

FOREWORD

The role of the Office of the Auditor General (OAG) in providing audit services to the public sector is essential in that it guarantees accountability. The audit results on the one hand, holds up public servants for public scrutiny to ensure that they account for their actions, while on the other, it assists diligent and hardworking officials to protect themselves and to honour their obligation to spend money as authorized by Parliament.

The OAG achieved 82% of its targeted outputs in 2005. This comprise the regulatory/compliance and financial audits of 100% of ministries/departments and consolidated whole of government, 80% municipal councils and 79% statutory bodies. None of the audits of the 14 provincial councils were completed during the year. The shortfall in meeting the targeted outputs is due largely to the clients' late preparation, completion and submission of accounts to the OAG, and/or the failure to provide information necessary for the purposes of the audits.

The Accounts and Finance of the whole of Government and the accounts of the Ministries and Departments for 2004 were audited and tabled in Parliament in 2005. The considerable weaknesses in financial management again featured prominently and these were generally in the areas of procurements, advance payments, overpayment of salaries, arrears of revenue, maintenance of ledgers, management of rural projects, recordkeeping and management of the Trading and Manufacturing accounts.

With the exception of two municipal councils, all council accounts were audited and reported to Parliament in 2005 although the accounts relate to accounting periods 2001 to 2004. Except for Lautoka City Council and Tavua Town Council, the other councils have consistently delayed the submission of their accounts for audit. The prevalent issues in the audits include: the failure to incorporate in the accounts all assets and liabilities; the continuing increase in rates arrears; and, certain breaches of the Local Government Act.

The audits of 23 of the 29 statutory bodies were completed and reported to Parliament during the year. The other 6 were either in progress or the accounts of which had yet to be submitted for audit.

Despite the engagement of private sector auditors to audit the provincial councils, no audits were completed during the year because of the continued delay in the submission of accounts. The status of the councils' audits therefore remained as they were in 2004; the accounts for the years between 1999 and 2001 for the 14 provincial councils were yet to be received by the OAG.

Two reports containing 14 special investigations topics were completed and tabled in Parliament in 2005. A number of these topics originated from the regulatory audits of ministries and departments. Only one audit was conducted for an external financial institution, the Asian Development Bank, in accordance with the relevant loan agreement.

The Republic of Fiji Military Forces (RFMF) and Fiji Island Revenue and Customs Authority (FIRCA) have continued to restrict the OAG from completing its audits effectively. The RFMF appointed private auditors to audit its Trust Funds in spite of the Supreme Court's judgment of



September 2004, allowing the Auditor General to audit those accounts. FIRCA maintained that the Auditor General cannot have access to taxpayer records unless he signs an Oath of Secrecy. The signing of the oath however could restrict the Auditor General from disclosing any information to Parliament.

Professional development of staff is essential considering the dynamic nature of the OAG's business. The staff attended workshops and seminars held in-house, in-country and abroad in accordance with the training programme set at the beginning of the year. These proved beneficial and the results are visible in the quality of audit services that are being provided to clients. The attendance of workshops on international accounting standards by senior and middle management staff with counterparts from the region, through the generous financial assistance of the European Union, was a success. The overseas workshops in the areas of public debt, environmental and money laundering; and the FIA technical workshops and seminars are invaluable in the professional development of staff.

A Planning Workshop held in December 2005 produced a Strategic Plan for the five years 2006 to 2010, a Corporate Plan, Business Plans and Individual Work Plans for all officers for the 2006/2007 audit year. The workshop also provided an opportunity to develop strategies to improve services to our clients, especially our primary client the Parliament. These include initiatives to enhance productivity through innovation, improvements in audit quality and human resources development.

This report has been delayed for two reasons. First, the audit of the accounts of the Auditor General only commenced following the certification of the whole of government accounts in September 2006. Second, the OAG had decided to report to Parliament a clients' appraisal (survey) of its performance and it had taken considerable effort and time to receive feedback. The OAG cannot be certain that its outputs are useful and add value to the operations of clients unless it conducts this survey.

The results of the clients' survey indicate satisfactory performance although there are some areas for improvements. Parliamentarians will be included in the 2006 survey as new members have not had time to adequately evaluate OAG's performance.

Eroni Vatuloka
Auditor General

OUR VISION

Accountability in the public sector through quality audit services

OUR PURPOSE

Promoting good governance and enhancing transparency and accountability in the public sector

OUR OBJECTIVE

To assist the government and the public entities better manage and account for the public resources

OUR OUTPUTS

Delivery of outputs as per our corporate plan

OUR STRATEGY

Satisfy clients needs effectively and efficiently

Effective and efficient human resource development and management

Research and innovation

Quality control and continuous improvement

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1.0 LEGAL AND PROFESSIONAL FRAMEWORK

1.1 Constitution

The Office of the Auditor General is established under section 166 of the Constitution Amendment Act 1997. Section 167 states that at least once every year the Auditor General must: inspect and audit and report to Parliament on the public accounts of the State; the control of public money and public property of the State; and all transactions with or concerning public money or public property of the State.

Section 168 of the Constitution states that the Auditor General is appointed by the Constitutional Offices Commission following consultation by it with the relevant sector standing committee of the House of Representatives. Section 170(5) of the Constitution provides for the independence of the Auditor General in that his/her performance or the exercise of his or her powers is not subject to direction or control by any person or authority.

1.2 Audit Act

The Audit Act (Cap 70) elaborates on the powers and functions of the Auditor General. Section 6 of the Act states that the Auditor General must satisfy himself (or herself):

- that the accounts have been faithfully and properly kept;
- that reasonable precautions have been taken to safeguard the collection of public moneys;
- that expenditure has been properly authorized and applied to the purposes for which funds were appropriated by Parliament;
- that adequate stores regulations and procedures have been made to ensure the proper receipt, issue and custody of stores and other property; and
- that the provisions of the Constitution and of the Finance (Control and Management) Act, and of any other law relating to moneys or stores have been in all respects complied with.

These functions are currently being reviewed by the Ministry of Finance following the enactment of the Financial Management Act.

1.3 Professional Framework

The Office of the Auditor General adopts the Fiji Standards on Auditing and the INTOSAI Auditing Standards. The two standards serve as guides for the OAG in the conduct of its work professionally and efficiently.

The Audit Office has also developed its own Manual to guide staff in field audit work. The Manual is constantly reviewed to take into account of changes in the nature of operations of auditees, especially those that impact accounting procedures and presentation of financial statements.

Audit innovations that enhance the work of the OAG are incorporated into the procedures and a lot of these are obtained through the OAG associations with South Pacific Association of Supreme Audit Institutions (SPASAI), the Australasian Council of Auditors General (ACAG) and the International Organization of Supreme Audit Institutions (INTOSAI). The OAG is also a member of two INTOSAI committees, Taskforce on International Money Laundering and Public Debt Committee, and a Reference Panel of the INTOSAI Professional Standards Committee.

2.0 OPERATIONAL POLICIES AND GUIDELINES

The operational policies and guidelines are covered under several regulations and instructions. These include complying with the OAG Office Instructions and the provisions of the Official Secrets Act. Staffs also abide by the International Code of Ethics developed by the International Organization of Supreme Audit Institutions (INTOSAI).

The staffs of OAG also abide by the Public Service Commission (Constitution) Regulation 1999, General Orders, Finance Instructions and Supplies and Services Instructions.

The Auditor General being the Head of the Department is accountable to Parliament with respect to funds appropriated to his Office.

2.1 Audit Responsibilities

As at 31 December 2005, the Auditor General has the power to audit:

- the Accounts and Finances of the Government, including the Ministries and Departments;
- the accounts of Statutory Authorities;
- the accounts of Municipal Councils;
- the accounts of Provincial Councils; and
- the conduct of special investigations into the activities of Ministries and Departments.

The audit of Commercial Statutory Authorities and Government Commercial Companies are conducted by private sector auditors although the newly enacted Financial Management Act, 2004 has empowered the Auditor General to provide external audit services to all government entities including the Off-Budget Entities.

2.2 Available Resources

The OAG staff establishment is 74 as at 31 December 2005 but only 64 of these are substantially filled. See *Annexure I* for details.

The OAG engaged 5 private sector auditors during the year to audit the accounts of some statutory authorities, provincial and municipal councils.

The budget appropriation for OAG in 2005 is \$3,281,900 comprising of the following:

Expenditure	Amount \$
Established Staff Salaries	2,345,500
Unestablished Staff wages	21,200
Travel & Communication	122,000
Maintenance & Operation	31,500
Purchase of Goods and Services	303,500
Operating Grants & Transfers	4,000
Special Expenditure	0
Capital Construction	0
Capital Purchase	90,000
Capital Grants and Transfers	0
Value Added Tax	364,200
Total *	3,281,900

[* rounded off]

3.0 HIGHLIGHTS

The following reports were tabled in Parliament in 2005:

Volume	Parliamentary Paper Number	Report Description
Special Investigations	12 of 2005	Special Investigations Report 1/2005
1	68 of 2005	Audit Report on the Account and Finance of Government – 2004
2	69 of 2005	General Administration Sector – 2004 (Part I)
2	70 of 2005	General Administration Sector – 2004 (Part II)
3	71 of 2005	Social Services Sector – 2004
4	72 of 2005	Economic Services Sector – 2004
5	73 of 2005	Infrastructure Sector – 2004
Special Investigations	112 of 2005	Special Investigations Report 2/2005
Financial Audits	113 of 2005	Municipal Councils
Financial Audits	114 of 2005	Statutory Bodies
	116 of 2005	Miscellaneous Audit/Updates

Apart from the tabling of audit reports in Parliament, the other important activity that the OAG was involved in is the professional development of staff in its quest to continue to improve the quality of its service to Parliament and other stakeholders.

4.0 PERFORMANCE AGREEMENT

The Auditor General has the following achievements against the principal accountabilities described in the 2005 Corporate Plan.

Principal Accountabilities	Objective	Performance Indicator	Achievements
<p><i>Strategic Planning</i></p> <p>Formulate key strategic plans by sensing environmental trends, evaluate alternatives and ensure short and long term plans are compatible with the OAG mission.</p>	Respond to Forum Economic Ministers Accountability Commitments.	Effective and independent audit function	The audit function is independent but the independence of certain administrative requirements continue to be sought.
<p><i>Funding</i></p> <p>Ensure the implementation of the OAG mission and plan through the preparation of detailed financial and planning documents, identifying financial operating needs, advocating OAG needs and requesting sufficient and timely resources from Government.</p>	Adherence to Finance Budget Cycle and requirements.	Budget submission produced on schedule and in accordance with requirements	The proposed budget for 2006 was submitted on the due date.
<p><i>Personnel Performance</i></p> <p>Ensure that an effective, competent and motivated workforce is recruited and retained through the establishment and implementation of training, performance management and development programs, effective communications with staff, constructive industrial relations practices and policies and by implementing a management style and culture conducive to maintaining high morale and performance.</p>	Ensure development of all necessary guidelines within constraints of government policy.	Guidelines completed and improved performance.	Performance has improved as indicated from the quantity and quality of work produced.
<p><i>Financial System</i></p> <p>Ensure that the OAG assets are protected, properly accounted for and fully utilized through the implementation and control of financial and management policies, the co-ordination of budgetary and financial systems, initiating actions where standards are not met and monitoring expenditure against budgets.</p>	Compliance with Finance Instructions and Supplies and Services Instructions	Improvement in financial controls.	Monitoring of expenditures from computerized ledgers (developed in-house) is effective.

