



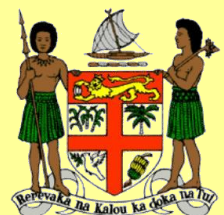
OFFICE of the AUDITOR GENERAL
Republic of Fiji

EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Volume 1

**Audit Report on Whole of Government Financial
Statements and Annual Appropriation Statements 2016**



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 99 OF 2017



OFFICE of the AUDITOR GENERAL
Republic of Fiji

EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Volume 1

**Audit Report on Whole of Government Financial
Statements and Annual Appropriation Statements 2016**



OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File: 102

29 June 2017

The Honorable Dr. Jiko Luveni
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
SUVA

Dear Dr. Luveni

Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement of the Republic of Fiji for the year ended 31 July 2016

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 audit of the Whole of Government financial Statements and the Annual Appropriation Statement of the Republic of Fiji for the year ended 31 July 2016.

A copy of the report has been submitted to the Minister for Finance who as required under section 152 (14) of the Constitution will 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.

Ajay Nand
AUDITOR-GENERAL



Foreword

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. In February 2016, the nation was devastated by severe Tropical Cyclone Winston which became the strongest tropical cyclone to make landfall in Fiji and the South Pacific Basin in recorded history. Immediately following the cyclone, Government with the support of the local and international community engaged in rehabilitation works which are still continuing as a result of the large extent of damage to infrastructure.

The accounts of Whole of Government of Republic of Fiji together with 36 Ministries and Departments (Agencies) for the seven-month period ending 31 July 2016 were audited during 2016/2017. The audit reports and significant audit findings have been reported in accordance with section 152 of Constitution of the Republic of Fiji.

The audit of financial statements for Whole of Government for the period ending 31 July 2016 concludes with an unqualified audit report. The accounts have been faithfully and properly kept in accordance with section 152(2) of the Constitution, section 6 of the Audit Act 1969 and sections 46 and 47 of the Financial Management Act 2004.

However, emphasis has been made to improve expenditure authorization and budgetary control, reconciliation of Trust Fund and Trading and Manufacturing Accounts against the general ledger and funds kept in bank accounts. In addition, the accounts of government has not been consolidated with the financial statements of other controlled entities, as voluntary disclosure, to promote accountability and transparency.

The financial statements of the Republic of Fiji have been presented in accordance with the Financial Management Act 2004 with direct reference to the budget estimates of Government. Presentation and certain disclosures have also been made in accordance with cash-basis International Public Sector Accounting Standards (IPSAS).

The audit reports comprise of four volumes which have been presented in accordance with the budget sectors as follows:

- | | | |
|--------|---|---|
| Volume | 1 | Audit Report on the <i>Accounts and Finance</i> of Government |
| | 2 | Audit Report on the General Administration Sector |
| | 3 | Audit Report on the Social Services Sector |
| | 4 | Audit Report on the Economic Services and Infrastructure Sector |

Volume 1 of the report should be read in conjunction with the 2016 financial statements for Whole of Government, the appropriation statement of the Republic of Fiji and my opinion expressed on them for the year ended 31 July 2016. Since the 2016 financial statements reflect transactions for a seven-month

period whereas the 2015 financial statements is for a 12-month period, there are significant variances with the comparative balances.

Audit Opinion on respective Ministry/Department (Agency) Financial Statements

A total of 36 Agency Financial Statements were prepared in accordance with the Financial Management Act 2004 and Finance Instructions 2010. Of these, unqualified audit reports were issued on 23 financial statements while audit reports on 13 financial statements were qualified on the following grounds:

- Closing account balances were not always properly reconciled or not reconciled at all resulting in unexplained variances which were significant in some cases ; and
- Financial transactions were not always properly supported or not supported at all by relevant supporting documents.

Trust Fund Accounts

Large amounts of funds are held in Trust Fund account and transactions of significant value were made from these accounts during the financial year. However, proper books of records were not maintained for some accounts while others were operated without documented and approved Standard Operating Procedures. In addition, definite plans on how the substantial closing balances in some accounts would be utilized in the next twelve months, was not sighted. Due to these reasons, there is a high risk of funds held in trust being utilized for purposes which were not intended.

Trading and Manufacturing Accounts

Financial transactions of significant value are also effected through Trading and Manufacturing Accounts (TMAs) operated by Ministries and Departments. Similar to Trust Fund accounts, Standard Operating Procedures have not been documented and approved for the operation of some TMAs. The operation of TMAs which were set-up by Government years ago, have not been reviewed in view of their need in the current business environment. Hence some TMAs seem to have outlived their purpose.

Public debt

At the end of financial period ended 31 July 2016, the percentage of national debt relative to GDP (provisional figure) at 46% when compared to 2015. The percentage growth in Government debt was same as the percentage growth in the economy resulting in no change in the debt burden of individuals in 2016.

The Government needs to sustain its existing resources to fund its current programs, commence new projects as well as meet existing creditor obligations in order to maintain the level of borrowings at a sustainable level.

Root Cause Analysis

The root-cause for the issues highlighted in *Volumes 1 – 4 of the 2016 Audit Reports* can be attributed to the quality of human resources employed in Ministries and Departments which needs to be improved immediately. Permanent Secretaries, who have been assigned the responsibility for efficient, effective and economical management of Ministries and Departments by section 127(3) of the Constitution, should use the authority provided to them by section 127(8) of the Constitution to design policies, processes and procedures which hold staffs accountable for non-performance of assigned roles and responsibilities.



Ajay Nand
AUDITOR GENERAL



CONTENTS

Volume 1: Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement

Part 1: Whole of Government Financial Statements and Annual Appropriation Statement for the Republic of Fiji for the Year Ended 31 December 2015

Part 2: Report of the Whole of Government Financial Statements and Annual Appropriation Statement

Volume 2:

1. Office of the President
2. Office of the Prime Minister
3. Office of the Attorney General
4. Ministry of Finance
5. Ministry of i-Taukei Affairs
6. Ministry of Immigration, National Security and Defence
7. Ministry of Employment, Productivity and Industrial Relations
8. Ministry of Foreign Affairs
9. Office of the Auditor General
10. Elections Office
11. Judiciary
12. Parliament
13. Independent Commissions
14. Office of the Director of Public Prosecutions
15. Ministry of Justice
- 15A Fiji Correction Services
16. Ministry of Communication
- 16A Department of Information Technology and Computing Services
17. Public Service Commission
18. Ministry of Rural and Maritime Development and National Disaster Management
19. Republic of Fiji Military Forces
20. Fiji Police Force

Volume 3:

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

Volume 4:

30. Ministry of Agriculture
32. Ministry of Fisheries and Forests
33. Ministry of Lands and Mineral Resources
34. Ministry of Industry, Trade and Tourism
35. Ministry of Sugar
36. Ministry of Public Enterprise
37. Ministry of Local Government, Housing and Environment
40. Ministry of Infrastructure and Transport
49. Peacekeeping Missions

VOLUME 1

Volume 1: **Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement**

Part 1: Whole of Government Financial Statements and Annual Appropriation Statement for the Republic of Fiji for the Year Ended 31 December 2015

Part 2: Report of the Whole of Government Financial Statements and Annual Appropriation Statement

**Part 1: Whole of Government Financial
Statement and Annual
Appropriation Statement for the
Republic of Fiji for the Year Ended
31 December 2016**

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File 120

29 June 2017

The Honourable Aiyaz Sayed-Khaiyum
Minister of Economy
P.O. Box 2226
Government Building
SUVA

Dear Sir

AUDITED FINANCIAL STATEMENTS
GOVERNMENT OF THE REPUBLIC OF FIJI
FOR THE SEVEN MONTHS ENDED 31 JULY 2016

Audited financial statements for the Government of the Republic of Fiji for the seven months ended 31 July 2016 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the management of the Ministry of Economy for its necessary actions.

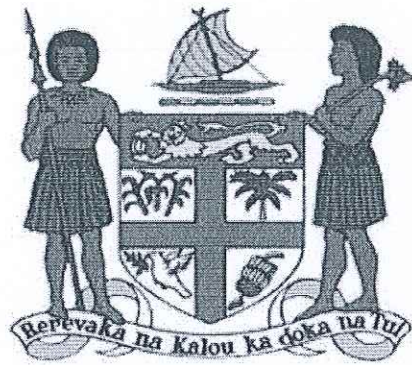
Yours faithfully

A handwritten signature in blue ink, appearing to read 'Ajay Nand'.

Ajay Nand
AUDITOR-GENERAL

Cc. Ms. Makereta Konrote, Permanent Secretary for Economy

Encl.



Financial Statements
Government of Republic of Fiji
for the year ended 31 July 2016

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032

Fax: (679) 330 3812

E-mail: info@auditorgeneral.gov.fj

Website: <http://www.oag.gov.fj>



INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS OF THE GOVERNMENT OF THE REPUBLIC OF FIJI FOR THE SEVEN MONTHS PERIOD ENDED 31 JULY 2016

Audit Opinion

I have audited the financial statements of the Government of the Republic of Fiji for the seven months period ended 31 July 2016 in accordance with section 152 of the 2013 Constitution of the Republic of Fiji, section 46(2) b and section 47(2) b of the Financial Management Act 2004, section 22 of the Financial Management (Amendment) Act 2016, section 6 of the Audit Act 1969. The financial statements comprise of the following:

- Statement of Cash Flows
- Statement of Comparison Budget and Actual (Budget Funding Programme)
- Statement of Comparison Budget and Actual (Economic classifications)
- Statement of Assets and Liabilities
- Statement of Revenue and Expenses
- Statement of Changes in Equity, Statement of Contingent Liabilities
- Statement for Annual Appropriations and Budget Results as included in Schedules 7 to Schedule 14 for the 7 months period ended 31 July 2016, and the notes to the financial statements including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are prepared in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS) under Cash Basis of Accounting, Financial Management Act 2004, Financial Management (Amendment) Act 2016 and the Finance Instructions 2010.

Without qualifying the above opinion, I draw attention to the following:

- Trust Fund Account balance amounting to \$26,739,044 was not supported with detailed listings of claimants of the monies held in trust.
- Expenditures amounting to \$16,886,144 were not properly authorised while expenditures totalling \$5,272,698 were incurred without requisite budgetary approval.
- Ministries and Departments did not always provide relevant supporting documents such as payment vouchers, acquittals and agreements to support the expenditures incurred. Share certificates were also not produced for investments totalling \$14,684,473.
- Reconciliations were not always prepared for Trust Fund and Trading and Manufacturing Accounts (TMA) administered by Ministries and Departments and where reconciliations were prepared, variances were noted between general ledger and cash at bank balances for these accounts. The net errors and omissions for Cash at Bank balance totalled \$6,768,803.

I have conducted my audit in accordance with the International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities* paragraph of my report. I am independent of the Ministry in accordance with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibilities for the Financial Statements

The management of the Ministry of Economy are responsible for the preparation of the financial statements in accordance with the IPSAS under Cash Basis of Accounting, Financial Management Act 2004, Financial Management (Amendment) Act 2016 and the Finance Instructions 2010, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Mis-statements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministries/Department's internal control.
- Evaluate the appropriateness of accounting policies used and related disclosures made by the Ministries/Department.

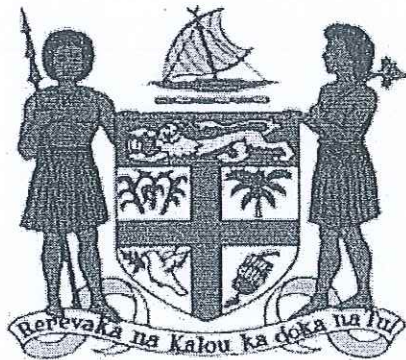
I communicate with the Ministry of Economy regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Nand
AUDITOR GENERAL



Suva, Fiji
29 June 2017



Financial Statements Government of Republic of Fiji

for the year ended 31 July 2016

Tables of Contents

Schedules	Description	Page No.
Primary Financial Statement according to Cash Basis IPSAS		
Schedule 1	Statement of Cash Flows.....	1-2
Schedule 2	Statement of Comparison of Budget and Actual according to Budget Funding Programme.....	3
Schedule 2A	Statement of Comparison of Budget and Actual Amounts by Economic classifications.....	4
	Notes to and forming parts of the Financial Statements (Note 1 - 8).....	5-10
Other Financial Statement required by law		
Schedule 3	Statement of Assets and Liabilities.....	11
Schedule 4	Statement of Revenue and Expenses.....	12
Schedule 5	Statement of Changes in Equity.....	13
Schedule 6	Statement of Contingent Liabilities of Government.....	14-15
	Notes to Other Financial Statements (Note 9 - 32).....	16-32
Schedule 7	Segmentation Report by Fund Classification.....	33-34
Schedule 8	Summary of Revenue.....	35
Schedule 9	Detailed Revenue Comparison.....	36-41
Schedule 10	Statement of Expenditure against Appropriation Heads.....	42-43
Schedule 11	Statement of Reportable Authorizations.....	44
Schedule 12	Budget Result, Estimates & Projections.....	45
Schedule 13	Disaggregation of Actual Revenue and Expenditure by Economic Type.....	46-48
Schedule 14	Estimate and Actual Budget Result.....	49

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF CASH FLOWS
 (EXCLUDING CONTROLLED ENTITIES)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 1

	Notes	Actual Controlled	Payment by	Actual Controlled
		by the Government	third parties (Note 4)	by the Government
		2016	2016	2015
Cash flows from operating activities		(\$)	(\$)	(\$)
<i>Receipts</i>				
Direct Taxes		436,669,065		605,113,135
Indirect Taxes		877,850,903		1,754,750,096
Fees, Charges, Fines and Penalties		65,769,823		104,827,452
Sales Revenue (TMA)		9,277,047		22,745,668
Other Revenues and Surpluses		21,835,293		41,813,998
Reimbursements and Recoveries		14,323,312		17,987,093
Grants in Aid (overseas)		17,070,657		18,321,910
Net receipts into trust fund accounts		9,550,980		6,563,485
<i>Payments</i>				
Established Staff		(458,175,830)		(773,262,555)
Unestablished Staff		(28,140,510)		(45,089,205)
Travel and Communications		(19,784,237)		(29,437,581)
Maintenance and Operations		(43,854,666)		(91,109,340)
Purchase of Goods and Services		(79,845,472)		(89,620,229)
Operating Grants and Transfers		(295,386,734)		(436,078,259)
Special Expenditure	3	(48,273,436)		(75,576,742)
Pensions, Gratuities and Compassionate Allowances		(20,754,067)		(38,878,319)
Value Added Tax		(21,689,835)		(55,636,374)
Cost of Goods Sold (TMA)		386,319		(6,938,953)
Trading and Manufacturing Accounts (TMA) Other		(8,981,546)		(7,984,559)
Interest Payments on Loans		(150,088,630)		(295,147,698)
Net Advance Payment/(Receipt)		1,905,087		---
Net cash flows from operating activities		279,663,523	---	627,363,023
<i>Cash flows from investing activities</i>				
Investing Receipts		67,559,755		250,701,651
Capital Expenditure		(579,935,614)	(10,335,087)	(931,396,921)
Receipts from Lending & On - Lending		1,746,402		---
Net cash flows from investing activities		(510,629,457)	(10,335,087)	(680,695,270)
Net cash inflows before financing		(230,965,934)		(53,332,247)
<i>Cash flows from financing activities</i>				
Proceeds from borrowings		243,361,984		687,416,972
Repayment of borrowings		(39,445,755)		(677,261,695)

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF CASH FLOWS (cont...)
 (EXCLUDING CONTROLLED ENTITIES)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 1

	Notes	Actual Controlled by the Government 2016 (\$)	Payment by third parties (Note 4) 2016 (\$)	Actual Controlled by the Government 2015 (\$)
Cash flows from financing activities (cont...)				
Treasury Bills Net Proceeds/(Repayments)		20,588,928		14,672,400
Third Party Payments		---	10,335,087	---
Net cash flows from financing activities		224,505,157	10,335,087	24,827,677
Net increase/(decrease) in cash and cash equivalents	11(a)	(6,460,777)		(28,504,570)
Cash and cash equivalents at the beginning of the period		224,036,754		224,560,999
Cash booked directly to equity		---		12,775,842
Effects of exchange rate changes on cash held in foreign currencies		920,921		15,204,483
Cash and cash equivalents at the end of the period	11	218,496,898	---	224,036,754

The cash flow also includes other budgetary cash flows such as that from the Trading & Manufacturing Activities and Trust.

Ministry of Economy
 Suva, Fiji

Dates 28 of the month of June, 2017


 Ms. Makereta Konrote
 Permanent Secretary for Ministry of Economy

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 BY BUDGET FUNDING PROGRAMME
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 2

	Original 2016 (\$)	Revised 2016 (\$)	Actual 2016 (\$)	Actual/ Original 2016 %
Expenditure				
Operating (Standard Expenditure Groups 1-7)	1,705,531,334	1,714,660,665	973,460,885	43
Operating (Pensions-SEG 11)	42,343,300	42,343,300	20,754,067	51
Operating (Public Debt-SEG 12, 14,15)	276,995,864	276,995,864	150,088,630	46
	2,024,870,498	2,033,999,829	1,144,303,582	43
Capital (SEGs 8-10)	1,340,573,046	1,330,033,790	590,688,998	56
	3,365,443,544	3,364,033,619	1,734,992,580	48
Value Added Tax (SEG 13)	49,092,943	50,502,868	21,689,835	56
Total Expenditure	3,414,536,487	3,414,536,487	1,756,682,415	49
Revenue				
Operating Receipts	2,770,093,658	2,770,093,658	1,433,248,435	48
Investing Receipts	358,637,412	358,637,412	67,559,755	81
Total Revenue	3,128,731,070	3,128,731,070	1,500,808,190	52
Net Deficit/(Surplus) 2016	285,805,417	285,805,417	255,874,225	10
Debt Repayments 2016	159,630,714	159,630,714	91,250,756	43
Gross Deficit/(Surplus) 2016	445,436,131	445,436,131	347,124,981	22
Net Deficit as a Percent of GDP	2.9%		2.6%	
Nominal GDP	9,691,109,000		9,852,704,113	
Gross Deficit To be Financed From:				
Overseas Loans	149,792,400	149,792,400	10,335,087	93
Domestic Loans	295,644,300	295,644,300	295,166,984	0.2
	445,436,700	445,436,700	305,502,071	31

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 BY EXPENDITURE - ECONOMIC CLASSIFICATIONS
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 2A

	Original	Revised	Actual	Actual/ Original
	2016	2016	2016	2016
	(\$)	(\$)	(\$)	%
1. Established Staff	839,943,939	829,237,347	458,175,830	45
2. Unestablished Staff	46,232,280	48,044,772	28,140,510	39
3. Travel and Communications	33,757,289	34,555,647	19,784,237	41
4. Maintenance and Operations	74,122,401	73,418,298	43,854,666	41
5. Purchase of Goods and Services	142,235,512	139,195,898	79,845,472	44
6. Operating Grants and Transfers	484,561,044	486,568,275	295,386,734	39
7. Special Expenditures	84,678,869	103,640,428	48,273,436	43
Total Departmental Operating Expenditure	1,705,531,334	1,714,660,665	973,460,885	43
<i>Unallocable Operating Expenditures</i>				
11. Pensions, Gratuities & Compassionate Allowances	42,343,300	42,343,300	20,754,067	51
12. Charges on Account of Public Debt	276,995,864	276,995,864	150,088,630	46
Total Unallocable Operating Expenditure	319,339,164	319,339,164	170,842,697	47
TOTAL OPERATING EXPENDITURE	2,024,870,498	2,033,999,829	1,144,303,582	43
8. Capital Construction	162,043,412	160,743,778	54,938,745	66
9. Capital Purchase	63,006,814	64,701,100	23,647,296	62
10. Capital Grants and Transfers	1,115,522,820	1,104,588,912	512,102,957	54
TOTAL CAPITAL EXPENDITURE	1,340,573,046	1,330,033,790	590,688,998	56
13. Value Added Tax	49,092,943	50,502,868	21,689,835	56
TOTAL EXPENDITURE	3,414,536,487	3,414,536,487	1,756,682,415	49

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENT
FOR THE PERIOD ENDING 31 JULY 2016

1. General Information

The Government of Fiji is based in Suva.

The principal activities of the government are:

- (i) the administration of public financial affairs
- (ii) the provision of goods and services required by its citizens
- (iii) the collection, management and use of public resources.

2. Significant accounting policies

2.1 Basis of Preparation

The financial statements namely, the Cash Flow Statement (Schedule 1) and the two Statements of Budget and Actual Comparisons (Schedule 2 and 2A) are prepared on cash basis as per the requirement of the Cash - basis IPSAS reporting requirements and the Cabinet decision 277 of 2010. The notes to the financial statements form an integral part to understanding the statements and shall be read in conjunction with the primary statements. Further to complying with Cash - basis IPSAS reporting, additional presentations and disclosures are also being made in line with the Financial Management Act 2004. This Statements provided for in Schedule 3 to Schedule 14 were drawn up using modified - cash figures from the Government general ledger.

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

The same accounting policies in 2015 have been adopted in 2016 except for some debt related transactions.

2.2 Basis of Consolidation

The financial statements are for the National Government of Fiji comprising of ministries and departments that are part of the Central Government budget including financial operations of these ministries that are outside the budget, such as Trade and Manufacturing Accounts and Trust Accounts as authorized by law. We did not consider consolidation of other public entities because there is an ongoing study by IPSASB on this issue, and the proposal is to consider this as '**encouraged**' only.

Intra-economic entity transactions, receipts and expenditures are eliminated on consolidation.

2.3 Payment by third parties

The Government benefits from goods and services purchased on its behalf as a result of cash payments made by third parties (donors) during the period by way of loans and grants. The payments made by the third parties do not constitute cash receipts or payments by the Government but do benefit the Government. They are disclosed in the payments by third parties column in the Cash Flow Statement. These third parties (donors) are not part of the Government of Fiji (economic entity).

Such disclosures are only made when the government has been formally advised by the third party (the donor) or the recipient that such payment has been made or the government has otherwise verified the payment.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

2. Significant accounting policies (cont...)

2.4 External assistance received in the form of goods and services

The Government of Fiji has received goods and services in 2016 from donors however, the value of these aid in-kind assistance are not reported or disclosed due to the lack of reliable information from the providers. These assistance include goods such as computers and medical equipment, and services such as technical assistance.

2.5 Cash and cash equivalents

Cash and cash equivalents comprises of cash at bank, short term demand deposits in overseas banks and cash on hand. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments. Cash is mainly kept in the Reserve Bank of Fiji, commercial banks and cash registers.

Reporting currency and amounts

The reporting currency is FJ \$, the currency of the Government of Fiji. Cash flows are converted to Fiji dollars using the monthly average exchange rate by the Reserve Bank of Fiji. Amount held in foreign currencies are converted using spot rate on the reporting date. The financial year end for Government was changed from 31 December to 31 July as stipulated in the Financial Management (Amendment) Act 2016. The financial statement for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a twelve month period

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

3. Special Expenditure

Special Expenditure (SEG 7) relate to one off or unique projects of government. In 2016, there were altogether 286 special expenditure activities, listed below are the top 14 activities.

Activity	Head of Appropriation	31-Jul-16 (\$)
Tropical Cyclone Winston	Rural and Maritime Development & National Disaster Management	13,764,836
Other Setup and Implementation	Education, Heritage and Arts	3,199,468
General Reserves (OPR & CAP)	Miscellaneous Services	2,056,259
Outsourcing	Health and Medical Services	2,017,537
Consultation Fees	Communication	1,314,153
Workman Compensation	Employment, Productivity and Industrial Relations	1,308,911
National Export Strategy	Industry, Trade and Tourism	1,054,377
Employment & ERP	Economy	1,052,506
	Employment, Productivity and Industrial Relations	994,973
Engagement of Coaches	Youth and Sports	750,883
Government Contribution - Global Fund (TB)	Health and Medical Services	750,000
Other Setup & Implementation	Education, Heritage and Arts	694,446
TC - Shanghai	Industry, Trade and Tourism	552,767
Pacific Festival of Arts	Education, Heritage and Arts	543,583
		<u>30,054,699</u>
Others (comprises of 272 activities across various Ministries)		<u>18,218,737</u>
		<u>48,273,436</u>

4. External Assistance

The government receives external assistance in four ways:

- External grant assistance received through government-controlled bank accounts
- External cash borrowing received through government-controlled bank account
- Third party payments (payments by donors directly to suppliers)
- External assistance received in the form of goods and services (not disclosed)

External assistance received through government-controlled bank accounts and third-party payments

	31-Jul-16 (\$)	31-Dec-15 (\$)
External assistance received - loan direct disbursements	10,335,087	114,106,618
External cash borrowing (Global bonds) received through government-controlled bank account	---	430,060,843
External grant assistance received through government-controlled bank accounts	17,070,657	18,321,910
Total External assistance received	<u>27,405,744</u>	<u>562,489,371</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

5. Undrawn Borrowing Facilities

The total undrawn loan balance from current loan facilities with EXIM Bank of China, World Bank - International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD) and the Asian Development Bank (ADB) was approximately \$544.3 million as at 31 July 2016. Loans undrawn from EXIM Bank of China amounts to approximately \$12.8 million, World Bank amounted to \$207.4 million, IFAD amounted to \$7.1 million while undrawn loans from ADB equals \$317.3 million. The loan amounts were converted to the Fiji dollar using the end of year exchange rate: FJD/CNY = 3.1198 FJD/USD = 0.4811 and FJD/EUR = 0.4342

Loan Account	Total Loan as per Agreement	Loan Proceeds received	Loans cancelled	Undrawn balance available for future years	Fiji dollar equivalent as at 31/07/2016 FJD (millions)
A. Bilateral (CNY millions)					
2010 Fiji Low Cost Housing Loan Project (CYN) (Restated)	200.0	134.3	65.7	0.0	0.0
2010 Roads Improvement Sigatoka/Serea Loan # 729988 (CYN)	328.0	326.0	2.0	0.0	0.0
2010 Roads Improvement Buca Bay/Moto Road Loan (CYN)	366.0	366.0	0.0	0.0	0.0
2012 Nabouwalu/Dreketi Loan (CYN)	840.0	798.9	0.0	41.1	12.8
Total	1,734.0	1,625.3	67.7	41.1	12.8
B. Multi-lateral (USD millions)					
2010 ADB Suva/Nausori Water Supplementary Loan FJ 2603 (USD)	23.00	22.3	0.7	0.0	0
2009 ADB Emergency Flood Recovery Loan 2541 (USD)	17.56	17.0	0.5	0.0	0
2014 ADB Transport Infrastructure Sector Project	100.00	0.2	0.0	99.8	207.4
2015 ADB Urban Water Supply & Waste Water Management	2.65	0.0	0.0	2.7	5.5
2016 ADB Emergency Assistance for Recovery TC Winston	50.00	0.0	0.0	50.0	103.9
2016 IBRD Post Cyclone Winston Emergency LN8632	50.00	0.0	0.0	49.9	103.7
2016 IBRD Transport Infrastructure and Investment Project LN8482	50.00	0.0	0.0	50.0	103.9
Total	293.21	39.5	1.2	252.4	524.4
C. Multi-lateral (EUR millions)					
2015 IFAD - Fiji Agricultural Partnership Project	3.1	0.0	0.0	3.1	7.1
TOTAL					544.3

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

6. Undrawn Grant Facilities

Donor Institution/Project Name	Currency	Total Amount of Approved Grant 2016	Total grants received as at 31	Grants received 2016	Total Grants received as at 31	Undrawn Balance as at 31 Jul 2016
		<i>FJD</i> <i>(millions)</i>	<i>FJD</i> <i>(millions)</i>	<i>FJD</i> <i>(millions)</i>	<i>FJD</i> <i>(millions)</i>	<i>FJD</i> <i>(millions)</i>
General Budget Support	FJD	14.40	3.40	0.49	0.49	13.9
Direct Project Support	FJD	7.5	5.00	5.30	5.3	2.2

Notes:

- General budget support - These are cash grants as provided in the Budget Estimates
- Direct budget support - This represent ad-hoc cash grant received and released directly for the project to the recipient agencies. Undrawn balance - Balance of funds which are returned to Head 50 on 31 July 2016.

During this period, government had complied with all the significant terms and conditions of external assistance loan and grant agreements.

7. i) Original and Revised Budget and Comparison of Actual and Budget

The original budget objectives and policies, subsequent revisions, and significant differences between actuals and budget are explained as follows:

Explanation of variances between Original and Revised budget amounts

The changes between the Original Budget and the Revised Budget Estimates are a consequence of reallocations within the various budgetary expenditure items (virement).

7. ii) *Basis Differences*

The budget is approved on a cash basis. The government's accounting system is kept on a modified cash basis. Some expenditures are modified because some cash outflows such as accountable advances to employees for business travel are not reported when the payment is made but at the time of acquittal. Likewise, some cash inflows such as trust money are not reported as revenues.

The Cash Flow Statement are prepared on the cash basis. The general ledger amounts were adjusted to make them consistent with the cash basis to be included in the Cash Flow Statement.

In addition to the above, the basis for budgeting of Treasury bills is different from the basis used in accounting or reporting of Treasury bills. The Annual Appropriation Act appropriates the interest portion of Treasury Bills whereas the Cash Flow Statement records net of total issuance and redemptions. Treasury Bills is considered by government as a liquidity instrument and not a financing tool as it is less than a year in maturity and its sole purpose is to cover for shortfalls in revenue. T-bills have various maturities and are issued at a discount from par value.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

Entity Differences

- The approved budget includes all entities within the central government sector.
- The budget deals only with the general government sector which excludes other extra budgetary activities. The Cash Flow Statement includes the same entities as the budget and other extra budgetary activities such as TMAs and Trust.

There is an entity difference: the budget is prepared for the government budgetary sector and the Cash Flow Statement includes both budgetary and extra budgetary entities. The entity differences are considered immaterial.

Timing Difference

The budget and the Cash Flow Statements are prepared for the same period (financial year).

8. Authorization Date

These IPSAS Financial Statement were authorized for issue by the Permanent Secretary for Ministry of Economy on 28 June 2017.

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 JULY 2016

Schedule 3

	Notes	2016 (\$)	2015 (\$)
ASSETS			
Current Assets			
Cash and cash equivalent	11	218,496,898	224,036,754
Accounts Receivable	12	2,445,653	2,521,296
Prepayments	13	1,700,879	3,605,966
Inventory	14	3,971,882	3,585,563
Total Current Assets		226,615,312	233,749,579
Non Current Assets			
Term-Loans Receivable	15	273,329,834	267,571,883
Equity Investments	16	445,303,322	456,439,893
Total Non Current Assets		718,633,156	724,011,776
TOTAL ASSETS		945,248,468	957,761,355
LIABILITIES			
Current Liabilities			
Accounts Payable	17	678,877	70,710,169
Deferred Income	18	3,230,049	2,147,579
Trust fund account	19	143,329,585	133,778,605
Term Loans Payable - Treasury Bills	20(a)	163,844,780	143,255,852
Term Loans Payable - Overseas Loans	20(a)	52,974,444	67,465,831
Term Loans Payable - Domestic Loans	20(a)	99,643,000	90,005,000
Total Current Liabilities		463,700,735	507,363,036
Non Current Liabilities			
Term-loans Payable Overseas Loans	20(d)	1,205,753,949	1,173,941,555
Term-loans Payable Domestic Loans	20(e)	2,980,207,613	2,746,483,629
Total Non Current Liabilities		4,185,961,562	3,920,425,184
TOTAL LIABILITIES		4,649,662,297	4,427,788,220
EQUITY		(3,704,413,829)	(3,470,026,866)

The accompanying notes form an integral part of these financial statements.

Ministry of Economy

Suva, Fiji

Dated 28 of the month of June, 2017



Ms. Makereta Konrote

Permanent Secretary for Ministry of Economy

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF REVENUE & EXPENSES
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 4

	Notes	2016 (\$)	2015 (\$)
REVENUE			
Operating Revenue	22	1,433,248,435	2,544,762,858
Investing Revenue	23	67,559,755	255,471,929
Trade and Manufacturing Operations	31(a)	<u>14,154,922</u>	<u>20,179,608</u>
TOTAL REVENUE		<u>1,514,963,112</u>	<u>2,820,414,395</u>
EXPENSES			
Operating Expenses	25	994,214,952	1,585,800,761
Capital Expenses	26	590,688,998	1,045,016,389
Value Added Tax	27	21,689,835	55,558,866
Interest Payments on Loans	28	150,088,630	295,416,310
Trading and Manufacturing operations	31(b)	<u>8,595,227</u>	<u>14,911,192</u>
TOTAL EXPENSES		<u>1,765,277,642</u>	<u>2,996,703,518</u>
Deficit for the year		<u>(250,314,530)</u>	<u>(176,289,123)</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 5

	2016 (\$)	2015 (\$)
Opening Balance 1 January	3,470,026,866	3,191,758,630
Changes in equity during the year		
Deficit for the year - consolidated fund account	255,874,225	181,557,540
Surplus for the year - trade and manufacturing account	(5,559,695)	(5,268,416)
Revaluation of External Debt due to foreign currency conversions	(24,319,154)	70,666,171
Revaluation of shares	464,713	92,448,913
Adjustments of errors underlying account balances	893,663	13,050,162
Adjustments of errors in equity investments	10,667,315	---
Previous years adjustment of term loans receivables	(7,504,353)	(62,731,568)
Effects of exchange rate movements in International Finance Corporation investment balance	4,542	---
Effects of exchange rate movements in JP Morgan bank balance	920,921	(15,204,483)
Cash Remitted to Consolidated Fund Account	2,944,786	3,749,917
Equity	3,704,413,829	3,470,026,866

**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CONTINGENT LIABILITIES
FOR THE PERIOD ENDING 31 JULY 2016**

Name	Notes	Guarantee Balance 1 Jan 2016 (\$)	New Loan Guaranteed Issued in 2016 (Jan- July) (\$)	Guarantee Reduction in 2016 Loan Repayments (\$)	Accrued Interest 2016 (\$)	FX Effect (\$)	Guaranteed Balance plus interest accrued 31 July 2016 (\$)
Section A:							
<u>Explicit Contingent Liabilities - Guarantee of Loans</u>							
<u>Raised</u>							
1 Fiji Development Bank	21	169,955,514	30,000,000	(18,779,551)	2,719,807	---	183,895,770
2 Fiji Electricity Authority		335,482,771	3,882,630	(14,634,595)	385,104	(589,702)	324,526,208
3 Fiji Hardwood Corporation		6,423,407	---	(1,287,095)	80,004	---	5,216,316
4 Fiji Pine Limited		3,546,402	---	(376,612)	---	---	3,169,790
5 Fiji Sugar Corporation		200,000,200	86,146,131	(111,657,660)	245,976	(1,445,198)	173,289,449
6 Housing Authority		79,575,591	---	(4,975,591)	---	---	74,600,000
7 Fiji Sports Council		4,250,452	---	(2,125,000)	---	---	2,125,452
8 Fiji Ports Corporation Limited		5,227,060	---	(3,833,888)	47,113	(72,957)	1,367,328
9 Fiji Broadcasting Corporation		17,581,733	---	(1,055,308)	---	---	16,526,425
10 Pacific Fishing Company Limited (Restated)		2,433,079	1,998,436	(1,818,961)	22,310	---	2,634,864
Government Guarantee		824,476,209	122,027,197	(160,544,261)	3,500,314	(2,107,857)	787,351,602
Section B:							
<u>Other Explicit Contingent Liabilities - Subscription for Membership</u>							
1 International Bank for Reconstruction and Development (IBRD)	21						237,533,224
2 Asian Development Bank							198,595,168
Total							436,128,392
Particulars							
Notes		Authority		Liability as at 31 July 2016 (\$)			
21		Approval of House of Representatives 30/3/71; Act No. 21 of 1971					

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CONTINGENT LIABILITIES (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

Schedule 6

Particulars	Notes	Authority	Liability as at 31 December 2016 (\$)
<u>Section C:</u>			
<u>Implicit Contingent Liabilities</u>			
1 National Bank of Fiji - Legal claims against the bank	21		6,346,718
2 Provincial Councils - Loans Raised		Act No. 14 of 1996 I-Taukei Affairs Board	1,862,170
3 Municipal Councils - Loans Raised		Ministry of Local Government	27,464,203
Total			35,673,091

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 JULY 2016

9. Scope of Other Financial Statements

This section on other Financial Statements contains the following as required by law (Financial Management Act 2004):

- Statement of Assets and Liabilities
- Statement of Revenue and Expenses
- Statement of Changes in Equity and
- Statement of Contingent Liabilities

It also includes as part of the notes a Segmentation Report and other budgetary execution reports as required by law.

10. Significant Accounting Policies relating to Other Financial Statements

10.1 Accounts Receivable

Accounts Receivable represents money owed by third parties to government on the sale of products or services on credit. Account receivable balance mainly comprises of unrecouped TMA receivables as well as state revenue owed to government by third parties.

10.2 Prepayments

Prepayments comprise of un recouped accountable advances paid to civil servants to facilitate official trips and accommodation for both domestic and overseas trips.

10.3 Inventory

Inventories are stated at lower of cost and net realizable value. Cost is assigned to inventory on a consistent basis year to year using either the specific identifications; first in first out or weighted average costs. The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

10.4 Investments

Valuation of Investments is at market value if available. If market value is not available, investments are recorded at cost. Fair value is especially used by entities that are listed on the South Pacific Stock Exchange namely Unit Trust of Fiji Limited (UTOF) and Amalgamated Telecommunications Holdings (ATH).

10.5 Investment in Sinking Fund

Investments in Sinking Fund are converted to FJD using end of year exchange rates prescribed by the Reserve Bank of Fiji. Investments are recorded at the end of the year for which gains/loss on share price are reflected at market value as recorded by J.P Morgan.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

10.6 Accounts Payable

Accounts Payable are amounts payable to suppliers or other creditors for the supply of goods, services or works.

10.7 Deferred Income

Liabilities also include amounts received in advance for future services. Since the amount received (recorded as the asset Cash) has not yet been earned, government defers the reporting of revenues and instead reports a liability such as Unearned Revenues.

10.8 Treasury Bills Payable

Treasury Bills Payable are recorded at discounted value.

10.9 Government Bonds

Starting in 2015, the bond premium and discounts are being amortized over the maturity period of the bond. However, the effect had not been applied retrospectively as it was impracticable to do so.

10.10 Trust Fund Accounts

Trust Fund Accounts comprises of funds which government holds on behalf of its designated beneficiaries. The Trust Fund Accounts comprises of operating trust and main trust monies.

10.11 Term Loans Payable

Viti Bonds are recorded at Face Value. External Loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the Reserve Bank of Fiji.

10.12 Operating Income

Operating Income is recognized in the statement of receipts and payments using both accrual and cash basis system. Where AR (accounts receivable) Modules are available, revenue is accounted on an accrual basis. However, those Ministries whom have yet to adopt AR module are still accounting for their revenue on a pure cash basis system.

10.13 Investing Revenue

Investing Revenue is recorded in the statement of receipts and payments on cash basis system.

10.14 Loans Drawn

Viti Bonds are recorded at Face Value. External Loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the RBF.

10.15 Expenditure

Expenditure is recorded in the statement of revenue and expenses on a cash basis except for carry-over and accountable advance.

GOVERNMENT OF THE REPUBLIC OF FIJI

NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDING 31 JULY 2016

11. Cash and Cash Equivalent

All Government Ministries/Departments use several overdraft accounts (Drawings) for their operations and are cleared on a daily basis to the Consolidated Fund Account of government. In addition, several Ministries/Departments operate and maintain their own bank accounts for monies held as trust and for those that operate quasi-commercial activities.

Funds held by overseas banks are for the various Fiji Embassies, Trade Missions, Overseas Pension Funds and JP Morgan Accounts.

The balance of Domestic Account has been off settled by the unrepresented cheques for ministries/departments as of 31 July 2016. The value of cheques that were issued but have not been presented to the banks totalled around \$109.9 million.

The cash and cash equivalent held by the government includes trust fund account of \$119.8 million that are not available for use. The trust fund account include deposits, retention monies, operating and true trust account that the Ministry/Department are holding in trust.

Description of Account	2016 (\$)	2015 (\$)
Overseas Accounts	47,411,540	47,221,823
Domestic Accounts	35,834,838	58,264,088
Trust Fund Accounts	119,788,149	107,297,355
Trading and Manufacturing Accounts	15,462,371	11,253,488
Net Cash	<u>218,496,898</u>	<u>224,036,754</u>
Overseas Bank Accounts		
Fiji Embassies	7,918,927	6,966,780
Pension Fund - Crown Agents London	104,606	27,080
JP Morgan Account	39,388,007	40,227,963
Total for Overseas Accounts	<u>47,411,540</u>	<u>47,221,823</u>
JP Morgan cash accounts comprises of the following:		
JP Morgan Liquidity	39,388,007	8,178,290
JP Morgan Collateral Dividend Account	---	31,619
JP Morgan Collateral Account	---	32,018,054
Total JP Morgan Account	<u>39,388,007</u>	<u>40,227,963</u>
Domestic Account		
Domestic Bank Balance	145,705,229	113,160,579
less Unrepresented Cheques	<u>(109,870,391)</u>	<u>(54,896,492)</u>
	<u>35,834,838</u>	<u>58,264,087</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

11. (a) The cash flow also includes other extra budgetary cash flows such as Trade and Manufacturing Account and Trust.

	2016 (\$)	2015 (\$)
Cash flows from Consolidated Fund Account of Budgetary cash flows		
Net cash flows from operating activities (excluding TMA and Trust)	269,430,723	612,977,382
Net cash flows from investing activities	(510,629,457)	(680,695,270)
Net cash flows from financing activities	<u>224,505,157</u>	<u>24,827,677</u>
Total net cash flows from Consolidated Fund Account	<u>(16,693,577)</u>	<u>(42,890,211)</u>
Cash Flows from TMA (included in operating activities):		
TMA cash inflows	9,277,047	22,745,668
Less TMA cash outflows	<u>(8,595,227)</u>	<u>(14,923,512)</u>
Net cash flows from TMA Account	<u>681,820</u>	<u>7,822,156</u>
Cash Flows from Trust Funds (included in operating activities):		
Net Trust cash flows	<u>9,550,980</u>	<u>6,563,485</u>
Net cash flows from Trust Accounts	<u>9,550,980</u>	<u>6,563,485</u>
Net increase/decrease in cash and cash equivalents	<u>(6,460,777)</u>	<u>(28,504,570)</u>

12. ACCOUNTS RECEIVABLE

Accounts receivable of the government due from third parties as at year end were as follows:

Accounts receivable Trade	1,615,193	1,703,667
Miscellaneous Receivable	<u>830,460</u>	<u>817,629</u>
	<u>2,445,653</u>	<u>2,521,296</u>

13. PREPAYMENTS

Prepayments as at year end were as follows:

Prepayments	164,013	1,326,026
Advances	<u>1,536,866</u>	<u>2,279,940</u>
	<u>1,700,879</u>	<u>3,605,966</u>

Advances paid to staffs are recorded as prepayments, they are cleared to relevant expenditures upon retirement.

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

14. INVENTORY

Inventory comprises of raw materials; work in progress and finished goods of the government Trading and Manufacturing Activities (TMAs). Inventories are valued at cost using the periodic inventory method. Inventory as at year end are as follows:

	2016 (\$)	2015 (\$)
Raw Materials	937,437	1,039,123
Work-in-Progress	159,602	313,728
Finished Goods for Sales	<u>2,874,843</u>	<u>2,232,712</u>
	<u>3,971,882</u>	<u>3,585,563</u>

15. TERM-LOANS RECEIVABLE

Term loans receivables are funds lent to State Owned enterprises (SoEs) and students (scholarships) as part of government on lending program.

Term-Loans Receivable

Term-Loans Receivable for Social Services	15(a)	12,087,154	12,633,556
Term-Loans Receivable for Economic Services	15(b)	<u>261,242,680</u>	<u>254,938,327</u>
Total Term-Loans Receivable		<u>273,329,834</u>	<u>267,571,883</u>

Loans provided by the government to third parties are represented as follows:

(a) **Term-Loans Receivable for Social Services**

Public Officers and Ministers		14,476	14,476
I Taukei Affairs Board		6,158,924	6,358,924
Public Service Student Scheme		1,463,143	1,809,545
Loans to Fiji Sports Council		<u>4,450,611</u>	<u>4,450,611</u>
		<u>12,087,154</u>	<u>12,633,556</u>

(b) **Term-Loans Receivable for Economic Services**

Fiji Pine Commission		10,200,000	11,400,000
Fiji Sugar Corporation Limited		173,816,930	173,816,930
Viti Corporation Ltd		3,189,667	3,189,667
National Trading Corporation		1,900,000	1,900,000
Rewa Rice Limited		1,900,000	1,900,000
Pacific Fishing Company Limited		9,000,162	9,000,162
South Pacific Fertilizer		9,722,100	9,722,100
Housing Authority		40,626,724	44,009,468
Public Rental Board		<u>10,887,097</u>	---
		<u>261,242,680</u>	<u>254,938,327</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

16. EQUITY INVESTMENTS

Section 55 of the Financial Management Act 2004 provides the authority for the investment of Government moneys through fixed deposit with any bank, in any securities in which trustees are authorized to invest under the Trustee Act, in any security issued by any statutory body in Fiji and as advances authorized by Finance Act and any other Act or by resolution of the Parliament.

Investments as at year end were as follows:		2016 (\$)	2015 (\$)
Investments			
Investments in Social Services	16(a)	7,380,461	7,355,658
Investments in Economic Services	16(b)	235,366,475	235,582,907
Investments in Infrastructure Services	16(c)	<u>202,556,386</u>	<u>213,501,328</u>
Total Investments		<u>445,303,322</u>	<u>456,439,893</u>
(a) Investments in Social Services	Interest		
Post Fiji Limited	100%	5,600,000	5,600,000
Unit Trust of Fiji (Trustee) Ltd	49%	778,839	754,036
Unit Trust of Fiji (Management) Ltd	100%	50,000	50,000
Daily Post	45%	951,620	951,620
Fiji Broadcasting Corporation Ltd.	100%	<u>2</u>	<u>2</u>
		<u>7,380,461</u>	<u>7,355,658</u>
(b) Investments in Economic Services			
Air Pacific Ltd.	51%	13,307,075	13,307,075
Fiji Hardwood Corporation	90%	90,000,000	90,000,000
Pacific Fishing Company Ltd	100%	14,728,956	14,728,956
Air Fiji Ltd	11%	171,804	171,804
Fiji Pine Ltd	100%	61,002,064	61,002,064
Fiji Sugar Corporation Ltd	68%	15,119,580	15,119,580
National Trading Corp. Ltd	100%	3,358,186	3,358,186
Rewa Rice Ltd	100%	1,506,224	1,506,224
Viti Corps Company Ltd	100%	6,000,000	6,000,000
Yaqara Pastoral Company Ltd	100%	1,191,846	1,191,846
Food Processors Fiji Ltd	100%	687,680	687,680
Air Terminal Services	51%	765,000	765,000
International Finance Corporation		596,550	601,092
International Bank for Reconstruction and Development		9,955,334	20,622,649
Copra Millers Fiji Ltd	98%	6,429,183	6,429,183
Yaqara Group Ltd	100%	91,567	91,568
Asia Development Bank		<u>10,455,426</u>	<u>---</u>
		<u>235,366,475</u>	<u>235,582,907</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

Investments in Asian Development Bank (ADB) reflect Paid-in subscriptions in ADB's capital stock that are subscribed by the government. These are not intended as income earning investments, but only to fulfill a requirement of these institutions to be entitled to borrowing and member privileges. Fiji has been a member of the ADB since 1970 and the initial recognition of the paid-in subscription as Investments has been made in 2016.

		2016 (\$)	2015 (\$)
(c)	Investments in Infrastructure Services		
	Airports (Fiji) Limited	92,300,180	92,300,180
	Amalgamated Telecom Holdings Limited	80,262,716	91,207,658
	Fiji Ports Corporation Limited	29,993,490	29,993,490
		<u>202,556,386</u>	<u>213,501,328</u>

(d) **RECONCILIATION OF EQUITY INVESTMENTS**

The reconciliation of changes in investments are as follows:

Increase/ decrease in fair value of shares

Unit Trust of Fiji (Trustee) Limited	24,803	49,608
Amalgamated Telecommunications Holdings (stock price revaluation)	(10,944,942)	40,861,019
Asian Development Bank	10,455,426	---
Exchange Rate adjustments		
International Finance Corporation	(4,542)	342,297
International Bank for Reconstruction and Development	---	667,130
Sale of Government shares		
Amalgamated Telecommunications Holdings	---	(91,207,631)
Fiji Ports Corporation Limited	---	(43,161,362)
Adjustment of errors		
International Bank for Reconstruction and Development	(10,667,315)	---
	<u>(11,136,570)</u>	<u>(92,448,939)</u>

Valuations of investments is at market value if available. If market value is not available, investments are recorded at cost. Valuations in foreign currencies are adjusted using the closing rate at year end.

17. **ACCOUNTS PAYABLE**

Accounts payable as at year end were as follows:

TMA Trade & Sundry Creditors	42,741	26,110
Outstanding Payments to Fiji Road Authority's contractors	---	69,895,490
Withholding Tax	184,763	323,809
Litigation Claims	451,373	464,760
	<u>678,877</u>	<u>70,710,169</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

	2016 (\$)	2015 (\$)
18. DEFERRED INCOME	<u>3,230,049</u>	<u>2,147,579</u>

Deferred revenues are received cash deposits that government has collected, but not yet reported as revenue on the income statement. As they are reported as revenue in subsequent periods, (i.e., "amortized"), the amounts are deducted from the deferred revenue account.

19. TRUST FUND ACCOUNT

Section 25(1) of the Financial Management Act makes provision for the establishment of a Consolidated Trust Account to record all monies received by the government in trust except for monies received and administered by the Public Trustee or the Official Receiver.

The Act further stipulates that all monies which do not belong to but received and administered by Government shall be accounted for in the Consolidated Trust Fund, which shall not constitute a part of the Consolidated Fund. The authority to open and operate a trust fund is vested with the Chief Accountant.

The Consolidated Trust Fund Account records monies received by the Government which do not belong to it and is therefore considered a liability of Government. Closing balances in this account comprised the following:

Deposits, Deductions and Retention Money	22,741,423	25,989,503
Consolidated Trust Fund	<u>120,588,162</u>	<u>107,789,102</u>
Total Trust Fund Account	<u>143,329,585</u>	<u>133,778,605</u>

20. TERM-LOANS PAYABLE

Government borrows monies either domestically or from overseas to finance its Capital Programmes. Total debt of Government outstanding as at 31/07/16 are as follows:

(a) <i>Current Liabilities</i>			
Term-Loans Payable - Treasury Bills	20 (c)	163,844,780	143,255,852
Term Loans Payable - Overseas Loans	20(d)	52,974,444	67,465,831
Term Loans Payable - Domestic Loans	20(e)	<u>99,643,000</u>	<u>90,005,000</u>
Total Current Liabilities		<u>316,462,224</u>	<u>300,726,683</u>
(b) <i>Non-Current Liabilities</i>			
Term-Loans Payable - Overseas Loans	20(d)	1,205,753,949	1,173,941,555
Term-Loans Payable - Domestic Loans	20(e)	<u>2,980,207,613</u>	<u>2,746,483,629</u>
Total Non-Current Liabilities		<u>4,185,961,562</u>	<u>3,920,425,184</u>
Total Government Debt		<u>4,502,423,786</u>	<u>4,221,151,867</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

Term loans payable for overseas and domestic loans have been re-classified to represent current and non-current liabilities.

(c) **Treasury bills**

Term-Loans Payable - Treasury Bills

The Government through the Reserve Bank of Fiji floats Treasury Bills to raise funds from the domestic market on a short term basis. Treasury Bills are sold at a discount from their face value of which the investor will receive the face value upon maturity.

	2016 (\$)	2015 (\$)
Opening Balance	143,255,852	128,583,452
Treasury Bills Issues during the year	213,200,000	336,000,000
less unamortized amount	(1,412,272)	(3,159,360)
Treasury Bills Redemptions during the year	<u>(191,198,800)</u>	<u>(318,168,240)</u>
Outstanding 31 July/ 31 December	<u>163,844,780</u>	<u>143,255,852</u>

(d) **Overseas loans**

Outstanding 1 January	1,241,407,387	1,254,277,327
Redemptions during the year	(39,445,755)	(558,076,695)
Capitalized interest	418,297	268,612
Global bond proceeds	---	434,593,655
Add/(less) unamortized discount	437,042	(4,532,812)
Non-cash borrowing-direct disbursement	80,230,576	44,211,129
Increase in public debt due to revaluation	(24,319,154)	70,666,171
Other adjustments	<u>---</u>	<u>---</u>
Outstanding 31 July/ 31 December	<u>1,258,728,393</u>	<u>1,241,407,387</u>

Non Cash borrowings - By source:

Bilateral

Export Import Bank of China	80,230,576	42,437,947
-----------------------------	------------	------------

Multilateral

Asian Development Bank	<u>---</u>	<u>1,773,182</u>
Total Overseas Non Cash Borrowings - Direct Disbursement	<u>80,230,576</u>	<u>44,211,129</u>

Overseas loans amounting to \$80.23 million were drawn in 2016 (Jan-July) from Government's loan facilities with EXIM Bank of China. These loans drawn by Government are directly disbursed to the contractors by lenders.

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

	2016 (\$)	2015 (\$)
(e) Domestic loans		
Outstanding 1 January	2,836,488,629	2,698,317,500
Borrowings raised during the year	295,165,000	257,348,000
Unamortized premium	1,984	8,129
Redemptions during the year	(51,805,000)	(119,185,000)
Outstanding 31 July/ 31 December	<u>3,079,850,613</u>	<u>2,836,488,629</u>
Domestic Borrowings - By Source		
<i>Public</i>		
Commercial Banks	300,000	45,880,000
Insurance companies	47,070,000	82,660,000
FNPF	204,275,000	112,120,000
<i>Private</i>		
Others	<u>43,520,000</u>	<u>16,688,000</u>
Total Domestic Borrowings raised in 2016	<u>295,165,000</u>	<u>257,348,000</u>

Government bonds were raised locally during the year in the form of Fiji Infrastructure Bonds and Viti Bonds.

21. Contingent Liabilities

Explicit Contingent Liabilities

Government Guarantees	787,351,602	824,476,209
-----------------------	-------------	-------------

The Financial Management Act section (62) stipulates that Government may guarantee the financial liability of an entity in respect of a loan or otherwise, but only if the giving of the guarantee is authorized by the House of Representatives. Schedule 6 Statement of Contingent Liabilities provide in detail the various agencies (10 altogether) where government undertakes giving of guarantees by end of 2015.

Other Explicit Contingent Liabilities

International Bank for Reconstruction and Development (IBRD)	237,533,224	7,120,436
International Development Association (IDA)	---	507,091
Asian Development Bank	<u>198,595,168</u>	<u>---</u>
	<u>436,128,392</u>	<u>7,627,527</u>

In addition, the subscriptions for membership with International Agencies such as the International Bank for Reconstruction and Development (IBRD) and the Asian Development Bank are also treated as contingent liabilities as the subscriptions represent callable capital and should government fail to honour the article of agreement, the agencies would call on the callable capital. The amounts are sourced from the certificate of balances provided by ADB and IBRD. Fiji has been a member of ADB since 1970 and the initial recognition of the callable capital as Contingent Liability has been made in 2016.

Implicit Contingent Liabilities

National Bank of Fiji - Legal claims against the bank	6,346,718	6,354,718
Provincial Councils - Loans Raised	1,862,170	1,364,212
Municipal Councils - Loans Raised	<u>27,464,203</u>	<u>28,494,454</u>
	<u>35,673,091</u>	<u>36,213,384</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

The National Bank of Fiji comprises of legal claims against National Bank of Fiji - Asset Management Bank (NBF-AMB). This is sourced from the certificate of balances provided by the National Bank of Fiji - Asset Management Bank whereas loans raised by provincial councils and municipal councils represent a key component in the consolidation of general Government debt.

Loans raised by Municipal Councils are deemed implicit and represent a key component in the consolidation of general government debt. This is sourced from certificate of balances provided by the Ministry of Local Government.

From year 2015, only the explicit contingent liabilities with a reliable basis for the estimated amount shall be included in Schedule 6. The government recognizes a contingency to advance to FNPF on the basis of the provision of FNPF decree section 140 (1) that says "If the board is unable to satisfy a liability of the Board referable to a fund (the "relevant fund") out of the relevant fund, the Minister must, on written request by the Board, advance to the Board the amount needed to enable the Board to satisfy the liability". However, a reliable methodology for estimating is yet to be developed. Thus the amount of contingent liability to FNPF could not be reliably estimated, hence is not included herewith.

22. OPERATING REVENUE

Operating Revenue consists of Direct Taxes, Indirect Taxes, Fees Fines & Charges, Grant Aid, Interest & Dividends and Other Receipts.

	2016 (\$)	2015 (\$)
Direct Taxes	436,669,065	605,113,135
Indirect Taxes	877,850,903	1,754,750,096
Fees, Charges, Fines and Penalties	65,769,823	105,511,210
Other Revenues and Surpluses	21,564,675	41,813,998
Reimbursements and Recoveries	14,323,312	19,252,509
Grants in Aid (overseas)	17,070,657	18,321,910
Total Operating Revenue	<u>1,433,248,435</u>	<u>2,544,762,858</u>

23. INVESTING REVENUE

Interest received on Term-Loans Receivable	385,088	295,652
Sales of Government Assets	---	188,173,658
Dividend from Investments	64,213,727	62,331,570
Interest from Bank Balances	312	309,535
Return of TMA excess cash to consolidated fund account	2,944,786	4,361,514
Recovery of Fijian Affairs Loans	15,842	---
Total Investing Revenue	<u>67,559,755</u>	<u>255,471,929</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

24. REVENUE FROM NON EXCHANGE TRANSACTIONS

The primary objective of this disclosure is to differentiate between revenue from non-exchange transactions and revenue from exchange transactions in accordance with IPSAS 23 Revenue from Non Exchange Transactions. In a non-exchange transaction, government receives value from another entity without directly giving approximately equal value in exchange. Revenue from exchange transactions on the other hand arise whereby government collected revenues and directly gives approximately equal value to another entity in exchange.

