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## SECTION 3: Suva/Nausori Regional Water Supply and Sewerage Project (ADB Funded)

Audit Findings	WAF Response & Action taken
<b>3.1 Audit Opinion</b>	<p>The Office of the Auditor General issued an unqualified opinion on the financial statement of the Suva/ Nausori Regional Water Supply and Sewage Project. In addition, the Authority had provided all relevant information to assist on the performing of the audit.</p>
<b>3.2 Statement of Expenditure</b>	<p>Total expenditure incurred for the period ended 30 June 2013 was \$181,497,201. Majority of the expenses was incurred for the consultancy services of \$14.3m, \$117.78m for the Suva/ Nausori supply Scheme and expenditure of \$29.3m of Suva/ Nausori sewage scheme.</p>
<b>3.3 Variance between reimbursable and reimbursement figures in Financial Statements</b>  <b>Recommendation:</b> WAF should investigate the variance to determine whether the amount has actually been over paid by ADB.	<p>No overpayment was made as each of the payments were based on progress claims certified by the Engineer, of which 14% was paid by WAF and 86% by ADB.</p> <p>Variances noted by the Office of the Auditor General were not discussed with the Authority so therefore more detail breakdown of their figure would be appreciated in order for WAF for verify.</p>
<b>3.4 Delays in project completion</b>  <b>Recommendation:</b>  WAF must:	

Audit Findings	WAF Response & Action taken
<ul style="list-style-type: none"> <li>• Ensure better project monitoring, supervision and assist contractor, where necessary to complete the work on time.</li> <li>• Consider invoking the contract clause to claim for delay damages.</li> </ul>	<p>Since 2012, the Authority had established a Project management Unit, the unit was later split into the Planning, Design and Construction Unit and Special Project Unit. This occurred through institutional capacity building, graduate engineering program, planning and design, and twinning program with other utilities.</p> <p>WAF's Green House Gas Reduction Projects main objective is to recover methane generated by the anaerobic decomposition of organic matter in sludge at the Kinoya Sewerage Treatment Plant. The activity introduces methane recovery and combustion system to the existing digester. This results in environmental co-benefits, such as reduced emissions in the atmosphere, an active participation on a global level towards climate change resilience by reducing carbon emissions, and improved digested sludge quality.</p> <p>The project is successfully registered under the United Nations Framework Convention on Climate Change (UNFCCC), Clean Development Mechanism (CDM).WAF is also the first entity in the South Pacific to have its emissions report published on the UNFCCC site. The activity is being monitored on daily basis by National Water Quality Laboratory and trained Wastewater personal. The reduction of carbon emissions after successful data submission will allow Government of Fiji to benefit through purchase of the carbon credits through Future Carbon fund, and ADB.</p>
<p><b>3.5 Project Physical Assets</b></p> <p><b>Recommendation:</b>                      WAF should ensure that proper records are maintained fir all physical assets and carry out a Board of survey to determine the existence of all physical assets.</p>	<p>The Senior Accountant maintains the Fixed Asset Register for all WAF assets.</p> <p>In 2016, the Authority recruited a Fixed Asset Accountant whose role</p>

Audit Findings	WAF Response & Action taken
	<p>was to maintain the Fixed Asset register and assist management on the formalisation of the asset management program for the Authority.</p> <p>Land Asset Transfer is currently in progress with those on Itaukei Land. The Authority's Land Acquisition team will be working in consultation with the Itaukei landowners and the Lands Department in terms of the finalising of the verification on the asset at site. This process is currently overseen by a steering committee and chaired by representatives of the Ministry of Infrastructure and Transport. At the completion of all the verification works a cabinet paper will be prepared and submitted to government for appropriate endorsement.</p>
<p><b>3.6 Contract Agreement not provided</b></p> <p><b>Recommendation:</b>                      WAF must ensure that all documents pertaining to project are properly maintained and made available for audit inspections.</p>	<p>The recommendation is noted, a copy of the Contract was requested from Harrison &amp; Grierson during the audit however this was received after the audit.</p> <p>The function of Contract Management is now centrally administered under the Contract management unit that ensures the collection and centralization of contract documents, compulsory compliance documents and significant correspondence affecting the contract.</p> <p>In addition, a database was establish whereby all project related document are kept in a database and uses the GIS system as the basis for data integration.</p>
<p><b>3.7 Monthly Progress Reports</b></p> <p><b>Recommendation:</b>                      WAF must ensure that the contractors provide Monthly Progress Reports.</p>	<p>Compulsory monthly project site updates are carried out for outsourced projects by Project Engineers with Contractors who</p>

