



Solomon Islands Government
Office of the Auditor-General

AUDIT REPORT
into the
SIG NATIONAL ACCOUNTS 2016 AND 2017

National Parliament Paper No: 2 of 2021

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Foreword from the Auditor-General

I am pleased to present this Report to Parliament covering the results of audits performed on the 2016 and 2017 Solomon Islands Government (SIG) annual financial statements and the accounts and records of selected line ministries.

Results of audits

SIG annual financial statements received disclaimer audit opinions for both years due to poor record keeping and not complying with international accounting standards and the requirements of the Public Financial Management Act 2013. The Ministry of Finance and other ministries are striving to address the recommendations of the Auditor-General and improvements are expected to be reflected in future audit reports.

The audit covered the financial years 2016 and 2017. The annual financial statements audits were done on the SIG financial statements that were produced by the Ministry of Finance and Treasury. The compliance audits were done on line ministries. Some of the ministries were audited only for one of the financial years while others were audited for both years.

Acknowledgements

I acknowledge the assistance and cooperation from the officials of the Ministry of Finance and Treasury, line ministries and agencies.

I thank my officers for undertaking the audit.



Peter Lokay
Auditor-General

31 December 2020

2016 and 2017 Solomon Islands Government National Accounts

1. Background

Under Section 77 of the PFM Act 2013, the Solomon Islands Government (SIG) has the following obligation to prepare and provide financial statements to the Office of the Auditor-General for auditing:

‘(2) The accounts shall be sent to the Auditor-General as soon as practicable after the end of the financial year to which they relate but, in any event, not later than six months after the end of that year.

(3) The Auditor-General shall, after auditing the accounts pursuant to subsection (3) of section 108 of the Constitution lay copies of them, together with his report as required under subsection (4) before the Parliament’

The annual financial statements for the two years were provided to the OAG for audit on 5 June 2019. The delay in the timely production of financial statements was raised by the Auditor General with the Ministry of Finance and Treasury (MOFT). The MOFT has put in place strategies to address the backlog in the production of AFS for SIG.

2. Audit objective and scope

An audit pursuant to s.108 (3) of the Constitution, s.35 (1) of the Public Finance and Audit Act [Cap 120] and s.77 of the Public Financial Management (PFM) Act was conducted on the Solomon Islands Government (SIG) 2016 and 2017 Annual Financial Statements (AFS), the financial systems and internal controls in order to form an opinion on the effectiveness of management’s internal controls used in the operations of the SIG, its safeguarding of SIG assets and the preparation of financial information that underlie the production for both International Public Sector Accounting Standard (IPSAS) Cash basis and PFM Act statements.

The scope of this annual audit was on the operations of financial systems of SIG for 2016 and 2017 fiscal years which included both IPSAS Cash basis and PFM Act Financial Statements.

The primary objective of this audit was to obtain reasonable assurance whether the SIG 2016 and 2017 AFS were materially correct and included adequate disclosures.

Other objectives included making practical recommendations to management of Ministry of Finance and Treasury (MOFT) in order for them to improve current systems and develop any necessary internal controls.

A separate report was issued to line ministries on the assessment of the effectiveness of managements’ internal controls, assets management and whether they comply with relevant

laws, Acts and regulations for the two years. These are detailed in the chapters relating to ministerial audits of this report.

3. Audit approach

The focus for the 2016 and 2017 financial statements audits was to ensure that the elements of the disclaimer opinion in 2015 remained relevant in 2016 and 2017 and continued support the on-going applicability of a disclaimer opinion in 2016 and 2017. This is summarised in Section 5 of this part of this report.

This approach was based on the response to the 2015 management letter identifying Ministry actions which would be implemented in 2018 and 2019. Through the audit, I am aware of concerted efforts by the Ministry of Finance to address many of the areas raised through my reporting. However, as the audit and my report is historical, they unfortunately do not reflect many of these improvements. I expect the actions taken to start to affect the audit approach from the 2018 financial statements.

4. Overall conclusion

The Auditor General (OAG) concludes that although the Ministry is making progress with implementing actions in response to matters raised in his reporting, these were not sufficiently effective to resolve the gap in requirements for the 2016 and 2017 financial statements. There remains during this period a lack of supporting documentation and ongoing non-compliance with General Orders, Financial Instructions, PFM Act and International Accounting Standards of Reporting by government agencies and this continued attention by management.

Consistent with the 2015 audit, the Auditor General is unable to express an opinion on both the IPSAS cash and PFM Act financial statements for 2016 and 2017 due to:

- Not having been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion in accordance with International Standards of Supreme Audit Institutions (ISSAIs)) as there is huge problem in the filing of source documents; and
- Not meeting the reporting requirements under PFM Act and IPSAS Cash Basis.

5. Summary of key issues

The Office of the Auditor-General (OAG) has completed the audit of SIG 2016 and 2017 Financial Statements and found that the SIG has inadequate control over the management of its resources. The main issues that the OAG has identified leading to this conclusion are summarised in the table below:

Table 1: Significant matters arising SIG FS audit

No.	Summary of issues identified	Issue Type	Risk Rating
-----	------------------------------	------------	-------------

Missing supporting documents for procurement, expenditure and imprests			
	Lack of Supporting Documentation	Internal Control Financial Statement impact	High
18	Suppliers and Consumables PVs not located - In 2015 OAG was unable to locate PVs worth more than \$81m for expenses incurred under suppliers and consumables.		
19	OAG unable to verify training cost incurred by SIG - In 2015 OAG was unable to confirm whether the \$900,556,044 training cost incurred by SIG for scholarship awards was approved by NTC or not, as NTC fails to keep the minutes of their meetings.		
22	Capital expenses lack supporting documentation - In 2015 the OAG noted 95% of the Payment Vouchers (PVs) selected, valued at \$125m, and were not available for review. In 2019 the Ministry confirmed action had been taken to ensure improvements in documentation which should be noted in the future. However, as corrective action was in 2019 it has not addressed the historical issues and therefore this matter is considered ongoing in the 2016 and 2017 audits. <i>We have been unable to verify the accuracy and completeness of payments.</i>		
Uncontrolled super user access			
27	Lack of segregation of duty over AX system administrator OAG noted that only one person is super user to the AX system. This person can therefore do installations, change information, and override system functions. There are no mitigating controls.	Internal Control	High
Bank reconciliations not performed or not completed			
14	Main SIG bank accounts not reconciled (C/Fwd. issue 2014) Issues are ongoing in relation to the systematic reconciliation and check of the main SIG bank accounts. Our testing in 2016 and 2017 found unreconciled differences between bank statements and the general ledger balances in addition to missing documentation. <i>We have been unable to verify the accuracy of the General Ledger and recording of receipts and payments and cash balances.</i>	Internal Control Financial Statement impact	High
Poor control over Receipts			
6	Statement of Arrears of Revenue is materially understated Arrears information was included for only one revenue stream. We are unable to assert that revenues arrears are fully accounted for and disclosed in AFS.	Internal Control breakdown Financial Statement impact	High
	Lack of supporting documentation		
10	Discrepancy over taxation - In 2015, OAG conducted audit test on taxation collected by SIG and noted significant issues over the processes and filing of the supporting documents.		
11	Licenses and fees lack supporting document - In 2015 we found there was no proper filing of receipts obtained from licenses and fees.		
12	Licenses, fees and other receipts have material variance - In 2015, OAG noted that License and fees have variance of \$77,373,086.72 and Other receipts variance of \$78,719,651.86. Lack of supporting document to confirm budgetary support (C/Fwd. issue 2014) - Issues are ongoing in relation to the maintenance of records to evidence the		

13	<p>receipts of grant funds.</p> <p>In 2019 the Ministry confirmed action had been taken to ensure improvements in documentation which should be noted in the future. However as corrective action was in 2018/19 it has not addressed the historical issues and therefore this matter is considered ongoing the 2016 and 2017 audits.</p> <p>Lack of interface reconciliations in key revenue systems</p> <p>In 2015, OAG noted that there were no IT controls over the interface of revenue systems with the main financial system. The transfer of revenue occurs through a manual journal which is not subject to adequate control. Whilst some improvements are noted, corrective action has not yet been implemented for 2016 and 2017.</p>		
29	<p><i>We are unable to confirm the accuracy and completeness of revenue.</i></p>		
Lack of interface reconciliations in payroll system			
17	<p>Files not properly kept by Payroll Section</p> <p>In 2015, OAG was unable to test of details or place reliance on the total payroll cost worth \$989,255,788.46 as files containing the supporting documents were not kept properly.</p> <p>The Ministry has undertaken corrective action, however, this occurred from 2018/19 and was not effective at the time of our 2016 and 2017 audits.</p> <p><i>We have been unable to verify the payroll expenditure.</i></p>	Internal Control Financial Statement impact	High
Inadequate supporting documentation for some assets and liabilities			
9	<p>No reliance over the balance sheet at the year ended</p> <p>In 2015 OAG noted SIG spent \$695,116,000 on non-current assets, however, that value was not disclosed consistently in the financial statements. In addition in 2016, we found that public debt and domestic loans and guarantees disclosed in the financial statements did not agree to the financial statements.</p> <p>All government agencies fail to maintain their record keeping of all their non-current assets</p>	Internal Control Financial Statement impact Non-compliance	High
23	<p>OAG noted from audit follow up work completed within Ministries that agencies are not consistently complying with Interim Financial Instructions 2014 which requires the maintenance of non-current asset registers.</p> <p>No Asset policy (C/Fwd. issue 2014)</p> <p>MOFT is yet to work on the Fixed Asset Policy for the whole of SIG.</p>		
24	<p>No Fixed Asset Registers</p> <p>Follow up work on our 2015 Ministry reviews identified that many Ministries have not yet implemented asset registers.</p>		
5	<p><i>We are unable to confirm the accuracy and completeness of the balance sheet.</i></p>		
Incorrect classification of debt			
8	<p>Misclassification domestic debt as contingent liability (C/Fwd. issue 2014)</p> <p>In 2014 OAG found Solomon Telekom Compensation payment was incorrectly classified as a contingent liability. This should be reclassified as domestic debt.</p> <p><i>This error was found to be ongoing in 2016 but the debt has been cleared in 2017 and therefore the error is only relevant to the prior year comparative for the 2017</i></p>	Financial Statement impact 2016	High

	<i>financial statements.</i>		
Lack of Financial Statements for Special Funds			
7	Statement of special fund discrepancy <p>Audit has not received the Statements for Special Funds. We have therefore been unable to audit the Statement of Special Funds within the Financial Statements.</p> <p>The Financial Statements do not disclose financial transactions for all special funds established under section 24 of the PFMA 2013.</p>	Non-compliance Financial Statement impact	High
Financial Statements not prepared in accordance with IPSAS Cash Basis or PMF Act			
2	Statement of Receipts and Payments disclosure incomplete <p>OAG was unable to determine the reconciliation of cash and cash equivalent against the cash movement.</p> <p>Also no value is presented for external third-party contributions.</p>	Financial Statement impact	High
3	Statement of Comparison of Budget and actual amount lack explanatory notes of material variances <p>Non-compliance with IPSAS cash basis which required disclosure of explanations to material differences between actual and budget amounts. We note some improvements have been made in 2017 however the matter remains ongoing in 2016.</p>	Financial Statement impact	High
4	Lack consolidation of its controlled entities into the SIG financial statement <p>Improvements are noted in the information provided within the disclosure in 2017 however the Financial statements still do not consolidate all SIG's controlled entities. This is a requirement of IPSAS Cash accounting for 2016 and 2017, although by 2018 this has been removed. Whilst this change can be early adopted, early adoption has not been included within the 2016 and 2017 financial statements.</p>	Financial Statement impact	High
5	Non-compliance of PFMA section 77 (h) and (i) <p>No statement of commitments for goods and services or a statement of public stores and other assets.</p>	Non-compliance	High
25	Fail to compile with Section 77 (2) of the Public Finance & Management (PFM) Act 2013 <p>For the current year, most government agencies have not complied with the requirements of section 77 (2) of the PFM Act 2013 to provide the Accountable Officer report to the Auditor-General.</p>	Non-compliance	High

70 Ministry of Agriculture and Livestock Development

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Agriculture and Livestock Development (MALD):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Account control cards (commitment).

The audit covered the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and account control cards was inadequate and fell short of the requirements of the Interim Financial Instructions 2014 and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 2: Audit issues MALD

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable office report	2017	High
2	Incomplete asset register	2017	High
3	No monthly bank reconciliations	2017	Moderate
4	Account codes control cards no updated	2017	High
5	Non-compliance with financial regulations	2017	High
	High		4
	Moderate		1
	Low		0
	Total issues		5

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and account code control cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG noted that the Ministry did not prepare and submit the accountable officer report to the Accountant General and Auditor General as required by section 77(2) of the Public Financial Management Act 2013 (PFMA). The financial controller confirmed through interview that the ministry did not prepare any accountable officer report for 2017.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the ministry; and
- No proper decision making as no reports to rely upon.

Recommendation 1

MALD:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report; and
- Ensure to comply with section 77 of the Public Financial Management Act 2013.

Management Responses

The findings of the report is noted in regards to the failure that of the Accountable Officer to submit a financial report to the Accountant General as required by under the PFM Act 2013. All reports relating the 2016 financial performances of MAL against its approved budgets were inspected by MDPAC and MoFT through quarterly reports that MAL submitted during the same period which includes financial data. Going forward, the Ministry will take all the necessary step to comply.

OAG comment

OAG acknowledged the ministry's management response and its implementation plan to resolve this issue. A follow up will be made during future audits.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – High

OAG noted that the Ministry had maintained an asset register, yet the asset register was incomplete. Audit reviewed the existing asset register and it was confirmed that it did not have complete description of each asset such as location, tagging number and serial number. As a result physical checking of the assets could not be done to confirm the existence of the assets.

Implications

- Unable to monitor the location, existence, movement and custodian of the assets.
- Ministry assets can be removed without authorisation.
- Lack of accountability and transparency.

Recommendation 2

MALD:

- Ensure all asset registers within the divisions are updated regularly;
- The division responsible for assets keeps a master copy of all asset registers within the ministry and do a monthly reconciliation against each division register; and
- Ensure to comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

The Ministry acknowledges the need to have proper records and management of assets acquired by MAL. Since the recruitment of the Senior Stock verification officer we have updated our records but have not been able to fully keep track of these assets due to limited funds for the officer to travel around to MAL sub stations in our provinces to verify the existence of the assets.

An Asset Management officer post is still underway process within MAL. The officer will oversee management of all MAL assets.

Going forward, MAL will be slowly picking up the pace and be more cautious in the way we maintain our assets and records.

OAG comment

OAG noted the ministry's management response and its implementation plan to resolve this audit issue. A follow up will be made in future audits.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – High

Audit noted that the ministry did not perform monthly bank reconciliations on their bank accounts for 2017 financial year. The responsible officer confirmed through interview that the bank reconciliations were only performed when reimbursements requests were done for the standing imprests. This practice breached FI P5 73.2 and 74.1.

Implications

- Errors may not be detected early.
- Unauthorised withdrawals of funds may not be prevented.
- Management may be unable to have reliable information on the cash flow.

Recommendation 3

MALD:

- Ensure to perform the bank reconciliations on monthly basis rather than at reimbursement time; and
- Ensure the preparer and reviewer sign off on the monthly bank reconciliation statements.

Management response

MAL acknowledges the findings of our failure to carry out monthly reconciliations. We will

be working on ensuring that it is done as per requirement.

Going forward MAL is in progress of recruiting a compliance officer which will help strengthen its internal compliance process of MAL.

OAG comment

OAG noted the ministry's management response and its implementation plan for the audit issue. A follow up will be made during future audits.

2.4 Account code control (commitment) cards

2.4.1 Account code control cards were not updated

Risk rating – High

OAG was informed that the Ministry did have account control cards, yet the responsible officer did not maintain the control cards. The responsible officer confirmed that there was no proper handing over of records before the former financial controller left the ministry.

Implication

- It will result in the overspending or underspending of the ministry budget.
- The ministry will be unable to monitor its budget and the accountable officer is provided with unreliable financial reports.

Recommendation 4

MALD:

- Ensure responsible officer maintains the account code control cards;
- Make sure to regularly check to ensure account control cards are kept in accordance with Financial Instructions; and
- Undertake monthly reconciliation of account control cards against MOFT general ledger transactions.

Management response

The Ministry does acknowledge this failure. The due course of this is due the officer in charge of maintaining our commitments was fallen ill and was not able to pass on the information to the remaining staffs. Other than that the AX system which the Accounts team accessed from MOFT has given automated data which acts as the control cards. Reports are however sent to MOFT on a quarterly basis on signing of the AO's.

OAG comment

OAG acknowledged the ministry's management response and its implementation plan on this audit issue. A follow up will be made in future the audits.

2.5 Non-compliance to financial instructions

2.5.1 Responsible officers non-compliance to FI

Risk rating - High

OAG noted that the officers responsible for filling, maintaining and storing of financial

records did not perform their duties correctly. Audit assessed and confirmed that staff performances were poor as they did not observe the requirements of FI.

Implication

- No proper monitoring of staff performance increases the risk of services not deliver at the required time frame.
- There will be wastage of SIG funds and value for money is not achieved as responsible officers are not performing their duties.

Recommendation 5

MALD:

- Ensure to comply with Interim Financial Instructions M3 (8.1); and
- Ensure management to monitor staff performance in their respective departments.

Management response

The Ministry acknowledges your findings on this matter. As mentioned before that MAL is recruiting an Audit and compliance officer. This officer will be ensuring the performances of our staffs be compliant with the Financial Instructions.

72 Ministry of Education and Human Resources Development

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Education and Human Resources Development (MEHRD):

- Accountable officer report
- Assets and stores
- Bank accounts
- Account code (commitment) control cards

The audit covered the 12 months ending 31 December 2016 and the 12 months ending 31 December 2017.

The report also includes audit findings from audits of scholarships funds administered by MEHRD for students studying in Papua New Guinea (PNG) and Fiji. The scholarships funds audit covered:

- Receipts;
- Payments;
- Bank accounts; and
- Assets.

The scholarships funds accounts and records audited were from 1 January 2016 to 31 December 2018.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, commitment cards and scholarships funds was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013 (PFMA).

The audit issues identified are summarised in the table below:

Table 3: Audit issues MEHRD

No	Audit issue	Year	Risk rating
1	Fail to prepare accountable officer report	2016/2017	High
2	Incomplete asset register	2016/2017	High
3	Fixed assets not labeled	2017	High
4	No monthly bank reconciliation	2016/2017	High
5	Control cards reconciliation not done monthly	2016/2017	Moderate
6	Management not responding to audit issues	2016	High
7	Lack proper data management	2016 to 2018	High
8	Lack of effective communication and coordination	2016 to 2018	Moderate
9	Failure to provide information requested by audit	2016 to 2018	High
10	No proper monitoring of students by National Training Unit (NTU)	2016 to 2018	Moderate

11	Lack of National Training Committee minutes	2016 to 2018	High
	High		8
	Moderate		3
	Low		0
	Total audit issues		11

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts, commitment cards and scholarships funds management.

2. Detail audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG noted that no accountable officer report had been prepared and submitted by the Ministry to the Accountant General and Auditor General as required by PFMA for 2016 and 2017.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry.
- Lack of financial report and/or information as basis on which past performance can be analysed and future budget and performance can be projected.

Recommendation 1

MEHRD:

- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure to comply with Section 77 of the PFMA.

Management response

It is acknowledged that the accountable officer's report was not produced for 2017 and 2018 but it will be produced for 2019. The Finance team in MEHRD will liaise with MoFT to get this reporting framework and format to prepare the AO report for the year 2019. Suffice to say that MEHRD did provide its Financial Reports for the period 2017 and 2018 in its Annual Reports.

OAG comment

OAG acknowledge the ministry's management response and the implementation plan. A follow up will be made during future audits of the ministry.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – High

It was noted that asset registers were supposed to be kept by each division within the ministry. The ministry has a separate division responsible for assets management. However, upon reviewing the asset registers, audit noted that the registers were either incomplete or not kept by the divisions. The asset register did not contain all the necessary information expected of an asset register. In addition the responsible officer failed to provide annual certificate to the accountable officer to show that the asset register has been checked, updated and the attainment or otherwise of expected useful life of each asset.

Implications

- Unable to monitor the location, movement and custodian of the assets.
- Ministry assets can be removed or stolen without trace.
- Lack accountability and transparency.

Recommendation 2

MEHRD:

- Ensure all asset registers within each division are updated regularly;
- The Division responsible for assets must keep a master copy of all asset registers within the ministry and do a monthly reconciliation against each division register;
- Ensure annual certificate is provided to the AO as required by FI; and
- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

- *The MEHRD Senior Management Team acknowledges the limitations reported in terms of incomplete and not updated fixed asset registry. We therefore have decided to have an internal system beeped up to support this process. There was some system in place but the coordination of recording these assets had to be done with for example IT equipment with ICTSU and vehicles with Ministry of Infrastructure Development (MID). There are some record of fixed assets such as furniture, tables, cupboards IT equipment and software applications and others that are kept by some divisions but these need to be kept in a centralised record system. Currently our Asset Management Unit is responsible for vehicles, which it also coordinates and keep an updated record with MID on their registry.*
- *We recommend to use the Hardcat software operated under ICTSU for the asset register as the way forward to thoroughly keep record of all asset procured by MEHRD.*

OAG response

OAG acknowledge the ministry's management response and the implementation plan. A follow up will be made during the future audits of the ministry.

2.2.2 Lack of proper coordination and delegation for recording fixed assets.

Risk rating – High

OAG confirmed that there was no proper coordination and delegation in terms of recording and managing fixed assets of the ministry. It was noted that there was no asset register for fixed assets acquired through the procurement division. The Asset Management Division (AMD) should be responsible for managing the ministry's fixed assets. However, most of the assets were acquired without their knowledge, therefore they (AMD) did not have them recorded.

Implications

Not all fixed assets were recorded. Hence, assets could be stolen or lost.

Recommendation 3

MEHRD ensures that

- The Asset Management Division is involved in acquiring, and managing fixed assets so that all fixed assets are recorded and well managed.

Management response

See section 2.2.1 above for our response.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – High

It was noted that no monthly bank reconciliation was performed by MEHRD on bank accounts kept by the ministry for 2016 and 2017 financial years. The bank reconciliations were only performed when reimbursements were done on the standing imprest which contravened FI P5 73.2 and 74.1. The Education Sector's and the UNICEF's bank accounts were reconciled only once at the end of the year.

Implication

- Errors are not detected early.
- Unauthorised withdrawals of funds are not detected on timely basis.
- Management is unable to have timely and reliable report and information on the cash flow.

Recommendation 4

MEHRD:

- Ensure bank reconciliations are performed for all bank accounts controlled by the ministry at the end of each month as prescribed by the FI.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation report.

Management response

- *For the UNICEF and Education Bank Accounts, it is true to say that reconciliation of*

these two accounts were done only at the end of the year. However, for the standing imprest it was updated and reconciled on a monthly basis.

- *A particular officer in the Accounts Division is being assigned to oversee the reconciliation of UNICEF fund and Education Trust Account on a monthly basis as required by the PFM Act and as advised by the Auditors.*

OAG comment

OAG acknowledge the ministry's management comment on the finding. A follow up will be made during future audits of the ministry.

2.4 Control (commitment) cards

2.4.1 Control cards reconciliation not done monthly

Risk rating – High

The ministry kept control cards to monitor the movement of payments to and from Treasury. However, no reconciliation of control cards were done by the ministry at the end of each month against treasury information.

Implication

- Not aware of any errors in the Treasury system.
- Unable to monitor and provide reliable advices to AO.
- Changes made by MoFT were not captured in the ministry's commitment cards.
- Unreconciled commitment cards kept within the ministry could be inaccurate and misleading. Using it as a basis to make decision could lead to unfavourable outcomes.

Recommendation 5

MEHRD:

- Ensure to perform monthly reconciliation of the ministry's commitment cards to treasury information as per chapter 5, section P5 96 of the FI.

Management response

The Senior Management Team of MEHRD acknowledges that there has been concerns in relations to updating of control (commitment) cards. However, measures have been put in place to rectify this situation so that tangible improvement can be made. For example supervising officer(s) are now checking on the responsible officers on a monthly basis to perform this task. Internal monthly report will be produced on our commitments and reconciliation of commitments in the AX.

OAG comment

OAG acknowledge the ministry's management response. A follow up will be made during future audits of the ministry.

