



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR-GENERAL OF THE REPUBLIC OF FIJI

2022 Financial Statements of Government

&

2022 Agency Financial Statements - Ministry of Finance



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 52 OF 2024



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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File: 102

20 May 2024

The Honorable Ratu Naiqama Lalabalavu
Speaker of the Parliament of the Republic of Fiji
Government Buildings
Constitution Avenue
SUVA

Dear Sir

AUDIT REPORT ON 2022 FINANCIAL STATEMENTS OF GOVERNMENT AND 2022 AGENCY FINANCIAL STATEMENTS OF THE MINISTRY OF FINANCE

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on 2022 Financial Statements of Government and 2022 Agency Financial Statements of the Ministry of Finance.

A copy of the report has been submitted to the Minister for Finance who as required under section 152(14) of the Constitution shall lay the report before Parliament within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Finau Seru'.

Finau Seru Nagera
AUDITOR-GENERAL



Encl.

CONTENTS

**Part A: 2022 Financial Statements of
 Government**

**Part B: Report on the Financial Statements of
 Government**

**Part C: 2022 Agency Financial Statements of the
 Ministry of Finance**

**Part A: 2022 Financial Statements of
 Government**

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File: 120/1

15 May 2024

The Honourable Biman Chand Prasad
Deputy Prime Minister and Minister for Finance, Strategic Planning,
National Development and Statistics
Ro Lalabalavu House
SUVA

GOVERNMENT OF THE REPUBLIC OF FIJI
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

Audited financial statements for the Government of the Republic of Fiji for the year ended 31 July 2022 together with my audit reports on them are enclosed.

Particulars of errors and omission arising from the audit have been forwarded to the Management of the Ministry for their necessary actions.

Yours sincerely

Finau Seru Nagera
AUDITOR-GENERAL

Cc: Permanent Secretary for Finance

Encl.

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INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS OF GOVERNMENT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I have audited the Financial Statements of Government of the Republic of Fiji, which comprise of the following:

- Statement of Cash Receipts and Payments
- Statement of Comparison Budget and Actual (Economic classifications)
- Statement of Assets and Liabilities
- Statement of Revenue and Expenses
- Statement of Contingent Liabilities

for the year ended 31 July 2022, and notes to the financial statements, including a summary of significant accounting policies, in accordance with section 152 of the 2013 Constitution of the Republic of Fiji, section 46(2) (b) and section 47(2) (b) of the Financial Management Act 2004, and section 6 of the Audit Act 1969.

In my opinion, the accompanying Financial Statements of the Government of the Republic of Fiji are prepared in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS) Financial Reporting under the Cash Basis of Accounting, Financial Management Act 2004 and Finance Instructions 2010.

Basis for Opinion

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

Emphasis of Matters

I draw attention to the following matters:

1. Included in the Trust Fund Account balance of \$257,193,506 in the Statement of Assets and Liabilities (Schedule 3) is Consolidated Main Trust Fund of \$236,921,585 (Note 31). Main Trust Fund Account balances totalling \$45,505,114 were not supported with detailed listing of claimants of monies held in trust.

2. Reflected in the Statement of Assets and Liabilities (Schedule 3) is cash and cash equivalent of \$896,695,699. Unreconciled variances amounting to \$3,543,735 existed between the balances in the FMIS general ledger and bank reconciliation statement for domestic cash. In addition, overseas cash balance of AUD\$109,430 was not booked in the FMIS general ledger and therefore not included in the financial statements.
3. Note 3 of the financial statements discloses the domestic bank account balances of \$644,272,999 which includes the unclaimed trust monies of \$13,876,623 that was paid into the Consolidated Fund Account and is deemed to be public money under Section 10 of the Financial Management Act 2004.
4. The Trading and Manufacturing Accounts are operating on semi-accrual accounting basis instead of full accrual accounting. Property, plant and equipment for TMA operations are not disclosed in the Statement of Assets and Liabilities (Schedule 3). In addition, Note 50(ii) of the financial statements discloses the Ministry's decision to close the Trading Manufacturing Activities in Fund 4 with Ministry of Health, Fiji Correction Service and Ministry of Agriculture (Fuel & Oil) and transfer to the Operating Fund (Fund 1) from financial year 2023 – 2024.

My opinion is not modified in respect of these matters.

Other Information

The Management are responsible for the other information. The other information comprises the annual report but does not include the financial statements and the auditor's report thereon.

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

In connection with my audit of the financial statements, my 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 my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Permanent Secretary for Finance and Those Charged with Governance for the Financial Statements

The Permanent Secretary for Finance is responsible for the preparation of the Financial Statements of Government in accordance with the IPSAS Financial Reporting under Cash Basis of Accounting, Financial Management Act 2004, and Finance Instructions 2010 and for such internal control as the Permanent Secretary for Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

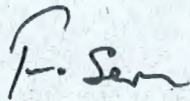
Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

I communicate with the Permanent Secretary for Finance and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Finau Seru Nagera
AUDITOR-GENERAL



Suva, Fiji
15 May, 2024

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INDEPENDENT AUDITOR'S REPORT

ANNUAL APPROPRIATION STATEMENT OF THE GOVERNMENT OF THE REPUBLIC OF FIJI FOR THE YEAR ENDED 31 JULY 2022

Opinion

I have audited the Annual Appropriation Statement and Budget Results as included in Schedules 9 to 13 for the year ended 31 July 2022, and Notes to the Financial Statements of Government including a summary of significant accounting policies for the year ended 31 July 2022, in accordance with section 152 of the 2013 Constitution of the Republic of Fiji, section 46(2)(b) and section 47(2)(b) of the Financial Management Act 2004 and section 6 of the Audit Act 1969.

In my opinion, the accompanying Annual Appropriation Statement and Budget Results are prepared, in all material respects, in accordance with the Financial Management Act 2004 and Finance Instructions 2010.

Basis for Opinion

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

Other Matters

Significant Unutilised Budget

As shown in the Details of Reportable Expenditure Authorisation (Schedule 10), significant unutilised budget were noted in allocations for Government Wage Earners (10%), Travel and Communication (10%), Purchase of Goods and Services (14%), Special Expenditures (40%), Capital Construction (33%), Capital Purchase (14%), Charges on Account of Public Debt (43%) and Value Added Tax (33%)

The significant unutilised budget was attributed mainly to the following:

1. Ministry of Finance -Miscellaneous Services (Head 50) – unutilised budget of \$135.4 million or 21.3% of a total budget of \$634.2 million was due to the partial release of funds to agencies based on the funding needs and non-implementation of projects due the restrictions/impacts of COVID -19.
2. Ministry of Communication – unutilized budget of \$12.3 million or 21% of a total budget of \$58.2 million was due to reallocation of Digital Government Transformation project budget and non-implementation of projects due to the COVID-19 travel restrictions;

3. Fiji Police Force – unutilised budget of \$11.8 million or 6% of a total budget of \$185.8 million was largely due to the number of vacant positions not filled and on-going project for the construction of the New Nakasi, Lautoka and Nadi Police Station was put on hold due to the Covid – 19 pandemics;
4. Ministry of Education, Heritage, and Arts – unutilised budget of \$15.3 million or 3% of a total budget of \$447.1 million was largely due to the vacant positions not filled and partial release of school grants due to school closure during the COVID 19 pandemic, less teachers receiving increments for qualification upgrade and non-implementation of projects due to the delay in vetting of agreement and release of funds.
5. Ministry of Health and Medical Services – unutilised budget of \$43.7 million or 11% of a total budget of \$406.7 million was largely due to the number of vacant positions not filled, delay in shipment of health supplies such as dental prosthetic materials, dressings, consumables, beddings and linen and X- ray materials resulting in low level of utilisation during the year, delay in project implementations and finalisation of procurements due to COVID 19 pandemic restrictions.
6. Ministry of Agriculture – unutilised budget of \$10.2 million or 16.7% of a total budget of \$61.05 million was largely due to the high staff turnover, delay in implementation of programs and filling of vacant positions;
7. Fiji Roads Authority – unutilised budget of \$14.2 million or 3.9% of a total budget of \$361.2 million as only 96% of the grant was released by the Ministry of Finance; and
8. Various Ministries and Departments with approved total budget of \$1.6 billion did not utilise \$58 million or 4% of the budget.

As a result, funds approved by Parliament were not fully utilised during the financial year.

Permanent Secretary of Finance's Responsibilities for the Annual Appropriation Statement

The Permanent Secretary for Finance is responsible for the preparation of the Annual Appropriation Statement in accordance with the International Public Sector Accounting Standard (IPSAS) under Cash Basis of Accounting, Financial Management Act 2004 and Finance Instructions 2010, and for such internal control as the Permanent Secretary for Finance determine is necessary to enable the preparation of Annual Appropriation Statement that are free from material misstatements, whether due to fraud or error.

Auditor-General's Responsibilities for the Audit of the Annual Appropriation Statement

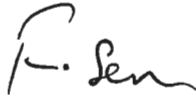
My objectives are to obtain reasonable assurance about whether the annual appropriation statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. 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 annual appropriation statement.

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

Auditor-General's Responsibilities for the Audit of the Annual Appropriation Statement (Cont'd)

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

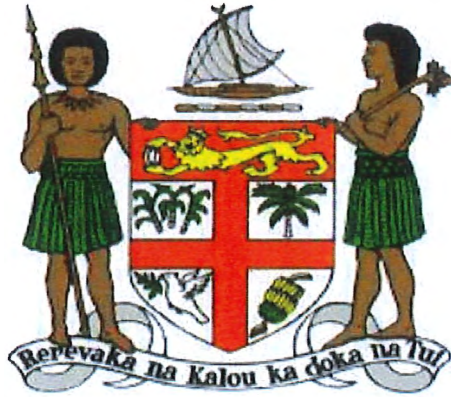
I communicate with the Permanent Secretary for Finance and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Finau Seru Nagera
AUDITOR-GENERAL



Suva, Fiji
15 May, 2024



Financial Statements
Government of the Republic of Fiji
for the period ending 31 July 2022

Table of Contents

Schedules	Description	Page No.
<i>Primary Financial Statement according to Cash Basis IPSAS</i>		
Schedule 1	Statement of Cash Receipts and Payments.....	1-2
Schedule 2	Statement of Comparison of Budget and Actual Amounts by Expenditure Economic classifications	3
	Notes to and forming parts of the Financial Statements (Note 1 - 23)	4-17
<i>Other Financial Statement required by law</i>		
Schedule 3	Statement of Assets and Liabilities	19
Schedule 4	Statement of Revenue and Expenses	20
Schedule 5	Statement of Contingent Liabilities	21
	Notes to and forming parts of Other Financial Statements (Note 24-50)	22-38
Schedule 6	Segmentation Report by Fund Classification	39-40
Schedule 7	Summary of Revenue	41
Schedule 8	Detailed Revenue Comparison	42-47
Schedule 9	Statement of Expenditure against Appropriation Heads	48-49
Schedule 10	Details of Expenditure Reportable Authorizations	50
Schedule 11	Budget Result, Estimates & Projections	51
Schedule 12	Disaggregation of Actual Revenue and Expenditure by Economic Type	52-54
Schedule 13	Estimate and Actual Budget Result	55

**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF RESPONSIBILITY
FOR THE PERIOD ENDING 31 JULY 2022**

Whole of Government financial statements have been prepared by the Ministry of Finance in accordance with the provisions of the Financial Management Act 2004, Financial Instructions 2010 and Cash Basis International Public Sector Accounting Standards 2017.

Whole of Government financial statements have been audited by the Office of Auditor-General, who were given unrestricted access to all financial records and related data. The Office of Auditor-General's report presented herein provides an independent opinion upon the fairness of the financial statements.

In our opinion, these financial statements fairly reflect the financial position of the Government of the Republic of Fiji as at 31 July 2022 and its operations for the year ended on that date.



Shiri K Gounder
Permanent Secretary

Date: 14/05/24



Atin V Chand
Head of Treasury

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDING 31 JULY 2022

Schedule 1

		Actual Controlled by Government	Actual Controlled by Government
		31 Jul 2022	31 Jul 2021
	Notes	(\$)	(\$)
Receipts			
<u>Taxation</u>			
Income Tax	36	492,829,944	496,219,343
(less refunds)	36	(28,269,038)	(30,046,421)
Income Tax	34	464,560,906	466,172,922
<u>Value Added Tax</u>			
Value Added Tax	36	843,171,234	653,731,783
(less refunds)	36	(183,005,904)	(210,588,658)
Value Added Tax		660,165,330	443,143,125
Customs Taxes		441,548,616	399,769,143
Other Taxes		125,737,859	103,532,090
Fees, Charges, Fines and Penalties	34	148,656,472	123,673,743
Investing Revenue		65,166,891	266,519,479
Other Revenues and Surpluses		39,588,513	15,976,451
Reimbursements and Recoveries	36	15,098,000	24,259,714
Grants in Aid (overseas)	36	232,617,627	283,843,544
Net receipts into trust funds		4,842,440	29,238,673
Trust monies held in equity		13,876,623	-
<u>Borrowings</u>			
Treasury Bills	17(e)	531,819,100	388,019,696
Overseas Loans	17(d)	854,696,661	1,118,947,913
Domestic Loans	17(d)	803,695,475	506,926,344
Receipts from Lending & On - Lending		3,569,120	2,443,000
<u>Trading Activities</u>			
Receipt from Trading Activities		7,794,458	8,959,291
Total Receipts		4,413,434,091	4,181,425,128
Payments			
<u>Operations</u>			
Established Staff	37	888,207,843	886,174,964
Government Wage Earners	37	41,715,288	42,291,080
Travel and Communications	37	25,967,612	21,609,685
Maintenance and Operations	37	68,210,315	65,468,561
Purchase of Goods and Services	37	157,510,940	167,465,518
Special Expenditure	37	81,347,170	55,347,403
Value Added Tax	39	29,558,276	27,960,685
Pensions Gratuities	37	30,022,146	30,760,749
<u>Transfers</u>			
Operating Grants	37	593,461,510	549,598,903
Capital Grants		929,218,237	829,755,696
<u>Capital Payments</u>			
Purchase/Construction of plant and equipment		95,457,648	111,891,501
<u>Loan and interest repayment</u>			
Repayment of borrowings overseas	17(d)	63,062,043	452,129,617
Repayment of borrowings domestic	17(d)	282,774,500	222,561,451
Repayment of Treasury Bills	17(e)	522,505,000	388,800,000
Interest Payments	40	375,046,347	370,272,668

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF CASH RECEIPTS AND PAYMENTS
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 1

		Actual Controlled by Government	Actual Controlled by Government
		31 Jul 2022	31 Jul 2021
	Notes	(\$)	(\$)
<u>Trading Expenses (TMA)</u>			
Cost of Goods Sold (TMA)	43(b)	252,412	(192,503)
Other Expenses (TMA)	43(b)	6,263,528	4,980,308
Net Advance Payment/(Receipt)		(275,474)	15,963
Total Payments		4,190,305,341	4,226,892,249
Net increase/(decrease) in cash & cash equivalents		223,128,750	(45,467,121)
Cash & cash equivalents at the beginning of period		673,649,302	714,321,349
Exchange Rate changes		(82,353)	4,795,074
Cash & cash equivalents at end of period	3	896,695,699	673,649,302

The statement includes cash flows from Trading & Manufacturing Activities and Trust.

Ministry of Finance
 Suva, Fiji



.....
Mr. Shiri K Gounder
 Permanent Secretary for Ministry of Finance, Strategic
 Planning, National Development and Statistics

Dated 14 of the month of May 2024

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
BY BUDGET FUNDING ECONOMIC CLASSIFICATION
FOR THE PERIOD ENDING 31 JULY 2022**

Schedule 2

	Original 2022 (\$)	Revised 2022 (\$)	Actual 2022 (\$)	Variance 2022 %
Revenue				
Operating Receipts	2,171,891,290	2,171,891,290	2,121,774,508	(2)
Investing Receipts	81,232,199	81,232,199	69,036,522	(15)
Total Revenue	2,253,123,489	2,253,123,489	2,190,811,030	(3)
Expenditure				
Established Staff	938,963,304	924,646,250	888,207,843	(4)
Government Wage Earners	45,184,843	46,390,330	41,715,288	(10)
Travel and Communications	22,988,677	28,963,209	25,967,612	(10)
Maintenance and Operations	65,958,901	73,043,868	68,210,315	(7)
Purchase of Goods and Services	177,509,885	183,602,354	157,510,940	(14)
Operating Grants and Transfers	605,352,728	611,316,609	593,461,510	(3)
Special Expenditures	136,453,660	136,507,573	81,347,170	(40)
Pensions, Gratuities & Compassionate Allowances	31,773,785	31,773,785	30,022,146	(6)
Charges on Account of Public Debt	378,491,230	378,491,230	375,046,347	(1)
Total Operating Expenditure	2,402,677,013	2,414,735,208	2,261,489,171	(6)
Capital Construction	88,344,518	86,255,845	58,170,445	(33)
Capital Purchase	49,594,044	49,611,494	42,778,030	(14)
Capital Grants and Transfers	1,127,763,793	1,120,572,980	1,020,642,836	(9)
Total Capital Expenditure	1,265,702,355	1,256,440,319	1,121,591,311	(11)
Value Added Tax	46,701,872	43,905,713	29,558,276	(33)
Total Expenditure	3,715,081,240	3,715,081,240	3,412,638,758	(8)
Net Deficit	1,461,957,751	1,461,957,751	1,221,827,728	(16)
Debt Repayments	347,513,402	347,513,402	345,836,543	(0)
Gross Deficit	1,809,471,153	1,809,471,153	1,567,664,271	(13)
Net Deficit as a Percent of GDP	14.2%	14.2%	12.1%	
Nominal GDP	10,302,641,700	10,302,641,700	10,082,371,705	(Estimated)
Gross Deficit To be Financed From:				
Overseas Loans	951,379,567	951,379,567	949,035,067	(0)
Domestic Loans	858,091,586	858,091,586	798,960,000	(7)
	1,809,471,153	1,809,471,153	1,747,995,067	(3)

**GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 JULY 2022**

1. General Information

The Republic of Fiji is a sovereign democratic.

The principal activities of the Government are:

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

2. Significant accounting policies

2.1 Basis of Preparation

The financial statements namely, the Statement of Cash Receipts and Payments (Schedule 1) and Statements of Budget and Actual Comparisons (Schedules 2) are prepared on cash basis as per the requirement of Cash Basis IPSAS, Financial Reporting Under the Cash Basis of Accounting and the Cabinet decision 277 of 2010. The notes to the financial statements form an integral part to understanding the statements and shall be read in conjunction with the primary statements. Further to complying with Cash Basis IPSAS Financial Reporting, additional presentations and disclosures are also made in line with the Financial Management Act 2004.

The accounting policies have been applied consistently throughout the period.

2.2 Reporting Entity

The financial statements are for the General Government Sector of the Government of Fiji. The financial statements encompass the reporting entity, Whole of Government ("WOG"), as specified in the Financial Management Act 2004. The reporting entity includes all budget sector agencies and excludes Off-budget state entities, Government commercial companies and commercial statutory authorities. The revenue and expenditure of these controlled entities have been excluded from the consolidated accounts in accordance with Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting, in order to facilitate timely financial reporting.

A list of significant entities encompassed in the financial statements and the sectors in which they operate is disclosed in Note 16 to the financial statements.

The Constitution of the Republic of Fiji provides the framework for the conduct of the Government of Fiji. The principal activities of the Government of Fiji are the administration of public financial affairs, the provision of health, education, defence, social protection, housing, recreational and cultural, general public services and economic management.

The legal form of the Republic of Fiji is a sovereign democratic State. The authority for Government's raising of revenue or monies is provided by Section 139 of the Constitution of the Republic of Fiji ("Constitution") and relevant specific law. The authority for spending is provided in Section 141 of the Constitution and Appropriation made by law.

2.3 Presentation currency

The presentation currency is Fijian dollars, the currency of the Government of Fiji and all values are rounded to the nearest dollar except when otherwise indicated. Cash flows are converted to Fijian dollars using the monthly average exchange rate provided by the Reserve Bank of Fiji. Amounts held in foreign currencies are converted using the spot rate on the reporting date.

2.4 Basis of Consolidation

The financial statements for the Whole of Government of Fiji comprises of ministries and departments that are part of the Central Government budget including financial operations of these ministries that are outside the budget, such as Trading and Manufacturing Accounts and Trust Accounts as authorized by law.

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

2.5 Comparatives

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

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

3. Cash and cash equivalents

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

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

Funds held by overseas banks are for various Fiji embassies, Trade Missions, Overseas Pension Funds and JP Morgan accounts.

The balance of the Domestic Account is offset by the unrepresented cheques outstanding for ministries and departments as of 31 July 2022.

Cash included in the Statement of Cash Receipts and Payments comprise the following amounts:

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Overseas bank accounts	7,018,329	8,134,898
Domestic bank accounts	644,272,999	427,161,605
Trust fund accounts	236,477,533	227,579,392
Trading and Manufacturing Activities accounts	<u>8,926,838</u>	<u>10,773,407</u>
Cash on hand and balances with banks	<u>896,695,699</u>	<u>673,649,302</u>

Included in cash and cash equivalents above are the Trust Fund Accounts totalling \$236.5 million (2021: \$227.6 million) which is set aside for a specific purpose. The Trust Fund Account includes deposits, retention monies and true Trust account that ministries and departments hold in trust.

The Domestic bank account balance of \$644.3 million included unclaimed trust monies of \$13.9 million that was paid into Consolidated Fund and is deemed to be public money under Section 10 of the FMA 2004.

4. Donations, Grants and Other Aid

Cash receipts during the period included donations, grants and other aid provided by bilateral and multilateral donor agencies and non-Governmental organizations.

The amount of donations, grants and other aid does not include aid received during the reporting period in the form of proceeds from loans. The proceeds of any aid received during the period in the form of loans are included in the amount of borrowings presented as a separate line item in the Statement of Receipts and Payments.

5. Borrowings

Borrowings comprise cash inflows from financial institutions, bilateral, multilateral and development partners.

6. Term Loans Receivable

Term loan payments are loans made to state owned enterprises and students (scholarships) as part of Government lending and on lending program. Term loan receipts are the repayments received from the recipients of the loans and scholarships.

7. Trust Fund

Trust fund receipts comprises of funds which Government receives and holds on behalf of its designated beneficiaries.

8. Advance Receipts

Income received in advance consists of cash deposits that Government has collected, but not recognized as revenue.

9. Value Added Tax

These are VAT payment made by Ministries/ Departments to Fiji Revenue & Customs Service during the year.

10. Interest Payments and Other Charges on Loans

These are payments made during the year for interest on overseas and domestic loans as well as interest on Treasury bills.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

11. **Investment Receipts**
Government has a number of investments and the receipts from investing are mainly from dividends and interest on bank balances.
12. **Capital Payments**
These are payments made for capital construction, purchase of fixed assets and capital grants and transfers.
13. **Special Expenditure**
Special Expenditure (SEG 7) relate to one off or unique projects of government. In 2022, there were altogether 238 special expenditure activities, listed below are the top 14 activities.

		31 Jul 2022	31 Jul 2021
Activity	Head of Appropriation	(\$)	(\$)
Digital Fiji	Communication	6,128,121	8,095,728
Insurance for Social Welfare Recipients	Miscellaneous Services	6,805,525	6,735,322
Stall Fees for Market Vendors	Miscellaneous Services	4,810,308	---
General Reserves (OPR & CAP)	Miscellaneous Services	4,023,435	3,870,584
Supply and Distribution of Household Packs	Miscellaneous Services	4,803,541	---
Community Health Workers	Health and Medical Services	2,295,402	2,331,529
Public Private Partnership (PPP) for Health	Miscellaneous Services	3,611,363	---
Birth Certificate Fees	Miscellaneous Services	3,238,590	---
Medical Contingencies	Health and Medical Services	1,858,151	1,461,951
Base Fees for Taxis and Minibuses	Miscellaneous Services	2,249,930	---
Reducing Emissions from Deforestation and Forest Degradation (World Bank)	Forestry	2,034,552	497,850
Ease of Doing Business	Communication	1,859,180	---
Cash for Farmers Initiative	Agriculture	3,011,345	---
COVID-19 Response & Preparedness (ADB)	Health and Medical Services	3,018,218	617,239
		<u>49,747,661</u>	<u>23,610,203</u>
Others (comprises of 224 activities across various Ministries in 2022)		<u>31,599,509</u>	<u>31,737,200</u>
		<u>81,347,170</u>	<u>55,347,403</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (Cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

14. Undrawn Borrowing Facilities

The total undrawn loan balance from current loan facilities with the World Bank - International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), European Investment Bank (EIB) and the Asian Development Bank (ADB) was approximately \$448.6 million as at 31 July 2022, compared to \$519.4 million in the same period last year. Loans undrawn from the World Bank amounted to \$125.73 million (\$132.41 million - FY2021). EIB at \$146.80 million (\$156.3 million - FY2021) while undrawn loans from ADB equal \$176.02 million (\$230.68 million - FY2021). The loan amounts were converted to the Fiji dollar using the end of year exchange rate: USD/FJD=0.4534.

Loan Account	Total Loan as per Agreement	Loan Proceeds Received					Undrawn balance available for future years	Restricted Cash	Fiji dollar equivalent as at 31/07/2022
		(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)			
A. Multi-lateral									
2014 ADB LN3210- Transport Infrastructure Investment Project	100.0	26.59	0.31	0.00	52.94	0.00	116.77		
2016 IBRD LN 8482 - Transport Infrastructure Investment Project	50.00	11.93	0.22	0.00	28.75	0.00	63.42		
2016 IBRD - Pacific Regional Connectivity Program	5.95	1.29	0.00	0.34	0.00	0.00	0.00		
2017 ADB-Urban Water & Sewerage Project LN 3512	42.11	3.83	0.14	0.00	26.86	0.00	59.25		
2017 EIB - Urban Water & Wastewater Management Project	75.00	8.44	0.00	0.00	66.56	0.00	146.80		
2020-IDA 6733 FIJI COVID-19 Emergency Response Project	6.40	1.50	0.00	0.00	4.09	0.07	9.03		
2021-IDA 6828 Fiji Social Protection COVID-19 Response and System Development	50.00	10.19	0.00	0.00	4.46	0.16	9.84		
Fiji Recovery And Resilience First Development Policy Financing with a Catastrophe Deferred Drawdown Option	10.00	0.00	0.00	0.00	10.00	0.00	22.05		
2022-IDA Credit AF Fiji Social Protection & System Development LN7106	48.90	37.48	0.00	0.00	9.70	0.00	21.39		
Total	388.36	101.25	0.67	0.34	203.36	0.23	448.55		
B. Bi-lateral									
2022-COVID-19 Crisis Response Emergency Support Loan FJ-C2	10,000.00	9,990.00	10.0	0.0	0.0	0.0	0.0		
Total	10,000.00	9,990.00	10.00	0.00	0.00	0.00	0.00		
TOTAL	10,388.36	10,091.25	10.67	0.34	203.36	0.23	448.55		

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

15. Undrawn Grant Facilities

Donor Institution/Project Name	Currency	Total amount of approved grant 2022	Total grants received as at 31 July 2021	Total grants received as at 31 July 2022	Undrawn balance as at 31 July 2022
		<i>FJD (millions)</i>	<i>FJD (millions)</i>	<i>FJD (millions)</i>	<i>FJD (millions)</i>
General Budget Support	FJD	9.86	15.42	2.76	0.82
Direct Project Support	FJD	7.87	6.72	7.74	0.95

Notes:

- General budget support - These are cash grants as provided in the Budget Estimates
- Direct budget support - This represent ad-hoc cash grant received and released directly for the project to the recipient agencies. Undrawn balance - Unutilised funds which are returned to Head 50 on 31 July 2022.

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

16. Government Budgetary Sector

All budget sector agencies are included in the consolidated financial statements. The significant controlled entities are identified below. Comparatives is disclosed in Statement of Expenditure against Appropriation Heads in Schedule 9.

General Administration

Office of the President
 Office of the Prime Minister
 Office of the Attorney-General
 Ministry of Finance
 Ministry of iTaukei Affairs
 Ministry of Defence & National Security & Policing
 Ministry of Employment, Productivity and Industrial Relations
 Ministry of Foreign Affairs
 Independent Bodies
 Independent Commissions
 Ministry of Justice
 Fiji Corrections Service
 Ministry of Communications
 Ministry of Civil Service
 Ministry of Rural and Maritime Development & Disaster Management
 Republic of Fiji Military Forces
 Fiji Police Force
 Peacekeeping Missions

Social Services

Ministry of Education, Heritage and Arts
 Ministry of Health and Medical Services
 Ministry of Housing and Community Development
 Ministry of Women, Children & Poverty Alleviation
 Ministry of Youth and Sports
 Higher Education Institutions

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (*cont...*)
FOR THE PERIOD ENDING 31 JULY 2022

16 *Government Budgetary Sector (Cont...)*

Economic Services

Ministry of Agriculture
Ministry of Fisheries
Ministry of Forests
Ministry of Lands & Mineral Resources
Ministry of Commerce, Trade, Tourism & Transport
Ministry of Sugar Industry
Ministry of Local Government

Infrastructure Services

Ministry of Infrastructure and Meteorological Services
Water Authority of Fiji
Ministry of Waterways and Environment
Fiji Roads Authority

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

17. Assets, Liabilities, Revenues and Expenses

a) Revenue and Expenses

The Government builds data on revenues and expenses of the reporting period on a modified cash basis. The modified cash basis used by Government is further explained in Note 18 Original and Revised Approved Budget and Comparison of Actual and Budget Amounts in the Basis Differences section.

	31 Jul 2022 (\$)	31 Jul 2021 (\$)
b) <u>Accounts Receivable</u>		
Tax receivables - IRD and customs	192,400,648	210,913,427
Accounts receivable - Trade	1,842,738	2,122,455
Miscellaneous receivables	1,020,942	976,542
	<u>195,264,328</u>	<u>214,012,424</u>
c) <u>Accounts Payable</u>		
TMA Trade and sundry creditors	1,493	4,028
Withholding tax	52,442	222,291
VAT and Income Tax Refunds outstanding	227,043,628	176,439,629
	<u>227,097,563</u>	<u>176,665,948</u>
d) <u>Borrowings</u>		
The borrowings of the Government are listed below:		
Proceeds		
Domestic commercial banks	371,952,973	115,330,228
Domestic insurance companies	76,184,966	60,853,077
Domestic - Fiji National Provident Fund	323,377,149	317,813,194
Domestic - Private	32,180,387	12,929,845
Overseas development banks and similar lending agencies	854,696,661	1,118,947,913
Total proceeds	<u>1,658,392,136</u>	<u>1,625,874,257</u>
Repayments		
Domestic commercial institutions	(282,774,500)	(222,561,451)
Overseas development banks and similar lending agencies	(63,062,043)	(452,129,617)
Total repayments	<u>(345,836,543)</u>	<u>(674,691,068)</u>
e) <u>Treasury Bills</u>		
Treasury bills issued	531,819,100	388,019,696
Treasury bills redeemed	(522,505,000)	(388,800,000)
Net proceeds from treasury bills	<u>9,314,100</u>	<u>(780,304)</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

18. Original and Revised Approved Budget and Comparison of Actual and Budget Amounts

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 August 2021 to 31 July 2022 and includes all entities within the general government sector. The budget deals only with the general government sector which excludes other extra budgetary activities. The general government sector includes all government departments - significant departments are included in the list of entities in Note 16.

The original budget was announced on 16th July 2021 and approved by legislation on 30th July 2021. In addition, the Revised 2021-2022 Budget was announced on 24th March 2022 and approved by legislation on 25th March 2022.

A number of changes occurred due to Redeployment which was endorsed by Cabinet in 2021-2022FY. The approval for the redeployment of funds in the 2021-2022 Budget was to fund ongoing projects and programs for line agencies.

Comparison of Actual and Budget Amounts

Revenue Performance

Total revenue collection as at 31 July 2022 was \$2.19b, which was below budget by \$0.07b, whilst higher than same period last year by \$0.05b. The key performance against budget were:

- a) Direct Taxes: under collection from the income tax categories such as Corporate Tax (down by \$5.6 million), Income Tax Provisional (down by \$2.6 million), and Income Tax Dividend (down by \$10.2 million), which were offset by unutilised budget of \$1.4 million in Film tax rebate payments.
- b) Operating Rev-Reimb & Recovery: the under collection in Reimbursement and Recoveries is a result of non-collection of \$70 million budgeted as contribution from Trust Funds.
- c) Investment: around \$14.8 million from the sale and disposal of various properties did not materialise and only around \$1.8 million was received from other assets disposal.

The unfavourable result was offset by Grant in Aid, Dividends and Other Revenue & Surplus.

Expenditure Performance

SEG 1: Established staff

The cost savings for SEG 1 is mainly attributable to the following:

- i) Realignment of P2P positions in staff establishment of the Ministry of Forestry;
- ii) Savings from vacant PS' positions namely; Ministry of Local Government, Ministry of Communications, Ministry of Fisheries, Ministry of Foreign Affairs and Ministry of Justice;
- iii) Relieving teacher appointments were put on hold during part of the financial year as schools were closed until April
- iv) Positions were pegged at a higher salary whilst recruitment were done at a lower salary step; and
- v) Due to vacant positions and staff turnovers.

SEG 2: Government wage earners

- i) The underspending is due to the vacant positions at WoG level which has resulted in low utilisation of funds for SEG 2;
- ii) Realignment of positions in the Government Wage earners of the Ministry of Forestry; and
- iii) Lower than projected utilisation for allowances and overtime.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

18. *Original and Revised Approved Budget and Comparison of Actual and Budget Amounts (Cont...)*

SEG 3: Travel and communications

The under utilisation of funds is mainly attributed to:

- i) Reduction in forestry operational activities;
- ii) Cost cutting measures implemented in telecommunication costs; and
- iii) Lower than expected staff travels and control measures undertaken during the year.

SEG 4: Maintenance and operations

- i) The underspending is due to receipt of new replacement of motor vehicles resulting in reduced maintenance costs;
- ii) Lower than projected costs relating to Water & Sewage and Biomedical Spare Parts;
- iii) Fuel consumption fluctuations which was dependant on usage; and
- iv) Savings in Office Supplies and Lease & Rental payments.

SEG 5: Purchase of goods and services

- i) Untimely supply of goods and services due to the challenges experienced by vendors as a result of the COVID-19 impact on global supply chains;
- ii) Significant savings in the Ministry of Health & Medical Services relating to procurement of Dental Prosthetic Material, Dressings, Consumables, Bedding & Linen and X-Ray Materials. Delays in shipments were experienced during the financial year. The Free Medical Programme also realised savings, which was released as and when required;
- iii) Delay in some divestment and sale transaction and change in priorities resulted in savings in Consultation fees; and
- iv) Withholding Tax Refund for Australia and New Zealand Residents was released as and when required.

SEG 6: Operating grants and transfers

The low utilisation of funds for SEG 6 is mainly attributable to the following:

- i) The funds were released to recipient agencies only based in the funding need of each agency; and
- ii) Savings in Transport Subsidy and Tuition Fees due to closure of schools as a result of COVID-19 pandemic.

SEG 7: Special expenditures

The cost savings for SEG 7 is mainly attributable to the following:

- i) Delay in the implementation of special projects such as PPP for Health, Private Dental Practitioners Scheme, Private Medical Laboratories Scheme, Outsourcing of Biomedical and Laboratory Services, Arrears for Lease Payment (Agriculture and Residential), delay in 2022 General Elections as well as savings pertaining from the Supply and Distribution of Household Packs allocation since the initiative was fully implemented;
- ii) Funds for Ease of Doing business, Digital Fiji, Digitisation & Modernisation, Cash for Farmers Initiative and Fijian Vaccine Pass System was released as and when required; and
- iii) Non-Utilisation of funds for expenditure such as COVID-19 PPE Assistance Programme, Digitalisation E-Service Platform Project, and Social Welfare Management Information System.

SEG 8: Capital construction

- i) The budget released were based on the funding requirements to implement the programmes for the period reported;
- ii) Delay in the implementation of other major capital projects due to various reasons including finalisation of contracts and delay in supply of materials; and
- iii) The Non-implementation of projects such as Re-design and Construction of Retaining Wall at Government Wharf; Upgrade of Facilities and Jetty Causeway at Vatuyalewa; Renovation, Extension and Upgrade of Police Posts, Stations and Quarters; New CWM Hospital Maternity Unit; Teachers Quarters for Non-Government Schools; and Construction of Retaining Wall (Gabion) at Levuka Corrections Centre.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

18. *Original and Revised Approved Budget and Comparison of Actual and Budget Amounts (Cont...)*

SEG 9: Capital purchase

The under utilisation of funds is mainly attributed to supply chain disruptions caused by COVID-19.

SEG 10: Capital grants and transfers

- i) The completion of programs for 2021-2022 financial year with certain level of required funding resulted in under utilisation in scholarship allocations including TELS (Loans and Accommodation), National Toppers Scholarship Scheme (Local and Overseas) and Other Overseas Scholarship Support by around \$30.0m; and also other programmes including Fiji Recovery Rebate Package, Electricity Subsidy (MSMEs), Assistance to Informal Sector in Vanua Levu, One-Off Payment to all Social Welfare Recipients amounting to around \$20.0m;
- ii) The non-implementation of other programmes including Jobs for Nature, Subsidy on Investment in New Fishing Boat Offshore, Stronger Together Job Support Scheme and Road Access to iTLTB Subdivisions also resulted in savings of around \$5.0m; and
- iii) The funds were released to recipient agencies only based in the funding need of each agency.

SEG 13: Value Added Tax

There was significant cost savings in this SEG as a result of a decrease in expenses incurred during the year as noted above for the individual SEGs.

There were no other material differences between the final approved budget and the actual amounts.

Basic Differences

The budget and the accounting basis differ. The financial statements for the government are prepared on the cash basis using a classification based on the nature of expenses. The financial statements include all budget sector agencies and excludes off-budget state entities, government commercial companies and commercial statutory authorities from 1 August 2021 to 31 July 2022. The budget is approved on cash basis by functional classification and deals only with the general government sector which excludes other extra budgetary activities. The Statement of Cash Receipts and Payments includes the same entities as the budget and other extra budgetary activities such as TMAs and Trust.

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

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

In addition to the above, the basis for budgeting of Treasury bills is different from the basis used in accounting or reporting of Treasury bills. The Annual Appropriation Act appropriates the interest portion of Treasury Bills whereas the Statement of Cash Receipts and Payments records net of total issuance and redemptions. Treasury Bills is considered by government as a liquidity instrument and its sole purpose is to manage short term cash flow and support the development of the Government securities market.

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

18. *Original and Revised Approved Budget and Comparison of Actual and Budget Amounts (Cont...)*

Entity Differences

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

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

Timing Difference

The budget and financial statements are prepared for the same period.

A reconciliation between the actual inflows and outflows are presented in the statement of comparison of the budget and actual amounts and the amounts of total cash receipts and total cash payments reported in the statement of cash receipts and payments for the year ended 31 July 2022 is presented below:

	Total inflows	Total outflows
	(\$)	(\$)
Actual amount on comparable basis as presented in the Budget and Actual	2,190,811,030	3,412,638,758
	<u>2,190,811,030</u>	<u>3,412,638,758</u>
Entity differences - TMAs		
Cost of goods sold (TMA)		252,412
Other expenses (TMA)		6,263,528
Net advance payments (TMA)		(275,474)
Third party payments (Note 19)		(92,881,503)
Total Cash Receipts	<u>2,190,811,030</u>	
Total Cash Payments		<u>3,325,997,721</u>

19. **Payment by Third Parties**

The Government benefits from payments made by third parties to purchase goods and services on its behalf during the period. These payments do not constitute cash receipts of payments by the government. They include payments for goods and services made by multilateral aid agencies and non-governmental organizations. They form part of the support for government programs provided by way of external and other assistance - additional information about external assistance and other assistance is provided by the note below. The government has verified that the following payments have been made by third parties for capital works:

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Capital payments	92,881,503	23,608,865
Total third party payments	<u>92,881,503</u>	<u>23,608,865</u>

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

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

20. **External Assistance and Other Assistance**

Assistance was received in the form of cash transfers and deposits to current and term deposit accounts and trust fund accounts controlled by the Government. It also encompasses amounts drawn by the Government from accounts of donors consistent with external assistance and other assistance agreements and authorizations. Assistance was also received in the form of third party payments.