Audit Findings	WAF Response & Action taken
	present their project progress which is verified by the planning and design engineers. The reports collated and tracked by the Quality Assurance team. The progress reports are submitted to Finance for the disbursement of progress claim.

#### SECTION 4: Suva/Nausori Regional Water Supply and Sewerage Project (ADB Funded)

Audit Findings	WAF Response & Action taken
<b>4.1 Audit Opinion</b>	The Office of the Auditor General issued an unqualified opinion on the financial statement of the Suva/ Nausori Regional Water Supply and Sewage Project. In addition, the Authority had provided all relevant information to assist on the performing of the audit.
<b>4.2 Statement of Expenditure</b>	Total expenditure incurred for the project for the period ended 31 December 2012 was \$14.02m. Majority of the expenses was incurred for the consultancy services of \$1.9m and \$9.9m for the Suva/ Nausori Backlog sewage program.
<b>4.3.1 Failure by WAF to deduct 10% retention sum</b>  <b>Recommendation</b> WAF should ensure: <ul style="list-style-type: none"> <li>• That the terms and conditions of the contract agreement is complied with at all times; and</li> </ul>	The Authority did not deduct a retention sum however a bank guarantee was obtained from the Contractor. This is in accordance Clause 45 of the General condition of the contract that specifies “the

Audit Findings	WAF Response & Action taken
<ul style="list-style-type: none"> <li>• 10% retention sum for the total contract price is recovered from the payment due to Fletcher Construction.</li> <li>• Investigate and take appropriate action against officer responsible for not deducting retention sum.</li> </ul>	<p>contractor may substitute retention money with an on demand bank guarantee”.</p> <p>Since 2015, the Water Authority of Fiji has adopted FIDIC as its standard contract management guideline whereby the 10% retention sum is a mandatory requirement.</p>
<p><b>4.3.2 Incomplete works</b></p> <p><b>Recommendation:</b></p> <p>WAF should ensure that all projects are completed as per the contract.</p>	<p>Refer to Appendix 1 for pictures of the completed project site.</p> <p>Proper project planning process has been implemented with the establishment of the Planning, Design and Construction unit. Project oversight and monitoring by the Quality Assurance team.</p>
<p><b>4.3.3 Variations not approved by WAF Board for Suva Point Sewage Package 5G</b></p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>• WAF should ensure that all variations to the contract are approved by the Board through WAF’s Tender Committee.</li> <li>• Ministry of Finance should investigate these variations and take appropriate action for noncompliance to procurement procedures.</li> </ul>	<p>All variations are now approved as per delegated levels per the updated Procurement policy.</p>
<p><b>4.4.1 Variations not approved by the WAF Board</b></p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>• WAF should ensure that all variations to the contract are approved by the Board through WAF’s Tender Committee.</li> <li>• Ministry of Finance should investigate these variations and</li> </ul>	<p>All variations are now approved as per delegated levels per the updated Procurement policy.</p>