Principal Accountabilities	Objective	Performance Indicator	Achievements
<p><i>System Development</i></p> <p>Ensure the continual development of management information and financial systems, procedures, processes and policies which meet all internal and external needs and which ensures opportunities are optimized.</p>	<p>Modern auditing and audit management systems.</p>	<p>Awareness of best practice.</p>	<p>Awareness and adaptation of best practice is an ongoing activity in the OAG through a Policy Research & Development Committee which evaluate the applicability of such practices before they are adopted.</p>
<p><i>Statutory Compliance</i></p> <p>Ensure all OAG's operations/activities comply and adhere to Government financial, human resource policy controls and requirements, rules, regulations and legislation.</p>	<p>Compliance with the requirements of: Public Service Act Health and Safety of Workers (HSW) Act FNTC Act</p>	<p>Ensure all legislation and regulation is compiled with.</p>	<p>The legislations have been complied with, except HSW Act where the OAG does not have control over the choice of accommodation and budget provision for rent payments.</p>
<p><i>Management Reporting</i></p> <p>Ensure the formal information and reporting requirements of Government, Statute and (responsible) Minister and relevant authorities are met in a timely and relevant manner.</p>	<p>Production of Annual Report and other requirements.</p>	<p>Annual Report to Cabinet by end of February. Other statutory deadlines.</p>	<p>Management reporting is effective although may not be timely in certain cases for various reasons.</p>
<p><i>Public Relations</i></p> <p>Ensures that a responsible and relevant image is presented for the OAG in all its dealings with the public outside bodies and ensures its continued funding is fully protected by developing and maintaining excellent relations and representation with relevant bodies, in line with PR section of Corporate Plan.</p>	<p>Have a good image with Parliament, clients and the public.</p>	<p>Press comment, surveys of MPs, clients and the public.</p>	<p>The OAG although has maintained its independence in its dealings with the media, the media's own agenda feature considerably. A survey of Parliamentarians and others has not been undertaken because the Public Accounts Committee which is supposed to provide a feedback to Parliament on the reports of the Auditor General has to first convene a meeting to discuss 6 years audit reports.</p>
<p><i>Policy and Advice</i></p> <p>Ensure the development and provision of well-reasoned, well-researched and sound policy advice which meets Government policy objectives in a timely, accurate and objective manner.</p>	<p>Policy advice to the Speaker of the House of Representatives.</p>	<p>Speaker satisfied with advice.</p>	<p>The OAG advices to the Speaker are in relation to the reports that are submitted to Parliament but there have been no request from the Speaker for specific advices.</p>

Principal Accountabilities	Objective	Performance Indicator	Achievements
<p><i>Audit Services</i></p> <p>Ensure the financial attestation audit services leading to the issuing of an audit opinion on the Accounts and Finance of government and the annual financial statements of individual public entities.</p>	<p>The accounts of all Ministries/Departments for the year ended 31 December 2004 are to be audited in 2005.</p> <p>The audit of annual financial statements for individual public entities subject to our audit are completed within the constraints of the resources made available to the OAG.</p>	<p>Issuance of an audit opinion on the Accounts and Finance of the government for the year 2004 by 31 August 2005.</p> <p>Statutory deadlines for finalization of the audit of the financial statements are met.</p>	<p>The audit report on the Accounts and Finance for the Government for the year 2004 was submitted to the Speaker of the House of Representatives before the due date.</p> <p>The late submission of draft accounts from public entities especially statutory bodies contributed to the delay in the audit of financial statements.</p>
<p><i>Cabinet/Parliamentary Services</i></p> <p>Ensure the reporting requirements of the OAG as per the legislation are met in a timely manner.</p>	<p>Production of Audit Reports</p>	<p>Audit Reports for 2004 to be signed and submitted to Parliament by 31 August 2005.</p>	<p>The Audit Report on the Accounts of Government (5 volumes) for the year ended 31 December 2004 was tabled before the due date. Audits of other public entities are conducted on time.</p>

5.0 ACHIEVEMENTS

Three audit groups service our client base of 112 entities, each with its own portfolio of clients. The OAG client base as at 31 December 2005 included the following:

Auditee	Number
Government Ministries & Departments	56
Statutory Authorities	25
Municipal Councils	12
Rural Local Authorities	3
Provincial Councils	14
Other Agencies	2
Total	112

5.1 Financial Audit Group 1

Financial Audit Group 1 (FAG 1) completed the following audits in 2005:

Auditee	Group Total	No. Completed	% Completed
Ministry/Department	24	24	100
Statutory Authority	17	13	76
Other Agencies	2	2	100
Total	43	39	91

Out of the 43 audits under FAG 1 audit portfolio, all the 24 government ministries and departments and a project audit were completed and reported in the Auditor General's Report to Parliament tabled in August 2005.

FAG 1 was also able to audit 13 or 76% of its allocation of statutory authorities and most of these were reported in the Auditor General's Report to Parliament tabled in November 2005. During 2005, 5 audits were audited internally by the Group while the rest were contracted to private accounting firms.

Overall, the Group completed 91% of its programmed work in 2005. The statutory authorities not audited during the year did not submit their accounts on time.

5.2 Financial Audit Group 2

Financial Audit Group 2 (FAG 2) completed the following audits in 2005:

Auditee	Group Total	No. Completed	% Completed
Ministry/Department	32	32	100
Statutory Authority	8	5	63
Municipal Council	12	10	83
Provincial Council	14	0	0
Rural Local Authority	3	3	100
Total	69	50	72

FAG 2 conducted the audit of all its 32 government ministries and departments under its audit portfolio during the year and the audits were reported in the Auditor General's Report to Parliament in August 2005.

Also 5 or 63% of its statutory authorities and 10 or 83% of the municipal councils were audited. No provincial council was audited during 2005. The reports of these audits were tabled in Parliament in November 2005.

During 2005, 14 audits comprising of 8 municipal councils, 3 statutory authorities and 3 rural local authorities were audited externally; by private accounting firms.

Overall, the group achieved 72% of its programmed work in 2005. The entities not audited during the year failed to submit their accounts on time.

5.3 Special Investigations Group

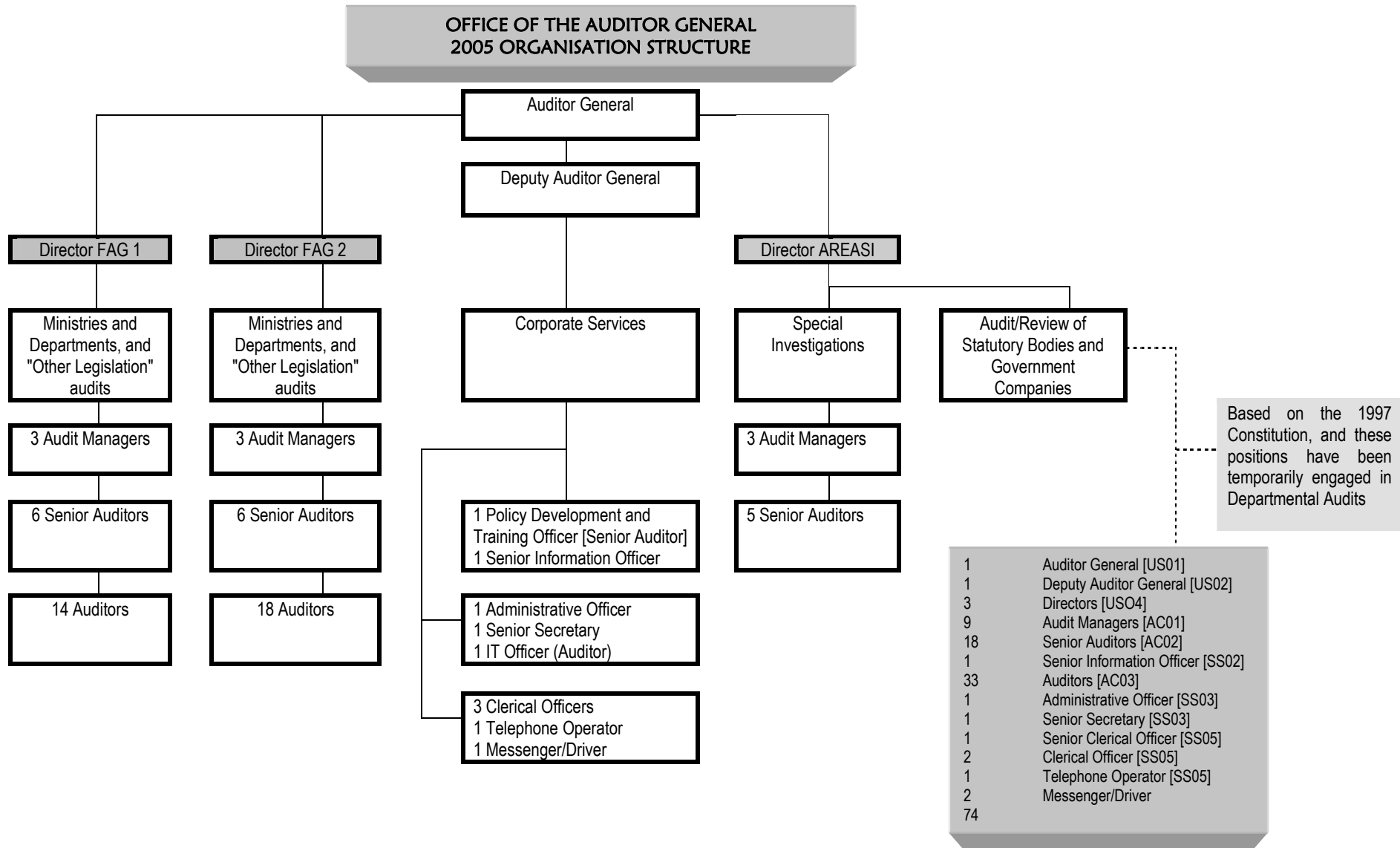
The Special Investigations Group tabled two Special Investigation reports i.e. Parliamentary Papers Numbers 12 & 112 of 2005 which contained reports on the following issues:

- Quarantine Office Lautoka – Allowance Claims by Inspecting Officers.
- Nasinu Town Council – Purchase of Mayor’s Vehicle EB334.
- Management of Temporary Relieving Officers.
- Ministry of Works and Energy – Divisional Engineer Central Eastern (Building Electrical Section).
- Plant Hire (Plant Pool) – Ministry of Public Works.
- Trading and Manufacturing Accounts.
- Audit of Government Subsidies.
- Ministry of Education – Centres of Excellence.
- Fisheries Department Projects.
- Government Shipping Services – Purchase of Vessel from Japan.
- Government Guarantees
- The Occupation and Management of Pool Quarters.
- Office of the Public Trustee.
- Department of Immigration – Audit of System and Processes.

