



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR - GENERAL OF THE REPUBLIC OF FIJI

2024 AUDIT REPORT INFRASTRUCTURE SECTOR



PARLIAMENT OF FIJI

PARLIAMENTARY PAPER NO. 86 of 2025



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Republic of Fiji



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OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File: 102

31 July 2025

The Honourable Filimone Jitoko
Speaker of the Parliament of the Republic of Fiji
Government Building
Constitution Avenue
SUVA

Dear Sir

2024 AUDIT REPORT ON INFRASTRUCTURE 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 completed audits under Infrastructure Sector for the financial year 2024.

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 faithfully

Finau Seru Nagera
AUDITOR-GENERAL



The Office of the Auditor-General – Republic of Fiji

The Office of the Auditor-General is established as an Independent Office by the Constitution of the Republic of Fiji and the Audit Act 2025. The Auditor-General is the responsible authority for the Office of the Auditor-General.

The Auditor-General, on behalf of Parliament, has the duty to audit for each financial year the 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 Auditor-General's report to Parliament under section 152(1) of the Constitution may include, in addition to matters specified in section 152(2) of the Constitution, a report on significant matters that the Auditor-General intends to bring to the attention of Parliament arising from the audits. This report satisfies the requirements of the Constitution and the Audit Act 2025.

The Office of the Auditor-General notes the impact of the Auditor-General's 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.

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1.0 SECTOR SUMMARY

All ministries and departments prepare annual agency financial statements. Permanent Secretaries and the management of these agencies are responsible for the preparation and fair presentation of the financial statements in accordance with requirements of the Financial Management Act (FMA) 2004 and other applicable laws and regulations. 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.

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 Infrastructure Services Sector:

Head 40	Ministry of Public Works, Meteorological Services and Transport
Head 41	Water Authority of Fiji
Head 43	Fiji Roads Authority

The results of the audits for Water Authority of Fiji and Fiji Roads Authority are reported separately under the Report of the Auditor-General on Statutory Authorities, Independent Bodies and Commissions. The status of the audits is provided in the table below:

Head	Agency	Audit Status as at 28/07/25
41	Water Authority of Fiji	Audit opinion for 2023 FY issued on 18/12/24. Draft financial statements for 2024 FY yet to be received for audit.
43	Fiji Roads Authority	Audit opinion for 2023 FY issued on 05/05/25. Draft financial statements for 2024 FY yet to be received for audit.

Results of Audits - Quality and Timeliness of Financial statements

The audit of the Ministry of Public Works, Meteorological Services and Transport resulted in the issue of an unmodified audit opinion. The details are contained in [Section 2.0](#).

The submission of acceptable draft financial statements for audit have not improved.

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.

For the financial year 2024, the Ministry of Public Works, Meteorological Services and Transport was issued an unmodified audit opinion.

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

Head of Appropriation/ Ministry	2024 Financial Year		2023 Financial Year	2022 Financial Year
	Date Audit Report Signed	Audit Opinion Type	Audit Opinion Type	Audit Opinion Type
40. Ministry of Public Works, Meteorological Services and Transport	30/06/25	Unmodified (with EoM)	Unmodified (with EoM)	Unmodified (with EoM)

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 the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Ministries/Departments must prepare and make publicly available, for each financial year, an annual report which must be tabled in Parliament by the responsible Minister. The annual report must include the audited annual financial statements and audit report issued by the Auditor-General for the financial year.

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

3.1 Preparation of Draft Agency Financial Statements

Each Ministry/Department must prepare the following statements as required by Section 71 (1) of the Finance Instructions 2010 (FI 2010) as part of annual financial statements:

- Statement of receipts and expenditures;
- Profit and loss statement for each trading and manufacturing activity (where applicable);
- Appropriation statement;
- Statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Statement of losses; and
- Trust account statement of receipts and payments (where applicable).

Except for Trading and Manufacturing Accounts (TMA) which are accounted for on accrual basis, ministries/departments prepare their financial statements in accordance with FMA 2004 and FI 2010.

On 28 March 2024, the Permanent Secretary for Finance issued Circular No. 04/2023-2024 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji's Foreign Missions in which procedures for the closing of the 2024 accounts and timelines were detailed.

