

MINISTRY OF FINANCE



Annual Report 2011

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MINISTER FOR FINANCE'S FOREWORD



As Prime Minister and Minister for Finance, I am pleased to submit the Ministry for Finance's Annual Report for the year 2011. The report highlights the major achievements of the Ministry for the last financial year and also provides a glimpse of areas that can be improved for 2012.

Financial Management Reform initiatives continue to be a priority of the Ministry in terms of implementing appropriate infrastructure and strategies for whole of Government Ministries and Agencies. In addition the Ministry manages macroeconomic contribution in terms of Government revenue and debt management which are key areas continuously addressed by the achievements of 2011.

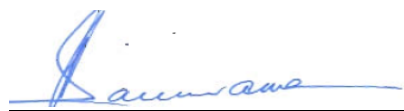
The Ministry's work on training and awareness for the implementation of the international public sector accounting standards needs to be commended since this will be the basis in which public sector accounting will transcend from cash basis accounting to accrual accounting thus keeping abreast with international requirements.

The new approach to the Budget Strategy for 2012 implemented in 2011 allows Ministries and agencies to allocate and distribute resources to areas of sectorial importance within the envelope size endorsed by Cabinet.

The first quarter of 2011 saw the successful raising of US\$250 million bond in the international market with a 5 year term. The US \$150 million global bond raised in 2006 was successfully repaid in 2011 and it needs to be highlighted that Government managed to settle all principal and interest payments due in 2011.

The Ministry is continuously facilitating the 2 year Fiji Sugar Industry Reform Framework that includes close monitoring of Fiji Sugar Corporation resources. We hope that this will assist in the revamping of the industry for the betterment for those who rely on it for their livelihood.

The Ministry of Finance achieved all its targets for the year and I thank the Permanent Secretary and his staff for providing timely advice and assisting the Fijian Government move forward towards achieving its strategic goals in 2014.



Josaia Voreqe Bainimarama
Prime Minister and Minister of Finance

PERMANENT SECRETARY'S STATEMENT



The focus of 2011 was to formulate targets and set a platform for a new strategic direction for the Ministry in the coming year. In achieving these targets the Ministry continuously fulfils its roles and responsibilities as steward for Government finances.

In this regard, I commend the Management and Staff of the Ministry of Finance for working tirelessly despite the numerous challenges in trying to move the Ministry forward towards its goals in contributing to a better Fiji for all.

2011 saw the implementation of a number of initiatives implemented to assist in major areas of financial management reforms, financial services and macro – economic performance. This is in line with the strategic objectives of the Roadmap for Democracy and Sustainable Socio – Economic Development. Amongst other achievements in 2011 the Ministry of Finance in was able to facilitate for whole of Government:

- The announcement of the 2012 Budget;
- Settling of all principle and interests payments due in 2011 in terms of Government debt;
- Regulatory assessment and monitoring of Government investments in Government commercial companies, commercial statutory authorities and minority and majority state owned entities;
- Leasing of necessary vehicles to Government;
- Completion of maintenance work on targeted municipal and government roads;
- Completion of Annual Procurement Plan training and procurement guides; and
- The opening of the tier 3 Data Centre to support the e-government project.

In terms of operations, the Ministry was able to:

- Conduct necessary training to staff;
- Continue improvements to standard operating procedures;
- Decrease the number of vacant posts; and
- Complete the Annual Corporate Plan for 2012;

I thank the Prime Minister and Minister for Finance for his support and endorsing policies that brought about the implementation of key Government initiatives for 2011. These initiatives have not only contributed to the development of the Fijian economy as a whole but also provide the necessary infrastructure for the way forward for 2012.

A blue ink signature of Filimone Waqabaca, written in a cursive style.

Filimone Waqabaca
Permanent Secretary for Finance



OUR VALUE STATEMENT

OUR VISION

Prudent Stewardship of Government Finances

OUR MISSION

Sound management of Government resources in order to facilitate economic growth, achieve financial stability and build a better Fiji for all

OUR VALUES

Integrity, Professionalism, Quality, Accountability, Efficiency, Excellence, Teamwork

OUR ROLES AND RESPONSIBILITIES

The Ministry of Finance is accountable to the Government for the promotion of sound resource management practice among the various Government agencies, with particular emphasis on finances. It is also responsible for promoting sound economic management of the national economy, consistent with macroeconomic targets that put the economy on a path to sustainable (and stable), long term development.

The primary role of the Ministry of Finance was to support the Government in the efficient and effective management of the national economy consistent with the sustainable achievement of Government's vision for the nation. To achieve this, the Ministry ensured that prudent fiscal policies and practices were in place in order to strengthen financial and macro-economic stability.

The Ministry continued in its efforts to spearhead the financial management reform that helped Government improve the delivery of public goods and services, thereby contributing to economic growth and improving the living standards of the people of Fiji.

In fulfilling its role, the Ministry had assumed responsibility for providing Government with:

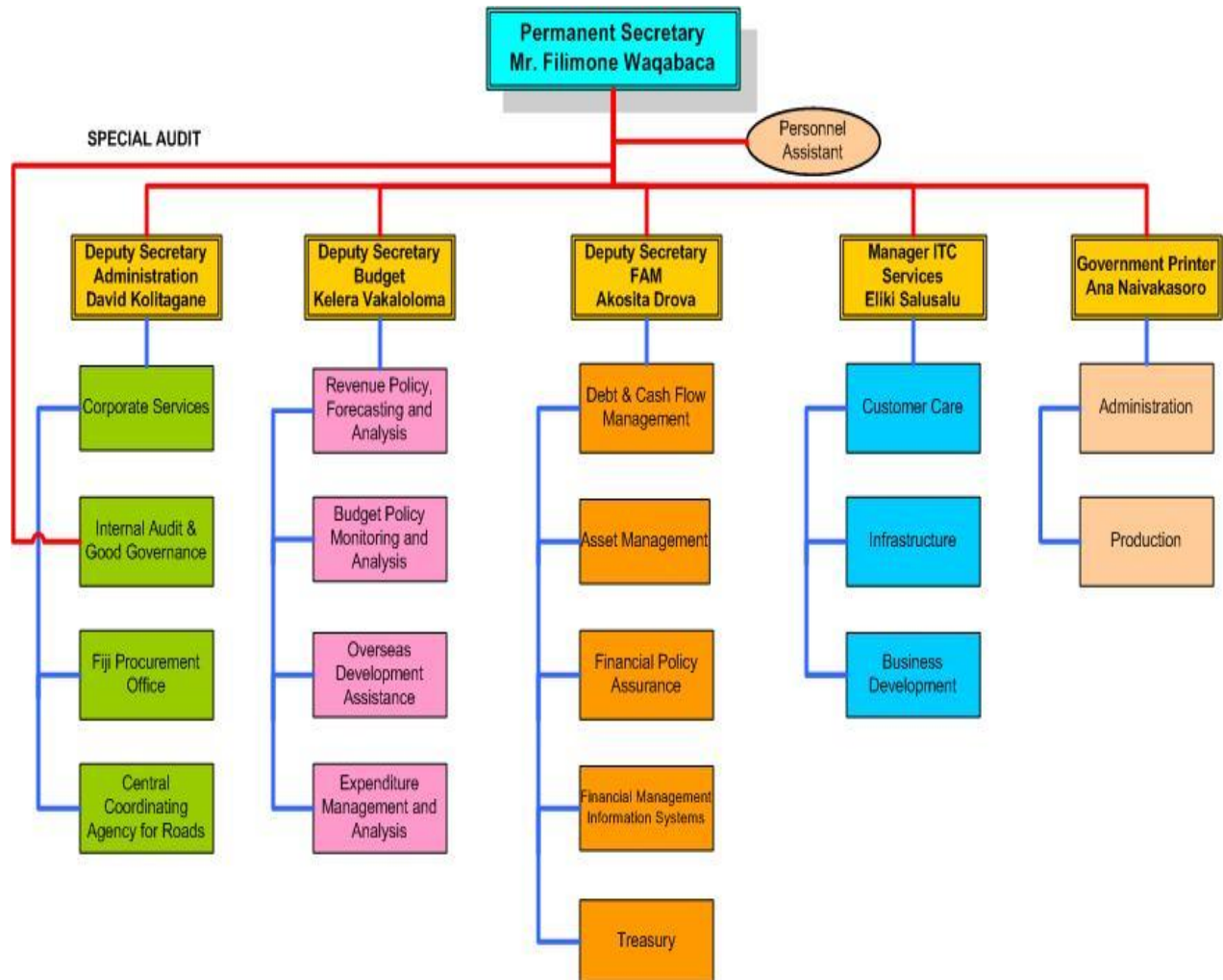
- Sound economic and financial forecasting, advisory and analytical services;
- Budget management services;
- Accounting services;
- Oversight of the tax collection function exercised by the Fiji Islands Revenue and Customs Authority (FIRCA);
- Financial asset and liability management services;
- Oversight of, and key responsibility for the implementation of, government-wide financial management reform;
- Government Printing services;
- Electronic networking of Government agencies and information technology support services through the ITC;
- Facilitating the maintenance and upgrading of road works for Government and municipal councils; and
- Facilitation of procurement process for whole of Government.

