



Government of Samoa

**REPORT OF THE
CONTROLLER AND CHIEF AUDITOR
TO THE LEGISLATIVE ASSEMBLY**

**Report on the Operations of the
Audit Office**

July 2009 - June 2010

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AUDIT OFFICE

30th April 2012

Afioga La'aulialemalietoa Leuatea Polataivao Fosi
Honourable Speaker of the House
Legislative Assembly
Independent State of Samoa

Dear Mr Speaker,

Report to Parliament – Report on the Operations of the Audit Office - July 2009 to June 2010

In compliance with Article 99 of the Constitution of the Independent State of Samoa 1960 and Section 10 of the Audit Office Ordinance Act 1961, I respectfully submit to you, for transmission to the Legislative Assembly of Samoa, my Report on the Operations of the Samoa Audit Office for the period 1 July 2009 to 30 June 2010 for tabling in the next Parliament session.

Yours Sincerely,


Fuimaono Papali'i C. G. Afele
CONTROLLER AND CHIEF AUDITOR

Foreword

This report is on the operations of the Audit Office and the results of audits and other assignments completed by the Office between July 2009 and June 2010. Irregularities that occurred between July 2009 and June 2010 that were identified by or notified to the Office are also summarised in the report.

The period July 2009 – June 2010 continued the Institutional Strengthening Project (ISP) of the Audit Office which started in October 2008. By the end of June 2010, the majority or bulk of the planned deliverables for the ISP had already been completed. These deliverables included manuals, methodologies, technologies and other tools in existing audit products such as financial audits as well as new audit products such as performance, environmental and information technology audits.

What remained as at 30th June 2010 were reforms to human resource management and the legislative framework for the operation of the Audit Office. These reforms included a restructure of the organisation to accommodate the new audit products or capabilities built in the ISP as well as a review of all the legislations impacting on the work and functions of the Audit Office.

Our next Annual Report to Parliament will be for the period July 2010 to June 2011 and will be submitted to the Speaker of the Legislative Assembly in June 2012.


Fuimaono Papali'i C. G. Afele
CONTROLLER AND CHIEF AUDITOR

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1. Role and activities of the Office

The Controller and Chief Auditor is the Audit Office in terms of Clause 2 of the Audit Regulations 1976.

The mission of the Audit Office is to assure good governance and accountability through independent and professional audit services to Ministries and Public Bodies in Samoa and through reporting the findings arising from the audits it undertakes to the Legislative Assembly.

Traditionally, the focus of the Audit Office has been with annual financial audits of the Annual Public Accounts, Ministries and Public Bodies. The Office also has the power to undertake performance audits and other investigations under the Public Bodies (Performance and Accountability) Act 2001 and is now starting to expand its work to these new audit areas.

The role and activities of the Audit Office are currently stipulated in the Constitution 1960, Audit Office Ordinance 1961, Audit Regulations 1976, Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001 and the various enabling legislations establishing Statutory Authorities, Corporations, Public Bodies and Government Ministries and Departments.

2. Management and planning

2.1 Organisation Structure

2.1.1 Current Office Structure

The Organisation Structure of the Audit Office at the beginning as well as the end of the reporting period remained the same compared to the structure reported in the Report to Parliament for the financial year ended 30 June 2009.

As pointed out already this structure would change in the financial year July 2010 to June 2011 as a result of reforms introduced by the Institutional Strengthening Project.

2.1.2 Management of the Office

The Management Group consisting of the Controller and Chief Auditor, Deputy Controller and Chief Auditor, Assistant Controller and Chief Auditors, Audit Managers, Principal Auditors and Senior Auditors continued to hold overall responsibility for the management of the Office. The group continued to meet regularly, normally weekly to fortnightly, to manage all corporate and audit activities of the Office.

2.2 Corporate plan

The Audit Office continued to pursue the corporate goals and implement actions as envisioned in the Corporate Plan covering the period July 2009 to June 2012. The goals and actions were pursued under the following key result areas of the Office's operations.

Key result areas addressed in the Corporate Plan



2.3 Annual plan

The Annual Plan for 2009/2010 set out the specific work and strategies to be completed for each of the key result areas in the corporate plan.

Major strategies in the 2009/2010 annual plan included:

- Upgrading of Office policies and procedures;
- Implementation of new information technology hardware and systems;
- Introduction of new methodology for conducting financial audits;
- Development of capabilities for conducting performance, environmental and information technology audits;
- Upgrading the professional development framework for staff.

At the end of the reporting period all these major strategies have been accomplished.

3. Staff and other resources

Effective management of our staff is a key aim to ensure that the Office maintains and develops a skilled and motivated workforce necessary to complete planned outputs and meet Office targets.

3.1 Staff numbers

The Office as at 30 June 2010 remained the same as the number at 30 June 2009.

3.2 Staff management and development

Professional development activities undertaken by staff in 2009/2010 included:

<i>Activity</i>	<i>Date/Period</i>	<i>Participants</i>
Training		
Criminal Justice Response to Corruption – JICA and UNAFEI – Japan	July 2009	Fuimaono Camillo Afele
CPA International Program – Australia	August 2009	Terence Su'a
Audit of Public Sector Enterprises – ICISA India	September 2009	Heti Meleisea
Performance Audit – ICISA India	October 2009	Vaipou Levi-Nofoaiga
Information Technology Auditing – ICISA India	March 2010	Ruta Matatumua
Environmental Audit Conference - ACAG Australia	April 2010	Tamaseu Leni Warren and Dennis Chan Tung
Study Attachment – United States Government Accountability Office	April - July 2010	Fuimaono Camillo Afele
Cooperative Performance Audit - Fiji	May 2010	Sina Palamo-Iosefo and Dennis Chan Tung
Performance Audit Skills for New Analysts – Australia	June 2010	Violet Roebeck-Fasavalu and David Pereira
Internal Audit and Procurement Reforms - Tonga	June 2010	Lillian Waterhouse-Hytongue and Terence Su'a
PASAI Training	June 2010	Sina Palamo-Iosefo and Violet Roebeck-Fasavalu

4. Annual financial statements

The following summarises the receipts and payments of the Office for the year ended 30 June 2010.

Audit Office
Statement of Receipts and Payments for the year ended 30 June 2010

Item	Budget 2009/2010 \$	Actual 2009/2010 \$	Actual 2008/2009 \$
Output 1 – Audit reports & Services to Parliament and certification of warrants for payment out of Public Funds			
Personnel expenses	221,370	221,111	221,143
Operating expenses	71,612	71,085	74,585
Capital expenses	3,000	0	0
Overhead	93,131	86,957	0
Sub-total for Output 1	\$389,113	\$379,153	\$295,728
Output 2 – Quarterly Statements of Receipts & Payments of the Treasury Fund, Annual Public Accounts & Daily Treasury Cheque Listings			
Personnel expenses	266,766	266,638	274,150
Operating expenses	19,137	18,520	10,193
Capital expenses	1,000	0	0
Overhead	93,131	86,957	0
Sub-total for Output 2	\$380,034	\$372,115	\$284,343
Output 3– Audit of Government Ministries & Departments			
Personnel expenses	333,436	332,594	270,404
Operating expenses	112,579	112,417	148,120
Capital expenses	0	0	0
Overhead	93,131	86,957	0
Sub-total	\$539,146	\$531,969	\$418,524
Less audit fees recovered	83,600	94,550	67,741
Sub-total for Output 3	\$455,546	\$437,419	\$350,783
Output 4 – Audit of Statutory Public Bodies			
Personnel expenses	632,550	630,632	679,474
Operating expenses	40,797	28,647	36,790
Capital expenses	88,000	74,597	0
Overhead	93,131	86,957	0
Sub-total	\$854,478	\$820,833	\$716,264
Less audit fees recovered	248,047	164,872	295,023
Sub-total for Output 4	\$606,431	\$655,961	\$421,241
Central Services Unit (Corporate Overheads)			
Personnel expenses	228,384	218,991	189,773
Operating expenses	119,140	118,743	116,283
Capital expenses	25,000	10,093	0
Sub-total for Central Services Unit	\$372,524	\$347,828	\$306,056
Sub-total for Outputs delivered by the Office	\$2,535,295	\$2,451,898	2,020,915
Transactions on behalf of the State			
International Congress of Supreme Audit Institutions	5,000	1,958	4,976
Pacific Association of Supreme Audit Institutions	600	0	143
International Organisation of Supreme Audit Institutions	1,584	1,475	0
Association of Pacific Islands Public Auditors	1,200	998	0
Rent and Leases	212,848	213,540	195,045
VAGST output tax	77,507	18,014	290,395
Sub-total for Transactions on behalf of the State	\$235,986	\$235,985	\$490,559
Office Total	\$2,771,281	\$2,687,883	\$2,511,474

Notes to the Statement

1. All amounts shown in the statement are rounded to the nearest SAT\$1.
2. The statement has been prepared on a cash basis. Debtors and creditors and other assets and liabilities of the Office at 30 June 2010 are not included.
3. The budget represents amounts appropriated to the Office.
4. Personnel payments include salaries, employer contributions to pension funds, allowances and other associated costs of employment.
5. Operating expenses include repairs and maintenance, purchases of Office equipment and supplies, printing and travel costs and allowances.
6. Audit fees recovered are amounts charged to Statutory Public Bodies and to the Ministry of Finance (for project audits) to recover the costs of the audit. Audit fees are not charged for Ministry audits.

Explanation for major variances

Reasons for major variances between actual receipts and payments and the corresponding budget and/or actual amounts for the previous year are provided below.

Variances to budget

1. Audit fees recovered of \$259,422 was less than the budget by \$72,225 or 22% due to delays in postings by the Ministry of Finance.
2. The Office managed to keep expenses below budget.

Variances to 2008/2009 actual

1. Reported figure for audit fees showed a decrease due to delays in posting. Actual fees collected increased during the period.
2. Compared to the previous year total expenses increased due to the full population of staff capacity as per existing organizational structure.

5. Office performance targets and results

The Annual budget papers include a number of performance measures for the output groups of the Office. These measures and actual performance for 2009/2010 are detailed below:

Output 1: AUDIT REPORTS AND SERVICES TO PARLIAMENT AND CERTIFICATION OF WARRANTS FOR PAYMENT OUT OF PUBLIC FUNDS

Performance Measures:

Activity:	Quantity:	Achievement:
Prepare Audit Office Annual Report and submit to Parliament	One report for the period July 2008 – June 2009	Audit Office tabled one report during the period July 2009 – June 2010 for work conducted for the period July 2008 to June 2009 as planned.
Attend Parliament Meetings and Parliamentary Committee Meetings when Budget Estimates, Bills and annual reports are tabled	All Parliament Meetings. All Public Accounts Committee Meetings and other Parliamentary Committee Meetings when required	Audit Office attended 100% of the meetings and sessions during the period of the report.
Certifies warrants for payments out of Public Funds	One Warrant for payment out of Public Funds for Approved Estimates 2009/2010 and other warrants when required	The Audit Office exceeded the performance target by certifying more than one Warrant during the period of the report.

Output 2: AUDIT OF QUATERLY STATEMENT OF RECEIPTS AND PAYMENTS OF THE TREASURY FUND, ANNUAL PUBLIC ACCOUNTS AND DAILY TREASURY CHEQUE LISTINGS

Performance Measures:

Activity:	Quantity:	Achievement:
Audit of quarterly statements of Receipts and Payments of the Treasury Fund.	Three (3) quarterly statements of receipts & payments of the Treasury Fund to be audited	The Office completed the audit of two (2) Quarterly Statements during the period of the report. The audit for the 3 rd quarter was completed in July 2010.
Audit of annual Public Accounts.	Annual Public Accounts for 2007/2008 and 2008/2009 to be audited subject to submission of drafts by the Ministry of Finance.	The Office issued audit opinion for the Public Accounts for the year ended 30 June 2007 and 30 June 2008 during the year under review. The Office was not able to clear the 2008/2009 Public Accounts due to significant differences in the Ministry of Finance records. It is anticipated that the opinion will be issued for the 2008/2009 Public Accounts in May 2012.
Pre-audit of Treasury daily cheque listings	Average of One hundred (100) cheques pre-audited daily	The performance quota or target of 100 cheques pre-audited and passed daily was exceeded about 95% of the time during the period of the report.

Output 3: AUDIT OF GOVERNMENT MINISTRIES

Performance Measures:

Activity:	Quantity:	Achievement:
Audit of Government Ministries & Departments	Targeted the audit of twenty (20) Government Ministries and Constitutional Offices for year ended 30 June 2009.	Refer to the section of the report on the audit of Ministries.
Audit of Donor and Loan Funded Projects of all Ministries and Departments and Executive Government	There were fourteen (14) existing project audits conducted on an annual basis but the Office needs full staff capacity to conduct all these audits. Anticipated to complete twelve (12) audits within 2009/2010 irrespective of existing capacity but subject to timely submission of project accounts for auditing	Refer to the section of the report on the audit of projects.
Audit of overseas missions offices in American Samoa, Fiji, Auckland and Wellington New Zealand, Canberra Australia, Brussels in Belgium and New York, USA under the Ministry of Foreign Affairs and Trade	Anticipated to complete six (6) mission audits within 2009/2010	Refer to the section of the report on the audit of Overseas Missions.
Comprehensive surprise, spot or interim checks focusing on prevention and deterrence of irregularities in and losses of public resources	There were twenty (20) Government Ministries, more than ten (10) Projects and six (6) Missions. Subject to existing capacity or staff numbers, Audit Office will try to do at least one comprehensive surprise/spot check on each individual Ministry, Project and Mission	Performance target was not achieved due to focus and concentration on the annual audits of Ministries, Projects, Public Accounts and Public Bodies.