	2016	2015
	(\$)	(\$)
Revenue from non exchange transactions		
<i>Direct Taxes (Gross)</i>	448,323,716	649,851,368
Direct Taxes Refunds	(11,654,651)	(44,738,233)
<i>Indirect Taxes</i>		
Value Added Tax (Gross)	541,505,840	1,204,467,487
<i>Value Added Tax Refunds</i>	(186,109,051)	(311,140,602)
Fiscal Duty	216,122,804	386,766,971
Excise Duty	71,203,698	106,007,902
Export Duty	5,875,739	9,736,782
Import Excise Duty	26,822,482	43,219,557
Service Turnover Tax	59,442,510	64,700,336
Water Resource Tax	23,071,905	36,489,883
Departure Tax	75,533,814	136,085,188
Fish Levy	52,474	101,112
Stamp Duty	42,674,925	71,759,272
Luxury Vehicle Duty	1,375,737	1,467,875
Miscellaneous indirect taxes	278,026	5,088,333
<i>Other non-exchange revenues</i>		
Grants in Aid	17,070,657	18,321,910
	<u>1,331,590,625</u>	<u>2,378,185,141</u>
Revenue from exchange transactions		
Fees, Charges, Fines and Penalties	65,769,823	105,511,210
Trading and Manufacturing Accounts - Sales Revenue	14,154,922	20,179,608
Other Revenues and Surpluses	21,564,675	41,813,998
Reimbursements and Recoveries	14,323,312	19,252,509
Repayment of Term-Loans Receivable	385,088	295,652
Sales of Government Assets	---	188,173,658
Dividend from Investments	64,213,727	62,331,570
Interest from Bank Balances	312	309,535
Return of Surplus Capital from Investments	2,944,786	4,361,514
Recovery of Fijian Affairs Scholarships	15,842	---
	<u>183,372,487</u>	<u>442,229,254</u>
Total Revenue	<u>1,514,963,112</u>	<u>2,820,414,395</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

	2016 (\$)	2015 (\$)
25. OPERATING EXPENSES		
Operating expenditure includes the following:		
Established Staff	458,175,830	781,720,316
Unestablished Staff	28,140,510	45,089,205
Travel and Communications	19,784,237	29,178,695
Maintenance and Operations	43,854,666	91,035,167
Purchase of Goods and Services	79,845,472	89,448,432
Operating Grants and Transfers	295,386,734	435,515,332
Special Expenditure	48,273,436	74,935,297
Pensions, Gratuities and Compassionate Allowances	<u>20,754,067</u>	<u>38,878,319</u>
Total Operating Expenditure	<u>994,214,952</u>	<u>1,585,800,763</u>
26. CAPITAL EXPENSES		
Capital Expenditure includes the following:		
Capital Construction	54,938,745	87,197,368
Capital Purchases	23,647,296	45,820,326
Capital Grants and Transfers	<u>512,102,957</u>	<u>911,998,695</u>
Total Capital Expenditure	<u>590,688,998</u>	<u>1,045,016,389</u>
27. VALUE ADDED TAX EXPENSE	<u>21,689,835</u>	<u>55,558,866</u>
These are the VAT payments made by Ministries/Departments to FRCA (Fiji Revenue & Customs Authority) during the year.		
28. INTEREST PAYMENTS AND OTHER CHARGES ON LOANS		
Charges on Account of Public Debt is provided for in the Budget Estimates for the payment of interest on domestic and overseas loans.		
Interest Payments		
Overseas Loans	22,486,711	77,497,979
Domestic Loans	124,989,236	210,353,664
Treasury Bills	<u>2,401,200</u>	<u>2,831,760</u>
Total Interest Paid	<u>149,877,147</u>	<u>290,683,403</u>
Other charges on Public Debt - Miscellaneous Payments	<u>211,486</u>	<u>4,732,907</u>
Total Interest Paid and Miscellaneous Payments	<u>150,088,633</u>	<u>295,416,310</u>
Interest Payment on overseas loans		
1994 Asian Development Bank 2nd Fiji Road Upgrading Project	25,821	77,529
1997 Asian Development Bank Third Road Upgrading project	360,298	647,156
1998 Japan International Corporation Agency Nadi Lautoka Water Supply and Sewerage Project	210,818	423,707

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

	2016 (\$)	2015 (\$)
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	428,949	689,537
2006 Export Import Bank of China E-Government Project	386,757	863,551
2009 Asian Development Bank Emergency Flood Recovery Project	147,224	159,421
2010 Export Import Bank of China Fiji Low Cost Housing Project	443,706	936,977
2010 Export Import Bank of China Fiji Public Rental Housing Project	118,904	248,600
2010 Export Import Bank of Malaysia Queens Highway Rehabilitation Project	252,849	659,959
2010 Asian Development Bank Supplementary Third Road Upgrading project	150,652	213,101
2010 Asian Development Bank Supplementary Suva/Nausori Water Supply Project	141,748	189,014
2011 Export Import Bank of China Sigatoka Valley and Sawani Serea Road Project	1,011,445	2,039,755
2011 Export Import Bank of China Buca Bay and Moto Road Project	1,179,739	2,323,610
2011 Fiji 2nd Government Global Borrowing	654,737	63,563,241
2012 Export Import Bank of China Nabouwalu and Dreketi Road Upgrading Project	2,237,566	4,194,209
2014 Asian Development Bank Transport and Infrastructure Project	158,472	268,612
2016 IBRD Post Cyclone Winston Emergency LN8632	259,825	---
2015 Global Bond	14,317,201	---
	<u>22,486,711</u>	<u>77,497,979</u>
Interest Payment on domestic loans		
Viti Bond 2012	65,715	131,430
Viti Bond 2013	157,600	315,200
Viti Bond 2014	132,980	265,960
Fiji Development Loan 2000	---	1,982,150
Fiji Development Loan 2001	1,600,650	2,942,900
Fiji Development Loan 2002	1,966,300	3,682,200
Fiji Development Loan 2003	2,847,360	5,133,720
Fiji Development Loan 2004	4,595,735	8,032,970
Fiji Development Loan 2005	3,351,529	9,819,661
Fiji Development Loan 2006	16,019,502	28,290,005
Fiji Development Loan 2007	5,682,943	8,076,525
Fiji Development Loan 2008	12,229,299	20,374,381
Fiji Development Loan 2009	23,799,593	40,207,875
Fiji Development Loan 2010	24,557,500	41,181,500

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

	2016 (\$)	2015 (\$)
Fiji Development Loan 2011	3,618,288	7,055,135
Fiji Development Loan 2012	6,613,805	11,777,630
Fiji Development Loan 2013	4,393,550	8,152,970
Fiji Development Loan 2014	5,907,750	9,230,300
Fiji Development Loan 2015	6,567,642	3,523,869
Fiji Development Loan 2016	655,001	---
Viti Bond 2015	168,330	177,283
Viti Bond 2016	58,164	---
	<u>124,989,236</u>	<u>210,353,664</u>
29. REPAYMENTS OF LOANS		
Principal Repayments:		
Overseas Loans	39,445,756	558,076,696
Domestic Loans	<u>51,805,000</u>	<u>119,185,000</u>
Total Principal Repayments	<u>91,250,756</u>	<u>677,261,696</u>
Principal Repayments Overseas Loans		
1994 Asian Development Bank 2nd Fiji Road Upgrading Project	1,818,828	3,032,203
1997 Asian Development Bank Third Road Upgrading project	2,645,115	4,834,981
1998 Japan International Corporation Agency Nadi Lautoka Water Supply and Sewerage Project	1,140,530	2,100,162
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	1,681,896	3,040,259
2005 Asian Development Bank Suva Supplementary Nausori Water Supply and Sewerage Project	439,699	794,668
2006 Export Import Bank of China E-Government Project	1738668	3,625,104
2010 Asian Development Bank Supplementary Third Road Upgrading project	959129	1,808,826
2010 Export Import Bank of Malaysia Queens Highway Rehabilitation Project	5,385,610	10,483,257
2010 EXIM Bank of China/ Fiji Low Cost Housing	1,415,582	---
2010 EXIM Bank of China/ Public Rental Housing	379,346	---
2010 EXIM Bank of China/ Sigatoka Valley & Sawani Serea	3,435,073	---
2010 EXIM Bank of China/ Buca Bay and Moto roads	3,856,577	---
2011 Global bond	14,549,703	528,357,236
Total Principal Repayments Overseas Loans	<u>39,445,756</u>	<u>558,076,696</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

	2016 (\$)	2015 (\$)
Principal Repayment Domestic Loans		
Fiji Development Loan 2000	---	30,000,000
Fiji Development Loan 2001	20,000,000	---
Fiji Development Loan 2005	---	79,435,000
Fiji Development Loan 2006	27,505,000	6,000,000
Fiji Development Loan 2012	---	100,000
Fiji Development Loan 2013	100,000	500,000
Fiji Development Loan 2014	4,200,000	---
Fiji Sugar Growers Council	---	3,150,000
Total Principal Repayments Domestic Loans	51,805,000	119,185,000

30. WAYS AND MEANS

The Ways and Means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet cash deficits. The Ways and Means are replenished the day after the advances were made.

Ways and Means Receipts	84,000,000	55,500,000
Ways and Means Repayments	<u>(84,000,000)</u>	<u>(55,500,000)</u>
	---	---

31. REVENUE AND EXPENSE FROM TRADING & MANUFACTURING ACCOUNTS

Trading and Manufacturing Accounts - Sales Revenue	9,665,394	17,310,368
Trading and Manufacturing Accounts - Other Revenue and Surplus	4,489,528	2,869,240
(a) Total Revenue from TMA's	14,154,922	20,179,608
Cost of Goods sold	(386,319)	6,938,953
Other TMA Expenditures	8,981,546	7,972,239
(b) Total Expenses from TMA's	8,595,227	14,911,192

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2016

32. ARREARS OF REVENUE	2016 (\$)	2015 (\$)
The Arrears of Revenue position of Government as at 31/07/2016 are as follows:		
Ministry of Agriculture	27,209	804,226
Office of the Auditor-General	147,115	191,384
Ministry of Communications	7,539,752	11,429,826
Ministry of Education, Heritage and Arts	9,621	13,984
Fiji Revenue & Customs Authority - Customs	10,254,926	12,272,643
Fiji Revenue & Customs Authority - IRD	69,292,149	52,687,859
Ministry of Economy (Pensions Office)	110,545	218,095
Ministry of Economy (Surcharge)	849,993	821,434
Ministry of Fisheries & Forests	11,559	5,180
Government Printing and Stationery Department	644,892	743,936
Ministry of Health and Medical Services	398,212	330,756
Information Technology & Computing Services	995	1,486
Ministry of Industry, Trade and Tourism	2,616	3,180
Judiciary	13,461,155	13,215,858
Ministry of Employment, Productivity and Industrial Relation	10,432	4,722
Department of Lands	20,778,013	26,980,319
Ministry of Infrastructure and Transport	4,746,235	63,904
Overseas Peacekeeping Missions	1,784,424	1,855,323
Fiji Police Force	4,446	4,548
Public Utilities (Water Authority of Fiji)	32,936,249	29,023,661
Ministry of Rural & Maritime Development	917,430	753,943
Solicitor General's Office	2,998	288
Total Arrears of Revenue	<u>163,930,966</u>	<u>151,426,555</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 SEGMENTATION REPORT BY FUND CLASSIFICATION
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 7

Segment Information (IPSAS 18.12-15)

The Government Account is made up of three funds as follows:

- The Consolidated Fund Account, which consists of all items funded under the Consolidated Fund Accounts (CFAs). The operating fund is where the National Government Budget comes from.
- Trading and Manufacturing Accounts (TMAs). TMAs were established under the 1981 Finance Act to enable government ministries and departments to undertake quasi-commercial operations for the purpose of trading or production of goods and services for sale to other departments, statutory bodies, or individuals. Funding was provided by government at the time of establishment and any surplus from activities in excess of the ceiling set when the original funding was allocated must be returned to the Consolidated Fund. The monies returned are recorded as revenue in the accounts of budgetary central Government.
- The Main Trust Fund Account consists of Trust Funds which government are managing (as Trustees) on behalf of designated signatories.

For the purpose of this report, we are only focusing on 2 primary reportable segments i.e. the segmentation of Trade and Manufacturing Account from Fund 1 (Operating) and Fund 9 (True Trust) combined.

Primary Reportable Segments 2016

	CFA	TMA	Consolidated Total Government
	(\$)	(\$)	(\$)
Segment revenue			
Non exchange revenue - taxes, grants and transfers	(1,331,590,625)	---	(1,331,590,625)
Exchange revenue - sale of goods and services	(101,657,810)	(14,154,922)	(115,812,732)
Exchange revenue - investments	(67,559,755)	---	(67,559,755)
Segment expenses			
Operating Expenditure	994,214,951	8,595,227	1,002,810,178
Capital Expenditure	590,688,999	---	590,688,999
VAT	21,689,835	---	21,689,835
Interest Payments on Loans	150,088,630	---	150,088,630
Reconciled to aggregate net income	255,874,225	(5,559,695)	250,314,530

GOVERNMENT OF THE REPUBLIC OF FIJI
 SEGMENTATION REPORT BY FUND CLASSIFICATION (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 7

Primary Reportable Segments 2016

	CFA	TMA	Consolidated Total Government
	(\$)	(\$)	(\$)
Segment Assets			
Cash at Bank	203,034,527	15,462,371	218,496,898
Accounts Receivable	1,637,059	808,594	2,445,653
Prepayments	1,700,879	---	1,700,879
Inventory	---	3,971,882	3,971,882
Investments	445,303,322	---	445,303,322
Term-Loans Receivable	273,329,834	---	273,329,834
Segment Liabilities			
Accounts Payable	(599,803)	(79,074)	(678,877)
Deferred Income	(533,346)	(2,696,703)	(3,230,049)
Operating Trust fund	(22,853,764)	112,341	(22,741,423)
True Trust fund	(120,588,162)	---	(120,588,162)
Term Loans Payable - Treasury Bills	(163,844,780)	---	(163,844,780)
Term-loans Payable Overseas Loans	(1,258,728,393)	---	(1,258,728,393)
Term-loans Payable Domestic Loans	(3,079,850,613)	---	(3,079,850,613)
Reconciled to net liability	(3,721,993,240)	17,579,411	(3,704,413,829)

GOVERNMENT OF THE REPUBLIC OF FIJI
SUMMARY OF REVENUE
FOR THE PERIOD ENDING 31 JULY 2016

Schedule 8

Heads of Revenue	Estimate (\$)	Actual Revenue 2016 (\$)	Increase (\$)	Decrease (\$)
OPERATING REVENUE				
21 Direct Taxes	620,025,526	436,669,065	---	183,356,461
22 Indirect Taxes	1,968,316,071	877,850,903	---	1,090,465,168
23 Fees, Fines & Charges	118,222,538	65,769,823	---	52,452,715
24 Operating Revenue Sales	541	---	---	541
27 Other Receipts	38,571,559	21,564,675	---	17,006,884
28 Reimbursements & Recoveries	11,562,420	14,323,312	2,760,892	---
29 Grant Aid	13,395,003	17,070,657	3,675,654	---
Operating Revenue Total	2,770,093,658	1,433,248,435	6,436,546	1,343,281,769
INVESTING REVENUE				
31 Repayments of Term Loans Receivable	376,385	385,088	---	(8,703)
32 Sales of Government Assets	320,000,000	---	---	320,000,000
33 Dividends from Investments	32,860,165	64,213,727	31,353,562	---
34 Interest from Bank Balances	270,108	312	---	269,796
35 Return of Surplus Capital from Investment	5,130,754	2,944,786	---	2,185,968
39 Recovery of Scholarship Bonds	---	15,842	15,842	---
Investing Revenue Total	358,637,412	67,559,755	31,369,404	322,447,061
Total Revenue	3,128,731,070	1,500,808,190	37,805,950	1,665,728,830

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 9

Heads and Subheads of Revenue	Estimate for 2016	Actual Revenue 2016	Increase	Decrease	Actual Revenue 2015
	(\$)	(\$)	(\$)	(\$)	(\$)
OPERATING REVENUE					
21 - DIRECT TAXES					
1. Income Tax					
01. Income Tax.....	468,937,200	423,623,864	---	45,313,336	581,180,913
02. Capital Gains Tax.....	50,045,510	13,045,201	---	37,000,309	23,932,222
03. Withholding & Dividend Taxes.....	101,042,816	---	---	101,042,816	---
Total.....	620,025,526	436,669,065	---	183,356,461	605,113,135
Net Decrease.....				183,356,461	
22 - INDIRECT TAXES					
1. Value Added Tax					
01. Value Added Tax.....	1,489,687,602	355,396,789	---	1,134,290,813	893,326,885
2. Custom Taxes					
01. Fiscal Duty.....	---	216,122,804	216,122,804	---	386,766,971
02. Excise Duty.....	---	71,203,698	71,203,698	---	106,007,902
03. Export Duty.....	---	5,875,739	5,875,739	---	9,736,782
04. Import Duty.....	---	26,822,482	26,822,482	---	43,219,557
6. Service Turnover Tax					
01. Hotel Turnover Tax.....	---	59,442,510	59,442,510	---	64,700,336
7. Water Resource Tax					
01. Water Resource Tax.....	40,392,505	23,071,905	---	17,320,600	36,489,883
9. Departure Tax					
01. Departure Tax.....	267,140,391	75,533,814	---	191,606,577	136,085,188
10. Fish Levy Tax					
01. Fish Levy.....	568,756	52,474	---	516,282	101,112
12. Stamp Duty					
01. Stamp Duty.....	87,213,431	42,674,925	---	44,538,506	71,759,272
13. Luxury Vehicle Levy					
01. Luxury Vehicle Levy.....	---	1,375,737	1,375,737	---	1,467,875
14. Telecommunication Levy					
01. Telecommunication levy.....	1,500,833	---	---	1,500,833	---
15. Credit Card Levy					
01. Credit Card Levy.....	4,531,628	---	---	4,531,628	---
16. Third Party Insurance Levy					
01. 3rd Party Insurance Levy.....	2,345,658	---	---	2,345,658	---
99. Miscellaneous Fees and Receipts					
01. Miscellaneous Fees and Receipts.....	74,935,267	278,026	---	74,657,241	5,088,333
Total.....	1,968,316,071	877,850,903	380,842,970	1,471,308,138	1,754,750,096
Net Decrease.....				1,090,465,168	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 9

Heads and Subheads of Revenue	Estimate for 2016 (\$)	Actual Revenue 2016 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2015 (\$)
23 - FEES, FINES & CHARGES					
01. Dues					
01. Light Due - Port & Harbor.....	---	---	---	---	1,201
02. Duty					
01. Stamp Duty.....	4,029,732	6,273	---	4,023,459	(600,828)
03. Fees					
01. Agricultural Produce and Inspection.....	11,246	1,753	---	9,493	8,665
02. Native Timber Measurement.....	1,206,562	228,091	---	978,471	962,528
03. Land and Survey Fees.....	335,531	311,116	---	24,415	400,725
04. Mining Fees.....	14,075,657	420,426	---	13,655,231	367,290
06. Passports.....	---	7,197,414	7,197,414	---	11,080,023
07. Town Planning Fees.....	226,295	174,574	---	51,721	244,690
08. Examination Fees.....	22,071	11,148	---	10,923	39,968
09. Government Day Schools-Fees.....	51,746	27,838	---	23,908	41,484
10. Government Boarding Schools-Fees.....	570,029	258,131	---	311,898	434,578
11. Health Fumigation and Quarantine.....	1,708,753	891,529	---	817,224	1,696,697
12. Hospital.....	3,346,630	1,226,316	---	2,120,314	3,166,652
13. Fiji School of Nursing.....	27,891	---	---	27,891	---
14. Cemetery Fees.....	84,064	60,186	---	23,878	96,663
17. Audit Fees.....	386,843	196,252	---	190,591	434,573
18. Court Fees.....	1,440,741	921,119	---	519,622	1,352,905
19. Registration.....	1,526,899	716,777	---	810,122	1,054,025
20. Management Fee.....	309,138	---	---	309,138	10
21. LTA Fees and Fines.....	27,450,511	15,064,160	---	12,386,351	9,891,720
23. LTA Road User Levy.....	13,245,227	6,870,009	---	6,375,218	26,578,875
75. Civil Aviation.....	3,087	3,520	433	---	7,960
Offshore Fisheries Management Fees	---	750,878	750,878	---	1,743,924
99. Miscellaneous Fees.....	---	2,227,048	2,227,048	---	3,846,486
04. Licenses					
01. Arms.....	49,806	137,750	87,944	---	51,231
02. Banks.....	---	---	---	---	---
03. Coasting.....	6,327	---	---	6,327	5,956
05. Liquor.....	481,247	398,657	---	82,590	711,141
06. Trading.....	181,363	283,841	102,478	---	210,773
07. Dogs.....	27,398	14,308	---	13,090	20,934
09. Money Lenders.....	96,591	35,251	---	61,340	97,445
10. Hotels and Guest Houses.....	173,568	40,757	---	132,811	253,496
11. License Insurance, Agents and Brokers.....	---	---	---	---	1,044
12. Telecommunications and Television.....	5,000,000	4,283,379	---	716,621	5,945,266

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 9

Heads and Subheads of Revenue	Estimate for 2016 (\$)	Actual Revenue 2016 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2015 (\$)
14. Fishing.....	728,427	13,798	---	714,629	26,317
17. License- Security Industry.....	50,108	44,185	---	5,923	46,472
99. Other.....	1,370,810	1,135,767	---	235,043	1,335,308
05. Rates - Public Works					
01. Water Charges.....	36,511,319	19,931,192	---	16,580,127	30,893,739
06. Fees Royalties					
01. Royalties Timber.....	---	---	---	---	---
03. Royalties - Sand, Coral, Metal, etc.....	54,684	30,498	---	24,186	53,788
07. Fines					
01. Court Fines.....	3,027,226	1,846,660	---	1,180,566	2,992,211
08. Administrative Fines and Penalty					
01. Fines for Overdue, Lost & Damaged Library	3,416	---	---	3,416	---
02. Administrative Fines and Forfeitures.....	401,595	9,222	---	392,373	15,275
Total.....	118,222,538	65,769,823	10,366,195	62,818,910	105,511,210
Net Decrease.....				52,452,715	
24 - OPERATING REVENUE - SALES					
02. Sales of Companies.....	541	---	---	541	382
Total.....	541	---	---	541	382
Net Decrease.....				541	
27 - OTHER REVENUE AND SURPLUSES					
01. Surplus/Deficit from Agency					
01. RBF Revaluation Reserve Account.....	5,000,000	4,343,328	---	656,672	6,698,232
06. Sales of items from Technical.....	---	3,044	3,044	---	---
02. Rent and Hire of Government Property					
01. Rental for Land.....	15,827,897	6,982,873	---	8,845,024	13,213,598
02. Rental for Official Quarters.....	66,013	43,685	---	22,328	71,382
03. Rental for Buildings.....	2,680	---	---	2,680	---
04. Hire of Plant and Vehicles.....	8,056	---	---	8,056	7,241
05. Hire of Vessels and Punts.....	180	---	---	180	---
06. Revenue from Rest Houses.....	11,668	2,651	---	9,017	12,520
07. Crown Schedule 'A' Land Rents.....	---	---	---	---	---
03. Commission Revenue					
01. Commission.....	2,078,323	1,599,989	---	478,334	2,374,822
99. Other Revenue					
01. Sale of Photographs.....	563	9	---	554	516
02. Sales of Publications.....	56,930	54,102	---	2,828	46,072
03. Revenue from Production of Films.....	818	606	---	212	1,844
04. Survey & Sales of Navigation Publications.....	72,913	163,826	90,913	---	96,003
05. Meat Inspection.....	20,314	14,336	---	5,978	23,635
06. Veterinary and Animal Quarantine.....	13,455	8,518	---	4,937	13,865
07. Freight and Charter Receipts.....	246,077	58,844	---	187,233	302,840

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 9

Heads and Subheads of Revenue	Estimate for 2016 (\$)	Actual Revenue 2016 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2015 (\$)
08. Chemical Analysis.....	10,274	661	---	9,613	8,460
09. Valuation Fees.....	20,378	10,912	---	9,466	26,116
10. Sale of Farm Product.....	35,904	21,885	---	14,019	44,771
11. Sale of Surplus Farm Produce.....	90,784	28,090	---	62,694	81,071
12. Agricultural Commercial Undertakings.....	2,463	---	---	2,463	---
13. Sale of Fish and Ice.....	401,829	232,490	---	169,339	412,026
14. Sale of Sheep and Wool.....	30,454	4,660	---	25,794	33,872
17. Agricultural Landlord and Tenant Tribunal....	---	2,288	2,288	---	2,326
19. Drying and Storage Facilities.....	---	263	263	---	7
20. Board Members Fees	105,024	41,253	---	63,771	97,815
99. Other Revenue.....	14,468,562	7,946,362	---	6,522,200	18,244,583
Total.....	38,571,559	21,564,675	96,508	17,103,392	41,813,616
Net Decrease.....				17,006,884	
28 - REIMBURSEMENT AND RECOVERIES					
11. Reimbursement of Services					
01. Reimbursement for Meteorological Services...	618,805	217,391	---	401,414	565,854
06. Reimbursement-HA Low Cost Housing.....	497,199	468,869	---	28,330	468,107
07. Reimbursement-PRB Housing Project.....	---	498,250	498,250	---	---
12. Refund of Payments					
02. Refund of Government Employees Provident	827	---	---	827	---
03. Recoveries of Overpayments in Previous	943,842	504,715	---	439,127	1,687,614
22. Contributions for Capital Projects					
02. Rural Electrifications.....	1,747	344	---	1,403	1,629
23. Contributions for Overseas Peace-Keeping					
01. United Nations Peace- keeping force.....	4,000,000	6,853,592	2,853,592	---	3,544,237
02. Multinational Force and Observers.....	3,000,000	5,299,150	2,299,150	---	3,555,997
03. UN International Peacekeeping -	2,500,000	---	---	2,500,000	---
04. UN Mission -IRAQ	---	---	---	---	8,813,872
31. MoE Technical Collage Recovery	---	481,001	481,001	---	615,199
Total.....	11,562,420	14,323,312	6,131,993	3,371,101	19,252,509
Net Increase.....			2,760,892		
29 - GRANTS IN AID					
02. NZ Government Grants.....	136,313	---	---	136,313	---
03. United Nations Development Programme.....	963,494	---	---	963,494	---
99. Other Grant Aid.....	12,295,196	17,070,657	4,775,461	---	18,321,910
Total.....	13,395,003	17,070,657	4,775,461	1,099,807	18,321,910
Net Increase.....			3,675,654		
Total Operating Revenue.....	2,770,093,658	1,433,248,435	6,436,546	1,343,281,769	2,544,762,858
Net Decrease.....				1,336,845,223	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 9

Heads and Subheads of Revenue	Estimate for 2016 (\$)	Actual Revenue 2016 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2015 (\$)
INVESTING REVENUE					
31 - REPAYMENTS OF TERM LOANS RECEIVABLE					
11. Interest for Social Services Term Loans					
01. Interest Public Officers & Ministers	206,076	---	---	206,076	---
02. Interest Economic Service Term Loan.....	---	---	---	---	---
12. Interest Economic Service Term Loan	170,309	---	---	170,309	---
13. Interest Fiji Sports Council	---	66,759	66,759	---	44,506
14. Interest PAFCO Loan.....	---	133,880	133,880	---	---
21. Interest for Economic Services Term Loans					
01. Interest- Loans to Copra Industry.....	---	---	---	---	---
22. Principal Term Loans Economic Service					
01. Term Loan Economic Service	---	184,449	184,449	---	226,325
Total.....	376,385	385,088	385,088	376,385	270,831
Net Decrease.....				(8,703)	
32 - SALES OF GOVERNMENT ASSETS					
11. Sales Proceed in Economic Services.....	---	---	---	---	---
31. Sales proceeds in Infrastructure services.....	320,000,000	---	---	320,000,000	188,130,977
41. Sales Proceed in TMA Operation.....	---	---	---	---	---
91. Proceed from sales of Fixed Assets	---	---	---	---	42,681
Total.....	320,000,000	---	---	320,000,000	188,173,658
Net Decrease.....				320,000,000	
33 - DIVIDENDS FROM INVESTMENTS					
01. Investments in Social Services.....	1,360,165	---	---	1,360,165	1,778,342
02. Investments in Economic Services.....	31,500,000	32,024,744	524,744	---	32,807,546
03. Investments in Infrastructure Services.....	---	32,188,983	32,188,983	---	27,745,682
Total.....	32,860,165	64,213,727	32,713,727	1,360,165	62,331,570
Net Increase.....			31,353,562		
34 - INTEREST FROM BANK BALANCES					
02. Interest from Domestic Bank.....	10,048	312	---	9,736	1,198
03. Interest from Term Deposits Local Banks.....	260,060	---	---	260,060	---
04. Interest from Overseas Brokers.....	---	---	---	---	308,337
06. Interest from Bank Balances	---	---	---	---	---
Total.....	270,108	312	---	269,796	309,535
Net Decrease.....				269,796	
35 - RETURN OF SURPLUS CAPITAL FROM INVESTMENTS					
74. Return of Surplus Capital from TMA Operations	5,130,754	2,944,786	---	2,185,968	4,361,514
Total.....	5,130,754	2,944,786	---	2,185,968	4,361,514
Net Decrease.....				2,185,968	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 9

Heads and Subheads of Revenue	Estimate for 2016 (\$)	Actual Revenue 2016 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2015 (\$)
39 - SCHOLARSHIP BOND RECOVERY					
01. Payment Term Loan FAB.....	---	15,842	15,842	---	24,821
Total.....	---	15,842	15,842	---	24,821
Net Increase.....			15,842		
Total Investing Revenue.....	358,637,412	67,559,755	31,369,404	322,447,061	255,471,929
Net Decrease.....				291,077,657	
SUMMARY OF REVENUE					
Operating Revenue.....	2,770,093,658	1,433,248,435	6,436,546	1,343,281,769	2,544,762,858
Investing Revenue	358,637,412	67,559,755	31,369,404	322,447,061	255,471,929
Grand Totals.....	3,128,731,070	1,500,808,190	37,805,950	1,665,728,830	2,800,234,787

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS
FOR THE PERIOD ENDING 31 JULY 2016

Schedule 10

Heads of Appropriation	Original Budget 2016	Redeployment	Supplementary Appropriation	Revised Estimate 2016	Actual Expenses 2016	(Over) / Under Expenditure
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
GENERAL ADMINISTRATION						
Office of the President	3,428,146	---	---	3,428,146	1,784,193	1,643,953
Office of the Prime Minister	15,499,425	---	---	15,499,425	5,964,744	9,534,681
Office of the Attorney General	18,278,344	---	---	18,278,344	8,469,240	9,809,104
Ministry of Economy	84,142,136	---	---	84,142,136	45,624,908	38,517,228
Ministry of iTaukei Affairs	11,464,415	---	---	11,464,415	6,033,591	5,430,824
Ministry of Immigration, National Security and Defense	9,241,159	---	---	9,241,159	4,356,762	4,884,397
Ministry of Employment, Productivity and Industrial Relations	17,284,164	---	---	17,284,164	7,628,073	9,656,091
Ministry of Foreign Affairs	42,968,947	---	---	42,968,947	26,171,606	16,797,341
Office of the Auditor General	4,226,129	---	---	4,226,129	1,957,048	2,269,081
Fijian Elections Office	6,388,552	---	---	6,388,552	3,508,815	2,879,737
Judiciary	44,016,519	---	---	44,016,519	15,882,881	28,133,638
Parliament	9,850,878	---	---	9,850,878	5,575,954	4,274,924
Independent Commission	15,882,939	---	---	15,882,939	7,214,462	8,668,477
Office of the Director of Public Prosecutions	6,057,643	---	---	6,057,643	2,780,374	3,277,269
Ministry of Justice	4,879,321	---	---	4,879,321	2,292,721	2,586,600
Fiji Corrections Service	39,419,626	---	---	39,419,626	16,861,452	22,558,174
Ministry of Communication	26,413,273	---	---	26,413,273	8,492,872	17,920,401
Ministry of Civil Services	5,810,200	---	---	5,810,200	1,968,218	3,841,982
Ministry of Rural and Maritime Development and Disaster Management	36,905,498	---	---	36,905,498	31,403,894	5,501,604
Republic of Fiji Military Forces	93,557,733	---	---	93,557,733	54,271,941	39,285,792
Fiji Police Force	126,305,357	---	---	126,305,357	66,055,508	60,249,849
Peacekeeping Missions	78,972,274	---	---	78,972,274	41,760,365	37,211,909
Total for General Administration	700,992,678	---	---	700,992,678	366,059,622	334,933,056
SOCIAL SERVICES						
Ministry of Education, Heritage and Arts	432,249,150	---	---	432,249,150	251,484,276	180,764,874
Ministry of Health and Medical Services	280,082,947	---	---	280,082,947	146,617,845	133,465,102
Department of Housing	30,848,070	---	---	30,848,070	6,806,668	24,041,402
Ministry of Women, Children and Poverty	52,151,885	---	---	52,151,885	35,652,690	16,499,195
Ministry of Youth and Sports	22,461,744	---	---	22,461,744	13,061,837	9,399,907
Higher Education Institutions	76,584,800	---	---	76,584,800	50,580,511	26,004,289
Total for Social Services	894,378,596	---	---	894,378,596	504,203,827	390,174,769
ECONOMIC SERVICES						
Ministry of Agriculture	76,188,876	---	---	76,188,876	30,408,225	45,780,651
Ministry of Fisheries and Forests	26,256,262	---	---	26,256,262	16,914,836	9,341,426

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2016

Schedule 10

Heads of Appropriation	Original Budget 2016	Redeployment	Supplementary Appropriation	Revised Estimate 2016	Actual Expenses 2016	(Over) / Under Expenditure
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Ministry of Lands and Mineral Resources	31,032,517	---	---	31,032,517	15,405,988	15,626,529
Ministry of Industry, Trade and Tourism	58,946,473	---	---	58,946,473	34,371,778	24,574,695
Ministry of Sugar	23,788,345	---	---	23,788,345	19,841,905	3,946,440
Ministry of Public Enterprise	16,084,190	---	---	16,084,190	10,339,815	5,744,375
Ministry of Local Government, Housing & Environment	35,041,515	---	---	35,041,515	25,228,886	9,812,629
Total for Economic Services	267,338,178	---	---	267,338,178	152,511,433	114,826,745
INFRASTRUCTURE SERVICES						
Ministry of Infrastructure and Transport	122,232,205	---	---	122,232,205	58,631,803	63,600,402
Water Authority of Fiji	250,444,383	---	---	250,444,383	101,123,170	149,321,213
Fiji Roads Authority	635,675,337	(80,000,000)	---	555,675,337	186,015,975	369,659,362
Total for Infrastructure	1,008,351,925	(80,000,000)	---	928,351,925	345,770,948	582,580,977
UNALLOCABLE						
Miscellaneous Services	224,135,946	80,000,000	---	304,135,946	217,293,888	86,842,058
Pensions, Gratuities and Compassionate Allowances	42,343,300	---	---	42,343,300	20,754,067	21,589,233
Charges on Account of Public Debt	276,995,864	---	---	276,995,864	150,088,630	126,907,234
Total for Unallocable Services	543,475,110	80,000,000	---	623,475,110	388,136,585	235,338,525
Grand Total	3,414,536,487	---	---	3,414,536,487	1,756,682,415	1,657,854,072


GOVERNMENT OF THE REPUBLIC OF FIJI
DETAILS OF EXPENDITURE REPORTABLE AUTHORISATIONS
FOR THE PERIOD ENDING 31 JULY 2016

Heads of Appropriation	Original Budget 2016	Redeployment	Supplementary Appropriation	Virements	Revised Estimate 2016	Actual Expenditure 2016	(Over)/ Under Expenditure
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	%
Summary by Standard Expenditure Group (SEG)							
1. Established Staff	839,943,939	---	---	(10,706,592)	829,237,347	458,175,830	45
2. Unestablished Staff	46,232,280	---	---	1,812,492	48,044,772	28,140,510	41
3. Travel and Communications	33,757,289	---	---	798,358	34,555,647	19,784,237	43
4. Maintenance and Operations	74,122,401	---	---	(704,103)	73,418,298	43,854,666	40
5. Purchase of Goods and Services	142,235,512	---	---	(3,039,614)	139,195,898	79,845,472	43
6. Operating Grants and Transfers	484,561,044	---	---	2,007,231	486,568,275	295,386,734	39
7. Special Expenses	84,678,869	---	---	18,961,559	103,640,428	48,273,436	53
8. Capital Construction	162,043,412	---	---	(1,299,634)	160,743,778	54,938,745	66
9. Capital Purchase	63,006,814	---	---	1,694,286	64,701,100	23,647,296	63
10. Capital Grants and Transfers	1,115,522,820	---	---	(10,933,908)	1,104,588,912	512,102,957	54
11. Pensions, Gratuities & Compassionate Allowances	42,343,300	---	---	---	42,343,300	20,754,067	51
12. Charges on Account of Public Debt	9,750,000	---	---	(259,825)	9,490,175	2,612,686	72
13. Value Added Tax	49,092,943	---	---	1,409,925	50,502,868	21,689,835	57
14. Interest Payment on overseas loans	47,935,271	---	---	259,825	48,195,096	22,486,710	53
15. Interest Payment on domestic loans	219,310,593	---	---	---	219,310,593	124,989,234	43
Grand Total	3,414,536,487	---	---	---	3,414,536,487	1,756,682,415	49

Actuals for all the SEGs were within the original approved budgets

Ministry of Economy
 Suva, Fiji

Dated of the month of June, 2017



.....
 Ms. Makereta Konrote
 Permanent Secretary for Ministry of Economy

GOVERNMENT OF THE REPUBLIC OF FIJI
 BUDGET RESULT, ESTIMATES AND PROJECTIONS
 FOR THE PERIOD 2014 - 2017

Schedule 12

	Actual 2014 (Restated) (\$)	Actual 2015 (\$)	Estimate 2016 (\$)	Actual 2016 (\$)	Projected 2017 (\$)	Projected 2018 (\$)
REVENUE						
Operating Revenue	2,290,281,755	2,544,762,858	2,770,093,658	1,433,248,435	2,891,254,500	3,038,757,400
Investing Revenue	80,723,993	255,471,929	358,637,412	67,559,755	34,734,300	32,908,600
TOTAL REVENUE	2,371,005,748	2,800,234,787	3,128,731,070	1,500,808,190	2,925,988,800	3,071,666,000
EXPENDITURE						
Operating Expenditure	1,471,275,463	1,585,800,762	1,747,874,634	994,214,951	1,733,101,934	1,729,987,534
Interest Payments on Loans	264,309,159	295,416,310	276,995,864	150,088,630	273,045,464	269,311,164
Capital Expenditure	930,115,814	1,045,016,389	1,340,573,046	590,688,999	1,650,371,446	1,524,950,246
Value Added Tax	57,395,410	55,558,866	49,092,943	21,689,835	38,133,243	36,801,543
TOTAL EXPENDITURE	2,723,095,846	2,981,792,327	3,414,536,487	1,756,682,415	3,694,652,087	3,561,050,487
BUDGET RESULT	(352,090,098)	(181,557,540)	(285,805,417)	(255,874,225)	(768,663,287)	(489,384,487)

GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2014 - 2017

Description	Actual 2014 (Restated) (\$)	Actual 2015 (\$)	Estimate 2016 (\$)	Actual 2016 (\$)	Projected 2017 (\$)	Projected 2018 (\$)
REVENUE						
Operating Revenue						
Direct Receipts (Income Tax & Capital Gain Tax)	523,741,388	605,113,135	620,025,526	436,669,065	656,460,500	695,044,900
Indirect Revenue						
VAT	794,142,006	893,326,885	845,797,102	355,396,789	885,567,100	927,319,700
Customs	511,394,486	545,731,212	643,890,500	320,024,723	674,005,200	705,613,400
Service Turnover Tax	57,959,569	64,700,336	126,765,874	59,442,510	134,212,300	142,098,200
Water Resource Tax	34,694,302	36,489,883	40,392,505	23,071,905	42,765,200	45,278,000
Departure Tax	122,912,654	136,085,188	140,374,517	75,533,814	148,620,300	157,352,800
Fish Levy	438,068	101,112	568,756	52,474	602,200	637,500
Stamp Duty	68,608,464	71,759,272	87,213,431	42,674,925	92,336,500	97,761,900
Luxury Vehicle Tax	2,211,762	1,467,875	---	1,375,737	---	---
Telecommunication Levy	---	---	1,500,833	---	1,589,000	1,682,400
Credit Card Levy	---	---	4,531,628	---	4,797,800	5,079,700
Third Party Insurance Levy	---	---	2,345,658	---	2,483,400	2,629,400
Environmental Levy	---	---	---	---	73,637,000	77,963,700
Health Levy	---	---	---	---	5,700,000	6,035,000
Miscellaneous Fees & Receipts	1,639,744	5,088,333	74,935,267	278,026	---	---
Fees, Fines, Charges and Penalties	104,970,471	105,511,210	118,222,538	65,769,823	117,250,200	121,816,300
Operating Revenue Sales	---	382	541	---	600	600
Other Revenue and Surpluses	26,863,387	41,813,616	38,571,559	21,564,675	39,543,600	40,632,000
Reimbursement and Recoveries	14,772,560	19,252,509	11,562,420	14,323,312	11,683,600	11,811,900
Grant in Aid	25,932,894	18,321,910	13,395,003	17,070,657	---	---
Total Operating Revenue	2,290,281,755	2,544,762,858	2,770,093,658	1,433,248,435	2,891,254,500	3,038,757,400

GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE (cont...)
FOR THE PERIOD 2014 - 2017

Description	Actual 2014 (Restated) (\$)	Actual 2015 (\$)	Estimate 2016 (\$)	Actual 2016 (\$)	Projected 2017 (\$)	Projected 2018 (\$)
Investing Revenue						
Repayment of Term Loans Receivable	571,921	295,652	376,385	385,088	---	---
Sale of Government Assets	12,760,757	188,173,658	320,000,000	---	---	---
Dividends from Investment	64,700,689	62,331,570	32,860,165	64,213,727	28,867,700	26,950,000
Interest from Bank Balance	553,725	309,535	270,108	312	286,000	302,800
Interest on Term Loans and Advances	---	---	---	---	398,500	421,900
Return of Surplus Capital from Investment	2,136,901	4,361,514	5,130,754	2,944,786	5,182,100	5,233,900
Scholarship Bond Recovery	---	---	---	15,842	---	---
Total Investing Revenue	80,723,993	255,471,929	358,637,412	67,559,755	34,734,300	32,908,600
TOTAL REVENUE	2,371,005,748	2,800,234,787	3,128,731,070	1,500,808,190	2,925,988,800	3,071,666,000
EXPENDITURE						
General Administration Services						
Operating Expenditure	454,487,158	550,181,444	596,996,969	335,916,311	593,290,969	593,296,369
Capital Expenditure	50,690,652	54,098,918	89,114,043	23,057,867	27,294,043	23,874,043
Total General Administration	505,177,810	604,280,362	686,111,012	358,974,178	620,585,012	617,170,412
Social Services						
Operating Expenditure	669,927,444	721,059,208	768,299,941	463,814,131	770,709,641	769,969,641
Capital Expenditure	46,722,780	56,448,619	109,724,361	34,527,825	42,862,761	42,862,761
Total Social Services	716,650,224	777,507,827	878,024,302	498,341,956	813,572,402	812,832,402

GOVERNMENT OF THE REPUBLIC OF FIJI
DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE (cont...)
FOR THE PERIOD 2014 - 2017

Description	Actual 2014 (Restated) (\$)	Actual 2015 (\$)	Estimate 2016 (\$)	Actual 2016 (\$)	Projected 2017 (\$)	Projected 2018 (\$)
Economic Services						
Operating Expenditure	86,952,555	94,297,812	118,505,257	64,284,844	118,391,457	116,186,657
Capital Expenditure	96,398,737	89,593,357	140,897,722	84,433,455	124,988,722	122,565,922
Total Economic Services	183,351,292	183,891,169	259,402,979	148,718,299	243,380,179	238,752,579
Infrastructure Services						
Operating Expenditure	192,674,032	130,925,366	155,507,288	77,483,810	144,654,688	144,479,688
Capital Expenditure	628,752,866	722,085,594	848,678,494	266,013,503	1,330,083,794	1,212,102,194
Total Infrastructure Services	821,426,898	853,010,960	1,004,185,782	343,497,313	1,474,738,482	1,356,581,882
Miscellaneous Services						
Operating Expenditure	30,448,921	122,789,900	66,221,879	31,961,788	63,711,879	63,711,879
Capital Expenditure	107,550,779	50,458,614	152,158,426	182,656,349	125,142,126	123,545,326
Total Miscellaneous Services	137,999,700	173,248,514	218,380,305	214,618,137	188,854,005	187,257,205
Unallocable						
Pensions, Gratuities and Compassionate Allowance	36,785,353	38,878,319	42,343,300	20,754,067	42,343,300	42,343,300
Value Added Tax	57,395,410	55,558,866	49,092,943	21,689,835	38,133,243	36,801,543
Interest Payments on Loans	264,309,159	295,416,310	276,995,864	150,088,630	273,045,464	269,311,164
TOTAL EXPENDITURE	2,723,095,846	2,981,792,327	3,414,536,487	1,756,682,415	3,694,652,087	3,561,050,487
Deficit for the year	(352,090,098)	(181,557,539)	(285,805,417)	(255,874,225)	(768,663,287)	(489,384,487)

GOVERNMENT OF THE REPUBLIC OF FIJI
ESTIMATE AND ACTUAL BUDGET RESULT
FOR THE PERIOD 2014- 2016

Schedule 14

	Actual 2014 (Restated) (\$)	Actual 2015 (\$)	Estimate 2016 (\$)	Actual 2016 (\$)
REVENUE				
Operating Revenue	2,290,281,755	2,544,762,858	2,770,093,658	1,433,248,435
Investing Revenue	80,723,993	255,471,929	358,637,412	67,559,755
TOTAL REVENUE	2,371,005,748	2,800,234,787	3,128,731,070	1,500,808,190
EXPENDITURE				
Operating Expenditure	1,471,275,463	1,585,800,762	1,747,874,634	994,214,951
Interest Payments on Loans	264,309,159	295,416,310	276,995,864	150,088,630
Capital Expenditure	930,115,814	1,045,016,389	1,340,573,046	590,688,999
Value Added Tax	57,395,410	55,558,866	49,092,943	21,689,835
TOTAL EXPENDITURE	2,723,095,846	2,981,792,327	3,414,536,487	1,756,682,415
BUDGET RESULT	(352,090,098)	(181,557,540)	(285,805,417)	(255,874,225)

**Part 2: Report on the Whole of Government
Financial Statements and Annual
Appropriation Statement**

Table of Content

1.0	FINANCIAL POSITION OF GOVERNMENT	4
1.1	Financial Performance 2016	4
1.2	2016 Appropriation Act.....	4
1.3	Operating Results.....	5
1.4	Treasury Bills.....	5
1.5	Consolidation of Accounts of Controlled Entities	6
1.6	Delay in Submission of Agency Financial Statements by Ministries and Departments	6
1.6	Audit Opinion of all Ministries and Departments financial statements	8
2.0	CASH AND CASH EQUIVALENTS	15
2.1	Increase in Unpresented Cheques.....	16
2.2	Anomalies in Drawings and Clearing Accounts	18
2.3	Anomalies in Cash at Bank Balance	19
2.4	Impact of Error and Omission on Cash at Bank Balance.....	20
2.5	Prior Years Issues	21
3.0	INVESTMENTS	26
3.1	Composition of Government Investments	26
3.2	Return on Investments	27
3.3	Analysis of Dividends and Investments.....	28
3.4	Dividends Remitted per Entity	28
3.5	Inoperative Entities	30
3.6	Misplaced Share Certificates	31
3.7	Non Submission of Annual Reports and Audited Accounts	32
3.8	Investment records not updated (Recurring Issue)	33
4.0	TRUST FUND ACCOUNT	34
4.1	Weaknesses in Internal Controls	34
4.2	Overdrawn Trust Accounts.....	36
4.3	Variances noted in the Main Trust balances	37
4.4	Account Balances Contrary to the Nature of Operating Trust Account	38
4.5	Impact of Misstatement and Inadequate Evidence on Trust Fund Balance	38
5.0	REVENUE	40
5.1	Weaknesses in Internal Controls for Revenue.....	40
6.0	EXPENDITURE	42
6.1	Overview of 2016 Government's Budgeted and Actual Expenditures	42
6.2	Overall Utilisation by Standard Expenditure Groups (SEG).....	43
6.3	Government Budget for 7 Months Period.....	45
6.4	Payment Anomalies	45
6.5	Expenditure Classification	47
7.0	BORROWING FUND ACCOUNT	49
7.1	Trends in Government Borrowing by Category.....	50
7.2	Borrowings over the 15 Year Period	52
7.3	Loan Repayments	52
7.4	Domestic Bonds	53
	7.4.1 <i>Borrowings and Interest Payments</i>	54
7.5	Overseas Borrowings.....	56
	7.5.1 <i>Yearly Overseas Borrowings</i>	56

7.5.2	Overseas Borrowings Outstanding & Interest Paid	57
7.5.3	Revaluation of Overseas Borrowings.....	58
7.6	Treasury Bills.....	59
7.6.1	Treasury Bills Over a 15-year Period.....	61
7.6.2	Treasury Bills Management	62
7.7	Ways and Means.....	62
7.8	Financial Flexibility	63
7.9	Financial Vulnerability	64
7.10	Financial Sustainability.....	70
8.0	TERM LOAN RECEIVABLE.....	72
8.1	Unsubstantiated Term Loan Receivable	72
8.2	Concessional Loan to Public Rental Board not reflected in the Term Loan Receivable Account in 2011 – 2015	73
8.3	Failure to Submit Loan Agreements for Audit Verification	75
9.0	REVOLVING FUND ACCOUNT	78
9.1	Accounts Receivable.....	78
9.1.1	Weaknesses in Internal Control.....	78
9.2	Prepayments and Advance Account.....	80
9.2.1	Weaknesses in Internal Control.....	80
9.2.2	Impact of Misstatement on Prepayments and Advance Balances	82
9.3	Inventory.....	83
9.4	Accounts Payable.....	84
9.4.1	Weaknesses in Internal Control.....	84
9.4.2	Impact of Misstatement and on Accounts Payable Balance.....	86
9.5	Follow up on Previous Years Issues	88
10.0	EQUITY	90
11.0	ARREARS OF REVENUE	92
11.1	Fluctuating trend of arrears of revenue for the last 5 Years.....	92
11.2	Anomalies in Statement of Arrears of Revenue	92
11.3	Follow Up On Previous Year Issues	95
12.0	CONTINGENT LIABILITIES	98
APPENDIX 1.0	APPROPRIATION STATEMENT.....	100
APPENDIX 2.0	CASH APPENDIX.....	102
Appendix 2.1:	Details of Variances for Overseas Bank Balances	102
APPENDIX 3.0	TRUST FUND APPENDIX	103
Appendix 3.1:	Weaknesses in Internal Control.....	103
Appendix 3.1.1:	Details of Trust Funds Reconciliations Not Prepared.....	103
Appendix 3.1.2:	Inadequate Listing of Beneficiaries.....	103
Appendix 3.1.3:	Details of Trust Funds Balances with No Supporting Documents	105
Appendix 3.1.4:	Trust Accounts Reflected Under old Head	106
Appendix 3.2:	Account Balances Contrary to Operating Trust Nature	122
APPENDIX 4.0	EXPENDITURE APPENDIX.....	124
Appendix 4.1:	Ministries Having Used High Budget Percentage within 7 Months	124
Appendix 4.2:	Details of Non-Submission of Audited Accounts	126
Appendix 4.3:	Anomalies in Capital Expenditure.....	126
Appendix 4.4:	Details of Expenditures without Proper Authorisation	127
Appendix 4.5:	Details of Unbudgeted Expenditures	128

Appendix 4.6: Expenditures from Nil Budget Allocation	129
Appendix 4.7: Lack of Supporting Documentation.....	130
Appendix 4.8: Fixed Asset Register Not Updated	130
Appendix 4.9: Details of incorrect postings.....	131
Appendix 4.10: Details of tender not called and competitive quotations not obtained	132
Appendix 4.11: Accountable Advance Balance as at 31/07/2016	132
Appendix 4.12: Provisional Tax Not Withheld.....	133
APPENDIX 5.0 REVOLVING FUND ACCOUNT APPENDIX	134
Appendix 5.1: Dormant Accounts	134
Appendix 5.2: Accounts Balances Contrary to its Nature (Debit Balances)	134
Appendix 5.3: Accounts Receivable Control Issues Raised From Ministries and Departments	135
Appendix 5.4: Weaknesses in Internal Control - Prepayments and Advance Account.....	136
Appendix 5.5: Accounts Payable Control Issues Raised from Ministries and Departments	138
Appendix 5.6: Details of Other Weaknesses in Accounts Payable Internal Controls.....	139
by Ministries/Departments	139
APPENDIX 6.0 ARREARS OF REVENUE APPENDIX	140
Appendix 6.1: Aging of Arrears of Revenue Over 5 years.....	140
APPENDIX 7.0 REVENUE APPENDIX.....	141
Appendix 7.1: Weaknesses in Internal Control.....	141

1.0 FINANCIAL POSITION OF GOVERNMENT

The financial statements for the Government of the Republic of Fiji have been drawn up in accordance with IPSAS under the ‘cash-basis of accounting’ and the provisions of the Financial Management Act 2004.

1.1 Financial Performance 2016

The performance of the Fiji Government for the year 2016 is provided in Table 1.1.

Table 1.1 Government Performance in 2016

Item	Original Budget 2016 (\$'000)	Revised Budget 2016 (\$'000)	Actual Results 2016 (\$'000)	Variance ¹ 2016 (\$'000)	Variance (%)
REVENUE					
Operating Receipts	2,770,093.7	2,770,093.7	1,433,248.4	1,336,845.3	48
Investing Receipts	358,637.4	358,637.4	67,559.8	291,077.6	81
TOTAL REVENUE	3,128,731.1	3,128,731.1	1,500,808.2	1,627,922.9	52
EXPENDITURE					
Operating	2,024,870.5	2,033,999.8	1,144,303.6	889,696.2	44
Capital	1,340,573.1	1,330,033.8	590,689.0	739,344.8	56
Value Added Tax	49,092.9	50,502.9	21,689.8	28,813.1	57
TOTAL EXPENDITURE	3,414,536.5	3,414,536.5	1,756,682.4	1,657,854.1	49
NET DEFICIT	(285,805.4)	(285,805.4)	(255,874.2)	(29,931.2)	10
Debt Repayment	159,630.7	159,630.7	91,250.8	68,379.90	43
GROSS DEFICIT	(445,436.1)	(445,436.1)	(347,125.0)	(98,311.1)	22
Net Deficit As A Percent of GDP	(2.9%)	(2.9%)	(2.6%)	(0.3%)	10
NOMINAL/PROVISIONAL GDP	9,691,109[n]	9,691,109[n]	9,852,704.1	(161,595.1)	(2)

Source: Schedule 2 of the Financial Statement of the Government of Fiji Financial Statements

Original Budget 2015 is sourced from the 2015 Budget Book.

[n]: Nominal GDP Figure [Source: Republic of Fiji Budget Estimate 2016]

2016 Actual GDP figure was provided by Macroeconomic committee

The actual gross deficit for the year was \$347.1 million which was \$98.3 million less than the original forecast of \$445.4 million. The reduction in gross deficit is attributed to the change in financial year from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The actual revenue and expenditure stated for the period ended 2016 reflect transactions for a seven- month period whereas the budget is for a 12 month period.

1.2 2016 Appropriation Act

There were thirty eight appropriation heads in the 2016 budget.² The expenditure under the various Ministries/Departments and variances noted are detailed in [Appendix 1](#). Against a revised budget of \$3,414,536,487; the government spent \$1,756,682,415; resulting in a budget saving of \$1,657,854,072 or 49%.

¹Variance = Actual Revised less Results Budget

² Schedule 1 (Section 2) of the 2015 Appropriation Act 2015

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The expenditure stated for the period ended 2016 reflect transactions for a seven-month period whereas the budget is for a 12-month period, thus the significant savings percentages.

Under the Lending Fund appropriation of \$62.8 million, there was an outstanding balance of \$267.6 million at the beginning of 2016 which increased by the end of the financial period with the inclusion of the Public Rental Board loan of \$10.9million. However, there were also recoveries of \$5.1 million during the year with major collections being from students under the loan scheme of \$0.3 million and recovery from *i-Taukei* Affairs Board of \$0.2 million, Fiji Pine Commission of \$1.2 million and Housing Authority of \$3.3 million.

1.3 Operating Results

A net deficit totalling \$255.9 million was recorded in 2016 as shown in Table 1.1 compared to the forecasted net deficit of \$285.8 million; an improvement by \$29.9 million or 10%.

The net deficit for 2016 as a percentage of GDP was 2.6%, a reduction of 0.3% from the budgeted net deficit of 2.9%.

1.4 Treasury Bills

Domestic loans were raised in accordance with the approved budgets while the excess borrowings were in the form of Treasury Bills.

The outstanding Treasury bills at the beginning of the year totalled \$143.3 million. Treasury Bills raised during the year amounted to \$211.8 million and \$163.8 million was outstanding as at 31 July 2016. Table 1.2 details the loans raised by government to finance its budget deficits over the last 10 years.