1. Cancellation of unprocessed purchase orders by 08 July 2024
2. Retirement of Imprest by 10 July 2024
3. Processing of payments by 24 July 2024
4. Clearance of Interdepartmental clearance accounts by 02 August 2024
5. Closing date for journal adjustments by 15 August 2024
6. Processing of virement by 16 August 2024

7. Submission of Arrears of Revenue Return by 23 August 2024
8. Completion of reconciliation by 26 August 2024

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 indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of draft financial statements submitted for audit by the impact these adjustments had on the total expenditures, 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 2024
Ineffective	Acceptable draft financial statements received after 31 October 2024

3.4 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 dates the draft management letter and audited financial statements were issued to the entities and the dates 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 to the management letters for the past three years. The details of the assessments are included in each Section/Head.

	Financial Statement Preparation									Responses to OAG					
	T			YE			Q			TMC			TSFS		
Financial Year	'24	'23	'22	'24	'23	'22	'24	'23	'22	'24	'23	'22	'24	'23	'22
Infrastructure Sector															
40. Ministry of Public Works, Meteorological Services and Transport															

'22 = 2022 '23 = 2023 '24 = 2024

Q =Quality of draft financial statements

T = Timeliness of draft financial statements

YE = Year-end closing processes

TMC = Timeliness of management comments

TSFS = Timeliness of signing audited financial statements

Head 40**Ministry of Public Works, Meteorological Services and Transport****Roles and Responsibilities**

The Ministry of Public Works, Meteorological Services & Transport consists of the Department of Works, Fiji Meteorological Services, Department of Energy, Department of Water and Sewerage, Department of Transport and Government Shipping Services. Through these Departments, the Ministry is responsible for policy formulation, planning, design, regulatory, coordination and implementation of programs, projects and services relating to public works, water, sanitation, energy, meteorology and hydrology and transport services for land and sea. It is also responsible for providing policy and legislative oversight of the Fiji Roads Authority (FRA), Water Authority of Fiji (WAF), Maritime Safety Authority of Fiji (MSAF) and Land Transport Authority (LTA).

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PART A: FINANCIAL INFORMATION

40.1 Financial Information

AUDIT OPINION UNMODIFIED	TOTAL RECEIPTS \$923,485	TOTAL EXPENDITURE \$85.42 MILLION
REVISED BUDGET \$89.70 MILLION	UNUTILISED BUDGET \$4.23 MILLION	

40.2 Audit Opinion

The audit of the 2024 financial statements of the Ministry of Public Works, Meteorological Services and Transport resulted in an unmodified audit opinion.

However, attention was drawn to the following matters:

- The Ministry disclosed the pending review of the cost structure for Fiji Meteorological Office. Cabinet Decision (05) 310 of 2005 stated that the Civil Aviation Authority of Fiji and Fiji Airports Limited to reimburse the 50% cost to the Fiji Meteorological Services relating to the Nadi and Nausori Terminal. In addition, it stated that the review of the cost structure was to be carried out by the Fiji Meteorological Office. The Ministry is yet to enter into a contract agreement for the provision of weather services to the aviation industry. Due to the pending review of the cost structure, Fiji Airports Limited is only paying \$50,000 monthly.
- The financial statements disclosed an unreconciled variance of \$1.4 million that existed between the TMA cash at bank balance and bank reconciliation statement balance since 2006. The unreconciled recurring variance relates to prior years misappropriation that is under the Fiji Independent Commission Against Corruption (FICAC) investigation and pending Court's deliberations and verdicts. These unreconciled variances continue to exist in the 2024 financial year. Consequently, the audit could not confirm the accuracy and completeness of the Cash at bank balance of \$1.4 million stated in the Consolidated Trading and Manufacturing Account (TMA) balance sheet as at 31 July 2024.

40.3 Head 40 - Appropriation Statement

The Ministry incurred expenditures totalling \$85.42 million against a revised budget of \$89.70 million resulting in unutilised budget of \$4.23 million or 5%. A total of \$0.9 million in revenue was collected by the Ministry.

Details of expenditures against the budget estimate are provided in Table 40.1 below.

