



Government of Samoa

**REPORT OF THE
CONTROLLER AND AUDITOR-GENERAL
TO THE LEGISLATIVE ASSEMBLY**

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

July 2016 – June 2017

Telephone: 27751
Fax: 24167
Email: info@audit.gov.ws
Website: www.audit.gov.ws

P.O Box 13
APIA, SAMOA

*Please address all correspondences
to the Controller and Auditor General*



AUDIT OFFICE

3 October 2018

Afioga Toleafoa Fa'afisi
Honourable Speaker of the Legislative Assembly
Independent State of Samoa

Dear Mr. Speaker,

Report to Parliament on the Operations of the Audit Office - July 2016 to June 2017

In compliance with Article 98 of the Constitution of the Independent State of Samoa 1960 and Section 42 of the Audit Act 2013, I respectfully submit to you, for transmission to the Legislative Assembly of Samoa and for tabling in the next Parliament session, my Report on the Operations of the Audit Office for the period, 1 July 2016 to 30 June 2017.

Yours Sincerely,

Fuimaono Mata'afā Papali'i C. G. Afele
CONTROLLER AND AUDITOR-GENERAL

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FOREWORD

This is my Fourteenth (14) report to Parliament since my initial appointment in late September 2010. This report is on the operations of the Audit Office and the results of audits and other assignments completed between July 2016 and June 2017 including the report on the audit of the Public Accounts 2016. The report has also brought in other assignments completed before the reporting period but have not been reported in the past in the relevant reports to Parliament. Irregularities identified by, or notified to, the Audit Office during the period 2016/2017 are reported separately.

As the update of audits started to be completed work intensified on the implementation of the Strategic Plan especially in relation to the review and upgrade of Manuals and Libraries as well as extensive research on the manifestation of financial independence for the Audit Office.

The highlights of this financial year is the drive by the leadership team and other staff to undertake postgraduate qualifications that will continue to improve their personal and professional standing as well as individual and organisational performance. During this year the Audit Office had staff doing postgraduate and Masters qualification in Australia and New Zealand either via distance/flexible learning or on campus where some have to resign to study on campus. This is in addition to the bilateral arrangement with the Nanjing Audit University and China's National Audit Office for selected staff of the Samoa Audit Office and other Pacific Island Audit Office to undertake the study of a Masters Degree in Auditing which is unique and specific to auditing.

The period of this report also note the usual participation and involvement of the Controller and Auditor General and staff in seminars, conferences and training initiative of INTOSAI and IDI, SAI India, Association of Pacific Islands Public Auditors (APIPA) and Pacific Association of Supreme Audit Institutions (PASAI).



Fuimaono Mata'afā Papali'i C.G. Afele
CONTROLLER & AUDITOR-GENERAL

HIGHLIGHTS OF THE REPORT

The volume of work and assignments undertaken during this reporting period reflect again the ongoing efforts by the Audit Office to clear the backlog and audits and reports in arrears. In the financial year ended 30 June 2017, a hundred and seventeen (117) assignments were completed and now reported compared to 60 in both financial years ended 30 June 2009 and 30 June 2010 when the clearance of the backlog/arrears started.

Other significant non-audit work include:

1. Increased work on financial independence including:
 - i. Presenting Strategic Plan to Minister of Finance, Afioga Sili Epa Tuioti and previous communications to former Deputy Prime Minister as former Minister of the Audit Office from 2011 to 2016 (Afioga Lauofo Fonotoe Pierre Lauofo) and former Minister of Audit Office immediately before current Minister of Audit Office (Afioga Lautafi Selafi Purcell)
 - ii. Working with the new Zealand Audit Office and Pacific Association of Supreme Audit Institutions to review legislations on financial independence in other jurisdictions for application to the Samoa Supreme Audit Institution
2. Commencement of the Master of Auditing Project with Nanjing University and the Chinese National Audit Office sending the very first representative
3. Discussion and negotiations with the Electric Power Corporation and the Appointed Auditor on accounting adjustments relating to interest rates on foreign external debt
4. Attendance before the Parliamentary Works & Infrastructure Committee on Samoa Airport Authority
5. Continuation of Masters Degree via flexible and distance online learning in Australian Universities by 2 Representatives of the Audit Office supported and endorsed by the Controller and Auditor General
6. Discussion with Appointed Auditors about too many clerical and presentation errors in annual reports to parliament
7. Completion and submission of 7 reports to Parliament
8. Participating in the efforts of the Samoa Institute of Accountants for a roadmap or pathway to improve the quality and timeliness of audits in the private sector and civil society
9. Circular to auditees inviting final comment for the report to parliament for the year ended 30 June 2016
10. Letter to Appointed Auditors clarifying the date of audit completion for the purpose of dating audit opinion/reports
11. Letter expressing views of the Audit Office on internal allegations emanating from a person in the Health Sector about financial losses from the Samoa Health Sector Wide Project
12. Circular to auditees presenting a Better Practice Guide on Fraud Control in commemoration of the International Anti-Corruption Day – 9 December 2016
13. Hosting of the PASAI/IDI Regional Cooperative Compliance Audit Meeting
14. Letter to Public Service Commission (PSC), Ministry of Finance (MOF) and Ministry of Public Enterprises (MPE) to correct false statements/allegations in the Media on the status of Accounts and Audits
15. Advice to Ministry of Public Enterprises on how to work out short-term and long-term solvency of Public Bodies/Enterprises
16. Secondment of the Director of Public Bodies Audits to Samoa Trust Estates Corporation to improve accounting, internal control, financial management and audit compliance
17. Hosting of the PASAI Legislative Committees Workshop for the Parliament of Samoa

18. Advice to Ministry of Finance on the need to conduct comprehensive audits of all aid and loan funded projects pursuant to advice from the Finance and Expenditure Committee of Parliament
19. Communication and discussion with Polynesian Airlines Companies, Ministry of Finance and Ministry of Public Enterprises on the need to comply with FK(08)15 on capital injections into Polynesian Airlines Companies
20. Advice to President of the Samoa Institute of Accountants on Capacity Building Opportunities for SIA organised and promoted by the Audit Office with its professional stakeholders and development partners
21. Advice to the Office of the Ombudsman about their request to review a 2010 audit report by former Controller and Auditor General
22. Purchase of additional licences for the Audit Software – Team Mate
23. Letter to Ministry of Finance to address the report from the Finance and Expenditure Committee on the 2017 Public Accounts
24. Installation and implementation of the audit software Team Mate
25. Receipt from PASAI on request of second-hand laptops and desktops for use by Staff
26. Letter to Auditor General of New Zealand and Auditor General of Papua New Guinea to convey gratitude and appreciating for sending Team Mate Experts to assist with the installation and implementation of Team Mate in the Audit Office
27. Nomination and processing of the application documents for second group of Scholars for the Master of Auditing Project with Nanjing Audit University and China's National Audit Office
28. Recruitment of Director of Information and Communications Technologies & Infrastructure
29. PASAI Governing Board in Auckland
30. PASAI Governing Board and Congress in Pohnpei
31. Discussion of an anti-corruption partnership for the Samoa Audit Office, Samoa Ombudsman Office and the National Prosecution Office to be governed by a Memorandum of Understanding amongst the 3 Organisations
32. Introduced to the Special Enquiries Manual of the New Zealand Audit Office and the decision making process and document to filter or screen requests for inquiries
33. Continuation and completion of the comprehensive audit of PFL Companies by an Private Appointed Auditor
34. INCOSAI in Abu Dhabi in November 2016
35. PASAI's representative to INTOSAI Governing Board until 2022
36. Commonwealth Meetings of Auditors General in India in March 2017
37. Clarifications were sent to one of the Media Outlets on Reports to Parliament
38. An audit query was triggered on the status of dynamites once used by the Samoa Quarry and stored at the Vaimea Compound
39. Commencement of work on accounting, financial management and asset management manual as well as human resource management manual
40. The twin arrangement with the New Zealand Audit Office intensified its peer review of audit manuals of the Samoa Audit Office
41. Research intensified on financial independence and the restructure of the Audit Office by 2024 as envisioned in the Strategic Plan 2014-2024
42. Intensification of work on audit manual reviews and upgrades and building of electronic libraries for each Unit
43. Regular participation in meetings of the Anti-Money Laundering Task Force
44. Circular to Auditees on ongoing cooperation and developments in national governance and national auditing
45. Addressing query from a supplier about a hold up in payment for goods and/or services already supplied

46. Submitted Article for IDI Newsletter
47. Speaking in the Anti-corruption validation workshop
48. Audits of public bodies completed during the period had a pass rate of 82% compared to the following rates from 2009 to 2015:
 - i. 6%
 - ii. 14%
 - iii. 16%
 - iv. 21%
 - v. 27%
 - vi. 46%
 - vii. 51%
49. Commencement of enrolment of SAO Staff to free UNODC Money Laundering Electronic Courses
50. Meet with CEO MFAT and Heads of Missions on the audits of Missions
51. Meeting with UNDP Consultant on roadmap for implementation and localisation process for the SDGs
52. Attendance at PEFA workshop in Manila
53. Request to Appointed Auditors to take note of issues/matters in the media during their risk assessment, audit planning and audit execution
54. Recruitment of Director of Special Audit Unit
55. Connecting Samoa's FEC to CAPAC – Commonwealth Association of Public Accounts Committee
56. Request from a private organisation for audit by the Audit Office
57. Controller and Auditor-General successfully supporting and endorsing applications for Masters Degrees via distance/flexible learning in Australian Universities for 6 Members of the Leadership Team taking the total of all Staff on Masters Studies to 12
58. Resumption or revival of the audit of the Police Armoury on an annual basis
59. Discussion of the clinical and structured special audit approach and cost-recoveries through training in the Samoa In-Country Training Program
60. Participation in the National Conference on Democracy and the Development of Samoa: The Role of Elections
61. Audit Office was copied with a complaint on sand mining
62. Commencement of the use of electronic meetings in place of physical meetings for convenience
63. Formalisation of the use of the 4 step or 4 stage disciplinary measure
64. Flexible Project Funding with the Commonwealth Ombudsman Australia for the Samoa Integrity Organisations Network Project.

ANNUAL FINANCIAL STATEMENTS

Audit Office

Output	Actual	Full Budget	Budget Remaining	Utilization %	2016
Strategic and Parliamentary Services	760,618	815,521	54,633	93%	693,667
Financial Audit Services	1,094,625	1,108,911	14,286	99%	1,136,034
Operational Audit Services	1,118,722	1,172,761	54,039	95%	1,053,138
TOTAL	2,973,965	3,096,923	122,958	96%	2,882,839

Transactions on Behalf of the State

Output	Actual	Full Budget	Budget Remaining	Utilization %	2016
International Congress of Supreme Audit Institutions	0	5,000	5,000	0%	0
PASAI	389	600	211	65%	0
INTOSAI	0	1,584	1,584	0%	1,349
APIPA	0	1,200	1,200	0%	1,000
Rents and Leases	169,496	195,818	26,322	87%	172,755
VAGST Output Tax	67,453	79,287	11,834	85%	71,494
TOTAL	237,338	283,489	46,151	84%	246,597

Cost Recoveries

Output	Actual	Full Budget	Revenue Budget Exceeded	Recovery %	2016
Fees & Other Charges	444,861	422,589	22,273	105%	495,123
TOTAL	444,861	422,589	22,273	100%	495,123

AUDIT 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 2016/2017 are detailed below.

Output 1: STRATEGIC AND PARLIAMENTARY SERVICES

This appropriation is for the delivery of the following services:

- Submitting annual reports to Parliament
- Attend Parliament and Parliamentary Committee Meetings
- Production of legal services

Performance Measures

Activity	Quantity	Achievement
1. Number of Audit Reports to be submitted to Parliament by 30 June 2017	One report.	OCAG/SAO submitted 7 reports during the period July 2016 – June 2017.
2. Percentage of Parliament Meetings and Parliamentary Committee Meetings to attend.	Attend 100% of Parliament Meetings. Attend 100% of Finance and Expenditure Meetings and other Parliamentary Committee Meetings when required.	OCAG/SAO attended 100% of the meetings and sessions during the period of the report.
3. Percentage of Requests for Legal Services	Produce legal services for 70% of request for legal services.	Director Legal was recruited from June/July 2016. 68% of legal services have been provided.

Output 2: FINANCIAL AUDIT SERVICES

This appropriation is for the delivery of the following services:

- Audit of the quarterly statements of receipts and payments;
- Audit of the annual Public Accounts;
- Pre-audit of the daily cheque listing;
- Audit of the accounts of donor and loan funded projects;
- Audit of ministries, departments and office of the Executive Government;
- Audit of overseas missions;
- Certifications of warrants for signature of Head of State to release funds;
- Interim and special check/audits of Ministries;
- Ministry auctions and other ministry engagements;
- Audit of the non-delegated or in-house public bodies annual financial statements;
- Audit of the delegated or outsourced public bodies annual financial statements;
- Interim and special check/audits of Public Bodies;
- Public Bodies auctions and other Public Bodies Engagements.

Performance Measures

Activity	Quantity	Achievement
1. Number of quarterly statements of Receipts and Payments of the Treasury Fund to be audited annually.	Three quarterly statements of receipts & payments of the Treasury Fund to be audited annually	OCAG/SAO completed 2 quarterly statement audits during this financial year. Coverage of these audits are in the report.
2. Number of Annual Public Accounts to be audited annually.	One set of Annual Public Accounts to be audited subject to submission of draft by the Ministry of Finance	OCAG/SAO completed one audit pertaining to Annual Public Accounts of the financial year ended 30 June 2016. Coverage of this audit is in the report.
3. Percentage of daily cheque listings pre-audited	100% of daily cheque listing received for pre-auditing are cleared daily	The performance quota or target of 100% cheques pre-audited and passed daily was achieved. Four pre-audit reports were completed for the period July 2016 to June 2017. Coverage of these pre-audit reports are in this report.
4. Percentage of daily cheque listings pre-audited queried and cleared within 3 working days	100% of daily cheque listing received for pre-auditing are cleared daily	All pre-audited cheque listings have been cleared.
5. Percentage of Government Ministries & Departments to be audited annually	Targeting 100% of Ministries to be audited during the year 2016/17 in line with staff numbers	OCAG/SAO completed 21 final audits of ministries. Coverage of these audits are in this report.
6. Percentage of Government Overseas Missions to be audited annually	Targeting 60% of 7 Missions to be audited during the year 2016/17.	OCAG/SAO completed 1 mission audit.
7. Percentage of Donor and Loan Funded Projects to be audited annually.	Targeting of 100% of projects to be audited during the year 2016/17.	OCAG/SAO completed 23 project audits during the year 2016/2017. These are being covered in the report.
8. Interim and special checks on Ministries	Targeting 80% of Ministries to be interim/special checked or audited during the year 2015/2016 in line with staff numbers	OCAG/SAO completed 9 interim ministries audits.
9. Auctions and other engagements	Targeting 100% of request or demand on auctions and other engagements.	OCAG/SAO responded to all requests or demands – 100%
10. Percentage of Public Bodies (beneficiary & trading) – Non-Delegated Percentage of Public Bodies (beneficiary & trading) – Delegated	Targeting 80% public bodies to be audited out of 37 public bodies during the year 2015/2016 in line with staff numbers of appointed Auditors and Public Bodies Unit of the Audit Office	34(92%) public bodies audits were completed within financial year 2016/2017 including some arrears or outstanding audits. These audits are covered in this report.

11. Percentage of comprehensive surprise, spot or interim checks of Public Bodies.	Targeting 50% to be interim/special checked or audited of the 37 public bodies during the year 2016/2017 in line with staff numbers of the Public Bodies Unit of the Audit Office.	12 public bodies interim audits completed within financial year 2016/2017. These audits are covered in this report.
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Output 3: OPERATIONAL AUDIT SERVICES

This appropriation is for the delivery of the following services:

- Conduct of Information Technology Audits
- Conduct of Performance Audits
- Conduct of Special Audits/Examinations

Performance Measures

Activity	Quantity	Achievement
1. Conduct of information technology audits.	Two information technology audits	The responsible Unit of OCAG/SAO conducted no special information technology audits during the period of the report as all resources were poured into supporting other audits through hardware and software inventory, data extraction and analysis and limited audits of general and application controls.
2. Conduct of performance audits and special audits or examinations	Two performance audits and two special audits or special examinations	The responsible Unit of OCAG/SAO conducted nine (9) performance and special audits during the period of the report.
3. Percentage of auctions and other engagements	Targeting 50% of request or demand on auctions and other engagements.	OCAG/SAO responded to all requests or demands – 100%

The reasons for variations between actual performance and target were:

- Delays in preparation of financial statements by public sector entities responsible under statutes for the preparation and submission of these financial statements;
- Incompleteness and incorrectness of draft financial statements submitted for auditing;
- Some projects are only required to be audited when expenditure exceeds a certain threshold;
- Updating or clearance of backlogs going back to 2008.

As part of changes currently taking place in the Office, additional performance measures are planned to be introduced to assist in managing and monitoring Office activities. It is anticipated that these measures will be included in future Parliamentary reports produced by the Office.

AUDITS AND OTHER ASSIGNMENTS

Under relevant legislation, the Controller and Auditor General is required to conduct audits of:

- The Government's Annual Public Accounts
- Quarterly Statements of Receipts and Payments
- Ministries
- Public Body financial statements
- Government Overseas Missions
- Donor and loan funded projects managed by the Ministry of Finance.

The purpose of these audits is to provide assurance on the financial management of these entities and, where applicable, to issue an audit opinion as to whether financial statements fairly present the financial operations of relevant entities. The results of these financial audits are reported to Parliament at least once annually.

In addition, the Office may undertake special audits or examinations of specific activities conducted at the discretion of the Controller and Auditor General. The source of these special audits or examinations may be by request from Ministers, other members of Parliament, the management of Ministries or Public Bodies or other stakeholders of the Office.

The following table summarises the number of audits and other assignments undertaken during the financial year ended 30 June 2017.

Audits completed in 2016-2017

Type of Audit	Number of audits completed
Annual Public Accounts	1
Quarterly Statements	2
Pre-audit	4
Ministries Interim & Final Audits	30
Public Bodies Interim & Final Audits	46
Donor and Loan funded projects	23
Performance and Special Audit/Examination	9
Auction	1
Other	1
TOTAL	117

1. PUBLIC ACCOUNTS, QUARTERLY STATEMENTS, PRE-AUDIT & AUCTIONS

1.1 Public Accounts for the year ended 30 June 2016

The audit of the Public Accounts for the period 1 July 2015 – 30 June 2016 was completed in the financial year 2016/2017.

The Public Accounts includes expenditure and receipts of Ministries, Special Trust Accounts and the audit of the Treasury Fund. The Schedules for the Public Accounts are:

- Schedule A – Consolidated Cash Flow Statement
- Schedule B – Comparative Statement of Budget and Actual Results
- Schedule C – Statement of Revenues and Expenses
- Schedule D – Statement of Assets and Liabilities
- Schedule E – Notes to Public Accounts
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- Schedule 1.1 – Consolidated Statement of Comparison of Budget and Actual Receipts and Payments by Ministry
- Schedule 1.2 – Consolidated Statement of Receipts and Payments for External Aid by Ministry (Grant)
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- Schedule 3 – Statement of Statutory Expenditure
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- Schedule 5 – Statement of Cash Balances
- Schedule 6 – Statement of Receivables
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- Schedule 8 – Statement of Capital Subscriptions and Obligations
- Schedule 9 – Statement of Fixed Assets
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- Schedule 11.1 – Statement of Cash Receipts & Payments for the Government of Samoa Funds/Grants
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- Schedule 12 – Statement of Payables
- Schedule 13 – Statement of Contingent Liabilities
- Schedule 14 – Statement of Write-Offs & Losses
- Schedule 15 – Statement of Ex-Gratia Payments
- Schedule 16 – Special Funds
- Schedule 17 – National Loans Sinking Fund
- Schedule 18 – Insurance Fund

This report summarizes the issues that were raised during the audit.

Schedule 1: Statement of Receipts

1. There were no written explanations for variances in actual and estimates of receipts and payments for some Ministries including:
 - Ministry of Agriculture and Fisheries
 - Ministry of Communication, Information and Technology
 - Ministry of Justice & Courts Administration
 - Office of the Clerk of the Legislative Assembly
 - Ministry of Natural Resources and Environment
 - Ministry of Police
 - Ministry of the Prime Minister and Cabinet
 - Ministry of Prisons and Correctional Services
 - Ministry for Revenue
 - Ministry of Women, Community and Social Development.

Ministry of Finance (MOF) Response:

A letter has been re-circulated for these Ministries for their responses. MOF will ensure that there will be more discussions with Ministries or look for another method for a prompt response in the Financial Year 2017.

2. Correct budget allocations for some projects could not be determined because there were multiple entities involved in their implementation. Budgets for projects with multi-implementing agencies should be properly divided between the responsible ministries to ensure there are clear protocols in place for the operations and implementation of the project. This would also enhance proper segregation of duties and accountability with each ministry being accountable for the budget they are given.

MOF Response:

The audit recommendation has been noted.

Schedule 3: Statement of Statutory Expenditure

1. Budget amounts were not included in the Statement. It was recommended that budget amounts be disclosed to be consistent with other schedules and for proper presentation.

Ministry of Finance (MOF) Response:

Estimates were not in the presentation in previous years but will be noted for the next financial year.

2. Other Statutory Expenditures had exceeded their allocated budgets. Proper control and monitoring should be in place to avoid overspending of funds.

Other Statutory Expenditures	2016	Estimate	(Over)/Under \$
Interest on Deposit Accounts Overdraft	537,838	388,000	(149,838)
Sinking Fund Contribution	1,415,588	1,415,458	(130)
Income Tax Refunds	7,376,919	6,424,000	(952,919)

MOF Response:

The Statement for the schedule has been presented as is for this year, but the recommendation is noted for control and monitoring. For Interest on Deposit Accounts Overdraft, the excess was a result of fees charged on the overdraft facilities. All Electronic Funds Transfer (EFT) payments were put through one bank (that would then disburse later on to the other banks) therefore had an immense impact on bank fees. Other commercial are now able to handle EFT payments, which would assist in overdraft facilities in the future. The variance in the Sinking Fund resulted from the bank fees over the period. For Income Tax Refunds, there were more refunds than anticipated and the appropriation remained stable.

Schedule 5: Statement of Cash Balances

1. The overdraft balances of four bank accounts as at 30 June 2016 exceeded their overdraft limits. These accounts incurred interest(s) on the excess amounts on Overdraft reported in Schedule 3. Proper controls for managing all bank accounts need to be implemented, together with timely transfer of approved funds from the Treasury Fund to accommodate payments and to avoid accounts from being overdrawn incurring extra bank charges.

Bank Account	Overdraft Balance \$	Overdraft Limit as per bank confirmation \$	Variance \$
General Disbursement	(25,417,293.47)	(12,000,000)	(13,417,293.47)
Westpac Treasury Fund	(17,437,055.41)	(5,000,000)	(12,437,055.41)
Tax Refund Imprest	(116,026.12)	Unknown	Unknown
Total	(42,970,375)	(17,000,000)	(25,854,348.88)

Ministry of Finance (MOF) Response:

There are proper controls in place for cash flow monitoring and the allocation of daily government commitments. This issue has been minimized through the implementation of the Electronic Fund Transfer (EFT) for all banks.

2. There were unpresented cheques noted for the following accounts on the 30th June 2016:
 - General Disbursement Account \$213,087.75 (cheques issued in 2013, 2014 and 2015)
 - Income Tax Account \$90,440.25 (cheques inclusive of those issued in 2007)

MOF Response:

There has been an improvement over the years in the amount that is unpresented through the usage of the EFT modality. There are intentions to delve deeper into the Unclaimed Monies and to liaise with banks for verification. A request from the Ministry for Revenue has been received on the Unpresented Tax Account, with more information required on cheques before they are written off.

Schedule 6: Statement of Receivables

1. Accounts receivables for the Ministry for Revenue (MFR), amounting to \$87,647,957 were not captured on Finance One. These unrecorded debts led to an understatement in the Accounts Receivable balances in Schedule 6 and the Statement of Financial Position of the Treasury Fund in Schedule D.

Ministry of Finance (MOF) Response:

It was agreed by MOF and MFR to report these Unrecorded Debtors in Schedule 6 of the Public Accounts 2015/2016. MFR will provide confirmation of these balances for proper documentation. MOF and MFR will work on establishing a proper process and information to be reflected in Finance One for 2016/2017. In regards to this process, MOF had advised MFR to provide these reports on a quarterly basis so that the movement of outstanding debtors/arrears is reflected on Finance One, and that they are properly monitored and managed.

2. The majority of Ministries' debtors were more than 180 days old as reflected in Schedule 6. This increases the risk of irrecoverable debtors and debts written off which could be a potential loss to government.