2.5 Administration issue

2.5.1 Management not responding to audit issues

Risk rating – High

OAG send the copies of draft management letters to the Ministry's management for 2016 audit but no response was received by OAG on the issues raised. It is very important for the management to response to all issues raised, if agreed with those issues then management should outline the timeframe in which the Ministry can resolve issues raised by auditors. Using the audit action plan template at the back of the report is very helpful in terms of outlining task and time for responsible officers to solve internal control issues within the Ministry.

Implication

- Lack of responses to audit issues, there is high risk that those issues will continue to exist in the ministry and lead to other new issues.
- Ministry is vulnerable for misappropriation of public funds.

Recommendation 6

MEHRD:

- To ensure to respond to all issues raised by the audit and outline the timeframe in which Ministry can rectify those issues.

Management response

No management response.

3. Scholarships funds audit findings and recommendations

3.1 Lack of proper student data management

Risk rating – High

OAG confirmed that the National Training Unit (NTU) lack proper data management system to keep accurate record of students studying abroad. Audit noted that the number of students studying in Fiji in 2017 increased by 264 % from 2016, and by 55 % in 2018 from 2017. However, fund disbursement from the Fiji scholarships account only showed an increase of 0.02% in 2017 from 2016 and 14% in 2018 from 2017. Also the master listing provided by NTU for students study in PNG contained names of students studying in Fiji and vice versa. This shows that the student data management within the unit was not properly managed.

Implication

- Tracking students' study programmes and durations is difficult.
- Since payment of allowances and other students' entitlements are paid based on students listing, there are inefficiencies in fund disbursement in terms of allowances and other costs.
- Overspending of budget and unauthorised expenditure.

Recommendation 7

MEHRD to ensure:

- The NTU establishes a database that keeps accurate data of Solomon Islands Government sponsored students.
- Ensure the database as a minimum provides timely report on the list of students on scholarships, the duration of scholarships and terminated students for each year.
- Create strict security protocols within the system to avoid unauthorised access or editing of information within the system.

Management response

- *The Senior Management Team is aware of the challenges on the scholarship data management that were experienced during the audit reporting period. Our realization of this important discrepancy with scholarship data had resulted in us reviewing the old Scholarship Information Management System (SIMS) to make it more functional and also to include scholarship reporting. The SIMS was upgraded in 2018 but it was not operational (due to technical issues) until early this year that it was used. The National Training Unit (NTU) is currently using the updated SIMS to populate data and information (e.g. student profiles, course details, grades etc) for their decision making as well to input and record scholarships data for 2019 and 2020. NTU is currently engaging data entry officers to enter historical scholarship data (from previous years) in the old SIMS into the updated SIMS. Work on this began as of August 2019. This will support the management of scholarship data so that accurate and reliable data and information are used for planning, reporting, budgeting and decision making.*
- *The updated SIMS has the capacity to produce the recommended reports and has the security feature for different decision making points in the hierarchical structure of the Unit.*
- *It is also important to note that despite the fact that there was an increase in the scholarship awards for 2017 compared to 2016, and issues with scholarship data, all scholarships students received their entitlements and tuition fees were paid.*
- *Budget pressures were experienced which was a direct result of political decisions other than policy of the Ministry. This had increased an extraordinary high number of scholarships awarded during the reporting period which has nothing to do with MEHRD plans.*

OAG comment

OAG acknowledge the management's comments and efforts undertaken. OAG will examination progress on improving the SIMS during future audits of the ministry.

3.2 Lack of effective communication and coordination

Risk rating – Moderate

Audit observed that there is lack of effective communication and coordination between the education attachés to the two countries and the head office in MEHRD.

Implication

Inaccurate information is exchanged. This causes difficulties in managing students' affairs especially with regards to students' lists and allowances payments.

Recommendation 8

MEHRD:

- There must be an effective flow of information between educational attaché and the head office to ensure that accurate information and data are exchanged for proper monitoring and addressing of students' issues.

Management Response

- The observation made by the auditors on the communication effectiveness between MEHRD/NTU and the Education Attaches in Suva and Port Moresby is interesting and unfair. The question is; how did you measure effectiveness of communication, when you did not even interview the officers responsible? What we can substantiate is that there were ample communication between our Education Attaches and the MEHRD/NTU – otherwise how could we possibly pass on important information to our Education Attaches and students. So essentially we find it difficult to agree with your observations – it lacks concrete evidence and therefore needs more clarity around the source of information used.
- There were challenges encountered in raising students' allowances and tuition fees due to the many parties involved in the processing of payments (MEHRD, MoFT, CBSI and Commercial Bank) but thank goodness, students' allowances and their tuition fees paid cleared during the reporting period.

OAG comment

The issue was not with head of MEHRD but the head of NTU and his team. Audit noted during interviews done with officers of the two embassies (Fiji and PNG) and the NTU director regarding the flow of information provided by those parties. It was clear that those parties never had the same view or data on matters critical on managing the scholarships. For example, lists of students provided by NTU did not reconcile with listing of students receiving allowances in those countries. Also NTU and the Attachés managing those offices failed to communicate between them to identify students who have completed their programs and to update the master listing accordingly. As a result students continued to receive allowances and registered for other irrelevant courses for the sake of receiving the allowances. The audit finding was for 2016, 2017, 2018 financial years. There might be improvement done in 2019.

3.3 Failure to provide information requested for audit

Risk rating – High

The Ministry did not provide data on payments made to Fiji scholarship bank account despite requests and follow-up by the audit team. This is a breach of section 36 (1) of the Public Finance and Audit Act (PFAA).

Implication

Audit team could not verify the total payments that were sent to Fiji scholarship bank account.

Recommendation 9

MEHRD to ensure that:

- Officers in the ministry to comply with the relevant Act and provide auditors with information required for audit purposes.

Management response

- *It is our view that perhaps more information is needed to clarify this observation, which in our opinion is a bit unfair. There is information available on the subject and the Auditors would have obtained it had they asked responsible senior officers rather than requesting junior officers.*
- *There is a protocol that we have set in the ministry for doing business in MEHRD. Auditors should coordinate with respective HoDs rather than subordinates to provide the information needed. HoDs can delegate the responsibility to their subordinates if they are occupied with other things. This is to ensure that the management of the data demanded and supply chain is well coordinated for auditors to get all relevant information to produce the quality report required.*

OAG comment

OAG is taking note of MEHRD's response so for future audit; we will ensure that coordination is done through HoDs.

3.4 No proper monitoring of sponsored students by National Training Unit**Risk rating – Moderate**

OAG noted that National Training Unit (NTU) for the three (3) years 2016, 2017, 2018 failed to have a robust system in place to monitor and effectively manage the students under SIG scholarships who attended various tertiary institutions in the region. It was noted that a number of students did not have award letters but were already issued with tickets. Some students already completed their programme courses but since NTU failed to identify them, they continued with other units which were not required under their course programmes.

Implication

- Lack of proper monitoring and management of the listing of students will result in MEHRD scholarship budget overspending.
- Risk of more virements and supplementary budgets.
- Wastage of public funds and unfair awarding of scholarships.
- Unauthorised awarding of scholarships.

Recommendation 10**MEHRD to:**

- Ensure proper monitoring and effective management of student scholarships;
- Ensure effective collaboration between NTU and respective Universities on when sponsored students complete their programs;
- Only students awarded with authorised award letters can be issued with tickets or board chartered flights to respective universities; and
- Ensure Internal Audit Division do an audit review on the processes within NTU.

Management response

- *It is acknowledged that the problem identified had occurred. Now with the new Head of Scholarships Divisions, tighter management of the scholarship program is happening compared to the leadership or management of the scholarship program under the former Director of NTU. As was alluded to in Section 3.1 above, this is projected to improve with the current upgraded Scholarship Information Management System. The system has the capacity to get information on completion rate, termination rate, suspension rate, extension rate and duration for each program.*
- *The NTU is also strategically ensuring that;*
 - *Historical scholarships data is captured in SIMS.*
 - *Quality-checking data entry and validation of data reports from SIMS to ensure data accuracy and integrity.*
 - *Ensuring all applications that meet the initial GPA short-listing criteria for places advertised in the Opportunity List and are subsequently processed in SIMS.*
 - *Establish and maintain an Excel database, for audit purposes, of basic information regarding those applicants who did not meet the initial selection criteria.*
- *NTU officers also travel to the institutions every year. Sometimes there were more than one travel in a year to address immediate needs and arising issues affecting the students academically, financially and socially.*
- *There is also an ongoing system in place to monitor the academic performance of students. Hence, underperformers are usually terminated of their scholarships at the end of the first semester or second semester. The monitoring mechanism in placed has been going on for a long time and improvement is being made to ensure we establish an efficient management system of the scholarships.*

OAG comment

OAG appreciate the management response. A follow up check will be made during future audits of the ministry.

3.5 Lack of national training committee minutes

Risk rating – High

OAG requested minutes for 2016, 2017 and 2018 for the National Training Committee (NTC) meetings, however, was only able to receive three (3) minutes for 2018 but they were not signed. The minutes to NTC meetings are very important as they are legal documents that recorded important decisions made concerning the students on scholarships. And those minutes would determine which students would be funded by MEHRD. Audit was unable to do further testing due to lack of signed minutes. Those minutes would provide essential information on the exact number of students that was approved for SIG scholarships.

Implication

- *Lack of minutes increases the risk of MEHRD officers manipulating listing of students under scholarships.*

- Management will be unable to know the approved listing of students for budgeting purposes.
- All decisions, resolutions and approval done by the committee are null and void as no signed minutes to confirm those decisions.

Recommendation 11

MEHRD to:

- Ensure minutes are kept for all meetings undertaken by NTC.
- Always use the minutes listing as the baseline to reconcile list of sponsored students.

Management response

- *It is acknowledged that during the reporting period, there were few or no minutes of NTC meetings sighted or observed by the auditors. However, the Senior Management Team is aware of minutes of meetings that were produced by the secretary to NTC. There is now marked improvement in terms of NTC minutes and this will continue well into the future especially with the new secretary to NTC.*
- *The NTC Chairman and Secretary have been instructed to produce minutes of all their meetings and must be approved by the Chair of the committee*

OAG comment

OAG acknowledges the ministry's management response and the implementation plan. A follow up will be made during future audits of the ministry.

74 Ministry of Foreign Affairs and External Trade

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Foreign Affairs and External Trade (MFAET):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Account code control (commitment) cards.

In addition, audit findings from audits conducted in four¹ of the ten Solomon Islands diplomatic missions abroad are included in this report. The areas covered in the overseas missions audits were:

- Revenue and receipts;
- Payments;
- Bank accounts; and
- Assets.

The audit covered accounts and records of the MFAET from 1st January 2016 to 31st December 2017 and financial accounts and records of four missions from 1 January 2016 to 31 December 2018.

1.2 Key findings

The process to manage and monitor accountable officer reports, fixed assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions (FI) and the Public Financial Management Act 2013 (PFMA). The audit issues identified are summarised in the table below:

Table 4: Audit issue MFAET

No	Audit issues	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Fixed asset register incomplete	2016, 2017	High
3	Fixed assets not labelled	2016, 2017	High
4	Bank reconciliation not prepared on a monthly basis	2016, 2017	High
5	Account code control cards not reconciled	2016, 2017	Moderate
6	Lack of proper induction	2016, 2017, 2018	Moderate
7	Lack of proper handover	2016, 2017, 2018	Moderate
8	Lack of review of overseas missions' financial records	2016, 2017, 2018	Moderate
9	Lack of basic administration and bookkeeping knowledge	2016, 2017, 2018	Moderate
10	Missions do not have chart of accounts	2016, 2017, 2018	Moderate

¹ Australia, Fiji, Indonesia and PNG

11	Lack of updated regulations	2016, 2017, 2018	Moderate
	High		4
	Moderate		7
	Low		0
	Total audit issues		11

1.3 Conclusion

The audit noted weaknesses in the procedures, practices as well as deficiencies in internal controls in the management of accountable officer reports, assets and stores, bank accounts, commitment cards and receipts.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG confirmed that the ministry did not prepare accountable officer report as required by section 77(2) of the PFMA.

Implication

Lack of financial reports as basis on which past performance can be analysed and future budget and performance can be projected.

Recommendation 1

MFAET to:

- Ensure AO liaises with MOFT for the reporting framework and the format required to prepare the accountable officer report.

Management response

MoFT have informed all Ministries that a workshop is organised for all FCs to create a standard reporting template. Ministry will start implementing/ prepare the AOR after the workshop next month.

OAG response

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be carried out in future to ensure the recommendation is implemented.

2.2 Fixed assets and stores

2.2.1 Fixed asset register incomplete

Risk rating – High

OAG confirmed that the ministry's fixed asset register did not contain all necessary information that should be captured in any asset register. In addition, the responsible officer

did not provide an annual certificate to the AO to show that the asset register has been checked, updated and the attainment or otherwise of expected useful life noted as required in the Interim Financial Instructions chapter 4 Section M4 4 subsection 4.3.

Implications

- Unable to monitor the location, movement and custodian of the fixed assets; and
- Ministry's fixed assets could be stolen or lost without trace.

Recommendation 2

MFAET:

- To ensure fixed asset register captures all relevant necessary information pertaining fixed assets and must be checked and updated on a timely manner and annual certificate provided to the AO as required by the Financial Instructions.
- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instruction 2014

Management response

The Accounts Desk have created a new fixed asset template to upgrade the current register. HRM/FC will revise all data as of 2018 to ensure all necessary requirements are reflected on the fixed asset register.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be carried out to ensure the implementation of this recommendation.

2.2.2 Fixed assets not labelled

Risk rating – High

OAG through observation confirmed that the ministry's assets were not labelled or tagged as property of SIG as required by FI chapter 4, M4 6.

Implication

It is difficult to identify assets that belong to SIG and controlled by the ministry. The ministry will be unable to figure out if assets are lost or stolen.

Recommendation 3

MFAET to ensure:

- All of the ministry's assets must be tagged with unique identification tags and reflected in the asset register.

Management response

Admin and Accounts desk will work together to ensure all assets are properly marked and recorded before the end of 2019 financial year.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be carried out to ensure the implementation of this recommendation.

2.3 Bank accounts

2.3.1 Bank reconciliation not prepared on a monthly basis

Risk rating – High

OAG confirmed that the ministry performed bank reconciliation every time when replenishment is needed to the imprest account; not monthly as prescribed by the FI.

Implications

Errors and unauthorised transactions may not be detected on timely basis.

Recommendation 4

MFAET:

- To ensure bank reconciliation of bank accounts controlled by the ministry are prepared on a monthly basis as prescribed in the financial instructions.

Management response

The Ministry will treat this issue as priority; thus, recruitment is in progress to hire one new officer to perform this specific task.

OAG comment

OAG acknowledge the ministry responses with its action plan. A follow up audit will be carried out to confirm the implementation of this recommendation.

2.4 Account code control (commitment) cards

2.4.1 Account code control cards not reconciled

Risk rating – Moderate

OAG confirmed that the ministry did not reconcile its account code control cards to treasury information as require by FI P5 96.1.

Implication

Changes made by MoFT might not be captured in the ministry's commitment card. Hence, unreconciled commitment cards within the ministry are inaccurate and misleading. Using them as a basis to make decision could lead to unfavourable outcomes.

Recommendation 5

MFAET:

- Ensure to perform monthly reconciliation of the ministry's commitment cards to treasury information as per chapter 5, section P5 96 Interim Financial Instructions 2014.

Management response

Ministry have created a new commitment template to reconcile each transaction on monthly basis. The task has been allocated to one of our senior officer to ensure all accounts are

reconciled and updated.

OAG comment

OAG acknowledge receiving the ministry response with its action plan. A follow up audit will be carried out to confirm the implementation of this recommendation.

2.5 Overseas missions audit issues

2.5.1 Lack of proper induction for officers

Risk rating – Moderate

It was noted that there was no proper inductions for staff that were sent to the overseas missions. There was evidence that staff were not aware of some of the duties pertaining to the posts they were undertaking in the mission especially on matters relating to administration and financial management.

Implication

Staff not being able to perform some of the duties, accounting duties in particular, that is expected of them as per their job descriptions.

Recommendation 6

MFAET:

- There must be proper induction for any new officer who is to be sent to work in any of the diplomatic missions abroad. This is to ensure that the staff is well aware of the duties and responsibilities he/she is going to perform whilst at the mission office.
- Ensure officer is well versed with requirements of Financial Instructions, General Orders and other regulations and policies that might affect them during their engagement at the overseas missions.

Management response

The Ministry starts to provide induction training this year for 2 officers on posting. We have proposed plans to organised training sessions for one week to provide all necessary information required prior to posting.

OAG comment

OAG acknowledge the ministry response with its action plan. A follow up audit will be carried out to verify the implementation of this recommendation.

2.5.2 Lack of proper hand-over

Risk rating – Moderate

OAG noted during the audit that there were no proper handing over especially concerning administration and accounting records by predecessors to the current staff working in the missions.

Implication

Lack of proper handover notes will lead to the missions misplacing important records and

non-performance of incomplete tasks by those taking over.

Recommendation 7

MFAET:

- There must be proper hand over when an officer working in any of the missions is to be replaced. The predecessor must handover all the administration and accounting records and ensure that the new officer is well aware of the status of such records.

Management response

Missions are informed to prepare handover notes and ensure to place copies on relevant files. HQ must ensure to access handovers notes before officers leave the office.

OAG comment

OAG acknowledge the ministry response with its action plan. A follow up audit will be carried out to determine the status of this recommendation.

2.5.3 Lack of review of mission's financial documents

Risk rating – Moderate

OAG noted that headquarters did not review records sent by the missions. The missions usually sent their quarterly financial records to the headquarters, however, the records have not been reviewed.

Implications

- Errors or non-compliance by the missions have not been addressed earlier; and
- Mission's performances in terms of record keeping and compliance to accounting standards have not been monitored.

Recommendation 8

MFAET:

- The headquarters must review records and files sent by the missions so that the administration and accounting performance of the missions are closely monitored and to ensure that financial and other relevant information in each mission's report can be verified through review of files.

Management response

All overseas Missions are informed to provide soft copy of quarterly reports via emails. We start to receive soft copies as of 3rd qtr. 2019, this enable the desk to quickly check and detect any misappropriations on the report.

OAG comment

OAG acknowledge the ministry response with its action plan. A follow up audit will be carried out to determine the status of this recommendation.

2.5.4 Lack of basic administration and book keeping knowledge

Risk rating – Moderate

OAG noted that the Minister Counsellor/ Counsellor and third secretary lack basic knowledge of basic booking and administration when engaged at the overseas missions offices. This shows that the ministry failed to train those officers before sending them to serve at the mission offices.

Implication

- Risk of public funds not properly accounted for; and
- Unable to analyse financial data and report to Accountable officers.

Recommendation 9

MFAET:

- Ensure Minister Counsellors, counsellors and secretaries are trained on basic bookkeeping and administrative skills before they are sent to the overseas missions by the ministry.

Management response

The Ministry will compile training kits for officers to understand the governments finance processes and reporting requirements. We propose to organise training sessions at least a week or 2 weeks before officers leave to their posting station.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be carried out to determine the status of this recommendation.

2.5.5 Missions do not have chart of accounts

Risk rating – Moderate

Missions did not have chart of accounts on which their budget could be based and spending could be monitored.

Implication

Spending cannot be well monitored and controlled.

Recommendation 10

MFAET:

- Draw up chart of accounts for missions on which their budgeting and spending can be controlled and monitored.

Management response

The Ministry have a draft chart of accounts in placed. All Missions will access the draft after being finalized. New chart of accounts will be in use after all Missions are fully aware and understand the new budgeting and reporting requirements.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be carried out to verify the implementation of this recommendation.

2.5.6 Lack of updated regulations

Risk rating – Moderate

OAG reviewed the regulations for overseas missions and noted that there was no specific regulation or policy for married couples managing the overseas missions' offices. Under schedule 1 of the regulations, there is no specific rate provided for the wife or the husband that performed in the post of the Counsellor or third secretary. It is important that the overseas missions' regulations cater for the conditions of service of these officers.

Implication

- Risk of collusion by individuals.
- Increase risk of conflict of interest.
- There is likelihood of misappropriation and fraud to occur.

Recommendation 11

MFAET:

- Ensure to review the current overseas missions regulations including the Public Service Act (CAP 92) to cater for the current situation.

Management response

The Ministry will revise the Overseas Service Regulations to set specific rates to address this issue. Work is in progress to update various sections on the regulations; a draft should be available next year (1st Qtr.).

OAG comment

OAG acknowledge the ministry responses with its action plan. A follow up audit will be made during future audits to verify the implementation of this recommendation.

75 Office of the Governor General

1. Overview

1.1 Audit scope

The audit covered the following areas in the Office of the Governor General (OGG):

- Accountable officer report;
- Assets and store;
- Bank accounts; and
- Account code (commitment) control cards.

The audit covered the 12 months ending 31 December 2016. The Auditor General believes that the matters raised were also relevant to the accounts and records of the office for the financial year 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, and commitment cards was not in line with the requirements of the Financial Instructions and Public Financial Management Act 2013. The audit issues identified are summarised in the table.

Table 5: audit issues OGG

No.	Audit issues	Risk rating
1	No accountable officer report	Moderate
2	Incomplete asset register	Moderate
3	Account code (commitment) cards not reconciled monthly	Moderate
	High	0
	Moderate	3
	Low	0
	Total audit issues	3

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, and control cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 No accountable officer report

Risk rating – Moderate

At the ministry's entry meeting with its management, the senior officials have stated that they have not prepared the accountable officer report as required by the PFM Act Part 10 s77 (2).

It was further noted that the Solomon Islands Government Accounting Service (SIGAS) did not provide guidance to the office's accountable officers on how to prepare this report to enable them to comply with the financial laws.

Implication

- Increases the risk of MOFT unable to properly monitor the annual financial performance and operation of the office which may lead to inappropriate implementation of the allocated budget for the office.
- This is a breach of the PFM Act 2013 part 10 s 77(2). Responsible officer failed to perform their duty as prescribe by the Act.

Recommendations 1

OGG:

- Ensure to comply with Part 10 section 77 (2) of the Public Financial Management Act 2013.
- Ensure to liaise with MoFT on the required format for the accountable officer report.

Management response

OAG did not receive any response from the management on the due date. A follow up will be done on this during the audit of the future financial years' accounts and records.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – Moderate

OAG noted that the office kept an asset register but it was incomplete as the asset register did not record all the required information for each asset. All the assets were not physically tagged for easy identification and verification.

Implications

- Unable to monitor the location, existence, movement and custodian of the assets.
- Assets can be removed without trace.
- Lack of accountability and transparency.

Recommendations 2

OGG:

- Ensure asset register is being checked and updated
- Ensure comply with relevant legislation including section 4 M4 (5) (6) (7) of Interim Financial Instruction 2014.

Management response

OAG did not receive any response from the management on the due date. A follow up will be done on this during the audit of the future financial years' accounts and records.

2.3 Account code (commitment) control cards

2.3.1 Commitment cards not reconciled monthly

Risk rating – Moderate

OAG acknowledge the office for keeping commitment cards, however, the office failed to reconcile their commitment cards with MOFT financial records monthly.

Implication

Lack of reconciliation of control cards increases the risk of not identifying:

- unpaid and paid requisitions
- Not aware of the payments queried by Treasury
- Overstating and/or understating of control card balances.
- Unable to monitor and provide reliable advice to AO.

Recommendation 3

OGG:

- Ensure comply with section P5 79.5 of the Interim Financial Instructions 2014.

Management response

OAG did not receive any response from the management on the due date. A follow up will be done on this during the audit of future financial years' accounts and records.

76 Ministry of Health and Medical Services

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Health and Medical Services (MHMS):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Account code control (commitment) cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013. The audit issues identified are summarised in the table below.