Table 40.1: Head 40 - Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	12,490,959	(786,916)	11,704,043	11,122,080	581,963
2	Government wage earners	5,492,736	(106,448)	5,386,288	4,869,744	516,544
3	Travel & communication	851,500	321,700	1,173,200	968,987	204,213
4	Maintenance & operations	8,762,325	284,582	9,046,907	8,307,697	739,210

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of goods & services	904,940	36,717	941,657	733,770	207,887
6	Operating grants & transfers	33,291,651	(1,016,858)	32,274,793	31,788,151	486,642
7	Special expenditure	5,495,430	(3,236,460)	2,258,970	1,934,489	324,481
	Total Operating Expenditure	67,289,541	(4,503,683)	62,785,858	59,724,918	3,060,940
8	Capital Construction	8,684,307	(1,678,846)	7,005,461	6,728,704	276,757
9	Capital Purchases	3,136,812	(500,000)	2,636,812	2,443,581	193,231
10	Capital grants & transfers	15,010,084	(1,220,000)	13,790,084	13,476,116	313,968
	Total Capital Expenditure	26,831,203	(3,398,846)	23,432,357	22,648,401	783,956
13	Value added tax	4,175,298	(742,876)	3,432,422	3,046,323	386,099
	TOTAL	98,296,042	(8,645,405)	89,650,637	85,419,642	4,230,995

40.4 Head 41 - Appropriation Statement

The Water Authority of Fiji incurred expenditures totalling \$251.5 million against a revised budget of \$252 million.

Details of expenditure against the revised budget are provided in Table 40.2 below.

Table 40.2: Head 41 – Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating grant & transfers	118,143,643	-	118,143,643	118,143,643	-
	Total Operating Expenditure	118,143,643	-	118,143,643	118,143,643	-
10	Capital grants & Transfers	132,673,955	1,181,100	133,855,055	133,351,125	503,930
	Total Capital Expenditure	132,673,955	1,181,100	133,855,055	133,351,125	503,930
	Total Expenditure	250,817,598	1,181,100	251,998,698	251,494,768	503,930

40.5 Head 43 - Appropriation Statement

The Fiji Roads Authority incurred expenditures totalling \$405.8 million against a revised budget of \$423.6 million resulting in unutilised budget of \$17.8 million or 4%.

Details of expenditure against the revised budget are provided in Table 40.3 below.

Table 40.3: Head 43 – Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating grant & transfers	14,700,355	-	14,700,355	14,700,355	-
	Total Operating Expenditure	14,700,355	-	14,700,355	14,700,355	-

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
10	Capital grants & transfers	372,885,766	36,017,102	408,902,868	391,115,064	17,787,804
	Total Capital Expenditure	372,885,766	36,017,102	408,902,868	391,115,064	17,787,804
	Total Expenditure	387,586,121	36,017,102	423,603,223	405,815,419	17,787,804

The unutilised budget of \$17.79 million was due to the pending work for the ADB Transport Sector Plan and World Bank Transport Sector Plan which has been deferred to be completed in the 2024/2025 financial year.

40.6 Trading and Manufacturing Account (TMA)

The activities of the TMA are in the following areas:

Joinery - TMA Joinery receives bulk of its work from the Building Section in the form of Capital Works Projects, maintenance of public buildings, interior fit-outs and furnishing of quarters.

Plumber Shop - TMA Plumbing receives its work from the Building Section in the form of Capital Works Projects and maintenance of public buildings.

Fuel and Oil – Fuel and oil products are brought from suppliers at retail prices and sold to customers which are the plant pools of other Ministries and Departments.

Lube Bay – Provide lubrication services and the Lube Bay is open to all government vehicles.

Plant Hire – The principal earning source is derived from hiring of all its resources ranging from light vehicles, heavy vehicles, heavy machineries and plants.

Workshop Wages – Workshop wages TMA consists of Machine/ Fitting Shop, Light & Heavy Garage, Tractor Shop, Welding and Fabrication (Boiler shop) and Refrigeration & Air-conditioning services. The workshop provides mechanical services to plant pool, water & sewerage, buildings, hospitals and other Ministries in delivering of capital and on-going projects.

Blocks Shed - Facilitates the supply of concrete products such as blocks, V – drains, road curbs, marker posts, slabs and other non-structural concrete products needed for building and road construction.

All Trading and Manufacturing Accounts in the respective Divisions have ceilings as noted below:

Table 40.4: Details of TMA Ceiling

TMA Activities	DIVISION		
	DEWN (\$)	DEWCE (\$)	DEWW (\$)
Concrete Products	15,000	-	-
Fuel and Oil	200,000	200,000	200,000
Joinery	50,000	150,000	75,000
Plant Hire	400,000	400,000	400,000
Plumber shop	10,000	40,000	10,000
Lube Bay	-	2,000	-
TOTAL	675,000	792,000	685,000

The details of Consolidated Manufacturing Account for the year ended 31 July 2024 are provided in Table 40.5 below.