Ministry	Current 0-30 Days	> 30 Days	>90 Days	>180 Days	Total Outstanding
Finance	91,870.42	44,358.09	70,257.23	167,037.62	373,523.36
Legislative Assembly	17,858.83	1,962.00	2,845.00	23,332.13	45,997.96
Agriculture	1,678	0	0	20,862.6	22,540.60
Attorney General	0	9497	16400	123,505.65	149,402.65
Audit Office	94610.5	126626.5	38527.88	136,800.40	396,565.28
Commerce	0	2,600.00	100.00	1909	4,609.00
Communication	4,439.44	5,836.94	52.18	251,966.24	262,294.80
Education	0	0.00	0.00	73,424.99	73,424.99
Electoral Commission	0	125	5,680	0	5,805.00
Finance	-318,448.41	3,000.00	196,807.20	641,774.97	523,133.76
Foreign Affairs	0	0	75	150	225.00
Health	1,760	3,021.00	5,050.00	38,071.47	47,902.47
Natural Resources	6,871.65	7,139.76	29,648.50	1,666,492.63	1,710,152.54
Prime Minister	25,725.00	141,267.50	13,650.00	541,756.12	722,398.62
Police & Prisons	0	0	230	18,571.91	18,801.91
Public Service	0	300	0	43955	44,255.00
Revenue	0	0	0	723,959.14	723,959.14
Works	1260	400.00	200.00	0	1,860.00
Women	4,309.81	45,246.79	58,495.11	230,730.37	338,782.08
Statistics	0	300	405	0	705.00
TOTAL	-68,064.76	391,680.58	438,423.10	4,704,300.25	5,466,339.16

MOF Response

- Ministries are encouraged to utilize the Age Analysis Report produced from Finance One to regularly review, monitor and follow up outstanding debts. The System Support Division of MOF also provides regular report trainings for Ministries.
- MOF has also incorporated in its draft Accounting Manual (Debtors Manual):
- Advise line Ministries to review and follow up the status of their outstanding debtors that are more than 180 days on a quarterly basis;
- Advise line ministries to reconcile debtors ledgers on Finance One and their own separate debtors ledgers;

- MOF can only recommend and give advice on following up of outstanding collections to an extent, however this responsibility lies with the responsible Ministry itself, as stipulated under Section C.12 (6) of the Treasury Instructions.
3. In Other Receivables, total balance of \$649,449 was reflected in suspense accounts. Suspense accounts should have a zero balance by the end of every financial year and action must be taken to address these.

MOF Response:

Suspense accounts include unidentified items needing more information from the bank and MOF has followed up for these to be cleared in the financial year 2016/2017 and long outstanding balances of government funds being misappropriated by government employees who have been terminated prior to full recovery of funds. MOF has followed up to be cleared through a cabinet submission.

Schedule 7: Statement of Investments

1. Government Investments could not be properly substantiated as there were no updated confirmations received from some entities. The investment balances reported in the 2015 Public Accounts were again reused, as in previous Public Accounts.

Ministry of Finance (MOF) Response:

Some of these were requested but there were no responses. MOF had highlighted in the previous year's Public Accounts that these entities cannot be mandated to provide their financials as they are not State Owned Equities under the Public Bodies Act 2001. In consultation with the Ministry of Public Enterprises, MOF will take an alternative route in following up these documents by arranging a management meeting with these entities for Public Accounts 2017.

Schedule 8: Statement of Capital Subscriptions and Obligations

1. Audit could not verify balances of accounts held by the Government within the following organizations due to absence of confirmations provided during the audit. All amounts reported should be properly substantiated with supporting documents and/or confirmations.

International Finance Institutions	Total value per share
Asian Development Bank (21 shares)	10,000
International Bank for Reconstruction and Development	120,635
International Fund for Agricultural Development	50,000

Ministry of Finance (MOF) Response:

Requests for confirmation remained unanswered. The Ministry of Finance will look at another avenue to provide this information for the next Public Accounts.

Schedule 9: Statement of Fixed Assets

1. Not all assets owned by the Government were disclosed, except for overseas properties and a few local buildings and land, resulting in an incomplete Statement of Financial Position of the Government of Samoa at Schedule D. Government assets must all be accounted for and reported for accuracy and completeness of information reported in the Public Accounts.

Ministry of Finance (MOF) Response:

It is confirmed that not all assets were included. It also raises a concern on the registration of assets by Ministries. The Ministry of Finance is finding ways to try and facilitate this process with the collective effort from all entities involved.

2. There were no formal accounting policies and guidelines in relation to the accounting of fixed assets. As discussed in previous audits, these policies should cover fixed asset valuation, disclosure, revaluation, depreciation, impairment and insurance. Audit recommends the developing of policies to guide the Asset Management Unit in the accounting of all government assets.

MOF Response:

Assistance from the Pacific Financial Technical Assistance Centre has been confirmed to review accounting policies and guidelines for fixed assets and in relation to the areas mentioned.

Schedule 11: Statement of Cash Receipts and Payments for the Government of Samoa Grants and Loans

1. There was no established process for writing off of projects, no set authorization levels, the treatment of under/over-spent project balances and remaining balances in completed projects. In absence of a set process, Ministry of Finance (MOF) has had the MOF Chief Executive Officer (CEO) approve the writing off of projects. However, several projects were written off without CEO approval.

There were balances from projects noted to be inactive for over two financial years, and completed according to MOF Aid Division. Some have been noted by MOF Aid Division to have been inactive for several years which they recommended to have these closed or written off.

MOF Response:

A draft policy is already in place pending further consultation and review within the Ministry. With the absence of a policy in place at the time, MOF had taken action to properly document and disclose all the balances of projects that were written off in the previous years. It was confirmed that the projects concerned were completed, some more than two years ago. These project balances were listed as "inactive", as it was being reviewed for reporting in the next financial year. The variances noted in balances were due to the reporting of Value Added Goods and Services Tax.

2. There were some projects with overspent amounts.

MOF Response:

With the recent devolvement of projects financial management responsibilities to Ministries (lead implementing agencies) and Sectors (other implementing agencies), performance in monitoring and reporting of projects funds is expected to be improved. Some of the projects identified in this issue are still ongoing and will be reported accordingly.

Schedule 12: Statement of Payables

1. There was a substantial increase of \$869,577 in accounts reported under *Other Payables*. The Unclaimed Monies account represents outstanding unpresented cheques that the Ministry of Finance is attempting to reconcile. The other suspense accounts should be cleared and have zero balances at the end of the financial year.

Other Payables	2015 Actual \$	2016 Actual \$	Movement \$	% Movement
Unclaimed Monies	1,453,237	2,108,106	654,869	45%
Transfer Account	860,606	977,241	116,635	14%
Withheld and Unclaimed Salary	6,841	20,592	13,752	201%
Clearing Account - others	-	84,321	84,321	
Total	2,320,684	3,190,260	869,577	

Ministry of Finance (MOF) Response:

Unclaimed Monies receipted were from financial institutions and at the time the accounts were closed, the list was still not verified against the amounts that were receipted. MOF will continue with process as stipulated under the Public Finance Management Act once these amounts are verified.

For the Transfer Account, at the time the accounts were closed, the balances were unidentified projects. This was researched further with the Banks and with MOF in accordance with the agreement signed for specific projects it relates to. MOF will clear out the Withheld and Unclaimed Salary and the Clearing Account in 2016/2017.

Schedule 13: Statement of Contingent Liabilities

1. There were no updated confirmations received from several institutions to verify balances reported. As a result, balances reported in the 2015 Public Accounts were reused. The balances confirmed by State Owned Enterprises were also reported.

Ministry of Finance Response:

Requests were given to these institutions to provide documentation during the preparation of the Public Accounts, but there were no responses. The Ministry of Finance has continued follow-up for confirmation.

Schedule 14: Statement of Write off and Losses

1. The Ministry of Finance (MOF) had not yet developed a formal guideline for the valuation of written-off assets. The valuation of written off assets is based on the condition of the assets and the market value of similar assets.

MOF Response:

This will be included in the review of the Asset Policy. The current valuation for assets in overseas missions uses the value of the assets in the insurance policy. This was discussed with Mission personnel as it was costly to make a valuation on assets. A policy may address this to make it a periodic review.

Schedule 16: Special Funds

1. A cheque was marked unpresented on the reconciliation at 30 June 2016 for the Agriculture Show Account but had already been presented as reflected in bank statement of 21 December 2015.

Ministry of Finance (MOF) Response:

This will be discussed with the Ministry of Agriculture & Fisheries for further clarification and amendments where necessary.

2. There were long outstanding deposits noted in special bank accounts.

MOF Response:

There is a current review of the Ministry of Justice & Administration's request to write off these deposits. Supporting documents such as bank correspondences were requested to be obtained in order for them to complete their review and for recommendation for Chief Executive Officer (CEO) approval.

3. There were prior year unpresented cheques noted.

MOF Response:

MOF is currently reviewing the Ministry's' request to write off cheques and they are waiting for other supporting documents in order for them to complete their review.

4. Amounts borrowed and interest incurred from any bank by way of overdraft shall be repaid no later than the end of the financial year. However, there were overdraft balances outstanding at end of financial year 2015/2016 which is a non compliance with Public Finance Management Act (PFMA) provisions.

Bank Account	Overdraft Balance
General Disbursement account	\$25,417,293.47
Westpac - Treasury Fund	\$17,437,055.41
Tax Refund Imprest	\$116,026.12
Total	\$42,970,375.00

MOF Response:

The overdraft balances identified were either cleared the very next day or were within their overdraft limits.

5. The unclaimed monies account reported in Schedule 12 of the Public Accounts represent long outstanding unpresented cheques. This account had increased by \$2,108,106 when compared to the previous financial year which was \$1,453,237. Public notice(s) should be issued to inform the public to claim their cheques. The time period for the retention of unclaimed monies before payment into Treasury Fund should also be enforced to comply with the provisions of PFMA.
6. Recurring issues from previous Public Accounts audits:
 - There were no explanations provided by Ministries on variances between actual and budget figures for Receipts and Payments. MOF said it had re-circulated a letter to respond on these variances.
 - Overdraft balances for the General Disbursement Account and Westpac Treasury Fund Account.
 - Long outstanding unpresented cheques for the General Disbursement Account. MOF said there has been an improvement over the years in the amount that is unpresented through the usage of the Electronic Funds Transfer (EFT) modality.
 - Unrecorded receivables on Finance One for the Ministry of Revenue. MOF said that these were now disclosed in Schedule 6 and Schedule D.
 - No confirmation available for Investments, Capital subscriptions and Contingent Liabilities.
 - Exclusion of other fixed assets in Schedule 9
 - Absence of Policies for accounting of fixed assets

- Exclusion of projects from Finance One and Public Account. MOF said some of these depend of agreement with project donors. These have nonetheless been included under Schedule 11 for Public Accounts 2015/2016.
- No established process for write off of completed projects. MOF will incorporate a clear set of policies for project write-offs in its draft Accounting Manual.
- Overdrawn balances for long completed projects. MOF had provided documentation for audit verification that these have already been written off.
- No guidelines on valuation of assets.
- Unpresented Cheques for Special Funds accounts. MOF said that this issue has now been minimized through EFT by all banks.

1.2 Pre-Audit of January to March 2016

1. There were inadequate documentation such as no TYs, no copies of asset registers submitted to confirm assets acquired, no official letters provided for justifications; incomplete quotes, no official letters provided for justification of long-outstanding invoices and invoices received and processed before purchase order issuance and incorrect natural accounts used.
2. There were several suppliers noted to have conducted business activities without valid business licenses.
3. A contract for lawn mowing services had expired in 2011 for Leififi College compound.
4. Some payments were submitted to Audit for vehicle repairs and maintenance before Ministry of Finances Internal Audit and Investigations Division for review and endorsement.
5. Three employees received salary overpayments due to late cessation of their pays after effective dates for cessation of salaries. While several employees were overpaid due to incorrect payroll calculations. Two employees received overpayments in overtime payments due to Ministry of Finance payroll posting units in excess of those which have been approved by Ministry Heads.
6. Withholding tax was not accounted for in some payments for services.
7. Ministry of Natural Resources and Environment have extravagant spending of their budget on caterings.
8. There were no amendments to contracts for a Supplier for continuation of services.
9. Payments for a farewell dinner for a former Assistance Chief Executive Officer (ACEO) for one ministry of \$1,625 were referred back to the Ministry to be paid out of pocket or from their social fund.
10. Withholding tax was not accounted for in a payment by Ministry of Education, Sports and Culture for construction of a Sports Field with a total contract price of \$116,380.
11. Some Electronic Funds Transfer registers did not contain important information such as the bank names and account numbers of some payees.
12. There was no formal contract for the supply of Arrival and Departure cards of \$14,207.98 for the Ministry of the Prime Minister from Printing Company that are supplied on a monthly basis.

1.3 Pre-Audit of Payments for April 2016

1. There were no TY11s and TY21 attached to payments.
2. No official letters provided for justification of long-outstanding invoices and invoices received and processed before Purchase order issuance.
3. No quotes provided and unclear justifications on TY11Bs. The TY11B should be complete with clear justifications on supplier selection to comply with the payment processes.
4. There were a number of payments being charged to incorrect natural accounts. For instance, some payments related to the acquisition of general services were incorrectly charged to General Supplies.
5. Withholding tax was not accounted for in some payments for services.
6. There were Ministries that lacked restraints in the spending of their budgets wisely. There were extravagant spending on catering by Ministry of Natural Resources and Environment with a total of \$6,210 and \$4,479.25.

1.4 Pre-Audit of Payments for May 2016

1. There were inadequate documentations such as no TY11s and TY21 attached to payments.
2. There were no copies of asset registers submitted to confirm registration of assets acquired.
3. The use of one asset number to register different parts of a computer set as evident in asset details report submitted.
4. There was no official letter for justification of long-outstanding invoices and invoices received and processed before Purchase order issuance.
5. There were no quotes provided with unclear justifications on TY11B.
6. There was no formal amendment of a contract between a supplier and Ministry of Natural Resources and Environment (MNRE) on the original completion date that was amended to 30th November 2015 as approved by the Parties.
7. There were quite a number of payments related to caterings that were incorrectly charged under different outputs other than the Minister and Chief Executive Officers' outputs as per policy stated in Cabinet Approval, FK(09)20, effective 3rd June 2009.
8. Withholding tax was not accounted for in a payment by Ministry of Education, Sports and Culture to a supplier for the construction of Salailua Sports Field. The total contract price is \$116,380 inclusive of Value Added Goods and Services Tax and any other tax.
9. There were no employee contracts prepared by MNRE for temporary technical staff/team leaders engaging in the implementation of the Millenium Development Goals Phase 3.
10. There was a payment for a farewell dinner at a restaurant of \$1,625 for one of Ministry for Revenue's former Assistant Chief Executive Officer that was referred back to the Ministry for cancellation as these expenses should be paid out of pocket.
11. A proposal by MNRE to have a workshop at a Resort was not approved due to the remote location and they were recommended to search for a nearby venue. Despite the rejection by Ministry of Finance, MNRE went ahead with the workshop and submitted batches for payments of catering, accommodations and venue hire at the Resort with no breakdowns of invoices provided in those batches. Payments for catering, accommodations and venue hire exceeded their proposed budget of \$13,150 as stated in the Treasury Report. Accommodations were supposed to be funded from Project funds but it was reverted back to the Ministry's local budget. Payments were queried and referred back to the Ministry for a proper Cabinet Approval to allow such payments.

1.5 Pre-Audit of Payments for June 2016

1. The most common queries for all Ministries relate to inadequate documentation. This includes no TY11s and TY21s attached to payments, incomplete and unclear justifications on TY11Bs, incorrect postings of payments made online, and no written quotes provided for payments above \$5,000. There were also no copies of asset registers submitted to confirm registration of assets acquired, no official letters provided for justification of long-outstanding invoices and invoices received and processed before Purchase order issuance and incorrect natural accounts being used to charge items.
2. Some Electronic Funds Transfer registers did not contain important information such as bank names and account numbers of some payees.
3. There was no formal contract for the supply of Arrival and Departure cards on a monthly basis for the Ministry of the Prime Minister from a supplier of \$14,207.98.
4. The signatures of some participants for the National Health Account Training held on the 2nd to 6th of May 2016 for catering of \$572 were found to be forged by internal staff just to ensure that payment is made before the financial year end. ACEO Strategic Planning division stated that the participants had given their consent for their names to be signed by staff due to the urgency of the payment process.

1.6 Quarterly Data matching-Finance One & EFT for the period 1 January – 30 September 2016

Objective:

To verify that the data within the Electronic Funds Transfer (EFT) file matches Finance One by comparison using the key fields: ID number, bank account number and net pay amount.

Findings:

1. There were 9 instances with bank account number deficiencies between the bank account recorded on Finance One and the bank account number for EFT.
2. There was a possible unauthorised payroll payment for pay period ending 31/01/2016 made to an employee through a bank account with a Bank. The payslip was unavailable from Finance One for verification and an additional analysis of a similar payroll report titled 'Pay Components with Employees' was also unsuccessful as it does not list any record of the payment.
3. There were two employees with variances in their net pay between the EFT amount recorded and the Finance One amount.
4. There is one employee where the employee's payslip details for the period can be viewed on finance one yet the same information is not reflected in the supporting report for 'Pay Components with Employees'.

1.7 Quarterly Statement of Receipts and Payments for the period 1 July 2015 – 31 December 2015

1. In verifying the figures, there were several changes due to late back posting of transactions after the Quarterly Statement had been prepared. These figures have subsequently been amended to reflect these late postings in later drafts and final draft of the Quarterly Statement. *The Ministry is aware of the changes on the transactions three months after the Quarter ends. The timing of the data entry is still a challenge over the years with Mission Schedules. The Ministry Foreign Affairs and Trade (MFAT) is now responsible with data entry once they receive the Acquittal Reports from each mission. The Ministry of Finance is responsible with the bank reconciliation and on-going monitoring on the Mission data entry. Improvements have been noted with the follow ups although there are still delays from Mission and have addressed this delay as part of the notes to Accounts in each quarter. On-going advise and training is currently ongoing with the MFAT staff on the new process as well as active communication with overseas missions.*

1.8 Quarterly Statement of Receipts and Payments for the period 1 January 2016 – 31 March 2016

1. There were several changes due to late back posting of transactions after the Quarterly Statement had been prepared. These figures have subsequently been amended to reflect these late postings in later drafts and final draft of the Quarterly Statement. *The Ministry is aware of the changes on the transactions three months after the Quarter ends. The timing of the data entry is still a challenge over the years with Mission Schedules, and have now changed their approach where the Ministry of Foreign Affairs Trade (MFAT) is responsible with the data entry once they receive the Acquittal Reports from each mission. The Ministry of Finance is responsible with the bank reconciliation and on-going monitoring on the Mission data entry. As there are improvements noted with the follow ups, there are still delays from Mission and have addressed this delay as part of the notes to Accounts in each quarter. On-going advise and training is currently ongoing with the MFAT staff on the new process as well as active communication with overseas missions.*
2. There was no Cabinet Approval provided to support the payment made under Unforeseen Expenditures for Ministry of Prime Minister and Cabinet - Reimbursement of visa costs of \$1,425 for Assistant Chief Executive Officer's (ACEO's) official trip. *The FK (Faaiuga o le Kapeneta) is being located to support payment for reimbursement of the ACEO's personal money for visa costs.*

1.9 Public Auction of Government Written Off Vehicles

conducted on 24 March 2017

1. Vehicle MWTI07 was sold for \$4,000 which was below its minimum bid price of \$6,000.
2. There is no approved formal policy in place to govern auctions conducted.

2. AUDIT OF MINISTRIES

2.1 Agriculture and Fisheries for the year ended 30 June 2015

1. Petty cash imprest could not be verified due to unavailability of the custodian. This issue was raised in the previous audit yet to be implemented.
2. Although the total revenues were overachieved for financial year 2014/2015, there were some outputs that did not achieve its budgeted revenues. Crops Division did not achieve collection by \$137,124 and Animal Production & Health Division (APHD) by \$41,467.
3. The Ministerial Support Output has exceeded the budget estimates resulting in the overspending of \$7,639 of the Ministry's total expenditures.
4. Audit was unable to conclude on areas due to unavailability of records for thorough review including Accounts receivables reconciliations; Time sheets for January 2015, pay period ending 4/1/15; Accountable advance register and some acquittal reports; and Management and Steering committee minutes of meetings.
5. Fuel consumption of the Ministry's vehicles has exceeded the limit of \$5,000 per annum as stipulated in FK(09)20.
6. Utility payments have exceeded Approved estimates in the financial year 2014/2015. Electricity has been overspent by \$82,189.42 and Internet, Broadband and Email by \$11,109.02.
7. There was still no action taken for Irregularity reports cases to recover the costs borne by the Ministry. MAF paid for the cost of damages to be recovered by the responsible personnel via salary deductions but these amounts were still not recovered from the employees. In January 2015, damages to MAF04 with an estimated loss of \$21,403.50 and in October 2014 for a lost laptop that was allocated to Assistant Chief Executive Officer (ACEO)-Policy, Planning and Communication Division with an estimated loss of \$15,450.
8. Several weaknesses were noted in the managing of Local commercial fishing vessel registration and licenses. The application form for vessel registration had no approval column to indicate whether it was properly approved. There were no reports filed on vessel inspections to confirm if a vessel is fit for fishing and equipped with necessary life saving equipment. Individual files kept of fishing vessels were not properly maintained and most files were unorganised.
9. Actual performance could not be assessed against performance measures due to the unavailability of the Ministry's annual report for the financial year 2014/2015. The annual report for the financial year 2013/2014 is also incomplete. The Ministry's Corporate Plan also needs to be reviewed and updated as the last corporate plan was completed in 2012.
10. Some of the findings and recommendations noted in the Comprehensive Spot check management letter have not been improved upon. These issues included the Chief Executive Officer (CEO) using two Ministry vehicles (MAF01 and MAF32) as per (13)17, section 3, stating *one vehicle is allocated to be used by Heads of Government Ministries* and the absence of livestock muster reconciliation to capture the movement of livestock.
11. Verification of cattle movements could not be done as reconciliations for the livestock muster were not prepared by the Ministry. This is an on-going problem which was raised in previous audit but no improvement noted.

12. The following issues were noted during the livestock count conducted by the Ministry and Audit team.
 - There were cattle noted in the Muster report but were missing during the count.
 - Some cattle and sheep noted on the Muster report were untagged during the count
 - There was one missing sheep noted
 - Sheep sighted were not recorded in the Muster report
13. There were delayed postings of receipts on Finance Once which is in breach of E.2.1 of the Treasury Instructions 2013 whereby the Cashier is responsible to post revenues on Finance One daily to an approved revenue code within the Chart of Accounts while the Controlling/Certifying Officers checks the revenue postings daily and certify reports to ensure accuracy and completeness of postings.
14. Invoices remained outstanding by our spot check date on 03/03/2015 and it includes invoices issued in 2011.
15. The Ministry did not keep a register to record its stationery supplies for the financial year under audit.
16. The following weaknesses were noted during our physical inspection of fixed assets;
 - There were unlabelled assets sighted.
 - Asset inspections carried out at MAFF stations in Savaii noted that some chairs and tables have no labels. Station officers claimed that the labels have fallen off.
 - Incorrect labels used for new assets.
 - The Ministry does not use the asset number generated by Finance One System for new assets registered. However, the Asset Officer creates a new asset number which differs to the number generated by Finance One and inputs it in the Old Asset Number Column on the register.
 - The Asset Register was incomplete and the purchase costs of some assets were unrecorded.
 - Assets allocated to the APHD division at Vaea were all registered under the ACEO APHD's name but were being used by other members of the division.
 - There were two missing assets.
17. According to Cabinet Directive F.K. (13)17 section 3, one vehicle is allocated to be used by Head of Government Ministries (CEO's). The MAF CEO is allocated a vehicle under his contract which is numbered MAF01. The CEO uses MAF32 during working hours instead of his allocated vehicle.
18. The accountable forms register lacked in a few areas. The dates of which accountable forms were received and the person who received the order was not recorded. The TY76 register was not updated as it only recorded the books issued but not the books received. Receipt book number 5391 could not be sighted and was not recorded on the Ministry's register but was noted in the Ministry of Finance's register.
19. There were several unissued receipts in receipt books not marked voided or cancelled. All unissued or cancelled receipts should be marked voided or cancelled to prevent reuse.
20. Several deficiencies were noted in the monitoring of Attendance Books and Leave Cards such as Spot check of attendance books on 3/03/2015 at 10.30am noted some staff have signed lunch time and finish time beforehand. Also some staff signed lunch time and finish time in the morning when signing in. Sick leave was recorded for four (4) consecutive days without a medical certificate for validation as required by 7.2(b) of the amended Determination 13B. Sampled staff did not sign out at the end of the day while some employees did not sign in the attendance book at all.
21. Deficiencies involving leave returns included Long Service Leave recorded on attendance book but not on the leave data sheet due to no approved leave request form; annual leaves & sick leaves were noted on attendance book but not on leave returns; and Leaves With-Out Pays were noted on the attendance book but not on leave returns.