Table 6: audit issues MHMS

No	Audit issue	Year	Risk rating
1	No accountable officer report	2016, 2017	High
2	Incomplete asset register	2016, 2017	High
3	Lack of monitoring over movement of medical supplies	2016, 2017	High
4	No medical policy on sale of medical drugs	2016, 2017	High
5	No independent verification during annual stock take	2016, 2017	High
6	Lack of bank account register	2016, 2017	High
7	No monthly bank reconciliation	2016, 2017	High
8	Cash books not updated and bank reconciliation not reconciled	2017	Moderate
9	Poor filing of bank reconciliation records	2016, 2017	High
10	Commitment records not reconciled	2016	Moderate
11	Poor management over commitment cards	216,2017	High
12	Poor response to audit issues raised	2016	High
13	No cooperation from management during audit	2017	Moderate
	High		10
	Moderate		3
	Low		0
	Total audit issues		13

1.3 Conclusion

The audit noted weakness in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 No accountable officer report

Risk rating – High

During the audit entry meeting between the ministry management and OAG, the senior officials stated that they have not prepared the accountable officer report to be submitted to the Accountant General and the Auditor General as required by the *PFM Act Part 10 s77 (2)*.

It was further noted that the Solomon Islands Government Accounting Services (SIGAS) did not provide guidance to the ministry's accountable officers on how to prepare this report to enable them to comply with the financial laws.

Implications

- Increases the risk of MOFT being unable to properly monitor the annual financial performance and operation of the Ministry which may lead to inappropriate implementation of the allocated budget by the ministry.
- This is a breach against the PFM Act 2013 s 77(2). Responsible officers failed to do their duties as prescribe by the Act.

Recommendations 1

MHMS:

- Ensure to comply with section 77 (2) of the Public Financial Management Act 2013.
- Ensure accountable officer liaises with MOFT on the format for the accountable officer report.

Management response

MHMS FC will contact Director of SIGAS for a meeting and obtain information in the format required for submission of the Accountable Officer's Report. MHMS will endeavour to submit the Accountable Officer's Report within one month after confirmation of reporting format and requirements from SIGAS.

OAG comment

OAG acknowledged the ministry response. A follow up audit will be carried out on this during future audits of the ministry.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – High

OAG noted that the ministry kept an asset register but it was incomplete, the relevant details of each asset were not recorded in the register. This made it difficult to monitor and account for each asset.

Implication

- Unable to monitor the location, movement and custodian of teach asset to verify its existence;
- Assets can be removed without trace; and
- Lack of accountability and transparency.

Recommendations 2

MHMS:

- Ensure asset register is being checked and updated; and
- Ensure comply with relevant legislations including section 4 M4 (5) (6) (7) of Interim Financial Instructions.

Management response

MHMS has established an Asset Management Guideline in March 2019, ahead of the MOFT policy and procedures being distributed in August 2019. Each division within MHMS has being tasked to compile their Asset Register, to date, only 50% of the divisions have submitted and the Management team will endeavour to follow up and ensure full submission by December 2019. An asset verification exercise is planned for 2020 to validate the completeness and accuracy of the consolidated Ministry Asset Register.

OAG comment

OAG acknowledged the ministry response. A follow up audit will be carried out to confirm actions taken.

2.2.2 Lack of monitoring policy over movement of medical supplies

Risk rating – High

OAG noted that there was no security surveillance over medical supplies stocks movement. Interviews conducted with senior officials confirmed that medical drugs could be removed without being noticed because of lack of monitoring mechanism for the stock in and out. This could result in physical stock and records not reconciling. There were control issues regarding stock movement during and outside official hours.

Implications

- Unable to monitor the movement of medical supplies in and out of stock rooms.
- Medical supplies can be removed without trace.

Recommendation 3

MHMS:

- Ensure a security surveillance camera is installed in the National Medical Store to safeguard the movement of medical supplies in and out.
- Develop an inventory system to manage stock movement.

Management response

- *For safeguard of medical supplies and its movement, NMS have changed all the doors which are very old (1996) with new doors and locks. Keys are managed centrally.*

- *All enquiries regarding to orders must be done at the customer's services counter, not in the warehouse or the loading bay.*
- *All supplies are recorded on the new user-friendly cargo receipt developed by NMS to be used for sending medical supplies to the (second level medical stores (SLMS), in the provinces. Warehouse supervisors have to sign off all the cargoes loaded on to the trucks before delivering to the boats.*
- *Dispatched book is used to record all orders supplied for records keeping.*
- *Surveillance camera, will be included in our AOP budget planning for 2020. Appropriate appliance needed to be identified and costed, and its use properly planned in terms of HR management of it, and servicing and maintenance, that is data back-ups etc.*

OAG comment

OAG acknowledges the ministry response. A follow up audit will be carried out to determine the implementation of the recommendations.

2.2.3 No medical policy on the sale of medical drugs

Risk rating – High

OAG noted that the National Medical Store was selling drugs to private clinics using undisclosed rates. Interviews conducted with senior officials confirmed that no medical policy was implemented by the government to safeguard the sale of medical drugs to private clinics. Without such medical policy the activities involving the sale of medical drugs could not be monitored as required.

Implication

- Increase in demand for essential medical drugs supplied to private clinics can cause drugs supplies shortage for public clinics.
- Budget exhausted due to no budget for selling of drugs to private clinics.
- Unauthorised sale of medical drugs to private clinics.

Recommendations 4

MHMS:

- Ensure to work on a National Medical Store policy to safeguard the disbursement and receiving of medical drugs; and
- Avoid selling of drugs to private clinics if it was not budgeted for in the annual appropriation of the ministry.

Management response

- *MHMS executive have taken the lead on the formulation of the policy for the sales of medicines to the public.*
- *National Pharmacy Services Division have looked at the content of the policy and supported the policy review with its input/comments to align it with our Pharmacy and Poison Acts, National Medicines Policy, and Pharmacy standards. Taking into account all the stake holders involved in the distribution of medicines and medical supplies and the services provided to the public or Solomon Islands citizens, and*

includes public sector, private sector, NGOs, FBOs, etc.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be done to review progress.

2.2.4 No independent verification during annual stock take

Risk rating – High

OAG noted that National Medical Store performed stock-take annually; however, auditors were not present to independently review the annual stock-take process.

Implication

- Detected variances might be omitted from the statement of stock reports.
- Lack of transparency and accountability.

Recommendation 5

MHMS:

- During stock-take internal auditors should be present to observe the counting of stock inventories;
- External auditors should be present and do sample testing to verify the existence of inventories during stock-take period; and
- To move stock-take period from February to end of month of December to coincide with financial year end of the Solomon Islands Government.

Management response

- *The NMS annual stock take in February is aligned to fulfil the Annual Procurement timeline. It has to be fixed as such, very important in order not to delay the process.*
- *NMS is happy for internal and external auditors to be present on observatory purposes. The stock take is a transparent process and done with due notice to the public and MHMS. OAG needs to ensure that these officers are available during this annual schedule major stock take dates.*
- *The information to be supplied at the end of December each year for the purpose of financial year end can be obtained in another way, which should not disturb the annual stock take for starting the annual procurement cycle. We need to know what information is required by OAG for financial year reports.*

OAG comment

OAG acknowledge the ministry response. A follow up audit will be done to determine progress.

2.3 Bank accounts

2.3.1 Lack of bank account register

Risk rating – High

OAG noted that the ministry kept a lot of bank accounts which they failed to manage. The ministry did not have a centralized bank account register where all the operating accounts

should be registered, managed, monitored and reconciled monthly. Senior management were not aware of all the bank accounts operated by the ministry.

Implications

- No control of the bank accounts increases the risk of fraud and error.
- Unable to provide to management timely cash flow reports.

Recommendations 6

MHMS

- Ensure that a register of all the bank accounts operated by the ministry is in place, including the current specimen signatories listing for each account.
- Ensure AOs monitor all bank accounts monthly.

Management response

Since 2015, a number of bank accounts MHMS manage has already being closed. MHMS FC will compile an updated register for all bank accounts related MHMS currently in use. A review of all existing bank accounts will be carried out based on need as assessed by the Planning and Finance Committee for further action.

MHMS will draft an internal guideline on the usage of bank accounts and assign responsibilities within the Finance Unit for on-going monitoring and reporting.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be conducted.

2.3.2 No monthly bank reconciliation

Risk rating – High

OAG noted that the bank reconciliations were performed only for the replenishment of ministry's standing imprest to submit to the Ministry of Finance and Treasury. But not on monthly basis as stated in P5 subsection 73.1-73.2 of the Interim Financial Instructions 2014.

Implication

- The management is unable to timely monitor its ministry bank account spending.
- Risk of overdrawn bank accounts.
- Inability for informed and timely information available for management decision making.

Recommendation 7

MHMS:

- Ensure bank statements are obtained monthly and bank reconciliations are prepared every time a bank statement is obtained.
- Prepared bank reconciliation reports are dated and endorsed by the preparer and the reviewer.

Management response

MHMS Finance Unit to update the bank account management guideline to cover management of standing imprests so the requirements and responsibilities are clear. Once the guideline is approved by Planning and Finance Committee, the responsible officer will obtain and prepare reconciliations on a monthly basis.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be done.

2.3.3 Poor filing of bank reconciliation records

Risk rating – High

The responsible officer for ministry's standing imprest bank account did not file the copies of the 2016 and 2017 bank reconciliation reports as required.

OAG was unable to easily obtain records because of the poor filing of the bank reconciliation records. Our observation indicated that the bank statements, PVs and supporting documents related to certain cash books and bank reconciliation were not filed together. The auditor only sighted bank reconciliation reports with cash book but not complete copies of bank statements and PVs for the 2017 end year bank reconciliations. The responsible officer for ministry's standing imprest bank account did not file the copies of the 2017 bank reconciliations as required.

Implications

- Audit was unable to verify records because there were no records;
- Management was unable to monitor its cash flow; and
- Management lack information to make proper decision on its cash flow.

Recommendation 8

MHMS:

Ensure that the responsible officer must maintain proper filing of monthly bank reconciliations records and should provide upon request of management and audit for review and audit purposes.

Management response

For 2017, all bank statement and bank reconciliations are maintained and filed.

Management does not agree with this audit finding.

OAG comment

OAG acknowledges the ministry response. OAG is taking note of comment and to confirm in the next audit cycle.

2.3.4 Cash books not updated and bank reconciliation not reconciled

Risk rating – Moderate

The audit observed that the end year cash books for MHMS Standing imprest was not updated and bank reconciliation was not reconciled as well. Also there was no proper review of the bank reconciliations by an independent officer.

Implications

- Mismanagement of standing imprest.
- Inability to detect fraud and error on a timely basis.
- Inability to manage conflict of interest.

Recommendation 9

MHMS:

Ensure to comply with Financial Instructions 2014 section P5, (72.1), (73.1) and (73.2)

Management response

Cash book and bank reconciliation do occur, however, not every month. Currently, the cash book and bank reconciliation are prepared when the standing imprest is replenished and retired. However, managed understands that this will need to be completed on a periodic basis and will ensure this is done on a monthly basis from now on.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be done.

2.4 Account code control (commitment) cards

2.4.1 Commitment records not reconciled

Risk rating – Moderate

OAG noted the ministry general ledger account code 276-0500-0000-5350 for Capex - Motor Vehicles did not exist in Ministry of Finance and Treasury general ledger.

OAG confirmed that the ministry failed to perform any reconciliation between the ministry commitment cards and Ministry of Finance and Treasury general ledger which resulted in them not to identify the error.

Implication

- Committing any payment to account codes that do not exist would increase the risk of fraud and error, budget overspending and misuse of public funds.
- Errors undetected

Recommendation 10

MHMS

- Ensure to comply with Financial Instructions 2014 P5 (96.2)

2.4.2 Poor management over commitment cards

Risk rating – High

OAG noted that commitment cards did not match the Treasury ledger accounts since no monthly reconciliation and review was done as required by Financial Instructions 2014 P5 (96.1-96.5).

Implication

- Increases the risk of overstating or understating available funds which leads to untimely and poor decision making.
- Increases the risk of fraud and error and could lead to misuse of public funds.

Recommendation 11

MHMS:

- Ensure to comply with Financial Instructions 2014 P5 (96.1 - 96.5).

Management response

Since 2017, a centralised commitment register is maintained within the MHMS Finance Unit and reconciled with SIGinfo where GL references are entered into the commitment card to confirm payment actioned. MHMS will ensure this process is carried out on a quarterly basis going forward for all ledgers.

However, the new FMIS upgrade of AX to Microsoft Dynamics D365 will allow all line ministries to do their own data entry in the Finance System and will no longer need to maintain a separate commitment card.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be carried.

2.5 Management issues

2.5.1 No commitment shown to response to audit issues raised

Risk rating – High

OAG gave ample time to the management to response to the issues raised in the draft management letter 2016. However, management failed to show commitment in response to issues raised for 2016 financial year. Responding to issues raised by auditors is very important as it gives MHMS the timeframe and frame work on how to resolve and monitor the progress of resolving the audit issues.

Implication

Lack of commitment by management will result in issues raised by auditors remaining unresolved and might lead to bigger internal control problems.

Recommendation 12

MHMS:

Ensure to response to auditors' issues raised in the draft management letters. Use the action plan template at the back of the report for timeframe to resolve the issues and identify officers responsible to implement action taken to resolve the issues.

Management response

Refer to recommendation 13

2.5.2 No cooperation from the ministry's management during the audit

Risk rating – Moderate

OAG noted during the audit that the management did not cooperate when it came to providing information and responding to emails and other requests from auditors. Upon requests for provision of certain documents and signing of provided documents the ministry did not consider those requests seriously. It even resulted in the misplacements of certain documents provided by the auditors to the accountable officer for signing and also delayed the completion of the audit due to untimely provision of the requested documents.

Public Finance and Audit Act (Cap 120) section 43(1) states: *“In exercising the powers conferred upon the Auditor-General under Parts VI, VII and VIII, the Auditor-General may stipulate a reasonable period within which any public officer shall answer any queries raised, or submit to him for inspection any records, books, vouchers or other documents pertaining to the audit”*. Section 44 states: *“Any public officer who contravenes or fails to comply with the provisions of section 43 is guilty of misconduct in office.*

Implication

- Fraudulent activities could remain undetected
- No accountability and transparency

Recommendation 13

MHMS:

- Ensure comply with Public Finance and Audit Act (CAP 120), section 43(1) and section 44.
- Ensure accounting staff (Financial Controller and staff) are available to provide information when requested as non-compliance to section 43(1) is misconduct in office.

Management response

MHMS management is committed to the work of OAG and sincerely value the input from the OAG auditors. MHMS was going through a period of transition and did not have a substantive Financial Controller for the last 5 years. The Financial Controller position was filled in August 2019 and will be able to respond to all future audit requests.

OAG response

OAG acknowledges the ministry response. OAG also appreciate the support and assistance rendered during the audit and looking forward to a cordial working relationship in future.

77 Ministry of Infrastructure Development

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Infrastructure Development (MID):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Account code control (commitment) cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 7: Audit issues MID

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Lack of asset register	2016, 2017	High
3	Assets not labelled	2017	High
4	Lack of cashbook and monthly bank reconciliation	2016, 2017	High
5	Lack of bank account annual report	2017	Moderate
6	Lack of annual retirement of standing imprest	2017	Moderate
7	Lack of account code control cards	2017	High
8	Lack of monthly account code control cards reconciliations	2016, 2017	High
9	No financial records	2016, 2017	High
10	Non-compliance to Financial Instructions	2016, 2017	High
	High		8
	Moderate		2
	Low		0
	Total audit issues		10

1.3 Conclusion

The audit noted weaknesses in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts, commitment cards and staff performance.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

No accountable officer report was prepared by the Ministry of Infrastructure Development as required by section 77(2) of the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MID:

- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report;
- Ensure training is held to assist finance staff on how to prepare the report;
- Ensure to comply with section 77 of the Public Financial Management Act 2013

Management response

No response was received from management.

2.2 Assets and stores

2.2.1 Lack of asset register

Risk rating – High

OAG noted that the Ministry did not keep or maintain any asset register for years 2016 and 2017 which breached the requirements of the FI.

Implication

- There is a risk that the ministry is unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- There is lack of accountability and transparency.

Recommendation 2

MID:

- Ensure all assets within each division are recorded in an asset register.
- Ensure division responsible for assets should keep a master copy of all asset registers with the ministry and do a monthly reconciliation against each division register.
- Undertake annual stocktake of assets.

- Ensure to comply with Chapter 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014

Management response

No response was received from management.

2.2.2 Assets were not labelled or tagged

Risk rating - High

Audit confirmed with the Principle Accountant and also physically verified that the assets purchased by the Ministry or donated were never marked or tagged as SIG properties.

Implication

- SIG properties could be easily removed.
- SIG properties could be easily misused or stolen.

Recommendation 3

MID:

- Ensure all assets purchased or donated must be marked as SIG properties (M4 6).
- Ensure to properly store or maintain SIG properties.

Management response

Management did not respond.

2.3 Bank accounts

2.3.1 No cash book and bank reconciliation

Risk rating – High

OAG was unable to obtain and verify bank account records and files. No copies of cashbook and bank reconciliations were available to audit for standing imprest account in 2016.

Implication

- Increases the risk of misappropriation and fraud.

Recommendation 4

MID:

- Ensure to maintain good filing system for bank account records.
- Ensure all accounting records are available for audit.
- Comply with Interim Financial Instructions P7 62.1.

Management response

No response was received from management.

2.3.2 Lack of monthly bank reconciliation

Risk rating – High

Financial Instructions P5 73 1 -4 stipulated that authorised officer operating SIG bank account is the responsible officer to obtain monthly bank statement and prepare bank reconciliation statement at the end of each month before and independent officer verifies and certifies it. However audit confirmed that the Ministry only collected bank statements to prepare bank reconciliation when they did replenishment requests for the imprest.

Implications

- Non- performance of bank reconciliation results in errors not detected.
- Account balances reported at the end of the financial year may not be reliable.
- Lack adequate information on cash flows for AO's decision making.

Recommendation 5

MID:

- Ensure to prepare monthly bank reconciliation.
- Ensure monthly bank statements are filed.
- Comply with Interim Financial Instructions P5 73 1-4.

Management response

Management did not respond.

2.3.3 Lack of bank accounts annual report

Risk rating – Moderate

The audit confirmed that the Ministry did not prepare any annual bank accounts report as stipulated in FI P7 57.1 – 3 for end of the financial years.

Implications

- Non- compliance to Financial Instructions P7 57.1
- Account balances reported at the end of the financial year may not be reliable.

Recommendation 6

MID:

- Ensure to prepare bank accounts annual report and submit to Accountant General 10 days after year end.
- Comply with Interim Financial Instructions P7 57.1 – 3.

Management response

Management did not respond.

2.3.4 Lack of retirement of standing Imprest Account for TSDP

Risk rating – moderate

Audit confirmed that in year 2017, there was no standing imprest money issued for

TSDP account because of lack of retirement at the end of the financial year 2016.

Implications

- Standing imprest could be misappropriated by the department.
- Activities or plan for year 2017 could be on hold as no funds to administer the program.

Recommendation 7

MID:

- Ensure to retire standing Imprest at the end of financial year.
- Ensure to keep proper records on the use of the standing imprest for easy retirement.
- Comply with Interim Financial Instructions P 7 66.1.

Management response

Management did not respond.

2.4 Account code control (commitment) cards

2.4.1 Lack of account code control cards

Risk rating – High

Audit confirmed that the Ministry did not prepare, reconcile or submit any account code control cards report for financial year 2017. The Ministry did not have their own account code control cards or software for commitments tracking but relied on SIG info for their commitments tracking. This contravened FI P5 97.1.

Implications

- Underspending and overspending of budget may not be detected.
- Payments which are not necessary or in line with the budget are made.
- Unable to monitor and provide reliable financial advice to the management.

Recommendation 8

MID:

- Ensure to prepare account code control cards and update them daily.
- Ensure to comply with the Interim Financial Instructions P5 97.1.

Management response

Management did not respond.

2.4.2 Over spending of allocated budget

Risk rating – High

OAG noted that some of the budget lines were overspent in 2016.

Implication

- Ministry has not complied with financial instructions to spend within its budget.
- Funds exposed to misappropriation and mismanagement.

Recommendation 9

MID:

- Ensure to adjust the account code control cards if there are changes with the approved original budget.
- Ensure adjustments are supported by approved budget variations.
- Comply with Interim Financial Instructions P5 97. 1 & 2.

Management response

No response was received from management.

2.4.3 No monthly reconciliation of account code control cards

Risk rating – moderate

OAG noted that the ministry relied on the treasury system to keep track of their commitments. Since they did not have their own commitment records, there was no reconciliation of control cards by the ministry at the end of each month against treasury information. This breached FI 96.1.

Implication

- There is a risk that the ministry would not be aware of any errors in the treasury payments system.
- The ministry would be unable to monitor and provide reliable advices to management.

Recommendation 10

MID:

- Ensure to prepare and keep own commitment cards.
- Ensure comply with section P5 96.1 of the Interim Financial Instructions 2014.

Management response

No response was received from management.

2.5 Poor filing and storage of financial records

2.5.1 Lack of financial records

Risk rating – High

Audit confirmed that there were no records available for audit purposes. The Ministry failed to maintain any proper filing and storage system for their records. There were no records available for asset register, accountable officer report, standing imprest accounts and the account code control cards (commitment cards). This contravened FI M1 8.

It is the responsibility of the accounts staff to ensure good management practices are in place for the safe keeping of accounting records. The ministry management must ensure that officers under their supervision are discharging their duties as required by financial regulations and other best practices expected of the public service.

Implication

Lack of good record management practice increases the risk of misappropriation and fraud.

Recommendation 11

MID:

- To maintain good filing system for all its financial records.
- All accounting records from three years should be accessible until after audit has been done.
- Comply with Interim Financial Instructions M1 8

Management response

No response was received from management.

2.6 Non – compliance to financial instructions

2.6.1 Responsible officers non –compliance to FI

Risk rating – High

Audit noted that the officers responsible for maintaining, filing and storing of financial records did not do their job effectively. The quality of staff performance was poor as they were not complying with the FI.

Implication

- Lack of proper monitoring of staff performance increases the risk of services not delivered at the expected level and time.
- Value for money is not achieved due to non-compliance with rules and regulations by responsible officers.

Recommendation 12

MID:

- Proper monitoring of staff performance.
- Comply with Interim Financial Instructions M3 8.1.

Management response

No response was received from management.

79 Solomon Islands National Parliament Office

1. Overview

1.1 Audit scope

The audit covered the following areas in the Solomon Islands National Parliament Office (SINPO):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Account code control (commitment) cards.

The audit covered the 24 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 8: Audit issues SINPO

No	Audit issue	Risk rating
1	Failure to prepare accountable officer report	High
2	Asset register was out of date	High
3	No monthly bank reconciliation	Moderate
4	No monthly control cards reconciliation	Moderate
	High	2
	Moderate	2
	Low	0
	Total audit issues	4

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

No accountable officer report was prepared by the NPO as required by section 77(2) of the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the office.
- No proper decision making as no reports to rely upon.

Recommendation 1

NPO:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

The National Parliament had complied with section 77 of the Public Financial Management Act in its 2018 Accountable Officers' Reports.

OAG comment

OAG acknowledge receiving the respond and will carried out a follow up audit.

2.2 Assets and stores

2.2.1 Fixed asset register not updated

Risk rating – High

The financial controller confirmed that they kept no asset register. They were relying on an asset register provided by UNDP since most of the assets were purchased by UNDP. They expected to develop an asset register in 2018 as they have assigned a personnel to work on it. The issue of incomplete fixed assets register has been an issue since 2014 and has yet to be addressed.

OAG has reviewed the SIG Infor for all possible capital spending for NPO 2015/2016 and noted that capital expenditure for 2015 was \$1.4 million and \$0.3 million in 2016.

Implications

- Unable to monitor the location, movement and custodian of each asset.
- NPO assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

NPO:

- Ensure all asset registers within each division are updated.
- Division responsible for assets must keep a master copy of all asset registers within the NPO and do a monthly reconciliation against each division register.

- Ensure comply with section 4 M4 (5) (6) (7) of the Interim Financial Instructions 2014.

Management response

The National Parliament ICT department designed an asset register in 2018 and assigned personnel to work on it. The National Parliament is still waiting for an asset management software that will be provided by the Government and that the same software will be used across all Government Ministries.

OAG comment

OAG acknowledged the NPO response. A follow up audit will be carried.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – Moderate

No monthly bank reconciliation was performed by NPO on bank accounts kept by the office for 2017 financial year. The bank reconciliations were only performed when preparing replenishments for the standing imprest which contravened FI P5 73.2 and 74.1.

Implication

- Errors not detected early.
- Unauthorised withdrawals of funds cannot be detected on timely basis.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 3

NPO:

- Ensure to perform the bank reconciliations on monthly basis rather than at reimbursement time.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation statement.