Audit Findings	WAF Response & Action taken
<p>take appropriate action for noncompliance to procurement procedures.</p>	
<p><b>4.4.2 No expected completion date for China railway no.5 Engineering Group Limited</b></p> <p><b>Recommendation:</b>  WAF must ensure that all projects are completed on time as per the contract agreement or extensions allowed.</p>	<p>The Project Delivery Framework (PDF) was introduced through the review of the Project Management Manual (2013) and the CAPEX manual (2015). The Project Delivery Framework clearly outlines the 6 gateways into ensuring proper management of any capital project. The PDF is currently on beta version available on the WAF intranet for testing by project managers/project owners before submissions to the Board for endorsement.</p> <p>The PDF provides detailed step-by-step instructions on project implementation and directs users to the latest versions of templates. Through the implementation of the project, the quality assurance unit has been established to ensure monitoring of these processes/gateways. Data management is now in place to ensure that projects are documented and also safely kept for audit purposes and future references. Closure report of WAFs projects has also improved as a result of the monitoring and critical components of the report are addressed.</p>
<p><b>4.6 Trust Fund Account</b></p> <p><b>Recommendation:</b>  WAF should open a separate trust fund bank account to deposit all the retention funds.</p>	<p>Recommendation has been implemented by setting up a trust fund account.</p>

## SECTION 5: Suva/Nausori Regional Water Supply and Sewerage Project (ADB Funded)

Audit Findings	WAF Response & Action taken
<b>5.1 Audit Opinion</b>	<p>The Office of the Auditor General issued an unqualified opinion on the financial statement of the Suva/ Nausori Regional Water Supply and Sewage Project. In addition, the Authority had provided all relevant information to assist on the performing of the audit.</p>
<b>5.2 Statement of Expenditure</b>	<p>Total expenditure incurred for the project for the period ended 31 December 2013 was \$17.05m. Majority of the expenses was incurred for the consultancy services of \$1.4m and \$13.5m for the Suva/ Nausori Backlog sewage program.</p>
<b>5.4.1 Tenders not called for trickling filter at Kinoya Waste Water Treatment Plant</b>  <b>Recommendation:</b> WAF must ensure: <ul style="list-style-type: none"> <li>• Capital works are properly planned to allow for sufficient time for calling of tenders and awarding of contracts; and</li> <li>• Proper procurement procedures are followed at all time.</li> </ul>	<p>The procurement procedures complies with ADB guidelines and this was evident when withdrawals and payments were approved by ADB.</p> <p>The Authority has updated the Procurement policy and has implemented new processes such as Procurement Workshops, Contract Management Workshops to ensure that tenders prior to</p>



Audit Findings	WAF Response & Action taken
	being called are properly vetted and the scope of works are clearly articulated in order to help potential bidders submit competitive bids during the tendering process.
<p><b>5.4.2 Performance bond</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Contractor provide Performance bond security in accordance to the contractor agreements;</li> <li>• Correct amount of Performance bond security is provided as required in the contract.</li> </ul>	<p>Since 2014, WAF had implemented performance safeguards that's required under FIDIC.</p> <p>All contracts of WAF now have Performance Guarantees valued at 10% of the contract costs for construction, design and build, supply and installation projects.</p>
<p><b>5.4.3 Retention security</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• contractor provide retention security in accordance to the contractor agreements; and</li> <li>• Correct amount of retention security is provided as required in the contract.</li> </ul>	<p>The Water Authority of Fiji has adopted FIDIC as its standard contract management guideline whereby the 10% retention sum is a mandatory requirement under FIDIC.</p>
<p><b>5.4.4 Expiry of contractor's insurance policy</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Contractor provide insurance cover in accordance to the contract agreements; and</li> <li>• Correct amount of insurance cover is provided as required in the contract.</li> </ul>	<p>An increase in compliance monitoring on documentary safeguards in contracts by 2014 has enabled WAF to centralise this core function into an existing sub-unit for full time personnel's to document, monitor and ensure compliance of WAF outsourced contracts to date. This has been sourced from audit findings and capacity</p>