22. Several leave request forms were not signed by the CEO or Acting CEO and yet such leave was recorded on the attendance books and on staff leave returns. The ministry follows a policy which the ultimate approval of leave request forms for one or two annual leaves is delegated to ACEO's/Head of Divisions. The CEO only approves requested annual leave of at least three days and other special types of leave. Audit noted that leave request forms for annual leave of at least three days were not authorized by the CEO.
23. As noted in the previous report, the Ministry does not have a documented IT Strategic Plan. The Ministry has 5 servers housed in Tui Atua Tupua Tamasese Efi building where the main office is located and 2 servers for Fisheries connected to the Pacific Community, Noumea and 1 database system for Quarantine services located at the Quarantine office Matautu, 129 desktops, 31 laptops, about 180 network users and only three IT officers. All these IT costs are monitored by the head of the Accounts Section together with all other administration costs incurred by the Ministry. The Accounts Section confirmed that there is an annual account of IT costs however there is no specific monitoring of all IT related costs in order to provide the Ministry and management with a fair idea of how much it costs to maintain IT equipments and activities and whether or not these costs are relevant for the achievement of organizational goals as well as whether it will be feasible to sustain IT costs in the long run.
24. There is little to no level of reporting made to senior management from the IT Department. This is the same issue that was raised in the previous year. Without regular reporting/reviews from the IT Department the MAFF is unable to ascertain the degree of IT service delivery in ensuring it is serving the needs of the Corporate Plan as well as justifying the amount of Ministry funds being allocated to IT costs and activities.
25. Employees are allowed to access the network after working hours. This access is not formally monitored as there are no reports being produced for management to assess the use of Ministry network after hours.
26. There are only three full time staff in the IT department, supporting more than 180 users in the network – a ratio of approximately 60 users per IT Staff member across 5 different locations. Prior to this ratio, there was only one Principal IT officer who was assisted by a casual supporting the entire Ministry network. Due to the current limit of staffing that various important IT administrative tasks are presently not being performed or undertaken.
27. There is no formalised process to ensure that IT personnel are advised of Ministry staff terminations or movements from the Ministry in order for the IT officers to disable and deactivate and clean up employee user accounts to ensure that their access is not being used by other staff. If user accounts (and passwords) of former staff members are now being used by current staff members then all network log files and system audit trails are being compromised as they do not accurately reflect who is using the system.
28. MAFF does not have a formally approved IT Budget nor does it have a mechanism in place to monitor IT costs currently categorized under the Corporate Service's budget.
29. MAFF does not have a documented IT Disaster Recovery Plan.
30. There is no back-up documentation prepared and maintained by the MAFF. Backups are not periodically tested for readability and verified for accuracy and completeness after they are created.
31. A review of the Ministry's Windows security settings particularly for account settings noted:
 - Windows passwords are less than 8 characters in length
 - Audit trails for logon and logoff are turned off
 - Best practice for password settings in today's business systems is generally accepted as being at least 8 characters in length and requiring a mixture of letters, numbers and special characters to be used.
32. Active network users with passwords never expire and are never required to change their passwords.

33. There were several "generic" user accounts defined to the MAFF Windows computer network shared among staff.
34. There were 7 disabled Windows user IDs (user accounts) still defined to the network.
35. 134 user accounts (user ids) created on the MAFF computer network have not once been used or logged onto the MAFF Network.

2.2 Agriculture and Fisheries Interim Audit for the period 1 July – 31 December 2015

1. The accountable forms register was incomplete and did not record all the important information such as the dates received from Ministry of Finance (MOF) and issued to the divisions or the dates in which the invoices from the Printing Division of Ministry of Women, Community, and Social Development, the Savai'i Office did not keep a register to record all receipt books received from the Main office and the TY76 register was incomplete as the book sequence, issued dates and locations were unrecorded.
2. Audit was unable to conclude on areas due to unavailability of records for the list of accountable advances and acquittal reports; all records for the special purpose account - Agriculture Show; Irregularity Reports (IR) for MAF04 and MAF34 as per IR register; and records to verify insurance coverage for all Ministry vehicles.
3. A total of \$35,098.60 or 92% of the Ministry's total debtors were more than 90 days old.
4. Some debts for employees who reside at Ministry's houses at Nu'u of \$12 per month were more than 90 days old which indicated that payments were not done on a monthly basis as per agreement.
5. There were deficiencies noted during review of fixed assets.
 - i. The relocation of some fixed assets in Stations was not updated on the Asset Module while some assets noted in the Register could not be located during our physical inspection.
 - ii. There were also a number of assets in Stations that were either incorrectly labelled or had no labels at all.
 - iii. The majority of these assets were still marked with the old asset numbers instead of the reference numbers generated from Finance One.
 - iv. There were a number of impaired assets such as office chairs that should have been written off but were still lying idle at the Ministry's premises.
6. There was no indication of leave being approved by the Chief Executive Officer (CEO) as evidence by the absence of his signature on respective leave forms. Employees had no medical certificates to support their sick leaves taken of more than 3 days as per policy.
7. Some employees did not sign in their names and starting times in the attendance book. There were also a number of employees that did not sign their finishing times in the book for several days. The Employment contracts for the CEO and Specialist Consultant for Crops Division could not be located in their personal files.
8. There were several Irregularity Reports that were not submitted to MOF on time as per Treasury Instructions.
9. Issues relating to motor vehicles:
 - i. The register of fleet was not updated to show the changes in vehicle allocation and vehicles that were written off. For instance, MAF60 and MAF 40 have been written off but were still noted in the register. MAF48 could not be sighted during Audit visit as this vehicle was transferred to the Minister's office hence was not updated on the register.
 - ii. MAF33 could not be sighted at the Main Office car park after working hours on the 29th March 2016 and there was no approval of usage after working hours. The vehicles mentioned had damaged parts which appeared to have been resulted from accidents, however, there were no irregularity reports raised by the Ministry to report such issues.
 - iii. MAF02 – no longer in use; MAF22– no bumper, minor cracks on front mirror; and MAF50 – long dent on the right side from the front door to the back.

- iv. The tractor and dyna truck MOF09 and MAF14 were locked up in a small shed at the Crops Division in Nu'u. These vehicles have remained unused since early last year and should be written off. Running sheets at the Crops Division and Animal Production and Health Division (APHD) were not properly completed as the following details were unrecorded on the dockets; Signatures of the Driver and Transport Officer; Accuracy of mileage; and dates when the running sheet was recorded and so forth. Also, several TY76 dockets have failed to record the signatures of the designated drivers and certifying officers.
 - v. There were also instances where the driver of the vehicle had authorised the TY76 docket for refill.
10. The registers kept at the main stores for tools distributed to Crops, Nu'u, APHD, Vailima and Savaii were not regularly updated to capture all movements of tools between stations. There was no main register kept at the Crops station, Nu'u, so therefore we could not verify whether the tools sighted were the only tools procured. The absence of a register had also made it difficult to locate the tools at their designated locations. An electronic register was kept at the main APHD station, Vailima, to record all tools procured and distributed to other stations but this register was not updated and the records did not match the manual register. There was no accurate record kept to verify all tools within the main store at a given time and those that were released to other stations.
 11. The majority of personal files were not properly maintained.
 12. The number of plants distributed to respective farmers could not be verified as there were no records in files for verifications. For Savaii farmers, all personal files had no distribution forms attached.

2.3 Attorney General for the year ended 30 June 2015

1. The Office's overall expenditures for the financial year under audit exceeded its approved budget by \$75,575.77. *The Office continues to monitor and control overall spending to ensure compliance with regulations and legislations. Although natural accounts were overspent, overall expenditure for the office compared to the approved estimate was underspent not overspent.*
2. Total outstanding debtors of the Office totalled, \$114,053.35 and it included debts which are long overdue with invoices issued back in 2009. *Office efforts to reconcile and follow up is up to date with payments already settled and previous court costs referred for Judgement summons process.*
3. One employee was found to be continuously paid up to pay period ending 23/11/2014, but her employment ended on 31/10/2014. She was overpaid by 3 weeks at an amount of \$3,703.37. Another part time law clerk was paid at the rate of \$21,341 per annum. His part-time ended on 22/8/2014 and he was entitled to only 5 working days for that pay period, however, 10 working days were being paid instead of 5 and was therefore overpaid by \$410.40. *Documentation was given to Ministry of Finance (MOF) but was not posted on time, the overpaid amount has been paid back while MOF will arrange for repayment of \$410.40 as this employee is with the Public Service Commission.*
4. Fuel consumption of the Ministry's vehicles AG02 and AG04 has exceeded the limit of \$5,000 per annum established by Cabinet in FK (08)06. *Sky-Eye track vehicle usage 24 hours and vehicle usage is due to increased workload and cases for Office.*
5. Divisional reports and supporting documentations for the financial year 2014/15 were unavailable during the time of the audit and were unable to assess the Ministry's actual performance against the performance measures as set out in the budget. *The annual report was tabled on time to Parliament.*
6. Several receipts were not posted on the system. *The banking is lodged with MOF on a daily basis as there is no Cashier personnel.*
7. Several leave forms recording approval of utilization of leave entitlements for two employees were not provided for audit verifications. Also several leave forms for a few employees sampled for audit testing were found approved subsequent to the date in which leaves were taken. *Leave was notified via email with knowledge of Attorney General and form was lodged and completed when they resumed work.*

2.4 Communication, Information and Technology for the year ended 30 June 2015

1. Utility payments of Electricity and Internet, Broadband & Email have exceeded Approved estimates in the financial year 2014/2015. Electricity has been overspent by \$227,051.22 and Internet, Broadband & Email by \$3,714.70.
2. The Ministry's outstanding balance is \$278,256.58 and it includes debts related to the financial year 2012/13. Review of the ministries debtors noted that the cashier is also handling debtors for the ministry. The ministry did not conduct reconciliations of its accounts receivables. An invoice was issued twice by the ministry to one of its debtors. Payment received has cleared one invoice and held the other invoice on the debtors control account. The remaining \$12,000 still appeared on the debtor's report but should have been cancelled as it could overstate debtors overall balance.
3. Issues noted in previous management letter reports showed no improvements during our interim spot check for weaknesses in controls over accounts receivables as well as errors and omissions in leave processes and records.
4. The period covered under the interim spot check noted four Bank Deposit Slips during the months September, November, and December were not stamped with an official Bank stamp, or initialled by the Bank Teller to verify banking of Ministry cash collected for the day as a control in the cash collection, receipting, banking, and accounting process/system.
5. It was noted that overtime forms have not been signed and approved by the authorised personnel.
6. There were some lapses in the monitoring of the attendance book at the 2AP Radio Division, for instance, employees did not sign in the attendance book; sign off times were not recorded; and leave taken by employees were not marked on the attendance book.
7. There were employees that took annual leave but were not recorded in their respective leave cards.
8. It was noted during our asset inspection that 2 tablets used by the office were not properly labelled.
9. The Ministry's spending on fuel consumption has exceeded the budget by \$13,659.50 within the financial year. Most of the ministry's vehicles have exceeded the limit of \$5,000 per annum, established by Cabinet in FK (09)20 except for vehicles allocated to the Ministerial Support and Policy Development.
10. There is no consumable/inventory register maintained by the Ministry for the financial year under audit.
11. The Ministry of Communication and Information Technology's IT Strategy has yet to be completed and formally approved.
12. MCIT does not maintain secure offsite backups.

2.5 Communications and Information Technology Interim Audit for the period 1 July 2015 – 31 December 2015

1. Accounts receivables of the Ministry were overstated due to debts already being settled but not removed on Finance One. The Ministry did not conduct reconciliations of its debtor accounts. *Reconciliations had already been conducted and noted issues raised. The Ministry have now conducted follow ups on a regular basis and have strictly monitored debtor balances to avoid recurrence.*
2. MCIT02 was involved in an accident on 3rd March 2015 and the irregularity report was submitted to the Ministry of Finance (MOF) on 19th January 2016, 10 months later. The replacement of the broken windscreen of the vehicle from this same accident was done without approval from the MOF. *Irregularity Report has already been filed to MOF.*
3. A salary overpayment of \$1,939.50 was noted due to delays in the submission of documentation to MOF for immediate cessation of salary payments. *Salary overpayment was due to the holiday period around Christmas 2015 and New Year whereby work resumed on 4th January and this employee resigned the same week effective on Thursday, 7th January 2016. Late filing of the TY15 for cessation of salary payment caused this issue. Recommendation noted for future cases.*
4. Petty cash vouchers were not checked and properly approved. Vouchers were not pre numbered and filed in sequential order. Some vouchers exceeding the \$50 criterion spending. *The issue above has been noted and fully monitored. A manual register of the Petty Cash to record and register all petty cash vouchers has been implemented and ensuring they are properly checked and approved.*
5. Fuel consumption of the Ministry's vehicle MCIT09 has exceeded the limit of \$5,000 per annum, established by Cabinet in FK (08)06. *Vehicle MCIT09 was previously used by our 2AP Broadcasting operating every day including public holidays for changing shifts of announcers, Savaii for recordings of prayer services and also to cover news from all over Samoa.*
6. There were no Acquittal Reports prepared for accountable advances. *The programme for the official signing of equity partners for the newly initiated Samoa Connectivity Project, the Tui-Samoa Submarine Cable has been attached. Recommendation noted for future.*

2.6 Commerce, Industry and Labour for the year ended 30 June 2015

1. The Ministry does not have a documented and approved policy on the handling of petty cash imprest. *The Ministry comply with existing policies in the Treasury Instructions 2013 and the Ministry of Finance's Circular Memorandum; hence is no longer an issue for the Ministry.*
2. There were 36 queries for 2014/2015 raised related to inadequate documents and incorrect natural account postings. Recommendation noted. *Among other ministries level of queries are improving from quarter to quarter.*
3. The Ministry records could not confirm that the previous Chief Executive Officers contract was signed as per recruitment procedures and processes. *This is no longer an issue for the Ministry.*
4. Most companies have annual returns that are due without payment. This issue was also raised in our previous audits. *The online system is now controlled by staff through monthly updates for companies with outstanding annual returns and follow up with inspections to ensure returns are filed on time.*
5. There are inherent limitations with the use of Spreadsheets and Microsoft Word to ensure the integrity of the information stored is protected and maintained such as poor data entry edit and validation controls, poor ability to tracking changes or modifications, and limited ability to provide standard reports for management use. *The Ministry is developing a ONE MCIL Database system to store all data for integration of accurate reporting and decision making by Management to be fully implemented in 2018.*
6. The Ministry has only one cashier to handle the receipting of cash each day during the operation with no other personnel available for backup. *The Ministry has four accountable officers who provide back up support in the absence of the Cashier at any time and segregation of duties is prioritized. This was raised again in Audit of 2016-2017 and is no longer an issue.*

2.7 Education, Sports and Culture Interim Spot Check for the period 1 January – 31 December 2015

1. The Curriculum Division did not keep a register of all their stocks in place for Curriculum Materials hence the number of stocks on hand and records of additional supplies to check the movement of text books could not be verified. *The Ministry will strengthen its processes and procedures in place. A policy and process is now in place to manage this going forward.*
2. One of the old buildings in the Ministry's compound is currently used to store all Curriculum Materials. Text books were not properly arranged and stored for ease of a stock count. There were many old books that should be removed as they were outdated but were still kept in the room. The condition of the storage area is insecure and could increase the risk of stolen text books without the knowledge of the responsible Division. *The Ministry will strengthen its processes and procedures in place. This is now part of the Minimum Services standards and every school is expected to meet this standard.*
3. There is no formal policy in place to govern the authority of the Assistant Chief Executive Officer - Curriculum Division to allow the free issuance of text books to staff members upon request. These Curriculum materials are distributed free to government schools for student use and are only sold to Private and Mission schools. It is the same treatment as the Village Schools Stationeries for government schools only. *Recommendation noted and will strengthen its processes and procedures and to develop a policy in issuance of Curriculum materials.*
4. Our previous audit has raised a number of issues regarding lack of proper reconciliations and discrepancies between the Finance One and manual records for the Ministry's accounts receivables as there were still some irrecoverable debtors that have not been cleared on the system. There were invoices issued by Ministry of Finance on behalf of Ministry of Education Sports & Culture (MESC) in which MESC was unaware of and are still outstanding as of to date. The Ministry had debtors that are more than 90 days but no action has been taken to follow up on these long outstanding amounts. *MESC will note the inconsistency of records accounted and that of MOF Finance Systems and will work towards clearing outstanding accounts already paid in full.*
5. Records for fixed assets were incomplete and inaccurate. Several assets sighted were unlabelled and some assets could not be sighted. Relocation of Assets were not updated on the Asset Module – Finance One. A HP Colour Laser Jet Photocopy (EC-002206) is currently registered at the School Operations Division (SOD). However when sighted these items were purchased using their own funds but have been distributed and used by Monitoring Evaluation and Research Division. *Recommendations noted and implemented. The assets have been returned to their primary location and can be sighted. The colour photocopy was used by the MERD staff during the transition period when MERD used to work together with SOD before they were relocated to their current office.*
6. During our visit to schools in both Upolu and Savaii there were a number of assets found unlabelled, these were purchased under Samoa School Fee Grant Scheme (SSFGS) project. *The Ministry has noted recommendations. There are some assets that were procured by the schools under the SSFGS scheme that were not marked during the audited period due to shortage of SSFGS Team of Consultants (TOC) staff as all consultants have ended their contracts. However, the ownership and responsibility is delegated to the school Principals to mark and record their assets in their school assets registers.*
7. From sampled Public Schools, there were no asset registers; registers not updated and could not be sighted. *Recommendations noted. There are some assets that were procured by the schools under the SSFGS scheme that were not marked during the audited period due to shortage of SSFGS TOC staff as all consultants have ended their contracts. However, the ownership and responsibility is delegated to the school Principals to mark and record their assets in their school assets registers. Some of the schools mentioned have new school principals in office and there is a possibility that the registers are misplaced during the transition period.*

Hence, the Ministry has reissued new assets registers to the following schools: Vaiusu Primary, Sagaga College and Vaimauga College.

8. Review of payroll payments noted two salary overpayments; one employee was still receiving his normal salary months later after his effective date of termination while the other employee's back pay was incorrectly calculated. *MESC will note the inconsistency of records accounted and that of MOF Finance Systems and will work towards clearing outstanding accounts already paid in full.*
9. Attendance books records were incomplete and inaccurate. There were mismatched records on attendance book and staff returns. Also, exercise books were used to record staff attendance. *The schools have been advised to return hardcover books for the record and to uplift proper official attendance books for official use.*
10. There were employees whose leave forms could not be sighted hence their leaves taken were not verified for proper approval prior to their utilisation. *Recommendation noted.*
11. The previous management letter report highlighted a number of issues that needed improvement in the Ministry's processes and systems, the same issues and recommendations were still not implemented to improve such areas. *The Ministry has noted your recommendation and have advised the responsible divisional staff and school principals on this matter as it was also reminded during the Ministry several monitoring visits to schools.*
12. There were delays in the submission of the Ministry's Irregularity Reports (IRs) to MOF for investigations. The report on an incident involving one of the Ministry's vehicles (MESC 21) on the 22nd March 2014 was reported to the MOF's Internal Audit & Investigations Division on the 9th June 2015, 15 months later after the incident. This is not in compliance with the requirements of the Treasury Instructions regarding the reporting of Irregularities. *The Ministry has noted your recommendation for future references.*
13. Review of receipts for the Nelson Memorial Library revealed that they failed to submit their sub-receipt books and daily collection to be mastered and banked at the main office on a daily basis. *The Ministry has noted recommendation and actioned a memorandum to the staff concerned to ensure the matter is seriously monitored daily as to avoid future repetition of delayed banking.*
14. The cashier at the Public Library usually issues a lump sum receipt to summarise all fees from students' photocopies each day. *The Ministry has noted your recommendation and have advised the related staff at the Public Library by memorandum accordingly.*
15. There were no running sheets used to record and monitor the location, time, destination and mile usage for all vehicles of the Ministry. Part L10 of the Treasury Instructions 2013 clearly indicates that Running Sheets are to be carried in each vehicle and completed by the driver each day. *The Ministry has noted your recommendations and advise that there are running sheets per vehicle and recordings are done by drivers each day. However, the Ministry will continue to monitor and improve on this exercise.*
16. There were four vehicles with damaged parts which appeared to have been resulted from accidents, however, there were no IRs raised by the Ministry to report such issues. There were also written off vehicles without records of proper approval. *Two of the vehicles were under a project and has recently been transferred under the Ministry while other IRs have been submitted to MOF. Write off forms for vehicles are in records.*
17. Seven Ministry vehicles had no insurance coverage. Two vehicles are currently insured, two vehicles have been approved for write off, two vehicles have been transferred from project while the other vehicle will be insured pending the Sports Division to facilitate the insurance policy.

18. Audit noted from sampled Schools in Savaii and Upolu that a stock take of stationeries on hand at the end of the year was not carried out. *Recommendation noted as this is crucial in preparation of the new stationeries order for the forward years. There was no record of any stock-take carried out in the public schools in late 2014 however a stock-take in 2015 was undertaken to assist in determination of our new order for 2016.*
19. Acquittal report for the Accountable Advance (AA) for UNESCO Conference, 18 November 2015, EURO\$1000 was not provided for audit verification. *The Ministry has noted recommendation however the acquittal report for this AA was already delivered to the MOF.*
20. The Ministry did not comply with Treasury Instructions 2013 G27.2 (1) in relation to the timeframe required for submission of acquittal reports for AAs. *The Ministry has noted your recommendation. The Ministry highlights the delay in receiving reports and supporting documents from the responsible divisions that hosted the related programs.*

2.8 Electoral Commission for the year ended 30 June 2015

1. Sampled Key Performance Indicators as given in the Performance Framework for the Office in the Budget Estimates for Financial Year 2014/2015 were not met. *Recommendation noted and will implement.*
2. Actual revenues collected for an output were significantly less than the budgeted amounts within the financial year 2014/15.
3. Several issues raised in the previous audit that have not been implemented included non achievement of budgeted revenues; delayed submission of Acquittal Reports; and weaknesses in controls over utility expenses. *Recommendation noted and Office has begun implementation.*
4. There were several employees noted whose Leave With-out Pay (LWOP) were not deducted from within the pay periods in which they were taken. Process of posting leave returning including leave without pay for the staff is based on the cut off date of the Ministry of Finance. LWOP for an employee on 02/07/14 was deducted in the pay period ending 20/07/16 as cut off date for posting for the pay period ending 06/07/14. *Recommendation duly noted for improvement.*
5. Acquittal Reports for three Accountable Advances approved to the Ministry were not submitted within fourteen working days as per usual procedure and Treasury Instructions. *Recommendation duly noted.*
6. Review of petty cash reimbursements made throughout the year noted instances of non-compliance with government policies such as using incorrect natural accounts, petrol refill paid out of petty cash instead of TY76 as per usual process, overpayment of reimbursements than amounts given on receipts and there were petty cash vouchers not certified by responsible personnel. *Recommendation duly noted.*
7. There were a few instances noted of sampled employee absences as per Attendance Books that did not match the details recorded in employee leave cards. Audit also did not receive documents to verify the Chief Executive Officer's approval of absences of two of their employees. *Recommendation noted and leave cards have been and are currently updated. Approval of leave absences for the two staff members have been submitted for verification.*

2.9 Finance for the year ended 30 June 2015

1. Several debts which are long-due for many years remained outstanding.
2. Annual leave entitlements for one employee were being paid out at the end of his contract term of a total of \$2,424.45.
3. There is no policy in place to control the use of the Ministry's credit card.
4. Most of the leave application forms for the employees completed and submitted less than 3 days prior to the date of utilisation, and some even on dates during or after utilisation of leaves. It was also discovered that a contractual employee of the Ministry had an open leave application form with approval of the utilization of a given number of annual leave days for a given period, which allowed her to utilize her annual leave whenever as long as it within the period stated.
5. There were deficiencies in the payroll for employees whereby one employee was overpaid by \$214.08 while another was underpaid by \$417.03 due to delayed processing of relevant documentation.
6. Leave cards for few employees sampled for audit testing did not correctly record leaves approved, utilized, and subsequent leave balances remaining.
7. Leave forms could not be verified due to the Ministry's failure to produce them. Several leave forms recording approval of utilization of leave entitlements for a few of the employees sampled were not provided for audit verification during the time of the spot check/interim audit.
8. The Ministry does not record accountable forms such as Receipts Books and Ty76s on a proper register when received from the Supplier.
9. Cash Book Summary for August, November and December were found incorrect. Differences were by \$27,407.65, \$14,704.90 and \$448.25.
10. We noted a number of fixed assets being purchased from January to June 2015 but had not been recorded on the Finance One Asset register.
11. Despite several times this issue had been raised, some Divisions of the Ministry still do not record their Consumables such as stationeries on a proper register.