5.4 Corporate Services Group

The Corporate Services Group provides administrative and support services to the three professional groups. It looks after all administrative matters including staffing, IT and finance.

The OAG Organisation structure is as follows:



A Person-to-Post report as at 31 December 2005 is shown in *Annexure I*. A staff profile is shown in *Annexure II*.

5.4.1 Staff Establishment – 2005

The OAG employed 74 staff, comprising 65 technical and 9 secretarial staff as follows:

Position	Grade	Total	Males	Female	Fijian	Indian	Others	Vacant
Auditor General	US01	1	1	-	1	-	-	-
Deputy Auditor General	US02	1	1	-	1	-	-	-
Director of Audit	US04	3	3	-	2	1	-	-
Audit Manager	AC01	9	4	3	4	2	1	2
Senior Auditor	AC02	18	12	6	11	7	-	-
Auditor	AC03	33	15	11	11	15	-	7
Senior Information Officer	SS02	1	1	-	-	1	-	-
Administrative Officer	SS03	1	-	-	-	-	-	1
Senior Secretary	SS03	1	-	1	1	-	-	-
Clerical Officer	SS05	3	2	1	2	1	-	-
Telephone Operator	SS05	1	-	-	-	-	-	1
Unestablished		2	2	-	-	1	1	-
Total		74	41	22	33	28	2	11

Actual staff number as at 31 December 2005 stood at 63 of which 41 were males and 22 females.

There were 11 vacant positions as at 31 December 2005. A Senior Auditor and 6 Auditors resigned in 2005 and the Administrative Officer was transferred to PSC. The appointment of an Auditor and a Clerical Officer were terminated in 2005 due to very poor performance.

5.4.2 Finances

Against a Parliamentary appropriation of \$3,281,916 and audit fee receipts of \$513,865, the OAG spent only \$2,659,172 in 2005, realizing a surplus of \$1,136,609.

Details of finances are as follows:

Details	Amount \$
Revenue from Activities	
Budget Appropriation	3,281,916
Audit Fees	513,865
Total Revenue	3,795,781
Expenditure from Activities	
Salary, Wages & Other Benefits	1,862,931
Travel & Communication	78,006
Maintenance	21,218
Contract Audit Fees	165,807
Other Operational Expenses	115,785
Capital Purchases	89,446
VAT Payment	325,979
Total Expenditure	2,659,172
Surplus Revenue over Expenditure	1,136,609

5.4.3 Academic Training

With the exception of one staff, all professional staff of the OAG are qualified or studying towards graduate qualifications.

The current status of academic qualifications of staff members are as follows:

Classification	No. of Staff	Details
Post-graduate qualifications	3	2 are registered Chartered Accountants (CA) with the Fiji Institute of Accountants (FIA)
Undergraduate qualifications	45	7 CA, 10 provisional members and 1 affiliate member of the FIA. 5 others are eligible for membership but have yet to apply.
Diploma qualifications	3	Officers with Diploma in Business Studies or Accounting are also studying towards graduate qualifications.
Studies at USP	6	Units Completed 11-15 units (2 officers) 16-19 Units (4 officers)
Professional Development Courses	23	Studying towards FIA membership

The details of staff qualifications and work experience are included in *Annexure II*.

5.4.4 IT Section-Achievements

Additional computers were purchased to replace the old and computer networking was carried out in 2005.

5.4.5 OAG Website & Production of Audit Reports on CD Rom

The OAG Audit Reports to Parliament were updated in the OAG Website. The reports were also made available on CDs for distribution locally and overseas resulting in cost savings in printing and distribution.

5.5 Client Perceptions of the OAG

A Client Survey Questionnaire (CSQ), attached as *Annexure III*, was distributed to clients to fill after the audits have been completed, to obtain their views on how the audit was conducted and whether the audit findings add value to their operations, and obtain suggestions on how the work of the OAG might be improved.

A total of 32 Department/Ministries (listed in *Annexure IV*) responded to the questionnaires.

The CSQ has 6 sections. The clients were requested to state their views by circling a number from 1 to 5; with 1 being totally disagree and 5 totally agree. For the purpose of the OAG, the ratings are viewed as:

- 1.0 – 3.0 : Critical
- 3.1 - 4.0 : Satisfactory
- 4.0 ≤ 4.5 : Good
- 4.5 ≥ 5.0 : Excellent

The following table shows the scores for each section.

Section	Particulars	Rating
A	Characteristics of OAG	4.05
B	Services of OAG	4.01
C	Staff of OAG	3.78
D	Most recent audit	3.91
E	Audit Report	4.07
F	Audit Recommendations	4.10

The survey indicates generally that the work of the OAG is satisfactory although certain areas such as the competency of staff (3.78) and audit conduct (3.91) require immediate improvements.

Specifically, the OAG will consider improvements on the following:

- understanding the operations of the organisation;
- acquiring relevant auditing experience and skills;
- communication skills;
- regularly updating the client management of work plans and progresses;
- discussion of audit results with management;
- participation of senior management of OAG; and
- meet with senior staff of the organisation.

In addition, clients provided these comments which may improve audit performances in the future:

- ❖ consultation with senior officials of client on issues which may have not been fully understood;
- ❖ understand the systems and changes brought about by the financial management reform to have a better understanding of the new policies and procedures;
- ❖ consultation on audit issues and understand the practical problems in implementing the recommendations;
- ❖ the presence of the Accountant in entry and exit interviews.
- ❖ receptive to explanations offered;
- ❖ conduct 6 monthly audits and annual overseas mission audits;
- ❖ meet and discuss audit findings with the internal audit committees;
- ❖ view audit issues in a positive way and how improvements in the Department can be made.

In response to these comments, it is essential for clients to understand the roles and responsibilities of the OAG and how it does its business. The audit performances are subject to regular quality checks therefore some of these concerns maybe inappropriate. Nevertheless, the OAG proposes to conduct an in-depth discussion with all staff and develop measures to improve these ratings.

6.0 COMMITTEE PERFORMANCE

The Office of the Auditor General has the following committees to assist in the management and operation of the organization.

- Management Committee
- Quality Assurance Committee
- Audit Qualification Committee
- Policy Development and Research Committee
- Human Resource Committee
- Training Committee
- IT Committee
- Planning Committee
- Service Excellence Committee
- Occupational, Health & Safety (OHS) Committee

The reports of these committees are as follows.

6.1 Management Committee

The Management Committee is responsible for reviewing and taking effective actions on the management and general operations of the OAG. The committee consists of the following members:

- ❖ Auditor General – Chairman
- ❖ Deputy Auditor General
- ❖ 3 Directors of Audits

The following are the achievements of the Management Committee in 2005.

Tasks	Performance Indicators	Achievements
Corporate Planning	<ul style="list-style-type: none"> • Strategic Audit Plan • Annual Work Programme • Forward Work Plan • Audit Planning Memorandum 	The plans were completed during the year.
Delivery of audit services	Audits completed on time	The audit of the Accounts and Finance of government was completed on time. Auditor General's Reports to Parliament were tabled in September 2005 in accordance with the approved extended date of tabling.
Update methodologies, procedures and guidelines when necessary	<ul style="list-style-type: none"> • Quality audit work papers, reports & audit methodologies • Audit work complies with relevant legislation of clients, Fiji Accounting Standards & Fiji Standards on Auditing 	The update of the audit methodologies, procedures and guidelines is a continuous process, to ensure that audits are conducted efficiently and effectively.
Provide reports and advice to the Parliament, its committees and public sector agencies	<ul style="list-style-type: none"> • Operation of Quality Assurance Committee and Audit Qualification Committee. • Submission of Audit Reports to Parliament/Parliamentary Committees 	<ul style="list-style-type: none"> • The Audit Reports on the audit of the 2004 accounts including the Audit Report on the Accounts and Finance of Government, and financial statements audits of statutory bodies municipal and provincial councils

Tasks	Performance Indicators	Achievements
	<ul style="list-style-type: none"> Well briefed Public Accounts Committee Client satisfaction 	<p>were submitted to Parliament on time.</p> <ul style="list-style-type: none"> The Public Accounts Committee did not convene a meeting during the year due to the delay in appointment of the Chairperson. Two Special Investigation reports were tabled in Parliament in 2005.
Inform public and liaise with Parliament and clients on a regular basis about audit activities and developments	Well informed Parliament and public	As far as we know, Parliament was satisfactorily informed in 2005.
Benchmark audit methodology and practices with similar institutions	Better delivery of audit services & reporting standards	Audit services are continually improved as and when necessary and this is coordinated by the Policy Development and Research Committee.
Identify contentious issues and conduct investigations approved by Parliament.	<ul style="list-style-type: none"> Early intervention via a special investigation or inclusion in statutory audits Appropriate & timely feedback to Parliament or client 	In the absence of requests for special investigation by Parliament during 2005, the OAG conducted a number of special investigations into areas identified during the year.
Advisory role on policy matters at National Government level	Evaluate information that have adverse implications on the Government and propose measures to resolve these	The OAG while it availed itself for this advisory role was only requested to provide comments on policy matters on an <i>ad hoc</i> basis. This includes being an observer in the Financial Management Reform Steering Committee and attendance and delivery of workshop topics for Chief Executive Officers on the request of Public Service Commission.
Management support to the Public Accounts Committee	Enhanced interaction and coordination between the OAG and PAC	The Auditor General, Deputy Auditor General and other senior staff of OAG provided the necessary support to the PAC in 2005.