Output 4: AUDIT OF PUBLIC BODIES

Performance Measures:

Activity:	Quantity:	Achievement:
Audit of Public Bodies (beneficiary & trading) – Non-Delegated	<p>There were twenty (20) Public Bodies and Entities directly audited by the Audit Office under this output.</p> <p>The audits depended on submission of financial statements from auditees and office staff capacity.</p> <p>Twenty (20) audits were targeted to be completed within 2009/2010 regardless of existing capacity</p>	Refer to the section of the report on the audit of Public Bodies.
Audit of Public Bodies (beneficiary & trading) – Delegated	<p>There were sixteen (16) Public Bodies audits delegated to Public Accounting Firms. The audits depend on submission of financial statements from auditees. Audit Office performs quality review of these audits.</p> <p>Anticipated all sixteen (16) delegated audits to be completed in 2009/2010</p>	Refer to the section of the report on the audit of Public Bodies.
Comprehensive surprise, spot or interim checks focusing on prevention and deterrence of irregularities and losses of public resources	<p>There were thirty six (36) Public Bodies.</p> <p>Subject to existing capacity or staff numbers, Audit Office will try to do at least one comprehensive surprise, spot or interim check on each individual Public Body.</p>	Performance target was not achieved due to focus and concentration on the annual audits of Ministries, Projects, Public Accounts and Public Bodies.

6. Audits and other assignments

The following table summarises the number of audits and other assignments undertaken in 2009/2010.

Audits completed in 2009/2010

<i>Audit type</i>	<i>Number of audits completed</i>
Annual Public Accounts	2
Quarterly Statements of Receipts and Payments	2
Ministries	16
Public Bodies	26
Government missions	4
Donor and loan funded projects	9

7. Annual Public Accounts

The Public Finance Management Act 2001 requires that the Ministry of Finance table an annual report on the financial operations of the Government of Samoa. This report consolidates the financial operations of all Ministries.

Under the Act, the Ministry of Finance is required to submit a draft set of statements to the Controller and Chief Auditor within four (4) months of the end of the preceding annual year. The Controller and Chief Auditor is then required to provide an audit opinion on these statements within six (6) months of the end of the preceding financial year.

During the year, audits were completed and opinions issued on the Annual Accounts for the financial years ended 30 June 2007 and 30 June 2008.

The audit opinions issued were unqualified with emphasis of matters on the failure of the Ministry of Finance to prepare certain Statements required by the Public Finance Management Act 2001.

It is important that Annual Public Accounts be prepared and audited on a timely basis so that adequate accountability is provided for the financial operations of the Government and its Ministries.

The following table summarises the timing of preparation and audit of the Annual Public Accounts.

<i>Financial Year</i>	<i>Date draft submitted for audit</i>		<i>Date of audit opinion</i>	
	<i>Legislative requirement</i>	<i>Actual</i>	<i>Legislative requirement</i>	<i>Actual</i>
2005/2006	1 st November 2006	10 th October 2007	1 st January 2007	25 th September 2008
2006/2007	1 st November 2007	11 th September 2008	1 st January 2008	16 th November 2009
2007/2008	1 st November 2008	24 th September 2009	1 st January 2009	24 th June 2010
2008/2009	1 st November 2009	19 th December 2009	1 st January 2010	Audit in progress
2009/2010	1 st November 2010	29 th October 2010	1 st January 2011	Audit in progress
2010/2011	1 st November 2011	26 th October 2011	1 st January 2012	Audit in progress

Delay in finalising the Annual Public Accounts has been an ongoing issue for many years. It is expected that the Public Accounts will meet the statutory time frame required by the Public Finance Management Act 2001 for the first time since the passage of the Public Finance Management Act 2001 with the 2011/2012 Public Accounts.

The following summarises the audit findings included in the management letters on the audit of the Public Accounts for years ended 30 June 2007 and 30 June 2008.

Public Accounts

Financial statements audited: 30 June 2007

Type of audit opinion issued: Unqualified/Emphasis of Matter

Summary of audit findings:

1. An operating surplus much higher than the budget was realized for the year.
2. Term debt continued its descend since 2004 while income to debt service improved further
3. Total receipts increased from the previous year but was below budget
4. Total expenditures also increased from the previous year however still below the amount appropriated
5. Some expenditures were over the amount appropriated and the Ministry of Finance was reminded of responsibilities and obligations under section 13 of the Public Finance Management Act 2001 in relation to expenditure over amounts appropriated by Parliament
6. The Ministry of Finance was again reminded of the failure to prepare regular reconciliation for all the bank accounts of the Treasury Fund. Reconciliation of bank accounts is the ultimate or chief internal control over the management of cash balances and cash flows. Continuous failure to address this requirement will be disastrous to the security and protection of public finances.
7. Concerns were again raised with overdrawn and inactive project funds and accounts.
8. The Ministry of Finance was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The Ministry of Finance has noted the issues above from numbers 1 to 5;
 - With regards to issue number 6, this has been addressed in the financial year 2009, 2010 and 2011. With the assistance provided, all the bank accounts are now updated, and major operational accounts are daily reconciled;
 - With regards to issue number 7, this was addressed in the Financial Year 2009 and 2010.

Public Accounts

Financial statements audited: 30 June 2008

Type of audit opinion issued: Unqualified/Emphasis of Matter

Summary of audit findings:

1. While budgeting for a surplus, the Public Accounts concluded with an operating deficit for the year.
2. Term debt went up to the five hundred million Samoan Tala mark during the year while income to debt service remained at the same level.
3. Total receipts increased from the previous year but was again below budget.
4. Total expenditures also increased from the previous year however still below the amount appropriated.
5. Some expenditures were over the amount appropriated and the Ministry of Finance was reminded of responsibilities and obligations under section 13 of the Public Finance Management Act 2001 in relation to expenditure over amounts appropriated by Parliament.
6. The Ministry of Finance was again reminded of the failure to prepare regular reconciliation for all the bank accounts of the Treasury Fund. Differences in records were beginning to cause great concerns over the existence and effectiveness of internal controls as well as their reliability as the basis for financial reports and statements.
7. Concerns were again raised with overdrawn and inactive project funds and accounts.
8. The Ministry of Finance was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - Actual collection was not achieved;
 - The China loan has been realized in the Government Accounts although the building is not reflected;
 - Duties and Taxes were below the budgeted amount;
 - There was strong monitoring of expenditures;
 - Overspending practices were noted;
 - With regard to issue number 6, this has been addressed in the Financial Year 2009, 2010 and 2011. With the assistance provided all bank accounts are now updated, and major operational accounts are daily reconciled;
 - With regard to issue number 7, this was addressed in the Financial Year 2009 and 2010.

8. Ministries

Ministries are not required to submit annual financial statements for audit. Instead, the financial operations of Ministries are consolidated within the Annual Public Accounts of Samoa prepared by the Ministry of Finance.

Accordingly, the Office does not issue separate audit opinions on the financial operations of Ministries.

Instead, the Office conducts annual audits of the transactions and systems of Ministries to ensure:

- Transactions are accurate and valid;
- Adequate systems of internal control are operating;
- Compliance with relevant legislation and regulations for financial transactions.

In 2009/2010, sixteen (16) audits were completed.

8.1 Audit Findings and Recommendations in Individual Ministries

Following the completion of each audit, the Office issues a management letter to the Ministry outlining the findings of the audit together with recommendations for improvement.

The following summarises the audit findings included in these management letters for each of the Ministries audited in 2009/2010. A summary of management responses by the Ministry has also been included where these were provided to the Office.

As can be seen in the summary of findings provided on Ministries, many of the issues raised by audit related to deficiencies in internal control particularly in the areas of receipting, payroll, personnel and fixed assets.

The extent of control deficiencies identified indicates the need for many Ministries to place greater emphasis on improving the key systems and processes they use to manage and administer their operations.

Office of the Legislative Assembly

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. There were no reconciliations between records for revenues of the Office of the Clerk of the Legislative Assembly and the Ministry of Finance. Reconciliations are required to identify and correct discrepancies and ensure correct accounting at year end in the Public Accounts.
2. There were no leave cards kept for casual employees. Leave cards kept for Officers were incomplete, in that some leave taken as per the Attendance book were not entered in the Leave cards.
3. Overspending was noted for telephone.
4. The Office was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists

the comments, clarifications and updates received in the order in which they were raised in the report:

- We find it difficult to perform reconciliations as we are short staffed. We have been requesting the Ministry of Finance for an extra staff member up till the current budget, and they have deferred this until the next budget;
- All leave cards are now in order;
- Overspending on telephone as reported occur every financial year. Our proposed bid amounts for these Activities were always based on Actuals every financial year, but the approved amounts are always less.

Ministry of Agriculture and Fisheries

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. The Ministry did not achieve its Estimated Receipts
2. Delays were noted in master receipting collections from Border Control. Some collections were noted not to have been master receipted at all.
3. There were still outstanding debts being carried forward from previous years without any positive action being taken for their effective collection. The Ministry had responded that a concerted effort would be made towards recovering of debts outstanding.
4. Overpayments were noted in overtime where one employee was overpaid by \$2,527.
5. Some grants received did not come through the Ministry of Finance as they should be. There were no supporting documentations for grants especially the Fruit Fly Project to verify actual amounts received and to monitor funds used. Complete analysis of the amounts of grants and assistance channeled through the Ministry could not be ascertained and verified due to lack of information and records available.
6. Anomalies were noted with the follow up of irregularities. A damaged vehicle with repairs costing \$5,280 was paid by the Ministry. The driver responsible for the accident resigned and left for New Zealand without any recovery action taken. Another vehicle accident resulted in a \$345 repair cost, the driver who was at fault paid only \$60 towards the damage through a \$20 deduction but was terminated due to poor work performance.
7. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Ministry of Communications and Information Technology

Period covered by audit: 1 July 2008 to 30 June 2009

Summary of audit findings:

1. Double counting and posting of receipts were noted due to lack of coordination and reconciliation between the Ministry and the Ministry of Finance.
2. It was noted that a private broadcasting company was housing its assets within the Ministry's shelters and building at no cost. The Ministry at the time of the audit was considering having a proper and formal leasing arrangement.
3. The Ministry did not have adequate records to monitor the Information, Communications and Technology (ICT) Project but relied solely on the Ministry of Finance.
4. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Ministry of Foreign Affairs and Trade

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. Overspending of more than \$100,000 was noted for some outputs.
2. A significant amount of revenues was collected by the Ministry through apostille fees. The Ministry however did not have a receipt book to receive these revenues but instead turned the collection over to the Ministry of Finance for receipting.
3. One other source of revenues for the Ministry is from the usage of the Domain name of .ws. From the review of this area, audit noted that the Ministry did not consult with Computer Services Limited (CSL) as to the domain name fees for the 4 months September 2007 to December 2007 not yet received. The same applied to fees for October 2006 to December 2006 and March 2007 of the financial year ended 30 June 2007.
4. Audit noted that a review of the contract between the Government through this Ministry and Computer Services Limited (CSL) was long overdue. Audit recommended to the Ministry to have this review done soonest.
5. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Ministry of Police and Prisons

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. In relation to internal and accounting controls the following were noted:
 - There were no reconciliations of payments or expenditures;
 - Some employees personal files were not updated;

- Some of the assets sampled and registered under the various divisions were found to be missing from their respective locations. There were items purchased but have not been recorded within the Ministry's Asset Register;
 - There were assets noted within the Fixed Asset Register as written off, but could not be matched to the write-off forms filed and kept by the Ministry;
 - Expenses pertaining to the Ministry's utilities such as telephone, electricity and water Rates had been overspent during the financial period under audit;
 - An excessive usage of mobile phones was realized with many calls registered of more than ten (10) minutes and other calls lasted more than an hour;
 - The Ministry did not have a proper register in place for monitoring of overseas calls.
2. Other general matters included the following:
- The Ministry did not keep a Register of Dealers for Arms and Ammunitions for effective control and proper monitoring of arms;
 - There was no Register of what arms and how many of such arms by type had been approved and issued to the public and likewise there was no register of what arms had been confiscated and destroyed;
 - There was insufficient food storage for frozen food supplies for the Tafaigata prison, and as a result orders for frozen foods were made and supplied but the balances of supplies that could not be accommodated were stored at the Wholesaler's freezers and supplied to Tafaigata as and when required;
 - The record keeping of food supplies for the Tafaigata prison appeared poor and needed prompt upgrading to enable some effective count of food supplies received, food stock issued out and stock left on hand.
3. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
- With the assistance provided by the Finance Technical Advisor through the Samoa & Australian Police Project, a Payment/Expenditure Register was being developed with the focus of having it reconciled on a monthly basis within the financial period under review, however it was not completed at the time of Audit. Furthermore the Ministry of Police and Prisons takes into consideration issues raised by the audit and reconciliation has been updated on a monthly basis;
 - Issues noted by the Audit on personal files and leave returns have been noted by the ministry and corrective actions are taken to ensure improvement;
 - The Ministry noted areas identified by the Audit on assets and wishes to advise that the Asset Register has been updated and quarterly inspection is conducted to ensure assets are placed at their allocated locations;
 - All assets registers are now in place including register of write off and are reconciled on a monthly basis;

- The overspent in the Ministry utilities in the audit period were due to the clearing of outstanding invoices related to previous financial years;
- The Ministry of Police and Prison noted the issue raised by the Audit on the excessive usage of telephone and wishes to advise that controls are in place to monitor phone calls. Investigations were also conducted and salaries of responsible officers were deducted to reimburse charges paid by the Ministry. The Ministry also noted audit's recommendation for a register of overseas calls;
- Audit recommendations for proper records on arms and ammunitions have been implemented in financial year 2009. Registers of Dealers of Arms and Ammunitions and Armories have been updated;
- In the past years, rations for prisoners at Tafaigata were supplied weekly. With the current process, the rations are now supplied on a monthly basis which required increase in the storage capacity for frozen food. Audit recommendation is noted and the management will submit a request for additional freezer through the budget estimate.