In fulfilling these responsibilities, the Ministry of Finance activities are undertaken by the following departments and divisions: Executive Support and Administration Division, Finance and Asset Management Division, Budget Division, Treasury Division, Fiji Procurement Office, Financial Control, Internal Audit and Compliance Division, Government Printing, Central Coordinating Agency for Roads, Government printing and Stationery Department and the Department for Information Technology and Computer Services.

In addition, one of the Ministry's key outputs is performed by FIRCA in terms of tax collection subject to a performance agreement.



OUR ORGANIZATION CHART



OUR PERFORMANCE

1.0 FINANCIAL ASSET MANAGEMENT (FAM) DIVISION



The FAM Division monitors the finances and assets of Government under the Ministry of Finance. This includes Debt and Cash flow Management, Asset Management, Financial Policy and Assurance, Internal Audit and Financial Management Information System (FMIS).

1.1 DEBT & CASH FLOW MANAGEMENT UNIT (DCFMU)

The Unit continued to manage Government's cash flow, debt, guarantees and borrowings through the money markets. In 2011 the Unit achieved the following:

- Successfully raised US\$250 Million in the first quarter of 2011 in the international market. Term: 5 years, Interest Rate: 9.00%
- Raised \$117 m through Bond issued in the domestic market as approved by Cabinet in line with the 2011 Budget
- Repayment of US\$150 Million global bond that was raised in September 2006.
- Sinking Fund Account with JP Morgan rose from U\$57m recorded in Dec 2010 to US\$72 Million as at end of review period
- Invest US\$25 million with ING, US\$25 Million with ANZ and US\$10 Million with JP Morgan Reserve Funds.
- Treasury Bills outstanding was \$71.1m m at year end.
- Overseas loan funding was in the form of \$117.9m in direct payments from the EXIM Bank of China, Exim Bank of Malaysia and the Asian Development Bank and \$1.8m in reimbursements from ADB.
- The Government managed to settle all principal and interest payments due in 2011. Of the total \$3.6 billion outstanding debt, \$2.7 billion was for domestic loans and \$0.8 billion was external loans.
- In 2011, the Government fully paid three (3) loans of which one (1) was from ADB and two (2) from the European Investment Bank with a total value of \$8.7m
- RBF Ways and Means borrowed during the year was fully cleared by December 31 2011.
- DCFMU Conducted field visits and assessment of Agency in the area of arrears of revenue, guarantee, cash flow, progress assessments of Loan funded projects.
- Provision of monthly and quarterly Government's Domestic and External debt reporting.
- Produced the Government's Head 52 Budget Estimates and Loan Funding Program for 2011, as well as the Debt Servicing Cash flow monthly projections.
- Effectively managed cash flow and cash forecasting for the whole of Government.
- Presentations were made to the Debt & Cash Flow Policy Committee, Financial Policy, Cabinet Sub-Committee on the Budget on key outputs and quarterly debt updates.

1.2 FINANCIAL MANAGEMENT INFORMATION SYSTEM (FMIS)

The FMIS Unit focused for 2011 is on achieving the target milestones for the year. The Unit was responsible for the provision of administrative and technical support for Whole of Government

(WoG) FMIS, the provision of functional support for all FMIS users, capacity building on FMIS across Government, monitoring and analysis of all reconciliations and the consolidation of the monthly State of Nation and Annual Whole of Government (WoG) Financial Statements and Annual Report.

In 2011, FMIS achieved the following:

- Consolidated the 2010 WoG Annual Report and Financial Statement for submission to the Office of the Auditor General by 31st May 2010.
- Rectified all roll up structure issues from Ministries and Departments.
- Monitored the daily processes by Ministries and Departments to ensure the FMIS was updated accurately and in a timely fashion.
- Maintenance of FMIS server to reduce less downtime and increase accessibility for users across Government.
- Uploading of the Wage Earner pay from Payroll to Accounts payable weekly.
- Uploading of the 2012 Budget by 31st December 2011.
- Effectively conducted relevant training on FMIS in accordance to the Ministry of Finance Training Handbook and to other stakeholders.
- Conducted four (4) User Group meetings to discuss issues and problems identified by FMIS users.
- Effectively monitored and analyze reconciliation carried out by Ministries and Departments.
- Timely production of the monthly State of Nation.

- Policy advice/briefs provided to Management, FMR Steering Committee and other stakeholders on matters pertaining to FMIS and its progress.
- Successfully implemented FMIS to the Department of National Road by October 2011.
- Successfully implement Electronic Fund Transfer (EFT) to Treasury by November 2011.

1.3 ASSET MANAGEMENT UNIT (AMU)

The Asset Management Unit (AMU) manages Government investments in Government Commercial Companies (GCC), Commercial Statutory Authority (CSA), majority and minority companies, and provides advice on Government investment and divestment opportunities in the sale of government shares.

AMU was also responsible for monitoring on all TMA report submissions in terms of Business Plans, Bank Reconciliation reports, Quarterly reports and finalization of the TMA year end reports as a portion of respective Agency Financial Statements (AFS).

In 2011, the Unit achieved the following:

- Successful transfer of Fiji Investment Company Limited (FICL) to Fiji Development Bank (FDB) Nominees Limited;
- Successful negotiation of the sale of FICL shares with Grand Pacific Hotel Limited to Fiji National Provident Fund (FNPF);
- Successful transfer of Kalabu Tax Fee Zone (KTFZ) from Investment Fiji to AMU;
- Successful facilitation of new Trade Manufacturing Accounts (TMA) for Public Service Commission and the Department of Agriculture;
- Facilitation of the 2-year Fiji Sugar Industry Reform Framework that includes close monitoring of Fiji Sugar Corporation operations;

- Facilitation of the transfer of Copra Millers of Fiji Limited (CMFL) operations to the Ministry of Finance;
- Regulatory assessment and monitoring of Government investments in Government Commercial Companies (GCC), Commercial Statutory Authorities (CSA) and minority and majority state owned entities;
- Attending approved GCCs and CSA's Annual General Meetings (AGM) and Board Meetings;
- Regulatory assessment and monitoring of all Government's TMA operations that include annual Business Plans; Quarterly Reports; monthly Bank Reconciliations; and TMA fees and charges reviews;
- Provided secretariat support to the Sale of Government Printing & Stationery Department (GPSD) Taskforce Committee; and
- Facilitated the capacity building of staff both locally and externally.

1.4 FINANCIAL POLICY ASSURANCE UNIT (FPAU)

The Financial Policy Assurance Unit continued to uphold its responsibility in enforcing the Financial Management Act 2004 and its subsidiary legislations to achieve the financial management reform objectives of strengthening accountability and adopting a performance focus in Government.

The Unit also supported and assisted in the implementation of financial management reform initiatives that would streamline financial management processes and at the same time ensured that Government finances were managed responsibly. Furthermore, the Unit also continued to provide policy advice and policy assurance on prudent financial management practice in Government.