Audit Findings	WAF Response & Action taken
	<p>development in WAF.</p> <p>Submission of valid Workers Compensation and Public Liability cover are a mandatory requirement before contract signing.</p>
<p><b>5.5.1 Expiry of contractor’s All Risk Insurance policy for Technofab Engineering Ltd</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Contractor provide insurance cover in accordance to the contract agreements; and</li> <li>• Correct amount of insurance cover is provided as required in the contract.</li> </ul>	<p>An increase in compliance monitoring on documentary safeguards in contracts by 2014 has enabled WAF to centralise this core function into an existing sub-unit for full time personnel’s to document, monitor and ensure compliance of WAF outsourced contracts to date. This has been sourced from audit findings and capacity development in WAF.</p> <p>Submission of valid Workers Compensation and Public Liability cover are a mandatory requirement before contract signing.</p>
<p><b>5.5.2 No extension of time for Technofab project</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Project is completed as planned to avoid additional expenses; and</li> <li>• Delay damages is charged for undue delays from the Contractors if delays are due to contractors laxity.</li> </ul>	<p>This project and related service contract was inherited from the previous Water and Sewerage Department. All designs works and contract documentation were undertaken prior to establishment of WAF in 2010.</p> <p>In 2015, the Authority restructured its Project Management Unit into two separate distinct units. The Planning and Design Unit and the</p>

Audit Findings	WAF Response & Action taken
	<p>Construction Unit. The reason for the restructure was to ensure that focus on the planning and design phase for each project is carried well to ensure that costing is accurate and implementation works is carried out within scope, budget and time due to the overrunning of cost, timeline and changes in scope due to lack of proper planning works.</p>
<p><b>5.6.1 Variations exceeding 15% of the contract sum</b></p> <p><b>Recommendation:</b>                      WAF should:</p> <ul style="list-style-type: none"> <li>• Seek prior approval from ADB for variation exceeding 15% of the original contract price in future; and</li> <li>• Inform ADB on variation allowed to China railway and seek their approval.</li> </ul>	<p>As per the ADB Procurement guidelines, all variations requires ADB's "No Objection" process.</p> <p>It should be noted that WAF is always notifying ADB beforehand on intended variations even before committing. With this arrangement ADB can also confirm whether it has the necessary fund available for the variation.</p>
<p><b>5.6.2 Variations not approved by the Board</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• All variations for contracts approved by the WAF Board is approved by WAF's Tender Committee;</li> <li>• Variations are properly maintained and submitted for audit verifications; and</li> <li>• Ministry of Finance should investigate these variations and take appropriate action for noncompliance to procurement procedures.</li> </ul>	<p>All variations are now approved as per delegated levels per the updated Procurement policy.</p>

Audit Findings	WAF Response & Action taken
<p><b>5.6.3 Non-payment of insurance by Contractor</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Contractor provide insurance cover in accordance to the contract agreements; and</li> <li>• Correct amount of insurance cover is provided as required in the contract.</li> </ul>	<p>An increase in compliance monitoring on documentary safeguards in contracts by 2014 has enabled WAF to centralise this core function into an existing sub-unit for full time personnel's to document, monitor and ensure compliance of WAF outsourced contracts to date. This has been sourced from audit findings and capacity development in WAF.</p> <p>Submission of valid Workers Compensation and Public Liability cover are a mandatory requirement before contract signing.</p>
<p><b>5.6.4 No expected completion date</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Project is completed as planned to avoid additional expenses; and</li> <li>• Delay damages is charged for undue delays from the Contractors is delays are due to contractors laxity.</li> </ul>	<p>The Project Delivery Framework (PDF) was introduced through the review of the Project Management Manual (2013) and the CAPEX manual (2015). The Project Delivery Framework clearly outlines the 6 gateways into ensuring proper management of any capital project. The PDF is currently on beta version available on the WAF intranet for testing by project managers/project owners before submissions to the Board for endorsement.</p> <p>The PDF provides detailed step-by-step instructions on project implementation and directs users to the latest versions of templates. Through the implementation of the project, the quality assurance unit has been established to ensure monitoring of these processes/gateways. Data management is now in place to ensure</p>