External assistance comprises loans and grants from multilateral donor agencies under agreements specifying the purposes for which the assistance will be utilised. Other assistance was provided for specified purposes by NGOs, private corporations and other donors.

The amounts, class of provider and purposes for which external assistance was provided during the period is outlined below:

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
External assistance		
Total cash receipts	<u>212,573,708</u>	<u>279,379,895</u>
Total external assistance	<u>212,573,708</u>	<u>279,379,895</u>
<u>Multilateral aid agencies</u>		
Cash receipts	<u>15,887,534</u>	<u>58,071,859</u>
Total multilateral aid agencies	<u>15,887,534</u>	<u>58,071,859</u>
<u>Bilateral aid agencies</u>		
Cash receipts	<u>196,686,174</u>	<u>221,308,036</u>
Total multilateral aid agencies	<u>196,686,174</u>	<u>221,308,036</u>
Other Assistance		
Total cash receipts	<u>20,043,919</u>	<u>4,463,650</u>
Total other assistance	<u>20,043,919</u>	<u>4,463,650</u>
<u>Non-Governmental Organizations</u>		
Cash receipts	---	---
Total NGOs	---	---
<u>Private Corporations and Other Donors</u>		
Cash receipts	<u>20,043,919</u>	<u>4,463,650</u>
Total private corporations and other donors	<u>20,043,919</u>	<u>4,463,650</u>
Loan Funds		
External assistance	---	---
Total loan funds	---	---
Grants and Donations		
External assistance	<u>232,617,627</u>	<u>283,843,545</u>
Total grants and donations	<u>232,617,627</u>	<u>283,843,545</u>

**GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022**

20. External Assistance and Other Assistance (Cont...):

External Assistance

During the reporting period external assistance was received from multilateral and bilateral external assistance agencies under agreements specifying that the assistance would be utilised for the following purposes:

	Development Assistance		Emergency Assistance		Other Assistance		Total Assistance	
	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021
Loan funds	\$ 112,499,388	\$ 23,608,865	\$ 504,897,386	\$ 590,147,794	\$ 331,638,293	\$ 530,695,427	\$ 949,035,067	\$ 1,144,452,086
Grant funds	212,573,708	279,379,895	---	---	---	---	212,573,708	279,379,895
Total	325,073,096	302,988,760	504,897,386	590,147,794	331,638,293	530,695,427	1,161,608,775	1,423,831,981

Purpose for which External Assistance and Other Assistance was provided and used

Other Assistance

During the reporting period other assistance was received as grants and donations from non-Governmental organizations, private sector corporations and other donors for the following purposes:

	Development Assistance		Emergency Assistance		Other Assistance		Total Assistance	
	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021
Grant and donations	\$ 20,043,919	\$ 4,463,650	\$ ---	\$ ---	\$ ---	\$ ---	\$ 20,043,919	\$ 4,463,650
Undrawn External Assistance and Other Assistance								

Undrawn external assistance, loans and grants consists of amounts which have been specified in a binding agreement with external assistance agencies but have not been utilised at reporting date, and are subject to terms and conditions that have been satisfied in the past and it is anticipated that it will be satisfied in the future.

	Development Assistance		Emergency Assistance		Other Assistance		Total Assistance	
	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021	31 Jul 2022	31 Jul 2021
Closing balance - Loans	\$ 386,242,474	\$ 475,650,000	\$ 62,311,146	\$ 43,760,000	\$ ---	\$ ---	\$ 448,553,620	\$ 519,410,000
Closing balance - Grants	---	---	---	---	---	8,320,000	---	8,320,000

In regards to the drawdown of fund, these should be within the grace period, or else the borrower is required to seek extension or cancellation of the loan. Funds drawn must be within the approved limit as per the respective loan agreements.

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

21. Goods and Services Received

The Government of Fiji has received goods and services in 2022 from donors. These assistance include goods such as computers and medical equipment, and services such as technical assistance.

Summary of goods and services received in-kind from donors

Donor agency	Aid-in-kind \$
Japan International Cooperation Agency (JICA)	8,179,275
The United Nations Children Fund (UNICEF)	7,286,009
The Government of New Zealand (NZ)	468,966
Korea International Cooperation Agency (KOICA)	862,837
Total value of goods and services received in-kind	16,797,087

Summary of goods and services received in-kind by activity

Project	Aid-in-kind \$
Fiji Higher Education Commission Support (NZ MFAT)	468,966
Social Policy Programme (UNICEF)	56,839
Education Programme (UNICEF)	171,568
Health & Nutrition Programme (UNICEF)	6,097,230
Water, Sanitation and Hygiene Programme (UNICEF)	960,372
Enhancing Customs Capacity through Master Trainer Program (JICA)	297,288
Mainstreaming of Disaster Risk Reduction (JICA)	468,082
Project for Prevention and Control of Non-Communicable Diseases Phase 2 (JICA)	506,205
Project for Improvement of Health Services through 5S-KAIZEN-TQM (JICA)	275,697
Project for Elimination of Lymphatic Filariasis in the Pacific Region (JICA)	396,999
Project for Pacific Co-learning towards Resilient Health System (JICA)	44,289
Follow up cooperation of Training "Strengthening Health System for Maternal and Child Health through Public Health Activities" and "Hospital Quality and Patient Safety Management Course" (JICA)	82,200
Project for Formulation of Wastewater Treatment Master Plan in Western Division (JICA)	722,902
Project to support reducing Unaccounted Water through Effective Control on Nadi/Lautoka (JICA)	8,712
Detailed Design for Reconstruction of Tamavua-i-wai Bridge (JICA)	1,006,799
Promotion of Regional Initiative on Solid Waste Management (J-PRISM II) (JICA)	410,337
Technical and Vocational Education and Training (TVET) in response to the COVID-19 at Fiji National University (JICA)	42,499
Project on Pacific Islands Capacity Enhancement for Achieving SDG 14 (JICA)	805,490
Preparatory Survey for the Project for Nadi Flood Alleviation (JICA)	324,511
Project for Introduction of Hybrid Power Generation System	2,787,265
Strengthening Health Adaptation Project: Responding to Climate Change in Fiji (KOICA)	265,600
Establishment of COVID-19 Isolation Ward at Tamavua Twomey Hospital (KOICA)	152,737
Support for Micro-sized Business Starters and Vocational Training (KOICA)	46,100
Project for Fiji Agrophotovoltaic Programme (GCF) in Ovalau (KOICA)	361,600
Project for Climate Change Resilient Renewable Energy development(Taveuni) of the Melanesian four Countries (KOICA)	36,800
Total value of goods and services received in-kind	16,797,087

Note: Aid In Kind Actuals above excludes amount spent by development partners for dispatching experts, volunteers and provision of other training services.

22. Authorisation Date

These IPSAS Financial Statements for the year ended 31 July 2022 were authorised for issue by the Permanent Secretary for Ministry of Finance on 14 Nov, 2024.

23. Commitments & Contingencies

Contingent liabilities of the Government at year end are disclosed in the statement of contingent liabilities in Schedule 5.

Financial Statements
Government of the Republic of Fiji
for the period ending 31 July 2022

(Other Financial Statements required by Law)

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 JULY 2022

Schedule 3

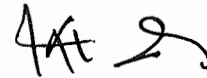
	Notes	31 Jul 2022 (S)	31 Jul 2021 (S) (Restated)
ASSETS			
Current Assets			
Cash and cash equivalent	3	896,695,699	673,649,302
Accounts Receivable	17(b)	195,264,328	214,012,424
Prepayments	26	766,650	1,042,124
Inventory	27	1,201,549	1,457,816
Total Current Assets		1,093,928,226	890,161,666
Non Current Assets			
Term-Loans Receivable	28	897,879,547	851,186,268
Equity Investments	29	955,095,454	885,869,258
Total Non Current Assets		1,852,975,001	1,737,055,526
TOTAL ASSETS		2,946,903,227	2,627,217,192
LIABILITIES			
Current Liabilities			
Accounts Payable	17(c)	227,097,563	176,665,948
Deferred Income	30	7,068,238	7,739,903
Trust fund account	31	257,193,506	252,465,811
Term Loans Payable - Treasury Bills	32(c)	282,913,284	269,565,261
Term Loans Payable - Overseas Loans	32(d)	132,015,725	85,027,189
Term Loans Payable - Domestic Loans	32(e)	175,474,000	282,774,500
Total Current Liabilities		1,081,762,316	1,074,238,612
Non Current Liabilities			
Term-loans Payable Overseas Loans	32(d)	3,232,567,806	2,337,451,329
Term-loans Payable Domestic Loans	32(e)	5,338,327,313	4,710,105,837
Total Non Current Liabilities		8,570,895,119	7,047,557,166
TOTAL LIABILITIES		9,652,657,435	8,121,795,778
EQUITY	45	(6,705,754,208)	(5,494,578,586)

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

Ministry of Finance

Suva, Fiji

Dated 14 of the month of May, 2024



.....
Mr. Shiri K Gounder

Permanent Secretary for Ministry of Finance, Strategic
Planning, National Development and Statistics

**GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF REVENUE & EXPENSES
FOR THE PERIOD ENDING 31 JULY 2022**

Schedule 4

	Notes	31 Jul 2022 (\$)	31 Jul 2021 (\$)
REVENUE			
Operating Revenue	34	2,121,774,508	1,873,001,982
Investing Revenue	35	69,036,522	269,982,949
Trade and Manufacturing Operations	43(a)	9,692,700	9,383,776
TOTAL REVENUE		2,200,503,730	2,152,368,707
EXPENSES			
Operating Expenses	37	1,886,442,824	1,818,716,863
Capital Expenses	38	1,123,048,215	973,342,804
Value Added Tax	39	29,558,276	27,960,685
Interest Payments on Loans	40	375,046,347	370,272,668
Trading and Manufacturing Operations	43(b)	6,515,940	4,775,574
TOTAL EXPENSES		3,420,611,602	3,195,068,594
Deficit for the year		(1,220,107,872)	(1,042,699,887)

GOVERNMENT OF THE REPUBLIC OF FIJI
STATEMENT OF CONTINGENT LIABILITIES
FOR THE YEAR ENDED 31 JULY 2022

Schedule 5

No.	Name	Notes	Guarantee Balance including accrued interest 1 Aug 2021 (\$)	New Loan Guaranteed Issued in 2021 (Aug - July) (\$)	Guarantee Reduction in 2022 Loan Repayments (\$)	Accrued Interest 2022 (\$)	FX Effect (\$)	Guaranteed Balance plus interest accrued 31 July 2022 (\$)
Section A:								
Explicit Contingent Liabilities - Guarantee of Loans Raised								
1	Fiji Airways		421,713,915	138,721,080	125,832,060	4,771,784		439,374,719
2	Fiji Development Bank		308,802,340	172,073,995	179,444,236	96,559		301,528,658
3	Fiji Hardwood Corporation		652,451		681,454	29,003		
4	Fiji Sugar Corporation		216,916,747	30,410,563	12,633,707	6,388,245	1,871,755	242,953,603
5	Housing Authority		102,163,151		20,500,000			81,663,151
6	Pacific Fishing Company Limited		778,082	3,208,525	984,809			3,001,798
	Government Guarantee	33	1,051,026,686	344,414,163	340,076,266	11,285,591	1,871,755	1,068,521,929
Particulars								
		Notes	Authority					Liability as at 31 July 2022 (\$)
Section B:								
Other Explicit Contingent Liabilities - Subscription for Membership								
1	International Bank for Reconstruction and Development (IBRD)							329,374,923
2	Asian Development Bank (ADB)							200,174,795
3	Asian Infrastructure Investment Bank (AIIB)							22,055,580
	Total	33						551,605,298
Section C:								
Implicit Contingent Liabilities								
1	National Bank of Fiji (Legal claims against the bank)							
2	Provincial Councils - Loans Raised							1,131,520
3	Municipal Councils - Loans Raised							16,704,411
4	Fiji Revenue and Customs Service							72,824,038
	Total	33						90,659,969

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

24. Scope of Other Financial Statements

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

- Statement of Assets and Liabilities
- Statement of Revenue and Expenses
- Statement of Contingent Liabilities

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

25. Significant Accounting Policies relating to Other Financial Statements

25.1 Accounts Receivable

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

25.2 Prepayments

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

25.3 Inventory

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

25.4 Investments

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

25.5 Investment in Sinking Fund

The Purpose of the Sinking Fund is to build cash reserves that would be sufficient to redeem the Global Bond when it matures. This account was established mainly for the purpose of redemption of the offshore bond as well as debt repayments for Government.

25.6 Accounts Payable

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

25.7 Deferred Income

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

25.8 Treasury Bills Payable

Treasury Bills Payable are recorded at discounted value.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

Significant Accounting Policies relating to Other Financial Statements (Cont...)

25.9 Government Bonds

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

25.10 Trust Fund Accounts

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

25.11 Term Loans Payable

Government borrow funds from either External or Domestic sources to finance its Capital Programs. External loans are recorded to the amount of disbursement made for each loan and converted to FJD using end of year exchange rates prescribed by the Reserve Bank of Fiji. Domestic loans are financial instruments raised locally that includes Government Bonds (Viti Bonds and Fiji Infrastructure Bonds) and Treasury Bills. Viti Bonds are recorded at Face Value while other domestic instruments are disclosed separately in the Financial Statements.

25.12 Operating Income

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

25.13 Investing Revenue

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

25.14 Loans Drawn

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

25.15 Expenditure

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

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
26. Prepayments	<u>766,650</u>	<u>1,042,124</u>

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

27. Inventory

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

Raw Materials	166,033	196,368
Work-in-Progress	16,625	1,100
Finished Goods for Sales	<u>1,018,891</u>	<u>1,260,348</u>
	<u>1,201,549</u>	<u>1,457,816</u>

28. Term-Loans Receivable

Term loans receivables are funds lent to state owned enterprises and students (scholarships) as part of Government on lending and on-lending program.

Term-Loans Receivable		31 Jul 2022	31 Jul 2021
		(\$)	(\$)
			(Restated)
Term-Loans Receivable for Social Services	28(a)	606,599,795	557,246,595
Term-Loans Receivable for Economic Services	28(b)	<u>291,279,752</u>	<u>293,939,673</u>
Total Term-Loans Receivable		<u>897,879,547</u>	<u>851,186,268</u>

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

(a) Term-Loans Receivable for Social Services

Public Officers and Ministers	14,476	14,476
i Taukei Affairs Board	4,278,924	4,518,924
Public Service Scholarship Lending	8,770,995	8,824,081
Tertiary Education Loan Scheme	589,084,789	539,438,503
Loans to Fiji Sports Council	<u>4,450,611</u>	<u>4,450,611</u>
	<u>606,599,795</u>	<u>557,246,595</u>

(b) Term-Loans Receivable for Economic Services

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
		(Restated)
Fiji Sugar Corporation Limited	200,184,713	200,264,576
Viti Corporation Ltd	2,905,000	2,905,000
Food Processors Fiji Limited	1,900,000	1,900,000
Fiji Rice Limited	1,900,000	1,900,000
Pacific Fishing Company Limited	9,000,000	9,000,000
South Pacific Fertilizer	8,750,100	9,236,100
Housing Authority	25,497,944	27,978,031
Public Rental Board	6,832,906	7,497,516
Public Rental Board- FNPF Board	992,417	---
FRCS MSME Loan Scheme	<u>33,316,672</u>	<u>33,258,450</u>
	<u>291,279,752</u>	<u>293,939,673</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

Term Loans Receivable (Cont...)

Restatement of financial statements:

The July 31, 2021 financial statements were restated for a correction in an accounting error relating to the recording of FRCS MSME Loan Scheme. The 2021 financial information has been updated to correct for this error, as follows:

2021	As previously reported	Correction of error	As restated
Term Loans Receivable	817,927,818	33,258,450	851,186,268
Equity	(5,527,837,036)	33,258,450	(5,494,578,586)

29. **Equity Investments**

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

Investments as at year end were as follows:

Investments

Investments in Social Services	29(a)	7,150,606	6,979,676
Investments in Economic Services	29(b)	361,429,141	250,053,534
Investments in Infrastructure Services	29(c)	586,515,707	628,836,048
Total Investments		955,095,454	885,869,258

(a) **Investments in Social Services**

	Number of Shares	31 Jul 2022	31 Jul 2021
		(\$)	(\$)
Post Fiji Limited	5,600,000	5,600,000	5,600,000
Unit Trust of Fiji (Trustee) Ltd	496,076	1,200,504	1,129,572
Unit Trust of Fiji (Management) Ltd	50,000	50,000	50,000
Fiji Broadcasting Corporation Ltd	200,002	200,002	200,002
Walesi Ltd	100	100	100
Fiji Public Trustee Corporation Ltd	100,000	100,000	2
		7,150,606	6,979,676

(b) **Investments in Economic Services**

	Number of Shares	31 Jul 2022	31 Jul 2021
		(\$)	(\$)
Fiji Airways	37,477,503	115,306,281	13,307,075
Fiji Hardwood Corporation	90,000,000	90,000,000	90,000,000
Pacific Fishing Company Ltd	7,364,478	14,728,956	14,728,956
Assets Fiji Ltd	2	2	2
Fiji Pine Ltd	61,002,064	61,002,064	61,002,064
Fiji Sugar Corporation Ltd	41,983,866	20,991,933	20,991,933
Fiji Rice Pte Limited	753,112	1,506,224	1,506,224
Viti Corps Company Ltd	6,000,000	6,000,000	6,000,000
Yaqara Pastoral Company Ltd	1,191,846	1,191,846	1,191,846
Food Processors Fiji Ltd	687,679	687,679	687,679
Air Terminal Services (Fiji) Pte Limited	765,000	765,000	765,000
Fijian Drua	255	3,000,000	---
International Finance Corporation	3,048	6,722,541	4,560,234
International Bank for Reconstruction and Development	1,302	17,044,949	13,964,922
Fiji Coconut Miller Pte Ltd	12,858,366	6,429,183	6,429,183
Asian Infrastructure Investment Bank	125	5,513,895	4,168,403
Asia Development Bank Subscription	361	10,538,588	10,750,013
		361,429,141	250,053,534

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

Equity Investments (Cont...)

Investments in Asian Development Bank (ADB),- Asian Infrastructure Investment Bank, International Finance Corporation (IFC) and the International Bank for Reconstruction and Development (IBRD) reflect Paid-in subscriptions in the respective financial institution's capital stock that are subscribed by the government. These are not intended as income earning investments, but only to fulfil a requirement of these institutions to be entitled to borrowing and member privileges.

(c) **Investments in Infrastructure Services**

	Number of Shares	31 Jul 2022 (\$)	31 Jul 2021 (\$)
Airports (Fiji) Limited	92,300,180	92,300,180	92,300,180
Amalgamated Telecom Holdings Limited (ATH)	72,966,105	81,722,038	124,042,379
Fiji Ports Corporation Limited	29,993,489	29,993,489	29,993,489
Energy Fiji Limited (EFL)	255,000,000	382,500,000	382,500,000
		<u>586,515,707</u>	<u>628,836,048</u>

(d) **Reconciliation of Equity Investments**

	31 Jul 2022 (\$)	31 Jul 2021 (\$)
The reconciliation of changes in investments are as follows:		
Increase/ (decrease) in fair value of shares		
Unit Trust of Fiji (Trustee) Limited	70,932	8,440
Fiji Public Trustee Corporation Ltd	99,998	---
Fijian Drua	3,000,000	---
Fiji Airways	101,999,206	---
Amalgamated Telecommunications Holdings	(42,320,341)	(22,619,493)
Energy Fiji Ltd	---	(180,000,000)
Exchange Rate adjustments		
International Finance Corporation	2,162,307	(81,260)
International Bank for Reconstruction and Development	3,080,027	(248,845)
Asian Development Bank	(211,425)	(25,301)
Asian Infrastructure Investment Bank	1,345,492	986,393
	<u>69,226,196</u>	<u>(201,980,066)</u>

The variations noted in the Equity Investments are due to subscription of 255 shares in Fijian Drua; the increase in Government interests in Fiji Airways (24,170,428 shares); reclassification of share premium reserve for FPCL as Corporation's capital to comply with section 196 (a) and section 737 of the Companies Act 2015 resulting in increase in share capital from 2 ordinary shares to 100,000 ordinary shares; increase and decrease in share price per unit (as at 31/07/21 and 31/07/22) for UTOF (Trustee) and ATH shares respectively; exchange rate adjustments for foreign investment with additional shares subscribed for AIIB (25 shares), IFC (860 shares) and IBRD (51 shares).

	<u>120,765,220</u>	<u>95,014,885</u>
	31 Jul 2022 (\$)	31 Jul 2021 (\$)
30. Deferred Income	<u>7,068,238</u>	<u>7,739,903</u>

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

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

31. **Trust Fund Account**

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

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

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

	31 Jul 2022 (\$)	31 Jul 2021 (\$)
Deposits, Deductions and Retention Money	20,271,921	24,544,523
Consolidated Trust Fund	236,921,585	227,921,288
Total Trust Fund Account	257,193,506	252,465,811

During the year, unsubstantiated Trust Fund Monies totalling \$13.9m for which Ministries, Departments and Agencies had no beneficiary listing was transferred to the Consolidated Fund Account of Government in accordance with Ministry of Economy Circular No. 03/2021-2022.

32. **Term-Loans Payable**

Government borrows monies either domestically or from overseas to finance its Capital Programs. Total debt of Government outstanding as at 31/07/22 are as follows:

(a) **Current Liabilities**

Term-Loans Payable - Treasury Bills	32(c)	282,913,284	269,565,261
Term Loans Payable - Overseas Loans	32(d)	132,015,725	85,027,189
Term Loans Payable - Domestic Loans	32(e)	175,474,000	282,774,500
Total Current Liabilities		590,403,009	637,366,950

(b) **Non-Current Liabilities**

Term-Loans Payable - Overseas Loans	32(d)	3,232,567,806	2,337,451,329
Term-Loans Payable - Domestic Loans	32(e)	5,338,327,313	4,710,105,837
Total Non-Current Liabilities		8,570,895,119	7,047,557,166

Total Government Debt

9,161,298,128	7,684,924,116
----------------------	----------------------

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

(c) **Treasury bills**

Term-Loans Payable - Treasury Bills

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

	31 Jul 2022 (\$)	31 Jul 2021 (\$)
Opening Balance 01 August	269,565,261	264,132,690
Treasury Bills Issued during the year	532,505,000	392,600,000
less unamortized amount	(685,900)	(4,580,303)
Treasury Bills Redemptions during the year	(522,505,000)	(388,800,000)
Non-Cash Unamortised discount	4,033,923	6,212,874
Outstanding 31 July	282,913,284	269,565,261

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

32. <i>Term-Loans Payable (Cont...)</i>	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
(d) Overseas loans		
Opening Balance 01 August	2,422,478,518	1,709,106,136
Redemptions during the year	(63,062,043)	(452,129,617)
Capitalized interest	1,456,904	1,426,708
Add/(less) unamortized discount	---	447,160
Cash Borrowings	854,696,661	1,118,947,913
Non-cash borrowing-direct disbursement	92,881,503	23,608,865
Increase in public debt due to revaluation	56,131,988	21,071,353
Outstanding 31 July	<u>3,364,583,531</u>	<u>2,422,478,518</u>

Overseas borrowings totalled \$947,578,163 as at 31 July 2022 (2021:\$1,142,556,778). Out of the total drawdowns, \$92,881,503 (2021: \$23,608,865) are from direct payments and \$854,696,661 (2021: \$1,118,947,913) from single tranche withdrawals and reimbursements received into the Government Central Account, replenishment to DAs.

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Non Cash borrowings - By source:		
<i>Multilateral</i>		
Asian Development Bank	64,979,167	19,365,703
World Bank	27,445,546	4,243,162
Non-Cash Borrowings - overseas	<u>92,424,713</u>	<u>23,608,865</u>

Overseas loans amounting to \$92.4 million were drawn in financial year 2021-2022 from Government's loan facilities with Asian Development Bank and the World Bank. These loans drawn by Government are directly disbursed to the contractors by lenders. While Front End Fee which were deducted at source for the JICA, AIIB and IBRD loan is included as non-cash borrowings.

(e) Domestic loans		
Opening balance 01 August	4,992,880,337	4,718,623,696
Borrowings raised during the year	798,960,000	483,509,000
Add: Unamortized premium	(15,483)	16,527,651
Add: Accrued interests earned	4,750,959	---
Reversal of previous years accrued interest	---	(3,218,559)
Redemptions during the year	(282,774,500)	(222,561,451)
Outstanding 31 July	<u>5,513,801,313</u>	<u>4,992,880,337</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

32. <i>Term-Loans Payable (Cont...)</i>	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Domestic Borrowings - By Source		
<i>Public</i>		
Reserve Bank of Fiji	350,000,000	---
Commercial Banks	20,000,000	110,000,000
Insurance companies	75,750,000	58,000,000
FNPF	321,000,000	302,800,000
<i>Private</i>		
Others	<u>32,210,000</u>	<u>12,709,000</u>
Total Domestic Borrowings raised	<u>798,960,000</u>	<u>483,509,000</u>

Government bonds raised locally during the year were in the form of Fiji Infrastructure Bonds and Viti Bonds. Accrued interest in 2020/2021 fiscal year were reversed in this fiscal year.

33. Contingent Liabilities	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
<i>Explicit Contingent Liabilities</i>		
Government Guarantees	1,068,521,929	1,051,026,686
The Financial Management Act section(62) stipulates that Government may guarantee the financial liability of an entity in respect of a loan or otherwise, but only if the giving of the guarantee is authorized by the House of Representatives. Schedule 5 Statement of Contingent Liabilities provide in detail the various agencies (6 altogether) where government undertakes giving of guarantees by end of 31 July 2022. While two of the entities fully settled their guaranteed loans during the year.		
<i>Other Explicit Contingent Liabilities</i>		
International Bank for Reconstruction and Development (IBRD)	329,374,923	300,571,105
Asian Development Bank (ADB)	200,174,795	204,190,684
Asian Infrastructure Investment Bank (AIIB)	22,055,580	20,842,018
	<u>551,605,298</u>	<u>525,603,807</u>

In addition, the subscriptions for membership with International Agencies such as the International Bank for Reconstruction and Development, the Asian Development Bank and Asian Infrastructure Investment Bank are also treated as contingent liabilities as the subscriptions represent callable capital and should government fail to honour the article of agreement, the agencies would call on the callable capital. The amounts are sourced from the certificate of balances provided by ADB,AIIB and IBRD.

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

33. Contingent Liabilities (Cont...)	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
<i>Implicit Contingent Liabilities</i>		
National Bank of Fiji - Legal claims against the bank	---	390,000
Provincial Councils - Loans Raised	1,131,520	796,399
Municipal Councils - Loans Raised	16,704,411	18,450,858
Fiji Revenue & Customs Service - litigation claims in relation to tax and customs matters	72,824,038	58,474,353
	<u>90,659,969</u>	<u>78,111,610</u>

Government Contingent Assets	50,000	---
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The National Bank of Fiji comprises of legal claims against National Bank of Fiji - Asset Management Bank (NBF-AMB). This is sourced from the certificate of balances provided by the National Bank of Fiji - Asset Management Bank whereas loans raised by provincial councils and municipal councils represent a key component in the consolidation of general Government debt. In this FY 2022, there is no legal claims against the NBF.

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

The Fiji Revenue and Customs Service (FRCS) as an agent of Government has a number of litigation claims made against it in relation to tax and customs matters. These matters are resolved through various means not wholly within the control of the FRCS and may or may not give rise to an obligation. This is sourced from FRCSs audited Financial Statements for the year ended 31 July 2022.

From year 2015, only the explicit contingent liabilities with a reliable basis for the estimated amount are included in Schedule 5. The government recognizes a contingency to advance to FNPF on the basis of the provision of FNPF Act section 140 (1) that says "If the board is unable to satisfy a liability of the Board referable to a fund (the "relevant fund") out of the relevant fund, the Minister must, on written request by the Board, advance to the Board the amount needed to enable the Board to satisfy the liability".

34. Operating Revenue

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

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Direct Taxes	464,560,906	466,172,922
Indirect Taxes	1,227,451,805	946,444,358
Fees, Charges, Fines and Penalties	148,656,472	123,673,743
Other Revenues and Surpluses	33,389,698	28,607,701
Reimbursements and Recoveries	15,098,000	24,259,714
Grants in Aid (overseas)	<u>232,617,627</u>	<u>283,843,544</u>
Total Operating Revenue	<u>2,121,774,508</u>	<u>1,873,001,982</u>

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
35. Investing Revenue		
Interest received on Term-Loans Receivable	652,942	2,630,433
Sales of Government Assets	1,785,279	210,497,812
Dividend from Investments	61,650,306	51,304,648
Interest from Bank Balances	1,078,364	2,086,586
Return of TMA excess cash to consolidated fund account	3,869,631	3,463,470
Total Investing Revenue	69,036,522	269,982,949

36 Revenue from Non Exchange Transactions

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

Revenue from non exchange transactions	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
<i>Direct Taxes (Gross)</i>	492,829,944	496,219,343
Direct Taxes Refunds	(28,269,038)	(30,046,421)
<i>Indirect Taxes</i>		
Value Added Tax (Gross)	843,171,234	653,731,783
Value Added Tax Refunds	(183,005,904)	(210,588,658)
Fiscal Duty	307,880,783	280,357,577
Excise Duty	122,453,291	107,368,682
Export Duty	6,926,074	8,224,194
Import Excise Duty	4,288,468	3,818,690
Service Turnover Tax	113,401	1,120,176
Water Resource Tax	83,641,663	71,955,081
Departure Tax	16,372,322	903,510
Stamp Duty	497,059	7,867,853
Luxury Vehicle Duty	10,000	7,500
Telecommunication Levy	800,274	835,417
Environmental Levy	23,884,478	20,831,281
Miscellaneous indirect taxes	418,662	11,272
<i>Other non-exchange revenues</i>		
Grants in Aid	232,617,627	283,843,544
	1,924,630,338	1,696,460,824

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

36. Revenue from Non Exchange Transactions (Cont...)	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Revenue from exchange transactions		
Fees, Charges, Fines and Penalties	148,656,472	123,673,743
Trading and Manufacturing Accounts - Sales Revenue	9,692,700	9,383,776
Other Revenues and Surpluses	33,389,698	28,607,701
Reimbursements and Recoveries	15,098,000	24,259,714
Repayment of Term-Loans Receivable	652,942	2,630,433
Sales of Government Assets	1,785,279	210,497,812
Dividend from Investments	61,650,306	51,304,648
Interest from Bank Balances	1,078,364	2,086,586
Return of Surplus Capital from Investments	3,869,631	3,463,470
	<u>275,873,392</u>	<u>455,907,883</u>
Total Revenue	<u>2,200,503,730</u>	<u>2,152,368,707</u>
3% of the revenue collected from Environment and Climate Adaptation Levy (ECAL) are paid into the Climate Relocation of Communities Trust Fund (CRCTF).		
Gross ECAL collection	24,606,964	20,831,282
3% paid into CRCTF	(722,490)	---
Net ECAL revenue	<u>23,884,474</u>	<u>20,831,282</u>
\$15,719 of the ECAL revenue for the month of July 2022 was paid into the CRCTF in August 2022.		
37. Operating Expenses		
Operating expenditure includes the following:		
Established Staff	888,207,843	886,174,964
Government Wage Earners	41,715,288	42,291,080
Travel and Communications	25,967,612	21,609,685
Maintenance and Operations	68,210,315	65,468,561
Purchase of Goods and Services	157,510,940	167,465,518
Operating Grants and Transfers	593,461,510	549,598,903
Special Expenditure	81,347,170	55,347,403
Pensions, Gratuities and Compassionate Allowances	30,022,146	30,760,749
Total Operating Expenditure	<u>1,886,442,824</u>	<u>1,818,716,863</u>
38. Capital Expenses		
Capital Expenditure includes the following:		
Capital Construction	58,170,445	71,865,445
Capital Purchases	42,778,030	48,112,798
Capital Grants and Transfers	1,022,099,740	853,364,561
Total Capital Expenditure	<u>1,123,048,215</u>	<u>973,342,804</u>
	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
39. Value Added Expense	<u>29,558,276</u>	<u>27,960,685</u>

These are the VAT payments made by Ministries/Departments to FRCS (Fiji Revenue & Customs Services) during the year.

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

40. Interest Payments and Other Charges on Loans

Charges on Account of Public Debt is provided for in the Budget Estimates for the payment of interest on domestic and overseas loans.

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Interest Payments		
Overseas Loans	19,213,339	28,009,124
Domestic Loans	351,122,623	335,202,265
Treasury Bills	4,033,923	6,212,874
Total Interest Paid	374,369,885	369,424,263
Other charges on Public Debt - Miscellaneous Payments	676,462	848,405
Total Interest Paid and Miscellaneous Payments	375,046,347	370,272,668
Interest Payment on overseas loans		
1997 Asian Development Bank Third Road Upgrading project	133,506	387,869
1998 Japan International Corporation Agency Nadi Lautoka Water Supply and Sewerage Project	41,756	161,409
Provision for Exchange Rates Fluctuation	633,976	77,562
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	470,162	1,065,778
2006 Export Import Bank of China E-Government Project	179,434	---
2009 Asian Development Bank Emergency Flood Recovery Project	149,993	183,721
2010 Export Import Bank of China Fiji Low Cost Housing Project	277,572	---
2010 Export Import Bank of China Fiji Public Rental Housing Project	74,383	---
2010 Asian Development Bank Supplementary Third Road Upgrading project	136,100	343,896
2010 Asian Development Bank Supplementary Suva/Nausori Water Supply Project	156,582	513,609
2011 Export Import Bank of China Sigatoka Valley and Sawani Serea Road Project	673,561	---
2011 Export Import Bank of China Buca Bay and Moto Road Project	756,211	---
2012 Export Import Bank of China Nabouwalu and Dreketi Road Upgrading Project	1,998,324	---
2014 ADB Transport and Infrastructure Project	585,936	503,234
2016 IBRD Post Cyclone Winston Emergency LN8632	1,117,556	1,328,443
2015 Global Bond	---	14,648,660
2016-2017 ADB Emergency Assistance LN3403	752,541	1,011,307
2016 IBRD Transport Infrastructure LN8482	423,561	412,293
2016 IFAD Agricultural Loan EUR3.1m	954	19,175
2016-17 WB Fiji Cable Connection to Vanua Levu LN8666	98,951	99,386
2017 ADB UWSWMP LN 3512 Capitalised Interest	256,145	343,254
LN8840 IBRB FSCRDPL Front End Fee	270,802	335,559
2018 ADB LN3667 - FIJ: Sust. Private Sector Led Growth	216,601	395,404
2019/20 JICA Stand-by Loan 1	9,211	4,302
2019/20 ADB Subprog.2 FSPSLG LN3812	944,525	1,084,874
2019/2020 IBRD Fiscal Sustainability Climate Resilience Development Policy Program 2	136,686	186,295
2019/2020 Non-Concessional IDA Fiscal Sustainability Climate Resilience Development Policy Program 2	830,767	1,242,710
2019/2020 Concessional IDA Fiscal Sustainability Climate Resilience Development Policy Program 2	469,774	498,299
2021/21 IDA Fiji COVID-19 Emergency Response Project	23,131	689
2021/2022 Asian Development Bank Sustained Private Sector-Led Growth Reform Program	2,946,729	2,157,810

GOVERNMENT OF THE REPUBLIC OF FIJI
NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
FOR THE PERIOD ENDING 31 JULY 2022

40. Interest Payments and Other Charges on Loans (Cont...)

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
2020/2021 Asian Infrastructure Investment Bank Sustained Private Sector-Led Growth Reform Program 3	950,715	773,824
2020/2021 New IBRD PBL	523,017	---
2020/2021 New Japanese Emergency Loan	18,322	---
2020/2021 New IDA Credit Facility	1,339,119	---
2020/2021 Export Import Bank of China Debt Service Suspension Initiative 1	483,471	229,762
2020/2021 Export Import Bank of China Debt Service Suspension Initiative 2	483,425	---
2020/2021 World Bank IDA Social Protection	408,733	---
2021/2022 Export Import Bank of China Debt Service Suspension Initiative 3	241,107	---
	19,213,339	28,009,124

Government had participated in the Debt Service Suspension Initiative (DSSI) with bilateral creditors during the fiscal year 2020-2021. The suspension windows of the DSSI were from 1 May 2020 to 31 December 2020 and from 1 January 2021 to 30 June 2021. At the end of the FY 2021-2022, Government had finalised DSSI Agreement with EXIM Bank of China which resulted in the suspension of debt servicing (for both Interest and Principal repayment). Furthermore, repayments for both principal and interest for the DSSI facility commenced during FY 2021/2022.

Interest Payment on domestic loans

Viti Bond 2012	95,550	95,550
Viti Bond 2013	211,550	211,550
Viti Bond 2014	209,200	209,200
Viti Bond 2015	290,820	290,820
Viti Bond 2016	199,855	231,765
Viti Bond 2016/17	406,550	461,150
Viti Bond 2017/18	455,820	455,820
Viti Bond 2018/19	293,390	293,390
Viti Bond 2019/20	482,510	482,510
Viti Bond 2021/2022	237,228	---
Fiji Development Loan 2005	---	1,657,030
Fiji Development Loan 2006	6,266,495	25,155,880
Fiji Development Loan 2007	5,508,685	7,153,365
Fiji Development Loan 2008	15,382,381	15,382,381
Fiji Development Loan 2009	35,787,875	35,787,875
Fiji Development Loan 2010	40,788,500	40,788,500
Fiji Development Loan 2011	6,005,495	6,005,495
Fiji Development Loan 2012	10,535,230	10,535,230
Fiji Development Loan 2013	6,894,975	7,402,840
Fiji Development Loan 2014	7,086,450	7,185,150
Fiji Development Loan 2015	9,408,904	9,883,136
Fiji Development Loan 2016	16,778,070	16,777,677
Fiji Development Loan 2017	13,837,600	13,835,031
Fiji Development Loan 2018	26,956,000	26,957,135
Fiji Development Loan 2019	41,052,500	41,054,801
Fiji Infrastructure Bond 2019/2020	53,329,957	49,601,432
Fiji Infrastructure Bond 2020/2021	26,003,053	4,948,725
Fiji Infrastructure Bond 2021/2022	14,827,980	---
Fiji Green Bonds	5,840,000	5,840,495
Fiji Covid-19 Response Bonds	5,950,000	5,950,000
FSC GVT. Guaranteed Bonds with FNPF	---	568,332
	351,122,623	335,202,265

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

41 Repayment of Loans

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Principal Repayments:		
Overseas Loans	63,062,043	452,129,617
Domestic Loans	282,774,500	222,507,024
Total Principal Repayments	345,836,543	674,636,641

Principal Repayments Overseas Loans

1997 Asian Development Bank Third Road Upgrading project	9,155,094	8,116,850
1998 Japan International Corporation Agency Nadi Lautoka Water Supply and Sewerage Project	1,129,494	2,391,154
2004 Asian Development Bank Suva Nausori Water Supply and Sewerage Project	5,761,582	5,167,576
2005 Asian Development Bank Suva Supplementary Nausori Water Supply and Sewerage Project	1,508,921	1,352,425
2006 Export Import Bank of China E-Government Project	1,784,424	---
2009 Asian Development Bank Emergency Flood Recovery	590,394	512,729
2010 Asian Development Bank Supplementary Third Road Upgrading project	3,371,007	3,073,786
2010 EXIM Bank of China/ Fiji Low Cost Housing	1,452,835	---
2010 EXIM Bank of China/ Public Rental Housing	389,329	---
2010 EXIM Bank of China/ Sigatoka Valley & Sawani Serea	3,525,472	---
2010 EXIM Bank of China/ Buca Bay and Moto roads	3,958,069	---
2012 EXIM Bank of China Road Upgrading Project	8,640,361	---
2014 ADB Transport Infrastructure Investment Project	4,765,341	2,004,008
2016 IFAD Fiji Agriculture Partnership Project	668,779	355,851
2015 JP Morgan 3rd Global Bond Issuance	---	428,724,544
2016 World Bank Transport Infrastructure Investment Project	1,655,325	430,694
2016 ADB Emergency Assistance	7,161,260	---
2016 IBRD Fiji Cable Connections to Vanua Levu	842,559	---
2018 ADB Fiji Sust Pri Sec Led Growth	2,638,250	---
2020 EXIM China Agreement on DSSI	4,063,547	---
Total Principal Repayments Overseas Loans	63,062,043	452,129,617

During FY 2021, Government had participated in the Debt Service Suspension Initiative (DSSI) with bilateral creditors. The suspension windows of the DSSI were from 1 May 2020 to 31 December 2020 and from 1 January 2021 to 30 June 2021. Government had finalised DSSI Agreement with EXIM Bank of China which resulted in the suspension of debt servicing (for both Interest and Principal repayment). However, repayments for both Principal and Interest has commenced from the FY 2022.

