



Celebrating 50 years of Independence



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

2020 Annual Report



Parliament of Fiji
Parliamentary Paper No. 264 of 2020

The OAG Brand



Magnifying Glass:

The magnifying glass is an icon of detective fiction, where it represents our identity and describes our role as a Supreme Audit Institution.

Map of Fiji:

The map of Fiji represents our audit jurisdiction.

Green Tick: The tick has been used to depict our Audit Mandate, which is to give an assurance to Parliament on all transactions with or concerning the public money or public property of the State.

Globe:

The globe represents on our intent to have our auditing methodology aligned to international standards and adopt best practices.

LOGO color dominated by the color BLUE and is the color of trust and responsibility.



1. **Navy blue** - are thought of as strength, associated with success. It reflects traits as an Auditor and these symbolizes trust, loyalty, wisdom, confidence, intelligence, faith and truth.
2. **Ocean blue** - is linked to consciousness and intellect capability of the Auditor General's Office.
3. **Green** - suggests stability and endurance and also commonly associated with money.
4. **Black** - or any other black hues denotes strength and authority and it is considered to be a very formal, elegant, and prestigious status of the Office of the Auditor General in Fiji.



OFFICE of the AUDITOR GENERAL
Republic of Fiji

VISION

Promoting public sector accountability and sustainability through our audits

To provide independent value adding audit services

MISSION

To provide an environment where our people can excel

RESPECT

We uphold respect in our relationships.

INTEGRITY

We are ethical, fair and honest in our duties.

INDEPENDENT & OBJECTIVE

We work independently and report objectively.

VALUES

COMPETENCE

We deliver to the best of our abilities and to the highest standard of professional conduct.

TRANSPARENCY

Our processes are transparent.

CONFIDENTIALITY

We maintain audit related information confidential.

PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE REPUBLIC OF FIJI

AUDIT ACT 1969

ENVIRONMENT MANAGEMENT ACT

NDP AND OTHER LEGISLATION

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About This Report

This annual report summarizes the activities and performance of The Office of the Auditor General Republic of Fiji for financial year 2019–20 against the main Goals, strategies and targets.



Auditor-General's Foreword



The financial year began with a soft opening of the Nadi Office after additional funding was approved by parliament in the 2018-2019 budget. Nadi Office has resulted in OAG presence in the Western Division focusing on sugar and tourism sectors as well as cover eight municipal councils from Nadi to Rakiraki.

The Office is also providing support to Audit Groups based in Suva in several audits for which major activities are conducted in the Western Division. I had the honor of officiating the opening of the Office on 31 July 2020 after the Office fit-outs were completed through the Construction Implementation Unit (CIU) of Ministry of Economy.

The 22nd Pacific Association of Supreme Audit Institutions (PASAI) Congress was hosted by Fiji from 13 to 16 August 2019 for the first time. The theme of the congress “SAIs contributing to Sustainable Goals” suited the on-going efforts of member countries. The congress which was attended by 67 delegates including 19 SAI Heads was a huge success. As host, I assumed the Chairmanship of PASAI Governing Board which was handed-over by the former Chairman, the Auditor-General of Australia.

Through technical assistance from PASAI, OAG was able to review the Audit Act 1969 which was last updated in 2006. The proposed changes with rationale were submitted to the Attorney-General's Office in October 2019.

To ensure that OAG was on top of the organizational and operational risks and complied with applicable legislation and administrative policies, a Risk and Compliance function was established and resourced during the year.

Compliance Audit Workshop was conducted by representatives of AFROSAI-E which eventuated in the preparation of a Compliance Audit Manual based on International Standards for Supreme Audit Institutions (ISSAIs). As a result, all audits carried out by the OAG are now aligned to ISSAIs.

The OAG submitted a number of reports to parliament, covering different agencies and sectors in the first half of the financial year and commenced preparations to host the 2020 Commonwealth Auditors-General Conference in May 2020.

Several audits which were in backlog were updated during the year while some entities continued to submit several years draft financial statements together. These entities made submissions for the audits to commence immediately which was not practical nor desirable as resources were assigned first to entities for which audits were up-to-date. On the same note, a number of entities submitted accounts very late and demanded that these be audited which was also not possible. Other entities submitted the accounts on time.

The Fiji Public Expenditure and Financial Accountability Assessment report released during February 2020 facilitated by PFTAC did highlight in their report on the strong external audit function and parliament scrutiny enhance fiscal discipline but the delays in producing annual financial statements impinge on my Office's effectiveness.

Technical Assistance from Department of Foreign Affairs and Trade and the Asian Development Bank enabled the OAG to engage a Performance Audit Specialist to assist in performance audits as well as to develop the capability of staffs in conducting such audits.

Auditor-General's Foreword (con't)

The OAG 2018-2020 Strategic Plan was reviewed in a workshop which concluded with the 2021-2025 Strategic Plan with a vision “Promoting public sector accountability and sustainability through our audits”. A new organizational structure, which covers the entire mandate of the Auditor-General, effective from 1 August 2020, was also endorsed. Timeliness in the delivery of audit reports and quality remain key elements of the strategic plan. As result of the restructure, Deputy Auditor-General was re-appointed together with three Assistant Auditor-Generals in May 2020.

A report on a first-ever independent review of the OAG under the SAI Performance Management Framework (SAI PMF) which was carried out by PASAI was received during the year. The report has highlighted areas in which OAG has excelled and those where it can bring about improvements. The OAG will prepare action plans for these areas and implement them. Report on the review with actions for improvements will also be submitted for tabling in parliament.

The economic and social impact of COVID-19 which was declared a pandemic by the World Health Organization on 19 March 2020 directly impacted the work of the Office during the financial year. We attempted to work from home when the pandemic was at its peak in Fiji but could achieve only very limited results due to limitations in internet connectivity which was worsened through the impact of TC Harold and IT capability. Apart from thousands of hours lost in staff productivity, OAG also lost a fair share of its operational budget as a result of budget reductions which was further exacerbated in the new financial year. Despite these limitations, resources were allocated to audit the first-phase of various programs announced in the COVID-19 Response Budget Estimate 2019-2020 on 26 March 2020.

The Office was informed by the Ministry of Economy on 05 December 2019 that its Head office located in Ratu Sukuna House will be relocated to the Modyl House in Vatuwaqa, Suva. At the time of this report, we are awaiting advice on the dates for the proposed movement from the CIU.

However, with the scarcity of available resources and uncertainty surrounding the new normal, the demand for accountability and sustainability has increased significantly. With our new vision aligned on these two themes, I am quietly optimistic that budgetary funding will be restored or even increased sooner rather than later.

Significant progress has been made by OAG in updating its audit methodologies, recruiting and developing staffs and preparation of policies and procedures for all areas of its operations. With the right remuneration structure in place, work ethics and the aspirations in the new strategic direction, I firmly believe that OAG will be able to regain the confidence of its stakeholders and its positions in the region in the near future. The progress which OAG has made over the years would not have been possible without the funding from parliament and support and guidance from the Chairman and members of the Standing Committee on Public Accounts, CEOs and Permanent Secretaries and staffs, PASAI, Australasian Council of Auditors-General and Deputy Auditor-General and OAG Executive Management and staffs. I acknowledge the strong support of our families and friends who have rallied behind us in most difficult times.

The improved commitment of all our stakeholders and resilience of OAG Executive Management and staffs to improve productivity and bring about synergy in its operations, we will improve the delivery of high quality audits on time to our clients and parliament. We are excited to embark on our new journey amidst the challenges and opportunities in the new normal.



Ajay Nand

AUDITOR-GENERAL

Date: 24/12/2020

2021 – 2025 Office of the Auditor General Strategic Plan

On 30 July 2020, the 2021 – 2025 Strategic Plan for the Office of the Auditor-General was launched by the Auditor-General. The vision for the new strategic plan is “Promoting public sector accountability and sustainability through our audit”.

The Office also acknowledge the Standing Committee on Public Accounts for their feedback on the development of the 2021 – 2025 Strategic Plan.

The Office of the Auditor General’s new strategic directions will focus on three key strategic priorities:

1. Independent and value-adding audit services;
2. Institutional and workforce capacity building; and
3. Engagement with clients and other stakeholders.

Our new strategic directions are summarized below.



OFFICE of the AUDITOR GENERAL
Republic of Fiji

OUR VISION
Promoting public sector accountability and sustainability through our audits.

OUR MISSION
- To provide independent value-adding audit services.
- To provide an environment where our people can excel.

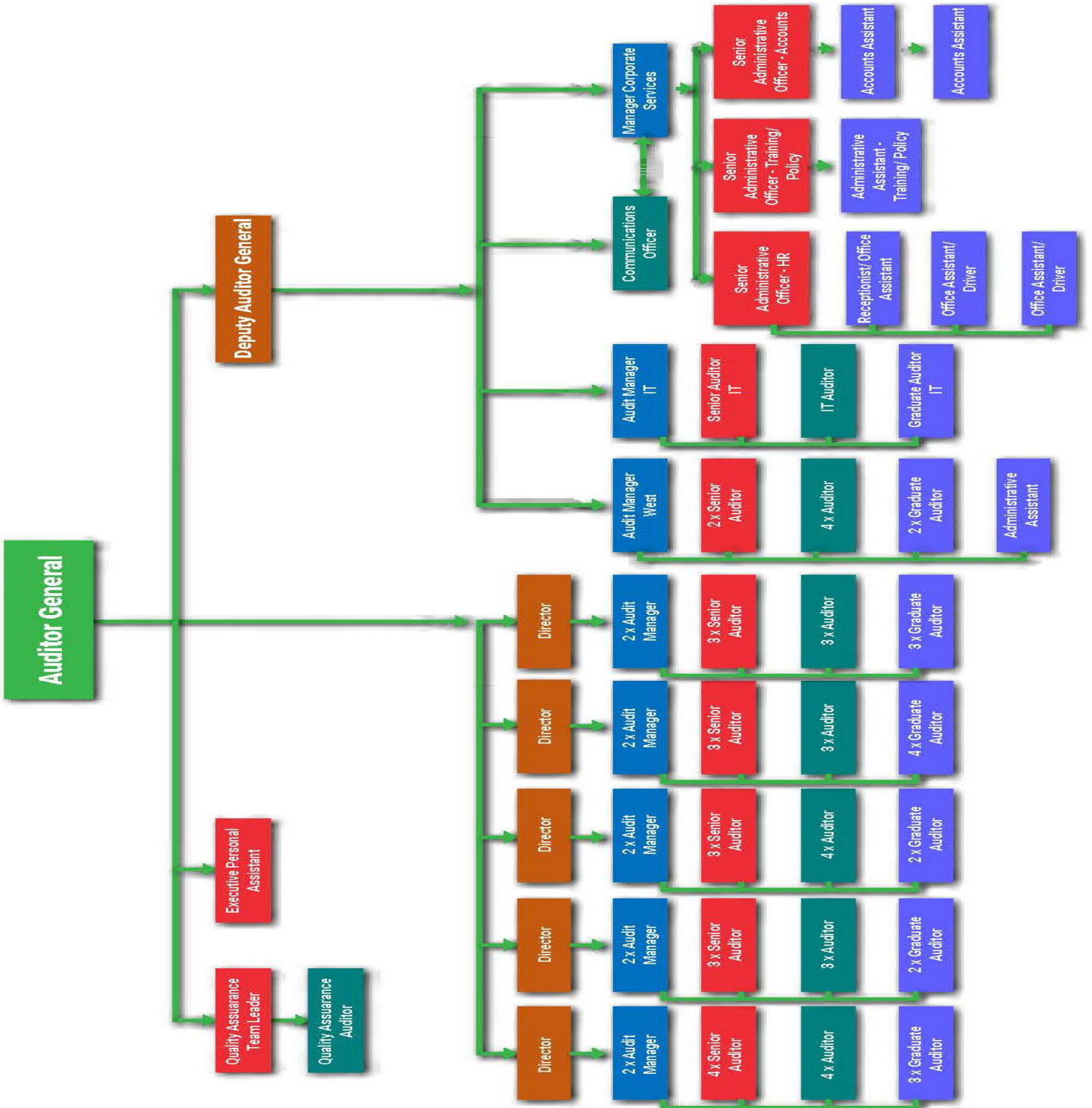
OUR VALUES

- TRANSPARENCY
- RESPECT
- INTEGRITY
- CONFIDENTIALITY
- COMPETENCE
- INDEPENDENCE & OBJECTIVE

Our Strategic Priorities	Our Goals	Strategic Risks	Our Strategy	Indicators of Success
Independent & Value Adding Audit Services	<ul style="list-style-type: none"> • Timely delivery of reports to Parliament. • Delivery of quality audit service. 	<ul style="list-style-type: none"> • Not adapting to changes in our regulatory environment. • Not addressing delays and minimizing costs to our audit processes. • Not upholding our values, professional competence and quality standards in our work. 	<ul style="list-style-type: none"> • Continue to advocate for a modernized Audit Act. • Continuous realignment of our audit practices, with international standards. 	<ul style="list-style-type: none"> • Results of audits are reported to Parliament on time. • Financial audits are brought up to date. • Satisfactory rating for quality assurance reviews.
Institutional & Workforce Capacity Building	<ul style="list-style-type: none"> • Visionary leadership. • Embrace technology and encourage innovation. • Better governance, risk management and compliance. 	<ul style="list-style-type: none"> • Not maintaining the ability to sustain audit services delivery at required level. • Unable to secure funding for implementation. • Not fully utilizing technology in audit services delivery and business processed. 	<ul style="list-style-type: none"> • Secure funding and continue to invest in organizational and professional developments. • Invest in technology that will streamline our audit practices and business processes. • Monitoring of governance, risk management and compliance. 	<ul style="list-style-type: none"> • An engaged, capable and professional workforce. • Increased productivity by our workforce. • Modernized work processes and work environment.
Engagement with Clients & Other Stakeholders	<ul style="list-style-type: none"> • Strengthened relationships with clients and other stakeholders. • Improved collaboration with the Public Accounts Committee. • Increased visibility and awareness. 	<ul style="list-style-type: none"> • Not engaging to properly understand our stakeholders’ contexts and changing to meet their varying needs. 	<ul style="list-style-type: none"> • Better understand our stakeholders and adapt our services to their needs. • Engage to impact and build productive relationships based on respect. 	<ul style="list-style-type: none"> • Stakeholders benefit from and value the services we provide. • An informed and satisfied Public Accounts Committee. • Increased stakeholder participation in our audits.