Audit Findings	WAF Response & Action taken
	that projects are documented and also safely kept for audit purposes and future references. Closure report of WAFs projects has also improved as a result of the monitoring and critical components of the report are addressed.
<p><b>5.6.5 Estimated cost of works to be contracted</b></p> <p><b>Recommendation:</b>                      WAF should:</p> <ul style="list-style-type: none"> <li>• Cease to engage Erasito/Beca for consultancy services; and</li> <li>• Investigate this matter and take appropriate action against the Consulting Engineers, Erasito/Beca for providing misleading information to the WAF Board.</li> </ul>	<p>WAF had terminated the engagement of Consultant in May 2014.</p> <p>The revised WAF Engineers (Planning Design) Estimating Process incorporates compulsory checklists and scheduled contract workshops. The quality control checks (Contract scope, Contract Type, Engineers Costs Estimates, Environmental and risk assessment) review process will ensure a thorough and detailed scope description to capture the true scope of works and project costs.</p>
<p><b>5.7.1 Trust fund account</b></p> <p><b>Recommendation:</b>                      WAF must have a trust fund bank account to deposit all the retention funds. Trust funds should be available when it falls due to the contractors.</p>	<p>Recommendation has been implemented by setting up a trust fund account.</p>
<p><b>5.7.2 Overpayment to senior technical engineer Mr Roly Hayes</b></p> <p><b>Recommendation:</b></p>	

Audit Findings	WAF Response & Action taken
<p>WAF should:</p> <ul style="list-style-type: none"> <li>• Recover the overpayment made to the consultant; and</li> <li>• Surcharge the officer responsible for processing and approving payments to the consultant; and</li> <li>• Ensure that proper approval is obtained for advance payment.</li> </ul>	<p>The former Project Accountant had prepared disbursement claims under the contract on a net off method of tax calculation, hence the short payment to FRCS.</p> <p>All future overseas payments whereby disbursement is subject to Non-resident withholding tax, the gross up method is used to avoid any shortfall in tax obligation to FRCS.</p> <p>In addition, subsequent discussion with the consultant did not deliver positive outcome, hence, the Authority did not submit a tax certificate to the consultant for tax filing at his domiciled country (New Zealand) under the Double Taxation Agreement. Therefore, consultant had to make necessary tax payments in his domicile country on short payments made in Fiji.</p>
<p><b>5.7.3 Unavailability of Information – Consultant Mr David Zoellener</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• All reports prepared and submitted to the Senior Environmental Engineer are made available for audit reviews;</li> <li>• Senior Environmental Engineer comply with their terms of engagement;</li> <li>• Senior Environmental Engineer provide mentoring and training to WAF staff and proper records of such mentoring or training to be maintained; and</li> <li>• All progress payment to the Senior Environmental Engineer are made based on the progress reports submitted.</li> </ul>	<p>Over a period of 4 and ½ months, Dr. Zoellener provided mentoring and guidance to environmental staff during the field and office assessment of the WAF facilities in regards to the first contract.</p> <p>During the first extension, Dr. Zoellener provided guidance to environmental staff for 3 months in re-organizing and developing the trade waste program. During the last extension, Dr. Zoellner developed and implemented a one-month training program for the 10 person trade waste staff.</p> <p>The Liquid Trade Waste department is now operational and its Liquid Trade Waste policy was approved by Cabinet in 2017.</p>