Table 1.2 Original Budget Deficit vs. Loans Raised

Details	2007 (\$)	2008 (\$)	2009 (\$)	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
Gross Deficit	369,552,279	225,554,800	498,557,100	363,566,600	302,976,000	338,436,800	398,973,400	385,435,100	363,522,000	445,436,700
Domestic Loans	100,536,321	341,266,932	404,239,758	452,734,100	81,470,500	192,102,000	172,822,000	233,405,800	257,356,129	295,166,984
Overseas Loans	19,855,800	20,802,800	25,476,800	61,949,500	569,043,100	136,428,700	99,466,291	120,241,251	544,436,074	80,667,618
Treasury Bills	685,889,200	391,725,900	253,821,700	687,313,100	411,970,900	306,664,500	138,122,146	306,883,399	332,840,640	211,787,728
Loans	806,281,321	753,795,632	683,538,258	1,201,996,700	1,062,484,500	635,195,200	410,410,437	660,527,650	1,134,632,843	587,622,330
Deficit %	218%	334%	137%	331%	351%	188%	103%	171%	312%	132%
Excess Borrowings %	(118%)	(234%)	(37%)	(231%)	(251%)	(88%)	(3%)	(71%)	(213%)	(32%)

The 2016 budget funding programme³ appropriated \$445.4 million (equal to the forecasted gross deficit) in loan funds to finance the gross deficit. However, a total of \$587.6 million was raised in loan funds resulting in excess borrowing of \$141.8 million or 32% in 2016.

³ 2016 Budget Estimate - Page 8

1.5 Consolidation of Accounts of Controlled Entities

A controlling entity, other than a controlling entity identified in paragraphs 1.6.7 and 1.6.8, should issue consolidated financial statements which consolidates all controlled entities, foreign and domestic, other than those referred to in paragraph 1.6.6.⁴

Entities identified in paragraphs 1.6.7 and 1.6.8 include those that are wholly owned controlled entities provided users of such financial statements are unlikely to exist or their information needs are met by the controlling entity's consolidated financial statements and those that is virtually wholly owned provided the controlling entity obtains the approval of the owners of the minority interest.

Entities under paragraph 1.6.6 are those that operates under severe external long-term restrictions which prevent the controlling entity from benefiting from its activities

Audit noted that the whole of government financial statements for 2016 included only the accounts of government Ministries and Departments and did not consolidate the financial statements of other controlled entities. The controlled entities for government include the State Owned Entities such as Government Commercial Companies, Commercial Statutory Authorities and Statutory Authorities.

Recommendation

While the Ministry of Economy has indicated in Note 2.2 to the accounts that consolidation is not mandatory, consideration should be given to consolidate the accounts of controlled entities to promote greater accountability and transparency.

Ministry's Comments

1.6 Delay in Submission of Agency Financial Statements by Ministries and Departments

The annual financial statements required to be included in the annual report for a budget sector agency must be prepared in the manner and times required by the Finance Instructions, and contain the particulars required by or under the Finance Instructions.⁵

The draft financial statements must be submitted to the Auditor-General by 31 March in the following year, or within such other time as agreed by the Permanent Secretary with the Auditor-General.⁶

In the definition of "*financial year*", deleting "*a year ending on and including 31st December or such other date*" and substituting "*a 12-month period beginning on and including 1 August and ending on and including 31 July, or such other dates*".⁷

⁴ Handbook of International public Sector Accounting Pronouncements Volume 2 – 1.6.5

⁵ Finance Management Act 2010 – Section 50(1)

⁶ Finance Instructions 2010 – Section 70(3)

⁷ Finance Management (Amendment) Act 2016 – Section 2(e)

Due to the change in the government financial year as per the Financial Management (Amendment) Act 2016, Ministries and Departments were required to submit their annual agency financial statements to the Auditor General by October 31, 2016. However, audit noted that only three out of the total of 35 agencies complied with this legislated deadline. The remaining 32 entities submitted their accounts between 2 December 2016 and 21 April 2017 which was up to 6 months after the due date. Refer to Table 1.3 for details.

Table 1.3 Submission dates of Ministries and Departments Agency financial statements for 31/07/16

Head No	Ministry/Department	Date AFS Received
1	Office of the President	31/01/17
2	Office of the Prime Minister	23/12/16
3	Attorney General and Solicitor General	28/02/17
4	Ministry of Economy	10/02/17
5	Ministry of iTaukei Affairs	29/03/17
6	Ministry of Immigration, National Security and Defence	31/01/17
7	Ministry of Employment, Productivity and Industrial Relations	30/01/17
8	Ministry of Foreign Affairs	21/01/17
9	Office of the Auditor General	13/09/16
10	Fijian Elections Office	26/01/17
11	Judiciary	02/12/16
12	Parliament	09/09/16
14	Office of the Director of Public Prosecutions	23/12/16
15	Ministry of Justice	01/02/17
15	Ministry of Justice (Fiji Corrections Service)	22/02/17
16	Ministry of Communications (Information, Technology & Computing Services)	17/02/17
16	Ministry of Communications (Information & Communication)	19/12/16
17	Ministry of Civil Services	19/12/16
18	Ministry of Rural and Maritime Development and National Disaster Management	06/02/17
19	Republic of Fiji Military Forces	22/12/16
20	Fiji Police Force	23/12/16
21	Ministry of Education, Heritage and Arts	22/12/16
22	Ministry of Health and Medical Services	12/04/17
23	Department of Housing	18/04/17
24	Ministry of Women, Children and Poverty Alleviation	02/02/17
25	Ministry of Youth and Sports	19/09/16
30	Ministry of Agriculture	08/03/17
32	Ministry of Fisheries and Forests	30/01/17
33	Ministry of Lands and Mineral Resources	04/04/17
34	Ministry of Industry, Trade and Tourism	14/12/16
35	Ministry of Sugar	06/02/17
36	Ministry of Public Enterprise	28/12/16
37	Ministry of Local Government, Urban Development and Environment	18/04/17
40	Ministry of Infrastructure and Transport	21/04/17

Head No	Ministry/Department	Date AFS Received
49	Peacekeeping Missions	22/12/16

Furthermore, the Whole of Government Financial Statements was submitted for audit on 7 April while the revised financial statements was submitted via email on 1 May 2017.

The delay in the submission of Agency Financial Statements across Ministries and Departments contributed to the delay in the finalising of the audit of Whole of Government Financial Statements for the year ended 31 July 2016.

Recommendation

The Ministry should take proactive measures in ensuring that all Accounting Heads work towards preparing and submitting their annual financial statements before 31 January so that audit reports can be issued prior to 30 April each year.

Ministry's Comments

Prior to the change in financial year, we understand that most of the government ministries and agencies had submitted their AFS by the due date. When this was first initiated in the early 2000's, there would have been a good number of agencies who also were not able to meet the deadline then. While not condoning the delay, we can only conclude that the new dates and format (from twelve to six months) contributed to this delay. For the next financial year, we anticipate to see a vast improvement in this area, similar to the previous experience.

1.6 Audit Opinion of all Ministries and Departments financial statements

The annual financial statement for a budget sector agency must –

- be signed by the chief executive officer of the agency or by a person specified for that purpose in the Finance Instructions; and
- be audited by the Auditor-General and be accompanied by his or her audit opinion.⁸

The Auditor General's audit opinion on the annual financial statements as at 31 July 2016 of all Ministries and Departments are presented in Table 1.4 below.

Table 1.4 Audit opinions of Ministries and Departments annual financial statements for 31/07/16

Head No	Ministry / Department	Audit Opinion	Basis of Qualification
1	Office of the President	Qualified	Prior year balances in the Revolving Fund Account totalling \$776,847 were cleared by posting to various expenditure allocations without adequate supporting documents being provided to audit thus overstating expenditure of the Office in the current period by the same amount.
2	Office of the Prime Minister	Unqualified	The Mahogany Industry Council Trust Fund Statement of

⁸ Financial Management Act 2010 – Section 50(2)

Head No	Ministry / Department	Audit Opinion	Basis of Qualification
		and Emphasis of Matter	Receipts and Payments includes Trust Receipts for License fees of \$1,110,987. The Office did not perform monthly reconciliations between the logs harvested/ sold by Fiji Hardwood Corporation Limited and the fees collected for Licenses; the Council is yet to determine the total accounts receivable as at 31 July 2016
3	Attorney General and Solicitor General	Unqualified	
4	Ministry of Economy	Unqualified	
5	Ministry of iTaukei Affairs	Unqualified	
6	Ministry of Immigration, National Security and Defence	Qualified	An unreconciled variance of \$94,197 exists between the Integrated Border Control Management Systems (IBMS) which records the Department of Immigrations operating revenue and the amount posted in the FMIS General Ledger, As a result, I was unable to substantiate the correctness of the operating revenue balance of \$7,197,414 recorded in the financial statements for the period ended 31 July 2016
7	Ministry of Employment, Productivity and Industrial Relations	Qualified	Drawings Account balance of \$206,037 include stale cheques totalling \$97,416 which was not journalized at financial year end. As a result the Drawings Account balance and expenditure of the Ministry is overstated by \$97,416.
8	Ministry of Foreign Affairs	Unqualified	
9	Office of the Auditor General	Unqualified	
10	Fijian Elections Office	Unqualified	
11	Judiciary	Qualified	A variance of \$501,308 existed between the Judiciary Trust Fund Cash at bank balance of \$25,779,288 in the FMIS general ledger which includes Suitors, Maintenance and Sundries Trust accounts and the Judicial Trust Fund Bank Reconciliation balance of \$25,277,980 as at 31 July 2016. Furthermore, the Trust Fund reconciliation for Suitors, Maintenance and Sundries Trust accounts were not carried out since May 1992.
12	Parliament	Unqualified	
14	Office of the Director of Public Prosecutions	Unqualified	
15	Ministry of Justice	Qualified	1. Un-substantiating opening balance for Official Receiver Liquidation Trust \$647,508 and the Official Receiver Bankruptcy Trust Account \$176,520. 2. Ministry did not maintain detailed listing of the beneficiaries of the Trust Accounts. Consequently, audit was not able to substantiate the completeness of the closing balances of \$617,248 and 219,630 reflected in the Statement of receipts and payments for the Official Receiver Liquidation Trust and the Official Receiver Bankruptcy Trust. Without further Qualifying the opinion expressed above, I draw your attention to: *FICAC is conducting a fraud investigation on the Official

Head No	Ministry / Department	Audit Opinion	Basis of Qualification
			Receiver and operations of the Trust accounts. The impact, if any, of the outcome of the fraud investigation on the financial statements for the period ended 31 July 2016 cannot be presently determined
15	Ministry of Justice (Fiji Corrections Service)	Unqualified	
16	Ministry of Communications (Information, Technology & Computing Services)	Unqualified	
16	Ministry of Communications (Information & Communication)	Unqualified	
17	Ministry of Civil Services	Qualified	The Ministry of Civil Service under Budget Head 17 recorded Miscellaneous Revenue of \$1,002,443 for the period ended 31 July 2016. This could not be verified as the Ministry was not able to provide appropriate audit evidence to support the balances.
18	Ministry of Rural and Maritime Development and National Disaster Management	Unqualified	
19	Republic of Fiji Military Forces	Qualified	<p>1. Total receipts include VAT on revenue of \$29,852. This amount is VAT Refunds due from FRCA, based on the client's own calculations. Such amounts are only recognised under the accrual basis of accounting, and not under the cash basis of accounting. Consequently, the receipts are overstated in the financial statements. Trading and Manufacturing Activities Account</p> <p>2. Total sales include revenue of \$36,570 collected for 2015. The amount was directly deposited in the bank account in 2015 and was recorded in the FMIS general ledger in 2016. Consequently, the sales are overstated in the financial statement.</p> <p>3. There was no independent verification carried out for the Inventory account balance of \$25,363. Consequently, audit could not substantiate the completeness of Inventory.</p> <p>5. The Engineers Project Trust Fund Account Statement of Receipts and Payments for RFMF Engineers Project Fund Account was not included in the Agency Financial Statement contrary to Section 71(1) (g) of the Finance Instructions. Total Payments amounted to \$387,487.. Transactions from this account were not recorded in the FMIS general ledger contrary to Section 15 of the Finance Instructions 2010.</p> <p>Without further qualifying the accounts, attention were drawn to the following matters:</p> <ul style="list-style-type: none"> The RFMF did not carry out a board of survey to verify the existence and condition of assets under its authority contrary to Section 49 of the Finance

Head No	Ministry / Department	Audit Opinion	Basis of Qualification
			Instructions 2010. <ul style="list-style-type: none"> Internal controls in the critical areas of the RFMF's operations were generally found to be weak and if not addressed promptly may result in financial losses in the near future.
20	Fiji Police Force	Unqualified	
21	Ministry of Education, Heritage and Arts	Unqualified	
22	Ministry of Health and Medical Services	Qualified	<p>1. Included in the Miscellaneous State Revenue of \$844,360 is License & Other revenue of \$679,454.93 posted in error thus overstating Miscellaneous State Revenue by the same amount.</p> <p>2. Main Trust Fund Accounts-Net adjustments totalling \$875,569 relating to prior year trust fund receipts and payments were made in the current year's general ledger for the (1) Cardiology Services Trust Fund and (2) Sahyadi Trust Fund Accounts to reconcile the ending cash balances held against the two trust fund accounts. The details of the prior year adjustments were not provided.</p> <p>3. Proper monthly reconciliation of the cash at bank balance, cash general ledger and cash book for these trust fund accounts were not carried out for all the seven months period ending 31 July 2016.</p> <p>Moreover, attention was also drawn to the following;</p> <p>1. The total retention sums deducted from contractual progress payments for capital works made by the Ministry were neither transferred to a separate operating trust fund account nor were they recognised as capital expenditures during the period. The Ministry was also unable to provide reconciliation for all the retention monies as at 31 July 2016.</p>
23	Department of Housing	Qualified & Emphasis of Matter	<p>The City Wide Informal Settlement Upgrading Trust Fund account for the Department had a closing balance of \$7,269 for period ended 31 July 2016. The Department did not maintain proper records including cash books. Proper bank and trust reconciliations were also not performed for the trust account. As a result, I was not able to ascertain the accuracy and correctness of the amount reflected in the trust account.</p> <p>Emphasis of Matter Without further qualifying the opinion expressed above, I draw attention to the following: The Department did not carry out an annual board of survey to verify the existence and condition of all assets under its authority contrary to Section 49 of Finance</p>

Head No	Ministry / Department	Audit Opinion	Basis of Qualification
			Instructions 2010. The last survey was carried out on September 2016 for the financial period 1 January 2015 to 31 December 2015.
24	Ministry of Women, Children and Poverty Alleviation	Unqualified EOM	Emphasis of Matter * The accounts provide disclosure for additional funds of \$19.9 million distributed by the ministry for Tropical Cyclone Winston Rehabilitation Programs. The assistance, sourced from Budgetary Head 50 under the Ministry of Economy, was paid to all social protection program recipients. The ministry's involvement in the Help for Home Initiative was restricted to distribution of hardware cash cards according to pre-determined lists provided to the ministry
25	Ministry of Youth and Sports	Unqualified	
30	Ministry of Agriculture	Qualified	<p>1. The Ministry transferred \$457,469 of excess cash from TMA operations to the Consolidated Fund Account with the Ministry of Economy. The journal entry passed to effect the transfer had a nil effect on the general ledger. As a result, this amount was still reflected in the Consolidated TMA Balance Sheet. Consequently, the cash amount of \$559,372 and TMA Surplus Capital Retained of \$1,125,622 in the Consolidated TMA balance sheet as at 31 July 2016 are both overstated by \$457,469.</p> <p>2. Appropriate supporting documents for adjustments amounting to \$318,494 to the cash account for the Trust Account were not provided to audit. In addition, a variance of 354,402 existed between the detailed listing of beneficiaries of the Trust Account and the amount recorded in the general ledger. As a result, I was unable to ascertain the accuracy and completeness of the closing balance of \$684,162 reflected in the Trust Statement of Receipts and Payments.</p>
32	Ministry of Fisheries and Forests	Qualified	<p>1. Unreconciled variance of \$224,312 between the fishing license fees of \$405,640 and FMIS GL balance of 629,952. Consequently, I could not confirm the accuracy and completeness of revenue amount.</p> <p>2. There was no independent audit verification carried out for the Raw Materials of \$16,792 and Finished Goods of \$1,229 in the TMA Balance Sheet. Consequently, I could not confirm the accuracy and completeness of inventory amount.</p> <p>3. There is an unreconciled variance of \$113,993 between the opening FMIS general ledger balance of \$79,641 and the opening balance of the Trust Account Statement of Receipts and Payments of \$193,634. In addition, the adjustment of the \$113,993 passed during the year were not supported with appropriate supporting documents. As a result, I was not able to ascertain the accuracy and completeness of the Main Trust Fund account balance.</p>
33	Ministry of Lands and Mineral	Unqualified	

Head No	Ministry / Department	Audit Opinion	Basis of Qualification
	Resources		
34	Ministry of Industry, Trade and Tourism	Unqualified	
35	Ministry of Sugar	Unqualified	
36	Ministry of Public Enterprise	Unqualified	
37	Ministry of Local Government, Urban Development and Environment	Qualified	<p>The Environment Trust Fund account for the Ministry had a closing balance of \$2,781,989 for period ended 31 July 2016. The Ministry did not maintain proper records including cash books. Proper bank and trust reconciliations were also not performed for the trust account. As a result, I was not able to ascertain the accuracy and correctness of the amount reflected in the trust account.</p> <p>Without further qualifying the opinion expressed above, draw attention to the following:</p> <p>The Ministry did not carry out an annual board of survey to verify the existence and condition of all assets under its authority contrary to Section 49 of Finance Instructions 2010. The last survey was carried out on September 2016 for the financial period 1 January 2015 to 31 December 2015.</p>
40	Ministry of Infrastructure and Transport	Qualified	<p>1. Several Trading and Manufacturing Accounts (TMA) did not disclose cash at bank account in the TMA balance sheet as at 31 July 2016. However significant amount of receipts and payments were recorded in the TMA profit and loss statements. Separate cash account general ledgers were not maintained for these TMAs.</p> <p>In addition, Consolidated TMA balance sheet had cash at bank balance of \$3,766,112 while consolidated bank reconciliation balance was \$2,493,936 as at 31/07/16. A variance of \$1,272,176 was noted.</p> <p>2. A variance of \$210,188 existed between the subsidiary records of debtors totalling \$210,188 and the FMIS accounts receivable nil balance as at 31 July 2016. The Ministry did not reconcile the two records. I was not able to ascertain the correctness of nil accounts receivable balance stated in the Consolidated TMA balance sheet as at 31 July 2017.</p>
49	Peacekeeping Missions	Unqualified with EOM	The Peacekeeping Missions did not carry out a board of survey to verify the existence and condition of the assets under its authority contrary to Section 49 of the Finance Instruction 2010.

Out of the 35 Ministries and Departments for which audit reports were issued, 19 Ministries had unqualified audit opinion, 13 audit opinions were qualified and three audit opinions were unqualified but had emphasis of matter in the audit reports. Apart from other issues, four audit reports were

qualified due to issues relating to Trading and Manufacturing Accounts and nine on matters relating to Trust Fund Accounts.

Recommendations

- **The Ministry of Economy should consider carrying out a review of the Trading and Manufacturing Account (TMA) across government with a view to determine their relevance and need considering that they were set up many years ago and may have outlived their purpose.**
- **The Ministry of Economy should also consider carrying out a review of the Trust Fund Accounts to determine the manner in which funds held would be utilised hence managing government's liability at manageable levels.**

Ministry's Comments

2.0 CASH AND CASH EQUIVALENTS

A bank account for public money, other money or trust money must only be established with the approval of the Chief Accountant, who must inform the bank of the agency officers authorised to operate on it. All agency bank accounts must be kept in the name of the agency or the official title of a unit within the agency.⁹

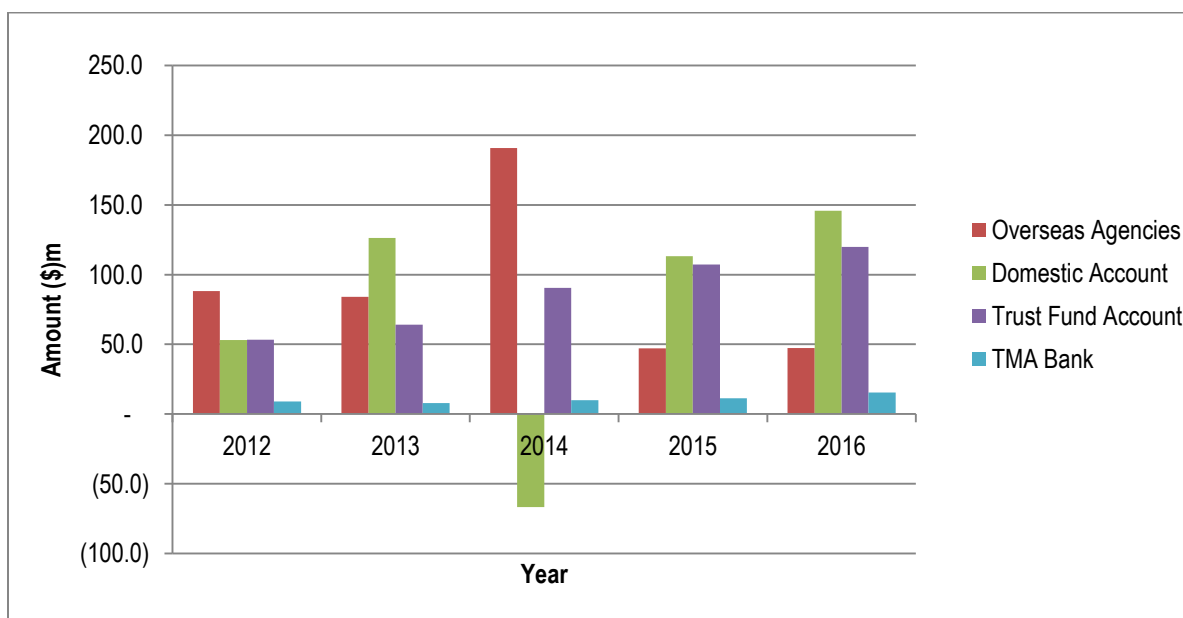
The cash and cash equivalents balance decreased from \$224,036,753 in 2015 to \$218,496,898 in 2016. However, there were increases in Trust Fund Account and Trading & Manufacturing Account bank balances by 11.6% and 37.4%, respectively. Overseas and Domestic cash also increased by 0.4% and 28.8%, respectively. The decrease in total cash was mainly attributed to the increase in unrepresented cheque by \$54,973,899 or 100.1% in 2016. Table 2.1 shows changes in net cash.

Table 2.1 Cash at Bank Balance as at 31 July 2016

Account	2016 Balances (\$)	2015 Balances (\$)	Variance (\$)	% Change
Overseas Agencies	47,411,540	47,221,823	189,717	0.4
Domestic Account	145,705,229	113,160,579	32,544,650	28.8
Trust Fund Account	119,788,149	107,297,355	12,490,794	11.6
Trading & Manufacturing Account (TMA)	15,462,371	11,253,488	4,208,883	37.4
Unrepresented Cheques	(109,870,391)	(54,896,492)	(54,973,899)	100.1
Net Cash	218,496,898	224,036,753	(5,539,855)	(2.5)

A graphical presentation of the account balances for the past five years is provided in Figure 2.1.

Figure 2.1 Cash and Cash Equivalent Balances: 2012 - 2016



⁹ Finance Instructions 2010 – Section 32(1) & (4)

Cash balances in Domestic and Trust Fund Accounts make up majority of the government's cash holdings at year end.

2.1 Increase in Unpresented Cheques

The Drawings Accounts balances (credits) for Ministries and Departments represent the total value of cheques that were issued but were not presented to banks as at 31 July 2016.

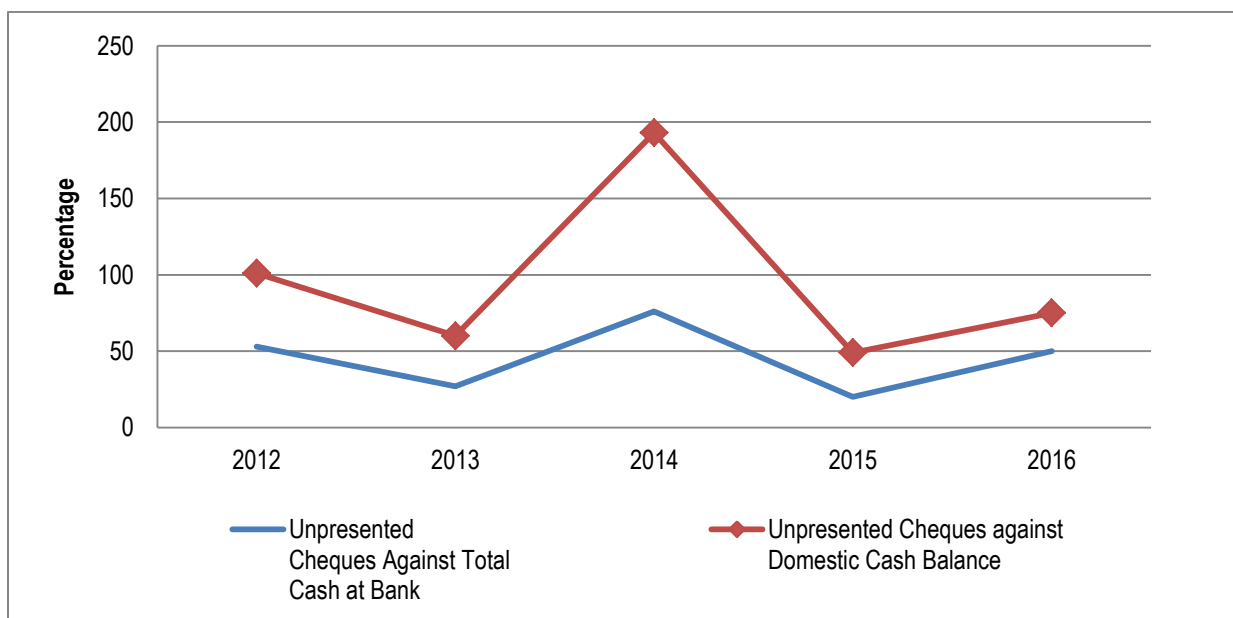
Review of the unpresented cheques balances over the past five years provided in Table 2.2 and Figure 2.2 indicate that it accounted for a significant portion of the domestic cash holdings of Government as at 31/7/16.

Table 2.2 Unpresented Cheques

Year	Unpresented Cheques (\$)	Cash at Bank (\$)	% of Unpresented Cheques Against Total Cash at Bank	Domestic Cash Holding (\$)	% of Unpresented Cheques against Domestic Cash Holdings
2012	107,360,277	203,957,283	53	106,660,817*	101
2013	75,572,051	282,316,760	27	126,382,089*	60
2014	137,976,858	180,529,168	76	71,312,510	193
2015	54,896,492	278,933,246	20	113,160,579	49
2016	109,870,391	218,496,898	50	145,705,229	75

* Includes the cash balance of Trust Fund Account

Figure 2.2 Percentage of Unpresented Cheques against Cash at Bank and Domestic Cash Holdings



The unrepresented cheque balance increased by \$54,973,899 or 100% in 2016 compared to 2015. The unrepresented cheque balance for Ministry of Infrastructure and Transport accounted for 36.5% of the total unrepresented cheque balance as at 31/7/16 which is significant. Refer to Table 2.3 for details.

Table 2.3 Ministries/Department with Significant Unrepresented Cheque Balances

Ministry/Department	Amount (\$)	% of Total
Infrastructure and Transport	40,068,677	36.4
Energy	17,896,772	16.3
Education	13,400,106	12.2
Industry, Trade & Tourism	7,037,461	6.4
Treasury - CAT	6,260,593	5.7
Ministry of Women	4,736,033	4.3
Fiji Military Forces	2,921,253	2.7
Transport	2,909,004	2.6
Ministry of Sugar	2,641,683	2.4
Ministry of Agriculture	1,829,999	1.7
Treasury CG	1,488,516	1.4
Local Government	1,185,832	1.1
Rural and Maritime	1,116,493	1.0
Ministry of Health	1,026,042	0.9
Others	5,351,927	4.9
Total	109,870,391	100

The large unrepresented cheques balances indicated that spending for some Ministries and Departments are concentrated towards the end of the financial period which affects the cash flows for the beginning of the following year.

Recommendations

- **Ministries and Departments should:**
 - **be encouraged to properly plan their expenditures in order to avoid the accumulation of unrepresented cheques at year end; and**
 - **monitor end of year purchases to ensure that bulk spending at year end is avoided. Explanations and justification for large spending should be obtained from Accounting Heads.**
- **Ministry of Economy should also use cash flow forecasting as a tool for monitoring the spending of Ministries and Departments during the year.**

Ministry's Comments

With the change of the fiscal year, we had to reconfigure the FMIS and this included its total shutdown. All ministries and departments were then required to write manual cheques. Where EFT would have significantly reduced the high UP list, the cheques took more than three days to clear, thus the slippage to the next financial year. With the FMIS now configured to the new fiscal year, we anticipate a lesser UP listing

2.2 Anomalies in Drawings and Clearing Accounts

The Drawings Accounts balances (credits) for Ministries and Departments represent the total value of cheques that were issued but were not presented to banks as at 31 July 2016. All Bank Lodgement Clearance (BLC) Accounts must be reduced to zero balance.¹⁰ All Consolidated Fund transactions should be cleared and adjust all misallocations to the Inter-departmental Clearance Accounts.¹¹

The following anomalies were noted from audit review of Drawings and Clearing Accounts as at 31 July 2016:

- Drawings Account reconciliation was not signed and reviewed by a Senior Accounts Officer for Ministry of Local Government and Department of Housing which had general ledger balances of \$1,185,832 and \$8,875, respectively;
- Bank Lodgement Clearance and Inter-Departmental Clearance accounts totalling \$11,315 were yet to be cleared;
- Drawings Accounts totalling \$4,603 were dormant from the previous year; and
- Debit balances existed in the Drawings and clearing accounts totalling \$2,138. The effect of this is the understatement of general ledger balance as at 31/07/16 by the same amount.

The audit findings indicate the lack of supervision and monitoring by the senior officers in the respective Ministries and Departments.

Recommendations

- **Ministries and Departments should ensure that:**
 - **the clearing accounts are cleared at the end of the financial year; and**
 - **the dormant accounts are investigated and necessary action taken to clear the carried forward balances from previous years.**
- **Ministry of Economy should closely monitor the month-end Drawings Account reconciliations submitted by Ministries and Departments and provide regular feedback. Errors and omissions noted should be addressed in subsequent reconciliations.**

Ministry's Comments

The Ministry will be closing off the dormant accounts in this financial year.

The Ministry of Economy will be closely monitoring the monthly drawings account reconciliations.

¹⁰ Finance Circular No.4/2016 – 2016 Closing of Accounts Procedures, Clause 4.2.4

¹¹ Finance Circular No.4/2016 – 2016 Closing of Accounts Procedures, Clause 4.1.1

2.3 Anomalies in Cash at Bank Balance

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹²

The following anomalies were noted from audit review of the domestic and overseas cash balances:

- The Ministry of Foreign Affairs Remittance Between Chest reconciliation had a balance of \$1,801,081 while the general ledger had nil balance as at 31 July 2016. The variance was due to the differences in closing and opening balances;
- The Fiji Consulate General Sydney was transferred from the Ministry of Foreign Affairs to the Ministry of Industry, Trade & Tourism in April 2016. However, as at 31 July 2016, a balance of \$919,009 was still appearing under the Ministry of Foreign Affairs in the general ledger;
- The Fiji Embassy in Beijing RMB cash account had a debit balance of \$1,513 in the general ledger, which was carried forward from 2015. However, the bank reconciliation reflected an overdrawn balance of \$133,832 as at 31 July 2016 for which satisfactory explanations were not provided;
- The Trading and Manufacturing Account (TMA) bank reconciliation was not prepared for Ministry of Agriculture. As such, audit was unable to substantiate the TMA cash balance of \$7,877;
- The Trust Fund bank reconciliation was not prepared for Department of Housing. As such, audit was unable to substantiate the trust fund cash balance of \$7,269;
- Ministry of Economy fixed term deposit had a variance of \$1,997 between the FMIS general ledger and bank confirmation. This led to understatement of domestic bank general ledger balance by the same amount; and
- There was no foreign exchange gain or loss accounted for in the reconciliations and general ledger for overseas missions and crown agents London account.

The audit findings indicate the lack of supervision and monitoring by accounting officers in the respective Ministries and Departments.

Recommendation

Ministry of Economy should ensure that Ministries and Departments strictly comply with section 32(6) of Finance Instructions 2010 which requires that all bank accounts must be reconciled on a monthly basis and errors or omissions are adjusted on a timely basis.

¹² Finance Instructions 2010 - Section 32.6

Ministry's Comments

Ministry of Local Government (\$7,269) had not submitted their trust reconciliation. We are also working with the above Ministries and Ministry of Foreign Affairs, with regards to their overseas mission accounts.

2.4 Impact of Error and Omission on Cash at Bank Balance

The Cash at Bank balance of \$218,496,897 as at 31 July 2016 was misstated in view of the following errors and omissions.

Table 2.4 Errors and Omissions in Statement of Cash at Bank

Errors and Omissions	Amount (\$)
Variance in Drawings Account Ending Balance	114,341
EFT payments and stale cheques included in unrepresented cheque listings	2,698,547
Variance between Domestic Bank Reconciliation and the FMIS General Ledger	(1,997)
Variance between TMA Bank Reconciliation and the FMIS General Ledger	1,433,777
Variance between Trust Bank Reconciliation and the FMIS General Ledger	(43,256)
Variance between Overseas Bank Reconciliation and the FMIS General Ledger	2,567,391
Total Errors and Omissions	6,768,803

The impact of the errors and omissions on cash at bank totalling \$6,768,803 or 3.1% of the total cash at bank balance in the 2016 accounts is substantial and reflects the existence of weak controls in cash management.

Recommendations

- **Ministry of Economy in consultation with Ministries/Departments should ensure that bank balances are reconciled.**
- **The errors and omissions highlighted above should be investigated and rectified.**

Ministry's Comments

The Ministry of Economy has been assisting other ministries and departments in preparing their reconciliations as we also have an interest in reducing/eliminating these anomalies and errors.

2.5 Prior Years Issues

The following anomalies were raised in the audit report for the year ended 31 December 2015. There was no evidence to indicate that corrective action was taken to resolve the issues as at 31 July 2016.

Issues	Recommendations	Management Proposed Action/Comments	Current Status																																																									
Drawings Account Variance																																																												
<p>Variance of \$297,294 exists between departments' drawings reconciliations and general ledger balance for some ministries and departments.</p>	<ul style="list-style-type: none"> Ministry of Economy and the individual ministries and departments should investigate and rectify the total variance so that correct balances are reflected at year end. Ministry of Economy should closely monitor month end drawings reconciliation and ensure that agencies appropriately address errors and discrepancies in their monthly reconciliations before next reconciliations are due. 	<p><i>Issue on Drawings Account variance is noted. Some of the Ministries especially Fisheries and Forest were not able to regularize their charges due to lack of budgetary provisions for 2015, hence the variance in their Drawings account reconciliations.</i></p>	<p>Open. The variance of \$114,341 was noted between following Ministries and Departments drawings reconciliation and general ledger balance. Refer to Table below for details.</p> <table border="1" data-bbox="1182 573 1875 1206"> <thead> <tr> <th>Ministry/Department</th> <th>Variance (\$)</th> <th>GL (Overstated)/ Understated</th> </tr> </thead> <tbody> <tr><td>Lands and Mineral Resources</td><td>(179)</td><td>GL overstated</td></tr> <tr><td>MOIT - Energy</td><td>(769)</td><td>GL overstated</td></tr> <tr><td>MOIT - MET</td><td>(85,602)</td><td>GL overstated</td></tr> <tr><td>MOIT - W&S</td><td>1,653</td><td>GL understated</td></tr> <tr><td>MOIT - GSS</td><td>(1,100)</td><td>GL overstated</td></tr> <tr><td>MOIT</td><td>(23,630)</td><td>GL overstated</td></tr> <tr><td>MOIT - Energy</td><td>2</td><td>GL understated</td></tr> <tr><td>Agriculture</td><td>(598)</td><td>GL overstated</td></tr> <tr><td>Labour & Employment</td><td>5,498</td><td>GL overstated</td></tr> <tr><td>Civil Service</td><td>(6,420)</td><td>GL overstated</td></tr> <tr><td>MOE - Treasury CG</td><td>46</td><td>GL understated</td></tr> <tr><td>MOE - Pensions</td><td>(857)</td><td>GL overstated</td></tr> <tr><td>MOE - BOS</td><td>25</td><td>GL understated</td></tr> <tr><td>MOE - Treasury main a/c WBC</td><td>(273)</td><td>GL overstated</td></tr> <tr><td>Industry, Trade & Tourism</td><td>(28)</td><td>GL overstated</td></tr> <tr><td>MOE - Customs</td><td>3</td><td>GL understated</td></tr> <tr><td>Justice</td><td>(2,112)</td><td>GL overstated</td></tr> <tr><td>Total</td><td>(114,341)</td><td>GL overstated</td></tr> </tbody> </table>	Ministry/Department	Variance (\$)	GL (Overstated)/ Understated	Lands and Mineral Resources	(179)	GL overstated	MOIT - Energy	(769)	GL overstated	MOIT - MET	(85,602)	GL overstated	MOIT - W&S	1,653	GL understated	MOIT - GSS	(1,100)	GL overstated	MOIT	(23,630)	GL overstated	MOIT - Energy	2	GL understated	Agriculture	(598)	GL overstated	Labour & Employment	5,498	GL overstated	Civil Service	(6,420)	GL overstated	MOE - Treasury CG	46	GL understated	MOE - Pensions	(857)	GL overstated	MOE - BOS	25	GL understated	MOE - Treasury main a/c WBC	(273)	GL overstated	Industry, Trade & Tourism	(28)	GL overstated	MOE - Customs	3	GL understated	Justice	(2,112)	GL overstated	Total	(114,341)	GL overstated
Ministry/Department	Variance (\$)	GL (Overstated)/ Understated																																																										
Lands and Mineral Resources	(179)	GL overstated																																																										
MOIT - Energy	(769)	GL overstated																																																										
MOIT - MET	(85,602)	GL overstated																																																										
MOIT - W&S	1,653	GL understated																																																										
MOIT - GSS	(1,100)	GL overstated																																																										
MOIT	(23,630)	GL overstated																																																										
MOIT - Energy	2	GL understated																																																										
Agriculture	(598)	GL overstated																																																										
Labour & Employment	5,498	GL overstated																																																										
Civil Service	(6,420)	GL overstated																																																										
MOE - Treasury CG	46	GL understated																																																										
MOE - Pensions	(857)	GL overstated																																																										
MOE - BOS	25	GL understated																																																										
MOE - Treasury main a/c WBC	(273)	GL overstated																																																										
Industry, Trade & Tourism	(28)	GL overstated																																																										
MOE - Customs	3	GL understated																																																										
Justice	(2,112)	GL overstated																																																										
Total	(114,341)	GL overstated																																																										

Issues	Recommendations	Management Proposed Action/Comments	Current Status																																																																											
<p>Included in the unrepresented cheque listings, are the stale cheques and electronic fund transfer payments totalling \$57, 322.</p>	<ul style="list-style-type: none"> Board of Survey of the unrepresented cheques should be carried out at the end of the year. 	<p><i>Comments on non-performance of BoS exercise on the various Agencies are noted. However, the Ministry of Economy will be reviewing the need to continue with the BoS exercise now that the payment process has been automated via the FMIS. The BoS exercise was aimed to monitor the issuance of cheques and to ensure that no manual cheques are issued after the closing date. With the FMIS in place, this is no longer a requirement as the system keeps proper periodic control of transactions that are being processed; payments done after the closing date will be processed accordingly under the new period budget.</i></p>	<p>Open. The stale cheques and electronic fund transfer totalling \$2,698,549 was included in following Ministries and Departments unrepresented cheque listing.</p>																																																																											
			<table border="1"> <thead> <tr> <th data-bbox="1192 375 1367 500">Ministry/ Department</th> <th data-bbox="1367 375 1541 500">Total Unrepresented Cheques (\$)</th> <th data-bbox="1541 375 1738 500">Total Stale Cheques/ EFT Payments (\$)</th> <th data-bbox="1738 375 1898 500">% of Unrepresented Cheques</th> </tr> </thead> <tbody> <tr> <td>Employment</td> <td>206,037</td> <td>97,416</td> <td>47</td> </tr> <tr> <td>Education</td> <td>13,400,106</td> <td>1,042,680</td> <td>8</td> </tr> <tr> <td>Justice</td> <td>184,921</td> <td>3,347</td> <td>2</td> </tr> <tr> <td>Health - HQ</td> <td>1,026,042</td> <td>813,430</td> <td>79</td> </tr> <tr> <td>Energy</td> <td>17,896,772</td> <td>690</td> <td>0</td> </tr> <tr> <td>DPP</td> <td>5,419</td> <td>1,706</td> <td>31</td> </tr> <tr> <td>iTaukei Affairs</td> <td>61,977</td> <td>846</td> <td>1</td> </tr> <tr> <td>Civil Service</td> <td>13,217</td> <td>5,605</td> <td>42</td> </tr> <tr> <td>Health West</td> <td>172,317</td> <td>170,450</td> <td>99</td> </tr> <tr> <td>Lands</td> <td>448,880</td> <td>439,588</td> <td>98</td> </tr> <tr> <td>Foreign Affairs</td> <td>33,079</td> <td>4,581</td> <td>14</td> </tr> <tr> <td>MOE - Treasury CG</td> <td>1,488,516</td> <td>9,756</td> <td>1</td> </tr> <tr> <td>Fisheries and Forest</td> <td>244,799</td> <td>38,219</td> <td>16</td> </tr> <tr> <td>Rural and Maritime - HQ</td> <td>1,116,493</td> <td>27,971</td> <td>3</td> </tr> <tr> <td>Rural and Maritime - Central</td> <td>308,410</td> <td>39,314</td> <td>13</td> </tr> <tr> <td>Rural and Maritime - Eastern</td> <td>265,643</td> <td>2,948</td> <td>1</td> </tr> <tr> <td>Total</td> <td>36,872,628</td> <td>2,698,547</td> <td>7</td> </tr> </tbody> </table>				Ministry/ Department	Total Unrepresented Cheques (\$)	Total Stale Cheques/ EFT Payments (\$)	% of Unrepresented Cheques	Employment	206,037	97,416	47	Education	13,400,106	1,042,680	8	Justice	184,921	3,347	2	Health - HQ	1,026,042	813,430	79	Energy	17,896,772	690	0	DPP	5,419	1,706	31	iTaukei Affairs	61,977	846	1	Civil Service	13,217	5,605	42	Health West	172,317	170,450	99	Lands	448,880	439,588	98	Foreign Affairs	33,079	4,581	14	MOE - Treasury CG	1,488,516	9,756	1	Fisheries and Forest	244,799	38,219	16	Rural and Maritime - HQ	1,116,493	27,971	3	Rural and Maritime - Central	308,410	39,314	13	Rural and Maritime - Eastern	265,643	2,948	1	Total	36,872,628	2,698,547	7
Ministry/ Department	Total Unrepresented Cheques (\$)	Total Stale Cheques/ EFT Payments (\$)	% of Unrepresented Cheques																																																																											
Employment	206,037	97,416	47																																																																											
Education	13,400,106	1,042,680	8																																																																											
Justice	184,921	3,347	2																																																																											
Health - HQ	1,026,042	813,430	79																																																																											
Energy	17,896,772	690	0																																																																											
DPP	5,419	1,706	31																																																																											
iTaukei Affairs	61,977	846	1																																																																											
Civil Service	13,217	5,605	42																																																																											
Health West	172,317	170,450	99																																																																											
Lands	448,880	439,588	98																																																																											
Foreign Affairs	33,079	4,581	14																																																																											
MOE - Treasury CG	1,488,516	9,756	1																																																																											
Fisheries and Forest	244,799	38,219	16																																																																											
Rural and Maritime - HQ	1,116,493	27,971	3																																																																											
Rural and Maritime - Central	308,410	39,314	13																																																																											
Rural and Maritime - Eastern	265,643	2,948	1																																																																											
Total	36,872,628	2,698,547	7																																																																											

Issues	Recommendations	Management Proposed Action/Comments	Current Status															
<p>The Ministries and Departments did not carry out the board of survey for the unrepresented cheques.</p>			<p>Open. The drawings board of survey was not conducted for following Ministries and Departments.</p> <table border="1" data-bbox="1194 347 1869 597"> <thead> <tr> <th>Allocation</th> <th>Ministry/Department</th> <th>General Ledger Balance (\$)</th> </tr> </thead> <tbody> <tr> <td>1-22101-22999-530301</td> <td>Health - HQ</td> <td>1,026,042</td> </tr> <tr> <td>1-37101-37999-530301</td> <td>Local Government</td> <td>1,185,832</td> </tr> <tr> <td>1-23101-23999-530301</td> <td>Department of Housing</td> <td>8,875</td> </tr> <tr> <td></td> <td>Total</td> <td>2,220,749</td> </tr> </tbody> </table>	Allocation	Ministry/Department	General Ledger Balance (\$)	1-22101-22999-530301	Health - HQ	1,026,042	1-37101-37999-530301	Local Government	1,185,832	1-23101-23999-530301	Department of Housing	8,875		Total	2,220,749
Allocation	Ministry/Department	General Ledger Balance (\$)																
1-22101-22999-530301	Health - HQ	1,026,042																
1-37101-37999-530301	Local Government	1,185,832																
1-23101-23999-530301	Department of Housing	8,875																
	Total	2,220,749																
Anomalies in Cash at Bank Balance																		
<p>Variances were noted between the overseas bank reconciliation and FMIS general ledger. The general ledger is overstated by a sum of \$1,619,790.</p>	<p>The responsible Ministries and Departments should strictly comply with section 32(6) of Finance Instructions 2010 which requires that all bank accounts must be reconciled on a monthly basis.</p>	<p><i>Comments noted. FMIS is currently working with these Ministries in resolving anomalies in their various cash at bank accounts. Issue should be resolved for financial year ending Jan-December 2016.</i></p>	<p>Open The general ledger is overstated by a sum of \$2,567,391. Refer to Appendix 2.1 for details.</p>															
<p>A sum of \$600,331 in the scholarship recovery bank account was still reflected in the Ministry of iTaukei Affairs general ledger as at 31/12/15 despite the transfer of the administration of scholarships to the TSLB in 2014.</p>			<p>Open. The balance as at 31/7/16 was \$116,158.</p>															

Issues	Recommendations	Management Proposed Action/Comments	Current Status																																	
<p>Variiances totalling \$1,627,016 were noted between the TMA Bank Reconciliation and FMIS general ledger</p>			<p>Open. The variance totalling \$1,433,777 was noted between the TMA Bank Reconciliations and General Ledger. Refer to Table below for details.</p> <table border="1" data-bbox="1182 345 1885 735"> <thead> <tr> <th>Ministry/Department</th> <th>Variance (\$)</th> <th>GL (Over)/ Understated</th> </tr> </thead> <tbody> <tr> <td>Fiji Correction Services</td> <td>15,860</td> <td>over-stated</td> </tr> <tr> <td>Infrastructure and Transport</td> <td>772,666</td> <td>over-stated</td> </tr> <tr> <td>Infrastructure and Transport</td> <td>499,510</td> <td>over-stated</td> </tr> <tr> <td>Health</td> <td>8,958</td> <td>over-stated</td> </tr> <tr> <td>Agriculture (4-30351-30999-540201)</td> <td>(7,877)</td> <td>Under-stated</td> </tr> <tr> <td>Public Enterprise</td> <td>9,295</td> <td>over-stated</td> </tr> <tr> <td>Ministry of Economy</td> <td>152,537</td> <td>over-stated</td> </tr> <tr> <td>Fisheries and Forests</td> <td>(17,016)</td> <td>under-stated</td> </tr> <tr> <td>Fiji Military Forces</td> <td>(156)</td> <td>under-stated</td> </tr> <tr> <td>Total</td> <td>1,433,777</td> <td></td> </tr> </tbody> </table>	Ministry/Department	Variance (\$)	GL (Over)/ Understated	Fiji Correction Services	15,860	over-stated	Infrastructure and Transport	772,666	over-stated	Infrastructure and Transport	499,510	over-stated	Health	8,958	over-stated	Agriculture (4-30351-30999-540201)	(7,877)	Under-stated	Public Enterprise	9,295	over-stated	Ministry of Economy	152,537	over-stated	Fisheries and Forests	(17,016)	under-stated	Fiji Military Forces	(156)	under-stated	Total	1,433,777	
Ministry/Department	Variance (\$)	GL (Over)/ Understated																																		
Fiji Correction Services	15,860	over-stated																																		
Infrastructure and Transport	772,666	over-stated																																		
Infrastructure and Transport	499,510	over-stated																																		
Health	8,958	over-stated																																		
Agriculture (4-30351-30999-540201)	(7,877)	Under-stated																																		
Public Enterprise	9,295	over-stated																																		
Ministry of Economy	152,537	over-stated																																		
Fisheries and Forests	(17,016)	under-stated																																		
Fiji Military Forces	(156)	under-stated																																		
Total	1,433,777																																			
<p>Variiances totalling \$1,351,354 were noted between the Trust Bank Reconciliation and FMIS general ledger.</p>			<p>Open. The variance totalling \$43,256 was noted between the Trust Bank Reconciliations and General Ledger. Refer to Table below for details.</p> <table border="1" data-bbox="1182 846 1841 1013"> <thead> <tr> <th>Ministry/Department</th> <th>Variance (\$)</th> <th>GL (Over)/ Understated</th> </tr> </thead> <tbody> <tr> <td>Judiciary</td> <td>501,308</td> <td>Over-stated</td> </tr> <tr> <td>Ministry of Local Government</td> <td>(544,564)</td> <td>Under-stated</td> </tr> <tr> <td>Total</td> <td>(43,256)</td> <td></td> </tr> </tbody> </table>	Ministry/Department	Variance (\$)	GL (Over)/ Understated	Judiciary	501,308	Over-stated	Ministry of Local Government	(544,564)	Under-stated	Total	(43,256)																						
Ministry/Department	Variance (\$)	GL (Over)/ Understated																																		
Judiciary	501,308	Over-stated																																		
Ministry of Local Government	(544,564)	Under-stated																																		
Total	(43,256)																																			
<p>Two Trust cash accounts with a total balance of \$1,027,504 were not recorded in the FMIS general ledger.</p>			<p>Open. One trust account was not recorded in the FMIS Ledger. Refer to table below for details.</p> <table border="1" data-bbox="1182 1131 1812 1243"> <thead> <tr> <th>Ministry/Department</th> <th>Variance (\$)</th> </tr> </thead> <tbody> <tr> <td>RFMF – Engineers Project Account</td> <td>194,515</td> </tr> </tbody> </table>	Ministry/Department	Variance (\$)	RFMF – Engineers Project Account	194,515																													
Ministry/Department	Variance (\$)																																			
RFMF – Engineers Project Account	194,515																																			

Recommendation

The Ministry should ensure that corrective actions are taken to resolve recurring issues.

Ministry's Comments

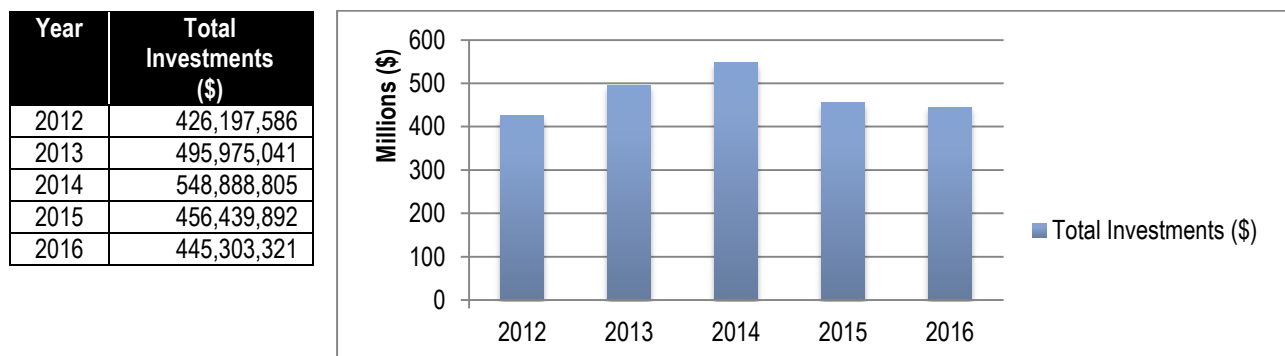
While the onus is on each accounting head to ensure correctness and compliance to regulations, it is noted that this is not always the case. In spite of this, the Ministry of Economy continues to assist when requested in terms of reconciliation preparation and training.

3.0 INVESTMENTS

Section 55(1) (b) of the Financial Management Act 2004 empowers the Minister to invest public money and other money within the meaning of the Act in securities issued by a statutory authority.

Government’s investments in 2016 totalled \$445,303,321¹³ comprising of shares held in 25 entities; a decrease of \$11,136,571 or 2% compared to 2015. The investments of the Government for the last five years are shown in Table 3.1 and Figure 3.1 below.

Table 3.1 and Figure 3.1: Total Government Investments: 2012 – 2016

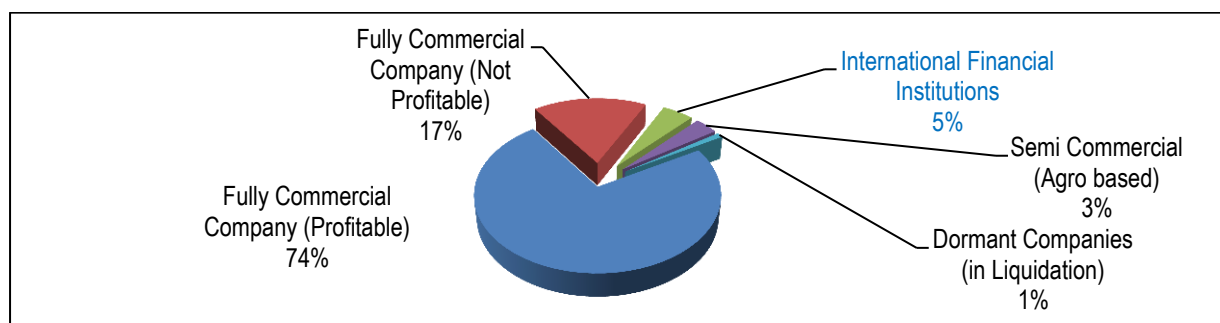


The decrease in government investments in 2016 is attributed to the reduction in the fair value¹⁴ of governments’ investment in Amalgamated Telecom Holdings (ATH) and the adjustment to the value of shares held in the International Bank for Reconstruction and Development to correctly reflect the current value of the shares in the Statement of Assets and Liabilities.

3.1 Composition of Government Investments

The composition of Government Investments for 2016 is shown in the Figure 3.2 below:

Figure 3.2: Composition of Government Investment



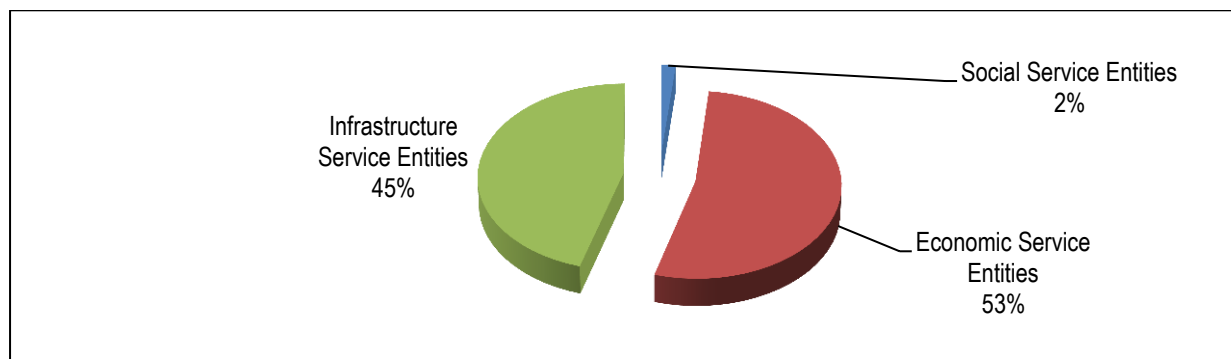
The major component of Government Investments as at 31 July 2016 consisted of profitable fully commercial companies amounting to \$327,786,256 or 74% of total investments. Fully commercial companies that were not profitable accounted for \$76,213,213 or 17%; international financial institutions accounted for \$21,007,309 or 5%; while semi-commercial (agro-based) companies accounted for \$15,814,933 or 3%. The remaining 1% or \$4,481,610 of government investments was for companies in liquidation.

¹³ excludes Investments in TMA balance

¹⁴ From \$1.25 reduced to \$1.10 per share

Governments investments in the Economic Services sector entities comprises majority of government investments totalling \$235,366,475 or 53%. Investments in the Infrastructure sector entities make up 45% or \$202,556,386 whilst the remaining 1% or \$7,380,460 comprises of governments investments in Social Services sector entities. Refer to Figure 3.3 below for the composition of government investments by sector.

Figure 3.3: Composition of Investment by Sector



3.2 Return on Investments

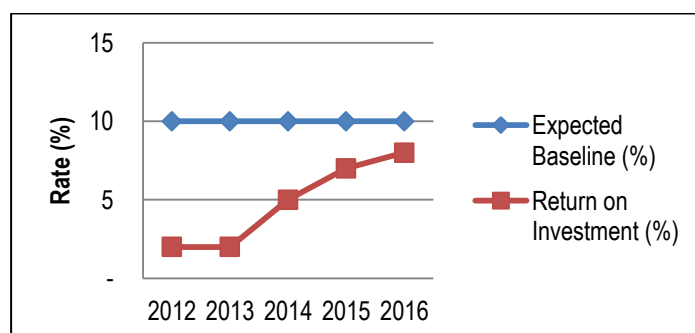
Return on investment is a performance measure used to evaluate the efficiency of Government investments.

An initial measure that corporatized entities are operating as successful businesses is 10% after tax return on shareholders’ funds. Once the expectations of annual returns are established, the 10% baseline should be revised based on corporate plan targets.¹⁵

Government’s return on investment over the past five years from Government Commercial Companies and Commercial Statutory Authorities is highlighted in Table 3.2 and Figure 3.4 below.