ORGANIZATIONAL STRUCTURE

The 2019/2020 Financial Year



2019/2020 YEAR IN REVIEW

About us



We have 87 (2019: 87) Employees



Personal development opportunities for our people

53 (2019: 58) Trainings, workshops and meetings attendance



97% (2019: 90%)
Staff Satisfaction

We delivered



16 (2019: 12) reports were tabled in Parliament



123 (2019: 96) Modified Audit Opinions



115 (2019:106)
Audit completed

What we achieved



8 (2019:14) new Office Policies and Guidelines



Setting up a Risk and Compliance Unit



A new Nadi Office was commissioned



Standing Committee on Public Accounts members are satisfied with the services provided by OAG

Part 1 Financial Performance

The full details of the OAG financial performance are presented in the finance section of this report.

The Office of the Auditor-General is established as an Independent Office by the Constitution of the Republic of Fiji is funded through annual appropriation by Parliament.

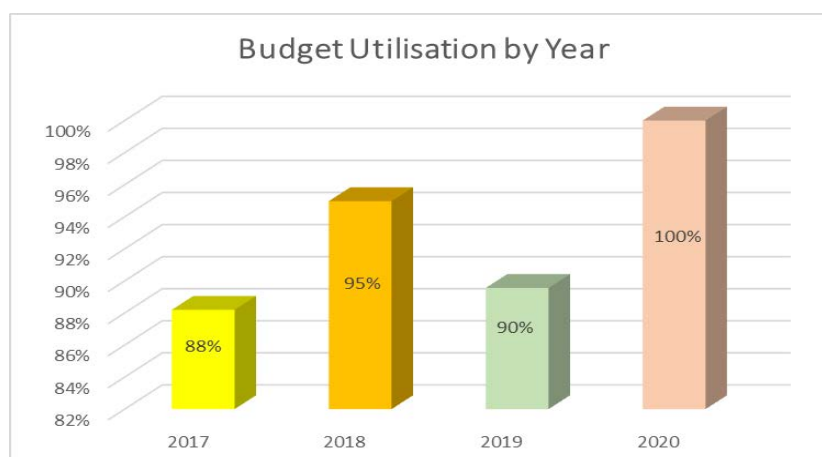
The current financial objective of the Office is to move towards operational efficiencies and an aim of recovering costs.

Budget Appropriation

The initial budget appropriation for financial year 2019-2020 was \$6.4m. Following the impact of the global pandemic, COVID-19, the budget appropriation was revised to \$5.25m.

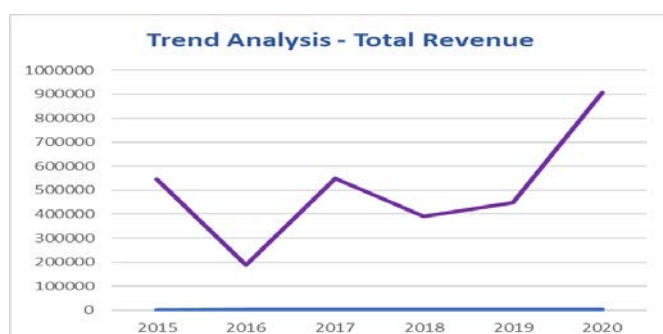
In light of the projected expenditures for OAG, approval was obtained for redeployment of additional funds amounting to \$0.4m, which was subsequently approved by Cabinet. Tabulated below are the budget appropriation and actual expenditures incurred by the Office for four years:

Financial Year	2017	2018	2019	2020
Budget Appropriation (\$)	4,331,018	4,612,843	6,623,600	5,606,269
Total Expenditure (\$)	3,819,777	4,380,933	5,932,038	5,606,269
Percentage Budget Utilised (%)	88%	95%	90%	100%



Total Revenue

The significant increase in total revenue collected in FY 2019-2020 compared to 2018-2019 was due to more audits being completed thus resulting in collection of audit fees.



Year	Audit Fees
2015	546,572
2016	188,186
2017	549,965
2018	389,729
2019	446,872
2020	905,292

Part 2

Governance



(L-R) Director Audit Mr. Dineshwar Prasad, Director Audit Mr. Abele Saunivalu, The Deputy Auditor General Mr. Sairusi Dukuno, Director Audit Ms. Finau Nagera, The Auditor-General Mr. Ajay Nand, Director Audit Mr. Moshin Ali and Director Audit Mr. Kuruwara Tunisalevu.



8 New Policies



Setting up a Risk and Compliance Unit



1 new office

PART 2: GOVERNANCE

The Executive Management Committee (EMC)

The EMC facilitates the governances of OAG. The Committee is chaired by the Auditor-General (AG) and the membership consists of the Deputy Auditor-General and the Directors of Audit.

The Executive Management Committee Meetings are held once a month and is responsible for reviewing and taking effective actions on the management and general operations of the Office. The primary purpose of the EMC is to work in the best interest of OAG for the long-term benefit of staff, audit clients and its primary stakeholder which is the Parliament of the Republic of Fiji.

Restructure and Executive Re-Appointments

A new organizational structure, which covers the entire mandate of the Auditor-General came into effect from 1 August 2020. As result of the restructure, Deputy Auditor-General was re-appointed together with the appointment of three Assistant Auditor-Generals in May 2020. The appointments were made by the Auditor-General under Section 152(7) of the Constitution of the Republic of Fiji

These appointments were necessary to align resources to the mandate of the Auditor-General including the monitoring and evaluation role on the National Development Plans and timely delivery of high quality audit reports to clients and the Parliament. The new organizational structure is enclosed as Appendix 2 of this report.

Legislative Framework

The Office of the Auditor-General is established under section 151 of the Constitution of the Republic of Fiji whilst section 152 requires that at least once every year the Auditor-General must inspect, audit and report to Parliament on the public accounts of the State, the control of public money and public property of the State; and on all transactions with or concerning public or public property of the State.

Moreover, the Audit Act 1969 further specifies the powers of the Auditor-General to audit the whole of government financial statements and the reports of all entities of government. It also empowers the Auditor-General to conduct performance audit of government entities to assure Parliament that the entities are achieving their objectives effectively and doing so economically and in compliance with all relevant legislation.

The Act also extends the scope of audits to include those that are specified under the Public Enterprise Act, comprising Government Commercial Companies (GCCs) and Commercial Statutory Authorities (CSAs); and agencies specified as Off-budget State Entities (OBSEs) in the Financial Management Act.

The Environment Management Act requires the Auditor-General to conduct a sustainable development assurance audit on natural resources managed by ministries, departments, authorities or local authorities.

Risk & Compliance Unit

The OAG Risk and Compliance unit was established in November, 2019. The Risk and Compliance Officer reports to the Auditor-General on all risk and compliance related issues concerning the Office. During the financial year, the Unit has accomplished the following;

1. Development of the Risk Management Framework and Policy;
2. Development of the Compliance Policy;
3. Development of the Risk and Compliance Register;

4. Review of 6 operational processes against policies;
5. Carried out a compliance monitoring program; and
6. Risk and Compliance awareness training for the OAG staff.

Audit Manual/Guidelines

The audit practices of the Office of the Auditor-General are aligned to the requirements of International Standards for Supreme Audit Institutions (ISSAIs) or International Standards on Auditing. These standards guide the OAG in providing auditing and assurance services.

The audit manuals currently used by OAG were developed through the kind assistance of the Secretariat of the African Organization of Supreme Audit Institutions for English Speaking (AFROSAI-E) countries through Pacific Associations of Supreme Audit Institutions (PASAI).

Opening of OAG Nadi Office

The opening of the OAG Nadi Office was officiated by the Auditor-General on 30th July 2020. One of the strategic goals of OAG is to increase its visibility through engagement with clients and stakeholders. The new Nadi Office takes on the responsibility of auditing clients in the Western Division. The Office is located on Level 1, Jagdish Gosai Complex, Namaka, Nadi.

OAG Policies and Guidelines

The Office has developed and reviewed a number of policies and guidelines during the year which were approved by executive management in consultation with the Auditor-General. These policies guide decisions which are implemented through processes and procedures. For the financial year 2020, the following policies and guidelines were developed, reviewed and implemented.

Update on Policies & Guidelines		
New Policies	.	Internal Audit Policy
	.	Records Retention & Destruction Policy
	.	Compliance Policy
	.	Code of Conduct & Ethics Policy
	.	Password Policy
	.	Information Security Policy
	.	Work from Home Policy
	.	Flexible Work Arrangement Policy
	Revised Policies and Strategy	.
.		Flexi- Time Policy
.		Motor Vehicle Policy
.		Medical Insurance Policy
.		Communication Policy
.		Leave Policy
.		Disciplinary Policy
.		Recruitment & Selection Policy
.		Communication Strategy

Visit www.oag.gov.fj to view the office polices and guidelines

External Review

Independent Audit of OAG

Section 14(1) of the Audit Act 1969 provides that the Speaker of Parliament may appoint a natural person to audit the accounts of the Office of the Auditor-General for a term not exceeding 3 years.

The Chartered Accounting firm Ernst & Young was appointed by the Speaker of Parliament on 16 July 2020 to audit the accounts of the Office of the Auditor General for the financial year 31 July 2020.

The audit reports for the year ended 31 July 2019 are in Our Finance section of this report.

2019 Public Expenditure and Financial Accountability (PEFA) Assessment

The Office was consulted during the 2019 Fiji Public Expenditure and Financial Accountability Assessment which was coordinated by Ministry of Economy in consultation with Pacific Financial Technical Assistance Centre (PFTAC) consultants. The final report released during February 2020 discussed that the 2013 assessment report could not be used as a baseline as it was not endorsed by PEFA secretariat thus 2019 assessment was used as a baseline.

The Office was assessed under pillar seven being external audit and legislative scrutiny of audit reports. The PEFA assessment noted that the audit and scrutiny process were both hampered by the untimely submission of annual financial statements for audit as shown in pillar 6 – Accounting and reporting.

The 2019 PEFA assessment of external audits indicator showed a rating of C+. The assessment was based on 4 dimensions namely (i) audit coverage (ii) submission of audit reports to the legislature (iii) external audit follow up; and (iv) supreme audit institution independence.

The legislation scrutiny of audit reports indicator showed a rating of B+ based on the dimensions namely (i) timely of audit report scrutiny; (ii) hearing on audit findings (iii) recommendation on audit by legislature; and (iv) transparency of legislative scrutiny on audit reports.

Supreme Audit Institution Performance Management Framework (SAI PMF)

A report on a first-ever independent review of the OAG under the SAI PMF which was carried out by PASAI was received during the year. The report has highlighted areas in which OAG has excelled and those where it can bring about improvements. The OAG will prepare action plans for these areas and implement them. Report on the review with actions for improvements will also be submitted for tabling in parliament.

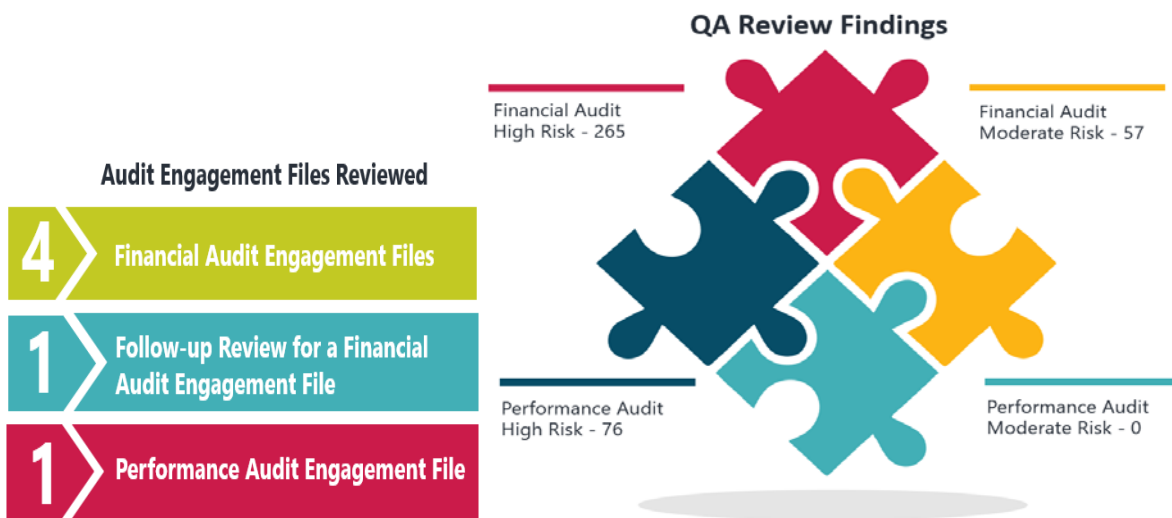
The SAI PMF is an international framework for external assessment of a SAI's performance against the International Standards of Supreme Audit Institutions (ISSAIs) and other established international good practices, thereby enabling the SAI to confidently engage internally and externally regarding its future.