Ministry of the Prime Minister and Cabinet

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. The audit discovered that there was neglect and carelessness in accounting for travelling documents as evident in the following:
 - The Register did not record the receipt of new passport supplies when received from the supplier;
 - There was no shipment consignment documentation to verify the new supply of ordinary passports with number sequence from T251001 – T280000 found on hand at the time of the passport count;
 - Passports Numbers T238900 – T238999 which was not entered in the Register were noted to be issued out of the Auckland Consulate Office;
 - Passports Numbers T239000-T239999 registered in the Register as issued to the Immigration Office at Apia were instead issued to Auckland without correcting the register;
 - There were thirty-one (31) spoilt travelling documents missing and not available for Audit verification at the time of this check;
 - The Immigration Office did not keep a Register for passports received from the Chief Executive Officer's office and there was no cross-referencing possible of passports received from the Chief Executive Officer's Office and passports issued by the Immigration Office.
2. The following was noted in relation to accounting and internal controls:
 - There were three (3) Receipt books (3789, 3134 and 4197) each with 200 leaves, missing at the Corporate Services under Immigration Office for the Financial Year 2007/2008. Some of the receipt leaves from the missing Receipt Book 3134 were found master receipted but the rest of the receipts could not be accounted for;

- There were outstanding dishonoured cheques of \$1,450 which the Ministry had not recovered from the customers, yet the total amount of these cheques had not been accounted for in the Ministry's accounts receivables and as revenues earned by the Ministry;
 - Record keeping and accounting for receivables or debtors were not up to expectation. Total debtors for the audited period as submitted by the accounts section was \$136,208 comprising Savai'i debtors of \$117,374 and \$18,834 for Immigration debts. The debtors list as submitted was noted to be incomplete as most of the invoices issued as per the Finance One Revenue ledger were not included;
 - There were no reconciliations for non-payroll payments made by the Ministry of their records against those of the Ministry of Finance;
 - There were cheques totaling \$13,331 paid out to suppliers without any approved supporting documents according to the Finance One print out, and at the same time there was a printout with invoices totaling \$16,374 still unpaid;
 - The Attendance book was not signed by some employees in various divisions as to whether they were working or on leave hence leave cards were not posted and leave entitlements were difficult to establish;
 - There were employees who were marked Leave without Pay on the Attendance Book and leave cards for certain days but these leave without pays had never been actioned;
 - There were assets such as computer sets, computer desks, scanners, 3 UPS, Office chairs and bookshelf that were sighted in existence by Audit, but these were not registered as such in the Assets Register. The Assets Register also needs to have all the details such as date of purchases, cost of assets, serial number of assets, supplier, location and division to which assets had been assigned to;
 - Most petrol order dockets (Ty76) were not properly filled out, in that the quantities of litres and cost amounts in tala were not disclosed, and furthermore, these petrol order dockets were noted to be approved by unauthorized staff members;
 - Audit found out that a vehicle registered MPMC 14 transferred from the Legislative Assembly was not recorded in the Assets Register;
 - The Nissan patrol 4WD with license plate number MPMC 01 that was involved in an accident in November 2006 was sighted by Audit as still garaged at a mechanical workshop. This issue was raised in the last audit report for the Ministry to do something about its repairs from the person responsible for the full cost of repairs. Yet to date no action had been taken by the Ministry;
 - The Ministry has yet to decide on the fate of its old Mercedes Benz Sedan still counted in the Ministry's fixed assets register as a Government asset.
3. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Ministry of Health

Period covered by audit:

1 July 2007 to 30 June 2008

Summary of audit findings:

1. In relation to accounting and internal controls the following were noted:

- The Ministry did not have any subsidiary ledgers (manual or computerized) for its expenditures, revenues, as well as its payroll database but relied heavily on Ministry of Finance (MOF) ledgers for costs and revenues data. Furthermore, it could not prepare any reconciliation to enable a clear understanding of what had been expended by the Ministry on these aspects of cost outlays and revenues information.
- Employees personal files, leave cards, attendance book were not being updated even some had gone missing, as in the case of Public Health Environment and Nursing divisions.
- Leave taken by some employees were not posted in their leave cards.
- The Fixed Assets Register was poorly kept. Some assets were not registered and recorded in the Register and some assets registered could not be located and appeared missing. Fixed assets written off for the year under audit could not be verified in the absence of any write off forms documentation.
- A special Health Building Purpose Account was established to facilitate payments for a new Nurse Residence Building under the 2007/2008 budget with a total cost of \$250,000. The Project was delayed due to preparation of bids and tender documents. Based on our review of this account, \$235,500 was the agreed contract price for total construction cost for this Building. Indeed 72% of the construction cost had been paid to the Contractor, but the work was nowhere near completion and in fact the construction of the building had been discontinued with the bulk of the work incomplete.

2. Natural accounts were excessively spent by the Ministry compared to approved estimates for the 2007/2008 financial year as illustrated hereunder:

Natural Account	Actual \$	Budget \$	Variance		Comment
			\$	%	
Allowances 740100	243,065	130,592	(112,473)	86%	Overspent
Accommodation Meals 740200	77,399	22,325	(55,074)	247%	Overspent
Passport & Travel 740300	10,045	2,000	(8,045)	402%	Overspent
Travel Fares 740400	138,411	77,555	(60,856)	78%	Overspent
Duty Freight 746300	2,204	900	(1,304)	145%	Overspent
Catering 749200	135,742	5,000	(130,742)	2615%	Overspent
Facility Hire 749300	32,045	8,000	(24,045)	301%	Overspent
Dining & Lunch 761100	42,250	6,000	(36,250)	604%	Overspent
Ministerial Donation 767100	7,695	5,000	(2,695)	54%	Overspent

3. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:

- The Ministry agreed with the concerns over subsidiary ledgers and committed to putting in place solutions;
- The Ministry agreed with the concerns over personal files, leave cards and attendance books and committed to putting in place solutions;
- The Ministry offered to correct anomalies relating to posting of leave to leave cards;
- The Ministry noted the issue over fixed assets and declared that it has now been updated and properly maintained;
- The Ministry noted concerns over the nurse residence building and declared that corrective actions have been taken in 2010;
- The Ministry noted the concerns on the overspending and responded that the bulk of the overspending was in travel and catering expenditures. Travel expenditures had to be incurred to use the capacity building opportunities available from overseas and all of these were approved by Cabinet. Catering expenses is a mixture of a high number of visiting teams of consultants as well as settlement of outstanding from previous years.

Ministry of Natural Resources and Environment

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. In relation to accounting and internal controls the following were noted:

- Receipts from the Tafaigata Landfill took days before they reached the main Office for master receipting. Delayed bankings appeared to be quite frequent and it took one (1) to three (3) days before bankings were made;
- There was no register to record purchases for inventory, supplies and other consumables for the following divisions:-
 - Planning and Urban Management Agency (PUMA) division
 - Forestry division
 - Draughting Division
 - Land Management Division.
- There was no control over the use of telephones. Excessive usage was made of mobile phones which took thirty (30) minutes and more for a call;
- There was also a large amount of money paid for internet but there were no records kept and filed for verification as to utilization.

2. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:

- We believe that transportation was the main hindrance for landfill section, given that there was only one vehicle running for daily operation of the landfill, simultaneously with the 48litres limit per week, however, they endeavour to bring their sub receipts three or four times a week. We have noted your recommendations, and there has been a change in terms of receipting at the moment;
- The main register for Inventory/Supplies/Consumables are kept by Finance. However, recommendation is noted and will inform divisions accordingly;
- As of now, all lines have been toll barred, except for one line that is currently used by the Management, and the direct line for the Chief Executive Officer and Minister's Office. This is an internal control established by the management against the issue of excessive and perhaps unnecessary usage of telephone.

Ministry of Justice and Courts Administration

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. In relation to accounting and internal controls the following were noted:
- Receipts for adoption and divorce cases could not be verified as receipt amounts noted could not match the actual filing fees payable for cases dealt with in the files. A special audit investigation was made of this particular aspect of work performance and the matter had been taken over by the Police;
 - Audit noted that the Fixed Assets Register was incomplete in that not all assets were recorded and registered;
 - Some assets were not labeled or marked;
 - Some assets written off were found to be still within the compound of the Ministry;
 - In relation to assets, the Ministry responded at the end of the audit that they would look into devising a procedure on asset management to ensure that all new assets supplied are registered before use to avoid these problems. In addition, the Ministry also noted that frequency of assets registration was one area that needs to be included when devising the procedure;
 - Rating stickers that were counted on hand were not registered within the Ministry's register for stickers received;

- There was a lack of control in the monitoring of stickers by the Ministry as there was no reconciliation prepared by the Accounts section to record the number of stickers issued to the Censor Division and the actual number of stickers issued by the Censor Division to the Public;
- In relation to rating stickers, the Ministry responded at the end of the audit that the accounts section has looked into devising another form for sticker issuance to Censor to ensure that stock requested reconcile with what they issue;
- There were eight (8) petrol order books (Ty76) missing and could not be obtained for audit verification;
- The Ministry for the last six (6) months of the year did not comply with the petrol limitation of \$5,000 petrol consumption by each vehicle as per Cabinet Directive F.K (8) Faapitoa 06. Of the ten (10) Ministry vehicles examined, each vehicle exceeded the limit by \$1,743 for the last six (6) months of the year;
- In relation to petrol and petrol order books the Ministry responded at the end of the audit it would put in place controls for petrol and vehicle usage by retaining all TY 76 within the Accounts and not to allow anymore TY76 to all vehicles. The Ministry also added that given the demand for work required and the intention to increase the amount of courts the Ministry intends to increase the existing appropriation of petrol consumption from \$5,000 per annum per vehicle to \$8,000.

2. In relation to the Warrant Section, the following were noted:

- As raised in previous audit reports, the Ministry had not complied with the provisions of the Criminal Procedures Act 1972 regarding the warranting of fines. There was quite a delay in warranting of fines which took six (6) to eight (8) months in 2007/2008 on top of the twenty eight (28) days given by the Court for fines to be paid;
- There were substantial amounts of Outstanding Warrants in the period under Audit. Old warrants that could not be executed anymore or unlikely to be collectible were to be presented again to Court for permission to be written off if appropriate or to seek an opinion from the Attorney General for clearance of long outstanding warrants;
- At the end of the audit the Ministry acknowledged the outstanding stating that it was working very hard to reduce the long list over the years. The Ministry also added that for the financial year 2009/2010, the section has set performance targets for clearing outstanding warrants and these were:
 - To collect 75% of outstanding warrants;
 - To develop measures to remit warrants that could not be executed anymore; and
 - Outstanding from 2005 to 2009 has been arranged into villages for ease of execution and collection.

3. In relation to Censor functions of the Ministry the following were noted:

- There was a non-compliance by the Video Shops with the provisions of the Film Control Act 1978. There were nine hundred and thirty three (933) deficient films that had not been censored but were displayed on shelves for rental to the public;
- Two rejected films were still loaned out to the public by one of the DVD shops;
- A DVD Shop was renting and loaning out DVDs to the public, however, this shop was not licensed to operate such a business as it did not hold a business license or an operator's license from the Ministry of Justice being the legal film censor;
- At the end of the audit, the Ministry responded that amendments to the Principal Act have been submitted to the Office of the Attorney General providing for new power of seizure. The Ministry added that this is an important regulatory power because it allows officials to: (i) check that videos and DVDs are labeled correctly; (ii) underage people are not being allowed to see restricted films; (iii) unclassified films, videos and DVDs are not being made available to the public and (iv) unlicensed business are not operating. Furthermore, this power the Ministry, stated, enabled immediate action to be taken in respect of non-compliance.

4. The construction of a new office building for the Ministry at Tuasivi received seven (7) bids. The bid that won was \$486,512 inclusive of VAGST and all other applicable taxes, duties and costs. There were variations made which took the total cost to \$529,232.50. This represented a 9% excess over the original bid. The Building was not only in excess of the contract price but the building also displayed poor construction quality and workmanship as some parts of the building were fractured and cracked. The Ministry commented at the end of the audit that the contractor that won was selected by the Tenders Board and that the Ministry had limited representation at the decision making level whereby the Bidder was selected. The Ministry added that repairs were planned for the near future.

5. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no further responses had been received.

Ministry of Revenue

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. It was noted that for the year ended 30 June 2008, some revenue targets for the Customs Services were not achieved compared to the budgeted revenues expected to be collected for the year. For instance, import duties was short by \$19.8 million tala (31% of the budgeted revenues); Valued Added Goods and Services Tax (VAGST) Imports was short by \$13.5 million tala (12% of budgeted revenues); Border Management & Enforcement was short by

\$922,000 (52% of budgeted revenues) and Liquor Control Administration was short by \$213,000 (53% of budgeted revenues).