6.2 Quality Assurance Committee

The Quality Assurance Committee is responsible for quality control and continuous improvement of audits, reports and other services of the OAG. The Quality Assurance Committee ensures the conduct of quality review on a test basis of audit working paper files, audit plans, management letters and all reports to Parliament. Membership of the Committee includes:

- ❖ Director FAG 1 – Chairman
- ❖ 3 Audit Managers
- ❖ 3 Senior Auditors

The achievements of the Quality Assurance Committee in 2005 are as follows:

Quality Principles	Performance Indicators	Achievements
To improve auditing services and advice, and make recommendations that will address short and long-term needs of clients.	<ul style="list-style-type: none"> • Develop worthwhile and cost-effective recommendations • Timely submission of reports to clients and to Parliament • Favorable ratings with clients 	<ul style="list-style-type: none"> • All audit issues raised during the audit and recommendations on them were discussed with clients during exit interviews. Outstanding issues have been reported to Parliament. • Reports to Parliament were tabled in Parliament on due dates during 2005.
Adopt a philosophy for progress and professionalism by refusing to allow commonly accepted levels of delay and mistakes in the provision of audit services.	<ul style="list-style-type: none"> • Performance management system operating to prevent delay and error • Maintenance of official productivity levels • Statutory deadlines are being met • Audit conducts follow Annual Work Programme 	<ul style="list-style-type: none"> • OAG achieved the required productivity levels. Review systems are in place to detect errors. • OAG staff maintain their own official productivity levels during the year. • OAG met statutory guidelines where applicable. • All audits are in accordance with the audit programme.
Cease dependence on mass and frequent supervision by requiring built-in quality in the audit processes and functions and search continually for problems or weaknesses in the system to constantly improve processes.	<ul style="list-style-type: none"> • On the job training and competence development processes through supervision in the field aimed at developing devolved responsibility • Improving audit review process • Compliance with OAG quality control checklist • Compliance with Accounting and Auditing Standards 	<ul style="list-style-type: none"> • On-the-job training for officers continued during the year. • The AG and DAG are involved in the review of some management letters before these are issued to auditees. The 'second review' process is also in operation. • Team Leaders and reviewers ensure that all audits comply with the OAG Quality Control guidelines. • OAG ensures that Accounting and Auditing standards are complied with in all its audits.
Focus supervision on helping staff do a better job. Ensure that immediate action is taken on reports from staff of conditions detrimental to quality audits.	<ul style="list-style-type: none"> • Responsive managers and inclusion in monthly reports of reports and actions • Regular team meetings • Timely action on staff complaints • Continuous improvement in staff performance 	<ul style="list-style-type: none"> • Team Leaders submit monthly progress reports to management. • Regular monthly team and committee meetings are held. • OAG ensures that timely action are taken on staff complaints. • Staff assessments are done at the end of every quarter.
Effective two-way communication to enhance productively.	<ul style="list-style-type: none"> • Regular staff meetings • High staff morale • Low absenteeism and staff turnover • Team meetings characterized by open and frank discussions between all levels of staff and management • Visible staff input in decisions 	<ul style="list-style-type: none"> • Team and Group meetings are held every month. • OAG ensures that high staff morale is maintained/. • Absenteeism rate is maintained at a reasonable level. • OAG encourages staff to contribute during staff and committee meetings. • Staffs contribute through the various committees of which minutes are presented to the Management Committee every month.
Break down barriers between teams and groups by encouraging problem solving through teamwork, combining the efforts of people from different areas such as research, IT,	<ul style="list-style-type: none"> • Auditing of financial and non-financial performance integrated • Level of interaction between staff of different teams • Staff reshuffle should not affect performance 	<ul style="list-style-type: none"> • Staff are trained in both regulatory and financial audits. • OAG encourages staff interactions and exchange of information between its teams. • Staff reshuffles during 2005 were due to staff leaving for USP full time studies and

Quality Principles	Performance Indicators	Achievements
performance and financial audits.	<ul style="list-style-type: none"> • Feedback from Team Leaders on a regular basis 	resignations. <ul style="list-style-type: none"> • Monthly audit progress reports are submitted by Team Leaders.
Provide methods when asking for new levels of productivity and better quality of output.	<ul style="list-style-type: none"> • Management initiatives to include methods for improvement • Action taken on training needs identified in annual confidential reports • New methodologies researched and reported by PDRC • Regular review of audit manuals/test programs 	<ul style="list-style-type: none"> • Test programs for audit of National Accounts of the Treasury are regularly reviewed. • Regular research are conducted by PDRC and reported to Management Committee every month.
Remove all barriers that inhibit staff members' right to pride of being professional auditors.	<ul style="list-style-type: none"> • Improve working conditions • FIA/CPA membership • Low staff turnover rate 	<ul style="list-style-type: none"> • New computers purchased for staff. • Renovation works involving construction of cubicles, meeting and tea rooms and reception area that commenced in 2004 were completed in 2005. • OAG continues to encourage staff to study towards membership of FIA/CPA. OAG staff attended FIA/USP seminars during the year where possible. • Staff turnover rate has increased. 7 officers resigned in 2005. Two officers employment were terminated due to very poor performance.
Institute a vigorous program of education and training/retraining to keep up with changes in audit techniques and technology and to make better use of all employees.	<ul style="list-style-type: none"> • Use of IDI LTRTP graduates to produce a program of in-house education • Use of courses obtained through Overseas Development Assistance • Active and resourceful training unit • Number of staff with formal qualification • Staff attendance at FIA conferences and workshops • Developing an annual training program 	<ul style="list-style-type: none"> • OAG has a Training Committee that meets regularly to ensure that staff training needs are met. • 49 officers have formal qualifications from USP. • 17 officers attended the FIA Congress in May 2005 and a number attended FIA seminars during the year. • OAG has its own annual training program developed by the Training Committee
Clearly define management's permanent commitment to quality and productivity and its obligation to implement quality and productivity principles.	<ul style="list-style-type: none"> • Use of corporate plan and performance management system • Developing issues in control of the quality of audit work • Provision of adequate resources and on a timely basis 	<ul style="list-style-type: none"> • Team Leaders accompanied senior management to attend a two-day strategic plan workshop in 2005 in which they were made aware of the current and proposed strategic goals and objectives, nature and scope of activities, outputs and corporate philosophy of the OAG. • Regular reviews are conducted by the Quality Assurance Committee (QAC) to ensure the quality of audit work. • OAG ensures that resources are provided on a timely basis. New and qualified members are recruited when the need arises. Ten auditors were recruited during 2005.

6.3 Audit Qualification Committee

The Audit Qualification Committee is responsible for reviewing all qualified audit reports prior to their signing by the Auditor-General. Membership of the Committee includes:

- ❖ Director PASIG – Chairman
- ❖ A Director of Audit & 2 Audit Managers – Members

The Auditor-General issued 44 audit reports during 2005 of which 14 were qualified. The following is a summary of qualified audit reports reviewed by the Committee in 2005:

Entity	Number
Municipal Councils	10
Statutory Authorities	4
Provincial Councils	0
Other Agencies	0
Total	14

The achievements of the Audit Qualification Committee in 2005 are as follows:

Quality Principles	Performance Indicators	Achievements
To improve the quality of advice on qualified audit reports.	Qualifications in qualified audit reports are consistently applied for similar qualification issues.	Maintenance of an Audit Opinion Register that records all qualified and unqualified audit reports issued.
Minimise the Auditor-General's exposure to litigation risk for issuing inappropriate audit opinion.	<ul style="list-style-type: none"> • Scrutiny of all proposed qualified audit reports. • Appropriate advice on the extent of qualifications provided to the Auditor-General. 	All qualified audit reports that were issued were considered appropriate.
Ensure that qualified audit reports are also in line with those issued by other Supreme Audit Institutions.	Comparison of audit reports issued with those issued by other Supreme Audit Institutions.	Submission of qualified audit reports issued during the year to the Australasian Council of Auditors-General which maintains a Qualified Audit Opinions Database.

6.4 Policy Development & Research Committee

The Policy Development and Research Committee is responsible for the following tasks:

- regular review of audit methodologies.
- establish a library and other technical information services.
- strengthen OAG's Management Information System
- conduct research.

Membership of this Committee includes:

- ❖ Director FAG 2 – Chairman
- ❖ 2 Audit Managers

- ❖ 1 Senior Auditor
- ❖ 1 Auditor
- ❖ IT Officer

The committee's achievements in 2005 are as follows:

Tasks	Performance Indicators	Achievements
Review of audit methodologies	<p>Continuous improvement of audit methodology and manual.</p> <p>Customizing new audit approaches to meet the specific needs of the OAG.</p>	<ul style="list-style-type: none"> • The Committee reviewed and finalized review checklist for Directors, Team Leaders and Second Reviewer. • PDRC reviewed guidelines for final review of contract audits. • The Committee completed the review of sections 1-4 of the OAG Audit Manual.
Establish a Library and other technical information services	<ul style="list-style-type: none"> • Purchase of relevant materials and operation of internet search and exchange services. • Provision of Library services to the staff, client and public. 	<ul style="list-style-type: none"> • A Library has been established and managed by the Information Officer. • New books are continued to be purchased and recorded. • The Library contains books on Auditing and Accounting, Journals published by various auditing and accounting bodies and reports published by the various Auditor General's Office around the world.
Strengthening of the Management Information Systems	Purchase of additional computers and software.	<ul style="list-style-type: none"> • The OAG currently has 40 desktops, 17 laptops, and 21 printers. • The OAG uses the Windows 98 and Windows XP operating system and the Office 2000 software. • OAG continues to maintain its Website that was launched in 2003.
Conducting research for OAG senior management	Sufficient, reliable and timely feedback to the senior management.	<ul style="list-style-type: none"> • The OAG management staff and IT Officer regularly search the internet accounting/auditing and other information for use by OAG staffs. • The Research and Training Officer uses the internet and the library materials to conduct research for management and other staffs.

6.5 Human Resource Committee

The Human Resources Committee is responsible for effective and efficient human resource development in OAG. Memberships of this Committee include:

- ❖ Deputy Auditor General – Chairman
- ❖ 3 Directors of Audit

Achievement of the Human Resource Committee during 2005 included the following:

Tasks	Performance Indicators	Achievements
Upgrade staff recruitment process	<ul style="list-style-type: none"> Promoting OAG at USP & recognized institutions Recruitment of graduates from USP & recognized institutions Competent selection committee and structured interview process 	<ul style="list-style-type: none"> Notice of vacancies were placed on the notice boards at USP during 2005. 10 USP graduates were recruited during 2005. A Senior Auditor was promoted to Audit Manager. 4 Auditors were promoted to Senior Auditors. 9 Auditors were confirmed in their positions A structured selection process is in place. The selection panel is made up of officers in the level of Directors and above.
Implement Performance Management System	<ul style="list-style-type: none"> Well documented performance agreement Well documented job descriptions Staff counselling services 	<ul style="list-style-type: none"> Counseling services were provided to officers during the year All positions have job descriptions
Improvement of Work Environment	Provision of adequate office accommodation & facilities	The renovation of officer's at 6th, 7th and 8th floor of Ratu Sukuna House that commenced in November 2004 was completed in 2005.

6.6 Training Committee

The Training Committee is responsible for identifying staff training needs and arrange for suitable training both locally and overseas.

Memberships of this Committee include:

- ❖ Director PASIG – Chairman
- ❖ 3 Training Officers

Achievement of the Training Committee during 2005 included the following.