Outputs for 2011 included:

- Formulated and amended five (5) FMR Policies for Whole of Government namely the Electronic Funds Transfer (EFT), Proforma, Virement, Carry over and Write off.
- Provided 13 major policy advices to Ministries and Departments on Financial Policy issues and instructions.
- The team managed to formulate the 2009 Cash Basis IPSAS compliant WoG Financial Statement and conducted training and awareness on IPSAS within Government as well as controlled entities (SOEs).
- In essence, the team had completed 95% of work required under this task.
- The 2009 Cash Basis IPSAS FS was sent to Office of the Auditor General (OAG) for auditing and queries.
- Worked towards the development of the National Cash Accounting Standards which was awaiting commentaries from the Office of the Auditor General on MOF audit query responses.
- Confirmation and receipt of at least 95% of Ministries and Departments Finance Manuals.
- Issued all 4 quarterly newsletters in 2011 to Ministries and Departments and key stakeholders which highlighted major Ministry of Finance initiatives for each respective quarter.
- Major training attended by staff in 2011 was Quality Circle, 5s and Fiji Institute of Accountants Technical Workshop.

1.5 TREASURY UNIT

The Treasury Division was responsible for the provision of comprehensive accounting and financial advisory services to Government entities. It continued to regulate Government cash balances held in the Consolidated Fund accounts in various banks and control accounts held at Reserve Bank; operated the drawings account; controlled Government accounts, and processed pensions.

It also was responsible for the control and maintenance of the Government's payroll system and also the payments of contract, gratuity, administration of leave and passage regulations and the payment of goods and services.

In 2011, the Division achieved the following:

- Provision of advice to other Government Ministries that needed assistance in the interpretation of the Finance Act, FI and any other operating policies implemented.
- Consolidated the Ministry's annual budget. Completed all the purchasing and payments for the Ministry. Ensured that there was no over-expenditure of the provisions and that the purchases and payments done were properly authorized and in accordance with the current rules and regulations.
- Introduced Electronic Fund Transfer (EFT) payments as another mode of payment apart from the normal cheque payment. Two banks namely, ANZ and Westpac have come on board and now awaiting BSP to provide the same internet banking facility.
- Produced Government Financial Statements, the Agency Financial Statements (AFS) and the Whole of Government (WoG) Financial Statements on time as required by the Financial Management Act 2004.
- Facilitated purchasing and payments.
- Completed all reconciliation of Drawings accounts, IDC, RFA, Imprest, Trust and posting of Accounts Receivable (AR).
- Ensured there was sufficient supply of cheque books/leafs and other revenue earning receipt books for all Government Departments and Ministries.
- Issued Treasury Bills redemption schedule.
- Facilitated the payments of loans, principal and interest as and when due.
- Able to assist the Fiji Revenue & Customs Authority clear tax arrears for other government agencies.
- Effectively processed Government Established/Un-established employees' salaries/wages according to the respective 2011 Pay Calendar.
- The salaries section took on board the responsibility for maintaining and controlling master file records for the Fiji Military Forces and Police Special Constables. These controls were previously held by the agencies.
- The payment of leave allowances was ongoing through the payroll. This effectively reduced the manual payment process.
- Effectively processed the payments of gratuities and issuing of passage/baggage orders to contract officers, in accordance with their signed Agreement of service and PSC approval.
- Salary reconciliation for Ministries and Departments was done through the payroll system.
- Cash as a mode of receiving salary was removed with effect from 1st January, 2011.
- Pension payments, both locally (2,491) and overseas (513) were made effectively and efficiently within the budgetary provisions.
- Prompt processing of retirement cases for retiring pensionable officers and re-engagement bonuses for the disciplined officers.
- The Pension Office was upgraded with the provision of proper sitting facilities and television screen for our senior citizens who frequented the office.
- Following the recommendation by the Auditor General, missing field in the pension forms was updated.

2.0 BUDGET MANAGEMENT DIVISION



In 2010, the Budget Division continued with its role of providing economic and fiscal policy advice; the formulation, management and monitoring of the annual budget; and the coordinating and managing of overseas development assistance. As part of the Financial Management Reform Program, the Division also continued with the gradual implementation of Performance Budgeting across Government.

The major achievements in 2011 for the Budget Division are discussed under the various units below:

2.1 EXPENDITURE MANAGEMENT AND ANALYSIS UNIT

Introductions of “Envelope” approach to Expenditure budgeting in the 2012 Budget

The Budget Division introduced a new approach to allocation of resources amongst Ministries and Departments in the 2012 Budget. The approach was endorsed by Cabinet to strategically allocate resources in line with the development objectives of the Fijian Government.

This new approach was applauded by Ministries and Departments as it gives the agencies more leeway to allocate resources to their strategic priority areas within the set envelope size endorsed by Cabinet.

Raising Budget Awareness amongst Grassroots/Rural Communities

Budget Division representative participated in Budget Awareness Workshops organized by the Citizen Constitutional Forum in Korovou, Rakiraki, Bua and Labasa in 2011. The communities through the CCF welcomed the information shared by the Budget officials that enlighten the grassroots/rural communities on the avenues available for seeking government assistance through the Budget.

Further streamlining approval processes/Delegation of Virements approval

As part of the Ministry of Finance process improvements, the virement approval authority was again re-delegated to chief accounting officers of Ministries as stipulated in the Finance Instructions. The delegation was re-introduced to allow Permanent Secretaries to have more say in the day to day operations of their respective agencies.

2.1 REVENUE POLICY, FORECASTING AND ANALYSIS & BUDGET POLICY MONITORING AND ANALYSIS UNIT

The Unit achieved the following in 2011:

- Drafted commentaries for 2010 Accounts & Finance Report;
- Presented Quarterly Fiscal Reports to Cabinet (1st Quarter, 2nd Quarter & 3rd Quarter);
- Processed (site visit & assessments) 20 hotel incentive applications;
- Processed 230 customs concession applications;
- Processed 10 applications for Tax Free Region Incentives;
- Compiled 2011 monthly revenue forecast;
- Drafted 2012 Budget Strategy and medium term fiscal framework;
- Formulated revenue and taxation policies for 2012 Budget;
- Devised revenue forecast for 2012 Budget;

- Compiled Budget Documents – Budget Supplement & Address
- Assessed and provided comments on submissions from Ministries for new fees, fines and charges.

2.3 OVERSEAS DEVELOPMENT ASSISTANCE UNIT (ODA)

Donors Roundtable Meeting

The Donors Roundtable was convened on 28th January 2011 after a lapse of 5 years. The three (3) main objectives of the meeting were to update participants on the Government of Fiji's Strategic Framework and the need for Donor Support; discuss the framework for Fiji's Donor Cooperation between Government and Donor Agencies and reiterate the importance of the 2011 Paris Declaration Monitoring Survey; and inform stakeholders of the Government of Fiji's Overseas Development Assistance Mechanism which, in addition to other matters, stresses on the role of the BACC. The key outcomes of the of the 2011 Donor Roundtable Meeting were the formalization of platforms to strengthen dialogue to address effective coordination of ODA for Fiji, to take ownership of development projects and to localize the Paris Declaration on Aid Effectiveness.

Paris Declaration Monitoring Survey Results (PDMS)

The 2011 PDMS followed previous surveys conducted in 2006 and 2008 and tracked progress on twelve quantitative indicators designed to measure development partner and partner country progress on the key Paris Declaration commitments. Fiji participated for the first time in the PDMS in 2011 and the survey revealed important information regarding our progress/achievements towards improving aid effectiveness. It thus provides a platform for further discussions with development partners to address areas of weaknesses identified in the study.

At the same time, the Ministry needs to review existing processes and systems in order to enhance operational efficiencies. In essence, the survey results will become key inputs for informed policy and decision making.

4th High Level Forum on Aid Effectiveness

The 4th High Level Forum (HL4) on Aid Effectiveness was convened in Busan, Korea from 29th November to 01st December 2011. The meeting was the final round of monitoring and evaluation of the Paris Declaration and Accra principles. The Forum followed on from the 2nd High Level Forum held in Paris in 2005 and the 3rd High Level Forum held in Accra, Ghana in 2008. The purpose of the HLF4 was to assess global progress in improving the quality of aid against the agreed commitments of Paris and Accra and share global experiences in delivering the best results. At the end of the Forum, participant countries, institutions and organizations adopted the Busan Partnership for Effective Development Cooperation which articulated their commitment to further enhance efforts globally and within countries to improving aid and development effectiveness. The implications of adopting these principles for Fiji confirm that aid delivery is not only more effective but also development-driven.

Fiji was represented at the forum with the delegation led by the Minister for Foreign Affairs & International Cooperation and included the Permanent Secretary for Finance, the Fiji Ambassador in Japan and a team of officials from both Ministries.