Principal Repayment Domestic Loans

Fiji Development Loan 2005	---	51,800,000
Fiji Development Loan 2006	109,465,000	128,000,000
Fiji Development Loan 2007	44,547,500	---
Fiji Development Loan 2012	60,595,000	---
Fiji Development Loan 2013	17,400,000	2,300,000
Fiji Infrastructure Bond 2014	48,300,000	---
Fiji Infrastructure Bond 2015	---	12,500,000
Fiji Infrastructure Bond 2016/2017	300,000	---
Viti Bonds 2012	1,911,000	---
Viti Bonds 2015	256,000	---
Viti Bonds 2016	---	797,000
Viti Bonds 2016/2017	---	1,365,000
FSC GVT. Guaranteed Bonds with FNPF	---	25,745,024
Total Principal Repayments Domestic Loans	282,774,500	222,507,024

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

	31 Jul 2022 (\$)	31 Jul 2021 (\$)
42. Ways and Means		
The Ways and Means is a short term advance facility provided by the RBF for Government where advances are given to Government for a day to meet cash deficits. The Ways and Means are replenished the day after the advances were made.		
Ways and Means Receipts	---	22,700,000
Ways and Means Repayments	---	(22,700,000)
	---	---
	31 Jul 2022 (\$)	31 Jul 2021 (\$)
43. Revenue and Expense from Trading & Manufacturing Accounts		(Restated)
Trading and Manufacturing Accounts - Sales Revenue	5,364,086	5,078,564
Trading and Manufacturing Accounts - Other Revenue and Surplus	4,328,614	4,305,212
(a) Total Revenue from TMA's	9,692,700	9,383,776
Cost of Goods sold	252,412	(192,503)
Other TMA Expenditures	6,263,528	4,968,077
(b) Total Expenses from TMA's	6,515,940	4,775,574

44. Arrears of Revenue

The Arrears of Revenue position of Government as at 31/07/2022 are as follows:

Ministry of Agriculture	804,267	803,578
Office of the Auditor-General	140,917	258,830
Ministry of Communications-Telecommunication Authority of Fiji	6,129,456	10,059,652
Ministry of Defence	6,861	13,587
Ministry of Education, Heritage and Arts	28,972	31,322
Ministry of Finance (Pensions Office)	244,845	242,672
Ministry of Finance (Human Resources)	---	26,284
Ministry of Finance (Surcharge)	189,725	248,238
Ministry of Finance (Construction Implementation Unit)	---	1,664,256
Ministry of Fisheries	8,147	19,996
Ministry of Forestry	---	175
Department of Public Enterprise-Government Printing and Stationery	15,437	15,437
Ministry of Health and Medical Services	405,824	365,678
Information Technology & Computing Services	---	111
Judiciary	14,000,394	13,444,435
Ministry of Employment, Productivity and Industrial Relation	15,243	39,803
Ministry of Land & Mineral Resources	35,881,068	33,432,792
Ministry of Infrastructure and Transport	200,042	125,979
Land Transport Authority	23,410,190	22,237,606
Overseas Peacekeeping Missions	---	1,019,121
Fiji Police Force	971	2,181
Public Utilities (Water Authority of Fiji)	31,412,549	30,855,508
Ministry of Rural & Maritime Development	2,068,777	2,068,777
Solicitor General's Office	1,363	35,425
Department of Fiji Meteorological Services	2,144,106	2,144,106
Ministry of Youth and Sports	914	914
Total Arrears of Revenue	117,110,068	119,156,463

Fiji Revenue and Customs Service IRD and Customs Ministry of Finance (Construction Implementation Unit) arrears have been excluded from Note 44 and recognised in Statement of Assets and Liabilities.

GOVERNMENT OF THE REPUBLIC OF FIJI
 NOTES TO AND FORMING PARTS OF OTHER FINANCIAL STATEMENTS (cont...)
 FOR THE PERIOD ENDING 31 JULY 2022

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
45. Equity Movements		(Restated)
Opening Balance 01 August	(5,494,578,586)	(4,442,403,643)
Deficit for the year - consolidated fund account	(1,223,284,632)	(1,047,308,089)
Surplus for the year - trade and manufacturing account	3,176,760	4,608,202
Revaluation of External Debt due to foreign currency conversions	(55,954,544)	(23,176,870)
Investment Equity Adjustment	69,226,196	(201,980,066)
Adjustments of underlying account balances and Equity	(67,269,674)	149,348,748
Previous years adjustments of term loans receivables	53,005,633	65,001,528
Effects of exchange rate movements	(82,353)	4,795,074
Cash remitted to Consolidated Fund Account	(3,869,631)	(3,463,470)
Cash from Trust Fund Account	13,876,623	---
Closing balance as at 31 July	(6,705,754,208)	(5,494,578,586)

46. For the year ended 31 July 2022, total amount of \$82,764,298 in penalties was waived by the Fiji Revenue & Customs Service.

47. Tertiary Education Loans Scheme ("Scheme") is a fund intended to provide financing to Fijian students that qualify for higher education in approved institutions but are unable to support themselves financially. The scheme provides loans to access higher education at affordable rates of interest (free or low-interest rate of loans) for equitable access to higher education in the country in support of the Fijian Government vision of "Building a Smarter Fiji". The scheme in addition to tuition fees covers for accommodation transport costs, pocket allowances, books and study materials and other associated costs.

48. The following Losses were recorded by Ministries and Departments for the year ended 31 July 2022:

	31 Jul 2022	31 Jul 2021
	(\$)	(\$)
Ministry of Employment, Productivity and Industrial Relations	13,191	---
Fiji Corrections Services	57,368	---
Ministry of Agriculture	52,406	---
The Ministry of Health and Medical Services	14,897	---
Ministry of Education, Heritage and Arts	520	---
Office of the Prime Minister	1,198	---
Ministry of Communications	4,633	---
	144,213	---

49. Total amount of \$103,867 in arrears was written off by the Government for cases which were above six (6) years (statute barred).

50. **Events after reporting date:** the following events or transactions occurred subsequent to 31 July 2022:

(i) A new government was elected in parliament following elections that were held on December 14, 2022. This led to a change in Ministerial Portfolio, however, the overall budget remained unchanged.

(ii) The activities associated with the Ministry of Health, Fiji Correction Service and Ministry of Agriculture (Fuel & Oil) Trading Manufacturing Activity ("TMA") are closed and the activities have been transferred to Fund 1 in the Financial Year 2023-2024.

- (iii) The Parliament of Fiji had approved the Tertiary Scholarships and Loans Service (Budget Amendment) Act 2023 [Bill No. 14 of 2023] on the 14th of July 2023 with reference to the forgiving of the Tertiary Education Loans Scheme (TELS) debt. Listed below are the key policy changes in relation to the Tertiary Education Loans Scheme (TELS):
- ♦ The loan agreement for all the students who have studied under various schemes of TELS excluding the In-Service Scheme, will be converted to bond agreements. As of 31 July 2023, all outstanding TELS debt except for TELS In-Service Scheme are deemed to have been converted into bond agreements. The provision of Loan repayment in the Study Loan Agreement for these students is superseded by the change in the TELS Act.
 - ♦ The students will not be required to pay their TELS debt but must demonstrate their service to the country through paid employment. The employment can be either in public service or private sector organisation.
 - ♦ The terms and conditions of the bond agreements under subsection will be determined by the Fiji Revenue and Customs Service.
 - ♦ The bond service period will be determined through the years of study multiplied by one point five (1.5). Students could obtain a clearance letter from FRCS if they have provided the service already.
 - ♦ A student or a former student who was under a loan scheme prior to 1 August 2023 and has made partial repayments, must have the option of continuing the loan repayment or fulfilling the bond conditions set out in the bond agreement under subsection (3). The Accelerated Repayment Incentive (ARI) will continue to apply to these graduates if they wish to continue with loan repayment and if it was approved prior to 1 August 2023.
 - ♦ Graduates who studied on TELS and are currently residing overseas will continue to repay their loans through existing arrangements with FRCS. If for any reason they disengage from this arrangement, the pending debts will be recovered from their respective approved guarantors. The Accelerated Repayment Incentive (ARI) will continue to apply to these graduates if it was approved prior to 1 August 2023.
 - ♦ Those TELS-funded graduates, who are now on bond agreements and intend to migrate before the bond service period ends, will be required to pay the amount owed to the Government for the remaining period of bond service.
 - ♦ TELS graduates who have fully or partially repaid their loans will not receive a reimbursement of their payments when the amendment to the Act comes into effect. For those that have partially paid their loans, the remaining amount will be converted into a bond agreement.
- (iv) Various tax and customs revenue policy measures, aimed at increasing both direct and indirect tax revenue collections, have been introduced by Government in the 2022-2023 and 2023-2024 National Budgets.

Apart from this, no material or unusual item, transaction, or event that could have a significant impact on the WoG's operations or the results of those operations in future financial periods has materialized between the end of the period and the date of this report.

**GOVERNMENT OF THE REPUBLIC OF FIJI
SEGMENTATION REPORT BY FUND CLASSIFICATION
FOR THE PERIOD ENDING 31 JULY 2022**

Schedule 6

Segment Information (IPSAS 18.12-15)

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

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

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

Primary Reportable Segments 2022

	CFA	TMA	Consolidated Total
	(\$)	(\$)	(\$)
Segment revenue			
Non exchange revenue - taxes, grants and transfers	(1,924,630,338)	---	(1,924,630,338)
Exchange revenue - sale of goods and services	(197,144,170)	(9,692,700)	(206,836,870)
Exchange revenue - investments	(69,036,522)	---	(69,036,522)
Segment expenses			
Operating Expenditure	1,886,442,824	6,515,940	1,892,958,764
Capital Expenditure	1,123,048,215	---	1,123,048,215
VAT	29,558,276	---	29,558,276
Interest Payments on Loans	375,046,347	---	375,046,347
Reconciled to aggregate net income	1,223,284,632	(3,176,760)	1,220,107,872

Primary Reportable Segments 2022

	CFA	TMA	Consolidated Total
	(\$)	(\$)	(\$)
Segment Assets			
Cash at Bank	887,768,861	8,926,838	896,695,699
Accounts Receivable	193,485,407	1,778,921	195,264,328
Prepayments	766,650	---	766,650
Inventory	---	1,201,549	1,201,549
Investments	955,095,454	---	955,095,454
Term-Loans Receivable	897,879,547	---	897,879,547

GOVERNMENT OF THE REPUBLIC OF FIJI
 SEGMENTATION REPORT BY FUND CLASSIFICATION
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 6

	CFA	TMA	Consolidated Total
	(\$)	(\$)	(\$)
Segment Liabilities			
Accounts Payable	(227,096,508)	(1,055)	(227,097,563)
Deferred Income	(6,661,214)	(407,024)	(7,068,238)
Operating Trust fund	(20,472,385)	200,464	(20,271,921)
True Trust fund	(236,921,585)	---	(236,921,585)
Term Loans Payable - Treasury Bills	(282,913,284)	---	(282,913,284)
Term-loans Payable Overseas Loans	(3,364,583,531)	---	(3,364,583,531)
Term-loans Payable Domestic Loans	(5,513,801,313)	---	(5,513,801,313)
Reconciled to net liability	(6,717,453,901)	11,699,693	(6,705,754,208)

GOVERNMENT OF THE REPUBLIC OF FIJI
SUMMARY OF REVENUE
FOR THE PERIOD ENDING 31 JULY 2022

Schedule 7

Heads of Revenue	Estimate	Actual	Increase	Decrease
	2022	Revenue 2022		
	(\$)	(\$)	(\$)	(\$)
Operating Revenue				
21 Direct Taxes.....	481,348,356	464,560,906	---	16,787,450
22 Indirect Taxes.....	1,229,160,977	1,227,451,805	---	1,709,172
23 Fees, Fines & Charges.....	135,429,636	148,656,472	13,226,836	---
24 Operating Revenue Sales.....	---	---	---	---
27 Other Receipts.....	27,966,394	33,389,698	5,423,304	---
28 Reimbursements & Recoveries.....	83,753,676	15,098,000	---	68,655,676
29 Grant in Aid.....	214,232,251	232,617,627	18,385,376	---
Operating Revenue Total	2,171,891,290	2,121,774,508	37,035,516	87,152,298
Investing Revenue				
31 Repayments of Term Loans Receivable.....	2,619,618	652,942	---	1,966,676
32 Sales of Government Assets.....	14,874,075	1,785,279	---	13,088,796
33 Dividends from Investments.....	58,676,385	61,650,306	2,973,921	---
34 Interest from Bank Balances.....	1,192,490	1,078,364	---	114,126
35 Return of Surplus Capital from Investment	3,869,631	3,869,631	---	---
Investing Revenue Total	81,232,199	69,036,522	2,973,921	15,169,598
Total Revenue	2,253,123,489	2,190,811,030	40,009,437	102,321,896

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 8

Heads and Subheads of Revenue	Estimate for 2022 (S)	Actual Revenue 2022 (S)	Increase (S)	Decrease (S)	Actual Revenue 2021 (S)
OPERATING REVENUE					
21 - DIRECT TAXES					
1. Income Tax					
01. Income Tax.....	387,743,415	381,458,936	---	6,284,479	368,815,410
02. Capital Gains Tax.....	18,845,521	18,576,549	---	268,972	20,716,150
03. Withholding & Dividend Taxes.....	74,759,420	64,525,421	---	10,233,999	76,641,362
Total.....	481,348,356	464,560,906	---	16,787,450	466,172,922
Net Decrease				16,787,450	
22 - INDIRECT TAXES					
1. Value Added Tax					
01. Value Added Tax.....	635,393,876	660,165,330	24,771,454	---	443,143,125
2. Custom Taxes					
01. Fiscal Duty.....	331,206,712	307,880,783	---	23,325,929	280,357,577
02. Excise Duty.....	123,124,876	122,453,291	---	671,585	107,368,682
03. Export Duty.....	7,165,286	6,926,074	---	239,212	8,224,194
04. Import Duty.....	11,316,875	4,288,468	---	7,028,407	3,818,690
6. Service Turnover Tax					
01. Hotel Turnover Tax.....	46,596	113,401	66,805	---	1,120,176
7. Water Resource Tax					
01. Water Resource Tax.....	86,354,235	83,641,663	---	2,712,572	71,955,081
9. Departure Tax					
01. Departure Tax.....	12,846,011	16,372,322	3,526,311	---	903,510
10. Fish Levy Tax					
01. Fish Levy.....	---	---	---	---	---
12. Stamp Duty					
01. Stamp Duty.....	95,786	497,059	401,273	---	7,867,853
13. Luxury Vehicle Levy					
01. Luxury Vehicle Levy.....	---	10,000	10,000	---	7,500
14. Telecommunication Levy					
01. Telecommunication levy.....	968,227	800,274	---	167,953	835,417
19. Health and Environment Levy					
02. Environmental Levy.....	19,701,980	23,884,478	4,182,498	---	20,831,281
99. Miscellaneous Fees and Receipts					
01. Miscellaneous Fees and Receipts.....	940,517	418,662	---	521,855	11,272
Total.....	1,229,160,977	1,227,451,805	32,958,341	34,667,513	946,444,358
Net Decrease				1,709,172	
23 - FEES, FINES & CHARGES					
01. Dues					
01. Light Due - Port & Harbour.....	---	---	---	---	---
02. Duty					
01. Stamp Duty.....	7,613	9,977	2,364	---	22,491

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 8

Heads and Subheads of Revenue	Estimate for 2022	Actual Revenue 2022	Increase	Decrease	Actual Revenue 2021
	(\$)	(\$)	(\$)	(\$)	(\$)
03. Fees					
01. Agricultural Produce and Inspection.....	64,899	106,891	41,992	---	100,753
02. Native Timber Measurement.....	239,725	277,921	38,196	---	264,615
03. Land and Survey Fees.....	345,071	357,493	12,422	---	358,381
04. Mining Fees.....	260,825	129,631	---	131,194	543,419
06. Passports.....	5,226,578	8,954,816	3,728,238	---	2,588,735
07. Town Planning Fees.....	393,491	---	---	393,491	454,182
08. Examination Fees.....	---	68,115	68,115	---	62,931
09. Government Day Schools-Fees.....	17,335	20,536	3,201	---	30,565
10. Government Boarding Schools-Fees.....	262,461	371,094	108,633	---	311,522
11. Health Fumigation and Quarantine.....	858,955	772,534	---	86,421	1,244,145
12. Hospital.....	1,950,256	2,040,027	89,771	---	5,837,735
13. Fiji School of Nursing.....	---	---	---	---	---
14. Cemetery Fees.....	55,856	66,129	10,273	---	65,492
17. Audit Fees.....	317,114	550,778	233,664	---	397,689
18. Court Fees.....	895,322	1,188,119	292,797	---	917,506
19. Registration.....	1,803,704	1,823,375	19,671	---	1,892,184
20. Management Fee.....	---	---	---	---	---
21. LTA Fees and Fines.....	42,180,493	41,273,699	---	906,794	35,648,750
23. LTA Road User Levy.....	15,602,706	15,570,910	---	31,796	13,076,214
27. Offshore Fisheries Management Fees.....	563,460	1,212,131	648,671	---	1,398,292
28. Permit.....	2,322,042	4,055,649	1,733,607	---	3,425,089
29. Citizenship.....	262,957	692,673	429,716	---	661,416
30. VISA.....	49,124	137,227	88,103	---	39,710
31. MSAF Fees.....	1,287,091	1,103,670	---	183,421	1,217,844
32. Search Fees.....	12,999	35,974	22,975	---	13,193
33. Government Guarantee Fee.....	---	267,700	267,700	---	---
75. Civil Aviation.....	514	300	---	214	40
76. Land Sales Revenue Fees.....	---	---	---	---	---
99. Miscellaneous Fees.....	5,487,250	10,931,593	5,444,343	---	6,554,285
04. Licenses					
01. Arms.....	40,105	46,224	6,119	---	38,821
03. Coasting.....	67,658	66,151	---	1,507	120,826
05. Liquor.....	479,852	571,330	91,478	---	466,693
06. Trading.....	13,551	12,683	---	868	30,603
07. Dogs.....	23,739	28,981	5,242	---	32,791
09. Money Lenders.....	8,864	14,775	5,911	---	24,123
10. Hotels and Guest Houses.....	322,306	436,669	114,363	---	148,640
12. Telecommunications and Television.....	9,460,222	8,865,723	---	594,499	9,533,667
14. Fishing.....	1,938	1,131	---	807	23,396
17. License- Security Industry.....	11,604	14,250	2,646	---	40,938
99. Other.....	1,906,005	2,228,071	322,066	---	1,632,353

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 8

Heads and Subheads of Revenue	Estimate for 2022	Actual Revenue 2022	Increase	Decrease	Actual Revenue 2021
	(\$)	(\$)	(\$)	(\$)	(\$)
05. Rates - Public Works					
01. Water Charges.....	40,856,994	41,474,140	617,146	---	32,764,811
06. Fees Royalties					
03. Royalties - Sand, Coral, Metal, etc.....	151,583	155,832	4,249	---	123,037
07. Fines					
01. Court Fines.....	1,605,321	2,699,472	1,094,151	---	1,521,857
08. Administrative Fines and Penalty					
02. Administrative Fines and Forfeitures.....	12,053	22,078	10,025	---	44,009
Total.....	135,429,636	148,656,472	15,557,848	2,331,012	123,673,743
Net Increase			13,226,836		
24 - OPERATING REVENUE - SALES					
02. Sales - Cash.....	---	---	---	---	---
Total.....	---	---	---	---	---
Net Increase					
27 - OTHER REVENUE AND SURPLUSES					
01. Surplus/Deficit from Agency					
01. RBF Revaluation Reserve Account.....	2,231,290	2,231,290	---	---	2,689,427
06. Sales of items from Technical.....	---	---	---	---	---
02. Rent and Hire of Government Property					
01. Rental for Land.....	14,902,614	16,727,940	1,825,326	---	14,140,272
02. Rental for Official Quarters.....	70,060	75,575	5,515	---	72,590
03. Rental for Buildings.....	303,148	277,941	---	25,207	384,406
04. Hire of Plant and Vehicles.....	164,422	74,490	---	89,932	159,582
06. Revenue from Rest Houses.....	314	939	625	---	1,504
06. Revenue from Non-Domestic Quarters.....	---	197,199	197,199	---	---
03. Commission Revenue					
01. Commission.....	3,654,327	3,631,496	---	22,831	3,811,484
99. Other Revenue					
01. Sale of Photographs.....	120	120	---	---	92
02. Sales of Publications.....	1,346	4,517	3,171	---	1,367
03. Revenue from Production of Films.....	---	---	---	---	---
04. Survey & Sales of Navigation Publications	134,824	255,169	120,345	---	86,666
05. Meat Inspection.....	16,747	32,862	16,115	---	17,183
06. Veterinary and Animal Quarantine.....	17,123	20,985	3,862	---	18,386
07. Freight and Charter Receipts.....	113,007	207,223	94,216	---	197,503
08. Chemical Analysis.....	13	---	---	13	12
09. Valuation Fees.....	12,821	12,222	---	599	12,842
10. Sale of Farm Product.....	42,666	49,325	6,659	---	45,715
11. Sale of Surplus Farm Produce.....	77,348	84,528	7,180	---	77,922
13. Sale of Fish and Ice.....	387,419	430,605	43,186	---	469,727
14. Sale of Sheep and Wool.....	321	330	9	---	6,010
15. Irrigation Commercial Undertaking.....	---	---	---	---	---

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 8

Heads and Subheads of Revenue	Estimate for 2022	Actual Revenue 2022	Increase	Decrease	Actual Revenue 2021
	(\$)	(\$)	(\$)	(\$)	(\$)
17. Agricultural Landlord and Tenant Tribunal.....	1,862	2,094	232	---	2,194
19. Drying and Storage Facilities.....	---	---	---	---	---
20. Board Members Fees.....	240,970	451,004	210,034	---	233,698
22. Land Preparation Farmers Contribution	47,237	50,951	3,714	---	12,670
23. Agro Input Farmers Contribution	5,508	6,210	702	---	45,927
24. Pound Keeping	19,460	34,656	15,196	---	20,950
25. Sale of Animals by Auction	490	1,468	978	---	2,741
26. Sale of Livestock	7,946	16,569	8,623	---	15,255
27. Plant and Equipment	4,840	5,911	1,071	---	12,141
29. Sale of Flags.....	---	320	320	---	---
99. Other Revenue.....	5,508,151	8,505,759	2,997,608	---	6,069,435
Total.....	27,966,394	33,389,698	5,561,886	138,582	28,607,701
Net Increase			5,423,304		
28 - REIMBURSEMENT AND RECOVERIES					
11. Reimbursement of Services					
01. Reimbursement for Meteorological Services	124,641	---	---	124,641	124,641
02. Reimbursement for Service P & T	---	3,679,581	3,679,581	---	---
06. Reimbursement-HA Low Cost Housing	2,122,984	2,130,435	7,451	---	---
07. Reimbursement-PRB Housing Project.....	568,914	570,911	1,997	---	---
08. Reimbursement of WALESI Digital Television	5,400,000	139,483	---	5,260,517	17,787,229
99. Other.....	224,324	1,000,765	776,441	---	1,225,351
12. Refund of Payments					
03. Recoveries of Overpayments in Previous Years	1,065,597	1,639,463	573,866	---	1,107,264
05. Refund of Grants in Previous Years.....	---	603,693	603,693	---	300,872
21. Contributions for Capital Projects					
03. Contributions from Trust Fund.....	70,000,000	---	---	70,000,000	---
22. Contributions for Capital Projects					
02. Rural Electrifications.....	---	---	---	---	---
03. Project Contributions.....	---	---	---	---	---
23. Contributions for Overseas Peace -					
02. Multinational Force and Observers	4,247,216	5,333,669	1,086,453	---	3,714,357
31. MoE Technical College Recovery					
	---	---	---	---	---
32. Capital Revenue					
	---	---	---	---	---
Total.....	83,753,676	15,098,000	6,729,482	75,385,158	24,259,714
Net Decrease				68,655,676	

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 8

Heads and Subheads of Revenue	Estimate for 2022 (\$)	Actual Revenue 2022 (\$)	Increase (\$)	Decrease (\$)	Actual Revenue 2021 (\$)
29 - GRANTS IN AID					
01. Australia Government Grants.....	130,357,608	138,076,185	7,718,577	---	154,773,127
02. NZ Government Grants.....	57,865,200	57,101,970	---	763,230	61,293,087
03. United Nations Development Programme	6,033,260	11,211,249	5,177,989	---	17,454,436
04. European Union	12,195,100	---	---	12,195,100	32,279,595
05. China Government Grants	527,258	744,789	217,531	---	118,923
06. Japan Government Grants.....	1,526,687	2,620,940	1,094,253	---	761,360
08. India Government Grants.....	---	---	---	---	---
99. Other Grant Aid.....	5,727,138	22,862,494	17,135,356	---	17,163,016
Total.....	214,232,251	232,617,627	31,343,706	12,958,330	283,843,544
Net Increase			18,385,376		
Total Operating Revenue.....	2,171,891,290	2,121,774,508	92,151,263	142,268,045	1,873,001,982
Net Decrease				50,116,782	
INVESTING REVENUE					
31 - REPAYMENTS OF TERM LOANS RECEIVABLE					
11. Interest for Social Services Term Loans					
13. Interest Fiji Sports Council	133,518	166,898	33,380	---	89,012
14. Interest PAFCO Loan.....	---	---	---	---	---
16. Interest Term Loan & Advances	100	44	---	56	98,421
12. Principal Social Services Term Loans					
08. Principal- PSC Tertiary Education.....	2,000,000	---	---	2,000,000	---
12. Principal - South Pacific Fertiliser.....	---	---	---	---	---
22. Principal Term Loans Economic Service					
02. Principal - Copra Industry.....	---	---	---	---	---
04. Principal - Fiji Pine.....	486,000	486,000	---	---	2,443,000
Total.....	2,619,618	652,942	33,380	2,000,056	2,630,433
Net Decrease				1,966,676	
32 - SALES OF GOVERNMENT ASSETS					
21. Sales proceeds in Economic Services					
.....	---	---	---	---	209,974,833
31. Sales Proceeds in Infrastructure Services.....	14,874,075	148,365	---	14,725,710	522,979
.....					
41. Sales Proceeds in TMA Operation.....	---	1,447,659	1,447,659	---	---
91. Proceeds from sale of Fixed Assets.....	---	189,255	189,255	---	---
Total	14,874,075	1,785,279	1,636,914	14,725,710	210,497,812
Net Decrease				13,088,796	
33 - DIVIDENDS FROM INVESTMENTS					
01. Investments in Social Services.....	---	---	---	---	---
02. Investments in Economic Services.....	35,084,924	30,691,939	---	4,392,985	29,249,898
03. Investments in Infrastructure Services.....	23,591,461	30,958,367	7,366,906	---	22,054,750
Total.....	58,676,385	61,650,306	7,366,906	4,392,985	51,304,648
Net Increase			2,973,921		

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILED REVENUE COMPARISON
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 8

Heads and Subheads of Revenue	Estimate for 2022 (S)	Actual Revenue 2022 (S)	Increase (S)	Decrease (S)	Actual Revenue 2021 (S)
34 - INTEREST FROM BANK BALANCES					
02. Interest from Domestic Bank.....	587,539	548,655	---	38,884	1,373,387
03. Interest from Term Deposits Local					
Banks.....	604,951	529,709	---	75,242	713,199
Total.....	1,192,490	1,078,364	---	114,126	2,086,586
Net Decrease				114,126	
35 - RETURN OF SURPLUS CAPITAL FROM INVESTMENTS					
74. Return of Surplus Capital from TMA Operations	3,869,631	3,869,631	---	---	3,463,470
Total.....	3,869,631	3,869,631	---	---	3,463,470
Net Increase				---	
38 - EXCHANGE RATE GAIN					
02. Exchange Rate Gain - JICA.....	---	---	---	---	---
Total.....	---	---	---	---	---
Net Increase					
39 - SCHOLARSHIP BOND RECOVERY					
01. Payment Term Loan FAB.....	---	---	---	---	---
Total.....	---	---	---	---	-
Net Increase					
Total Investing Revenue.....	81,232,199	69,036,522	9,037,200	21,232,877	269,982,949
Net Decrease				12,195,677	
SUMMARY OF REVENUE					
Operating Revenue.....	2,171,891,290	2,121,774,508	92,151,263	142,268,045	1,873,001,982
Investing Revenue	81,232,199	69,036,522	9,037,200	21,232,877	269,982,949
Grand Totals.....	2,253,123,489	2,190,811,030	101,188,463	163,500,922	2,142,984,931

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS
 FOR THE YEAR ENDED 31 JULY 2022

Schedule 9

Heads of Appropriation	Original Budget 2022	Redeployment	Revised Estimate 2022	Actual Expenses 2022	Under Expenditure
	(\$)	(\$)	(\$)	(\$)	(\$)
GENERAL ADMINISTRATION					
Office of the President	2,142,972	---	2,142,972	2,055,817	87,155
Office of the Prime Minister	14,741,457	---	14,741,457	11,963,388	2,778,069
Office of the Attorney-General	10,012,020	---	10,012,020	7,476,804	2,535,216
Ministry of Finance	54,683,464	356,994	55,040,458	52,034,371	3,006,087
Ministry of iTaukei Affairs	14,315,739	---	14,315,739	14,040,881	274,858
Ministry of Defence & National Security & Policing	14,470,940	---	14,470,940	14,191,533	279,407
Ministry of Employment, Productivity and Industrial	9,702,813	---	9,702,813	6,917,458	2,785,355
Ministry of Foreign Affairs	28,257,518	---	28,257,518	26,704,003	1,553,515
Office of the Auditor-General	4,902,010	---	4,902,010	4,902,010	-
Fiji Elections Office	23,964,308	---	23,964,308	23,597,514	366,794
Judiciary	51,585,701	---	51,585,701	47,657,782	3,927,919
Parliament	7,108,642	---	7,108,642	6,971,044	137,598
Office of the Director of Public Prosecutions	6,144,259	---	6,144,259	5,739,977	404,282
Media Industry Development Authority	53,133	---	53,133	23,067	30,066
Independent Commissions	29,935,961	---	29,935,961	28,707,664	1,228,297
Ministry of Justice	37,249,459	---	37,249,459	32,631,491	4,617,968
Fiji Corrections Service	5,185,660	---	5,185,660	3,936,567	1,249,093
Ministry of Communications	58,150,521	---	58,150,521	45,830,532	12,319,989
Ministry of Civil Service	2,381,882	---	2,381,882	2,018,197	363,685
Ministry of Rural and Maritime Development & Disaster	14,753,780	---	14,753,780	14,004,427	749,353
Republic of Fiji Military Forces	86,009,121	349,187	86,358,308	86,168,179	190,129
Fiji Police Force	185,809,340	---	185,809,340	173,980,233	11,829,107
Peacekeeping Missions	45,295,683	767,345	46,063,028	45,523,927	539,101
Total for General Administration	706,856,383	1,473,526	708,329,909	657,076,866	51,253,043
SOCIAL SERVICES					
Ministry of Education, Heritage and Arts	447,094,403	---	447,094,403	431,764,782	15,329,621
Ministry of Health and Medical Services	406,655,754	---	406,655,754	362,987,470	43,668,284
Ministry of Housing and Community Development	20,086,888	---	20,086,888	18,086,432	2,000,456
Ministry of Women, Children & Poverty Alleviation	138,462,472	---	138,462,472	134,772,936	3,689,536
Ministry of Youth and Sports	9,678,343	---	9,678,343	9,074,270	604,073
Higher Education Institutions	47,933,841	---	47,933,841	47,933,841	---
Total for Social Services	1,069,911,701	---	1,069,911,701	1,004,619,731	65,291,970

GOVERNMENT OF THE REPUBLIC OF FIJI
 STATEMENT OF EXPENDITURE AGAINST APPROPRIATION HEADS
 FOR THE YEAR ENDED 31 JULY 2022

Schedule 9

Heads of Appropriation	Original Budget 2022	Redeployment	Revised Estimate 2022	Actual Expenses 2022	Under Expenditure
	(\$)	(\$)	(\$)	(\$)	(\$)
ECONOMIC SERVICES					
Ministry of Agriculture	61,047,334	---	61,047,334	50,855,486	10,191,848
Ministry of Fisheries	13,532,444	---	13,532,444	11,456,928	2,075,516
Ministry of Forests	13,825,823	---	13,825,823	12,519,017	1,306,806
Ministry of Lands & Mineral Resources	25,320,394	---	25,320,394	22,603,093	2,717,301
Ministry of Commerce, Trade, Tourism & Transport	86,695,009	---	86,695,009	80,864,534	5,830,475
Ministry of Sugar Industry	83,318,458	260,000	83,578,458	83,314,266	264,192
Ministry of Local Government	10,534,311	---	10,534,311	9,669,643	864,668
Total for Economic Services	294,273,773	260,000	294,533,773	271,282,967	23,250,806
INFRASTRUCTURE SERVICES					
Ministry of Infrastructure and Meteorological Services	23,511,904	---	23,511,904	21,021,733	2,490,172
Water Authority of Fiji	195,197,332	4,784,287	199,981,619	199,679,618	302,001
Ministry of Waterways and Environment	13,145,772	---	13,145,772	9,531,075	3,614,697
Fiji Roads Authority	338,181,058	23,017,261	361,198,319	346,967,121	14,231,198
Total for Infrastructure	570,036,066	27,801,548	597,837,614	577,199,547	20,638,068
UNALLOCABLE					
Miscellaneous Services	663,738,302	(29,535,074)	634,203,228	498,848,058	135,355,170
Pensions, Gratuities and Compassionate Allowances	31,773,785	---	31,773,785	30,022,146	1,751,639
Charges on Account of Public Debt	378,491,230	---	378,491,230	375,046,347	3,444,883
Total for Unallocable Services	1,074,003,317	(29,535,074)	1,044,468,243	903,916,551	140,551,692
Grand Total	3,715,081,240	---	3,715,081,240	3,414,095,662	300,985,579

GOVERNMENT OF THE REPUBLIC OF FIJI
 DETAILS OF EXPENDITURE REPORTABLE AUTHORISATIONS
 FOR THE PERIOD ENDING 31 JULY 2022

Schedule 10

Summary by Standard Expenditure Group (SEG)	Original Budget 2022	Redeployment	Virements	Revised Estimate 2022	Actual Expenditure 2022	(Over) / Under Expenditure
	(\$)	(\$)	(\$)	(\$)	(\$)	%
1. Established Staff	938,963,304	1,116,532	(15,433,586)	924,646,250	888,207,843	4
2. Government Wage Earners	45,184,843	---	1,205,487	46,390,330	41,715,288	10
3. Travel and Communications	22,988,677	---	5,974,532	28,963,209	25,967,612	10
4. Maintenance and Operations	65,958,901	---	7,084,967	73,043,868	68,210,315	7
5. Purchase of Goods and Services	177,509,885	2,201,835	3,890,634	183,602,354	157,510,940	14
6. Operating Grants and Transfers	605,352,728	1,344,287	4,619,594	611,316,609	593,461,510	3
7. Special Expenses	136,453,660	---	53,913	136,507,573	81,347,170	40
8. Capital Construction	88,344,518	---	(2,088,673)	86,255,845	58,170,445	33
9. Capital Purchase	49,594,044	---	17,450	49,611,494	42,778,030	14
10. Capital Grants and Transfers	1,127,763,793	(4,860,819)	(2,329,994)	1,120,572,980	1,022,099,740	9
11. Pensions, Gratuities & Compassionate Allowances	31,773,785	---	---	31,773,785	30,022,146	6
12. Charges on Account of Public Debt	8,200,000	---	---	8,200,000	4,710,385	43
13. Value Added Tax	46,701,872	198,165	(2,994,324)	43,905,713	29,558,276	33
14. Interest Payment on overseas loans	19,155,833	---	---	19,155,833	19,213,339	---
15. Interest Payment on domestic loans	351,135,397	---	---	351,135,397	351,122,623	---
Grand Total	3,715,081,240	---	---	3,715,081,240	3,414,095,662	8

Actuals for all the SEGs were within the original budget.