2. In relation to accounting and internal control issues the following were noted:

- It was noted that some budgeted figures in the Finance One report were different from the approved estimates. For instance, approved estimates for ASYCUDA system maintenance was \$47,767 whereas in the Finance One report the budgeted figure was \$92,145. It was recommended to the Ministry to ensure that the approved estimates were reflected in the Finance One report to avoid having over-expenditure for this budget line due to incorrect budget figures being input into the system;
- The list of debtors received from the Debts Collection in the Inland Revenues section was incomplete as it did not include the Savaii debtors. There was a breakdown in communications between the Apia and Salelologa Offices as most of the Savaii records had not been properly updated and posted into the Revenue Monitoring System (RMS) by the Main Office in Apia;
- In the Customs Services section, Audit found that there were personal cheques cashed with the Cashier, and these cheques had never reached the Bank and totalled \$20,400. There were no shortages discovered in the bank lodgements on the days these cheques were cashed by the cashier. Delays in the timing of the bankings would have provided an opportunity to fill any discrepancy;
- Audit noted with great concern the fact that \$908,059.23 was tied up in dishonoured cheques and some of these cheques dated back to 2004. Audit recommended that the Ministry should seriously take some constructive efforts towards recovery of these long overdue public monies;
- Improvements were needed in debtors accounting and control. The Ministry was advised to set up a Control Ledger account which should contain all accumulated balances for each debtor. The Control Ledger account should contain all the transactions relating to receivables, and that there should be a debtors subsidiary ledgers which should record all transactions relating to the same debtor;
- There was no link between the ASYCUDA and the database which contained the information for deferred accounts, as a result any payment made towards these deferred accounts could not be updated automatically. Audit recommended that management should consider a way of recording and monitoring these accounts so that outstanding balances of deferred accounts were accurately and completely recorded;
- There were employees who took leave as recorded in the attendance book but such leave were not posted on leave cards which meant that the attendance book and the leave cards were not updated and furthermore, details of leave taken as per the attendance book were not the same as those recorded on the leave cards. As for the Customs Service section, there were no leave returns prepared by the Ministry for the period under audit;
- From a review made of the payroll, it was noted that higher duty allowances totalling \$11,584 was paid to the Secretary of the Liquor Board even though the Public Service Commission declined the Ministry's request for the Secretary to act as Principal Accountant. Audit recommended that the Ministry should

comply with employment regulations as set out by the Public Service Commission relating to higher duty allowances;

- It was noted also from the review of the payroll that some employees were paid at a higher rate than the approved rates as per TY15 filed in the employees' personal files. Audit recommended that these mistakes could never arise if proper supervision and checking were made in the initial stages of processing of the Ty 15;
- The monthly bank reconciliation for the whole financial year of 2007/2008 for the Income Tax Refund special purpose account was only performed within the month of August 2008 which was ineffective as the financial year had already gone and completed. Reconciliation should be conducted on a monthly basis to ensure early detection of errors and overdrafts that incurred unnecessary high bank charges;
- Unarranged overdrafts and bounced cheques fees charged by the bank amounted to \$30,474.23. These unarranged overdrafts arose because of the inability of the accounts section to conduct bank reconciliations on a monthly basis;
- There were cheques payable to the Ministry totalling \$10,756.77 that were found to be issued and were still on hand for a lengthy period of time without them being receipted and banked into the respective revenue stream accounts. These cheques were for business licences and PAYE arrears of taxpayers which were deducted from their refunds for tax credits, with any remaining balances to be paid to them;
- From an audit review of the Collector of Customs account, it was noted that there was an un-reconciled balance of \$24,816.15 at 30 June 2008 and the same un-reconciled amount was carried forward to 30 April 2009. There were lodgements of \$11,000 not credited in 2006 and un-banked receipts of \$20,000 were receipted in April 2009. This account should be reconciled properly and on a monthly basis so that long outstanding or un-banked receipts could be identified earlier for remedial action;
- Audit noted that total outstanding sight entries of \$221,298.42 that had not been refunded as at 30 April 2009 was not the same as disclosed in the Cashbook balance of sight entries outstanding of \$201,476.42 – a difference of \$19,822. These outstanding sight entries dated back to July 2002 up to March 2009. Audit could not understand why it took so long for sight entries to be refunded when in reality the normal procedure was that deposits for sight entries were refunded usually after a month deposit;
- It was noted that there were no payment vouchers prepared to support refund payments to depositors. These payment vouchers would provide details of refunds made and proper acquittal for the deposits made. Audit recommended that the Ministry should prepare proper payment vouchers containing all the required documentation of the depositors and deposits refunded and that two signatures should operate this Trust Account rather having just one signatory operating the account;
- From the Upolu Inspection, about 90% of businesses inspected had not yet lodged their Income Tax Return in accordance with Section 4 of Income Tax Act 1974. Most taxpayers' especially General Store Keepers were not aware of requirements for Income Tax Returns;

- There were two (2) business owners within Upolu that stated to the Inspection team that their current year 2009 business licenses amounting to \$440 (\$220 per business) had been paid to some employees of the Ministry in the month of January 2009 yet still had not obtained their certificates and receipts at the time of the audit inspection;
 - There was a lack of effort taken by the Finance division in following-up of deferred accounts. Some debtors had made no payments for more than three (3) years since their accounts were opened with the Ministry;
 - There was no Manual of Accounting used by the Ministry to guide Officers in the performance of their duties;
 - There were no revenue reports prepared for discussion by management during monthly meetings. According to the Assistant Chief Executive Officer (ACEO) Finance then, there were no reports prepared because there were no management meetings held.
3. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Ministry of Works, Transport and Infrastructure

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. The following accounting and internal control issues were noted:
 - There was weak control over the collection of rental and tenants fees and as a result one of the Tenants had already left Samoa before settlement of her outstanding debt balance of \$8,720;
 - Termination through resignation for one particular employee was effective on 30 April 2008, but the staff member was still getting paid up to 01 June 2008, with an amount owing to the Ministry of \$733.34;
 - There was no proper Attendance Book to record work attendance in order to verify salaries, wages and benefits for employees as well as evaluation of work performance thereafter, as in the case of the Transport Control Board, Civil Aviation, Housing Division, and the Roads Division;
 - Quite a few expensive assets funded from the Ministry budget went missing from their respective locations. Most of these items were washing machines, refrigerators, stove, swivel chair & filing cabinets, digital camera, dining table with chairs and so forth. These could not be found and status never reported by the Housing Inspectors. There were no reports on such items mentioned in Minutes for the Housing Committee meetings as missing or being used anywhere.

2. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:

- Efforts by the Ministry on behalf of the Government Housing Committee to recover the outstanding debt of \$8,720.00 from the tenant responsible were futile when the tenant moved overseas. We consider it proper to request the Attorney General to take legal actions against the former tenant upon returning to Samoa;
- The overpayment of \$733.34 in our view requires some explanations from the Ministry of Finance (MOF) given that proper documentations for the employee's resignation with effect from 30 April 2008 was processed on to Ministry of Finance (MOF) in advance and his salary and resignation entitlements were paid out on 6 May 2008. Once final payments were made for salary and resignation benefits, termination of further payments should have been effected by MOF's Payroll Section;
- The Ministry has implemented a new control system for the attendance book. Since July 2009 all Ministry employees (permanent, temporary, Contract officers) are required to sign one attendance book whereas before each division has its own attendance book with the Corporate Services Division being solely responsible for monitoring the staff attendance records. Reminders have been sent via internal memorandum about attendance issues and all employees who have failed to apply for leave or notify their immediate supervisors have been treated as absence on leave without pay;
- The recommendations on assets and asset registers are well noted and proper actions will be taken accordingly. A fixed asset management policy is now in place and assets previously reported as missing were found transferred from house to house without the proper transfer documentation but still being used by tenants.

Ministry of Women, Community and Social Development

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. The following accounting and internal control issues were noted:

- All revenues of the Ministry collected in Savaii were receipted in sub receipt books kept by the Division in Savaii, and were brought to the main Office in Apia for master-receipting and bankings. This practice caused considerable delays in master receipting of these sub receipts and hence undue delays in bankings of the Ministry receipts;
- Accounts Receivables balance of \$1,505,403 for the year under audit had increased by \$436,969 from the previous financial year. The bulk of these outstanding debts were of unpaid printing accounts which could be unrecoverable;

- There was a significant increase in Catering Expenses for the financial year 2007/2008. Funds allocated for this expenditure was \$9,000 but it spent \$42,674 within 2008 resulting in an over-expenditure of 375%;
 - The Assets Register was incomplete. Some assets were sighted in existence but were not recorded in the Ministry's Fixed Asset Register, and some were not found at their designated locations;
 - Quite a lot of assets were found missing and the Ministry could not locate these assets;
 - There was an excessive usage of mobile phones. Some of the calls made in these mobile phones were more than thirty (30) minutes long and one call in particular was nearly two (2) hours.
2. The Telephone, Electricity and Water outputs were overspent in the financial year 2007/2008.
3. The Ministry was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
- The revenues collected through our Division for Women in Savaii relates to registration fees for the skills building programs. The programs normally run for the whole week out in the villages. The cash collected from the training would only be transferred to Apia after the training or when a staff member comes over to Apia. The cash collected from the registration of participants has been handled by the Community Development Services staff in Savaii and they were also responsible for the transferring of the cash to Apia. This issue has been addressed and remedial actions have been taken by having the staff of the Corporate Services Division responsible for the handling of cash receipts from all training processes of the Ministry;
 - The outstanding debts for 1996 to 2003 totaling \$399,986.06 have been written off as per FK(10)47 dated 9 November 2010. We have been issuing monthly statements regularly to debtors and have followed up on payment of accounts from debtors including the Line Ministries. We have also sought the assistance of the Ministry of Finance Budget Committee to make provisions in the respective Ministries annual budgets to settle their outstanding debts for printing services. In trying to resolve this issue an Accounts Officer position has been created at the Division for Printing to be responsible for the management of debtors accounts. The Division for Printing now directly accesses the Finance One system at Matautu Tai so that the receipting process is done immediately at the first point of contact and we hope to operate online receipting from the Matautu Tai Office in future;
 - The substantial increase of catering expense relate to official functions hosted by the Minister and Chief Executive Officer for official delegations from overseas as well as local meetings such as Executive management meetings, Independence sub-committee meetings, Komiti o le Ie Samoa, NCCRC meeting, refreshments for the Ministry's corporate planning process and refreshments for interview panels for Ministry's vacancies;

- The asset register has been a problem from the past years and it has been carried forward to the subsequent years. Improvement has been made in the recording and disposal of fixed assets particularly the information about the new assets when procured in the recent years;
- In relation to missing assets, some assets were transferred between different staff either within the same division or between different divisions without any proper record of this transfer and this had caused the problem of not being able to trace the assets;
- The excessive cell phone usage has been resolved by removing access to dial mobile numbers from all other telephone lines except the Chief Executive Officer and Assistant Chief Executive Officers' direct phone lines. There has been a lot of improvement in this area;
- Overspending in the utility accounts are related to the increase in prices of electricity and water as well as the use of mobile telephone numbers. Also considering the number of employees of about 110 for the Ministry the consumption rate for the use of telephone, electricity and water have also increased.

Office of the Attorney General

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. Expenditures was kept below budget by 11% or \$260,275.
2. The target for revenues or collections was not met.
3. The following accounting and internal control issues were noted:
 - There was no Subsidiary Ledger for revenues prepared and kept by the Office as they relied heavily on Finance One System Budget Comparison Reports, hence no reconciliations could be made of revenues between the Office's records and those of the Ministry of Finance for year 2007/2008;
 - There were some delays in master receipting and bankings made of the Office's receipts. The delays arose from the type of system used whereby receipts were paid to the Attorney General's Office and the same were to be taken to the Ministry of Finance for receipting and banking. The Attorney General and the Ministry of Finance should review the cash collection system to address this delay;
 - Attendance book and leave cards were not updated, such that most of the employees did not fill up their times of attendance and leave from work in the attendance book;
 - Actual telephone expenditures increased by \$10,295 to \$22,678 in 2007/2008;
 - Telephone calls for 2006/2007 arrears of \$4,716 was paid in the year under audit.
4. The Office was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:

- Expenditure being 11% below budget reflects prudent financial management on the part of the Office of the Attorney General;
- The Office of Attorney General gets most of its revenues from civil claims and drafting bills for public bodies. These are invoiced promptly in the year in which the services were rendered but often payment is received in subsequent periods;
- The Office of the Attorney General now operates and keeps a subsidiary ledger for both revenues and expenditures;
- There has been improvement in the coordination between the Ministry of Finance and the Office of the Attorney General over master receipting and banking;
- All staff have been advised to complete time of work and warned to comply with attendance record requirements;
- The increase in telephone expenditures coincided with the increase in criminal cases where often Police Officers were required to be contacted on a regular basis by way of cell phones;
- Savings in the year under audit were used to clear the telephone arrears.

Office of the Electoral Commissioner

Period covered by audit

1 July 2007 to 30 June 2008

Summary of Findings:

1. The Office did not meet targeted or budgeted collections.
2. The following internal and accounting control issues were noted:
 - Outstanding debt of \$950 since 6 December 2004 relating to invoice number 26651 was still unpaid to date. This was reported in the 2004 up to 2007 audits but still no recovery action appeared to have been taken;
 - There were no quotes from suppliers of some new computers and printers costing more than \$5,000 in terms of standing Government policy to justify that the suppliers providing the goods were the best in terms of costs and quality.
3. The Office was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report.
 - There were no bi election during this fiscal year which was included in the projected cost recoveries from nomination fees and sale of electoral rolls;
 - Outstanding debt is now fully recovered after numerous reminders to the Debtor (Receipt number 461732);
 - Our Office required specifically Dell brand computers and printers. The chosen supplier is the exclusive supplier of these assets and they come in fully loaded

with all operating systems and electoral systems with no extra costs and again this brand is compatible across the Office.

Office of the Ombudsman

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. Spending was kept below budget by \$29,891.
2. The following accounting and internal control issues were noted:
 - The attendance book and leave cards should be updated. Leave taken of some staff as per the attendance book were not posted onto the Leave cards;
 - The Ombudsman and the Director of Investigation never claimed untaken leave for many years before the new policy whereby all untaken leave were to be forfeited;
 - The Ombudsman Office had been operating under two vehicles and these vehicles had been with the Office for more than 10 years and appeared to be in need of replacement.
3. The Office was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The 8% of total budget (\$29,891) highlighted in the report as not utilized during the financial year under review, was one of those unavoidable occurrence beyond our control;
 - The issues raised on the attendance book and leave cards have been addressed;
 - Payment of the Ombudsman's long service leave entitlements was made in 2011/2012 budget;
 - A Hyundai Tucson (2009) was procured for the Ombudsman replacing the old Toyota Hilux which, had been written off in 2010.