2.10 Finance Interim Spot Check 1 July 2015 – 31 December 2015

1. There is no approved policy to guide the use of the Ministry's Credit Card. *Initially, the credit card was utilized for emergency and only when needed for travel purposes by the Prime Minister and Cabinet. The full authorization of its utilisation lies with the Chief Executive Officer, Ministry of Finance (MOF) with the full documentation and reconciliation provided by the Accounts Division, MOF. The Ministry is currently reviewing controls and risks that may arise from this facility.*
2. There was habitual lateness of some employees to work without remarks on the attendance book. Some employees did not sign in for more than two days without remarks of their whereabouts. Some employees use either pencil or green pen to sign in the attendance book. No remarks on the attendance Book as to whether, an employee was late or on leave. Some Assistant Chief Executive Officers' did not sign in the attendance Book which is not a good reflection seen at the top management level. Attendance Books were not marked red as required by Determination I, section 7.3(d) iii, of the Public Servants Working Condition and Entitlements Manual 2015. *As a solution to mitigate the problem, we have been issuing regular leave return reports and reminder notices for staff to sign the attendance register and to comply with prevailing working conditions and entitlements policy requirements. This is an on-going challenge and stringent measures will be developed to address such issues if non compliance keeps recurring.*

2.11 Foreign Affairs and Trade for the year ended 30 June 2015

1. There was poor labelling of fixed assets such as one asset number was used to label a full computer set. No record of missing assets – there were missing chairs that were said to be sent to supplier for repairs and maintenance but we could not confirm this. There were assets found to be registered in the asset register but were not labelled. There was also no record to capture movement of assets.
2. Damages to MFAT03 (white – Toyota Van) and MFAT09 (grey – Hyundai Van) were noted but were not reported to Ministry of Finance's Internal Audit & Investigation Division for investigation.
3. There were habitual lateness to work of sampled employees and staff not signing the attendance book with no remarks of their whereabouts.
4. Incorrect input of overtime hours were noted as well as rates used to calculate overtime hours. These miscalculations have resulted in overpayments to some employees who have worked overtime for the Tuna Conference. For instance, the Ministry applied T2 (double time) to overtime hours employed on Saturday instead of T1&1/2 (time and a half) which is the correct rate for overtime worked on weekdays and Saturdays as per Determination 11 of the Public Service Commission's Working Conditions. In addition, these overtime sheets were also not properly checked as evidenced by the lack of endorsement by certifying officers.

2.12 Health for the year ended 30 June 2015

1. The Output for Health Promotion and Preventative Health has exceeded budget estimates by \$18,821 resulting in overspending of the Ministry's total expenditures within the financial year 2014/2015.
2. The ministry's vehicles MOH19, MOH15, MOH07 and MOH09 were not insured.
3. The Ministry does not use the asset number generated by Finance One Asset Module for new assets registered. There were assets written off but still included in the Asset Register (F1). Assets donated from the Small Islands, Developing States conference were also not recorded on the Asset Register (F1).
4. The nurses' hostel lacked maintenance and general housekeeping.
5. The Ministry did not collect any Bond fees from tenants of the Nurses Hostel as required by the Tenancy Agreements.
6. There were delays in the checking of attendance books by the Human Resource division in the morning. Some employees did not sign in and/or out in the attendance books without any remarks noted of their whereabouts. Habitual lateness to work with no excuses noted for some employees. Late comers who were marked red on the attendance books still signed in at 9am.
7. The following issues were noted from our review of employees' leave records
 - There were negative leave balances on employees' leave cards. This was mainly due to employees taking leave that they were not entitled to.
 - Leave balances for an employee was incorrectly calculated as leave taken were not reflected in leave card. For instance, a total of fifteen days annual leave were approved and taken yet only five (5) days were deducted from leave balance on leave card.
 - An employee leave card noted twenty overseas leave without pay that were not deducted on Finance One while another employee took more than five days time off within the calendar year 2015 whereas Public Service Commission working conditions manual state time off in lieu shall only accrue to a maximum of 1 week in total in any one calendar year.
8. Human Resource quarterly reports were not up to date nor complete with the last report prepared in March 2015.
9. There was no action taken by the Ministry to recover the costs for a lost camera valued at \$350 on 19th February 2015. The Ministry of Finance (Internal Audit & Investigations Division) recommended that the negligent employee should pay for the cost via salary deductions.
10. Payment for servicing of the Ministry's chain saw and weed eater at the total cost of \$180 was split into 4 payments of \$45 each, so the payment would not exceed the limit of \$50 per voucher using the petty cash imprest.
11. There was no evidence of any checks done on vehicle running sheets to indicate checks and reviews by authorised personnel.
12. There is no consumable/inventory register maintained by the Ministry for the financial year under audit.

2.13 Justice, Courts & Administration for the year ended 30 June 2015

1. Some bank summary lodgement slips were neither stamped by the bank nor signed by the teller to authenticate the lodgements. The money was however confirmed to have been lodged in the Treasury Fund.
2. A number of deficiencies within the system of warrant collection process in Savaii were noted as:
 - Bailiff receipt book were used to register/record all daily follow up warrants of commitments when received by Warrant division.
 - Original receipts of bailiff receipt book were used as invoices issued together with the warrants delivered to offenders, yet there was no cash received.
 - When offenders pay their fines, the Warrant Officer tried to trace back to the receipt book/number issued before, or in some cases will trace back to old bailiff books in previous years. When found, the Warrant officer would cross out and mark *paid* on the duplicate receipt to note the recoveries.
 - This was also raised in our previous management letter report but there was still no improvement.
 - During audit visit at Tuasivi Office, the database/spreadsheet used to record Warrants of Commitment was last updated in June 2014. This increases the risk of unrecorded warrants and could result in a loss to the Government given that these collections should be receipted by the Ministry through the respective division.
3. Database accesses do not require any passwords; information could be easily accessed by unauthorised users; there is a risk of unauthorised changes being made to data; the database is not regularly reviewed by a responsible senior personnel and data can be easily manipulated; anyone can add/delete data without leaving any trace behind. There may also be a risk of corrupted data and incorrect data through override of formulas; Tuasivi database is stored on one computer; there was no back up personnel for accessing the database and records.
4. The total outstanding amount of warrants as per Register is \$81,053.00 and it includes warrants issued back in 2013.
5. Although total revenues were overachieved there were some outputs that did not achieve its budgeted revenues.
6. Audit identified a number of outputs that have exceeded their budget estimates which had resulted in the overall overspending of the Ministry's total expenditures within the financial year 2014/2015.
7. Receipt books for warrants and bailiff books were not registered and therefore were unable to confirm the total number of books used by the Ministry within the financial year under audit.
8. Fuel consumption of the Ministry's vehicles has exceeded the limit of \$5,000 per annum established by Cabinet in FK (08)06. There were also no running sheets prepared by the Ministry as required by Treasury Instructions, Section L.10, Part 1-4.
9. The budget for Electricity was overspent within the financial year under audit by \$565,225.07.
10. There were two cases of irregularities unreported to the Ministry of Finance. There were damages to the windscreen of MJCA17 from an incident that occurred on the 27th September 2014, the cost of repairs of \$1,760 was borne by the Ministry and damages to the front bumper of MJCA15 from an incident involving MJCA15 and MJCA17 on the 11th November 2014. There was an irregularity report prepared and submitted to the Ministry of Finance for MJCA 15 and none for MJCA17.
11. Bank reconciliations for the Maintenance Trust account was outstanding from November to December 2014 while the Magistrate Trust Account was outstanding from October to December 2014. The responsible personnel was on leave with no back up staff to update reconciliations.

12. There were outstanding postings for both receipts and payments on MYOB System resulting in delayed reconciliation of the trust accounts. The responsible officer was on overseas leave while no one else has the knowledge on the MYOB System to be backup personnel.
13. There were activities planned under some Outputs that were not achieved within the financial year under audit including figures reported in the Annual Report.
14. The Ministry does not have a documented and approved IT strategic plan.
15. There is no documented and approved IT Disaster Recovery Plan. However, a draft version is currently in progress.
16. There are over 140 active users defined to the Ministry of Justice, Courts & Administration (MJCA) Windows network with passwords set such that they never expire. Many of these user accounts have not changed their passwords in many years.
17. There were several "generic" user accounts defined to the MJCA Windows computer network that do not identify any individual employee or user.
18. There are over 100 active user accounts that have not logged onto the MJCA computer network in over 90 days.
19. There were disabled Windows user ids (user accounts) still defined to the network.
20. User accounts created on MJCA computer network have not once been used or logged onto the MJCA Network.
21. Review of the MJCA network in Tuasivi noted that the antivirus protection software installed on the desktop computers is outdated.
22. Employees took leaves without completing an application form for leave taken to comply with policy or not being signed approved by the CEO.
23. There were several employees with leave without pays noted on the attendance books and their respective leave cards but were not actioned by the responsible division. An employee was marked with leave without pay on different days for a total of 28.5 days however the Finance One System noted that this employee was still being fully paid during these periods.
24. Some staff not signing out at the end of the day and habitual lateness to work without valid explanations noted.
25. Some employees' overtime payment (drivers) were either overpaid or underpaid due to incorrect entries of overtime hours and rate used and possible overpayment of overtime.
26. Some employees have excessive use of time off.
27. The fixed asset register at the Main Office was noted to be incomplete given some of the relevant information for proper accounting of assets such as assets costs and acquisition dates were not recorded. Some assets were noted missing, there was relocation of assets without updating the Fixed Asset Register as well as unlabelled assets.

28. Our visit to Tuasivi Office noted that all air conditions in the building were not working. This problem came about towards the end of last year (2014) in which the supplier refused to service all the air conditions due to long outstanding invoices.
29. We were unable to verify if overtime payments made to several employees were correctly calculated and properly approved due to missing timesheets.
30. There was a lodgement for the Law Trust Magistrate that was incorrectly credited into the Law Trust Maintenance account due to incorrect account number noted on the deposit slip by the responsible officer of the Accounts division.
31. Review of receipts from Maintenance Trust Account identified that some of the lodgements were incorrectly deposited to Treasury Bank account no. 1200000. Confirmation on the Treasury fund bank statement shows that these are still in the account and no action have been taken to transfer funds back to its correct trust account.
32. This issue was raised in our previous management letter report with regards to long outstanding unpresented cheques and deposits. The Ministry commented that proper action will be taken to resolve these outstanding unpresented cheques and deposits but the issue still exists. Our review of monthly reconciliation for both Trust Accounts noted that these long outstanding cheques and deposits were continuously recorded without proper resolution.
33. The Ministry despite several requests refused to provide for review by audit of all Minutes of management meetings. The Ministry was reminded about the legislative requirements to inspect all records.
34. Revenue postings were not accurately classified and charged to appropriate revenue items and output on Finance One system. For instance, revenue items are not posted to the correct natural account or outputs as specified in the Chart of Accounts by Ministry of Finance. All revenues collected should be posted to its correct account that best reflects its nature as per normal accounting practices.

2.14 Justice, Courts & Administration Interim Audit for the period 1 July 2015 – 31 December 2015

1. The total outstanding warrants as per register was \$265,751, most of these warrants were issued back in 2004. *Attempts have been made to collect outstanding warrants and will be written off when there is a high possibility of non repayment.*
2. The Warrant of Commitment database that records all warrant fines and collections at Tuasivi Courts was lost and data could not be retrieved. The Ministry now has a manual register but contains limited information when compared to the database that was previously used. *Warrant Database has been updated manually and electronically.*
3. With the monitoring of warrants at Tuasivi Office, there were no segregation of duties, the manual register was incomplete and bailiff receipt books were not updated. *Processes at Tuasivi Office has been revised for improvement.*
4. A fraud was discovered by the Ministry a few years back in relation to warrant collections at Tuasivi Office with a written report on this matter is yet to be submitted by the Ministry. This fraud was never reported to the Ministry of Finance (MOF) in accordance with the provisions of Treasury Instructions 2013, Section C.17 on Irregularities. During an inspection of the Ministry's fleet, it was noted that Vehicle number MJCA21 at Tuasivi has a broken windscreen from an incident that occurred on the 22nd February 2016. An Irregularity Report (IR) was also not prepared and submitted to MOF for an investigation to be carried out. *The employee involved in the fraud case was given the chance to repay the amount but failed, hence the IR was referred to Ministry of Police. The IR regarding the vehicle had been prepared however the delay was due to pending three quotations needed for the part.*
5. The night watchmen salaries have been reclassified accordingly with overtime allowances still being paid out, however their re-classification should cover basic salaries, allowances, weekends and public holidays. As a result, there were over/under payments noted. *The required documentation was raised by the Ministry and the overpayment was a lapse from MOF.*
6. There were variances noted in overtime claims, the total units to be paid as per approved overtime sheets were less than the units actually paid out. *This is a result of MOF loading the new financial year's budget where overtime sheets were only processed the following pay period, hence the underpayment in the pay period reviewed.*
7. Deficiencies with the monitoring of Staff attendance and leave records included incorrect postings to leave cards; late deduction of Leaves With-Out Pay (LWOPs) and cancelled LWOPs Offsetting of LWOPs from new leaves accrued; employees taking leaves prior to approval by the Chief Executive Officer (CEO) (or delegate); and excessive Time Off in Lieu Employees taking leaves prior to approval by the CEO (or delegate). *Recommendation noted.*
8. It was noted that the petty cash at Tuasivi Office was used for payments above \$50, for instance, reconnection fee of \$70 for water supply paid to the Samoa Water Authority. *Petty cash funds were used given the urgency of the payment and the reimbursement is now being processed with recommendation noted.*
9. The fixed asset register was incomplete, there was no follow up conducted on assets returned suppliers and no arrangements were made for transfer of assets with the Former Minister. Recommendation noted and implemented.
10. Our review of monthly reconciliation reports for the maintenance law trust accounts, noted long outstanding deposits and unrepresented cheques that have not been cleared. *Work is underway with MOF to write-off unrepresented cheques.*

11. MJCA26 from the Small Islands, Developing States Conference was not insured at any Insurance Company.
This vehicle has been insured and documentation is available for sighting.
12. The Warrant division did not keep a register for inventories. *Recommendation noted for implementation.*

2.15 Legislative for the year ended 30 June 2015

1. While the Ministry's total revenues were overachieved, there were three outputs that did not achieve its budgeted revenues with two outputs exceeding their budgeted estimates. *Collection of revenues can only be estimated. In terms of translation fees, these were only approved and implemented in 2016/2017. The Ministry of Finance had incorporated revenue figures for Financial Years (FY)2014/2015 and 2015/2016 based on new Non-Tax Revenue figures.*
2. There were suspicious invoices that were not authentic and alerted to the likelihood that these were created by internal staff. Our brief investigation into the matter confirmed that the invoices were indeed fake and were created by staff for the reimbursements of funds from the Commonwealth Parliamentary Association (CPA). The funds were actually received from CPA and were confirmed banked into the Treasury Fund account. *The invoices were prepared manually for reimbursement of funds.*
3. There were no Employment contracts prepared for the Office's contractual officers. *Recommendation noted however our Constitutional Office does not require contract officers to have written contracts but Offer Letters are sufficient.*
4. A number of performance indicators as stipulated in the Budget for FY 2014/15 were not achieved as projected. *Recommendation noted and performance measures and indicators will be properly monitored and reviewed.*
5. There was no proper approval on application to extend the services of a particular employee. The term of service expired on 22 December 2013 after various extensions and there was no approval of another extension after this date. This particular employee is being paid at the Principal level and has passed the late retirement age of 65 years. *Due to the relocation of the office, documentation were misplaced but have now been reorganised.*
6. Audit could not be able to conduct a stock take of the Office's stock (Acts/Legislations) due to no record of stock provided despite several requests with the responsible head of division.
7. Fuel consumption of the Ministry's vehicles has exceeded the limit of \$5,000 per annum, established by Cabinet in FK (08)06. *Recommendation noted and monitoring process in order.*
8. Several debtors remained outstanding during the FY under audit and include invoices issued in FY2006/07. *Recommendation noted.*
9. Assets not updated in the register and some assets were unlabelled. *Recommendation noted for implementation.*
10. There were employees that took leaves without completing an application form for leave. The absence of a leave application form indicates that leave taken was not properly approved and employees should not be entitled to leave with pay. Recommendations noted and remedial actions in place.
11. A \$264,286.40 variance was noted between actual and budgeted figures for Electricity. *Extra funding for electricity is declined every year hence the overspending every FY.*
12. There was a delay in the submission of the acquittal report for accountable advance. *Recommendation noted and acquittal has been submitted.*

2.16 Natural Resources and Environment for the year ended 30 June 2015

1. Although total revenues were overachieved, there were some outputs that did not achieve its budgeted revenues. *Recommendation supported.*
2. There were many customers with unpaid fees for valuation services. There were cases where customers/clients part pay their fees. Some valuation work were undercharged, that two (2) or three (3) valuation work were charged at the rate of one (1) valuation. No documented procedures, processes and policy of this service. The above issues were also noted during our interim audit. *Recommendation supported. Regular follow up to recover outstanding fees.*
3. During our cash count on 31/7/2015 at the Ministry, a shortage of \$555.00 was discovered during the count of the petty cash imprest. The Petty cash holder (Senior Accountant) admitted to using these missing funds for personal use. There was also no cash box used, cash was kept by the Senior Accountant in her desk. There was also a shortage of \$150.00 from remaining Accountable Advance funds held by the Ministry. In addition, monies were found to be placed in a plastic coin bag in the Senior Accountant's desk. *Internal measures in place to safeguard public monies.*
4. A former employee of the Ministry was found to be continuously paid after employment was terminated. This had resulted in an overpayment of \$2,668.36. *Recommendation supported.*
5. There were no debtors' reconciliations prepared by the Ministry. Debtor balances were extracted directly from Finance One System. This issue was also raised in previous management letters but still unresolved.
6. A driver for the Forestry Division in Asau, Savaii was warned for misconduct back in 2010 where he sold spare tyres of the Ministry's vehicles and kept the money for personal use. A letter dated 13/1/2010, signed by the then Acting Assistant Chief Executive Officer Corporate Services, ordered a TY15 to be raised for fortnightly salary deductions of \$25 until the total of \$750 (estimated cost of spare parts) is fully recovered. However, we have confirmed that this amount have not been paid by the responsible officer to date. There was also no irregularity report raised by the Ministry on the matter.
7. Utility payments for electricity have exceeded Approved estimates by \$15,086.14 in the financial year 2014/2015. Operations are within the appropriated budget, except associated costs for running services all the time.
8. Several assets sighted were not properly labelled. All assets should be labelled to monitor movements of assets and to ease identification during physical inspections. *Recommendations supported. Regular update and verification.*
9. There were assets already paid but yet to be received by the Ministry. *Recommendation supported. Regular update and verification.*
10. There were delays in the reporting of some irregularities to the Ministry of Finance for investigation. *Recommendation supported.*

2.17 Natural, Resources and Environment Interim Audit for the period 1 July 2014 – 31 December 2014

1. Many customers/clients have not paid their valuation fees with some customers/clients part paying their fees; some valuation work were undercharged, that two (2) or three (3) valuation work were charged at the rate of one (1) valuation; the service does not used the prescribed rates/fees passed by the Land Board. There are no documented procedures, processes and policy to govern their valuation services.
2. There were a number of uncollected revenues. *The recommendations are duly noted and the Ministry will make every effort to ensure fees are charged and collected properly with due compliance. The responsible Ministry of Natural Resources & Environment (MNRE) staff will be dealt with under Disciplinary measures (Code of Ethics).* The Land Management Division is also advising its customers/clients of the proper measures required to enforce compliance and allow for fifty (50%) percent deposit to avoid unpaid services before the Ministry can proceed with any valuation works.
3. Many customers/clients have not paid their fees when the services already performed. The Ministry carries out the service out of good faith but customers do not pay for the services unless they require a reassessment which would require them to pay for the services rendered beforehand.
4. There were cases where customer/clients paid fees in portion due to their loan approvals and complications but do not pay the rest of their valuation fees.
5. The valuation fees were under charged for carrying out 2 or 3 valuation assessment for a single valuation depending on the weight of the valuation job (vacant or improve lot) and time spent on preparing the valuation report.
6. The Ministry did not follow or use the list of fees and charges for services they can provide. *Valuation fees are being incorporated in the regulation draft after consulting with the private valuers and stakeholders. It is an issue that needs to be addressed for the benefit of both the client and the valuer.*
7. There were no debtors' reconciliations. This is a non compliance with the requirements of Treasury Instructions Part C on monthly reconciliations. Balances were extracted directly from the Finance One System, yet no reconciliation was done to support these outstanding balances. *The Accounts Section have previously made the attempt to try and harmonize debtors with their account balances. Previously there was no reconciliation at the end of each month and will be done monthly now.*
8. There is a lack of control in the maintaining of records for lease holders accounts. A manual register was kept but it was noted that some accounts did not agree to reports generated from the Finance One system. Other issues noted were land being transferred to another person without proper note or documentations to confirm or authorise the transfer; name or code for lease holder not recorded on the Finance One system; Finance One System records did not agree to the manual register and vice versa; and using one code number for two different leaseholders. *Recommendation noted and will be implemented.*
9. The Ministry did not prepare monthly reconciliations for the Lease Trusts Account. *The Accounts Section does not prepare reconciliation of the lease trust as the account is kept by Ministry of Finance (MOF) and cannot have access through the bank account.*
10. A cheque from the National Health Services was receipted on the 18/7/2014, of \$9,611.70 for leases at Safotu was not posted in the General Ledger/Data system of the ministry. However, total collections were promptly banked on the next day. *The main reason for cancelling these mentioned receipts were of the wrong amount noted however they were re-receipted on the next original after the cancelled one and not finding them here at the times of the audit does not mean we lost them but they were attached at the cashbook we submit to the MOF at a monthly basis.*

11. There were some overpayments and underpayments of salaries. *Recommendation noted.*
12. There appeared to be a shortage of receipt books at the MNRE that a receipt book number 4503 was transferred from the Ministry of Communication & Information Technology (MCIT) to continue the receipting of collections of the MNRE. *Note the recommendation for the Ministry to file proper documentation for reference and transparency for allowing such practice, however, this was the first time and should not be repeated in future. General receipt book 5809 was released from the MCIT under the previous Principal Accountant's authority due to a shortage of books at the MOF that time. The Ministry had been ordering advance books however books were not available for all ministry orders. This was the last option taken at the time to borrow a receipt book from another Ministry otherwise the Ministry would not been able to receipt collections for those days, if we had to wait for the supply from MOF.*
13. There was poor filing of relevant documents pertaining to new employees in their personal files. Documents such as Application forms, application letters, CVs, transcripts, copies of degrees/certificates, interview results, appointment letters and acceptance letters were missing from personnel files. All documents related to employments must be attached in employees' personal files. *Recommendation noted.*
14. Some employees were noted to have not signed the attendance book on some days: *The Ministry takes responsibility for the oversight and negligence of the Administration Section to properly check for attendance and record leave accurately on time for staff.*
15. Several leave cards for some employees sampled did not correctly record leaves approved and utilized, and subsequent leaves remaining. *The recommendation is duly noted and the Corporate Services Division is reminded to monitor and update both the Attendance Book and Leave Cards in order to avoid such issues.*
16. A number of leaves taken by employees were incorrectly recorded on the attendance record. For instance some were marked as annual leave on the attendance book and sick leave on the leave record. *Recommendation duly noted and the Corporate Services Division strongly reminded and the responsible staff(s) to be dealt with under Disciplinary Procedures for negligence and for not doing their job efficiently.*
17. Several leave forms and a TY15 recording the approval of utilization of leave entitlements and appointments for some employees were not provided for verifications; TY 15 for an employee to record her initial appointment on 27/10/2014 was not in her personal file. *Recommendation duly noted and the Administration Section & Records Section strongly reminded of their functions and proper filing.*
18. As noted from observation there was a new gate that was constructed by the ministry at the Vailele Cemetery not recorded in the Finance One fixed asset register. *Recommendation noted.*
19. There were no values and acquiring dates for a number of assets on the Finance One asset register for the Ministry. Incomplete information leads to unreliable and inaccurate information. *Recommendation noted and will implement in the future.*

2.18 Natural, Resources and Environment Comprehensive Spot Check for the period 1 July to 31 December 2015

1. There are no proper reconciliations prepared for debtors of the Ministry as required by Treasury Instruction, Part C.
2. The majority of Debtor balances on Finance One Accounts Receivable Ledger were inaccurate because debtors are not updated on a regular basis for completeness and accuracy of balances reported. The system is not updated with manual records for debtors pertaining to land valuation and government land lease.
3. There is one code number allocated to two different debtors/lease holders. This was raised in previous audit report with no improvement made.
4. Total outstanding debtor balance as at 31st December 2015 was \$1.82million. These outstanding debtors were 90 days and over.
5. The ministry updates employee leaves on a monthly basis instead of on a fortnightly basis. This causes overpayments especially when an employee has taken more than 10 leave during the month. The list of employees with overpayment identified at the total costs of \$6,777.
6. There were irregularities that were not reported to Ministry of Finance – Internal Audit & Investigations Division as per Treasury Instructions. Firstly, there was a fake \$100 received from a customer discovered during our cash count on the 8th June 2016. Secondly, there were missing assets noted at Meteorological Division during asset sighting.
7. There were weaknesses with monitoring of fixed assets.
 - i) Some fixed assets were not labelled with asset numbers.
 - ii) Project assets were not recorded in the Asset Register. There were also several assets noted to be received directly by divisions from suppliers that were not registered and labelled due to lack of communication between the respective Divisions and Corporate Services Division.
 - iii) A Tripod for the projector screen was returned to the supplier for replacement because it was the incorrect item but the payment had already been made on the 13th May 2016. At the time of the spot check, there was no evidence of any follow up.
 - iv) Several assets could not be sighted at the Minister's Office and therefore presumed missing.
 - v) Most of the assets sighted at Savaii Offices need to be written off such as computers, printers and laptops since they were no longer in use. It was also noted that the Principal Officer at Asau Office was using his personal laptop for office work.
8. There were a number of issues raised that were not implemented from previous management letters.
9. There were delays in submission of acquittal report to the Ministry of Finance.
10. All leave forms were filed together in one file taking into account the number of employees. Monthly leave reports by several divisions were not provided at the time of the audit for verifications, namely the Technical Services Division (March 2016), Forestry Division (April 2016), Land Management Division (November and December 2015) and Water Resources Division (October 2015, February to April 2016).
11. Minutes of management meetings, daily summary for sub-receipting at Tafaigata landfill waste disposal (August to October) and TY21s for write off of assets were not provided for audit verifications.
12. Some of the lodgements have no bank stamp for confirmation of banking. There were no checks before and after banking hence the Senior Officer responsible for receipting at Asau Office was unaware of the personnel that issued two receipts at \$5 each.