Tasks	Performance Indicators	Measures of Achievements
Implement Staff Training & Development Plan	<ul style="list-style-type: none"> Increase in the number of qualified staff Increase in the number of staff who are members of the Fiji Institute of Accountants Number of induction training for new recruits. Number of secondments & training opportunities. In-house training programs conducted. 	<ul style="list-style-type: none"> 1 staff obtained her degree in 2005. 57 or 86% out of 66 technical staff were qualified in 2005 19 or 28% of technical staff were members of FIA in 2005. 2 staff registered with FIA in 2005 A 3 days induction course was conducted in the year for new staff. 13 in-house workshops and 2 AUSAID in-country courses were conducted in 2005. 8 external or overseas courses were attended by staff.

In-House Training

A summary of all the in-house training conducted in 2005 are tabulated below.

	Training Course	Date	Hours/No. of Days	Presenter
1	FAS 1 – Presentation of Financial Statements	27 May	2	FAG 2A
2	FAS 10 – Events After the Balance Sheet	27 May	1	FAG 2B
3	FAS 8 – Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies	27 May	1	FAG 2B
4	FAS 7 – Cash Flow Statements	10 June	2	FAG 2C
5	FAS 2 – Inventories	10 June	2	AREASI 1
6	FAS 18 – Revenue	22 July	2	PASIG
7	FAS 22 – Business Combinations	22 July	2	ESIG 1
8	FAS 23 – Borrowing Costs	5 August	2	ESIG 2
9	FAS 28 – Accounting for Investments in Associates	5 August	2	ESIG 3
10	FAS 31 – Financial Reporting of Interests in Joint Ventures	19 August	2	GAG 1
11	FAS 37 – Provisions, Contingent Liabilities and Contingent Assets	19 August	2	GAG 2
12	FAS 36 – Impairment of Assets	2 September	2	Prof. White (USP)

6.7 IT Committee

The IT Committee is one of the new committees that was recently established in 2005 and tasked with strengthening the OAG's management information systems.

Memberships of this Committee include:

- ❖ Audit Manager (Treasury Audit) – Chairman
- ❖ Senior Auditor (IT Audit)
- ❖ 2 Senior Auditors
- ❖ 1 Auditor
- ❖ Information Officer

Tasks	Performance Indicators	Achievements
Strengthening of the Management Information Systems	<ul style="list-style-type: none"> • Development of Time Recording System • Purchase additional computers & software • Development of Electronic Filing System • Improvement in networking services & facilities • Continuous development and monitoring of OAG website. 	<ul style="list-style-type: none"> • Development of the Time Recording System and the Electronic Filing System is still in progress and is expected to be completed within the first half of 2006. • All officers have access to a computer. • OAG website is continuously being updated. • Networking services and facilities are continuously being monitored and improved.

6.8 Planning Committee

The Planning Committee is responsible for efficient corporate planning. It ensures that the Strategic Plan, Annual Corporate Plan, Annual Business Plan, Individual Work Plans are prepared and submitted to the appropriate authorities by the due date.

Memberships of this Committee include:

- ❖ Director PASIG – Chairman
- ❖ 3 Audit Managers

This is a new committee established towards the end of 2005.

6.9 Service Excellence Committee

The Service Excellence Committee is one of the new committees that was established during the year and is responsible for promoting the achievement of overall organizational effectiveness and capabilities, delivery of ever improving value to our clients and organizational and personal learning. The Committee comprised of the Audit Manager in charge of the Financial Services Group (Chairman) and 3 other members.

In pursuing the adoption of the principles of Service Excellence, a number of activities was organised by the Committee during the year and this included the circulation of a “10 Point To Do List” that required officers to make small changes to their work environment that would assist in promoting these principles.

Moreover, an Angel Tree Drive was initiated by the Committee in December where officers bought Christmas gifts for the children of serving prisoners. A total 60 gifts were bought by officers and given to the Prisons Fellowship on 22 December 2005 for distribution to the children.

Memberships of this Committee include:

- ❖ Audit Manager FSG - Chairman
- ❖ 3 Senior Auditors
- ❖ Information Officer

6.10 Occupation, Health & Safety Committee

The Occupation, Health & Safety (OHS) Committee supports the Auditor General in meeting the statutory obligations imposed under the Occupation, Health & Safety Act. The Committee’s function is to:

- provide a safe working environment and ensure that everything is done to prevent injury or illness;
- ensure that the employees, clients and visitors are not exposed to unnecessary risks which may give rise to possible injuries or illness;
- prepare and make available to employees, guidelines and procedures to ensure safe practices are maintained at all times; and
- provide information, instructions, training and supervision to employees, clients and visitors to ensure they are safe while at the workplace.

Membership of the OHS Committee as at 31 December 2005 includes the following:

- ❖ Employee Representative – Chairman
- ❖ Administrative Officer
- ❖ 5 Employee Representatives who were appointed annually.

During 2005, the OHS Committee achieved the following:

Tasks	Performance Indicators	Achievements
Provide safe working environment and ensure that everything is done to prevent injury or illness	<ul style="list-style-type: none"> • Provision of adequate office accommodation & facilities • Provide and maintain safe and healthy workplace at all times • Create an environment that would avoid mental stress of the employees 	<ul style="list-style-type: none"> • Renovation of the 6th, 7th and 8th floors. • Regular staff meetings with management were held in 2005.
Ensure that the employees, clients and visitors are not exposed to unnecessary risks which may give rise to possible injuries or illness	Provide the resources to fulfil the health and safety commitment and prepare safety standards when employees are working with machines and other equipment.	Staff have been informed to take necessary precaution as prescribed in the OAG Emergency Policy and Procedures and in the OHS Policy
Prepare and make available to employees, guidelines and procedures to ensure safe practices are maintained at all times	Educate and encourage employees to participate in the development of a safe and healthy workplace	Emergency Policy and Procedure is in place and copies given to Directors and Team Leaders for circulation to their staff
Provide information, instructions, training and supervision to employees, clients and visitors to ensure they are safe while at the workplace	Preparing and exhibiting proper notices for the purposes of advising, or directing employees, clients and visitors towards our commitment to the functions of OHS	Occupational Health and Safety policies are placed on Staff Notice Boards

7.0 OVERSEAS TRAINING

7.1 19th Commonwealth Auditors General Conference – Wellington, New Zealand: 30th January – 2nd February 2005

The Conference was attended by the Deputy Auditor General, Mr. Kaveni Takalevu, and 3 Audit Managers – Mr. Vilitati Bikai, Mrs. Radhika Reddy & Mr. Maikali Naikawakawavesi. The Fiji Audit Office presented a paper on the manner in which it measures and reports performance.

The Conference recognized that a sound and accountable system for drawing up budgets, implementing them and monitoring their impact is a key instrument for promoting pro-poor development and democracy, and for building stable, cohesive societies. Generally, the Auditors-General can therefore play an important role in the economic and social development of their country.

7.2 Environmental Audit Training Initiative – South Africa: 31st January – 11th February 2005

The workshop was fully funded by IDI and was attended by Senior Auditor, Mrs. Nunia Michael. The training was a follow on from the training held in Kenya last year but on this occasion only 5 African countries participated and IDI requested that Fiji be involved as a reference mechanism to the pilot since it was the only country from a different region.

The training was focused on waste management. The first week focused on the case studies on waste management while the second week involved the audit of the management of waste and the compilation of standard audit procedures using the programmed on Team Mate (electronic working papers).

7.3 8th Biennial Conference of Public Accounts Committees – Brisbane, Australia: 6 – 8 February 2005

The conference is held biennially by the Australasian Council of Public Accounts Committee (ACPAC). Mr. Mikaele Wara, Director of Audit, attended this meeting on behalf of the Auditor General. The conference provided an opportunity to experience the work of the Public Accounts Committees (PAC) in the Australasian region and share with them ideas and experiences.

7.4 2005 Australasian Council of Auditors General (ACAG) Meeting: Brisbane, 9 – 10 February 2005

The ACAG Meeting for 2005 was held concurrent with the ACPAC. Mr. Mikaele Wara, Director of Audit, attended this meeting on behalf of the Auditor General. The purpose of the meeting is to share ideas and be updated on developments in accounting and auditing in the region.

7.5 67th International Training Programme on Audit of Public Enterprise and Audit of Disinvestment, Centre for Information Systems and Audit (CISA) - Noida, New Delhi, India: 28 February – 29 March, 2005

Mr. Harik Raj, Senior Auditor, who attended this training, was one of the 32 participants from 22 countries.

The month long training included 3 weeks of interactive lectures and one week of study tour to Mumbai. The study tour included visiting some of the large public enterprises in Mumbai where the participants had a chance to hear some of the senior officials of the public enterprises about their operations, management, accounting and IT systems and auditing.

This training was funded by the Colombo Plan.

7.6 4th Meeting of the INTOSAI Taskforce on Money Laundering , Lima – Peru, March 3rd – 4th, 2005

Mrs. Caroline Pickering, Audit Manager, was one of the 6 participants from 5 countries who attended this meeting.

The two objectives of the Taskforce is to promote international cooperation in the fight against money laundering, (both among SAIs and with other international organizations) and to identify and share policies and strategies for combating money laundering within competencies and authorities of SAIs.

7.7 18th United Nations/International Organization of Supreme Audit Institutions (UN/INTOSAI) Seminar on ICT Application in the Audit of E-Government: A Strategy for Efficiency, Transparency and Accountability, Vienna International Centre, Austria: 18th – 22nd April 2005

Mr. Vilitati Bikai, Audit Manager was one of the 48 participants from 32 countries who attended this seminar.

The seminar were delivered by representatives from the UN, World Bank, Austrian Government and the SAI of United Kingdom, Oman, Canada, India, Argentina and South Africa. These addresses included topics on: auditing e-government as a tool to empower citizens and further socio-economic and human development, advantages and risks of e-government from the perspective of a donor organization, experiences with Application of ICT in audit, status and future aspects of e-government in Austria, risks of e-government, auditing e-government on-line, challenges when auditing e-government, experiences in auditing e-government and e-procurement.

7.8 Australasian Council of Auditors General (ACAG) Planning Workshop, Melbourne, Australia: 17th May 2005

Mr. Eroni Vatuloka, the Auditor General attended the workshop. The issues deliberated in the workshop included the organization of the ACAG meetings; the forums that ACAG wishes to influence in respect of issues affecting the public sector; reputation of public sector audit (peer review); joint audits through planning and approaches and training.

Furthermore a roundtable discussion of key developments from the various jurisdictions in the Australasian region was also conducted in which the Auditor General presented a paper covering issues of changes expected in the Audit Act subsequent to the Financial Management Act (2004) and that includes the power to conduct performance audits and accrual-based government accounts following extension in the AG's mandate; the work of the Public Accounts Committee in a 'catch-up' effort; and the referrals of some special investigations issues to the Police.

7.9 CPA Australia National Public Sector Convention, Melbourne, Australia: 18th – 20th May 2005

Mr. Eroni Vatuloka, the Auditor General coincided the attendance to the above workshop with the ACAG Planning Workshop. The convention provided opportunities for sharing of experiences and networking. The presentations of contemporary issues by eminent speakers were excellent while the concurrent sessions provided opportunities to the Auditor General to attend topics of preference.