Public Service Commission

Period covered by audit: 1 July 2007 to 30 June 2008

Summary of audit findings:

1. The following accounting and internal control issues were noted:
 - The Human Resource Management Information System (HRMIS) Output was over spent by \$18,031;
 - There were no reconciliations between the Public Service Commission (PSC) and the Ministry of Finance (MOF) records for both operating and personnel expenditures;
 - Remunerations Tribunal Allowances revealed that different rates were used in the calculation of withholding taxes. These allowances were secondary incomes

and must accordingly be taxed at secondary incomes rate of 27%, rather than the 15% being applied;

- Leave Entitlements paid out to some Contractual Officers could not be verified due to the poor state of updating and maintenance of some Leave Cards. Balances of untaken Leave recorded on Leave Cards did not reflect the actual untaken leave paid out to employees for their end-of-year contract benefits;
 - There were Leaves without Pay that were not actioned by the Commission and overpayments needed to be recovered;
 - The fixed asset register was incomplete in terms of historical and current information.
 - Telephone bills sampled for the Financial Period under review showed that 50% or more of it were for mobile and cell phone calls. These mobile calls could not be verified whether they were all official calls;
 - From an analysis of telephone bills, it was found that three telephone lines and two fax numbers used during the Commission's Institutional Strengthening Project were still being paid despite these being not in use. The Commission was advised to arrange with the Samoa Tel to de-register all these un-used lines to save funds.
2. The Commission was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
- Overspent identified under HRMIS Output was due to un-budgeted activities. Internal controls are now in place to control internet usage by our Information Technology (IT) division;
 - Our Accounts section has commenced reconciliations between our records and MOF for operating and personnel accounts;
 - All Remuneration tribunal allowances have been correctly calculated at the secondary income rate of 27% and not at 15% as miscalculated in some instances during the audited period;
 - PSC currently updates its electronic leave card system on a fortnightly basis for Contract, Permanent and Casual positions. This has enabled our administration section to maintain an accurate account of all leave balances;
 - Leave without pay (LWOP) for the audited period have also been actioned including recovery of Overpayments;
 - The accounts section and IT Division of our Office designed a database on Microsoft Access to register all office assets. Since its implementation, the register is updated on a monthly basis;
 - Most contacts given by our clients are cell phone numbers, hence why most calls recorded are mobiles;
 - PSC will continue to maintain all un-used telephone lines given forward plan which will result in expansion of office to other locations throughout level two (2) of the Building.

9. Public Bodies

The principal legislation governing financial reporting by Public Bodies is the Public Bodies (Performance and Accountability) Act 2001. The Act requires each Public Body to prepare annual financial reports and submit these for audit within four (4) months of the end of the preceding financial year.

The Controller and Chief Auditor is required to audit the financial reports of Public Bodies and issue an audit opinion on such reports.

9.1 Audit findings and recommendations for Public Bodies

Following the completion of each audit, the Audit Office issues a management letter to the Public Body outlining the findings of the audit together with recommendations for improvement.

The following summarises the audit findings included in these management letters for each of the Public Bodies audited in 2009/2010. A summary of management responses by the Public Bodies has also been included where these were provided to the Audit Office.

Accident Compensation Corporation

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. The general outlook in the Corporation's financial accountability indicates probity and continuing financial progress.
2. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken on issues raised before the report went to printing. Issues raised included accounting for grants to the Independence Committee, disclosure of the fuel levy and disclosure of the VAGST. The Corporation agreed to most recommendations however also suggested improvements on how the recommendations were to be implemented.

Agriculture Store Corporation

Financial statements audited: 30 June 2009

Auditor: Lesa ma Penn

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. There were payroll miscalculations and Payroll officers were urged to perform duties effectively to avoid overpayments or underpayments of salaries and benefits.
2. Withholding tax on a term deposit interest was deducted by the Bank yet the Corporation is not subject to income tax. The Corporation was asked to request for recovery or refund of income tax.

Betting (Totalisator) Agency Board

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. A recommendation was made to improve the presentation of Financial Statement presentation to comply with the requirements of International Financial Reporting Standards (IFRS) in general and IAS 24 (International Accounting Standards) in particular.
2. The Board was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Board in its response clarified its duties and responsibilities including the duty to perform accounting work and improve the presentation of Financial Statement presentation to comply with the requirements of IFRS in general and IAS 24 in particular.

Development Bank of Samoa

Financial statements audited: 30 June 2009

Auditor: Betham & Co

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. From a review of loans made it was found that there were loans processed and granted to borrowers with very poor repayment histories, and to borrowers with incorrect net income surpluses and poor debt servicing ratios.
2. For new loans, it was found that these were processed and approved without obtaining from other banks confirmation of whether these new loan clients had contracted any other loans there. These loan confirmations from other banks would ensure the Bank that these prospective borrowers had provided all the necessary information to enable good decisions being made for the Banks credit security.
3. The significant issues highlighted by the internal auditors report as well as the continual discoveries of fraud highlighted the need for effective risk management strategies to be implemented by Management. The Bank was advised to consider forming a Risk Management Committee responsible for overseeing the processing of foreclosed properties and any consequential repercussion resulted there from.
4. The Bank had an informal back up plan but did not have a proper disaster recovery plan. Whilst there were daily back ups of the system, there was no alternative processing facility in place in the event of a disaster which could affect the current location.
5. The Bank was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - Recommendations from the external auditors on loan processing have been noted. Management has conducted trainings to refresh and remind lending staff

of policies for compliance and proper implementation to ensure assessments are performed correctly to mitigate risk in debt servicing defaults;

- Recommendations on loan documentations have been noted. Management has included the issue of documentation in its training to ensure that our lending staff is proactive in their approach and ensure the required information is obtained to effectively appraise credit rating of prospective clients to facilitate informed decision making;
- Since the enactment of the Development Bank of Samoa Act 2010, the Risk Management committee has been formed to perform its functions through development and application of policies to strengthen the Bank's risk management process;
- Management is pleased to report that the Bank's off site centre at Siusega has been completed. The centre housed full back up facility for operation systems and link to Savaii branch. The backup facility is checked and monitor daily by the Management Information System team. The backup facility covers link with Savaii Branch in addition archive files and records have been transferred to make room for current documents. The Property division has its own disaster recovery plan for the building and holds periodic drills to test and assess effectiveness of procedures in collaboration with the Fire Service, Police and Disaster Management Office.

Electric Power Corporation

Financial statements audited: 30 June 2009

Auditor: Betham & Co

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. There were no formal documented procedures for internal control activities such as procedures for cash receipts, payments and accounts payable, cash controls, payroll, inventory, general ledger maintenance and general journals. This led to an ineffective independent monitoring and reviewing of the Corporations internal and operating controls as well as safeguarding of its assets.
2. In addition, it was noted that the IXP system had no formal documentation to show how the system as a whole interacted with the various accounting applications that supported the general ledger. The lack of understanding of how the system worked especially how different sub-modules interfaced with each other and with the general ledger, would of course complicate reconciliations and delayed financial statements and accounting compilations.
3. The Electricity system assets of the Corporation particularly the distribution and generation assets appeared in the financial statements at cost including the last known valuation which was some ten years ago. The cost values at which these assets were recorded in the financial statements of the Corporation would not reflect adequately the current fair values of those assets. Audit recommended that these assets should be regularly revalued perhaps tri-annually by an independent valuation specialist.

4. Diesel generators in the Corporation's financial statements were depreciated over a twenty (20) year period. Given the recent generator breakdowns and the high frequency with which the generators were undergoing overhauls, the 20 year useful life may no longer be appropriate. A shorter useful life such as ten (10) to twelve (12) years should be considered. The current 20 years useful life of the diesel generators would no longer be appropriate given the increasing and major overhauls of generators occurring on a regular basis. This would ensure that asset values were not overstated when the costs of the major overhauls were taken into account.
5. From a review of additions to assets, minor expenditure totaling \$166,000 on items of perishable nature such as food supplies, staff trainings and service fees for overdue invoices were capitalized during the implementation of the Daffron accounting system which had a total cost of \$1.022 million tala. The Corporation was advised that capital expenditure and revenue expenditure be distinctly recognized and adherence to IAS 38 (International Accounting Standards) be encouraged and complied with.
6. Stock valuation reports from the system revealed errors which the Corporation was unable to explain how these errors occurred. There were stock items that had Tala values but no quantities or nil balances as well as stock items that had quantities on hand but had no Tala values. The errors noted could lead to significant errors in the accuracy of the inventory valuation balances that were reported in the financial statements as well as the monthly board financial reports.
7. The late preparation of postal agency reconciliations allowed for an untimely amount of excess cash to be held by the postal agencies which could also create further opportunities for fraud resulting in losses to the Corporation. It was recommended that reconciliations be checked to the daily cash draw reports in a timely manner, properly signed by the drawer and head cashier and dated accordingly.
8. There were variances between the closing and opening balances accumulating to \$73,000.93 for Accounts receivables code BL0077 at the end of June 2009. The Corporation was not able to explain why there were variances between the closing and opening balances. This could indicate a problem with the system generating these reports. Audit recommended that the Corporation should request external assistance most probably from the system software suppliers to check and establish why the variances were occurring and to solving the problem, otherwise inaccurate financial reporting and potential losses could result there from.
9. An outstanding balance of \$15,497.20 due from the cashiers who misappropriated the Corporation's funds in previous years was still outstanding at 30 June 2009 and there appeared no action had been taken for its recovery.
10. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The Electric Power Corporation (EPC) maintains, its existing Accounting Manual which guides all its accounting and financial activities, internal control, policies and procedures, and needs to be reviewed and updated. The establishment of the new Legal, Policy, Planning and Monitoring unit of the Corporation will assist the management complete the review and update of the manual in collaboration with the accounting staff of the Corporate Service section. This will ensure that best practices of internal control, policies and

procedure are maintained across all levels of the Corporation financial and accounting activities;

- The Daffron IXP documentations were already available since its implementation and were kept and filed by the Information Technology (IT) Section. It was upgraded to the new IXP Version in November 2008. The system documentation manuals are available in files and electronically for all staff of the Corporation to access the system modules. The Daffron IXP, software is a fully integrated system with the following modules in operation;
 - Financial Management System (FMS) which includes the General ledger accounts, Accounts Payable, Chart of account, financial reports etc;
 - Material Management System for inventory, fixed asset, work order etc;
 - Consumer Information System for billing system, cash receipting, accounts receivable etc.
- The recommendation on electricity assets is noted. The Corporation proposes to conduct the revaluation of all the Corporation assets in the current financial year 2011/2012, with the assistance of its external auditors to obtain an independent valuation specialist. The Terms of Reference (TOR) to invite valuation specialists is in progress. This issue has already been in discussion between Management and the External Auditor;
- The recommendations on assets depreciation and revaluation are noted. The Corporation will include in the Terms of Reference (TOR) of its proposed revaluation assignment, the assessment of the useful life of these diesel generators. However, some contributing factors such as poor quality of repair and maintenance programs can reduce the actual useful lives of these generators, including the types of generators acquired;
- The recommendation on asset capitalization is noted. It is standard practice for all projects implemented by the Corporation, to be allocated with the Working in Progress (WIP) account numbers to capture all the related costs for each project. At the completion of each project, all the costs in the WIP are transferred to Fixed Assets and the depreciation process is applied. The procedures and guidelines are now in place in accordance with the relevant standard to enhance and strengthen the process of payment and updated reconciliation of these WIP accounts. This will ensure the correct recognition of capital and operating expenditures;
- The recommendations on inventory are noted. This difference arises as a result from the Daffron system upgrade to the new IXP version in November 2008 (of the financial year 2008/2009), coupled with the fact that the staff were not fully trained to administer these modules appropriately to detect such errors. However, Electric Power Corporation (EPC) was able to enforce its procurement procedures and policies and also develop the job knowledge of its existing staff by conducting system trainings delivered by the Daffron staff in May 2011. Also performed during this training was the upgrading of the Daffron IXP software from the old version 191 to the latest version of 3.11.1 (in May 2011) which makes the system more user friendly. All system reports are available online including all stock reports for analysis and monthly reconciliation purposes;

- The acceptance by the Electric Power Corporation (EPC) of Samoa Post's request to be its collection agency was for the benefit of EPC customers to access this service when paying telephone bills and at the same time make payment of their electricity accounts at their main office, Matafele. EPC and Samoa Post had an agreement regarding cash collections to be transferred weekly to the Corporation's Bank account. Also at the same time Samoa Post's main office has the obligation to submit the details of the amount receipted and credited to the EPC bank. However, it was noted on many occasions, the delay in receiving of reports from Samoa Post has also caused the delay in the reconciliation process. EPC management and senior staff had several meetings with the Samoa Post to reconsider terms/conditions of the agreement in, order to make the arrangement more effective and resolve the problem. As a result of these consultations, daily cash reconciliation against the bank statement received from the Bank are now in place to closely monitor the accuracy and completeness of cash receipting transaction. This collection service provided by Samoa Post to the Corporation has been discontinued since 2009, except for Savaii collection agencies which is still in operation up to now;
- The Daffron IXP system is a fully integrated system and sub-system that should balance at the month end, as well as the year end. The variance of the closing and opening balances was a system error following the Daffron system upgrade to IXP version in November 2008. However, the Daffron IXP software upgrade to its latest version of 3 . 11 . 1 and full trainings conducted and delivered by the Daffron staff in May 2011 has provided the knowledge to assist the responsible staff to fully understand the reports and the reconciliation process in accordance with standard accounting practices. The monthly reconciliations of the Debtor's General Ledger and the subsidiary debtor's accounts are now up to date to ensure correctness of the Debtors account balances at monthly and year end;
- The cashier policy and procedures are already in place which strengthen and enforce control measures and to monitor the effective handling of cash and to safeguard the Corporation's funds. However, cashier staffs who were involved in committing these dishonest practices within the cashiering section were all terminated due to corporation's funds being misappropriated. The Legal Advisor at the time was handling these staff cases in collaboration with the responsible Manager to recover these funds from staff and provide update reports to the Management. The internal audit staff who was performing surprise audit checks on cash count during that time has colluded with these staff and was unable to report on these corrupt practices. As a result she was also terminated due to collusion. The management had since taken strict control measures by performing regular spot cash checking and daily verification of cash on hand before banking. EPC management with the assistance of the Human Resource unit have improved its selection criteria to recruit competent, reliable and trustworthy cashiers to avoid repetition of these corrupt practices in the future. Management has included in the provision for doubtful debt the allowance for this long outstanding amount as stated.