Internal Reviews

Quality Assurance & Customer Advisory Services

The responsibilities for the Quality Assurance function include a review of the quality controls in place for audit engagements, its proper implementation, and identifying areas of improvement through a review of selected high-risk audits. The function also identifies possible improvements, and corrective measures to be taken for audit working procedures.

Apart from Quality Assurance Reviews the team developed the OAG Quality Control Manual which encompasses all the major policies in the OAG covering its operations, in line with ISSAI 140 and the International Standard on Quality Control (ISQC 1). A new member was welcomed by the team in June 2020, who was also the newly appointed Executive Support Officer. Presentations on QA review findings were also made to Executive Management during the year.



The Customer Advisory Services function's objectives are to offer advisory sessions for smaller audited entities on selected themes, and develop best practice guides which will discuss common recurring issues (financial and performance audits), shortcomings, and good practice examples. The function developed two best practice guides for the public sector during the year on 'Conflict of Interest' and 'Risk Management' which were uploaded on the Office website.

The team leader was also involved in programmes at the regional level with PASAI and at the international level with IDI and ASEANSI. This involved being part of a global panel of four reviewers that reviewed the ISSAI based Co-operative Financial Audit carried out by eight countries in ASEANSI. The audit engagement files for each team from National Audit Office of Malaysia, and the State Audit Office of Vietnam were reviewed. The desk review was done in November 2019, with the country onsite visits in December 2019. The reports underwent quality control reviews before they were issued to the Heads of SAIs by the IDI in July 2020.

Planned steps for the future include revising our checklists and developing a rating system for audit files that we review. Additionally, developing and empowering team members to take on more responsibilities in the QA process and in the CAS function. The team is looking forward to work on piloting real time QA Reviews for financial audits in the next twelve months. There will also be a need to conduct awareness on the OAG Quality Control Manual, and obtain approval for relevant drafted policies. The team will also work with PDRC on preparing a roadmap for OAG on the transition to ISSAIs for all the audit standards, so that progress can be monitored. This is to address the need for consistency across OAG in complying with the ISSAIs, in order for us to be able to report that our audits are done according to the ISSAIs.

Audit Qualification Committee (AQC)

The Audit Qualification Committee (AQC) is responsible for reviewing Audit Reports with proposed modified audit opinions.

During FY 2020, the membership of the AQC included:

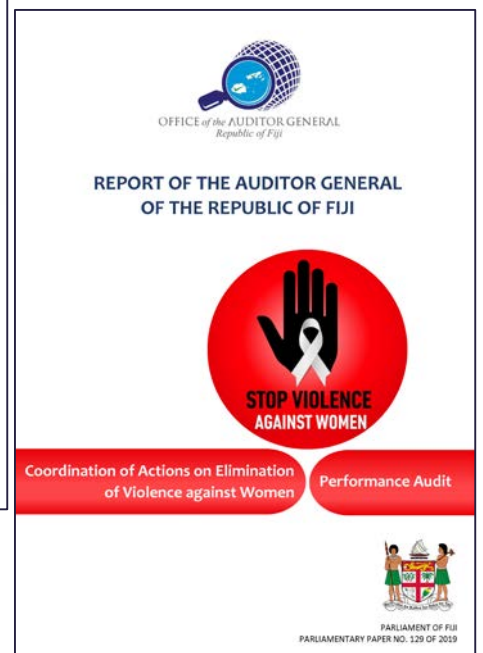
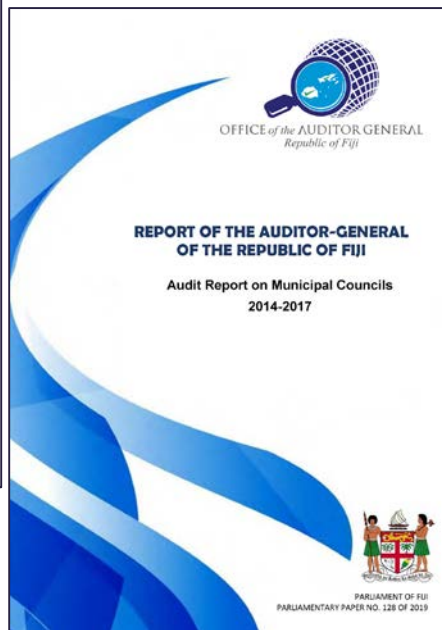
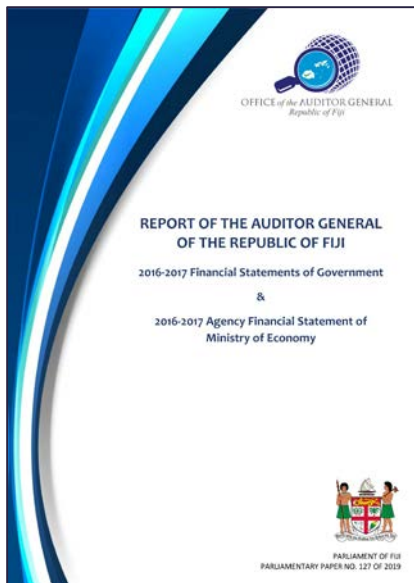
Chairperson: Auditor-General

Members: Directors of Audit

The Auditor-General issued a total of 115 audit opinions during the FY 2020 compared to 106 during 2019. There were 78 modified audit opinion issued during the financial year compared to 96 during 2019.

Entities	Completed FY 2019/2020	Modified FY 2019/2020	Completed FY 2018/2019	Modified FY 2018/2019
Ministries/Department	24	10	26	9
Statutory Authority	15	6	17	10
Government Commercial Company / Commercial Statutory Authority & Off Budget State Entity	12	3	7	7
Municipal Council	13	13	9	9
Provincial Council	44	44	35	59
Projects	7	2	12	2
Total	115	78	106	96

PART 4 REPORTS TO PARLIAMENT



16 Auditor
General's
reports to
Parliament



115
Audit Opinions
Issued



PAC members satisfied
with OAG services

Part 4 Reports to Parliament

The Office of the Auditor-General (OAG) is required by section 152 of the Constitution of the Republic of Fiji to report to Parliament on the public accounts of the State, the control of public money and public property of the state and on all transactions with or concerning the public money or public property of the State.

The Auditor-General provides independent assurance to Parliament and the public at large that public sector entities have used public funds for the purposes they have been appropriated and in accordance with legislations, financial management rules and regulations.

OAG output include the reports of the Auditor-General to Parliament of the Republic of Fiji on all audits completed which are mandated to the Auditor-General.

The following 16 reports were tabled in Parliament in the FY 2020.

1. Report of the Auditor-General of the Republic of Fiji – Provincial Councils Volume 3. *Parliamentary Paper number 43 of 2020.*
2. Report of the Auditor-General of the Republic of Fiji – Performance Audit on Management of Traffic Congestion. *Parliamentary Paper number 11 of 2020.*
3. Report of the Auditor-General of the Republic of Fiji , Performance Audit on the Administration and Management of Bus Fare Assistance Through E- Ticketing for the School Children, Elderlies and Persons with Disabilities. *Parliamentary Paper number 71 of 2020.*
4. Report of the Auditor-General of the Republic of Fiji – Audit Reports on: Audit on Management of the Workers Compensation Trust Fund, Audit of Social Welfare Scheme, Audit of Government Subvention – Council of Rotuma and Audit of Fiji Procurement Office and the Construction Implementation Unit. *Parliamentary Paper number 151 of 2019.*
5. Report of the Auditor-General of the Republic of Fiji – 2018 Audit Report on Infrastructure Sector. *Parliamentary Paper number 150 of 2019.*
6. Report of the Auditor-General of the Republic of Fiji – 2018 Audit Report on Social Services Sector. *Parliamentary Paper number 149 of 2019.*
7. Report of the Auditor-General of the Republic of Fiji – 2018 Audit Report on Economic Services Sector. *Parliamentary Paper number 147 of 2019.*
8. Report of the Auditor-General of the Republic of Fiji – Provincial Councils Volume 2. *Parliamentary Paper number 146 of 2019.*
9. Report of the Auditor-General of the Republic of Fiji – Performance Audit Reports on Management of Rural Electrification Program and Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007. *Parliamentary Paper number 153 of 2019.*
10. Report of the Auditor-General of the Republic of Fiji – Audit Report on Statutory Authority – 2017-2018. *Parliamentary Paper number 155 of 2019.*
11. Report of the Auditor-General of the Republic of Fiji – 2018 Audit Report on General Administration Sector. *Parliamentary Paper number 148 of 2019.*
12. Report of the Auditor-General of the Republic of Fiji – Performance Audit of Effectiveness of Institutional Framework for Preventing Corruption. *Parliamentary Paper number 152 of 2019.*

13. Report of the Auditor-General of the Republic of Fiji – 2018 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities. *Parliamentary Paper number 154 of 2019.*
14. Report of the Auditor-General of the Republic of Fiji 2016 – 2017 Financial Statements of Government and 2016 – 2017 Agency Financial Statement of Ministry of Economy. *Parliamentary Paper number 127 of 2019.*
15. Report of the Auditor-General of the Republic of Fiji – Audit Report on Municipal Councils for 2014 – 2017. *Parliamentary Paper number 128 of 2019.*
16. Report of the Auditor General – Performance Audit on Coordination of Actions on Elimination of Violence against Women. *Parliamentary Paper number 129 of 2019.*

Copies of our reports can be viewed or downloaded from www.oag.gov.fj

Management of Contracted Financial Audits

Under Section 13(1) of the Audit Act [Cap 70], the Auditor-General may authorize any person publicly carrying on the profession of accountant to audit the books of accounts of a body corporate or other body established by the law which he is legally empowered to audit. The selected firm performs the audit work, however, the Auditor-General retains responsibility for forming the audit opinion and issuing the audit report.

For the financial year 2019/2020, our contract audit service providers were engaged to conduct audit for the following clients. For FY 2021, only Fiji Development Bank and Energy Fiji Limited would be outsourced.

CLIENT	AUDIT YEAR	FIRM
Housing Authority of Fiji	2018	BDO
National Fire Authority*	2015	BDO
Bio Security Authority of Fiji	2013	BDO
Agricultural Marketing Authority Fiji*	2010-2016	E & Y
Fiji Human Right & Anti-Discrimination*	2008-2016	Aliz Pacific
Fiji Development Bank	30/6/2019	EY
Energy Fiji Ltd	2019	BDO
Suva City Council	2012-2015	E & Y
Fiji Hardwood Corporation Limited	2017	Aliz Pacific

- Audit financials sent for signing by Directors/Executives

Performance Report

Section 6A of the Audit Amendment Act 2006 mandates the Auditor-General to carry out performance audit.

The objectives of a performance audit are to determine whether a state entity was achieving its objectives effectively, economically and efficiently and in compliance with relevant Act.

During the FY 2020, there were five performance audit reports that were tabled with Parliament.

1. Report of the Auditor-General of the Republic of Fiji, Performance Audit on Management of Traffic Congestion. *Parliamentary Paper number 11 of 2020.*
2. Report of the Auditor-General of the Republic of Fiji , Performance Audit on the Administration and Management of Bus Fare Assistance Through E- Ticketing for the School Children, Elderlies and Persons with Disabilities. *Parliamentary Paper number 71 of 2020.*
3. Report of the Auditor-General of the Republic of Fiji – Performance Audit Reports on Management of Rural Electrification Program and Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007. *Parliamentary Paper number 153 of 2019.*
4. Report of the Auditor-General of the Republic of Fiji – Performance Audit of Effectiveness of Institutional Framework for Preventing Corruption. *Parliamentary Paper number 152 of 2019.*
5. Report of the Auditor General – Performance Audit on Coordination of Actions on Elimination of Violence against Women. *Parliamentary Paper number 129 of 2019.*

Details of Audits Completed by Client Type

A total of 177 draft financial statements were received for the period 1 August 2019 to 31 July 2020. Of the 177 draft financial statements received, 122 or 69% of the financial statements were in backlog. This was primarily due to the following:

- Delay in submission of financial statements for audits or draft financial statements were incomplete;
- Relevant information/records not provided for audit on a timely basis; and
- Entities deciding to address issues raised in the audit reports and resubmission of financial statements for audit.