Ministry of Finance

Suva, Fiji

Dated 14 of the month of May, 2024



Mr. Shiri K Gounder

Permanent Secretary for Ministry of Finance, Strategic Planning, National Development and Statistics

GOVERNMENT OF THE REPUBLIC OF FIJI
 BUDGET RESULT, ESTIMATES AND PROJECTIONS
 FOR THE PERIOD 2020 - 2024

Schedule 11

	Actual 2020 (\$)	Actual 2021 (\$)	Original 2022 (\$)	Actual 2022 (\$)	Projected 2023 (\$)	Projected 2024 (\$)
REVENUE						
Operating Revenue	2,449,163,344	1,873,001,982	2,171,891,290	2,121,774,508	2,266,425,200	2,494,353,700
Investing Revenue	267,929,646	269,982,949	81,232,199	69,036,522	54,658,900	44,870,200
TOTAL REVENUE	2,717,092,990	2,142,984,931	2,253,123,489	2,190,811,030	2,321,084,100	2,539,223,900
EXPENDITURE						
Operating Expenditure	1,976,636,611	1,818,716,863	2,024,185,783	1,886,442,824	1,915,819,883	1,914,229,883
Interest Payments on Loans	356,986,258	370,272,668	378,491,230	375,046,347	409,920,830	372,869,302
Capital Expenditure	988,116,472	973,342,804	1,265,702,355	1,123,048,215	943,849,055	954,097,155
Value Added Tax	31,733,470	27,960,685	46,701,872	29,558,276	38,115,272	39,037,696
TOTAL EXPENDITURE	3,353,472,811	3,190,293,020	3,715,081,240	3,414,095,662	3,307,705,040	3,280,234,036
BUDGET RESULT	(636,379,821)	(1,047,308,089)	(1,461,957,751)	(1,223,284,632)	(986,620,940)	(741,010,136)

**DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2020 - 2024**

Description	Actual 2020 (\$)	Actual 2021 (\$)	Original 2022 (\$)	Actual 2022 (\$)	Projected 2023 (\$)	Projected 2024 (\$)
REVENUE						
Operating Revenue						
Direct Receipts (Income Tax & Capital Gain Tax)	610,549,466	466,172,922	481,348,356	464,560,906	575,001,800	638,229,600
Indirect Revenue						
VAT	627,749,160	443,143,125	635,393,876	660,165,330	771,677,800	856,532,300
Customs	533,800,285	399,769,143	472,813,749	441,548,616	559,032,000	620,503,800
Service Turnover Tax	62,524,501	1,120,176	46,596	113,401	---	---
Water Resource Tax	56,197,517	71,955,081	86,354,235	83,641,663	102,261,700	113,506,500
Departure Tax	107,574,014	903,510	12,846,011	16,372,322	14,775,400	16,400,100
Fish Levy	16,100	---	---	---	---	---
Stamp Duty	66,323,391	7,867,853	95,786	497,059	---	---
Luxury Vehicle Tax	676,000	7,500	---	10,000	---	---
Telecommunication Levy	918,171	835,417	968,227	800,274	1,143,400	1,269,100
Environmental Levy	133,189,274	20,831,281	19,701,980	23,884,478	---	---
Miscellaneous Fees & Receipts	(5,516,738)	11,272	940,517	418,662	---	---
Fees, Fines, Charges and Penalties	142,161,315	123,673,743	135,429,636	148,656,472	148,867,100	154,695,600
Other Revenue and Surpluses	31,450,588	28,607,700	27,966,394	33,389,698	27,969,000	28,115,100
Reimbursement and Recoveries	13,970,878	24,259,714	83,753,676	15,098,000	15,697,000	15,101,600
Grant in Aid	67,579,422	283,843,544	214,232,251	232,617,627	50,000,000	50,000,000
Total Operating Revenue	2,449,163,344	1,873,001,981	2,171,891,290	2,121,774,508	2,266,425,200	2,494,353,700

DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2020 - 2024

Description	Actual 2020 (\$)	Actual 2021 (\$)	Original 2022 (\$)	Actual 2022 (\$)	Projected 2023 (\$)	Projected 2024 (\$)
Investing Revenue						
Repayment of Term Loans Receivable	437,231	2,630,433	2,619,618	652,942	3,266,900	3,466,900
Sale of Government Assets	211,282,473	210,497,812	14,874,075	1,785,279	---	---
Dividends from Investment	49,476,930	51,304,648	58,676,385	61,650,306	46,309,300	36,300,000
Interest from Bank Balance	2,176,417	2,086,586	1,192,490	1,078,364	1,193,700	1,194,900
Return of Surplus Capital from Investment	4,334,962	3,463,470	3,869,631	3,869,631	3,889,000	3,908,400
Exchange Rate Gain	221,633	---	---	---	---	---
Total Investing Revenue	267,929,646	269,982,949	81,232,199	69,036,522	54,658,900	44,870,200
TOTAL REVENUE	2,717,092,990	2,142,984,930	2,253,123,489	2,190,811,030	2,321,084,100	2,539,223,900
EXPENDITURE						
General Administration Services						
Operating Expenditure	556,845,435	567,188,647	625,536,268	591,222,191	591,955,768	590,865,768
Capital Expenditure	56,779,378	53,648,612	68,135,479	56,158,637	29,755,979	29,755,979
Total General Administration	613,624,813	620,837,259	693,671,747	647,380,828	621,711,747	620,621,747
Social Services						
Operating Expenditure	994,802,117	924,565,956	969,641,840	928,832,358	959,946,840	959,446,840
Capital Expenditure	62,121,661	60,191,671	86,889,465	68,836,856	52,364,565	62,612,665
Total Social Services	1,056,923,778	984,757,627	1,056,531,305	997,669,214	1,012,311,405	1,022,059,505

**DISAGGREGATION OF ACTUAL REVENUE AND EXPENDITURE BY ECONOMIC TYPE
FOR THE PERIOD 2020 - 2024**

Description	Actual 2020 (\$)	Actual 2021 (\$)	Original 2022 (\$)	Actual 2022 (\$)	Projected 2023 (\$)	Projected 2024 (\$)
Economic Services						
Operating Expenditure	101,585,365	120,349,343	139,224,377	126,615,963	135,423,877	135,423,877
Capital Expenditure	181,753,486	108,896,925	149,564,725	141,212,499	146,729,725	146,729,725
Total Economic Services	283,338,851	229,246,268	288,789,102	267,828,462	282,153,602	282,153,602
Infrastructure Services						
Operating Expenditure	215,530,384	113,815,272	117,492,463	120,530,696	117,347,463	117,347,463
Capital Expenditure	374,434,336	358,775,563	451,430,395	455,840,671	450,256,795	450,256,795
Total Infrastructure Services	589,964,720	472,590,835	568,922,858	576,371,367	567,604,258	567,604,258
Miscellaneous Services						
Operating Expenditure	75,616,126	62,036,896	140,517,050	89,219,470	79,372,150	79,372,150
Capital Expenditure	313,027,611	391,830,033	509,682,291	400,999,551	264,741,991	264,741,991
Total Miscellaneous Services	388,643,737	453,866,929	650,199,341	490,219,021	344,114,141	344,114,141
Unallocable						
Pensions, Gratuities and Compassionate Allowance	32,257,184	30,760,749	31,773,785	30,022,146	31,773,785	31,773,785
Value Added Tax	31,733,470	27,960,685	46,701,872	29,558,276	38,115,272	39,037,696
Interest Payments on Loans	356,986,258	370,272,668	378,491,230	375,046,348	409,920,830	372,869,302
TOTAL EXPENDITURE	3,353,472,811	3,190,293,020	3,715,081,240	3,414,095,662	3,307,705,040	3,280,234,036
(Deficit)/Surplus for the year	(636,379,821)	(1,047,308,090)	(1,461,957,751)	(1,223,284,632)	(986,620,940)	(741,010,136)

GOVERNMENT OF THE REPUBLIC OF FIJI
ESTIMATE AND ACTUAL BUDGET RESULT
FOR THE PERIOD 2020- 2022

Schedule 13

	Actual 2020 (\$)	Actual 2021 (\$)	Original 2022 (\$)	Actual 2022 (\$)
REVENUE				
Operating Revenue	2,449,163,344	1,873,001,982	2,171,891,290	2,121,774,508
Investing Revenue	267,929,646	269,982,949	81,232,199	69,036,522
TOTAL REVENUE	2,717,092,990	2,142,984,931	2,253,123,489	2,190,811,030
EXPENDITURE				
Operating Expenditure	1,976,636,611	1,818,716,863	2,024,185,783	1,886,442,824
Interest Payments on Loans	356,986,258	370,272,668	378,491,230	375,046,347
Capital Expenditure	988,116,472	973,342,804	1,265,702,355	1,123,048,215
Value Added Tax	31,733,470	27,960,685	46,701,872	29,558,276
TOTAL EXPENDITURE	3,353,472,811	3,190,293,020	3,715,081,240	3,414,095,662
BUDGET RESULT	(636,379,821)	(1,047,308,089)	(1,461,957,751)	(1,223,284,632)

Part B: Report on the Financial Statements of Government

TABLE OF CONTENTS

1.0	SUMMARY	3
1.1	Introduction	3
1.2	Audit Results	5
1.3	Financial Performance, Position and Sustainability	5
1.4	Understanding Internal Controls	11
1.5	Reference to Comments	12
1.6	Report Structure	12
2.0	CONTEXT	13
2.1	Legislative Framework	13
2.2	Annual Financial Statements of Ministries and Departments	13
2.3	Consolidation Process	14
2.4	Role of the Auditor-General	14
2.5	Reporting to Parliament	15
2.6	Types of Audit Opinion	16
3.0	AUDIT RESULTS – MINISTRIES & DEPARTMENTS	17
3.1	Key Findings and Audit Conclusion	17
3.2	Year-End Closing Process	20
3.3	Quality of Draft Agency Financial Statements	22
3.4	Timeliness of Financial Reporting	23
3.5	Timeliness of provision of management comments and signing of financial statements	24
4.0	FINANCIAL STATEMENTS OF GOVERNMENT	25
4.1	Introduction	25
4.2	Submission of Draft Financial Statements of Government	26
4.3	Audit Results	27
5.0	ASSESSMENT OF INTERNAL CONTROLS	28
5.1	Introduction	28
5.2	Internal Control Framework.	28
6.0	SIGNIFICANT AUDIT MATTERS	34
6.1	Accounting policies - Recurring	34
6.2	Unutilised Budget - Recurring	35
6.3	Arrears of Revenue Report Not Prepared	37
6.4	Detailed Listing not maintained for Main Trust Fund Account - Recurring	38
6.5	Variances between FMIS GL and Bank Reconciliation Statement - Recurring	39
6.6	Significant Arrears of Revenue - Recurring	40

APPENDIX A:	AUDIT OPINION RESULTS	42
APPENDIX B:	OTHER MEASURES OF FINANCIAL VULNERABILITY	44
APPENDIX C:	ASSESSMENT OF FINANCIAL GOVERNANCE	50
APPENDIX D:	MODIFIED AUDIT OPINION - QUALIFICATION	55
APPENDIX E:	DETAILED LISTINGS NOT MAINTAINED FOR MAIN TRUST ACCOUNTS	56
APPENDIX F:	VARIANCE IN OVERSEAS CASH, TMA AND TRUST CASH	57
APPENDIX G:	DETAILS OF MINISTRIES AND DEPARTMENTS SIGNIFICANT ARREARS OF REVENUE	60
APPENDIX H:	GLOSSARY	64

1.0 SUMMARY

1.1 Introduction

All Ministries and Departments prepare annual agency financial statements. Permanent Secretaries and management of these agencies are responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Financial Management Act (FMA) 2004 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Permanent Secretary for Finance is responsible for consolidating the financial information of all Ministries and Departments into the Financial Statements of Government (FSG). These financial statements separately disclose expenditures against Appropriation Heads for sectors which include General Administration, Social Services, Economic Services and Infrastructure Services. Certain expenditures that cannot be allocated to any of these sectors are reflected as unallocable. *Unallocable expenditures* include miscellaneous services, pensions, gratuities and compassionate allowances and finance charges on public debt.

The accounts of other public entities¹ have not been consolidated with those of government based on the decision of the Ministry of Finance.

Budget sectors

General Administration Sector	<ul style="list-style-type: none"> • Office of the President, Office of the Prime Minister & Department of Immigration, Office of the Attorney-General, Ministry of Finance, Ministry of iTaukei Affairs, Ministry of Defence, National Security & Policing, Ministry of Employment, Productivity and Industrial Relations, Ministry of Foreign Affairs, Judiciary, Parliament, Office of the Director of Public Prosecutions, Ministry of Justice, Fiji Corrections Service, Ministry of Communications, Ministry of Civil Service and Public Service Commission, Ministry of Rural and Maritime Development & Disaster Management, Republic of Fiji Military Forces, Fiji Police Force and Peacekeeping Missions
Social Services Sector	<ul style="list-style-type: none"> • Ministry of Education, Heritage and Arts, Ministry of Health and Medical Services, Ministry of Housing and Community Development, Ministry of Women, Children and Poverty Alleviation, Ministry of Youth and Sports and Higher Education Institutions
Economic Services Sector	<ul style="list-style-type: none"> • Ministry of Agriculture, Ministry of Fisheries, Ministry of Forestry, Ministry of Lands and Mineral Resources, Ministry of Commerce, Trade, Tourism & Transport, Ministry of Sugar Industry and Ministry of Local Government
Infrastructure Sector	<ul style="list-style-type: none"> • Ministry of Infrastructure & Meteorological Services, Ministry of Waterways and Environment and grants paid to Water Authority of Fiji and Fiji Roads Authority.

¹ Other public entities are entities other than Ministries and Departments

2021 - 2022 Budget

Government expenditures were focused on public expenditure restraint and reprioritisation guided by the following objectives²:

- Adopt zero-based budgeting³ for the FY2022-2023 Budget with caps placed on operating expenditure across all Ministries and agencies;
- Continuing the freeze on public sector hiring and remuneration, including for all grant recipient entities;
- Undertake a holistic review to right size the civil service;
- All new projects that have not started to be put on hold, unless critical;
- Review and downsize the scope and design for all planned projects;
- Projects that have already started to be slowed down or re-scoped if possible;
- Tighten control on operational expenditures, including travel, communications, trainings, workshops, hiring of halls, fuel & maintenance and purchase of supplies with KPIs of agency heads and Permanent Secretaries linked to these targets;
- Review service contracts and renegotiate pricing based on current economic environment;
- Cancel contracts if commencement and completion of projects in the later years will result in cost savings;
- Review grant funding to state entities and industries;
- Review the Tertiary Education Loans Scheme (TELS) and Toppers scholarship programmes;
- Funding for ongoing programmes to be based on assessment of current and past performance and progressive achievement of planned outputs;
- Proper feasibility including a cost benefits analysis to be undertaken for all new capital projects by the Ministry of Finance;
- Resources to be allocated based on a multi-year perspective and the implementation capacity of agencies considering the need to meet competing expenditure demands;
- Ministries to submit expenditure for 3 budget years;
- Low impact expenditure programmes should be ceased;
- Any new initiatives should be rolled out in phases to manage costs and pilot testing should be done for the rollout of major initiatives;
- All existing programmes to be reviewed and Government should ensure that all financial resources allocated are used prudently to derive real value for money;
- Maintain an optimal capital operating mix by strengthening control on operational spending;
- Encourage more private sector participation in public infrastructure projects and delivery of other public services through innovative financial mechanisms; and
- Proper and effective monitoring of projects and budget utilisation through the Ministry of Finance.

The financial position and expenditure of Government against the approved budget, have been considered against these contexts in this report.

² Economic and Fiscal Update Supplement to the 2021 – 2022 Budget Address.

³ Zero based budgeting requires Ministries and agencies to provide justification for every dollar of funding requested. The process of zero based budgeting starts from a "zero base," and every activity within an appropriation head is thoroughly analysed.

1.2 Audit Results

We issued 36 audit opinions which included one Financial Statements of Government and 35 Agency Financial Statements of Ministries and Departments.

The details of the results of our audits are discussed in [Chapter 3](#) and [Appendix A](#).

Quality and Timeliness of Financial Statements

Financial Statements of Government

- An unmodified audit opinion with emphasis of matters was issued on 15 May 2024, which was after the legislative deadline of 30 April 2023.
- The Permanent Secretary for Finance signed the audited financial statements on 14 May 2024.
- We received the first acceptable draft financial statements for audit on 25 January 2023 with a resubmitted revised draft financial statements received on 21 November 2023.

Ministries and Departments

- We issued unmodified opinions for 30 or 86% of the 35 agency financial statements compared to 29 unmodified opinions issued in 2021. The remaining financial statements for 5 Ministries were issued with modified audit opinions.
- The submission of draft financial statements for 29 or 83% of Ministries/Departments were timely while 6 or 17% were significantly late after the set deadline on 31 October 2022. A total of 33 or 94% of the draft financial statements were of good quality.
- Comments on draft management letters for 24 or 69% of Ministries/Departments were received on time and audited accounts for 21 or 60% of Ministries/Departments were signed and returned on time.

Delayed submissions of draft financial statements impacted the timeliness of our audits. Delays were also attributed to the following:

- Rectifying errors and omissions on the draft financial statements submitted for audit;
- Delays in the submissions of management comments for issues raised in draft management letters;
- Delays in returning the signed accounts; and
- Documents required for audit were not provided on time.

1.3 Financial Performance, Position and Sustainability

Each year, the Permanent Secretary for Finance prepares the Financial Statements of Government and the Annual Appropriation Statement in accordance with the provisions of the FMA 2004, Financial Instructions (FI) 2010 and Cash Basis International Public Sector Accounting Standards (IPSAS) 2017.

These statements provide a consolidated view of the revenues, expenses, assets and liabilities and cash flows of State agencies excluding controlled entities. The statements also reflect actual

expenditure against approved and revised budget by sectors and appropriation heads and revenue collected by economic type.

Financial Snapshot

The key financial statement items namely expenditure, revenue, cash and cash equivalents, term loans receivables, investments, trust fund accounts, term loans payable and equity are explained below.

Understanding Financial Performance (Statement of Revenue and Expenses)

Table 1.1 provides a snapshot of revenue and expenses for 2022 in comparison to 2021.

Table 1.1: Revenue and Expenses Snapshot

Description	31/07/22 (\$)	31/07/21 (\$)	Increase/ (Decrease) (\$)
Direct Taxes	464,560,906	466,172,922	▼ (1,612,016)
Indirect Taxes	1,227,451,805	946,444,358	▲ 281,007,447
Fees, Fines and Charges	148,656,472	123,673,743	▲ 24,982,729
Other Receipts	33,389,698	28,607,701	▲ 4,781,997
Reimbursements and Recoveries	15,098,000	24,259,714	▼ (9,161,714)
Grant Aid	232,617,627	283,843,544	▼ (51,225,917)
Total Operating Revenue	2,121,774,508	1,873,001,982	▲ 248,772,526
Repayments of Term Loan Receivable	652,942	2,630,433	▼ (1,977,491)
Sale of Government Assets	1,785,279	210,497,812	▼ (208,712,533)
Dividends from Investments	61,650,306	51,304,648	▲ 10,345,658
Interest from Bank Balances	1,078,364	2,086,586	▼ (1,008,222)
Return of Surplus Capital from Investment	3,869,631	3,463,470	▲ 406,161
Total Investing Revenue	69,036,522	269,982,949	▼ (200,946,427)
Trade and Manufacturing Operations	9,692,700	9,383,776	▲ 308,924
Total	2,200,503,730	2,152,368,707	▲ 48,135,023
Operating Expenditure	591,222,191	567,188,647	▲ 24,033,544
Capital Expenditure	56,158,637	53,648,612	▲ 2,510,025
Total General Administration Services	647,380,828	620,837,259	▲ 26,543,569
Operating Expenditure	928,832,358	924,565,956	▲ 4,266,402
Capital Expenditure	68,836,856	60,191,671	▲ 8,645,185
Total Social Services	997,669,214	984,757,627	▲ 12,911,587
Operating Expenditure	126,615,963	120,349,343	▲ 6,266,620
Capital Expenditure	141,212,499	108,896,925	▲ 32,315,574
Total Economic Services	267,828,462	229,246,268	▲ 38,582,194
Operating Expenditure	120,530,696	113,815,272	▲ 6,715,424
Capital Expenditure	455,840,671	358,775,563	▲ 97,065,108
Total Infrastructure Services	576,371,367	472,590,835	▲ 103,780,532

Description	31/07/22 (\$)	31/07/21 (\$)	Increase/ (Decrease) (\$)
Operating Expenditure	89,219,470	62,036,896	▲ 27,182,574
Capital Expenditure	400,999,551	391,830,033	▲ 9,169,518
Total Miscellaneous Services	490,219,021	453,866,929	▲ 36,352,092
Pensions, Gratuities and Compassionate Allowance	30,022,146	30,760,749	▼ (738,603)
Value Added Tax	29,558,276	27,960,685	▲ 1,597,591
Interest Payments on Loans	375,046,348	370,272,668	▲ 4,773,680
Trading and Manufacturing Operations	6,515,940	4,775,574	▲ 1,740,366
Total Unallocable	441,142,710	433,769,676	▲ 7,373,034
Total Expenditure	3,420,611,602	3,195,068,594	▲ 225,543,009
Key Financial Ratio			
Operating Margin⁴	1.12	1.03	▲

▲ Increase from previous year

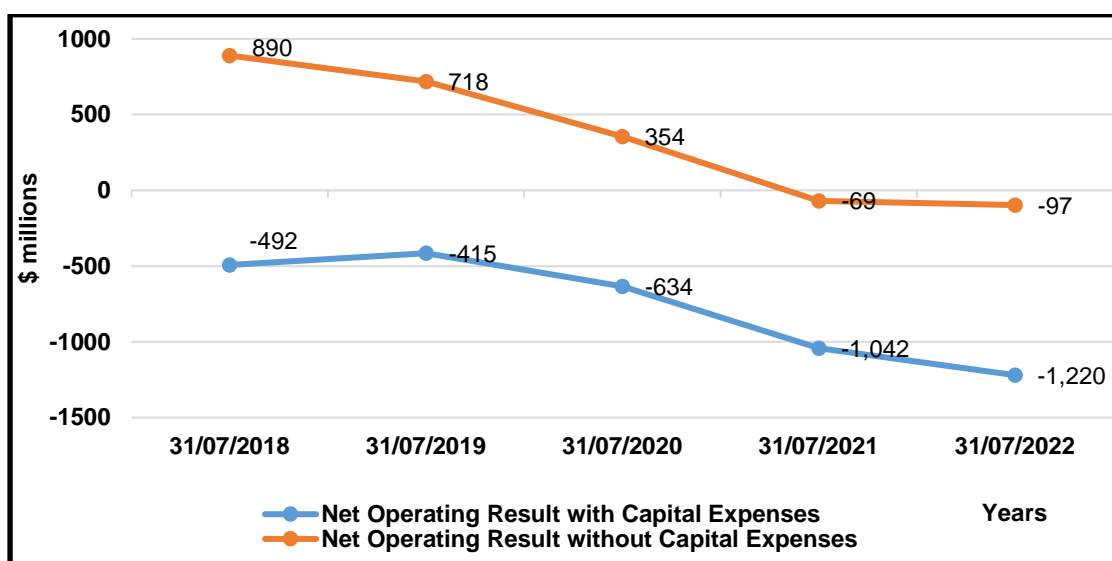
▼ Decrease from previous year

There was an overall increase in revenue by \$48.1 million or 2%, which was mainly due to increase in indirect taxes, fees, fines and charges and dividend from investments.

Expenditure for general administration services, social services, economic services, infrastructures services, miscellaneous services, and unallocable expenditures increased, resulting in an overall increase of \$225.5 million or 7% in 2022.

The net operating result with and without the inclusion of capital expenditures is shown in Figure 1.1 below.

Figure 1.1: Underlying Net Operating Result (Five Year Trend)



Source: Financial Statements of Government for 2018 - 2022

⁴ Operating margin benchmark is > 1.0

Net operating balance (with capital expenditure) remained in deficit in 2022 as in the last four years. The net operating deficit increased further by 17% from \$1.0 billion in 2021 to \$1.2 billion in 2022. With capital expenses excluded, Government's net operating balance recorded a deficit of \$97 million for 2022 (2021: \$69.4 million deficit). This shows that revenue was not sufficient to cover operating expenses and that \$97 million of operating expenditure were funded by borrowings.

Understanding Financial Position (Statement of Assets and Liabilities)

Table 1.2 provides an overview of assets and liabilities for 2022 in comparison to 2021.

Table 1.2: Assets and Liabilities Snapshot

Description	31/07/22 (\$)	31/07/21 (\$) (Restated)	Increase/ (Decrease) (\$)
Cash and Cash Equivalents	896,695,699	673,649,302	▲ 223,046,397
Accounts Receivable	195,264,328	214,012,424	▼ (18,748,096)
Prepayments	766,650	1,042,124	▼ (275,474)
Inventory	1,201,549	1,457,816	▼ (256,267)
Term-Loans Receivable	897,879,547	851,186,268	▲ 46,693,279
Equity Investments	955,095,454	885,869,258	▲ 69,226,196
Total Assets	2,946,903,227	2,627,217,192	▲ 319,686,035
Liabilities			
Accounts Payable	227,097,563	176,665,948	▲ 50,431,615
Deferred Income	7,068,238	7,739,903	▼ (671,665)
Trust Fund Account	257,193,506	252,465,811	▲ 4,727,695
Term Loans Payable - Treasury Bills	282,913,284	269,565,261	▲ 13,348,023
Term Loans Payable - Overseas Loans	3,364,583,531	2,422,478,518	▲ 942,105,013
Term Loans Payable - Domestic Loans	5,513,801,313	4,992,880,337	▲ 520,920,976
Total Liabilities	9,652,657,435	8,121,795,778	▲ 1,530,861,657
Net Liability	(6,705,754,208)	(5,494,578,586)	▼ (1,211,175,622)
Key Financial Ratios			
Current ratio ⁵	1.01	0.83	▲

▲ Increase from previous year

▼ Decrease from previous year

Total assets increased by \$319.7 million or 12% due to increase in cash and cash equivalents by \$223 million, term loan receivables by \$46.7 million and equity investments by \$69.2 million. The major increase in equity investments was due to subscription of 255 shares in Fijian Drua and the increase in Government interests in Fiji Airways (24,170,428 shares).

Liabilities increased by \$1,530.8 million or 19% due to increases in term loans payable (overseas loans) by \$942.1 million, accounts payable by \$50.4 million and term loans payable (domestic loans) by \$520.9 million. The increase in term loans payable was due to the increase in government bond issued during the year.

Total assets were \$2.9 billion against total liabilities of \$9.7 billion. The Government has yet to record all its property, plant and equipment in the Statement of Financial Position.

⁵ Current ratio benchmark is > 1.0

Understanding Sustainability

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

The total Government debt as a percentage of GDP is an indication of debt sustainability relative to the production of goods and services.

Table 1.3 below shows the debt sustainability of Government for the last five years.

Table 1.3: Movement in Debt Sustainability to GDP

FY Ended	31/7/18	31/7/19	31/07/20	31/7/21	31/7/22
Total Debt	\$5.2 billion	\$5.7 billion	\$6.7 billion	\$7.7 billion	\$9.2 billion
GDP*	\$11.4 billion	\$11.7 billion	\$10.7 billion	\$9.1 billion	\$10.1 billion
Debt to GDP Ratio	46%	49%	63%	85%	91%

*Source: Macroeconomic Committee

There was an increase in the debt to GDP ratio from 85% (2021) to 91% (2022) indicating more burden of debt against production of goods and services.

Financial Flexibility

A good debt indicator is financial flexibility which shows the increase in financial resources or revenue to respond to increasing financial commitments either by expanding revenue or increasing the debt burden.

This indicator shows the percentage of total debt repayments against the total revenue for the economy. A lower percentage of debt to be repaid from total revenue is a good indicator for Government as this shows that a larger percentage of revenue is available to be used for other Government programs.

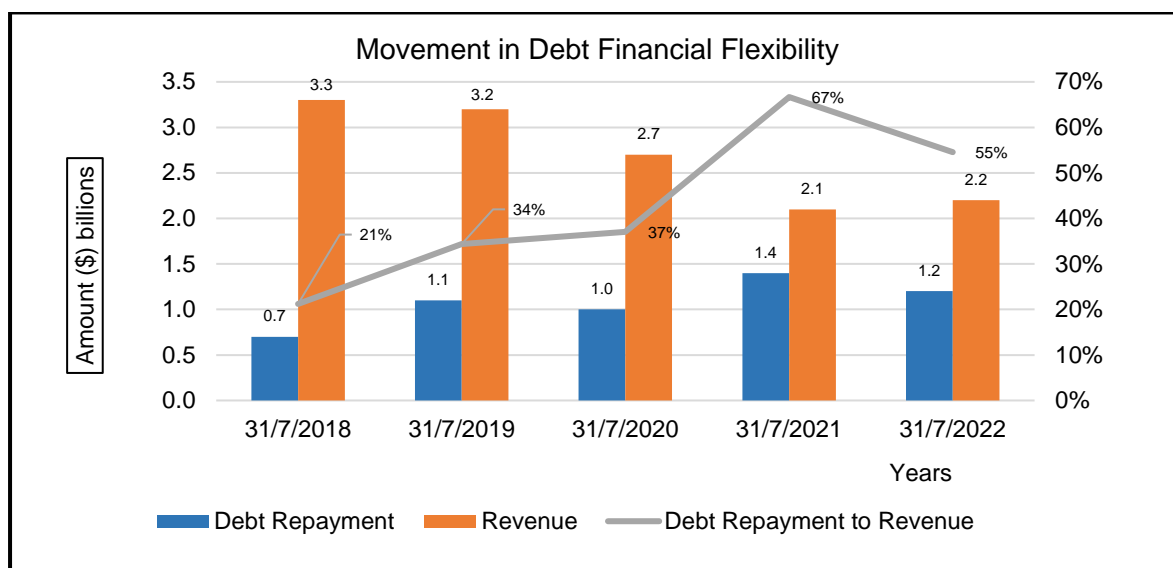
Table 1.4 and Figure 1.2 below shows the debt financial flexibility of Government for the last five years.

Table 1.4: Movement in Debt Financial Flexibility

FY Ended	31/7/18	31/7/19	31/7/20	31/7/21	31/7/22
Debt Repayment	\$0.7 billion	\$1.1 billion	\$1.0 billion	\$1.4 billion	\$1.2 billion
Revenue	\$3.3 billion	\$3.2 billion	\$2.7 billion	\$2.1 billion	\$2.2 billion
Debt Repayment to Revenue	21%	34%	37%	67%	55%

Source: Financial Statements of Government 2018 - 2022

Figure 1.2: Movement in Debt Financial Flexibility



Financial Vulnerability

Financial vulnerability measures the total exposure of Government to exchange rates and other market risks through its dependence on external borrowings. The lesser the proportion of total external borrowings in comparison to total debt, the better it is for the Government.

Table 1.5 below shows the financial vulnerability measure of Government for the last five years.

Table 1.5: Movement in Financial Vulnerability Measure

FY Ended	31/7/18	31/7/19	31/7/20	31/7/21	31/7/22
External Debt	\$1.4 billion	\$1.4 billion	\$1.7 billion	\$2.4 billion	\$3.4 billion
Total Debt	\$5.2 billion	\$5.7 billion	\$6.7 billion	\$7.7 billion	\$9.2 billion
External Debt to Total Debt	27%	25%	25%	31%	37%

Source: Financial Statements of Government 2018 - 2022

Government has a debt mix of approximately 37% external borrowing against 63% domestic borrowings.

Refer to [Appendix B](#) for other measures of financial vulnerability.

1.4 Understanding Internal Controls




Good internal controls provide reasonable assurance that Ministries or Departments are achieving their objectives relating to operations, reporting and compliance. We assess the controls used by the Ministries/Departments using the following five key elements:

- (i) Control environment – actions, attitudes and values that influence daily operations;
- (ii) Risk assessment – processes for identifying, assessing and managing risk;
- (iii) Control activities – policies, procedures, and actions taken to prevent or detect errors;
- (iv) Information and communication – systems to inform staff about control responsibilities; and
- (v) Monitoring activities – oversight of internal controls for existence and effectiveness.

When we identify that internal controls in any of these elements are missing or are not operating as intended, we refer to them as *control deficiencies (audit finding)*. If we identify that a control deficiency, either alone or in combination with other deficiencies, may lead to a material misstatement in the entity's financial statements, we refer to this as a *significant audit finding*.

If we identify a deficiency (audit finding) with any of these internal controls as part of our audits, we report the finding to the entity's management.

The internal controls for the Ministries and Departments were assessed and categorised as either effective, generally effective or ineffective as follows:

Rating	Internal control assessment
 Effective	No deficiencies identified in internal controls
 Generally effective	Deficiencies identified in internal controls
 Ineffective	Significant deficiencies identified in internal controls

Summary of control assessments across the whole of government and by Sectors are shown in Table 1.6 below:

Table 1.6: Summary of Control Assessments

Sector	No. of Ministries/Departments				
	Control Environment (CE)	Risk Assessment (RA)	Control Activities (CA)	Information and Communication Control (IC)	Monitoring Activities (MA)
General Administration					
Effective	15	15	12	17	7
Generally Effective	6	6	9	4	14
Ineffective	---	---	---	---	---
Social Services					
Effective	1	2	---	3	1
Generally Effective	4	2	4	2	3
Ineffective	---	1	1	---	1
Economic Services					
Effective	5	6	5	6	4
Generally Effective	2	1	2	1	3
Ineffective	---	---	---	---	---

Sector	No. of Ministries/Departments				
	Control Environment	Risk Assessment	Control Activities	Information and Communication Control	Monitoring Activities
	(CE)	(RA)	(CA)	(IC)	(MA)
Infrastructure Services					
Effective	---	---	---	2	---
Generally Effective	2	1	2	---	2
Ineffective	---	1	---	---	---

Audit noted that the internal controls for Ministries and Departments are collectively effective for the financial year 31 July 2022. Detailed discussions on assessment of internal controls and deficiencies noted have been reported in the following respective sector reports and in [Chapter 5](#) and [Appendix C](#) of this report:

1. 2021 – 2022 Audit Report on General Administration Sector (Parliamentary Paper No. 121 of 2023)
2. 2021 – 2022 Audit Report on Social Services Sector (Parliamentary Paper No. 120 of 2023)
3. 2021 - 2022 Audit Report on Economic Services Sector (Parliamentary Paper No. 119 of 2023)
4. 2021 – 2022 Audit Report on Infrastructure Sector (Parliamentary Paper No. 118 of 2023)

This report summarises our analysis of the financial position, performance, sustainability and timeliness and quality of financial reporting of the whole of Government. The report also includes the results of internal control assessments of respective Ministries and Departments.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the agency. These have been considered in this report as they impacted the overall system of control of the Ministries and Departments as at 31 July 2022.

1.5 Reference to Comments

Responses provided by the Ministry of Finance have been incorporated in this report where applicable. Responses from other Ministries and Departments have been incorporated in the sector reports.

1.6 Report Structure

Chapter	Description
Chapter 1	Provides a summary of the report
Chapter 2	Provides context for audit findings and conclusions and types of audit opinion
Chapter 3	Evaluates the audit opinion results, timeliness and quality of reporting
Chapter 4	Financial Statements of Government
Chapter 5	Assess the strength of internal controls in Ministries & Departments
Chapter 6	Discusses significant audit matters in the 2021 and 2022 Financial Statements of Government
Appendices	Appendices containing Assessment, Audit Opinions and Glossary

2.0 CONTEXT

2.1 Legislative Framework

The following legislation establishes the financial accountability frameworks and legislative time frames to complete financial statements audits for Ministries and Department. Refer to Table 2.1 below.

Table 2.1: Legislative Framework

Entity Type	Legislative Framework	Legislative Timeframe
Financial Statements of Government	<ul style="list-style-type: none"> Financial Management Act 2004 International Public Sector Accounting Standards (IPSAS) financial reporting under cash basis of accounting 	30 th April
Ministries & Departments	<ul style="list-style-type: none"> Financial Management Act 2004 Finance Instructions 2010 	31 st December

Financial Management Act 2004 (FMA 2004) states the following principles of responsible finance management:

- (a) to manage finance over a medium term on a responsible and transparent basis;
- (b) to manage revenues and expenditure in such a way as to achieve prudent levels of debt;
- (c) to ensure value for money in the use of money and resources;
- (d) to manage contingent liabilities in a prudent manner; and
- (e) to report transparently in accordance with relevant accounting and statistical standards.

The Minister for Finance is responsible for managing the financial affairs of the Government as a whole in accordance with the requirements of the Constitution of Republic of Fiji and the FMA 2004 and with due regard to the principles of responsible financial management. In addition, the Permanent Secretary of a Ministry/Department is responsible for managing the financial affairs of the entity in accordance with the requirements of the FMA 2004 and with due regards to the principles of responsible financial management.

2.2 Annual Financial Statements of Ministries and Departments

Each Ministry/Department must prepare the following statements as required by Section 71 (1) of the Finance Instructions 2010 (FI 2010) as part of annual financial statements:

- Statement of receipts and expenditure;
- Profit and loss statement for each trading and manufacturing activity (where applicable);
- Appropriation statement;
- Statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Statement of losses;
- Trust account statement of receipts and payments (where applicable).

On 29 April 2022, the Permanent Secretary for Finance issued *Circular No. 06/2021-2022 – Closing of Accounts, Processes & Procedures* to all Ministries/Departments to submit the 2022 draft annual financial statements to the Auditor-General by 31 October 2022.

Except for Trading and Manufacturing Accounts (TMA) which are accounted for on accrual basis, Ministries/Departments prepare their financial statements using FMA 2004 and FI 2010.

Ministries/Departments must prepare and make publicly available, for each financial year, an annual report which must be tabled in Parliament by the responsible Minister. The annual report must include the audited annual financial statements and audit report issued by the Auditor-General for the financial year.

The audited financial statements are used by a broad range of users such as parliamentarians, non-governmental organisations, donor agencies, employees, suppliers, lenders and the general public.

The Auditor-General's audit opinion on these financial statements gives reasonable assurance to the users whether the financial statements are accurate and can be relied upon.

2.3 Consolidation Process

The accounts of Ministries and Departments are consolidated with those of the Ministry of Finance using *International Public Sector Accounting Standards (IPSAS): Financial Reporting under Cash Basis of Accounting* reporting requirements, *Cabinet Decision 277 of 2010 - Adoption of Cash Basis IPSAS* and disclosures made as required by FMA 2004. Additional statements are prepared in accordance with modified cash basis of accounting. Consolidated financial statements include State-agencies which are part of the national budget estimates and financials of those agencies outside the budget, such as TMAs and Trust Fund Accounts, as required by law.

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

2.4 Role of the Auditor-General

The Constitution of the Republic of Fiji states that at least once in every year, the Auditor-General shall inspect, audit and report to Parliament on -

- (a) the public accounts of the State;
- (b) the control of public money and public property of the State; and
- (c) all transactions with or concerning the public money or public property of the State.

In the report, the Auditor-General must state whether, in his or her opinion –

- (a) transactions with or concerning the public money or public property of the State have been authorised by or pursuant to the Constitution or any written law; and
- (b) expenditures have been applied for the purpose for it was authorised.

In addition to the above, the Auditor-General is responsible on behalf of Parliament, to audit –

- (a) the accounts of the Consolidated Fund;
- (b) the Financial Statements of Government and the Annual Appropriation statement required to be included in the Whole of Government Annual Report for a financial year under the FMA 2004; and

- (c) the accounts/financial statements of all state entities required to be included in the annual report for a financial year.

The Auditor-General must satisfy himself or herself that -

- (a) the accounts have been faithfully and properly kept;
- (b) expenditure has been properly authorised, properly applied and otherwise properly accounted for;
- (c) where applicable, all reasonable precautions have been taken to safeguard the collection of public money and trust money and other money and that the laws, directions and/or instructions relating to its collection have been duly observed;
- (d) where applicable, expenditure of money appropriate by Parliament has been applied to the purposes for which the money was appropriated; and
- (e) provisions of the Constitution of the Republic of Fiji and of the FMA 2004, and of any other law relating to money or property subject to his or her audit, have been complied with in all material respects.

The Auditor-General may conduct audits in the manner considered appropriate but must ensure that they are conducted in a competent manner having regard to assessment of effectiveness of any relevant internal control system. The Auditor-General must carry out the audit in accordance with the relevant provisions of the standards on auditing as determined by the Fiji Institute of Chartered Accountants or other relevant standards considered appropriate.

Following the completion of an audit, the Auditor-General must give an opinion on each set of financial statements audited. In addition, a management letter should be issued to the responsible authority for each entity audited.

The Auditor-General's responsibility is to express an opinion on these financial statements based on his or her audit in accordance with the International Standards on Auditing (ISA). The public sector equivalent standard is the International Standards for Supreme Audit Institutions (ISSAI). Those standards require the Auditor-General to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the figures and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

2.5 Reporting to Parliament

At least once every year, the Auditor-General must report to Parliament on audits completed under the Audit Act 1969. In addition, a report of the Auditor-General to Parliament about an audit must be submitted to the Speaker to Parliament within 9 months after the financial year in which the audit relates or within a longer period appointed by resolution of Parliament.

The Act also requires that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause* or *is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.