3.0 ADMINISTRATION DIVISION

The Administration Division provides ministerial and executive support to the Minister and Permanent secretary and also provides administrative support to the core function of the Ministry to ensure the successful accomplishment of all the Ministry's programs and plans in the line with the Ministry's corporate objectives. The Administration Division comprise of 4 departments, Corporate, Central Coordinating Agency for Roads (CCAR), Internal Audit and Good Governance and Fiji Procurement Office.

3.1 CORPORATE SERVICES DEPARTMENT



In 2011, the Corporate Services Department undertook the following major activities under its respective units:

3.1.1 Executive Support Group (ESG)

Relevant policy advice was given to the Minister and Permanent Secretary in coordination with relevant sections/departments of the Ministry on matters relating to Government finance, economic and development issues. In 2011, the Minister of Finance tabled thirty eight (38) Cabinet Memorandums to Cabinet.

Other achievements for 2011:

- Assisted with the formulation of the 2012 Annual Corporate Plan (ACP)

- Coordinated the Ministry's quarterly submission to SFCCO and NPCAC.
- Facilitated ABD, IMF and World Bank issues for the attention of Minister and PSF and acted as main liaison for the Ministry.
- Received and addressed 27 complaints from external stakeholders.
- Established the Policy Committee to endorse internal and external policy papers.
- Held meetings on the transfer of secondhand vehicle import license approvals to FRCA.
- A visit and tour by the Regional Executive Director of World Bank was facilitated and was a highlight in December.



3.1.2 Personnel Unit

The Unit tabled 57 Flying Minute(s) for Staff Board and PSF approval; processed 54 new acting appointments; 13 internal postings; 2 retirements; 26 transfers; 12 resignations; 11 temporary relieving appointments and 27 industrial attachments. In addition, the Unit also prepared 22 Contract of Service; 27 Contract on Promotion; and processed 363 late arrivals and 4,084 leave applications.

3.1.3 Post Processing Unit (PPU)

In 2011, the Unit processed 49 vacancies, which led to the signing of 27 Contract on Promotions and 22 Contract of Service in the Ministry.

The 49 vacancies processed included 2 SES positions (Chief Accountant (Treasury) and Director (Corporate Services), and 1 position from Information Technology & Computing Services. By the end of 2011, total staffing (PE and GWE) on the ground was 215, with 50 vacant posts.

The total number of staff in the Ministry of Finance and its line departments comprise the following:

Staff Distribution

Department	Staff in Post	Vacant	Total
Ministry of Finance(HQ)	215	50	265
ITC Services	49	52	101
Government Printing	90	20	110

The details of staff in Table 1 include unestablished and temporary staff. All staff in the Ministry and the respective department(s) are considered to be qualified personnel, as they meet the Minimum Qualification Requirement (MQR), and are capable officers in their respective areas of operation. Training continues to be the main area for staff development in the Ministry and line agencies.

3.1.4 Vehicle Management Unit

In 2008, Cabinet approved the leasing of Government vehicles for a period of 4 years and a mileage of 150,000km.

Following that in April 2009, Cabinet agreed to implement the fuel card system across Government to strengthen the control mechanisms and reduce the costs involved in relation to the purchase of fuel and oil.

A total of nine hundred and seventy four (974) cards were subsequently issued which saw a net savings of \$308,740.00.

In 2011, the Unit facilitated the purchase of seven (7) new vehicles at a cost of \$331,708.10. Following Cabinet approval in 2008 on the leasing facility, in 2011 a total of seventy eight (78) vehicles were leased to Government and distributed to various Ministries and Departments.

A total of 98 cases of vehicle accidents were reported with cost of damages amounting to \$313,275.10. 152 surcharge cases were recorded with a total surcharge cost of \$555,067.78 out of which \$100,386.16 have been recovered from the officers. A total of eighty seven (87) vehicles were written off/auctioned in 2011.

A total of seven (7) complaints were recorded in 2011 where all these complaints were investigated and drivers found responsible were appropriately disciplined.

3.1.5 Training Unit

In 2011, the Training Unit achieved the following:

Overseas Training

In 2011 the Training Unit coordinated the attendance of forty three [43] officers for overseas courses / conferences / meetings / workshops. This request involved the; requests for funding, filling in of TNA forms, arrangement of PSC releases, visa applications, travel arrangements, transportation arrangements and so forth.

Local Training

In addition, there was a total of hundred and fifty [150] officers that attended courses conducted by local training providers.

Sponsored Studies (Part-Time & Full Time)

Four [4] officers pursued professional qualifications on a full time basis whilst seventeen [17] pursued professional qualifications on a part-time basis.

In-House Training

A total of hundred and forty six [146] officers attended courses attended our In-House Training for both PSC delegated training and also other scheduled and unscheduled In-House training.

During the year, the unit conducted twenty two [22] Cash Accounting Courses planned for the year. The duration of the courses ranged from half day [½] to two [2] days. The courses were attended by 519 officers selected by Ministries/Departments and it proved to be of considerable value in training and developing of officers in the accounting cadre.

Service Exams

A total of twenty five [25] officers sat for the following service examinations; H1, H2, S, U and E.

Other Important Highlights

The Training Unit also:

- Formulated a Human Resources Development Plan for the period 2011 – 2012.
- Formulated the Ministry of Finance Annual Corporate Plan for 2012.
- Provided assistance to the PSC Training Division on the facilitation of the Accounting Syllabus for all the service exams and this was taken to the three divisions. The total number of officers that attended the tutorials were eight hundred and thirty six [836] for both the sittings in May and December.
- Attended all Public Service Training Examination Board Meetings as a Member.

- Coordinated and facilitated unscheduled Training and On the Job Training for Ministry of Finance staff on Managements request.
- Coordinated five [5] FMR Training with the University of Fiji and the University of the South Pacific for civil servants in the following destinations; Suva, Lautoka and Labasa.
- Provided all the groundwork for the establishment of the Financial Management Training Committee [FMRTC] Scholarship and which included the following;
 - ✓ Formulated Terms of Reference for Members;
 - ✓ Formally invited members from selected Ministries and Departments;
 - ✓ Formulated Scholarship Forms;
 - ✓ Formulated Scholarship Selection Criteria;
 - ✓ Created database and inputted all applicants;
 - ✓ Interviewed shortlisted applicants;
 - ✓ Provided a rolling funding forecast; and
 - ✓ Provided the secretariat functions to the FMRTC Meetings.

3.1.6 Records Management Unit

Major achievements of the Registry Section for 2011:

- The relocation of our Storage room from Level 2 closer to our work station in Level 1 making it easier for Registry staff to locate closed files that normally requested by staff from other division.
- The transferable of closed Subject files which has been closed for more than 15 years making more space in our storage room.
- The purchasing of Inbuilt Bookshelves to accommodate expected demand however all Budget files had relocated to it while space available in filing compactor will be used to accommodate incoming files.

- An exercise has been drawn up this year whereby Registry Section will try all its best to remove all unused files especially EDP files and perhaps archived it or stored it in a convenient place for further referencing should there be a need, These are those officers that have resigned, are deceased and retired. Necessary assistance will be sought from Ministry and departments for this exercise.
- The overall cleaning and new set up of Registry section into a professional office.
- Coordination with ITCS on the earmarked Document Management System project however the project has been carried forward to 2012 for further consultation and continuous development.
- Retrieval Exercise that was undertaken from all section and units in the 3 divisions. Files, action correspondence and other relevant official documents were retrieved to Registry for proper referencing and filing.

3.1.7 Information Technology Unit (ITU)

The IT Unit is responsible for providing local area network support, user support, personal computer hardware/ software support and advice on technical related issues to approximately 200 staff of Ministry of Finance. The Unit is also responsible in providing administrative and technical support to the Finance Servers, FMIS application, the FMIS Servers and all FMIS users across Government. Ad hoc training is also provided to users on application software's on one to one basis by the Unit. IT plays a critical role in the functioning of the ministry and allows interaction and communication with other parties.

The Unit comprises of three IT posts namely Systems Analyst, Assistant Programmer and Computer Operator. Systems Analyst post is held by Mr. Mohammed Faiyaz and the Computer Operator post is held by Mr. Viliame Delailakeba. Currently Ms. Fipe Rabo is acting on Assistant Programmer's post. IT Unit also allows IT Attaché's from various tertiary institutions to complete their practical attachments under the Unit's staff supervision.