During the financial year 2019-2020, 64% audits were completed compared to 57% in financial year 2018-2019. An increase of 7% was noted.

Some factors that affected the turnaround time for finalizing these audits are by the following:

- Significant time taken to sign the audited financials;
- Unavailability of key/responsible client personnel;
- Untimely provision of records for audit;
- Unresolved technical/accounting issues;
- Late submission of draft financials for audits; and
- Errors in draft accounts submitted for audit.

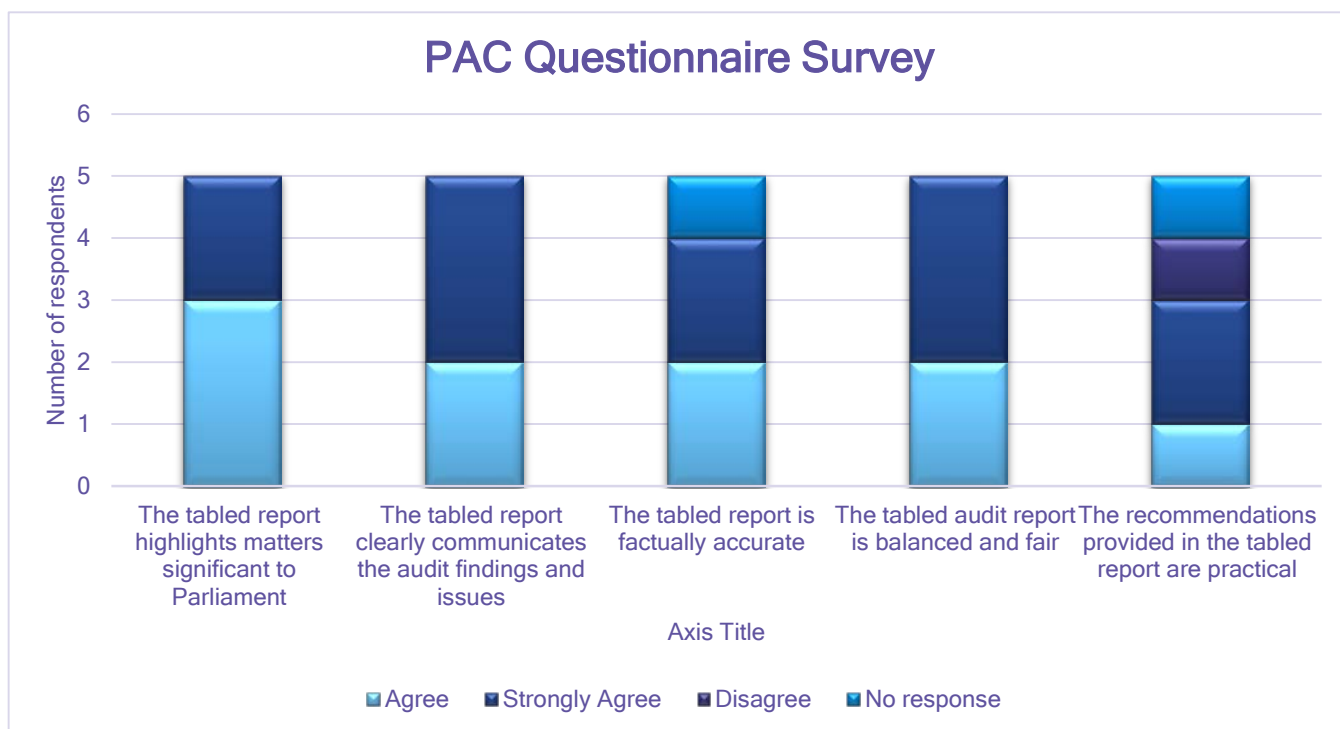
The Office is making all efforts to complete the audit of all the accounts received. The table below details financial statements received and completed by client type.

Entity	Draft Financials Received	Backlogged Financials Received	Completed (Audit Opinion Issued)	Percentage completed (%)
Ministries and Departments	37	6	24	65
Statutory Authority	22	14	15	68
Government Commercial Company/Commercial Statutory Authority	22	17	12	55
Municipal Council	17	12	13	76
Provincial Councils	72	72	44	61
Project Audits	7	1	7	100
TOTAL	177	122	115	64

Engagement with the Standing Committee on Public Accounts (PAC)

The Standing Committee on Public Accounts is a very important stakeholder for the Office of the Auditor General. The Committee has a very significant role of fairly scrutinizing the report of the Auditor-General and to report back to the Parliament in a timely manner.

During the year, the Office conducted an annual stakeholder engagement survey to determine the satisfaction of the PAC in carrying out its role. The Office received positive feedback from the Committee and results of the survey conducted for FY 2019-2020 is presented below.



In addition to engaging with the PAC through the stakeholder engagement survey, the Auditor-General and/or Senior staff of the OAG provide briefings to the PAC Committee and attend public hearings for further collaboration.

A total of 9 public hearings were attended by the Office in the last financial year.

OAG has strived to continuously improve its service delivery and bench mark its reports to other SAIs.

Engagement with Clients through the stakeholder survey

While the OAG continually practices engagement with its clients throughout the year, an annual Client Survey conducted to gauge client satisfaction on the services provided by OAG.

For the financial year 2020, a total of 52 clients responded to the survey. The survey conducted for the FY 2020 shows an overall improvement in the scores in all categories compared to previous years.

Our clients are encouraged to participate in the Client Survey Questionnaire online which is distributed through google forms. The views collected are considered and where possible relevant changes are made.



Impact of Covid-19 on our Audits

COVID -19 has had a rippling effect globally. The pandemic also affected our audits and resources. During the COVID-19 lock down, OAG officers had to continue work from home with limited resources.

The Office was operating remotely from 4 April, 2020 – 14 April, 2020 in line with the directive from the Government to close all non-essential services.

With restrained resources our officers carried on diligently fulfilling their responsibilities towards the public sector.

PART 5

OUR PEOPLE



87 Employees



Male: 44%
Female: 56%



97% Staff
Satisfaction

Part 5 Our People

Corporate Service Division

The primary role of the Corporate Services Division is to provide efficient human resource, administration and financial support services to the audit groups by ensuring that Office of the Auditor General services are effectively operational and maintained at all times and responsive to the needs and aspirations of their stakeholders, the general public and current government policies.

The OAG had a total staff establishment 97 of which, eighty-seven (87) positions were filled by staff as at 31st July, 2020. These included 77 positions at the Headquarters and 10 positions for the OAG Nadi Office.

Professional Development

Human capital is our most valuable asset. The Office is committed in providing learning & development programs to enhance the staff's professional development. The training opportunities has created a supportive, competitive and skilled workforce.

Trainings, Workshop, Meetings & Congress

During the year, a total of 53 (2019: 58) trainings and meetings were attended by staff. The Office is affiliated with institutions such as International Organization of Supreme Audit Institution (INTOSAI), Pacific Association of Supreme Audit Institution (PASAI) and Australasian Council of Auditors-General (ACAG) the meetings held with this institution are attended by Auditor-General or his representative who are members of the Executive Committee.

The table below provides details of local and overseas trainings, workshop, seminars and meetings for the last 3 financial years.

	Financial Year		
	2017-2018	2018-2019	2019-2020
Training, Workshop, Seminars & Meetings	Number of Trainings		
Local Training/Workshops	25	22	28
Online Trainings	1	6	11
Overseas Trainings	15	15	4
Overseas Secondment	1		
Overseas Meetings	16	14	9
Leadership Fiji Program	1	1	
Overseas Studies	1		1
Total	60	58	53

Moreover, trainings were arranged for staff during the year on the following topics:

- Compliance Audit Workshop
- Managers Leadership Development Program
- Time Management
- QA Seminar
- ACAG Introduction to Performance Audit

Apart from training opportunities, staff were also nominated by the office to participate with regional bodies and be part of PASAI SAI PMF Assessment Team. Tabulated below are the details:

DATES	COUNTRY	PROGRAMME	PARTICIPANTS
23/08/2019 04/09/2019	- Kiribati	SAI Kiribati PMF Assessment	Samuela Tupou

Staff were also engaged as resource person to conduct workshops for other SAI's.

DATES	COUNTRY	SAI ASSESSMENT	PARTICIPANTS
30/9/2019 - 02/10/2019	Cambodia	QA Reviewer for IDI -ASEANSAI ISSAI based cooperative Financial Audit	Meresimani Vosawale
11/11/2019 15/11/2019	- Vanuatu	SAI Performance Analysis workshop	Meresimani Vosawale & Samuela Tupou
02/12/2019 03/12/2019	- Malaysia	Onsite Visits for Quality Assurance Review	Meresimani Vosawale
05/12/2019 06/12/2019	- Vietnam	Onsite Visits for Quality Assurance Review	Meresimani Vosawale

Overseas Studies - Chinese Government Scholarship for undertaking Masters in Auditing Program

DATES	COUNTRY	Programme	PARTICIPANTS
10/10/2019 - 13/07/2021	China/ Virtual Mode during Covid 19 Period	Chinese Government Scholarship Master - Auditing Master Program (CGSAMP)	Risiate Baba

Staff Ethics

All our employees must adhere to the values and principles of State Services as provided under section 123 of the Constitution of the Republic of Fiji. The Office continued to comply with relevant provisions of Office policies including Human Resource Policies that form part of the terms and condition of employment.

The Auditor-General under Section 152(7) of the Constitution of the Republic of Fiji has the authority to determine all matters pertaining to the employment of staff including terms and condition of employment.

In addition, the policies approved by the Office are available on its website www.oag.gov.fj

Employee Profile

The OAG staff establishment are classified as seven (7) positions for Executive Management, seventy two (72) technical staffs and twenty (20) support services.

From a total of 99 positions, 12 positions were vacant as of 30 July, 2020. The Office had restructured its organizational structure with effect from 1st August 2020 and disestablished the 5 Director of Audits position and 3 Audit Manager position. Thus, the creation of Assistant Auditors-General positions and seven Senior Manager positions and a Manager Quality Assurance & Customer Advisory Services.

The Office is grateful to Government for the provision to fund the additional 3 new positions for Assistant Auditors-General, being appointed from April 2020. The Office will continue to liaise with Ministry of Economy's Budget Division for support to ensure that the mandate of the Auditor-General is resourced including the monitoring and evaluation role of the Office provided in the 5 year and 20 year National Development Plan.

The employee profile is tabulated below.

Position	Total	Male	Female	Vacant
Auditor-General	1	1	0	0
Deputy Auditor-General	1	1	0	0
Assistant Auditor-General	3	2	1	0
Senior Manager	7	2	0	5
Audit Manager	10	5	5	0
Senior Auditor	19	10	7	2
Auditor	22	8	13	1
Graduate Auditor	17	4	13	0
Manager Corporate	1	0	0	1
Senior Admin Officer	2	1	1	0
Senior Accounts Officer	1	0	0	1
Executive Personal Assistant	1	0	1	0
Communications Officer	1	0	1	0
Risk & Compliance Officer	1	0	1	0
Manager Quality Assurance & Customer Advisory	1	0	0	1
Senior Quality Assurance Officer	1	0	1	0
System Analyst/ Network Administrator	1	1	0	0
Executive Support Officer	1	0	1	0
Admin Assistant	2	0	1	1
Accounts Assistant	2	0	2	0
Administrative Support Officer	3	2	1	0
IT Support Officer	1	1	0	0
Total	99	38	49	12

Occupational Health & Safety

The Office has an Occupational Health and Safety (OHS) Committee which provides a forum for employees and management to work together to solve health and safety issues that may arise.

The OHS Committee meets on a quarterly basis to discuss any issues relating to staff health and safety. During this financial year one of the major health and safety issue that the committee had to consider was the risk associated with the global pandemic COVID - 19.

The Office provided hand sanitizers, gloves and face masks to staffs. The staff were also provided with disinfectants to keep their work areas sanitized. Additionally, all exit and entry points were stocked with hand sanitizers and staff were given the option of working from home also.

Similarly, to promote wellness amongst the staff and work life balance, team building programs were also organized. This year OAG participated in the Fiji Institute of Accountants games where different sports are being played such as Basketball, Soccer, Touch Rugby, Netball, Volleyball and squash.

Grievance Resolution

Grievances or disagreements can arise at any workplace. OAG provides a fair and transparent process for the resolution of these complaints or grievances through the OAG Grievance Policy. The policy encourages addressing any grievance related issues as soon as possible to avoid escalation to a formal grievance process.

Some practices the Office has adopted are counselling, consultation, co-operation and mediation to reach amicable resolutions.

Staff Engagement

OAG recognizes the importance of staff involvement in decision making. The Office promotes a culture of mutual respect and trust, client focus and continuous innovation.

Staff meetings are organized every quarter where the staff are updated about the latest events and decisions taken by the Executive Committee. Time is set aside after the formalities of the meeting for a special “Talanoa” session where staffs can express their opinions and share ideas.

Similarly, each year staff are requested to respond to an annual staff survey which sends a positive message to employees that their opinions are valued.



The result of the OAG staff satisfaction survey for the FY 2019/2020 continued to show a higher satisfaction rate compared to FY 2018/2019.