Management response

True, the National Parliament will ensure to perform bank reconciliations on monthly basis rather than at reimbursement time starting in the 2020 financial year.

OAG response

OAG acknowledged the NPO response. A follow up audit will be carried out.

2.4 Control (commitment) cards

2.4.1 Control cards reconciliation not done monthly

Risk rating – Moderate

The NPO finance team did not have access to the AX system of MOFT therefore was unable to access the treasury general ledger transactions on a timely basis. As a result the team was unable to perform reconciliation of the commitment cards with treasury transactions on a monthly basis.

Implication

- Not aware of the payments queried by Treasury;
- Not aware of transaction errors in the treasury system;
- Unable to monitor and provide reliable advices to AO.

Recommendation 4

NPO:

- Ensure comply with section 96.1 of the Interim Financial Instructions 2014.
- Ensure the Finance Team (Financial Controller) to have access to the AX system of MOFT.

Management response

The National Parliamentary House Committee did not allow the SIG ICT group to have access to the National Parliament server because of political reasons. This has prevented the National Parliament to have access to the SIG INFOR.

However, a meeting between NPO and SIG ICT was held in Mid-November 2019 and was agreed in the meeting that NPO will have access to the SIG INFOR by February 2020.

This is good news for the National Parliament to achieve recommendation 4 in its 2020 audit.

OAG comment

OAG acknowledge the NPO response. A follow up audit will be carried out.

80 Ministry of Forestry and Research

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Forestry and Research (MFR):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 9: Audit issues MFR

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Incomplete asset register	2016, 2017	High
3	Failure to prepare monthly bank reconciliation	2016, 2017	Moderate
4	Bank reconciliation not reconciled	2017	Moderate
5	Ineffective internal control and lack of proper review	2016, 2017	High
6	Lack of monthly control cards reconciliation	2016, 2017	Moderate
7	Non-compliance with government records management policy	2017	High
8	Request documents not provided by the ministry	2017	High
	High		5
	Moderate		3
	Low		0
	Total audit issues		8

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls. In addition, the ministerial officers were not actively responding to the requests of auditors.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

The Ministry did not prepare accountable officer report as required by s77 (2) of the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the ministry.
- No proper recommendation and decision making for future improvements and planning purposes as no reports to rely upon.

Recommendation 1

MFR:

- Ensure accounting officer (AO) liaises with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 (2) of the PFM Act 2013.
- Reinforce the importance of adhering to SIG policies and regulations.

Management response

No management response.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – High

Upon reviewing the asset register, audit noted that it was not updated and also incomplete thus, making it difficult for the Ministry to monitor and control government assets.

A total of \$10.9 million fixed assets additions were unaccounted for in the fixed assets register as at 31 December 2016.

Implication

- Lack of assurance regarding location, condition, value and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

MFR:

- Ensure to record all fixed assets in the register each time an asset is purchased.

- Regularly update the register to ensure accuracy, completeness, existence and condition of assets.
- Ensure comply with section M4 4(5)(6)(7)(10) of the Interim Financial Instructions 2014

Management response

No management response

2.2.2 Asset register not sighted

Risk rating – High

Ministry of Forestry and Research did not provide any asset register when requested by the auditors therefore audit concluded that no asset register was kept by the ministry for all assets purchased during the financial year 2017.

Implication

- Lack of assurance regarding the location, condition, value and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 3

MFR:

- Ensure to record all fixed assets in the register each time an asset is purchased.
- Ensure to file the register properly to avoid misplacements of records.
- Regularly update the register to ensure accuracy, completeness, existence and conditions of assets.
- Ensure comply with section M4 (5.1) and P3, 2.1(b) of the Interim Financial Instructions 2014

Management response

No management response.

2.3 Bank accounts

2.3.1 Failure to prepare monthly bank reconciliation

Risk rating – Moderate

Based on our review of the bank account records for FY 2016, we noted that bank reconciliation was not done on a monthly basis. However, Ministry performed bank reconciliations only for the purpose of replenishment of standing imprest to MoFT for reimbursement of the drawn amount of the standing imprest.

Implication

- Errors not detected early.
- Unauthorised withdrawals of funds not detected on timely basis.
- Management unable to have reliable information on the cash flow.

- Untimely reporting to management.

Recommendation 4

MFR:

- Ensure to perform the bank reconciliations on monthly basis rather than only when preparing reimbursement requests of standing imprest.
- Ensure that preparer and reviewer sign off on each reconciliation report.

Management response

No management response.

2.3.2 Bank reconciliations not reconciled

Risk rating – High

After re-performing the bank reconciliations auditor found that the bank reconciliation did not reconcile. The figure on cash book was different from the one on bank statement. Financial Instructions P5(73.1) (73.2) prescribes that the authorised officer must prepared bank reconciliations monthly, therefore, when monthly bank reconciliations is not performed it causes errors which result in the bank reconciliation amount not agreeing with the expected balance.

Implication

- Errors not detected early.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 5

MFR:

- Ensure to perform the bank reconciliations on monthly basis rather than only when preparing reimbursements.
- Ensure the bank statements reconcile with the cash book.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation statements.

Management response

No management response.

2.3.3 Ineffective internal control and lack of proper review

Risk rating – High

Controls to ensure proper review of cashbook and bank reconciliations were not effective. The following issues were identified:

- There were unexplained balancing entries in the bank reconciliation report.
- Two instances in which the same 2 cheques appeared as unrepresented cheques during reconciliation for replenishment. Audit further checked and

confirmed that it was an error since the sequence of the cheques were not verifiable.

- Bank *charges* and *fees* were not included in the bank reconciliations.
- Officer signing (signatory) the cheques prepared the bank reconciliations.
- Errors were detected when verifying the reconciliation report.
- Incorrect amount was recorded in the cashbook.
- There was no independent review done on the cashbook and the bank reconciliations.

Implication

- Material errors occurring in the accounts may not be detected and corrected.
- Risk of fraud and misappropriation of funds.

Recommendation 6

MFR:

- Reinforce to personnel the importance of controls related to the adequate and timely review of accounts and records.
- Ensure proper and effective segregation of duties. Preparer and reviewer of reports are different officers.

Management response

No management response.

2.3.4 Stale cheques

Risk rating – Moderate

Two (2) cheques appeared as un-presented cheques in December 2017 replenishment reconciliation. Audit noted that those two (2) un-presented cheques were for the 2016 financial year. These are stale cheques and should be written back in the cash book.

Implication

Inclusion of stale cheques in the bank reconciliation did not accurately provide reliable expected cash flow information to the Accountable Officer at the end of each month.

Recommendation 7

MFR:

- Ensure all stale cheques are cancelled and remove from the bank reconciliation and written back in the cashbook.
- A new payment voucher and cheque may be raised when the claimant asks for the payment.

Management response

No management response.

2.4 Commitment (control) cards

2.4.1 Lack of monthly control cards reconciliation

Risk rating – Moderate

Audit noted that commitment cards were not reconciled against Treasury information. Reconciliation is a key internal control to monitor the movement of payments and revenue from its appropriated budget. And it also ensures accuracy and completeness of records.

Implication

- Not informed of transactions done for the ministry by Treasury.
- Lack of reliable information for management decision making.

Recommendation 8

MFR:

- Ensure comply with section P5 96 (1 -5) of the Interim Financial Instructions 2014.
- Undertake monthly reconciliation of commitment cards against treasury information.

Management response

No management response.

2.5 Management issues

2.5.1 Non-compliance with government records management policy

Risk rating – High

The ministry did not comply with the Government Records Management Policy. This requires all Government ministries and departments to maintain good records management so that all actions of all public servants carrying out their official duties have been recorded in an official recordkeeping system and the system to be managed so that the information can be found quickly when needed. The records and documents should be secured and not tampered with and not destroyed until they are no longer needed.

Implication

The Ministry is not able to demonstrate accountability and transparency of decision making which is a basic tenet of public administration. Further, the absence of a proper records management system will result in the ministry not being able to find information/records quickly when needed and information/records being lost or destroyed when they are still needed.

There is a significant risk that fraud, error or corruption may occur and not be detected if proper records are not kept as required.

Recommendation 9

MFR:

- Ensure comply with section P3, 2.1(b) of the Interim Financial Instructions 2014, section 108(3) of the Solomon Islands Constitutions and section 36(1) of the Public Finance and Audit Act.

Management response

No management response.

2.5.2 Requested documents not provided by the ministry**Risk rating – High**

Despite numerous requests for documents, required for planning, audit and to understand the ministry, none of those requested documents were provided by the ministry.

Implication

- Misconduct conduct in the office.
- Officers not performing their duties.

Recommendation 10**MFR:**

- Ensure comply with Public Finance and Audit Act (Cap 120), section 43(1) and section 44.

Management response

No management response.

81 Office of Prime Minister and Cabinet

1. Overview

1.1 Audit scope

The audit covered the following areas in the Office of Prime Minister and Cabinet (OPMC):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 10: Audit issues OPMC

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	No asset register	2016, 2017	High
3	Assets not tagged	2016, 2017	High
4	No cashbook and monthly bank reconciliation	2016, 2017	High
5	No account code control cards	2016, 2017	High
6	No financial records	2016, 2017	High
7	Non-compliance to financial instructions	2016, 2017	High
	High		7
	Moderate		0
	Low		0
	Total audit issues		7

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts, commitment cards and staff performance.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

No accountable officer report was prepared by the Office of the Prime Minister and Cabinet as required by s77 (2) of the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the office
- No proper decision making as no reports to rely upon.

Recommendation 1

OPMC:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

No response was received from management.

2.2 Assets and stores

2.2.1 Asset register not available

Risk rating – High

No asset register was provided by the office for audit verification even though several requests were made for 2016 financial year. Audit was unable to confirm the existence of an asset register.

Implications

- Unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

OPMC:

- Ensure asset register is properly filed and stored in central location.
- Division responsible for assets should keep a master copy of all asset registers with the office and do a monthly reconciliation against each division register.
- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

No response was received from management.

2.2.2 Fixed asset register not updated

Risk rating – High

The Ministry did not update the fixed assets register as stipulated by FI in the

2017 financial year. The FAR omitted important details of assets such as the acquisition dates and acquisition costs of the assets.

Implications

- Unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 3

OPMC:

- Ensure asset register is properly filed and stored in central location.
- Ensure the register is updated regularly.
- Ensure division responsible for assets keeps a master copy of all asset registers with the office and do a monthly reconciliation against each division register.
- Ensure annual stock take is done.
- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

No management response.

2.2.3 Assets not labelled or tagged.

Risk rating – High

The assets purchased by the Ministry were never marked or tagged as SIG property as required by FI.

Implication

- SIG properties could be easily removed.
- SIG properties could be easily misused for personal benefit or gains.

Recommendation 4

OPMC:

- Ensure all assets purchased or donated are marked as SIG properties and recorded in the register.
- Ensure to properly store or maintain SIG properties.

Management response

No management response.

2.3 Bank accounts

2.3.1 No cash book and bank reconciliation

Risk rating – High

OAG was unable to obtain and verify bank account records and files. No copies of cashbook and bank reconciliations were available to audit for standing imprest account. Maintaining good accounting records is the responsibility of the responsible officer.

Implications

- Increases the risk of misappropriation and fraud.

Recommendation 5

OPMC:

- Ensure to maintain good filing system for bank account records.
- Ensure all accounting records are available for audit.
- Comply with Interim Financial Instructions P7 62.1.

Management response

No response was received from management.

2.3.2 Lack of monthly reconciliation

Risk rating – High

OAG noted that the Ministry has not been performing bank reconciliation on a monthly basis for the two bank accounts operated as required by the Financial Instructions P5 73.2. Bank reconciliation was only performed when preparing the replenishment of the accounts.

Implication

Non-performance of monthly bank reconciliations could result in improper debits or credits not being detected and corrected in a timely manner. It also increases the risk of misappropriation of public funds.

Recommendation 6

OPMC:

- Ensure that monthly bank reconciliations are performed; and
- Ensure that bank statements are obtained regularly.

Management response

No management response.

2.4 Control (commitment) cards

2.4.1 No account code control cards

Risk rating – High

OAG was unable to obtain and verify the Ministry commitment cards. The Ministry did not maintained proper filing, backup data system and storing of the commitment cards.

Implication

- Underspending or overspending of budget may not be detected.
- Payments which are not necessary or in line with the budget may be paid.
- Unable to monitor and provide reliable advices to AO.

Recommendation 7

OPMC:

- To maintain good filing system for account codes control cards.
- Ensure all accounting records are available for audit.
- Comply with section P5 97.1 of the Interim Financial Instructions 2014

Management response

No response was received from management.

2.5 Poor filing and storage of financial records

2.5.1 Financial records not available

Risk Rating – High

There were no financial records available for audit purposes. The Ministry did not maintained any proper filing and storage system for their records.

Implication

Lack of good record management practice increases the risk of misappropriation and fraud.

Recommendation 8

OPMC:

- To maintain good filing system for all its financial records.
- To ensure all accounting records are available for audit.
- Comply with Interim Financial Instructions M1 8

Management response

No response was received from management.

2.6 Non-compliance to financial instruction

2.6.1 Responsible officers non-compliance to FI

Risk rating – High

Audit noted that the responsible officers for maintaining, filing and storing of financial records did not do their jobs effectively. The quality of staff performance was poor as they did not comply with the FI.

Audit noted that the responsible officers were not complying with Financial Instructions and PFM Act 2013. Audit noted that officers failed to comply with assets, bank accounts, accountable officer report and commitment card regulations as required by FI and PFM Act.

Implication

- Lack of proper monitoring of staff performance may increase the risk of services not delivered.
- Value for money is not achieved as officers are not performing their duties.

Recommendation 9

OPMC:

- Proper monitoring of staff performance.
- Comply with Interim Financial Instructions M3 8.1.

Management response

No response was received from management.

83 Ministry of Police National Security and Correctional Services

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Police National Security and Correctional Services (MPNSCS):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Control (commitment) cards.

The audit covered the 12 months ending 31 December 2016.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 11: Audit issues MPNSCS

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016	High
2	CIS has no reconciliation reporting function	2016	Moderate
3	Dormant bank accounts	2016	High
	High		2
	Moderate		1
	Low		0
	Total audit issues		3

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in the internal controls relating to the areas audited.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

Audit noted through discussions and correspondences held with the Ministry that no accountable officer report was prepared. Audit sighted two signed copies of monthly report for November and December 2016.

The Ministry did not comply with Public Financial Management Act 2013 sections 76 and 77 (2) and (3).

Implication

- Unreliability of information that may result in over or under stating of committed funds;
- Responsible officers are under performing their duties and responsibilities; and
- Poor record keeping and unreliable information resulting in misappropriation and fraud.

Recommendation 1

MPNSCS:

- Ensure to comply with sections 76 and 77 (2) of the PFM Act 2013;
- Ensure accounting officer (AO) liaises with MOFT for the reporting framework and the format required for preparing the accountable officer report.
- Reinforce the importance of adhering to SIG policies and regulations.

Management response

Management has noted non-compliance and implications in relations to submission of monthly and annual reporting and will take appropriate actions to ensure recommendations are implemented accordingly.

It should also be noted that there are no clear rules on the standard SIG reporting format as required under s.77(1) of the PFM Act 2013. Ministry has raised this issue and will work closely with the Accountant General's office to assist with the development of a standard reporting template.

The current practice by the ministry is to disclose financial information in the Ministry annual report distributed to all stakeholders including monthly financial reports.

2.2 Account code control cards

2.2.1 CIS has no reconciliation reporting function

Risk rating - Moderate

Audit noted that account control cards have been maintained on a Commitment Information System (CIS) database. It was noted that the reconciliation process of the account control cards (commitment cards) were done within the CIS against printed MOFT ledger details report.

While it works well for Ministry accountants to reconcile within the CIS with the printed MOFT ledger details, the CIS has no reconciliation report functionality to print. If the CIS reconciliation report could be printed it would substantiate the accuracy and completeness of the commitment records in the CIS.

Implication

The non-compliance with the requirements of the 2014 Interim FIs P5 96 and 97; may result in the following:

- Over and under stating of Ministry transactions;
- Untraceable and misappropriation of the Ministry budget;
- Accountable and accounting officers' negligence of responsibilities.

Recommendation 2

MPNSCS:

- ensure to comply with FI P5 96 and 97;
- Liaise with Treasury Office with Financial Management Services section (FMSS) to discuss the full compliance of the requirements from the FIs.

Management response

Management has noted the recommendations and will work on improving the internal Commitment system in liaison with FMIS to ensure compliance to FI

2.3 Bank accounts

2.3.1 Dormant bank accounts

Risk rating – High

During the review of the Ministry's bank accounts listing it was noted that among the listing were two accounts which were dormant at the time of audit. Dormant accounts have no activity for a long period of time other than deductions from the bank for bank fees and charges. It was noted that the closure of the bank accounts was pending decision from the RSIPF Executive.

Implications

Non-closure of dormant accounts increases the risk of:

- Incurring extra expenses to the government in fees and charges.
- Misappropriation of public funds.

Recommendation 3

MPNSCS:

- Ensure to close both bank accounts if they are not needed to avoid additional expense to the government;
- Ensure that what funds left from the accounts are deposited back to the consolidated fund.

Management Response

RSIPF has requested reactivation of the Commissioner's account to assist with Emergency and quick response Police Operations. There is also a discussion to reactivate the Police Prosecutions account to reduce the huge number of special imprest paid to individual accounts. Therefore the Ministry is working towards reactivating these dormant accounts.

84 Ministry of Provincial Government and Institutional Strengthening

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Provincial Government and Institutional Strengthening (MPGIS):

- Accountable officer report
- Assets and stores
- Bank accounts
- Commitment cards

The audit covered the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 12: Audit issues MPGIS

No	Audit issue	Year	Risk rating
1	No accountable officer report	2017	High
2	No asset register	2017	High
3	Assets not labelled	2017	High
4	No monthly bank reconciliation	2017	High
5	No segregation of duties for bank account	2017	High
6	Commitment cards not reconciled	2017	High
7	No meeting minutes	2017	Moderate
8	Ghost employee	2017	High
9	Possible misconduct in office	2017	High
	High		8
	Moderate		1
	Low		0
	Total audit issues		9

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards. The audit also detected that an officer continued to receive salary even though he was not at his duty station.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 No accountable officer report

Risk rating – High

Audit noted that the ministry did not prepare accountable officer report as required by the PFM Act s77 (2). The Solomon Islands Government Accounting Service (SIGAS) did not provide guidance to enable the ministry's accountable officers to comply with the requirements of the Act.

Implication

- Increase the risk of MOFT unable to properly monitor the annual financial performance and operation of the Ministry.
- Is a breach of the PFM Act 2013 s77 (2).

Recommendation 1

MPGIS:

- Ensure to comply with section 77 (2) of the PFMA.
- Ensure accountable officer to liaise with MoFT for the correct accountable officer report format.

Management response

The Ministry has submitted financial reports required under section 77 (2) of the PFM Act 2013 in the old report format provided by MoFT. This report is normally done monthly and signed by the Accountable and Accounting Officers of the ministry and copies submitted to Accountant General and OAG respectively. The reports were prepared and submitted monthly which is within the required 4 month period stated in the Act.

However, since July 2019, the MPGIS is now using the new required reporting format provided by MoFT. This issue is therefore addressed this year and should discontinue as an audit issue from now onwards.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be carried out on this.

2.2 Assets and stores

2.2.1 No asset register

Risk rating – High

Audit noted that the ministry did not have assets register for the year ended 31/12/2017.

Implication

- Unable to monitor the location, movement and custodian of each asset.
- Assets can be removed without trace.
- Management would not know their assets' values.

Recommendations 2

MPGIS:

- Ensure ministry must have asset register to record all assets owned by the ministry.
- Ensure asset register is being check and updated regularly.
- Ensure comply with legislation section 4 M4 (5) (6) (7) of Interim Financial Instructions 2014.

Management response

The MPGIS does have an Asset Registry, and has allocated one of its officers to deal with assets. So far, the officer in charge has updated the asset register so that it has the columns that have not been there before. The issue the ministry normally encounters is the format or template that is acceptable by the Ministry of Finance and Treasury. The MPGIS also posited that lack of training and directions from responsible government authorities also contributed to lack of commitment in ensuring there is proper asset records and management. The asset register also shows the disposal of assets and the proceeds from the sale of assets.

OAG comment

OAG acknowledges the ministry response. The next audit cycle will confirm and verify the existence of the register.

2.2.2 Assets not labelled

Risk rating: High

Audit noted that the ministry did not label all assets owned by the ministry. Labelling the assets allows easy tracking of all assets.

Implications

- Assets can be easily removed without trace.
- Management unable to identify which asset is new or old.

Recommendation 3

MPGIS:

- Ensure all assets owned by SIG are tagged and linked to the asset register.
- Ensure to comply with Financial Instructions 2014 P4 6.1.

Management response

The MPGIS has allocated one of its officers to deal with assets early this year 2019. The MPGIS has done tagging or labelling of assets during past years but changing of officers, office movements and loss of tag machines contributed to this issue. So far, the officer in charge has updated the Asset Register. Again, it

would be appropriate if training and updated policy on asset tagging and labelling and general asset management would be an appropriate measure to address this issue. The asset register also shows the disposal of assets and the proceeds from the sale of assets.

During the time of this response (2019), the asset officer was also being instructed to purchase tagging machines to mark or label the assets. The MPGIS hopes that this issue will no longer appear as from 2018 and 2019 onward.

OAG comment

OAG acknowledged the ministry response. A follow up audit will be carried to determine the status of this recommendation.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – High

Audit noted that the ministry did not perform monthly bank reconciliations for all bank accounts used for head office daily operations and other accounts operated by the ministry for 2017. Audit found out that bank reconciliations were performed only when replenishment was required.

Implication

- High risk of misappropriation of public funds not detected on timely basis.
- Risk of information provided to management on the cash flow of the ministry would be misleading due to undetected errors.
- Untimely reporting to management.

Recommendation 4

MPGIS:

- Ensure to perform monthly bank reconciliations rather than at reimbursement time.
- Ensure proper review by accounting officer on all monthly bank reconciliations.
- Comply with Financial Instruction P5 73.2 and 74.1.

Management response

On the issue of not maintaining or performing bank reconciliation, the finance division shall now appoint a separate officer to be responsible for all bank reconciliations to ensure that this issue is cleared. The Division has been hampered by low number of officers working which also affects segregation or assignment of responsibilities.

In addition to this, the Accounting Officer shall now be responsible for reviewing the reconciliations and certify before submission to MoFT.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be carried out.

2.3.2 No segregation of duties for bank accounts.

Risk rating – Moderate

Audit noted the lack of segregation of duties for bank accounts within the ministry. A Chief Accountant was responsible to keep cash books and perform bank reconciliations for the four bank accounts operated by the ministry and other related reports.

Implication

- Poor internal control of bank accounts.
- Errors and fraudulent activities not detect in time.
- Increase risk of misappropriation of funds.

Recommendation 5

MPGIS:

- Ensure segregation of duties for bank accounts are considered in order to have effective control over bank accounts.
- Ensure preparation of cash books and bank reconciliations are according to proper chain of work where different persons prepare, verify and check balances and certification of statements.
- Ensure comply with Financial Instructions 2014; P5 (s.73.5).

Management response

The Ministry shall ensure that reconciliation of bank accounts is done by a different officer other than the Chief Accountant who is also responsible for the cash book. As highlighted earlier, low number of staff within the finance division has prompted officers to perform multiple tasks.

During the time of responding to this 2017 Audit (November 2019) the MPGIS has already begin to address this issue.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be carried out.

2.4 Commitment cards

2.4.1 Commitment cards not reconciled

Risk rating: High

OAG noted that the ministry did maintain proper commitment card record for each budget line. However the commitment cards were not reconciled with MoFT general ledger information for some account codes.

Implication

- Increase risk of budget overspending/underspending.
- Increase risk of misuse of funds.
- Error undetected and could lead to poor decision making on fund management.

Recommendation 6

MPGIS:

- Ensure to have proper management of account codes and monthly reconciliation against MoFT general ledger information.
- Ensure comply with Financial Instructions 2014 P5 (s. 96.1 – 96.5).

Management response

The Finance division have taken up this issue by checking the commitment records and especially the account codes listed and find no evidence of unreconciled figures. According to our officer responsible, the ministry commitment card has been reconciled against the AX report. There is no over spent to the mentioned account codes. Again, as an update, the MPGIS has already addressed this issue.