Table 3.2 and Figure 3.4: Return on Investments 2012 – 2016

Year	Total Government Shareholding (\$)	Dividends On Investment (\$)	Return On Investments (%)
2012	426,197,586	10,524,101	2
2013	495,975,041	11,980,221	2
2014	548,888,805	24,816,121	5
2015	456,439,892	33,243,215	7
2016	445,303,321	36,230,778	8



Our analysis of governments return on investments indicates that the overall average rate of return on investment has steadily increased from 5% in 2014 to 7% in 2015 and on to 8% in 2016. Over the five years period, an overall average rate of return on investments of 4.8% has been recorded with the highest overall average of 8% attained in 2016. Collectively, the 10% baseline as required by the 2003 Corporate Governance Policy Framework has not been achieved.

¹⁵ Corporate Governance Policy Framework – December 2003, Part II, Section 22
Whole of Government Financial Statements and Annual Appropriation Statement

3.3 Analysis of Dividends and Investments

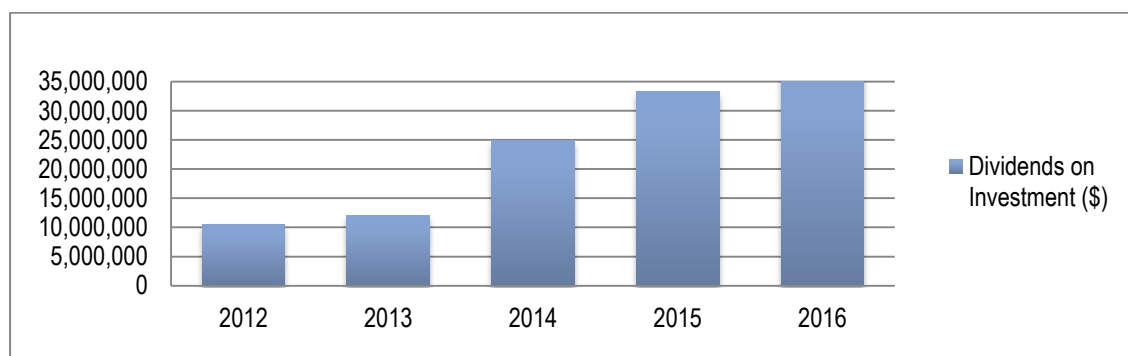
The forecast for dividend revenue in 2016 was \$32.86 million¹⁶ while actual dividend revenue received for the year totalled \$36.23 million resulting in a favourable variance of \$3.37 million or 10%. The movement of dividend received over the past five years is shown in Table 3.3.

Table 3.3: Investments and Dividends Received 2012 – 2016

Year	Total Government Shareholding (\$)	Dividends on Investment (\$)	Percentage Change in Dividend (%)	Number of Dividend Paying Entities	Number of Entities Holding Government Investments	Percentage of Dividend Paying Entities (%)
2012	426,197,586	10,524,101	(1)	6	25	24
2013	495,975,041	11,980,221	14	6	26	23
2014	548,888,805	24,816,121	107	6	24	25
2015	456,439,892	33,243,215	34	5	24	21
2016	445,303,321	36,230,778	9	4	25	16

Refer to Figure 3.5 for the graphical analysis of dividends collected over the 5 year period:

Figure 3.5: Total Dividends Remitted: 2012 – 2016



Over the past 5 years, the number of entities paying dividends to Government averaged 9 compared to the average of 25 companies in which investments have been made. The low average number of entities remitting dividends to Government indicates the high number of non-performing portfolios and thus warrants stringent review of the investments, in order to receive maximum returns.

3.4 Dividends Remitted per Entity

An initial measure that corporatized entities are operating as successful businesses is 10% after tax return on shareholders' funds. Once the expectations of annual returns are established, the 10% baseline should be revised based on corporate plan targets.¹⁷

All Government Commercial Companies and Commercial Statutory Authorities pay at least 50% of the net earnings to the Government as dividends in consultation with the Minister for Public Enterprises, Minister of Economy, and relevant Minister.¹⁸

¹⁶ 2016 Budget Estimates

¹⁷ Corporate Governance Policy Framework – December 2003, Part II, Section 22

¹⁸ Corporate Governance Policy Framework – December 2003, Part II, Section 26

A total of \$36.2 million was received by government as dividends in 2016 from three¹⁹ government commercial companies and a²⁰ minority owned company. In addition to dividends received from the above companies, the government also received a sum of \$28.5 million as dividend from Reserve Bank of Fiji. For details of dividends remitted to government in the past five years refer to Table 3.4.

Table 3.4: Details of Entities that remitted Dividends from 2012 – 2016

Description	Value of Investments as at 31/07/2016 (\$)	Percentage of Dividend to total Investments value	Dividend for 2016 (\$)	Dividend for 2015 (\$)	Dividend for 2014 (\$)	Dividend for 2013 (\$)	Dividend for 2012 (\$)
Post Fiji Limited	5,600,000	---	---	1,249,574	---	---	---
UTOF (Management) Limited	50,000	---	---	---	119,526	113,574	74,276
Air Terminal Services	765,000	---	---	528,768	401,006	235,530	496,117
Yaqara Pastoral Company Ltd	1,191,846	120%	1,424,941	---	3,300,000	1,226,124	---
Fiji Ports Corporation Limited	29,993,490	9%	2,616,854	3,719,191	3,698,979	3,654,877	2,821,102
Airports (Fiji) Limited	92,300,180	33%	30,000,000	17,528,344	10,000,000	-	1,020,640
ATH Limited	**91,207,658	2%	2,188,983	10,217,338	7,296,610	6,566,949	4,377,966
FINTEL*	---	---	---	---	---	---	1,734,000
Pacific Forum Line(2006)*	---	---	---	---	---	183,167	---
Dividends from Investments	221,108,174	16%	36,230,778	33,243,215	24,816,121	11,980,221	10,524,101

* government shares in these companies have been sold

** measured at fair value

The above table shows that Yaqara Pastoral Company Limited and Airports (Fiji) Limited have met the 10% required dividend remittance in accordance with Public Enterprises Corporate Governance Policy Framework.

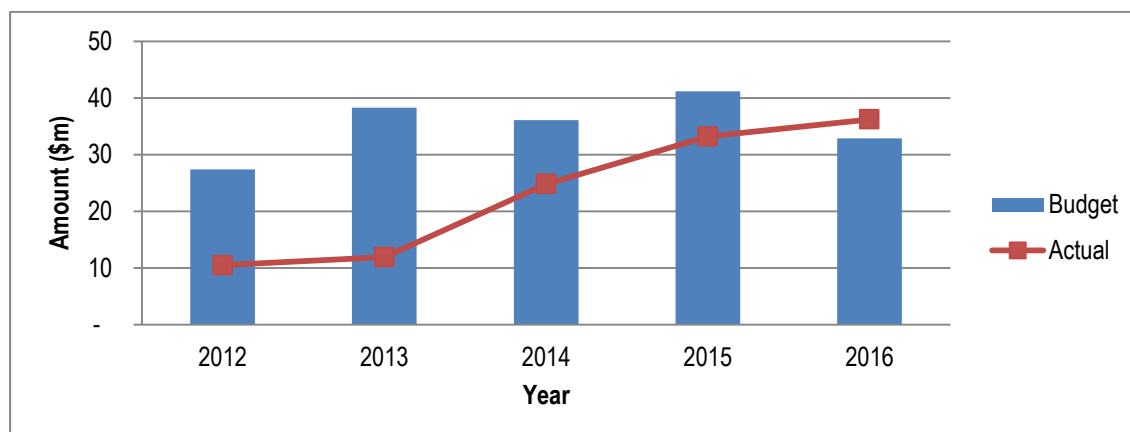
A graphical representation of budgeted and actual dividend revenue remitted by Government entities over the five-year period is outlined below in Table 3.5 and Figure 3.6.

Table 3.5: Budgeted vs. Actual Dividend Revenue

Descriptions	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Actual Dividends	36,230,778	33,243,215	24,816,121	11,980,221	10,524,101
Budgeted Dividends	32,860,165	41,290,000	36,121,700	38,281,000	27,356,500
% of Budgeted Dividends collected	110%	81%	69%	31%	38%

¹⁹ Fiji Ports Corporation Limited, Airports Fiji Limited and Yaqara Pastoral Company Limited

²⁰ Amalgamated Telecom Holdings Limited

Figure 3.6: Budgeted vs. Actual Dividend Revenue

3.5 Inoperative Entities

Included in the “Equity Investments” (\$445,303,321) are entities that are in liquidation. Refer to Table 3.6 for details.

Table 3.6: Details of Inoperative Entities

Entity	Status	Action No.	Status Since	Amount (\$)
Air (Fiji) Limited	In Liquidation	Liq 88/09	2009	171,804
Fiji Daily Post Company Limited	In Liquidation	Liq 47/10	2010	951,620
National Trading Corporation Limited	Ceased Operation	-		3,358,186
Total equity investments in inoperative entities				4,481,610

The inoperative entities have been disclosed in the Notes pertaining to Investments over the years despite the substantial action²¹ on winding up taken by the Office of the Official Receiver.

The above findings indicate that Equity Investments is overstated by \$4,481,610.

Recommendations

The Ministry should:

- review investment in non-performing companies;
- adjust the inoperative entities from its investments; and
- carry out a review of the Corporate Governance Framework for state-owned entities which was last prepared in 2003.

Ministry’s Comments

²¹ Air (Fiji) Limited – Action No. Liq 88/09 and Fiji Daily Post Company Limited – Action No. Liq 47/10

3.6 Misplaced Share Certificates

The Minister may invest public money and other money within the meaning of the Financial Management Act in securities issued by a statutory authority.²²

A share certificate confirms of legal ownership of the number of shares held by shareholders in a particular entity.

The audit noted that the share certificates for investments totalling \$14,684,473 were misplaced by the Ministry of Economy. These share certificates were also not available with the Ministry of Public Enterprise. Refer to Table 3.7 for details.

Table 3.7: Details of Misplaced Share Certificates

Entity	Total No. of Shares owned by Government	Shares without Share Certificates	Total Value of Shares without Share Certificates (\$)
Rewa Rice Limited	753,112	2	4
Airports Fiji Limited	92,300,180	5,225,136	5,225,136
Unit Trust of Fiji (Management) Limited	50,000	25,000	25,000
International Bank for Reconstruction and Development	987	876	8,760,000
International Finance Corporation	287	159	330,493
Food Processor Fiji Limited	687,680	343,840	343,840
Total			14,684,473

During the audit, confirmations were sought from entities in which government had investments to verify control or rights over government's shares. Details are reflected in Table 3.8.

Table 3.8: Status of Confirmation for Shareholding of Government

No.	Names of Entities that did not provide confirmations	Amount (\$m)	No.	Names of Entities that provided confirmations	Amount (\$m)
1.	Post Fiji Limited	5.60	1.	Amalgamated Telecom Holdings Limited	80.30
2.	Unit Trust of Fiji (Trustee) Ltd	0.80	2.	Airports (Fiji) Limited	92.30
3.	Unit Trust of Fiji (Management) Ltd	0.05	3.	Fiji Broadcasting Corporation Ltd	---
4.	Fiji Airways	13.30	4.	Fiji Ports Corporation Limited	30.00
5.	Viti Corps Company Ltd	6.00	5.	Food Processors Fiji Limited	0.70
6.	Yaqara Pastoral Company Ltd	1.20	6.	Fiji Hardwood Corporation	90.00
7.	Copra Millers Fiji Ltd	6.40	7.	Fiji Pine Ltd	61.00
8.	Yaqara Group Ltd	0.09	8.	Asian Development Bank	10.50
9.	Daily Post	0.90	9.	Fiji Rice Limited	1.50
10.	Air Fiji Ltd	0.20	10.	Pacific Fishing Company Limited	14.70
11.	National Trading Corp Ltd	3.30	11.	International Finance Corporation	0.60
			12.	Air Terminal Services	0.80
			13.	Fiji Sugar Corporation Ltd	15.10
			14.	International Bank for Reconstruction Development	10.00
	Total	37.84			407.50

In the absence of share certificates, the verification of government's control or rights over the shares held cannot be confirmed. Moreover, the absence of independent confirmations for investments worth \$37.8 million or 8.5% of the total investment of \$445.34 million entails that investments cannot be assured to be fairly stated.

²² Financial Management Act 2004, Section 55(1)(b)

The above findings indicates poor maintenance of government investment records by both the Ministry of Economy and the Ministry of Public Enterprise.

Recommendations

- **The Ministry of Economy through the Ministry of Public Enterprise should ensure that all investment records of government are properly maintained and kept in a secured location.**
- **The respective Ministries should also liaise with the companies for share certificates to be provided as evidence of shareholding and investments made.**

Ministry's Comments

3.7 Non Submission of Annual Reports and Audited Accounts

Within 5 months after the end of the current financial year of a Government Commercial Company or Commercial Statutory Authority, its Board shall give to the Public Enterprise Minister, its relevant Minister and the Minister for Economy its annual report and the audited consolidated financial statements accompanied by the auditor's report²³

The audit noted that only 6 out of the 25 companies in which Government held investments submitted their 2016 audited financial statements. Refer Table 3.9 below for details.

Table 3.9: Details of the Latest Audited Accounts of Entities

Entities	Year of Latest Audited Accounts
Fiji Airways Limited	2015
Airports (Fiji) Limited	2016
Amalgamated Telecom Holdings Limited	2016
Fiji Hardwood Corporation	2008
Pacific Fishing Company Limited	2016
Post Fiji Limited	2015
Unit Trust of Fiji (Trustee) Limited	2016
Unit Trust of Fiji (Management) Limited	2016
Fiji Ports Corporation Limited	2013
Air Terminal Services	2015
Fiji Broadcasting Corporation Limited	2015
Fiji Pine Limited	2016
Fiji Sugar Corporation Limited	2015
Yaqara Group Limited	NA
Copra Millers of Fiji Limited	2015
Food Processor Fiji Limited	2008
Rewa Rice Limited	2015
Viti Corps Company Limited	2006
Yaqara Pastoral Company Limited	2014

The audited accounts of government commercial companies and commercial statutory authorities contain information that is necessary for an informed assessment of its operations and those of its subsidiaries, including a comparison of its performance with its statement of corporate intent.

²³ Part 5, Division 4. Section 103 (a-c) of the Public Enterprise Act of 1996 and the Public Enterprise (Amendment) Act 28 of 2002
Whole of Government Financial Statements and Annual Appropriation Statement

As most entities did not submit their latest financial statements and annual reports, their performance cannot be monitored and the viability of their business operations cannot be assessed. Thus, it is not possible to assess their financial performance which could limit Government from making essential and sound decisions in regards to the operations of these entities.

Recommendation

Ministry of Economy should work with the Ministry of Public Enterprise to ensure that Annual reports and annual financial statements are promptly submitted by state-owned entities.

Ministry's Comments

3.8 Investment records not updated (Recurring Issue)

Recording involves keeping accurate records of what has happened, what is owned and what is owed.²⁴

The investment records are maintained and amended by Ministry of Economy when share certificates are received and proper verifications are undertaken to confirm the increase or the reduction in shares numbers and value when sold.

The Ministry of Economy records show a total share capital of \$2 with the Fiji Broadcasting Corporation Limited, which is confirmed by its share certificates.

The audit noted a variance of \$200,000 between the Ministry's record and the investment confirmation received from the Fiji Broadcasting Corporation Limited.

Variance between the Ministry's records and the entities in which shares are held has been a recurring issue which denotes lack of follow up action and inadequate record keeping, leading to possible misstatement of investments.

Recommendation

The Ministry of Economy should liaise with the Fiji Broadcasting Corporation Ltd and update the records of government investments accordingly.

Ministry's Comments

²⁴Ministry of Economy Finance Manual 2015 – "The Purpose of Accounting" Page 4
Whole of Government Financial Statements and Annual Appropriation Statement

4.0 TRUST FUND ACCOUNT

Section 25 of the Financial Management Act (2004) states that trust moneys should be accounted separately from the public monies and should be kept in a separate bank account. The Trust Fund Account consists of Main Trust Funds and Operating Trust Funds.

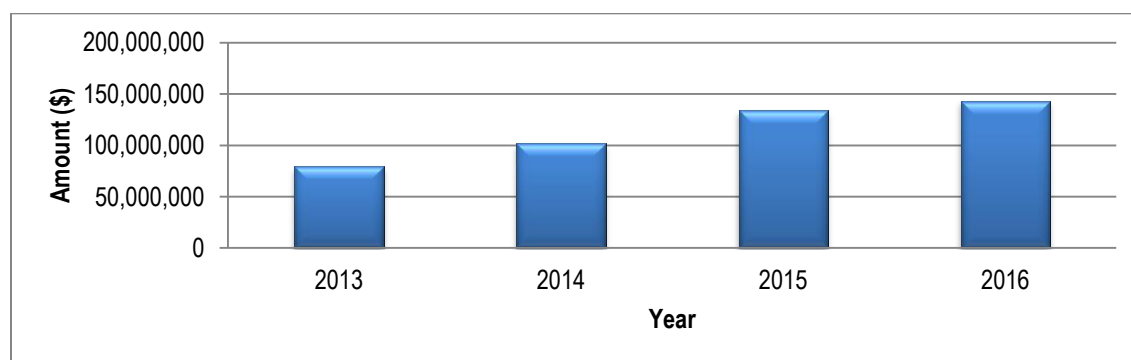
Main Trust refers to an obligation enforceable in equity which rests on a person (the trustee) as owner of some specific property (the trust property) to deal with that property for the benefit of another person (the beneficiary) or for the advancement of certain purposes. Major accounts in the Main Trust Fund include tender deposits, bonds, aid monies from overseas agencies, etc.

Operating Trust Fund Accounts facilitate transactions relating to the Ministries and Departments administrative role as an employer. These transactions include deductions from employees' salaries/wages with regards to contributions to the Fiji National Provident Fund, housing loan repayments, insurance premiums and other deductions for onward payment to the respective payees.

The Trust Fund Account had a balance of \$143,329,585 as at 31 July 2016, an increase of \$9,550,980 or 7% from 2015.²⁵

Figure 4.1 shows the trend in the Trust Fund Account balances over the last 4 years.

Figure 4.1: Trust Account Balances: 2013 - 2016



The closing Main Trust Account balance increased by \$12,799,060 or 11.9% compared to the balance of \$107, 789,102 in 2015 as a result of increase in revenue collected for the Mahogany Industry Council Fund, rural housing deposits, proceeds from sale of forfeited assets, retention monies withheld for the capital project and grant assistance.

Although there was a write-off of \$12,837,685 trust fund balances in 2015, the trust funds have significantly increased by \$9.6 million within the seven months.

4.1 Weaknesses in Internal Controls

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.²⁶

²⁵ 31 December, 2015

²⁶ Finance Instruction 2010 – Section 59

The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer.²⁷ All Permanent Secretaries and Head of Department are required to submit monthly reconciliations to the Ministry of Economy by the 15th of each month.²⁸

Audit review of controls pertaining to trust fund accounts for Ministries/Department noted the following weaknesses:

- Reconciliations for the operating trust and main trust balances of \$1,502,735 were not prepared during the year. Refer to Appendix 3.1.1. Moreover, the reconciliations prepared by the Ministries/Departments were not submitted to the Ministry of Economy in timely manner;
- Listing of beneficiaries for the Trust Account of \$26,739,044 were not maintained. Refer to Appendix 3.1.2;
- Supporting documentation for the tender and security deposits, journal adjustments, balances in the trust reconciliations and cash for administration contributions for foreign mission totalling \$2,237,416 were not provided for audit verification. Refer to Appendix 3.1.3;
- Trust fund accounts amounting to \$1,882,154 are still reflected under the old appropriation head and has not been transferred to the new program. Refer to Appendix 3.1.4;
- A total of \$4,102,398 and \$12,837,685 was written off for dormant and unreconciled trust accounts in 2013 and 2015, respectively. However, as at 31 July 2016, there were still 413 dormant trust accounts amounting to \$5,198,313. Refer to Appendix 3.1.5; and
- Other weaknesses in trust fund internal controls as detailed in Appendix 3.1.6.
- Although substantial value of transactions were being processed through Trust Fund Accounts, Standard Operating Procedures were not prepared and used by a number of Ministries and Departments including Office of the Prime Minister, Fiji Corrections Service and Ministry of Health and Medical Services. Hence, inconsistencies were noted in the operation of the accounts.

The above findings indicate the ineffective controls and lack of supervisory checks in the operation and administration of Trust Fund Accounts. Consequently, audit could not substantiate the accuracy and the completeness of the Trust Fund Accounts closing balance of \$143,329,585.

Recommendations

- **The Ministry of Economy should ensure that Ministries and Departments:**
 - **prepare and submit the monthly trust reconciliations to the Ministry on a timely basis;**
 - **strengthen the controls in the receipts and payment of trust monies;**
 - **maintain supporting documents and provide them for audit verifications;**

²⁷ Finance Instruction 2010 – Section 58(2) & 58(3)

²⁸ Finance Circular No.2/13

- **perform monthly reconciliations between the Trust Liability Account in General Ledger (SLG 89) and the manual records/listings of beneficiaries; and**
 - **prepare SoPs for operation of all Trust Fund Accounts.**
- **The Ministry of Economy should ensure that trust fund account balances are transferred to new Appropriation Heads when there are changes in Ministerial portfolios.**

Ministry's Comments

The Ministry of Economy is also concerned with the outcome of the audit findings wherein some agencies are not adhering to basic requirements in the utilization and reporting of the stated true trust fund accounts. Where previously reconciliations received here at the ministry were recorded in our data base as being received after which we would check them, we are now verifying these upon receipt and if not in order it is returned immediately. Also to avoid numerous trips from the agencies to the MoE, we have also suggested that they send a soft copy for our verification and clearance before a proper reconciliation is sent.

4.2 Overdrawn Trust Accounts

Trust money is to be accounted separately from the public money and other money,²⁹ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.³⁰

Trust Fund Accounts for the following Ministries/Departments were overdrawn as at 31 July 2016.

Table 4.1 Overdrawn Trust Fund

Ministries/Departments	2016 (\$)
Department of Housing	180
Fiji Corrections Service	10,261
Fiji Police Force	25,980
Ministry of Agriculture	24,884
Ministry of Economy	119,079
Ministry of Health and Medical Services	8,712
Ministry of Infrastructure and Transport	962,085
Ministry of Local Government, Housing and Environment	60,833
Ministry of Public Enterprise	961
Ministry of Sugar	2,132
Office of the Director of Public Prosecutions	84
Republic of Fiji Military Forces	152,411
Total	1,367,602

The findings indicate the responsible officers in the respective Ministries and Departments are not carrying out their roles and responsibilities diligently.

Recommendations

- **Ministries/Departments should carry out proper reconciliation of the Trust Fund Accounts.**

²⁹ Section 25(1) of the Financial Management Act

³⁰ Finance Circular No. 4/98 of 30/03/98.

- **Overdrawn Trust Fund Accounts should be investigated and errors identified and rectified accordingly.**

Ministry's Comments

Each of the twelve agencies that have debit balances in their trust account have been requested to urgently explain and take corrective actions

4.3 Variances noted in the Main Trust balances

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at ministry/department level but most importantly at whole of government level. The Principal Accounts Officer must verify all the reconciliations before signing and submitting it to Ministry of Economy.

The audit noted the following variances from the review of the trust accounts:

- Variances amounting to \$800,013 existed between the Main Trust Cash and Trust Liability balances at Whole of Government level. Refer to Table 4.2 for details.

Table 4.2 Variance between Trust Fund Cash and Main Trust Fund Liability Account

Trust Fund Cash Note 11 (\$)	Trust Fund Liability Account Note 19 (\$)	Variance (\$)
119,788,149	120,588,162	(800,013)

- Variances were noted between Ministry's Operating Trust Account Reconciliation statement and FMIS general ledger. Refer to Table 4.3 for details.

Table 4.3 Variances between FMIS Ledger and Operating Trust reconciliation

Ministries/ Departments	Reconciliation Statement (\$)	FMIS General Ledger (\$)	Variance (\$)
Civil Service	624,739	667,660	(42,921)

The above findings indicate that proper supervisory checks were not carried on the reconciliations prepared.

Recommendation

Ministry of Economy must ensure that the Trust Fund Account balances are reconciled to the FMIS general ledger. Any variances noted should be investigated and necessary adjustments made to the relevant records.

Ministry's Comments

The Ministry of Economy will not entertain the submission of incorrect reconciliations. It will be returned immediately. At the same time we continue to offer to help by running training sessions.

4.4 Account Balances Contrary to the Nature of Operating Trust Account

Trust Money is not payable into the Consolidated Fund. Trust money is to be accounted for separately from public money and other money.³¹

Audit review of the Operating Trust Account noted that sponsorship monies received from various sponsors, receipts for the Ratu Sukuna Biography, performance bond, and refundable deposits of totalling \$5,705,621 were deposited or retained in the Consolidated Fund Account instead of a separate bank account. Refer to *Appendix 3.2* for details.

The findings indicate poor maintenance of trust monies which can be susceptible to financial mismanagement as independent bank reconciliations cannot be performed to substantiate these balances.

Recommendation

Ministry of Economy should ensure that trust monies are treated separately from public funds and recorded in the Main Trust Fund Account with separate bank accounts.

Ministry's Comments

In liaison with the agencies concerned, they have indicated their commitment to move the monies out from the consolidated fund account to separate bank accounts.

4.5 Impact of Misstatement and Inadequate Evidence on Trust Fund Balance

The Trust Fund balance of \$143,329,585 as at 31 July 2016 has been misstated in view of the following errors and omissions:

Table 4.4 Details of misstatement and inadequate evidence

Errors and Omissions	Overstated/ (Understated) (\$)
Reconciliations not prepared	1,502,735
Inadequate listings of beneficiaries	26,739,044
Lack of supporting documentation for tender and security deposits, journal adjustments and no cash for administration contributions for foreign mission.	2,237,416
Variance between Trust Fund Cash and Trust Fund Liability Account	800,013
Variances between FMIS Ledger and Ministry's reconciliation	42,921
Overdrawn balances	(1,367,602)
Total	29,954,527

The net impact of the misstatements and unsubstantiated balances totalling \$29,954,527 or 21% of the total trust fund balance in the 2016 accounts is substantial. As such, audit could not ascertain the accuracy and the completeness of trust fund account balances as at 31 July 2016.

³¹ Financial Management Act 2004 – Section 10(2) & 25(1)

Recommendations

- **Ministry of Economy in consultation with Ministries/Departments should ensure that trust fund balances are properly reconciled. The errors and omissions highlighted above should be investigated and rectified.**
- **Supporting documents should be maintained properly and provided for audit verifications.**

Ministry's Comments

The Ministry of Economy will vigorously engage the agencies much more so that there is some improvement in this area.

5.0 REVENUE

The total forecasted revenue by government in 2016 was \$3,128,731,000 which comprised of \$2,802,953,800 in operating revenue and \$325,777,200 in investing revenue.³² No forecast was provided for revenue generated from government Trading and Manufacturing Activity operations.

However, the actual revenue collections by government in 2016 from its normal operations totaled \$1,500,808,192³³ thus recording a shortfall of \$1,627,922,876 or 52% of the total estimated revenue collections. The key contributing factor to the shortfall of revenue was the change in the government financial year. The actual revenue collection is for seven months while the budgeted is for 12 months. Table 5.1 shows the actual revenue collected over the last five years.

Table 5.1 Revenue by Type over the Last 5 years

Year	Investing Revenue – Actual (\$)	Operating Revenue – Actual (\$)	Total Actual [a] (\$)	Investing Revenue – Budgeted* (\$)	Operating Revenue – Budgeted* (\$)	Total Budgeted* [b] (\$)	Variance [a-b] (\$)
2012	86,043,083	1,854,766,943	1,940,810,026	35,819,200	1,906,987,800	1,942,807,000	1,996,974
2013	59,894,427	2,038,833,496	2,098,727,923	75,744,230	2,032,634,700	2,108,378,930	9,651,007
2014	80,723,992	2,290,281,755	2,371,005,748	513,955,962	2,207,821,990	2,721,777,950	350,772,202
2015	255,471,928	2,544,762,858	2,800,234,786	551,026,138	2,571,412,262	3,122,438,400	322,203,614
2016	67,559,756	1,433,248,436	1,500,808,192	358,637,411	2,770,093,657	3,128,731,068	1,627,922,876

*Source: FMIS General Ledger

In addition, government also recorded revenue of \$14,154,922 from operation of Trading and Manufacturing Accounts as at 31 July 2016.

5.1 Weaknesses in Internal Controls for Revenue

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.³⁴

Audit review of internal controls relating to revenue for Ministries/Department noted the following weaknesses, the details of which are listed in *Appendix 7.1.1* and *Appendix 7.1.2*.

- Balances of \$1,532,412 were incorrectly posted to revenue allocations.
- Variance of \$534,779 was noted between the Ministry's records and the general ledger.
- Over/under statement of revenue by 229,464.
- Delays in banking of \$66,879.
- Ministry of Sugar received \$8,141 in Board sitting allowances for the Director of Sugar for attending board meetings for which official government receipts were not issued.
- Ministry of Agriculture TMA did not maintain the gazetted list of fees and charges for revenue collected from TMA sales. The fees list provided for audit was prepared by the Revenue Clerk at the Ministry's headquarters who indicated that the list was prepared after enquiring from the respective revenue collectors in the stations.

³² National Budget Book 2016

³³ Excludes revenue from TMA Operations

³⁴ Finance Instruction 2010 – Section 59

The above findings indicate the control weaknesses and lack of proper supervisory checks in the operation and administration of government revenue. Consequently, audit could not fully substantiate the accuracy and the completeness of the revenue balance of \$1,514,963,112.

Recommendations

Ministries and departments should strengthen the controls of receipts of public monies.

Ministry's Comments

The Ministry of Economy continues to stress upon the accounting heads the importance of their role in both revenue and expenditure management. Internal controls are reviewed every now and then.

One of the areas highlighted by the Internal Auditors of MoE that needs proper monitoring is revenues. This is communicated to the accounting heads during our monthly meetings

6.0 EXPENDITURE

6.1 Overview of 2016 Government's Budgeted and Actual Expenditures

A total of \$3,414,536,487 was approved in the 2016 budget to be utilised for the year ending 31 December 2016.

Under the 2016 Appropriation Act 2015, a sum of \$3,090,840,320³⁵ was approved to be issued from the consolidated fund to be applied to the ordinary services of the government for the year ended 31 December 2016. Included in this, is a sum of \$38,142,450 for recurrent and non-recurrent loans under the Lending Fund Account.³⁶

The government incurred a total expenditure of \$1,585,839,718 for the ordinary services for the period ending 31 July 2016. In addition, \$170,842,697 was incurred by government in the payment of pensions and debt servicing bringing the actual total expenditure for the government to \$1,756,682,415 as at 31 July 2016.

Detail of government expenditure is reflected in Table 6.1.

Table 6.1 Overview of the 2016 Budget and Actual Expenditure for the period ending 31/7/2016

Original Budget (\$)	Virements (\$)	Revised Budget Amount (\$)	Expenditure	Actual Expenditure 2016 (\$)	Savings (\$)	% Decrease
1,705,531,334	9,129,331	1,714,660,665	Operating ³⁷	973,460,885	741,199,780	43%
1,340,573,046	(10,539,256)	1,330,033,790	Capital ³⁸	590,688,998	739,344,792	56%
49,092,943	1,409,925	50,502,868	Value Added Tax ³⁹	21,689,835	28,813,033	57%
42,343,300	---	42,343,300	Pension, Gratuities and Compassionate Allowances ⁴⁰	20,754,067	21,589,233	51%
276,995,864	---	276,995,864	Interest on Loans ⁴¹	150,088,630	126,907,234	46%
3,414,536,487	---	3,414,536,487	Total Government Expenditure	1,756,682,415	1,657,854,072	49%

The Government incurred expenditure totalling \$1,756,682,415 against a revised budget of \$3,414,536,487 resulting in savings of \$1,657,854,072. The significant savings was primarily due to the budget being for twelve months while expenditures were only for the seven months up to 31 July 2016.

Majority of the government spending were on the Operating Expenditure which accounted for 55 % while Capital Expenditure accounted for 34% of the total expenditure. The remaining 11% was for other payments. Refer to Figure 6.1 for percentages of types of expenditures.

³⁵ For all Heads of Appropriation listed in the Schedule 1& 2 of the Appropriation Decree except Head 51 & Head 52

³⁶ Act No. 16 of 2015

³⁷ SEG 1,2,3,4,5,6 & 7

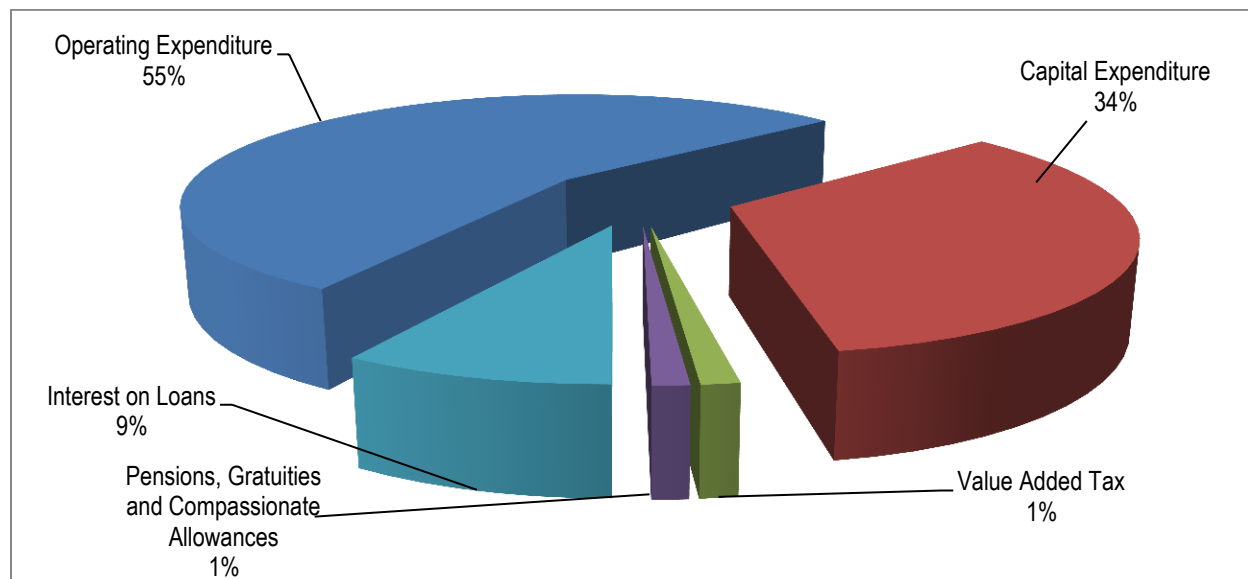
³⁸ SEG 8,9 & 10

³⁹ SEG 13

⁴⁰ SEG 11

⁴¹ SEG 12,14 & 15

Figure 6.1 Total Expenditure Incurred by Type – 31/7/16

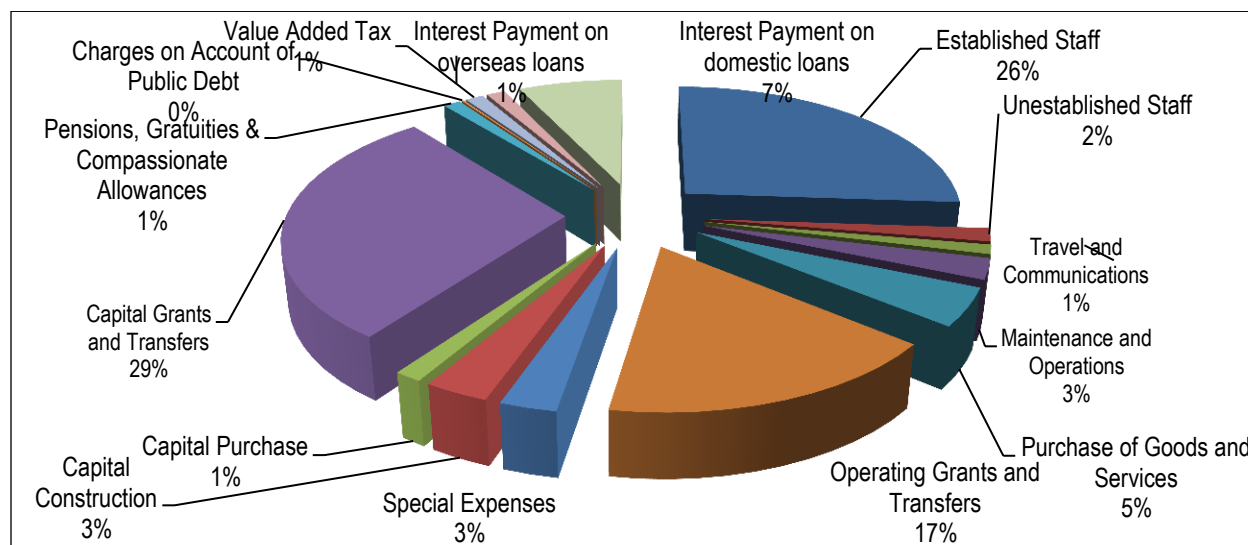


In addition to the total expenditure, the Trading and Manufacturing Account (TMA) as a trading arm of the Government incurred a total expenditure of \$8,595,227 for the period ending 31 July 2016.

6.2 Overall Utilisation by Standard Expenditure Groups (SEG)

Majority of the government spending were on capital grants and transfers, established staff and operating grants and transfers which accounted for 29%, 26% and 17% of the total expenditure, respectively. The remaining 28% was for other payments. Refer to Figure 6.2 for percentages of utilisation by categories of expenditure groups.

Figure 6.2 2016 Government Actual Expenditure by Standard Expenditure Group



Furthermore, summarised in Table 6.2 is the approved budget expenditure allocation and utilisation in 2016 compared to financial year 2015.

Table 6.2 Budget Utilisation For 2016

2016			Standard Expenditure Group	2015		
Budget 31/12/16 (\$)	Actual 31/07/2016 (\$)	Savings (\$)		Budget (\$)	Actual (\$)	Savings (\$)
829,237,347	458,175,830	371,061,517	Established Staff	799,641,464	781,720,316	17,921,148
48,044,773	28,140,510	19,904,263	Government Wage Earners	43,736,828	45,089,205	-1,352,376
34,555,647	19,784,237	14,771,410	Travel and Communications	32,345,302	29,178,695	3,166,607
73,418,297	43,854,666	29,563,631	Maintenance and Operations	101,863,543	91,035,167	10,828,376
139,195,898	79,845,472	59,350,426	Purchases of Goods and Services	103,663,238	89,448,432	14,214,806
486,568,275	295,386,734	191,181,541	Operating Grants and Transfers	443,296,316	435,515,332	7,780,984
103,640,428	48,273,436	55,366,992	Special Expenditure	93,859,328	74,935,297	18,924,031
1,714,660,665	973,460,885	741,199,780	Total Operating Expenditure	1,618,406,019	1,546,922,444	71,483,576
42,343,300	20,754,067	21,589,233	Pensions, Gratuities and Compassionate Allowance	42,343,400	38,878,319	3,465,081
276,995,864	150,088,630	126,907,234	Interest on Loans	974,662,732	295,416,310	679,246,423
319,339,164	170,842,697	148,496,467	Total Un-allocable Operating Expenditure	1,017,006,132	334,294,629	682,711,503
160,743,778	54,938,745	105,805,033	Capital Construction	149,016,906	87,197,368	61,819,538
64,701,100	23,647,296	41,053,804	Capital Purchase	60,696,080	45,820,326	14,875,754
1,104,588,912	512,102,957	592,485,955	Capital Grants and Transfers	1,110,479,818	911,998,695	198,481,123
1,330,033,790	590,688,998	739,344,792	Total Capital Expenditures	1,320,192,804	1,045,016,389	275,176,415
50,502,868	21,689,835	28,813,033	Value Added Tax	74,298,459	55,558,866	18,739,593
3,414,536,487	1,756,682,415	1,657,854,072	TOTAL EXPENDITURE / BUDGET SAVINGS	4,029,903,414	2,981,792,328	1,048,111,806

The budget savings increased by \$609,742,266 or 58% in 2016 as compared to 2015 due to the change in financial period from 31 December to 31 July as required in the Financial Management (Amendment) Act 2016.

6.3 Government Budget for 7 Months Period

In respect of each year ending on 31 December or on such other day as Parliament prescribes, the Minister responsible for finance must cause to be laid before Parliament an annual budget, reflecting estimates of revenue and of capital and current expenditure for the year.⁴²

At least once in every year, the Auditor General shall inspect, audit and report to Parliament on the public accounts of the State. In the report, the Auditor General must state whether in his or her opinion expenditure has been applied for the purpose it was authorised.⁴³

The audit noted that the Parliament of the Republic of Fiji passed the:

- 2016 Appropriation Act 2015⁴⁴ - to appropriate a sum of \$3,090,840,320 for the ordinary services of the government for the year ending 31 December 2016; and
- The Financial Management (Amendment) Act⁴⁵ for the change in financial year (from 31 December to 31 July)

Despite the change in the financial year, it was noted the 2016 Appropriation Act 2015 was not amended to agree with the change in the financial year. Ministry of Economy also did not place controls to ensure that budget forecasts for only seven months were utilised. As such, Ministries and Departments continued using the budget for the year ending 31 December 2016.

Audit review of the budget spending noted that some Ministries and Departments had utilised 75 - 100 % of the budget for each Standard Expenditure Groups as at 31 July 2016 indicating that they took advantage of the situation where a separate appropriation was not made for the seven-month period. Refer to *Appendix 4.1* for details.

Without the appropriation for the period ending 31 July, 2016, it was not possible to ascertain that expenditure incurred in excess of the seven-month period was properly authorised.

Recommendation

The Ministry must ensure that in any change of financial period, the Appropriation Act is amended to be aligned with the change in financial year.

Ministry's Comments

This was done via Act No 10 of 2016, effective 28 April 2016.

6.4 Payment Anomalies

At least once in every year, the Auditor General shall inspect, audit and report to Parliament on the public accounts of the State. In the report, the Auditor General must state whether in his or her opinion expenditure has been applied for the purpose it was authorised.⁴⁶

⁴² Constitution of the Republic of Fiji – Section 144 (1) – Annual Budget

⁴³ Constitution of the Republic of Fiji – Section 152

⁴⁴ Dated – 19th November 2015

⁴⁵ Dated – 27th April 2016

⁴⁶ Constitution of the Republic of Fiji – Section 152

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.⁴⁷

Audit review of the expenditures incurred by the Ministries/Department noted the following anomalies:

- Audited accounts were not always submitted for grant payments totalling \$245,074,878 to various entities. Refer to *Appendix 4.2* for details.
- Capital projects were not properly monitored resulting in numerous anomalies in projects totalling \$38,331,063. Refer to *Appendix 4.3* for details.
- Expenditures were not always properly authorised (\$16,886,144) and budgeted (\$5,272,698). Refer to *Appendix 4.4* and *Appendix 4.5* for details. Furthermore, expenditures amounting to \$619,636 were posted to various SEGs against a zero revised budgeted provision. Refer to *Appendix 4.6* for details.
- Supporting documentations for procurements totalling \$17,881,268 were not provided for audit verifications. Refer to *Appendix 4.7* for details.
- Equipment worth \$2,940,133 were not updated in the Fixed Asset Register. Refer to *Appendix 4.8* for details.
- Incorrect posting of expenditure to various allocations amounted to \$2,055,750. Refer to *Appendix 4.9* for details.
- Tenders were not always called and competitive quotes not obtained for procurements amounting to \$2,039,322. Refer to *Appendix 4.10* for details.
- Outstanding accountable advance (SAG 57000) of \$1,700,879 was not cleared for the period ending 31 July 2016. Refer to *Appendix 4.11*.
- Journal vouchers raised by the Office of President for clearance of the outstanding accountable advances amounting to \$832,425⁴⁸ were not adequately supported.
- A variance of \$620,099 was noted between FMIS general ledger and actual expenditure of the Foreign Missions.
- Provisional tax of \$281,785 was not withheld on payment made for contract service. Refer to *Appendix 4.12* for details.

The above findings indicate the ineffective controls that exist across government. Consequently, audit could not substantiate the accuracy and the completeness of the expenditure balance of \$1,756,682,415.

Recommendations

Ministries/Departments must ensure:

⁴⁷ Finance Instruction 2010 – Section 59

⁴⁸ Balance carried forward from previous years

- **that all capital projects are properly planned and adequate arrangements made to implement the projects as quickly as possible when funds are provided;**
- **ensure that supporting documents are maintained and provided for audit verifications;**
- **that assets with a value in excess of \$2,000 is recorded in the fixed asset register;**
- **that all advance accounts are cleared within the 7 days deadline. Outstanding balances should be recovered from officers concerned through salary deduction;**
- **to comply with the changing requirements of FRCA for Provisional Tax deductions for all contract payments; and**
- **regular evaluation of internal control is carried out and corrective action is taken to address the any weaknesses identified.**

Ministry's Comments

The decision to implement capital projects on time lies within the various Permanent Secretaries. That includes planning and up to implementation. We have no other powers as the Chief Financial Officer of an agency is the PS. However, we continue to provide regular updates and advice to Ministries/Departments regarding their funding utilization. On another note, Ministries are required to provide acquittals when requesting for release of funds. This is part of the RIE Checklist.

The Ministries and Departments have to adhere to Procurement Regulation 2010, Finance Instructions and agency's Finance Manual for its procurement of goods, services and works. This has already been highlighted in Accounting Heads meeting.

It is the prerogative of Ministries and departments to update the fixed asset register as they need to maintain the list of assets the particular ministry/department holds. However, Ministry of Economy through its FMIS user group and accounting heads meeting have also stressed the importance of keeping an up to date fixed asset register.

There is an Accountable Advance Policy in place and the issue of clearances is documented in all Ministries and Departments Finance Manuals duly endorsed by the respective Heads of Ministries and Departments. The Permanent Secretaries under the Financial Management Act are also responsible for the effective system and effective internal controls in their various ministries and departments.

Changing requirements of FRCA are highlighted in accounting heads meeting that is held on monthly basis and respective accounting heads are responsible to adhere to all requirements of FRCA. Furthermore, FRCA also makes presentations on the new changes in the accountings heads meetings.

As per Part 10 of Financial Instructions, section 59 (2), the prerogative is with the accounting heads to make recommendations to Permanent Secretaries for the effective design and operation of internal controls across the agency.

6.5 Expenditure Classification

The budget papers for a financial year (the "budget year") comprise budget estimate that specify the appropriation categories for each head appropriation in the Bill.⁴⁹

⁴⁹ Financial Management Act 2004 Section 13 (2)(b)(i)

The Public Service Commission was allocated \$5,502,530 under Head 13 Independent Commission 2016 budget. The total budget allocated was recorded under SEG 6 – Operating Grants and Transfers and the actual expenditure incurred as at 31 July 2016 was \$2,193,373.

Moreover, total expenditure of \$398,656 was also incurred under SEG 1 of Head 13 without an approved budget.

The Ministry of Civil Service administered the allocation for Public Service Commission Budget Head 13 and it was used to cater for payment of salaries, allowances and other related payments for all permanent secretaries in the civil service. No grant was paid from the allocation.

The classification of the budget allocation for the Public Service Commission (Head 13) under SEG 6 – Operating Grant and Transfers may be inappropriate as the budget was used for payment of salaries and allowances of appointed Permanent Secretaries in Government.

Recommendation

The operating expenditure allocation in Head 13 Public Service Commission should be classified appropriately to relevant Special Expenditure Groups (SEG).

Ministry's Comments

The recommendation is agreed TO BY Ministry of Civil Service.

7.0 BORROWING FUND ACCOUNT

The Minister may, on behalf of the State, borrow money:

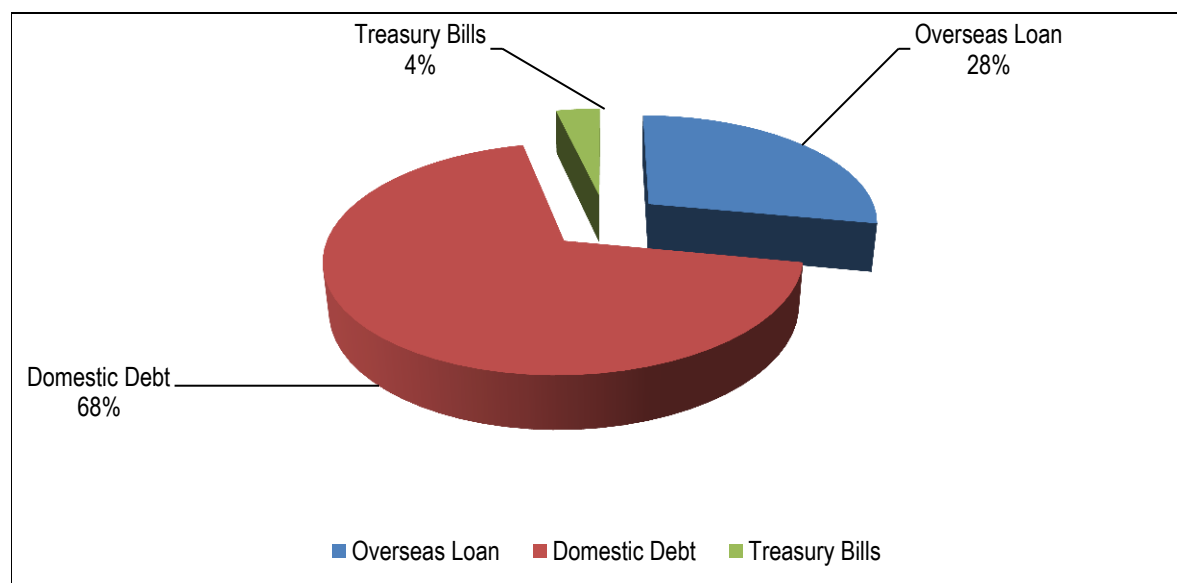
- (a) by raising loans of such amounts as may be necessary for the purpose of funding the budget deficit from time to time and any standing or other appropriations;
- (b) by raising loans of such amounts and for such purposes as the House of Representatives may authorise by resolution; and
- (c) by means of overdrafts or advances, but so that the total amount outstanding by way of overdrafts and advances under this paragraph does not at any one time exceed \$20 million or such greater amount as the House of Representatives may determine by resolution;

on such terms and conditions as the Minister thinks fit and whether within or outside Fiji.⁵⁰

Public debt in 2016 totalled \$4,502,423,786. This comprised domestic borrowings of \$3,079,850,613 which made up 68% of total debt; overseas borrowings of \$1,258,728,393 amounting to 28%; and Treasury Bills of \$163,844,780 which made up the remaining 4%.

These are illustrated in Figure 7.1 below.

Figure 7.1 Composition of Public Debt in 2016



The government also receives short term advances from the Reserve Bank of Fiji referred to as Ways and Means. These advances are raised to meet immediate cash needs of government.

During the year, Government had utilised \$84,000,000 of this facility through the Reserve Bank of Fiji.

⁵⁰ Section 59 (1) Financial Management Act, 2004

7.1 Trends in Government Borrowing by Category

The total public debt at the end of each year from 2002 to 2016 and its composition for the last 15 years are summarised in Table 7.1 below.

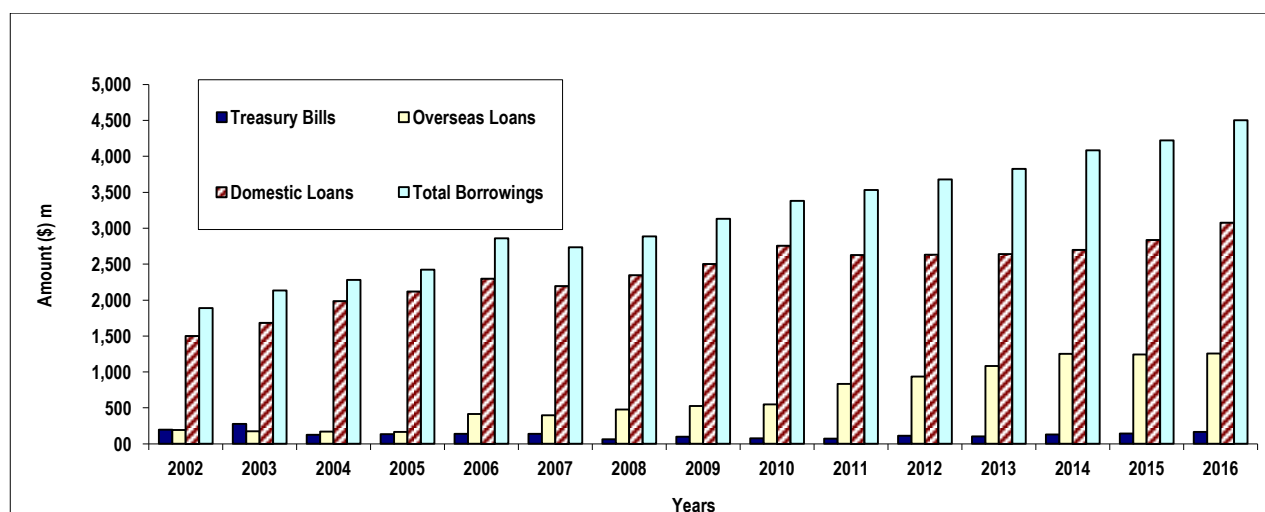
Table 7.1 Government Debt (2002 – 2016)

Year	Domestic Bond (\$)	Percentage of Total Borrowing (%)	Treasury Bills (\$)	Percentage of Total Borrowings (%)	Overseas Loan (\$)	Percentage of Total Borrowing (%)	Total (\$)
2002	1,501,095,650	79	196,432,453	10	193,505,879	10	1,891,033,982
2003	1,682,718,650	79	276,925,838	13	174,125,752	8	2,133,770,240
2004	1,986,515,650	87	126,987,822	6	168,665,379	7	2,282,168,851
2005	2,121,422,650	88	136,018,387	6	164,050,924	7	2,421,491,961
2006	2,300,672,650	80	141,311,687	5	416,729,200	15	2,858,713,537
2007	2,196,208,150	80	141,160,433	5	397,103,384	15	2,734,471,967
2008	2,346,258,150	81	64,552,990	2	475,994,415	16	2,886,805,555
2009	2,505,092,150	80	97,721,294	3	527,248,475	17	3,130,061,919
2010	2,759,292,150	82	74,969,800	2	548,461,798	16	3,382,723,748
2011	2,627,382,087	74	70,921,393	2	832,147,793	24	3,530,451,273
2012	2,631,565,650	72	111,732,963	3	935,530,587	25	3,678,829,200
2013	2,641,564,500	69	102,278,055	3	1,081,097,414	28	3,824,939,969
2014	2,698,317,500	66	130,600,000	3	1,254,277,326	31	4,083,194,826
2015	2,836,488,629	67	143,255,852	3	1,241,407,386	29	4,221,151,867
2016	3,079,850,613	68	163,844,780	4	1,258,728,393	28	4,502,423,786

The government bonds mature between 3 to 15 years. In contrast, the term of Treasury Bills which constitute 4% of the borrowings ranges between 14 days to 245 days.

Over the last 15 years, the percentage of overseas borrowings constituted an average 18% of the borrowings. A graphical representation of the outstanding government borrowings position is provided in Figure 7.2.

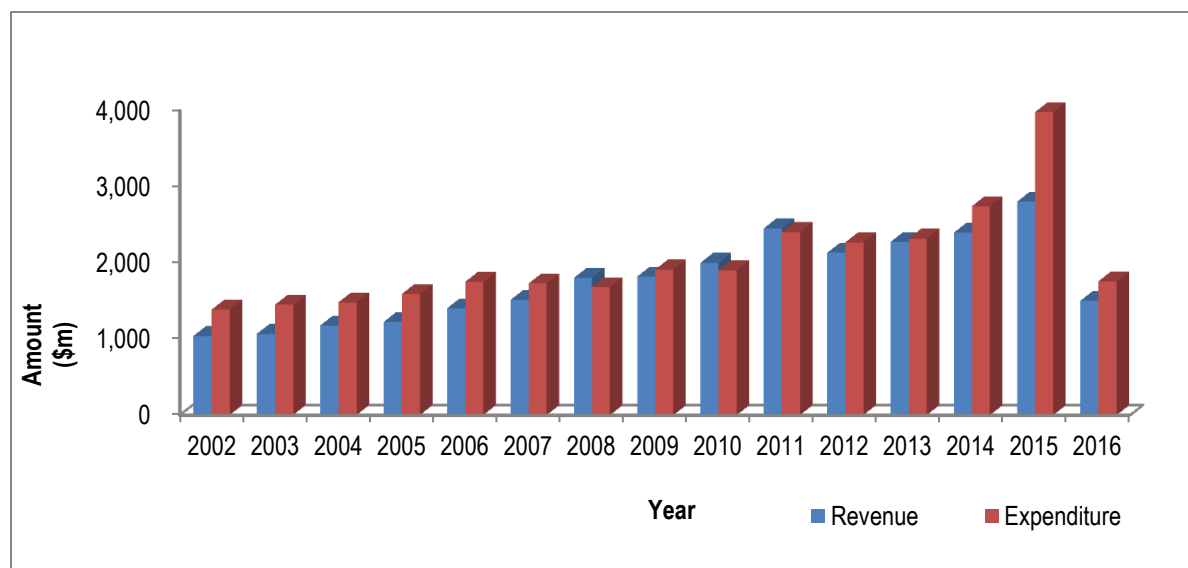
Figure 7.2 Public Debt Trends 2002 – 2016



Public debt has been increasing over the years and in 2016, a further increase of \$281,271,919 or 7% was noted when compared to the debt of \$4,221,151,867 owed in 2015. The rise in the national debt level was due to increases in domestic debt by \$243.4 million, overseas debt by \$17.3 million and treasury bills by \$20.6 million.