7.10 Senior Performance Audit Executives Forum, Melbourne, Australia: 19 – 10th May 2005

Mrs. Caroline Pickering, Audit Manager and Miss Mere Waqanicagica, Senior Auditor attended this forum.

The forum started with a round the table discussion of issues facing or matters arising within each Audit Office since the last meeting in 2004. Some of the key issues discussed in detail were training of new recruits in performance auditing, mandate for performance audit, managing performance audits effectively to ensure quality and timely audits, quality reviews of performance audits, peer reviews for performance audits, report writing and efforts to ensure clear and shorter performance audit reports, selecting topics for performance audits and assessing the impacts of a performance audit. Emerging trends in performance audits were also discussed.

7.11 INTOSAI Public Debt Committee Meeting, Sofia, Bulgaria: 2nd – 3rd June 2005

Mr. Ajay Nand, Director of Audit attended the meeting which was also attended by representatives of Argentina, Bulgaria, Canada, Korea, Lithuania, Mexico, Portugal, Russian Federation, Sweden, United Kingdom, United States of America, Yemen, Zambia as well as representatives of the INTOSAI Development Initiative (IDI). This was Fiji's fourth attendance of the annual meeting of the committee.

The meetings of the Committee provide opportunities to share issues that may impact the audit of public debt and develop best practice guidelines for all other audit offices. Continued presence in the meetings of the Committee will not only enhance OAG's knowledge on the audit of public debt but enable OAG to receive specialized training on the subject.

7.12 Performance Audit Training held in Sydney, Australia from 2nd to 5th August 2005

The training was attended by Mrs Mariana Tukana, Senior Auditor. This Australasian Council of Auditors-General [ACAG] organized training on "Performance Auditing" targeted those new to performance auditing.

There were 23 participants in total representing the Audit Offices from Fiji, New Zealand, Queensland, Victoria, Western Australia, New South Wales and Australia's Capital Territory.

7.13 10th Meeting of INTOSAI Working Group on Environmental Auditing held in Moscow, Russia from 26th October to 1st November 2005

This meeting was attended by Mr. Tevita Bolanavanua, Director of Audit and this was hosted by the Accounts Chamber of the Russian Federation. Over 60 Supreme Audit Institutions (SAIs) were represented in the meeting.

The meeting focused on capacity building, information exchange and networking especially for SAIs new in environmental auditing.

7.14 3rd International Audit Training held in Guangzhou, China from the 20th to 30th November 2005

Mr. Kaveni Takalevu, Deputy Auditor General and Mrs. Lynette Simpson, Audit Manager attended this training which was organised for the SPASAI region by the Chinese National Audit Office (CNAO).

It concentrated on the types of audits and audit methodologies adopted by the CNAO. Each presentation was followed by a general discussion where participants shared and exchanged views and ideas.

7.15 e-learning Workshop held in Kuala Lumpur, Malaysia from 28 November to 9 December 2005

The workshop was attended by Mrs Caroline Pickering, Audit Manager. The IDI organized this workshop for training specialists from different regions of the INTOSAI community. It was attended by 25 participants representing 19 countries.

The objective of the workshop was to provide participants with an understanding of the principles and practices of e-learning and to build up a pool of e-learning specialists or e-designers for the INTOSAI community and its regions. IDI undertook this exercise in accordance with Goal 5 of the IDI Strategic Plan 2001- 2006 which is “learning through information technology, including the internet.”

7.16 70th International Training Programme on Performance Auditing, International Centre for Information Systems and Audit (iCISA) – Noida, New Delhi, India: 28 November – 27 December 2005.

Mr. Sakiusa Tora, Senior Auditor was one of the 38 participants from 26 countries who attended this training. The month long training included three weeks of interactive lectures and one week of study tour.

The training involved sharing information on current and new methodologies in performance auditing considering the different environments of work in different SAIs. By building on the foundation of economy, efficiency, and effectiveness, the training highlighted the additional 3Es on performance auditing, and these are ethics, environment and equity. Performance auditing unlike the other conventional audits is people centered. The training looked at performance auditing as “adding value” not only for the client but where the taxpayer could also benefit from the audit.

8.0 OAG STRATEGIC PLANNING WORKSHOP, CORAL COAST, FIJI: 15 – 16 DECEMBER 2005

The workshop was organized by the Office of the Auditor General’s Planning Committee.

The workshop was attended by 18 participants comprising of the Auditor General, Deputy Auditor General, Directors of Audit and Audit Managers with the objective of finalizing a 5-year

Strategic Plan (2006-2010) for the Office of the Auditor General, and Corporate Plan, Business Plans and Individual Work Plans for the 2005/06 audit year.



9.0 ANNEXURES

9.1 Annexure I – Person to Post at 31 December 2005

Item	Post	Grade	Appr. Post	EDP No.	Holder	Holder Status	Date Confirmed	Remarks
1	Auditor General	US01	1	40136	Mr. E Vatuloka	Confirmed	17-Jan-00	
2	Deputy Auditor General	US02	1	14483	Mr. K Takalevu	Confirmed	14-Aug-00	
3	Director	US04	3	14411	Mr. M Wara	Confirmed	23-Jan-01	
				45391	Mr. T Bolanavanua	"	31-Oct-01	
				47728	Mr. A Nand	"	16-Dec-04	
4	Audit Manager	AC01	9	16913	Mr. B Prasad	"	07-Aug-00	
				59107	Mr. S Dukuno	"	21-Dec-01	
				60800	Mr. V Bikai	"	27-Jan-03	
				61212	Mr. A Nadakuitavuki	"	27-May-03	
				61180	Mrs. C Pickering	"	27-May-03	
				58239	Mrs. R Reddy	"	15-Dec-03	
				62263	Mrs L Simpson	"	11-Mar-05	
					Vacant			M Naikawakawavesi – Acting
					Vacant			F Nagera - Acting
5	Senior Auditor	AC02	18	17122	Mr K C Bidesi	Confirmed	22-Mar-95	
				41972	Mr J Ram	"	23-May-01	
				56494	Mr M Naikawakawavesi	"	11-Dec-01	Acting AC 01
				61503	Mr E V Dovibua	"	"	
				57305	Mr. T Kuruwara	"	27-May-03	
				62113	Ms F Nagera	"	27-May-03	Acting AC01
				60683	Mr H Raj	"	27-May-03	
				48781	Mrs. M Tukana	"	07-Oct-04	
				62477	Mr. I Vulaono	"	"	
				62564	Ms M Waqanicagica	"	"	
				62563	Mr R Narayan	"	"	
				62562	Mr S Tora	"	"	
				62742	Mr S Kumar	"	"	
				64277	Mrs. S Singh	"	15-Nov-04	
				53801	Mrs N Michael	"	16-Mar-05	
				62743	Mr A Kumar	"	"	
				62971	Mrs P Navuku	"	"	
				63191	Mr I Varani	"	"	
6	Auditor	AC03	33	47731	Ms U Namositava	"	23-Apr-01	
				60682	Mr I Naledawa	"	"	
				48779	Mrs A Nasilivata	"	"	Acting AC02
				63104	Mr T Lomalagi	"	30-Oct-03	Acting AC02
				62159	Ms K Dawai	"	"	
				63491	Mr E Tute	"	27-Jan-04	
				63490	Mr V Chand	"	"	
				63533	Mr K Kumar	"	"	
				63823	Mr L Sundar	"	13-Jan-05	
				63838	Mr V Balenacagi	"	"	
				64035	Mr. N Kumar	"	16-Mar-05	
				64022	Ms. S Devi	"	"	
				64023	Mr. V Chand	"	"	
				64024	Ms. A Temo	"	"	
				64025	Mr. A Prasad	"	"	
				64026	Mr. L Tuisolia	"	"	

Item	Post	Grade	Appr. Post	EDP No.	Holder	Holder Status	Date Confirmed	Remarks
				64027	Ms. F Ali	"	"	
				64294	Ms A Kumar	Contract	10-Jan-05	
				64293	Mr A Lal	"	"	
				64338	Mr A Sakim	"	"	
				64291	Mr A Saunivalu	"	"	
				64292	Mr I Maravu	"	"	
				64467	Ms S Razi	"	02-May-05	
				64468	Ms P Ben	"	09-May-05	
				64518	Ms R Kumar	"	31-May-05	
				64517	Ms K Kaur	"	01-Jun-05	
					Vacant			
					Vacant			
					Vacant			
					Vacant			
					Vacant			
					Vacant			
					Vacant			
7	Senior Information Officer	SS02	1	64057	Mr. N Narayan	Contract	26-Apr-04	
8	Admin. Officer	SS03	1		Vacant			
9	Senior Secretary	SS03	1	16479	Mrs L Duwai	Confirmed	26-Nov-92	
10	Clerical Officer	SS05	3	61617	Mr A Chand	Confirmed	28-Feb-97	Acting SS03
				59749	Mr T Adriu	Confirmed	30-Jun-99	
				61163	Mrs L Navunitale	Confirmed	02-Dec-05	Acting SS03
11	Telephonist/ Receptionist	SS05	1		Vacant			
	Total Established Staff		72					
12	Unestablished Staff							
	Comm/Driver		2		Mr. P Goundar	Temporary	13-Aug-02	
					Mr. A M John	Temporary	10-Sep-03	
	Total Staff		74					

9.2 Annexure II – OAG Staff Profile as at 31 December 2005

Name	Date Joined Service	Current Position (C.P)	Date Promoted to C.P	Years of Service	Academic Qualification
Eroni Vatuloka	01/02/77	Auditor-General	17/01/00	28	Diploma in Business Studies (FIT) Bachelor of Arts Degree in Accounting & Financial Management (USP) Post Graduate Diploma in Accounting (ANU) Canberra Master in Commerce (ANU) Canberra CA, Fiji Institute of Accountants
Kaveni Takalevu	08/03/71	Deputy Auditor-General	14/08/00	34	Diploma in Business Studies (FIT) Master of Science in Information and Systems in Management (UK) Completed 13 units towards BA in Management & Public Administration, USP. FNTC Registered Training Officer
Mikaele Wara	16/02/71	Director of Audit	23/01/01	34	Completed Stages 1 & 2 for DBS, FIT, 1998. Completed 19 units towards BA in Management & Public Administration, USP.
Tevita Bolanavanua	13/03/89	Director of Audit	31/10/01	16	Diploma in Business Studies (FIT) BA Accounting & Financial Management and Economics (USP) CA, Fiji Institute of Accountants
Ajay Nand	09/04/87	Director of Audit	16/12/04	18	BA Accounting & Financial Management and Economics (USP) CA, Fiji Institute of Accountants
Birend Prasad	02/01/74	Audit Manager	07/08/00	31	Completed Stages 1 & 2 for DBS, FIT, 1998. Completed 14 units towards BA in Management & Public Administration, USP
Sairusi Nasalo Dukuno	11/10/94	Audit Manager	21/12/01	11	Diploma in Business Studies (FIT) BA Accounting & Financial Management/Management & Public Administration (USP) CA, Fiji Institute of Accountants
Vilitati Bikai	12/05/97	Audit Manager	28/01/03	8	BA Accounting & Financial Management and Economics (USP) FNTC Registered Training Officer CA, Fiji Institute of Accountants
Atunaisa Nadakuitavuki	16/03/98	Audit Manager	27/05/03	7	Diploma in Accounting (USP) BA Accounting & Financial Management (USP) FNTC Registered Training Officer