OAG response

OAG acknowledges the ministry response. A follow up audit will be carried out.

2.5 Administration issues

2.5.1 No meeting minutes provided by management

Risk rating: Moderate

Audit enquired and confirmed during audit field work that no meeting minutes was provided by management as part of audit requirement. This indirectly shows that no effectiveness and active collaboration among heads of divisions and the accountable officer and accounting officer on the operation of the Ministry. Even if meetings were held during the financial year, no minutes were kept to confirm and show decisions made by management on the operation of the ministry. Meeting minutes is important document as it shows collective decision made by management, resolution deliberation and confirmation, monitoring of performance and achievement of each division and record of discussions of financial reports.

Implication

- Lack of approved management minutes increases the risk of decisions made without management authorisation.
- Lack of minutes increases the risk of not implementing approved management resolution.
- No document to support decisions and resolutions made by management during the meetings.

Recommendation 7

MPGIS:

- Ensure to have proper meeting minutes and one officer should be assigned to manage it.
- Ensure to capture action and decision with regards to important subject resolutions in the minutes.
- Ensure the meeting minutes are properly checked, approved and signed off for filing.

Management response

Minutes of the Ministerial Tender Board (MTB) meetings where important decisions of the ministry are made by the management are all available and under the custodian of the Financial Controller who is the Secretary to the MTB. The minutes are available for the auditors to view.

Minutes of HoD meetings and General staff meetings are also available. The MPGIS normally does not have high frequency of meetings compared to previous years due to heavy work commitments in the nine Provinces from May to October in every year. Meetings' recordings are taken on a rotational basis among different divisional heads. In addition, only divisional meetings are taken seriously when addressing outstanding issues basically on divisional basis only.

The Ministry however, see this as an area to strengthen to ensure files are open for review and recommendation.

OAG response

OAG acknowledges the ministry response. A follow up audit will be carried out.

2.5.2 Employed ghost officer

Risk rating: High

OAG noted that the former Provincial Secretary for Rennell and Bellona and Human Resource Manager was receiving salaries without being present at his work station since 2017. OAG understood from the establishment of the ministry that the officer was currently under supernumerary position. Further investigation noted that he was on study leave. However, from his personal file there was no document to support his study leave. Also, he never attended any tertiary institution for further studies but instead was managing his construction business in Tignoa, Rennell.

Implication

- Risk of the ministry not fully utilizing its human resources.
- Waste of public funds to pay salaries of officer not working for the ministry.
- Lack effective management by management team on staffing.

Recommendation 8

MPGIS:

- Ensure prompt action taken against officer for being absent from work station.
- Ensure inform the Public Service Commission on the non-performance and continued absent of the officer.

Management response

The Officer in question is currently under supernumerary position and is currently 'available' for transfer or reposting elsewhere. After his return from Renbel, he has been reassigned to assist in the HR Division. The MPGIS also intended to post him to other provinces but everyone also have their own preferences. The Officer was sent to Renbel in early 2019 to assist in the preparatory work on the 2019 General elections and was also involved in voter registration in earlier engagements. Currently he is stationed in the Ministry HQs awaiting possibility of posting anywhere convenient for both him and his duty station manager.

In terms of training without approval from authorities, the Ministry will take the matter up with the Public Service to ascertain who endorsed the training program for him. The MPS deals with training of officers and in many cases, certain officers are trained without prior knowledge or approval from their Ministry.

OAG response

OAG acknowledges the ministry response. A follow up audit will be carried out.

2.5.3 Possible misconduct in office

Risk rating: High

OAG noted from its investigation that the former Provincial Secretary for Rennell and Bellona and Human Resource Manager (HRM-HQ) owned and managed a construction company called Three Star Building Construction which was awarded with a project to build the new office complex in Rennell. The contract was awarded to his business when he was the HRM for the HQ. This constitute possible conflict of interest. The officer failed to disclose his business to the Leadership Code Commission as an active public officer.

Since the award of the contract the officer failed to attend work as his focus was on managing his business rather than the Government who paid his salary.

Implication

- Risk of promoting corruption in the ministry.
- Conflict of interest.
- Absent from normal duties.

Recommendation 9

MPGIS:

- Ensure liaise with LCC for further investigation on non-compliance.
- Ensure to inform Ministry of Public Service and LCC office about his involvement in the project.

Management response

The Officer concern owns a legitimate construction business and he has been involved in many projects at Renbel in previous years. He is a former Provincial Secretary for Renbel and was an outgoing HRM during the award of his building contract. During the bidding/tendering for the Renbel Office Complex, the Renbel Provincial Government prefers to engage local companies that are owned by those originally from the Renbel Province and not from other provinces. Because of his company's experience in building PCDF projects and other funded projects in Rennell and Bellona, the Renbel Executive Government decided to recommend him for the Renbel office complex. His bidding or tender for the Renbel Office complex was awarded by the Renbel Provincial Tender Board.

The MPGIS however wants to ensure that he is cleared with the Leadership Code Commission and the Ministry of Public Service. The officer has showed cleared documents from these authorities hence the okay for him to go ahead whilst at the same time work on the preparation of the 2019 General and Provincial Elections.

Should there be otherwise contrasting views from these authorities, the MPGIS would see this as providing false information.

The Officer is currently not engaged in the Renbel office complex project anymore, during the time of this response. The Renbel Provincial government sees his company as legitimate since he has legal documents and other records. His current status is still under supernumerary posts and he has not yet been posted anywhere.

The MPGIS wish to express that since the engagement of this company, the Office-Admin complex of Renbel is now 90% complete and the province is looking forward to hand over this project in early 2020. The complex building will accommodate the administration staff offices, Premiers office, Speaker's office and the Assembly Chamber. This is a history for the Renbel Provincial Government after so many failed attempts to build their office complex since 2009.

The MPGIS will however follow up with the Ministry of Public Service and the Leadership Code commission and to verify the allegations on the status of the Officer's business.

OAG response

OAG acknowledges the ministry response. A follow up audit will be carried out.

85 Ministry of Lands Housing and Survey

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Lands Housing and Survey (MLHS):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 13: Audit issues MLHS

No	Audit issue	Year	Risk rating
1	Accountable officer report not prepared	2016	High
2	Incomplete asset register	2016	High
3	Assets not labelled	2016	High
4	No annual certificate of assets and inventories	2016	High
5	No monthly bank reconciliation	2016	High
6	No segregation of duties when preparing bank reconciliation	2016	High
7	Control cards not reconciled	2016	Moderate
8	Lack of segregation of duties when updating commitment cards	2016	Moderate
	High		6
	Moderate		2
	Low		0
	Total audit issues		8

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Accountable officer report not prepared

Risk rating – High

OAG noted that no accountable officer report had been prepared by the ministry as required by s77 (2) of the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MLHS:

- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with Section 77 of the Public Financial Management Act 2013.

Management response

No response received from the management.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – High

OAG discovered that the asset register prepared by the ministry was incomplete.

Implications

- Assets cannot be physically identified against the records; therefore unauthorised assets removal cannot be prevented.
- Unable to monitor the location, movement and custodian of each asset.
- Lack of accountability and transparency.

Recommendation 2

MLHS:

- Ensure that an asset register is kept and captures all the information required to identify and track all assets of the ministry.
- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

No response received from management.

2.2.2 Assets not labelled

Risk rating – High

Audit noted that assets of the ministry were not labelled to indicate that they belonged to the ministry. Audit confirmed during testing that the ministry did not

label most of its assets. This is very risky as SIG properties could be removed or stolen.

Implications

- Loss of SIG property
- Wastage of SIG fund to replace stolen properties.

Recommendation 3

MLHS:

- Ensure to mark or label all SIG properties.
- Ensure responsible officers must perform their duties.

Management response

No response received from management

2.2.3 No annual certificate for asset register and inventories

Risk rating – High

OAG noted that the officer responsible for asset register did not provide an annual certificate to the accountable and accounting officers.

Each officer responsible for non-current asset registers and inventories must provide an annual certificate to the AO to show that the asset register has been checked, updated and the attainment or otherwise of expected useful lives noted.

Implication

- Increases the risk of poor performance or ineffective internal control over the management of assets.

Recommendation 4

MLHS:

- Ensure the officers responsible for maintaining asset register comply with Financial Instructions M4 4.3.
- Ensure that the accountable and accounting officers monitor the management of assets annually.

Management response

No response was received from management

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – High

OAG noted that no monthly bank reconciliation was performed on bank account kept by the ministry for the financial year. The bank reconciliations were only performed when reimbursements were required on the standing imprest.

Implication

- Errors not detected early.
- Unauthorised withdrawals of funds not detected on timely basis.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 5

MLHS:

- Ensure to perform the bank reconciliation on monthly basis as prescribed by FI rather than at reimbursement time.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation statements.

Management response

No response was received from management.

2.3.2 No segregation of duties when preparing bank reconciliation

Risk Rating – High

The Ministry performed bank reconciliations for standing imprest as part of the supporting document for replenishment requests to MoFT. However, there was lack of review to verify accuracy and completeness of the reconciliation report. Audit identified minor adjustments which should have been corrected if reviewed by an independent officer. In addition, the preparer has not signed-off on the report. The officer responsible for issuing of cheques or making deposits should not prepare the bank reconciliation report.

Implications

This increases the risk of undetected errors, inaccurate calculation, fraud and misappropriation of public funds.

Recommendation 6

MLHS:

- Ensure bank reconciliation statement is reviewed by an independent and competent officer for accuracy and completeness.
- The preparer and reviewer signed off on the bank reconciliation statement.
- Ensure comply with section P5 73.5 of the Financial Instructions.

Management response

No response was received from management.

2.4 Control (commitment) cards

2.4.1 Control cards not reconciled

Risk rating – Moderate

OAG noted that the ministry's commitment cards were not reconciled with treasury ledger transactions. Financial Instructions P5 Section 96.1 states clearly that *AOs must reconcile all Account Code Control Cards to Treasury information once a month.*

Implication

The unreconciled control card increases the risk of not identifying:

- Unpaid and paid requisitions and vouchers in the payment system.
- Not aware of any errors in the Treasury system.
- Overstating and/or understating of control card balances.
- Unable to monitor and provide reliable advices to AO.

Recommendation 7

MLHS:

- Ensure to comply with section 96.1 of the Interim Financial Instructions 2014 P5 which states that accountable officers must reconcile all account code control cards to Treasury information once a month.

Management response

No response was received from management.

2.4.2 Lack of segregation of duties for commitment cards

Risk Rating – Moderate

OAG noted that the officer responsible for maintaining the account code control card was the same officer responsible for the reconciliation and review of the commitment cards.

Implication

Lack of segregation of duties increases the risk of human error, conflicts of interest and fraud.

Recommendation 8

MLHS:

- Ensure segregation of duties for the recording and reviewing of transactions in the commitment cards to avoid human error, conflict of interest and fraud.

Management response

No management response.

86 Ministry of Development Planning and Aid Coordination

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Development Planning and Aid Coordination (MDPAC):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and the 12 months ending 31 December 2017.

1.2 Key findings

The processes to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 14: Audit issues MDPAC

No	Audit issues	Year	Risk rating
1	Accountable officer report not prepared	2016, 2017	High
2	Asset register not updated	2016, 2017	High
3	No monthly bank reconciliation	2016, 2017	Moderate
4	Bank reconciliation not reviewed	2016	High
5	Commitment card not updated	2016	Moderate
6	Commitment card not reconciled monthly	2017	Moderate
	High		3
	Moderate		3
	Low		0
	Total audit issues		6

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Accountable officer report not prepared

Risk rating - High

OAG noted that the ministry did not prepare any accountable officer report as required by the PFM Act. The main cause of non-compliance was due to lack of consultation by the relevant authorities regarding the need to comply with the sections within the PFM Act 2013.

Implication

Non-compliance increases the risk for:

- The non-monitoring of the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MDPAC:

- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

AO from the ministry have the understanding that there should be a standard template issued by MoFT to report on the financial expenditure of the ministry since MoFT is the ministry that controls the implementation of the budget so they should strongly enforce to remind us the accountable officers to comply with these instructions. However, going forward I will ensure that the issue here will be addressed seriously.

OAG comment

OAG acknowledges ministry response. A follow up audit will be made.

2.2 Assets and stores

2.2.1 Asset register not updated and incomplete

Risk rating – High

OAG noted through review of the asset register kept by the ministry that it was not updated and was incomplete. The asset value, identification number and other compulsory information were missing from the register.

Implication

- Ministerial assets can easily be removed without trace.
- Unable to provide management with valuable information regarding number of assets owned by the ministry.

- Lack of accountability and transparency.

Recommendation 2

MDPAC:

- Ensure that asset register for assets and inventories are maintained with complete descriptions and information of the assets.
- Ensure that ministry liaise with PSF to implement general asset management principles which is required in Financial Instruction M4 2.
- Ensure asset stocktakes are performed on monthly basis to easily track or locate the existence and physical conditions of the assets.
- Ensure to consult with MoFT for guidance on how to maintain asset register, determining an appropriate asset recognition threshold.
- Ensure comply with s4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

The ministry asset register have just been handed over to me in which I will ensure that going forward, the complete description of the asset including its purchase value will all now be reflected in the asset register and also I must ensure that this to be updated as soon as assets are procured and also to conduct monthly stock take to be aware of the physical condition and status of the assets since it incur a large portion of ministry financial expenditure.

OAG comment

OAG acknowledged ministry response. A follow up audit will be done in future.

2.3 Bank accounts

2.3.1 Bank reconciliation not performed monthly

Risk rating – High

OAG noted that bank reconciliation was not performed monthly as required by the financial regulations. The ministry did perform bank reconciliation for the bank account but only to support replenishment requests for the standing imprest.

Implications

- Errors not detected early.
- Unauthorised withdrawals of funds not detected on timely basis.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 3

MDPAC:

- Ensure to perform the bank reconciliations on monthly basis rather than at reimbursement time only.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation statements.

Management response

Ministry standing imprest have recently handed over to me by my former acting Financial Controller so as the current custodian of the standing imprest, I will try to ensure that going forward monthly banking reconciliation is prepared with the preparers and reviewers names and signature to ensure effective internal control is in place so that preparer is not processing payment that pursues his/her own interest.

OAG comment

OAG acknowledges ministry response and will make a follow up examination in future.

2.3.2 Bank reconciliation not reviewed

Risk rating – High

OAG observed that there was no formal process in place for preparation and review of Ministry bank reconciliation. Upon review of the reconciliation, it was noted that there was no independent review being carried out over the bank reconciliation during the year.

Implication

Lack of verification of bank reconciliations by an independent and competent officer could result in inaccurate calculation and omission. It also increases the risk of misappropriation of public funds if bank reconciliation is not signed off and reviewed.

Recommendation 4

MDPAC:

- Ensure that bank reconciliations are prepared and reviewed, signed off by two different officers (preparer and reviewer).

Management response

See response to recommendation 3.

2.4 Control (commitment) cards

2.4.1 Commitment card not updated

Risk rating – Moderate

OAG noted that the ministry kept control cards to monitor the movement of payments to and from Treasury. However, audit noted that the control cards were not updated.

Implication

The out of date control cards increases the risk of not identifying:

- Unpaid and paid requisitions.
- Not aware of the payments queried by Treasury.

- Overstating and/or understating of control cards balances.
- Unable to monitor and provide reliable advices to AO.

Recommendation 5

MDPAC:

- Ensure comply with section 96.1 of the Interim Financial Instructions 2014.

Management response

No management response.

2.4.2 Control card reconciliation not done monthly

Risk rating – Moderate

OAG noted that the ministry kept control cards to monitor the movement of payments to and from Treasury. However, no reconciliation of control cards were done by the ministry at the end of each month against treasury information.

Implication

- Not aware of the payments queried by Treasury.
- Not aware of unreconciled items between the two systems.
- Unable to monitor and provide reliable advices to AO.

Recommendation 6

MDPAC:

- Ensure comply with section 96.1 of the Interim Financial Instructions 2014.

Management response

The control card reconciliations, has not always being prepared given that AO have the opportunity to view all the status of all the payments submitted to MoFT this included payments that are queried. However the reconciliation of control card is very important in order to prepare a reliable and quality monthly financial report to management so going forward I will ensure that the action will be seriously addressed.

OAG comment

OAG acknowledges ministry response and will do a follow up examination in future.

87 Ministry of Culture and Tourism

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Culture and Tourism (MCT):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Control cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 15: Audit issues MCT

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Asset register not updated	2016	High
3	Incomplete asset register	2017	High
4	No monthly reconciliation for control cards	2016, 2017	High
	High		4
	Moderate		0
	Low		0
	Total audit issues		4

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

Audit identified that the Ministry did not prepare accountable officer report as required by financial regulations.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry.
- Lack of financial reports restricts the ability of management to make proper decisions on operations and future projections on the budget.
- No proper recommendation and decision making for future improvements and for planning purposes as no reports to rely upon.

Recommendation 1

MCT:

- Ensure accounting officer (AO) liaises with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with Section 77 (2) of the PFM Act 2013.
- Reinforce the importance of adhering to SIG policies and regulations.

Management response

MCT is already liaising with MOFT regarding the prescribed reporting framework and format in order to commence the required reporting going forward.

MCT will commence its compliance as required under Section 77 (2) of the PFM Act 2013 for FY 2018

Note that some internal control measures have been imposed in 2016 and 2017 regarding strengthening internal reporting systems. In 2016, a new Annual Work Plan template was introduced, which also have a column for progress reports on work plans and programs as they are executed in the relevant quarters and according to the specific timeframes.

With the accessibility of AX system, most of the financial reporting components are stored there under 287 & 487 for the purpose it was intended.

OAG comment

OAG acknowledges the ministry response. A follow up audit will be made.

2.2 Assets and stores

2.2.1 Asset register not updated

Risk rating – High

Controls to ensure that inventories and non-current assets were formally documented and updated were not properly implemented in FY 2016. Improvement is still required over the management and monitoring of the fixed asset register (FAR).

Implication

- Lack of assurance regarding location, condition, value and custodian of each asset.
- Assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

MCT:

- Ensure to record all fixed assets in the register each time a new asset is purchased.
- Regularly update the register to ensure accuracy, completeness, existence and condition of assets.
- Ensure comply with section M4 4.3 of the Interim Financial Instructions 2014.
- Determine appropriate asset recognition threshold.

Management response

MCT Management acknowledges the recommendations as presented and since 2017 and 2018 internal control measures have been taken to ensure the following:

- Accounts Division assess all assets purchased based on PVs according to Divisional budget sub-heads and provide these details to PS and all HODs,*
- PS issued internal memo to all HODs to establish and / or update current Divisional Asset Register and forward to Accounts Division to conduct physical checks of the Assets,*
- Discrepancies are documented to further necessary actions by HODs or PS,*
- All request and payments for new assets have been halted for each division pending an updated Asset Register and verification by Accounts Division.*

OAG comment

OAG acknowledge response and will do a follow up audit in future.

2.2.2 Incomplete fixed asset register

Risk rating – High

OAG confirmed that the ministry's fixed asset register did not contain all necessary

information that should be captured in any asset register. In addition, the responsible officer did not provide an annual certificate to the AO to show that the asset register has been checked, updated and the attainment or otherwise of expected useful life noted as required in the Interim Financial Instructions chapter 4 section M4 4 subsection 4.3.

Implications

Unable to monitor the location, movement and custodian of each fixed asset; and Ministry's fixed assets can be stolen or lost without trace.

Recommendation 3

MCT to:

- Update asset register to capture all relevant necessary information pertaining fixed assets and produce annual certificate to the AO as required by the financial instructions.
- Ensure comply with section 4 M4 (5) (6) (7) of the Interim Financial Instructions 2014.

Management response

MCT Management acknowledges the recommendations as presented and since 2017 and 2018 internal control measures have been taken to ensure the following:

- a. Accounts Division assess all assets purchased based on PVs according to Divisional budget sub-heads and provide these details to PS and all HODs,*
 - b. PS issued internal memo to all HODs to establish and / or update current Divisional Asset Register and forward to Accounts Division to conduct physical checks of the Assets,*
 - c. Discrepancies are documented to further necessary actions by HODs or PS,*
 - d. All requests and payments for new assets have been halted for each division pending an updated Asset Register and verification by Accounts Division,*
- The Management acknowledged the recommendation. Over the years the fixed asset registry has been updated by relevant division and report to Accounts for monitoring and evaluation. With the new Asset Management policy we hope a uniform format will be provide for use.*

OAG comment

OAG acknowledges the ministry response. A follow up audit will be made.

2.3 Control (commitment) cards

2.3.1 Failure to perform monthly reconciliation

Risk rating – High

OAG confirmed that the ministry did not reconcile its account code control cards to treasury information. Reconciliation is a key internal control to monitor the

movement of payments from its appropriated budget. And it also ensures accuracy and completeness of records.

Implication

- Not inform of payments queried by Treasury.
- Lack of reliable information for management decision making.
- Changes made by MoFT were not captured in the ministry's commitment cards. Hence, unreconciled commitment cards kept within the ministry were inaccurate and misleading. Using them as basis to make decision could lead to unfavourable outcomes.

Recommendation 4

MCT:

- Ensure to perform monthly reconciliation of the ministry's commitment cards to treasury information.
- Ensure comply with Section P5 96 (1 -5) of the Interim Financial Instructions 2014.

Management response

MCT Management has acknowledges the recommendations as presented. The Accounts Division in its compliance to reconcile payments, the actual process of reconciliation was performed using the Purchase Order Detail Card. This process involves the actual exchange of information between MCT Accounts and MoFT payment / Imprest / Procurement Unit. The progress of the process is effective as can be witness in terms of MCT payment requests are clear-off after each week.

However, the Accounts Division on future reconciliation performance to produce sources documents for future Audit Compliance on reconciliation.

The Management acknowledged the recommendation made however, the Ministry accounts has prefer to use the Purchase Detail Journal and the Monthly Reporting template as the accurate source of data for Management decision making.

OAG comment

OAG noted the ministry's management response and the implementation plan in the action plan provided. A follow up will be made during future audits of the ministry.

88 Ministry of Commerce Industry Labour and Immigration

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Commerce Industry Labour and Immigration (MCILI):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Control cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions 2014 and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 16: Audit issues MCILI

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Failure to maintain asset register	2016, 2017	High
3	Assets not labelled	2017	Moderate
4	Lack of monthly bank reconciliation	2016, 2017	Moderate
5	Lack of bank account annual report	2017	Moderate
6	Lack of monthly control card reconciliation	2016, 2017	High
7	Non-compliance with Interim Financial Instructions 2014	2016, 2017	High
	High		4
	Moderate		3
	Low		0
	Total audit issues		7

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in the internal controls in the management of the areas audited.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

The Ministry did not prepare accountable officer report as required by the PFMA.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry
- No proper recommendation and decision making for future improvements and for planning purposes as no reports to rely upon.

Recommendation 1

MCILI:

- Ensure accounting officer (AO) liaises with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 (2) of the PFM Act 2013.
- Reinforce the importance of adhering to SIG policies and regulations.

Management response

FC (Ag) was made aware of these after consultation with an Audit Officer and the Principal Accountant (MCILI). He would address these after his study leave. FC (Ag) is currently on SIG scholarship at SINU.

OAG comment

OAG has taken note of the ministry's management response and the implementation plan. To ensure implementation, a follow up will be made during future audits.

2.2 Assets and Stores

2.2.1 Failure to maintain asset register

Risk rating – High

The Ministry did not maintain an asset register (AR) as required by Financial Instructions M4.1. The ministry expended about \$2 million on assets during 2016 but these items were unaccounted for in an asset register as at 31 December 2016.

Implications

- Lack of assurance regarding location, condition, value and custodian of each asset.
- Assets can be removed without trace.
- Lack of accountability and transparency.

Recommendation 2

MCILI:

- Implement an asset management framework plan to ensure all government assets are recorded with sufficient detail in a register each time an asset is purchased, reviewed and updated. (Financial Instructions 2014 M4 2).
- Ensure comply with section M4 (4-7) of the Interim Financial Instructions 2014.

Management response

No response from management on this recommendation.

2.2.2 Asset register not up to date

Risk rating – High

The Ministry's fixed assets register for 2017 was not up to date. The register only recorded laptops and computers and did not include all the furniture, vehicles, printers, buildings and all other properties of the ministry nor their value at acquisition.

Implications

- Unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack of accountability and transparency on SIG properties.