13. Eleven motor vehicles were not insured.

14. Several contract payments for land maintenance and rubbish collection services were not recorded in the Ministry's manual register by the Development of Environment and Conservation Division.

2.19 Ombudsman for the year ended 30 June 2015

1. There were employees that did not sign in and/or out in the attendance books without any remarks noted of their whereabouts. *The Office responded that employees have been fully committed with their work in achieving their targets. In some cases, staff members attend meetings, seminars and others without going to the office to sign the attendance book on time. Staff members also work flexible hours (overtime) in the office to finish their work so it is an assurance that they have occupied more than 8 hours per day in the office.*

2.20 Police for the year ended 30 June 2015

1. Revenues budgeted under four outputs were not achieved within the financial year 2014/15. *Records noted a \$199,321 collection for the Ministry and the difference was a result of the Value Added Goods & Services Tax (VAGST) inclusive receipt postings for General Policing Upolu & Savaii -hiring of Outposts to Office of the Electoral Commissioner. All collecting divisions did not achieve its target due to very low demand from each area such as Insurance reports, vehicle damage insurance and Dog registrations.*
2. Three outputs of the Ministry have exceeded their budget estimates within the FY 2014/15. *The Ministry notes the above recommendation for future improvement and take note of the nature of their work.*
3. Fuel consumption of the Ministry's vehicles have exceeded the limit of \$5,000 per annum established by Cabinet in FK (08)06. There are also deficiencies in the management of motor vehicles as an ongoing issue raised every financial year. *This is not a new issue and as per previous audit findings, our core Ministry is to provide essential services to the public all the time. Maintenance is high due to new vehicles provided through the kind assistance from the Australian Federal Police in partnership with Samoa Police. These vehicles are new as the rest of our fleet and must be serviced every three months to maintain good running condition unless a major breakdown occurs. Recommendation noted for future monitoring tools. There are 9 motor vehicles and 24 motorcycles.*
4. Utility expenses for electricity and telephone were overspent by \$230,839.36 and \$41,831.86 within the financial year under audit as well as payments of utility expenses from prior financial year as well. *Overspending on Electricity is mainly caused by renovation and upgrading works to all outposts complex to ensure healthy and wealthy environment for employees. The establishment of Lotofaga outpost has also contributed to the high utilisation rate for electricity. Installation of new air conditions donated from the Small Islands, Developing States conference for the Head Quarters and Outposts in both islands has resulted increase in electricity consumption. In addition, there were outstanding invoices deferred from previous financial year to be paid in Financial Year (FY) 2014-2015. The high spending rate for Telephone usage is due to numerous cases executed by Police Officers, contacting victims, witnesses, defendants to ensure swift communication and emergency response in serious matters. All officers are contacted through mobile phones for any special operations, raids and investigations. Our Ministry is providing a 24 hour service as our main core is to protect and serve the Community to ensure safety and security. Payment of utilities from prior year is an ongoing issue with internal controls in place on usage.*
5. Based on audit review of the Police Service Act 2009, it was noted that the Ministry did not comply with Part IX, (Para.76) in relation to the establishment of a "Police Service Fund". *Work is underway with Ministry of Finance in the establishment of a "Police Service Fund".*
6. The Ministry's annual report for the FY 2014/2015 was unavailable therefore was unable to assess the Ministry's actual performance against the performance measures within the audited period. The annual report for the FY 2013/2014 is also incomplete and yet to be finalized. *The Annual Reports for FY 2013-2014 and 2014-2015 were submitted to Cabinet and Parliament in December 2016.*
7. Several issues raised in the previous audit were not implemented by the Ministry.
 - Failure to adequately monitor and reconcile debtors. *The current practice for Ministry debtors are reconciled weekly and follow up letters distributed monthly. This has resulted in the reduction of Ministry total debtors as noted above also the approving of old outstanding receivables to be written off from cabinet.*
 - There was an inability to achieve forecasted revenues. *The Ministry overall collection as of January 2016 is recorded at 93% exceeding its target for the reviewed period. A great achievement compared to its target of \$0.203m.*

8. The account receivables balance of \$35,619.43 remains outstanding for more than 90 days and it represented about 99% of the Ministry's total receivables. *At the moment there are only 6 existing debtors of the Ministry. Recommendation noted for future improvement.*

9. There is a need for monitoring of the movement of inventory.
 - The Marine division did not keep a register to record all its inventories.
 - The register of Police uniform was not updated;
 - Police V-collar t-shirts were not recorded on the Uniform register; and
 - Stock take of uniform were not carried out on a regular basis.

Recommendation noted. Inventory movement system has been upgraded and updated. Stock taking for uniforms quarterly incorporated in our annual plan activities with regular reconciliation in place to determine uniforms balances on hand. All uniforms are recorded in the register as per policy.

10. Issues regarding fixed assets include:
 - Several assets were not labelled and registered on the Finance One Asset module.
 - Other assets were labelled using the Ministry's old asset numbers instead of the asset numbers generated by Finance One Asset Module.
 - Several assets could not be verified at their designated locations and therefore they are presumed missing. Registration and updating the Fixed Asset Register and Finance One Module is ongoing.

11. TY15's of several employees could not be found in their personnel files. Hence payments could not be confirmed whether they were properly approved. *The practice of daily filing has been implemented, reconciliation and updating of personal files has been conducted on a weekly basis to ensure all records received are being recorded and updated accordingly. A new staff member has been recruited to improve daily filing.*

12. There was no Register for Irregularities provided during comprehensive spot check despite many requests with the responsible officers of the Ministry. There is a register in place by the Assets and transport section.

2.21 Police Interim Spot Check 1 July 2015 – 31 December 2015

1. Non Compliance with Treasury Instructions regarding Irregularity Reports (IRs).
 - i. Delay submission of IRs to Ministry of Finance (MOF)
 - ii. Most vehicles reported did not follow IR procedures specified in the Treasury Instructions, Part L.12 (3). *These automobiles have been repaired and have IRs filed, with all supporting documentations except for reports from MOF Internal Audit & Investigations Division (IAID) on the results of their investigations.*
 - iii. There were no IRs prepared and submitted to MOF IAID on some of the impaired vehicles. These vehicles appeared to have been involved in accidents but were unreported to MOF IAID for investigations.
 - iv. The Ministry did not keep a register of IRs. This issue was also raised in previous audits but still not implemented.
The IRs have been improved in terms of full documentation, supporting statements and full traffic investigation report. Delays are caused by pending investigation reports and provision of quotations by mechanical workshops. Register is currently in place and maintained by Assets and transport team and filing has been upgraded.
2. Fuel consumption of some of the Ministry's vehicle have exceeded the limit of \$5,000 per annum, established by Cabinet in FK (08)06. *Vehicle fuel internal controls are in place to monitor consumption. Finance section also provides a monthly expenditure fuel report to assist with enforcement and monitoring fuel consumption. Police Service is a 24 hour service to ensure public safety.*
3. Issues regarding benefits for employees:
 - There was an employee that was overpaid resignation benefits of \$137.53;
 - There was an employee that was overpaid \$1,139.14 for late cessation after resignation and
 - There was an overpayment of \$16,124.78 to the former Commissioner of Police for resignation benefits paid out in 2014 that have not been recovered.*Necessary improvements have been noted to be made in our processes. The overpayment has been recovered of \$148.53. The overpayment of \$1,139.14 was a posting error which will not be repeated. Resignation benefits were paid according to terms and conditions of former Commissioners contract FK(14)45 stated amounts that differed from Ministry calculations.*
4. Several assets noted in the Asset register were not labelled. Other assets were labelled with the incorrect asset numbers as per Asset register provided. Also, several assets not sighted due to unknown and incorrect locations on the register. *All recommendations are duly noted for immediate improvement by our Assets and Information & Communications Technology teams, working collaboratively with all Officers In Commands or section heads. Quarterly asset inspections are ongoing.*
5. The register kept for Police Uniform was not updated. *The Police uniform has been updated and reconciled by the Assets section.*
6. There were several leave cards not updated to reflect leave taken by employees' as per attendance records. *Recommendation for improvement is duly noted for immediate improvement by Human Resources (HR) team. Updating leave cards is ongoing by HR with additional staff.*
7. Some personal files were not updated to include important information relating to employees. *The practice of daily filing by HR team is now being implemented. TY15 forms are now filed and available for sighting.*

2.22 Prime Minister and Cabinet for the year ended 30 June 2015

1. Actual revenues collected under the Savali Printing Services were less than the budgeted amounts within the financial year 2014/15 by \$138,322. *There have been challenges with the follow up and collection of revenue for Savali for this reporting period however, issues and recommendations are duly noted. Going forward, the Corporate Services (CSD) and Savali Division have been working closely together to strengthen its payment processes. Measures have been put in place to closely monitor and follow up payments due to Savali in order to meet its revenue collection.*
2. \$4,555.00 of receipted money was used on the 19th March 2015 to pay for the airfare of one of the Assistant Chief Executive Officers (ACEOs') of the Ministry to accompany the Head of State during an official trip to Hawaii. The other \$420.00 was used to pay for expenses incurred during the American Flag Day preparations. *To date, this amount of \$4,975 has been recovered. Part of this amount (4,555) was used under urgent circumstances to purchase a plane ticket on Fiji Airline for one of the ACEOs of the Ministry to accompany the Head of State on an official trip to Hawaii. Due to prevailing policies of Fiji Airline at the time, a purchase order from the Ministry was not accepted and they required payment in the cash hence the use of the \$4,555. Going forward, the Fiji Airline now accepts purchase orders from the Ministry and thus this issue should not recur. The other \$420 of the shortage was also used under urgent circumstances as per Cabinet directive to purchase gifts (faaoso) for the Samoan delegation to the American Flag Day for that year. These gifts included koko Samoa which were ordered cheap from sellers/villagers that don't have proper invoice documents and had to be paid in cash given the urgency of the departure of the delegation.*
3. There were employees who are above the retirement age of 55 with no records of approved extensions for the continuation of their services at the Ministry in their respective personal files. *The ministry had lapsed in following policies in seeking Public Service Commission (PSC) approval for the extension of services for retired employees. Going forward, the Ministry has identified all its employees at 55 years of age above to ensure they provide full medical reports as well as performance appraisals for the consideration and approval of their extension of employment services by the Chief Executive Officer or PSC as applicable. The Ministry has also incorporated in its organizational structure proposal, the establishment of relevant positions to enable succession plans, ensuring there are staff members available to take over from retiring staff and the institutional knowledge is passed down and shared with existing staff.*
4. There were several vehicles noted that exceeded their \$5,000 budget for fuel costs per vehicle as per Cabinet Directive, F.K.(09)20. *The Ministry performs an essential service through its Immigration Division who work to provide a 24 hours service in ensuring the clearance of passengers for aircrafts and vessels. Ministry of Finance (MOF) has approved an additional \$25,000 petrol provision for the Ministry to cater for Immigration Services support in this financial year. Management of the Ministry's vehicles have been centralized under the CSD and internal controls have been put in place to closely monitor the petrol usage such as a weekly allowance of 40 litres per vehicle with the exception of the Head of State's Lexus, the Prime Minister's vehicle and Council of Deputies vehicles as per their approved petrol provision.*
5. A tablet purchased at the cost of \$650 recorded to be used by the Savali Division was not functioning due to a broken screen. It was confirmed that the tablet accidentally slipped off the table during work and was never reported to CSD and no Irregularity Report prepared. *An irregularity report has been prepared for this tablet. All irregularities involving the Ministry's assets are expected to be reported to the CSD within 24 hours and reported to the CEO within a week at the latest from the date of the incident and duly handed over to MOF.*
6. A number of leave applications did not follow the proper procedures of endorsement as outlined in the PSC working conditions manual. *Overall, the Ministry acknowledges the lapses as identified by Audit. Going forward, the Ministry has implemented internal controls whereby all leave applications must come through CSD for the updating of leave balances before the relevant divisional head's consideration and endorsement of leave for approval. The approval of all local staff leave below the ACEO level has been delegated to the ACEO CSD for closer scrutiny of leave application process and ensuring all areas of leave application forms*

are completed before final endorsement. Approval of overseas leave and ACEO leave vests with the CEO after completion of relevant sections of the leave form.

7. Several active assets were noted to be recorded at zero value as well as unlabelled assets. *Presently, the Ministry has improved its processes in ensuring that all new assets procured are registered on the fixed asset register and labelled by CSD before handed over to the relevant Division occupying the asset.*
8. The receipt book register was incomplete. There were books sighted which have been finished and some currently used by relevant divisions yet still not recorded in the register. Receipts books were not issued in sequential order (first in first out). Unused receipt books were not properly kept. *The issue raised has been noted. All receipt books received from MOF are recorded and issued for usage until it is complete then returned for recording and storage.*
9. There is slow recovery of long outstanding debts and some amounts were dated back in 2005. No follow up were conducted for invoices issued for Savali newspaper as well as incomplete monthly reconciliations for debtor accounts which were not updated. *The Ministry continues to conduct an internal audit of outstanding receipts and prepare letters to debtors to follow up on all outstanding. The addition of new staff for the Accounts team has assisted with regular reconciliations of debts.*

2.23 Prison and Correction Services for the year ended 30 June 2015

1. Two employees were found overpaid within the period under audit with an overpayment of \$2,477.12 each. *Recommendation noted. The officers were transferred to Ministry of Police while paid under Samoa Prison & Correction Services (SPCS) budget due to budget constraints for the remaining period of that Financial Year.*
2. The Ministry's Working Conditions Manual is in draft form and has not been finalized. *Salary review is currently with Remuneration Tribunal pending Cabinet recommendation for approval of documents.*
3. There was no register kept to record TY76 books nor were they properly filled in or completed. A TY76 book was issued to SPCS as per Ministry of Finance's accountable forms register but was not found at the Ministry. *Recommendation noted and a proper register for all accountable forms and TY76 books are in place to ensure proper use and monitoring. One TY76 book is used to supply petrol for all vehicles at all prison sites including Tafaigata and Oloamanu. SPCS confirms the missing booklet with efforts to locate it. Additional staff have been recruited with a TY76 register in place.*
4. Unfavourable variances were found in natural accounts for expenditures. *Recommendation noted for improvement. The overall cause of unfavourable variances under operating, personnel and capital categories were due to unbudgeted and unforeseen expenditure as a newly established organisation. SPCS was still treated at the time as a Division of the Ministry of Police rather than a new and separate entity. Measures have been taken in response to the issue.*
5. Some employees did not sign in and/or out in the attendance book without remarks noted of their whereabouts. *Poor control of attendance book has been improved and recommendation noted.*
6. Leave taken by employees were not reflected in their respective leave cards. *Recommendation noted. Leave cards will be updated monthly and monthly leave balance report will be submitted to section heads for ease of reference.*
7. There were unlabelled assets, unrecorded assets and some assets were incorrectly labelled and registered. *Recommendations noted and corrective measures are being taken by Corporate Services to ensure proper management of assets.*
8. There were unfavourable variances noted between actual and budgeted expenditures for the Ministry's fuel consumption of motor vehicles. *Recommendations noted for improvement. The nature of work and location of prison sites outposts and weekend spot parole checks should be taken into account when considering fuel expenditure.*
9. Audit found unfavourable variances between actual and budgeted figures for Internet, Broadband & Email by \$2,693.60. *Measures have been put into place for control of access and use of internet.*
10. There were delays in the reporting of the Ministry's irregularities to the Ministry of Finance for investigations. *Recommendation noted to ensure submission of these reports on time.*

2.24 Public Service Commission for the year ended 30 June 2015

1. There were variances noted between actual and budget figures for receipts and payments under the Policy Advice to the Minister on Human Resource outputs.
2. Two employees were overpaid due to incorrect calculations of their resignation benefits.
3. The Key Performance Indicators sampled for audit testing as given in the Performance Framework for the Office in the Budget Estimates for FY2014/15 were not met.
4. Public Service Commission (PSC) had long outstanding receivables not collected from previous financial years amounting to \$44,105.
5. There was no evidence of previous audit recommendations being implemented by the Ministry as some of the issues raised previously were again noted to occur in the current period audited. These issues included;
 - Underachieved Revenue targets
 - Need for improvement in implementing controls over Accounts Receivables
 - Deficiencies in controls over the Office Attendance Books
 - Non-compliance with PSC Working Conditions regarding leave utilization and authorization
 - Weaknesses in controls over Fixed Assets
 - Information requested and not provided during the time of the audit
6. The following deficiencies were noted with the Ministry's attendance and leave records:
 - i. Leave taken by some employees were not recorded in their respective leave cards.
 - ii. The Ministry's Attendance Books were also not well kept, with frequent cases of employees not signing in at the beginning or out at the end of the day.
 - iii. There were also no remarks noted of some employee absences and no proper indication of where employees have signed once their assigned slots have been noted in red by the person responsible for monitoring the Attendance book.
 - iv. Leaves utilized did not have any approved leave application forms provided for verification nor evidence of prior approval for their utilisation as per usual procedures regarding leaves.
7. Personal file for one employee was not updated with documents to verify his admission to the Bar as a State Solicitor, and the Attorney General's favourable recommendation to justify the Commission's decision to reclassify his salary from \$22,668 per annum to \$29,139 per annum.
8. A Hard Drive was missing with the explanation that the previous custodian of the asset (former CEO) took it upon resignation. There were also fixed assets found unlabelled.
9. Minutes of Management Meeting were not provided for audit verification during the time of the audit despite requests given by the Audit Team to the Ministry.

2.25 Revenue for the year ended 30 June 2015

1. Revenues budgeted for Taxpayer Services and Trade Facilitation & Compliance were underachieved within the financial year 2014/15. *Taxpayers Services target was increased from \$1.4m to \$2.3m on the expectation business licenses would increase but was delayed due to approval of regulation. For Trade Facilitation & Compliance, the shortfall was due to increase in fees as well as the reduction in errors in manifest and entry registrations due to improved processes and regular awareness workshops carried out.*
2. Several Outputs have exceeded their budget expenditures in the financial year 2014/15. *Expenses were closely monitored however there were unforeseen procurements of goods and services crucial to operation.*
3. Review of the Automated Systems for Customs Data (ASYCUDA) identified some consignments were released by former Assistant Chief Executive Officer (ACEO) Border prior to payment of duty payable on imported goods which is in breach of section 117(1) of the Customs Act 2014.
They were done manually rather than electronically. Several procedures and approval were not properly observed. There were consignments released by a Freight Agent prior to payment of duty. Consignment for one company was released in January 2015 while payment was only received three months later in April 2015. The ACEO Border was terminated as per investigation carried out by Public Service Commission (PSC). Duty has been recovered with follow up still in progress. The Customs Act 2014 does not permit the release of goods without payment of duties. The Ministry is also enforcing its stance on imposing fines and the application of law in order to deter non-compliance.
4. Audit assessment of Manual Custom Release Advice's (CRA) used for release of imported goods found a container that was transferred to a company's property but is not registered as a Customs Controlled Area (CCA). Cargo should only be transferred to Customs Controlled Areas (CCA), however, the company's property is not a registered CCA according to the Ministry's records. The CRA for this transfer was signed by ACEO Border without evidence of approval from the former Comptroller. Other procedures were not properly followed and observed. *This case resulted in the termination of the ACEO Border in July 2015. The Ministry has identified related controls to mitigate inherent risk arising from risk management to customs clearance, trade facilitation and border protection.*
5. Despite many follow ups with the Border Division, the books for Manual CRAs to release goods/consignments were not provided for audit verifications and staff members claimed that the books were misplaced. All records pertaining to the Ministry must be properly kept for future reference and audit purposes. *Recommendation noted. The manual CRA is authorised by Chief Executive Officer (CEO) and is used for the transfer of cargo from the ports/airports to freight stations while all clearance of cargo is released only by an ASYCUDA system generated CRA after duty/tax is paid.*
6. Audit requested for daily gate reports to trace outgoing imported consignments, however, not all of these reports were provided as they were not properly filed and kept by the Ministry. *All cargo releases from ports of entry and cargo transferred to freight stations are properly recorded in the gate manual book. The Cargo Section has created a database to record all cargo released from ports.*
7. Sampled receipts noted several delayed postings of receipts on Finance One. *Posting is done on a daily basis unless extremely busy where posting cannot be completed on time due to the volume of transactions, reconciliation issues and other minor errors. When short staffed, batches are created in Finance One the next day. There is the issue of duplication of work as all transactions in the systems are manually posted and keyed in Finance One causing a further delay in the receipting process.*

8. The following weaknesses were noted in the receipting/revenue process. Border Officers are responsible for clearance of personal effects from Freight Agents and hand in collection of the day at the Main Office before 5:00pm. The Revenue Division stamps the collection forms to confirm receipt of money. However, it was noted that some forms have no stamps to indicate that the monies were received. Cashier Receipt Summary for Revenue posting during the months of November and December were not properly checked and signed by responsible personnel. *ACEO Revenue is closely monitoring to ensure controls are effectively practised.*
9. The Ministry's outstanding declarations and deferral account balances were not captured on Finance One. These unrecorded debts have led to an understatement in the Accounts Receivable balances reported in the Public Accounts. *The Ministry maintains its own subsidiary ledger accounts. Work is in progress for a report template from ASYCUDA World System for Customs and Revenue Management System (RMS) system for Inland Revenue Services (IRS) to record movements and ageing of debts.*
10. The database for Deferred Accounts was not provided for Audit verifications despite many requests by the Audit team. An e-copy was not submitted due to sensitivity of information in the database. The authority under Audit Act 2013 is clear however certain information might be self-criminating hence the person must first declare privilege against self discrimination to protect him/herself from usage of such information in any court proceedings as per Tax Administration Act 2012.
11. Audit noted the following deficiencies in controls over Deferred Accounts:
 - Late issue of follow-up letters.
 - No action taken on follow-up letters for repossession of clients due to non payment of outstanding balances.

Additional employees were recruited to assist with follow up and recovery of deferral accounts among other debts. All irrecoverable accounts after all recovery actions are considered for write off while all new accounts (1-5 years) are properly monitored and actively followed up. There is significant improvement in recovery since 2014.
12. Issues relating to debtors:
 - There were no proper reconciliations prepared on a monthly basis for all debtors and also no manual records maintained to verify the accuracy of debtor balances on the system.
 - The Ministry was unable to update the system with manual invoices which increases the risks of having incomplete or inaccurate debtor balances.
 - The Ministry's total outstanding declaration for the Financial Year (FY) 2014/2015 is \$2.5million from unpaid duties yet to be settled.
 - The majority of debtors have outstanding balances of more than 90 days.