In FY 2019/2020, 97% staff have indicated satisfaction while the remaining 3% have some level of dissatisfaction compared to FY 2018/2019 where 90% staff were satisfied with the office while 10% staff indicated some degree of dissatisfaction.

During the year, a separate staff survey was conducted to prepare for the 2021 – 2025 strategic plan. Staff also took part in a two day workshop to contribute towards the new 5 year strategic plan boosting staff morale and creating ownership towards the new strategic direction of the office.

Social Information

The OAG Sports and Social Club plays a significant role in promoting staff bonding across business units. The OAG staff are encouraged to excel in all aspects of their professional and personal lives therefore, in order

to strike a balance, the OAG Sports and Social Club Committee organizes a number of social activities.

While the entire OAG staff are members of the committee, the committee executives are elected annually. Some events that were organized by the committee during the year were the Midyear function, Fiji Day and Pinktober celebrations, Diwali and Eid celebrations and also the year end function held at the Radisson Blue Resort on 14th December 2019.

- The Auditor-Generals award for best group– Financial Audit Group 3 led by Ms Finau Nagera.
- The Best Audit Manager – Ms. Lowata Yalovia
- The Best Senior Auditor – Ms. Makereta Dyer
- The Best Auditor – Ms. Sonam Prasad
- The Best Graduate Auditor- Ms. Suwartika Reddy
- The Best Corporate Staff – Mr. Isikeli Guivalu
- The Sportswoman of the year- Ms. Priya Devi
- The Sportsman of the year – Mr. Epeli Nabunobuno
- Best Dressed Female – Manshika Ram
- Best Dressed Male – Dhiraj Sharma



Best Audit Group, FAG 3 led by Ms Finau Nagera

Communications

The Financial Year 2020 has been an eventful year for the Communications Unit. While the unit was impacted by the restrictions caused by the global pandemic COVID-19, the unit continually engaged with stakeholders virtually and through press releases, newsletters and report notifications.

The unit designed and published a total of 3 newsletters during the financial year.

Since the units inception the office has gained a lot of following on its social media platforms and website. The Communications Unit is tasked to develop strategies to promote the Office positively in the media and with key stakeholders.

Adhering to the restrictions in place, the unit continued to strive to reach its goals.

Itaukei and Hindi Translations

The Office in its journey to meet the expectations of its stakeholders have provided translations to the executive summaries of two reports of the Auditor-General to Parliament.

Although English is the original drafting language for the reports to Parliament, having these available in the Itaukei and Hindi languages is of major importance and is part of making the reports available to the Communities.

The Auditor-General's reports that were translated included (i) Volume 3 Provincial Council Report - *Parliamentary Paper number 43 of 2020* (ii) The Performance Audit on the Administration and Management of Bus Fare Assistance through E-Ticketing for the School Children, Elderlies and Persons with Disability - *Parliamentary Paper number 71 of 2020*.

The Media

During the year, the Office released 8 media releases on activities, meetings and international meetings hosted and being attended by the Auditor-General or his representative.

Aside from the regular media releases made, the office also made publicity with its reports to Parliament.

Quote flaw detected in audit

By ANNE CHAND
The Ministry of Finance failed to identify three construction activities which were not included in the 2019-2020 financial statements, the Auditor-General has found. The report also identified a number of errors in the financial statements, including a number of misstatements in the accounts of the Ministry of Finance.

Funds on inactive bus cards exceed \$2m

By ANNE CHAND
At least \$2 million in funds on inactive bus cards were not included in the 2019-2020 financial statements, the Auditor-General has found. The report also identified a number of errors in the financial statements, including a number of misstatements in the accounts of the Ministry of Finance.

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Parliament to appoint auditor for OAG

By AQELA SUSU

PARLIAMENT will now be responsible for advertising and evaluating tenders to appoint the external auditor for the Office of the Auditor-General.

This follows the signing of a memorandum of agreement (MOA) between the Office of the Auditor-General and the Office of the Secretary-General to Parliament yesterday.

According to the OAG, the MOA will clearly demarcate the role and responsibility to advertise and evaluate tenders to appoint the external auditor for the Office of the Auditor-General.

Section 14(1) of the Audit Act 1989 provides that the Speaker of Parliament may appoint a natural person to audit the accounts of the Office of the Auditor-General for a term not exceeding 3 years," the OAG said.

"Prior to the execution of this MOA, the OAG advertised and evaluated the expressions of interest/tender submissions. At the conclusion of the evaluation process, the OAG submits a recommendation to the Speaker of Parliament.

"Upon receipt of the recommendation, the Speaker of Parliament then appoints an external auditor to audit the accounts of the OAG. This has been the practice since the Audit Act 1989 was amended in 2006."

The MOA was signed by the acting secretary-general to Parliament, Vinihana Namostimalua and the Auditor-General Ajay Nand.

Mr Nand said the transferring of the role to Parliament would promote greater independence and transparency in the selection and appointment of the external auditor for the OAG.

The OAG website and the Social Media handles



Community Engagement

During the financial year 2020, the Office reached out to help fellow Fijians where possible. Some of the community outreach involved the participation in the ‘Veilomani’ Food bank initiative, the Period Poverty Campaign, donating laptops to the Nausori special school and planting trees at the Colo-i-Suva Forest Reserve.

The Office on 06 May 2020 handed over food packages to CEO of Fijian Competition & Consumer Commission and the Permanent Secretary for Housing & Community Development for the ‘Veilomani’ Food bank initiative. These food packages were distributed to the people whose lives have been severely affected by the COVID-19 pandemic



The OAG Sports & Social Club members with the Fijian Competition & Consumer Commission CEO Mr Joel Abraham.

The Deputy Auditor-General Mr. Sairusi Dukuno while handing over the donation to the PS of the Ministry of Housing & Community Development, Mr. Sanjeeva Perera in the presence of FCC CEO Mr Joel Abraham said the Office is proud to be in partnership with the Veilomani initiative which will benefit our fellow Fijians in need.

Veilomani is an iTaukei word translated to mean “let’s love one another”



The west Office team

OAG Nadi Office staff also participated in the Veilomani initiative by collecting and distributing essential food items around Namaka area.



The Deputy Auditor-General Mr. Sairusi Dukuno handing over the Dignity Kits

Similarly, OAG also participated in the Period Poverty Campaign in Fiji by donating dignity kits.

On the 22 July 2020, the OAG together with their Sports and Social club handed over dignity kits to Ms. AnneMary, a student with St Joseph’s Secondary School who is leading the Period Poverty Campaign in Fiji.

Receiving the Dignity Kits, Ms. AnneMary Raduva who is also an International Eco-Champion Hero and Climate Activist spoke about how period hygiene is often neglected during the times of disasters.



The team was led by the Deputy-Auditor General, Mr. Sairusi Dukuno handing over laptops to Nausori Special School

OAG donated 2 laptops been useful for second life to the Nausori Special School. These laptops would assist the school and student academically as well as for administration purposes.



OAG staff at the Colo-i-Suva forest reserve

The Ministry of Forest supported the initiative by the Office Environment Committee by providing 50 free seedlings for planting, which were equivalent to the total number of papers used by the office. The planting was done at the Colo-i-Suva Forest Reserve in November 2019.

Part 6 International Engagements

Hosting of the 22nd Pacific Association of Supreme Audit Institution (PASAI) Congress

The 22nd Pacific Association of Supreme Audit Institutions (PASAI) Congress was hosted by Fiji from 13 to 16 August 2019 for the first time. The theme of the congress “SAIs contributing to Sustainable Goals” suited the on-going efforts of member countries in addressing 2030 agenda. The congress which was attended by 67 delegates including 19 SAI Heads was a huge success. As host the Auditor General of the Republic of Fiji, assumed the Chairmanship of PASAI Governing Board which was handed-over by the former Chairman, the Auditor-General of Australia.

The Congress was officially opened by the Speaker of the Parliament of the Republic of Fiji, Hon. Ratu Epeli Nailatikau who highlighted the significance of SDGs and the role good governance plays in being able to deliver the 2030 Agenda.



The AG receiving the batten of chairmanship from the Australian Auditor-General Mr. Grant Hehir.



Official Opening by the Speaker of Parliament of the Republic of Fiji Hon. Ratu Epeli Nailatikau.

Participations with International Bodies

SAI Fiji is continually striving to contribute and participate in the International Organization of Supreme Audit Institutions (INTOSAI) Community by getting involved through participation in the various INTOSAI Committees, Working Groups and programs.



Mr. Ajay Nand with counterparts at the INCOSAI congress

OAG attended the XXIII International Congress of Supreme Audit Institutions (INCOSAI) in Russia, Moscow

The Auditor- General of Fiji Mr. Ajay Nand accompanied by Deputy Auditor-General Mr. Sairusi Dukuno and Director of Audit Ms. Finau Nagera attended the XXIII INCOSAI meeting in Moscow, Russia from the 23 - 28 September, 2019.

The INCOSAI meets every three years and provided a forum for SAI Heads all over the world to meet, learn from each other and improve networking.

The INCOSAI meeting provided the opportunity to meet with other Congress member Supreme Audit Institutions (SAI's) in a formal and informal settings where they shared experiences, discussed issues, and conveyed resolutions and recommendations to improve government accountability worldwide.

The Fiji delegation also organized side events in preparation for the 24th Conference of Commonwealth Auditors General which has been deferred due the COVID-19 Pandemic.

The INTOSAI Congress (XXIII INCOSAI) that was held in Moscow had two specific themes: Information Technologies for the Development of Public Administration and the Role of Supreme Audit Institutions in the Achievement of National Priorities and Goals.

The congress was attended by over 600 delegates representing 168 audit institutions.

The Auditor-General attended the Australasian Council of Public Accounts Committees Conference in Canberra, Australia



The Auditor General Ajay Nand with the Fijian Members of the Parliament

The ACPAP provides a unique forum for the exchange of information and opinions relating to Public Accounts Committees, providing them with the opportunity to share experiences, best practice and matters of mutual interest.

The aim of the meeting was to improve the quality and performance of Public Accounts Committees, particularly in the Australasia. The Honorable members of the Standing Committee for Public Accounts (PAC) were also invited to the Conference.

The Pacific Association of Supreme Audit Institution (PASAI), Governing Board Meeting in Auckland in February.



The PASAI Governing Board meeting in session.

The Auditor-General, Mr. Ajay Nand attended the PASAI, Governing Board Meeting from the 27-28 February, 2020 in Auckland New Zealand. Mr. Nand is the current Chairperson of the PASAI Governing Board.

Part 7
FINANCES



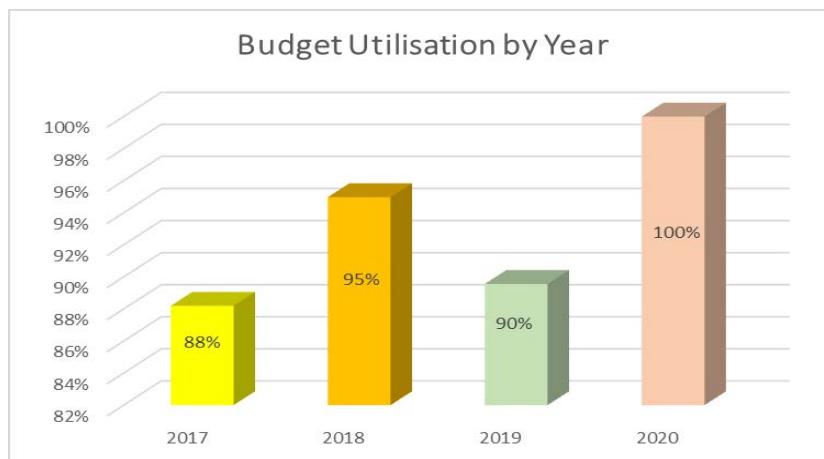
Our Finances

The Office prepared its financial statements for the year ended 31 July 2020 by complying with the International Financial Reporting standards for SME (IFRS SME). The audited financial statements are enclosed as *Appendix 1*.

Budget Appropriation

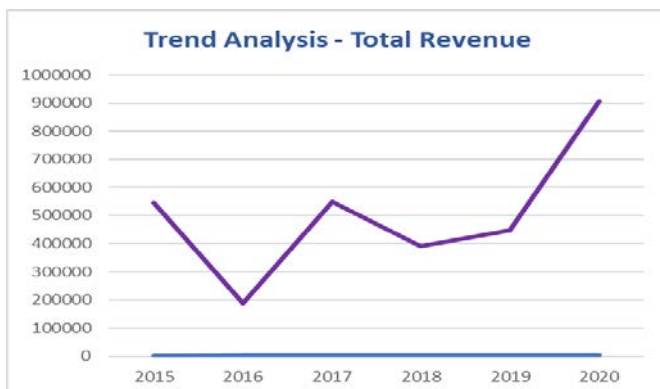
The approved budget from 1 August 2019 was \$6.4m. Following the impact of COVID-19, the budget estimate was revised to \$5.25m. In light of the projected expenditures for OAG, additional redeployment of funds amounting to \$0.4m as approved by Cabinet. Tabulated below are the budget appropriation and actual expenditures incurred by the Office for 2017-2020:

Financial Year	2017	2018	2019	2020
Budget Appropriation (\$)	4,331,018	4,612,843	6,623,600	5,606,269
Total Expenditure (\$)	3,819,777	4,380,933	5,932,038	5,606,269
Percentage Budget Utilised (%)	88%	95%	90%	100%



Total Revenue

- Total revenue for the financial year of \$905,292 compared to \$446,872 during 2019 financial year. The significant increase of \$458,420 or 103% of total revenue collected from FY 2018-2019 to 2019-2020. This was due to the vigorous collection mechanism being implemented.