Outlined below are some of outputs delivered during the year:

2012 Budget

IT Unit provided technical support to the Budget Team for the preparation of 2012 Budget from the initial stages up to the printing of the 2012 Budget Estimates. The Excel Worksheets were prepared with necessary changes done prior to baseline input.

Discussions were in progress with ITC Services and other private IT Companies for replacing the current Budget Preparation System to a more productive and user friendly system.

FMIS Server/Application and User Support

The IT Division plays a critical role in supporting the FMIS system across the board.

This includes server maintenance, creating new and updating user accounts and profiles, work unit sets and troubleshooting connectivity and access rights issues. Tasks involve Server backups and liaising with ITC on major network and server related issues. The IT Unit also supports the FMIS clients across Government.

New Purchase/ Replacement of PC's, Laptop's and Printers. The Ministry acquired new Computers, Laptops and Printer from HP Clariti and Datec for Treasury Unit, Internal Audit Division and Budget Division.

IT Training

IT Unit successfully conducted training on the basic use of Microsoft Word 2007 and Microsoft Excel 2007 to the Admin Staff.

IT Workshops

IT workshops organized by ITC Services and other private IT Companies were attended by IT Unit staff.

Ministry of Finance Website

IT Unit is responsible for updating the ministries website on a regular basis. Updates are done as and when required.

IT Projects

Employee Development Management System (EDMS) was deployed to the Ministries Personnel Section for data input.

Towards the end of third quarter it was finalized to get Vehicle Management System (VMS) for the Vehicle Control Unit redesigned.

This was due lack of experienced Oracle Database Designers at ITC Services and at the same time complications faced in modifying current VMS application. The initial VMS Application was designed using Oracle.

A new Surcharge Application was developed by ITC Services for the Surcharge Unit. This new system was a replacement for an older surcharge

database designed using MS Access. The corruption of the older database led to the creation of the new system.

3.1.6 Office Services Unit

In 2011, the Unit achieved the following:

- Processed all board of survey reports and loss reports submitted from Ministries and Departments, and updated its records.
- A total of 807 submissions totaling \$10,098,607.81 were written off in 2011.
- Replenished First Aid Kits for respective divisions and sections.
- Continued to monitor the performance of registry staff.
- Continued to facilitate the withdrawal and new membership of the PSC Group Insurance Scheme.
- Prepared and submitted Insurance claims under the Outpatient plans.
- Compiled and forwarded medical reports to PSC re: members who opted for overseas medical treatment.

Board of Survey Costs for 2011

Month	No.	Cost (\$)	Month	No.	Cost (\$)
January	28	606,000	July	20	197,339.81
February	55	387,159	August	23	160,612.98
March	4	22,709.50	September	4	33,489
April	46	1,571,712	October	24	23,424.40
May	40	567,910.92	November	72	2,929,468.69
June	5	66,086.56	December	55	660,618.75
Total				376	7,224,531.61

3.2 FIJI PROCUREMENT OFFICE

The Fiji Procurement Office came into operation on the 1st of August 2010. The Office is responsible for regulating and administering the procurement of goods, services or works for the whole of Government. This includes the formulation of procurement policies and processes, facilitating the tender process, facilitating clearance of goods purchased from overseas and conducting procurement compliance audits.

The achievements for 2011 include:-

- Finalization of four (4) Guides - Preparing Annual Procurement Plans, Expression of Interest Guide, Procurement for Foreign Missions, Procurement Below the Limit of \$30,000.
- Completed Annual Procurement Plan training for all ministries and departments.
- Trained a total of 602 officers from various ministries and departments with courses focused specifically on the Procurement Regulations 2010 and procurement processes and procedures. Some of these courses also included the crash courses for the service exams.
- Thirty-four (34) Board meetings were held between the months of January and December approving a total of \$123,069,662.56 as well as several rates based contracts.

- Conducted a total of 15 compliance audits, out of which 9 were normal compliance audits and 6 were Special Investigations.
- Total number of clearances was 1054 and total value of clearances was \$43,441,294.41

3.3 CENTRAL COORDINATING AGENCY FOR ROADS (CCAR)

The Central Coordinating Agency for Roads Unit was mandated in August 2009 by the Prime Minister to ensure that there is a significant shift in the manner in which rehabilitation; maintenance and construction of Fiji Roads are undertaken.

The key focus for the Unit in 2011 was completing the 2010 contracts and awarding new contracts for 2011. In collaboration with the Project managers (MWH) and the contractors, a total of 64 roads were completed in 2011 including 21 roads for the 2010 contract and 43 roads for the 2011 contracts. The total contract value for 2010 and 2011 contracts were \$5,421,041.95 and \$9,594,933.75 respectively. However, the value of the contracts that were completed in 2011 amounted to \$8,296,424.35 and the details are as follows:-

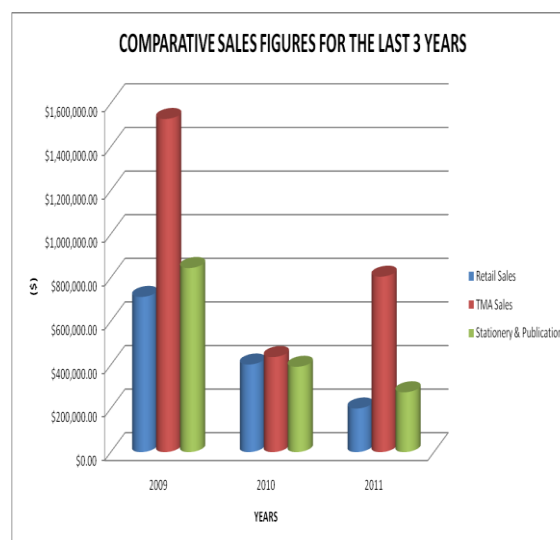
2010 contracts completed in 2011

- Number of roads completed: 21 roads
- Cost: \$2,449,499.01

2011 Contracts

- Number roads completed: 43 roads
- Cost: \$5,846,925.34
- Road Length: 10.34km

3.4 GOVERNMENT PRINTING & STATIONERY DEPARTMENT (GSPD)



Sales for the last 3 years

Sale type	2009	2010	2011	2010: 2011 % Change
Retail Sales	\$711,680.83	\$401,699.06	\$200,003.36	-0.50%
TMA Sales	\$1,527,872.14	\$435,959.61	\$804,566.11	0.85%
Stationery Sales	\$844,409.88	\$391,215.06	\$274,271.93	-0.30%

GSPD Trading Performance 2009 - 2011

2009	2010	2011(Unaudited)
\$ 370,009.34	\$ 702,857.27	\$ 197,862.70

Trading performance

The above table highlights the department's trading performance in the last 3 years. The significant reduction in sales income in 2010 reflects the winding down of most operations as a result of the envisaged sale of the entity. Government decided to discontinue with the sale process in late 2011 and have the entity undergo internal restructuring under the management of the Ministry of Finance.

The dramatic upturn in performance in 2011 proved that given a change in management style and commitment from staff, performance can improve. The department continued to print all official notices through the government's official releases and sale of such publications amounted to \$118, 738 in 2011. This was credited to Government revenue, Sales of Official Publications. Fund for the print of these is provided in the budget.

Printing projects

Some of the major printing undertaken during the year included the following: Learning Records for Primary Schools published by the Ministry of Education and external examination papers for Forms 6 and 7 and these were delivered on time.

No reports on any leaks of examination papers were received which reflects the tight control measures in place on the printing of such documents. Printing of some primary school textbooks were carried out in December, 2011 for the 2012 school year.

Work on improving Emergency Passports in terms of additional security features were also undertaken by the department as requested by the Director of Immigration. This document is used as passports into some countries for those who do not have valid Fiji Passports. This was particularly useful during delays in the supply of new passports experienced during the year.

For the first time, GPSD introduced the spring bound official diary with leather jackets containing an address by the Prime Minister in 2012. The issue was considered a success, despite teething problems.

A small quantity of desk calendars was also printed.

In keeping with the need to be sustainable, the department tendered for some printing projects that were advertised during the year and by the end of 2011, the department was awarded the tender for the print of all course materials for the University of the South Pacific for the next 3

years. This is a major boost to our business as we continue with the internal restructure of the department.