Cost recovery debtors are recorded on the Ministry's manual database and have been reconciled monthly since 2014 after Ministry of Finance (MOF) raised issues on Finance One invoicing.
13. Several employees were paid overtime in which they were not entitled to, overtime hours that were already rewarded in pay period 12/10/14 were paid again in pay period 7/12/14 using the same timesheet. There were also overtime hours that were incorrectly calculated and had therefore resulted in overpayments. *The employees have been terminated in accordance with the Public Service Act. The Ministry has also improved its monitoring and reconciliation processes for payroll payments to detect errors in a timely manner.*

14. A falsified timesheet prepared for processing of overtime payments to an employee of \$2,212.47. The timesheet was created to process an overtime payment for an employee at pay period ending 7/12/14. The Certifying Officers, Principal Revenue Officer and former Deputy Chief Executive Officer confirmed to Audit that their signatures' were forged. The timesheet was checked and signed by the Senior Human Resource (HR) Officer. *The employee has been terminated as per Public Service Act. The Ministry has also strengthened check and balance procedures to monitor overtime claims and payments.*
15. There were no approved letters from claimants to clarify the delays in payments of overtime claims. *The Ministry has implemented a number of controls regarding the requesting and processing of overtime claims. These controls indicate that all overtime works are to be claimed within a month, following the actual period of overtime. Any overtime claim that is more than two months will not be paid unless supported by a letter from the claimant to clearly explain the reasons for the delay in claiming overtime. Recommendation noted, Policies and procedures have been approved.*
16. There were a number of discrepancies noted with postings of overtime hours for some employees. All overtime supporting documents such as overtime forms and timesheets are not being checked by the Principal HR Officer and certified by ACEO-Corporate Services Division (CSD) after payments have been made. There was no evidence of any checks conducted on posted overtime hours. *Recommendation noted and the Ministry will follow up and reinforce.*
17. Utility expenses for Electricity by \$73,667.86 and Internet, Broadband & Email by \$81,855.53 were overspent within the FY under audit. *The size and magnitude of work requires excess utilisation of Electricity and Internet. The Ministry also leases 4th and 5th floor of DBS building with little control over the electricity usage.*
18. Fuel consumption of the Ministry's vehicles has exceeded the limit of \$5,000 per annum established by Cabinet in FK (08)06. *The nature of work especially Customs Services is essential and requires usage of vehicles 7 days a week. Sky Eye technology is used to manage its fleet.*
19. Most of the findings and recommendations noted in the previous management letter have not been implemented by the Ministry. These issues include non achievement of budgeted revenues by outputs; overspending of budgeted expenditures by outputs; delay posting of receipts on Finance One; debtors not captured on Finance One; overspending of Utility expenses; and overspending of fuel consumption - motor vehicles. *These issues are raised every year, the Ministry continues to improve their internal controls and systems to enhance performance and service delivery.*
20. Deficiencies in the monitoring of leaves included several of the sampled attendances/absences from the Ministry's attendance books did not match leaves taken (absences) recorded in employees' leave cards and authorised leave application forms. There were incorrect calculation and/or treatment of several leaves taken by employees'. Records/files and requested documents were not presented for audit verification. *Reconciliation of attendance books and leave cards are now carried out on a monthly basis. A Reliability Report detailing employee and leave entitlements is now part of the monthly scorecard and endorsed by senior management team.*

21. Leave application forms were completed and submitted on dates during or after the utilisation of leaves. *The Ministry is implementing the leave application process in line with PSC regulations as well as refresher workshops for employees.*
22. The Fixed Asset register was not updated. A number of new fixed assets being purchased between the period of July to December 2014 had not been recorded/updated on the Finance One Asset Register. There were also a number of new fixed assets that had not been labelled with appropriate asset numbers. Some assets could not be located but were recorded in the ministry's master register. Other assets were labelled using the Ministry's old asset numbers instead of the asset numbers generated from Finance One Asset module. *Recruitment of Senior Asset Officer has contributed hugely to improvements with asset registration and labelling.*
23. Refund cheques were rarely signed by the claimants to indicate receipt of cheques. *Reinforcement of existing controls for signing has been implemented.*
24. Several records pertaining to Special Bank Accounts were not presented for audit verification despite many Audit requests. This issue was also raised in previous audits but still not implemented. *Refund vouchers were later provided to Audit Office to confirm that cheques were disbursed and signed but not missing or destroyed.*
25. Several leaves sampled and recorded as Leave With-out Pays (LWOPs) were not deducted by the Ministry. *The Ministry confirms that LWOP identified have been deducted in the FY2015/2016.*
26. The manual register presented to audit during spot check was inaccurate and incomplete given that the movement of uniforms and the recipients were not properly recorded in the register. *Recommendation noted for future action.*
27. The Ministry does not maintain a register to record all master receipt books. Some TY76 books were not recorded in the register. A sub-receipt book that was recorded in the register was missing. *The Ministry confirmed the officer from the Border Division did not return the sub-receipt book to the ministry. The usual practice as per Treasury Instructions is the preparation of an Irregularity Report to be forwarded to the MOF given that these books were registered as the property of the ministry. The master receipt book was re-introduced in 2014 to control handovers from sub-cashier receipts and now maintains and monitors a register of Master receipt books.*
28. Reimbursement cheques received for bank accounts operated by the Ministry were banked several working days after date of issue. *The delay banking of reimbursement cheques is a result of the long process with MOF before the cheque is uplifted for lodgement This process should not recur in the future with electronic transfers.*

2.26 Revenue Interim Audit for the period 1 July 2014 – 31 December 2014

1. Imported Consignments for some companies were released by the former Assistant Chief Executive Officer (ACEO) Border prior to payment of duty payable on imported goods, which is a breach of section 117(1) of the Customs Act 2014. *Manual Customs Release Advice (CRA) was used to release these consignments instead of the electronic CRA which should have been used. ACEO Border has been terminated as per Public Service Act 2004. The Ministry will reinforce imposing fines and application of law.*
2. There were consignments released by a Freight Agent prior to payment of duty. Consignment for a company was released by a Customs Agent (Freight Plus) in January prior to payment of duty payable on these imported goods which was later paid in April 2015 after receiving a follow up letter from the Ministry. *This case has been dealt with accordingly. Issues in the future are referred to Legal division for court proceedings.*
3. Audit assessment of Manual Custom Release Advice's (CRA) used for release of imported goods found a container that was transferred to a company that is not registered as a Customs Controlled Area (CCA). *The CRA for this transfer was signed by ACEO Border without evidence of approval from the former Comptroller. This resulted in termination of ACEO Border.*
4. Despite many follow ups with the Border Division, the books were not provided for audit verifications and staff members claimed that the books were misplaced. *The manual CRA is kept with Chief Executive Officer (CEO) for control purposes and only CEO can authorise a manual CRA.*
5. Daily gate reports to trace outgoing imported consignments were not all provided as they were not properly filed and kept by the Ministry. *The Ministry responded that all cargo releases from ports of entry and cargo transferred to freight stations are properly recorded in the gate manual book. A database has also been created since June 2016 to record all cargo released from ports.*
6. Sampled receipts noted several delayed postings of receipts on Finance One. *Posting is done daily unless extremely busy given the volume of transactions, reconciliation issues and any other minor errors needed to be resolved.*
7. It was noted that some forms have no stamps to indicate that the monies were received for clearance of personal effects from Freight Agents. Cashier Receipt Summary for Revenue posting during the months of November and December were not properly checked and signed by responsible personnel. *Although a few forms were not stamped, the main controls are in place such as master receipting of sub receipts and handover forms signed off by both the sub cashiers and revenue officers.*
8. The Ministry's outstanding declarations and deferral account balances were not captured on Finance One. These unrecorded debts have led to an understatement in the Accounts Receivable balances reported in the Public Accounts. *The Ministry maintains its own individual subsidiary ledger accounts. A report template is in progress from the Automated System for Customs Data (ASYCUDA) World System for Customs and Revenue Management System for Inland Revenue System to record movements of ageing debt books.*
9. The database for Deferred Accounts was not provided for Audit verifications despite many requests by the Audit team. *Certain information might be self-criminating which may be used in any court proceedings (Tax Administration Act 2012).*
10. Deficiencies were noted in controls over Deferred Accounts such as late issue of follow-up letters. No action was taken on follow-up letters and repossession of goods if outstanding balances were not paid within 14 days. *All irrecoverable accounts are considered for write off while new accounts (1-5 years) are properly monitored and actively followed up. There is significant improvement noted in actual recovery since 2014.*

11. There were no proper reconciliations prepared on a monthly basis for all debtors and also no manual records maintained to verify the accuracy of debtor balances on the system. The Ministry was unable to update the system with manual invoices which increases the risks of having incomplete or inaccurate debtor balances. The majority of debtors have outstanding balances of more than 90 days. *Manual invoices are now issued monthly to charge aircrafts and shipping agents for Customs clearance outside normal working hours. Cost recovery are followed up monthly but balances more than 90 days are mostly due to invoices disputed by aircrafts and shipping agents due to differences in hours on their records.*
12. Several employees were paid overtime in which they were not entitled to, overtime hours that were already rewarded in pay period 12/10/14 were paid again in pay period 7/12/14 using the same timesheet. *There were overtime hours that were incorrectly calculated and had therefore resulted in overpayments. The employees were terminated as per Public Service Act and salary overpayments have been recovered while other deductions will continue until fully recovered.*
13. A falsified timesheet prepared for processing of overtime payments to a staff member of \$2,212.47. A brief investigation into the matter confirmed the timesheet was created to process an overtime payment for the staff member at pay period ending 7/12/14. *The Certifying Officers, Principal Revenue Officer and former Deputy Chief Executive Officer confirmed to Audit that their signatures' were forged. The timesheet was checked and signed by the Senior Human Resource Officer. The charged officer has been terminated. The Ministry have strengthened its check and balance procedures to monitor overtime claims and payments.*
14. The process for overtime claims was not followed as there were no approved letters from claimants to clarify the delays in payment of overtime claims. All overtime hours are to be claimed within a month, if more then they will be required to submit a letter for clarification. *The Ministry is now reinforcing this policy for overtime claims with the Corporate Services Division (CSD) monitoring any delays.*
15. There were a number of discrepancies noted with postings of overtime hours for some employees. All overtime supporting documents such as overtime forms and timesheets are not being checked by the Principal HR Officer and certified by ACEO-CSD after payments have been made. Recommendation noted.
16. Several of the sampled attendances/absences from the Ministry's attendance books did not match leave taken (absences) recorded in employees' leave cards and authorised leave Application Forms. There were incorrect calculation and/or treatment of several leaves taken by employees'. Leave records/files and requested documents were not presented for audit verification. *Attendance books and leave cards are now reconciled on a monthly basis. The Reliability Report detailing employee and leave entitlements is now part of monthly scorecard endorsed by senior management.*
17. Leave application forms were completed and submitted on dates during or after utilisation of leaves which is in breach of Public Service Commission (PSC) Working Conditions and Entitlements Manual 2009. The Ministry is now implementing the leave application process in line with PSC regulations as well as refresher workshops for employees.
18. There were a number of new fixed assets being purchased between the period of July to December 2014 that have not been recorded/updated on the Finance One Asset Register. A number of new fixed assets were not labelled with appropriate asset numbers. Some assets could not be located but were recorded in the ministry's master register. Also, the list of assets was labelled using the Ministry's old asset numbers instead of the asset numbers generated from Finance One Asset module. *Recruitment of a Senior Asset Officer has contributed to improvements in asset registration and labelling.*
19. It was noted that the vouchers were rarely signed by the claimants to indicate receipt of refund cheques to taxpayers. *Existing controls are reinforced for signing is now implemented.*

20. Special Bank Accounts were not presented for audit verification despite many Audit requests. This issue was also raised in previous audits but still not implemented. *Refund vouchers were later provided to Audit Office to confirm cheques were disbursed and signed but not missing or destroyed.*
21. Several leaves sampled and recorded as Leave With-out Pays (LWOP) were not deducted by the Ministry. *The Ministry confirm that LWOP identified have been deducted in FY2015/2016.*
22. The manual register was inaccurate and incomplete given that the movement of uniforms and the recipients were not properly recorded in the register. *Recommendation noted for future action.*
23. The Ministry does not maintain a register to record all master receipt books. Some TY76 books were not recorded in the register. A sub-receipt book recorded in the register was missing. *The Ministry had confirmed that this sub-receipt book was allocated to a former staff of the Border Division and did not return it to the ministry. The Master receipt book was re-introduced in 2014 to control handovers from sub-cashier receipts and now maintains and monitors a register of Master receipt books.*
24. Reimbursement cheques received for the bank accounts operated by the Ministry were banked several working days after date of issue. *Delayed banking is a result of the long process with MOF before the cheque is uplifted for lodgement. This is no longer an issue with the new process of electronic transfers.*

2.27 Samoa Bureau of Statistics for the year ended 30 June 2015

1. The Management of the Births, Deaths, and Marriages (BDM) output did not achieve its budgeted revenues within the Financial Year (FY) 2014/2015 by \$30,202. *The collection of fees for BDM services are mainly driven by the demand from the public for the services provided.*
2. The Ministry's annual reports for the FYs 2013/2014 and 2014/2015 were unavailable hence could not assess the Ministry's actual performance against its performance measures for the above periods. *Annual Report 2013/2014 was officially endorsed by Parliament in June 2015. The Annual Report 2014/2015 was endorsed by Parliament on 10th August 2016.*
3. Fuel consumption of the Ministry's vehicles SBS03 and SBS04 have exceeded the limit of \$5,000 per annum, established by Cabinet in FK (09)20. *\$5,000 is not enough to cover fuel for each vehicle in a year as well as considering the nature of our work requiring the vehicle to go out to the field and to Savaii for data collection.*
4. It was noted that there were delays in the reporting of some irregularities to the Ministry of Finance. *The Irregularity Report (IR) belongs to FY 2016/2017 not 2014/2015.*
5. There were deficiencies with the monitoring of fixed assets.
 - Assets were labelled according to reference numbers generated by the Ministry instead of the Asset Module (Register) on Finance One.
 - Some assets were transferred to different locations without updating the register.
 - There were also unlabelled assets and were recorded during our asset inspection.
The register number from Finance One is being used. Register on Finance One and physical location has been updated and closely monitoring the movement of assets.

2.28 Samoa Law Reform Commission for the year ended 30 June 2015

1. Issues regarding fixed assets include:
 - Several assets recorded in the Ministry's Asset Register could not be located at their designated locations.
 - All assets sighted have been labelled using the Ministry's old asset numbers instead of the asset numbers generated from the Finance One Asset Register module.
 - Assets donated from Small Islands Developing States (SIDS) conference were not registered in the Finance One Asset Register.
2. Performance Measures as per the Performance Framework for the Office given in the Budget Estimates for the FY2014/15 were not achieved. No supporting evidence was given to verify progress reports given for KPIs.
3. Issues regarding leave records:
 - The absence of some employees was incorrectly recorded in their respective Leave Cards.
 - There were employees noted that their leaves utilization on the indicated dates did not fully comply with PSC working conditions manual.
 - There were also leaves found to have no evidence of prior Executive Director Approval or authorization for their utilization as per usual procedure. Leave absences were not utilized in accordance with approvals documented. Sampled leave utilized by some employees were not properly executed as approved and verified in leave records.
4. Copies of minutes of meetings held by the Law Reform Commission Advisory Board were found to have not been signed by the Advisory Board Chairman.
5. Some TY76 Books were not recorded in the Accountable Forms Register. These books are not yet used by the Office.

2.29 Women, Community and Social Development for the year ended 30 June 2015

1. Actual revenues collected under the Printing Division were less than the budgeted amounts within the financial year 2014/2015.
2. Fuel consumption of the ministry's vehicle MWCD16 has exceeded the limit of \$5,000 per annum established by Cabinet in FK (09)20.
3. The most frequent petty cash payments for the Printing Division's Imprest were related to taxi fares whilst the division has a vehicle allocated for official use.
4. Some employees did not sign in and/or out in the attendance books without any remarks noted of their whereabouts. Late comers were not marked red at 9:10am each working day.
5. There were deficiencies over the monitoring of fixed assets.
 - Some assets were incorrectly labelled
 - Some assets had no labels and
 - There were assets transferred to other divisions without updating the asset register.
6. Some books were not recorded in their Accountable forms register.
7. Vehicle running sheets for the Ministry's vehicle MWCD14 and MWCD19 were not provided for audit verifications.

2.30 Works, Transport and Infrastructure for the year ended 30 June 2015

1. Budgeted revenues were not achieved for some outputs while natural accounts were overspent within the financial year 2014/2015. *Recommendation noted.*
2. There was a missing leaf, permit number 2000 noted in permit book number 38. *Recommendation noted and Irregularity Report already been submitted to the Ministry of Finance (MOF) Internal Audit & Investigations Division (IAID) on 06th October 2015.*
3. An employee of the Ministry was found to be continuously paid up to pay period ended 17/2/15 but employment ended on 23/1/15 as per TY15. This had resulted in an overpayment of \$1,954.86. *TY15 for resignation benefits and salary cessation effective 23/01/2015 was processed and forwarded to Public Service Commission (PSC) on 26/01/2015 for PSCs Approval for payment of resignation benefits (untaken annual and untaken sick leave balance). This is an ongoing issue between PSC and MOF and needs an explanation from these Authorities given that TY15 for salary cessation was processed in advance for appropriate actions to be taken but recommendation is duly noted for future improvements.*

3. AUDIT OF PUBLIC BODIES

3.1 Accident Compensation Corporation for the year ended 30 June 2016

1. A complete check by finance should be carried out for information from claims and investigations of special and funeral grants and death lump sum payments for the trust account. Additional information such as a requisition form detailing the nature of grant, the reason for grant, detail of board decision and approval, checklist completed by claimant for (Medical certificate, Death certificate, Police report and Employers report), identification of closed claims and signature of certified officer from the claims division and perhaps photos and identities be implemented and completed and such evidence be grouped together as part of the payment voucher for claims.
2. There is not enough supporting evidence for payment vouchers. The payment vouchers are approved with no evidence to support the endorsement of such grants.
3. Night watchmen were being paid 7.5 hours instead of double time during their shift. The night watchmen complete 8 normal hours and work 7.5 hours for double time the same day for the whole pay period yet there were no agreements between the corporation and these employees for such endorsements.
4. 50% of total debtors (levy) or accounts receivables are as at the 30 days and over outstanding period. .
5. From review of market stalls outstanding accounts, 100% (23.117) of the total due are outstanding at 30 days and over.
6. There is no clear process in place to achieve collecting and recovering of long outstanding accounts despite numerous advice given by the board emphasizing management to consider ways and establish effective methods of follow-ups and collecting outstanding accounts.
7. There were 1,083 registered members with ACC at the end of the financial period 30th June 2016. It could not be confirmed whether all these employers are still active, continuing on with their business, currently holding legal business licenses and have up-to-date registration records.
8. The corporation did not carry out any asset count on all the facilities, machineries and equipment for the financial period 30th June 2015. Capital equipment could not be verified if they are fully depreciated, still in use, disposed of or missing.

3.2 Central Bank of Samoa for the year ended 30 June 2016

1. The IT section is not always aware of changes in creating and deleting user accounts on a timely basis. *IT is currently working on an authorization form to coincide with HR recruitment process in addressing this issue.*
2. During the review of Wireless Access Point, it was noted that Wireless devices are able to access all CBS devices. It is recommended to review packet filters and make sure there is no unauthorised access to CBS Local Area Network Devices from wireless connected devices. *This was immediately changed upon discovery by using Media Access Control address filtering.*
3. There is no approved IT policy. *The policy is in draft mode.*
4. There is no off-server backup and no off-site backup. The bank can look into taking external backups such as using USB Hard Disk Drive with multiple generation capable making sure that can restore data from selected date. *Recommendation is noted. Property & Information Technology is exploring suitable space for this relocation.*
5. It was noted that the Ethernet Switch is located in an electric room and near to high voltage lines. *Recommendation noted.*
6. As the Servers are ESD (Electric Sensitive Device) it is recommended to relocate to an electric conductive cabinet to keep them run in good form as currently located in a wooden cabinet. *Recommendation noted, PIT will proceed with ordering cabinet for servers.*
7. It was noted that there is no fire/smoke detection and a single air condition control temperature control and security reasons. *Recommendation is noted.*
8. It was noted that CBS received grant funds of \$199,202 from United Nations Capital Development Fund (UNCDF) for the FSD Survey. The CBS treatment of grants is incorrect as per International Financial Reporting Standards (IFRS) for treatment of grant funds. *Recommendation has been considered and now reflected in the financial statements.*
9. There were 20 tablets worth \$38,780 purchased from the UNCDF grant which are currently with the Financial Systems Development Department that have not been recorded in the CBS fixed asset register. *Recommendation has been considered and now recorded.*
10. The fixed assets that were purchased from UNCDF fund of \$36,780 were not depreciated since its purchase in February 2015. *Recommendation has been considered and now reflected in the financial statements.*

3.3 Development Bank of Samoa Interim Audit for the period 1 July 2015 – 29 February 2016

1. The loan manual is in draft form and is yet to be approved. During the review, the following practices by the Bank were found:
 - The bank should be clear on the terms of when to conduct inspections as there were accounts that the bank had conducted inspections and there were some that did not.
 - There are no policies in relation to the restructure of loan accounts.
 - There were instances of arrears that have been waived by personnel other than the General Manager as it stated in the draft manual.
 - There is no process documented in the manual for loan officers to follow when dealing with loan overpayments.

The auditee responded that the loan overpayment refund policy is in the Finance Manual. Loan Manual was approved by Board on 26 January 2017.

2. There have been default loans provided through micro project monitored by the Bank and the Ministry of Women Community and Social Development due to lack of monitoring and follow up. *Recovery action in accordance with DBS Arrears Management Policy and Loans Manual approved by Board on 26 January 2017.*
3. There were instances of unidentified loan overpayments from clients and other members such as guarantors servicing the loans from direct transfers on Bank statements. These payments could not be located and identify loan accounts to counteract the repayments are transferred and recorded under the sundries account. *Clients voluntarily deduct salary for loan repayments without informing DBS and some instances Banks mistakenly transfer funds from clients account to the DBS account.*
4. There were a few non compliance issues by the tenants and the Bank on lease agreements for rental spaces:
 - Tenants are required to settle for rent payments in advance as per agreements but the invoices are issued to tenants at the end of the month contradicting with lease agreements.
 - The tenants are liable to pay a demand interest of 14% if the tenants fail to settle for rental payments on the due date but majority of tenants have already reached the due date with no interest charged.
 - There were tenants with rents charged at different rates per charges stipulated in the lease agreements.

The auditee responded that the issue is resolved as tenants leases have been reviewed and updated.