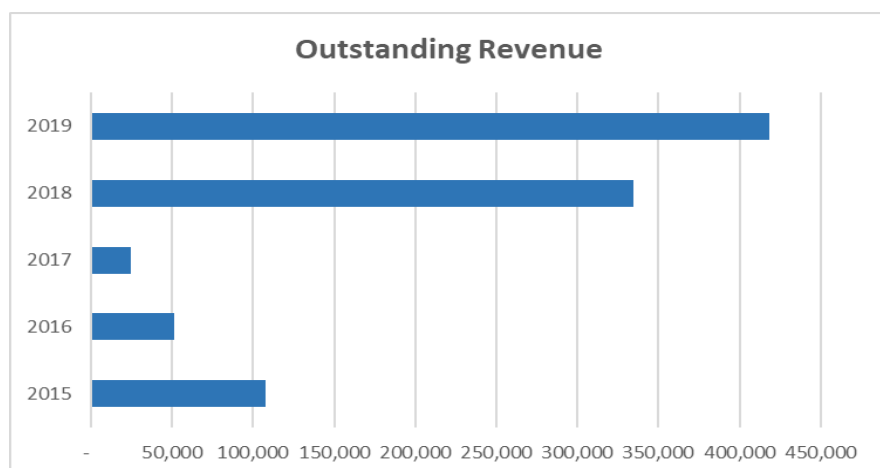
Year	Audit Fees
2015	546,572
2016	188,186
2017	549,965
2018	389,729
2019	446,872
2020	905,292

Total Revenue - continued

- Of the total revenue for audit fees collected this year, 14% was generated from the audits of provincial councils, 26% from statutory authorities, 28% from municipal councils and 32% from Government commercial companies, commercial statutory authorities and off-budget state entities.

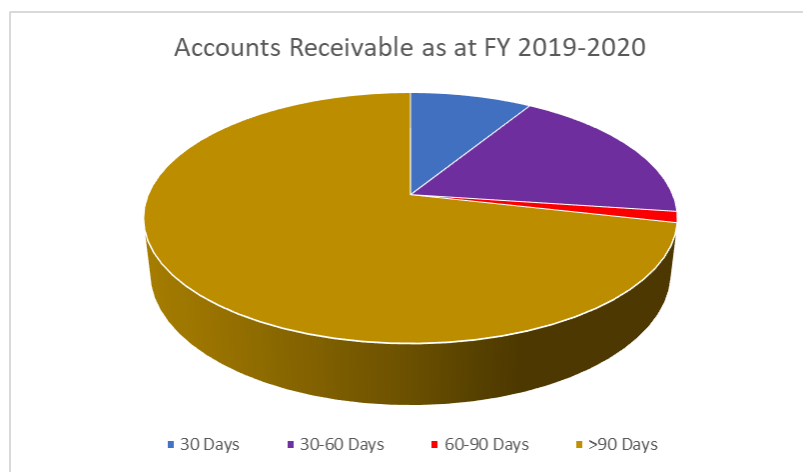
Accounts Receivable (Audit Fees)

- Outstanding revenue from audit fees depicts an increasing trend and this is attributed to audit fees levied for audits completed however payments are still unsettled as at the balance date.
- During the 2019-2020, outstanding revenue from audit fees increased by 25%.
- The largest concentration of accounts receivable is in the greater than 90 days bucket (71%), followed by 30-60 days bucket (18%). These mainly comprise of the outstanding fees from the provincial councils.
- The continual growth in accounts receivable and revenue generated in the financial year is due to shifting more focus towards utilizing internal resources in performing audits and placing lesser reliance on outsourcing via contracted audits.



Year	Amount (\$)
2015	80,829
2016	107,746
2017	51,532
2018	24,335
2019	334,823
2020	418,518

The composition of the accounts receivable by ageing is depicted as follows:



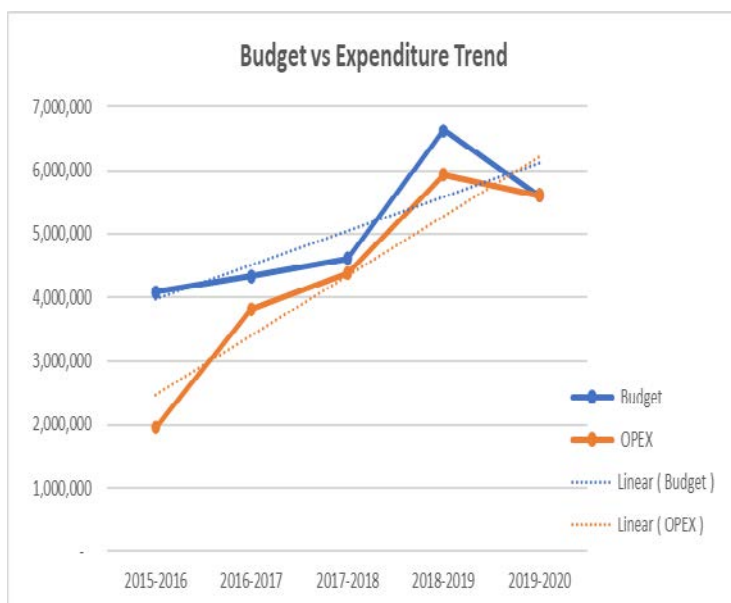
Ageing	Accounts Receivable
30 Days	36,934
30-60 Days	76,724
60-90 Days	5,916
>90 Days	298,943
Total	418,518

Operating Expenses

Statement of Appropriation for the FY Ended 2019-2020

SEG	Item	Budget Estimate \$	Initial Revision \$	Additional Funding	Revised Estimate \$	Actual Expenditure \$	Carry Over \$	Lapsed Appropriation \$
1	Established Staff	4,974,551	4,199,183.00	4,552	4,203,735	4,463,727	-	259,992
2	Unestablished Staff	46,395	45,162.00	14,828	59,990	59,990		0
3	Travel, Accommodation & Communication	238,500	213,143.00	-	72,845	140,298	-	0
4	Maintenance & Operations	182,702	153,530.00	111,683	265,213	41,901		223,312
5	Purchase of Goods & Services	528,000	435,633.00	210,817	646,450	646,450		-
6	Operating Grants & Transfers	15,000	10,591.00	-	10,591	0		-
7	Special Expenditures	244,500	41,381.00	97,008	138,389	138,389		-
Total Operating Costs		6,229,648	5,098,623	355,452	5,454,075	5,490,755		(36,680)
Capital Expenditure								
8	Construction							
9	Purchases	70,000	70,000	-	70,000	0		70,000
10	Grants and Transfers							
Total Capital Expenditure		70,000	70,000	-	70,000	0		0
13	Value Added Tax	113,733	82,194.00	-	82,194	115,514		(33,320)
TOTAL EXPENDITURE		6,413,381	5,250,817	355,452	5,606,269	5,606,269	0	0

Trend Analysis of Operating Expenses vs Budget Appropriation



Financial Year	Budget	OPEX	Surplus
2015-2016	4,082,574	1,957,050	2,125,524
2016-2017	4,331,018	3,819,777	511,241
2017-2018	4,612,843	4,380,933	231,910
2018-2019	6,623,600	5,932,038	691,562
2019-2020	5,606,269	5,606,269	-

- Over the years, expenditure for OAG has generally been on an increasing trend. This is in line with the trend in the budget allocation granted over the period.
- Budget appropriation reduced for the current financial year due to the impact of COVID-19.
- Operating expenses have taken a dip in the current financial year in line with the lower budget appropriation as expenses are managed in accordance with the allocated budget for the year.

- The operating expenses trend depicted above is as per the actual expenditures incurred for the year (cash basis), in order to illustrate the trend in expenses versus the budget allocation over the period. This is based on the actual cash outflow for OAG for the respective years.
- Focus remains on effective cost management and identifying effective ways of utilizing resources to ensure minimization of wastage and eliminating unnecessary expenditure so that the budget is utilized wisely in view of the strategic objectives, roles and functions of OAG.



APPENDIX 1



OFFICE OF THE AUDITOR GENERAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020



OFFICE OF THE AUDITOR GENERAL
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**OFFICE OF THE AUDITOR GENERAL MANAGEMENT CERTIFICATE
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

We certify that the accompanying Financial Statements:

- a) fairly reflect the statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows of the Office of the Auditor General for the year ended 31 July 2020; and
- b) have been prepared in accordance with the requirements of the International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs), Financial Management Act 2004 and the Finance Instructions.

Dated this day, 4th of December 2020



Ajay Nand
Auditor-General



Sairusi Dukuno
Deputy Auditor-General

INDEPENDENT AUDITOR'S REPORT

To the Minister for Economy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Office of the Auditor General (“the Office”), which comprise the statement of financial position as at 31 July 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Office as at 31 July 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Office in accordance with the International Ethics Standards Board for Accountant’s Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Office is responsible for the other information. The other information comprises the statement of the Office but does not include the financial statements and the auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Trustees for the Financial Statements

The management and the Office are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for such internal control as the management and the Office determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Directors are responsible for assessing the Office’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Office or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT continued

Auditor's Responsibilities for the Audit of the Financial Statements continued

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Ernst & Young
Chartered Accountants



Sikeli Tuinamuana
Partner

Suva, Fiji

Date 4 December 2020

**OFFICE OF THE AUDITOR GENERAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2020**

	Notes	12 Months Ended July 2020	12 Months Ended July 2019 (Restated)
Income		\$	\$
Budget appropriation	4 (a)	5,594,215	6,606,244
Net Income		5,594,215	6,606,244
Operating Expenses			
Salaries, wages and other benefits	4 (b)	4,557,910	4,380,518
Travel and accommodation	4 (c)	166,529	306,997
Maintenance	4 (d)	31,874	15,237
Contract audit fees	4 (e)	85,727	428,182
Other operating expenses	4 (f)	325,648	524,773
Computers & IT services	4 (g)	74,995	60,743
Special expenditure	4 (h)	136,599	317,770
Depreciation expense	4 (i)	63,907	66,836
Amortisation expense	4 (j)	17,251	10,063
Annual leave expense	4 (k)	78,745	71,892
Audit fees	4 (l)	9,156	6,095
Reimbursement of residual grant	4 (m)	-	691,562
Total Operating Expenses		5,548,341	6,880,667
Operating Surplus/(Deficit)		45,874	(274,423)

**OFFICE OF THE AUDITOR GENERAL STATEMENT OF CHANGES IN EQUITY
AS AT 31ST JULY 2020**

	Note	2020 \$	2019 \$
Opening balance of accumulated losses		(294,948)	-
Add surplus/(deficit) for the year		45,874	(274,423)
Retrospective adjustment (change in accounting policy)	14.2	-	(20,525)
Closing balance of accumulated losses		(249,074)	(294,948)

**OFFICE OF THE AUDITOR GENERAL STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JULY 2020**

		2020	2019
ASSETS	Notes	\$	\$
Current Assets			
Cash at bank	5	7,085	1,165
Other current assets	6	38,802	1,988
Total Current Assets		45,887	3,152
Non-Current Assets			
Property, plant and equipment	7	155,916	192,804
Intangible assets	8	58,940	76,191
Total Non-Current Assets		214,857	268,995
Total Assets		260,744	272,147
LIABILITIES			
Current Liabilities			
Accounts payable	9	124,118	109,137
Employee entitlements	10	364,041	285,296
Total Current Liabilities		488,159	394,433
Non-Current Liabilities			
Contract audit fees payable	11	21,659	172,662
Total Non-Current Liabilities		21,659	172,662
Total Liabilities		509,818	567,095
Net Deficiency		(249,074)	(294,948)
EQUITY			
Accumulated Losses		(249,074)	(294,948)

**OFFICE OF THE AUDITOR GENERAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020**

Cash flows from operating activities	Note	12 Months Ended July 2020	12 Months Ended July 2019
		\$	\$
Receipt of government grant		5,606,269	6,623,600
Payment for contracted audit services		(229,651)	(226,261)
Payment to employees		(4,523,717)	(4,308,126)
Payment to suppliers and vendors		(819,961)	(1,301,955)
Payment/transfer of residual grant to MoE		-	(691,562)
Net cash provided by operating activities		32,939	95,696
Cash flows from investing activities			
Purchases of property, plant and equipment		(27,019)	(95,765)
Net cash used in investing activities		(27,019)	(95,765)
Net increase/(decrease) in cash equivalents		5,920	(70)
Cash and cash equivalents at the beginning of the year		1,165	1,235
Cash and cash equivalents at the end of the year	5	7,085	1,165

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

Note 1: GENERAL INFORMATION

The Office of the Auditor-General of Fiji (OAG) assists the Auditor-General deliver against the mandate of the Constitution of the Republic of Fiji and the Audit Act 1969. The work of OAG is also governed by auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the Fiji Institute of Accountants (FIA), which are in compliance with the Standards. The Financial Management Act 2004 requires that the Ministry of Economy must ensure that an adequate amount of money is appropriated to any independent office to ensure that the 'independent office' may independently and effectively exercise its powers and perform its functions and duties.