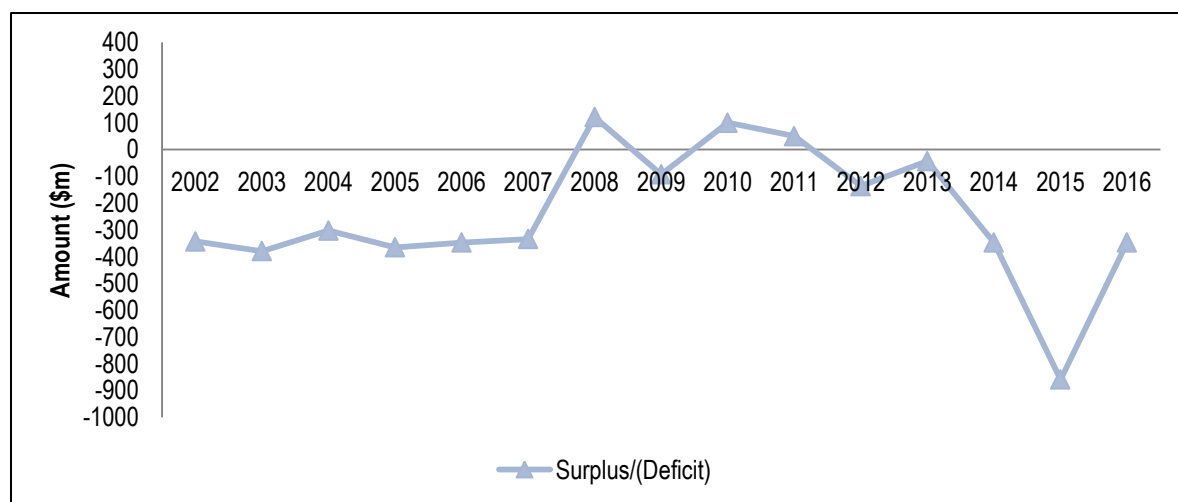
Figure 7.3 shows the relationship between actual revenues and expenditures over the last 15 years.

Figure 7.3 Revenue vs Expenditure



The government expenditure⁵¹ of \$1,847,933,171 exceeded revenue of \$1,500,808,190 during 2016 resulting in a gross deficit of \$347,124,981 for the period ended 31 July 2016. Figure 7.4 shows the gross deficit financed from borrowings.

Figure 7.4 Deficit Financed From Borrowings



⁵¹ Included debt repayment of \$91,250,756

7.2 Borrowings over the 15 Year Period

The composition of government debt over the last 15 years is summarised in Table 7.2

Government borrowed a total of \$587,622,330 in 2016 which decreased by \$481,379,223 or 45% from a total of \$1,069,001,553 borrowed in 2015. This was primarily due to the transactions for 2016 being for the seven month period ended 31 July 2016.

Of the total amount borrowed in 2016, 14% or \$80,667,618 was borrowed from Overseas, 36% or \$211,787,728 were from Treasury Bills and 50% or \$295,166,984 was borrowed through domestic bonds.

Tabulated below are the total amounts borrowed by government from 2002 to 2016.

Table 7.2 Government Borrowing Composition - 2002 – 2016

Year	Domestic Bonds		Overseas Borrowings		Treasury Bills		Total	
	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change	Amount \$'000	% Change
2002	299,000.0	31	26,196.7	156	437,465.8	3	762,662.5	15
2003	291,000.0	(3)	28,745.3	10	580,634.6	33	900,379.9	18
2004	449,218.2	54	9,267.7	(68)	189,256.7	(67)	647,742.6	(28)
2005	319,967.0	(29)	8,641.3	(7)	326,951.1	73	655,559.4	1
2006	356,778.6	12	283,258.7	3,178	528,715.4	62	1,168,752.7	78
2007	100,536.3	(72)	19,855.8	(93)	685,889.2	30	806,281.3	(31)
2008	341,266.9	239	20,802.8	5	391,725.9	(43)	753,795.6	(7)
2009	404,239.8	18	25,476.8	22	253,821.7	(35)	683,538.3	(9)
2010	452,734.1	12	61,949.5	143	687,313.1	171	1,201,996.7	76
2011	81,470.5	(82)	569,043.1	819	411,970.9	(40)	1,062,484.5	(12)
2012	192,102.0	136	136,428.7	(76)	306,664.5	(26)	635,195.2	(40)
2013	172,822.0	(10)	99,466.3	(27)	138,122.1	(55)	410,410.4	(35)
2014	233,405.8	35	120,241.3	21	306,883.4	122	660,530.5	61
2015	257,356.1	10	478,804.8	298	332,840.6	8	1,069,001.6	62
2016	295,167.0	15	80,667.6	(83)	211,787.7	(36)	587,622.3	(45)

Domestic borrowing increased by 15% in 2016 from the total of \$257,356,129 borrowed in 2015 while overseas borrowing decreased by 83% in 2016 from a total of \$478,804,784 borrowed in 2015. Treasury bills raised in 2016 decreased by 36% from \$332,840,640 raised in 2015.

7.3 Loan Repayments

There is an annual obligation for the Government of Fiji to redeem the borrowings which become due for payment. The terms and conditions of the borrowings are stipulated in the Loan Agreements between the Government of Fiji and the Lending Agency.

The repayment of the borrowings of the Government of Fiji over the past 15 years is represented in Table 7.3.

Table 7.3 Repayment of Borrowings per Year 2002 – 2016

Year	Domestic Bonds		Overseas Borrowings		Treasury Bills		Total Repayment (\$)
	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$)	
2002	100,500,000	95,284,124	20,772,240	9,297,644	417,637,927	2,362,073	645,854,008
2003	109,377,000	101,997,794	16,265,941	7,150,813	500,141,175	2,597,656	737,530,379
2004	145,403,000	108,597,234	11,173,546	6,114,485	339,194,733	4,310,352	614,793,350
2005	185,058,000	120,220,533	12,721,412	5,473,517	317,920,558	2,392,788	643,786,808
2006	177,500,000	129,455,783	13,459,979	5,737,600	523,422,114	5,746,278	855,321,754
2007	204,992,000	148,023,033	17,126,498	22,201,747	686,040,488	10,514,012	1,088,897,778
2008	191,210,000	147,383,717	12,473,769	20,787,406	468,333,380	566,620	840,754,892
2009	245,405,000	165,287,007	21,211,637	24,410,365	220,653,349	1,971,651	678,939,009
2010	198,540,500	190,736,707	32,850,575	22,901,709	710,064,626	4,295,961	1,159,390,078
2011	213,380,000	213,248,464	291,113,603	43,104,766	416,019,281	2,081,244	1,178,947,358
2012	233,268,000	210,534,849	19,274,087	46,264,569	265,852,974	850,851	776,045,330
2013	159,668,000	207,506,356	19,652,246	51,976,719	147,577,053	967,595	587,347,969
2014	176,650,000	209,451,828	25,516,704	53,809,084	280,578,002	921,998	746,927,616
2015	119,185,000	210,353,664	558,076,695	77,497,979	318,168,240	2,831,760	1,286,113,338
2016	51,805,000	125,058,218	39,445,755	22,612,476	191,198,800	2,417,936	432,538,185

Principal repayments for domestic bonds declined by \$67,380,000 or 57%, principal repayments for overseas borrowings declined by \$518,630,940 or 93% and treasury bills declined by \$126,969,440 or 40%. Overall, the total principal debt repayments declined by \$712,980,380 or 72% in 2016.

Principal payments for 2016 for government borrowings totalled \$282,449,555 whilst interest payments amounted to \$150,088,630. Refer to Table 7.4 for details.

Table 7.4 Total Principal and Interest Repayments in 2016

Description	Principal Repayment (\$)	Interest Repayment (\$)
Domestic Bonds	51,805,000	125,058,218
Overseas Borrowings	39,445,755	22,612,476
Treasury Bills	191,198,800	2,417,936
Total	282,449,555	150,088,630

The interest repayment on Domestic Borrowings for 2016 was \$125,058,218 compared to \$22,612,476 for Overseas Borrowings and \$2,417,936 for Treasury bills. The interest rate on domestic borrowings ranged from 1% to 6% whilst interest rates for overseas borrowings ranged from 1% to 3%.

7.4 Domestic Bonds

The total domestic bonds as at 31 July 2016 amounted to \$3,079,850,613 or 68% of total Government borrowings. This is inclusive of \$10,112 as unamortised premium. Table 7.5 shows the amounts that are owed by the Government of Fiji to bond holders.

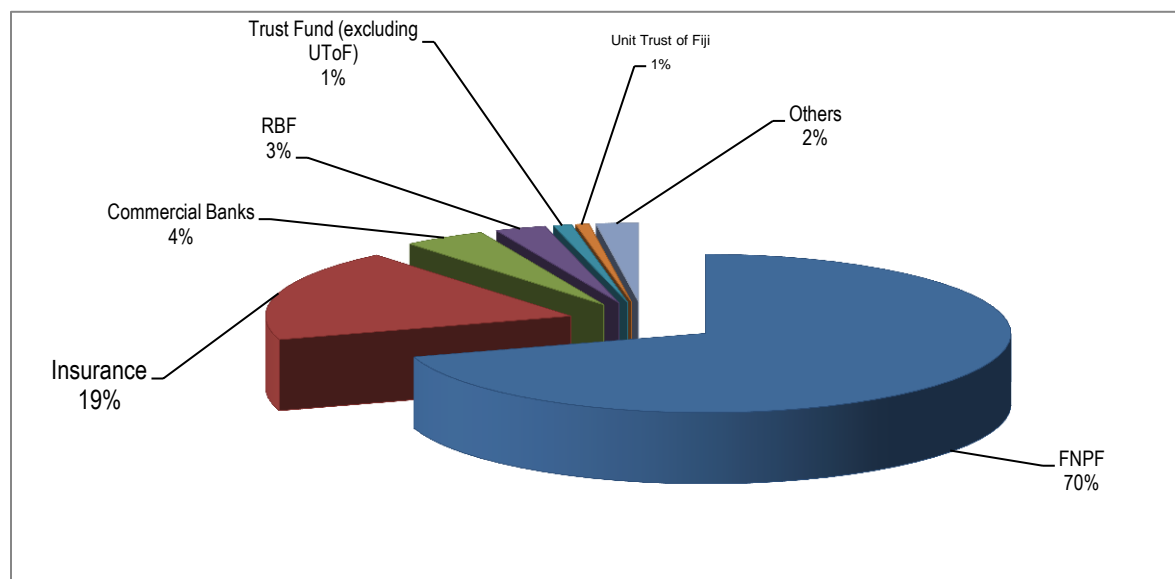
Table 7.5 Composition of Outstanding Government Bonds

Bond Holder	Amount (\$)	Percentage of Outstanding Debt (%)
FNPF	2,161,406,500	70
Insurance Companies	580,066,000	19
Commercial Banks	135,120,000	4
RBF	82,708,000	3
Trust Fund (excluding UTOF)	29,919,950	1
Unit Trust of Fiji	21,770,000	1
Others	68,850,050	2
Total	3,079,840,500	100

Fiji National Provident Fund (FNPF) held 70% of the bonds as at 31 July 2016; Insurance Companies 19%; Commercial Banks 4%; RBF 3%; the remaining 4% of the bonds were held by Trust Fund, Unit Trust of Fiji and others.

The composition of outstanding government bonds is shown in Figure 7.5

Figure 7.5 Compositions of Outstanding Bonds as at 31/07/16



7.4.1 Borrowings and Interest Payments

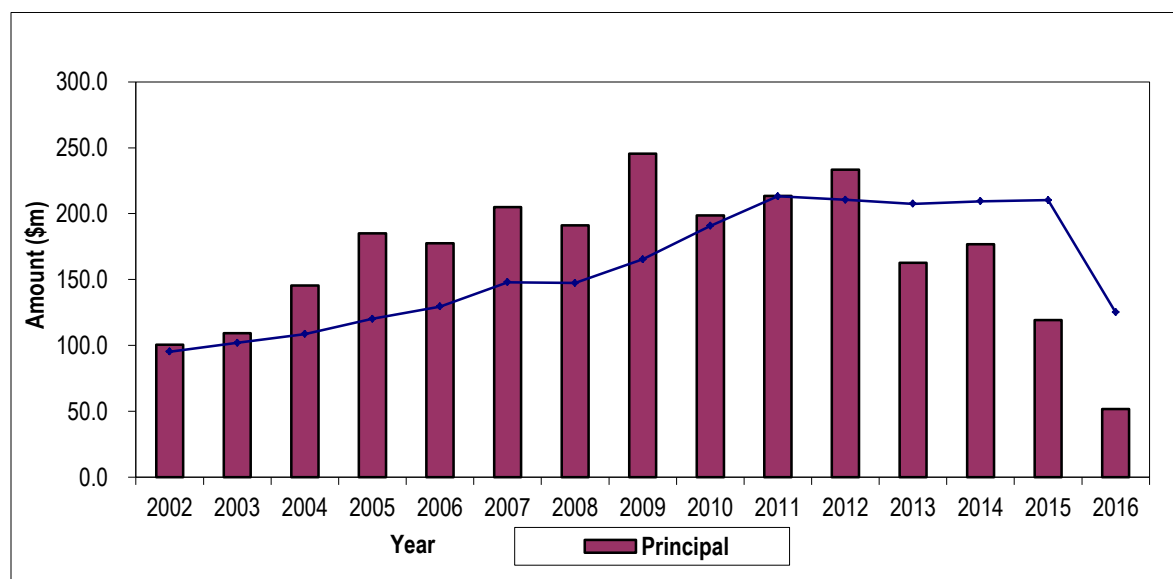
Details of outstanding borrowings over the past 15 years with the total interest paid and its budgetary provision is shown in Table 7.6. Interest payments are made every six months.

Table 7.6 Domestic Borrowings Outstanding, Interest Paid, and Budgetary Provisions

Year	Domestic Borrowings (\$m)	% Increase/(Decrease)	Interest Paid (\$m)	% Increase/(Decrease)	Budgetary Provision (\$m)	% Change
2002	1,501.1	15	95.3	8	102.0	10
2003	1,682.7	12	102.0	7	110.0	8
2004	1,986.5	18	108.6	6	121.5	10
2005	2,121.4	7	120.2	11	124.0	2
2006	2,300.7	8	129.5	8	127.7	3
2007	2,196.2	(5)	148.0	14	148.2	16
2008	2,346.3	7	147.4	(0.4)	151.4	2
2009	2,505.1	7	165.3	12	156.7	4
2010	2,759.3	10	190.7	15	190.6	22
2011	2,627.4	(5)	213.2	12	225.4	18
2012	2,631.6	0.2	210.5	(1)	211.7	(6)
2013	2,641.6	0.4	207.5	(1)	208.3	(2)
2014	2,698.3	2	209.4	1	209.5	1
2015	2,836.5	5	210.3	0.4	210.5	1
2016	3,079.9	9	125.1	(41)	219.3	(4)

Total domestic borrowings outstanding increased by \$243.4 million or 9% in 2016 compared to 2015. Interest paid on domestic borrowings decreased by \$85.2 million or 41%. The Government had allocated \$219.3 million in the 2016 Budget for interest payments of which \$125.1 million was paid during the year.

The interest expense and the principal repayments over the past 15 years are shown in Figure 7.6 below.

Figure 7.6 Interest and Principal Repayments on Domestic Bonds

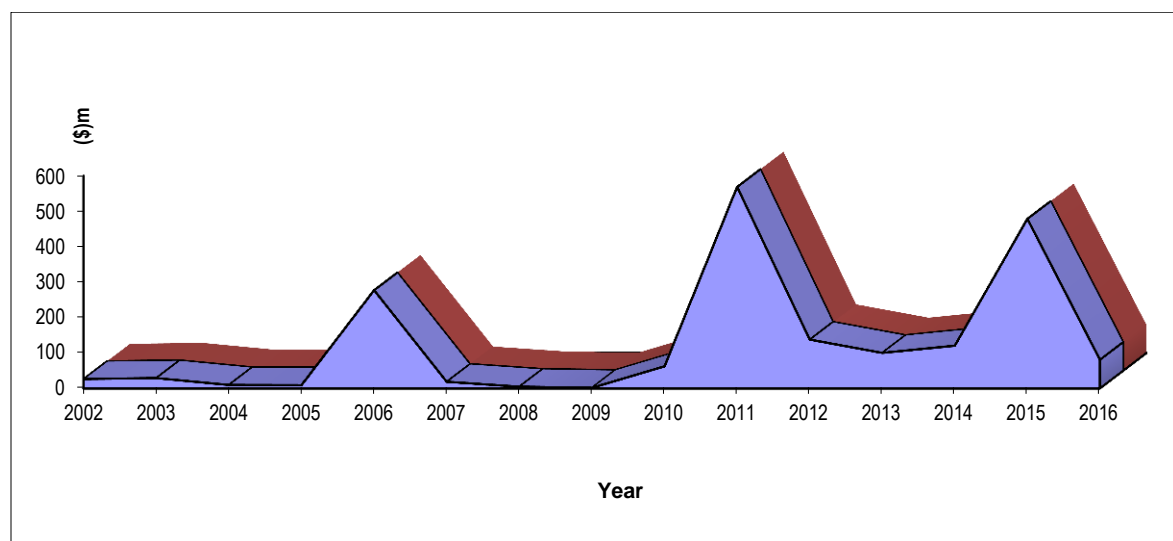
7.5 Overseas Borrowings

The total outstanding overseas borrowing of Government as at 31 July 2016 was \$1,258,728,393 which represents 28% of the total outstanding borrowings. Majority of the overseas borrowings obtained were to finance capital projects.

7.5.1 Yearly Overseas Borrowings

Figure 7.7 shows the trend of the yearly cash overseas borrowings over the past 15 years.

Figure 7.7 Yearly Overseas Borrowings 2002 - 2016



There were marked increases in overseas borrowing in years 2006 and 2011. In 2015, overseas borrowings increased again due to issuance of \$US150 million, \$US250 million and \$US200 million in global bonds. However in 2016, there was a sharp decline in borrowing trend due to no issuance of bonds by the Government

The Government borrowed a total of \$80,648,873 from overseas which were mainly direct disbursements as shown in Table 7.7. Overseas loan repayments totalling \$62,058,231 were made in 2016, which comprises of \$22,612,476 in interest and \$39,445,755 in principal payments.

Refer to Table 7.7 for the details of overseas borrowings made in the year 2016.

Table 7.7 Overseas Loan Disbursements for 2016

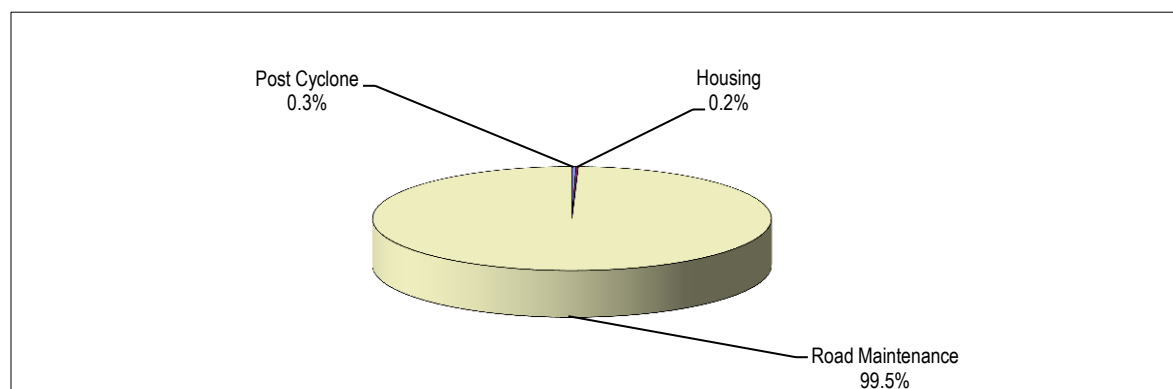
Loan	Cash (\$)	Capitalisation of Interest (\$)	Direct Disbursement (\$)	Total (\$)
Road Upgrading Project				
Buca Bay/Moto			4,448,110	4,448,110
Nabouwalu/Dreketi			65,447,380	65,447,380
Sigatoka / Serea Roads	---	---	10,335,086	10,335,086
Post Cyclone Winston Emergency				

Loan	Cash (\$)	Capitalisation of Interest (\$)	Direct Disbursement (\$)	Total (\$)
Post Cyclone Winston Emergency Development Policy Operation	---	259,825		259,825
Housing Project				
2014 ADB/ Transport Infrastructure Investment (Sector) Project		158,472		158,472
Total	---	418,297	80,230,576	80,648,873

Borrowings in relation to the Road Upgrading Project comprised of 99.5% or \$80.23 million of the total overseas borrowings by Government as at 31 July 2016. The funds obtained for this project were to be used for road upgrading, rehabilitation, and the management of road assets and sector resources.

The composition of the overseas Borrowings is illustrated in Figure 7.8

Figure 7.8 Composition of Overseas Borrowings



7.5.2 Overseas Borrowings Outstanding & Interest Paid

Table 7.8 provides details of overseas borrowings outstanding over the past 15 years with the total interest paid each year.

Table 7.8 Overseas Borrowings Outstanding, Interest Paid and Budgetary Provision

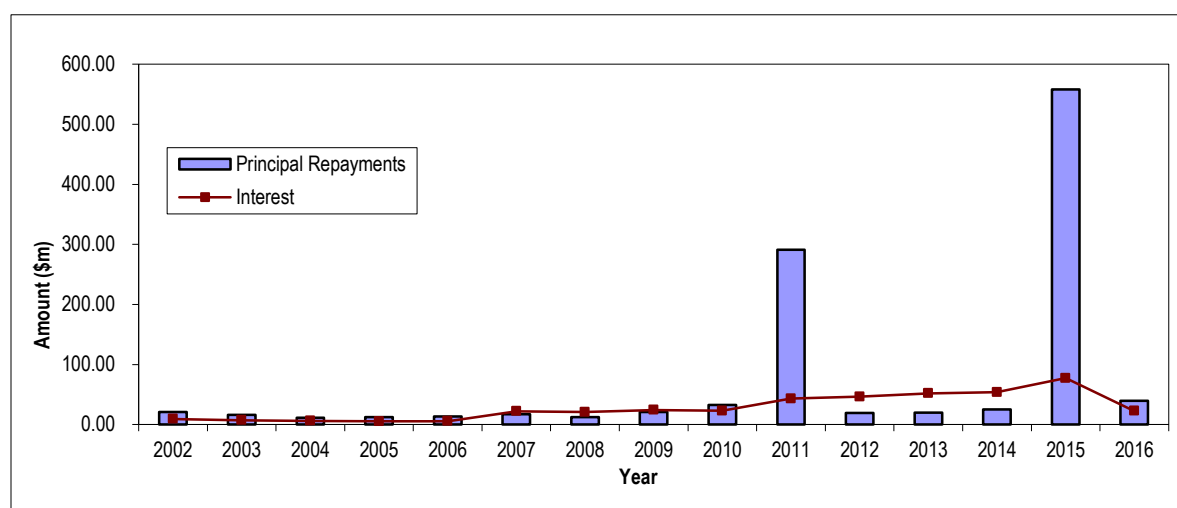
Year	Overseas Borrowings (\$m)	% Increase/ (Decrease)	Interest Paid (\$m)	% Increase/ (Decrease)	Budgetary Provision (\$m)	Variance (\$m)
2002	193.5	(6)	9.3	(5)	10.0	(6)
2003	174.1	(10)	7.2	(23)	9.4	(6)
2004	168.7	(3)	6.1	(15)	7.0	(26)
2005	164.1	(3)	5.5	(10)	6.7	(4)
2006	416.7	154	5.7	4	6.4	(4)
2007	397.1	(5)	22.2	289	23.4	266
2008	476.0	20	20.8	(6)	24.8	6
2009	527.2	11	24.4	17	29.1	17
2010	548.5	4	22.9	(6)	28.2	(3)
2011	832.1	52	43.1	88	45.1	60

Year	Overseas Borrowings (\$m)	% Increase/ (Decrease)	Interest Paid (\$m)	% Increase/ (Decrease)	Budgetary Provision (\$m)	Variance (\$m)
2012	935.5	12	46.3	7	51.4	14
2013	1,081.0	16	51.9	12	57.6	12
2014	1,254.3	16	53.8	4	63.4	10
2015	1,241.4	(1)	77.4	44	91.6	44
2016	1,258.7	1	22.6	(71)	48.2	(47)

In 2016, the outstanding overseas borrowings increased by 1% compared to 2015. A sum of \$48,195,096 was provided in the 2016 Budget Estimates (revised) for interest expense of which \$22,612,476 was actual interest payment made in 2016.

The principal and interest payments are illustrated in Figure 7.9

Figure 7.9 Interest Payments vs. Principal Repayments



Principal repayment for overseas loans in 2016 amounted to \$39.4 million while interest payment totalled \$22.6 million. This is a decrease by \$55 million or 71% compared to 2015.

7.5.3 Revaluation of Overseas Borrowings

Overseas borrowings are revalued at year end using the RBF exchange rate as at 31/07/16 which has an effect on public debt balance outstanding at year end. Revaluation may result in increase or decrease in the public debt balance based on the exchange rate prevailing at the end of the year.

Table 7.9 outlines the amounts attributed to overseas borrowings due to revaluation over a 15 year period.

Table 7.9 Revaluation of Overseas Borrowings & Unrealised Exchange Gains/Loss

Year	Revaluation Increase/ (Decrease) (\$)	Overseas Borrowings (\$)	Unrealised Exchange (Gain)/Loss as a % of Overseas Borrowings
2002	(18,905,125)	193,505,881	(10)
2003	(31,859,534)	174,125,752	(18)
2004	(3,554,545)	168,665,379	(2)
2005	(534,342)	164,050,924	(0.3)
2006	(17,120,505)	416,729,200	(4)
2007	(21,844,864)	397,103,384	(6)
2008	70,352,312	475,994,415	15
2009	46,988,862	527,248,475	9
2010	22,885,617	548,461,798	4
2011	1,537,285	832,147,104	0.2
2012	14,895,650	935,530,587	2
2013	65,295,314	1,081,097,414	6
2014	65,340,835	1,254,277,326	5
2015	70,666,171	1,241,407,387	6
2016	(24,319,154)	1,258,728,393	(2)

The value of the overseas borrowings decreased by \$24,319,154 or 2 % due to floating exchange rates⁵² for the seven months up to 31 July 2016.

7.6 Treasury Bills

The Government through the Reserve Bank of Fiji (RBF) floats Treasury bills to raise funds in the domestic market to meet its short term needs.

Treasury bills are sold at a discount on face value of which the investor will receive face value upon maturity.

During the period, the government raised \$213,200,000 in Treasury bills of which \$211,787,728 constituted net borrowings by the government whilst \$1,412,272 represented discounts, as summarised in Table 7.10.

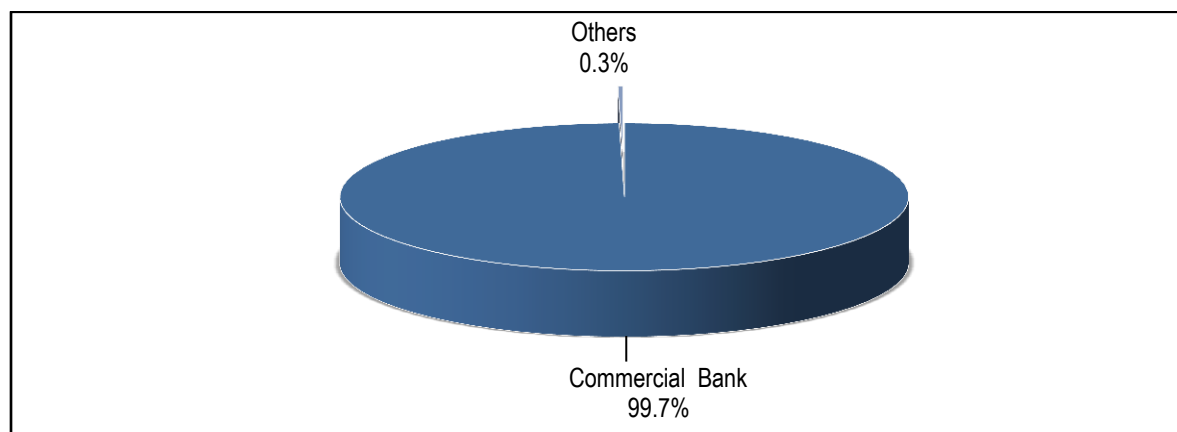
Table 7.10 Treasury bill Holders for Bills Issued in 2016

Bank	Face Value	% of Total	Discount (\$)	% of Total	Net Receipts (\$)	% of Total
Commercial Banks	212,500,000	99.7	1,397,392	99	211,102,608	99.7
Others	700,000	0.3	14,880	1	685,120	0.3
Total	213,200,000	100	1,412,272	100	211,787,728	100

Of the total Treasury bills issued in 2016, 99.7% were purchased by commercial banks and the remaining 0.3% was purchased by other entities and individuals. This composition is graphed below.

⁵² In a floating rate system, the exchange rate is determined directly by market forces, and is liable to fluctuate continually.

Figure 7.10 Composition of Treasury Bills Borrowed for 2016



The Treasury bills have maturity periods ranging from 14 to 245 days.

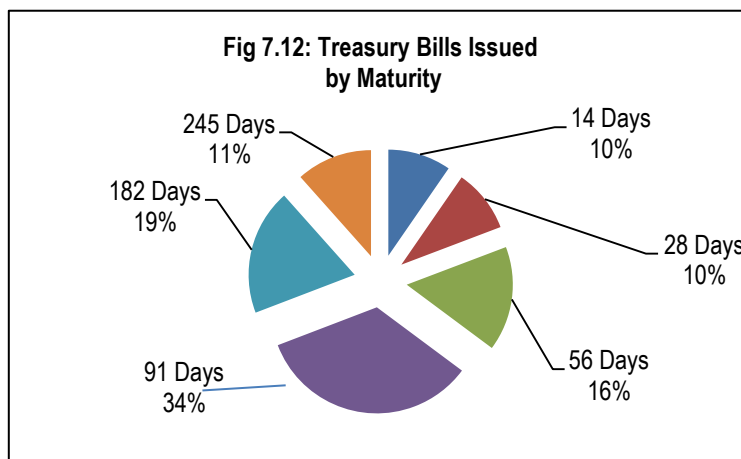
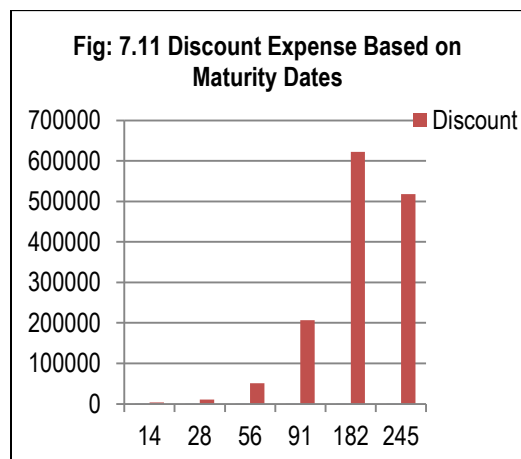
Table 7.11 details the total Treasury bills raised in the year together with their maturity dates and discount.

Table 7.11 Maturity of Treasury bills issued in 2016

Maturity in Days	Face Value (\$)	Discount (\$)	Treasury Bill Cost (\$)
14	20,500,000	3,451	20,496,549
28	20,500,000	10,830	20,489,170
56	34,000,000	50,936	33,949,064
91	72,500,000	206,947	72,293,053
182	41,000,000	622,171	40,377,829
245	24,700,000	517,937	24,182,063
Total	213,200,000	1,412,272	211,787,728

The discount increases as the maturity date increases.

Refer to Figures 7.11 and 7.12 for these details:



7.6.1 Treasury Bills Over a 15-year Period

Treasury bills issued and redeemed over the last 15 years is summarised in Table 7.12.

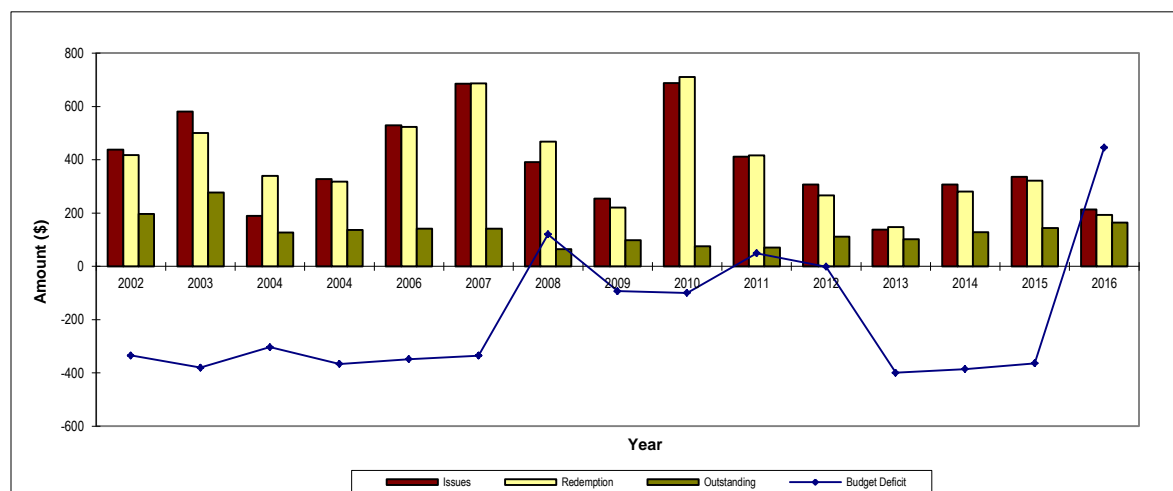
Table 7.12 Treasury Bills 2002 – 2016

Year	Balance Brought Forward (\$)	Issues (\$)	Redemption (\$)	Outstanding (\$)
2002	176,604,613	437,465,767	417,637,927	196,432,453
2003	196,432,453	580,634,561	500,141,176	276,925,838
2004	276,925,838	189,256,716	339,194,733	126,987,821
2005	126,987,822	326,951,124	317,920,558	136,018,388
2006	136,018,388	528,715,414	523,422,114	141,311,688
2007	141,311,687	685,889,234	686,040,488	141,160,433
2008	141,160,433	391,725,937	468,333,380	64,552,990
2009	64,552,990	253,821,653	220,653,349	97,721,294
2010	97,721,294	687,313,133	710,064,626	74,969,801
2011	74,969,800	411,970,874	416,019,281	70,921,393
2012	70,921,393	306,664,544	265,852,974	111,732,963
2013	111,732,963	138,122,146	147,577,053	102,278,056
2014	102,278,056	306,883,399	280,578,003	128,583,452 ⁵³
2015	128,583,452	336,000,000	321,327,600	143,255,852
2016	143,255,852	213,200,000	192,611,072	163,844,780

Treasury bills raised by Government over the last 15 years have fluctuated significantly. Similarly, the government deficits/surplus has also fluctuated over past 15 years.

The trend for Treasury bills issued, redemptions, bills outstanding at the end of the financial year and the yearly deficit/surplus are shown in Figure 7.13.

Figure 7.13 Graphical Illustration of Treasury Bills 2002 - 2016



⁵³ Excludes discount of \$2,016,548.07

In 2016, a budgeted gross deficit of \$445.4 million was recorded, with treasury bills outstanding totalling \$163.8 million.

7.6.2 Treasury Bills Management

Treasury bills are short-term financial instruments used by Ministry of Economy to cover shortfalls during the year. The analysis of budgeted revenue and expenditure as provided in the Budget and the Treasury bills raised for the year are as follows:

Table 7.13 Revenue Variance vs. Treasury Bills Raised

Revenue	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Budgeted Revenue*										
Operating Receipts & Investing	1,430.00	1,411.50	1,522.40	1,496.50	1,745.70	1,942.80	2,108.40	2,721.80	3,122.40	3,128.7
Loan Receipts	371.00	370.20	522.50	497.50	734.50	338.40	398.90	385.40	891.90	445.4
Total	1,801.00	1,781.70	2,044.90	1,994.00	2,480.20	2,281.20	2,507.30	3,107.20	4,014.30	3,574.1*
Actual Revenue										
Operating Receipts & Investing	1,391.3	1,454.9	1,412.80	1,536.50	1,801.30	1,937.10	2,098.40	2,371.0	2,943.5	1,500.8
Loan Receipts	118.90	345.60	405.40	463.00	693.40	192.20	173.10	353.60	801.8	305.5
Total	1,510.20	1,800.50	1,818.20	1,999.50	2,494.70	2,129.30	2,271.50	2,724.60	3,745.3	1,806.3
Revenue Variance	(290.80)	18.80	(226.70)	5.50	14.50	(151.90)	(235.80)	(382.60)	(269.00)	(1,767.8)
Treasury Bills raised	685.89	391.73	253.82	687.31	411.97	306.66	138.12	306.88	336.00	213.2
Excess/(shortfall)	395.09	410.53	27.12	692.81	426.47	154.76	(97.68)	(75.72)	67	(1,554.6)

*The budgeted revenue was for 12 months. However in 2016 the actual revenue was for seven months due to the change in the financial year resulting in significant shortfall.

The operating and investment receipts should pay for operational costs of Government which include standard expenditure groups 1 - 7, 11 & 12 and capital development programs.

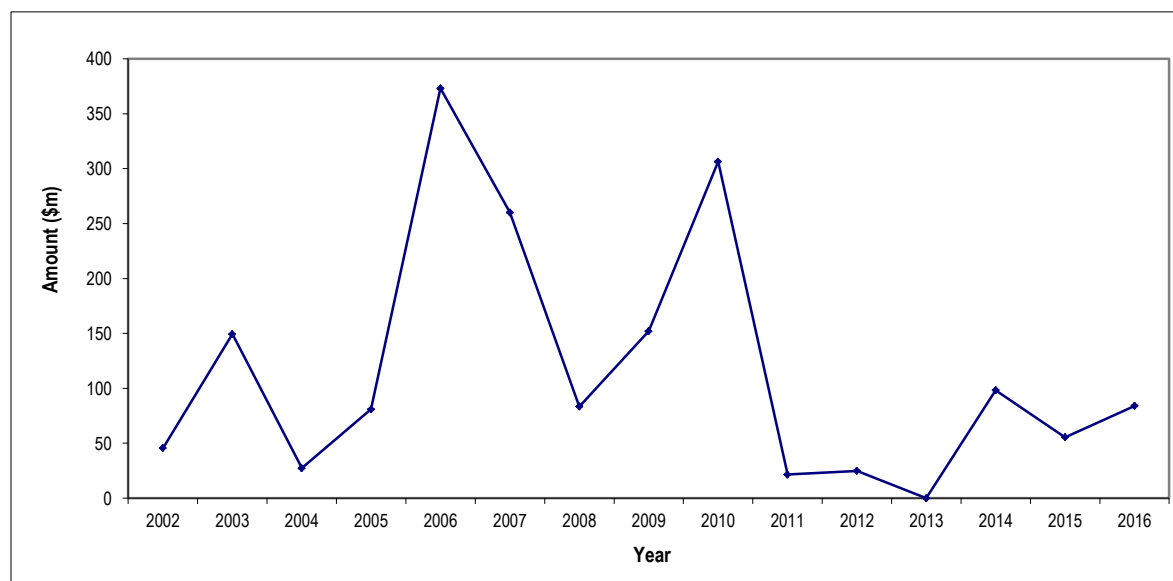
Treasury bills are raised to cover operational deficits provided that they are no more than the estimated operating and investing receipts to be collected during the year.

Government revenue and borrowings from domestic and overseas markets were not sufficient to meet the actual expenditure hence a total of \$213.2 million was raised through Treasury bills in 2016.

7.7 Ways and Means

The Ways and Means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet immediate cash deficits. The Ways and Means are replenished by Government during the year and are therefore not reflected as part of borrowings.

An analysis of Ways and Means balances for the past 15 years is illustrated in Figure 7.14.

Figure 7.14 Ways and Means Balances 2002 - 2016

Government utilised this facility and borrowed \$84,000,000 in 2016 compared to \$55,500,000 utilised in 2015.

7.8 Financial Flexibility

Financial Flexibility is an indicator of the degree a Government can increase its financial resources or revenue to respond to increasing financial commitments either by expanding the revenue or increasing its debt burden.

Table 7.14 contains data for total revenue and debt repayments of Government for a period of 15 years. The revenue derived by the Government includes a significant portion which is derived from borrowings. The flexibility analysis includes revenue data and loan components.

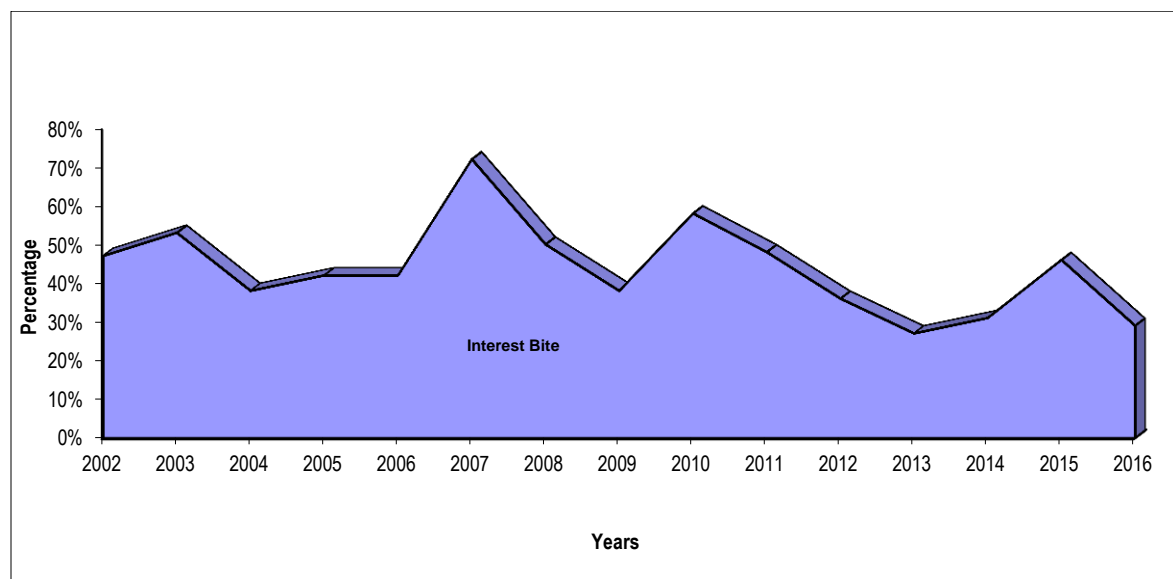
Table 7.14 Comparison of Revenue and Debt Repayments

Year	Revenue (\$)	Debt Repayments (\$)	Interest Bite %
2002	1,363,992,433	647,020,349	47
2003	1,386,009,960	737,597,477	53
2004	1,634,663,320	617,152,850	38
2005	1,550,489,828	646,463,603	42
2006	2,035,207,842	857,682,649	42
2007	1,510,117,953	1,091,633,056	72
2008	1,800,583,846	896,317,497	50
2009	1,818,235,071	683,801,800	38
2010	1,999,480,409	1,155,094,117	58
2011	2,451,779,618	1,176,866,114	48
2012	2,129,334,959	775,194,479	36
2013	2,119,975,211	576,915,467	27
2014	2,393,392,529	746,927,616	31
2015	2,793,515,336	1,286,113,338	46

Year	Revenue (\$)	Debt Repayments (\$)	Interest Bite %
2016	1,500,808,190	432,538,185	29

Debt repayment comprises the principal and interest components of the domestic and overseas borrowings as well as the Treasury Bills redemption. The Interest Bite represents the percentage of Debt Repayments to Total Revenue.

Figure 7.15 Percentage of Debt Repayments to Total Revenue



In 2016, the financial flexibility measure was 29% indicating that the total debt repayment was equivalent to 29% of the revenue received by the Government during the year compared to 46% during 2015.

Hence, 71% of revenues collected were available for government programs in 2016 compared to 54% during 2015.

7.9 Financial Vulnerability

Financial Vulnerability is the measure of the degree of dependence of Government on sources of borrowing outside its control or influence.

A measure of vulnerability is the comparison of Overseas Borrowings to the total Government debt. Table 7.15 compares Overseas Borrowings to total Government Debt for a period of 15 years.

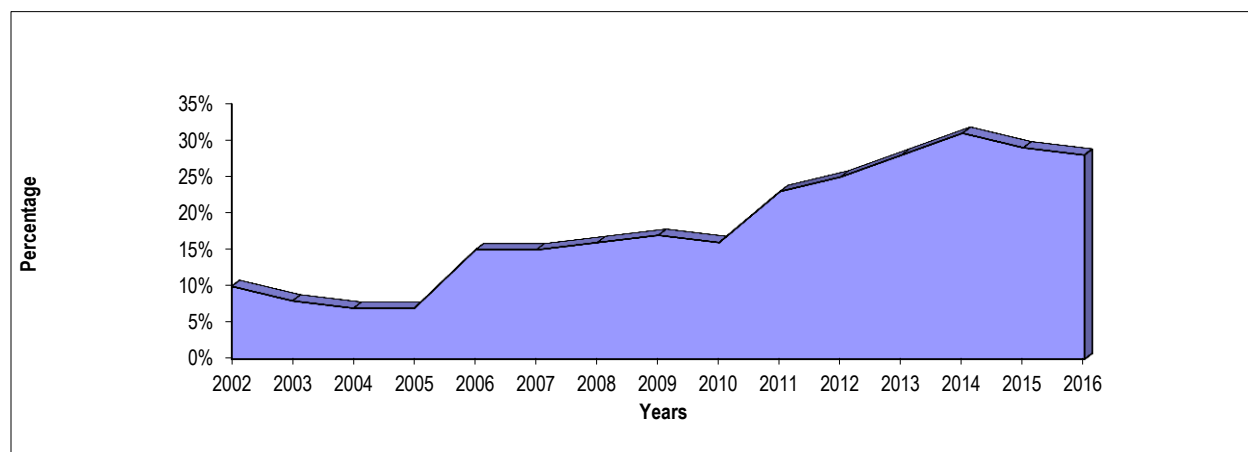
Table 7.15 Comparison of Overseas Borrowings and Government Debt

Year	Outstanding Overseas Borrowings (\$)	Government Debt (\$)	%
2002	193,505,881	1,891,033,984	10
2003	174,125,752	2,133,770,240	8

Year	Outstanding Overseas Borrowings (\$)	Government Debt (\$)	%
2004	168,665,379	2,282,168,851	7
2005	164,050,924	2,421,491,962	7
2006	416,729,200	2,858,713,537	15
2007	397,103,384	2,734,471,967	15
2008	475,994,415	2,886,805,555	16
2009	527,248,475	3,130,061,918	17
2010	548,461,798	3,382,723,748	16
2011	832,147,104	3,530,451,273	24
2012	935,530,587	3,678,829,200	25
2013	1,081,097,414	3,824,939,969	28
2014	1,254,277,326	4,083,194,826	31
2015	1,241,407,386	4,221,151,867	29
2016	1,258,728,393	4,502,423,786	28

In 2016, overseas borrowings made up 28% of outstanding government borrowings which decreased by 1% when compared to 2015.

Figure 7.16 Percentage of outstanding overseas loans to total government debt



The overall trend indicates an increasing reliance by Government on overseas borrowings from 2006. There were sharp increases in 2006, 2011 and 2014 followed by a slight decreases in reliance in 2015 and 2016.

Another measure of Financial Vulnerability is the comparison of overseas borrowings to Gross Domestic Product (GDP). Table 7.16 compares overseas borrowings to GDP over a period of 10 years.

Table 7.16 Comparison of Overseas Borrowings and GDP

Year	Overseas Borrowings (\$)	Nominal GDP (\$)	% of Overseas Borrowings /GDP
2007	397,103,384	5,440,100,000	7
2008	475,994,415	5,614,900,000	8

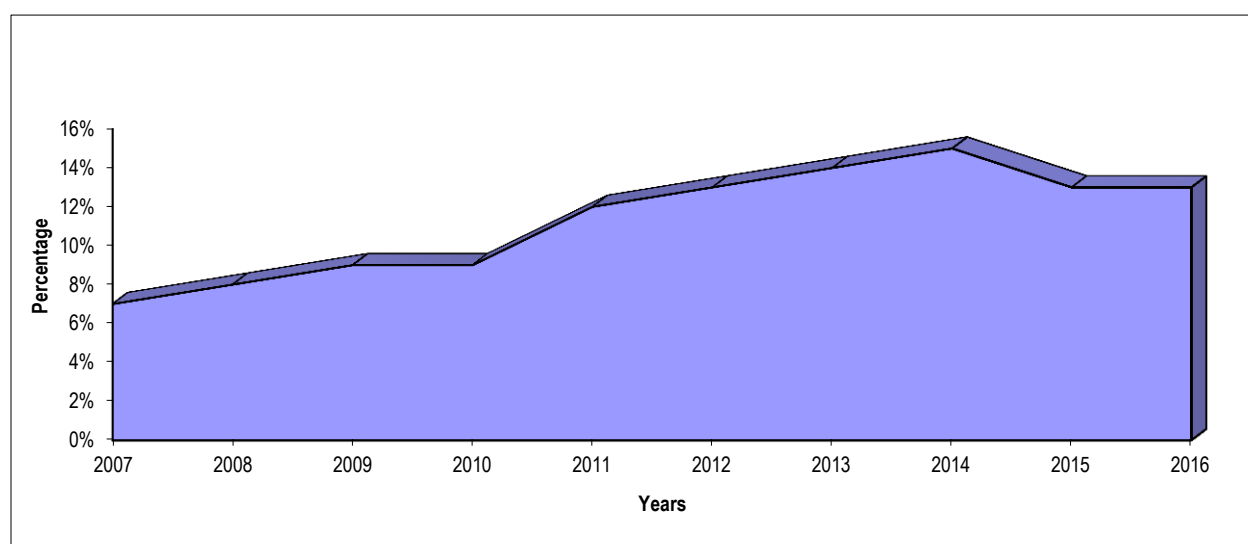
Year	Overseas Borrowings (\$)	Nominal GDP (\$)	% of Overseas Borrowings /GDP
2009	527,248,475	5,614,100,000	9
2010	548,461,798	6,024,400,000	9
2011	832,147,104	6,768,500,000	12
2012	935,530,587	7,109,500,000[r]	13
2013	1,081,097,414	7,715,700,000[r]	14
2014	1,254,277,326	8,435,900,000[r]	15
2015	1,241,407,386	9,210,800,000[p]	13
2016	1,258,728,393	9,852,704,113	13

[r]: GDP Revised Figure

[p]: GDP Provisional Figure

Source: Macroeconomic Committee

Figure 7.17 Overseas Borrowings as a Percentage of GDP



Moreover, the comparison of the domestic debt to GDP is another measure of Financial Vulnerability. Table 7.17 compares Domestic Borrowings to GDP for a period of 10 years.

Table 7.17 Comparison of Domestic Borrowings and GDP

Year	Domestic Borrowings (\$)	Nominal GDP (\$)	% of Domestic Borrowings/ GDP
2007	2,196,208,150	5,440,100,000	40
2008	2,346,258,150	5,614,900,000	42
2009	2,505,092,150	5,614,100,000	45
2010	2,759,292,150	6,024,400,000	46
2011	2,663,382,087	6,768,500,000	39
2012	2,631,565,650	7,109,500,000[r]	37
2013	2,641,564,500	7,715,700,000[r]	34
2014	2,698,317,500	8,435,900,000[r]	32

Year	Domestic Borrowings (\$)	Nominal GDP (\$)	% of Domestic Borrowings/ GDP
2015	2,836,488,629	9,210,800,000 ⁵⁴ [p]	31
2016	3,079,850,613	9,852,704,113	31

[r]: GDP Revised Figure
 [p]: GDP Provisional Figure
 Source: Macroeconomic Committee

Domestic Borrowing as a percentage of GDP remained stagnant at 31% in 2015 and 2016 due to increases in Domestic Borrowing and Nominal GDP.

Figure 7.18 Domestic Borrowings as a % of GDP

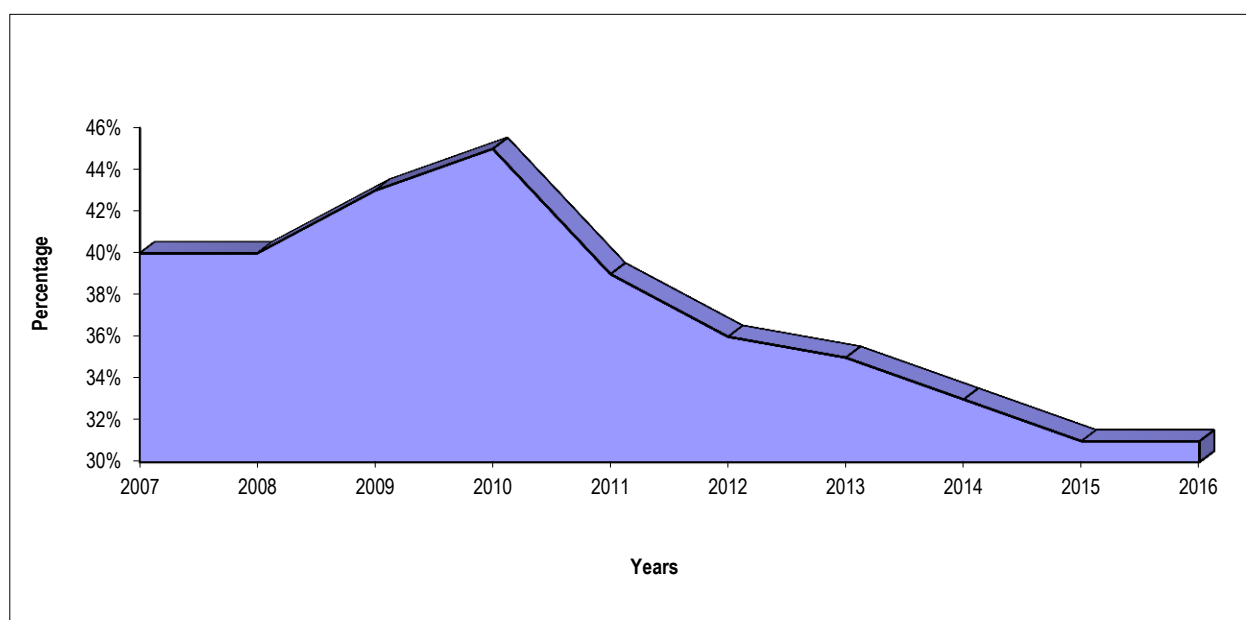


Figure 7.18 shows that the Domestic Borrowing as a percentage of the GDP has been decreasing over the years and indicates the nation’s capability to meet its internal debt obligations when due.

Table 7.18 shows the comparison between Tax Revenue and the GDP.

Table 7.18 Comparison of Tax Revenue and GDP

Year	Tax Revenue (\$)	GDP (\$)	% of Tax Revenue/ GDP
2006	1,227,220,772	5,325,700,000	23
2007	1,230,363,366	5,440,100,000	23
2008	1,243,057,337	5,614,900,000	22
2009	1,209,223,648	5,614,100,000	22
2010	1,302,130,578	6,024,400,000	22

⁵⁴ Excludes Treasury Bills outstanding at year end

Year	Tax Revenue (\$)	GDP (\$)	% of Tax Revenue/GDP
2011	1,512,378,397	6,768,500,000	22
2012	1,616,297,515	7,109,500,000[r]	23
2013	1,879,243,556	7,715,700,000[r]	24
2014	2,117,742,442	8,435,900,000[r]	25
2015	2,359,863,231	9,210,800,000[p]	26
2016	1,314,519,968	9,852,704,113	13

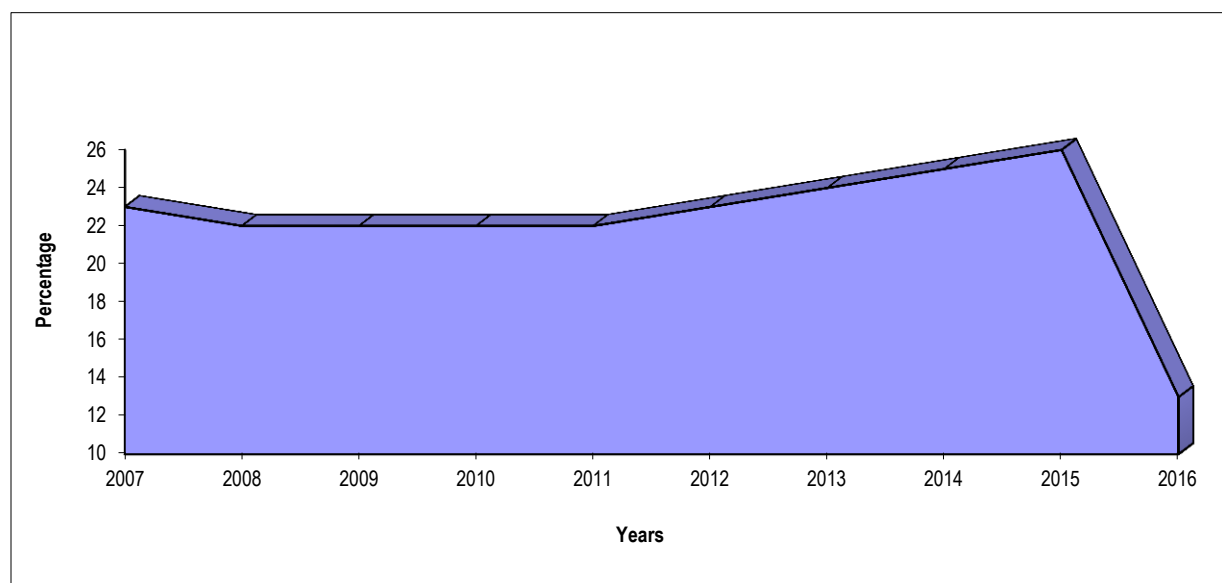
[r]: GDP Revised Figure

[p]: GDP Provisional Figure

Source: Macroeconomic Committee

Table 7.18 shows that the Tax Revenue as a percentage of GDP in the last 10 years has been between 22% - 26%. In 2016, this percentage decreased to 13% due to change in the financial year from 12 months in 2015 to seven months in 2016.