5. Several payment vouchers were processed without quotes to support the selected suppliers. There were also payment vouchers for services provided by employees for the Bank without quotes or details as to why services have been handed over to staff. *There are no quotes for general supplies. Recommendation noted and will action. Every effort is made to obtain quotes for new orders as per policy unless suppliers do not give quotes or they are the only local provider for such equipment.*
6. There were payments that could be avoided for cost savings and for best practices to be funded through social funds such as end of year functions, sports day uniforms and caterings. *Rewarding staff by way of Christmas party, farewell or for social development is not isolated to DBS. Funding of these activities are accorded due consideration for cost sharing as appropriate.*
7. A board member resigned from the Bank received monetary gifts, on 8th September 2015, as an appreciation and gratitude for services provided. Benefits to directors other than the director's fees have been officially ceased by a memo from the Ministry of Public Enterprises (MPE). *The director concerned resigned in July 2015 and the Board approved the farewell as per policy prior to receipt of the MPE memo.*

8. There were purchase orders (POs) with missing information such as POs orders are managed manually hence does not provide a list of accounts payables and owing balances at a certain point of time. Some POs with attached invoices remained outstanding. Monthly reconciliations should be conducted for POs issued against paid and unpaid invoices to continually update the record of outstanding purchases. *DBS uses Attaché for general ledger and payroll. Payable module is not used as it is costly to set up and most invoices are paid on receipt or before end of month. Unpaid invoices are recorded under accruals at month end and accounted in other creditors and accruals, The cost of services and some goods will only be finalized when the service is completed and when the good is provided.*
9. There is a high turnover of employees and the loss of knowledge through employees leaving the office. Some factors contributing to this is the salary scale employed by the bank (in comparison to the salary scale of ministries and most corporations) and recent removal of staff benefits such as the reduced interest rate on loans. *Salary scale is aligned to government structure and approved by the board. Staff turnover is impacted by different factors and attributed to salary and benefits or education or termination or migration or change in career path. Management will take appropriate action to retain however we should also be considerate of staff intention to make a change.*
10. Of the fifty (50) air conditions donated by the Ministry of Natural Resources & Environment (MNRE) to the Bank, sixteen (16) were noted to be missing although the number has not been confirmed as investigations have not been finalized. Two of the missing air conditions were confirmed by the former employee that he had taken according to his letter to the Bank but still had not been returned. These air conditions were stored at the Bank's off site at Siusega. As per processes in place, items removed from the off-site location are noted in the log book by the Security on duty at the off-site, and items received at the main office before they are used. The log books were missing at the time of the audit. All other air conditions have been installed in the building but are not labelled and registered in the fixed assets register. *The air condition units received from MNRE are recorded separately with property division and do not form part of DBS fixed asset register. The investigation is completed and issues resolved.*

3.4 Development Bank of Samoa for the year ended 30 June 2016

1. The audit raised concerns on the brevity of the presentation risking a non compliance with the International Accounting Standard 1 (IAS1). The Corporation responded that the split is disclosed in the notes which warrants the current presentation is suffice and ease for users.
2. Quite a number of big loans had no financials available for the bank's timely assessment.
3. Some accounts reflect no effort of any repayment despite many attempts or follow up by the Bank. The outstanding balance is \$8.04 million with arrears of over \$500,000. There are no financial statements available.
4. Most of the Hotel Loans do not have any marketing or sales & operational planning furnished to DBS for assessment. This is the same case for most hotel projects in the past and DBS is struggling with recovery of such big loans.
5. There are loans with inadequate security. There is a need to suspend interest income on unsecured loans to reflect the economic reality and be conservative of any recoverable amount.
6. This issue was raised last year that only the chairman signing minutes but the quorum requires three directors to sign to effect resolutions. *The current practice with Chairman to sign minutes is sufficient.*

3.5 Electric Power Corporation for the year ended 30 June 2016

1. There was no signed contract between the Corporation and a Company regarding the repayment of the three vehicles approved by the cabinet to be transferred to the Company to start up their business. The transfer value is \$115,103.47 which should be fully repaid by the Company at the expiration of their contract with the Corporation in two years. The total cost for the three vehicles at date of decision was \$417,763.52 Accumulated depreciation \$336,184.37 and written down value of \$81,579.15. The monthly payment of \$4,795.97 is deducted from proceeds of work performed by the company. A contract should be drawn up to include all conditions that should be complied with by both parties. A FK to provide directive and approval and a contract between the parties is the responsibility of EPC. *The Corporation has noted comments. The legal obligation falls within Cabinet directive in which the awarding of the contract was approved together with the release of vehicles to be paid within the timeframe of the contract. A new contract is being drafted for the lease of vehicles to own after two year period. The deduction of this liability from payments to a Company is already implemented using the FK as a basis.*
2. There was no valid lease agreement between the Corporation and a Company for the rental of office space at Vaitele compound. An agreement was presented on 3 August 2016 signed by the Company but not the Corporation. The space has been rented by the company since commencement in February 2016 with a monthly rental of \$500 plus Value Added Goods & Services Tax (VAGST). The lease will expire in February 2017. *The Corporation has noted comments and recommendation. The lease agreement has been signed by the lessee and the General Manager was away when this was signed.*
3. The provision for long service leave balance provided for audit at 30 June 2016 was \$206,683.99; the amount which was already paid was \$167,688.57 with an outstanding unpaid amount of \$38,995.42 at year end. This indicates a lack of proper and thorough review by the Financial Controller of these monthly reconciliations. This will reflect an accurate obligation value in which the Corporation owes its employees. *Recommendation noted and adjustment is now booked to correct the over-provision. Reconciliation will be checked to ensure the unpaid list of staff as accurate and balance of provision is correct.*
4. The hourly rates used in payroll calculations do not agree to approved rates in personal files. The Corporation have used higher hourly rates to calculate the payroll therefore employees are over-paid. *The Corporation stated that differences arise when working hours are changed from 76 hours to 80 hours per fortnight but the staff annual rates remain the same. The change was recommended by the Human Resource (HR) consultant to be effective on July 2015.*
5. There were no receipts issued to cash power agents for some cash power sales. The delivery personnel should issue a receipt from the subsidiary receipt book to the cash power agent when making the sale. At the end of the day, the delivery personnel should balance his cash on hand with receipts issued from the subsidiary receipt book and the cash power card reconciliation. A master receipt is issued accordingly which then will be posted into the Daffron system. The process was not followed by the delivery personnel. *Recommendation is noted, however daily cash monitoring and daily cash balancing is now re-enforced in order for EPC to strictly comply with standard procedures as well as auditing requirements to avoid repetition of same.*
6. Some invoices issued for meter readings were not signed by customers as evidence of receipt of these invoices. The meter readers are required to write on invoices where they place the invoices when people are not at their homes. This will assist supervisors in solving any complaints from the public if they do not receive their electricity invoices. *Recommendation noted. Some readings were given to EPC through telephone calls and emails hence no need for the consumer to sign the invoice. Some invoices were not signed by consumers due to no one being at the house during the time of reading and the meter reader forgot to write 'door' on invoice. The meter readers have been reminded of the procedure in these cases.*
7. Meter readers do not sign invoices after taking the readings and calculations of costs. It is a standard procedure that meter readers should sign invoices after taking the reading and calculation before giving

the invoices to customers or placing at a proper place when customers are not at home. *Recommendation duly noted and meter readers are reminded of the importance of complying with this.*

8. Some receipts were not banked promptly. *The recommendation is duly noted, however daily cash monitoring and daily cash balancing is now re-enforced in order for EPC to strictly comply with procedures as well as auditing requirements to avoid repetition of same.*
9. There was a payment of \$10,399.56 made to a supplier for services rendered to the Corporation without an approved contract. The claim by the contractor and payment made by the Corporation was based on the letter of offer given to a supplier by the Corporation as a winning bidder. *The awards of services for heavy duty equipments were done through a tender process. The letter of offer was provided to the winning company and the awarded rate applies for all works requested by EPC. Letter of offer is used for processing payments pending the formalisation of the contract.*
10. Final balances of suppliers already paid for were still included in the trade creditor's reconciliation. This indicates that the trade creditor reconciliation at year end was not properly reviewed as it was overstated which are inaccurate for management and board decisions. *Recommendation is duly noted and adjustments were already made to correct the final balances in trade creditors' reconciliation.*
11. There is no evidence of approval of journal entries by the manager and assistant manager of finance and corporate service. There is also no file maintained for journal entries. *The Corporation has responded that all journal entries were posted and saved on IXP system and also have the backup by the ICT team.*
12. There is no evidence to show that journal entries posted into the system were properly reviewed and approved before postings. *Recommendation noted. Since all journal entries are saved online, these will be printed out, reviewed and signed approved as recommended. Officers will prepare journals, review and endorsed by supervisor, then approved by Assistant Manager or Manager Finance and Commerce.*
13. The amount of VAGST credit of \$3,336,448.55 is overstated by \$49,928 due to VAGST return for the two months ended 30 April 2016 was wrongly transferred to VAGST credit carried forward at the amount of \$3,386,376.56 for the VAGST return for the two months ended 30 June 2016. The claim which was subsequently received on 19 September 2016 is \$3,136,856.47. This indicates a lack of review before the return was lodged to the Ministry for Revenue (MFR). *Recommendation noted. The review was done on VAGST returns/claims (receipts and payments) calculations but will extend the review process on VAGST return form before submission to MFR. Although the VAGST carried forward balance from March and April 2016 was incorrectly filled in, but it was fully accounted in the VAGST refund receipted by the Corporation.*
14. Withholding taxes deducted from payments for services rendered to the Electric Power Corporation were not paid within the timeframes to the MFR. *The Corporation responded that withholding taxes are paid when payments are actually released to minimise and eliminate discrepancies in cases where payments are cancelled for some reason, which will result in the cancellation of withholding taxes. MFR have confirmed that they only apply penalty fees for late submission of Pay As You Earn Tax (PAYE) and VAGST and also, for the same reason mentioned above, they have no specific due dates for filing of withholding taxes because the delay arises when the companies delay the uplifting of their payments.*
15. The disposal schedule from the fixed asset register do not agree with the general ledger accounts of proceeds from sale of assets and the gain or loss on disposal. The fixed asset register showed a loss on disposal of \$536,466.08 whereas proceeds from sale of assets and the gain or loss on disposals showed a gain of \$258,022.33. This reflects a variance of \$794,488.41. *Recommendation noted. This account will be monitored and reconciled monthly to ensure it balanced with the proceeds from sales of fixed assets and gain or loss on sale of fixed assets accounts at all times.*
16. The disposal of fixed assets schedule was not properly reviewed by the Assistant Manager Finance and Commerce to ensure it was properly reconciled and agreed to the general ledger. A material variance of

\$794,488.40 was identified during the audit and the reconciliation was given back to reconcile properly to agree to the general ledger. Balances provided for management and board of directors monthly accounts for decision making are incorrect. *Recommendation noted.*

17. There were outstanding items for more than two years of travel and other staff advance account. These were confirmed from Assistant Manager Finance and Commerce that these were supposed to be expensed in 2014. This indicates that the review of the other debtor reconciliation during the year was not properly done. *Recommendation noted.*

3.6 Gambling Control Authority for the year ended 30 June 2016

1. In reviewing Gross Gaming Revenue (GGR), it was noted:
 - There were monthly settlement statements for the GGR calculation unsigned by the representative personnel of the Casino operator
 - Lack of checks conducted to verify the correctness of the 15% GGR charged and received on the gross collection of the casino operators.
 - Delay of commission settlement when legislation requires payment within following month
 - Monthly settlement statement's whereby the 15% commission is calculated covers the period from 4th to 3rd of the following month. For cut off purposes and ease of reference, audit recommends using the month period of 1st to the last date for commission charges.
2. There were instances of delayed posting and banking of cheques for GGR commission. Although cash inwards are made by cheque, prompt collection of GGR and prompt banking to avoid losing or misplacing the cheques and ensure they are reflected in the correct period they were received.
3. The White Sand Casino license fee for Financial Year (FY) 2015/2016 of USD\$100,000 has not been paid. Licence fees are imposed annually hence a license fee for FY 2016/2017 would also be issued. The penalty charge of 20% for late payment has neither been imposed. Section 36 of the Casino and Gambling Control Act provides that license fees shall be paid within fourteen days of the approved date. The penalty fee could be waived upon board approval but there was no evidence for such as board minutes remain outstanding as the end of the audit field work.
4. Guest's referral cards invoices to White Sand Casino have been long outstanding and not recovered.
5. There is no aging report for accounts receivables to monitor and keep track of the outstanding balances.
6. There were payments processed with incomplete documentation as well as a lack of authorised signatories of approval.
7. Christmas hampers were supposedly funded equally by GCA and Samoa Sports Lotto Agency (SSLA) but have been fully funded by GCA instead at a value of \$2,500. It is important that expenditures are well reflected separately and properly accounted for. Totalisator Agency Board (TAB) is acting for the Authority until such time we recommend that the processes in place over the monitoring and costs sharing are re-enforced.
8. Board refreshment expenses were more than \$400 per meeting. Light refreshments are encouraged across government corporations as a cost saving initiative.
9. Audit review of inter-entity transactions noted that the opening balance of the accounts payable (as per GCA accounts) did not match the audited closing balance of SSLA 2015 accounts receivables. There is a variance of \$1,645 understating the accounts of SSLA. Reconciliation had been re-performed and SSLA had taken note of the issue for its audit currently taken place.
10. Annual leave forms within personnel files were not endorsed by the appropriate officer to signify that absences have been approved.
11. ACC 1% charge amounting to approximately \$800 for the two inspectors was not journalised and recorded in the general ledger thus an understatement to the expenses.
12. The authority has not appointed an external auditor to audit the accounts of the casino operators as per legislation. The casino has been in operation since 2014 and has not been audited.

13. Board minutes; approved budget; annual report and bank confirmations for Samoan tala and USD were not received. Audit was advised there is no annual report. There were major transactions within the period that would require approval from the board could not be confirmed.
14. TAB acting as the Authority for the GCA was further extended for two additional years as per Casino and Gambling Control Amendment Act 2015. The first appointment for two years take over was done in 2012. There are numerous inter entity transactions between the GCA, SSLA and TAB. The administration of the GCA employs the staff of SSLA apart from the recent recruitment of inspectors for casinos. The Chief Financial Accountant and Finance team of SSLA deal with the administration and financial accounts of CGA. The Chief Executive Officer (CEO) for SSLA is also appointed CEO for GCA for the time being and is paid equally by both authorities. There is lack of segregation of duties as responsibilities pertaining to the accounting and administration are mostly done by one employee, such as performing reconciliations, payments preparation, processing and recording as so forth. The GCA expenditures are paid by the SSLA and reimbursed later. Although this practice is efficient as advised, there still are some issues arising in this area such as lack of reconciliations. While the authority is still under the control of TAB, audit recommends that the transition of the separation and future plans is moving forward. Proper reconciliations are put in place for inter entity transactions as well as with the segregation roles and responsibilities.
15. Although the approval of the budget was not confirmed, there were overspending and underachieved revenues projected as per budget comparison report contained within the Financial Statements.

3.7 Land Transport Authority for the year ended 30 June 2016

1. Some receipts batches contain no Test Sheet as proof of test completed and reasons for payments. These documents are part of the supporting records for the receipt patches, it is crucial they always be present together in their related patches as proof for receipts and for test being carried out.
2. Some receipt patches do not have a breakdown of stickers being issued as presented in some patches. There is no clear information or proper reconciliation of stickers used and on hand for these cases. It is crucial to have this information in order to provide a continued on hand proper information on tally of stickers used and on hand.
3. Some vehicles have been issued stickers as proof of pass but contain no inspection form that their corresponding tests were actually carried out. Without complete evidence being presented this may indicate that stickers are actually issued without proper checks on these vehicles.
4. Some Traffic Offence Notices (TON) are paid by customers without any evidence of a 'fine ticket' in order to determine and confirm the correct amount to pay.
5. There were quite a number of payments made missing internal controls such as signatures of approvals on different levels such as that of Minister, Chief Executive Officer (CEO) and other authorised personnel based on approved authorised levels.
6. There were either no or incomplete supporting documents for several payment vouchers.
7. There is no clear statement from MYOB that monitors the retention amount associated with relevant clients to clearly identify the customer and its retention balance.
8. Some retention money still remain outstanding for more than 12 months which is outside of the monitoring period. This may imply that either work is incomplete or retention money is now an asset to the Authority. Keeping huge funds with no clear purpose may be misleading and if such funds belong to the Authority, then an adjustment should be made to transfer them to ownership of the Authority.
9. There is a large amount of withholding taxes unpaid for project funds already disbursed and for completed projects. There is a direct obligation by the Authority to ensure tax funds are released to the relevant authority on time especially at year end so that tax associated work are completed. Piling up of these funds may result in difficulties in settlement of these large payments.
10. There was one payroll summary sheet where the internal auditor did not sign for pay period ending 22 May 2016.
11. There are two staff members who are not in the staff list presented to Audit of all names with their annual salaries but are included in the MYOB payroll system.
12. Payroll dated 13 September 2015 and 10 April 2016 has members with different hours between the time sheets and MYOB payroll system.
13. As reported last year, some licences have no evidence of both practical and theory carried out. Having no records of test may imply licences being issued without completing or going through proper process.
14. Some renewal of motor vehicle licenses have no approval registration forms but have been issued licenses. There was also Motor Vehicle license sticker allocated to some Government official vehicles have been issued but no inspection forms attached.

3.8 Land Transport Authority Interim Audit for the period ended 1 July 2016 – 31 January 2017

1. There were more than five Requisition Driving License Books kept in the storeroom that were not recorded in the register book. This is a non compliance with Financial Policies Procedures Operations Manual on recording of unused official records. *LTA responded that all unused booklets are registered but that was a one off order that was not recorded during the spot check. The register booklet of all unused official booklets have been recorded and registered as of date.*
2. Petty cash vouchers were not approved by Finance Manager before cash disbursement to recipients. While some recipients did not sign to confirm the cash recorded was received. *Management has noted the recommendation and taken on board the approval of the petty cash voucher with requisition approval to be signed off before disbursement is released to the recipient. All petty cash disbursement have been approved before release of cash.*
3. There are variances with the general ledger monthly balance from bank reconciliations from 31st July 2016 to 31st January 2017 for ANZ Account (LTA Operating Bank Account) and monthly ending balances reflected on the general ledger. MYOB System Cash Accounts should be updated monthly to include all transactions incurred. *LTA responded the variances of ledger balances are adjustments of stale cheques that were written off. These adjustments have been adjusted before the end of the financial year.*
4. Employee staff were entitled to workouts paid by the Corporation on a monthly basis. The total cost paid to a Fitness Centre for the period under audit is \$2,278. *This benefit is for health and fitness for the staff in order to perform their duties. It is considered an investment for employees for a healthy individual will contribute more to the development of the Authority.*
5. According to the Authority's Working Conditions and Benefits Manual Section 29.2 Medical Assistance, employees who have served a minimum of 12 months are entitled to medical assistance of \$300 per annum covering spouses and children for married employees and parents for single employees. 94 employees have worked more than 12 months with an estimated cost of \$28,200 on medical fees. The general ledger as of 31 January reflects a total cost of \$13,000 for medical expenses. *LTA responded that the health benefit is included in the Conditions and Benefit Manual as employee benefits for the Organisation obligation to pay. These serve as an encouragement for staff to perform their annual medical check-ups, stay healthy and contribute more to the Authority.*
6. According to the Authority's Working Conditions and Entitlements, employees are entitled to \$300 reimbursement of tuition fees upon successful completion of each unit per semester. As well as lump sum payment upon completion of an academic program. Total reimbursement fees of employees under audit are \$4,904.35. There is no formal agreement between the Authority and the employee to guarantee they continue working within a specific period of time after receiving the benefits. *The benefits do not come until the completion of staff programs. Staff are encouraged to learn and continue with their studies.*
7. The annual budget for donations for FY ending 30th June 2017 is \$10,000. There is no formal policy to guide the awarding of gifts and donations as it is approved on a discretionary basis. The total value of donations as of date is \$6,000. *Donations is promoting and marketing the Authority in other non-profit organisations different from media advertisements. It is a way for LTA to give back to the development of the communities through working with Non-Government Organisations(NGOs).*
8. The Authority has spent \$995.50 on payments for the approved government sports day. *The sports day was part of the National Health Week which was why the Authority funds were used to pay for expenses incurred.*
9. The audit committee spent \$126 while on their sight visit on purchase of alcohol. This type of expense is prohibited under government policy as well as during working hours. *The committee has noted the recommendation.*

10. There were payments with no supporting documents for some payment vouchers and other payments had insufficient supporting documents. This included some payments having no receipts, no receiving/delivery reports, internal requisition forms were not completely filled out with the required information. *Recommendation noted. Payment vouchers have supporting documents, the only payment with no delivery docket is an overseas payment and completion of internal requisition form the main focus is the approval of divisional managers and supporting quotation for procurement.*
11. All non payroll payment vouchers selected were not pre-audited by the Authority's Internal Auditor (IA) including normal payments and contractual works. *Recommendation noted, the process of involving the IA in the process of payment vouchers to be reviewed by the Audit Committee.*
12. The Authority did not prepare any of their Value Added Goods & Services Tax (VAGST) Returns for the period under audit. *The delay in submission was difference in opinions of disclosure of grant in the income category of VAGST return and have treated the grant to be VAGST inclusive even though Ministry of Finance (MOF) has a different view.*
13. There were four employees with no employment contracts in their personal files. *Recommendation acknowledged. The Legal Division will ensure to expedite the signing of the employment contracts.*
14. LTA paid out 6% Samoa National Provident Fund (SNPF) Contribution for each employee within the first day of July 2016 which is included in the pay period 07/07/2016 instead of 7% to comply with changes by SNPF. *Management acknowledges the recommendation and will adjust accordingly.*
15. Some employees did not sign their arrival time while some employees signed in their start and finish time upon arrival. A contract officer from Road Operations Division did not sign in and out on the attendance book for a number of days. *Recommendation noted but it is not a reflection of poor monitoring by Human Resources (HR). HR continues to monitor attendance books and enforce relevant penalties on these individuals.*
16. No compliance with Performance Agreement clause in Employment Contract as there were no performance agreements signed by contracted employees. *Recommendation acknowledged and the HR section will assist the Executive Office in developing performance agreements, follow through their proper executions as well as appropriate implementation.*
17. Four contracts have significant delays in terms of signing their contracts when compared to the effective dates. *LTA acknowledges the recommendation for future contracts. The delay in signing of the contracts are due to unresolved issues in relation to contract clauses which required further negotiations between the LTA and contracted employee.*
18. Several contracted employees have missing recruitment files. *HR will work together with the Executive Division to ensure these records are properly kept and readily available when needed.*
19. There were missing stickers when assessing the registry. Finance Division should check and verify all orders of new stickers as soon as they are received from the supplier. It should be sorted if they were due to a misprint or lost due to fraudulent behaviour. *LTA are negotiating with supplier of this misprint as the order is subcontracted with their overseas printing.*
20. Issues relating to fixed assets:
 - The current asset register requires further information for accuracy and accountability. *Management has revised its asset register for easy reference.*
 - Seven fixed assets were not recorded in the fixed asset register. *Management acknowledges the recommendation and will revise the asset register to account for all fixed assets.*

- Fifteen fixed assets purchased during the audited period were not labelled. *Management acknowledges the recommendation incorporated in the fixed asset best practice process.*
- There were no write-off forms to record obsolete or damaged assets with no formal assets disposal process stated in the accounting manual. *Recommendation noted.*
- There is no recording threshold policy for assets in place. This specifies the items that should be recorded as consumable or attractive assets based on their nature and value. *Recommendation noted.*

3.9 National Health Services for the year ended 30 June 2015

1. There were difficulties with the audit in dealing with management as key personnel left the employment of NHS during the time of the audit without the accounts such as the Chief Executive Officer (CEO), Finance Manager, Fixed Assets Manager, Internal Auditor Manager and Principal Accountant. There were instances noted which have caused a material misstatement in the financial statements. Significant risks have been noted and will be stated for improvement and enforcement for future improvement.
2. Bank reconciliations are not performed on a timely basis hence a delay in furnishing reconciliations and to avoid un-reconciled items being stale such as bounced cheques. This issue was raised last year and there is improvement in progress.
3. Inventory were not properly valued at year end as a result of Inventory Management System (LOTS) not updated with the Stock Count, hence the reported figures were based on Budget 2014-15 figures for Output, Pharmacy Division. NHS should write down a further \$2 million on stock value to ensure stocks are not materially overstated in the financial statements. It would be more beneficial to allocate specific staff to be in-charge of costings and valuation subject for final check by the Finance Manager.
4. Board Minutes were unavailable. Audit raised the importance of having financial reports submitted to board for perusal and strategic decision making. The issue of drug shortage in 2016 was believed to be caused by failure to repay overseas creditors/suppliers. Hence the importance of cash flow reports to Board for remedial action in alleviating any public problem and image of the service. Monthly financial reports should be given to Board on a monthly basis.
5. High value of stock were not covered under insurance. NHS should explore insuring stock mainly the Pharmacy and cover claims in relation to any stock losses at Wards and District Hospitals.
6. The Debtors General Ledger are not reconciled on a timely basis. As a result, value is lost or not recovered from some assets which result to additional provision for doubtful debt on reimbursement from NPF for pensioners. Reconciliations should be monthly and management to review and initial the reconciliations to ensure completeness.
7. The fixed assets register is in process of completion by the Asset Manager.
8. Some additional fixed assets had no supporting documents.
9. There was a proposed audit adjustment entry to adjust Value Added Goods & Services Tax (VAGST) accounting as per return and take into account. There was also an entry to provide for all NPF pension scheme for the prior year.