Note 2: REPORTING ENTITY

The Office of the Auditor General (OAG) is an independent Office established under Section 151 of the Fijian Constitution whose function is to inspect and audit, and report to the Parliament on:

- the public accounts of the State;
- the control of public money and public property of the state; and
- all transactions with or concerning public money or public property of the state.

Note 3: STATEMENT OF ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Basis of Accounting

In accordance with Government accounting policies, the Financial Statements of the Office is prepared on accrual basis of accounting commencing from the financial year ended 31 July 2020. Prior financial year statements were prepared on cash basis of accounting, hence there is a change in accounting policy. The Financial Statements have been prepared in accordance with International Financial Reporting Standards for Small-and-Medium Enterprises (SMEs) as issued by International Accounting Standards Board (IASB). They have been prepared under historical cost convention.

Financial Statements as at 31 July 2019 have been restated accordingly to reflect adoption of accrual accounting and the financial effects of the transition to IFRS for SMEs are set out in Note 14. Prior period balances have been adjusted accordingly. This is OAG's first set of Financial Statements which comply with IFRS for SMEs.

b) Foreign Currency Translation

Functional and Presentation Currency

The Financial Statements are presented in Fiji dollars, which is the functional currency for the office, rounded to the nearest dollar.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. However, foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary

Note 3: STATEMENT OF ACCOUNTING POLICIES AND BASIS OF PREPARATION - continued

b) Foreign Currency Translation - continued

assets and liabilities denominated in foreign currencies are recognized in profit or loss have not been recognized in the transition phase.

c) Revenue Recognition

Budget appropriation is recognized at fair value in the statement of comprehensive income, less output value-added-tax paid on budget appropriation. This is the principal source of revenue for the Office that is used for funding of the entity's operating activities.

d) Accounting for Value added tax (VAT)

In the previous years, VAT paid was presented separately on the statement of comprehensive income. All expenses are now disclosed on Vat Inclusive Price (VIP). The office classifies the Government grant as income, which is used for cater for its operating expenditure. Whilst the office pays VAT on the expenditures incurred, it does not claim VAT. This is claimed by Ministry of Economy. Output VAT on grant is paid to Fiji Revenue & Customs Services (FRCS).

e) Budget Appropriation

Office of the Auditor General has been classified as an independent office and is given 1-line budget under operations grants and transfer. Currently, we are still using financial management accounting system (FMIS) to process our normal operations. From financial year 2020-2021, we will be using Navision accounting software. The rollout is still in progress.

f) Cash & cash equivalents

This comprises of cash at bank balances held with operating and cheque accounts.

g) Creditors & Payables

Creditors & payables are obligations on the basis of normal credit terms and do not bear interest. They are measured at amortized cost. As at the balance date, all outstanding payments to creditors and vendors are classified as payables in the statement of financial position, and accordingly taken up at expense level as per the recognition criteria stipulated by accrual basis of accounting.

h) Employee obligation

Employee benefit obligations for accumulated annual leave are measured on an undiscounted basis and are expensed in profit or loss as the related service is provided. A liability is recognized for the amount to be paid under short-term benefits if the office has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

Note 4: Disclosures for revenue

4.1 Audit fees	12 Months Ended	12 Months Ended
	31 July 2020	31 July 2019
	\$	\$
Government Commercial Companies, Commercial Statutory Authorities & Off-Budget State Entities	413,592	307,731
Statutory Authorities	237,107	65,330
Municipal Councils	254,593	73,811
Total audit fees collected (cash basis)	905,292	446,872
Movement in debtors	83,695	310,488
Total revenue from audit fees	988,987	757,360

In the prior year, revenue was accounted for using cash basis. For the current financial year, audit fees invoices but not received has also been accounted for as debtors. Under cash basis of accounting, audit fees received from cash collection was reported in the Financial Statements. Accounting treatment under the accrual convention requires revenue to be recognized for audit services that have been rendered and clients billed however payment is yet to be received. Audit fees collected by OAG is state revenue therefore only disclosed as notes to Financial Statements. Prior year has been restated comparatively.

4.2 Miscellaneous revenue

	12 Months Ended	12 Months Ended
	July 2020	July 2019
	\$	\$
Refund for Fiji National University levy	33,819	7,641
Refund - staffs	319	40
Stale cheque/bank draft cancellation	2,400	671
Travel reimbursements	5,491	-
Others	-	5,642
Total miscellaneous revenue	42,029	13,993

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

Note 4: Disclosures for revenue - continued

Miscellaneous revenue for the current financial year is also reported as a disclosure only, hence prior financial year accounting treatment has been restated. The only source of revenue for the office is budget appropriation and details are outlined in 4(a) below.

	12 Months Ended July 2020	12 Months Ended July 2019
	\$	\$
4(a) Budget appropriation	5,606,269	6,623,600
less allocation for value-added-tax	(12,054)	(17,356)
Net Income	5,594,215	6,606,244

The Office of the Auditor General is funded through appropriation by Parliament. For the financial year 2019-2020, the Office was approved an initial budget allocation of \$6,413,381. This was revised to \$5,250,817 due to the impact of COVID 19 in the first quarter of 2020. A further funding of \$355,452 was approved in June 2020 upon request from the Office in light of its projected expenditure, hence aggregate amount of \$5,606,269. The only source of income for the Office is the budget appropriation.

(b) Salaries, wages and other benefits

	12 Months Ended July 2020	12 Months Ended July 2019
	\$	\$
Established Staff		
Acting allowance	-	31,852
Bonus payment	40,000	75,285
Fiji National Provident Fund	324,857	445,332
Fiji National University levy	59,212	33,502
Fringe benefit tax	1,547	1,533
Health insurance benefit	85,043	97,846
Salaries	3,955,141	3,624,904
Total Established Staff	4,465,800	4,310,254
Total Unestablished Staff	58,507	53,354
Breakdown for Salaries accrued for each FY is as follows:		
Payroll Accrual (Established Staff)	32,773	15,428
Payroll Accrual (Unestablished Staff)	829	1,482
Total Salaries & Wages accrued	33,602	16,910
Salaries, wages & other benefits	4,557,910	4,380,518

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

(b) Salaries, wages and other benefits - continued

Bonus Payments

The officers are paid bonus which is in accordance with the Office Performance Management framework. For the Financial Year 2018-2019, the annual performance assessments are under review, and bonus payments will be facilitated this financial year. For accrual purpose, a total payout of \$40,000 is estimated and this has been confirmed at executive management level.

(c) Travelling, accommodation & communication

	12 Months Ended July 2020 \$	12 Months Ended July 2019 \$
Subsistence	65,135	156,187
Telephone and fax	41,054	32,585
Travel	60,340	118,226
Total	166,529	306,997

(d) Maintenance

	\$	\$
Maintenance	13,977	-
Motor vehicle expenses	17,897	15,237
Total	31,874	15,237

e) Contract audit fees

These are fees paid to private audit firms who were contracted to carry out audits on behalf of the Office of the Auditor General for the following types of clients:

	\$	\$
City and town councils	58,119	28,136
Government commercial companies, commercial statutory authorities, off budget state entities	186,107	180,531
Statutory authorities	6,095	23,908
Others	-	8,816
Total contract audit fees paid	250,321	241,391

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

e) Contract audit fees - continued

The total amount expensed for contract audit fees under accrual basis is as follows:

	12 Months Ended July 2020	12 Months Ended July 2019
	\$	\$
Accrual reversal for prior year	(188,202)	-
Audit fees (OAG) excluded	-	(6,095)
Contract audit fees paid	250,321	246,075
Contract audit fees payable	23,608	188,202
Total amount expensed to comprehensive income	85,727	428,182

(f) Other operating expenses

	\$	\$
Advertising	13,534	15,639
Awareness	11,634	12,504
Books, pamphlets and publication	1,192	1,722
Directory expenses	1,484	-
Electricity and power supply	26,056	17,951
Incidentals	24,774	18,076
International subscription	-	12,808
Job evaluation exercise	-	674
Legal fees	9,229	4,291
Occupational Health & Safety (OHS) expenses	248	2,033
Office cleaning services	16,627	11,947
Office equipment	-	43,324
Office meeting logistics	3,844	1,918
Software license fees	67,059	97,244
Stationery & printing	74,227	59,157
Strategic planning workshop	7,000	-
Team building	-	981
Training	65,363	206,178
Uniform	3,377	18,327
Total	325,648	524,773

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

	12 Months Ended July 2020	12 Months Ended July 2019
	\$	\$
(g) Computers and IT services	74,995	60,743
(h) Special expenditure	\$	\$
INTOSAI & AG Commonwealth	5,359	-
Pacific Association of Supreme Audit	84,840	99,802
Working Group IT Audit	46,400	217,968
Total	136,599	317,770
	\$	\$
(i) Depreciation	63,907	66,836

The Office of the Auditor General capitalization policy requires all fixed assets above the threshold of \$1,000 to be capitalized. All purchases of fixed assets below \$1,000 is expensed. The Method used for accounting for depreciation is Straight Line Method. Fixed assets are recorded at original cost (historical measurement base). Refer Note 7 for detailed breakdown of property, plant and equipment (PPE).

	\$	\$
(j) Amortization	17,251	10,063

Intangible assets are subject to amortization and the applicable rate is 20%. The Teammate Software was acquired in 2013 and is fully amortized. The accounting/payroll software was purchased for \$86,254 hence amortization at 20% for the current financial year is \$17,251. In the prior financial year, the amortization expense covers a period of 7 months only hence \$10,063.

	\$	\$
(k) Annual leave expense	78,745	71,892
	\$	\$
(l) Audit fees	9,156	6,095

The audit fees payable to Ernst & Young for the professional services rendered for the financial year is \$9,156 VIP (\$8,000 VEP adjusted for out-of-pocket expenses 5%).

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

	12 Months Ended July 2020	12 Months Ended July 2019
	\$	\$
(m) Transfer of residual grant at year-end	-	691,562

In accordance with the Financial Management Act 2004, any remaining or unused funds are to be returned to Ministry of Economy. As of the end of the FY 2019-2020, there were no remaining funds as the entire appropriation was utilized, whereas for the FY 2018-2019, \$691,562 was unutilized.

Note 5: Cash at bank

OAG is funded through appropriation by Parliament. In accordance with Financial Management Act 2004, Section 10A (5), any funds disbursed to an independent office that are not utilized within the relevant financial year must be returned to the Ministry. Hence the cash at bank balance for the BSP Drawings account is reported as zero. The following are the operating accounts with year-end balances:

	2020	2019
	\$	\$
<u>Cash at bank</u>		
ANZ Operating Account	5,000	-
BSP Cheque Account	1,134	1,165
BSP Drawings Account	-	-
HFC Operating Account	951	-
Total	7,085	1,165

Note 6: Other current assets

Other current assets comprise of the following items grouped in the statement of financial position:

	2020	2019
	\$	\$
Other current assets		
Prepayments	36,814	-
Refundable deposits	1,988	1,988
Total	38,802	1,988

Note 7: Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to its existing condition and location necessary for it to be capable of operating in a manner that is intended by the management. Depreciation is charged so as to allocate the cost of the assets less their residual value over its estimated useful lives, using straight-line method. In accordance with IAS 16, Assets have been recognized in the Statement of Financial Position if there is a probability that future economic benefits will flow to the office, and if its cost can be measured reliably. The flow of future economic benefit will be through the use of fixed assets. OAG capitalization policy requires all fixed assets above the threshold of \$1000 to be capitalized. The definition and recognition criteria for Fixed Assets must be satisfied. All purchases of fixed assets below \$1000 is expensed. The method used for conducting depreciation is straight line method.

Fixed Assets are recorded at original cost (historical measurement base), and the rates applicable as per accounting policy is shown below. The office maintains its assets for use and given that it is not revenue-generating in nature, there won't be any tax accounting for fixed assets. If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectation. The Depreciation rates applicable by asset category are as follows:

- Computer Hardware - 25%
- Furniture & Fittings - 20%
- Office equipment - 20%
- Computer software - 20%
- Motor vehicles - 25%

No impairment losses have been accounted for in the current financial period however at each reporting date in the subsequent accounting periods, property, plant and equipment will be reviewed to determine whether there is any indication that the assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount, higher of an asset's (or cash generating unit's) fair value less costs to sell and its value in use, of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss would be recognized immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

OFFICE OF THE AUDITOR GENERAL
 ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2020

Note 7: Property, plant and equipment – continued

	Motor Vehicles	Office Equipment	Computer Hardware	Furniture & Fittings	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at 1 August 2019	43,111	222,034	69,913	19,339	354,397
Additions in the year	-	21,514	5,505	-	27,019
Balance as at 31 July 2020	43,111	243,548	75,418	19,339	381,416
Accumulated depreciation and impairment					
Balance as at 1 August 2019	43,111	111,816	670	5,996	161,592
Depreciation	-	42,343	17,696	3,868	63,907
Balance as at 31 July 2020	43,111	154,159	18,366	9,863	225,499
Carrying amount					
1 August 2019	-	110,217	69,243	13,344	192,804
31 July 2020	-	89,389	57,052	9,475	155,916

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

Note 8: Intangible assets

	2020	2019
	\$	\$
Software:		
Cost		
Opening balance	485,460	485,460
Closing balance	485,460	485,460
Accumulated amortisation & impairment		
Opening balance	409,269	399,206
Amortisation	17,251	10,063
Closing balance	426,520	409,269
Carrying amount	58,940	76,191

Note 9: Accounts payable

	2020	2019
	\$	\$
Creditors & accruals		
Bonuses	40,000	-
Fiji National Provident Fund payable	33,046	55,482
Fringe benefit tax payable	64	128
Trade payables	16,256	5,444
Value-added-tax payable	1,150	31,174
Wages and salaries payable	33,602	16,910
Total	124,118	109,137

**OFFICE OF THE AUDITOR GENERAL
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

Note 10: Employee entitlements

	2020	2019
	\$	\$
Provision for annual leave	<u>364,041</u>	<u>285,296</u>

Note 11: Contract audit fees payable

This relates to the balance of contract audit fees payable as at the end of the financial year.