Recommendation 3

MCILI:

- Ensure all asset registers are updated regularly.
- Ensure division responsible for assets keeps a master copy of all asset registers and do a monthly reconciliation against each division register.
- Ensure to comply with Chapter 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

Allocated this job to three MCILI officers, namely, the Principal Infrastructure Officer (PIO), Registry Clerk (RC), and Accounts Assistant (AA). Yet to establish a routine to be followed, but we are still working on it.

OAG comment

OAG acknowledge the ministry's management response and the implementation plan. A follow up will be made during future audits of the ministry.

2.2.3 Assets were not tagged

Risk rating - High

The assets purchased by the Ministry or donated has never been labelled or tagged as SIG properties as per Interim Financial Instruction M4 6.1.

Implications

- SIG properties could be easily removed.
- SIG properties could be easily misused for personal benefit.

Recommendation 4

MCILI:

- Ensure all assets purchased or donated are marked as SIG properties (M4 6).
- Ensure to properly store and maintain SIG properties.

Management response

Will use temporary markers for now, but we will work on getting proper labelling equipment in the future. Have assigned the three officers (PIO, RC, and AA) to carry out this task.

OAG comment

Audit agreed and has taken note of the ministry's management response. A follow up will be made during future audit of the ministry.

2.3 Bank accounts

2.3.1 Lack of monthly bank reconciliation

Risk rating – Moderate

We noted that bank reconciliation was not done on a monthly basis. Ministry performed bank reconciliations only when it was preparing for the replenishment to MOFT of the standing imprest. The Ministry only collect bank statements to prepare bank reconciliation when they were preparing replenishment requests.

Implication

- Errors not detected early.
- Misappropriation of public funds may not be detected on a timely manner.
- Management unable to have reliable information on the cash flow.

Recommendation 5

MCILI:

- Ensure to prepare bank reconciliations monthly as required in the Financial Instructions.
- Ensure that the preparer and reviewer sign off on the monthly reconciliation statement.
- Comply with Interim Financial Instructions P5 73 1-4.

Management response

Still working on this and would complete it by end of October 2019.

OAG comment

OAG noted the ministry's management response. A follow up will be made during

future audits of the ministry.

2.3.2 Lack of bank accounts annual report

Risk rating – Moderate

The Ministry did not prepare any annual bank account report as required by Financial Instructions.

Implication

- Non- compliance to Financial Instructions P7 57.1.
- Account balances reported at the end of the financial year may not be reliable.
- Bank accounts may be illegally operated.

Recommendation 6

MCILI:

- Ensure to prepare bank account annual report and submit to Accounting General 10 days after year ended.
- Comply with Interim Financial Instructions P7 57 .1 – 3.

Management response

Hope to prepare this by end of this financial year 2019.

OAG comment

OAG notes the ministry's management response and the implementation plan. A follow up will be made during future audits of the ministry.

2.4 Control (commitment) cards

2.4.1 Lack of monthly control card reconciliation

Risk rating – Moderate

The ministry has a commitment information system (CIS) to keep track of their commitments. However, the ministry did not prepare reconciliation of control cards at the end of each month against treasury information. Reconciliation is a key important control to monitor the movement of payments within each budget line. And it ensures accuracy and completeness of records.

Implication

- Not inform of the payments queried by Treasury.
- Lack of reliable information for management to make informed decisions.
- Not aware of and will not correct errors in the treasury system.

Recommendation 7

MCILI:

- Ensure comply with section P5 96 (1-5) of the Interim Financial Instructions 2014.
- Ensure to prepare monthly reconciliation of commitment cards against treasury information.

Management response

Will work this out, within the last two months of this year 2019. Accounts team have been made aware of this.

OAG comment

OAG noted the ministry's management response and the implementation plan. A follow up audit will be made on this.

2.5 Non-compliance to Financial Instructions

2.5.1 Responsible officers non-compliance to Financial Instructions

Risk rating – moderate

Audit noted that responsible officers within the Ministry did not comply with Interim Financial Instruction 2014, specifically Section M4 (4-10). The officers responsible for maintaining, filing and storing of financial records did not do their job effectively. The quality of staff performance is poor as they did not comply with the FI.

Implication

- Non-compliance with Financial Instructions may increase the risk of misappropriation of government assets.
- Lack of proper monitoring of staff performance increases the risk of services not delivered.
- Value for money not achieved as officers were not performing their duties.

Recommendation 8

MCILI:

- Reinforce the importance of adhering to SIG regulations and policies.
- Properly monitor staff performance.
- Comply with Interim Financial Instructions M3 8.1.

Management response

Financial Controller and HRM of MCILI would ensure the Accounts and Admin team comply with this recommendation.

OAG response

OAG noted the ministry's management response and the implementation plan. A follow up will be made during future audits of the ministry.

89 Ministry of Communication and Aviation

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Communication and Aviation (MCA):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 17: Audit issues MCA

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016	High
2	No asset register	2016	High
3	No cashbook and monthly bank reconciliation	2016	High
4	No monthly control cards reconciliation	2016	High
5	No financial records	2016	High
6	Non-compliance with financial instructions	2016	High
	High		6
	Moderate		0
	Low		0
	Total audit issues		6

1.3 Conclusion

The audit uncovered shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts, commitment cards and staff performance.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

No accountable officer report had been prepared by the Ministry of Communication and Aviation as required by the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MCA:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

No response from management.

2.2 Assets and stores

2.2.1 No asset register

Risk rating – High

The Ministry did not keep any asset register for year 2016 as required by FI.

Implication

- Unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack of accountability and transparency.

Recommendation 2

MCA:

- Ensure all asset registers within divisions are updated regularly.
- Division responsible for assets must keep a master copy of all asset registers and a monthly reconciliation is done to ensure the register is up to date.
- Ensure comply with chapter 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014

Management response

No response from management.

2.3 Bank accounts

2.3.1 No cash book and bank reconciliation

Risk rating – High

OAG was unable to obtain and verify bank accounts records and files. No copies of cashbook and bank reconciliations were available to audit for standing Imprest account.

Implication

- Increases the risk of misappropriation and fraud.

Recommendation 3

MCA:

- Ensure to maintain good filing system for bank account records.
- Ensure all accounting records are properly filed and available for inspection.
- Comply with Interim Financial Instructions P7 62.1.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.4 Control (commitment) cards

2.4.1 No account code control cards

Risk rating – High

OAG was unable to obtain and verify the ministry commitment cards for testing. The Ministry did not maintain proper filing and storing of the commitments cards.

Implication

- Underspending and overspending of budget may not be detected.
- Payments which are not necessary or in line with the budget are made.
- Unable to monitor and provide reliable advices to AO.
- Risk of fraud and misappropriation of fund.

Recommendation 4

MCA:

- To maintain proper system for account code control cards.
- Ensure all accounting records are properly filed and available for inspection until the authority to dispose them off is granted.
- Comply with section P5 97.1 of the Interim Financial Instructions 2014.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.5 Poor filing and storage of financial records

2.5.1 Lack of financial records

Risk rating – High

Audit confirmed that there were no records available for audit purposes. The Ministry did not maintain any proper filing and storage system for their records.

Implication

Lack of good records management practice increases the risk of misappropriation and fraud.

Recommendation 5

MCA:

- To maintain good filing system for all its financial records.
- All accounting records are properly stored and available for inspection when required.
- Comply with Interim Financial Instructions M1 8.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.6 Non-compliance to financial instructions

2.6.1 Responsible officers non-compliance to FI

Risk rating – High

The officers responsible for producing, filing and storing of financial records did not do their jobs effectively. The quality of staff performance in the finance and accounts area was poor as they did not comply with the FI.

Implication

- Lack of proper monitoring of staff performance may increase the risk of services not being delivered.
- Risk of fraudulent activities.
- No value for money as officers were not performing their duties.

Recommendation 6

MCA:

- Properly monitor staff performance.
- Comply with Interim Financial Instructions M3 8.1

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

90 Ministry of Fisheries and Marine Resources

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Fisheries and Marine Resources (MFMR):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, commitment cards and staff performance was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 18: Audit issues MFMR

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	No asset register	2016, 2017	High
3	No monthly bank reconciliation	2016, 2017	High
4	No cashbooks for two bank accounts	2017	High
5	Commitment cards not updated	2017	High
6	No meeting minutes	2017	Moderate
	High		5
	Moderate		1
	Low		0
	Total audit issues		6

1.3 Conclusion

The audit noted failures in procedures, practices and deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts, commitment cards and staff performance.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

No accountable officer report was prepared by the ministry as required by the PFMA.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry
- No proper decision making as no reports to rely upon.

Recommendation 1

MFMR:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

MFMR accepted the recommendations and will liaise with Financial Management and Information Services division, MoFT on this.

OAG comment

OAG acknowledge receiving the ministry responses in its action plan. A follow up audit will be made during future audits of the ministry.

2.2 Assets and stores

2.2.1 No asset register

Risk rating – High

The Ministry did not keep or maintain any asset register as required by the FI.

Implication

- Unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

MFMR:

- Ensure all divisions keep asset registers and the registers are updated regularly.
- The division responsible for assets should keep a master copy of all asset registers and a monthly reconciliation is done so that the register is always up to date.

- Ensure comply with chapter 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

With the recruitment of a Procurement Officer in 2019, MFMR is optimistic that asset registers (soft and hard copies) for all divisions will be recorded and properly kept.

OAG comment

OAG acknowledge receiving the ministry responses in its action plan. A follow up audit will be made in future audits of the ministry.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – High

The Ministry did not prepared monthly bank reconciliations for its bank accounts. Bank reconciliations were performed only when replenishment requests were prepared.

Implication

- Increases the risk of misappropriation and errors not detected early.
- Management is unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 3

MFMR:

- Ensure to perform the bank reconciliations on monthly basis as required by FI.
- Comply with Interim Financial Instructions P7 32.2 and P5 74.1.

Management response

MFMR accepted the recommendations and will take full responsibility to make consistent monthly bank reconciliation reports for MFMR bank accounts.

OAG comment

OAG acknowledge receiving the ministry response in its action plan. A follow up audit will be made to ensure the implementation of the recommendation based on the action plan provided.

2.3.2 No cash books and bank reconciliations

Risk rating: High

The two bank accounts operated by MFMR namely SPC Standing Imprest and Noro Standing Imprest did not have cash books and monthly bank reconciliations were not done for year ended 31 December 2017.

Implication

- Risk of errors occurring.

- Unauthorised withdrawals of funds.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 4

MFMR:

- Must prepare cash books and perform monthly bank reconciliations as required by Financial Instructions P5 73.1 and 5 73.2 for the two said accounts.
- The responsible officers within the accounts section must perform their duties by preparing those important required reports.

Management response

MFMR accepted the recommendations and will work on this to ensure consistent reports of Cash book and bank reconciliation.

OAG comment

OAG acknowledge receiving the ministry response in its action plan. A follow up audit will be made to ensure the implementation of the recommendation based on the action plan provided.

2.4 Commitment cards

2.4.1 Commitment cards not updated and reconciled

Risk rating: High

The ministry's commitment cards were not updated and incomplete. The actual payments made at Treasury were not captured in the ministry commitment cards. There were no monthly reconciliations of control cards with MoFT information.

Implications

- Ministry would not be able to keep track of its budget and spending.
- Can result in under or over spending of ministry actual budgets.
- Unable to monitor and provide reliable advices to management.
- Management decision making can be flawed if financial information is unreliable.

Recommendation 5

MFMR:

- Ensure commitment cards are updated regularly in terms of data entry and reconciliation.
- Ensure the monthly reconciliations are reviewed and signed off by accountable officer.
- Consult MoFT for guidance on how to maintain the commitment cards.

Management response

- *Establish both hard and soft copies of commitment cards for ministry budgets.*

- *In house training on monthly reconciliation of commitment cards against treasury records to be conducted to accounts staff.*
- *MFMR will liaise with FMIS on this.*

OAG comment

OAG acknowledge receiving the ministry response in its action plan. A follow up audit will be made to ensure the implementation of the recommendation based on the action plan provided.

2.5 Meeting minutes

2.5.1 No meeting minutes provided by management

Risk rating – Moderate

The ministry did not provide meeting minutes as part of audit requirement. Meeting minutes are important documents as they support collective decisions made by management, resolutions deliberations, confirmation of resolutions and transparency and accountability for actions taken by management.

Implications

- Lack of approved management minutes increases the risk of actions undertaken without authorisation.
- Lack of minutes increases the risk of not implementing approved resolutions by management.

Recommendation 6

MFMR:

- Ensure to have proper meeting minutes and a secretary is assigned to manage it.
- Make sure the meeting minutes are approved and signed off before filing.

Management response

MFMR accepted the recommendations and will circulate an internal reminder to all staff on this matter.

OAG response

OAG acknowledge receiving the ministry responses in its action plan. A follow up audit will be made to determine the status of the implementation of the recommendation.

91 Ministry of Public Service

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Public Service (MPS):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Account codes control (commitment) cards.

The audit covered the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 19: Audit issues MPS

No	Audit issues	Year	Risk rating
1	Accountable officer report not prepared	2017	High
2	Asset register not updated	2017	High
3	No monthly bank reconciliation	2017	High
4	No segregation of duties when preparing bank reconciliation	2017	High
5	No monthly reconciliation of control cards	2017	Moderate
6	Account code control cards not updated	2017	Moderate
	High		4
	Moderate		2
	Low		0
	Total audit issues		6

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and account control cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Accountable officer report not prepared

Risk rating – High

The ministry did not prepare any accountable report as required by the PFMA as the responsible officers were not aware of the format to be used for the report.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MPS:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

MPS didn't prepare the accountable officer report for year 2017 as MoFT didn't provide MPS with the required reporting template and format.

The new reporting format to be used by ministries was discussed and approved during a workshop organised by MoFT for all Financial Controllers on June this year and is now taking effect as of July 2019.

OAG comment

OAG acknowledged the response. A follow up audit will be made.

2.2 Assets and stores

2.2.1 Lack of updating of asset register

Risk rating – High

The Ministry did have an asset register but the register was not updated. The following information were not recorded in the register: asset description, asset location, asset unique number and asset serial number to enable management to physically verify the existence of each asset.

Implications

- Assets cannot be physically identified against the register therefore assets could be removed without authorisation.
- Unable to monitor the location, movement and custodian of each asset.
- Lack of accountability and transparency.

Recommendation 2

MPS:

- Ensure that the asset register is updated regularly with the required

information.

- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.
- Ensure the officers responsible for maintaining asset register comply with the Financial Instructions M4 4.3.

Management response

OAG comments in paragraph 2 line 4 above is slightly wrong. MPS Asset Register do have a "location" column in its Asset Register record. However tagging and serial number is missing and so MPS will make improvements and update its register to include these missing details with immediate effect.

OAG comment

OAG acknowledges ministry response. A follow up audit will be made.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – High

The ministry did not perform monthly bank reconciliation. The bank reconciliations were only performed when reimbursement requests were prepared for the standing imprest account which breached FI P5 73.2 and 74.1.

Implications

- Errors not detected early.
- Unauthorised withdrawals of funds not detected on timely basis.
- Lack of good record management practice increases the risk of misappropriation and inappropriate utilisation of fund.

Recommendation 3

MPS:

- Ensure to perform the bank reconciliations on monthly basis.
- Ensure that the preparer and the reviewer sign off on the monthly bank reconciliation statement.

Management response

MPS normally do bank reconciliation against the imprest cash book during replenishment which normally is done within two or three weeks rather than waiting for the end of the month to do the reconciliation.

However, MPS will improve on performing monthly bank reconciliation as per FI requirements with immediate effect.

OAG comment

Audit agreed with your response to perform monthly reconciliation as required under PFM Act for compliance and improvement. The ministry can still do reconciliation when replenishment is done for special imprest as one of the

documents required to be attached.

2.3.2 No segregation of duties

Risk rating – High

The ministry performed bank reconciliations for its standing imprest when preparing replenishment requests to MoFT. However the same person performed the duties of the preparer and reviewer of the reconciliation reports.

Implications

This increases the risk of material errors in the accounts undetected and uncorrected, inaccurate calculations, omissions or even increases risk of fraud and misappropriation of public funds.

Recommendation 4

MPS:

- Ensure bank reconciliation statement is reviewed by an independent and competent officer for accuracy and completeness.
- Bank reconciliation statement is signed off by the preparer and the reviewer.
- Ensure comply with section P5 73.5 of the Financial Instructions.

Management response

MPS has three Standing Imprest Accounts namely Public Service Department Standing Imprest, Public Service Commission Standing Imprest and Institute of Public Administration and Management (IPAM).

We have officers allocated to manage each Standing Imprest Account and part of their responsibility is to prepare bank reconciliation and forward it to Financial Controller for review before signing off by the Permanent Secretary.

MPS will improve on the reconciliation document to include signatures of the preparer and reviewer for future bank reconciliations.

OAG comment

OAG agreed to your response and to ensure implementation, we will follow up during future audits of the ministry.

2.4 Accounts control (commitment) cards

2.4.1 Lack of monthly reconciliation of control cards

Risk rating – Moderate

The ministry kept control cards to monitor the movement of payments to and from Treasury. However, there was no reconciliation of account control cards at the end of each month against treasury information.

Implication

The unreconciled control card increases the risk of not identifying:

- Unpaid and paid requisitions.
- Not aware of the payments queried by Treasury.
- Overstating and/or understating of control cards balances.
- Unable to monitor and provide reliable advice to AO.

Recommendation 5

MPS:

- Ensure to comply with section 96.1 & 89 (89.2) of the Interim Financial Instructions 2014.
- Make sure reconcile and balance commitment cards against MOFT record at the end of each month.

Management response

MPS Accounts Unit already have access to MOFT AX system (SIGInfo) therefore, we can easily track and reconcile our control cards, and payments register records with MOFT and can easily check for query, paid or unpaid invoices and payments.

OAG comment

OAG acknowledged the ministry response. A follow up audit will be made.

2.4.2 Lack of updating account control cards

Risk rating – Moderate

The ministry did keep account control cards but the responsible officer did not update the account control cards as required by legislation. There was no proper delegation of responsibility to an officer within the accounts section to update the accounts control cards on a daily basis.

Implication

Unable to monitor and provide reliable information regarding spending of the budget.

Recommendation 6

MPS:

- Ensure responsible officer to regularly check to make sure account control cards are kept in accordance with Financial Instructions.

Management response

MPS Accounts Unit always ensure that our payment register and commitment card controls are updated.

MPS Accounts Unit always ensure that payment Register and Commitment cards are reconcile with MOFT Record as Accounts Unit have live access to MoFT AX system through SIGInfor.

OAG comment

OAG is taking note of the response and also agreed having live access to MoFT AX system to do the reconciliation, however, it is a requirement that every transaction has to be initiated at ministry level recorded in the Control card. Also changes in the budget, virements etc. has to be captured in the Control card on daily basis. Then do monthly reconciliation with MoFT data for any adjustment over the month. Audit will follow up on this during future audits of the ministry.

92 Ministry of Justice and Legal Affairs

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Justice and Legal Affairs (MJLA):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the period from 1 January 2016 to 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 20: Audit issues MJLA

No	Audit issues	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	No asset register	2016, 2017	High
3	No monthly bank reconciliation	2016, 2017	Moderate
4	Not all cashbooks were available for audit	2016, 2017	High
5	Account code control cards not updated	2016, 2017	High
6	Lack of monthly control cards reconciliations	2016, 2017	Moderate
	High		4
	Moderate		2
	Low		1
	Total audit issues		6

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

The ministry did not prepare any accountable officer report as required by the PFMA.

Implication

- Authorities will not be able to monitor annual financial performance and operation of the Ministry.
- No reports for management to rely upon when making important decisions.
- No transparency and accountability.

Recommendation 1

MJLA:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report;
- Ensure comply with section 77 of the Public Financial Management Act 2013; and
- Management needs to reinforce the importance of adhering to SIG regulations and policies.

Management response

No management response.

2.2 Assets and stores

2.2.1 No asset register

Risk rating – High

The Ministry did not keep an asset register to manage the assets of the ministry as required by the FI.

Implications

- Ministry is not able to monitor the locations, trace movements and custodians of the assets.
- No assurance on value and condition of assets.
- Lack of accountability and transparency.

Recommendation 2

MJLA:

- Ensure to delegate responsibility to prepare asset register and record all assets allocated to the ministry.
- Regularly update the register and undertake annual stocktake.
- Comply with section M4 4 (5) (6) (7) of the Interim Financial Instructions 2014.

Management response

No management response.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – Moderate

Bank reconciliations for standing imprest accounts held within the Ministry and its agencies were done at Headquarters but only when preparing replenishment requests to MOFT for reimbursement of the fund and not monthly as stipulated in the Financial Instructions.

Implications:

- Lack of accurate financial record been provided to management for decision making.
- Erroneous transactions such as over/under payments may not be detected on timely basis.

Recommendation 3

MJLA:

- Ensure to perform the bank reconciliations on monthly basis as required in the Financial Instructions 2014 P5 73 (1-5), 73.2.
- Ensure bank reconciliations are signed off by the preparer and reviewer to confirm accuracy and completeness.

Management response

No management response.

2.3.2 Not all cashbooks were available

Risk rating - High

During our review of accounts and records, the following transpired:

- Only four out of six standing imprest accounts records have been submitted for audit. They were Public Solicitor's Office, Public Prosecution Office (2 accounts) and Attorney General Chambers.

Implication

- Errors or misappropriations may not be detected.
- No reliance on figures presented in the annual reports.
- Unreliable information for management to make decisions.

Recommendation 4

MJLA:

- Ensure must provide accounts and records upon audit request; and
- Ensure bank reconciliations reports for agencies are certified by the preparer and reviewer.

Management response

No management response.

2.4 Control (commitment) cards

2.4.1 Account code control cards not updated

Risk rating – High

The Ministry has maintained account code control cards using a system called Commitment Information System (CIS). However, attempts to obtain copies of the cards for review were unsuccessful. Audit was informed that the commitment control cards were not regularly updated and reconciliation was never done with Treasury information.

2.4.2 Lack of monthly control card reconciliation

Risk rating – Moderate

Reconciliation is a key internal control to monitor the movement of payments from its appropriated budget and to ensure accuracy and completeness of records. Upon reviewing with accounts staff, audit noted that control card reconciliation with Treasury information was not done.

Implications

- Underspending and overspending of budget may not be detected.
- Payments which are not necessary in line with the budget were made.
- Unable to monitor and provide reliable advices to AO.
- Not informed of payments queried by Treasury.
- Lack of reliable information for management decision making

Recommendation 4

MJLA:

- Ensure to maintain good electronic system for account code control cards.
- Ensure corresponding hard copy files are filed and available for reference and audit purposes.
- Ensure to comply with section P5 97 (1-3) and P5 96 (1-5) of the Interim Financial Instructions 2014.

Management response

No management response.

93 Ministry of Home Affairs

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Home Affairs (MHA):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer reports, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 21: Audit issues MHA

No	Audit issue	Year	Risk rating
1	Accountable officer report not prepared	2016, 2017	High
2	No asset register	2016, 2017	High
3	Lack of monthly bank reconciliation	2016, 2017	Moderate
4	Incomplete commitment cards	2016, 2017	High
5	No commitment cards reconciliation	2016, 2017	High
	High		4
	Moderate		1
	Low		0

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Accountable officer report not prepared

Risk rating – High

Audit noted that no accountable officer report had been prepared by the Ministry as required by the PFMA.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MHA:

- Ensure to liaise with MOFT for the reporting framework and format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

No management response was received.

2.2 Assets and stores

2.2.1 No asset register

Risk rating – High

Audit noted that the ministry did not have an assets and stores register as required by the FI.

Implications

- Unable to monitor the locations, movements and custodians of the assets.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

MHA:

- Ensure to keep a register for all ministry assets.
- Division responsible for assets should keep a master copy of all asset registers within the ministry and do a monthly reconciliation including monthly stock take.

Management response

Management did not response to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.3 Bank accounts

2.3.1 Lack of monthly bank reconciliation

Risk rating – Moderate

No monthly bank reconciliation was performed by MHA on bank accounts kept by the ministry for the financial years. The bank reconciliations were only performed

as part of the reimbursement process for the standing imprest which breached FI P5 73.2 and 74.1.

Implications

- Transaction errors cannot be detected on timely manner.
- The bank accounts balances may be misleading which can result in overdrawing of the accounts.
- Unauthorised withdrawals of funds not detected on timely basis.
- Transactions initiated by the banks are not updated on a timely basis in the cashbooks.
- Management unable to have reliable cash flow information.
- Untimely reporting to management.