Figure 7.19 Tax Revenue as a % of GDP



Another measure of Financial Vulnerability is the comparison of tax revenue to total borrowings. Table 7.19 compares tax revenue to debt for a period of 10 years.

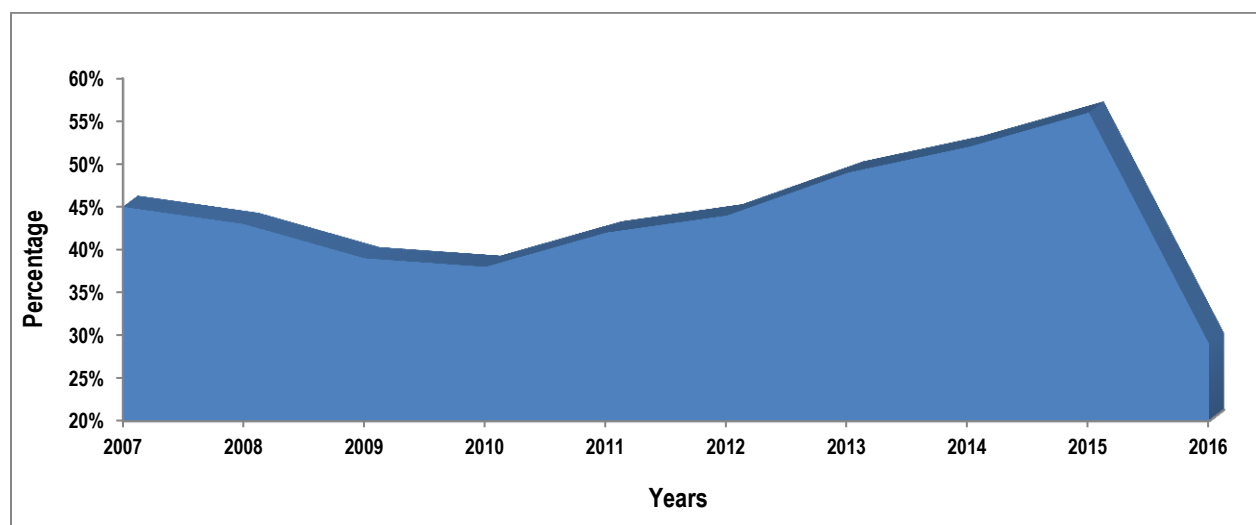
Table 7.19 Comparison of Tax Revenue and Total Borrowings

Year	Tax Revenue (\$)	Total Borrowings (\$)	% of Tax Revenue/Debt
2007	1,230,363,366	2,734,471,967	45
2008	1,243,057,337	2,886,805,555	43
2009	1,209,223,648	3,130,061,918	39
2010	1,302,130,578	3,382,723,748	38
2011	1,512,378,397	3,530,451,273	43

Year	Tax Revenue (\$)	Total Borrowings (\$)	% of Tax Revenue/Debt
2012	1,616,297,515	3,678,829,200	44
2013	1,879,243,556	3,824,939,969	49
2014	2,117,742,442	4,083,194,826	52
2015	2,359,863,231	4,221,151,867	56
2016	1,314,519,968	4,502,423,786	29

The tax revenue as a percentage of debt has significantly decreased in 2016 compared to 2015 due to the amounts for 2016 being for seven month period ending 31 July 2016. This indicates that 29% of total government debt can be met from tax revenue in 2016.

Figure 7.20 Tax Revenue as a Percentage of Debt



The ability of tax revenue to meet the debt over the 10 year period was on a declining trend since 2007, and gradually increased from 2010 to 2015 due to increase in tax collections during these years. However, a sharp decrease in 2016 was due to the change in accounting period from 12 months in 2015 to seven months in 2016. The revenue collected is for seven months only.

Table 7.20 shows the comparison of gross surplus/ (deficit) to GDP.

Table 7.20 Comparison of Gross Deficit (Surplus) and GDP

Year	Gross Surplus/ (Deficit) (\$)	GDP (\$)	% of Gross Surplus (Deficit) /GDP
2007	(334,935,764)	5,440,100,000	(6.2)
2008	120,093,824	5,614,900,000	2.1
2009	(93,167,378)	5,614,100,000	(1.7)
2010	99,398,751	6,024,400,000	1.6
2011	49,027,101	6,768,500,000	0.7

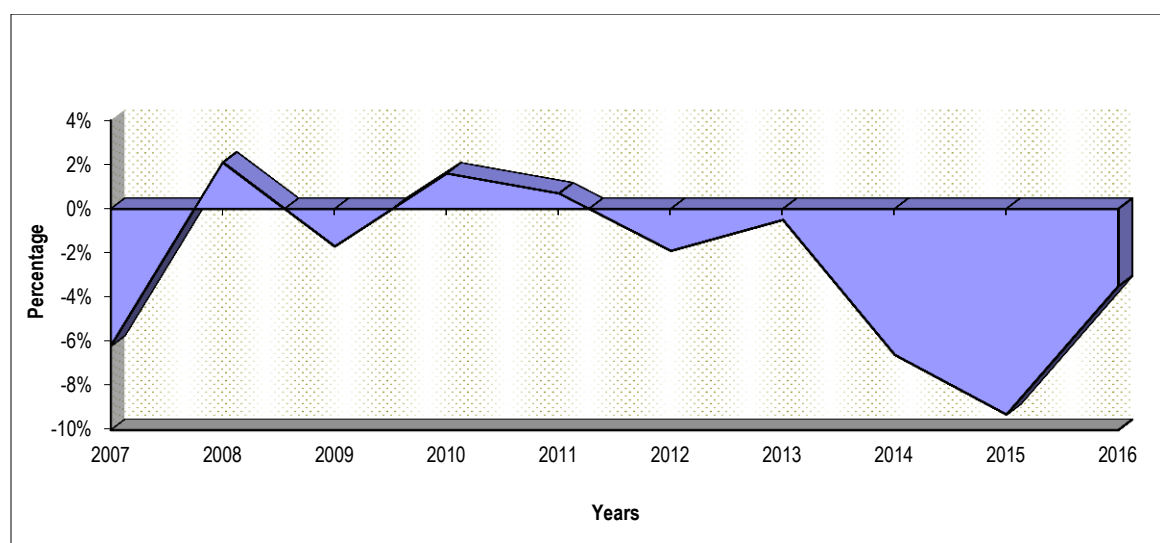
Year	Gross Surplus/ (Deficit) (\$)	GDP (\$)	% of Gross Surplus (Deficit) /GDP
2012	(136,880,612)	7,109,500,000 ^[r]	(1.9)
2013	(37,583,667)	7,715,700,000 ^[r]	(0.5)
2014	(554,256,802)	8,435,900,000 ^[r]	(6.6)
2015	(859,086,199)	9,210,800,000 ^[p]	(9.3)
2016	(347,124,981)	9,852,704,113	(3.5)

[r]: GDP Revised Figure

[p]: GDP Provisional Figure

Source: Macroeconomic Committee

Figure 7.21 Gross Deficit as a Percentage of GDP



In 2016, the gross deficit as a percentage of GDP improved to 3.5% when compared to 2015.

7.10 Financial Sustainability

Financial Sustainability is defined as the ability of Government to maintain existing programs and meet existing creditor requirements without increasing the burden on the economy. It is measured by the ratio of Government debt to the Gross Domestic Product.

The total Government debt as a percentage of GDP as at 31 July 2016 was 46%, indicating debt sustainability relative to the production of goods and services.

Table 7.21 Total Government Debt to GDP

Year	Government Debt (\$)	% of Growth	GDP (\$)	% Growth	Public Debt as a % of GDP
2007	2,734,471,967	(4)	5,440,100,000	2	50
2008	2,886,805,555	6	5,614,900,000	3	51
2009	3,130,061,918	8	5,614,100,000	(0.01)	56

Year	Government Debt (\$)	% of Growth	GDP (\$)	% Growth	Public Debt as a % of GDP
2010	3,382,723,748	8	6,024,400,000	7	56
2011	3,530,451,273	4	6,768,500,000	12	52
2012	3,678,829,200	4	7,109,500,000[r]	5	52
2013	3,824,939,969	4	7,715,700,000[r]	9	50
2014	4,083,194,826	7	8,435,900,000[r]	9	48
2015	4,221,151,867	3	9,210,800,000[p]	9	46
2016	4,502,423,786	7	9,852,704,113	7	46

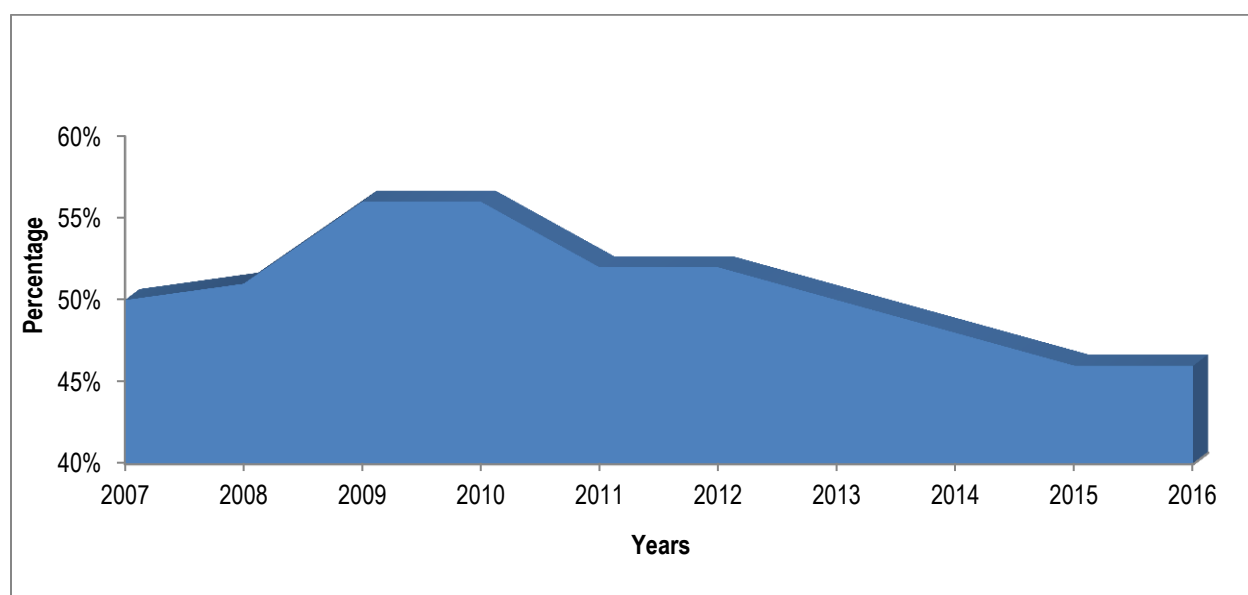
[r]: GDP Revised Figure

[p]: GDP Provisional Figure

Source: Macroeconomic Committee

Table 7.21 shows that in 2016, percentage growth in Government debt was 7% while the percentage growth in the economy was also at 7% indicating an unchanged debt burden (46%) on individuals in 2016.

Figure 7.22 Government Borrowings as a Percentage of GDP



The Government needs to maintain adequate resources to fund existing programs, commence new projects as well as meet existing creditor obligations in order to maintain the level of borrowings at a sustainable level.

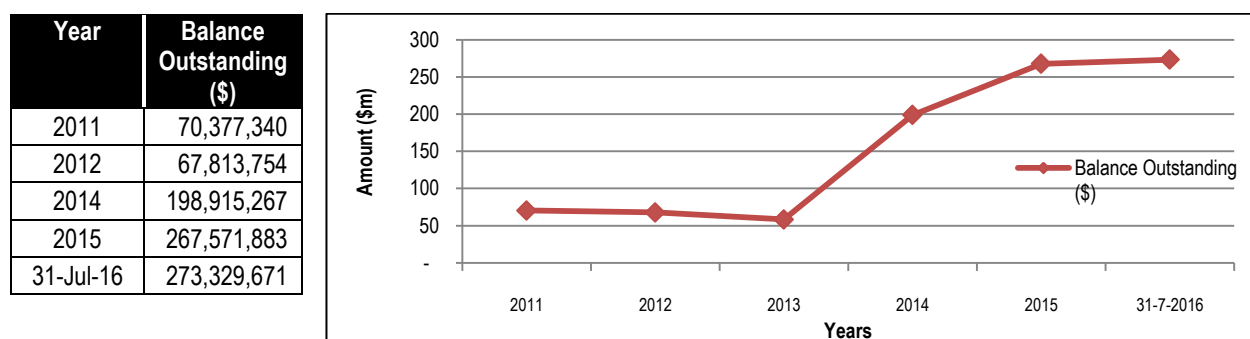
8.0 TERM LOAN RECEIVABLE

The Minister may, on behalf of the state, make loans of public money from the consolidated Fund on such terms and conditions as the Minister thinks fit and whether within or outside Fiji.⁵⁵

The total outstanding loans owed to Government as at 31 July 2016 was \$273,329,671, an increase of \$5,757,788 or 2% compared to the year 2015. The significant increase noted in 2016 was attributed to the subsequent recording of \$10.9 million to Public Rental Board to recover the debt related cost and fees associated with the Chinese Concessional Loan entered on 28 July 2010.

The Term Loans Receivable balances for the past five years is graphed and tabulated below.

Table 8.1 and Figure 8.1: Trend of Term Loan Receivables Balances for the Past five years



Moreover, majority of the government entities that had signed the loan agreements in 2015 would commence with the loan repayment of loans from 2020.

8.1 Unsubstantiated Term Loan Receivable Balance

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁵⁶ Recording involves keeping accurate records of what has happened, what is owned and what is owed.⁵⁷

It was noted that details and balances of the monies owed to government under the Term Loan Receivable Account totalling of \$1,463,143 could not be substantiated as relevant records were not maintained by the Ministry of Economy.

Moreover, reconciliations were not prepared by the Ministry of Economy which is responsible for maintaining these loans and advances to reconcile the loan recoveries, additional money lent and the loan balances to the FMIS general ledger balances. There was no evidence to indicate that the Ministry of Economy had taken appropriate action on the outstanding reconciliations.

Details of monies lent by government that could not be substantiated are provided in Table 8.2.

⁵⁵ Financial Management Act 2004, Section 61 (1)

⁵⁶ Ministry of Civil Service Pro-Forma Finance Manual – Section 18.1.3

⁵⁷ Ministry of Economy Finance Manual 2015 – “The Purpose of Accounting” Page 4

Table 8.2: Unsubstantiated Lending Fund Balances

Type of Loan	Opening Balance (\$)	Amount Lent (\$)	Amount Recovered (\$)	Balance (\$)
Public Service Student Loan Scheme	1,809,545	---	346,402	1,463,143

The above anomalies increase the risk of erroneous loan balances being shown in the accounts of Government.

Recommendations

- **The Ministry of Economy should ensure that relevant records are maintained for all loans given by Government;**
- **Amounts reflected in the financial statements should be substantiated with appropriate supporting documents; and**
- **The Ministry of Economy should prepare periodic reconciliations of monies lent and recovered.**

Ministry's Comments

The Ministry of Economy has just taken over the administration of the Loans Recovery Unit which was previously based at PSC. While noting the challenges (such as record keeping and staff shortage) that came with the unit, the ministry has continued to address this area by diverting additional staff to the unit now and then. Records are being updated and this is still a work in progress.

According to the report, the sum of \$1.46m is still outstanding. In working with the two staff from PSC, the Ministry of Economy has since taken considerable effort in trying to identify the recipients who make up this amount. The Ministry has also convened meeting with BSP wherein issues relating to non-narrated bank deposits make it difficult to update the correct recipient.

Reconciliations of amounts received over the counter or by direct bank transfers are being done on a monthly basis.

8.2 Concessional Loan to Public Rental Board not reflected in the Term Loan Receivable Account in 2011 – 2015

Recording involves keeping accurate records of what has happened, what is owned and what is owed.⁵⁸

Government is the principal borrower of the Housing Authority and the Public Rental Board loans amounting to FJD43.7M (CNY138, 560,329) and FJD 11.34m (CNY36, 000,000) respectively from the EXIM Bank of China which is On-Lent to these entities.⁵⁹

The audit noted that Cabinet⁶⁰ on 1 February 2011 approved that the Public Rental Board (PRB) reimburse Government for all debt related costs and fees associated with the Chinese Concessional Loan. However, the loan receivable was not recorded in the Lending Register or the FMIS general ledger for the past five years (2011-2015).

⁵⁸ Ministry of Economy Finance Manual 2015 – "The Purpose of Accounting" Page

⁵⁹ 2016 Budget Book - Lending Fund Account-Note 2-Page 343

⁶⁰ Cabinet Decision CP(2011) dated 1 February 2011

Explanation provided by the Ministry indicated that the non-disclosure was due to the financial instability of the entity. However, as shown in Table 8.3 and 8.4, the Public Rental Board was financially stable in the past four years.

Table 8.3: Debt Ratio for the 4 year period

Year	Total Liabilities (A) (\$)	Total Assets (B) (\$)	Debt Ratio (A/B)	Commentary
2016	13,612,933	35,239,378	0.39	PRB has a debt ratio of 0.39. Thus indicating that PRB has 2.5 times as many assets as it has liabilities. This is a relatively low ratio and implies that PRB will be able to pay back its loan.
2015	14,170,370	35,434,598	0.40	
2014	13,828,176	30,618,946	0.45	PRB has a debt ratio of 0.45. Thus indicating that PRB has 2.2 times as many assets as it has liabilities. This is a relatively low ratio and implies that PRB will be able to pay back its loan.
2013	4,745,982	9,076,368	0.52	PRB has a debt ratio of 0.52. That means that PRB has 1.9 times as many assets as it has liabilities. This is a relatively low ratio and implies that PRB will be able to pay back its loan.

Table 8.4: Debt to Equity Ratio for the 4 year period

Year	Total Liabilities (A) (\$)	Total Assets (B) (\$)	Debt Ratio (A/B)	Commentary
2016	9,274,604	21,626,446	0.43	For every dollar by owned by shareholders, the Public Rental Board owes \$0.43 to creditors.
2015	10,014,712	21,264,228	0.47	For every dollar owned by shareholders, the Public Rental Board owes \$0.47 to creditors.
2014	10,014,712	16,790,770	0.60	For every dollar owned by shareholders, the Public Rental Board owes \$0.60 to creditors.
2013	1,014,712	4,330,386	0.23	For every dollar of owned by shareholders, the Public Rental Board owes \$0.23 to creditors.

The anomaly was corrected through an audit adjustment of \$10,887,097 to the Term Loan Receivable balance as at 31 July 2016.

The above anomaly indicates that the Term Loan Receivable balance was understated for the past five years.

Recommendation

The Ministry should ensure that loans to Government entities are recorded in the Lending Register in the year in which the loan agreement became effective.

Ministry's Comments

The Debt Management Unit has ensured that loans to Government entities are recorded in the register of lending. In regards to PRB, It should be noted that the Agreement with PRB is not a loan agreement but a cost recovery agreement, whereby the Board is required to reimburse Government for all debt related costs and fees. Due to PRB weak financial position during 2011-2015, they were not able to consistently reimburse government for payment it made on its behalf.

PRB commenced with repayment in 2016, thus we are in a firm position to record the outstanding loan with EXIM Bank of China as Term loan receivables at the end of July, 2016.

8.3 Failure to Submit Loan Agreements for Audit Verification

A loan of public money can only be made in accordance with an appropriation of the money concerned. It must be evidenced by an instrument signed by the Minister.⁶¹

In the exercise of his duties under this Act, the Auditor General may call upon any officer for any explanation and information he may require or send for and have the custody of any records, books, accounts, vouchers or documents for such time as he may require them.⁶²

The loan agreements for the loan receivables of \$3.6 million was not provided for audit verification as at the date of audit.⁶³ Refer to Table 8.5 for details.

Table 8.5: Loan Agreements Not Made Available For Audit Verification

Entity	Balance Outstanding as at 31/7/16 (\$)
I-taukei Affairs Board	1,700,000
Rewa Rice Ltd	1,900,000

In addition, the loan agreements for the loan receivables of \$5.09 million are currently being vetted by the Solicitor General's Office. Refer to Table 8.6 for details.

Table 8.6: Loan Agreements Currently Vetted by Solicitor General's Office

Entity	Date Amount Lent	Amount Lent ⁶⁴ (\$)	Balance Outstanding as at 31 December 2012 (\$)	Movement (2012 - 2016) (\$)	Balance Outstanding as at 31/7/16 (\$)	Remarks
Viti Corps Company Limited	1999	3,700,000	3,189,667	---	3,189,667	No movement since 2011. Interest of 5% applies for late payment
National Trading Corporation Ltd	2001	2,900,000	2,900,000	1,000,000	1,900,000	In March 2003, Cabinet endorsed that NATCO wind up and all assets and liabilities including the \$2.9m loan be transferred to Food Processors Ltd. Contrary to the Cabinet approval, the \$1m was transferred to Batiri Orchards Ltd to complete the pending issues on NATCO liquidation. No repayment since 2007.

⁶¹ Clause 61 s. (3) Financial Management Act 2004

⁶² Audit Act, 1998 section 7(1) (2)

⁶³ 26/4/2017

⁶⁴ Report of the Auditor General of the Republic of Fiji – September 2013 (page 43)

Entity	Date Amount Lent	Amount Lent ⁶⁴ (\$)	Balance Outstanding as at 31 December 2012 (\$)	Movement (2012 - 2016) (\$)	Balance Outstanding as at 31/7/16 (\$)	Remarks
						Despite the Cabinet decision in 2003, the winding up has now taken 13 years and is yet to be finalised.
Total					5,089,667	

Moreover, the loan accounts of Rewa Rice Ltd, Viti Corps Company Ltd and National Trading Corporation Ltd accounts have been inactive since 2007, 2011 and 2014, respectively and there is uncertainty for recovery.

In the absence of loan agreements, the term and conditions of the loans is not known hence recovery is uncertain.

Recommendations

The Ministry of Economy should:

- **locate the loan agreements for I-taukei Affairs Board and Rewa Rice Limited;**
- **ensure that the loan agreements between Viti Corps Company and the Government is finalised on a timely basis;**
- **ensure that the liquidation of National Trading Corporation Ltd is completed and an amicable decision reached on the repayment of loan; and**
- **review the operations of Rewa Rice Ltd and Viti Corps Company Limited and, determine the ability of the entities to repay the debts owed to Government.**

Ministry's Comments

Rewa Rice

This is a call on the Government Guarantee when Rewa Rice defaults on its loan obligations. There was no loan agreement as a call on the guarantee becomes loan to the default entity as required by law under the Finance Act 1981 and Financial Management Act 2004. Government paid a total of \$1.9 million loan on behalf of the company in 1998. The sum of \$1.9 million should be repaid by Fiji Rice to Government as it is still appearing in the Lending Fund Account. The Ministry of Public Enterprise is currently in the process of restructuring the entity to make it profitable and sustainable.

ITaukei Affairs Board

The loan agreement cannot be retrieved; however our records reveal that the loan was given through an agreement. This is the balance in the FMIS and ITaukei Affairs Board is committed in repaying this loan. Moving forward, a revised loan agreement will need to be developed with existing terms and conditions.

The revised draft loan agreement for Viti Corps is currently being vetted by SG's Office.

The liquidation of NATCO and the review of the operations of Rewa Rice Ltd is the responsibility of the Ministry of Public Enterprise.

9.0 REVOLVING FUND ACCOUNT

The Revolving Fund Account (RFA) include accounts receivable, prepayments, accounts payable, accrued income, deferred income, inter-departmental clearance accounts and imprest accounts.

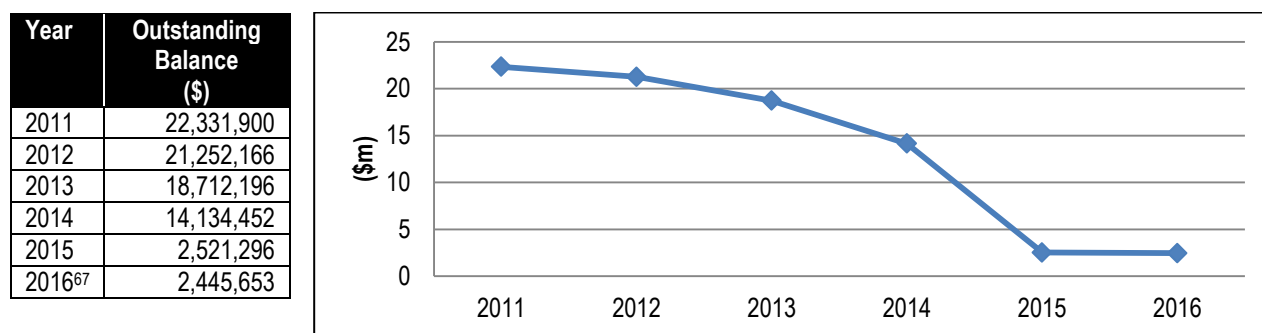
Audit review of RFA across Ministries and Departments revealed several anomalies as detailed below.

9.1 Accounts Receivable

Accounts receivables (or debtor) generally arise after a sale of goods or services where payment is not immediately received by government. It is important to have in place a stringent credit policy and debt recovery procedures to counter the risk of losses of irrecoverable debts.⁶⁵

The accounts receivable balance as at 31 July 2016 was \$2,445,653, a decrease of \$75,643 or 3% from 2015.⁶⁶ The accounts receivable balance for the past 6 years is shown in Table 9.1 and Figure 9.1. The decreasing trend over the years was the result of write-offs made in 2014 and 2015.

Table 9.1 and Figure 9.1: Trend of Accounts Receivables Balance



9.1.1 Weaknesses in Internal Control

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.⁶⁸

All Permanent Secretaries and Head of Department are required to submit monthly reconciliations to the Ministry of Economy by the 15th of each month.⁶⁹

Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual.⁷⁰

Audit review of internal controls pertaining to accounts receivables for Ministries and Departments noted the following weaknesses:

⁶⁵ Ministry of Economy, Finance Manual 2015 Part 9

⁶⁶ 31 December 2015

⁶⁷ 7 months only

⁶⁸ Finance Instructions 2010 - Section 59 (2)

⁶⁹ Finance Circular No.2/2013

⁷⁰ Finance Instructions 2010 - Section 41

- Despite the write-off of debts undertaken by the Ministry of Economy in previous years, there were still 13 dormant receivable accounts totalling \$719,088. **Refer to Appendix 5.1.**
- Three accounts receivable allocations had credit balances totalling \$46,296 contrary to the nature of the account. **Refer to Appendix 5.2.**
- The reconciliations for the accounts receivable balances of \$16,066 were not prepared during the year 2016. **Refer to Appendix 5.3.**
- There was a variance of \$237,888 between the FMIS general ledger and the reconciliations prepared by the Ministries and Departments. Refer to **Appendix 5.3** for details.

The above findings indicate that controls in the operation and administration of the accounts receivables accounts were generally weak.

Recommendations

The Ministries/Departments should ensure that:

- **outstanding amounts are recovered within the financial year to reduce the risk of these being written off;**
- **dormant and accounts with credit balances are investigated and rectified ; and**
- **reconciliations are done on a timely basis, reconciled to FMIS general ledger and variances rectified.**

Ministry's Comments

Due to the re-occurring issues highlighted in the Auditor General's report and lack of improvement from Accounting Heads in re-solving those issues, FMIS have now come up with some strategy for those ministries/departments involved.

- i. FMIS will not be accepting any reconciliation that has transactions which are contrary to the nature of the account. These reconciliations will be returned whereby ministries/department's need to make amendments and only submit to FMIS when accounts are in order.*
- ii. All imbalance reconciliations (FMIS GL balance not equal Reconciliation balance) will be returned immediately for correction.*
- iii. Non-resolving issues will be highlighted and forwarded to IAGG for their investigation which includes non-clearance of Accountable Advances.*
- iv. Problematic ministries/department will be highlighted via officials memos to their respective PS's on a regular basis from now onwards.*

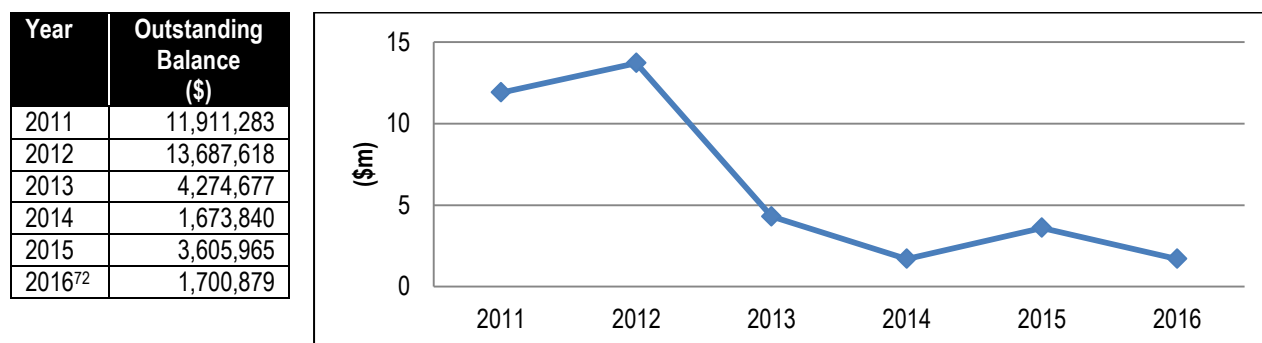
NB: *with the current recruitment of new officers to the reconciliation team, they will be individually responsible and monitoring particular accounts in details to highlight the problems and follow up with Accounting Heads or their respective PS's*

9.2 Prepayments and Advance Account

Prepayments and advances comprise of unrecouped accountable advances paid to civil servants to facilitate official trips and accommodation for both domestic and overseas trips.

The prepayments and advance account had a balance of \$1,700,879 as at 31 July 2016, a decrease of \$1,905,086 or 53% from 2015.⁷¹ Table 9.3 and Figure 9.2 shows prepayments and advances for the past 6 years. The decreasing trend over the years was the result of write-offs in 2014 and 2015.

Table 9.3 and Figure 9.2: Prepayments and Advance Balance for Past Six Years



9.2.1 Weaknesses in Internal Control

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.⁷³

Travelling advances must be recouped within 7 days of the completion of travel by submission of a voucher with documents to support the claim.⁷⁴ Where a travelling advance is not cleared within 7 working days of the completion of travel, recovery must be made from the concerned officer's salary within 6 fortnights.⁷⁵

All Permanent Secretaries and Head of Department are required to submit monthly reconciliations to the Ministry of Economy by the 15th of each month.⁷⁶

Audit review of controls pertaining to prepayments and advances for the Ministries and Departments noted the following weaknesses:

- Reconciliations for prepayments and advance balances amounting to \$5,326 were not prepared during the year. Refer to *Appendix 5.4.1* for details;
- The closing balance for prepayment and advance account of \$141,672 could not be substantiated due to errors in the July 2016 reconciliation. Refer to *Appendix 5.4.1* for details;

⁷¹ 31 December 2015

⁷² 7 months only

⁷³ Finance Instruction 2010 – Section 59

⁷⁴ Finance Instruction 2010 – Section 44 (3)

⁷⁵ Finance Instruction 2010 – Section 44 (5)

⁷⁶ Finance Circular No.2/2013

- Procurement of goods and services totalling \$62,444 was incorrectly facilitated from prepayments and advance account. Refer to *Appendix 5.4.1* for details;
- Advances totalling \$3,737 was directly charged to expenditure account instead of being facilitated through the advance account. Refer to *Appendix 5.4.1* for details;
- Journal adjustments to clear outstanding advance balance totalling \$872,081 could not be substantiated due to lack of supporting documents. Refer to *Appendix 5.4.1* for details.
- Accountable advance totalling \$7,933 were retired to the wrong allocations. Refer to *Appendix 5.4.2* for details;
- Despite the write off of debts undertaken by the Ministry of Economy in previous years, There are still 10 dormant prepayments and advance account totalling \$123,558 as at 31 July 2016. Refer to *Appendix 5.1* for details.
- Eight prepayments and advance accounts with credit balances totalling \$33,121 were noted contrary to the nature of account. Refer to *Appendix 5.2* for details; and
- Other weaknesses in prepayments and advance accounts are highlighted in *Appendix 5.4.3*.

Non-preparation of reconciliations, credit accountable advance balances, unsubstantiated balances and inadequate supporting documents to journal vouchers indicates the existence of weak controls and lack of proper supervisory checks.

Failure to retire advances within the financial year has resulted in the understatement of expenditure. On the other hand, clearance of prior years' advances from current year's budgetary allocation would misrepresent the expenditure in the Statement of Receipts and Payments.

Recommendations

The Ministries/Departments should ensure that:

- **travel advances are recouped within 7 days of the completion of the travel or recovery must be made from the salary of officers concerned;**
- **the prepayments and advance reconciliations are prepared in a timely manner;**
- **the retirement of accountable advances are adequately supported; and**
- **dormant accounts, credit balance accounts and unsubstantiated balances are investigated and rectified.**

Ministry's Comments

Accounting Heads are always reminded in the Accounting Heads meeting the importance of proper control over Accountable Advances and are also reminded to seek clarification with Treasury or Policy unit as and when the need arises.

The issue of Accountable Advances is very well covered in respective Ministries and Departments Finance Manuals and FMs have been duly endorsed by respective PS's and Heads of Departments.

Section 59(1) of the Finance Instructions states that each agency must have in place a cost effective system of internal control which:

- (a) Safeguards money and property against losses;*
- (b) Avoids or detects accounting errors; and*
- (c) Avoid unfavorable audit reports.*

Permanent Secretaries given their roles as Chief Accounting Officers for their respective departments must ensure that proper internal controls are maintained at maintained at all times.

Accountable Advance Retired to Wrong Allocations

The Ministries should be answerable to this as responsibility of the use of advance account lies on them. Going forward one FMIS officer has been assigned to specifically monitor 57 and make sure that all accounts remain in debit, any credit balances will be investigated and adjusted accordingly by officer upon clearance from the Ministry concerned.

Dormant Prepayments and Advance Accounts

These dormant accounts include balances from 2013, 2014 and 2015. MoE through FMIS carried out 3 consecutive write-off exercise for those three years. Ministries had the opportunity to clear off dormant accounts which were unaccounted but some failed to take advantage of this opportunity. FMIS therefore undertook this exercise by working on submitted documents from Ministries and also those within our scope of understanding. Ministries should be answerable to this.

9.2.2 Impact of Misstatement on Prepayments and Advance Balances

The Prepayments and Advance balance of \$1,700,879 as at 31/7/16 was misstated in view of the following errors and omissions. Refer to Table 9.4 for details.

Table 9.4: Details of Misstatement

Errors and Omissions	Amount (\$)
Journal vouchers not adequately supported	872,081
Credit Balances in advance account	27,755
Total	899,836

The impact of misstatements totalling \$899,836 or 53% of the total prepayments and advance balance in the 2016 accounts is substantial. As such, audit could not ascertain the accuracy, existence and the completeness of the prepayments and advance account.

Recommendation

Ministry of Economy in consultation with Ministries/Departments should ensure that prepayments and advance balances are properly reconciled and errors and omissions highlighted above are investigated and rectified.

Ministry's Comments

Journal vouchers not adequately supported

Ministries should have policies of internal controls which ought to accommodate the provision of providing supporting documents for JVs.

Credit Balances in advance account

Allocation	Prepayments with Credit Balances (\$)	Comments
1-32201-77101-570301	(470)	FMIS had identified this postings were made in period 06 & 07/2016. Department to initiate adjustment in 2017.
1-06201-70999-570301	(5,453)	FMIS had identified that this allocation had credit balance in 2015 and balances had accumulated until 2016. Department to initiate adjustment in 2017.
1-40201-81101-570301	(4)	FMIS had identified that this was due to misposting passed in period 07/2013. Department to initiate adjustment in 2017.
1-25101-25101-570301	(21,828)	FMIS has visited them to hear their side of the story on this credit figure. Department to initiate adjustment in 2017.
Total	(27,755)	

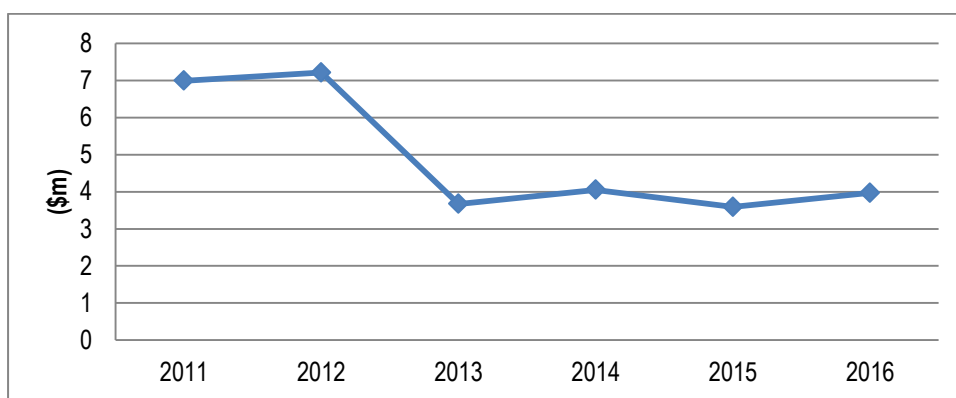
9.3 Inventory

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimising the cost of holding inventory and the risk of stock becoming obsolete or damaged.

The inventory account had a balance of \$3,971,882 as at 31 July 2016, an increase of \$386,319 or 11% from 2015.⁷⁷ Inventory is measured at cost. Table 9.5 and Figure 9.3 shows inventory balance for the past 6 years.

Table 9.5 and Figure 9.3: Inventory Balance 2011 - 2016

Year	Outstanding Balance (\$)
2011	6,989,761
2012	7,205,274
2013	3,672,544
2014	4,053,032
2015	3,585,563
2016 ⁷⁸	3,971,882



⁷⁷ 31 December 2015

⁷⁸ 7 months only

9.4 Accounts Payable

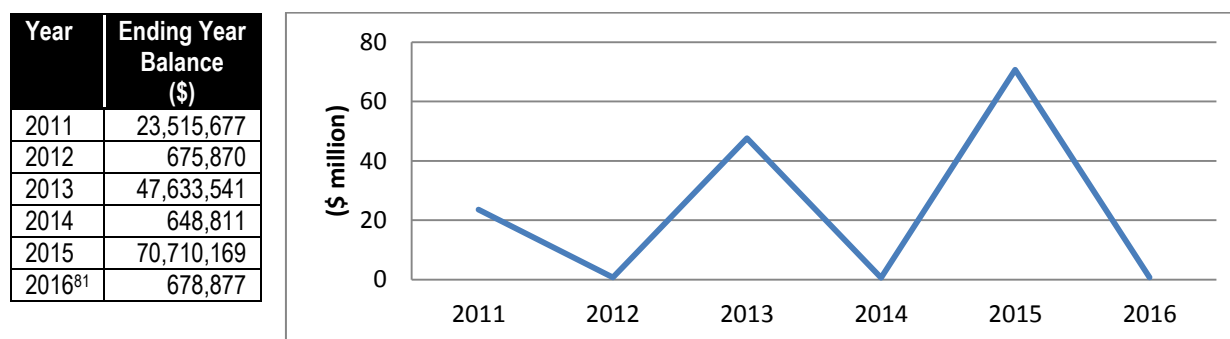
A liability is defined as present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.⁷⁹ A liability shall be classified as current when it satisfies any of the following criteria:

- (a) It is expected to be settled in the entity's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within twelve months after the reporting date; or
- (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.⁸⁰

The accounts payable had a balance of \$678,877 as at 31 July 2016, a decrease of \$70,031,292 or 99%.

Table 9.7 and Figure 9.4 shows accounts payable for the past six years.

Table 9.7 and Figure 9.4: Account Payable Balance for the Last 5 Years



The significant decline in accounts payable from 2015 was due to clearing of outstanding payments to Fiji Roads Authority amounting to \$69,895,490 from SLG 84 account.

9.4.1 Weaknesses in Internal Control

Agencies must ensure that all commitments and invoices are promptly and accurately recorded in the accounting system to meet management and external reporting needs.⁸²

Audit review of accounts payable for the seven months ended 31 July 2016 revealed the following anomalies:

- Funds totalling \$36,767 in SLG 84 was allocated to Ministry of *I-taukei* Affairs for the purchase of new office equipment. However, the Ministry used \$12,794 to pay National Employment Center employees' wages.
- A variance of \$100,519 was noted between the Ministries and Department's reconciliation and the FMIS general ledger.

⁷⁹ IPSAS 1 Section 1.7

⁸⁰ IPSAS 1 Section 80

⁸¹ 7 months only

⁸² Finance Instruction 2010 - Section 53

- The Ministry of Local Government, Housing and Environment did not provide reconciliations for Fund 9 SLG 84 account which had balance of \$10,127.
- Supporting documentation for accounts payable totalling \$134,083 were not provided for audit verification. *Refer to Appendix 5.5*
- There are four dormant accounts payable account amounting to \$27,763. *Refer to Appendix 5.1*
- There five accounts with debit balances totalling \$77,393 which was contrary to the nature of the account. This has understated accounts payable by the same amount as at 31/07/16. Refer to *Appendix 5.2*.
- Other weaknesses in accounts payable is detailed in *Appendix 5.6*

The findings indicate lack of proper recording, reconciliation and clearance of SLG 84 accounts.

Recommendations

The Ministries/Department should ensure that:

- **Accounts with debit balances are investigated and rectified;**
- **Accounts payable are settled on a timely basis;**
- **Balances in SLG 84 accounts are cleared; and**
- **Supporting documents are maintained properly and provided for audit verifications.**

Ministry's Comments

Spending or non-spending of SLG 84 are at the discretion of ministry and departments which are to be returned to the Ministry of Economy at the end of the financial year.

Ministries and departments are to explain the variance in the reconciliation reports, hence the objective of any reconciliation report.

This Ministry of Housing is to be questioned as to why the report was not submitted. These balances are withholding tax payable to FRCA and to nil off once payment is made to FRCA

Ministry to be questioned to provide explanation of the missing payment documents

Ministry to transfer balance to active and correct withholding tax account before account is deactivate and payments to be made to FRCA.

Ministry to do reconciliation and transfer credit to these allocations to nil off the debit balance.

9.4.2 Impact of Misstatement and on Accounts Payable Balance

The Accounts Payable balance of \$678,877 as at 31/7/16 has been misstated in view of the following errors and omissions:

Table 9.8: Details of Misstatement

Account Area	Amount (\$)
Supporting documents not provided	134,083
Reconciliations not prepared	10,127
Variance between FMIS Ledger and Ministry's Reconciliation	34,671
Unauthorized Use	12,794
Debit Balances	77,394
Total	269,069

The impact of misstatements totalling \$269,069 or 40% of the total accounts payable balance in 2016 accounts is substantial. As such, audit could not fully ascertain the accuracy and the completeness of accounts payable account.

Recommendations

- **Ministry of Economy in consultation with Ministries/Departments should ensure that accounts payable balances are properly reconciled and errors and omissions highlighted are investigated and rectified.**
- **Supporting documents are maintained properly and provided for audit verifications.**

Ministry's Comments

Supporting documents not provided

PSs through their Accounting Heads are responsible for maintaining proper documentations of all underlying transactions as per section 59(1) of the FI.

Reconciliations not prepared

FMIS did not receive any submissions from MLGEH despite constant follow ups and this was basically due to staffing issue following the suspension of all of the Ministry's accounts officers. Going forward, the team had a meeting with DS Julia Korovou last week wherein we had agreed to assist in the updating of all of their reconciliations. At this point in time, only two clerical officers are manning the whole operation i.e. for Local Government & Environment (Head 37) and Housing (Head 23).

Variance between FMIS Ledger and Ministry's Reconciliation

Details of the full variance are provided in a separate table below.

Variance between FMIS ledger and Reconciliation – Details of \$87,062 are as follow:

Housing	11,185.24	No Submission received by FMIS due to staffing constraints
Youth and Sports	2,702	Reconciliation submissions are in order. However OAG queried that Ministry failed to deduct provisional tax of 5% on contractual payment of \$54,045 – this is an accounting and not a reconciliation issue – Youth and Sports should be held responsible.
Fisheries and Forest	20,784	No reconciliations received from the Agency.

Unauthorized Use

Budget Division receives acquittals on project funds. Whilst we receive reconciliation submissions from the Ministry, we are in no position to correctly ascertain whether funds were used for the purpose it was given as we do not have access to the detailed payment vouchers. Hence Budget should advise Ministry for reversal of the same.

Debit Balances

The Ministries should be answerable to these overdrawn accounts. We had in so many occasions raised this issue with the Ministries and had requested for adjustments of the same. Going forward, one officer has been assigned to specifically monitor all 84 funds and make sure that all accounts remain in credit, any debits balances will be investigated and adjusted accordingly by officer upon clearance from the Ministry concerned.

Overdrawn Balances - Details of the \$77,394 are as follow:

<i>1-37101-37999-840602</i>	<i>46,393.70</i>	<i>FMIS had identified that this was due to miss- posting of \$46,393 passed in 2016, Department to initiate adjustments in 2017</i>
<i>1-10101-10999-840602</i>	<i>2,198.10</i>	<i>FMIS had identified that this was due to miss- posting of \$2,198.10 passed in 11/2016, Department to initiate adjustments in 2017</i>
<i>1-19101-19999-840602</i>	<i>249.13</i>	<i>Dormant balance, Department to initiate adjustments in 2017</i>
<i>1-20101-20999-840602</i>	<i>17,997.42</i>	<i>Dormant balance plus some movements in 2017, Department through the assistance of FMIS to review process and initiate adjustments in 2017</i>
<i>1-23101-23999-840602</i>	<i>10,555.24</i>	<i>FMIS had identified that this was due to miss- posting of passed in 2016, Ministry to initiate adjustments in 2017</i>

9.5 Follow up on Previous Years Issues

During the 2016 audit, the status of the matters reported in the previous year was followed up. These matters have remained outstanding as actions are yet to be taken by the Ministries to resolve them. The status of the outstanding issues is set out in Table 9.5 below.

Table 9.5 Recurring Issues

Issues	Recommendations	Management's Proposed Action/Comments	Current Status
<p><u>Non Disclosures of Accounting Policies adopted in Valuing Inventory as per IPSAS 12 - Inventory</u></p> <p>The Whole of Government financial statements only showed the ending balances of inventories. It failed to disclose the accounting policies adopted in measuring inventories including the cost formula used.</p>	<ul style="list-style-type: none"> The Ministry of Economy should consider drafting and adopting clear accounting policies, valuation methods, write off policies, provisions for obsolesce and developing supporting schedules that can provide accurate information on the value of inventory at any given time. The Ministry should disclose on the financial statement the valuation methods and accounting policies adopted for accountability and transparency purposes and for the benefit of users of the financial statement. 	<p>The Ministry of Economy is working on developing policy with regards to accounting for inventory.</p>	<p>Open</p>
<p><u>Non Compliance to Finance Instruction 2010 on Valuation of Inventories</u></p> <p>The audit noted that there was no assessment of net realizable value of the inventories held by Government as at 31/07/16. Discussions revealed that inventories are recorded at cost.</p>	<p>The Ministry must work towards ensuring that an assessment of net realizable value or current replacement cost is done to certify that the future economic benefits to be realized from the sale, exchange, distribution or use are accurately determined.</p>	<p>Once proper accounting policy for inventory is in place, it should be able to address the valuation methodology accordingly.</p>	<p>Open</p>
<p><u>Unsubstantiated Inventory Balance and Ineffective Inventory Management System</u></p> <p>The audit noted that \$35,351 or 1% of the total inventory disclosed in the financial statement cannot be substantiated for its accuracy and completeness.</p> <p>The stock listing to support the inventory was not provided for audit verification.</p> <p>In addition, the government lacks an effective inventory management system. Currently all stores uses tally cards to update inventory movements in the year. Any obsolesce and</p>	<p>The Ministry should consider:</p> <ul style="list-style-type: none"> establishing a programme of regular stock takes and for entities that hold significant balances of inventory to provide assurance that balances held in inventory at any given time are accurate; training stock taking staff so that they are adequately skilled to identify evidence of obsolescence or damage; acquiring an effective computerised inventory management system interfaced with purchasing, accounts payable and accounts receivable systems to ensure that all inventory movements are reflected in the general ledger. 	<p>The Ministry of Economy is in the process of trying to introduce the FMIS Inventory Module for TMA's.</p>	<p>Open</p>

Issues	Recommendations	Management's Proposed Action/Comments	Current Status
damage will only be determined after the stock take at year end after which the general ledger is then updated.			

Ministry's Comments

Non-financial asset policy has just been endorsed by PS Economy and we will be happy to provide a copy of the policy to OAG should they require.

The policy approved by Permanent Secretary of Economy is for non-financial assets and its scope covers inventory measurement and valuation as well

Please note that Inventory Module is not available on FMIS and has not been introduced for TMAs. The AMMU team is currently working on rectifying current issues before a detailed assessment can be undertaken on the pros and cons of an inventory module.

10.0 EQUITY

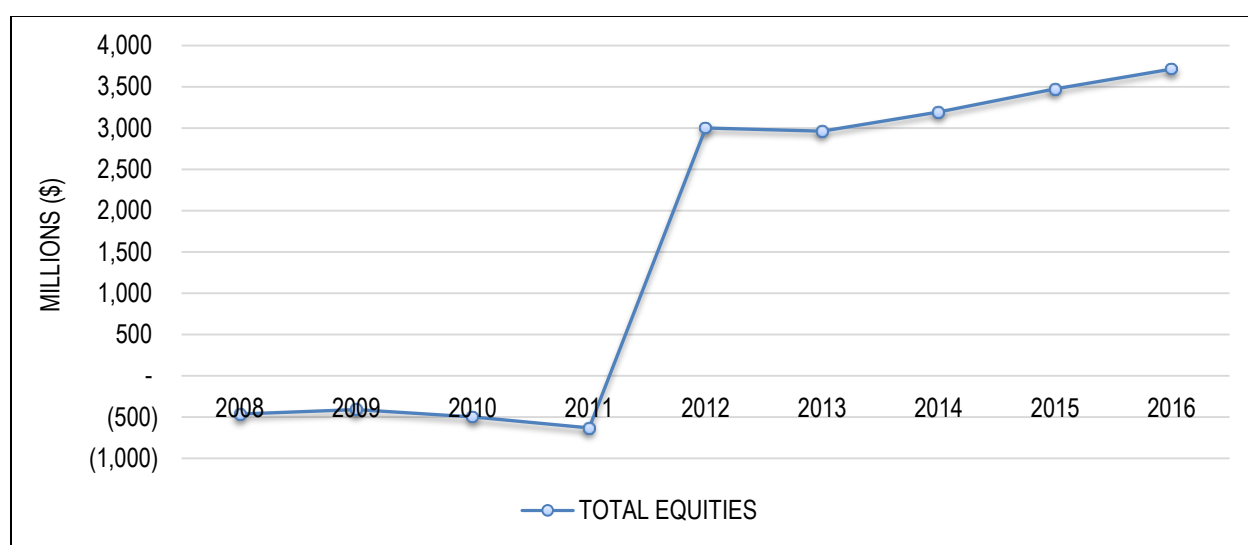
Net assets/equity is the residual interest in the assets of the entity after deducting all its liabilities.⁸³

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.⁸⁴

The following anomalies were noted from an audit review of the Equity account as at 31 July 2016:

- The net assets/equity had a debit balance of \$3,704,413,827. Figure 13.1 shows that net equity has been increasing since 2014.

Figure 13.1: Equity Balance Trend Analysis



- Included in the net equity balance of \$3,704,413,827 is an amount of \$2,815,628,625⁸⁵ which was brought forward from 2012. The accuracy and valuation of the \$2,815,628,625 equity balance cannot be ascertained as the balance was not supported. This was included as a qualification in the 2012 audit report. In addition, supporting documents was not provided for Fund 1 “TMA Accumulated Surplus” (SLG 94) of \$3.5 million.
- Supporting documentation for the “*Adjustments of errors underlying account*” balance of \$893,663 was not provided for audit verification.
- The transfer of excess cash of \$457,468.71 from the TMA operations to the Consolidated Fund Account (CFA) was not recorded in the Ministry of Agriculture Equity General Ledger (SLG 94).

The above findings indicate that FMIS General Ledger balances was not properly reviewed by the Ministry of Economy to ensure the correctness of the Equity balances disclosed in the Statement of Changes in

⁸³ IPSAS Section 1, Paragraph 7

⁸⁴ Finance Instruction 2010 – Section 59

⁸⁵ Schedule 3 Statement of Changes in Equity for the year ended 31 December 2012 – Opening Balance, 1 January

Equity. As such, audit could not ascertain the existence, valuation and completeness of the Equity balance of \$3,704,413,827.

Recommendations

The Ministry of Economy should ensure that:

- **Proper checks are made and correct balances are posted in the respective General Ledger allocations; and**
- **Proper records are maintained for all account balances.**

Ministry's Comments

The Ministry of Agriculture's TMA team has been advised to pass adjusting entries to reflect the movement in equity. The Asset Management and Monitoring Unit (AMMU) will strongly monitor all excess cash remittances to ensure that the correct postings are passed.

The FMIS unit is responsible for the closing of Accounts every end of the financial year and one of the process is the closing of the book which involves the transfer of profit and loss to equity.

The processes are as follows:

- *Download of each Fund 1, 4 & 9 Balance Sheet items by head level to identify whether it is a loss or profit.*
- *When there is a credit in BS: the balance will be credited to SRG 199101 and debit to SLG 910101 of the respective Head and vice versa for debit (Each individual Ministries should have an Equity account).*
- *Journals used for the extraction and postings are available here in FMIS for their view.*

Apart from profits and loss, we also use equity accounts to adjust prior years' stale cheques and errors.

11.0 ARREARS OF REVENUE

The importance of revenue in the budgetary process is significant since it determines the level of possible spending. Thus, it is essential that the revenue collection process is monitored, including debt collection and the existing credit policies applied.

Outstanding amounts due to government are classified as ‘arrears of revenue’. Arrears of revenues generally arise when credit is extended for supply of goods and services.

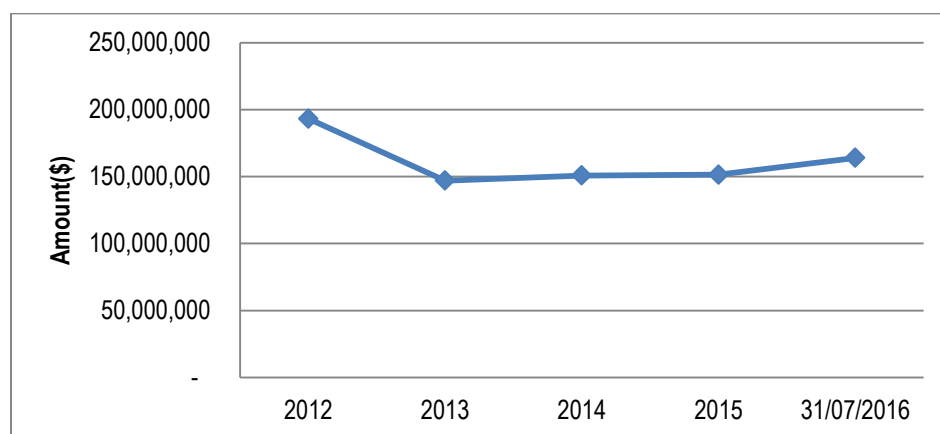
Arrears of revenue for the government comprise of unpaid taxes by individuals and businesses, as well as revenue owed to Ministries and Departments in the form of fees, fines, licenses and charges.

11.1 Fluctuating trend of arrears of revenue for the last 5 Years

The arrears of revenue as at 31 July 2016 was \$163,930,966, an increase of \$12,504,410 or 8% from 2015 arrears of revenue of \$151,426,556.

Figure 11.1 shows the trend of debts owed to government over the last 5 years.

Figure 11.1 Arrears of Revenue from 2012 to 31st July 2016



The high level of arrears of revenue is attributed to a substantial amount of outstanding tax arrears owed to Fiji Revenue and Customs Authority and the increasing amount of fees and charges due to Public Utilities (Water Authority of Fiji) and Ministry of Infrastructure and Transport.

11.2 Anomalies in Statement of Arrears of Revenue

“Financial year” means a 12 month period beginning on and including 1 August and ending on and including 31 July. “Quarter” means a period of 3 months ending with the month of October, January, April or July.⁸⁶ 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 Economy.⁸⁷

⁸⁶ Financial Management (Amendment) Act 2016 Section 2(1)

⁸⁷ Finance Instruction 2010 Section 43

Subject to this or any other Act, the Minister of Economy may write off losses in respect of public money, state assets and agency assets.⁸⁸ The Minister may delegate under this Act the Minister's power to write off losses to the responsible authority for a budget sector agency.⁸⁹

The audit noted the following anomalies in the disclosure of arrears of revenue:

- Contrary to the Financial Management (Amendment) Act 2016, majority of the quarterly arrears of revenue report submitted to the Ministry of Economy were as at 30th June, 2016 instead of 31st July, 2016. Refer to Table 11.1 for details.

Table 11.1: Quarterly arrears of revenue report as at 30th June 2016

Government Agencies	Amount (\$)
Agriculture	27,209
Auditor-General	147,115
Communications	7,539,752
Fiji Revenue & Customs Authority - Customs	10,254,926
Fiji Revenue & Customs Authority - IRD	69,292,149
Fisheries & Forests	11,559
Government Printing and Stationery Department	644,892
Health	398,212
Information Technology & Computing Services	995
Industry and Trade	2,616
Judicial	13,461,155
Education	9,621
Overseas Peacekeeping Missions	1,784,424
Police	4,446
Public Utilities(Water Authority of Fiji)	32,936,249
Solicitor General's Office	2,998
Total Arrears of Revenue	136,518,318

- A total of \$777,106 was written-off by the Ministry of Agriculture without the prior approval from the Ministry of Economy. In addition, there was no evidence provided by the Ministry to confirm that the Minister of Economy had delegated the powers to the Ministry to write off the arrears of revenue.
- Contrary to the Finance Instructions, three Ministries and Department did not submit the quarterly arrears of revenue report to the Ministry of Economy. Refer to Table 11.2 for details.