Table 40.5: Details of Consolidated Manufacturing Account

Description	31 July 2024 (\$)	31 July 2023 (\$)
Opening Raw materials	76,087	107,162
Add: Purchases	1,568,991	913,703
	1,645,078	1,020,865
Less: Closing Raw Materials	148,915	76,087
Raw Materials Used	1,496,163	944,778
Direct Labour	1,226,681	846,853
Opening Work in Progress	399	11,543
Less: Closing Work in Progress	14,878	399
Cost of Goods Manufactured transferred to Trading Account	2,708,365	1,802,775

The Ministry recorded an increase in cost of goods manufactured by \$905,590 or 50% in 2024 when compared to 2023. The increase in cost of goods manufactured was mainly due to the increase in direct labour cost of \$379,828 or 45%.

The details of Consolidated Trading Account for the year ending 31 July 2024 are provided in Table 40.6 below.

Table 40.6: Details of Consolidated Trading Account

Description	31 July 2024 (\$)	31 July 2023 (\$)
Sales	4,039,825	2,878,729
Finished Goods	91,167	89,309
Add: Cost of Manufactured Goods	2,708,365	1,802,775
Cost of goods available for sale	2,799,532	1,892,084
Less: Finished Goods	88,266	91,167
Cost of Goods Sold	2,711,266	1,800,917
Gross Profit transferred to profit & loss statement	1,328,559	1,077,812

The Ministry recorded an increase in gross profit by \$250,747 or 23% in 2024 when compared to 2023. This was attributed to the increase in gross profit generated by the DECE TMA which totalled \$1.17 million or 88% of the total consolidated gross profit.

The details of Consolidated Profit and Loss Statement for the year ended 31 July 2024 are provided in Table 40.7 below.

Table 40.7: Details of Consolidated Profit & Loss Statement

Description	31 July 2024 (\$)	31 July 2023 (\$)
Income		
Gross Profit transferred from Trading Account	1,328,559	1,077,812
Other income	(1,329)	(194)
Total Income	1,327,230	1,077,618
Expenses		
Travel and communications	37,871	44,576

Description	31 July 2024 (\$)	31 July 2023 (\$)
Maintenance and operation	1,471,210	1,421,978
Purchase of Goods and Services	13,764	1,124
Special Expenses	214	354
Total Expenses	1,523,059	1,468,032
Net (Loss)	(195,829)	(390,414)

The Ministry recorded a decrease in net loss by \$194,585 or 50% in 2024 compared to 2023. This was attributed to the increase in revenue by \$249,612 or 23%.

The details of Consolidated Balance Sheet for the year ended 31 July 2024 are provided in Table 40.8 below.

Table 40.8: Details of Consolidated Balance Sheet

Description	31 July 2024 (\$)	31 July 2023 (\$)
Assets		
Cash at Bank	1,439,935	2,877,130
Accounts Receivable	-	44,719
Inventory	252,059	167,651
Total Assets	1,691,994	3,089,500
Liabilities		
Deposits and deductions	(124,181)	85,761
Unearned Revenue	(254,208)	709,383
Total Liabilities	(378,389)	795,144
Net Assets	2,070,383	2,294,356
Equity		
TMA Accumulated (Loss)	(1,939,198)	(1,891,652)
TMA Surplus Transferred to Consolidated Fund Account	4,009,581	4,186,008
Total Equity	2,070,383	2,294,356

The Ministry recorded a decrease in Net Assets by \$223,973 or 10% in 2024 compared to 2023. The decrease in Net Assets was mainly due to the decrease in Cash at bank balance in 2024 by \$1.4 million or 50%.

40.7 Trust Fund Account

The Trust Fund Account for the Department of Energy is guided by the Rural Electrification Policy (REP) 2016 approved by the Minister for Infrastructure.

The Policy was amended in 2008, whereby the community contribution for all rural electricity schemes was reduced from ten (10) per cent to (5) five per cent.

The revised REP of 2016 constitutes a number of important changes that harmonises with the Green Growth Development Model pursued by the nation in line with the vision of the UN Framework of “Energy for All”; that electricity is now a basic necessity for life and sustainable development. These vital changes include:

- Waiver of community contribution to reciprocate community contribution in kind.
- Removal of finite assistance for diesel schemes recipients making them eligible for electrification via renewable based technologies like solar home systems.
- Increase in the Energy Fiji Ltd’s annual Rural Electrification Fund.
- Increase in validity of EFL Rural Electrification scheme quotations.

