORMATION

37.1 Financial Information



37.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Local Government resulted in an unmodified audit opinion.

37.3 Appropriation Statement

The Ministry incurred expenditures totalling \$14.5 million against a revised budget of \$16.2 million resulting in unutilised budget of \$1.7 million or 10%. A total of \$73,800 in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 37.1.

Table 37.1: Head 37 – Appropriation Statement for 2023

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	833,171	(201,309)	631,862	569,118	62,744
2	Government Wage Earners	89,950	21,000	110,950	55,844	55,106
3	Travel and Communications	62,686	84,000	146,686	121,929	24,757
4	Maintenance and Operations	96,500	228,300	324,800	295,241	29,559

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods and Services	107,413	(5,008)	102,405	87,801	14,604
6	Operating Grants and Transfers	6,759,294	(67,500)	6,691,794	6,224,087	467,707
7	Special Expenditures	523,500	(107,180)	416,320	399,313	17,007
	Total Operating Expenditure	8,472,514	(47,697)	8,424,817	7,753,333	671,484
8	Capital Construction	181,873	21,461	203,334	188,567	14,767
9	Capital Grants & Transfers	11,872,935	(4,426,402)	7,446,533	6,443,902	1,002,631
	Total Capital Expenditure	12,054,808	(4,404,941)	7,649,867	6,632,469	1,017,398
13	Value Added Tax	87,445	26,236	113,681	69,274	44,407
	Total Expenditure	20,614,767	(4,426,402)	16,188,365	14,455,076	1,733,289

The unutilised budget was mainly due to delay in construction of capital projects.

PART B: ASSESSMENT OF FINANCIAL REPORTING

37.4 Preparation of Draft Agency Financial Statements

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.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Closing date for journal adjustments by 17 August 2023	✓	Cancellation of unprocessed purchase orders by 18 July 2023	✓
Clearance of Inter-departmental clearance accounts by 08 August 2023	✓	Processing of payments by 28 July 2023	✓
Retirement of imprests by 14 July 2023	✓	Processing of virement by 18 July 2023	✓
Submission of arrears of revenue returns by 25 August 2023	N/A	Completion of reconciliations by 25 August 2023	✓

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

Rating	Year-end close process assessment
● Effective	All key processes were completed within two weeks of due dates.

37.5 Quality of draft financial statements

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

Rating	Quality of draft financial statements assessment
● Effective	No audit adjustment was required.

37.6 Timeliness of Draft Financial Statements

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

Rating	Timeliness of draft financial statements assessment
● Effective	Acceptable draft financial statements received before 31 October 2023.

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

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

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
• Effective	Management response received within 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
• Effective	Signed financial statements received within 14 days from the date of issue for signing.



OFFICE of the AUDITOR GENERAL
Republic of Fiji

www.oag.gov.fj