If any time in the opinion of the Auditor-General, serious irregularities have occurred in the receipt, custody or expenditure of public moneys or in the receipt, custody, issue sale, transfer or delivery of any stamps, securities, stores or other Government property or in the accounting for the same, he or she shall bring the matter to the notice of the -

- (a) Minister responsible for finance; and
- (b) Responsible authority and the Minister of the entity subject to audit.

2.6 Types of Audit Opinion

In accordance with ISA, we express an **unmodified opinion** when the financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) under the cash-basis of accounting and with relevant legislative requirements. This type of opinion indicates that no material misstatements, individually or in the aggregate, were noted in our audit, which would affect the financial statements of an agency.

Modified Opinions:

We issue a **qualified opinion** when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

An **adverse opinion** is expressed when we, having obtained sufficient appropriate audit evidence, conclude that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

We issue a **Disclaimer of Opinion** when we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, and we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

We include an **Emphasis of Matter and / or Other Matter** paragraph in the audit report to highlight an issue that will help the users better understand the financial statements.

3.0 AUDIT RESULTS – MINISTRIES & DEPARTMENTS

We audit the financial statements of Ministries and Departments to provide reasonable assurance about whether the financial statements are free from material misstatements.

3.1 Key Findings and Audit Conclusion

We issued 35 audit opinions on the 2022 financial statements of Ministries and Departments, 30 or 86% were unmodified opinions while 5 or 14% were modified opinions. This indicated that 30 agency financial statements did not contain material misstatements.

Introduction

In addition to the Financial Statements of Government, each year, we also audit the financial statements of Ministries and Departments to provide assurance on their reliability.

The Ministry of Finance advised all Ministries and Departments to provide the 2022 draft agency financial statements to the Auditor-General by 31 October 2022 respectively. If an agency complies with the monthly and quarterly reporting requirements set by the FI 2010 throughout the year, it should be able to prepare and present a high-quality financial statement in a timely manner.

We assessed the quality and timeliness of financial statements by considering:

- Year - end closing process – whether accounts were closed-off by the due date;
- Timeliness – whether completed 2022 draft financial statements were submitted for audit by the agreed date;
- Quality – the extent of accounting and auditing adjustments made during the audit;
- Management comments – time taken (in days) by Ministries/Departments to submit management comments on audit findings; and
- Signing of financial statements – time taken (in days) to submit signed audited financial statements.

Our assessment criteria are included in Section 3.2 to Section 3.5 while the result of the assessment for each Ministry/Department are included in [Appendix C](#). The summary of the whole of government assessments of timeliness and quality are shown in Table 3.1 below.

Table 3.1: Summary of Timeliness and Quality Assessment

	No. of Ministries/Departments				
	Compliance to Year-End Process	Quality of Financial Statements	Timeliness of Financial Statement	Timeliness of Management Comments	Timeliness of Signing of Financial Statements
Effective	16	31	1	17	8
Generally Effective	19	2	28	7	13
Ineffective	---	2	6	11	14
Total	35	35	35	35	35

It is noted that most Ministries/Departments were effective or generally effective in complying with the year-end closing processes, quality of the financial statements and timeliness of signing audited financial statements.

However, some Ministries/Departments were rated as ineffective as follows:

- untimely submission of draft financial statements – 17% of the 35 Ministries/Departments
- untimely submission of management comments – 31% of the 35 Ministries/Departments
- untimely signing of audited financial statements - 40% of the 35 Ministries/Departments

Audit Opinion Results

Table 3.2 summarises the types of audit opinions issued on the 2022 financial statements by sectors.

Table 3.2: Audit Opinions Issued

Sector	2022	
	Modified Opinion (Qualified)	Unmodified Opinion (Unqualified)
General Administration	3	18
Social Services	1	4
Economic Services	---	7
Infrastructure Services	1	1
Total	5	30

The summary and details of the agencies that fall under each sector and the opinion issued on the financial statements have been reported in the four sector reports submitted to Parliament.

Modified Opinions

We issued modified opinions on 5 (14%) of the 35 financial statements of Ministries and Departments.

Refer to Table 3.3 for Ministries/Departments with modified audit opinion and the key areas.

Table 3.3: Key Areas for Modified Audit Opinion – Auditor’s Reports

✓ New Key Area/emphasis of matter ✓ Recurring Key Area/emphasis of matter

Ministries/Departments	Key Areas for Modified Audit Opinion					
	Revenue	Main Trust Fund Account	Expenditure	TMA	Cash	Receivables
General Administration						
Ministry of Foreign Affairs					✓	
Judiciary		✓				
Republic of Fiji Military Forces				✓		
Social Services						
Ministry of Health and Medical Services				✓		
Infrastructure Services						
Ministry of Waterways and Environment		✓				

The key reasons for the modified audit opinions, as discussed in [Appendix D](#) have been reported to the management of the respective agencies and in the various sector reports to Parliament.

Unmodified Opinions

We issued unmodified opinions on 30 or 86% of the 35 financial statements for Ministries and Departments with emphasis of matters and other matters in several Auditor's Reports.

Refer to Table 3.4 for Ministries/Departments with unmodified audit opinion and with emphasis of matter/other matter.

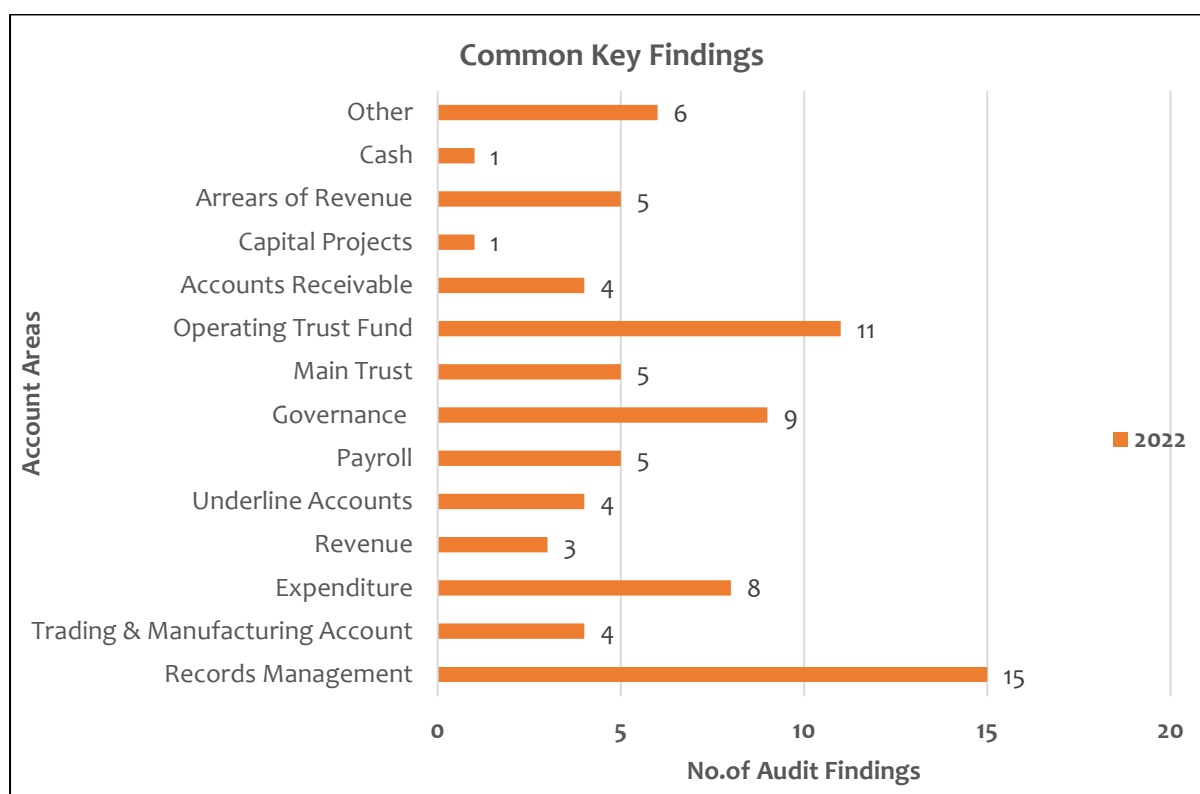
Table 3.4: Ministries/Departments with Unmodified Audit Opinion

✓ Unmodified with emphasis of matter and/or other matter

Ministry/Department	Emphasis of Matter/Other Matters
1. Office of the President	
2. Office of the Prime Minister and Fijian Immigration Department	✓
3. Office of the Attorney General	
4. Ministry of Finance	
5. Ministry of iTaukei Affairs	
6. Ministry of Defence, National Security and Policing	
7. Ministry of Employment, Productivity and Industrial Relations	✓
8. Parliament	
9. Office of the Director of Public Prosecutions	
10. Public Service Commission	
11. Ministry of Justice	
12. Fiji Corrections Service	
13. Ministry of Communications	
14. Department of Information, Technology and Computing Services (ITC)	
15. Ministry of Civil Service	
16. Ministry of Rural and Maritime Development and Disaster Management	
17. Fiji Police Force	✓
18. Peacekeeping Mission	✓
19. Ministry of Education, Heritage and Arts	✓
20. Ministry of Housing and Community Development	✓
21. Ministry of Women, Children and Poverty Alleviation	✓
22. Ministry of Youth and Sports	
23. Ministry of Agriculture	
24. Ministry of Fisheries	
25. Ministry of Forestry	
26. Ministry of Lands and Mineral Resources	✓
27. Ministry of Commerce, Trade, Tourism and Transport	
28. Ministry of Sugar Industry	
29. Ministry of Local Government	
30. Ministry of Infrastructure and Meteorological Services	✓

Common Key Findings

A total of 81 common key findings were reported in the sector reports across the 35 Ministries and Departments for 2022. The findings are categorised according to the account areas as shown in Figure 3.1 below.

Figure 3.1: Common Audit Findings across Ministries/Departments

3.2 Year-End Closing Process

A quality financial statements preparation process will reduce the risk of untimely, inaccurate and distorted financial reporting.

On 29 April 2022, the Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Overseas Missions in which procedures for closing of 2022 accounts and timelines were detailed.

The key focus areas in the Circular include:

- Retirement of imprests by 15 July 2022
- Cancellation of unprocessed purchase orders by 18 July 2022
- Processing of payments by 28 July 2022
- Clearance of stale cheques by 5 August 2022
- Closing date for journal adjustments by 8 August 2022
- Clearance of Inter-departmental clearance accounts by 5 August 2022
- Processing of virements by 19 August 2022
- Completion of reconciliations by 26 August 2022
- Submission of arrears of revenue returns by 26 August 2022
- Annual Board of Survey on Drawings Account cheques by 26 August 2022

When Ministries and Departments achieve the key focus areas by the due dates, they are more likely to prepare accurate and timely draft financial statements for audit.

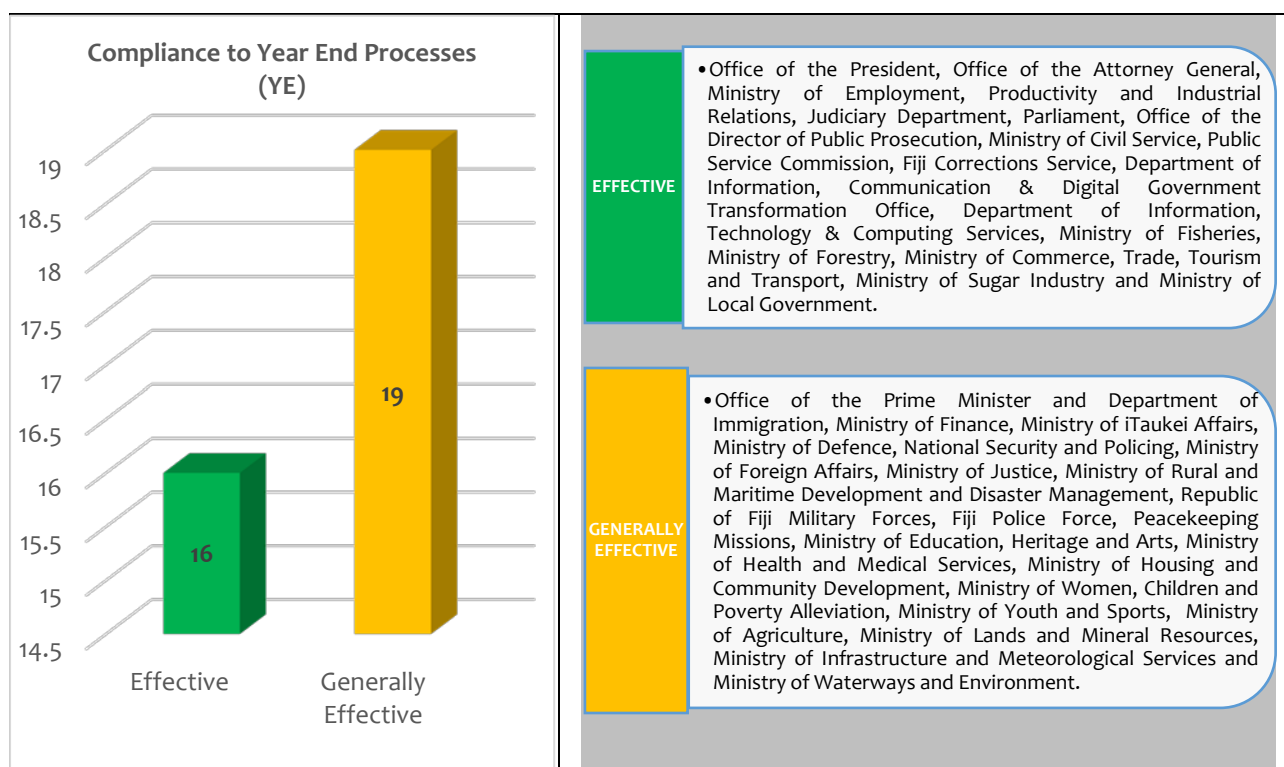
There were 10 key focus areas in the 2022 closing of accounts which we have classified into either effective, generally effective or ineffective as follows:

Rating	Year-end close process assessment
● Effective	All 10 key processes completed by due date
● Generally effective	Five of 10 key processes completed within two weeks of due date
● Ineffective	Less than five of 10 key processes completed within two weeks of due date

Of the 35 Ministries and Departments, sixteen (16) completed all processes by the due dates and nineteen (19) completed 5 of 10 key processes within 2 weeks of due dates and were categorised as effective and generally effective, respectively.

Refer to Figure 3.2 below for details.

Figure 3.2: Compliance with Year-End Closing Processes



3.3 Quality of Draft Agency Financial Statements

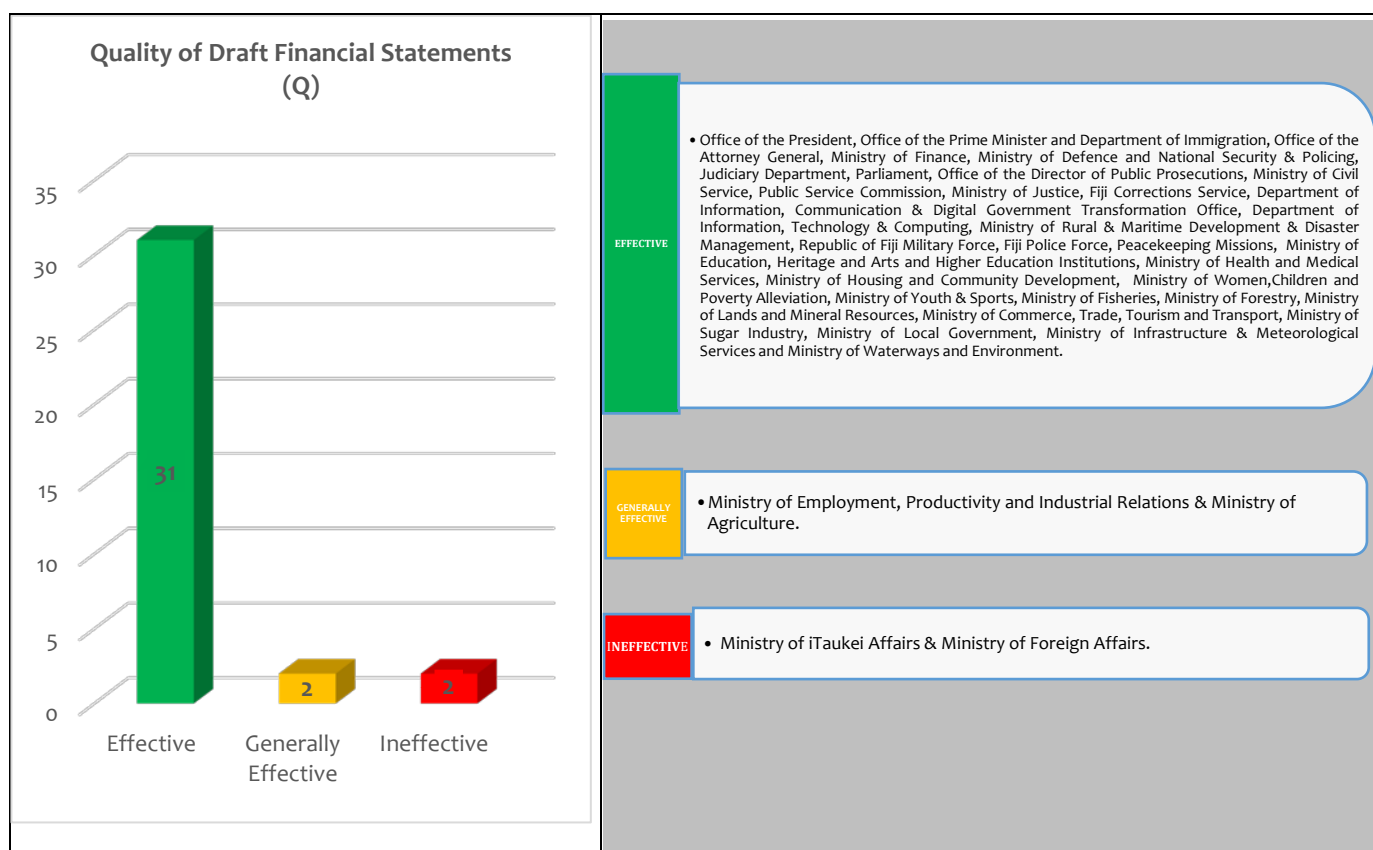
We assessed the quality of financial statements by the extent of audit/accounting adjustments made to draft financial statements throughout the audit which indicate the effectiveness of the agency’s internal review processes to identify and correct errors before financial statements are provided for audit. Refer to the table below for the rating.

Rating	Quality of draft financial statements assessment
Effective	No adjustments or resubmission of financial statements were required
Generally effective	Adjustments on operating results/net assets were less than 1% (< 1%)
Ineffective	<ul style="list-style-type: none"> Adjustments on operating results/net assets were more than 1% (> 1%) Re-submissions of draft financial statements

Of the 35 Ministries and Departments, 33 or 94% submitted quality draft financial statements for audit were categorised as effective/generally effective.

The quality of draft financial statements submitted by 2 Ministries and Departments were categorised as ineffective. Refer to Figure 3.3 below for details.

Figure 3.3: Quality of Draft Financial Statements



3.4 Timeliness of Financial Reporting



To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due according to the deadline stated in the Finance Instructions 2010 and the date it was received.

Rating	Timeliness of draft financial statements assessment
 Effective	Acceptable draft financial statements received before or on 15 October 2022
 Generally effective	Acceptable draft financial statements received on or before 31 October 2022
 Ineffective	Acceptable draft financial statements received after 15 November 2022

6 or 17% of 35 Ministries and Departments did not meet the due date for submission of draft financial statements for audit.

Refer to Table 3.5 below for details:

Table 3.5: Submission of Draft Financial Statements by 31 October 2022

-  Met the timeline
-  Did not meet timeline

Ministry/Department	Meeting Timelines
General Administration	
1. Office of the President	✓
2. Office of the Prime Minister & Department of Immigration	✓
3. Office of the Attorney General	✓
4. Ministry of Finance	✓
5. Ministry of iTaukei Affairs	X
6. Ministry of Defence, National Security and Policing	X
7. Ministry of Employment, Productivity and Industrial Relations	✓
8. Ministry of Foreign Affairs	✓
9. Judiciary	✓
10. Parliament	✓
11. Office of Director of Public Prosecution	✓
12. Public Service Commission	✓
13. Ministry of Justice	✓
14. Fiji Corrections Service	✓
15. Department of Information, Communication & Digital Government Transformation Office	✓
16. Department of Information, Technology and Computing Services	✓
17. Ministry of Civil Service	✓
18. Ministry of Rural, Maritime Development and Disaster Management	X
19. Republic of Fiji Military Forces	X
20. Fiji Police Force	X
21. Peacekeeping Missions	X
Social Services	
22. Ministry of Education, Heritage and Arts	✓
23. Ministry of Health and Medical Services	✓
24. Ministry of Housing and Community Development	✓
25. Ministry of Women, Children and Poverty Alleviation	✓
26. Ministry of Youth and Sports	✓

Ministry/Department	Meeting Timelines
Economic Services	
27. Ministry of Agriculture	✓
28. Ministry of Fisheries	✓
29. Ministry of Forestry	✓
30. Ministry of Lands and Mineral Resources	✓
31. Ministry of Commerce, Trade, Tourism and Transport	✓
32. Ministry of Sugar Industry	✓
33. Ministry of Local Government	✓
Infrastructure Services	
34. Ministry of Infrastructure and Meteorological Services	✓
35. Ministry of Waterways and Environment	✓

3.5 Timeliness of provision of management comments and signing of financial statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to the agency and the date management comments and signed accounts were received.

Rating	Internal control assessment
Timeliness of Management Comments	
● Effective	Within 14 days from the issue of Draft Management Letter
● Generally effective	Within 21 days from the issue of Draft Management Letter
● Ineffective	After 21 days from the issue of Draft Management Letter
Timeliness of Signed Accounts Received	
● Effective	Within 5 days from the issue of Financial Statements for signing
● Generally effective	Within 15 days from the issue of Financial Statements for signing
● Ineffective	After 15 days from the issue of Financial Statements for signing

Comments on draft management letters for 24 or 69% of 35 Ministries/Departments were received on time and audited accounts for 21 or 60% of 35 Ministries/Departments were signed and returned on time.

Refer to [Appendix C](#) for details.

4.0 FINANCIAL STATEMENTS OF GOVERNMENT

4.1 Introduction

The Permanent Secretary for Finance prepares the consolidated financial statements of Government annually. These financial statements are prepared in accordance with the Cash-basis IPSAS reporting requirements and Cabinet Decision 277 of 2010. Additional disclosures are also made in accordance with the requirements of FMA 2004. Some statements forming part of the financial statements were drawn up using modified-cash basis balances from the FMIS general ledger.

Consolidated Fund Reporting

The FMA 2004 requires that all public money is to be paid into the Consolidated Fund unless it is required to be paid to another fund or retained by the authority receiving it by written law. Trust money is not payable into the Consolidated Fund, except for payments made in error or not public money and refunds of unclaimed money. Withdrawals can only be made from the Consolidated Fund under an appropriation made by law.

This report covers the following transactions for the financial year:

- Operating revenue including taxes, dividend revenue from investments including those from TMA operations;
- Expenditures incurred for unallocable items;
- Government borrowings and repayments;
- Government guarantees and other contingent liabilities; and
- Government assets and liabilities.

Consolidated Trust Account

FMA 2004 states that trust money is to be accounted for separately from public money and other money and is to be kept in a separate bank account. Trust monies are to be utilised for purposes related to the objectives of the trust and accounted for, banked, invested, reported and otherwise controlled in accordance with FI 2010.

This report covers the trust fund receipts and payments for the financial year.

Appropriation Statement

Expenditure of money appropriated by an Appropriation Act from the Consolidated Fund or any other fund can be incurred only in accordance with the authorisation effected by the Appropriation Act. Ministries and Departments specified in the Appropriation Act concerned are responsible for its administration.

The Permanent Secretary for agencies may authorise the transfer or virement of any unspent amount in an appropriation category administered by a Budget Sector agency other than for a Constitutional body to another appropriation category within the head of appropriation.

An appropriation made by an Annual Appropriation Act lapses at the end of the financial year to which it relates except where the Minister has authorised the carry over to the following year of

all or part of the unused appropriation that relates to known liabilities as at a particular date, for use in the following year, subject to such conditions as the Minister specifies in the authorisation.

The Minister may with the approval of Cabinet, authorise the redeployment of amounts appropriated by the most recent Annual Appropriation Act for administration by the Ministry to the heads of appropriation and appropriation categories to one or more Ministries and Departments.

As per section 10 (1) of the FI 2010, the Permanent Secretaries of the agencies may authorise the transfer of budgeted funds as follows:

- (a) out from SEG 1 or 2 (Established and Unestablished Staff) but shall not transfer funds into SEG 1 or 2;
- (b) into and out of one or more of the following operating SEGs (SEGs 3, 4, 5, 6, or 7);
- (c) from the operating SEGs (SEGs 1, 2, 3, 4, 5, 6, or 7) to the capital SEGs (SEGs 8, 9, or 10) but not from capital to operating or from capital to capital; and
- (d) virement within SEG 13 to meet the consequential VAT component of the virements in (a), (b) and (c) above.

In addition, the Permanent Secretary for Finance may authorise the transfer of the following budgeted funds in respect of all agencies:

- (a) within each of SEGs 1 or 2 or from SEG 1 into SEG 2 or vice versa;
- (b) within each of capital expenditure SEGs (SEGs 8, 9, or 10) or from SEG 8 into either SEG 8, 9, or 10 or vice versa, as the case may be; and
- (c) virement within SEG 13 to meet the consequential VAT component of the virements in (a) and (b) above.

This report covers payments to Ministries and Departments through appropriation, redeployment of funds, virements, expenditures incurred and unspent balances.

Quality of Financial Report

The quality of the Financial Statements of Government largely depends on the reliability of the information provided to the Ministry of Finance by other Ministries and Departments.

4.2 Submission of Draft Financial Statements of Government

We received the first draft Financial Statements of Government for audit on 25 January 2023. Following this, amendments were made on additional disclosures and correction of errors and omissions.

Refer to Table 4.1 below for details.

Table 4.1: Various Submission Dates of Draft Financial Statements of Government for Audit

Draft Financial Statements	Date Received
First draft	25 January 2023
Second draft	21 November 2023

4.3 Audit Results

The Permanent Secretary for Finance signed the 2022 Financial Statements of Government on 14 May 2024. An unmodified audit opinion with emphasis of matters on the financial statements was issued after the legislative deadline of 30 April 2023.

Emphasis of Matters

- Included in the Trust Fund Account balance of \$257,193,506 in the Statement of Assets and Liabilities (Schedule 3) is Consolidated Main Trust Fund of \$236,921,585 (Note 31). Main Trust Fund Account balances totalling \$45,505,114 were not supported with detailed listing of claimants of monies held in trust.
- Reflected in the Statement of Assets and Liabilities (Schedule 3) is cash and cash equivalent of \$896,695,699. Unreconciled variances amounting to \$3,543,735 existed between the balances in the FMIS general ledger and bank reconciliation statement for cash. In addition, overseas cash balance of AUD\$109,430 was not booked in the FMIS general ledger and therefore not included in the financial statements.
- Note 3 of the financial statements discloses the domestic bank account balances of \$644,272,999 which includes the unclaimed trust monies of \$13,876,623 that was paid into the Consolidated Fund Account and is deemed to be public money under Section 10 of the Financial Management Act 2004.
- The Trading and Manufacturing Accounts are operating on semi-accrual accounting basis instead of full accrual accounting. Property, plant and equipment for TMA operations are not disclosed in the Statement of Assets and Liabilities (Schedule 3). In addition, Note 50(ii) of the financial statements discloses the Ministry's decision to close the Trading Manufacturing Activities in Fund 4 with Ministry of Health, Fiji Correction Service and Ministry of Agriculture (Fuel & Oil) and transfer to the Operating Fund (Fund 1) from financial year 2023 – 2024.

5.0 ASSESSMENT OF INTERNAL CONTROLS

5.1 Introduction

In this chapter, we detail our assessment of the strength of the internal controls designed, implemented and maintained by Ministries and Departments to ensure reliable financial reporting for Financial Year 2022.

We assess financial controls using the guidelines provided in the International Standards on Auditing/International Standards for Supreme Audit Institutions. We have noted the similarities of the controls in these standards with that of the internal control framework of the Committee of the Sponsoring Organisations of the Treadway Commission (COSO), which is widely recognised as a benchmark for designing and evaluating internal controls.

Internal controls are processes designed and implemented by Permanent Secretaries, Heads of Departments and other senior officials of Ministries and Departments to provide reasonable assurance about the achievement of a Ministry or Department's objectives with regard to reliability of financial reporting effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "control" refers to any aspects of one or more components of internal control.

Permanent Secretaries, Heads of Departments and other personnel of Ministries and Departments are responsible for the preparation of the financial statements in accordance with the Financial Management Act 2004, and Finance Instructions 2010, and for such internal controls as they determine is necessary to enable preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Internal control issues arising during our audit were reported to the Permanent Secretary or Head of Department of Ministries and Departments.

Summary of our internal control assessments for the Ministries and Departments against each element of internal controls is in [Appendix C](#).

5.2 Internal Control Framework.

During our audits, we assessed the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

Internal controls are categorised against the following five components and assessed as either effective, generally effective or ineffective as follows:

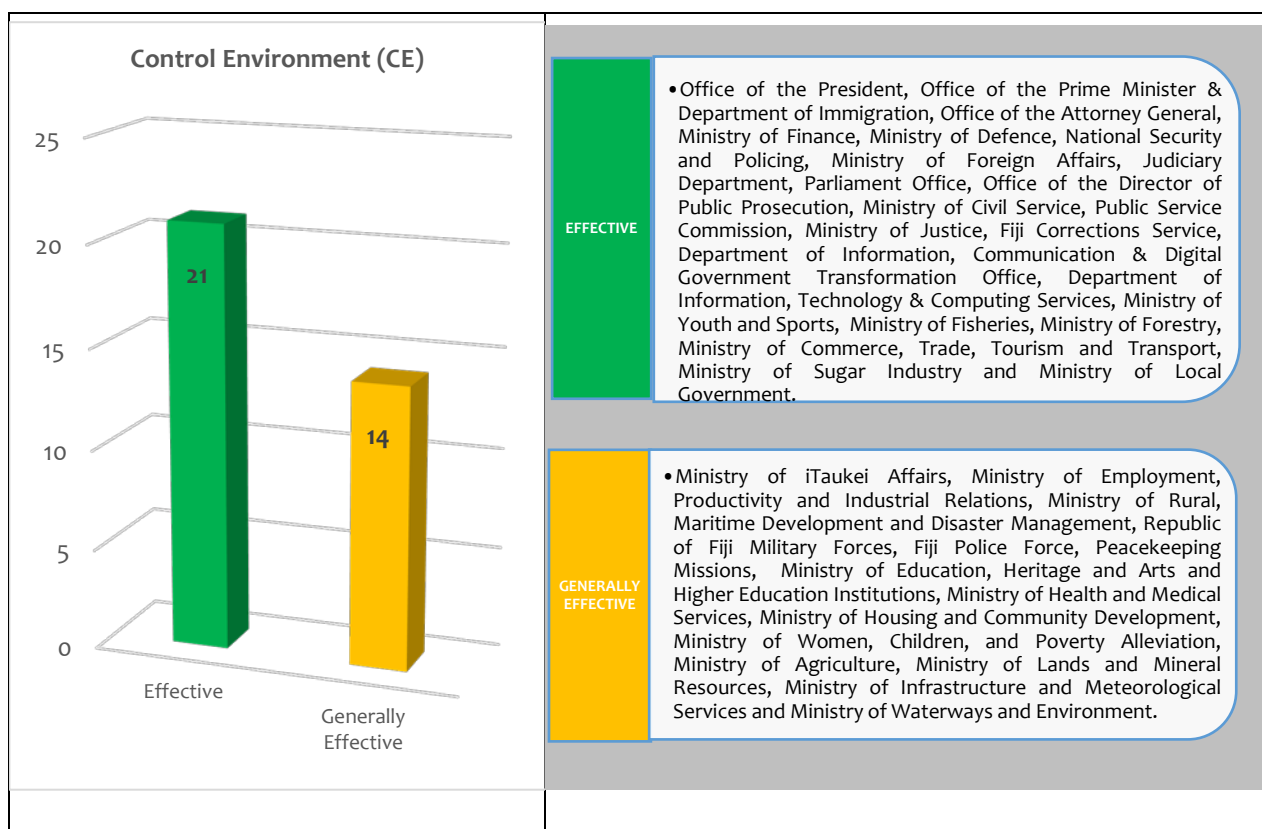
Rating	Internal control assessment
● Effective	No deficiencies identified in internal controls
● Generally effective	Deficiencies identified in internal controls
● Ineffective	Significant deficiencies identified in internal controls

Control Environment (CE)

Control environment is the set of standards, processes and structures that provide the basis for carrying out internal controls across the entity. These include commitment to integrity and ethical values, independence of management to exercise oversight for the development and performance of internal control, documented structures, reporting lines and appropriate authorities such as delegated levels of authority and responsibilities in the pursuit of the entity’s objectives. It is also including commitment to attract, develop and retain competent individuals and holding them accountable for their internal control responsibilities.

Examples of issues which fall under this category are ethical breaches, gaps in internal controls or controls are non-existent, individuals are not held accountable for breaches in control or the entities’ code of ethics, staff recruitment, training and professional development, performance assessment and succession planning matters.

Figure 5.1: Categories of Control Environment



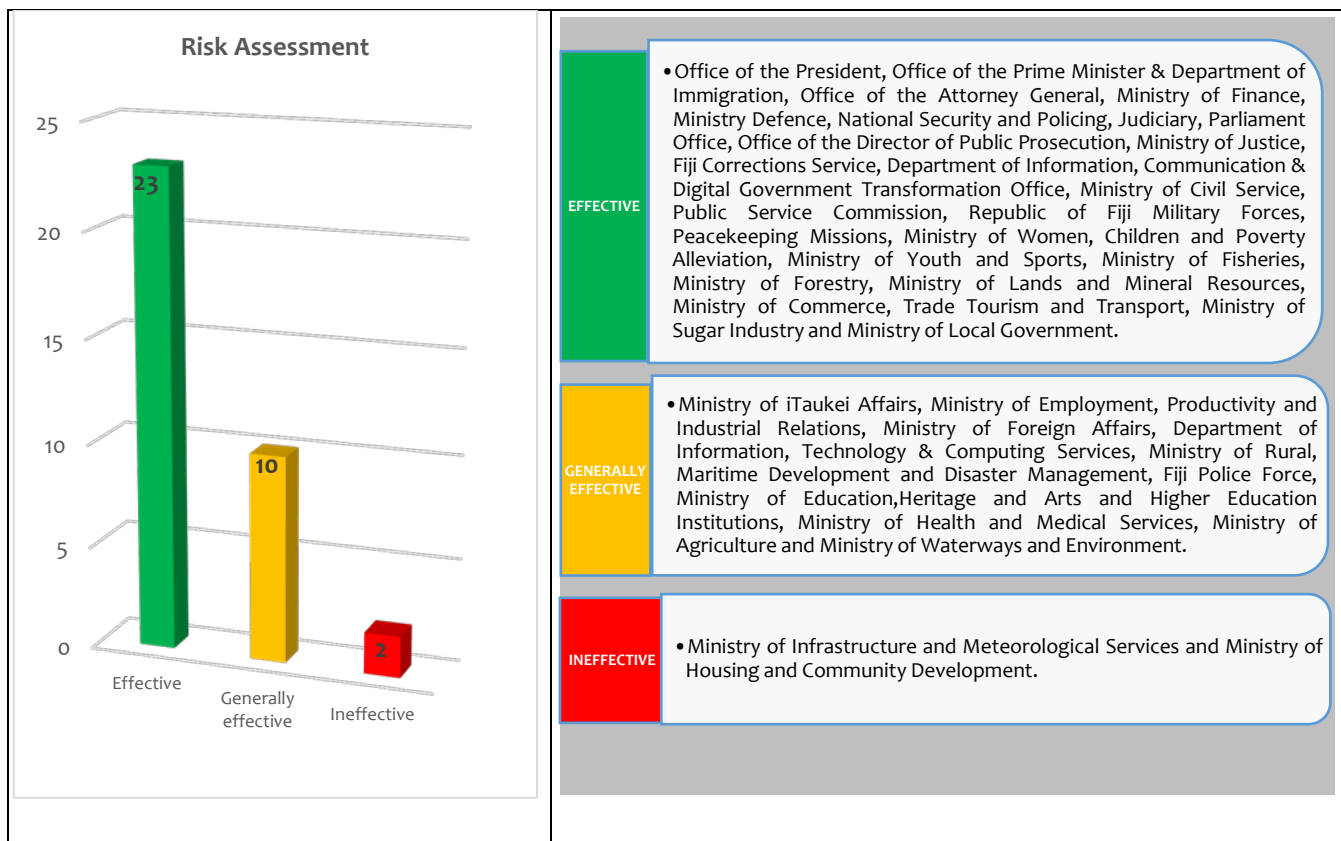
Of the 35 Ministries and Departments reported, the control environment for all agencies were regarded as effective/generally effective.

Risk Assessment (RA)

Risk assessment involves a dynamic process for identifying and analysing risks to achieve the entity’s objectives, forming a basis for determining how risks should be managed.

Examples of issues which would fall under this category are absence of risk management framework, operational including fraud and enterprise risks not identified, assessed and mitigated and impact of changes in business processes on controls not identified and assessed.

Figure 5.2: Categories of risk assessment



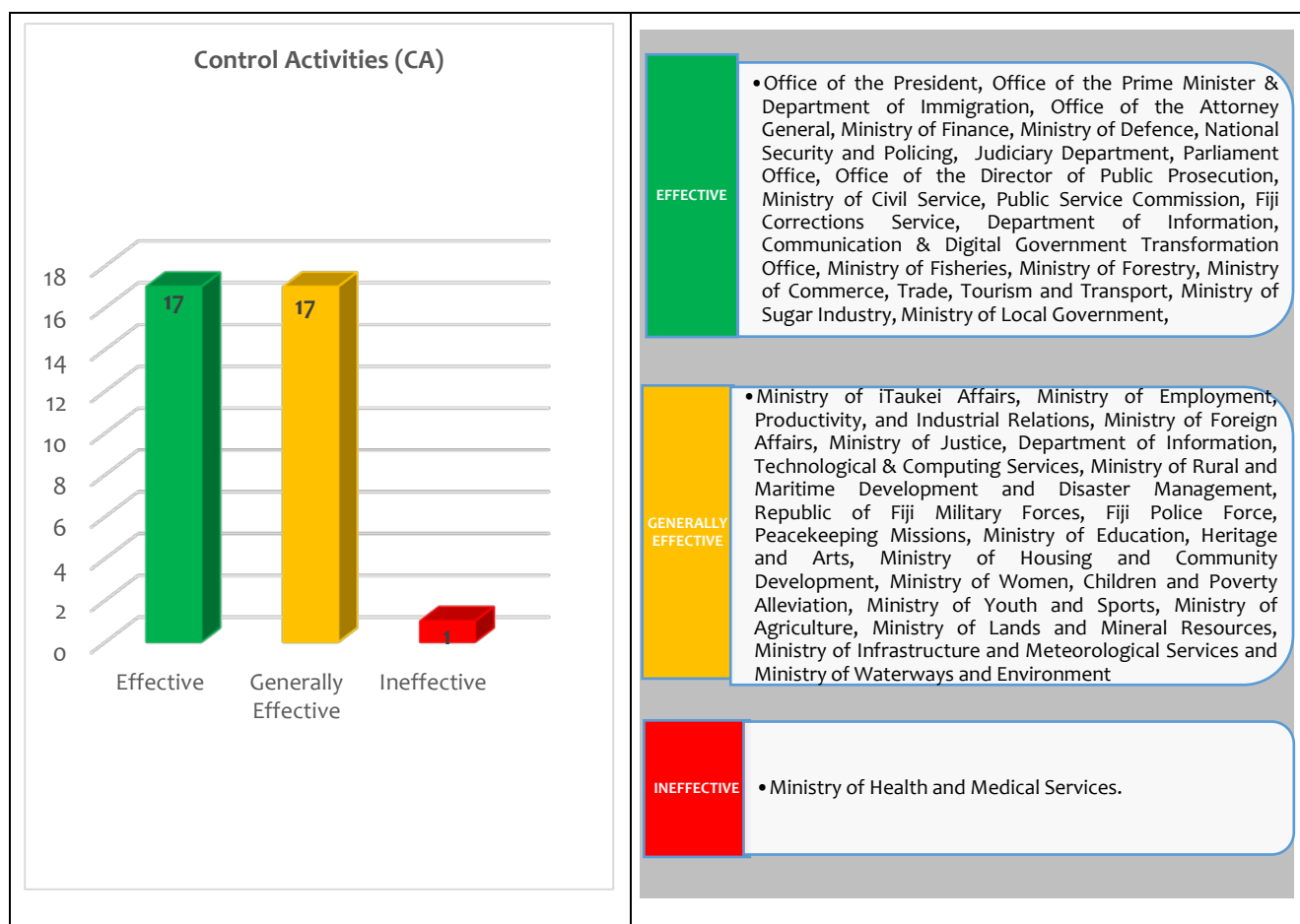
Of the 35 Ministries and Departments reported, the risk assessment for 33 (94%) agencies were regarded as effective/generally effective. Two Ministries require improvement in the process for identifying and analysing risks including determining how risks should be managed.