- The handover of Solar Home Systems ownership and maintenance to community's and recipients.

The trust fund is for receipts from the rural electrification customers for solar home systems (SHS) and performance bond for house wiring.

The Ministry collected trust fund revenue totalling \$113,538 in 2024 and incurred expenditure totalling \$41,659 resulting in a surplus of \$71,879.

The details of Energy Trust Statement of Receipts & Payments for the year ending 31 July 2024 are provided in Table 40.9 below.

Table 40.9: Details of Energy Trust Statements of Receipts & Payments

Description	31 July 2024 (\$)	31 July 2023 (\$)
Opening Balance at 1 August	533,736	629,754
RECEIPTS		
Bond	22,940	160,518
Solar Home	85,844	1,800
EFL Grid	4,754	-
Bank Interest	-	53
Total Receipts	113,538	162,371
PAYMENTS		
Refund of Performance Bond	38,145	258,284
Bank Fees	42	15
Recovery from Performance Bond	1,852	-
Solar Deposit Refunds	1,620	90
Total Payments	41,659	258,389
Net Surplus/(Deficit)	71,879	(96,018)
Closing Balance as at 31 July	605,615	533,736

PART B: OTHER SIGNIFICANT MATTERS

The Audit Act 2025 requires, amongst other things, that the Auditor-General must report on significant matters that the Auditor-General intends to bring to the attention of Parliament arising from the audits. 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 actions are not taken to address them.

It is important to note that the issues detailed in this report 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 2024.

The matters discussed below are recurring thus the inclusion of management comments from previous years to demonstrate the progress made by the Ministry in implementing recommendations to resolve the issues identified from the audit.

40.8 Significant Arrears of Revenue Owed by CAAF & AFL – Meteorology Department

Cabinet Decision (05) 310 of 2005 ratified that the Civil Aviation Authority of Fiji (CAAF) and Airports Fiji Limited (AFL) reimburse the Fiji Meteorological Services 50% of meteorological aviation costs in relation to the Nadi, Nausori terminal and the en-route only backdating the same to 1 July 1978.

The same Cabinet Decision also approved that a review of the structure of costs be carried out and funded by the Meteorological Office, following which a contract be entered into between the Meteorological Office and the AFL for the provision of weather services to the aviation industry with effect from 1 January 2006.

Since 2005, the AFL reimbursed the Meteorological Office at 50% of the total expenditure instead of the aviation costs. However, from 2008, the AFL commenced to reimburse a fixed amount of \$50,000 per month. The AFL informed the Meteorological Office on 15 April 2008 that until an independent study is carried out to determine the cost related to the aviation sector, it will only reimburse a fixed amount of \$50,000 per month.

The audit noted that the Meteorological Office:

- Has yet to abide by the Cabinet Decision to undertake a review of the structure of the aviation costs and enter into a contract with the AFL for the provision of weather services to the aviation industry.
- Has yet to collect the arrears of revenue owed by CAAF of \$1.89 million as at 31/07/2024.
- Has not billed the AFL since 2008.

While there were talks between the entities, the Meteorological Office is yet to undertake the review of the cost structure on the provision of meteorological services to the aviation industry and resolve the differences with AFL and CAAF. Additionally, the continuous changes in officers handling the issue over the years has impacted the lack of significant efforts towards the recovery of arrears of revenue owed to the Meteorological Office by CAAF.

The Department's revenue may be understated, and this has resulted in the loss of potential revenue for the Government.

Recommendation

It is recommended that the Meteorological Office undertake a review of the cost structure on the provision of meteorological services to the aviation industry and resolve the issue with AFL and CAAF.

Ministry's Comments**2024 comments**

The Consultant appointed by WMO to guide the Review/Establishment of Cost Recovery Framework - Aviation Fee had commenced working with the team from December last year into the first half of this year where he spent about a month and half. He is now back in South Africa and the team is working on the draft report he had submitted.

Report recommendations is pending further agreement of the three offices, the Director Meteorology, the CEO Aviation Authority and the CEO Fiji Airports Ltd before we can present a Cabinet Paper on the same. Their agreement should be the basis of further implementation of the Cost Recovery Framework via a formal agreement before a Cabinet Paper is presented to Cabinet via the normal channels.