3.5 INFORMATION TECHNOLOGY COMPUTING SERVICES (ITCS)

ITCS provides the Government with an ICT Advisory and Bureau Services. These services include Policy Development, ICT Infrastructure, Management and Expert advice, Application Development, Training and Support Centre. Delivery of these services through mini computers and client/server systems across a wide area network nationally.

The re-implementation of EGOV PROJECT in 2009-2011 has dramatically upgraded and changed ITCS infrastructure to keep in line with the latest development in technology in the world market. This has also led to better quality of service and speed of access for users.

Year 2011 performance was accomplished in line with the targets outlined in the Ministry of Finance Annual Corporate Plan 2011 despite the unavailability of CAPEX funds. ITC Services implemented a number of initiatives in 2011 to assist Government in becoming more efficient, customer-focused and cost effective. This included the opening of the new Tier 3 Data Centre at Berkley Crescent in April 2011, supporting the e- Gov Project, initiating a government wide Voice Over Internet Protocol (VoIP) project in association with the Public Service Commission, trialing and evaluating the new broadband MPLS technology with the carriers and restructuring the department and expanding staff number by 50 (94%) to cater for the exponential growth in ICT Services and infrastructure government wide.

3.0 FINANCIAL CONTROL INTERNAL AUDIT & COMPLIANCE



The major role of the Division was the assessment of government new initiatives and projects, internal audit assurance and consulting services on the reliability and integrity of financial and administrative information, special audit investigations, assessment of the adequacy and effectiveness of internal controls and the enforcement of surcharge actions for non-compliance of rules and regulations, as well as the misuse of Government resources and public funds by officers.

In 2011, the Division achieved the following:

3.1 Internal Audit

- Completed thirty two (34) regulatory audits in 2011.
- Compiled twelve (12) special investigations reports.
- Well established relationship with Permanent Secretaries and senior management through timely exit interview.
- Improved service delivery through established network within ministries and departments
- Formulation of the new follow up template

- Consistent follow up on the implementation of audit recommendations on agreed timelines.
- Improved audit techniques/ methods and more performance oriented audits and in depth approach.
- Appreciation of new perception of internal audits role as an aid to management than as a policing agency.
- Continuous coaching, training and capacity building within to improve auditing skills for new intakes and graduates.
- Four Auditors were on a six weeks attachment at the Queensland University of Technology as part of capacity building for the division. Queensland University of Technology has been a training provider for Internal Audit staff under the Australian Leadership Awards.

3.2 Financial Control

Completed four reviews for streamlining of processes in Ministry of Finance Reviews undertaken were on the RIE processes, vehicle control unit, Major Tenders Board and Logistics office.

Surcharge

- Processed one hundred eighty six case (186) surcharge cases 80% of which were vehicle accident cases.
- Provides advice to the Public Accounts Committee (PAC) meetings. A total number of 75 meetings were conducted in 2011.
- Creation of a new user friendly web based surcharge database. The database will also be accessed by users from other ministries and departments on a read only mode for sharing of information.

OUR RESOURCES

(i) Senior Executives and their Responsibilities

In addition to their current role, senior executives represented the Ministry in forums of national interest:

- Government Tender Board;
- Cabinet Sub-committee (CSB) on Budget.

Senior executives are also appointed on behalf of Government as Board Members to various boards under Government Commercial Company and Government Statutory Authorities.

(ii) Procurement

In 2011, the Ministry of Finance, together with its line departments utilized \$14.26 m, to purchase goods and services through the Government Tenders Board. In terms of the Ministry and line department's procurements in 2011, Finance (HQ) utilized \$395,900, ITC Services utilized \$4.27m, and CCAR utilized \$9.59m.

These procurement figures however do not take into account rates based contracts.

Procurement by Department

Department	Cost of Items Purchased	%
Finance (HQ)	395,900.00	2.78%
CCAR	9,594,873.75	67.26%
Govt. Printing	0.00	0.00%
ITC Services	4,273,667.19	29.96%
Total	\$14,264,440.94	100%

(iii) Audited Financial Statement

The audited financial statement for year ending 31/12/2011 is attached as Appendix 1.

CONCLUSION

The year 2011 was a rewarding and also challenging year for the Ministry. The focus was on change management and improvement of services as it headed towards 2012. This was initiated by the wider consultation done in preparing the 2012 Annual Corporate Plan and the designing of the ACP cycle with the preparation of improvement strategies to be implemented in 2012. In 2012, the Ministry shall strive to improve on shortfalls and continue to offer maximum deliverance in output for the purpose of achieving a prosperous Fiji for all.



APPENDIX 1

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING 31/12/2011

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Introduction

Under section 28 (i) of the financial management act 2004, the permanent secretary of each agency is responsible for the preparation of annual reports and financial statements of the agency. Further, the minister is responsible for tabling their respective agency financial report of each year to cabinet as stipulated under section 49 of the financial management act 2004.

The Agency Financial Statement of Ministry of Finance for the financial year ending 31 December 2011 comprises the following heads of appropriation:

- (i) Head 4 - Ministry of Finance, Government Printing & Stationery Department (GPSD), Government Procurement Office (GPO) and Information Technology and Computing Services (ITCS).
- (ii) Head 50 - Miscellaneous Services;
- (iii) Head 51 - Pensions, Gratuities and Compassionate Allowances; and
- (iv) Head 52 - Charges on Account of Public Debt.

The data reflected in the respective financial statements are extracted from the data captured from the financial management information system which is centrally maintained by the ministry of finance.

The figures reflect a true and fair view of the financial status of the ministry of finance for the twelve months ending 31 December 2011.

Management Certificate

We certify that these financial statements:

- (a) Fairly reflect the financial performance of the ministry of finance and its financial position for the financial year ending 31 December 2011; and
- (b) Have been prepared in accordance with the requirements of the Financial Management act 2004 and the Finance Instructions 2010.



Mr. Filimone Waqabaca
Permanent Secretary
Ministry of Finance

Date:19/03/12.....



Mr. Necani Lagicere
Chief Accountant

Date:19/03/12.....

**STATEMENT OF RECEIPTS AND
EXPENDITURE
AS AT 31 DECEMBER 2011
HEAD 4**

Page 3
Schedule 1

	Note	31 December 2011 \$	31 December 2010 \$
RECEIPTS			
State Revenue:			
Operating Revenue	3(a)	1,701,561,643	1,412,109,690
Investment Revenue	b	29,699,647	52,470,455
Borrowing Revenue	c	650,513,769	462,965,102
Total State Revenue		2,381,775,059	1,927,545,247
Agency Revenue:			
Board Member Fee		125,995	102,519
Miscellaneous Revenue	d	19,208,176	4,410,940
Sales of Publications	e	123,108	238,817
Total Agency Revenue		19,457,279	4,752,276
TOTAL REVENUE		2,401,232,338	1,932,297,523
EXPENDITURE			
Operating Expenditure:			
Established Staff		7,276,128	6,704,479
Government Wage Earners	f	480,329	892,313
Travel & Communications	g	1,457,027	1,237,052
Maintenance & Operations	h	2,519,971	1,986,358
Purchase of Goods & Services		3,771,067	4,211,525
Operating Grants & Transfers	i	39,580,448	29,792,349
Special Expenditure	j	965,112	758,088
Total Operating Expenditure		56,050,082	45,582,164

Capital Expenditure:

Capital Construction	k	22,760	1,480,497
Capital Purchase	l	285,240	1,901,574
Capital Grants and Transfers	m	1,998,750	---
Total Capital Expenditure		2,306,750	3,382,071
Value Added Tax		708,285	1,678,967
TOTAL EXPENDITURE		59,065,117	50,643,202

**STATEMENT OF RECEIPTS AND
EXPENDITURE
AS AT 31 DECEMBER 2011**

Page 5
Schedule 2

HEAD 50

	Note	31 December 2011 \$	31 December 2010 \$
EXPENDITURE			
Operating Expenditure:			
01 Established Staff	4(a)	3,401,749	14,643,000
03 Travel & Communications	(b)	1,952,956	1,721,087
05 Purchase of Goods & Services	(c)	673,014	1,000,266
06 Operating Grants & Transfers	(d)	10,574,648	9,868,789
07 Special Expenditures	(e)	8,836,861	9,261,843
Total Operating Costs		<u>25,439,228</u>	<u>36,494,986</u>
Capital Expenditure:			
09 Capital Purchases		3,735,796	3,450,953
10 Capital Grants and Transfers	(f)	161,635,782	55,761,705
Total Capital Expenditure		<u>165,371,578</u>	<u>59,212,658</u>
13 Value Added Tax		2,460,262	2,359,823
TOTAL EXPENDITURE		<u>193,271,068</u>	<u>98,067,466</u>