Recommendation 3

MHA:

- Ensure to perform the bank reconciliations on monthly basis.
- Ensure that the preparer and reviewer sign off on each reconciliation report.

Management Response

No management response.

2.4 Commitment cards

2.4.1 Commitment cards not updated

Risk rating – High

Audit reviewed the commitment cards and noted that they were not up to date. Actual payments made by Treasury were not captured. The purpose of the cards is to track spending against the budget allocation for each account code and ensure overspending does not occur. Also the cards were incomplete as there was no "note column" for each card to document adjustments made on each card.

Implication

- Can result in the under or over commitment of ministry budget.
- Management decision making can be misleading if financial information is unreliable.

Recommendation 4

MHA:

- Ensure to provide for all required sections in the cards;
- Ensure commitment cards are updated regularly.

Management response

Management did not response to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.4.2 Commitment cards reconciliations not performed

Risk rating – High

Commitment cards were not reconciled with treasury information as required by FI. Reconciliation is a key internal control, it ensures that all commitments have been accurately recorded and accounted for. It also provides assurance that all expenditures are within budget.

Audit noted during interview with the accountant that the officers did follow up on the payments through the treasury system however did not perform the monthly reconciliation.

Implication

- Unable to monitor and provide reliable advices to accountable officer.
- The ministry would not be able to keep track of its budget and spending.
- Any differences between the control cards and treasury information will not be detected.

Recommendation 5

MHA:

- Ensure that commitment cards are reconciled to the MOFT information as required in *Financial Instructions P5 96*.
- Ensure these reconciliations are reviewed and signed off by the preparer and reviewer.
- Consult with MoFT for guidance on how to maintain the cards.
- Consider standard internal control procedure and policy for commitment management.

Management response

Management did not response to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

94 Ministry of National Unity Reconciliation and Peace

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of National Unity Reconciliation and Peace (MNURP):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 22: Audit issues MNURP

No	Audit issues	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Asset register not up to date	2016, 2017	High
3	Assets not labelled or tagged	2017	Moderate
4	Assets could not be located	2016	High
5	Obsolete assets not disposed	2016	Moderate
6	Officers issued with both laptops and desktops	2016	Moderate
7	No monthly bank reconciliation	2016, 2017	Moderate
8	Lack of bank accounts annual report	2017	Moderate
9	Deficiency in management of cash	2016	Moderate
10	No monthly commitment cards reconciliation	2016, 2017	High
11	Non-compliance with Financial Instructions	2017	High
	High		5
	Moderate		6
	Low		0
	Total audit issues		11

1.3 Conclusion

The audit noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and control cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 No accountable officer report

Risk rating – High

The ministry failed to produce accountable officer report as required by the PFM Act s77 (2). It was further noted that the Solomon Islands Government Accounting Services (SIGAS) did not provide guidance to the ministry's accountable officers on this reporting requirement.

Implication

- Increase the risk of MOFT unable to properly monitor the annual financial performance and operation of the Ministry which may lead to the exhausting of the allocated budget for the ministry.
- This is a breach against the PFM Act 2013 s 77(2) and responsible officers fail to do their duties as prescribe by the Act.

Recommendation 1

MNURP:

- Ensure to comply with s77 (2) of the PFMA.
- Ensure to liaise with MOFT for the accountable officer report format.
- Ensure training is provided to assist on how to prepare the report.

Management response

The Ministry acknowledges the non-compliance which is attributed to the capacity and performance of the Accounts Team. Preparing the Accountable Officers Report require the Accounts Team to be committed and dedicated to doing accounts reconciliation and adjustment vouchers (AVs). The Ministry's Accounts team can access information but preparing reports which are up-to-date and factual for the Accountable Officer to approve means an officer must be assigned the task and dedicated to performing it. Unfortunately, the capacity within the Accounts Department is lacking, both in terms of numbers and knowledge or skills.

We request the Solomon Islands Government Accounting Service (SIGAS) to conduct capacity building training for Accounts Officers as we are informed the issue of failure to produce accountable officer report is prevalent across most SIG Ministries.

AO will liaise with MOFT for the reporting Framework/format thus the accountable officer report should be available for the next Fiscal year. AO will also liaise with MOFT for training on how Accountable Officer Report is prepared.

OAG comment

OAG acknowledge receiving the ministry response with its action plan. A follow

up audit will be made to ensure the implementation of the recommendation based on the action plan provided.

2.2 Assets and stores

2.2.1 Asset register not up to date

Risk rating – High

OAG confirmed that the Ministry fixed assets register for 2017 was not up to date. The register only record laptops and computers and did not include all the furniture, vehicles, printers, buildings and all other movable properties of the ministry or even their value at acquisition or depreciation value over the years.

Implications

- Unable to monitor the location, movement and custodian of each asset.
- Ministry assets can be removed without trace.
- Lack of accountability and transparency on SIG properties

Recommendation 2

MNURP:

- Ensure all assets within each division are recorded in an asset register.
- Division responsible for assets should keep a master copy of all asset registers within the ministry and do a monthly reconciliation against each division register.
- Ensure comply with Chapter 4 M4 (5)(6)(7) of the Interim Financial Instruction 2014.

Management response

Responsible officer to provide Asset register that will take into account all non-current assets both in the HQ and Provincial offices. All divisions asset register to be reconcile with the master register.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be made to ensure the implementation of the recommendation based on the action plan provided.

2.2.2 Assets not labelled or tagged

Risk rating - High

Audit confirmed with the accounts staff and also physically viewed that the assets purchased by the Ministry or donated have never being marked or tagged as SIG properties.

Implications

- SIG properties could be easily removed.

- SIG properties could be easily misused or stolen.

Recommendation 3

MNURP:

- Ensure all assets purchased or donated are marked as SIG properties (M4 6).
- Ensure to properly store or maintain SIG properties.

Management response

Responsible officer to tag all SIG assets including assets from Provincial Offices. Responsible officer to ensure proper storage and maintenance of assets or properties.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be made to ensure the implementation of the recommendations based on the action plan provided.

2.2.3 Assets could not be located

Risk rating – High

OAG noted during physical checking of assets against the asset register which was kept by the Ministry, assets worth \$207,910 were not located and noted to be missing. Also few assets were not located at the Ministry office as they were kept at home by officers.

Implications

- Lack of proper monitoring of assets increases the risk of assets been removed without trace.
- Ministry will spend a lot of public funds on replacing the missing assets.

Recommendations 4

MNURP:

- Ensure asset register is being checked and updated
- Ensure comply with relevant legislation section 4 M4 (5) (6) (7) of Interim Financial Instruction 2014.

Management response

The Ministry's Asset register was checked and updated in 2018, following this audit.

Early this month (June 2019), the Ministry again conducted physical stock take of all assets both in Honiara and the Provincial Peace Offices – Taro, Gizo and Auki. This shows the Ministry is complying with the requirements of the Financial Instruction.

We find that there is vagueness in what constitute an 'asset' in terms of its monetary value. There is a need for clarity on the value threshold for assets and consumables. The PFMA and FIs do not define 'assets' in terms of monetary value, for example at which value threshold is an equipment an 'asset' and not a 'consumable'.

2.2.4 Lack of disposal of obsolete assets

Risk rating – Moderate

OAG noted during the audit that there were assets which were damaged or defected; however, they were still kept by the custodians of those assets. Section M4 9.1 of the Interim Financial Instruction 2014 clearly states that those assets need to be reported to Accountable Officer (AO). If assets were no longer useful, section M4 8.1 provides for the dispose of the assets.

Implication

Lack of proper disposal of assets will increase the risk of assets being incorrectly labelled as missing, stolen or still useful.

Recommendation 5

MNURP:

Ensure comply with Section M4 8 (8.1) & Section M4 9.1 of the Interim Financial Instruction 2014 when ministry planning to dispose obsolete assets.

Management response

For the recommendation, the Ministry is pleased to report that we have complied with the relevant Section of IFI 2014. The Ministry has disposed of obsolete and defective assets late last year and early this year. In compliance with the requirements of the IFI, the decision to dispose of assets were made by the Accountable Officer (AO) and the Ministry Tender Board (MTB). A Report is being compiled by the Accounts Team.

2.2.5 Officers issued with both laptops and desktops

Risk rating – Moderate

OAG also noted that the Ministry issued both desktops and laptops for the same officers. With the limited financial resources which the government had, it is important that management must reduce cost in identifying officers which required a desktop to execute the work diligently and those who required laptops.

Implication

Lack of effective management of the assets will increase the risk of the ministry committing to costs which could have been avoidable.

Recommendation 6

MNURP:

Ensure avoid issuing both the desktops and laptops to the same officers.

Management response

We acknowledge and note this recommendation. The Ministry gives Heads of Departments (HODs) opportunity to make choice on whether to use desktop or laptop based on preference. Some HODs are allocated both desktop and laptop because they usually travel to provinces and have to make presentations. However, since 2018 we are putting a cap on this and officers are only allocated either a desktop or laptop. The Ministry does have laptops which officers can use while on official trips. We can confirm that all computer equipment are registered with the ICTSU, Ministry of Finance.

2.3 Bank accounts

2.3.1 Bank reconciliation not performed monthly

Risk rating – High

Audit noted that the Ministry did perform bank reconciliation on the bank account but only when it was preparing replenishment request. Not on monthly basis as required by FI.

Implication

- Errors not detected early.
- Unauthorised withdrawals of funds.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.
- Non- performance of bank reconciliation results in improper debits or credits not being detected and adjusted on timely basis.
- Account balances reported at the end of the financial year may not be reliable.

Recommendation 7

MNURP:

Ensure to perform the bank reconciliations on monthly basis rather than at reimbursement time only.

Ensure monthly bank statements collected are filed according.

Comply with Interim Financial Instruction P5 73 1-4.

Management response

The Ministry has a Standing Imprest Account with a ceiling threshold of \$50,000.00 which ideally should last for a month or more. However, the Standing Imprest is usually fully expended before a month ends due to it being allocated to Honiara-based offices and the Provincial Peace Offices. This means the Accounts Team perform reconciliation at the time of reimbursement. If the imprest amount lasts more than a month, Accounts Team are directed to perform monthly reconciliation. Responsible officer to do bank reconciliation monthly and provide the reconcile statement to be filed accordingly.

2.3.2 Lack of bank accounts annual report

Risk rating – Moderate

Financial Instruction P7 57.1 – 3 stipulated that; *“The Accounting General, in a format approved by the PSF, must be provided with an annual bank account report by every AO of the bank operated. It should comprise of name of bank account, financial Institution it held, date of approval of the bank account, open date, and balance at the year ended. The report should be submitted 10 days after year ended.* However, audit confirmed that the Ministry did not prepare or submit any such report to Accounting General at the end of the financial year.

Implications

- Non- compliance to Financial Instruction P7 57.1.
- Account balances reported at the end of the financial year may not be reliable.

Recommendation 8

MNURP:

- Ensure to prepare bank account annual report and submit to Accounting General 10 days after year end.
- Comply with Interim Financial Instruction P7 57 .1 – 3.

Management response

Ministry to provide annual report on Bank account to AG 10 days after year ends.

OAG comment

OAG acknowledged receiving the ministry responses with its action plan. A follow up audit will be made to ensure the implementation of the recommendations based on the action plan provided.

2.3.3 Deficiency in management of cash

Risk rating – Moderate

The audit noted that the Ministry usually sent money to their offices in Auki and Gizo as their standing imprest for their operation. However, Audit noted that the ministry usually withdrew funds from the standing imprest bank account and either sent it to the personal account of the officer manning the office at the province or send cash to that office. Also if the officer concern failed to collect the cash, the cash was kept in a drawer in the office overnight.

Implication

Lack of proper management of the cash increases the risk of public funds been stolen or misappropriated.

Recommendation 9

MNURP:

- Ensure comply with Chapter 4 P6 of the Interim Financial Instruction 2014.
- Avoid sending standing imprest for the provincial officers through personal bank account.

Management response

The Ministry team notes this recommendation and is taking serious action to rectify the issue. We appreciate the concerns especially when the Ministry sends \$5,000 to each Provincial Peace Office from the Standing Imprest. The Ministry is now opening bank accounts for our Provincial Peace Offices in Taro, Gizo and Auki.

2.4 Commitment cards

2.4.1 Commitment cards not reconciled monthly

Risk rating – High

OAG noted that the ministry has a commitment information system to keep track of their commitments. However, the ministry did not prepare any reconciliation of control cards at the end of each month against treasury information.

Implication

Lack of reconciliation of control cards increases the risk of not identifying:

- unpaid and paid requisitions,
- Not aware of the payments queried by Treasury,
- Overstating and/or understating of control cards balances.
- Unable to monitor and provide reliable advices to AO.

Recommendation 10

MNURP:

- Ensure to update commitment cards daily.
- Ensure to prepare monthly account codes control cards reconciliations with Treasury information.
- Ensure file all the monthly reconciliations records.
- Ensure comply with section P5 79.5 of the Interim Financial Instruction 2014.

Management response

We note this recommendation and appreciates the concerns especially the risks or implications. The non-compliance in respect to reconciling commitment cards again highlights the lack of capacity in the Accounts Team both in terms of number of staff and the required expertise to perform reconciliation. The problem is further exacerbated by the lack of a competent Financial Controller (FC) and is made worse when the position of FC is vacant. The Accounts Team can perform reconciliation if there is an officer dedicated to doing the task. In addition, there is

a need for SIGAS to conduct capacity building or up-skilling training for Accounts Officers.

Responsible officer to update commitment card daily, and do reconcile with Treasury every end of the month.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be made to ensure the implementation of the recommendations based on the action plan provided.

2.5 Non-compliance to financial instructions

2.5.1 Responsible officers' non-compliance to FI

Risk rating – High

Audit noted that the officers whose duties were to prepare accountable officer report, monthly bank reconciliation, account code control cards reconciliation and maintaining and updating of asset register did not do their jobs effectively. The quality of staff performance was poor as they did not comply with the FI.

Implications

- Lack of proper monitoring of staff performance increases the risk of services not delivered.
- Wastage of SIG funds to pay officers not performing their duties.

Recommendation 11

MNURP:

- Proper monitoring of staff performance.
- Comply with Interim Financial Instructions M3 8.1.

Management response

HODs to ensure that officers perform their responsibility vested upon them effectively and efficiently, thus will be held responsible for their poor performance.

OAG comment

OAG acknowledge receiving the ministry responses with its action plan. A follow up audit will be carried out to ensure the implementation of the recommendations based on the action plan provided.

95 Ministry of Mines Energy and Rural Electrification

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Mines Energy and Rural Electrification (MMERE):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, commitment cards and staff performance was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 23: Audit issues MMERE

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	No asset register	2016	High
3	Incomplete asset register	2017	High
4	No cashbook	2016, 2017	High
5	No monthly bank reconciliation	2016, 2017	Moderate
6	Commitment card not up to date	2016, 2017	Moderate
7	No monthly commitment card reconciliation	2016, 2017	High
8	No financial records	2016	High
9	Non-compliance to Financial Instructions	2016, 2017	High
	High		7
	Moderate		2
	Low		0
	Total audit issues		9

1.3 Conclusion

The audit of the standard auditable areas for the MMERE uncovered shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts, commitment cards and staff performance.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

No accountable officer report had been prepared by the MMERE as per s77 (2) of the PFMA.

Implication

- Authorities are unable to monitor the annual financial performance and operations of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MMERE:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.
- Management need to reinforce the importance of adhering to SIG regulations and policies.

Management response

The management did not submit their written response to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.2 Assets and stores

2.2.1 No asset register

Risk rating – High

OAG noted that the Ministry did not keep or maintain any asset register for year 2016. It was noted for 2017 that the asset register was incomplete and not updated during the time of audit to confirm accuracy and completeness of the asset register.

Implications

- The ministry is unable to monitor the locations, movements and custodians of the assets.
- Ministry assets can be removed without trace.
- Lack of accountability and transparency.

Recommendation 2

MMERE:

- Ensure all assets within each division are recorded.
- An asset purchased is immediately recorded in the register.
- Division responsible for assets should keep a master copy of all asset registers with the ministry and do a monthly reconciliation against each division register.
- Ensure comply with chapter 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.3 Bank accounts

2.3.1 No cash book and bank reconciliation

Risk rating – High

OAG was unable to obtain and verify bank accounts records and files. No copies of cashbook and bank reconciliations were available to audit for the standing imprest account in 2016. Maintaining good management of accounting records is the responsibility of responsible officer to ensure good management practices are maintained.

Implications

- Increases the risk of misappropriation and fraud.

Recommendation 3

MMERE:

- Ensure to maintain good filing system for bank account records.
- Ensure all accounting records are easily accessible.
- Comply with Interim Financial Instructions P7 62.1

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.3.2 No cash book to record bank transactions.

Risk rating - High

Upon interviewing staff and reviewing documents, it was found that no proper cashbook has been maintained to record all payments out of the standing imprest account. Audit found only retirement book was maintained.

2.3.3 Bank reconciliations irregularities

Risk rating – High

Upon interview conducted and review of documentations, audit identified the following instances:

- Non-compliance with Section P5 73.2 of Financial Instructions 2014 which requires monthly reconciliations.
- Bank reconciliation was done for only 12 October 2017, and not beginning of the year or month. This means it was not correctly done and incomplete.
- A cheque number was added in the reconciliation statement. This cheque did not fall within the sequence of cheque numbers in the bank statement for the period.
- Cheque number appeared on bank statement but was not recorded in cash book.

Implications:

- Completeness and reliability of cash book and bank reconciliation are questionable.
- Misappropriations of funds and erroneous transactions may not be detected.
- Management may not be able to access correct and accurate information.

Recommendation 4

MMERE:

- Ensure to maintain a proper cashbook for the standing imprest;
- Perform bank reconciliations on monthly basis and to be signed off by the preparer and reviewer to ensure accuracy and completeness.
- Proper segregation of duties to improve management controls.
- Comply with relevant sections in the Financial Instructions.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.4 Control (commitment) cards

2.4.1 No account code control cards available

Risk rating – High

OAG was unable to obtain and verify the Ministry commitment or control cards for testing. The Ministry did not maintain proper filing and storing of the commitments cards.

Implication

- Underspending and overspending of budget may not be detected.
- Payments which are not necessary or in line with the budget are made.
- Unable to monitor and provide reliable advices to AO.

Recommendation 5

MMERE:

- To maintain good filing system for account code control cards.
- Ensure all accounting records are properly filed and available for inspection.
- Comply with section P5 97.1 of the Interim Financial Instruction 2014.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.4.2 Account code control cards incomplete

Risk rating – High

Ministry maintained account code control cards for all its Divisions and separately for recurrent and development budgets. However, based on our review, the control cards were not updated and incomplete as the whole of the commitments made for each month during the year 2017 were not recorded.

2.4.3 Lack of reconciliations of commitment cards

Risk rating – Moderate

Reconciliation is a key internal control to monitor the movement of payments from its appropriated budget and to ensure accuracy and completeness of records. Upon reviewing files, audit noted that control cards reconciliation with Treasury information was not done.

Implications

- Underspending and overspending of budget may not be detected.
- Payments which are not necessary and not in line with the budget are made.
- Unable to monitor and provide reliable advices to AO.
- Not inform of payments queried by Treasury.
- Lack of reliable information for management to make informed decisions.

Recommendation 6

MMERE:

- Ensure to maintain good electronic filing system for account code control cards.
- Ensure corresponding hard copy files are filed and available for reference and audit purposes.
- Ensure to comply with section P5 97 (1-3) and P5 96 (1-5) of the Interim Financial Instructions 2014.

Management response

Management did not response to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.5 Poor filing and storage of financial records

2.5.1 Lack of financial records

Risk rating – High

Audit confirmed that there were no records available for audit purposes. The Ministry did not maintain any proper filing and storage system for their records.

Maintaining good management of accounting records is the responsibility of the accounts staff to ensure good management practices are maintained.

Implication

Lack of good records management practice increases the risk of misappropriation and fraud.

Recommendation 5

MMERE:

- To maintain good filing system for all its financial records.
- All accounting records should not be filed away not until after audit has been done.
- Comply with Interim Financial Instruction M1 8.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.6 Non-compliance to financial instruction

2.6.1 Responsible officers non-compliance to FI

Risk rating – High

Audit noted that the officers responsible for maintaining, filing and storing of financial records did not do their job effectively. The quality of staff performance was poor as they did not comply with the FI.

Implication

- Lack of proper monitoring of staff performance increases the risk of services not delivered
- Wastage of SIG funds to pay officers not performing their duties.

Recommendation 6

MMERE:

- Properly monitor staff performance.
- Comply with Interim Financial Instruction M3 8.1.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

96 National Judiciary

1. Overview

1.1 Audit scope

The audit covered the following areas in the National Judiciary (NJ):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 24: Audit issues NJ

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable ;officer report	2017	High
2	Failure to perform monthly bank reconciliation	2017	Moderate
3	Assets not recorded and maintained	2017	High
4	Lack of monthly commitment cards reconciliation	2017	Moderate
	High		2
	Moderate		2
	Low		0
	Total audit issues		4

1.3 Conclusion

The audit of the standard auditable areas mentioned above for the National Judiciary noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG noted during a meeting with the Management that National Judiciary did not prepare the accountable officer report as required by s77 (2) of the

PFMA. OAG also noted that there was no proper awareness done by the relevant authorities on the sections within the PFM Act 2013 which led to the NJ's failure to produce the report.

Implication

Authorities are unable to monitor the annual financial performance and operation of the ministry.

No proper decision making as no report to rely upon.

Recommendation 1

NJ:

- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report;
- Ensure comply with s77 of the Public Financial Management Act 2013.

Management response

Management did not response to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.2 Bank accounts

2.2.1 Failure to perform bank reconciliation on monthly basis

Risk rating – High

Audit noted that no monthly bank reconciliation was performed by National Judiciary for bank accounts kept by the ministry for 2017 financial year.

Implications

- Errors not detected early.
- Unauthorised withdrawals of funds.
- Management is unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 2

NJ:

- Ensure to perform monthly bank reconciliation for each bank account;
- Ensure bank reconciliation reports are signed off by the preparer and reviewer;
- Ensure all financial records are filed and easily accessible for inspection.

Management response

Management did not response to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.3 Assets and stores

2.3.1 Assets not recorded and maintained

Risk rating – High

Financial Instruction 4.1 states that registers of non-current assets with a value at acquisition at or above the threshold value owned by SIG and controlled by each ministry must be kept by each ministry's AO. Audit noted during the Audit that the ministry did not maintain asset register at the National Judiciary for the financial year 2017.

Implications

- Unable to monitor the locations, movements and custodians of the assets.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 3

NJ:

- Ensure that the ministry responsible officer records all fixed assets each time assets are purchased;
- Comply with FI.

Management response

Management did not response to the audit findings and recommendations made thus OAG is finalising the report without the ministry's response.

2.4 Commitment cards

2.4.1 Lack of monthly reconciliation of control cards

Risk rating – Medium

FI P5 96.1 states that accounting officers must reconcile all account codes control cards to Treasury information once a month. Audit noted during interview with the Principle Accountant that the officers did follow up on the payments through AX however, they did not perform the monthly reconciliation. Reconciliation is an important internal controls tool for monitoring an entity's budget and its performance.

Implication

Lack of performing monthly reconciliation to AX system data would lead to differences between control cards and treasury information not be detected and might lead to unnecessary overspending.

Recommendation 4***NJ:***

- Ensure the officer responsible to reconcile all accounts codes control cards to Treasury information once a month as per FI P5 96.1.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

97 Ministry of Women Youth Children Family Affairs

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Women Youth Children and Family Affairs (MWYCFA):

- Accountable officer report;
- Assets and stores;
- Bank accounts;
- Commitment cards; and
- Payments.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts, commitment cards and payments was inadequate and fall short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 25: Audit issues MWYCFA

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Asset register not kept	2016, 2017	High
3	No bank account documents	2016, 2017	High
4	No control cards records	2016, 2017	High
5	Lack of financial records and files	2016, 2017	High
6	Responsible officers non-compliance to FI	2016,2017	High
7	Non-compliance to FI and PFMA	2017	High
8	Missing Payment Vouchers	2017	High
9	Conflict of interest	2017	High
10	SIG fund not used for intended purpose	2017	High
11	Inconsistent suppliers' quotations	2017	High
12	Payment voucher not corresponding with quotation	2017	High
	High		12
	Moderate		0
	Low		0
	Total audit issues		12

1.3 Conclusion

The audit of the standard auditable areas for the MWYCFA noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the

management of accountable officer report, assets and stores, bank accounts, commitment cards, payments and staff performance.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG noted that no accountable officer report had been prepared by the Ministry as per s77 (2) of the PFMA.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry.
- No proper decision making as no reports to rely upon.