	2020	2019
	\$	\$
Contract audit fees payable	<u>21,659</u>	<u>172,662</u>

Note 12: Accounts Receivable

Composition of accounts receivable balances by ageing is as follows:

Financial Year 2019/2020

Category of Accounts Receivable	30 Days	30-60 Days	60-90 Days	>90 Days	Total
City & Town Councils	-	46,854	5,916	280,322	333,092
Government Commercial Companies	-	29,870	-	-	29,870
Other Statutory Entities/Off-Budget State Entities	36,934	-	-	18,621	55,556
Total Accounts Receivable	36,934	76,724	5,916	298,943	418,518

Financial Year 2018/2019

Category of Accounts Receivable	30 Days	30-60 Days	60-90 Days	>90 Days	Total
City & Town Councils	38,030	12,000	-	130,769	180,799
Government Commercial Companies	9,675	22,760	22,055	-	54,490
Other Statutory Entities/Off-Budget State Entities	16,700	64,213	-	18,621	99,534
Total Accounts Receivable	64,405	98,973	22,055	149,390	334,823

Accounts receivable belongs to State hence disclosed only as notes to the financials of the Office of the Auditor General.

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Note 13: Litigation Claim

A defamation action against the Office has been taken by Aliz Pacific and Dr Nur Bano Ali in which the plaintiffs are seeking damages against the Office. The High Court in its ruling on 31st January 2018 has dismissed the claim of Aliz Pacific and Dr Nur Bano Ali however they have appealed the case. The appeal was set down for hearing on 19 November 2019 however no further progress took place beyond this. The ultimate outcome cannot be presently determined; accordingly, no provision has been made in the books of account.

Note 14.0: Transition to IFRS for SMEs

In the prior years under cash basis of accounting, only receipts and expenditure were reported in the financial statements. There was no recognition of assets and liabilities for the Office of the Auditor General hence there was no statement of financial position that was maintained. Given the change in accounting policy and transition to IFRS for SMEs, the statement of financial position has been constructed for FY 2019-2020 with last year comparatives. The Statement of Changes in Equity shows the movement in the equity balances for both the financial years, and the impact of retrospective adjustment is also included.

14.1 Reconciliation of Comprehensive Income (Profit & Loss)

	As at 31 July 2020			As at 31 July 2019		
	Previous Accounting	Effect of Transition	IFRS for SMEs	Previous Accounting	Effect of Transition	IFRS for SMEs
Income						
Audit fees	905,292	(905,292)	-	446,872	(446,872)	-
Miscellaneous revenue	42,029	(42,029)	-	13,993	(13,993)	-
Budget appropriation	-	5,594,215	5,594,215	-	6,606,244	6,606,244
Total Income	947,321	4,646,894	5,594,215	460,865	6,145,379	6,606,244
Operating Expenses						
Salaries, wages and other benefits	4,523,717	34,193	4,557,910	4,307,998	72,520	4,380,518
Travel and accommodation	193,893	(27,363)	166,529	279,418	27,579	306,997
Maintenance	38,002	(6,127)	31,875	14,447	790	15,237
Contract audit fees	236,730	(151,003)	85,727	255,521	172,661	428,182
Other operating expenses	346,924	(21,276)	325,648	533,880	(9,107)	524,773
Computers and IT services	96,320	(21,325)	74,995	60,743	-	60,743
Special expenditure	170,684	(34,085)	136,599	473,937	(156,167)	317,770
Depreciation expense	-	63,907	63,907	-	66,836	66,836
Amortisation expense	-	17,251	17,251	-	10,063	10,063
Annual leave expense	-	78,745	78,745	-	71,892	71,892
Audit fees (OAG audit)	-	9,156	9,156	6,095	-	6,095
Reimbursement - residual grant	-	-	-	-	691,562	691,562
Total Operating Expenses	5,606,269	(57,928)	5,548,341	5,932,038	948,628	6,880,667
Operating Surplus/(Deficit)	(4,658,948)	4,704,822	45,874	(5,471,173)	5,196,751	(274,423)

These financial statements for the year ended 31 July 2020 are OAG's first set of financial statements which have been prepared under IFRS for SMEs. OAG's date of transition to the IFRS for SMEs is 1 August 2018. Its last financial statements were prepared under cash basis, for the financial year ended 31 July 2019. The adjustments noted above are a result of recognizing assets, liabilities and expenses

14.1 Reconciliation of comprehensive income (Profit & Loss) - continued

as they satisfy the definition and recognition criteria for these items as required under accrual accounting treatment in accordance with Section 2 Concepts and Pervasive Principles of IFRS for SMEs.

Audit Fees is the income generated from conducting audits for the municipal and town councils, provincial councils, Government commercial companies, statutory bodies and off-budget state entities. However, this is not reported as revenue in the statement of comprehensive income for the office as it belongs to the State, therefore only disclosed as notes. Miscellaneous revenue has been treated accordingly.

Government Grant (budget appropriation) is the only source of revenue for the office hence this is reported as revenue for both the financial year (prior year has been restated to include the budget allocation for the year).

The adjustments made to Salaries, wages and other benefits relate to FNPf contribution payable, fringe benefit tax payable, bonuses payable (taken as per management estimate), and salaries and wages payable for established and unestablished staff. Payroll expenses such as salaries and wages which are payable for the remaining working days after the last payroll for the financial year is processed, and are paid in the subsequent financial year are taken up as expenses for the current financial year. Under previous cash basis of accounting, expenses were recognized as and when the payments are processed in the respective accounting periods.

The adjustments made to contract audit fees relate to taking into account the contract audit fee which was payable as at the balance date. The current financial year figure also includes the impact of accrual reversal for the contract audit fees payable which was recognized last year as expenses but the actual payments were subsequently settled in the current financial year.

Other Operating Expenses include the impact of adjustments made for movements in cash and cash equivalents for the year, prepaid expenses (prepayments), audit fees accrued for OAG audit and creditors and accruals taken up in the year (bills due for utility expenses and payment owing to Ricoh Business Centre). The creditor payments which were accrued in the previous financial year but settled subsequent to the balance date have been adjusted for accordingly.

The additions incurred in the property, plant and equipment were recognized as operating expenses under cash basis of accounting however this has been capitalized in the current financial year (transferred from operating expenditure to capital expenditure).

Depreciation expenses relate to property, plant and equipment depreciated over the estimated useful lives of the respective fixed assets with the respective annual depreciation charge. The depreciation has been recalculated from when the respective assets were initially acquired. The purchase of property, plant and equipment that was initially expensed under previous cash accounting has been capitalized accordingly.

Amortization expenses relate to software items held by OAG, which are not physical assets. This is the practice of spreading an intangible asset's cost over its estimated useful life, and the method adopted for this purpose is straight line method. Tangible assets are instead written off through depreciation.

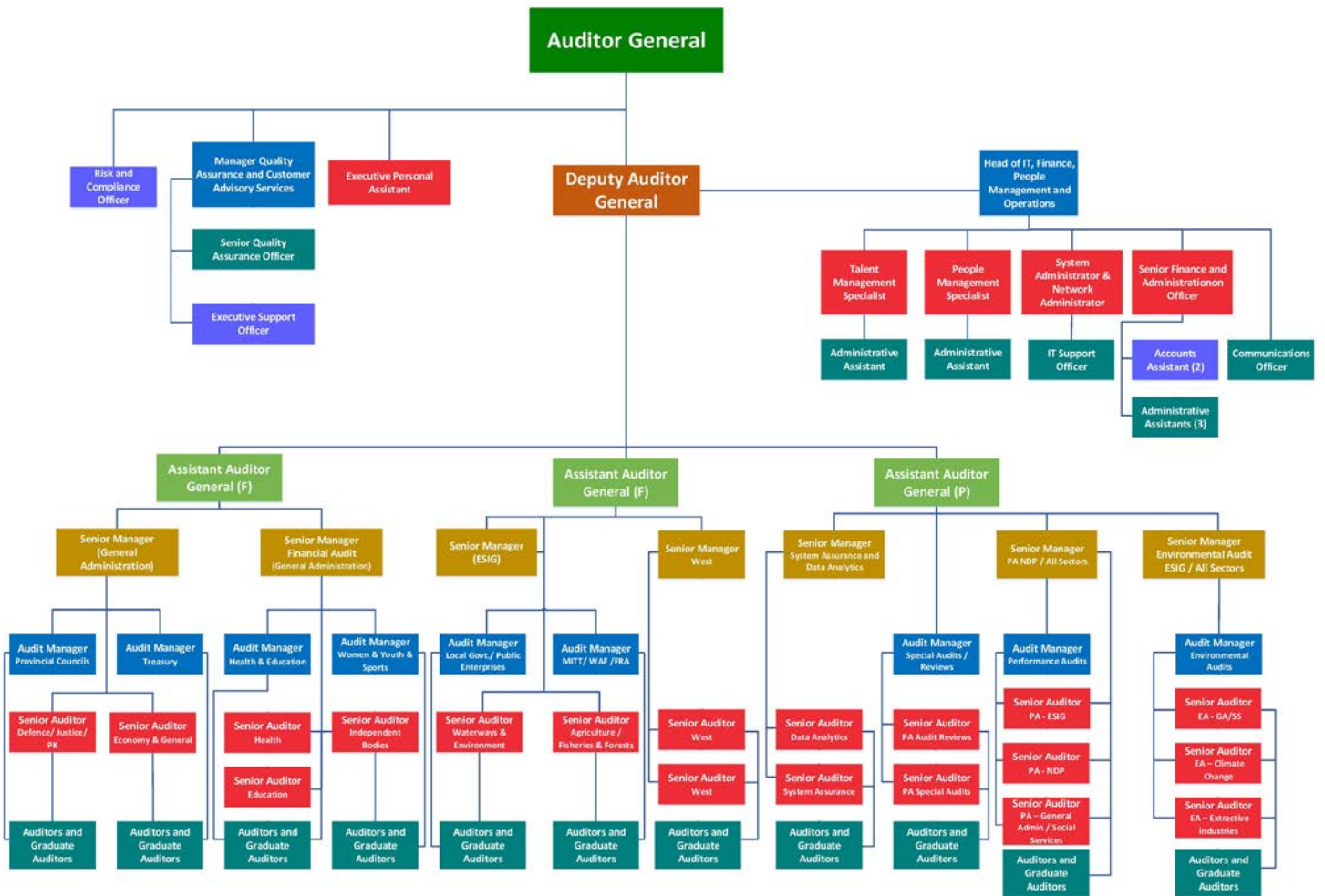
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14.2 Retrospective accounting treatment

	2018-2019	2017-2018	Movement
	\$	\$	\$
Non-Current Assets			
Fixed assets at book value	354,396	198,229	(156,167)
Accumulated depreciation	(161,593)	(94,757)	66,836
Net Book Value	192,804	103,473	(89,331)
Intangible Assets			
Intangible assets at book value	485,460	485,460	-
Less accumulated amortisation	(409,269)	(399,206)	(10,063)
Net Book Value	76,191	86,254	(10,063)
Total Non-Current Assets	268,995	189,727	79,268
Current Liabilities			
Creditors & accruals	5,444	-	(5,444)
Fiji National Provident Fund payable	55,482	-	(55,482)
Value-added-tax payable	31,174	-	(31,174)
Fringe benefit tax payable	128	-	(128)
Provision for annual leave	285,296	213,404	(71,892)
Employee benefits (bonuses)	-	-	-
Wages & salaries payable	16,910	-	(16,910)
Total Current Liabilities	394,433	213,404	(181,029)
Non-Current Liabilities			
Contract audit fees payable	172,662	253,898	81,236
Retrospective Adjustment	836,090	657,029	(20,525)

Retrospective adjustment involves altering (restating) past financial information according to a new accounting principle (in this case, the transition from cash basis to accrual basis of accounting), as if that principle had always been applied. Prior period adjustments have been taken into account when constructing the statement of comprehensive income and the statement of financial position.

APPENDIX 2 - New Organisational Structure





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