National Kidney Foundation

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Financial position of the Foundation improved with acceptable increases in equity, assets and working capital although liabilities also increased marginally.
2. Financial performance of the Foundation also recorded an increase in the operating surplus despite an increase in expenditures.
3. Positive net cash flows were generated culminating in an increase in cash and cash equivalent at balance date.
4. The Board of Directors meetings minutes had not been signed by the presiding officer - 22 July 2008, 26 August 2008, 2 December 2008, 12 December 2008 and 7 April 2009 for this period, to indicate whether the minutes were approved or not approved. The validity of decisions made in these meetings could be voided or unenforceable due to minutes not officially rectified by the signature of the presiding chairman. This is a simple mistake but it could be serious and costly for the Foundation if the legality of decisions made therein were to be tested.
5. The Foundation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The Foundation agreed with the audit report on financial position, performance and cash flows;
 - All minutes of Board meetings have since been signed by both the Board Chairman and Secretary at the subsequent Board meeting;

National University of Samoa

Financial statements audited: 30 June 2009

Auditor: Betham & Co

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Financial position of National University of Samoa (NUS) suffered setbacks in equity and assets contributed by a \$1.2 million tala increase in liabilities.
2. Financial performance of NUS recorded a reduction in the operating deficit made possible through an increase in the operational grant and a reduction in expenditures.
3. Positive net cash flows were generated culminating in the reduction of overdrawn funds at balance date.

4. The University was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Polynesian Limited

Financial statements audited: 30 June 2009

Auditor: Lesa ma Penn

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. This report covers the third full year of the company's scaled down operation since the takeover of its International jet operation by Polynesian Blue in November 2005.
2. The company despite the global financial crisis exceeded the financial performance of many companies in the airline industry and made a good profit of \$2,459,282 in its third full year since November 2005. Although this represented a 7.8% reduction from last year's record profit of \$2,666,477, it is still an excellent result considering the state the industry was in during the past year. This is the third consecutive year that the company has posted an annual profit in excess of \$2.0 million.
3. Total revenue decreased by 5% from \$13.8 million in the previous year down to \$13.2 million for the year while total expenses also moved in the same direction by 4% from \$11.2 million in the previous year down to \$10.7 million for the year.
4. The Company was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Company responded by saying that they had no further comments to add other than to state that the re-opening of Fagalii Airport as from the 1st July 2009 gave the company the added boost it needed to improve its financial performance further.

Samoa Housing Corporation

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. During the year, reconciliations for the operating bank account at one of the Commercial Banks appeared to be generally incomplete. Specifically, they contained un-reconciled differences such as the overall short banking of \$50,151.95 for the financial year ended 30 June 2009. The composition of un-reconciled differences such as short and over banking should be determined and followed up and any journal entries deemed necessary as a result be recorded. Audit recommended that bank reconciliations must be performed, and reviewed for accuracy and completeness.
2. It was quite noticeable the persistent delay in making bank lodgments of daily receipts and some of these delayed bankings resulted in short-bankings. Total short-bankings for the year came to \$50,151.95 and was covered in detail in a special audit investigation on the Corporation, as referred to in this report.

3. It was found that the level of authority limits set out for approving loans was not complied with by some officers, in that a loan of \$40,000 was approved by the Deputy General Manager beyond her authority. Management should comply strictly with existing authorities, unless the Board reviews and approves any changes to the level of loan approving authorities,
4. Audit recommended that a standard Accounting Manual and Operating Manual be established to properly document therein policies to be followed in establishing loans, accounting procedures, definitions of job authorities and responsibilities.
5. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report. The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action.

Samoa Housing Corporation

Special Audit: 1 April 2008 to 30 September 2009

Auditor: Audit Office

Summary of audit findings:

1. A Special Audit was conducted on the issues raised during our annual audit of the financial statements for the year ended 30th June 2009. The scope in relation to the Special Audit was primarily directed at receipts and bankings for the period from 01 April 2008 to 30 September 2009.
2. During the audit of the financial statements for the year ended 30 June 2009, we reviewed internal controls surrounding cash and noted that there was an initial short banking of \$9,730 from the 1st and 7th April 2009 receipts. This initial short banking of \$9,730 had a subsequent deposit of \$210 (on 3rd April 2009) which reduced the short banking for those two days to \$9,520 and has been included in the total short banking in order to arrive at an amount misappropriated by the two (2) employees of the Corporation. The audit confirmed that the above mentioned issues were the causes and contributing factors to the misappropriation of \$63,044.04 for the period from 01 April 2008 to 30 September 2009.
3. There were weaknesses in the accounting and internal control policies which needed to be addressed by up-skilling the relevant staff in finance section and the completion of a financial and management procedure manual. In addition, the Corporation did not have an internal audit function to address the increased responsibility due to the number of loans being processed, use of the loan management system and the amount of cash handled.
4. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action

Samoa Land Corporation

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. The Corporation did not achieve its budgeted revenue. Actual revenue was \$11 million short of the budgeted revenue for the year. Regarding expenses, the Corporation had an overspending of \$2.4 million compared to budgeted expenditure. The Corporation overcommitted to other projects which it could not fund. We recommended that management seriously consider the implications of the Corporation's cash flow status and advises the Board accordingly before the Board approves projects that cannot be funded by the Corporation.
2. The Corporation paid \$2,848,340 Tala to one company as a "middle man" in most of the purchases that were made from overseas. The company is based in New Zealand but most of the invoices received were in USD (United States Dollars) instead of New Zealand Dollars (NZD). It was too expensive for the Corporation especially dealing with only one company when purchasing any fixed asset or requiring any service such as consultancy services.
3. The land reconciliation was still incomplete at the time of the audit which should show the movement in land whether it is the acquisition of new land or transfer and sale of land. Reconciliation is important because it shows the relationship between the physical assets and their monetary value which is reflected in the financial statements.
4. From our review of trade debtors we noted that \$1.5million tala (about 76% of total trade debtors) was made up of debtors with balances above \$10,000. There was no aging trial balance for trade debtors to ensure that an assessment of long outstanding accounts could be made, so that the Corporation could actually determine overdue accounts and provide a general provision of 2% on these overdue accounts as described in the summary of accounting policies.
5. Land was sold to the Corporation's employees at 60% of the actual cost of the land. This was not an "arms length transaction" and therefore the price offered was not an "arm's length price" because this 40% discount offered to the employees was not extended to any customer or the public who has purchased land from the Corporation. Questions were being asked as to whether these benefits could reasonably be conceived as normal employment benefits and not too excessive.
6. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Samoa Life Assurance Corporation

Financial statements audited: 30 June 2009

Auditor: Betham & Co

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Financial position of Samoa Life Assurance Corporation (SLAC) recorded increases in equity and assets.
2. Financial performance of SLAC recorded a huge profit before income tax representing a 168% increase over the 2008 comparative. Apparently SLAC managed to impose better control of its expenses compared to 2008.
3. A very low positive cash flow contribution was made to the cash and cash equivalent at balance date compared to 2008.
4. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Corporation responded that they were in agreement with the report and offered no further comments or clarifications.

Samoa National Provident Fund

Financial statements audited: 30 June 2009

Auditor: Lesa ma Penn

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. It was noted that refunds made on repossessed lands appeared incorrect as accumulated interest on debtors accounts exceeded the payments made by the debtors. Audit recommended that these refund accounts be reconciled and to ensure that balances at year end are accurate. Management had acknowledged the audit findings and remedial actions have been stipulated.
2. Audit review of default loan accounts indicated that some accounts have been charged with nil interest while other accounts are still incurring interest up to balance date. Current policy provides that nil interest will only be charged on default loans at recommendation of the Legal division and approval by the Board. It was recommended that interest charged on default loans be suspended once legal actions have been taken on default borrowers. Management has indicated its preference to include interest without suspension, on the grounds that legal action takes time and that any settlement should include an interest component, as revenue listed had already been part of the provision for doubtful debts.
3. The Fund was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The Fund has recalculated the refund accounts as reported, and support view by Auditors that some accounts do not warrant any refund given that accumulated

interests exceed payments received. As a result of recalculations done, these land refund accounts have been cleared accordingly;

- The Fund has implemented a new system of suspending interest on default loans whilst still recording the full interest owed to the Fund on the loan account. A monthly journal entry is raised to suspend/reverse interest from revenue for default loan accounts approved by Chief Executive Officer (CEO) for suspended interest. Once the loan account is re-performing, the suspended interest is released to revenue. The method satisfies Auditor concerns over the Fund recognizing interest revenue which is considered doubtful as the relative loan accounts are in default.

Samoa National Provident Fund- Building Maintenance Recoverable Account

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. The Statement discloses total payments received from tenants, total expenditure paid by the Fund and total amount owed by tenants as at 30 June 2009. All three (3) indicators recorded decreases contributed largely by the ability of the Fund to control common expenditures to be allocated to Tenants;
2. The Fund was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Fund responded that the reduction in the total expenditures during the financial year in effect reduced the amount owed by Tenants. Expenditures which are recharged to tenants are reviewed on an annual basis by Management, and the reduction noted in cleaning, caretaking, service contract and management costs was due to the Fund's efforts in cutting costs for tenants.

Samoa National Provident Fund – Parliamentary Pension Scheme

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Financial position of the Scheme recorded impressive increases in equity and assets.
2. Financial performance of the Scheme recorded an increased operating surplus despite an increase in total expenses.
3. Positive net cash flows were generated culminating in a significant increase in closing cash and cash equivalent.
4. The Fund was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Fund responded by confirming the positive performance as highlighted emphasizing the contributing factors

such as major increases in term deposits, interest revenue, members contribution, government contribution and reductions in liabilities, benefits paid and total expenses

Senior Citizens Benefit Scheme

Financial statements audited: 30 June 2009

Auditor: Lesa ma Penn

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Total unclaimed pensions accumulated and outstanding from November 2001 to 30 June 2009 came to \$1,928,572, and ninety six percent (96%) of the total unclaimed balances were brought forward from the years 2001 up to 2008. Unclaimed pensions from other years paid during the 2009 financial year was \$32,599 leaving a net balance of unclaimed pensions at 30 June 2009 of \$1,895,973. To avoid overstatement of liabilities at period end, it is recommended that the Board should consider appropriate actions to take with unclaimed pensions carried in the Scheme's books for over six years as it is highly unlikely that these will ever be claimed. These may have to be written back to the Scheme's accumulated funds.
2. The Fund was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Fund noted that a thorough review of the unclaimed pension balance was carried out, and Board submission to write back this balance was prepared. The Board approved the write back of \$1,876,120 unclaimed pensions for Senior Citizens Benefit Fund (SCBF) on 27 July 2011, and this was reflected in the financial statements for the year ended 30 June 2011. In addition, the unclaimed pension balance is to be assessed and reviewed on an annual basis by SCBF.

Samoa Ports Authority

Financial statements audited: 30 June 2008

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. The Overdraft Account (Account number 2000398236) with one of the Commercial Banks with a balance of 13,048.66 as at 30 June 2008 had not been reconciled. This is quite a significant weakness. In order to make the financial reports generated by the accounting system meaningful, the Authority should reconcile the overdraft account to supporting documentation and general ledger on a monthly basis.
2. Bankings for collections totalling \$10,590 and \$20,656 were delayed for about two (2) days. There is always a risk of loss from misappropriation, burglary and theft if substantial cash are retained in the Office due to delaying of lodgements. Audit advised the Authority to try and follow internal control procedures of having daily bankings. Management had acknowledged the concern and recommendation of Audit.

3. The accounts receivables balance at 30 June 2008 was \$889,105, and 34% of this amount \$302,087 was 90 days overdue.
4. Long Term Creditors of \$ 1,072,298 have been reflected in the balance sheet since 2005 under current liabilities. Audit recommended to review these creditors and sought options for settlement of these outstanding creditors.
5. Borrowings increased significantly from \$9,469,970 at 30 June 2007 to \$14,321,655 as at 30 June 2008, an increase of \$4,851,685 or 54%. This increased amount of new debt and the purchase of materials for the Aleipata Slipway would have an impact on future financial ratios of the Authority. This increase in borrowings has altered the Loans to Equity ratio. Audit recommended that the Authority must analyze periodically its financial ratios to avoid any potential issues with long term creditors and enhancing it as a tool for management determination of its financial position.
6. Personnel Files were not being kept current and in some instances were incomplete. In particular, we could not locate the personnel file for the General Manager which should include items such as the Contract of Employment in order to verify entitlements paid.
7. As required by the Public Bodies Regulations 2002 the Authority should have an audit committee. At least this Audit Committee will assist the board of directors in the discharging of its duties.
8. The Authority was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The Samoa Ports Authority and the Commercial Bank referred to in 1 above initiated a special project account to record direct payments from loan disbursements. At the end of the period 30 June 2008 the project account was over disbursed by \$13,048.66 as per Bank statement that was submitted to your auditors with all supporting documents. This account was operated by the Bank. All cheques were from the Bank, the system was that special vouchers were raised and referred to the bank for processing payments to suppliers;
 - There are no more delayed bankings as deposits are currently made on a daily basis;
 - The recommendation on accounts receivable monitoring has been implemented as evident in the reduction in the balance to \$290,444.11 as of 30th June 2011;
 - The Board at its meeting of the 6th October 2010 resolved to settle the matter of outstanding creditors through writing back liabilities that have not eventuated or setting off actual liabilities against amounts owed by SPA to the corresponding creditors;
 - The Management appreciates the concern on the debt and equity ratios and would implement remedial measures as recommended. This was the period that Samoa Ports Authority had numerous projects such as the slipway, Aleipata International wharf, Aleipata interisland wharf and land reclamation. SPA at the time had no reserve for these, but the pressure was imposed on SPA to deliver on these projects. The only solution at the time was to borrow additional funds to complete these most valuable contributions to the economic growth of Samoa;

- An audit committee should be in place when the new Board of Directors for 2012 takes up Office.

Samoa Qualifications Authority

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Additional overseas allowances were approved by the Board to be paid on top of what Cabinet already directed
2. Audit recommended that gifts and donations were to be properly disclosed for transparency.
3. There were no contracts for the Chief Executive Officer (CEO) and Assistant Chief Executive Officers (ACEOs)
4. The Authority was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - It is now, a Board resolution not to process payment that requires a Cabinet Submission until such Cabinet Submission is provided to avoid further differences in the calculation of payments. The preparation of Cabinet Submissions are also been strengthened with the recently approved cabinet Handbook 2012;
 - Gifts and donations to farewell consultants, departing Board members etc are now being disclosed in the right account of Donation, for clearer transparency;
 - Contracts have been signed for the CEO and ACEO.