Recommendation 1

MWYCFA:

- Ensure to liaise with MOFT for the reporting framework and the format required to prepare the accountable officer reports;
- Ensure comply with s77 of the PFMA.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.2 Assets and stores

2.2.1 Asset register not maintained

Risk rating – High

We noted that the ministry did not maintain an asset register. Audit was unable to verify the ministry was managing its assets as required by Financial Instructions.

Implications

- Unable to monitor the locations, movements and custodians of the assets.
- Ministry assets can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

MWYCFA:

- Ensure to keep and update an asset register.
- Ensure to carryout monthly or quarterly asset stocktake to effectively track the existence and conditions of assets.

- Ensure comply with section 4 M4 (5)(6)(7) of the Interim Financial Instructions 2014

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.2.2 Assets not labelled

Risk rating – High

OAG noted that the ministry had assets in the office, however, observed that none of the assets had been marked to show that the assets were owned by SIG through the ministry.

Implication.

Lack of labelling of assets increases the risk of assets:

- Lost and stolen;
- Not able to trace ministry assets if moved; and
- Lack of accountability and transparency.

Recommendation 3

MWYCFA:

- Ensure to comply with FI M4 6.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.3 Bank accounts

2.3.1 No bank account information and documents

Risk rating – High

The ministry failed to provide OAG with the relevant information and documents relating to their existing active bank accounts for audit. Therefore audit could not verify the ministry's bank reconciliations. The audit was closed after giving the ministry a period of six weeks to respond.

Implications

- Uncertainty over management of public funds by the ministry.
- Increased risk of fraud and misappropriation of funds.
- Lack of accountability and transparency.

Recommendation 4

MWYCFA:

- Ensure to provide audit with information and documents as required in section 36(1) of the Public Finance and Audit Act (Cap120).

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.4 Control (commitment) cards

2.4.1 No control card records

Risk rating – High

The ministry failed to comply with OAG request for relevant information and documents pertaining this cycle. Audit was unable to verify the ministry's commitment cards. Therefore, the audit was closed after several unsuccessful follow ups were made.

Implication

- Increase risk of fraud and misappropriation of funds.
- Lack accountability and transparency.

Recommendation 5

MWYCFA:

- Ensure to provide audit information and documents as required in section 36(1) of the Public Finance and Audit Act (Cap 120).

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.5 Poor filing and storage of financial records

2.5.1 Lack of financial records

Risk Rating – High

Audit confirmed that there were no records available for audit purposes. The Ministry did not maintain filing and storage system for its records. OAG confirmed that there was no records/files available for 2017 audit. On 18 of June 2019 the acting Financial Controller and Permanent Secretary (PS) confirmed that 2017 files/records were not available. The Ministry did not maintain any proper filling and storage system of their records, including the ministry assets register, commitment cards and bank accounts details.

Maintaining good management of accounting records is the responsibility of the accounts staff to ensure good management practices are maintained.

Implication

- Lack of good records management practices increases the risk of misappropriation and fraud.
- Non-compliance to Interim Financial instruction M1 8.

Recommendation 6

MWYCFA:

- Ensure to maintain good filing system.
- All accounting records should not be filed away not until after audit has been done.
- Comply with Interim Financial Instruction M1 8.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.6 Non-compliance to financial instructions

2.6.1 Responsible officers non-compliance to FI

Risk rating – High

Audit noted that officers who were responsible for filling and storing financial records did not carry out their work effectively. The quality of staff performance was poor as they did not comply with the Interim Financial Instructions 2014.

Audit noted that officers failed to comply with assets, bank accounts, accountable officer report and commitment card regulations as required by FI and PFM Act.

Implication

- Poor services provided due to lack of staff monitoring.
- Wastage of SIG funds to pay officers not performing their duties.

Recommendation 7

MWYCFA:

- Monitor staff performance
- Comply with Interim Financial Instructions M3 8.1.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.6.2 Non-compliance to FI and PFM Act 2013

Risk rating – High

Audit noted that the Ministry did not have 2017 file/records for audit. On 18 of June 2019, the acting Financial Controller and Permanent Secretary (PS) confirmed that the files/records were not available after the former Financial Controller (FC) was moved. There were several attempts made to the former FC to return the Ministry files/records by the Permanent Secretary but were unsuccessful. Following the unsuccessful attempts, the Ministry believed the files/records were probably destroyed.

Implication

- Lack of file/records increases the risk of misappropriation and fraud.
- Non-compliance to the interim Financial instruction M3 8.1 and PFM Act s84 (c).

Recommendation 8

MWYCFA:

- Ensure all files and records are properly stored in a safe storage;
- Responsible officer to investigate and discipline officer in charges with misconduct in office;
- Comply with Interim Financial Instructions M3 8.1 and PFMA s84 (c).

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.7 Procurement and expenditure

2.7.1 Missing payment voucher

Risk rating – High

OAG conducted the testing on the procurement and expenditure at (MOFT), and found that one payment with the total of \$214,456 from the samples selected was missing.

Table 26: Missing PV MWYCFA

PO no	Invoice no	Payee	Amount	Remarks
312260	362452	RO-Tech Networks	\$214,456.00	Missing payment voucher

Maintaining good records management is the responsibility of the officer assigned with filing duties.

Implication

- Audit cannot identify the use and the purpose of the payment voucher which increases the risk of fraud and misappropriation of SIG fund and resources.
- Non-Compliance to Interim Financial Instruction 2013, M1 8.
- Unable to determine whether due process had been followed in incurring the expenditure and whether value for money had been considered.

Recommendation 9

MWYCFA:

- Ensure all files and records are properly stored in a secure storage facility;
- Comply with Interim Financial Instructions M1 22.1.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.7.2 Conflict of interest.

Risk rating – High

OAG noted total of (7) payment vouchers were paid to Ro-Tech Network with the total amount of \$867,416.20 in 2017. Audit confirmed that owner of the Ro-Tech Network is the brother of the former financial controller.

Table 27: PV list MWYCFA

PO no	Invoice no	Payee	Amount	Remarks
312260	321343	RO-Tech Networks	\$214,456.00	Conflict of interest
312260	321343	RO-Tech Networks	\$182,153.40	Conflict of interest
312264	321342	RO-Tech Networks	\$182,153.40	Conflict of interest
312264	321342	RO-Tech Networks	\$182,153.40	Conflict of interest
364766	359631	RO-Tech Networks	\$7,500.00	Conflict of interest
312260	23000	RO-Tech Networks	\$23,000.00	Conflict of interest
318673	359631	RO-Tech Networks	\$76,000.00	Conflict of interest
Total paid			\$867,416.20	

In addition, those costs were too excessive for the items purchased. There were lots of suppliers in the City which provided quotes 3 – 4 times lower than the quotations. This was seen as the former FC intentionally defrauding the public funds for personal gain.

Implication

- High Risk of fraudulent activities occurring.
- Loss of public funds through misappropriation.
- Budget exhausted.

Recommendation 10

MWYCFA:

- Ensure any supply contracts with the ministry officers or close relatives are disclosed via a conflict of interest declaration so an assessment can be made, demonstrating that goods and services are obtained at market value and does not favour a particular supplier;
- Comply with FI;
- Refer the matter to the relevant authorities for further investigation.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.7.3 SIG fund not used for its intended purpose.

Risk rating – High

OAG discovered a payment of \$76,000 was paid to Ro-Tech Network Company in 2017. The payment was for MYOB accounting software to be installed for ministry use. However, audit confirmed with the Permanent Secretary and the Financial Controller that no MYOB accounting system was installed in the ministry. Audit concluded that the former FC and the supplier intentionally defraud SIG funds.

Implication.

- Misappropriation of the public fund for personal gain.
- Overspending of SIG budget.
- Non-compliance to FI 2013.

Recommendation 11

MWYCFA:

- Ensure the ministry complies with FI Chapter 1 the six central principles that guide the use of public resources;
- Ensure payments are properly authorised, documented and used for the intended purposes;
- Ensure all public funds are properly accounted for;
- Maintains transparency and accountability – making it clear what has been done and why it has been done.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.7.4 Inconsistent suppliers' quotations

Risk rating – High

OAG noted during the testing that, six (6) payments worth \$295,498.20 for stationaries and equipment were inconsistent with suppliers' quotations. The

selection of the winning company was questionable as no fairness was reflected on the required quality of the product, quantity and value for money might not be fully obtained.

Accounting officers ensure quotations procedures are followed, suppliers' quotations are consistent in nature, value, quantity and quality of the product before the winning supplier is selected.

Implication

Lack of getting three quotes of same quantity from different suppliers might lead to dealing with suppliers not providing quality and best price for services or goods given to the project. There is a risk that value for money is not obtained and there is a potential for conflicts of interest to arise diminishing accountability and transparency.

Recommendation 12

MWYCFA:

- Ensure to follow the six principles of procurement: value for money; competitive purchasing; efficient, effectiveness and ethical use of resources; accountability and transparency; financial sustainability; equity.

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

2.7.5 Payment voucher not corresponding with the quotation.

Risk rating – High

OAG noted from testing that the amount on one payment voucher selected was not correspondence with the supplier quotation amount. A Quotation from Positive Sign worth \$112,000 for stationary was different from the payment voucher amount of \$98,000. Audit noted that accounting officers at the Ministry and Treasury did not properly check to verify the completeness and the accuracy of the working paper before processing of payment.

Implications

- Misappropriation of the public fund for personal gain.
- Predetermined selection of the suppliers at the ministry.
- Non-compliance to FI 2013; P7 51 (b) & P7 52.4 (b).

Recommendation 13

MWYCFA:

- Ensure to follow the six principles of procurement;
- Make sure to check and verify the amount in the quotations;
- MOFT to properly check and make sure quotations from suppliers and payment vouchers agree before processing payments;

- Ensure compliance to FI P7 51(b) and P7 52.4 (b)

Management response

Management did not respond to the audit findings and recommendations made thus OAG finalised the report without the ministry's response.

98 Ministry of Rural Development

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Rural Development (MRD):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Commitment cards.

The audit covered the 12 months ending 31 December 2016 and 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table below.

Table 28: Audit issues MRD

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Asset register not updated	2016, 2017	High
3	No monthly bank reconciliation	2016, 2017	Moderate
4	No monthly control cards reconciliation	2016, 2017	Moderate

1.3 Conclusion

The audit of the standard auditable areas for the MRD noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of accountable officer report, assets and stores, bank accounts and commitment cards.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG noted that no accountable officer report was prepared by the Ministry as required by s77 (2) of the PFMA. Discussion with the Ministry revealed that there was no awareness made by the rightful authority (MOFT) regarding the requirements of the PFM Act for every ministry.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry
- No proper decision making as no reports to rely upon.

Recommendation 1

MRD:

- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Ensure comply with section 77 of the Public Financial Management Act 2013.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.2 Assets and stores

2.2.1 Asset register not updated

Risk rating – High

OAG had discussion with the ministry and noted that the ministry did not update and maintain their fixed asset register to record their capital assets that were procured over the years.

An asset register is an important internal control tool in an organisation that helps the management identify the assets, their purchase price, location and help manage disposal and timing of procurement. The ministry has a lot of assets which are of high value which are not recorded in any register.

The absence of an asset register reflects non-compliance to Financial Instructions and poor internal control within the ministry.

Implication

- The lack of updating of asset register increases the risk of misuse of public properties for personal benefit and a risk of assets being stolen.
- Unable to monitor the locations, movements and custodians of the assets,
- Lack of accountability and transparency.

Recommendation 2

MRD:

- Ensure all asset registers within the ministry are updated regularly;
- Ensure to carryout monthly or quarterly asset stocktake to effectively track the existence and conditions of assets.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.3 Bank accounts

2.3.1 No monthly bank reconciliation

Risk rating – Moderate

It was noted that no monthly bank reconciliation was performed by MRD on bank accounts it kept. The bank reconciliations were only performed when reimbursement requests were done for the standing imprest and at the end of the financial year for the ROC support account which breached FI P5 73.2 and 74.1.

Implication

- Errors not detected promptly.
- Unauthorised withdrawals of funds.
- Management unable to have reliable information on the cash flow.
- Untimely reporting to management.

Recommendation 3

MRD:

- Ensure to perform the bank reconciliations on monthly basis rather than at reimbursement time.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation statements.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG issued this report as final. OAG will follow up to ensure the recommendations are implemented.

2.4 Control (commitment) cards

2.4.1 Control cards reconciliation not done monthly

Risk rating – Moderate

OAG noted that the ministry kept control cards to monitor the movement of payments to and from Treasury. However, no reconciliation of control cards were done by the ministry at the end of each month against treasury information.

Implication

- Not aware of the payments queried by Treasury
- Unable to monitor and provide reliable advices to AO

Recommendation 4

MRD:

Ensure comply with section 96.1 of the Interim Financial Instructions 2014.

Management response

The management did not submit their written response with action plan to OAG within the time line given therefore OAG is issuing this report as final. OAG will follow up to ensure the recommendations are implemented.

99 Ministry of Environment Climate Change Disaster Management and Meteorology

1. Overview

1.1 Audit scope

The audit covered the following areas in the Ministry of Environment Climate Change Disaster Management and Meteorology (MECCDMM):

- Accountable officer report;
- Assets and stores;
- Bank accounts; and
- Control (commitment) cards.

The audit covered the 12 months ending 31 December 2016 and the 12 months ending 31 December 2017.

1.2 Key findings

The process to manage and monitor accountable officer report, assets and stores, bank accounts and commitment cards was inadequate and fell short of the requirements of the Financial Instructions and Public Financial Management Act 2013.

The audit issues identified are summarised in the table.

Table 29: Audit issues MECCDMM

No	Audit issue	Year	Risk rating
1	Failure to prepare accountable officer report	2016, 2017	High
2	Incomplete asset register	2016, 2017	High
3	Failure to prepare monthly bank reconciliation	2016, 2017	Moderate
4	No segregation of duties in preparing bank reconciliation	2016, 2017	High
5	Rental bond deposited into standing imprest account	2016	High
6	No commitment cards	2016, 2017	High
	High		5
	Moderate		1
	Low		0
	Total audit issues		6

1.3 Conclusion

The audit of standard auditable areas in the MECCDMM noted shortcomings in the procedures and practices as well as deficiencies in internal controls in the management of those areas.

2. Audit findings and recommendations

2.1 Accountable officer report

2.1.1 Failure to prepare accountable officer report

Risk rating – High

OAG noted that the ministry did not prepare accountable officer report as required by s77 (2) of the PFMA.

Implication

- Authorities unable to monitor the annual financial performance and operation of the ministry;
- No proper recommendation and decision making for future improvements and planning purposes as no reports to rely upon.

Recommendation 1

MECCDMM:

- Ensure to comply with s77 (2) of the PFM Act 2013.
- Ensure to liaise with MoFT for the reporting framework and the format required to prepare the accountable officer report.
- Reinforce the importance of adhering to SIG policies and regulations.

Management response

This is to confirm that the previous Financial Controller/ Accounting Officer did not produce an Accountable Officer's Report as required by the PFM Act 2013 Section 77 (2). Since the retirement of the previous financial controller, the post vacated has been filled. The current financial controller will ensure that the Accountable Officer's Report is produced as required by the PFM Act 2013 and within the required time frame for the report to be produced. The current financial controller should produce his first Accountable Officer's Report 2019 in the first quarter of 2020.

OAG comment

OAG noted the ministry's management response and its implementation plan in the action plan provided. A follow up will be made during the future audits of the ministry.

2.2 Assets and stores

2.2.1 Incomplete asset register

Risk rating – High

Audit noted that the asset register maintained was not updated and incomplete. About \$9 million worth of assets additions were unaccounted for in the asset register in 2016. Audit could not verify whether the assets purchased in 2017 had been entered in the asset register since it had not been updated. Furthermore there was no annual certificate to show that the asset register has been checked and updated.

Implication

- Lack of assurance regarding value, condition, custodian and location of each asset.
- Asset can be removed without trace.
- Lack accountability and transparency.

Recommendation 2

MECCDMM:

- Ensure to record all fixed assets in the register each time an asset is purchased.
- Regularly update the register to ensure accuracy, completeness, existence and condition of each asset.
- Ensure comply with sections M4 4 (5) to (10) of the Interim Financial Instructions 2014.
- Perform asset stock take at each year end.

Management Response

The Accounts Section through the supervision financial controller will work on this area of weakness to strengthen and ensure that all assets purchased going forward from 2019 and beyond are recorded, and assets procured in previous years are accounted for. The Assistant Account recruited with the Account section officer will be tasked and supervised to lead and coordinate the recording of all assets held by divisions within the ministry. Each division asset will be consolidated to form the ministry's assets register. Already a copy of the 2017 Assets Register kept and maintained by the former assistant accountant has been obtained, it will be used as the basis to maintain assets procured in 2018 and 2019 and assets already disposed.

OAG comment

OAG noted the ministry's management response and its implementation plan. A follow up will be made during future audits of the ministry.

2.3 Bank accounts

2.3.1 Failure to prepare monthly bank reconciliation

Risk Rating – Moderate

The ministry's bank reconciliations were not done on a monthly basis as required in the Financial Instructions. Bank reconciliations were only performed as part of the replenishment process to MOFT for reimbursement of the imprest.

Implication

- Errors not detected early.
- Unauthorised withdrawals of funds.
- Management unable to have reliable information on the cash flow.

- Untimely reporting to management.

Recommendation 3

MECCDMM:

- Ensure to perform the bank reconciliations on monthly basis rather than only when reimbursements are done.
- Ensure that the preparer and reviewer sign off on the monthly bank reconciliation statements.

Management response

It is true as stated in this audit report that monthly bank reconciliations of accounts held within the ministry were not prepared on a monthly basis. The senior accountant with the newly recruited assistant account will be tasked with the responsibility to collect bank statements, and prepare the monthly reconciliations. The chief accountant or financial controller will review and sign off before submitting to Treasury. This is a key priority as part of the account sections 2020 annual work plan to improve performance and compliance with financial regulations.

OAG comment

OAG noted the ministry's management response and its implementation plan in the action plan provided. A follow up will be made during future audits of the ministry.

2.3.2 No segregation of duties

Risk rating – High

Controls to ensure that cashbooks and reconciliations prepared were reviewed for accuracy and completeness were not properly implemented in 2016. Audit noted minor adjustments which should have been corrected if reviewed by an independent officer and proper segregation of duties in place.

Implication

- Risk of material error occurring due to inaccurate calculation or omission in the accounts could go undetected and uncorrected.
- Risk of misappropriation of public funds.

Recommendation 4

MECCDMM:

- Ensure segregation of duties over preparation of bank reconciliations.
- An independent and competent officer reviews the reconciliation report after it is prepared.

Management response

The requirement for the segregation of duties in preparing the bank reconciliations will be addressed as a key priority in 2020 financial year as part of the account

sections annual work plan. The account section is now fully staffed with personnel to perform different responsibilities to ensure segregation of duties. The assistant accountant will be responsible for preparing the monthly bank reconciliation, who is an independent person and not responsible for signing cheques. Once the bank reconciliation is prepared it will be reviewed by the Chief Accountant/Financial Controller before it is cleared.

OAG comment

OAG noted the ministry's management response and its implementation plan in the action plan provided. A follow up will be made during the future audits of the ministry.

2.3.3 Rental bond deposited into standing imprest account

Risk rating – High

Audit has found that the ministry has approved and deposited a rental bond of \$64,979.43 into its standing imprest account. This bond amount was for office rental at Ranadi by NDMO Division in 2014 which was received after the rental agreement ceased. The ministry did not refund it back to MOFT but instead used it for its operation as imprest fund.

Implication

- Risk of misappropriation of public funds.
- Lack of compliance with legislation.

Recommendation 5

MECCDMM:

- Comply with s22 of PFM Act 2013.

2.4 Commitment (control) cards

2.4.1 No commitment card available for testing

Risk Rating – Moderate

OAG was informed that the ministry did maintain commitment cards, however they were not made available for audit. Further follow ups were made but yet they were unable to provide the requested documents.

Implication

- Not inform of payments queried by Treasury.
- Unable to monitor and provide reliable advices to AOs.
- Lack of reliable information for management to make informed decisions.

Recommendation 6

MECCDMM:

- Comply with M1 8.1 of the Interim Financial Instruction 2014.

Management response

Commitment cards are kept by the ministry, however, they are not up to date to keep track of payments made against ledger accounts. The reason for not maintaining the commitment card is because of man power issues, there are only three officers in accounts. Currently the person raising the requisition and purchase vouchers does the same responsibility and does not have time to maintain the commitment card. The new assistant accountant has been recruited already, this should ease the pressure the senior assistant in terms of workload, and task of maintaining the commitment cards will be reassigned to the assistant accountant who registers the commitment cards initially.

The issue of not maintaining the commitment cards should be solved by January 2020. We have made preparations and plans to task the new recruited assistant accountant to take responsibility of maintaining the commitment cards and ensuring that it is updated.

OAG comment

OAG noted the ministry's management response and its implementation plan in the action plan provided. A follow up will be made during future audits of the ministry.

Appendix 1: Risk rating

The following table lists the risk ratings that have been assigned to each audit finding to help identify which audit observations should be given priority. Issues are classified as high, moderate or low risk.

Table 30: Risk ratings

Risk Rating	Description
High	<ul style="list-style-type: none">• Matters which may pose a significant business or financial risk to the entity; and / or• Matters that have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency by the entity; and / or• Moderate risk matters which have been reported to management in the past but have not been satisfactorily resolved or addressed.
Moderate	<ul style="list-style-type: none">• Matters of a systemic nature that pose a moderate business or financial risk to the entity if not addressed as high priority within the current financial year; and / or• Matters that may escalate to high risk if not addressed promptly; and / or• Low risk matters which have been reported to management in the past but have not been satisfactorily resolved or addressed.
Low	<ul style="list-style-type: none">• Matters that are isolated, non-systemic or procedural in nature; and / or• Matters that reflect relatively minor administrative shortcomings and require action in order to improve the entity's overall control environment.

Appendix 2: Acronyms

AFS	Annual Financial Statements
AO	Accountable officer/accounting officer
CIS	Commitment Information System
COA	Chart of accounts
FI	Interim Financial Instructions 2014
FMSS	Financial Management Services Section
FS	Financial Statements
IFRS	International Financial Reporting Standards
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
MALD	Ministry of Agriculture and Livestock Development
MCA	Ministry of Communication and Aviation
MCILI	Ministry of Commerce, Industry, Labour and Immigration
MCT	Ministry of Culture and Tourism
MDPAC	Ministry of Development Planning and Aid Coordination
MECDMM	Ministry of Environment, Climate Change, Disaster Management and Meteorology
MEHRD	Ministry of Education and Human Resources Development
MFAET	Ministry of Foreign Affairs and External Trade
MFMR	Ministry of Fisheries and Marine Resources
MFR	Ministry of Forestry and Research
MHA	Ministry of Home Affairs
MHMS	Ministry of Health and Medical Services
MID	Ministry of Infrastructure Development
MJLA	Ministry of Justice and Legal Affairs
MLHS	Ministry of Lands Housing and Survey
MMERE	Ministry of Mines, Energy and Rural Electrification
MOFT	Ministry of Finance and Treasury
MPNSCS	Ministry of Police, National Security and Correctional Services
MPS	Ministry of Public Service
MRD	Ministry of Rural Development
MWYCA	Ministry of Women, Youth and Children's Affairs
NJ	National Judiciary
NPO	National Parliament Office
NTC	National Training Committee
NTU	National Training Unit
OAG	Office of the Auditor-General
OPMC	Office of the Prime Minister and Cabinet
PCAM	Procurement and Contract Administration Manual
PFAA	Public Finance and Audit Act (cap 120)
PFMA	Public Financial Management Act 2013
PS	Permanent Secretary
PV	Payment Voucher

SAI	Supreme Audit Institution
SIG	Solomon Islands Government
SIGAS	Solomon Islands Government Accounting Services
SINPO	Solomon Islands National Parliament Office
STL	Solomon Telekom Limited