This should be completed sometime in 2024/2025 FY.

2023 Comments

It has recently come to light that FMS does not have any legal basis for charging its services to outside organisations. This is being addressed through the PROPOSED METEOROLOGICAL AND HYDROLOGICAL SERVICES BILL 2024. The CP recommending that this Bill be progressed to Parliament was approved by Cabinet during its meeting on 07th May 2024.

In the meantime, the department is currently finalizing a Cabinet Paper to write off the arrears owed by CAAF.

2022 Comments

As per 2021 Management comments, the department is currently working closely with the World Meteorological Services who have agreed to provide the necessary resources and the expertise for the Cost Recovery exercise to be undertaken by the Fiji Met Services but this process may not be as swift as we would like it, due to the processes that need to be undertaken given the stage we are currently at in collaboration with WMO. We cannot pursue the arrears until this exercise of cost recovery is undertaken since the dispute between the two parties is over "what is reasonable charge that Fiji Airports should be paying the Fiji Met" This can only be ascertain once the Cost Recovery Exercise is done.

The review of the rate is currently being handled by the Forecasting Team and is headed by STO Mr. Wayne Pene. The WMO had earlier given some guidelines for the Department to follow and the team had started perusing the guidelines from beginning of the f/year. Talks on this exercise is still ongoing with WMO.

Recovery of Arrears

Once the review rate is being determined, the Ministry will pursue recovery or request for write off. Email correspondence provided, indicating discussions currently undertaken with MoF on the same. A draft cabinet paper is currently being vetted by the Budget Unit (MoF) for the writing off of the arrears of \$1.8m.

The collaboration commenced in 2022 and will be carried out in phases. So far, the WMO has approved the Terms of Reference (TOR) and moving forward to procurement stage with tender closed on 03/08/23 for the engagement of a suitable candidate for the consultancy work. As per Terms of Reference, the engagement of consultant should have commenced in September 2023 for duration of 4 months for the development of a framework for cost recovery for Aeronautical Meteorological Services in Fiji. However, that exercise is further delayed due to no suitable candidate for the consultancy work and it is proposed to be carried out in March 2024. This is work in progress.

The Ministry cannot pursue the arrears unless this cost recovery exercise is undertaken since the dispute between the two parties is over "what is reasonable charge that Fiji Airports should be paying the Fiji Met" The Department has already submitted to Ministry of Finance a Cabinet Paper requesting their second opinion to write off these as bad debts.

2021 Comments

The Department of Meteorology are currently working on designing a cost recovery framework to adopt and to that extent, the department is grateful to the World Meteorological Organization (WMO) who are assisting the Department in addressing recommendation on reviewing the cost structure related to provision of aviation services to the Fiji Airports

formerly AFL.

From collaboration with WMO experts, it is clear that we may need to approach the issue in phases. The final phase will involve an expert consultant who can conduct the review of costs and provide a report. At this point, the WMO is agreeable to bearing the cost of the exercise once we commence with engaging the consultant. It is also part of our plan to involve the Fiji Airports in every phase so there can be agreement when the final report is arrived at.

As for collection of current arrears, be advised that everything is dependent on review of costing since the calculation employed when arriving at the initial charges invoiced to the then AFL was the issue of the dispute in the resulting in the existing arrears.

The department is currently working closely with the World Meteorological Services (WMO) who have agreed to provide the necessary resources and the expertise for the Cost Recovery exercise to be undertaken by the Fiji Met Services. But this process may not be as swift as we would like it due to the processes that need to be undertaken given the stage, we are currently at in collaboration with WMO. We cannot pursue the arrears until this exercise of cost recovery is undertaken since the dispute between the two parties is over “what is reasonable charge that Fiji Airports should be paying the Fiji Met”. This can only be ascertaining once the Cost Recovery Exercise is done.

2019 Comments

Cabinet Decision on engaging a consultant:

- a) Consultant: In order to ascertain an estimated cost of engaging a consultant for this work, the Fiji Met Services is already looking into finalizing the “scope of works” by liaising with, and looking into, established guidelines set by the World Meteorology Organization (WMO) as well as other Met Partners. This work will most probably require overseas assistance since there is no local expertise to carry out this task. Once we get the scope, it should be easy to advertise for bids to the exercise.
- b) Budget: We could not get a special budget for the engagement of a consultant this financial year because of the meagre budget envelope we were given to work with. The Scope of Works should determine the cost which we should table as additional request in next financial year’s budget. We hope to finalise everything by next financial year as per the Cabinet decision.
- c) Pursuing Outstanding Arrears with FAL. Going after FAL for the payment of the \$1.8m AOR would not be easy at this point since they have already given Fiji Met Services the following:
 - An Ultimatum: They will continue to pay FMS \$50,000 until a revision by an independent consultant is finalized.
 - A Demand: FAL formerly AFL had initiated the move to review the cost recovery rates FMS was charging them for aviation forecast services, which led to the \$108m AOR.