Samoa Quarry and Sealing Products

Financial statements audited: 30 June 2008

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Financial position of the Samoa Quarry and Sealing Products (SQSP) recorded a decline in total assets and equity.
2. Financial performance of the Samoa Quarry and Sealing Products recorded a significant increase in the net operating deficit.
3. Cash flow requirements exceeded cash inflows and consequently Samoa Quarry and Sealing Products used more than half of its cash and bank balances as at 30 June 2007 to finance the deficit.

4. SQSP was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Scientific Research Organisation of Samoa (SROS)

Financial statements audited: 30 June 2009

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. \$8,480 was paid for Information Technology (IT) services provided to the Organization by an employee of one of the Government ministries, hired at the discretion of the Chief Executive Officer (CEO) without the determination of the Board as dictated in Section 12 paragraph (5) of the Research and Development Institute of Samoa Act 2006. The Organisation agreed to the concern of Audit and resolved that it would not recur in the future.
2. There were no withholding taxes for the Board members of the Organisation paid to the Ministry of Revenue so as to comply with the Legislations for Income Tax.
3. SROS was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - As the Organisation did not have any IT Personnel and since it had to adhere to the Government Directive for setting up a website, the CEO used his discretion to use the services of the government employee concerned so as to meet the deadline for this directive, however the Organisation agrees and will use recommendation above;
 - The Organisation confirms that withholding taxes have been paid to the Directors fees however this is the first time the audit has raised this issue which the Organisation confirms it should only refer to Directors Allowances. The Organisation confirms it will pay for the due taxes and note to do so in future.

Samoa Shipping Services Limited

Financial statements audited: 30 June 2009

Auditor: Betham & Co

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. Financial position of the Company recorded a decline in total assets but an increase in equity. The increase in equity was assisted by the reduction in the accumulated foreign currency exchange loss.
2. Financial performance of the Company recorded a net loss compared to a net profit of \$544,066 in 2008.

3. Positive net cash flows were generated culminating in a significant reduction in the closing overdraft.
4. The Company was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. In its response the Company pointed to the following issues:
 - The decline in total assets and the net loss in 2009 has only become significant because government support in 2008 gave an abnormal or extraordinary raise in assets and revenues in 2008;
 - The refinancing process contributed to positive cash flows as mentioned in the report.

Samoa Sports Facilities Authority

Financial statements audited: 30 June 2008

Auditor: Audit Office

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. This is the first set of accounts of the Authority for the nine (9) months ended 30 June 2008.
2. Financial performance of the Authority recorded an operating deficit of \$1.4 million tala.
3. Positive net cash flows were generated culminating in a significant reduction in the closing overdraft.
4. Some weaknesses in internal control procedures were discovered during the audit. These included:
 - Vouchers with missing supporting documents;
 - No recovery actions taken against debtors;
 - Fixed assets register not properly maintained and updated with the appropriate details of fixed assets;
 - No supporting list for withholding tax liability;
 - Revenue receipted but not banked because they were used to pay for some office expenses.
5. Samoa Sports Facilities Authority (SSFA) was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - SSFA has noted and accepted recommendation by Audit on payment vouchers and a new system has been implemented to control the processing and dispatching of all payments. All payment voucher are filed in a respective file, the Account Officer who is responsible for preparing payment will ensure that all supporting documents are attached to any payment vouchers;

- SSFA has placed strong emphasis on the debts collection issue and the rapid recovery of outstanding debtors. The Finance division has been monitoring this issue and strong actions have warranted for the immediate settlement and recovering of all outstanding accounts. An ongoing debtor follow up on a daily basis is still applied with tactical approaches on various details. The majority of debtors in the period under review are now written off as bad debts as per approval by the SSFA Board of Directors in its meeting on October 2010;
- SSFA has noted and accepted recommendation by Audit on fixed assets and has now maintained and updated the fixed assets register;
- The withholding tax liability was carried forward from the South Pacific Games Authority (SPGA) account, however the list to support the liability was not provided by former Finance Manager of the SPGA;
- Please note that all monies not banked were used to pay expenditures and others and was approved by former Finance Manager. The above act is unacceptable and SSFA has now implemented strong control measures that money should be banked intact. This should be in line with the SSFA Act and the Public Finance Management Act. A master receipt book is now in place to avoid anymore short and over banking or discrepancies and effective control measures are also implemented.

Samoa Tourism Authority

Financial statements audited: 30 June 2009

Auditor: Lesa ma Penn

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. A former employee had an account of \$4,394 outstanding for sometimes without any action been taken for recovery. Management responded that it would be cleared soon.
2. The Authority was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The Authority responded that the outstanding balance remained from an amount of which payments were received from overseas from the former employee. Additional efforts to contact the former employee proved difficult and it was after some time following a period of two years that a recommendation was approved by the STA Board of Directors to have the outstanding amount written off the accounts.

Samoa Tourism Authority – Auckland Branch

Financial year end audited: 30 June 2009

Auditor: Audit Office

Summary of audit findings:

1. There was no Register of Accountable forms kept in the Office. This Register should record all accountable forms used in the Office like receipt books, invoices, and

requisitions. It was recommended that a Register be kept to record receipt books and all accountable forms used by the Office.

2. There was no Register kept to account for assets acquired and disposed off by the Office. This was recommended to be made.
3. The Authority was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. No comments were received in relation to this part of the report.

Samoa Trust Estates Corporation

Financial statements audited: 30 June 2009

Auditor: Lesa ma Penn

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. The amount of provision for stock (slow moving merchandise) in the bulk store which has been carried forward from previous years is \$13,395.85. Audit recommended that since these stocks had not been sold for the last two years, they should be written off.
2. It was noted that debtors to the amount of \$46,631 had been outstanding for quite sometimes, and their status for recoverability was quite remote. It was noted that these accounts had been provided for in the accounts. Audit recommended having these accounts written off too.
3. The Corporation was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. The following lists the comments, clarifications and updates received in the order in which they were raised in the report:
 - The provision for stock as mentioned in the report has already been written off as approved by the Board of directors based on the Auditor's recommendation.
 - The debtors as listed have already been written off. It is also approved by the board of director, based on the auditor's recommendation. We will continue to do what is best to recover the debts, or whatever is required in the best interest of the Corporation.

Samoa Water Authority

Financial statements audited: 30 June 2009

Auditor: Betham & Co

Type of audit opinion issued: Unqualified

Summary of audit findings:

1. A review of trade creditors noted some discrepancies between confirmations from Samoa Water Authority (SWA) vendors and the Authority's creditors listing. Discrepancies between trade creditors listing and confirmations indicate that there were issues in either the posting and/or reconciliation of invoices or with the creditors. By reconciling monthly, errors could be detected earlier while transactions were still fresh in the minds of the

finance clerks and vendors. Despite any difficulties that were encountered with vendors in reconciling the accounts it was important that SWA agreed with the vendor on the amount payable to ensure that the correct costs were recorded in the accounts and for cash flow management purposes.

2. A review of Value Added Goods and Services Tax (VAGST) receivable noted a large adjustment made to the VAGST receivable due to an assessment from the Ministry of Revenue. This adjustment decreased the VAGST receivable by about \$375,057.18. The Authority stood by their calculations as correct as this was an interpretation of the VAGST Act issue. Audit recommended that the Authority should pursue following up of this matter with the right authorities to reach early settlement of this issue.
3. The Authority was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

10. Donor and loan funded projects

Project audits are undertaken when required by the project agreement or by request. Generally, these project audits are undertaken to:

- Express an opinion on:
 - The reliability of financial information on the project;
 - Compliance with requirements of the terms of the project agreement, the Public Finance Management Act and other governing legislation;
 - The truth and fairness of financial statements and accounts;
 - Report on areas of weakness in systems of internal control.

The audit of the projects completed in 2009/2010 indicated positive results generally. The table below lists all project audits undertaken during the period of the Report as well as the types of opinion issued. A detailed report on the progress of the projects will be included in our next Report to Parliament for the period July 2010 to June 2011.

PROJECT	FUNDER	FINANCIAL STATEMENT PERIOD AUDITED	TYPE OF AUDIT OPINION ISSUED
ADB Power Sector Expansion	Asian Development Bank	July 2008 – June 2009	Unqualified
ADB Sanitation and Drainage	Asian Development Bank	July 2008 – June 2009	Unqualified
Samoa Education Sector	AusAid/NZAid/ADB	July 2008 – June 2009	Unqualified
Samoa Health Sector Wide Approach – Phase II	IDA	July 2008 – June 2009	Unqualified
Samoa Infrastructure Asset Management	IDA	July 2008 – June 2009	Unqualified
Samoa In Country Training	AusAid/NZAid	July 2008 – June 2009	Unqualified
Postal and Telecommunications Sector	IDA	July 2008 – June 2009	Unqualified
Private Sector Support Facility	NZAid/UNDP	July 2008 – June 2009	Unqualified
Public Sector Improvement Facility	AusAid/NZAid/GoS	July 2008 – June 2009	Unqualified

11. Government Missions

Samoa High Commission Office, Canberra

Period covered by audit: 1 July 2008 to 30 June 2009

Summary of audit findings:

There was no major weakness in the internal control systems and procedures but some minor issues were discussed and cleared with staff. However the following issues were brought up for management's attention.

1. There was no Register to record all receipt books which was raised in previous audit and up to now there was still no register of receipt books.
2. The Fixed Assets Register was updated without the registration of four crucial items – (i) the House and land at 30 Kareelah Vista O'Malley, (ii) the Deakin property, (iii) the BMW and (iv) the Holden Commodore;
3. The audit would again remind the Mission and the Ministry of Foreign Affairs of the costs associated with the land rates of the Deakin Property (11-13 Baele Crescent Deakin) and the rent of the High Commission Office (13 Culgoa Circuit, O'Malley) put together, is close to AUD\$100,000 a year. In addition the costs have been ongoing for over ten years. The audit recommendation is to build the High Commission Office on the Deakin Property and thus reducing the cost associated from renting the office at 13 Culgoa Circuit.
4. The Ministry of Foreign Affairs and Trade was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Office of the Consulate General, Auckland

Period covered by audit: July 2008 to June 2009

Summary of audit findings:

1. There had been no personal files appeared kept for every member of the Consulate staff.
2. An examination of contracts of employment of staff employed in the Consulate Office, revealed that all staff members except one had their contracts expired on 30 June 2006. It was recommended to have these contracts of employment reviewed and rectified soonest.
3. The Ministry of Foreign Affairs and Trade was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Samoa High Commission Office, Wellington

Period covered by audit: *July 2008 to June 2009*

Summary of audit findings:

1. All were found in order except the following raised with the High Commission:
 - There was no Fixed Asset Register for the High Commission.
 - Leave card appeared proper and well kept except for one case of 10 days advance leave.
2. The Ministry of Foreign Affairs and Trade was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

Samoa Embassy, Brussels

Period covered by audit: *July 2005 to June 2008*

Summary of audit findings:

1. All were found in order except the following raised with the Embassy:
 - There appeared to be non compliance with requirements pertaining to relocation and costs;
 - Leave were kept in electronic records however for the security of information from untraceable alterations it was recommended to have a manual record;
 - The Embassy kept an asset register but not consumables and quick turnover or consumption items.
2. The Ministry of Foreign Affairs and Trade was invited to send comments and clarifications including an update on remedial and corrective actions taken before the report went to printing. When the report was finalized for printing, no response had been received.

12. Irregularities

All Ministries are required to report to the Office any irregularities that occur within their entities related to cash, stores or other assets. A summary of irregularities as reported to the Office for 2009/2010 is provided below. Following this summary, details are provided on each of the irregularities reported.

Summary of Irregularities Reported to the Audit Office 1 July 2009 to 30 June 2010

<i>Details</i>	<i>Total number reported</i>	<i>Cash/Value \$</i>
A – Traffic Accidents (Value Known)	21	\$108,611.95
B – Traffic Accidents (Value Unknown)	3	Unknown
C – Loss and Theft of Public Property (Value Known)	3	\$12,097.49
D – Loss and Theft of Public Property (Value Unknown)	1	Unknown
E – Misappropriation & Loss of Public Funds (Value Known)	1	\$2,289.51
F – – Misappropriation & Loss of Public Funds (Value Unknown)	2	Unknown
Total	31	\$122,998.95

Details of Irregularities Reported to the Audit Office
1 July 2009 to 30 June 2010