Name	Date Joined Service	Current Position (C.P)	Date Promoted to C.P	Years of Service	Academic Qualification
Caroline Pickering	09/03/98	Audit Manager	27/05/03	7	BA Accounting & Financial Management and Economics (USP) CA, Fiji Institute of Accountants FNTC Registered Training Officer
Radhika Reddy	11/12/01	Audit Manager	15/12/03	4	Diploma in Business Studies (FIT) BA Accounting & Financial Management (USP) Post Graduate Certificate in Financial Administration (USP) Post Graduate Diploma in Analytical Skills (USP) Masters in Business Administration (USP) CA, Fiji Institute of Accountants.
Lynette Simpson	21/08/00	Audit Manager	11/03/05	5	BA Accounting & Financial. Management./Economics (USP) CA, Fiji Institute of Accountants.
Karam C. Bidesi	01/03/74	Senior Auditor	22/03/95	31	
Jayant Ram	03/12/79	Senior Auditor	23/05/01	26	Completed stage 1 at FIT towards Diploma in Business Studies. Completed 14 units towards BA in Accounting & Financial Management, USP.
Emosi Dovibua	17/08/98	Senior Auditor	11/12/01	7	BA Accounting & Financial Management (USP)
Maikali Naikawakawavesi	28/01/00	Senior Auditor	11/12/01	5	BA Accounting & Financial. Management./Economics (USP) Provisional Member of FIA
Kuruwara Lumu Tunisalevu	24/01/00	Senior Auditor	27/05/03	5	BA Accounting & Financial Management (USP)
Harik Raj	24/02/97	Senior Auditor	27/05/03	8	Diploma in Business Studies (FIT) BA Accounting & Financial Management/Management & Public Administration (USP)
Finau Seru Nagera	24/01/00	Senior Auditor	27/05/03	5	Diploma in Business Studies (FIT) BA Accounting & Financial Management (USP) Provisional Member of FIA
Mariana C. Tukana	13/03/89	Senior Auditor	07/10/04	16	Diploma in Business Studies at (FIT) BA Accounting & Financial Management, USP. CA, Fiji Institute of Accountants
Ilaisa Lakepa Vulaono	08/01/01	Senior Auditor	07/10/04	4	BA Accounting & Financial Management/Economics (USP)

Name	Date Joined Service	Current Position (C.P)	Date Promoted to C.P	Years of Service	Academic Qualification
Mere Waqanicagica	05/02/01	Senior Auditor	07/10/04	4	BA Accounting & Financial Management (USP) Affiliate Member of FIA
Sakiusa Tora	05/02/01	Senior Auditor	07/10/04	4	BA Accounting & Financial Management/Economics (USP)
Ritnesh Narayan	05/02/01	Senior Auditor	07/10/04	4	BA Accounting & Financial Management/Economics (USP) Provisional Member of FIA
Sunil Kumar	05/05/01	Senior Auditor	07/10/04	4	BA Accounting & Financial Management/Information Systems (USP) Provisional Member of FIA
Shobna Singh	15/11/04	Senior Auditor	15/11/04	1	BA Accounting & Financial Management and Economics (USP) Provisional Member of FIA
Nunia Michael	19/06/92	Senior Auditor	16/03/05	13	Diploma in Business Studies (FIT) Completed 19 units towards BA in Accounting & Financial Management/Management & Public Administration, USP.
Atish Kumar	05/05/01	Senior Auditor	16/03/05	4	BA Accounting & Financial Management/Economics (USP)
Paulini Navuku	15/10/01	Senior Auditor	16/03/05	4	BA Accounting & Financial Management/Information Systems (USP)
Ilaitia Varani	07/12/01	Senior Auditor	16/03/05	4	BA Accounting & Financial Management/Economics (USP) Provisional Member of FIA
Unaisi Namositava	09/04/87	Auditor	23/04/01	18	Diploma in Business Studies (FIT) Completed 18 units towards BA in Accounting & Financial Management, USP.
Alanieta Buli Nasilivata	13/03/89	Auditor	23/04/01	16	Completed 2 Stages & 13 units towards Diploma in Business Studies at FIT.
Isao Naledawa	21/02/97	Auditor	23/04/01	8	Diploma in Business Studies (FIT) Completed 18 units towards BA in Accounting & Financial Management/Economics
Kelerayani Dawai	10/07/02	Auditor	30/10/03	3	BA Accounting & Financial Management (USP) Provisional Member of FIA
Tevita Lomalagi	07/12/01	Auditor	30/10/03	4	BA Accounting & Financial Management/Economics (USP) Provisional Member of FIA

Name	Date Joined Service	Current Position (C.P)	Date Promoted to C.P	Years of Service	Academic Qualification
Vikash Chand	10/07/02	Auditor	27/01/04	3	BA Accounting & Financial Management (USP)
Esala Tute	02/08/02	Auditor	27/01/04	3	BA Accounting & Financial Management (USP)
Kishore Kumar	09/09/02	Auditor	27/01/04	3	BA Accounting & Financial Management/Economics (USP)
Lakesh Sundar	09/06/03	Auditor	13/01/05	2	BA Accounting & Financial Management/Economics (USP) Provisional Member of FIA
Vereimi Balenacagi	15/09/03	Auditor	13/01/05	2	BA Accounting & Financial Management (USP)
Niraj Kumar	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management/Economics (USP)
Sharda Devi	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management/Economics (USP)
Vikash Pranil Chand	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management/Economics (USP)
Akeneta Temo	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management/Economics (USP)
Adrian Prasad	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management/Economics (USP)
Leone Tuisolia	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management (USP)
Farisha Ali	25/02/04	Auditor	16/03/05	1	BA Accounting & Financial Management/Information Systems (USP)
Ashika Kumar	10/06/05	Contract Auditor	10/06/05		BA Accounting & Financial Management (USP)
Ameet Lal	10/06/05	Contract Auditor	10/06/05		BA Accounting & Financial Management (USP)
Abdul Sakim	10/06/05	Contract Auditor	10/06/05		BA Accounting & Financial Management (USP)
Abele Saunivalu	10/06/05	Contract Auditor	10/06/05		BA Accounting & Financial Management (USP) Provisional Member of FIA
Inoke Maravu	10/06/05	Contract Auditor	10/06/05		BA Accounting & Financial Management (USP)
Shazia Razi	02/05/05	Contract Auditor	02/05/05		BA Accounting & Financial Management (USP)



Name	Date Joined Service	Current Position (C.P)	Date Promoted to C.P	Years of Service	Academic Qualification
Pratiksha Ben	09/05/05	Contract Auditor	09/05/05		BA Accounting & Financial Management (USP)
Raveena Kumar	31/05/05	Contract Auditor	31/05/05		BA Accounting & Financial Management (USP)
Kushmir Kaur	01/06/05	Contract Auditor	01/06/05		BA Accounting & Financial Management (USP)
Nitish Narayan	26/04/04	Information Officer		1	Diploma in Applied Computing (FIT) Certificate in Business Communication & Report Writing (FNCT) Certificate in Radio Program Production & Formulation for Fiji & Pacific NGO's Certificate in Utilization of Cyberspace Technology in Drug Abuse Prevention – Web Site Creation, Layout & Contents.
Litia S. Duwai	04/06/73	Senior Secretary	26/11/92	32	Certificate in Secretarial Studies (FIT)
Tevita Adriu	15/02/95	Senior Clerical Officer	30/06/99	10	Completed 4 units towards Diploma in Applied Computing (FIT)
Atish Chand	21/07/86	Clerical Officer	28/02/97	19	Completed SE 102 – Introduction to Constitutional and Legal System, 1989, USP
Livia Navunitale	12/08/97	Clerical Officer	01/03/98	8	Completed 8 units towards BA Management & Public Administration

STAFF OF THE OAG	Totally Agree					Totally Disagree					Don't Know	Rating from clients
	← PLEASE CIRCLE THE NUMBER OF YOUR CHOICE →											
C. The OAG staff :												3.78
C.1. Have sufficient understanding of the operations of my organisation.	5	4	3	2	1						0	3.56
C.2. Appear to have the relevant auditing experience and skills.	5	4	3	2	1						0	3.69
C.3. Have good communication skills.	5	4	3	2	1						0	3.91
C.4. Are approachable and can be easily contacted.	5	4	3	2	1						0	4.19
C.5. Work openly with my organisation and keep management informed of their work plans and progress.	5	4	3	2	1						0	3.72
C.6. Discuss their audit results with management on a timely basis.	5	4	3	2	1						0	3.59
MOST RECENT AUDIT												
D. During the most recent audit of my organisation:												3.91
D.1. The number of audit staff employed was appropriate.	5	4	3	2	1						0	4.00
D.2. The time spent in my organisation by the auditors was appropriate.	5	4	3	2	1						0	4.00
D.3. The total time taken from the moment the audit started to the finish time was reasonable.	5	4	3	2	1						0	4.00
D.4. The number of visits by senior management of OAG to my organisation during the audit was appropriate.	5	4	3	2	1						0	3.47
D.5. The number of meetings held with senior staff of my organisation was appropriate.	5	4	3	2	1						0	3.66
D.6. Staff conduct and behavior was of high professional standards.	5	4	3	2	1						0	4.19
D.7. Generally, the quality and quantity of audit done was of a high standard and met my expectations.	5	4	3	2	1						0	4.06

AUDIT REPORT	Totally Agree					Totally Disagree					Don't Know	Rating from clients
	←											
E. The most recent Management Report <i>(The report containing the audit findings, implications and recommendations together with management comments):</i>	PLEASE CIRCLE THE NUMBER OF YOUR CHOICE										4.07	
E.1. Was useful.	5	4	3	2	1						0	4.31
E.2. Was of high quality.	5	4	3	2	1						0	4.16
E.3. Was objective.	5	4	3	2	1						0	4.13
E.4. Contained only material issues.	5	4	3	2	1						0	3.63
E.5. Fairly reflected my/our comments.	5	4	3	2	1						0	4.03
E.6. Was concise (not bulky) and easy to read and understand.	5	4	3	2	1						0	4.16
AUDIT RECOMMENDATIONS												
F. The audit recommendations reported were:											4.10	
F.1. Specific.	5	4	3	2	1						0	4.09
F.2. Relevant.	5	4	3	2	1						0	4.16
F.3. Practicable to implement.	5	4	3	2	1						0	4.13
F.4. Cost effective.	5	4	3	2	1						0	4.13
F.5. Timely.	5	4	3	2	1						0	4.00
FURTHER IMPROVEMENTS												
G. The OAG can improve its services to my organisation in the following ways:												