40.9 Variance between TMA Building Cash Book and FMIS GL

The Principal Accounts Officer/Senior Accounts Officer/Accounts Officer/Assistant Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month’s bank reconciliation before certifying it.¹

An unreconciled variance of \$1.4 million (2023: \$1.4 million) existed between the Divisional Engineer Central Eastern (DECE) TMA cash at bank balance of \$1.4 million (2023: \$1.97 million) recorded in the FMIS general ledger and the closing cash book balance of \$29,925 (2023: \$572,253) for the year ended 31 July 2024.

The audit noted that the variance was brought forward from 2017 financial year as a result of fraud that occurred in the Central Eastern Division. The issues have not been rectified as the case is before the court. Refer to the table below for details.

¹ Ministry of Infrastructure & Transport 2017/2018 Finance Manual, Section 7.4.8

Table 40.10: Unreconciled Variance – DECE TMA Cash and FMIS GL

Account Description	Account No.	FMIS Balance (\$)	Reconciliation Balance (cash book) (\$)	Variance (\$)
TMA Cash – Buildings	44025191011540201	935,596	29,972	905,624
TMA Cash – Mechanical	44026291011540201	499,463	(47)	499,510
Total		1,435,059	29,925	1,405,134

The above findings may indicate inadequate review of bank reconciliation statements.

Recommendations

The Ministry should:

- maintain proper records of cash received and paid for every TMA;
- ensure that Cash at Bank account is updated and included in the Balance Sheet for all TMAs; and
- take appropriate action to improve the quality of the draft agency financial statements presented for audit.

Ministry's Comments

2024 comments

The Ministry awaits update from FICAC on the status of pending court case.

In addition, the Ministry's TMA being closed by MOF as at FY 2024, all these issues were brought to MOF Officials, however AMU Official confirmed that they will take care of such issues.

2023 Comments

The Ministry awaits update from FICAC on the status of pending court case.

2022 Comments

Comments noted. The case is before the court. The variances were identified by MOIT and Legal Opinion were sought from SG's Office regarding the eligibility for writing off variances. We had written to Ministry of Finance for the write off and wait for their approval. We have made tremendous effort in trying to rectify the variances and made request to relevant authorities for write off however we are still unable to get the required approval till to date.

We had made the following request from:

- 13/09/17: we had made formal submission of SG's Office to seek approval for write off of these unsubstantiated variances.
- 22/02/18: SG's Office advise that since the amount is more than \$ 50,000.00, the request for write off be referred to Minister of Finance under Section 57 (c) (3) of the Finance Instruction 2010.
- 19/03/18: Ministry had written to Ministry of Finance seeking for Write Off of these unsubstantiated variances based on SG's Advice.
- 04/07/18: Asset Management Unit (AMU) email from them requesting Ministry to request FICAC on the status of the case.
- 23/07/18: Ministry had meeting with FICAC on the status of the case.
- 13/08/18: FICAC responded that large quantity of evidence was destroyed thus it was very difficult to determine the actual amount which was misused.

Variance being referred pertains to the inherited 2012 fraud case involving former Accounts Staff at the DECE Office and a number of suppliers of stationary items. The case has been dealt with in part by the Court and has not been closed yet. Legal opinion was sought from the Solicitor General's and the Ministry of Finance Office to write-off these variances.

Listed below are the actions that have been undertaken by the Ministry with regards to this issue:

Ministry continues to follow up with FICAC and Ministry of Finance on the status of the case

- 27/10/2021 – Ministry wrote again to Ministry of Finance following up on memo dated 19/03/21, on write off approval for unsubstantiated variances and advice was given that it was before the Court
- 27/10/21 – Ministry wrote again to FICAC on status of the case however there was no response.

Comment from FICAC was received in 2022 that the case is still on-going hence Ministry will have to await closure of case. Once closed, then the Ministry may be able to further retain approval for write-off.