**STATEMENT OF RECEIPTS AND
EXPENDITURE
AS AT 31 DECEMBER 2011**

Page 6
Schedule 3

HEAD 51

	Note	31 December 2011 \$	31 December 2010 \$
EXPENDITURE			
Operating Costs:			
Pensions	5(a)	23,958,445	23,425,283
Gratuities	(b)	951,854	792,483
Compassionate Allowances	(c)	8,464,004	8,920,787
Total Operating Costs		<u>33,374,304</u>	<u>33,138,553</u>
TOTAL EXPENDITURE		<u>33,374,304</u>	<u>33,138,553</u>

**STATEMENT OF RECEIPTS AND
EXPENDITURE
AS AT 31 DECEMBER 2011**

Page 7
Schedule 4

HEAD 52

	Note	31 December 2011 \$	31 December 2010 \$
EXPENDITURE			
Operating Expenditure:			
Financial Charges on Public Debt - Misc Payment	6 (a)	9,375,064	10,314,168
Financial Charges on Public Debt - Overseas Loan	(b)	334,218,369	55,752,284
Financial Charges on Public Debt - Domestic Loan	(c)	426,628,464	389,277,207
Total Operating Expenditure		770,221,897	455,343,659
Value Added Tax		---	---
TOTAL EXPENDITURE		770,221,897	455,343,659

**APPROPRIATION
STATEMENT
AS AT 31 DECEMBER 2011**

Page 8
Schedule 5

SEG	Item	Budget Estimate \$	Appropriation Changes \$	Revised Budget \$	Actual Expenditure \$	Carry - Over \$	Lapsed Appropriation \$
Operation Costs:							
01	Established Staff	8,084,344	(245,364)	7,838,980	7,276,128	---	562,852
02	Government Wage Earners	503,354	45,800	549,154	480,329	---	68,825
03	Travel & Communications	1,525,090	31,743	1,556,833	1,457,027	---	99,806
04	Maintenance & Operations	2,256,500	491,923	2,748,423	2,519,971	---	228,452
05	Purchase of Goods & Services	4,344,113	(404,846)	3,939,267	3,771,067	---	168,200
06	Operating Grants & Transfers	39,600,000	-	39,600,000	39,580,448	---	19,552
07	Special Expenditures	1,015,000	(5,000)	1,010,000	965,112	---	44,888
Total Operation Costs		57,328,401	(85,744)	57,242,657	56,050,082	---	1,192,575
Capital Expenditure:							
08	Capital Construction	---	22,760	22,760	22,760	---	---
09	Capital Purchases	300,000	38,984	338,984	285,240	---	53,744
10	Capital Grants & Transfers	3,000,000	(1,000,000)	2,000,000	1,998,750	---	1,250
Total Capital Expenditure		3,300,000	(938,256)	2,361,744	2,306,750	---	54,995
13	Value Added Tax	1,416,000	24,000	1,440,000	708,285	---	731,715
TOTAL EXPENDITURE		62,044,401	(1,000,000)	61,044,401	59,065,117	---	1,979,285

Appropriation Changes explained in Note 7.

**TRADE & MANUFACTURING
ACCOUNT
AS AT 31 DECEMBER 2011**

Page 9
Schedule 6

MANUFACTURING ACCOUNT	31 December 2011 \$	31 December 2010 \$
Raw Materials (01/01/11)	1,001,481	911,406
Add: Purchases	<u>1,019,100</u>	<u>2,974,740</u>
	2,020,581	3,886,146
Less: Raw Materials (31/12/11)	<u>873,049</u>	<u>1,001,481</u>
Raw Materials Used	1,147,532	2,884,665
Add: Work in Progress (01/01/11)	---	---
Direct Costs	29,832	1,872,732
Direct Labour	144,208	398,032
Less: Work in Progress (31/12/11)	---	---
Cost of Manufactured Goods Transferred to Trading A/C	<u>1,321,572</u>	<u>5,155,429</u>

**TRADING & MANUFACTURING
ACCOUNT
AS AT 31 DECEMBER 2011**

Schedule 7

TRADING ACCOUNT	31 December 2011 \$	31 December 2010 \$
Sales	2,278,455	3,442,464
Stock of Finished Goods (01/01/10)	2,895,345	6,038,963
Add: Cost of Manufactured Goods	<u>1,321,572</u>	<u>5,155,429</u>
	4,216,917	11,194,392
Less: Stock of Finished Goods (31/12/10)	3,340,409	2,895,345
Cost of Finished Goods Sold	876,508	8,299,047
Gross Profit/Loss Transferred to P & L Account	<u>1,401,947</u>	<u>(4,856,583)</u>

**TRADING & MANUFACTURING ACCOUNT
AS AT 31 DECEMBER 2011**

PROFIT AND LOSS STATEMENT	31 December 2011 \$	31 December 2010 \$
Income		
Gross Profit/(Loss) transferred from Trading Account	1,401,947	(4,856,583)
Expenses		
Travel & Communication	2,675	68,882
Maintenance & Operations	140,523	410,649
Other Expenses	98,686	65,107
Value Added Tax	---	---
Value Added Tax	171,024	345,803
Total Expenses	412,908	890,442
Net Profit/ (Loss)	989,039	(5,747,024)

**TRADING & MANUFACTURING
ACCOUNT
AS AT 31 DECEMBER 2011**

BALANCE SHEET	31 December 2011 \$	31 December 2010 \$
Liabilities		
Accounts Payable	561,049	561,049
Deposits & Deductions	(538,274)	(478,843)
TOTAL LIABILITIES	22,775	82,206
 TMA Surplus Capital Retnd T C/F	 4,070,223	 4,067,014
TMA Accumulated Surplus/Deficit	(20,962,191)	(20,056,814)
TOTAL EQUITY	(16,891,968)	(15,989,800)
 TOTAL LIABILITIES & EQUITY	 (16,869,193)	 (15,907,594)
 Current Assets		
Bank	10,028,815	9,400,983
Raw Materials	873,049	1,001,481
Finished Goods	3,340,409	2,895,345
Accounts Receivables	2,626,920	2,609,785
TOTAL NET ASSETS	16,869,193	15,907,594

STATEMENT OF LOSES AS AT 31 DECEMBER 2011

Page 13
Schedule 10

For the Ministry in 2011, no losses were recorded for either cash or revenue. However, following the annual Board of Survey a total of \$115,894.86 was written off in items as below:

Department	BOS #	Amount(\$)	Date Approved	Item
Administration	55/2/11	900	18/02/2011	Air conditioner
Treasury	3/3/2011	16,000	16/03/2011	Photocopier
Asset Management Unit	4/3/2011	150	16/03/2011	Office Chair
Executive Support Group	24/4/11	350	27/04/2011	Facsimile
Administration	43/4/11	350	29/4/2011	Facsimile
Pension	7/5/2011	450	29/4/2011	Split air condition unit
Budget	20/7/11	850	10/7/2011	Facsimile
Budget	23/8/11	0	11/8/2011	Electric urn
Internal Audit	2/9/2011	24,000	9/9/2011	8 Computers
Internal Audit	4/9/2011	3,800	14/9/2011	Photocopier
Treasury	3/9/2011	1,900	14/9/2011	computer
ITC	33/5/11	2,000	3/6/2011	Compaq Laptops
ITC	33/5/11	11,500	3/6/2011	13 Printers - unserviceable
ITC	33/5/11	2,000	6/6/2011	21 CPU - unserviceable
ITC	33/5/11	6,300	6/6/2011	1 terminal and 21 monitor - unserviceable
ITC	33/5/11	2,000	6/6/2011	21 CPU - unserviceable
ITC	33/5/11	2,000	6/6/2011	CPU drive - unserviceable
ITC	33/5/11	2,000	6/6/2011	CPU drive - unserviceable
ITC	33/5/11	6,300	6/6/2011	Monitor - unserviceable
ITC	33/5/11	2,000	6/6/2011	CPU drive - unserviceable
ITC	33/5/11	5,100	6/6/2011	Monitor - unserviceable
ITC	21/6/11	2,100	30/8/2011	Acer Laptops 6460 Travelmate S/N 64000120723
ITC	22/10/11	379	27/10/2011	2 Electric Urn - Birko 20L, 1.8L cordless model JS - 303
ITC	13/11/11	4,000	14/11/2011	5 Air condition unit - Daikin Inverter
ITC	4/12/11	16,666	21/12/2011	1 server HP Proliant ML570 G2 S/N HT-Nadi Immigration
ITC	5/12/11	2,800	21/12/2011	Lenovo R51 Thinkpad S/N - xvxn7 05/01
				\$115,895