Audit Findings	WAF Response & Action taken
<p><b>5.7.4 Non preparation of annual procurement plan</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Procurement plans are prepared and submitted for ADB's approval in future prior to loan negotiation; and</li> <li>• Annual procurement plans are prepared and submitted to ADB.</li> </ul>	<p>Procurement plans including all contract documentations were submitted to ADB before commencing of the project. When the 'no objection' clearance is received from ADB, only then did the project implementation commenced.</p> <p>An annual procurement plan was prepared by the Authority for the 2017/18 budget period which was approved for projects forming part of the Public Sector Investment Program.</p> <p>The plan will be an annual exercise which will cover all future ADB projects.</p>
<p><b>5.7.5 Nitrogen/ Phosphorous discharge study – contract no. WAF11/026</b></p> <p><b>Recommendation:</b>                      WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• The consultant comply with the terms of engagement; and</li> <li>• Reports submitted by the consultant are reviewed on a timely manner to achieve the desired objectives.</li> </ul>	<p>The Special Project unit oversees the deliverables of Consultancy works on environmental assessments.</p> <p>The Consultant's report is available with the Authority.</p>

## SECTION 7: Fiji Flood Emergency Response Project Grant No. 0283-Fiji

<b>Audit Findings</b>	<b>WAF Response &amp; Action taken</b>
<p><b>7.1 Audit Opinion</b></p>	<p>The Office of the Auditor General issued a disclaimer of opinion on the financial statement of the Suva/ Nausori Regional Water Supply and Sewage Project.</p> <p>The disclaimer of opinion was issued due to the failure of the Authority not calling a tender to award contract of service to contractors such as Vuksich and Borich (Fiji) Limited, Dayals Quarries and Waste Clear, irregularities on daily machine tally sheets, certification of sites by unauthorised personnel, hiring of plant and vehicles lack proper approval, irregularities on the Plant hire Agreement of Zohil Motors, Purchase orders raised after receipt of vendors invoices, non-compliance to the competitive quotation process, lack of project reports generated from the general ledger and failure to produce project progress reports and supports of rehabilitation works.</p>
<p><b>7.2 Statement of Expenditure</b></p>	<p>The project incurred expenditures of \$1.8m in 2012. The costs comprises of only material and plant hiring expenses, the component of labour was provided by the Authority as its commitment to the grant funded project.</p>
<p><b>7.3 Tenders not called for purchases in excess of \$20,000.00</b></p> <p><b>Recommendation:</b></p>	



Audit Findings	WAF Response & Action taken
<p>WAF should:</p> <ul style="list-style-type: none"> <li>• Investigate purchases made from unauthorised suppliers and take appropriate action against responsible officers.</li> <li>• Ensure that purchases of goods and services are made from approved contracted suppliers only.</li> </ul>	<p>In 2013 a flying minute was approved by the WAF Board for “Purchases needed for and during Natural Disasters and Emergencies”. Refer Appendix 2.1</p>
<p><b>7.4 Machine tally sheet and certification of works done</b></p> <p><b>Recommendation:</b>  WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Engineers/supervisors are always present at the job site to ensure correct machine hours are recorded in the tally sheets and tally sheet are signed by the Engineer/supervisors on the day the work is carried out</li> <li>• Engineers/supervisors certify work carried out by the contractor on a daily basis and;</li> <li>• Take appropriate disciplinary action against engineers/supervisors for delegating their responsibilities of supervising the job on site to junior officers.</li> </ul>	<p>The Plant hire Agreement was updated in 2015 whereby daily submission of running sheet is a mandatory clause (Refer to clause 12.2 of the Plant Hire Agreement). This requires running sheets to be filled by the contractor and verified by a WAF’s tally man and supervisor before payment can be processed.</p>
<p><b>7.5 Plant hire contract extension</b></p> <p><b>Recommendation:</b>  WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• All dealings with the contractors are ceased unless the contracts are renewed/extended by the Board and not the CEO</li> <li>• Fresh Tenders are called and new contracts are awarded; and</li> <li>• In future proper planning for renewing or calling for fresh tenders is done to avoid extension of contracts.</li> </ul>	<p>Since 2014, fresh Plant hire tender were called and approved by the Board on a yearly basis.</p>
<p><b>7.6 Standby time</b></p>	