The Ministry had requested an additional update on the cases on 18/09/22 which they have responded to our request and the status of the case is shown below:

Case No.	Allegation	Prosecution Stage
HAC 53/14	Case against Accounts Officer & 11 others (PWD 2 Professional)	The matter is currently at the Hearing Stage. The hearing should be completed by 23 September 2022.
HAC 99/14	Case against Accounts Officer & 11 others (PWD 3 Stationeries Shop)	This case is yet to be fixed for hearing and the hearing for 2023 should be fixed by the next date which is 28 October 2022.
HAC 193/14	Accounts Officer & 8 others (PWD 5 Stationery shop)	The hearing for this case was concluded on 24 March 2022 and the defence had made an application for a No case to Answer. The matter will be heard next on 29 September for Ruling on that application.
CF: 955/15	Hardware Company & 5 others (PWD 6 Hardware Company)	The matter will be called on 14 November 2022 to a fix hearing date for next year.

The Ministry had requested an additional update on the cases on 05/09/23 which they have responded to our request and the status of the case is shown below:

Case No.	Allegation	Prosecution Stage
HAC 53/14	Case against Accounts Officer & 11 others (PWD 2 Professional)	The matter is listed to be called on 13 th September 2023 for mitigation and sentencing submissions.
HAC 99/14	Case against Accounts Officer & 11 others (PWD, Stationeries Shop)	This case hearing is already fixed for 31/10/23 to 03/11/2023 and 20/11/2023 to 1/12/2023. Matter is adjourned to 11/06/2023 to check on finalized agreed facts and agreed documents
HAC 193/14	Accounts Officer & 8 others (PWD 5 Stationery shop)	The hearing of prosecution case is completed and there is a case to answer. Matter adjourned to 07-08/12/2023 for hearing of defence case.
CF: 955/15	Owner of the Hardware Store & 5 others (PWD 6 Hardware Store)	The company director is deceased. Prosecutions has filed Nolle Prosequi to Discontinue the case against the PWD staff Ms X.

2021 Comments

It should be noted that the current staff have inherited the anomalies in the Bank Reconciliations due to previous fraud case. The accounts have been reconciled after the last financial year and determined the unsubstantiated figures which are clearly identified in the reconciliations under variance. The Ministry had made a formal submission to the Office of the Solicitor General on 13th September 2017 to seek approval for writing off of these unsubstantiated variances as these losses are deemed irrecoverable. On 22nd February 2018, the Office of Solicitor General advised the Ministry that the unsubstantiated variances amount in the Trading and Manufacturing account is more than \$50,000, the request for write-off must be referred to the Minister for Finance under section 57(c) (3) of Finance Instruction 2010 and the Ministry has written to Ministry of Finance dated 19th March 2018 for Write off of the Unsubstantiated variances based on Solicitor General's Opinion.

The Ministry of Finance (Asset Management Unit) email dated 4th July 2018 requested the Ministry to request FICAC on the Status of the Case. The Ministry had a meeting and written to FICAC on 23rd of July 2018 on the status of the case.

PART C: ASSESSMENT OF FINANCIAL REPORTING

40.10 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
Cancellation of unprocessed purchase orders by 08 July 2024	✓	Closing date for journal adjustments by 15 August 2024	✗
Retirement of Imprest by 10 July 2024	✗	Processing of virements by 16 August 2024	✓
Processing of payments by 24 July 2024	✓	Submission of arrears of revenue return by 23 August 2024	✗
Clearance of Inter-departmental clearance accounts by 02 August 2024	✓	Completion of reconciliations by 26 August 2024	✓

Based on information received, we have assessed the 2024 year-end closing process as:

Rating	Year-end closing process assessment
☀ Generally Effective	Five of eight key processes were completed by the due dates

40.11 Quality of Draft Financial Statements

We assessed the quality of draft 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 Public Works, Meteorological Services & Transport was:

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

40.12 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 received for audit. Accordingly, we have assessed timeliness as:


Rating	Timeliness of draft financial statements assessment
☹ Ineffective	Acceptable draft financial statements received after 31 October 2024

40.13 Timeliness of Provision for 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 date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Rating	Timeliness of Management Comments Received
 Ineffective	After 14 days from the date of issue of Draft Management Letter.

Rating	Timeliness of Signed Financial Statements Received
 Effective	Within 14 days from the date of issue of Financial Statements for signing.



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