Control Activities (CA)

Control activities are established by policies and procedures to help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of an entity and at various stages within business processes, and over the environment.

Examples of issues which would fall under this category are general controls relating to information technology, documentation of procedures which have in-built checks and balances which are aligned to the policies of the entity. Specific control activities include those relating to authorisation, performance reviews, information processing, physical controls, and segregation of duties.

Figure 5.3: Categories of control activities



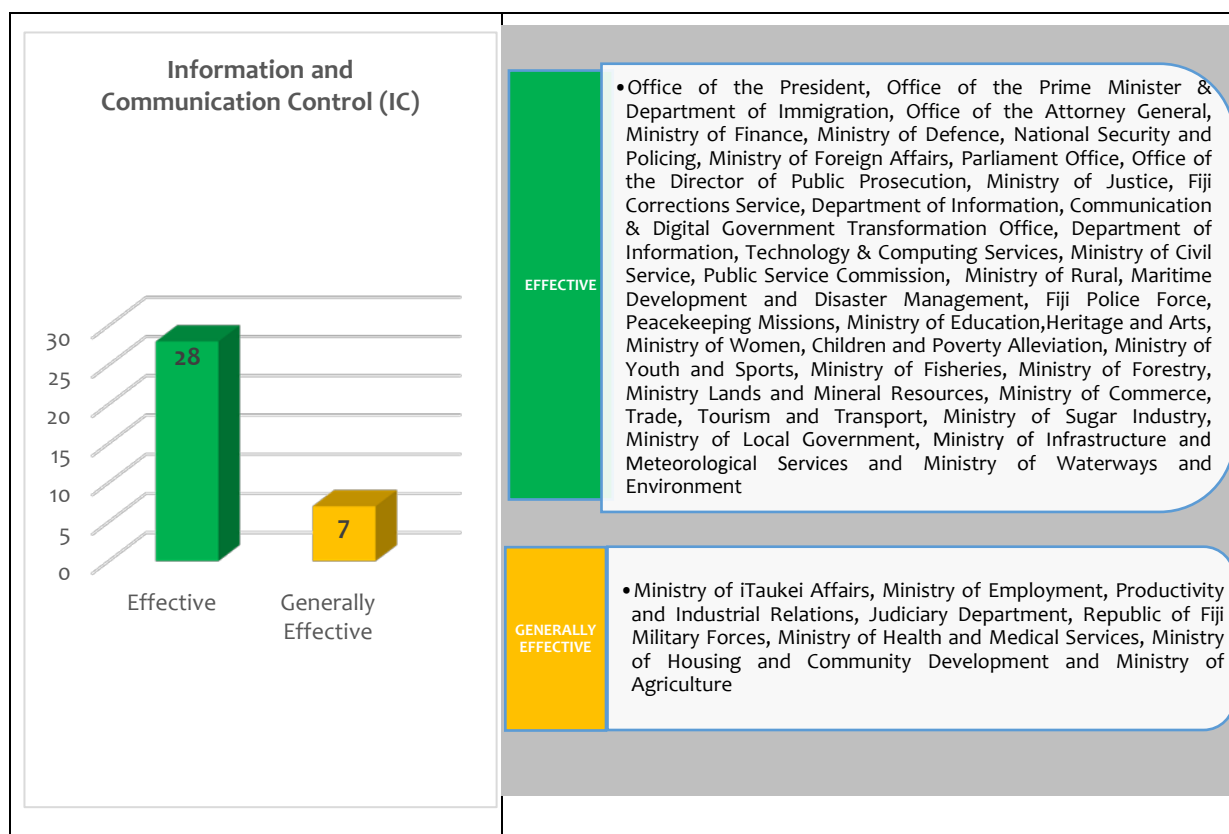
Of the 35 Ministries and Departments reported, the control activities for 34 (97%) agencies were considered effective/generally effective. One Ministry require improvement in the establishment of policies and procedures to help ensure that management’s directives to mitigate risks to the achievement of objectives.

Information and Communication Control (IC)

Information is necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the entity with the information needed to carry out day-to-day controls. Communication enables personnel to understand internal control responsibilities and their importance for the achievement of objectives.

Examples of issues that would fall under this category are reported to Permanent Secretaries and line Ministers of entities on matters relating to internal controls.

Figure 5.4: Categories of information and communication control



Of the 35 Ministries and Departments reported, the information and communication control for all agencies were considered as effective/generally effective.

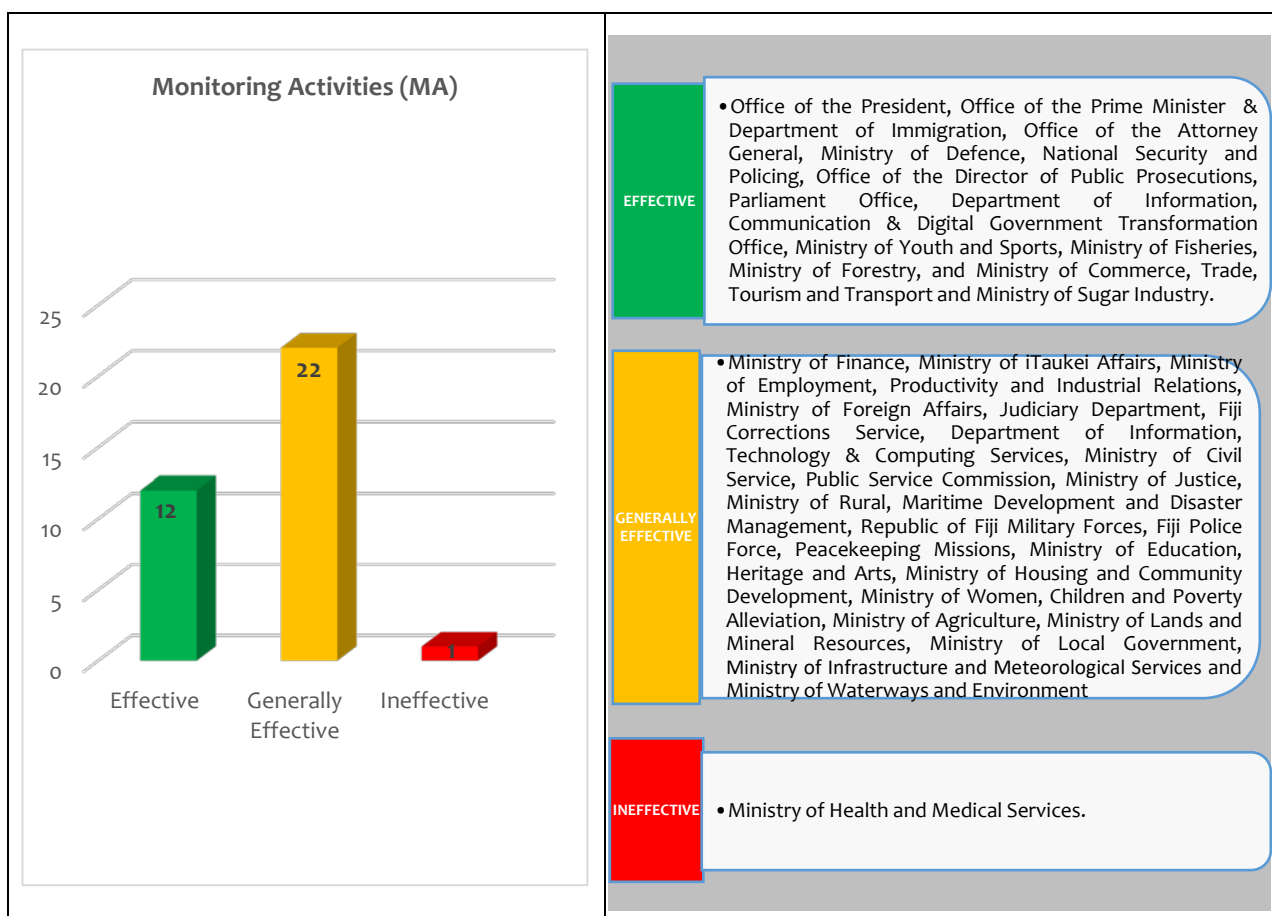
Monitoring Activities (MA)

On-going evaluations, separate evaluations or some combination of the two are used to ascertain whether controls are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner.

Examples of issues which would fall under this category are self-assessment by entities to determine whether internal controls are present and functioning. This may include the establishment of independent internal audit functions within entities which would assist in identifying any gaps in controls.

The monitoring activities of Ministries and Departments was assessed and categorised as effective, generally effective and ineffective in the graph below.

Figure 5.5: Categories of monitoring activities



Of the 35 Ministries and Departments reported, the monitoring activities for 34 (97%) agencies were regarded as effective/generally effective. One Ministry require improvement in the on-going evaluations, separate evaluations to ascertain whether controls are present and functioning.

6.0 SIGNIFICANT AUDIT MATTERS

Significant audit matters highlighted in this report, include control weaknesses, which could cause or is causing severe disruptions to processes or the ability of the agencies to achieve process objectives and comply with relevant legislations.

In this chapter, we discuss significant audit matters in the 2022 Financial Statements of Government. The significant audit matters for Ministries and Departments have also been reported in the following Sector Reports.

1. [2021 – 2022 Audit Report on General Administration Sector](#) (Parliamentary Paper No. 121 of 2023)
2. [2021 – 2022 Audit Report on Social Services Sector](#) (Parliamentary Paper No. 120 of 2023)
3. [2021 - 2022 Audit Report on Economic Services Sector](#) (Parliamentary Paper No. 119 of 2023)
4. [2021 – 2022 Audit Report on Infrastructure Sector](#) (Parliamentary Paper No. 118 of 2023)

FINANCIAL STATEMENTS OF GOVERNMENT

6.1 Accounting policies - Recurring

Contrary to Section 30(2) of the Finance Instructions 2010, requiring the preparation of profit and loss statement and balance sheet on accrual basis, property, plant and equipment for the Trading Manufacturing Accounts were expensed and not capitalised.

The Ministry's Finance Manual does not specify the accounting policy and guideline to properly account for property, plant and equipment for TMA. In addition, TMA Policy is not aligned to the requirements of the Finance Instructions 2010. As a result, the Ministry did not capitalise the cost of fixed assets acquired during the period.

Recommendation

The Ministry should review the Finance Manual and clearly document the accounting policies to include accounting treatment of property, plant and equipment for TMA.

Prior Year Agreed Management Action

As per the initial comments from Ministry of Finance (MoF), Strategic Planning, National Development and Statistics, various reforms are in the pipeline as per Office of the Auditor General's ('OAG') recommendations to improve good governance, openness, accountability and transparency as well as to strengthen Government's financial and economic position.

The Financial Management Act ('FMA') 2004 has been amended and the MoF is currently reviewing the subsidiary legislations such as the Finance Instructions ('FI') 2010 and Procurement Regulations 2010. The MoF will review the accompanying policies after reviewing the subsidiary legislations to ensure that accounting policies on the treatment of property, plant and equipment are captured and reflected in the financial legislation.

For OAG's noting that MoF is in the transitional period to close Trading and Manufacturing Account ('TMA') across government.

Current Status - Open

Some TMA accounts are still in operational and have yet to disclose the property, plant, and equipment in the Statement of Financial Position.

Agreed Management Comments

All the pending TMA's will be closed in the FY 2023-2024. Additionally, as the OAG is aware, the Government of Fiji has acquired a new FMIS which will go live on 1 August 2024 that will have features to record and report transactions on accrual basis should there be any TMA in operation.

6.2 Unutilised Budget - Recurring

On 25th March 2022, the Parliament of the Republic of Fiji approved to appropriate a sum of \$3,715,081,240 for the ordinary services of Government for the year ending 31 July 2022.

Included in the Financial Statement of Government is the Statement of Expenditure Against Appropriation Heads (Schedule 9) which discloses the actual expenditure, budget estimates, over/under utilisation of budget for each Appropriation Heads for the year ending 31 July 2022.

Audit review of Schedule 9 revealed that a total of \$301 million or 8.1% of the budgeted funds were not utilised during the year. The significant unutilised budget was mainly from the Ministry of Communication (\$12.3 million), Fiji Police Force (\$11.8 million), Ministry of Education, Heritage, and Arts (\$15.3 million), Ministry of Health and Medical Services (\$43.7 million), Ministry of Agriculture (\$10.2million), Fiji Roads Authority (\$14.2 million) and Miscellaneous Services – Head 50 (\$135.4 million).

The reason for the unutilised budget was mainly due to the vacant positions not filled and high staff turnovers, funds were released to recipients' agencies based on their funding needs and the delay in the implementation of projects.

The Ministry of Finance confirmed the unutilised budget of the above Ministries and Departments.

Recommendations

The respective Ministries/Department should:

- **plan and manage the recruitment process to ensure that there is timely and adequate staffing for improved project performance and filling of vacant positions.**
- **identify the risks that might affect project implementation in advance of the execution phase to minimise the negative effects of delaying the intended benefits for the stakeholders involved.**
- **plan for the procurement of materials in advances of project's execution phase to facilitate the achievement of milestones within the set time frame.**

Agreed Management Comments

Recommendations are noted; however, OAG is requested to take into consideration factors which results in the under-utilisation of budget which are not in the control of M&Ds:

- *Vacant positions-all M&Ds follow Open Merit Recruitment System ('OMRS') to fill in the vacant position. They go through a list of recruitment process which at times can take up to 4 months to complete and fill a vacant position. On the other hand, the budget does not consider such process and the fund budgeted are based on the Post-to-Person ('P2P') that the M&Ds provide for the financial year; and*
- *Projects-savings in projects are driven by factors such as delay in the tender process, unpredictable weather, delay in commencement of projects etc. which is difficult to factor in the budget.*

CONSOLIDATED ISSUES – MINISTRIES AND DEPARTMENTS

6.3 Arrears of Revenue Report Not Prepared

Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the finance manual.⁶ The Manager Finance shall certify all financial reports that must be submitted to the Ministry of Finance and must ensure that these are submitted within the timeframes set by the Ministry.⁷

The Ministry of Rural and Maritime Development and Disaster Management had a significant arrears of revenue balance totalling to \$2,068,777 as at 31 July 2022.

The audit noted that the Ministry did not prepare the third and fourth quarter arrears of revenue reports for arrears pertaining to business license fees for operation outside the town/city boundaries and maritime areas. Arrears of revenue report was only prepared up to 31 January 2022.

Refer to Table 6.1 below for details.

Table 6.1: Arrears of Revenue as at 31/01/2022

Ageing of Debtors	Amount (\$)	Percentage (%)
Less than 1 year	---	---
1 – 2 years	165,518	8
2 – 5 years	811,776	39
More than 5 years	1,091,483	53
Total	2,068,777	100

Recommendations

The Ministry should:

- ensure that the Arrears of Revenue returns are prepared quarterly and submitted to Ministry of Finance; and
- exhaust all avenues to recover the arrears of revenue from the defaulters.

Agreed Management Comments

Audit comments have been noted. The Ministry will rectify the issue at the earliest and provide feedback to the Audit Team.

Ministry of Finance Comments

The M&Ds are required to prepare and submit the AoR on a quarterly basis to the Debt Management Unit of the MoF. Additionally, the Closing of Accounts Circular requires the PSs and HoDs to ensure that proper analysis is done for revenue in arrears and an action plan is prepared to improve the revenue in arrears recovery for the new financial year and a report to be submitted to the MoF.

⁶ Finance Instructions 2010 – Section 41

⁷ Rural and Maritime Development Natural Disaster Management Finance Manual 2013 – Section 16.3.1

The Debt Management Unit of the MoF send reminders through letter and email requesting for submission of the AoR report on the due-date. We noted that majority of the Agencies are behind in their submission; however the team usually do follow-ups and arrange for meeting as and when required.

It's the responsibility of the respective PSs and HoDs to manage the financial affairs of their M&D.

A request for write-off was received during that period from the Ministry of Rural & Maritime ('MRMD'), and we are awaiting further discussion with the MRMD. However, Note 44 of the financial statements have been updated to reflect the AoR for MRMD.

6.4 Detailed Listing not maintained for Main Trust Fund Account - Recurring

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed, and the reconciliation shall be signed by the responsible officer. Unreconciled items must be investigated and resolved promptly.⁸

The audit noted that the detailed listings for Main Trust Fund accounts totalling \$4.2 million and \$6.2 million for FY 2020 and 2021 respectively.

Poor records management and the lack of reconciliations has resulted in the issue. As such, the audit could not ascertain the accuracy and completeness of the component of Trust Fund account balance totalling \$4.2 million and \$6.2 million for FY 2020 and 2021 respectively.

The respective Ministries have agreed to the recommendations provided in their management letters.

Recommendations

- **Ministries/Departments should strengthen its records management and reconciliation of Trust Fund accounts.**
- **The FMIS Division should ensure that Ministries/Departments are submitting the detailed listing of claimants of the monies held in trust in its monthly reconciliation.**

Prior Year Agreed Management Action

The aforementioned issue has been resolved in FY 2021-2022. On 25 April 2022, the MoF issued a circular titled "Transfer of Unsubstantiated Main Trust Fund Balances to Consolidated Fund Account" to inform the Ministries, Departments and Agencies ('MDA') about the new amendments made to section 10 of the FMA 2004 and provide a way forward for MDAs in resolving the Trust Funds legacy issues.

Current Status - Open

The audit noted that the detailed listings were not maintained for Main Trust Fund accounts totalling \$45,505,114 for the financial year 2022. Refer to [Appendix E](#) for details.

Agreed Management Action

Refer to [Appendix E](#) for Department's Comments.

⁸ Finance Instructions 2010 – Section 58 (3)

6.5 Variances between FMIS GL and Bank Reconciliation Statement - Recurring

The review of Cash and Cash Equivalent held by the Government revealed an unreconciled variance of \$5.6 million and \$7.3 million respectively for the financial years 2020 and 2021 between the FMIS general ledger balance and the bank reconciliation statement.

In addition, domestic cash of \$109,233 (Ministry of Disaster Management and Meteorological Services 2020) and overseas cash of AUD \$109,395 (Ministry of Foreign Affairs – Fiji High Commission to Canberra FY 2021) were not posted to the FMIS general ledger.

The finding indicated the lack of monitoring of the bank reconciliation process carried out by the respective Ministries responsible for the cash accounts. This has resulted in the misstatement of cash and cash equivalent.

Recommendations

- **The Ministries holding cash accounts should improve the monitoring of the bank reconciliation process to ensure that the FMIS general ledger is reconciled monthly, and any variances are investigated and resolved; and**
- **The Ministry should ensure that all bank accounts maintained at Overseas Missions and Embassies are reflected in the Ministry’s FMIS general ledger.**

Prior Year Agreed Management Action

The MoF has continuously been advising the respective MDAs to perform reconciliations in a timely manner even if the account is active with zero balance. Furthermore, Ministry of Foreign Affairs, Ministry of Waterways and Environment and Judiciary are continuing with the reconciliations to identify the anomalies.

The second bank account at FHC Canberra was established when the property at 13 State Circle Forrest was sold and funds were retained mainly for maintenance work for any of the Fiji Government owned properties in Australia.

- *This bank account is dormant, and funds remain unutilised till to-date.*
- *It is recommended that Westpac account number 032729356331 be closed and funds in the account amounting \$109,394.56 are transferred to FHC Canberra's active Westpac bank account number 032-719 00-0040.*
- *Following this transfer, an entry to be carried out in the General Ledger are as below:
Dr. Canberra Cash (SAG51) - A\$109,394.56 (to be converted to FJD).
Cr. Miscellaneous Revenue (SRG27) - A\$109,394.56 (to be converted to FJD).*

Accounting Heads ('AH') have been advised to ensure compliance with the Financial Legislations in various AH meetings. In addition, it is the responsibility of the Permanent Secretary ('PS') and AH to manage the financial affairs of their Ministry as the accounting cadre have been demarcated to the line agencies.

Current Status - Open

The review of Cash and Cash Equivalent held by the Government revealed an unreconciled variance of \$3.5 million between the FMIS general ledger balance and the bank reconciliation statement in the Financial Year 2022. Refer to [Appendix F](#) for details.

Furthermore, overseas cash of AUD \$109,430 (Ministry of Foreign Affairs – Fiji High Commission to Canberra FY 2022) was still not posted to the FMIS general ledger.

Agreed Management Action

Refer to [Appendix F](#) for Ministries' Comments.

6.6 Significant Arrears of Revenue - Recurring

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry⁹. Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual.¹⁰

Arrears of revenue increased by 4% or \$5.3 million in 2020 as compared to 2019 and decreased by 8% or \$10.5 million in 2021.

Audit further noted that certain Ministries had substantial arrears of revenue carried forward from prior years.

The above finding indicated that recovery measures in place have not effectively reduce the arrears of revenue over the years. As a result, there is a high risk of these arrears of revenue becoming irrecoverable resulting in loss to Government.

Recommendations

Respective ministries and agencies should:

- ensure that quarterly reports are submitted on time to the Debt Unit.
- review the debt collection strategies and continuously follow up with respective debtors to recover the amount owed.

Prior Year Agreed Management Action

The Ministry of Finance noted OAG's comments.

MOF will continue to monitor these arrears, especially discussing with MDAs concerned on avenues to recover those that are beyond 5 years, taking into consideration the legal implications. The Ministry had initiated its first meeting with the top 6 agencies on 9 February 2023 to discuss issues and strategies/mechanisms to address the significant amounts in arrears of revenue. Going forward the Ministry will continue its quarterly meeting with these top 6 agencies while the remaining agencies will be closely monitored. The Financial Policy Assurance Unit will also assist those Ministries that have not formulated their Debt Recovery Policies.

Current Status - Open

The arrears of revenue decreased by \$2.0 million or 2% in 2022 due to collection of arrears from Telecom Authority of Fiji.

The arrears of revenue recorded in the financial statements was \$117.1 million of which \$72.8 million or 62% were more than two years old.

⁹ Finance Instructions 2010 – Section 43 (1)

¹⁰ Finance Instructions 2010 – Section 41

It was noted that arrears of revenue for some Ministries and Departments had increase in FY 2022 as compared to FY 2021.

Refer to the Table 6.2 below for details.

Table 6.2: Details of increase in Arrears of Revenue.

Ministries and Departments	FY 2022 (\$)	FY 2021 (\$)	Movement (\$)
Ministry of Lands and Mineral Resources	35,881,068	33,432,792	2,448,276
Land Transport Authority	23,410,190	22,237,606	1,172,584
Public Utilities (Water Authority of Fiji)	31,412,549	30,855,508	557,041
Judiciary	14,000,394	13,444,435	555,959
Ministry of Infrastructure and Transport	200,042	125,979	74,063
Ministry of Health and Medical Services	405,824	365,678	40,146
Ministry of Finance (Pensions Office)	244,845	242,672	2,173

Agreed Management Action

Refer to [Appendix G](#) for Ministries' comments.

APPENDIX A: AUDIT OPINION RESULTS

The following tables present the results of the audits of the 2022 financial statements for Ministries and Departments. Consistent with presentation in this report, the results have been summarised by sectors.

The legislated timeframe for issuing of audit opinion was 31 December 2022.

General Administration Services

	Ministry/Department	Date Audit Report Signed	Audit Opinion Type
1.	Office of the President	22 May 2023	Unmodified
2.	Office of the Prime Minister and Department of Immigration	16 August 2023	Unmodified with Emphasis of Matter
3.	Office of the Attorney General	15 August 2023	Unmodified
4.	Ministry of Finance	29 September 2023	Unmodified
5.	Ministry of iTaukei Affairs	10 August 2023	Unmodified
6.	Ministry of Defence, National Security and Policing	22 August 2023	Unmodified
7.	Ministry of Employment, Productivity and Industrial Relations	18 July 2023	Unmodified with Other Matter
8.	Ministry of Foreign Affairs	08 August 2023	Modified with Emphasis of Matter and Other Matter
9.	Judiciary	16 August 2023	Modified
10.	Parliament	13 February 2023	Unmodified
11.	Office of the Director of Public Prosecutions	01 May 2023	Unmodified
12.	Public Service Commission	30 August 2023	Unmodified
13.	Ministry of Justice	19 July 2023	Unmodified
14.	Fiji Corrections Service	23 August 2023	Unmodified
15.	Department of Information, Communication & Digital Government Transformation Office	13 June 2023	Unmodified
16.	Department of Information, Technology and Computing Services (ITC)	04 July 2023	Unmodified
17.	Ministry of Civil Service	30 August 2023	Unmodified
18.	Ministry of Rural, Maritime Development and Disaster Management	21 August 2023	Unmodified
19.	Republic of Fiji Military Forces	08 September 2023	Modified with Emphasis of Matter and Other Matter
20.	Fiji Police Force	07 August 2023	Unmodified with Emphasis of Matter and Other Matter
21.	Peacekeeping Missions	08 September 2023	Unmodified with Emphasis of Matter and Other Matter

Social Services

	Ministry/Department	Date Audit Report Signed	Audit Opinion Type
22.	Ministry of Education, Heritage and Arts and Higher Education Institutions	21 June 2023	Unmodified with Other Matter
23.	Ministry of Health and Medical Services	31 May 2023	Modified
24.	Ministry of Housing and Community Development	10 August 2023	Unmodified with Emphasis of Matter
25.	Ministry of Women, Children and Poverty Alleviation	15 August 2023	Unmodified with Emphasis of Matter and Other Matter
26.	Ministry of Youth and Sports	01 June 2023	Unmodified

Economic Services

	Ministry/Department	Date Audit Report Signed	2022 Audit Opinion Type
27.	Ministry of Agriculture	25 April 2023	Unmodified
28.	Ministry of Fisheries	20 February 2023	Unmodified
29.	Ministry of Forestry	30 January 2023	Unmodified
30.	Ministry of Lands and Mineral Resources	02 June 2023	Unmodified with Emphasis of Matter
31.	Ministry of Commerce, Trade and Tourism	17 April 2023	Unmodified
32.	Ministry of Sugar Industry	20 February 2023	Unmodified
33.	Ministry of Local Government	01 June 2023	Unmodified

Infrastructure Services

	Ministry/Department	Date Audit Report Signed	2022 Audit Opinion Type
34.	Ministry of Infrastructure and Meteorological Services	16 August 2023	Unmodified with Emphasis of Matter
35.	Ministry of Waterways and Environment	04 May 2023	Modified

APPENDIX B: OTHER MEASURES OF FINANCIAL VULNERABILITY

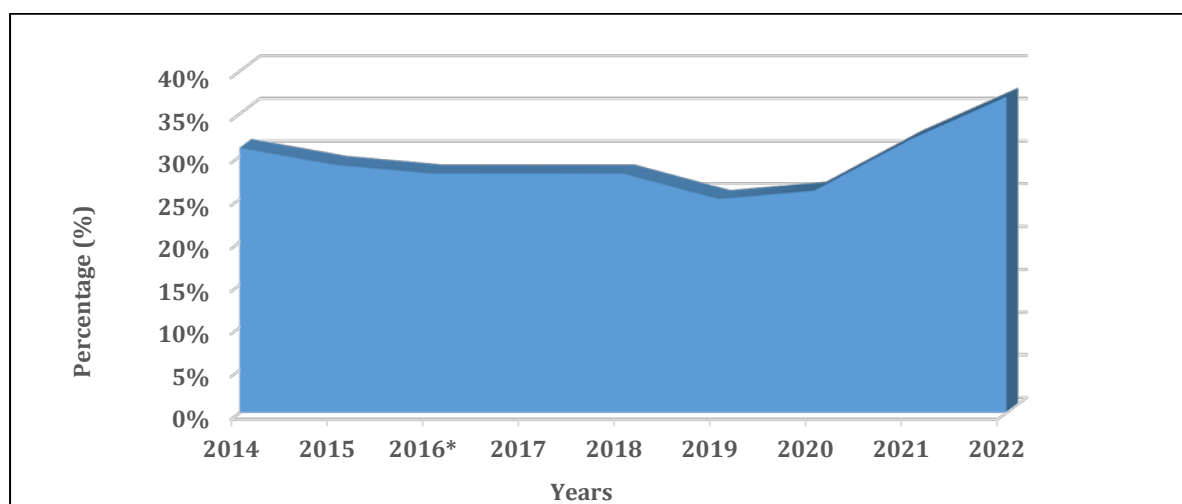
Financial vulnerability is the measure of the degree of dependence of Government on sources of borrowing outside its control or influence.

A measure of vulnerability is the comparison of Overseas Borrowings to the total Government debt. Overseas borrowings to total government debt for a period of nine years is shown in the table below.

Year	Outstanding Overseas Borrowings Amount (\$b)	Government Debt Amount (\$b)	Percentage (%)
2014	1.25	4.08	31
2015	1.24	4.22	29
2016*	1.26	4.50	28
2017	1.37	4.67	29
2018	1.45	5.22	28
2019	1.46	5.73	25
2020	1.71	6.69	26
2021	2.42	7.68	32
2022	3.36	9.16	37

[*]: 7 months

In 2022, overseas borrowings made up 37% of government debt which increased by 5% when compared to 2021.



[*]: 7 months

The overall trend indicated an increasing reliance by Government on overseas borrowings.

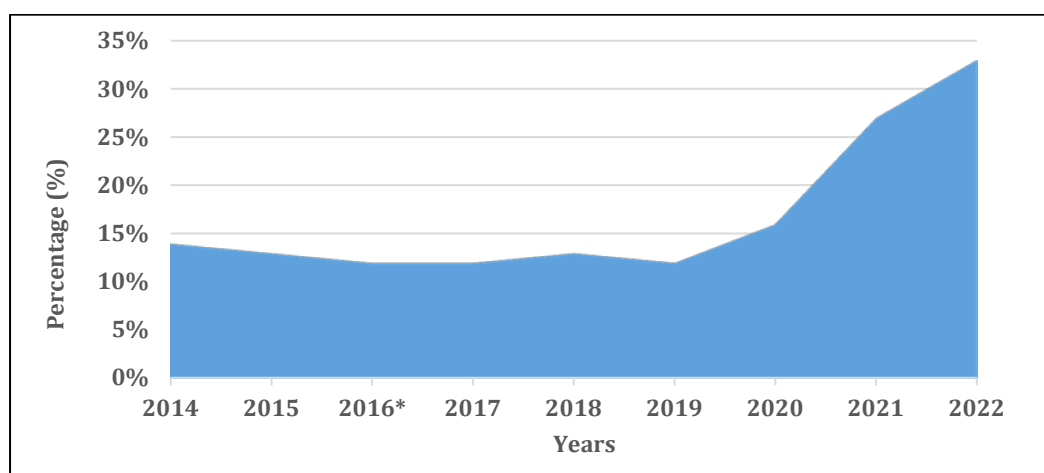
Another measure of financial vulnerability is the comparison of overseas borrowings to Gross Domestic Product (GDP). The table below compares overseas borrowings to GDP over a period of nine years.

Year	Overseas Borrowings Amount (\$b)	Nominal GDP Amount (\$b)	Percentage of Overseas Borrowings/GDP (%)
2014	1.25	9.17	14
2015	1.24	9.82	13
2016*	1.26	10.33	12
2017	1.37	11.07	12
2018	1.45	11.40[p]	13
2019	1.46	11.71[p]	12
2020	1.71	10.66[p]	16
2021	2.42	9.10[p]	27
2022	3.36	10.08[p]	33

[p]: provisional Fiscal Year GDP

Source: Macroeconomic Committee

[*]: 7 months



[*]: 7 months

Comparison of the domestic debt to GDP is another measure of financial vulnerability. Domestic borrowings to GDP for a period of nine years is shown in the table below.

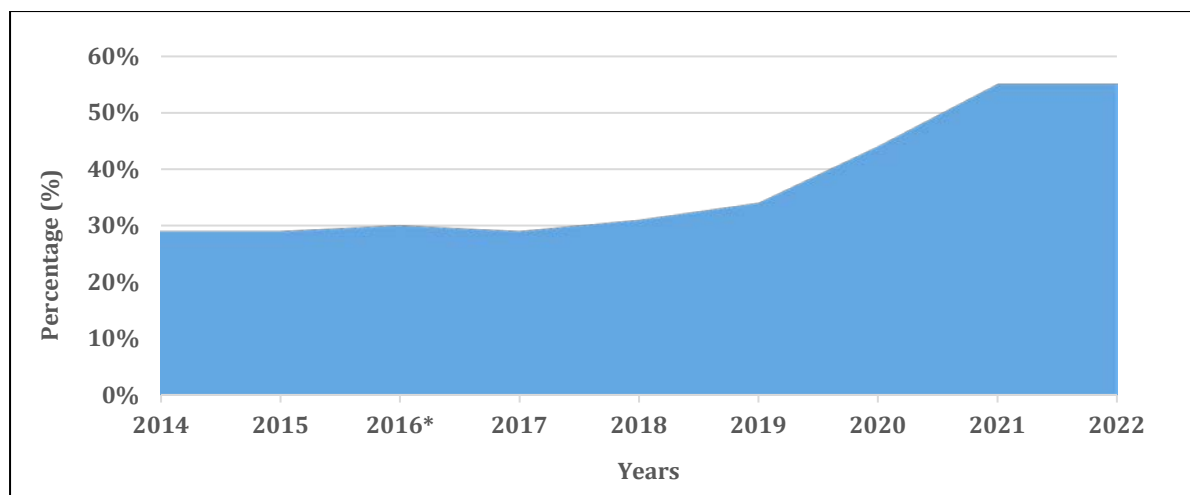
Year	Domestic Borrowings Amount (\$b)	Nominal GDP Amount (\$b)	Percentage of Domestic Borrowings/GDP (%)
2014	2.70	9.17	29
2015	2.84	9.82	29
2016*	3.08	10.33	30
2017	3.20	11.07	29
2018	3.58	11.40[p]	31
2019	3.97	11.71[p]	34
2020	4.72	10.66[p]	44
2021	4.99	9.10[p]	55
2022	5.51	10.08[p]	55

[p]: provisional Fiscal Year GDP

Source: Macroeconomic Committee

[*]: 7 months

Domestic borrowing as a percentage of GDP increased remained constant at 55% in 2022.



[*]: 7 months

The graph above shows that the Domestic Borrowing as a percentage of the GDP increases from 2018 to 2021 and remained constant in 2022.

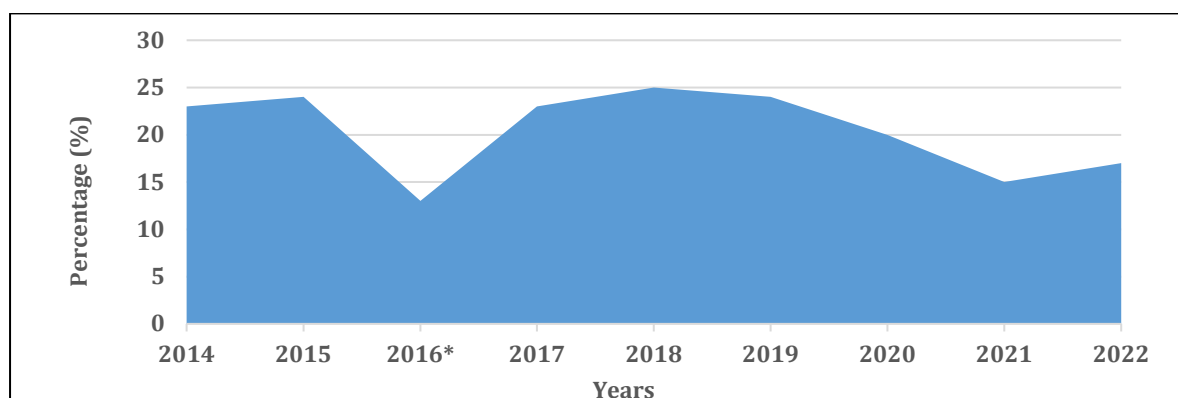
The table and graph below show the comparison between tax revenue and GDP. The tax revenue as a percentage of GDP in the past nine years has been between 13% and 25%. In 2021, the percentage of tax revenue to GDP decreased to 15% and increased to 17% in 2022.

Year	Tax Revenue Amount (\$b)	GDP Amount (\$b)	Percentage of Tax Revenue/GDP (%)
2014	2.12	9.17	23
2015	2.36	9.82	24
2016*	1.31	10.33	13
2017	2.58	11.07	23
2018	2.83	11.40[p]	25
2019	2.82	11.71[p]	24
2020	2.19	10.66[p]	21
2021	1.41	9.10[p]	15
2022	1.69	10.08[p]	17

[p]: provisional Fiscal Year GDP

Source: Macroeconomic Committee

[*]: 7 months



[*]: 7 months

Another measure of financial vulnerability is the comparison of public debt to tax revenue. This measure indebtedness level relative to the Government’s payment capacity. It shows the number of required years to pay the total debt balance. This ratio shows the governments possibilities to collect revenue compared to the debt burden.

The table below compares debt to tax revenue for a period of nine years.

Year	Public Debt Amount (\$b)	Tax Revenue Amount (\$b)	Public Debt / Tax Revenue
2014	4.08	2.12	1.9
2015	4.22	2.36	1.8
2016*	4.50	1.31	3.4
2017	4.67	2.58	1.8
2018	5.22	2.83	1.8
2019	5.73	2.82	2.0
2020	6.69	2.19	3.1
2021	7.68	1.41	5.4
2022	9.16	1.69	5.4

[*]: 7 months

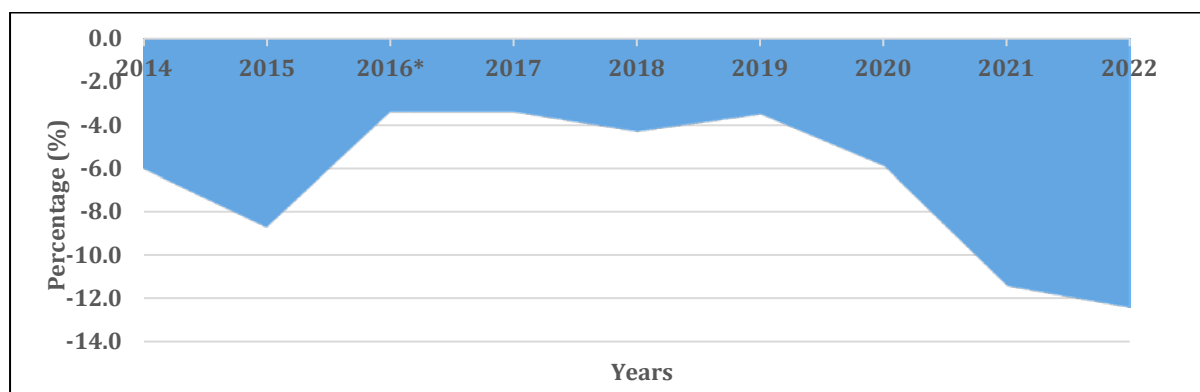
The table below shows the comparison of government deficit to GDP.