Table 11.2: Details of quarterly reports not submitted to Ministry of Economy

Government Agencies	Revenue Type
Ministry of I-taukei Affairs	Registration
Ministry of Defence, National Security and Immigration	License security industry
Ministry of Local Government, Housing and Environment	Town Planning Fees

⁸⁸ Financial Management Act 2004 Section 34(1)

⁸⁹ Financial Management Act 2004 Section 36(1)

- The quarterly arrears of revenue reports were not prepared in accordance with the standard format reporting requirements stated in the Finance Manual. Consequently, supporting documentation was not sufficient to substantiate the outstanding amount. Refer to Table 11.3 for details.

Table 11.3: List of Government Agencies

No	Government Agencies	Amount (\$)
1.	Communications	7,539,752
2.	Education	9,621
3.	Fiji Revenue & Customs Authority - Customs	10,254,926
4.	Fiji Revenue & Customs Authority - IRD	69,292,149
5.	Economy(Pensions Office)	110,545
6.	Health	398,212
7.	Information Technology & Computing Services	995
8.	Solicitor General' s Office	2,998
9.	Fisheries & Forests	11,559
10.	Lands	20,778,013
11.	Overseas Peacekeeping Missions	1,784,424

The above findings indicate non-compliance with the requirements stipulated in the Financial Management (Amendment) Act 2016, Finance Instructions 2010 and Finance Manual. As such, audit could not ascertain the accuracy and the completeness of the arrears of revenue disclosed in Note 32 of the Whole of Government Financial Statements.

Recommendations

- **Ministries and Departments should prepare and submit quarterly reports in accordance with the instructions stipulated in the Financial Management (Amendment) Act 2016 and Finance Manual.**
- **The Debt Cash Flow Unit of the Ministry of Economy should continuously monitor the submission of quarterly reports by the agencies and ensure that reports are prepared in accordance instructions stipulated in the Financial Management (Amendment) Act 2016 and Finance Manual.**
- **The Ministry should ensure that effective controls are put into place to avoid accumulation of arrears of revenue and ensure that Minister's approval are obtained prior to writing off arrears.**

Ministry's Comments

Ministries and Departments have been advised on the change in financial year and to submit their quarterly arrears of revenue report in line with the new financial year. In 2016-2017 financial year, most Ministries/Agencies are submitting their quarterly arrears of revenue report using the new financial year.

The Ministry of Economy continues to monitor the arrears of revenue by way of ensuring quarterly reports are submitted on time and Agencies implement strong recovery mechanism. In addition MOE meets with agencies to verify status of arrears, recovery tools and reconciliation of accounts are undertaken on quarterly basis. Agencies are also reviewing their costs recovery procedures and are allocating resources accordingly in an effort to reduce arrears and further minimize escalation of arrears. The responsibility of respective Chief Accounting Officers in each ministry that is Permanent Secretary is to ensure the reduction of arrears on annual basis. MOE only supports request for write-off from Minister and Cabinet when all recovery avenues have been exhausted.

11.3 Follow Up On Previous Year Issues

During the 2016 audit, the status of the matters reported in the previous year was followed up. These matters have remained outstanding as actions are yet to be taken by the Ministries to resolve them. The status of the outstanding issues is set out in Table 11.4 below.

Table 11.4: Details of Outstanding Issues

Issues	Recommendation	Status	Proposed Action/ Comments
<p>The following anomalies were noted:</p> <p>(i) The audit noted that debt owed to Ministries and Departments for more than five years amounted to 37,584,996 or 25% of the total arrears. Although some Ministries/ Departments have indicated in the past that write offs would be pursued, this is yet to occur. Resource constraints have also been indicated as one of the reasons contributing to delay in recovery of arrears.</p> <p>(ii) The Ministry for Economy-Pension, Judiciary, Agriculture and Infrastructure had more than 50% of their respective total arrears aging more than five years. Entities having about 25% to 50% of total arrears included the Fiji Police Force (43.8%), Water of Authority (36.9%), Ministry of Infrastructure (35.5%), Ministry of Economy-FRCA Customs (31%) and Ministry of Lands and Mineral Resources (30.4%).</p>	<ul style="list-style-type: none"> Ministries and Departments should review their debt recovery strategies to ensure that all avenues to recover debts are exhausted and irrecoverable debts are reduced. The Ministry for Economy should consider providing provision for doubtful debts into the accounts as it moves to accrual accounting as a matter of prudence in the financial reporting of government funds. 	<p>Open</p> <p>(i) Debt owed to Ministries and Departments for more than five years have reduced by \$3,401,315 or 9 percent.</p> <p>(ii) The Ministry for Economy-Pension, Judiciary, Agriculture and Infrastructure had more than 50 percent of the total arrears aging more than five years. Refer to <i>Appendix 6.1</i> for details</p>	<p><i>The Arrears of Revenue owed to Ministries and Departments for more than 5 years have decreased.</i></p>
<p><u>Significant Balances owed by Ministries and Departments</u></p> <p>Audit review of the Arrears of Revenue for Ministries and Department revealed continuous increase and significant balances from Ministry of Economy-Pension, Communication, Education, Health Government Printing and Peace Keeping</p>	<ul style="list-style-type: none"> Ministries and Departments should review the debt recovery strategies to ensure that all avenues to recover debts are exhausted and irrecoverable debts are reduced. The Ministry should consider 	<p>A slight reduction in the arrears of revenue for the Ministry of Economy-Pension, Communication, ITC Services, Education, Government Printing and Lands. However the arrears of revenue for Communications, Government Printing and Peacekeeping were still</p>	<p><i>The Debt Management Unit monitors arrears of revenue by way of ensuring quarterly reports are submitted on time and Agencies implement recovery actions that are robust and effective. In most cases, MOE meets with agencies to verify status of arrears, recovery tools and reconciliation of accounts are</i></p>

Issues	Recommendation	Status	Proposed Action/ Comments
<p>Audit also noted that Income Tax, VAT and Custom arrears for Fiji Revenue & Customs Authority totalling \$64,960,501.94 or 43% followed by Public Utilities (Water Authority of Fiji) of \$29,023,661 or 19% and Lands of \$ 26,980,319 or 18% which had decreased but the arrears of revenue was still substantial.</p>	<p>providing provision for doubtful debts into the accounts as it moves to accrual accounting as a matter of prudence in the financial reporting of government funds.</p>	<p>substantial.</p> <p>Moreover, there was an increase in arrears of revenue for</p> <ul style="list-style-type: none"> • FRCA by \$14,585,573 or 22% • Public Utilities by \$3,912,588 or 13% • Ministry of Infrastructure and Transport by \$4,682,331 or 7,327% <p>The Debt Cash Flow Management Unit of the Ministry of Economy confirmed that the increase in the arrears of revenue was due to the following:</p> <ul style="list-style-type: none"> • Cyclone Winston and the early April Floods had its impact on businesses and its cash flows and FRCA supported in the business recovery, economic financial constraints by taxpayers, aged debts-recovery of aged debts place pressures on the staffing of the resources and the economic implications of recovery actions by the tax office is carefully considered in line with the Government economic and social policy directives. • Accumulated Water & Sewerage Departments' arrears that were taken into account. A draft Cabinet paper for write off amounting to \$19 million is currently in its reviewing stages which will then be submitted to Ministry of Public Enterprises for submission and presentation to 	<p><i>undertaken on quarterly basis. Agencies are also reviewing their costs recovery procedures and are allocating resources accordingly in an effort to reduce arrears and further minimize escalation of arrears. The role of the Permanent Secretaries is to ensure the reduction of arrears on annual basis. In the past, PS's performance is also link to reduction in arrears of revenue and how effective the recovery tools are – Table 5 of the ACP. MOE only requests for approval for write off from Minister if the arrears are over 5 years and when Agencies have exhausted all avenues of recoveries.</i></p>

Issues	Recommendation	Status	Proposed Action/ Comments
		the line Minister for the next Cabinet meeting.	

Ministry’s Comments

The Arrears of Revenue owed to Ministries and Departments for more than 5 years have decreased. The Debt Management Unit monitors arrears of revenue by way of ensuring quarterly reports are submitted on time and Agencies implement recovery actions that are robust and effective. In most cases, MOE meets with agencies to verify status of arrears, recovery tools and reconciliation of accounts are undertaken on quarterly basis. Agencies are also reviewing their costs recovery procedures and are allocating resources accordingly in an effort to reduce arrears and further minimize escalation of arrears. The role of the Permanent Secretaries is to ensure the reduction of arrears on annual basis. In the past, PS’s performance is also link to reduction in arrears of revenue and how effective the recovery tools are – Table 5 of the ACP. MOE only requests for approval for write off from Minister if the arrears are over 5 years and when Agencies have exhausted all avenues of recoveries.

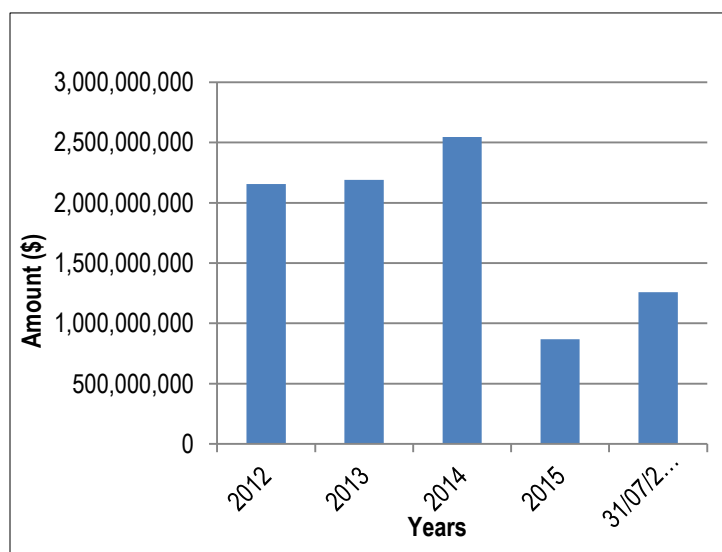
12.0 CONTINGENT LIABILITIES

The Government under the authority of the Parliament provides a guarantees for the financial liability of entities in respect of loans or otherwise.⁹⁰ A contingent liability is a potential liability that may or may not become due, depending on whether a possible event occurs, such as a claim for compensation, an indemnity or other legal claim.⁹¹

The Government's total contingent liabilities fluctuated over the last 5 years. A total of 15 entities were covered under Government guarantee as at 31 July 2016. Table 12.1 and Figure 12.1 below shows the total contingent liabilities for past five years.

Table 12.1 and Figure 12.1: Government Guarantee 2012 - 2016

Year	Number of Entities on Govt. Guarantee	Total Contingent Liabilities (\$)
2012	15	2,155,254,122
2013	14	2,191,273,681
2014	14	2,547,156,387
2015	15	868,317,120
2016	15	1,259,153,085



The total contingent liabilities as at 31 July 2016 was \$1,259,153,085. The contingent liabilities increased by \$390,835,965 or 45% compared to the balance of \$868,317,120 in 2015. This was due to the additional guaranteed loan of \$122,027,197 given to Fiji Development Bank, Fiji Electricity Authority, Fiji Sugar Corporation and Pacific Fishing Company Ltd.

Contingent liabilities may arise due to either explicit legal obligation or an implicit constructive obligation. Included under other explicit contingent liabilities are International Agencies whose membership subscriptions represent callable capital of which the government subscribes for shares as its membership contributions/capital holdings with these institutions. The agencies would call on this callable capital if Fiji is proven not to be complying with the articles of agreement or if Fiji fails to honour its loan commitments under respective agreements with these institutions. Refer to Table 12.2 for details.

⁹⁰ Financial Management (Amendment) Act 2016 – Section 19

⁹¹ Finance Instructions 2010 – Section 2

Table 12.2: Composition of Contingent Liabilities

Contingent Liabilities	2016	2015	Increase/ (Decrease)
	(\$)	(\$)	(\$)
Explicit Contingent Liabilities	787,351,602	824,476,209	(37,124,607)
Other Explicit Contingent Liabilities	436,128,392	7,627,527	428,500,865
Implicit Contingent Liabilities	35,673,091	36,213,384	(540,293)
Total Contingent Liabilities	1,259,153,085	868,317,120	390,835,965

Government explicit and implicit contingent liabilities decreased by \$37,124,607 and \$540,293 respectively in 2016 compared to 2015. The Explicit Contingent Liabilities cover both domestic and overseas loans. Domestic loans accounted for \$ 717.9 million or 91.2% of total liabilities while overseas loans accounted for \$ 69.5 million or 8.8% of total liabilities as at 31/07/2016. The only government entity with overseas borrowings guaranteed by government is Fiji Sugar Corporation.

APPENDIX 1.0 APPROPRIATION STATEMENT

Head No.	Ministry/Department	Appropriation ⁹² (\$)	Revised Amount (\$)	Actual Expenditure 2016 (\$)	Savings/(Over-spent) (\$)	%
1	Office of the President	3,428,146	3,428,146	1,784,193	1,643,953	48
2	Office of the Prime Minister	15,499,425	15,499,425	5,964,744	9,534,681	62
3	Attorney General and Solicitor General	18,278,344	18,278,344	8,469,240	9,809,104	54
4	Ministry of Economy	84,142,136	84,142,136	45,624,908	38,517,228	46
5	Ministry of iTaukei Affairs	11,464,415	11,464,415	6,033,591	5,430,824	47
6	Ministry of Immigration, National Security and Defence	9,241,159	9,241,159	4,356,762	4,884,397	53
7	Ministry of Employment, Productivity and Industrial Relations	17,284,164	17,284,164	7,628,073	9,656,091	56
8	Ministry of Foreign Affairs	42,968,947	42,968,947	26,171,606	16,797,341	39
9	Office of the Auditor General	4,226,129	4,226,129	1,957,048	2,269,081	54
10	Fijian Elections Office	6,388,552	6,388,552	3,508,815	2,879,737	45
11	Judiciary	44,016,519	44,016,519	15,882,881	28,133,638	64
12	Parliament	9,850,878	9,850,878	5,575,954	4,274,924	43
13	Independent Commissions	15,882,939	15,882,939	7,214,462	8,668,477	55
14	Office of the Director of Public Prosecutions	6,057,643	6,057,643	2,780,374	3,277,269	54
15	Ministry of Justice	44,298,947	44,298,947	19,154,173	25,144,774	57
16	Ministry of Communications	26,413,273	26,413,273	8,492,872	17,920,401	68
17	Ministry of Civil Services	5,810,200	5,810,200	1,968,218	3,841,982	66
18	Ministry of Rural and Maritime Development and National Disaster Management	36,905,498	36,905,498	31,403,894	5,501,604	15
19	Republic of Fiji Military Forces	93,557,733	93,557,733	54,271,941	39,285,792	42
20	Fiji Police Force	126,305,357	126,305,357	66,055,508	60,249,849	48
21	Ministry of Education, Heritage and Arts	432,249,150	432,249,150	251,484,276	180,764,874	42
22	Ministry of Health and Medical Services	280,082,947	280,082,947	146,617,845	133,465,102	48
23	Department of Housing	30,848,070	30,848,070	6,806,668	24,041,402	78
24	Ministry of Women, Children and Poverty Alleviation	52,151,885	52,151,885	35,652,690	16,499,195	32
25	Ministry of Youth and Sports	22,461,744	22,461,744	13,061,837	9,399,907	42
26	Higher Education Institutions	76,584,800	76,584,800	50,580,511	26,004,289	34
30	Ministry of Agriculture	76,188,876	76,188,876	30,408,225	45,780,651	60
32	Ministry of Fisheries and Forests	26,256,262	26,256,262	16,914,836	9,341,426	36
33	Ministry of Lands and Mineral Resources	31,032,517	31,032,517	15,405,988	15,626,529	50
34	Ministry of Industry, Trade and Tourism	58,946,473	58,946,473	34,371,778	24,574,695	42
35	Ministry of Sugar	23,788,345	23,788,345	19,841,905	3,946,440	17
36	Ministry of Public Enterprise	16,084,190	16,084,190	10,339,815	5,744,375	36
37	Ministry of Local Government, Urban	35,041,515	35,041,515	25,228,886	9,812,629	28

⁹² 2016 Appropriation Act 2015 – Schedule 2

Head No.	Ministry/Department	Appropriation ⁹² (\$)	Revised Amount (\$)	Actual Expenditure 2016 (\$)	Savings/(Over-spent) (\$)	%
	Development and Environment					
40	Ministry of Infrastructure and Transport	122,232,205	122,232,205	58,631,803	63,600,402	52
41	Water Authority of Fiji	250,444,383	250,444,383	101,123,170	149,321,213	60
43	Fiji Roads Authority	635,675,337	555,675,337	186,015,975	369,659,362	67
49	Peacekeeping Missions	78,972,274	78,972,274	41,760,365	37,211,909	47
50	Miscellaneous Services	224,135,946	304,135,946	217,293,888	86,842,058	29
51	Pensions, Gratuities and Compassionate Allowances	42,343,300	42,343,300	20,754,067	21,589,233	51
52	Charges on Account of Public Debt	276,995,864	276,995,864	150,088,630	126,907,234	46
	Total	3,414,536,487	3,414,536,487	1,756,682,415	1,657,854,072	49

APPENDIX 2.0 CASH APPENDIX**Appendix 2.1: Details of Variances for Overseas Bank Balances**

Allocation	Description	Balance as per Bank Reconciliation (\$)	General Ledger Balance (\$)	Variance (\$)	General Ledger overstated/ understated
1-08103-80102-510106	FIJI CONSULATE GENERAL SYDNEY	0	919,009	(919,009)	GL overstated
1-08103-80101-510107	FIJI HIGH COMM. CANBERRA	1,807	337,725	(335,918)	GL overstated
1-08103-81001-510202	FIJI HIGH COMM. LONDON	63,589	239,215	(175,626)	GL overstated
1-08103-80501-510401	FIJI EMBASSY TOKYO DOM CASH	1,186,943	1,202,394	(15,451)	GL overstated
1-08103-80701-510502	FIJI HIGH COM WELLINGTON	520,569	606,110	(85,541)	GL overstated
1-08103-80201-510504	FIJI HIGH COMMISSION BEIJING	136,144	359,805	(223,661)	GL overstated
1-08103-80201-510506	BEIJING RMB AC	(133,832)	1,513	(135,345)	GL overstated
1-08103-80201-510507	BEIJING VISA AC	11,799	19,026	(7,227)	GL overstated
1-08103-80301-510601	FIJI MISSION BRUSSELS	304,554	358,009	(53,455)	GL overstated
1-08103-81101-510801	FIJI HIGH COMMISSION UN	285,509	333,771	(48,262)	GL overstated
1-08103-81102-510802	WASHINGTON	157,670	109,747	47,923	GL understated
1-08103-80301-510901	ADIS ABABA CASH AC	154,494	148,564	5,930	GL understated
1-08103-80405-510901	ABUDHABI MISSION -ACCOUNT	636,661	856,413	(219,752)	GL overstated
1-08103-80406-510901	FIJI EMBASY KOREA	376,578	455,044	(78,466)	GL overstated
1-08103-80601-510901	BANK IN KULAR LUMPUR	445,503	435,163	10,340	GL understated
1-08103-80801-510902	CLOSING BALANCE FOR PNG	209,391	168,461	40,930	GL understated
1-08103-80401-510903	FHC NEW DELHI	105,886	60,143	45,743	GL understated
1-08103-80402-510905	FIJI EMBASY INDONESIA	259,255	184,308	74,947	GL understated
1-08103-80403-510905	FIJI EMBASY BRAZIL	209,170	400,906	(191,736)	GL overstated
1-08103-80401-510908	JAKARTA RUPIAH ACCOUNT	21,715	186,223	(164,508)	GL overstated
1-08103-80401-510909	INDIA IND RUPEE AC	39,013	33,184	5,829	GL understated
1-08103-80401-510910	INDIA RENTAL AC	65,386	93,560	(28,174)	GL overstated
1-04102-04202-510201	CROWN AGENTS LONDON	(12,297)	104,605	(116,902)	GL overstated
1-00000-00000-510000	Total Overseas Bank Balances	5,045,507	7,612,898	(2,567,391)	GL overstated

APPENDIX 3.0 TRUST FUND APPENDIX**Appendix 3.1: Weaknesses in Internal Control****Appendix 3.1.1: Details of Trust Funds Reconciliations Not Prepared**

Ministries / Departments	Anomalies in Trust Funds	Amount (\$)
Office of the Prime Minister	<u>Mahogany Industrial Council Trust Fund</u> The Trust Fund Account Statement of Receipts and Expenditure includes trust receipts of license fees of \$1,110,987. The Office did not perform monthly reconciliations between the log harvested/sold by the Fiji Hardwood Corporation Ltd and the fees collected from Licensees.	1,110,987
Department of Housing	<u>Operating Trust</u> <ul style="list-style-type: none"> ▪ No reconciliation was provided and as such balance of \$340,151 could not be substantiated. <u>City Wide Trust Account</u> <ul style="list-style-type: none"> ▪ The reconciliation for the City Wide Squatter Trust of \$7,269 was not prepared and submitted to the Ministry. 	347,420
Ministry of Local Government, Housing and Environment	<u>Operating Trust Accounts</u> <ul style="list-style-type: none"> ▪ No operating trust reconciliation provided to audit to substantiate balance of \$44,328. 	44,328
	Total	1,502,735

Appendix 3.1.2: Inadequate Listing of Beneficiaries

Ministries/ Departments	Allocation	Description	FMIS GL Amount (\$)	Remarks – Inadequate Listing
Ministry of Employment, Productivity and Industrial Relations	9-07101-07003-895002	Workmen's Compensation	902,274	A total of \$7,957 cannot be substantiated as there was lack of records of its beneficiaries.
	9-07101-07004-895003	Wages Dispute	185,254	A total of \$22,966 cannot be substantiated as there was lack of records of its beneficiaries
Judiciary	9-11101-11043-895027	Maintenance - Suva	842,043	Reconciliation was still in progress and updated to May 1992 and as such total balances of \$24,818,411 could not be substantiated to its beneficiaries.
	9-11101-11044-895027	Maintenance - Nausori	85,413	
	9-11101-11047-895027	Maintenance - Sigatoka	79,875	
	9-11101-11048-895027	Maintenance - Nadi	92,126	
	9-11101-11049-895027	Maintenance - Lautoka	149,813	
	9-11101-11050-895027	Maintenance - Ba	129,084	
	9-11101-11051-895027	Maintenance - Labasa	36,859	
	9-11101-11052-895027	Maintenance - Savusavu	29,256	
9-11101-11053-895027	Maintenance - Taveuni	15,642		

Ministries/ Departments	Allocation	Description	FMIS GL Amount (\$)	Remarks – Inadequate Listing
	9-11101-11057-895027	Maintenance - Levuka	37,419	
	9-11101-11077-895027	Maintenance - Nasinu	33,967	
	9-11101-11040-895028	Sundries - Nasinu Court	688,012	
	9-11101-11054-895028	Sundries - Suva Court	1,471,914	
	9-11101-11055-895028	Sundries - Nausori Court	167,167	
	9-11101-11056-895028	Sundries - Navua Court	16,391	
	9-11101-11057-895028	Sundries - Levuka Court	9,756	
	9-11101-11058-895028	Sundries - Sigatoka Court	188,440	
	9-11101-11059-895028	Sundries - Nadi Court	611,133	
	9-11101-11060-895028	Sundries - Lautoka Court	630,317	
	9-11101-11061-895028	Sundries - Ba Court	315,117	
	9-11101-11062-895028	Sundries - Labasa Court	249,660	
	9-11101-11063-895028	Sundries - Savusavu Court	78,121	
	9-11101-11064-895028	Sundries - Taveuni Court	55,913	
	9-11101-11040-895029	Suitors Fund - Suva	16,080,819	
	9-11101-11041-895029	Suitors Fund - Lautoka	2,658,414	
	9-11101-11042-895029	Suitors Fund - Labasa	65,740	
Fiji Corrections Services		Prisoners Trust Fund Account	440,360	Details of the balance of \$440,360 were not made available for audit verifications.
Ministry of Health and Medical Services	9-22101-22003-895055	Sahyadri Trust Account	66,147	No patient register or database to record all patients assisted since inception on 17/09/12. Thus there is no listing for the amount of \$66,147.
Ministry of Agriculture	9-30101-30065-895012	Retention Funds _ LWRM	684,162	A variance of \$354,402 was noted between the list of companies – subsidiary records and FMIS general ledger. The subsidiary records were not updated.
Ministry of Justice	9-15101-15999-895061	Liquidation Trust	617,249	The Ministry did not maintain a detailed listing of the beneficiaries totalling \$836,879.
	9-15101-91991-895062	Bankruptcy Trust	219,630	
Ministry of Fisheries and Forest	9-32301-76068-895005	Fisheries	191,922	The listings of the one third contributions for the trust balance of \$191,922 were not maintained by the Ministry.
TOTAL			28,125,409	26,739,044

Appendix 3.1.3: Details of Trust Funds Balances with No Supporting Documents

Ministries / Departments	Anomalies in Trust Funds	Amount (\$)																											
Ministry of Agriculture	<u>LWRM Trust Account</u> <ul style="list-style-type: none"> Journal adjustments of \$318,494 were made to clear the Trust Account Bank Reconciliation in order for it to match with General Ledger. However, there were no supporting documents for these adjustments. 	318,494																											
Ministry of Lands and Mineral Resources	<u>Lands Trust Account</u> <ul style="list-style-type: none"> No Supporting documents for journal postings amounting to \$167,474.61 in the FMIS General Ledger. 	167,475																											
Ministry of Infrastructure and Transport	<u>Operating Trust Account</u> <ul style="list-style-type: none"> Details of Security Deposits totalling \$13,209 and Tender Deposits totalling \$951,202 were not provided to audit. Also, there was no evidence provided on actions taken to clear amounts. 	964,411																											
Ministry of Fisheries and Forest	<u>Department of Fisheries - 1/3 Subsidy Scheme Main Trust Fund</u> <ul style="list-style-type: none"> Retention payment of \$1,823 in Trust Statement of Receipts and Payments could not be substantiated. 	1,823																											
Ministry of Foreign Affairs	<u>Operating Trust Account</u> <ul style="list-style-type: none"> The Operating Trust account only had book entries and no actual cash was held by the Ministry for the following: <table border="1" data-bbox="483 1016 1235 1297"> <thead> <tr> <th>Allocation</th> <th>Description</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>1-08103-80101-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(239,444.54)</td> </tr> <tr> <td>1-08103-80102-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(330,157.99)</td> </tr> <tr> <td>1-08103-80201-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(49,269.33)</td> </tr> <tr> <td>1-08103-80401-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(3,261.14)</td> </tr> <tr> <td>1-08103-80701-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(131,018.25)</td> </tr> <tr> <td>1-08103-81001-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(23,961.59)</td> </tr> <tr> <td>1-08103-81102-863101</td> <td>Admin Contributions Foreign Mission</td> <td>(8,100.51)</td> </tr> <tr> <td>Total</td> <td></td> <td>(785,213.35)</td> </tr> </tbody> </table> 	Allocation	Description	Amount (\$)	1-08103-80101-863101	Admin Contributions Foreign Mission	(239,444.54)	1-08103-80102-863101	Admin Contributions Foreign Mission	(330,157.99)	1-08103-80201-863101	Admin Contributions Foreign Mission	(49,269.33)	1-08103-80401-863101	Admin Contributions Foreign Mission	(3,261.14)	1-08103-80701-863101	Admin Contributions Foreign Mission	(131,018.25)	1-08103-81001-863101	Admin Contributions Foreign Mission	(23,961.59)	1-08103-81102-863101	Admin Contributions Foreign Mission	(8,100.51)	Total		(785,213.35)	785,213
Allocation	Description	Amount (\$)																											
1-08103-80101-863101	Admin Contributions Foreign Mission	(239,444.54)																											
1-08103-80102-863101	Admin Contributions Foreign Mission	(330,157.99)																											
1-08103-80201-863101	Admin Contributions Foreign Mission	(49,269.33)																											
1-08103-80401-863101	Admin Contributions Foreign Mission	(3,261.14)																											
1-08103-80701-863101	Admin Contributions Foreign Mission	(131,018.25)																											
1-08103-81001-863101	Admin Contributions Foreign Mission	(23,961.59)																											
1-08103-81102-863101	Admin Contributions Foreign Mission	(8,100.51)																											
Total		(785,213.35)																											
	Total	2,237,416																											

Appendix 3.1.4: Trust Accounts Reflected Under old Head

Ministries / Departments	Allocation	Trust Account Description	2016 (\$)	Comments
Ministry of Lands and Mineral Resources	1-33101-33999-899988	Miscellaneous Fund Open Item	11,803	Lands still using that allocation for direct deduction of Crown Lease. Amount shown should be adjusted to the Land rent Account.
Ministry of Local Government, Housing and Environment	1-37301-37999-895011	Environment Trust	128	Incorrect Recording
Ministry of Infrastructure and Transport	1-40101-40999-861923	Uniform Deduction - Transport	251	The Ministry was yet to transfer the closing credit balances as at 31/12/15 for various operating trust fund accounts from Programs 5, 6 and 7 to new Programs 3, 4 and 5 as opening balances as at 01/01/16.
	1-40501-96991-861923	Payroll Deduction Agriculture	374	
	1-40501-95991-861924	Payroll Deduction - Central Finance	467	
	1-40501-96991-861933	NUPW Credit Union	49	
	1-40501-97991-861933	NUPW Credit Union	20	
	1-40501-96991-861104	208 PD Rent H/A Unest	365	
	1-40501-97991-861104	208 PD Rent H/A Unest	210	
	1-40501-96991-861106	390 PD Gov Water Rates Chrgs	73	
	1-40601-84999-861106	390 PD Gov Water Rates Chrgs	759	
	1-40501-96991-861202	241 PD CMLA	175	
	1-40501-97991-861202	241 PD CMLA	2,276	
	1-40502-95212-861202	241 PD CMLA	50	
	1-40501-96991-861204	244 PD - LICI	286	
	1-40501-97991-861204	Payroll Deductions-LICI	133	
	1-40501-97991-861501	286 PD Fiji Public Service Ass	37	
	1-40501-96991-861525	316 PD Service Worker Cu	530	
	1-40501-97991-861525	316 PD Service Worker Cu	90	
	1-40501-96991-861532	YYY PD Public Employee Union	19	
	1-40501-96991-861537	Carpenters Finance Fiji Ltd	176	
	1-40501-96991-861606	346 PD Maintenance -	40	

Ministries / Departments	Allocation	Trust Account Description	2016 (\$)	Comments
		Lautoka		
	1-40501-97991-861899	440 PD Fixed Rent	97	
	1-40501-96991-861911	385 PD Sports & Social	30	
	1-40501-96991-861920	501 PD Employees FNPF	4,098	
	1-40501-96991-861934	NUPW Welfare	61	
	1-40601-84999-861920	501 PD Employees FNPF	23,288	
	1-40601-91991-861920	501 PDE Employees FNPF	154,365	
	1-40601-84999-862102	JC Retention Money	1,681,904	
TOTAL			1,882,154	

Appendix 3.1.5: Dormant Accounts

No.	Ministries/Departments	Allocation	2016 (\$)
FUND 1 - OPERATING TRUST			
1	Office of the President	1-01101-01101-861102	(3.11)
2		1-01101-01101-861202	(40.46)
3		1-01101-01101-861511	(136.01)
4		1-01101-01101-861533	(298.01)
5		1-01101-01101-861535	(27.01)
6		1-01101-01101-861537	(312.24)
7		1-01101-01101-861923	(17.00)
8		1-01101-01101-861926	(70.25)
9	Office of the Prime Minister	1-02101-02999-861101	(0.01)
10		1-02101-02999-861102	(0.01)
11		1-02101-02999-861104	(0.01)
12		1-02101-02999-861202	(0.01)
13		1-02101-02999-861206	(0.01)
14		1-02101-02999-861306	(0.01)
15		1-02101-02999-861511	(0.01)
16		1-02101-02999-861535	(0.01)
17		1-02101-02999-861537	(0.01)
18		1-02101-02999-861602	(0.01)
19		1-02101-02999-861915	(0.01)
20		1-02101-02999-861923	(0.01)
21		1-02101-02999-861924	(0.01)
22		1-02101-02999-861926	(3.08)
23		1-02101-02999-861927	(0.01)
24		1-02102-02999-861202	(1.19)
25		1-02102-02999-861204	(0.02)
26		1-02102-02999-861306	(0.01)
27		1-02102-02999-861307	(0.01)
28		1-02102-02999-861511	(0.01)
29		1-02102-02999-861537	(0.01)
30		1-02102-02999-861601	(0.01)
31		1-02102-02999-861927	(88.51)
32		1-02201-61999-861202	(0.01)
33	1-02201-61999-861511	(0.01)	
34	1-02201-61999-861926	(0.01)	
35	Office of the Attorney General	1-03101-03101-861901	(0.01)
36	Ministry of Economy	1-04601-63999-861101	(1,119.55)
37		1-04601-63999-861206	(1,271.18)
38		1-04601-63999-861309	(15,647.02)
39		1-04601-63999-861525	(28,191.43)
40		1-04601-63999-861536	(376.43)
41		1-04601-63999-861901	(18,579.17)
42		1-04701-64101-861309	(73.30)
43		1-04701-64101-861922	(0.01)

No.	Ministries/Departments	Allocation	2016 (\$)
44	Ministry of iTaukei Affairs	1-05101-05101-861101	(24.00)
45		1-05101-05101-861201	(9.40)
46		1-05101-05101-861206	(4.68)
47		1-05101-05101-861536	(111.62)
48		1-05101-05101-861701	(90.00)
49		1-05101-05101-861902	(480.62)
50		Ministry of Defence, National Security and Immigration	1-06201-70999-861101
51	1-06201-70999-861202		(0.05)
52	1-06201-70999-861204		(0.07)
53	1-06201-70999-861501		(0.03)
54	1-06201-70999-861536		(76.08)
55	1-06201-70999-861537		(62.10)
56	1-06201-70999-861599		(31.02)
57	1-06201-70999-861901		(738.48)
58	1-06201-70999-861915		(60.19)
59	1-06201-70999-861926		(6.59)
60	1-06201-70999-861933		(0.01)
61	1-06201-70999-861934		(0.01)
62	1-06201-70999-895001		(2,303.51)
63	Ministry of Employment, Productivity and Industrial Relations		1-07101-07101-861101
64		1-07101-07101-861104	(5.00)
65		1-07101-07101-861206	(1,248.86)
66		1-07101-07101-861209	(0.01)
67		1-07101-07101-861306	(5.00)
68		1-07101-07101-861533	(79.34)
69		1-07101-07101-861535	(26.00)
70		1-07101-07101-861537	(20.91)
71		1-07101-07101-861609	(30.00)
72		1-07101-07101-861924	(36.00)
73	Ministry of Foreign Affairs	1-08101-08101-861309	(516.50)
74		1-08101-08101-861501	(13.50)
75		1-08101-08101-861533	(33.00)
76		1-08101-08101-861923	(457.80)
77		1-08101-08101-861925	(254.00)
78		1-08101-08101-861926	(76.80)
79		1-08101-08101-863201	(95.71)
80		1-08103-80201-863101	(49,269.33)
81		1-08103-80401-863101	(3,261.14)
82		1-08103-81001-863101	(23,961.59)
83		1-08103-81102-863101	(8,100.51)
84	Office of the Auditor General	1-09101-09101-861204	(19.60)
85	Fijian Elections Office	1-10101-10999-861901	(263.95)
86	Judiciary	1-11101-11999-861101	(0.01)
87		1-11101-11999-861105	(0.01)
88		1-11101-11999-861202	(0.01)
89		1-11101-11999-861204	(0.01)

No.	Ministries/Departments	Allocation	2016 (\$)
90		1-11101-11999-861206	(0.01)
91		1-11101-11999-861209	(0.01)
92		1-11101-11999-861306	(0.01)
93		1-11101-11999-861307	(0.01)
94		1-11101-11999-861511	(0.01)
95		1-11101-11999-861525	(0.01)
96		1-11101-11999-861533	(0.01)
97		1-11101-11999-861535	(0.01)
98		1-11101-11999-861536	(0.01)
99		1-11101-11999-861537	(0.01)
100		1-11101-11999-861706	(0.01)
101		1-11101-11999-861901	(0.01)
102		1-11101-11999-861902	(0.01)
103		1-11101-11999-861911	(0.01)
104		1-11101-11999-861926	(0.01)
105		1-11101-11999-861927	(0.01)
106		1-11101-11999-861931	(0.01)
107		1-11101-11999-861932	(0.01)
108	Office of the Director of Public Prosecutions	1-14101-14999-861929	(12.00)
109		1-15101-15999-861924	(0.01)
110	Ministry of Justice	1-15101-15999-861926	(1.60)
111		1-15101-15999-861927	(0.01)
112		1-15201-71999-861511	(195.00)
113		1-15201-71999-861716	(80.00)
114		1-15201-71999-861909	(1,587.59)
115		1-15201-71999-861915	(0.01)
116		1-15201-71999-861924	(10.00)
117	Fiji Corrections Service	1-15201-99011-861202	(26.33)
118		1-15201-99011-861204	(874.79)
119		1-15201-99011-861536	(30.00)
120		1-15201-99011-861602	(131.83)
121		1-15201-99011-861908	(194.15)
122		1-15401-73999-863201	(212.39)
123		1-17301-02999-861101	(13.84)
124		1-17301-02999-861106	(1,340.00)
125		1-17301-02999-861308	(10.00)
126	Ministry of Civil Service	1-17301-02999-861309	(12,499.24)
127		1-17301-02999-861923	(4,491.89)
128		1-17301-02999-899988	(2,804.63)
129		1-17305-02999-861701	(428,940.66)
130		1-18101-68999-861104	(0.83)
131	Ministry of Rural and Maritime Development and National Disaster Management	1-18101-68999-861106	(376.74)
132		1-18101-68999-861309	(430.60)
133		1-18201-91991-861525	(20.00)

No.	Ministries/Departments	Allocation	2016 (\$)
134		1-18201-92991-861306	(146.01)
135		1-18201-92991-861933	(10.00)
136		1-18201-93991-861933	(20.00)
137		1-18203-93991-861532	(48.41)
138		1-18204-94991-861920	(1,239.81)
139		1-19101-19999-861105	(4,827.01)
140		1-19101-19999-861106	(1,327.01)
141		1-19101-19999-861202	(69,593.60)
142		1-19101-19999-861207	(61.66)
143		1-19101-19999-861307	(32,126.51)
144		1-19101-19999-861308	(20,634.44)
145		1-19101-19999-861402	(738.44)
146		1-19101-19999-861515	(1,990.01)
147		1-19101-19999-861521	(300.01)
148		1-19101-19999-861523	(1.00)
149		1-19101-19999-861535	(3,716.01)
150		1-19101-19999-861603	(50.01)
151		1-19101-19999-861606	(1,960.01)
152		1-19101-19999-861607	(1,240.01)
153		1-19101-19999-861608	(505.01)
154	Republic of Fiji Military Forces	1-19101-19999-861609	(510.01)
155		1-19101-19999-861611	(260.01)
156		1-19101-19999-861612	(30.01)
157		1-19101-19999-861702	(326.01)
158		1-19101-19999-861707	(185.01)
159		1-19101-19999-861709	(69.51)
160		1-19101-19999-861715	(328.01)
161		1-19101-19999-861716	(3,323.51)
162		1-19101-19999-861864	(64.01)
163		1-19101-19999-861908	(3,253.66)
164		1-19101-19999-861910	(19,417.01)
165		1-19101-19999-861914	(40.01)
166		1-19101-19999-861915	(470.01)
167		1-19101-19999-861924	(11,379.66)
168		1-19101-19999-861925	(100.01)
169		1-19101-19999-861926	(15,503.04)
170		1-19101-19999-861932	(2,075.66)
171		1-20101-20101-861299	(1,500.00)
172		1-20101-20101-861702	(210.00)
173	Fiji Police Force	1-20101-20101-861814	(2,840.33)
174		1-20101-20101-861917	(31,454.35)
175		1-20101-20101-861918	(797.84)
176		1-20101-20101-861922	(280.00)
177	Ministry of Education, Heritage and Arts	1-21101-21999-861521	(80.00)

No.	Ministries/Departments	Allocation	2016 (\$)
178		1-21101-21999-861525	(3,866.29)
179		1-21101-21999-861706	(14,431.82)
180		1-21101-21999-861922	(80.07)
181		1-21101-21999-861930	(95.08)
182		1-21101-21999-861999	(30.00)
183		1-21102-21999-861901	(206.51)
184		1-21201-21999-861901	(205.01)
185		1-21201-21999-861920	(1,696.98)
186		1-21901-21999-861920	(584.38)
187		1-22101-22999-861107	(102,544.34)
188		1-22101-22999-861201	(42.20)
189		1-22101-22999-861207	(23.31)
190		1-22101-22999-861511	(461.35)
191		1-22101-22999-861538	(43.39)
192		1-22101-22999-861599	(2,092.32)
193	Ministry of Health and Medical Services	1-22101-22999-861601	(188.01)
194		1-22101-22999-861609	(46.01)
195		1-22101-22999-861612	(60.01)
196		1-22101-22999-861915	(1,892.63)
197		1-22101-22999-861927	(80.01)
198		1-22101-22999-895011	(111.45)
199		1-23101-23999-861902	(126.29)
200	Department of Housing	1-23101-23999-861923	(54.00)
201		1-23301-85999-860101	(94.53)
202	Ministry of Women, Children and Poverty Alleviation	1-24101-24999-861923	(158.70)
203		1-25101-25101-861105	(0.01)
204		1-25101-25101-861505	(0.14)
205		1-25101-25101-861511	(0.01)
206		1-25101-25101-861533	(0.01)
207	Ministry of Youth and Sports	1-25101-25101-861535	(0.91)
208		1-25101-25101-861536	(0.01)
209		1-25101-25101-861537	(1.01)
210		1-25101-25101-861538	(0.01)
211		1-25101-25101-861923	(162.67)
212		1-30101-30101-861104	(244.50)
213		1-30101-30101-861106	(74.51)
214		1-30101-30101-861107	(25.00)
215		1-30101-30101-861206	(76.48)
216	Ministry of Agriculture	1-30101-30101-861399	(1,836.42)
217		1-30101-30101-861602	(45.01)
218		1-30101-30101-861603	(74.01)
219		1-30101-30101-861606	(15.00)
220		1-30101-30101-861607	(60.00)

No.	Ministries/Departments	Allocation	2016 (\$)
221		1-30101-30101-861611	(50.00)
222		1-30101-30101-861706	(10.00)
223		1-30101-30101-861915	(569.00)
224		1-30101-30101-861920	(8,426.28)
225		1-30101-30101-861923	(377.63)
226		1-30101-30101-861929	(170.00)
227		1-30101-30101-861931	(87.50)
228		1-30101-30101-861934	(108.00)
229		1-30101-30101-863201	(16.36)
230		1-30101-30999-861402	(10,856.00)
231		1-32201-77101-861106	(993.33)
232		1-32201-77101-861599	(939.38)
233		1-32201-77101-861910	(207.43)
234		1-32201-77101-861911	(2.00)
235	Ministry of Fisheries and Forests	1-32201-77101-861999	(205.60)
236		1-32203-77101-861307	(0.01)
237		1-32203-77101-861308	(0.01)
238		1-32203-77101-861933	(47.83)
239		1-32207-77101-861901	(915.91)
240		1-33101-33101-861101	(0.01)
241		1-33101-33101-861106	(0.63)
242		1-33101-33101-861206	(33.36)
243		1-33101-33101-861309	(2,769.23)
244		1-33101-33101-861501	(620.00)
245	Ministry of Lands and Mineral Resources	1-33101-33101-861601	(0.03)
246		1-33101-33101-861604	(25.40)
247		1-33101-33101-861706	(0.01)
248		1-33101-33101-861913	(10,592.98)
249		1-33101-33101-861923	(3,417.28)
250		1-34101-34101-861106	(0.01)
251		1-34101-34101-861202	(0.01)
252		1-34101-34101-861204	(0.01)
253		1-34101-34101-861206	(0.01)
254		1-34101-34101-861306	(0.01)
255	Ministry of Industry, Trade and Tourism	1-34101-34101-861501	(0.01)
256		1-34101-34101-861511	(0.01)
257		1-34101-34101-861525	(0.01)
258		1-34101-34101-861532	(0.02)
259		1-34101-34101-861533	(0.01)

No.	Ministries/Departments	Allocation	2016 (\$)
260		1-34101-34101-861537	(0.01)
261		1-34101-34101-861716	(0.01)
262		1-34101-34101-861915	(0.01)
263		1-34101-34101-861926	(0.01)
264		1-34501-31999-861202	(60.00)
265		1-34501-31999-861920	(22,737.13)
266	Ministry of Sugar	1-35101-35101-861301	(218.18)
267		1-36301-73999-861901	(90.00)
268	Ministry of Public Enterprise	1-36301-73999-863201	(218,052.59)
269		1-36401-36401-863201	(1,896.73)
270		1-37101-37999-861309	(2,564.63)
271	Ministry of Local Government, Housing and Environment	1-37101-37999-861923	(393.00)
272		1-37101-37999-861924	(144.01)
273		1-37201-37999-861901	(278.88)
274		1-37301-37999-895011	(128.15)
275		1-40101-40999-861923	(251.25)
276		1-40101-40999-861924	(2.40)
277		1-40104-40401-899988	(75.00)
278		1-40104-42101-899988	25.00
279		1-40501-95991-861924	(466.78)
280		1-40501-96991-861104	(364.77)
281		1-40501-96991-861106	(72.99)
282		1-40501-96991-861202	(175.06)
283		1-40501-96991-861204	(285.87)
284		1-40501-96991-861525	(529.99)
285		1-40501-96991-861532	(19.49)
286		1-40501-96991-861537	(175.99)
287		1-40501-96991-861606	(39.99)
288		1-40501-96991-861911	(29.99)
289	Ministry of Infrastructure and Transport	1-40501-96991-861920	(4,098.01)
290		1-40501-96991-861923	(374.49)
291		1-40501-96991-861933	(48.98)
292		1-40501-96991-861934	(60.97)
293		1-40501-97991-861104	(210.00)
294		1-40501-97991-861105	(491.58)
295		1-40501-97991-861202	(2,276.08)
296		1-40501-97991-861204	(133.46)
297		1-40501-97991-861501	(36.91)
298		1-40501-97991-861525	(90.00)
299		1-40501-97991-861536	(8.99)
300		1-40501-97991-861537	(39.47)
301		1-40501-97991-861599	(20.00)
302		1-40501-97991-861899	(97.38)
303		1-40501-97991-861901	(0.02)

No.	Ministries/Departments	Allocation	2016 (\$)
304		1-40501-97991-861911	(0.01)
305		1-40501-97991-861933	(20.00)
306		1-40502-95212-861202	(50.00)
307		1-40601-41999-895014	(72.78)
308		1-40601-84999-861106	(758.50)
309		1-40601-84999-861920	(23,288.08)
310		1-40601-84999-862102	(1,681,904.09)
311		1-40601-91991-861920	(154,365.28)
312	Water Authority of Fiji	1-41201-85999-860101	(1,161,883.81)
313		1-41201-85999-861920	(71.95)
314	Peacekeeping Missions	1-49102-49102-861864	(12.00)
315		1-49102-49102-861924	(4,413.00)
316		1-49102-49102-861926	(1,321.20)
317		1-49103-49103-861864	(60.00)
318		1-49103-49103-861926	(506.41)
FUND 4			
319	Ministry of Agriculture	4-30351-30999-863201	24,883.93
320		4-30451-30999-863201	(2,770.80)
321	Ministry of Fisheries and Forests	4-32251-77999-861901	(15.03)
322	Ministry of Infrastructure and Transport	4-40251-93011-861104	(130.00)
323		4-40251-93011-861106	(16.00)
324		4-40251-93011-861202	(256.57)
325		4-40251-93011-861204	(394.97)
326		4-40251-93011-861308	(35.00)
327		4-40251-93011-861501	(2.25)
328		4-40251-93011-861532	(2.48)
329		4-40251-93011-861599	(10.00)
330		4-40251-93011-861609	(52.50)
331		4-40251-93011-861706	(5.12)
332		4-40251-93011-861911	(7.00)
333		4-40251-93011-861915	(45.00)
334		4-40251-93011-861920	(994.88)
335		4-40252-91011-861102	(96.20)
336		4-40252-91011-861104	(7.31)
337		4-40252-91011-861202	(15.08)
338		4-40252-91011-861204	(1.99)
339		4-40252-91011-861533	(60.00)
340	4-40252-91011-861599	(32.01)	
341	4-40252-91011-861616	(25.00)	
342	4-40252-91011-861716	(60.00)	
343	4-40252-91011-861901	(236.40)	
344	4-40258-91011-861901	(517.49)	
345	4-40258-93011-861101	(113.16)	
346	4-40258-93011-861104	(856.74)	

No.	Ministries/Departments	Allocation	2016 (\$)
347		4-40258-93011-861105	(72.00)
348		4-40258-93011-861106	(146.50)
349		4-40258-93011-861202	(713.94)
350		4-40258-93011-861206	(9.25)
351		4-40258-93011-861307	(130.00)
352		4-40258-93011-861308	(166.00)
353		4-40258-93011-861501	(9.40)
354		4-40258-93011-861525	(60.00)
355		4-40258-93011-861532	(34.84)
356		4-40258-93011-861537	(6.16)
357		4-40258-93011-861599	(140.00)
358		4-40258-93011-861609	(593.00)
359		4-40258-93011-861706	(35.84)
360		4-40258-93011-861901	(335.25)
361		4-40258-93011-861911	(220.05)
362		4-40258-93011-861915	(385.00)
363		4-40258-93011-861923	(31.87)
364		4-40262-91011-861101	(52.13)
365		4-40262-91011-861102	(212.20)
366		4-40262-91011-861106	(79.01)
367		4-40262-91011-861202	(1,070.22)
368		4-40262-91011-861204	(1,805.48)
369		4-40262-91011-861206	(4,146.48)
370		4-40262-91011-861209	(51.36)
371		4-40262-91011-861307	(0.01)
372		4-40262-91011-861501	(1,948.31)
373		4-40262-91011-861505	(15.00)
374		4-40262-91011-861511	(44.50)
375		4-40262-91011-861522	(740.00)
376		4-40262-91011-861525	(12,760.42)
377		4-40262-91011-861533	(2,674.35)
378		4-40262-91011-861534	(112.00)
379		4-40262-91011-861535	(2,145.61)
380		4-40262-91011-861536	(1,374.82)
381		4-40262-91011-861601	(184.00)
382		4-40262-91011-861701	(343.00)
383		4-40262-91011-861702	(10.00)
384		4-40262-91011-861716	(15.01)
385		4-40262-91011-861901	(457.71)
386		4-40262-91011-861911	(62.80)
387		4-40262-91011-861915	(45.00)
388		4-40262-91011-861920	(14,882.69)
389		4-40262-91011-861923	(0.01)
390		4-40262-91011-861924	(5,575.25)

No.	Ministries/Departments	Allocation	2016 (\$)
391		4-40263-93011-861101	(20.00)
392		4-40263-93011-861106	(10.00)
393		4-40263-93011-861202	(25.36)
394		4-40263-93011-861601	(35.00)
FUND 9 - MAIN TRUST			
395	Fijian Elections Office	9-10101-10001-891301	(578,555.56)
396	Judiciary	9-11101-11042-895029	(65,739.77)
397	Director of Public Prosecutions	9-14101-14999-899901	(49,805.63)
398		9-18101-68034-895018	(6,417.32)
399		9-18101-68036-895020	(12,007.35)
400		9-18101-68039-895011	(1,160.96)
401		9-18101-68999-895031	(7,322.81)
402		9-18401-68011-895020	(5,585.74)
403		9-18401-68012-895020	(5,737.95)
404	Ministry of Rural and Maritime Development and National Disaster Management	9-18401-68016-895016	(1,114.43)
405		9-18401-68018-895016	(1,907.86)
406		9-18401-68019-895020	(26,476.88)
407		9-18401-68020-895020	(34,977.21)
408		9-18401-68020-895050	(3,202.43)
409		9-18401-68021-895020	(5,655.25)
410		9-18401-68022-895020	(4,494.40)
411		9-18401-68026-895020	(14,679.01)
412	Department of Housing	9-23101-23999-895001	(7,269.30)
413	Ministry of Industry, Trade and Tourism	9-34401-80002-895036	(22,590.47)
Total			(5,198,313.11)

Appendix 3.1.6: Details of Other Weaknesses in Trust Funds Internal Controls by Ministries/Departments

Ministries / Departments	Anomalies in Trust Funds
Office of the Prime Minister	<u>Mahogany Industrial Council Trust Fund</u> <ul style="list-style-type: none"> ▪ There is no policy on the usage of trust funds; ▪ No independent monitoring carried out on the operation and the billing process of the Fiji Hardwood Corporation Limited (FHCL) to Licensee; ▪ The rates used by FHCL to levy license fee Licensee is not gazetted or approved by the Mahogany Industrial Council. ▪ The fees collected are not categorized according to the purpose the fees were received in the Trust Statement of Receipts and Payments in the Agency Financial Statement.
Department of Immigration	<u>Main Trust Account</u>

Ministries / Departments	Anomalies in Trust Funds
	<ul style="list-style-type: none"> ▪ Untimely preparation of trust account reconciliations. Instance were noted where preparation of reconciliations were delayed by 7 months. ▪ Reconciliations were not check for accuracy and completeness by the Senior Accounts Officer.
Ministry of Employment, Productivity and Industrial Relations	<u>Main Trust Accounts</u> <ul style="list-style-type: none"> ▪ A variance of \$921 exists between bank reconciliation and cash book reconciliation for the combine trust accounts Workers Compensation Trust Account, Wages Dispute Trust Account and OHS Consultancy.
Ministry of Justice and Fiji Corrections Service	<u>Ministry of Justice – Liquidity Trust and Bankruptcy Trust</u> <ul style="list-style-type: none"> ▪ Audit noted that in 2016 the Liquidity Trust & Bankruptcy Trust totalling \$836,879 were being reflected in the FMIS general ledger for the first time. Previously, the ministry has been maintaining manual cash book, bank statements and cash at bank reconciliations only. However, audit noted that these main trust ledger balances were made up of just one bulk posting each into the two accounts without details of receipts and payments made during the period. ▪ Also, there was no opening balance for the current period or carried forward balance over the years reflected in the FMIS Ledger. ▪ Furthermore, the description of the general ledger for both bank accounts states “generated account” without actually differentiating between the bankruptcy or liquidity trust cash at bank ledger account. <u>Fiji Corrections Service – Prisoners Cash Trust Fund</u> <ul style="list-style-type: none"> ▪ Absent of policy guidelines for receipts and payments of money into the Trust Fund Account except for draft job placement policy. ▪ The portion of the prisoners’ income which is to be transferred to government through the consolidated fund account cannot be ascertained by audit.
Ministry of Civil Service	<u>Operating Trust Account</u> <ul style="list-style-type: none"> ▪ The operating trust fund balance as at 31/07/16 was \$667,660.28. Out of these \$52,038.39 or 7.8% posting was made in 2016. The remaining of the balance (92.2%) was carried forward from 2015(former PSC) and was not regularized. ▪ The Payroll Deduction PSC Bond Quarters balance as at 31/07/16 amounted to \$85,911.78. However, the bond amount was not transferred to TMA Liabilities account. The TMA account administration moved to the Ministry of Economy with effect from 01/01/16. ▪ The Ministry’s Operating Trust Fund account has 108 sub accounts and out of these 75 sub accounts are inactive. These accounts were inherited from the former PSC. ▪ Monthly Operating Trust Reconciliations were not prepared on time as January to July reconciliations were prepared in the month of September.
Ministry of Rural and Maritime Development and National Disaster Management	<u>Main Trust Accounts</u> <ul style="list-style-type: none"> ▪ The monthly bank reconciliations for the main trust fund account held with Westpac Banking Corporation and Bank of South Pacific was not prepared in a timely manner.
Fiji Police Force	<u>Operating Trust</u> <ul style="list-style-type: none"> ▪ The operating trust fund account had a credit balance of \$2,365,702.07 as at 31/07/16. The ending balance comprised of significant previous year’s uncleared balances carried forward to 2016 as follows:

Ministries / Departments	Anomalies in Trust Funds																																									
	Account No.	Description	Amount (\$)																																							
	1-20101-20101-863201	VAT From Provision Of Goods & Services	956,088.32																																							
	1-20101-20101-861517	307 PD Police Service Credit Union	748,208.86																																							
	1-20101-20101-861902	204 PD Deposit A/C Recoverable	85,245.69																																							
	1-20101-20101-861917	437 PD Improved Forestry	31,454.35																																							
	Total		1,820,997.22																																							
Ministry of Health and Medical Services	<p><u>Operating Trust Funds</u></p> <ul style="list-style-type: none"> The audit review of the individual balances noted that the following operating trust account balances have been carried forward from the previous year without any or minimal movement noted during the year as follows: <table border="1"> <thead> <tr> <th>Allocation</th> <th>Particulars</th> <th>Balance as at 31/12/15 (\$)</th> <th>Balance as at 31/07/16 (\$)</th> <th>Increase / (Decrease (\$))</th> </tr> </thead> <tbody> <tr> <td>1-22101-22999-861106</td> <td>390 PD Govt Water Rates Charge</td> <td>33,891.68</td> <td>33,925.68</td> <td>34.0</td> </tr> <tr> <td>1-22101-22999-861107</td> <td>391 PD Gov Quarters Electricity</td> <td>102,544.34</td> <td>102,544.34</td> <td>-</td> </tr> <tr> <td>1-22101-22999-861309</td> <td>388 PD PSC Scholarship Loan</td> <td>70,239.37</td> <td>71,559.67</td> <td>1,320.3</td> </tr> <tr> <td>1-22101-22999-863201</td> <td>VAT on revenue</td> <td>684,573.43</td> <td>882,257.01</td> <td>197,683.5</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The majority of the trust fund account balance of \$2,275,294 as at 31/07/16 was made up of the outstanding FNPf deductions, VAT on revenue and Government quarters electricity which have credit balances of \$940,251, \$882,257 and \$102,544 respectively which comprises 85% of the total balance. <p><u>Retention Funds</u></p> <ul style="list-style-type: none"> The audit noted that the Ministry did not maintain a Trust Fund bank account to deposit retention sums deducted from the progress payments made to the Contractors for capital works. Instead the Ministry retains the retention fund allocation within its budgetary allocation. On the lapse of authority the funds are returned to the Ministry of Economy and requested again in the following year's budget submission. <p><u>Main Trust Funds</u></p> <ul style="list-style-type: none"> The Ministry maintains the following trust funds accounts with different bank accounts: <table border="1"> <thead> <tr> <th>Trust Funds</th> <th>Balance as at 31/07/16 (\$)</th> </tr> </thead> <tbody> <tr> <td>CWM Hospital Staff Amenities</td> <td>25,316</td> </tr> <tr> <td>Cardiac Force</td> <td>1,022</td> </tr> <tr> <td>Fiji Children Overseas Treatment</td> <td>228,434</td> </tr> <tr> <td>Cardiology Services</td> <td>888,768</td> </tr> <tr> <td>Sayhadri Trust</td> <td>66,147</td> </tr> <tr> <td>Total</td> <td>1,209,687</td> </tr> </tbody> </table> <p>Audit review of the above main trust fund records revealed the following anomalies:</p> <ul style="list-style-type: none"> the Ministry did not have approved Standard Operating Procedures for all the 5 trust funds administered by them; the monthly trust fund reconciliation was not prepared; and the monthly bank reconciliations was not prepared. 			Allocation	Particulars	Balance as at 31/12/15 (\$)	Balance as at 31/07/16 (\$)	Increase / (Decrease (\$))	1-22101-22999-861106	390 PD Govt Water Rates Charge	33,891.68	33,925.68	34.0	1-22101-22999-861107	391 PD Gov Quarters Electricity	102,544.34	102,544.34	-	1-22101-22999-861309	388 PD PSC Scholarship Loan	70,239.37	71,559.67	1,320.3	1-22101-22999-863201	VAT on revenue	684,573.43	882,257.01	197,683.5	Trust Funds	Balance as at 31/07/16 (\$)	CWM Hospital Staff Amenities	25,316	Cardiac Force	1,022	Fiji Children Overseas Treatment	228,434	Cardiology Services	888,768	Sayhadri Trust	66,147	Total	1,209,687
Allocation	Particulars	Balance as at 31/12/15 (\$)	Balance as at 31/07/16 (\$)	Increase / (Decrease (\$))																																						
1-22101-22999-861106	390 PD Govt Water Rates Charge	33,891.68	33,925.68	34.0																																						
1-22101-22999-861107	391 PD Gov Quarters Electricity	102,544.34	102,544.34	-																																						
1-22101-22999-861309	388 PD PSC Scholarship Loan	70,239.37	71,559.67	1,320.3																																						
1-22101-22999-863201	VAT on revenue	684,573.43	882,257.01	197,683.5																																						
Trust Funds	Balance as at 31/07/16 (\$)																																									
CWM Hospital Staff Amenities	25,316																																									
Cardiac Force	1,022																																									
Fiji Children Overseas Treatment	228,434																																									
Cardiology Services	888,768																																									
Sayhadri Trust	66,147																																									
Total	1,209,687																																									

Ministries / Departments	Anomalies in Trust Funds
	<p><u>Sahyadri Trust Account</u></p> <ul style="list-style-type: none"> ▪ The Ministry did not maintain a cashbook details for receipts and payments for the period ended 01/01/16 to 31/07/16. ▪ The monthly reconciliation of the cash at bank balance, general ledger and cash book for the Sahyadri Trust Fund Account for all the seven months period ending 31 July 2016 was not carried out on a timely manner. ▪ Given the lack of timely reconciliation errors were not detected on time resulting on an unreconciled variance between the Bank statement and Ledger account. Trust related payments totalling \$822,889.60 were drawn on the consolidated bank account of government instead of the trust thus the excess bank balance of trust monies at the end of the year. This was corrected after 31 July 2016. ▪ The Statement of Receipts and Payments for the Sahyadri Trust Fund Account had receipts and payments of \$1,055,106 and \$1,047,969 respectively. In contrast, the bank statement for the period 01/01/16 to 31/07/16 had total receipts of \$731,797 and the total payments of \$21. ▪ No supplementary agreement was entered into by the Ministry and the Sahyadri Specialty Pacific Hospital Ltd on the approved fees and charges as required under the Section 5 of Joint Venture agreement. ▪ As at the date of audit⁹³ \$105,554 was owed by patients to government after having undergone surgery in 2016. It was noted no concerted effort was made by the Ministry to recover the outstanding amount from the concerned patient/relatives. ▪ The Ministry does not maintain a patient register or centralized database to keep proper records of all patients that have undergone surgery since 17/09/12. ▪ The Ministry did not maintain the proper cash book and bank reconciliation since its inception 17/09/12. <p><u>Cardiology Services Trust Account</u></p> <ul style="list-style-type: none"> ▪ The total receipts of \$1,159,912 as per the Cardiology Services Trust Statement of Receipts and Payments include prior year's net receipts of \$865,767 which was not previously recorded in the Financial Management Information System (FMIS) general ledger. ▪ The Ministry did not maintain a cashbook to record the details for receipts and payments for the period ended 01/01/16 to 31/07/16. The records on receipts and payments were maintained in the excel format. ▪ The monthly reconciliation of the cash at bank balance, general ledger and cash book for the Cardiology Services Trust Fund Account for all the seven months period ending 31 July 2016 was not carried out on a timely manner. <p><u>Fiji Children's Overseas Treatment Fund Trust Account</u></p> <ul style="list-style-type: none"> ▪ Government official local purchase orders were not issued for various procurements made, however orders were place through emails. ▪ Three competitive quotations were not obtained. ▪ Payments were made on the strength of quotations and invoices and delivery dockets were not attached to confirm that the quantity of items ordered and paid for have been delivered in full.
Ministry of Agriculture	<p><u>LWRM Trust Account</u></p> <ul style="list-style-type: none"> ▪ Retention monies deposited in the Trust bank account totalling \$930,621 were not receipted

⁹³ 09/02/17

Ministries / Departments	Anomalies in Trust Funds
	<p>since July 2014.</p> <ul style="list-style-type: none"> ▪ Monthly Bank Reconciliations within 5 days after the end of each month and the reconciliation was not prepared in accordance with standard format documented in the Finance Manual.
Ministry of Fisheries and Forest	<p><u>Department of Fisheries - 1/3 Subsidy Scheme Main Trust Fund</u></p> <ul style="list-style-type: none"> ▪ No Receipts and Payments disclosed in the Agency Financial Statement on Fisheries Main Trust Fund despite movement in trust cash and liability in general ledger of \$112,281 and \$113,585 respectively ▪ A variance of \$113,993 was noted between Trust Cash audited 2015 balance and 2016 opening balance.
Ministry of Lands and Mineral Resources	<p><u>Lands Trust Account</u></p> <ul style="list-style-type: none"> ▪ Monthly Bank Reconciliations were not prepared within 5 days after the end of each month and the reconciliation was not prepared in accordance with standard format documented in the Finance Manual <p><u>Mining and Non Mining Trust Account</u></p> <ul style="list-style-type: none"> ▪ Stale Cheque of \$46,228.39 and Voided Cheques of \$34,692.15 in Unpresented Cheque Listing. ▪ Monthly Bank Reconciliations were not prepared within 5 days after the end of each month and the reconciliation was not prepared in accordance with standard format documented in the Finance Manual.
Ministry of Sugar	<p><u>Operating Trust Funds</u></p> <ul style="list-style-type: none"> ▪ Reconciliations not prepared monthly for Jan to May. Only 1 reconciliation was prepared from January-May, 2016. ▪ No reconciliation was provided for June to July 2016. ▪ Reconciliations not checked by Accounts Officer and not signed by Director Sugar.
Ministry of Local Government, Housing and Environment	<p><u>Department of Environment – Trust Account</u></p> <ul style="list-style-type: none"> ▪ Monthly Bank Reconciliations were not endorsed and verified by Senior Accounts Officer for its correctness.