<i>Ref. No.</i>	<i>Date Occurred</i>	<i>Date Reported</i>	<i>Cash/Value \$</i>	<i>Details</i>	<i>Action Taken</i>
Attorney General's Office					
IR 1B	19/8/09	24/8/09	Unknown	Traffic Accident – Vehicle number AG01 The vehicle was parked outside in front of the Police Station on 19 August 2009 while the Attorney General was in Court for the PASS matter when an unknown vehicle must have reversed and backed on to his vehicle causing left side tail lights broken.	The vehicle is insured by Pacific Insurance Underwriters and any cost of repairs would be met by the Insurance Company.
Office of the Legislative Assembly					
IR 2B	Unknown	3/8/09	Unknown	Traffic Accident – Vehicle number FOF02 The Deputy Speaker's driver was driving at the time of the accident. Further investigations were carried out.	Ministry of Finance considered the vehicle to be a total write off.
IR 3A	3/8/09	4/8/09	\$759.00	Traffic Accident – Vehicle LA03 The accident occurred at Sinamoga wooden bridge after delivering some invitations for MP's seminar when the vehicle lost control, swayed to the side of the bridge since it was slippery causing damages and scratches on the left side of vehicle.	The vehicle was insured with Progressive Insurance but the driver had agreed to pay for the cost of repairs through salary deductions of \$20.00 per fortnight.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
Ministry of Agriculture and Fisheries					
IR4B	14/8/2009	18/9/2009	Unknown	Traffic Accident – Vehicle number MAF08 The vehicle was parked in the ACC Building parking space and reports said that the security was unaware of the time and how it happened. There were scratches to the right hand side of the vehicle near the door just above the back wheel.	The Ministry of Finance (MOF) recommended that: <ul style="list-style-type: none"> ▪ Progressive Insurance to pay \$1,000 for the damage; ▪ The Ministry to pay the excessive cost; and ▪ Also to liaise with ACC for a possible change of parking space for vehicles to avoid accidents of similar cases caused from limited parking space.
IR 5E	28/8/2009	31/8/2009	\$2,289.51	Daily Cash Intake of Quarantine Division totalling \$2,289.51 made up of two cheques, Westpac cheque #1876854 from Golden Coconut Ltd of \$376.31 and ANZ cheque #001056 from Hyundai Automotive Samoa of \$1,771.00, plus cash of \$142.20, was lost in a taxi she took from the Office in Mafanua to Ministry of Finance.	The officer responsible for the loss paid the full amount on same date. The Banks involved were issued with stop notices for the cheques missing and at the same time reissue replacement cheques for the lost ones. Subject to replacement cheques received, Ministry reimbursed officer's personal money and any additional cost must be borne by the Officer. It was strongly advised that Ministry vehicles should be made available at any time money is being carried around and that officers involved should be extra cautious when handling Government monies to avoid re-occurrence of similar incidents.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
IR 6A	6/10/2009	13/10/2009	\$180.00	Traffic accident - Vehicle number MAF38 The vehicle accident happened at Pesega while lights signalled to turn right when a taxi bumped into it and damaged the right hand side of the bumper. Driver was saying he was picking up the water hose from his home to wash Ministry vehicles although he was not supposed to drive the Ministry car for he had not worked in the Office very long when the accident occurred.	Ministry of Finance (MOF) advised, due to sources and nature of accident, the driver was warned and to pay for damages and any cost to vehicle. The Ministry was also advised to refrain from allowing any officer or employee other than designated drivers approved to drive Government vehicles.
Ministry of Commerce Industry and Labour					
IR 7A	24/03/2010	24/03/2010	\$1,250.00	Traffic incident - Vehicle number MCIL03 The Ministry's newly recruited driver was delivering letters to the Old Court House at Tamaligi from the Main Office at the ACC Building. When it got there on the main beach road, we stopped and signalled right to turn to the Court House, the oncoming vehicle inside lane stop to give way for our vehicle to turn. Knowing it was clear outside we did but unfortunately a side kick vehicle change lane to the outside and could not stop in time but came right to us hitting the driver's left hand side door.	The Ministry's vehicle was insured and Insurance Company agreed to pay for both the vehicles. An excess in cost of \$500 was to be borne by the driver through fortnightly salary deductions of \$20 to the Insurance Company. The Ministry was asked to ensure due care for Government assets. The driver was also warned to avoid any more incidents causing damages to Government assets which may result in suspension or termination.
Ministry of Education, Sports and Culture					
IR 8A	5/11/2009	16/11/2009	\$3,936.00	Traffic accident - Rental Vehicle Number 18344 The Minister of Education was using this rental car. He was driving towards his home at Vailoa when collided with a taxi causing damages to the front left side of the rental vehicle and the right rear side of the taxi cab.	The Minister is responsible for the full cost of repairs to the rental vehicle.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
IR 9A	8/11/2009	16/11/2009	\$29,500.00 1,900.00 100.00	Traffic accident - Rental vehicle number 19716 The Minister of Education was driving this rental car. The accident occurred in Fa'ala, Palauli. He was driving from his village of Samataitai to Salelologa wharf but unfortunately just beyond Faala, Palauli the Minister must have dosed off and the vehicle swerved off the road and crashed on the left side of the road. The vehicle was totally written off at that stage.	The vehicle is a total loss. The Rental Claim for the total replacement of the Toyota Corolla is as follows: (1) Replacement Cost: \$29,500.00 (2) Tow Truck services: \$1,900.00 (3) Additional fee: \$100.00 per day Awaiting Insurance coverage and the excess cost to be finalised
Ministry of Finance					
IR 10F	Unknown	19/2/2009	Unknown	The breach of the Code of Conduct as per section 44A of Public Service Act 2004 was committed by the employee of the Ministry of Finance.	The Ministry of Finance (MOF) reported that the employee was terminated and also asked to return all properties belonging to the Ministry including security cards and other MOF properties.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
Ministry of Foreign Affairs and Trade					
IR11C	15/07/2009	27/08/2009	\$5,017.50	The stolen Thinkpad Computer laptop and Bag inside the Digicel Shop at the Cairnes Janif Building in Suva, Fiji while the Senior Officer for Political, International Relations and Protocol was attending two meetings on behalf of Government.	The Ministry of Finance (MOF) recommended the full cost of recovery to the missing items especially the Computer Laptop, should await the result of the claim currently undertaken by the Treasury, and the Senior Officer should be responsible for any insurance excess cost, due to her lapse of awareness that allowed the culprits to sneak in and steal the items from near her. Also recommended, upon any unsuccessful claim, the Senior Officer should be responsible for 50% of the total cost of the Ministry's laptop given the fact that the government's asset was under her care and she responsible to safeguard it from being stolen.
Ministry of Health					
IR12A	09/09/2009	23/09/2009	\$3,556.95	Traffic Accident - Vehicle number MOH 02 The vehicle was on an official run when the accident occurred. The officer admitted to careless driving and also agreed that he should not have made the U-Turn on that part of the road where the accident occurred.	The Ministry of Finance (MOF) recommended that the Ministry should meet the full cost of repairing damage to the government vehicle involved and the officer responsible for reimbursing the Ministry for the costs incurred by deducting \$20.00 from his pay on a fortnightly basis.
Ministry of Natural Resources and Environment					
IR13A	16/09/2009	24/11/2009	\$150.00	Traffic Accident - Vehicle number MNRE 15 Broken side mirror of Vehicle Number MNRE 15. The matter confirmed that the side mirror was not in good condition since July 2009 due to wear and tear and it fell off on 16 September 2009 while MNRE 15 was on its way to Faleaseela and Solosolo on an official trip.	The Ministry of Finance (MOF) recommended that the Ministry should meet the full cost of replacing the above side mirror, and must also ensure that the vehicle parts damaged due to wear and tear conditions as stated are replaced as early as possible to avoid any further damage.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
IR14C	28/8/2009	18/11/2009	\$3,000.00	Four (4) tyres were missing from the Forestry Division at Maota Store Room.	It was recommended that 75% (\$2,500) should be paid by the Supervisor while 25% (\$750) be recovered from the driver of the Ministry.
Ministry of Police and Prisons					
IR15A	15/12/2009	21/01/2010	\$1,300.00	Traffic Accident - Vehicle number MPAG02 Traffic Accident involving vehicle number MPAG02 caused damages to the front right hand side tie rod, a punctured front right tyre and a dent on the right side bumper of the vehicle which was driven by the Associate Minister of Police and Prisons in Savaii when returning from Tuasivi Hospital.	The vehicle was taken to the Engineering shop and was fully repaired.
IR16A	08/03/2009	5/08/2009	\$1,150	Traffic Accident - Vehicle number POL19 Damages to the left hand side of the vehicle were caused when the police officer was trying to park it inside the Samoa Rugby Union (SRU) office car park and hit the steps.	The Ministry should follow up coverage with the Pacific Insurance Underwriters Ltd and in the event that the Insurance Company does not support the claim for repairs to POL19, the police officer involved should pay the full amount of total repairs.
IR17A	20/04/2009	5/08/2009	\$862.50	Traffic Accident - Vehicle number POL19 The van was scratched on the right side behind sliding door from a steel post when it entered the gate at Tooa Salamasina Hall to drop off members of the police band for practice.	The Ministry should follow up coverage with the Pacific Insurance Underwriters Ltd and in the event that the Insurance Company does not support the claim for repairs to POL19, the police officer involved should pay the full amount of total repairs.
IR18A	03/06/2009	5/08/2009	\$4,659.50	Traffic Accident - Vehicle number POL19 Scratched on the right hand side and a broken rear right hand side glass window of vehicle caused when officer attended an emergency call from Tufuopa on Wednesday night 03/06/2009 at 9p.m. and on returning to the main Office the vehicle swerved and hit a steel post.	The Ministry should follow up coverage with the Pacific Insurance Underwriters Ltd and in the event that the Insurance Company does not support the claim for repairs to POL19, the police officer involved should pay the full amount of total repairs.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
IR19A	14/6/2009	5/08/2009	\$4,542.50	Traffic Accident - Vehicle number POL19 A police officer kicked the vehicle's sliding door causing the sliding door window broken as a result of a fight between him and his wife at Motootua.	The Ministry should follow up coverage with the Pacific Insurance Underwriters Ltd and in the event that the Insurance Company does not support the claim for repairs to POL19, the police officer involved should pay the full amount of total repairs.
IR 20A	23/07/2009	5/08/2009	\$4,082.50	Traffic Accident - Vehicle number POL19 Damages to the broken rear window were caused when members of a prisoner's family from Solosolo stoned the vehicle while police officers on duty were trying to handcuff the prisoner.	The Ministry should follow up coverage with the Pacific Insurance Underwriters Ltd and in the event that the Insurance Company does not support the claim for repairs to POL19, the police officer involved should pay the full amount of total repairs.
IR21A	03/08/2009	05/08/2009	\$30,000	Traffic accidents - Vehicle number 12527 The vehicle was involved in an accident on the way to Lepa for their back up routine when it got to a curve at Lotofaga Uta, another car (Blue Getz) was coming head onto us on our side of the road and the officer driving, quickly turned the vehicle on the left side of the road and hit the ditch causing damages.	The Ministry of Police should look into this accident and report the findings on the payment of repairs.
IR22A	03/08/2009	05/08/2009	\$1,800.00	Traffic Accident- Vehicle number 15312 Traffic Accident causing damages to right hand side head lights and a broken front bumper due to the officer trying to overtake a truck and hit the rear side of the truck.	The Ministry of Police should look into this accident and report the findings on the payment of repairs.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
IR23A	11/07/2009	17/07/2009	\$2,800.00	Traffic accident - Vehicle number POL27 The vehicle accident occurred at Matautu-uta during an official run which caused a dent to the tail gate and bumper as well as a broken rear window.	The Ministry of Finance reported that the Ministry of Police and Prisons meet the full cost of repairing damages to the vehicle and initiate deductions of \$50 per fortnight from the driver's salary to recover Ministry's fund. The Ministry was strongly advised to place control measures for all vehicles under its care to avoid the occurrence of these irregularities.
Ministry of Women, Community and Social Development					
IR24D	Unknown	26/8/09	Unknown	Sub-Receipt Book for registration fees of participants attending the Skills Building Programme conducted in different villages were missing. There were three (3) staff members of the Ministry responsible for the receipt book.	The three (3) officers involved had been asked to locate the receipt book and settle the amount registered.
Ministry of Works, Transport and Infrastructure					
IR25A	08/03/2010	15/03/2010	\$3,900.00	Traffic Accident - Vehicle Number MWT102 The driver went to Vaitele Uta to take a gas bottle for the Chief Executive Officer (CEO) and went over a hump on the road resulting in the rear fibre glass canopy falling off without his knowledge of how it happened.	The Ministry of Finance recommended the damaged canopy to be written off and the Ministry to pay for replacement of a new fibre glass canopy.
IR26F	16/2.2010	5/3/2010	Unknown	A stop notice was issued for the construction of a parish new building at Malua on the grounds that there was no Building Permit due to illegal practice.	A special investigation was carried out by the Ministry of Finance, the Public Service Commission and Audit Office due to the seriousness of the matter.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
IR27A	04/12/2009	18/12/2009	\$1,705.00	Traffic Accident – Vehicle MWT101 The CEO approved the Assistant CEO for Civil Aviation to drive to the Airport for an early morning flight on Saturday 5 th December 2009 for their overseas trip to New Zealand (NZ) and parked the car at the airport. They arrived from NZ on Monday 7 th and drove back to the Office in the afternoon without knowing about the dent at the side of the vehicle.	The ACEO Civil aviation to pay excess fee of \$1,000.00 while the National Pacific Insurance settle the remaining cost.
Samoa National Health Services					
IR28A	26/08/2009	27/08/2009	\$2,500.00	Traffic Accident – Vehicle number NHS34 Accident occurred at 11p.m at Magiagi on delivering workers on duty at night when an oncoming pickup could not control its position on the road so we had to avoid collision by turning side wards. This lead to the damaged back left side and broken lights on the same side.	The Samoa National Health Services was advised to pay repair costs.
IR29A	02/09/2009	02/09/2009	\$100.00	Traffic Accident – Vehicle number NHS36 Vehicle was used for the morning shift (1a.m to 9a.m.) and when it was time for the driver to collect the domestic workers and cleaners behind the outpatient, he tried reversing the vehicle and hit the big rock causing damages to the left side of the bumper.	The Samoa National Health Services was advised to pay repair costs.

Ref. No.	Date Occurred	Date Reported	Cash/Value \$	Details	Action Taken
Audit Office					
IR30C	17/09/2009	23/09/2009	\$4,079.99	Acer Laptop Computer stolen The item was in possession of one of the staff's vehicle and was stolen from inside the vehicle.	The staff responsible had paid and replaced the same brand that was stolen and in the event that the old laptop is later found, then she will take ownership of the said old laptop that was stolen.
Samoa Bureau of Statistics					
IR31A	26/11/2009	24/12/2009	\$7,878.00	Traffic Accident – Hired vehicle number 19925 The hired vehicle was used for the Agriculture Census during the programme in Savaii. The Officer was driving around collecting work from allocated staff in different villages and just after he left Apopo at 7.30p.m another vehicle which the Officer could not recall its number plate was coming fast heading towards his lane resulting in my vehicle sustaining damages while running off the road and into a ditch.	The vehicle was insured and insurance company agreed to pay \$2,565.00 and the rest of the total cost of claim should be met by the Ministry. The vehicle was a total write off.