Year	Gross (Deficit) Amount (\$b)	GDP Amount (\$b)	Percentage of Gross (Deficit) /GDP (%)
2014	(0.55)	9.17	(6.0)
2015	(0.85)	9.82	(8.7)
2016*	(0.35)	10.33	(3.4)
2017	(0.38)	11.07	(3.4)
2018	(0.49)	11.40[p]	(4.3)
2019	(0.41)	11.71[p]	(3.5)
2020	(0.63)	10.66[p]	(5.9)
2021	(1.04)	9.10[p]	(11.4)
2022	(1.22)	10.08[p]	(12.1)

[p]: provisional Fiscal Year GDP

Source: Macroeconomic Committee

[*]: 7 months



[*]: 7 months

In 2022, the gross deficit as a percentage of GDP increased to 12.1%.

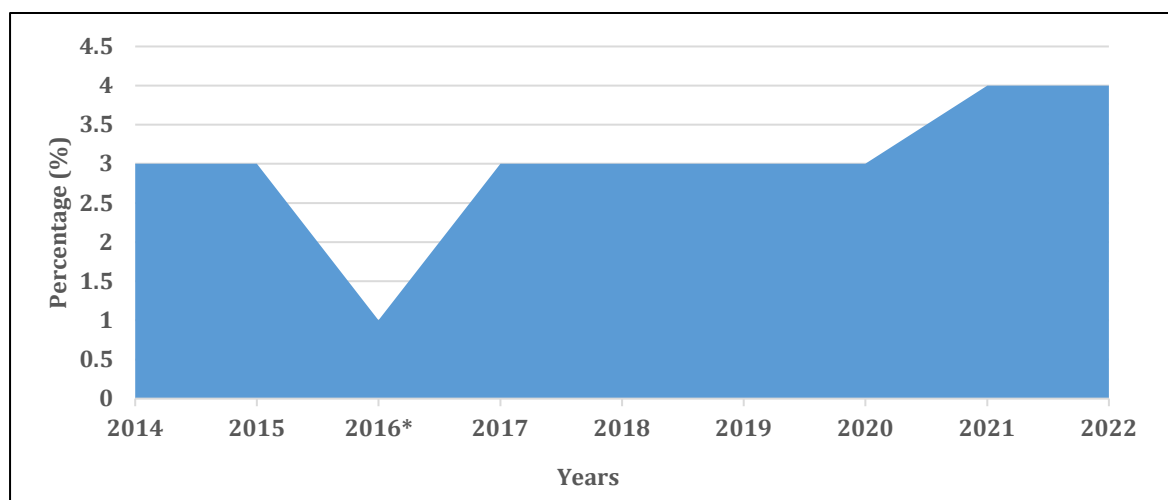
The table and the graph below show the interest payments to GDP for a period of nine years. Interest payments as a percentage of GDP remained constant at 4% in 2021 and 2022.

Year	Interest Payments Amount (\$b)	GDP Amount (\$b)	Percentage of Interest Payments /GDP (%)
2014	0.26	9.17	3
2015	0.29	9.82	3
2016*	0.15	10.33	1
2017	0.28	11.07	3
2018	0.29	11.40[p]	3
2019	0.33	11.71[p]	3
2020	0.36	10.66[p]	3
2021	0.37	9.10[p]	4
2022	0.38	10.08[p]	4

[p]: provisional Fiscal Year GDP

Source: Macroeconomic Committee

[*]: 7 months



[*]: 7 months

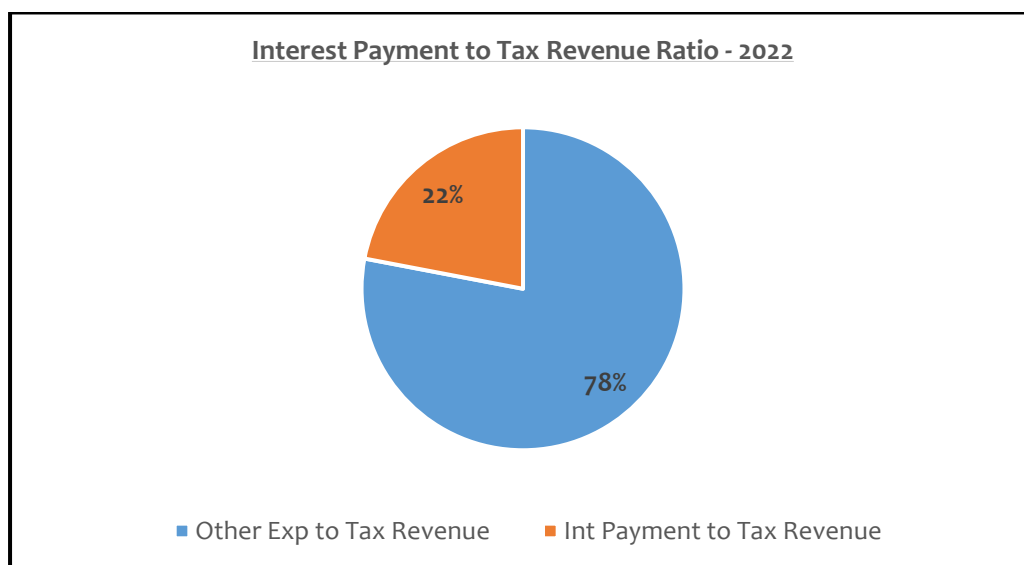
The interest payment to tax revenue indicator measures the financial cost of the public debt as a proportion of the tax revenue. It is generally used as a measure of the public income tolerance to an increase in unproductive expenditure or the country’s possibilities to face other expenditures.

This financial cost of the public debt as a proportion of the tax revenue has decreased from 26% to 21% in 2022.

The table and the chart below show the interest payment to tax revenue for a period of nine years.

Year	Interest Payments Amount (\$b)	Tax Revenue Amount (\$b)	Percentage of Interest Payments /Tax Revenue (%)
2014	0.26	2.12	12
2015	0.29	2.36	12
2016*	0.15	1.31	11
2017	0.28	2.58	11
2018	0.29	2.83	10
2019	0.33	2.82	12
2020	0.36	2.19	16
2021	0.37	1.41	26
2022	0.38	1.69	22

[*]: 7 months



Overall outlook of the financial vulnerability is shown below:

Indicator	Results	Commentary
Overseas Borrowings/ Total Debt	37%	Overseas Borrowings as a percentage of total debt.
Overseas Borrowings/GDP	33%	Overseas Borrowings as a percentage of GDP.
Domestic Debt/Nominal GDP	55%	Domestic Debt as a percentage of GDP.
Tax Revenue/GDP	17%	Tax Revenue as a percentage of GDP.
Total Debt/Tax Revenue	5.4	Shows the number of required years to pay the total debt balance.
Gross Deficit/GDP	-12.1%	Gross Deficit as a percentage of GDP.
Interest Payment/GDP	4%	Interest Payment as a percentage of GDP.
Interest Payment/Tax Revenue	22%	Financial cost of the public debt as a proportion of Tax Revenue.

APPENDIX C: ASSESSMENT OF FINANCIAL GOVERNANCE

The following table summarises our assessment of controls and the 2022 financial statement preparing processes across Ministries and Departments which were audited.

Ministry or Department	Internal controls															Financial Statement Preparation									Responses to OAG					
	CE			RA			CA			IC			MA			T			YE			Q			MC			SFS		
Financial Year	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20
General Administration Sector																														
1. Office of the President	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
2. Office of the Prime Minister	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
3. Office of the Attorney General	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
4. Ministry of Finance	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
5. Ministry of iTaukei Affairs	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
6. Ministry of Defence, National Security and Policing	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
7. Ministry of Employment, Productivity and Industrial Relations	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
8. Ministry of Foreign Affairs	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
9. Independent Bodies																														
Judiciary Department	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Parliament Office	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★

Ministry or Department	Internal controls															Financial Statement Preparation									Responses to OAG					
	CE			RA			CA			IC			MA			T			YE			Q			MC			SFS		
Financial Year	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20
Office of the Director of Public Prosecution	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
13. Independent Commissions																														
Public Service Commission	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
14. Ministry of Disaster Management and Meteorological Services	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★	⊙	⊙	★
15. Ministry of Justice	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Fiji Corrections Service	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
16. Department of Information and Communication	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
Information, Technology & Computing Services	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
17. Ministry of Civil Service	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
18. Ministry of Rural and Maritime Development and Disaster Management	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
19. Republic of Fiji Military Forces	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
20. Fiji Police Force	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★

Ministry or Department	Internal controls															Financial Statement Preparation						Responses to OAG					
	CE			RA			CA			IC			MA			T		YE		Q		MC		SFS			
Financial Year	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20
49. Peacekeeping Missions	🟡	🟢	🟢	🟢	🟢	🟡	🟡	🟡	🟡	🟢	🟢	🟢	🟡	🔴	🔴	🔴	🟡	🔴	🟡	🟡	🟢	🟢	🔴	🔴	🟡	🔴	🔴
Social Services Sector																											
21. Ministry of Education, Heritage and Arts and Higher Education Institutions	🟡	🟡	🟡	🟡	🟢	🟢	🟡	🟡	🟡	🟢	🟢	🟢	🟡	🟡	🟡	🟡	🔴	🔴	🟡	🔴	🟡	🟢	🟢	🟢	🔴	🔴	🔴
22. Ministry of Health and Medical Services	🟡	🟡	🟡	🟡	🟡	🟡	🔴	🟡	🟡	🟡	🟡	🟡	🔴	🟡	🟡	🟡	🟡	🔴	🟡	🟡	🟡	🟢	🟢	🟢	🔴	🔴	🔴
23. Ministry of Housing and Community Development	🟡	🟡	🟡	🔴	🟢	🟢	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🔴	🔴	🟡	🟡	🟡	🟢	🟢	🟢	🟡	🔴	🔴
24. Ministry of Women, Children and Poverty Alleviation	🟡	🟢	🟢	🟢	🟢	🟢	🟡	🔴	🔴	🟢	🟢	🟢	🟡	🔴	🔴	🟡	🟡	🟡	🟡	🟡	🟡	🟢	🟢	🔴	🟡	🟢	🟢
25. Ministry of Youth and Sports	🟢	🟢	🟢	🟢	🟢	🔴	🟡	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟡
Economic Services Sector																											
30. Ministry of Agriculture	🟡	🟢	🟡	🟡	🟢	🟡	🟡	🟢	🟡	🟡	🟡	🟡	🟢	🟡	🟡	🟡	🟢	🟢	🟡	🟢	🟢	🟡	🟢	🟢	🟡	🟢	🟡
31. Ministry of Fisheries	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟡	🟢	🟡	🟡	🟡	🟡	🟡	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🔴	🔴	🟢
32. Ministry of Forestry	🟢	🟡	🟡	🟢	🟡	🟡	🟢	🟡	🟡	🟢	🟡	🟡	🟡	🟡	🟡	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟡	🟡
33. Ministry of Lands and Mineral Resources	🟡	🟡	🟡	🟢	🟡	🟡	🟡	🟡	🟡	🟢	🟢	🟢	🟡	🟡	🟡	🟡	🟢	🔴	🟡	🔴	🔴	🟢	🟢	🟢	🔴	🔴	🟡
34. Ministry of Commerce, Trade,	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢

Ministry or Department	Internal controls															Financial Statement Preparation						Responses to OAG					
	CE			RA			CA			IC			MA			T		YE		Q		MC			SFS		
Financial Year	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20	'22	'21	'20
Tourism and Transport																											
35. Ministry of Sugar	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
37. Ministry of Local Government	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Infrastructure Sector																											
40. Ministry of Infrastructure and Transport	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
41. Ministry of Waterways and Environment	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	




Key:

© - For financial year 2021 & 2022, Ministry of Disaster Management is reported with Ministry of Rural Maritime and Development while Meteorological Services is reported with Ministry of Infrastructure.

CE=Control Environment RA=Risk Assessment CA=Control Activities IC=Information and Communication Control MA=Monitoring Activities
 T=Timeliness of draft financial statements YE= Year-end close processes Q=Quality of draft financial statement MC=Management Comments Received
 SFS=Signed Audited financial statements returned




Timeliness of Management Comments

To assess the timeliness of management comments, we have compared the date the agency financial statement draft management letter (DML) was issued, and the date management comments were received.

Rating	Timeliness of management comments
 Effective	Management comments received within 14 days
 Generally effective	Management comments received within 21 days
 Ineffective	Management comments received after 21 days

Timeliness of Signed Accounts Received

To assess the timeliness of signed accounts received, we have compared the date the financial statements were sent to Ministries/Departments for signing and the date the signed financial statements were received.

Rating	Timeliness of signed accounts received
 Effective	Received signed accounts within 5 days
 Generally effective	Received signed accounts within 15 days
 Ineffective	Received signed accounts after 15 days

APPENDIX D: MODIFIED AUDIT OPINION - QUALIFICATION

The qualification issues for modified audit opinions of Ministries and Departments is shown in the table below:

Ministries/Departments	Modified Audit Opinion
Ministry of Foreign Affairs	An unreconciled variance of \$1,668,879 exists between the FMIS general ledger Overseas Bank balance of \$3,726,613 and the consolidated Overseas Mission's bank reconciliation statement balance of \$2,057,734. As such, I was unable to determine the accuracy of the total expenditure and total revenue amounting to \$26,704,002 and \$506,511 respectively reflected in the Statement of Receipts and Expenditure.
Judiciary	The financial statements provide the status of the Department's reconciliations for Suitors, Maintenance and Sundries Trust Fund accounts. Notable progress has been noted in the preparation of reconciliations for the Trust Fund accounts compared to previous financial years. As at the date of my audit report, there still exists significant lapse in the years of reconciliations and absence of detailed breakdown listings of beneficiaries and their respective current balances, with a closing balance of \$45,505,114 as disclosed in the Judicial Trust Fund Account Statement of Receipts and Payments.
Republic of Fiji Military Forces	Trading and Manufacturing Account - An unreconciled variance of \$30,543 existed between the Plant Pool Value Added Tax (VAT) Account Reconciliation and the VAT receivables general ledger balance.
Ministry of Health and Medical Services	In relation to Trading and Manufacturing Account there was unreconciled variances of \$22,067 between the FMIS General Ledger balance and the Bank Reconciliation for Cash at Bank Balance in the Bulk Purchase Scheme Balance Sheet. In addition, the Ministry was unable to provide detailed listing of Accounts Receivable of \$11,925 and VAT Receivable of \$19,097 recorded in the Bulk Purchase Scheme Balance Sheet.
Ministry of Waterways and Environment	An unreconciled variance of \$446,552 exists between the bank reconciliations balance and the cash at bank general ledger balance for the Environment Trust Fund Account as at 31 July 2022. In addition, there was an unreconciled variance of \$589,107 between the Trust Fund Account general ledger balance and the cash at bank general ledger balance. Consequently, the audit was unable to substantiate the accuracy and completeness of the Trust Fund Account balance of \$17,479,496 reflected in the Environment Trust Fund Account Statement of Receipts and Payments.

APPENDIX E: DETAILED LISTINGS NOT MAINTAINED FOR MAIN TRUST ACCOUNTS

Ministries/Departments	Trust Fund Account	Amount FY 2022 (\$)	Management Comments
Judicial Department	Suitor's Trust, Maintenance Trust and Sundries Trust accounts	45,505,114	<p>The department is now maintaining the detailed listing. Furthermore, those without detailed listings and the unsubstantiated amounts have been transferred to MOF. The documents for \$784,441 was correctly annexed and submitted to MOF. We had another meeting with MOF in late 2022 and we were given 3 options: 1. To source within Fund 1 if funds are available in the current FY Budget. 2. To request for funds in the next FY Budget submission. 3. Redeployment of funds from other Ministry. We managed to source the funds within this FY and it has been transferred to the main trust fund account. The variance currently is \$12,910. The department was informed by FMIS to verify all postings in ORG 11 to rectify the variance. This had to be done from very old records. We have done the reconciliations for six months from the time the variance started between SLG 89 and 52. We found out that when Trust monies are banked into revenue then we drew a cheque from Drawings account and deposit into Trust account. Due to costs and time involved in reconciling from the old records we had another meeting with MOF asking them to write-off. However, the department was told to continue with the reconciliation process until the time the variance is stagnant. Due to workload and shortage of staff we are still left to reconcile the Four (4) years of old records.</p> <p><u>Update of Main Trust Fund back log reconciliations Maintenance Account</u> Reconciliations for Night Shift staffs has been completed till June 2008 for all stations. As for the current reconciliations (Daytime Staffs) the reconciliations are completed till February 2023 for all stations.</p> <p><u>Sundries Account</u> Reconciliations for Night Shift staffs has been completed till June 2008 for all stations. As for the current reconciliations (Daytime Staffs) the reconciliations are completed till February 2023 for all stations.</p> <p><u>Suitors Fund Account</u> All suitors fund reconciliations are up to date till June 2023.</p>
Total		45,505,114	

APPENDIX F: VARIANCE IN OVERSEAS CASH, TMA AND TRUST CASH

Ministry	Allocation	Description	Amount as per GL (\$)	Amount as per Bank Rec Statement (\$)	Variance (\$)	Management Comments
Ministry of Waterways and Environment	94230188999520301	Westpac Environment Drawi. A/C Trust Fund	18,137,273	17,690,721	446,552	The variances have been inherited by Ministry of Waterways & Environment when it was transferred from org 37 and org 38 to org 42. The amount debited was more than amount credited. As such only credit postings need to be made to reconcile the variances. However, the FMIS does not allow only credit postings to be made as it is a dual entry system.
Ministry of Health and Medical Services	42225122999540301	TMA Dominion Cash-CNB Suva	462,496	440,429	22,067	This is an on-going issue for which BPS is currently in discussion with FMIS and AMU -Ministry of Finance to rectify and resolve by end of FY 22-23. Unposted receipt, these are direct deposit payment wef 2018 which were not receipted. Reason was that documents such as invoices were not located. As for unposted payments, posting were done and schedule through GL 350. We cannot locate the amount of \$2,450.66 as all payments were schedule in GL 350 and went through.
Ministry of Foreign Affairs	10810380501510401	Tokyo Cash	203,033	93,551	109,482	The Ministry is working closely with Ministry of Finance in rectifying the variances recurring for the past years. Source documents has been currently compiled to substantiate the book entry for the variance of which the variance for closed Missions will be addressed first followed by the current opened 10 Missions. The Ministry hopes to address this variance by the end of the 2023 financial year.
	10810380101510107	Canberra Cash	291,077	260,142	30,935	
	10810380701510502	Wellington Cash	557,031	---	557,031	
	10810380201510504	Beijing USD Cash	48,781	92,313	(43,532)	
	10810380201510506	Beijing RMB Cash	(105,898)	8,719	(114,617)	
	10810380407510808	Geneva Cash	404,305	333,814	70,491	
	10810380405510901	Abu Dhabi Cash	639,573	164,964	474,609	
	10810380402510905	Jakarta USD	376,220	395,397	(19,177)	

Ministry	Allocation	Description	Amount as per GL (\$)	Amount as per Bank Rec Statement (\$)	Variance (\$)	Management Comments
	10810380401510908	Jakarta Rupiah	164,279	37,701	126,578	
	10810381001510202	London Cash	981,927	298,371	683,556	
	10810381101510801	New York Cash	186,213	190,844	(4,631)	
	10810380401510903	New Delhi-USD	6,901	147,223	(140,322)	
	10810380401510909	New Delhi Rupee	(26,829)	34,694	(61,523)	
Ministry of Infrastructure and Meteorological Services	44025191011540201	TMA Dominion Cash-WBC Suva	1,038,560	132,043	906,517	The case is before the court. The brought forward unsubstantiated recurring variance of \$1,405,134 appearing in the Cash at Bank reconciliation relates to prior year's (2006 - 2010) misappropriation that is under Fiji Independent Commission Against Corruption (FICAC) investigation and pending Court's deliberations and verdicts. The variances were identified by the Ministry and Legal opinion were sought from Solicitors General's Office regarding the eligibility for writing off variances. We had written to Ministry of Finance for the write off and waiting for their approval. We have made tremendous effort in trying to rectify the variances and made request to relevant authorities for write off however we are still unable to get the required approval till to date. We had made the following request from: <ul style="list-style-type: none"> 13/09/17: we had made a formal submission of SG's Office to seek approval for write off of these unsubstantiated variances. 22/02/18: SG's Office advise that since the amount is more than \$ 50,000 the request for write off be referred to Minister of Finance under Section 57 (c) (3) of the Finance Instruction 2010.
	44026291011540201	TMA Dominion Cash-WBC Suva	748,470	248,751	499,719	

Ministry	Allocation	Description	Amount as per GL (\$)	Amount as per Bank Rec Statement (\$)	Variance (\$)	Management Comments															
						<ul style="list-style-type: none"> 19/03/18: Ministry had written to Ministry of Finance seeking for Write Off of these unsubstantiated variances based on SG's Advice. 04/07/18: Asset Management Unit (AMU) email from them requesting Ministry to request FICAC on the status of the case. 23/07/18: Ministry had meeting with FICAC on the status of the case. 13/08/18: FICAC responded that large quantity of evidence was destroyed thus it was very difficult to determine the actual amount which was misused. The Ministry had written again to Ministry of Finance on the 26/11/19 requesting for Write Off however till to date there is no response to our request. The Ministry had requested an additional update on the cases on 05/09/23 which they have responded to our request and the status of the case is shown below: <table border="1"> <thead> <tr> <th>Case No.</th> <th>Allegation</th> <th>Prosecution Stage</th> </tr> </thead> <tbody> <tr> <td>HAC 53/14</td> <td>Case against Accounts Officer & 11 others (PWD 2 Professional)</td> <td>The matter is listed to be called on 13th September 2023 for mitigation and sentencing submissions.</td> </tr> <tr> <td>HAC 99/14</td> <td>Case against Accounts Officer & 11 others (PWD, Stationeries Shop)</td> <td>This case hearing is already fixed for 31/10/23 to 03/11/2023 and 20/11/2023 to 01/12/2023. Matter is adjourned to 11/09/2023 to check on finalized agreed facts and agreed documents.</td> </tr> <tr> <td>HAC 193/14</td> <td>Accounts Officer & 8 others (PWD 5 Stationery shop)</td> <td>The hearing of prosecution case is completed and there is a case to answer. Matter adjourned to 07-08/12/2023 for hearing of defense case.</td> </tr> <tr> <td>CF: 955/15</td> <td>Owner of the Hardware Store & 5 others (PWD 6 Hardware Store)</td> <td>The company director is deceased. Prosecutions has filed Nolle Prosequi to Discontinue the case against the PWD staff Ms. X.</td> </tr> </tbody> </table>	Case No.	Allegation	Prosecution Stage	HAC 53/14	Case against Accounts Officer & 11 others (PWD 2 Professional)	The matter is listed to be called on 13 th September 2023 for mitigation and sentencing submissions.	HAC 99/14	Case against Accounts Officer & 11 others (PWD, Stationeries Shop)	This case hearing is already fixed for 31/10/23 to 03/11/2023 and 20/11/2023 to 01/12/2023. Matter is adjourned to 11/09/2023 to check on finalized agreed facts and agreed documents.	HAC 193/14	Accounts Officer & 8 others (PWD 5 Stationery shop)	The hearing of prosecution case is completed and there is a case to answer. Matter adjourned to 07-08/12/2023 for hearing of defense case.	CF: 955/15	Owner of the Hardware Store & 5 others (PWD 6 Hardware Store)	The company director is deceased. Prosecutions has filed Nolle Prosequi to Discontinue the case against the PWD staff Ms. X.
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CF: 955/15	Owner of the Hardware Store & 5 others (PWD 6 Hardware Store)	The company director is deceased. Prosecutions has filed Nolle Prosequi to Discontinue the case against the PWD staff Ms. X.																			
Total			24,113,412	20,569,677	3,543,735																

APPENDIX G: DETAILS OF MINISTRIES AND DEPARTMENTS SIGNIFICANT ARREARS OF REVENUE

Judiciary	<p>Significant Arrears of Revenue- Recurring Issue:The arrears of revenue comprise of arrears arising from court fees, fines and costs awarded to the state. The Department’s arrears of revenue as at 31 July 2022 amounted to \$14,000,394. The last seven years’ balance are provided in the table below:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Year</th> <th>Balance (\$)</th> </tr> </thead> <tbody> <tr> <td>31/07/22</td> <td>14,000,394</td> </tr> <tr> <td>31/07/21</td> <td>13,444,435</td> </tr> <tr> <td>31/07/20</td> <td>12,999,522</td> </tr> <tr> <td>31/07/19</td> <td>13,431,984</td> </tr> <tr> <td>31/07/18</td> <td>13,337,274</td> </tr> <tr> <td>31/07/17</td> <td>13,450,691</td> </tr> <tr> <td>31/07/16</td> <td>13,461,155</td> </tr> </tbody> </table> <p>The Department has established a Fine Enforcement Unit in prior years to manage the arrears of revenue however, the arrears of revenue for the Department has remained substantial. The aging details as at 31/07/22 is as follows:</p> <p>The table below shows Ageing Arrears of Revenue</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Age of Debtors</th> <th>Amount (\$)</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td>488,605</td> <td>3.49</td> </tr> <tr> <td>1 – 2 years</td> <td>537,575</td> <td>3.84</td> </tr> <tr> <td>2 - 5 years</td> <td>1,989,020</td> <td>14.21</td> </tr> <tr> <td>More than 5 years</td> <td>10,985,194</td> <td>78.46</td> </tr> <tr> <td>Total</td> <td>14,000,394</td> <td>100</td> </tr> </tbody> </table>	Year	Balance (\$)	31/07/22	14,000,394	31/07/21	13,444,435	31/07/20	12,999,522	31/07/19	13,431,984	31/07/18	13,337,274	31/07/17	13,450,691	31/07/16	13,461,155	Age of Debtors	Amount (\$)	% of Total	Less than 1 year	488,605	3.49	1 – 2 years	537,575	3.84	2 - 5 years	1,989,020	14.21	More than 5 years	10,985,194	78.46	Total	14,000,394	100	<p>Even though the department has increased the execution, there seems to be not much decrease in the Arrears. It becomes very difficult to locate the defaulters especially for old cases as far as from 1988. They may have either migrated, changed their address or even passed away.</p> <p>The law as it stands empowers the Police Officers to execute warrants and collect fines. Our Department provides transportation and officers just accompany police officers to receive the monies. At times when police officers are not available then no executions are done. The full legal authority to enforce by way of committal warrants on defaulters, only rests with Fiji Police Force. Our Department only imposes committal warrants on defaulters.</p>
Year	Balance (\$)																																			
31/07/22	14,000,394																																			
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<p>Ministry of Lands and Mineral Resources</p>	<p>Significant Arrears of Revenue: The audit noted that the Ministry had substantial arrears of revenue amounting to \$35.8 million as at 31/07/2022. Over the past 7 years, the arrears of revenue have showed an increasing trend, remaining above \$20 million since 2016 and exceeded \$30 million from 2020.</p> <p>The table below shows Arrears of Revenue for the past 6 years.</p> <table border="1" data-bbox="495 464 792 735"> <thead> <tr> <th>Year</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>35,881,068</td> </tr> <tr> <td>2021</td> <td>33,432,792</td> </tr> <tr> <td>2020</td> <td>30,342,570</td> </tr> <tr> <td>2019</td> <td>26,936,731</td> </tr> <tr> <td>2018</td> <td>23,457,483</td> </tr> <tr> <td>2017</td> <td>21,820,630</td> </tr> <tr> <td>2016</td> <td>20,778,013</td> </tr> </tbody> </table>	Year	Amount (\$)	2022	35,881,068	2021	33,432,792	2020	30,342,570	2019	26,936,731	2018	23,457,483	2017	21,820,630	2016	20,778,013	<p>The Ministry has identified the need to review the State Land Act and Regulations to strengthen the process of recovering outstanding arrears from defaulters. Aligned to the review of the State Land Act and Regulations, the Ministry is undertaking research on implementing remedial measures identified internally that will assist in the recovery of lease rental arrears.</p> <p><u>Option would include:</u></p> <ul style="list-style-type: none"> • Caveats on lessees who are defaulters • Registering debts to property <p>There will be a need to issue a public notice in this regard to state lessees. The Ministry will be collaborating with relevant agencies and stakeholders to strengthen the revenue collection.</p>
Year	Amount (\$)																	
2022	35,881,068																	
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2020	30,342,570																	
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<p>Department of Meteorological Services</p>	<p>Significant Arrears of Revenue Owed by CAAF & AFL – Meteorology Department: Cabinet decision (05) 310 of 2005 ratified that Civil Aviation Authority of Fiji (CAAF) and Airports Fiji Limited (AFL) reimburse the Fiji Meteorological Services 50% of meteorological aviation costs in relation to the Nadi, Nausori terminal and the en-route only backdating the same to 1 July 1978.</p> <p>The same Cabinet decision also approved that a review of the structure of costs be carried out and funded by the Meteorological Office. Following which a contract be entered into between the Meteorological Office and the AFL for the provision of weather services to the aviation industry with effect from 1 January 2006. The AFL, since 2005 reimbursed the Meteorological Office at 50% of the total expenditure instead of aviation costs.</p> <p>However, from 2008 the AFL commenced to reimburse a fixed amount of \$50,000 per month. According to a letter from AFL dated 15 April 2008, the AFL informed the Meteorological Office that until an independent study is</p>	<p>The Department of Meteorology are currently working on designing a cost recovery framework to adopt and to that extent, the department is grateful to the World Meteorological Organisation (WMO) who are assisting the Department in addressing recommendation on (recommendation number 1) reviewing the cost structure related to provision of aviation services to the Fiji Airports formerly AFL.</p> <p>From collaboration with WMO experts, it is clear that we may need to approach the issue in phases. The final phase will involve an expert consultant who can conduct the review of costs and provide a report. At this point, the WMO is agreeable to bearing the cost of the exercise once we commence with engaging the consultant. It is also part of our plan to involve the Fiji Airports in every phase so there can be agreement when the final report is arrived at.</p>																

	<p>carried out to determine the cost related to the aviation sector, the AFL will only reimburse a fixed amount of \$50,000 per month.</p> <p>The audit noted that the Meteorological Office:</p> <ul style="list-style-type: none"> • Has yet to abide by the Cabinet decision to undertake a review of the structure of the aviation costs and enter into a contract with the AFL for the provision of weather services to the aviation industry. • Has yet to collect the arrears of revenue owed by CAAF of \$2,144,106 as at 31/07/22. • Has not billed the AFL since 2008; and • Since the issue was raised in 2010 has yet to make any progress on the observations raise <p>While there were talks between the entities, the Meteorological Office is yet to undertake the review of the cost structure on the provision of meteorological services to the aviation industry and resolve the differences with AFL and CAAF.</p> <p>Additionally, the continuous changes in officers handling the issue over the years has impacted the lack of significant efforts towards the recovery of arrears of revenue owed to the Meteorological Office by CAAF.</p> <p>The Department's revenue may be understated, and this has resulted in a loss of potential cash flow to the Government.</p>	<p>The collaboration commenced in 2022 and will be carried out in phases. So far, the WMO has approved the Terms of Reference (TOR) and moving forward to procurement stage with tender closed on 03/08/23 for the engagement of a suitable candidate for the consultancy work. As per Terms of Reference the engagement of consultant should have commence in September 2023 for duration of 4 months for the development of a framework for cost recovery for Aeronautical Meteorological Services in Fiji. However, that exercise is further delayed due to no suitable candidate for the consultancy work, and it proposed to be carried out in March 2024. This is work in progress.</p> <p>The Ministry cannot pursue the arrears unless this cost recovery exercise is undertaken since the dispute between the two parties is over “what is reasonable charge that Fiji Airports should be paying the Fiji Met” The Department has already submitted to Ministry of Finance a Cabinet Paper requesting their second opinion to write off these as bad debts. Email correspondence attached, indicating discussions currently undertaken with Ministry of Finance on the same.</p>
<p>Ministry of Health and Medical Services</p>	<p>Significant Arrears of Revenue: The audit noted that the Ministry recorded arrears of revenue amounting to \$405,824 as at 31 July 2022. The arrears of revenue were in respect of quarantine fees owed by airlines and shipping companies and hospital fees due from insurance companies. \$215,425 or 53% of revenue were in arrears for more than one year. Refer to Table below for details.</p>	<p>The Ministry will further strengthen the coordination and recovery process from its 28 stations that has revenue arrears. We will also take appropriate steps this financial year to write off some of the arrears which has been outstanding for more than five (5) years.</p> <p>The Ministry have established the Revenue Management SOP and we have captured therein detailed processes of recovery of revenue, writing off and managing arrears of revenue.</p>

	<p>The table below shows Ageing Arrears of Revenue</p> <table border="1"> <thead> <tr> <th>Ageing</th> <th>Arrears of Revenue Ageing (\$)</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>3 Months</td> <td>83,565.64</td> <td>21%</td> </tr> <tr> <td>6 Months</td> <td>67,051.91</td> <td>17%</td> </tr> <tr> <td>9 Months</td> <td>39,781.69</td> <td>10%</td> </tr> <tr> <td>1 Year & Over</td> <td>94,765.11</td> <td>23%</td> </tr> <tr> <td>2 – 5 Years</td> <td>75,290.76</td> <td>19%</td> </tr> <tr> <td>Over 5 Years</td> <td>45,368.83</td> <td>11%</td> </tr> <tr> <td>Total</td> <td>405,823.94</td> <td>100%</td> </tr> </tbody> </table>	Ageing	Arrears of Revenue Ageing (\$)	Percentage (%)	3 Months	83,565.64	21%	6 Months	67,051.91	17%	9 Months	39,781.69	10%	1 Year & Over	94,765.11	23%	2 – 5 Years	75,290.76	19%	Over 5 Years	45,368.83	11%	Total	405,823.94	100%	
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<p>Ministry of Finance [Pensions Office]</p>	<p>It is important to have in place a stringent credit policy and debt recovery procedures to counter the risk of losses from irrecoverable debts. (Ministry of Finance - Finance Manual 2018-Part9-paragraph 1)</p> <p>Our review of the arrears of revenue report noted the significant increase in the arrears as at 31 July 2019.</p> <p>Refer to the table below for details from 2016 – 2019</p> <table border="1"> <thead> <tr> <th>2019 (\$)</th> <th>2018 (\$)</th> <th>2017 (\$)</th> <th>2016 (\$)</th> </tr> </thead> <tbody> <tr> <td>172,528</td> <td>141,743</td> <td>149,639</td> <td>110,545</td> </tr> </tbody> </table> <p>From the \$172,528 owed to the Ministry, \$94,246 or 55% of the arrears were more than two years old.</p> <p><u>Update:</u> Recurring. The arrears of revenue for pension had increased from \$187,325 in 2020 to \$229,535 in 2021 and \$244,845 in 2022. However, there is a high risk that the Pensions arrears figure is understated as no Life Certificates have been obtained from the Crown Agents Bank since 2020.</p>	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	172,528	141,743	149,639	110,545	<p>The Ministry can recover overpaid civil pensions from the dependent pensioner if there is a dependent pensioner. However, in cases where there is no dependent pensioner the recovery is difficult unless the deceased pensioner has some estate or savings which is distributed after the approval of the probate.</p> <p>The Department continues to send correspondence to the nominated next of kin. On the other hand, there are pensioners who have not been paid due to non-submission of life certificates and passed away without being paid. In these cases, the Government has saved.</p>																
2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)																							
172,528	141,743	149,639	110,545																							

APPENDIX H: GLOSSARY

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws.
Accounting estimates	An approximation of a monetary amount in the absence of a precise mean of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation.
Appropriation	A sum of total budget for the ordinary services of government for the financial year ending 31 July 2022.
Audit evidence	All the information used by the auditor in arriving at the conclusions on which the audit opinion is based. Audit evidence includes the information contained in the accounting records underlying the financial statements and other information.
Audit Memorandum	Management Letter highlighting areas where improvements can be made by an entity following an audit.
Audit strategy	The strategy that sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan.
Consolidated fund account	The main bank account of the government where public monies are paid into for the operations of government. Trust money is not paid into this account.
Contingent liability	A contingent liability is a potential liability that may or may not become due, depending on whether a possible event occurs, such as a claim for compensation, an indemnity or other legal claims.
Current ratio	This ratio shows the amount of current assets available to meet current liabilities as they fall due.
Deferred income	Deferred income refers to money received by an entity before it provides the related goods or services to the customer.
Deficiencies	Failings, weaknesses or shortcomings.
Express an opinion	A written expression of the auditor's overall conclusion on the financial report based on audit evidence obtained.
Financial sustainability	The ability of Government to maintain existing programs and meet existing creditor requirements without increasing the burden on the economy. It is measured by the ratio of Government debt to the Gross Domestic Product (GDP).
Financial flexibility	A debt indicator that shows the increase in financial resources or revenue to respond to increasing financial commitments either by expanding revenue or increasing the debt burden.
Financial vulnerability	Measures the total exposure of Government to exchange rates and other market risks through its dependence on external borrowings.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Governance	The control arrangements in place at an entity that are used to govern and monitor its activities to achieve its strategic and operational goals.
International Public Sector Accounting Standards (IPSAS) under cash basis of accounting	Standards adopted by Government of Fiji for financial reporting of Financial Statements of Government.
Management	Those with the executive responsibility for conducting an operation.
Material misstatement	A significant difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required

Term	Definition
	for the item to be in accordance with the applicable financial reporting framework.
Misstatement	A difference between the amounts, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Other significant matter	Include control weaknesses which <i>could cause</i> or <i>is causing</i> severe disruption of the process or severe adverse effect on the ability of an auditee to achieve process objectives and comply with relevant legislation. It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.
Reasonable assurance	A high but not absolute level of assurance.
Re-deployment	Transfer of budgeted funds from one appropriation head to another which is approved by Cabinet.
Revaluation	An adjustment made to the recorded value of an asset to accurately reflect its current market value.
Risks	The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action.
Standards on auditing	International Standards on Auditing adopted by Fiji Institute of Accountants and applied by Office of the Auditor-General for audits carried out.
Trading and Manufacturing activities	Are operated on semi-commercial basis to increase the returns which are derived from them and to provide goods, services or works more cost-effectively.
Unmodified audit opinion	The opinion is issued when the financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) under the cash-basis of accounting and with relevant legislative requirements. This type of opinion indicates that material misstatements, individually or in the aggregate, were not noted in our audit, which would affect the financial statements of an agency.
Value-adding	Financial or non-financial gains arising from improved compliance or mitigation of risks.
Virements	Permanent Secretaries of Ministries and Departments may authorise the transfer of budgeted funds between Standard Expenditure Groups as per section 10(1) of the Finance Instructions 2010.

**Part C: 2022 Agency Financial Statements of the
Ministry of Finance**

HEAD 04

MINISTRY OF FINANCE

Roles and Responsibilities

The Ministry of Finance is responsible for managing public finances in accordance with the Fijian Constitution and the Financial Management Act 2004.