9.4 Annexure IV – Clients that completed the CSQ

Number	Clients
1	Ministry of Labour and Industrial Relations
2	Ministry of Provincial Development
3	Director of Public Prosecutions office
4	Ministry of Justice
5	Attorney General's Chambers
6	Fiji Prisons Service
7	Ministry of Foreign Affairs and External Trade
8	Ministry of Agriculture
9	Fiji Human Rights Commission
10	National Food and Nutrition Center
11	Cooperatives Department
12	Ministry of Public Enterprise
13	Fiji Audio Visual Commission
14	Legislature Department
15	Elections office
16	Government Printing & Stationery Department
17	Judicial Department
18	Ministry of Fijian Affairs Culture and Heritage
19	Office of the Ombudsman
20	Fiji Museum
21	Republic of Fiji Military Forces
22	Bureau of Statistics
23	Ministry of Finance
24	Government Shipping Department
25	Ministry of Transport and Civil Aviation
26	Department of Energy
27	Department of National Roads
28	Department of Water and Sewerage
29	Ministry of Information, Communication & Media Relations
30	Fiji Island Revenue & Customs Authority
31	Ministry of Multi Ethnic Affairs
32	Government Supplies Department

9.5 Annexure V – OAG Audited Financial Statements – 2005

**Office of the Auditor General
Financial Statements
For the year ended 31 December 2005**

Contents

Auditor General's Statement

Independent Audit Report

Schedule 1: Statement of Financial Operation

Schedule 2: Notes to and forming part of the accounts

OFFICE OF THE AUDITOR GENERAL**STATEMENT BY THE AUDITOR GENERAL**

I hereby state that in my opinion the accompanying statements reflect a true and fair view of the financial transactions of the Office of the Auditor General for the year then ended.

I further state that the special purpose statement of financial operation have been prepared and compiled with the requirements of the Audit Act and the Financial Management Act of 2004.

I am not aware of any circumstances which would render any particulars included in the special purpose statement of financial operation to be misleading or inaccurate.

Dated this 21st of Nov. 2006.



.....
Eroni Vatuloka
Auditor General



G. LAL + CO.

CHARTERED ACCOUNTANTS

Level 10, FNPF Place
343-359 Victoria Parade
GPO Box 855, Suva, Fiji
Telephone: (679) 331 4300
Facsimile: (679) 330 1841
E-mail: info@glal.com.fj
Offices in Suva and Lautoka

INDEPENDENT AUDIT REPORT**To the Minister for Finance and Members of Parliament****Scope**

We have audited the special purpose statement of financial operation and notes thereon of the Office of the Auditor General for the year ended 31 December 2005 as set out on pages 4 to 8. The Auditor General is responsible for the financial report. We have conducted an independent audit of the statement of financial operation in order to express an opinion on it to the Minister for Finance and Members of Parliament.


Our audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the statement of financial operation are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the statement of financial operation and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the statement of financial operation is presented fairly in accordance with Government accounting policies stated in Note 2, the Audit Act and the Financial Management Act so as to present a view which is consistent with our understanding of the financial operation of the Office of the Auditor General for the year then ended.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the statement of financial operation presents fairly in accordance with the accounting policies stated in Note 2, the relevant statutes and directions, the financial operation of the Office of the Auditor General for the year ended 31 December 2005.

SUVA, FIJI
21 NOVEMBER 2006


CHARTERED ACCOUNTANTS.

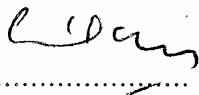
**OFFICE OF THE AUDITOR GENERAL
STATEMENT OF FINANCIAL OPERATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

SCHEDULE 1

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
Revenue Allocation for Activities			
Contribution from Government	2(b)	\$ 3,281,916	3,111,700
Audit fees	3	550,786	390,558
Total Revenue		<u>3,832,702</u>	<u>3,502,258</u>
Expenditure for Activities			
Salaries, wages and other benefits	4	1,976,438	1,872,912
Travel and accommodation	5	78,006	89,717
Maintenance	6	21,218	21,537
Contract audit fees	7	165,807	136,829
Other operation expenses	8	115,051	107,935
Purchase of assets		89,670	16,809
VAT		328,944	283,394
Total Expenditure		<u>2,775,134</u>	<u>2,529,133</u>
Surplus Revenue over Expenditure		<u>\$ 1,057,568</u>	<u>973,125</u>

The accompanying notes form an integral part of this statement.

This statement of financial operation has been approved by me:



Eroni Vatuloka
Auditor General



**OFFICE OF THE AUDITOR GENERAL
NOTES TO THE STATEMENT OF FINANCIAL OPERATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

SCHEDULE 2

NOTE 1. REPORTING ENTITY

The Office of the Auditor General is the Constitutional office whose function is to inspect and audit, and report to the Parliament on:

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

NOTE 2. STATEMENT OF ACCOUNTING POLICIES

a) Basis of Accounting

In accordance with Government accounting policies, the statement of financial operation of the Office are prepared on cash basis of accounting. All payments related to purchases of fixed assets have been expensed.

b) Contribution from Government

This relates to amount allocated to the Office of the Auditor General each year as appropriated in the budget.

c) Revenue Recognition

Fees are charged for financial audit. Fees in respect of audit work performed during the year, which are invoiced, are recognized as revenue when funds are received at the Office. There are audits done by the Office of which no fees are charged because of the Constitutional function of the Office of the Auditor General.

d) Accounting for Value Added Tax (VAT)

All income is inclusive of VAT while all expenses are VAT exclusive. The Office on a monthly basis takes out VAT output on total money received for expenditure from Ministry of Finance. VAT input on the other hand is claimed on payments made to the suppliers for expenses incurred.

The VAT payment as per the statement of financial operation relates to the VAT on actual amount received from Ministry of Finance for expenditure outlay. Actual amount paid to FIRCA during the year represent the difference between VAT Output and VAT Input.

**OFFICE OF THE AUDITOR GENERAL
NOTES TO THE STATEMENT OF FINANCIAL OPERATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 3. AUDIT FEES	2005	2004
Lautoka City Council	\$ 18,400	13,300
National Food & Nutrition Committee	1,500	3,800
Fiji Institute of Technology	24,800	-
Levuka Town Council	2,543	4,000
Lau Provincial Council	-	1,000
National Fire Authority	-	17,983
Fiji National Council for Disabled	-	1,400
Fiji Arts Council	1,640	-
Fiji Sports Council	23,500	2,500
Lami Town Council	2,000	2,000
Suva City Council	38,800	-
Tavua Town Council	3,950	3,900
Nasinu Town Council	9,000	-
Nausori Town Council	-	6,800
Labasa Drainage Board	2,600	2,200
Ba Town Council	10,400	-
Fiji Trade Investment Board	-	8,590
Sugar Industry Tribunal	5,900	6,700
Fiji Meat Industry	20,900	-
Fiji Visitors Bureau	5,700	6,700
Secretary NASAAC	500	-
Sigatoka Town Council	11,000	8,300
Nadi Town Council	14,500	8,300
Coconut Industry	15,400	-
National Road Safety Council	15,850	-
Fiji Audio Visual Commission	-	17,435
Fijian Affairs Board	156,913	-
Fiji Cooperative Union Limited	13,800	-
Fiji Agro- Marketing	4,100	-
Fiji Museum	3,200	-
Prices and Incomes Board	12,200	-
Civial Aviation Authority of Fiji Islands	14,400	8,700
Tavua Rural Local Authority	-	330
Training & Productivity Authority of Fiji	-	24,720
Central Division Drainage Board	-	6,600
Korovou Rural Local Authority	15,420	-
Fiji Islands Revenue & Customs Authority	72,800	221,150
Consumer Council	10,070	4,200
Savusavu Town Council	9,000	1,000
Ministry of Local Government	-	3,450
Fiji Servicemen's Aftercare Fund	10,000	5,160
Ra Rural Local Authority	-	340
	\$ 550,786	390,558

**OFFICE OF THE AUDITOR GENERAL
NOTES TO THE STATEMENT OF FINANCIAL OPERATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 4. SALARIES, WAGES AND OTHER BENEFITS

Established staff

	2005	2004
Salaries	\$ 1,808,863	1,708,112
FNPF	145,240	130,067
Allowance	2,612	7,417
	<u>1,956,715</u>	<u>1,845,596</u>

Un-established staff

Wages	18,407	26,009
FNPF	1,316	1,307
	<u>19,723</u>	<u>27,316</u>
	<u>1,976,438</u>	<u>1,872,912</u>

NOTE 5. TRAVELLING AND ACCOMODATION

Travel	26,182	26,623
Subsistence	23,536	29,475
Telephone & Fax	28,288	33,619
	<u>78,006</u>	<u>89,717</u>

NOTE 6. MAINTENANCE

Maintenance of office equipment	2,399	3,743
Maintenance of computers	6,187	2,018
Motor vehicle expenses	12,632	15,776
	<u>21,218</u>	<u>21,537</u>

NOTE 7. CONTRACT AUDIT FEES

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

City and Town Councils	49,757	54,576
Statutory Authorities	116,050	82,253
	<u>\$ 165,807</u>	<u>136,829</u>

**OFFICE OF THE AUDITOR GENERAL
NOTES TO THE STATEMENT OF FINANCIAL OPERATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 8. OTHER OPERATION EXPENSES	2005	2004
Books, pamphlets & publication	\$ 2,052	1,889
Electricity & power supply	15,412	10,046
Incidentals	36,401	16,504
International subscription (INTOSAI)	2,453	7,279
Postage	381	371
Stationery & printing	26,516	26,745
Training	31,836	42,419
Translation of reports	-	2,682
	<u>115,051</u>	<u>107,935</u>
NOTE 9. SURPLUS	\$ 1,057,568	973,125

In accordance with Financial Management Act, any surplus achieved by any Government Department or statutory authority, which obtains its funds from the Ministry of Finance, must be transferred back to the Treasury. They are not allowed to carry forward the surplus into the next financial year.

NOTE 10. TRUST FUND ACCOUNT

At balance date, there were funds amounting to \$27,562 and \$21,347 relating to FNPF contribution and VAT payables respectively for the month of December 2005. These amounts were paid to the proper Authorities in January 2006.

NOTE 11. DRAWINGS ACCOUNT

At balance date, there were funds amounting to \$18,503 under Drawings Account. These monies relate to cheques written by the Office that have yet to be presented to the bank.

NOTE 12. PROVISION FOR ANNUAL LEAVE

At balance date, there were leave owing to staff amounting to approximately \$44,487. These have not been reflected in the accounts in accordance with the accounting policies adopted by the Office of the Auditor General.