Audit Findings	WAF Response & Action taken
<p><b>Recommendation:</b>                      WAF Should rectify the issue on payment of standby time to contractors and amend plant hire contract accordingly to exclude the standby rate.</p>	<p>WAF had updated the Plant hire Agreement general conditions to include a clause on idle time. The general conditions of contract was removed since 2013. Refer to Appendix 2.2.</p>
<p><b>7.7 Zohil Motors - Unregistered vehicle contracted</b></p> <p><b>Recommendation:</b>                      WAF should:</p> <ul style="list-style-type: none"> <li>• Not consider unregistered plant/vehicles for contracts</li> <li>• Verify the registration of plants/vehicles with LTA before awarding the contracts; and</li> <li>• Update the plant hire contract to ensure that it reflects registration numbers of all the vehicles hired.</li> </ul>	<p>A LTA search certificate is now a mandatory requirement when bidders submit their bids on plant hire tenders.</p>
<p><b>7.8 Discrepancies in purchase of Goods/Services</b></p> <p><b>Recommendation:</b>                      WAF should ensures that:</p> <ul style="list-style-type: none"> <li>• Purchase order is properly authorised by officers when procuring goods, services and works;</li> <li>• Purchase order are issued prior to acquiring goods and services to ensure no unauthorized purchase are paid off;</li> <li>• Payment vouchers are adequately supported to avoid fictitious payment; and</li> <li>• All payment vouchers and supporting document are stamped "PAID" after payment has been made to avoid double payment.</li> </ul>	<p>WAF now requires all goods and services to be supported by valid Purchase orders. This has been communicated to all staff via a Circular. Refer to Appendix 2.3</p>
<p><b>7.9 General Ledger postings</b></p> <p><b>Recommendation:</b></p>	

<b>Audit Findings</b>	<b>WAF Response &amp; Action taken</b>
<p>WAF should ensure that:</p> <ul style="list-style-type: none"> <li>• Expenses are correctly posted to their respective depots or process account; and</li> <li>• It is able to provide details as to how much of the grant funds was used at each Depot Fiji wide, how much was used in each project and how many projects were funded using the grant funds.</li> </ul>	<p>Finance introduced the Internal Requisition order form in 2013. This form details the expenses to be incurred by SBU, depot and location segments. This segment allocation is then mapped to the accounting system when a Purchase order is generated.</p>
<p><b>7.10 Access to records</b></p> <p><b>Recommendation:</b>  WAF needs to ensure that all documents pertaining to flood rehabilitation works including repairs and maintenance, design, progress report and funds utilized are properly maintained and made available for audit inspections.</p>	<p>A Quality Assurance team was established within the Projects Management Unit in 2015. Their role is to administer the documentation of project planning, progress, monitoring and reporting of projects.</p>
<p><b>7.11 Anomalies in vehicle/ plant hire</b></p> <p>WAF should:</p> <ul style="list-style-type: none"> <li>• ensure that vehicle/plant contractors avoid sub-contracting other suppliers as this may result in additional hire charges imposed by the contractors;</li> <li>• ensure that vehicles/plant hired have valid registrations;</li> <li>• ensure that the contractors comply with the requirements of the contract at all times;</li> <li>• carry out a thorough investigation on the matter and take necessary actions; and</li> <li>• terminate the contracts of suppliers who do not comply with the requirements of the contract.</li> </ul>	<p>The recommendation is noted by management.</p> <p>The current plant hire contractors are selected by a vigorous tender process. The submission from various bidders are evaluated on specific administration and technical evaluation criteria. Administration criteria includes submission of valid business licences, valid business registrations and latest FNPF and FRCS Compliance certificate.</p> <p>The technical evaluation includes physical inspection of vehicles, submission of valid motor vehicle insurance policy, and submission of LTA clearance and provision of OHS Certificate.</p> <p>The Fleet team monitors the performance of contractors during the term of contract, any non-compliance of contractors to provisions of</p>

<b>Audit Findings</b>	<b>WAF Response &amp; Action taken</b>
	the Plant hire Agreement, the contractor is recommendation is put forward to management on future hiring/ engagement to cease.