The Ministry carries out economic analysis and forecasting; manages Government’s national budget, debt and assets; oversees fiscal policy and tax collection; implements financial management reforms; and ensures that Government can procure the goods and services required to maximise services delivered to the Fijian people. The Ministry through its functional units promotes sound management of the Fijian economy through analyses, efficient budgeting and proactive planning. The Ministry’s Budget and Planning Division formulates the Government’s national budget and coordinates with ministries and departments to ensure effective implementation.

Other major roles include: coordination and management of Government’s capital construction projects including its offices and accommodation; formulation of national development plans, including climate change policy and financing, monitoring of programs and projects under the national budget; and ensuring effective operation of the Fiji Bureau of Statistics [FBOS] in collating, storing and publishing statistical information in a timely and coherent manner.

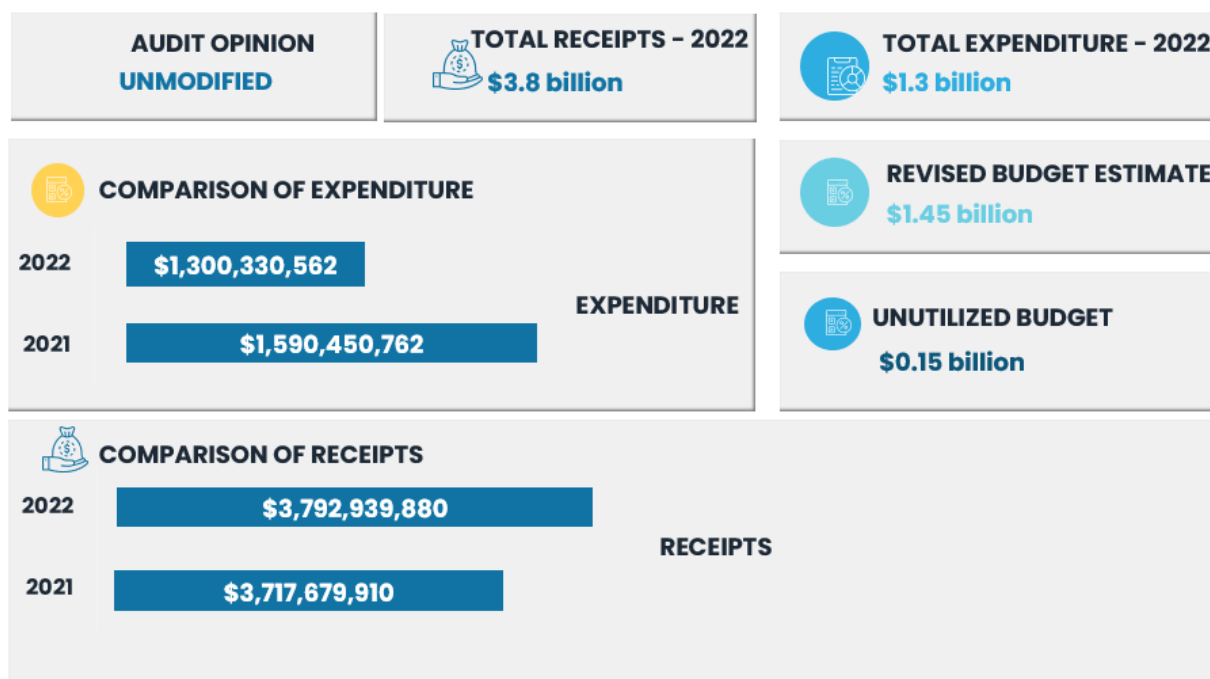
Table of Contents

PART A: FINANCIAL INFORMATION	3
4.1 Financial Information	3
4.2 Audit Opinion.....	3
4.3 Appropriation Statement-Head 4-Ministry of Finance.....	3
4.4 Appropriation Statement-Head 50 Miscellaneous Service	4
4.5 Appropriation Statement-Head 51-Pensions, Gratuities and Compassionate Allowance	5
4.6 Appropriation Statement-Head 52 Charges on Account of Public Debt.....	6
4.7 Trading & Manufacturing Account (TMA)	6
4.8 Trust Fund Account.....	8
PART B: SIGNIFICANT MATTERS	14
4.9 Recoverability of Accounts Receivables (Office Accommodation TMA).....	14
4.10 Increase in Arrears of Revenue for Pensions – Recurring	15
PART C: ASSESSMENT OF FINANCIAL GOVERNANCE	16
4.11 Internal Controls.....	16
4.12 Submission of FY 2022 Draft Agency Financial Statements.....	17
4.13 Quality of Draft Financial Statements by Entities	17
4.14 Timeliness of Draft Financial Statements	18
4.15 Timeliness of Provision of Management Comments and Signing of Financial Statements.....	18

Appendix 4.1: Trading and Manufacturing Accounts-FPO July 2022	19
Appendix 4.2: Trading and Manufacturing Accounts-Office Accommodation July 2022	20
Appendix 4.3 Trust Account Statement of Receipts and Payments July 2022	21
Appendix 4.4 Significant Accounts Receivables above \$15,000 as at 31/07/22	26

PART A: FINANCIAL INFORMATION

4.1 Financial Information



The financial information consists of total receipts and expenditures of the following Heads of Appropriation:

- Head 4 – Ministry of Finance
- Head 50 – Miscellaneous Services
- Head 51 – Pensions, Gratuities and Compassionate Allowances
- Head 52 – Charges on Account of Public Debt

4.2 Audit Opinion

The audit of the 2022 accounts of the Ministry of Finance resulted in an unmodified audit opinion.

4.3 Appropriation Statement-Head 4-Ministry of Finance

The Ministry collected revenue totalling \$3.8 billion in 2022. The Ministry incurred expenditure totalling \$52 million against a revised budget of \$55 million resulting in unutilised budget of \$3 million or 5%.

Details of expenditures against the revised budget are provided in Table 4.1.

Table 4.1: Head 4-Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	13,815,147	(764,199)	13,050,948	11,557,843	1,493,105
2	Government wage earners	506,142	11,249	517,391	477,259	40,132
3	Travel & communication	490,460	4,900	495,360	430,698	64,662
4	Maintenance & operations	1,222,550	5,549	1,228,099	1,046,459	181,640
5	Purchase of goods & services	1,855,330	(7,500)	1,847,830	1,744,639	103,191
6	Operating grants & transfers	32,634,885	---	32,634,885	32,634,637	248
7	Special expenditure	861,350	---	861,350	296,675	564,675
	Total Operating Expenditure	51,385,864	(750,001)	50,635,863	48,188,210	2,447,653
9	Capital Purchase	265,000	---	265,000	136,374	128,626
10	Capital grants & transfers	2,610,000	1,106,995	3,716,995	3,519,023	197,972
	Total Capital Expenditure	2,875,000	1,106,995	3,981,995	3,655,397	326,598
13	Value added tax	422,600	---	422,600	190,765	231,835
	TOTAL	54,683,464	356,994	55,040,458	52,034,372	3,006,086

The unutilised budget was largely due to the following:

1. Unutilised budget of \$1.5 million in SEG 1 – Established Staff was due to the significant number of positions that remained vacant at year end due to the delay in filling them.
2. Unutilised budget of \$0.6 million in SEG 7 – Special Expenditure was due to the delay in some divestment and sales transaction and changes in priorities resulting in savings in consultancy fees.
3. Unutilised budget of \$0.3 million in SEG 9 and SEG 10 – Capital Expenditures were due the favourable pricing on the purchase of two servers and the partial release of funds to agencies based on the funding needs.

4.4 Appropriation Statement-Head 50 Miscellaneous Service

Miscellaneous Services is administered by the Ministry of Finance. The funding provided under Head 50 normally include contingency funding and other common central pools of funds that are available to the Whole of Government. It also include funding for activities that require scrutiny and monitoring by the Ministry of Finance.

Expenditures totalling \$498.9 million were incurred under Head 50 in 2022 against a revised budget of \$634.2 million resulting in unutilised budget of \$135.3 million or 21%.

Details of expenditures against the revised budget are provided in Table 4.2.

Table 4.2: Head 50-Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,500,000	(1,300,000)	200,000	---	200,000
2	Government Wage Earners	500,000	---	500,000	---	500,000
3	Travel & Communication	1,506,000	150,000	1,656,000	1,035,766	620,234
5	Purchase of Goods & Services	50,486,376	2,401,835	52,888,211	45,156,203	7,732,008
6	Operating Grants & Transfers	9,668,112	---	9,668,112	6,431,360	3,236,752
7	Special expenditure	76,856,562	870,000	77,726,562	36,596,140	41,130,422
	Total Operating Costs	140,517,050	2,121,835	142,638,885	89,219,469	53,419,416
8	Capital Construction	6,105,152	---	6,105,152	603,780	5,501,372
9	Capital Purchase	29,645,604	---	29,645,604	28,335,957	1,309,647
10	Capital Grants & Transfers	473,931,535	(31,855,074)	442,076,461	372,059,814	70,016,647
	Total Capital Expenditure	509,682,291	(31,855,074)	477,827,217	400,999,551	76,827,666
13	Value Added Tax	13,538,961	198,165	13,737,126	8,629,038	5,108,088
	TOTAL	663,738,302	(29,535,074)	634,203,228	498,848,058	135,355,170

The unutilised budget was mainly due to the following:

1. Unutilised budget of \$41.1 million in SEG 7 – Special Expenditure was due to delay in implementation of special projects and schemes such as Public Private Partnership for Health, Private Dental Practitioners scheme, Outsourcing of Biomedical and Laboratory Services, Private Medical laboratories scheme, 2022 General Elections, Arrears for Lease Payment (Agriculture and Residential) and savings from the Supply and Distribution of Household Packs allocation.
2. Unutilised budget of \$70 million in SEG 10 – Capital Grants & Transfers were due to the partial release of funds to agencies based on the fundings needs, delay in the progress of project implementation and finalisation of procurements.

4.5 Appropriation Statement-Head 51-Pensions, Gratuities and Compassionate Allowance

The Pensions Section manages the computation and payment of various pensions in accordance with existing pension legislation. The Section also processes re-engagement benefits for prison officers, military officers and forest guards. The section oversees the payment of pensions to Government Pensioners, Ex-Parliamentarians, Ex-Prime Ministers and Presidents, Ex-Chief Justices and Retired Judges, Service Pensioners and the widows and orphans of deceased public officers.

Expenditures totalling \$30.0 million were incurred under Head 51 in 2022 against a revised budget of \$31.8 million resulting in unutilised budget of \$1.8 million or 6%.

Details of expenditure against the revised budget are provided in Table 4.3.

Table 4.3: Head 51-Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
11	Pensions	31,378,885	---	31,378,885	29,919,747	1,459,138
	Gratuities	394,900	---	394,900	102,399	292,501
	TOTAL	31,773,785	---	31,773,785	30,022,146	1,751,639

4.6 Appropriation Statement-Head 52 Charges on Account of Public Debt

Funds allocated under Head 52 – Charges on Account of Public Debt were for the repayments of domestic and overseas loans.

Expenditures totalling \$719.4 million was incurred under Head 52 in 2022 against a revised budget of \$726.0 million, resulting in unutilised budget of \$6.6 million or 1%.

Details of expenditure against the revised budget are provided in Table 4.4.

Table 4.4: Head 52-Appropriation Statement for 2022

SEG	Item	Budget Estimate (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
Finance Charges on Public Debt					
12	Miscellaneous Payment	8,200,000	8,200,000	4,710,385	3,489,615
14	Overseas Loans	83,894,700	83,894,700	80,818,478	3,076,222
15	Domestic Loans	633,909,900	633,909,900	633,897,123	12,777
	TOTAL	726,004,600	726,004,600	719,425,986	6,578,614

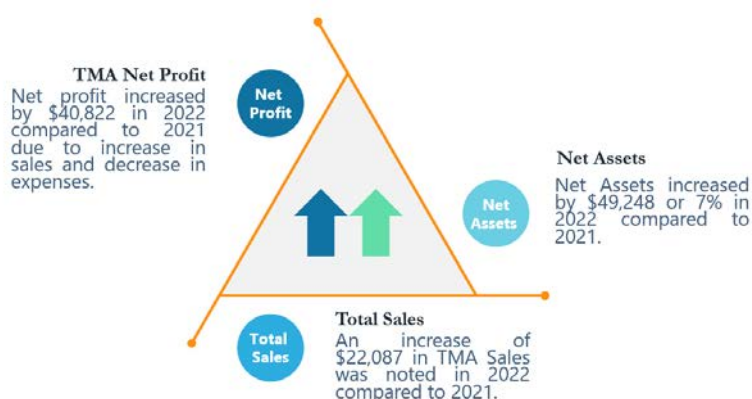
4.7 Trading & Manufacturing Account (TMA)

Trading & Manufacturing Accounts are government owned entities that are operated on a semi-commercial basis and within the limits of a prescribed ceiling set by the Minister to provide goods, services or works cost effectively, whilst increasing the returns that are realised from them. The Ministry of Finance operated two TMAs which included the following:

(a) Fiji Procurement Office (FPO)

The FPO TMA is designed to assist with the procurement and logistic service requirements in line with the Ministry of Finance’s objectives. FPO sells official Fiji flags, charges for tender documentation fees, levies accounts and administrative charges to Ministries for payment of services and logistic service charges for customs clearance of imported goods and delivery of items from ports to agency site.

The financial analysis of the FPO TMA for the year ended 31 July 2022 is provided below.

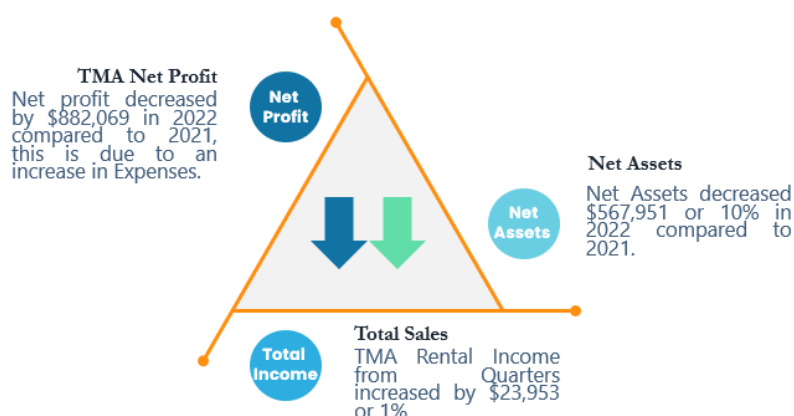


Detailed Statements for the FPO TMA are provided in **Appendix 4.1**.

(b) Office Accommodation

The Office Accommodation TMA provides housing for eligible civil servants. In 2009, the responsibility of the function was extended to commercial rental to interested members of the public resulting in the establishment of the TMA in 2011. The TMA is solely responsible for the semi-commercial nature that caters for commercially renting out of quarters.

The financial analysis of the TMA - Office Accommodation for the year ended 31 July 2022 is provided below.



Detailed Statements for the Office Accommodation TMA are provided in **Appendix 4.2**.

4.8 Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending withdrawal for use. The Ministry of Finance operated and maintained eleven main trust fund accounts which included the following:

(a) COP 23 Trust Fund

The COP 23 Presidency Trust Fund account was established for the funding of the Republic of Fiji ('government') in its role as President of Conference of Parties 23 and to assist the government to finance programs, projects and activities that relate to the Paris Agreement and related matters. As at 31 July 2022, the account had a balance of \$5.6 million.



(b) Performance Bond

Performance bond are for tenders awarded by the Fiji Procurement Office as a mean of security for the faithful performance of contracts for which payments are made according to the tender contracts. As at 31 July 2022, the account had a balance of \$5.0 million.



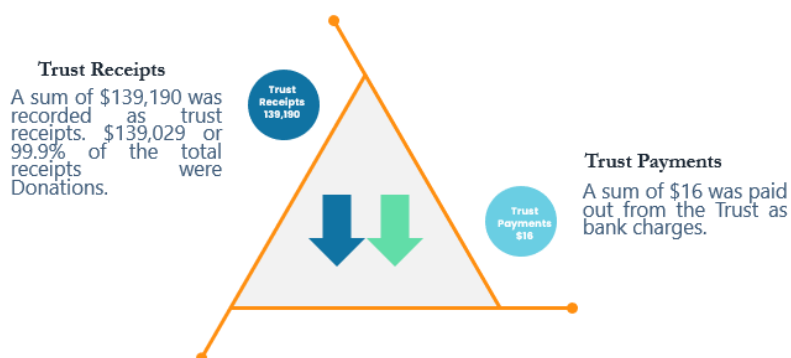
(c) Climate Relocation of Communities Fund

The Climate Relocation of Communities Trust Fund Account was established for the planned relocation of communities in Fiji that are adversely affected by climate change. As at 31 July 2022, the account had a balance of \$0.7 million.



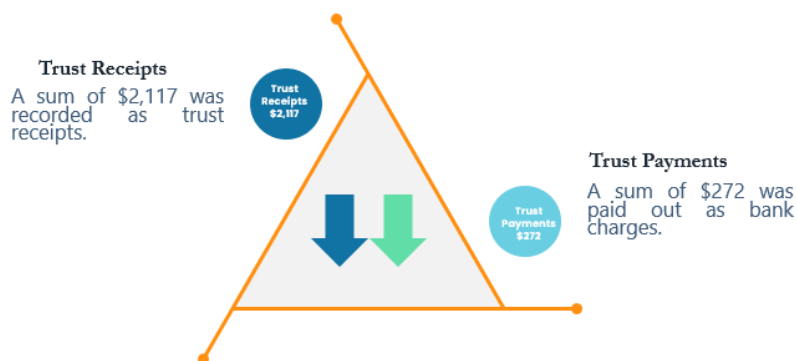
(d) Tropical Cyclone Yasa Fund Account

Tropical Cyclone Yasa trust fund was established for the donations received from various donors for Cyclone Yasa. Donors would directly deposit into the respective bank accounts. As at 31 July 2022, the Trust Fund account had a balance of \$0.3 million.



(e) Government Tuna Stabilisation Trust Fund Account

This trust fund was established to facilitate the Tuna Stabilisation Fund (TSF) Policy. The underlying purpose of the TSF policy is to assist by providing funding assistance to fishing companies that are locally owned and/or controlled. The fund was created to assist these companies raise their financial capacity to compete with foreign fishing companies that receive large subsidies from foreign Governments. As at 31 July 2022, the account had a balance of \$0.36 million.



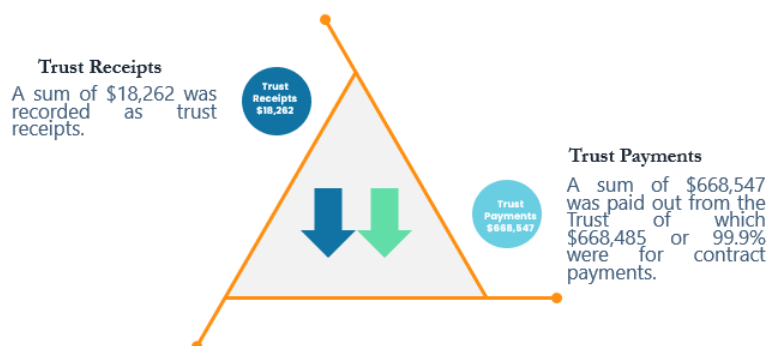
(f) ODA Performance and Tenancy Bond Trust Fund Account

The Tenancy trust fund account was established to record tenancy bonds for the occupation of quarters on rent. As at 31 July 2022, the account had a balance of \$0.2 million.



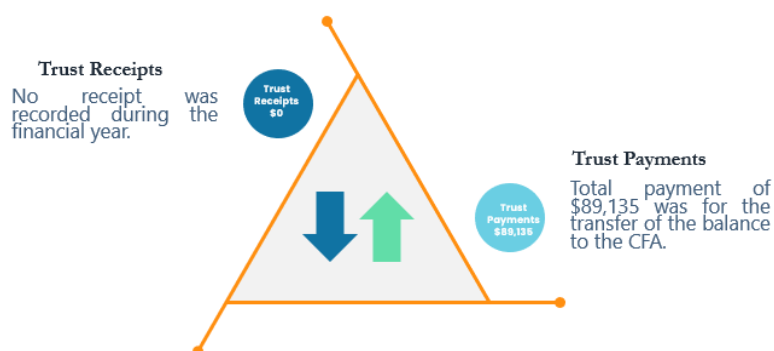
(g) Adopt a School Trust Fund Account

The trust fund was established specifically to record funds received from donors willing to carry out the rehabilitation of schools. As at 31 July 2022, the account had a balance of \$4.4 million.



(h) Group Insurance Trust Fund Account

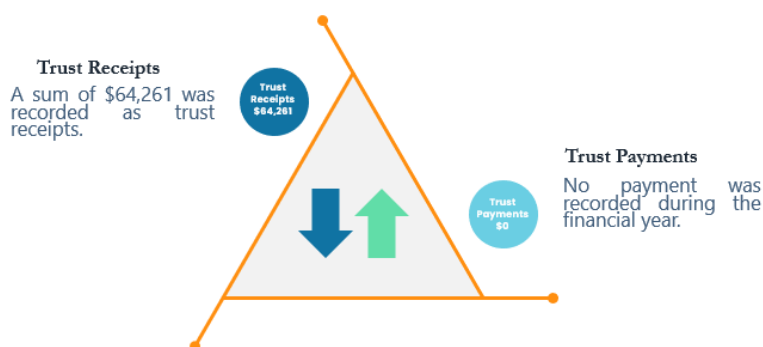
The trust account receives insurance payments and facilitates payments after assessments are made to the nominees of the insurance policy holders upon death. As at 31 July 2022, the account had nil balance.



(i) Miscellaneous Fund and Other Trust Fund Account

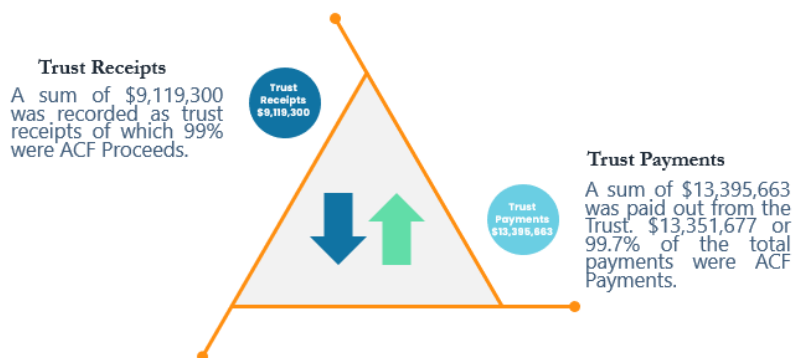
The trust fund account was established following a Cabinet decision on “Effective management of trust monies – FIN 60/16” CP (09)72 of 16/06/09. The Cabinet approved that the surplus funds in various Agency trust bank accounts be transferred into the Consolidated Trust Fund account. As at 31 July 2022, the account had a balance of \$9.5 million.

While there were no payments made during the financial year, trust receipts of \$0.06 million in 2022 were from interest earned during the year.



(j) Accident Compensation Fund

This trust fund account was established for the payment of compensation for personal injury and death as a result of accidents in Fiji arising out of and in the course of employment and accidents occurring on any school premises. As at 31 July 2022, the account had a balance of \$28.2 million.



(k) General Practitioners (GP) Expansion Fund

This trust fund account was established to provide financial assistance to GPs to expand their services into the disadvantaged communities. As at 31 July 2022, the account had a balance of \$28.3 million.



Detailed statements for trust receipts and payments are provided in **Appendix 4.3**.

PART B: SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause* or *is causing* severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary action is not taken to address them.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2022.

4.9 Recoverability of Accounts Receivables (Office Accommodation TMA)

The Accounts receivable balance for the Office Accommodation Trading and Manufacturing Account (TMA) as at 31 July 2022 stood at \$1.7 million. This balance relates to the total government quarters rental income owed by tenants as at year end.

It was noted that the outstanding balance has been increasing over the past 4 years. Refer to the table below for details.

2019 (\$)	2020 (\$)	2021 (\$)	2022 (\$)
1,408,569	1,456,680	1,664,256	1,707,274

Appendix 4.4 shows the details of significant amounts of rental income owed by various tenants of government quarters.

Moreover, there was no aging of debtors provided to indicate the recoverability of this outstanding amount from the respective tenants.

The above indicated the lack of follow up for timely recovery of outstanding balances from tenants.

With the increasing balance in Accounts Receivable, there is a high risk that this outstanding rental income will not be recovered.

The TMA was closed in the 2023 financial year.

Recommendations

The Ministry should:

- follow up on the payment of rental income arrears.

- ensure that an aging of debtor's report is prepared to assess the recoverability of these amounts; and
- consider taking legal action to recover the outstanding rental income.

Agreed Management Action

Tenants with arrears are issued arrears notice and respective cases are forwarded to the Office of the Solicitor General on case by case basis to instigate further legal proceedings (issuance of Notice before Eviction and Recovery Proceedings). Most tenants have vacated without settling their arrears on proper handing over, whilst some tenants are not in contact which has been one of the biggest challenge for the Office Accommodation Unit ("Unit").

However, the Unit is doing its best to explore all avenues to contact/look for default tenants. Turnround time from the Office of the Solicitor-General in regards to rental recovery and vacation notices delays overall processes given that the Ministry can only rely on the Office of the Solicitor-General for any legal matter/advice as they have statutory legislated powers for legal matters of government. However, the Unit is constantly liaising with the Office of Solicitor-General and they have issued few court orders and filed application of affidavit which will assist in vacating and collecting arrears. The Unit is also working with the Debt Unit in regard to aging of Arrears of Revenue, thereafter those debts which is irrecoverable can be written off upon seeking management's concurrence.

The Unit is performing monthly reconciliation for tenants who are currently occupying quarters and monthly statements are forwarded along with notification of any arrears.

4.10 Increase in Arrears of Revenue for Pensions – Recurring

It is important to have in place a stringent credit policy and debt recovery procedures to counter the risk of losses from irrecoverable debts.¹

The arrears of revenue for pension had increased from \$187,325 in 2020 to \$244,845 in 2022. However, there is a high risk that the Pensions arrears may be understated as Life Certificates have not been obtained from the Crown Agents Bank since 2020.

The significant increase in arrears of revenue was due to the delay in the submissions of notification of death of pensioners by their families.

Recommendation

The Ministry should consider alternative processes of being notified when pensioners are deceased.

Agreed Management Action

The Ministry can recover overpaid civil pensions from the dependent pensioner if there is a dependent pensioner. However, in cases where there is no dependent pensioner the recovery is difficult unless the deceased pensioner has some estate or savings which is distributed after the approval of the probate. The Department continues to send correspondence to the nominated next of kin. On the other hand, there are pensioners who have not been paid due to non-submission of life certificates and passed away without being paid. In these cases, the Government has saved.

¹ Ministry of Finance – Finance Manual 2018, Part 9, paragraph 1

PART C: ASSESSMENT OF FINANCIAL GOVERNANCE

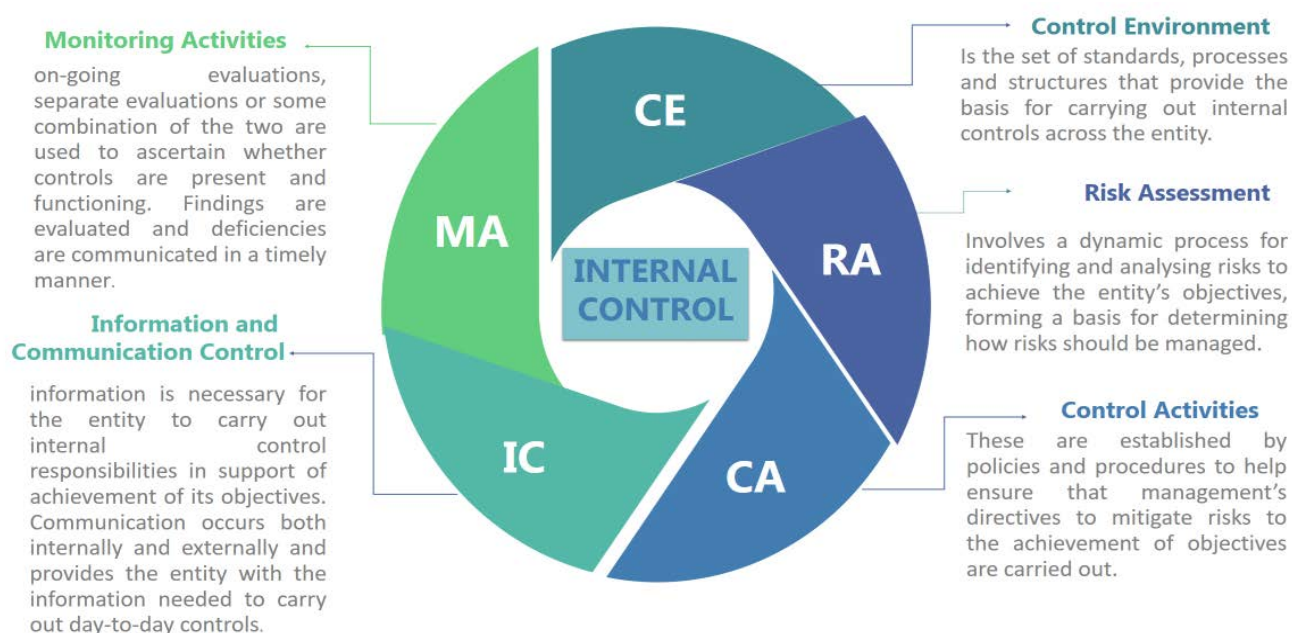
4.11 Internal Controls

During our audits, we assess the design and implementation of controls to ensure that they are suitably designed to prevent, detect and correct material misstatements. Where audit strategy requires, we also test the operating effectiveness to ensure the internal controls are functioning as designed.

A *deficiency* occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing.

A *significant deficiency* is a deficiency that either alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

Internal controls are categorised against the following five components of internal control.



A summary of assessment of key controls based on our audit was as follows:

Year	Control Environment	Risk Assessment	Control Activities	Information & Communication Control	Monitoring Activities
2022	★	★	★	★	★

In view of the above, we have assessed the internal controls of the Ministry as:

Year	Rating	Internal control assessment
2022	★ Effective	Internal controls are in place

4.12 Submission of FY 2022 Draft Agency Financial Statements

On 29 April 2022, Permanent Secretary for Finance issued Circular No. 06/2021-2022 to Permanent Secretaries, Heads of Departments, High Commissioners and Ambassadors in Fiji Foreign Missions in which procedures for closing of 2022 accounts and times were detailed.

KEY FOCUS AREAS	ACHIEVEMENT	KEY FOCUS AREAS	ACHIEVEMENT
Cancellation of unprocessed purchase orders by 18 July 2022		Processing of virement by 12 August 2022	
Retirement of imprests by 15 July 2022		Completion of reconciliations by 26 August 2022	
Processing of payments by 28 July 2022		Submission of arrears of revenue return by 26 August 2022	
Clearance of stale cheques by 05 August 2022		Clearance of Inter-departmental clearance accounts by 08 August 2022	
Closing date for journal adjustments by 08 August 2022		Annual Board of Survey on Drawings Account cheques by 26 August 2022	

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

Based on information received, we have assessed the year-end close process as:

Year	Rating	Year – end close process assessment
2022	Generally Effective	7 of 10 key processes were completed within two weeks of due date.

4.13 Quality of Draft Financial Statements by Entities

The extent of audit adjustments made to draft financial statements indicates the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of financial statements by the impact these adjustments had on the operating results or net assets of the entity subject to our audit. Our assessment for the Ministry was:

Year	Rating	Quality of draft financial statements assessment
2022	Effective	No adjustments were required for the 2022 accounts.

4.14 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date it was received. Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of draft financial statements assessment
2022	☀ Generally Effective	Acceptable draft financial statement received before or on 31 October 2022.

4.15 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the date the draft management letter and audited financial statements were issued to entity and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

Year	Rating	Timeliness of Management Comments Received
2022	🌱 Effective	Within 14 days from the issue of the Draft Management Letter.

Year	Rating	Timeliness of Signed Financial Statements Received
2022	☀ Generally Effective	Within 15 days from issue of Financial Statements for signing

Appendix 4.1: Trading and Manufacturing Accounts-FPO July 2022**Trading Account**

Description	31 July 2022 (\$)	31 July 2021 (\$)
Sales	165,705	143,618
Less: Cost of Finished Goods Sold	(18,943)	(28,681)
Gross Profit	146,762	114,937

Profit and Loss Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Income		
Gross Profit Transferred from Trading Account	146,762	114,937
Expenses		
Office Upkeep and Supplies	41	9,038
Total Expenses	41	9,038
Net Profit	146,721	105,899

Balance Sheet

Description	31 July 2022 (\$)	31 July 2021 (\$)
Equity		
TMA Surplus Transferred to Consolidated Fund	(8,974,178)	(8,876,705)
TMA Accumulated Surplus	9,584,506	9,478,607
Net Profit	146,721	105,899
Total Equity	757,049	707,801
Assets		
Cash at Bank	676,292	647,506
Inventory	85,147	104,091
Total Assets	761,439	751,597
Liabilities		
VAT Liability	4,390	43,796
Total Liabilities	4,390	43,796
Net Assets	757,049	707,801

Appendix 4.2: Trading and Manufacturing Accounts-Office Accommodation July 2022

Profit and Loss Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Income		
Rental from Quarters	4,328,844	4,304,891
Expenses		
Other Expenses	1,483,964	577,942
Total Expenses	1,483,964	577,942
Net Profit	2,844,880	3,726,949

Balance Sheet

Description	31 July 2022 (\$)	31 July 2021 (\$)
Equity		
TMA Surplus Capital Transferred to Consolidated Fund	(18,965,736)	(15,546,431)
TMA Accumulated Surplus	21,023,581	17,290,158
Net Profit	2,844,880	3,726,949
Total Equity	4,902,725	5,470,676
Assets		
Cash at Bank	3,315,969	3,919,306
Accounts Receivable	1,707,274	1,664,256
Total Assets	5,023,243	5,583,562
Liabilities		
Accounts Payable	---	---
Deferred Income & Accrued Expense	59,589	49,445
Deposits & Deductions	193,588	195,988
VAT Liability	(132,659)	(132,547)
Total Liabilities	120,518	112,886
Net Assets	4,902,725	5,470,676

Appendix 4.3 Trust Account Statement of Receipts and Payments July 2022

(a) COP 23 Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	4,612,744	3,603,416
Receipts		
Donations	1,775,004	1,778,512
Refunds	26,107	---
Interest	---	32,686
Total Receipts	1,801,111	1,811,198
Payments		
External Professional Services	---	20,675
Conference Cost	556,866	3,576
Travel Related Costs	212,584	---
Staff Related Costs	51,262	---
Other Outreach	23,751	5,455
Bank Charges	91	126
Audit Fees	---	17,557
FSEPP – Solar Projects	---	78,122
Drua Incubator Projects	---	676,359
Total Payments	844,554	801,870
Closing Balance as at 31 July	5,569,301	4,612,744

(b) Performance Bond Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	5,403,483	5,489,441
Receipts		
Tender Deposit	98,920	188,800
Performance Bond	94,974	208,993
Interest	5,251	5,411
Total Receipts	199,145	403,204
Payments		
Tender and Performance Bond Refunds	571,679	488,856
Bank charges	89	306
Total Payments	571,768	489,162
Closing Balance as at 31 July	5,030,860	5,403,483

(c) Climate Relocation of Communities Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	---	---
Receipts		
Proceeds	722,490	---
Total Receipts	722,490	---
Payments		
Bank charges	55	---
Total Payments	55	---
Closing Balance as at 31 July	722,435	---

(d) Tropical Cyclone Harold Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	---	2,536,520
Receipts		
Interest	---	22,263
Total Receipts	---	22,263
Payments		
Bank charges	---	115
Payments	---	2,558,668
Total Payments	---	2,558,783
Closing Balance as at 31 July	---	---

(e) Tropical Cyclone Yasa Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	115,973	---
Receipts		
Transfers	---	2,558,668
Donations	139,029	3,810,409
Interest	161	7,823
Total Receipts	139,190	6,376,900
Payments		
Bank charges	16	927

Description	31 July 2022 (\$)	31 July 2021 (\$)
Payments	---	6,260,000
Total Payments	16	6,260,927
Closing Balance as at 31 July	255,147	115,973

(f) Government Tuna Stabilisation Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	362,113	358,929
Receipts		
Interest	2,117	3,604
Total Receipts	2,117	3,604
Payments		
Bank Charges	272	420
Total Payments	272	420
Closing Balance as at 31 July	363,958	362,113

(g) ODA Performance and Tenancy Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	136,153	164,740
Receipts		
Tender Deposit	56,180	154,266
Interest	1,508	---
Total Receipts	57,688	154,266
Payments		
Tender refunds	14,990	182,853
Bank Charges	248	---
Total Payments	15,238	182,853
Closing Balance as at 31 July	178,603	136,153

(h) Adopt a School Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	5,047,261	8,733,573
Receipts		
Interest	18,262	64,072
Total Receipts	18,262	64,072
Payments		
Contractor payments	668,485	3,750,384
Bank Charges	62	---
Total Payments	668,547	3,750,384
Closing Balance as at 31 July	4,396,976	5,047,261

(i) Group Insurance Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	89,135	89,150
Receipts		
Insurance Proceeds	---	---
Total Receipts	---	---
Payments		
Funds Transferred to CFA	89,135	---
Bank Charges	---	15
Total Payments	89,135	15
Closing Balance as at 31 July	---	89,135

(j) Miscellaneous Trust Fund Account and Other Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	9,464,019	9,285,112
Receipts		
Interest	64,261	178,907
Total Receipts	64,261	178,907
Closing Balance as at 31 July	9,528,280	9,464,019

(k) Accident Compensation Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	32,463,256	25,550,448
Receipts		
ACF proceeds	9,018,960	14,475,590
Interest	100,340	137,890
Total Receipts	9,119,300	14,613,480
Payments		
ACF payments	13,351,677	7,191,000
VAT payments	33,436	495,706
Bank charges	10,550	13,966
Total Payments	13,395,663	7,700,672
Closing Balance as at 31 July	28,186,893	32,463,256

(l) GP Expansion Program Trust Fund Account

Description	31 July 2022 (\$)	31 July 2021 (\$)
Opening Balance as at 1 August	21,246,281	10,598,090
Receipts		
GP Proceeds	10,802,179	10,329,433
Interest	230,520	354,266
Total Receipts	11,032,699	10,683,699
Payments		
Bank charges	23,128	35,508
Transfers	4,000,000	---
Total Payments	4,023,128	35,508
Closing Balance as at 31 July	28,255,852	21,246,281

Appendix 4.4 Significant Accounts Receivables above \$15,000 as at 31/07/22

Quarters No.	Opening balance 01/08/22 (\$)	Amount outstanding as 31/07/22. (\$)	Quarters No.	Opening balance 01/08/22 (\$)	Amount outstanding as 31/07/22. (\$)
15	18,000	18,000	140	55,476	55,476
17	112,800	112,800	141	26,400	26,400
43	39,900	39,900	150-2	20,000	20,000
60	37,200	37,200	151	19,300	20,100
81	45,270	42,870	152	31,133	33,533
82	17,651	17,651	162	29,000	29,800
83	17,194	17,194	174	19,800	21,800
85	56,400	60,000	175	69,000	72,000
87	58,200	58,200	184	19,326	19,476
90	30,400	30,400	190	29,430	35,315
98	28,300	28,300	191	21,301	25,388
113	20,254	18,754	197	70,000	72,000
120A	15,000	16,500	208	61,800	64,800
120B	16,500	16,500	210	23,790	26,190
131-1	17,384	15,384	212	19,750	19,750
134	29,000	29,000	229	23,500	26,000
137	28,900	31,900	242	29,929	29,929



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