**TRUST ACCOUNT
STATEMENT OF RECEIPTS AND
PAYMENTS
AS AT 31 DECEMBER 2011**

	31 December 2011 \$	31 December 2010 \$
Opening Balance	8,764,640	8,777,701
Receipts		
Receipts from Bonds	814,665	337,951
Trust Receipts		
Total Receipts	814,665	337,951
Payments		
Payments of Performance Bonds	431,374	351,012
Trust Payments		
Total Payments	431,374	351,012
Closing Balance	9,147,931	8,764,640

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTE 1: REPORTING ENTITY

The primary role Ministry of Finance is to support the Government in the efficient and effective management of the National economy consistent with the achievement of the Government's vision for the Nation. To achieve this, the Ministry ensures that prudent public financial policies and practices are in place in order to maintain financial and macro-economic stability. Also, the Ministry plays a vital role in spearheading the public financial management reforms that will help the Government improve the delivery of public goods and services, thereby contributing to raising economic growth and ultimately improving living standards of all citizens of Fiji.

NOTE 2: STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Accounting/Presentation

In accordance with Government accounting policies, the financial statements of the Ministry of Finance is prepared on cash basis of accounting. All payments related to purchases of fixed assets have been expensed.

The financial statements are presented in accordance with the Financial Management Act and the requirements of Section 82 (1) of the Financial Instructions 2010. The preparation and presentation of a statement of Assets and Liabilities is not required under the current Government policies.

(b) Consolidation of Accounts

The financial statements consolidate the financial statements of Ministry of Finance, Information Technology and Computing Services, Government Printing & Stationery Department, and Government Procurement Office as stated in the year 2011 Appropriation Promulgation or Annual Appropriation Act.

(c) Revenue Recognition

Revenue is recognized when it is received by the Ministry / Department. The major sources of income are Income Tax, Customs Import VAT, VAT, LTA Fees, Departure Tax, Fiscal Duty, Dividend and the current remittance of water rates charges to the Ministry of Finance by the Water Authority of Fiji.

(d) Accounting for Value Added Tax (VAT)

All income is inclusive of VAT while the expenses are VAT exclusive. With effect from September 2009, the Ministry is to remit to FRCA, VAT on all fees and charges on revenue collected. The Ministry on a monthly basis takes out VAT output on total money budgeted for their expenditure. VAT input on the other hand is claimed on payments made to the suppliers and sub-contractors for expenses incurred.

The VAT payments as per the statement of financial operation relates to the VAT input claimed on payments made to the suppliers and sub-contractors for expenses incurred and VAT payments to FRCA. Actual amount paid to FRCA during the year represent the difference between VAT Output and VAT Input.

NOTE 3: SIGNIFICANT VARIATIONS

(a) The increase in operating revenue is attributed to the increase in the collections of direct and indirect taxes. Capital gains tax was introduced for the year 2011 in the category of direct taxes. Indirect taxes increased as a result of the revision upwards in the tax rate for VAT from 12.5% to 15% and the increase departure tax levy from \$75 to \$100. Also, the distribution in departure tax collected is now two-fold where, only \$10 is given to Airports Fiji Limited and \$90 remitted to the consolidated fund account. Water resource tax was introduced in year 2011 for the extraction of water in its natural state. LTA road user levy was also deposited into the Consolidated Fund Account from year 2011.

(b) The decrease in the investing revenue is attributed to the decrease in low returns from investments and the non transfer to TMA surplus capital to the operating fund account.

(c) The increase in borrowing revenue is due to the 2011 Global bond raised totaling to US\$250 million through Cabinet decision dated 09 November 2010.

(d) The increase in miscellaneous revenue is attributed to the receipt of the FEA Government Guarantee fee (\$725,250); proceeds from court cases (\$84,589); unidentified lodgments in the Consolidated Fund Account of \$133,319; and the \$15.9 million being the local bond revenue misposted as miscellaneous revenue. Adjustments cannot be carried out as the Ministry failed to reconcile the borrowing receipts and payments before adjustments could be approved.

(e) Decrease in revenue collected by the Government Printing & Stationery department was due to the impending sale of the department.

(f) The decrease in expenditure is attributed to the restructure of the Government Supplies Department into the Fiji Procurement Office.

(g) The major increase in travel & communications expenditure is attributed to the payment for the rental of telecommunication lines.

(h) The increase in maintenance & Operations expenditure is due to the increase in electricity bill for the Ministry of Finance (resulting from the splitting of the Air-condition units) and Information Technology & Computing Services (due to the data center).

(i) The increase in expenditure in year 2011 is a result of the increase in operating grant provided to Fiji Revenue & Customs Authority (FRCA).

(j) The increase in expenditure relates to payment to Infor Global for the license and maintenance of the Financial Management Information System (FMIS)

(k) Capital construction expenditure declined as capital funds were not allocated in year 2011 for the Data Centre.

(l) Capital purchase expenditure declined as capital funds were not allocated for ITC in year 2011 for the Data Centre.

(m) The expenditure relates to capital grant provided to Fiji Revenue & Customs Authority (FRCA) in year 2011. There was no capital grants allocated for FRCA in year 2010.

NOTE 4: SIGNIFICANT VARIATIONS

(a) In 2010 there was a shortfall in funds for Personnel Emoluments for various agencies while in 2011, the agencies were allocated sufficient funds for personnel emoluments.

(b) The increase in travel and communications expenditure is a result of the increase in overseas travel paid in respect of other Ministries/Departments.

(c) The decrease in purchase of goods and services was due to the decline in consultancy payments.

(d) The increase is attributed to the allocation made the Public Service Broadcast Television.

(e) The decline in the expenditure is a result of the Central Co-ordinating Agency of Roads expenditure allocated under standard expenditure group (SEG) 10.

(f) New payments were made in respect of the Housing Assistance for first home buyers (\$2million), Fiji Sugar Corporation (FSC) financial assistance (\$97.4 million), dredging works (\$2 million), Waila City Development contribution (\$8 million). In addition to this, a total of \$7.84 million was expensed without any supporting documents for the justification of the expenditures recorded.

NOTE 5: SIGNIFICANT VARIATIONS

(a) Expenditure increased due to payment of phase 4 of the 2003 JER to retired police officers. Payment made to RFMF officers upon re-engagement increased by 25% in year 2011.

(b) Expenditure increased due to gratuity payments made to expatriates on contract.

(c) Decline as no retirement cases were received in 2011.

NOTE 6: SIGNIFICANT VARIATIONS

(a) The expenditure declined due to the decrease in interest payments made for the Treasury bills.

(b) The increased expenditure was due to the repayment of the 2006 global bonds in year 2011.

(c) The increased expenditure relates to payments of substantial face value of domestic bonds maturing in year 2011.

NOTE 7: SIGNIFICANT VARIATIONS

The transfer of funds for the Ministry is as follows:

- (a) \$245,364 is net transfers out from Standard Expenditure Group (SEG) 1 (established staff) to various SEGs.
- (b) \$45,800 is net transfers into Standard Expenditure Group (SEG) 2 (Government Wage Earners) from SEG 1.
- (c) \$31,743 is net transfers into SEG 3 (Travel & Communications) from various SEG's.
- (d) \$491,923 is net transfers into SEG 4 (Maintenance & Operations) from various SEG's.
- (e) \$404,846 is net transfers out of SEG 5 (Purchase of Goods & Services) to various SEG's.
- (f) \$5,000 is net transfers out of SEG 7 (Special Expenditure) into SEG 5.
- (g) \$22,760 is net transfers into SEG 8 (Capital Construction) from SEG 1.
- (h) \$38,984 is net transfers into SEG 9 (Capital Purchases) from SEG 1.
- (i) \$1 million is net transfers out of SEG 10 (Capital Grants & Transfers) through virement and redeployment.