Appendix 3.2: Account Balances Contrary to Operating Trust Nature

Head	Ministries/Departments	Allocation	Description	2016 (\$)	Remarks
2	Office of the Prime Minister	1-02101-02101-899988	Sports Trust Account	577,456	These are sponsorship monies received from various sponsors that is received by OPM for payment to the respective organization being sponsored. 97.5% of the sum received is paid to the sponsored organization whilst 2.5% is withheld and maintained in the trust for minor sporting bodies and will be utilized at the discretion of the Hon. PM. The OPM does not have a separate bank account for this but the fund is deposited into the CFA.
		1-02101-02999-899988	Miscellaneous Fund Open Item	62,795	This trust was used specifically to retain proceeds from the sale of books namely "The 3 Legged Stools" and "Ratu Sukuna Biography".
6	Ministry of Immigration, National Security and Defence	1-06201-70999-895001	Immigration Trust	2,304	Balance carried forward from previous year.
8	Ministry of Foreign Affairs	1-08103-80101-863101	Admin Contribution Foreign Mission	239,445	These are balances of administrative fees in FMIS Operating Trust Account. These are only book entries and there is no actual cash held by the Ministry.
		1-08103-80102-863101		330,158	
		1-08103-80201-863101		49,269	
		1-08103-80401-863101		3,261	
		1-08103-80701-863101		131,018	
		1-08103-81001-863101		23,962	
		1-08103-81102-863101		8,101	
17	Public Service Commission	1-17301-02999-899988	Miscellaneous Fund V Open Item	2,805	PSC has ceased operation; however, account still has balance carried forward.
21	Ministry of Education, National Heritage, Culture and Arts	1-21101-21999-895052	Performance Bond	129,831	Performance bond held by the Ministry from contractors for capital projects undertaken.
22	Ministry of Health and Medical Services	1-22101-22999-895011	Health Trust	111	Balance carried forward from 2014
23	Department of Housing	1-23301-85999-860101	Security Deposits	95	Security Deposits held by the Ministry
		1-23101-23101-860103	Tender Deposits	326,321	Tender deposits held by the Ministry
25	Ministry of Youth and Sports	1-25101-25101-899999	Miscellaneous Fund	8,985	Refundable deposits held by the Ministry from suppliers for capital projects undertaken.
40	Ministry of Infrastructure and Transport	1-40301-99991-862102	JC Retention Money	1,505	Retention money held by the Ministry
		1-40601-84999-862102	JC Retention Money	1,681,904	Retention money held by the Ministry
		1-40301-99991-860101	Security Deposits	13,209	Security Deposits held by the Ministry

Head	Ministries/Departments	Allocation	Description	2016 (\$)	Remarks
		1-40301-99991-860103	Tender Deposits	951,202	Tender deposits held by the Ministry
41	Water Authority of Fiji	1-41201-85999-860101	Security Deposits	1,161,884	Security Deposits held by the Ministry
	TOTAL			5,705,621	

APPENDIX 4.0 EXPENDITURE APPENDIX

Appendix 4.1: Ministries Having Used High Budget Percentage within 7 Months

	Office of the President	Office of the Attorney General	Foreign Affairs	Judiciary	Rural and Maritime	Fiji Military Forces	Education, Heritage & Arts	Health & Medical Services	Women Children & Poverty All	Youths & Sports	Agriculture	Fisheries & Forests	Lands & Minerals	Sugar	Public Enterprise	Local Government	Peacekeeping Mission
Established Staff																	
R/Budget	407,621											5,955,234					
Actual	380,706											4,801,264					
% Utilized	93											81					
Government Wage Earners																	
R/Budget	130,604				1,522,827	256,531										148,936	
Actual	111,735				1,297,563	198,841										118,901	
% Utilized	86				85	78										80	
Travel and Communication																	
R/Budget	888,284		2,932,358	1,376,098	461,687	1,498,890										201,030	123,758
Actual	866,953		2,213,025	1,130,737	391,996	1,228,969										150,819	119,031
% Utilized	98		75	82	85	82										75	96
Maintenance & Operation																	
R/Budget	280,800				1,019,496												
Actual	265,878				871,284												
% Utilized	95				85												
Purchase of Goods & Services																	
R/Budget	125,616				850,677	5,128,011			1,164,661								
Actual	118,421				729,762	3,990,946			972,395								
% Utilized	94				86	78			83								
Operating Grants & Transfers																	
R/Budget										8,911,024	3,564,931	804,524		2,009,347	6,055,046		
Actual										7,454,528	2,716,499	690,517		2,009,347	4,620,000		
% Utilized										84	76	86		100	76		

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI - JUNE 2017

	Office of the President	Office of the Attorney General	Foreign Affairs	Judiciary	Rural and Maritime	Fiji Military Forces	Education, Heritage & Arts	Health & Medical Services	Women Children & Poverty All	Youths & Sports	Agriculture	Fisheries & Forests	Lands & Minerals	Sugar	Public Enterprise	Local Government	Peacekeeping Mission
Special Expenditure																	
R/Budget					16,587,529	2,010,500	6,658,531										
Actual					14,440,892	1,594,725	5,453,344										
% Utilised					87	79	82										
Capital Construction																	
R/Budget					818,649									3,000,000			
Actual					795,898									2,745,866			
% Utilised					97									92			
Capital Purchase																	
R/Budget					200,000			14,048,403	37,586			600,000	880,000				900,000
Actual					192,740			10,713,110	34,482			539,040	811,072				825,688
% Utilised					96			76	92			90	92				92
Capital Grant																	
R/Budget					7,287,096									14,722,100			20,484,240
Actual					6,672,186									14,322,100			17,814,240
% Utilised					92									97			87
Value Added Tax																	
R/Budget		323,000			2,135,674							1,109,399					
Actual		243,254			1,858,671							841,512					
% Utilised		75			87							76					

Appendix 4.2: Details of Non-Submission of Audited Accounts

Head	Ministry	Description	Amount (\$)
3	Office of the Attorney General	The Fiji Human Rights Commission accounts has not been audited since 2008 - 2016; total grant provided since 2008 to 2016	4,701,367
		Legal Aid Commission has not submitted audited accounts to Office of the Attorney General since 2014; total grant provided since 2014 to 2016	9,504,868
5	Ministry of iTaukei Affairs	The Ministry has been providing grant to iTaukei Affairs Board for which audit has been pending since 2003. Total grant provided since 2003 to 2016	145,969,149
21	Ministry of Education, Heritage and Arts	Backlog of audited accounts of higher institutions not submitted to Higher Education Commission	1,505,000
		Backlog of audited accounts since 2015 of statutory authorities not submitted to Ministry (Fiji Museum , Fiji Arts Council, Fiji Higher Education Commission)	2,310,183
30	Ministry of Agriculture	Non-submission of annual audited accounts of Agriculture Marketing Authority for 2010, 2011, 2014, 2015 and 2016	9,628,647
34	Ministry of Industry, Trade and Tourism	Backlog of audits for various authorities receiving operating grant from the Ministry since 2013 to 2015	29,478,612
37	Ministry of Local Government, Housing & Environment	Municipal councils namely, Nadi Town Council, Lami Town Council, Savusavu Town Council, Tavua Town Council, Ba Town Council, Sigatoka Town Council, Lautoka City Council, Suva City Council and National Fire Authority failed to provide AFS for the grants received from the Ministry.	41,977,052
		Total	245,074,878

Appendix 4.3: Anomalies in Capital Expenditure

Head	Ministry	Description	Amount (\$)
2	Office of the Prime Minister	Advance payment of \$146,000 was made to Water Authority of Fiji for water supply works project to be carried out at Natutale Primary School and Wauosi Nursing Station. No work was done as at 21/11/16 and the project commencement date and completion date was not mentioned in the contract.	146,000
		Awarded 11 projects to RFMF in 2015; 7 of these projects are incomplete	425,428
18	Ministry of Rural and Maritime Development and Disaster Management	Anomalies in MOU; important clauses such as defect liability period, variations, payment structure, project commencement and completion dates not included.	182,499
19	Republic of Fiji Military Forces	Vessel RFNS Kikau still inoperative despite the expenses made for the Life Expectancy Program	1,882,394
		Delayed damages not claimed by the Force	18,600
21	Ministry of Education, Heritage and Arts	Building grants not monitored by the Ministry for construction of classrooms and school facilities	306,000

Head	Ministry	Description	Amount (\$)
25	Ministry of Youth & Sports	Capital grant given to Fiji Sports Council not monitored since 2015	3,663,203
37	Ministry of Local Government, Housing & Environment	Capital project budgeted from 2014 to 2016 has not completed	4,021,250
40	Ministry of Infrastructure and Transport	Grid Extension Projects yet to commence; advance payment done for 79% of work over four years since 2013 to 2016	20,480,840
		Poor Monitoring of Bua / Macuata Solar Home System Projects	141,777
		Lack of monitoring for contract works carried out by FEA	7,063,072
		Total	38,331,063

Appendix 4.4: Details of Expenditures without Proper Authorisation

Head	Ministry	Anomalies	Amount (\$)
8	Ministry of Foreign Affairs	Overpayment of per-diem allowance	24,934
		Inconsistent rate used in calculating travel allowances	36,003
		Travel made without Cabinet Approval	10,099
12	Parliament	Over-payment of per-diem allowances	4,270
18	Ministry of Rural and Maritime Development and Disaster Management	Rations purchased was more than what was required	503,726
		Purchase of family packs not authorised	2,593,374
		Approval not obtained from Chief Accountant for advance payment	23,324
		Excess supply compared to LPO for which payment was facilitated	456,655
		No LPO issued	33,520
		Loss due to condemned / damage Goods	21,337
20	Fiji Police Force	No LPO issued	7,257
21	Ministry of Education, Heritage and Arts	Fiji Teachers Registration Board staffs paid through Ministry's budget allocation although the authority's operation is totally autonomous from the Ministry	214,739
22	Ministry of Health and Medical Services	Unauthorized procurement	71,347
		Procurement without approved RIE from other allocations	62,397
		Procurement above delegated authority	535,318
24	Ministry of Women, Children and Poverty Alleviation	Ministry of Economy approval not attached to payment	6,947,335
		Local Purchase Orders not issued	270,727
30	Ministry of Agriculture	Local Purchase Order not signed by the authorised personnel's	48,888
		Local Purchase Orders not issued	407,510
32	Ministry of Fisheries and Forests	Payment of ineligible subsistence allowance to EDP # 93439	13,384
35	Ministry of Sugar	Funds for rehabilitation was used for cane planting program, no approval documents produced.	4,600,000
		Total	16,886,144

Appendix 4.5: Details of Unbudgeted Expenditures

Head	Ministry	Anomalies	Amount (\$)
1	Office of the President	Numerous procurement of goods through RFA where there was less budget provision	48,531
4	Ministry of Economy	Non-clearing of container on time from wharf by Fiji Procurement Office; penalty for delay of 253 days	48,985
6	Ministry of Immigration, National Security and Defence	Incorrect VAT payment to FRCA January – June 2016	254,920
7	Ministry of Employment, Productivity and Industrial Relations	Advance payment for Utility Bills - August, 2016	44,902
		Payment made for Electricity Bill on behalf of Ministry of Civil Services but this was not reimbursed to MEPIR	16,094
10	Fijian Elections Office	Expenses not budgeted	119,652
		Over-expenditure compared to budget	339,051
13	Independent Commissions	Unbudgeted Expenditure; payment of established staff salary (SEG 1)	398,656
16	Ministry of Communication	Overtime payment despite having no budget allocation	24,158
		Penalty payment of interest on over-due accounts of International Telecommunication Union	1,032
19	Republic of Fiji Military Forces	Payment to TMA Plant Pool for Adopt a School Program	20,000
24	Ministry of Women, Children and Poverty Alleviation	Diversion of funds to cater for DISMAC operations	440,966
		Outstanding overtime for period 2016 paid in early 2017	329,900
30	Ministry of Agriculture	Anomalies in procurement of rice harvester machin; procurement relates to 2015	37,000
		Diversion of funds from capital expenditure to cater for operating expenses	551,925
		Unbudgeted Expenditure	67,757
		Unplanned travel cost; the people travelling was changed from five to three so loss of payment on taxes and fees and additional costs incurred	13,613
32	Ministry of Fisheries and Forests	Payment to TMA from fund 1 without cabinet approval. Unbudgeted expenditure.	2,500,000
40	Ministry of Infrastructure and Transport	Payment of out-standing account from 2013	15,556
		Total	5,272,698

Appendix 4.6: Expenditures from Nil Budget Allocation

Allocation	Description	Actual Expenditure (\$)
1-04101-04401-130101	Value Added Tax Input Tax	227
1-13101-13999-010101	Pe-Salaries	236,059
1-13101-13999-010303	Allow-Acting	162,597
1-15101-92992-010306	Allow-Housing	1,775
1-15101-92995-010306	Allow-Housing	525
1-15101-92995-010601	Relieving Staff	1,858
1-15101-93992-010306	Allow-Housing	600
1-15201-71999-010329	Allow-General	4,684
1-22101-22101-010306	Allow-Housing	1,600
1-22201-81201-010306	Allow-Housing	1,175
1-22201-83101-010306	Allow-Housing	2,850
1-22201-83201-010306	Allow-Housing	10,950
1-22201-84201-010306	Allow-Housing	18,825
1-22201-84201-020201	Fnpf-Urban Hospitals	47,071
1-22202-81701-010306	Allow-Housing	700
1-22202-81801-010306	Allow-Housing	350
1-22202-81901-010306	Allow-Housing	1,125
1-22202-81904-010306	Allow-Housing	350
1-22202-83302-010306	Allow-Housing	400
1-22202-83401-010306	Allow-Housing	300
1-22202-83501-010306	Allow-Housing	650
1-22202-83601-010306	Allow-Housing	900
1-22202-84101-010306	Allow-Housing	4,300
1-22202-84401-010306	Allow-Housing	1,300
1-22202-84601-010306	Allow-Housing	600
1-22202-84701-010306	Allow-Housing	1,700
1-22202-84702-010306	Allow-Housing	1,150
1-22202-84901-010306	Allow-Housing	3,000
1-22203-81101-010306	Allow-Housing	750
1-22203-83101-010306	Allow-Housing	450
1-22203-84101-010306	Allow-Housing	14,675
1-32207-91021-080705	Establishment Of Sample Plots	85,952
1-49103-49103-059111	Printing Of Examination Papers	10,183
1-50101-50999-050199	Description Lookup Failed	5
Total		619,636

Appendix 4.7: Lack of Supporting Documentation

Head	Ministry	Anomalies	Amount (\$)
2	Office of the Prime Minister	Visa card expenses not acquitted	6,521
8	Ministry of Foreign Affairs	Absence of acquittals and receipts for overseas travels	7,176
17	Ministry of Civil Services	Lack of supporting documents for the redundancy payments made to former PSC employees	177,824
18	Ministry of Rural and Maritime Development and Disaster Management	Absence of delivery dockets	4,803,132
		Missing payment voucher	17,576
19	Republic of Fiji Military Forces	The commitment ledger was not maintained and acquittals were not submitted	9,570
20	Fiji Police Force	Absence of meal claim forms	5,850
		Anomalies in competitive quotes	10,384
21	Ministry of Education, Heritage and Arts	Agreement not signed for Fiji Higher Education Commission 2016 Grant	931,086
22	Ministry of Health and Medical Services	Missing Payment Vouchers	613,065
		Payments processed without payment vouchers	945,968
		LPO's not raised in engaging aeromedical service and written confirmations not received for engagement of other optional aeromedical services	143,848
		Payment processed on photocopied invoices	1,407,425
		Payment processed without contracts being signed	1,480,422
24	Ministry of Women, Children and Poverty Alleviation	Missing payment vouchers	2,697,467
		Missing invoices or delivery dockets	143,146
		Verbal quotes obtained for purchases above \$1,000	18,795
30	Ministry of Agriculture	Contracts not signed with suppliers	96,388
32	Ministry of Fisheries and Forests	Non-submission of capital construction works supporting documents for audit verifications; Fisheries Office and Standard Grade VI (6) Staff Quarters	247,140
37	Ministry of Local Government, Housing & Environment	Payment vouchers were missing for audit verifications	118,485
		No acquittals submitted from recipients of grants; namely Lami Town Council, Nadi Town Council, Savusavu Town Council, Sigatoka Town Council, Tavua Town Council and Ba Town Council.	4,000,000
Total			17,881,268

Appendix 4.8: Fixed Asset Register Not Updated

Head	Ministry	Anomalies	Amount (\$)
15 (A)	Ministry of Justice	Inventory and Fixed Assets Register not updated	57,066
18	Ministry of Rural and Maritime Development and Disaster Management	Fixed Asset Register not updated	75,086
19	Republic of Fiji Military Forces	Fixed Asset Register not updated	1,436,471

Head	Ministry	Anomalies	Amount (\$)
24	Ministry of Women, Children and Poverty Alleviation	Fixed Assets Register not updated	157,375
30	Ministry of Agriculture	Fixed Asset Register not updated	248,877
32	Ministry of Fisheries and Forests	Purchase of Furniture not recorded in FAR	965,258
		Total	2,940,133

Appendix 4.9: Details of incorrect postings

Head	Ministry	Anomalies	Amount (\$)
4	Ministry of Economy	Understatement of VAT; mis-posting to SEG 9 instead of SEG 13	24,526
7	Ministry of Employment, Productivity and Industrial Relations	Misallocation of expenditures	33,607
8	Ministry of Foreign Affairs	Capital purchase expenditure mis-allocation; understated SEG 9	237,977
10	Fijian Elections Office	Anomalies noted in expenses classification in the Financial Statement	180,328
14	Office of the Director of Public Prosecutions	Misallocation of expenditure	59,455
15 (B)	Fiji Corrections Service	Mis-posting of expenditures resulting in the understated of water, sewerage and fire services expenditure by \$ 32,379 and an overstated of Electricity and Repair and Maintenance expenditures by \$7,200 and \$25,180 respectively	64,759
17	Ministry of Civil Services	Operating Expenditure paid from SEG 1 - Established Staff allocation	131,505
18	Ministry of Rural and Maritime Development and Disaster Management	Misallocation of expenditure	496,226
20	Fiji Police Force	Misallocation of Capital Purchase	391,839
24	Ministry of Women, Children and Poverty Alleviation	Mis-statement of social protection program expenditure	38,705
30	Ministry of Agriculture	GL overstated as payments not made but recorded in GL since the cheque was held back	146,300
33	Ministry of Lands and Mineral Resources	Double posting in general ledger	189,739
35	Ministry of Sugar	Accountable advances was incorrectly charged to personal emoluments allocation.	4,720
40	Ministry of Infrastructure and Transport	Payment of VAT from SEG 13 for Operating Grants	56,064
		Total	2,055,750

Appendix 4.10: Details of tender not called and competitive quotations not obtained

Head	Ministry	Anomalies	Amount (\$)
3	Office of the Attorney General	Tender not called for procurement of more than \$50,000	118,200
7	Ministry of Employment, Productivity and Industrial Relations	Cost-benefit analysis not done on engagement of Independent European Commission (AISA)	248,863
18	Ministry of Rural and Maritime Development and Disaster Management	Competitive quotes not obtained	23,074
19	Republic of Fiji Military Forces	Contractor was engaged prior to the approval of the Government Tender Board	283,352
		Breach of Government Tender Board Approval as purchase was made from non-approved suppliers	13,854
		Splitting contracts into subcontracts to avoid the tender process	333,010
		Purchase of T-shirts in excess of tendered amount	16,375
20	Fiji Police Force	Purchases without quotation	7,745
21	Ministry of Education, Heritage and Arts	Tender not called and 3 competitive quotations not obtained for the construction of classrooms and school facilities	494,000
24	Ministry of Women, Children and Poverty Alleviation	Competitive quotes not obtained	18,780
25	Ministry of Youth and Sports	Anomalies in construction of Valelevu Training Centre. Total project is estimated \$140,000 yet tender was not called. First phase payment has been done	37,845
30	Ministry of Agriculture	Overseas purchase of livestock - tender waiver was obtained to facilitate the payment process	407,224
		Anomalies in procurement of rice harvester machine; competitive quotes was not obtained	37,000
		Total	2,039,322

Appendix 4.11: Accountable Advance Balance as at 31/07/2016

Head	Ministry / Department	Balance (\$)
1	Office of the President	3
2	Office of the Prime Minister	3,521
4	Ministry of Economy	26,637
5	Ministry of iTaukei Affairs	33,225
6	Ministry of Immigration, National Security and Defence	(3,039)
7	Ministry of Employment, Productivity and Industrial Relations	348
8	Ministry of Foreign Affairs	93,410
10	Fijian Elections Office	2,162
11	Judiciary	1,961
12	Parliament	38,670
14	Office of the Director of Public Prosecutions	(1)

Head	Ministry / Department	Balance (\$)
15	Ministry of Justice	(4,661)
18	Ministry of Rural and Maritime Development and Disaster Management	63,663
19	Republic of Fiji Military Forces	36,070
20	Fiji Police Force	247,527
21	Ministry of Education, Heritage and Arts	261,154
22	Ministry of Health and Medical Services	43,892
23	Department of Housing	177,399
24	Ministry of Women, Children and Poverty Alleviation	40,172
25	Ministry of Youth and Sports	(21,828)
30	Ministry of Agriculture	9,498
32	Ministry of Fisheries and Forests	445,720
33	Ministry of Lands and Mineral Resources	128,443
34	Ministry of Industry, Trade and Tourism	9,535
35	Ministry of Sugar	2,588
36	Ministry of Public Enterprise	30
37	Ministry of Local Government, Housing & Environment	61,202
40	Ministry of Infrastructure and Transport	3,578
	TOTAL (SAG 57)	1,700,879

Appendix 4.12: Provisional Tax Not Withheld

Head	Ministry	Amount (\$)
6	Ministry of Immigration, National Security and Defence	974
19	Republic of the Fiji Military Forces	57,690
22	Ministry of Health and Medical Services	210,332
32	Ministry of Fisheries and Forests	12,789
	Total	281,785

APPENDIX 5.0 REVOLVING FUND ACCOUNT APPENDIX**Appendix 5.1: Dormant Accounts**

No.	Allocation	Ministries/Departments	2016 (\$)	2015 (\$)
Accounts Receivable				
1	4-15252-91151-560101	Fiji Corrections Service	20,841	20,841
2	4-15255-91151-560102	Fiji Corrections Service	4,810	4,810
3	4-15255-91151-560103	Fiji Corrections Service	450	450
4	4-15256-91151-560102	Fiji Corrections Service	2,634	2,634
5	4-15258-91151-560101	Fiji Corrections Service	3,179	3,179
6	4-15258-91151-560102	Fiji Corrections Service	2,672	2,672
7	4-15259-91151-560101	Fiji Corrections Service	855	855
8	1-32201-77101-560102	Ministry of Fisheries and Forests	641,909	641,909
9	1-32201-77101-560202	Ministry of Fisheries and Forests	1,894	1,894
10	1-32301-78999-560102	Ministry of Fisheries and Forests	33,536	33,536
11	4-32251-77999-560102	Ministry of Fisheries and Forests	5,745	5,745
12	4-22251-22999-560103	Ministry of Health and Medical Services	274	274
13	4-19151-19999-560101	Republic of Fiji Military Forces	289	289
	Total		719,088	719,088
Prepayments				
1	1-36501-66101-570101	Ministry of Public Enterprise	30	30
2	1-20101-20999-570101	Fiji Police Force	114,921	114,921
3	1-08103-80401-570301	Ministry of Foreign Affairs	1,437	1,437
4	1-08103-80406-570301	Ministry of Foreign Affairs	1,669	1,669
5	1-08103-81001-570301	Ministry of Foreign Affairs	146	146
6	1-10101-10999-570301	Fijian Elections Office	2,162	2,162
7	1-20102-20101-570301	Fiji Police Force	432	432
8	1-40103-40301-570301	Ministry of Infrastructure and Transport	500	500
9	1-40201-81101-570301	Ministry of Infrastructure and Transport	(4)	(4)
10	1-22101-22999-570302	Ministry of Health and Medical Services	2,265	2,265
	Total		123,558	123,558
Accounts Payable				
1	4-40251-91011-840401	Ministry of Infrastructure and Transport	(27,053)	(27,053)
2	4-40258-91011-840401	Ministry of Infrastructure and Transport	(90)	(90)
3	1-40104-40491-840602	Ministry of Infrastructure and Transport	(120)	(120)
4	1-40601-41999-840602	Ministry of Infrastructure and Transport	(500)	(500)
	Total		(27,763)	(27,763)

Appendix 5.2: Accounts Balances Contrary to its Nature (Debit Balances)

No.	Allocation	Ministries and Departments	2016 (\$)	2015 (\$)
Accounts Receivable (Debit by Nature however credit balances)				
1	1-04601-63999-560203	Ministry of Economy	(128)	(128)
2	1-04701-64101-560203	Ministry of Economy	(132)	(132)

No.	Allocation	Ministries and Departments	2016 (\$)	2015 (\$)
3	1-23101-23999-560203	Department of Housing	(46,036)	(46,036)
	Total		(46,296)	(46,296)
Prepayments (Debit by Nature however credit balances)				
1	1-33301-79101-570101	Ministry of Lands and Minerals	(39)	---
2	1-15101-15999-570101	Ministry of Justice	(47)	(15)
3	1-32201-77101-570301	Ministry of Fisheries and Forests	(470)	---
4	1-06201-70999-570301	Ministry of Defence, National Security and Immigration	(5,453)	(9,903)
5	1-14101-14999-570301	Office of the Director of Public Prosecutions	(1)	---
6	1-40201-81101-570301	Ministry of Infrastructure and Transport	(4)	(4)
7	1-25101-25101-570301	Ministry of Youth and Sports	(21,828)	(8,297)
8	1-15101-15999-570304	Ministry of Justice	(5,279)	---
	Total		(33,121)	(18,219)
Accounts Payable (Credit by Nature however Debit balances)				
1	1-37101-37999-840602	Ministry of Local Government, Housing and Environment	46,394	---
2	1-10101-10999-840602	Fiji Elections Office	2,198	---
3	1-19101-19999-840602	RFMF	249	249
4	1-20101-20999-840602	Fiji Police Force	17,997	11,391
5	1-23101-23999-840602	Department of Housing	10,555	(630)
	Total		77,393	11,010

Appendix 5.3: Accounts Receivable Control Issues Raised From Ministries and Departments

Ministries/ Departments	Anomalies Noted	Amount (\$)	Reconciliations not prepared (\$)	Variance between FMIS General Ledger and Reconciliation (\$)
Fiji Corrections	A variance of \$27,700 exists between the overall TMA ledger balance against the TMA Debtors listings	27,700		27,700
Fisheries and Forest	Ministry did not maintain adequate accounting records and supporting documents to substantiate the balance.	5,745	5,745	
Lands and Mineral Resources	The Department had an Unreconciled balance of \$24,225 in the general ledger as a result of misposting and reversals not properly done for double postings.	24,225	24,225	
Housing	No reconciliations prepared. Issue raised in the Local Government DAM.	(46,036)	(46,036)	
Ministry of Infrastructure and Transport	The Ministry did not post debtors totalling \$210,188 into the FMIS general ledger. The FMIS had a zero balance however the accounts receivable schedules had a balance of	210,188		210,188

Ministries/ Departments	Anomalies Noted	Amount (\$)	Reconciliations not prepared (\$)	Variance between FMIS General Ledger and Reconciliation (\$)
	\$210,188.			
Total		221,822	(16,066)	237,888

Appendix 5.4: Weaknesses in Internal Control - Prepayments and Advance Account

Appendix 5.4.1: Prepayments and Advance Control Issues Raised from Ministries and Departments

Ministries/Departments	Prepayments and Advances Controls Weaknesses Measured in Monetary Values				
	Reconciliation not prepared (\$)	Unsubstantiated Balance (\$)	Goods Procured from Advance Account (\$)	Recording Anomalies (\$)	Inadequate supporting documents (\$)
Office of the President			48,531		832,425
Ministry of Justice	5,326				
Ministry of Rural and Maritime			13,913		39,656
Ministry of Education				3,737	
Ministry of Agriculture		9,498			
Fiji Police Force		132,174			
TOTAL	5,326	141,672	62,444	3,737	872,081
GRAND TOTAL					1,085,260

Appendix 5.4.2: Retirement of Accountable Advance Incorrectly Recorded

Ministries / Departments	Anomalies	Amount (\$)
Ministry of Women, Children and Poverty Alleviation	Incorrect recording of retirement of advance totalling \$2,256 between Department of Social Welfare and Department of Women advance accounts.	2,256
Ministry of Infrastructure and Transport	The Ministry incorrectly cleared the accountable advance to the revenue allocations.	957
Ministry of Sugar	Several accountable advances issued for meals, subsistence and payment of airfare were charged to personal emoluments.	4,720
	Total	\$7,933

Appendix 5.4.3: Details of Other Weaknesses in Prepayments and Advance Account Internal Controls by Ministries and Departments

Ministries / Department	Anomalies in Prepayments
Office of the President	<ul style="list-style-type: none"> The office raised journal vouchers totalling \$832,425 to clear the outstanding balance. Bulk of this balance was carried forward from previous years. The journal vouchers were not adequately supported with source documents. The clearance of previous year balance of \$776,847 from the current year budgetary allocation would misrepresent expenditure in the Statement of Receipts and Expenditure.
Ministry of Foreign Affairs	<ul style="list-style-type: none"> The Ministry had an outstanding accountable advance of \$99,457.12 as at 31/07/16. Some of these accountable advances were outstanding from previous years. Out of the \$76,315 advance paid and reviewed by audit, \$41,858 or 55% was neither recorded in the Advance register nor retired. Ministry continues to issue advance to staff that have not cleared their previous advances. The misposting totalling \$7,244 from prior years are yet to be cleared from the advance account.
Ministry of Civil Services	<ul style="list-style-type: none"> Audit noted that the Ministry did not prepare and maintained any Advance (SAG 57) Reconciliation for the year 2016. Although the account had a nil ending balance, it was noted that postings were made to and from the account during the year.
Ministry of Rural and Maritime Development and Disaster Management	<ul style="list-style-type: none"> Audit noted that outstanding accountable advance balances were not subsequently cleared. The outstanding balance as at 31/07/16 was \$62,516. Also, the Manager Finance did not initiate any recovery through salary deduction from the concerned officer's outstanding advance not retired within seven days. The accountable advance register was not updated during the year. The accountable advance reconciliations were not prepared in a timely manner.
Republic of Fiji Military Forces	<ul style="list-style-type: none"> Audit noted that the total advances of \$39,242.31 was not cleared within seven days, as a result the expenditures has been understated.
Fiji Police Force	<ul style="list-style-type: none"> Verification of the General Ledger (FMIS) records revealed that allocations 1-20101-20999-57010 and 1-20102-20101-570301 had debit balances of \$114,921 and \$432 respectively which had been carried forward from previous years. The audit was not provided with the breakdown details of these balances, as a result the corrections of the above balances could not be substantiated.
Ministry of Education, Heritage and Arts	<ul style="list-style-type: none"> A review of advances issued during the year revealed that advances totalling \$43,082 were not retired within seven days of the completion of travel without interest charged. The advance totalling \$224,947 have not been retired as at 31/07/16. The aging of the outstanding accountable advances indicates that \$170,077 of the advances were outstanding for more than 30 days. Review of advances noted that advances totalling \$8,126 were partially retired. Advance of \$1,316 was not acquitted out of \$8,126 advance issued.
Ministry of Women, Children and Poverty Alleviation	<ul style="list-style-type: none"> A review of advances issued during the year revealed that advances totalling \$15,409 were not retired within seven days of the completion of travel without interest charged. The advances totalling \$73,160 were approved for payment even though the officers had not cleared their previous advances totalling \$21,822.
Ministry of Youth and Sports	<ul style="list-style-type: none"> Audit noted that the Ministry had an outstanding accountable advance totalling \$12,987 accumulated from 2011.
Ministry of Agriculture	<ul style="list-style-type: none"> The Advance Reconciliations were not prepared on time. The Advance Register was neither updated nor was it properly detailed. The opening advance balance as at 01/01/16 was \$10,029 out of which \$6,967 or 69.5% were outstanding from 2013.
Ministry of Fisheries and Forests	<ul style="list-style-type: none"> The monthly reconciliations for prepayments for the month of Jan-July, 2016 were not submitted to the Ministry of Economy on a timely basis.

Ministries / Department	Anomalies in Prepayments
	<ul style="list-style-type: none"> The advance totalling \$443,496.77 was not cleared within the stipulated seven days, hence causing expenditure for the year ended 31 July 2016 to be understated.
Ministry of Sugar	<ul style="list-style-type: none"> Travel advances were not acquitted with proper source documentation. Several advances were still outstanding and acquittals records were not provided at all and are yet to be recovered from the Officer as at date of audit on 27/01/17. Request for travel and claims were not properly justified and scrutinized hence additional claim of refunds were made to the officer upon return to the office. Advance Register was not updated. Advance Reconciliations not prepared monthly. Two reconciliations were only prepared for advance account (Jan - Apr 2016 & May - Jul 2016). Reconciliations were not signed by Accounts Officer and Director Sugar. Prepaid Expenditure Reconciliations not prepared monthly from Jan - May. Three reconciliations were only prepared for prepayments account (Jan - May 2016, June 2016 & July 2016). Reconciliations were not signed by Accounts Officer and Director Sugar.

Appendix 5.5: Accounts Payable Control Issues Raised from Ministries and Departments

Ministries / Department	Anomalies in Accounts Payables	Amount (\$)	Variance between Ministry's Reconciliation and FMIS (\$)	Absence of supporting documents (\$)
Republic of Fiji Military Forces	Audit noted a variance of \$52,391 between the reconciliation statement and FMIS general ledger for Accounts Payable (SLG 84).	52,391	52,391	
Department of Housing	Audit noted that no Reconciliation was provided for Accounts Payable (Fund 1 – SLG 84) of \$10,555.	10,555	10,555	
Ministry of Fisheries and Forests	Audit noted a total of \$20,784 in accounts payable (SLG 84) in the Ministry's Reconciliation was not recorded in FMIS.	20,784	20,784	
Ministry of Local Government, Housing and Environment	Furthermore, there were missing accounts payable payment vouchers totalling \$118,485	118,485		

Ministries / Department	Anomalies in Accounts Payables	Amount (\$)	Variance between Ministry's Reconciliation and FMIS (\$)	Absence of supporting documents (\$)
	Reconciliation was not signed and checked.		16,789	
Ministry of Public Enterprise and Government Printing	Appropriate supporting documents to substantiate the accounts payable balance of \$15,598 were not made available for audit verification. The accounts payable balance relate to previous years for which records were not currently traceable or maintained by the department. Therefore, accounts payable could not be substantiated.	15,598		15,598
Total		217,813	100,519	134,083

Appendix 5.6: Details of Other Weaknesses in Accounts Payable Internal Controls by Ministries/Departments

Ministries/Departments	Anomalies
Ministry of Fisheries and Forests	Monthly reconciliations for accounts payable for the month of Jan-July, 2016 were not submitted to Ministry of Economy on a timely basis. Only one reconciliation was prepared for accounts payable for the 7 months.
Ministry of Lands and Mineral Resources	Reconciliations for accounts payable were not prepared in a timely manner with withholding tax payable not actually prepared.
Ministry of Education, Heritage and Arts	Two payees have multiple vendor identification in the FMIS general ledger which poses risk of double payments and misappropriation of funds.

APPENDIX 6.0 ARREARS OF REVENUE APPENDIX**Appendix 6.1: Aging of Arrears of Revenue Over 5 years**

Agencies	Over 5 years (\$)	Total arrears (\$)	% of Total Arrears
Economy (Surcharge)	549,356	849,993	65%
Judiciary	9,901,397	13,461,155	74%
Ministry of Agriculture	14,913	27,209	55%
Police	1,993	4,446	45%
Ministry of Lands and Mineral Resources	7,687,865	20,778,013	37%
Water Authority of Fiji	12,149,007	32,936,250	37%
Ministry of Infrastructure Sector	1,929,655	4,746,235	41%
Fiji Islands Revenue & Customs Authority - IRD	8,746,991	69,292,149	13%
Health and Medical Services	5,134	398,212	1%

APPENDIX 7.0 REVENUE APPENDIX**Appendix 7.1: Weaknesses in Internal Control****Appendix 7.1.1: Breakdown in Monetary Values**

Ministries/Departments	Revenue Controls Weaknesses Measured in Monetary Values				
	Revenue amounts that were incorrectly posted (\$)	Variance Between Ministry's Record and GL (\$)	Under/Over statement of Revenue (\$)	Delays in Banking (\$)	Board Sitting Allowance without receipts (\$)
Ministry of iTaukei Affairs	15,843				
Department of Information Communication				2,080	
Ministry of Women, Children & Poverty Alleviation	368,528				
Republic of Fiji Military Force	29,852				
Ministry of Agriculture		120,294			
Ministry of Sugar					8,141
Ministry of Defence, National Security & Immigration	31,833				
		21,410			
		94,197			
Ministry of Fisheries & Forests		224,312			
		74,566			
Ministry of Health & Medical Services			229,464		
				64,253	
Fiji Police Force				546	
	85,177				
Ministry of Foreign Affairs	215,966				
	785,213				
TOTAL	1,532,412	534,779	229,464	66,879	8,141

Appendix 7.1.2 : Breakdown in Monetary Values

Ministry	Anomalies in Revenue
Ministry of iTaukei Affairs	The balances for scholarship bond recovery were still reflected in the Ministry's general ledgers despite the transfers of the administration of scholarships to the TSLB from 2014.
Ministry of Defence, National Security & Immigration	All receipts were posted to securities license fees allocation irrespective of their nature.
	There is a variance between the revenue in the agency financial statements and the general ledger of \$21,410.
	Unreconciled variance between the receipts generated by Integrated Border Control Management System (IBMS) records and General Ledger (FMIS) records \$94,197.
Republic of Fiji Military Force	Vat receivable has been recognised as revenue.
	Income received from march band performance not recognised as operating revenue but is kept in the Band Trust Account. RFMF purchased new band equipment worth \$408,761 during the year and charges a fee of \$500 for march band.
	The revenue collector's chart for monitoring the revenue was not maintained.
Ministry of Agriculture	The audit review of the Ministry's Quarterly Return noted a significant variance of \$120,924 between the budgeted rental revenue from government quarters and the actual amount recorded in the FMIS general ledger.
	The audit noted that the Ministry did not maintain the gazetted list of fees and charges for revenue collected from TMA sales. The fees list provided for audit was prepared by the revenue clerk at the Ministry's headquarters who indicated that the list was prepared after enquiring from the respective revenue collectors in the stations.
Ministry of Fisheries & Forestry	A variance of \$224,312 was noted between the audit calculation and FMIS general ledger balance for fishing license fees.
	There is no interface between the Timber Revenue System (TRS) and the FMIS general ledger. Consequently, a variance of \$74,566 was noted between the audit calculation and the FMIS general ledger.
Ministry of Health & Medical Services	The TMA sales amount as per the FMIS/GL as at 31/07/16 was \$229,464. However the Ministry stated total sales of \$178,133 in its VAT return for the period ended 31/07/16. The audit noted that the total sale amount was under stated by \$51,331 by the Ministry in its VAT Return for the period ended 31/07/16.
	Incorrect revenue allocations were entered on the revenue receipt books and on some instances, the revenue allocations on the receipt books did not match with the revenue allocations on the revenue collectors' analysis sheets.
	Revenue allocations entered on the revenue receipt books were not clear as it was only scribbled on the receipt books, hence it cannot be deduced whether these receipts were posted to the correct allocations.

Ministry	Anomalies in Revenue																																																																								
	<p>In some cases, revenue allocations were not entered at all on the receipt books; hence, it was difficult to determine the accuracy of the revenue figures. The above anomalies were prevalent in the hospitals within the Central Division especially the Colonial War Memorial hospital.</p> <p>The audit review of revenue records in the Central Division noted evidences of delayed banking with cash being kept at the respective hospitals for a period of 3 to 98 days.</p>																																																																								
Ministry of Sugar	<p>The Ministry did not have any revenue records during the year including government receipt book, revenue collectors' analysis sheet and bank lodgement forms despite the Ministry receiving the Director of Sugars board sitting allowances for the above boards from previous years.</p> <p>In 2016, the Ministry of Sugar received a total of \$8,141 as board sitting allowance for the Director of Sugar attending the board meetings without an official government revenue receipt being issued.</p>																																																																								
Fiji Police Force	<p>Considerable delays in the lodgement of revenue by the Force.</p> <p>Instances were noted whereby the total amount of revenue including VAT was posted to the revenue allocation.</p> <p>Instances were noted whereby revenue receipts could not be traced. However, the receipt sequence before and after these receipts were banked.</p>																																																																								
Ministry of Foreign Affairs	<p>The revenue collected is held with the missions overseas bank accounts and recorded in the Overseas Cash (SAG 51) allocation, hence, the cash was available to the Missions to meet its operational expenses.</p> <table border="1" data-bbox="412 1056 1053 1845"> <thead> <tr> <th data-bbox="412 1056 566 1119">Month</th> <th data-bbox="574 1056 883 1119">Description</th> <th data-bbox="891 1056 1053 1119">Total Amount (\$)</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="412 1129 1053 1150">CANBERRA</td> </tr> <tr> <td data-bbox="412 1161 566 1182">January</td> <td data-bbox="574 1161 883 1182">Immigration Fees for 2016</td> <td data-bbox="891 1161 1053 1182">3,386</td> </tr> <tr> <td data-bbox="412 1192 566 1213">February</td> <td data-bbox="574 1192 883 1213">Immigration Fees for 2016</td> <td data-bbox="891 1192 1053 1213">2,471</td> </tr> <tr> <td data-bbox="412 1224 566 1245">March</td> <td data-bbox="574 1224 883 1245">Immigration Fees for 2016</td> <td data-bbox="891 1224 1053 1245">2,666</td> </tr> <tr> <td data-bbox="412 1255 566 1276">April</td> <td data-bbox="574 1255 883 1276">Immigration Fees for 2016</td> <td data-bbox="891 1255 1053 1276">3,694</td> </tr> <tr> <td data-bbox="412 1287 566 1308">May</td> <td data-bbox="574 1287 883 1308">Immigration Fees for 2016</td> <td data-bbox="891 1287 1053 1308">4,286</td> </tr> <tr> <td data-bbox="412 1318 566 1339">June</td> <td data-bbox="574 1318 883 1339">Immigration Fees for 2016</td> <td data-bbox="891 1318 1053 1339">2,557</td> </tr> <tr> <td data-bbox="412 1350 566 1371">July</td> <td data-bbox="574 1350 883 1371">Immigration Fees for 2016</td> <td data-bbox="891 1350 1053 1371">854</td> </tr> <tr> <td colspan="2" data-bbox="412 1381 883 1402">Total – Canberra</td> <td data-bbox="891 1381 1053 1402">19,914</td> </tr> <tr> <td colspan="3" data-bbox="412 1413 1053 1434">WELLINGTON</td> </tr> <tr> <td data-bbox="412 1444 566 1465">January</td> <td data-bbox="574 1444 883 1465">Immigration Fees for 2016</td> <td data-bbox="891 1444 1053 1465">22,652</td> </tr> <tr> <td data-bbox="412 1476 566 1497">February</td> <td data-bbox="574 1476 883 1497">Immigration Fees for 2016</td> <td data-bbox="891 1476 1053 1497">23,531</td> </tr> <tr> <td data-bbox="412 1507 566 1528">March</td> <td data-bbox="574 1507 883 1528">Immigration Fees for 2016</td> <td data-bbox="891 1507 1053 1528">15,195</td> </tr> <tr> <td data-bbox="412 1539 566 1560">April</td> <td data-bbox="574 1539 883 1560">Immigration Fees for 2016</td> <td data-bbox="891 1539 1053 1560">20,686</td> </tr> <tr> <td data-bbox="412 1570 566 1591">May</td> <td data-bbox="574 1570 883 1591">Immigration Fees for 2016</td> <td data-bbox="891 1570 1053 1591">22,290</td> </tr> <tr> <td data-bbox="412 1602 566 1623">June</td> <td data-bbox="574 1602 883 1623">Immigration Fees for 2016</td> <td data-bbox="891 1602 1053 1623">37,016</td> </tr> <tr> <td data-bbox="412 1633 566 1654">July</td> <td data-bbox="574 1633 883 1654">Immigration Fees for 2016</td> <td data-bbox="891 1633 1053 1654">20,181</td> </tr> <tr> <td colspan="2" data-bbox="412 1665 883 1686">Total – Wellington</td> <td data-bbox="891 1665 1053 1686">161,551</td> </tr> <tr> <td colspan="3" data-bbox="412 1696 1053 1717">WASHINGTON</td> </tr> <tr> <td data-bbox="412 1728 566 1749">January</td> <td data-bbox="574 1728 883 1749">Immigration Fees for 2016</td> <td data-bbox="891 1728 1053 1749">4,168</td> </tr> <tr> <td data-bbox="412 1759 566 1780">February</td> <td data-bbox="574 1759 883 1780">Immigration Fees for 2016</td> <td data-bbox="891 1759 1053 1780">3,058</td> </tr> <tr> <td data-bbox="412 1791 566 1812">March</td> <td data-bbox="574 1791 883 1812">Immigration Fees for 2016</td> <td data-bbox="891 1791 1053 1812">6,521</td> </tr> <tr> <td data-bbox="412 1822 566 1843">April</td> <td data-bbox="574 1822 883 1843">Immigration Fees for 2016</td> <td data-bbox="891 1822 1053 1843">4,536</td> </tr> </tbody> </table>	Month	Description	Total Amount (\$)	CANBERRA			January	Immigration Fees for 2016	3,386	February	Immigration Fees for 2016	2,471	March	Immigration Fees for 2016	2,666	April	Immigration Fees for 2016	3,694	May	Immigration Fees for 2016	4,286	June	Immigration Fees for 2016	2,557	July	Immigration Fees for 2016	854	Total – Canberra		19,914	WELLINGTON			January	Immigration Fees for 2016	22,652	February	Immigration Fees for 2016	23,531	March	Immigration Fees for 2016	15,195	April	Immigration Fees for 2016	20,686	May	Immigration Fees for 2016	22,290	June	Immigration Fees for 2016	37,016	July	Immigration Fees for 2016	20,181	Total – Wellington		161,551	WASHINGTON			January	Immigration Fees for 2016	4,168	February	Immigration Fees for 2016	3,058	March	Immigration Fees for 2016	6,521	April	Immigration Fees for 2016	4,536
Month	Description	Total Amount (\$)																																																																							
CANBERRA																																																																									
January	Immigration Fees for 2016	3,386																																																																							
February	Immigration Fees for 2016	2,471																																																																							
March	Immigration Fees for 2016	2,666																																																																							
April	Immigration Fees for 2016	3,694																																																																							
May	Immigration Fees for 2016	4,286																																																																							
June	Immigration Fees for 2016	2,557																																																																							
July	Immigration Fees for 2016	854																																																																							
Total – Canberra		19,914																																																																							
WELLINGTON																																																																									
January	Immigration Fees for 2016	22,652																																																																							
February	Immigration Fees for 2016	23,531																																																																							
March	Immigration Fees for 2016	15,195																																																																							
April	Immigration Fees for 2016	20,686																																																																							
May	Immigration Fees for 2016	22,290																																																																							
June	Immigration Fees for 2016	37,016																																																																							
July	Immigration Fees for 2016	20,181																																																																							
Total – Wellington		161,551																																																																							
WASHINGTON																																																																									
January	Immigration Fees for 2016	4,168																																																																							
February	Immigration Fees for 2016	3,058																																																																							
March	Immigration Fees for 2016	6,521																																																																							
April	Immigration Fees for 2016	4,536																																																																							

Ministry	Anomalies in Revenue						
	May	Immigration Fees for 2016	3,267				
	June	Immigration Fees for 2016	3,616				
	July	Immigration Fees for 2016	9,338				
	Total –Washington		34,504				
	Total		215,969				
The administrative fees collected by the overseas Missions were posted into the Operating Trust account instead of a revenue account. However, the Ministry following the audit query raised for the financial period ended 2015 on the current treatment, journalized all the postings from 01/01/16 to 31/07/16 to the miscellaneous revenue allocation.							
Department of Information and Communication	Review of the lodgement records reveal that cash collected by the Department of Information were not banked daily. Refer to the Table below for details.						
	Revenue Receipt No.	Date	Amount (\$)	Cash /Cheque	Date Deposited	No. of Working Days Delayed	Comments
	107129	31/03/16	40	Cash	07/04/16	4	Sale of DVD
	107132	12/04/16	20	Cash	18/04/16	4	Sale of DVD
	107134	14/04/16	97	Cash	18/04/16	2	Retirement of Advance
	107135	15/04/16	261	Cash	18/04/16	1	Retirement of Advance
	107140	13/05/16	76	Cash	17/05/16	2	Retirement of Advance
	107150	12/07/16	128	Cash	14/07/16	2	OPR
	107251	12/07/16	20	Cash	14/07/16	2	Retirement of Advance
	107255	22/07/16	123	Cash	28/07/16	4	Retirement of Advance
	107256	22/07/16	1,107	Cash	28/07/16	4	Retirement of Advance
	107257	25/07/16	168	Cash	28/07/16	3	Sale of DVD
	107258	26/07/16	40	Cash	28/07/16	2	Sale of DVD
Ministry of Social Welfare	The audit noted that cheques for Social Welfare Allowances ⁹⁴ were returned from the banks due to incorrect recipient's bank account details. The audit established that the Ministry recognized the returned cheques totaling \$368,528 from the banks as miscellaneous revenue contrary to finance regulations. Refer below for details.						
	Period	Amount (\$)	Remarks				
	2015	367,993	The amount were credited to Miscellaneous revenue (SRG 27) rather than RFA- Reimbursement and Recoveries of Overpayment in Previous Years account (SRG 28)				
	01/01/16 – 31/07/16	535	The amount were wrongly adjusted to Miscellaneous revenue (SEG 27) as it should have been adjusted to SRG 28				
	Total	368,528					

⁹⁴ The cheques comprised of Poverty Benefit Scheme, Social Pension Scheme and Care & Protection Allowances allocated for SEG 6