3.10 National University of Samoa for the year ended 30 June 2016

1. Reconciliations for bank accounts were not prepared on a regular basis for both bank accounts. They were not kept up to date and reviewed in a timely manner. *Management will look at ways to have the commercial bank accounts reconciled and reviewed on time, and the Internal Auditor will review the bank reconciliations on a monthly basis.*
2. There were four instances out of 25 cases whereby the lodgement books had no 'paid in by' signature when receipts are deposited to the bank. There were no differences with lodgements however control must be in place to ensure banking is intact. NUS advised that the lodgement books with the bank stamps is enough verification for the paid in lodgement books. *Recommendations duly noted. The Finance division person responsible for delivering the banking will sign the 'paid in by' the bank lodgement slip as recommended'.*
3. There were three instances whereby the lodgement books had no reviewer signature as verification that the lodgement was reviewed and checked by appropriate personnel. *The Finance Division personnel responsible for reviewing and checking the banking will sign the bank lodgement slip as recommended.*
4. There was a significant delay between the date of the receipt and the date of banking. This was for an amount of \$99,522 banked on 14th March 2016 and receipted on 10th March 2016. *The bank-teller's cash holding at the end of the day was surplus matching the short and put an end to the matter. Total banking was banked early Monday of the following week as the bank's Friday report had already been ran and closed. Recommendation is duly noted.*
5. Seven (7) instances out of 35 where invoices were not stamped posted. *The payment commitment goes through three phases before any cheque is raised, signed and release. This therefore leaves zero rate for misappropriation of funds, however the management will remind each certifier of payment vouchers sign where appropriate, as proof of certification performed. Recommendation is duly noted.*
6. There were two instances where payment vouchers were not reviewed before-hand by the Internal Auditor. *Management ensures to have all payment vouchers pre-audited for accuracy and correctness of payments raised. Recommendation is duly noted.*
7. There were 12 instances out of 36 where payment vouchers were not properly certified by appropriate personnel. These payment vouchers ranged from August 2015 to April 2016. The University should ensure the vouchers are properly certified by appropriate personnel. *Management ensures to have all payment vouchers properly certified and signed, to avoid any possibility of misappropriation of funds. Recommendation is duly noted.*
8. NUS does not have backup policies and procedures in place. The procedures were not well documented and not all Finance is aware of these procedures. *Audit recommendation noted and proper backup process will be implemented.*
9. The general ledger, accounts reconciliations, trial balances were checked if all match and agree. The reconciliations should not have variances as these are reports that interrelate and link with each other. *Recommendation duly noted.*
10. During review of the Value Added Goods & Services Tax (VAGST) balance and the lodged return forms, there was a significant variance of \$200,000 understating the accounts. *VAGST Account has been updated and corrected. Recommendations duly noted as a way forward.*
11. There were variances between the ledger balance and the trial balance. Although \$1,000 is immaterial, management need to ensure trial balance is correct and balanced. *Recommendations noted.*
12. Long service leave was applied to contract officers. *Recommendation noted for future implementation.*

13. The following issues were noted from review of accounting for donor funded projects:

- NUS is not recognising the income and related expenditure from donor funded projects in the profit and loss account. Expenditures are recorded against the project fund liability in the balance sheet which is not in accordance with the requirements of IAS 20 "Accounting for Government Grants". In addition by disclosing the expenditures from donor funded grants in the profit and loss will provide more visibility and accountability compared to capturing it within the liability account in the balance sheet.
- NUS does not record or maintain separate or subsidiary ledgers for the different donor and grant funds that it receives. Only one general ledger is maintained that records the receipt and expenditure for all the different project funds. Hence the spreadsheet that was provided as a subsidiary record of the individual donor funds did not agree to the general ledger balance.
- NUS do not keep proper records of the various donor funded projects such as Memorandum of Understanding (MOUs) or project agreements.
- There were no records of correspondences between the donor and NUS in terms of verifying the funds that were received as well as the conditions and requirements of the grants/donations.
- The effect of the above weaknesses in the donor funded liability account is a qualification in the audit opinion. *Project income and expenses received and incurred will be properly accounted for in the Statement of Financial Performance as recommended, and each project account will be properly reconciled and maintained.*

14. There were a few bank reconciliations that were not prepared in a timely manner and reviewed. *Supporting evidence has been obtained in relation to the reconciliations for this financial year and we still noted the same issues as of last financial year. Recommendation is duly noted.*

15. The bank reconciliation report produced from the system is not detailed and only provides the receipt number and cheque number as raised in prior year. *Evidence has been obtained regarding this recommendation and we agree that this recommendation has been completed.*

16. The bank statements are directly given to the personnel responsible for preparing the reconciliations instead of the Director of Finance. *Recommendation is duly noted, and all bank statements received will be reviewed by the Director or Assistant Director Finance before it is passed on to the preparer of the bank reconciliations.*

17. As raised in the prior year, purchase orders and payments are posted by the same person while there are still vacant officer roles. It was also raised in prior year the issue of task multi-tasking and Management sees no issue in this as there is always proper level of checking through higher levels of authority. *NUS recently recruited two new Finance staff to fill the vacant positions and this will help resolve this segregation of duties issue.*

3.11 Office of the Regulator for the year ended 30 June 2016

1. Withholding tax for the financial year ended 2016 has not been paid until December 2016 as they fall due on or before the 15th day of the following month as per section 99(1) of the Income Tax Act 2012. This issue was also raised in Management Letter 2013-2015. *OOTR has implemented a process to ensure that this issue is being addressed as of October 2016, OOTR has complied with the Ministry for Revenue's (MFRs) legislation in relation to payments prior to 15th day of the following month.*
2. OOTR does not comply with statutory requirements specified under the Telecommunication Licence Regulation 2007. The Regulation stated that the annual licence fee is based on gross revenue and that 2% should be payable to OOTR and should be payable in two instalments, 50% payable within one month of the licence start date and other 50% within 6 months of the licence start date. Licence fee for Telecommunication Licenced Operators have not been paid or do not follow in accordance with the regulation. Management should recover licence fees within a specific time and to comply with Regulations in regards to these payments. This issue was also raised in Management Letter 2013-2015. *OOTR has been active in following up required information from licences to calculate their respective licence fees and issue invoices accordingly. Payment of the invoices is a different issue as the Regulator recognise the significant telecommunications fees that Licences have to pay and the Regulator therefore approves payment arrangements when Licensees request for more time to pay the licence fees. Revenue collected by OOTR and forwarded to Ministry of Finance (MOF) has increased significantly over the past couple of years due to systems put in place to ensure Licence compliance with licence fee requirements. OOTR will keep following up licences for information required and aims to address this issue by 30 June 2017.*
3. Reviewing invoices issued during financial year 2016 includes taxi stand operators and licence users in 2013. While the amounts involved are not large compared to OOTRs overall revenue, this nevertheless represents a loss of revenue to OOTR. Delays in billing increase the possibility of the revenue not being recovered. A complete list of radio spectrum users should be set up and a regular billing cycle implemented to ensure all radio spectrums are billed on a regular and timely basis. This issue was also raised in Management Letter 2013-2015. *OOTR will ensure that invoices are issued within the correct period. This was an issue due to shortage of staff to issue invoices and monitoring of invoicing system and OOTR will put a system in place to address this issue before 30 June 2017.*
4. OOTR is guided by the objectives of Section 3 of the Telecommunications Act 2005, Postal Act 2010 and Broadcasting Act 2010 but should have their own Act. There are also other issues that need to be considered in drafting the legislation such as the need for a board of directors, revenue earned should be retained and used by the Office to pay for expenses and capital expenditures when required; and they should have the authority and power to function under other legislations such as the Telecommunications Act 2005, Broadcasting Act 2010, Telecom and License Fee Regulation 2007 and Radio Spectrum Fees Regulations 2007. This was also raised in Management Letter 2013-2015. *There is difficulty in addressing the issue as Legislative changes have to be made. Research has to be carried out with an Information paper forwarded to the Minister of Ministry of Communications & Information Technology (MCIT) identifying different types of entities and legislative changes that have to be made if government decides for OOTR to have a new Act specific to administering its functions. OOTR also included its recommendation of the most appropriate type of entity based on its mandate. This issue is with the Honorable Minister of MCIT and OOTR will follow up a decision.*

3.12 Polynesian Airlines (Investments) Ltd and Polynesian Limited for the year ended 30 June 2016

1. Dividends to Shareholders with regards to their obligation and methodology of calculation. Board and management are aware of the ongoing issue as raised prior year. The Board of Directors is well within its rights under the Companies Act 2001 (as amended by the Companies Act 2006) to make distribution to its shareholders. The Board should appraise the solvency situation for the two companies when considering the declaration of a dividend. The Board and management should seek an agreement with Ministry of Finance (MOF) with a methodology of calculating the dividend.
2. A budget for Jet Operations Taskforce to the tune of \$1,657,373.83 and Jet Implementation Costs totalling \$25,630,542.90 was approved in a special board meeting on 25 March 2016. This information should be disclosed in the Notes to Financial Statements under Capital Commitments. Budgets have not been approved by Cabinet.
3. There were a few instances where employee's entire statutory Samoa National Provident Fund (SNPF) deductions being borne fully by the Company.

3.13 Polynesian Airlines Ltd – American Samoa Interim Audit for the period 26-27 July 2016

1. There were instances of delayed banking. *The banking was delayed due to one of the holders of the locks to the deposit box being absent from work. Recommendation is noted.*
2. Fixed assets accommodated by the Pago Pago office were not labelled. Fixed assets acquired and used by the Company must be labelled to ensure assets are properly safeguarded and accounted for. *Recommendation is noted and a Finance Senior Staff will attend to the labelling. All labelling for the Pago office was completed and done to ensure the safeguarding of company assets.*

3.14 Polynesian Airlines Ltd Interim Audit for the period 1 July 2015 – 31 January 2016

1. Petty cash payments were not properly supported with the relevant supporting documents. For instance, some employees were paid meal and travel allowances without an overtime approval sheet form in support of employees' working hours. Moreover payment of IT vendor merely attached a piece of paper with a note including hours of services. Responsible personnel should ensure that petty cash expenditures are well supported with the relevant documentations such as receipts and overtime approvals for overtime payments. *PAL responded that overtime approvals are normally not attached to petty cash but sighted and attached to the payroll summary instead. As overtime allowances are paid out weekly, and approved by Senior Accountant who also approves overtime requests, it is considered sufficient proof that overtime worked has been granted prior approval, however recommendation is noted and copies of overtime approvals will be attached for future payments. IT support services are requested to prior approval by Finance Manager (FM) and monitored while undertaken, and completed job confirmed with relevant section heads first, to ensure hours worked are accurate and justified, however recommendation is noted and processes will be put in place to ensure there is supporting documentation for audit purposes. IT staff member resigned suddenly in December and currently looking for a full time IT staff member.*
2. There is no formal or written agreement to bind the duties and responsibilities rendered by the IT vendor for technical services provided to the company. The vendor is compensated through utilizing petty cash fund at \$50 per hour. *This issue has been considered on the grounds that a formal agreement negotiation may result in higher charges per hour. Current process has continued unchanged because it is a lot cheaper and cost effective. Agreement for technical services is now in place as recommended.*
3. It was found that petty expenses are funded from the daily sales collection at the Fagalii Office. These include expenses such as petrol for vehicles and rubbish collection. The float money for sales of \$100 also is used to fund for water bottles. *There is a petty cash float of \$100 for petty expenses and a separate \$100 float for water for Fagalii. At the time of the audit, the water float was awaiting reimbursement from Finance, total of \$170 for which receipts had been received the previous day but cash was not reimbursed until the following day. The water float is kept in the vault accessible by the Manager of Sales & Marketing only, not in the cash box which was what the auditor checked during the visit.*
4. Sales reports have not been signed off by the supervisor to indicate that check for the sales report has been conducted. *Ticket office sales receipts and bankings are done by cashier and checked daily by the supervisor. Further, bank statements are checked to ensure amount on the Sales Report matches the amount on the Bank Statement to ensure that there are no discrepancies. Sales office supervisors have been reminded to ensure reports are also signed off as physical proof of the above daily checks.*
5. There were absences of Sales report from the Infinity system of cargo receipts from Faleolo. *This is a standard procedure for Sales reporting and Management will remind staff of this procedure.*
6. There were unrepresented cheques for Pay As You Earn (PAYE) from 2013. PAYE cheques have been put on hold until the Ministry for Revenue (MFR) settle the VAGST refund. Cheques from 2013 had only been settled in August 2015. There has not been an agreement for such practice. *Management has been in contact with MFR through correspondences and meetings regarding the outstanding VAGST refunds, Fuel Excise Tax refunds and PAYE cheque settlement. This problem has been long outstanding however; MOR and Polynesian have exchanged cheques because of cash flow implications. All PAYE payments are now current.*
7. There was delayed posting of cheques issued and these were not back-dated to the dates the cheques were issued hence cash payments are not reflected in the period they incurred. *These cheques were not recorded due to missing records but were subsequently located and posted in the following periods and were also shown correctly as outstanding in the bank reconciliations for the month, to reflect correct cash balances for such month. Most of the cheques involved are from payroll and some of these arose during the time when the cheque book was lost and could not be recovered for sighting and posting.*

8. There were payments with insufficient supporting documents. All relevant supporting evidence pertaining to payments should be attached for proper documentation of expenses and vouchers as per normal accounting practices. *This is being done all the time. Recommendation is noted and will be implemented.*
9. There are areas whereby the company does not follow and apply Cabinet Directives. Some areas include the submission of official trips for Cabinet's awareness as per FK (13)17 and purchasing of official vehicles as per FK (13)17.
10. Office vehicles are not using government official license plates. FK (13)14 subsection 3.5 and the Public Finance Management (PFM) Regulations 2015 under provision 13, require government official license plates to be used for all government vehicles.
11. There is no approved level of authorities for the authorisation of cheque payments, all payments regardless of the amount can only be authorised by the Chief Executive Officer (CEO), Finance Manager and Senior Accountant. These designations are the approved cheque signatories. There should be different levels of authorisation depending on the amount of payment processed. *PAL responded due to the down scale of the company only the CEO and Finance Manager were left to sign the cheques. The senior accountant has recently been added to cheque signing duties as often as we find that payments of accounts are delayed due to only one cheque signatory being available however the recommendation is noted.*
12. There are payments of insurance for employees. Insurance for employees have been directed under FK (13)06 subsection 1.2 to be submitted for review and approval by cabinet. *PAL responded that staff are currently covered by insurance in their individual contracts which have expired however regulated staff (pilots, engineers and senior persons) still require this cover under the Civil Aviation Authority regulation.*
13. There is no formal documented procedure for creation of creditors on the system. Documentation is vital to ensure no unauthorised or fictitious creditors are created without the manager's knowledge and approval. *PAL responded that other control measures have been put in place to prevent fictitious creditors from being paid without undergoing thorough checking and approval process, and would negate the need for documenting of prior creditor approval.*
14. Contracts for all managers except Human Resource (HR) Manager and CEO have expired. There were also pilots currently employed on expired contracts. *PAL has completed finalising HR Manual and all positions with expired contracts will be advertised and successful applicants will be placed on individual contracts.*
15. Different allowances are paid to employees but are not documented in neither their individual employment contracts nor the company's policies state the entitlements and benefits for different designations. Such allowances include transport, meal, overtime, education for children and so forth. *Recommendation noted and with the new HR manual policy and procedures and will provide documentation clearly noting the entitlement and approval process.*
16. Employees are entitled to an annual salary review as per company procedures. However, there was a lack of proper basis for the performance reviews and allotted salary increments awarded for employees as well as documented performance appraisals. *Recommendation noted and HR team are working on a performance management process to be signed off by Executive Managers. Staffs were informed individually of a letter that will advise them of the outcome of the salary review process individually.*
17. Some personal files for employees have not been updated for some time while some were incomplete. *Recommendation noted and HR team are working on a performance management process to be signed off by Executive Managers.*
18. During Audit review of time clocks:
 - There were time cards that have not been signed by respective managers.

- Time clocks for only HR, Marketing and Sales, and Finance Division are working properly. Engineering, Fagalii and Traffic departments are using attendance books as a substitute.
- Frequency of late comers as evident to times recorded on time cards
- Some staff do not clock out hence 'missing' appears on the time cards.

Recommendations noted. 'Missing' clock out times are also due to faulty clock settings at times. Allowances are made for staff with regard to lateness for various family reasons and can either make up time or have time deducted from their normal hours paid. All time clocks are now working and in place.

19. A cheque book was missing during the financial year hence could not verify or confirm the cheques were cancelled. Recommendation noted and appropriate practice already in place. Cheque book is locked up at night either with Senior Accountant or HR Manager.
20. The fixed asset register is not up to date. New capital items procured from July 2015 to January 2016 had not been registered. There were also assets with no assets identification numbers assigned to it although they were recorded in the register. *PAL responded that the main register of Fixed Assets is updated to the end of June 2015 but there is a separate listing for additions from July 2015 to current date which was given to the auditor. For ease of reconciliation the additions/disposals for current year are kept in a separate record for calculation of depreciation monthly, and then transferred to the main register and year end. The internal audit will visit Fagalii to sight the assets without labels and verify reasons.*
21. There is no approved credit card policy in place to govern, monitor and control the use of the credit card. *A Credit card policy is now included in the Finance Manual.*
22. The Internal Auditor (IA) reports to the CEO instead of the Board of Directors for independence and transparency purposes. *Going forward, the IA will report to the audit committee.*

3.15 Public Trust Office for the year ended 30 June 2016

1. Reconciliations for January and May for the ANZ operating account were not signed and approved. *Recommendation noted and addressed in July 2016.*
2. During the review of bank reconciliations there were a number of old cheques being carried forward from 2012, 2013 and 2014. *Recommendation duly noted and was addressed in July 2016 after enquiries with Bank.*
3. There was a payment voucher that was not signed or authorized by the Public Trustee. *Recommendation noted and addressed in Financial Year (FY) 2015/2016.*
4. There was one payment voucher for an estate payment that was not signed upon receiving by the claimant or customer. *The issue has been resolved.*
5. There was a payment voucher of estate payments with no receipts attached from the lawyer. *The receipt as provided by the Law Office was filed in the estate file. Recommendation noted for future payments and addressed in 2015/2016.*
6. Some ledger cards were not updated. *Recommendation noted and addressed in 2015/2016.*
7. For mortgage files, there is no client log documenting the history of work done, status of the file and other records, that is, follow ups and number of times the file was open for review. *The recommendation is unnecessary due to limited records in past years and has been implemented.*
8. The opening dates for some of the clients could not be identified as there was nothing shown in the mortgage files. *Recommendation noted and has been actioned. Records contained in several loan accounts are limited, that is actual dates when loan accounts were created can be difficult to ascertain.*
9. Slow repayments or no repayments at all over the two years for some of the clients; an estimated provision worth \$258,516.23. Recommendation noted. Recovery of these debit balances are fully guaranteed either through settlement by the estate beneficiaries or via selling estate lands.
10. There was a variance between the register against the general ledger of \$1,318.00. *Recommendation noted and has been addressed in 2015/2016.*
11. There was a variance between the general ledger and the summary of Value Added Goods & Services Tax (VAGST) return. *Issue has been addressed in the Financial Year(FY) ending 30 June 2016.*
12. It was noted that the manual reconciliation of Long Term Liabilities does not agree to the financial statements. Even though the variance is immaterial, the reconciliation should match the accounts in order to support what has been entered onto the MYOB accounting system and has been reconciled. *This issue has been addressed in the Financial Year (FY) ending 30 June 2016.*
13. The first six months' interest was incorrectly charged on compensation by 4% instead of 1% leading to an overcharge of interest allowed. *Recommendation noted and implemented in 2015/2016.*
14. It was also noted in the testing for trust fund, that the interest was incorrectly charged by 4% instead of 1% leading to an overcharge of interest allowed. *Recommendation noted and addressed in FY 2015/2016.*

3.16 Samoa Airport Authority for the year ended 30 June 2016

1. Several bank reconciliations were not signed and reviewed. A commercial bank's monthly bank reconciliation (July, August and September) are missing from the physical bank reconciliation file. Other bank reconciliation of July & August ending balances does not agree with balance as per bank statement. *All bank reconciliations are now dated and signed by the reviewing officers.*
2. Most of the employee's timesheet were not approved and reviewed. *Recommendation is noted and will enforce when processing future payrolls.*
3. The Authority did not carry out any asset count on all the facilities, machineries and equipment for the financial period ending 30 June 2015. Capital equipment which is fully depreciated and still in use or been disposed or missing could not be verified or recognised. *Fixed Asset Register is now complete.*
4. There were instances where goods were supplied without purchase orders (POs) and delay in the posting process. *No one is authorised to order any goods and service without a PO. All postings are done on a daily basis.*

3.17 Samoa Fire & Emergencies Services Authority for the year ended 30 June 2016

1. Employees are required to work 8 hours straight without a lunch break. *Recommendation noted. The nature of Samoa Fire & Emergencies Authority (SFESA) work requires flexible working hours particularly when disasters and emergencies are uncertain. As such, shift workers may work for extraordinary length of times with minimal breaks. The applicable provisions of the Labour and Employment Relations Act 2013 have been taken into account and Management will look closely in improving this area.*
2. Sick leave of resignation benefits for one employee was overpaid due to incorrect calculation. *Recommendation is noted. Finance Division is closely working to streamline its processes to ensure that proper segregation of duty is enforced. Additional staff to commence in the new financial year will strengthen the processes so that errors such as this are eliminated.*
3. The commencement date used was incorrect in the calculation of pay-off for a resigned employee resulting in an underpayment. *Recommendation is noted. The Authority is now in the process of hiring new staff that will ensure the whole process from preparation, checking and approval is segregated.*
4. Late payment of withholding tax to Ministry for Revenue. *Recommendation noted and due to the constant nature of these withholding tax deductions and staff availability it has been a challenge to ensure that timelines for payments are observed. Management will look at addressing this issue to comply with the requirement of the Income Tax Administration Act 2012 through recruitments.*
5. Withholding tax was not deducted for services provided in accordance with section 95 of Income Tax Act 2012. *The recommendation is noted. Management will ensure the proper recording of all withholding taxes in the future from relevant payments. The additional staff to be recruited will assist with the work of the Finance Division for this purpose.*
6. The authority's total written down value of all its vehicles as at 30 June 2016 was \$498,457. Sum insured for these vehicles was \$911,364 and total net premium paid for those sum insured was \$25,205.94. *Recommendation is noted and will be reviewed and re-assessed in the new financial year when insurance policies for each vehicle are due for renewal.*
7. The Authority's fixed assets are not insured except for motor vehicles. *Management is reviewing this issue to be incorporated in the budget for the next financial year.*

3.18 Samoa Fire and Emergency Services Authority Comprehensive Spot Check for period 1 July 2015 – 30 April 2016

1. A senior vacant position was approved by the Board of Directors yet it was not provided for in the Authority's Budget for this Financial Year (FY). *The Authority responded that the Senior Radio Communication and Technician Position was approved by the Board during the Board Meeting in November 2015 utilising one newly created position of \$11,234 plus cost saving in the FY 2015/2016. The second officer was necessary given the demands of the Radio Communication Service and was submitted in the 2016/2017 budget.*
2. There were three cases of inconsistencies noted in the payment of higher duty allowances as some payments are calculated based on the salary and some are calculated based on the salary plus allowances packages. *Recommendation has been noted by the Authority.*
3. Leaves were recorded on attendance books for some employees but were unable to locate approved leave forms in the leave form files. They have either been misplaced or were not filled out before taking leave. Leave cards were not properly updated. Some employees have noted leave cards recorded on the attendance books but could not be traced on leave cards. *The Authority responded that several staff are also known by other names.*
4. Personal files and some employees' job related information was not properly kept in their personal files. For instance, there were no advertisements of current positions, there were no application letters to confirm that the employee applied for the position and there were no medical and police reports in their personal files. *Recommendation has been noted by the Authority.*
5. The Fixed Asset Register was incomplete. There was no compilation of additional assets to previous acquired assets. Depreciation of assets were not properly maintained and updated. Remaining value of properties and equipment could not be verified and these contribute to a risk of overstating assets. Assets in use were not labelled. Some fixed assets were relocated without updating the Register. Missing assets could not be located due to incomplete register. There are also fixed assets that should be written off and disposed but still appear on the Register. *Recommendations acknowledged. Fixed assets will be inspected monthly to ensure the reference numbers and locations match against the fixed assets register. Other divisions have been advised to report any transfer of assets and equipment for proper documentation. Assets are readily available are also listed in the non-sighted assets. Quite a number of these assets have already been written off and were highlighted on the register. New register books have been acquired to properly keep records of assets as recommended.*
6. There is no evidence of reviews conducted by the Corporate Manager regarding Bank Reconciliations indicating high reliance of the client on the system generated reconciliations on the MYOB accounting system. *Recommendation noted.*
7. There is no approved motor vehicle (MV) policy in place to ensure the effective and efficient use of SFESA's MV fleet. The Authority is unable to effectively manage and control the use of its motor vehicles arising from issues such as having an inadequate register of motor vehicles, improper depreciation schedule for motor vehicles (MV), no irregularity reports and others. *The Authority has acknowledged the recommendation. Corporate Service Unit is finalising its MV Policy to align with the government MV policy. Usage of vehicles by the Assistant Commissioners remains an outstanding issue which will need to be raised again with the Board for proper authorisation of these arrangements.*
8. There were a few concerns regarding motor vehicles register. *Recommendation noted. The main reason for the relocation of the Authority's vehicles when repairs and maintenance are required for other vehicles in order to carry out its functions effectively. .*

9. The depreciation schedule is not properly maintained and updated which imposes a risk of overstatement of assets balance presented on financial statements. *Recommendation noted. Depreciation has been checked and calculations verified.*
10. There are no justifications of expenses on repairs and maintenance of motor vehicles. *The Authority uses its Report Form as an irregularity report form to report and record down any incidents that occur involving Authority vehicles before handing over for repairs and maintenance. There is also a file of all reports of vehicles incidents and for repairs and maintenance to be met by the responsible driver if proven negligent.*
11. The Authority's vehicle license FESA14 was being used by the Associate Minister. Fuel consumption amounted to \$4,916.54 and Repairs and maintenance amounted to \$6,179.11. \$8,891.05 has already paid by the Authority and the remaining balance of \$2,204.60 have not been settled within the audited period and is recorded as a payable. The limit amount of \$8,000 tala has been allowed under the Corporations budget for petrol expenditure. This is a non compliance with the Cabinet of funding above expenditures but also the limit amount of funds to be used for the Associate Minister's vehicle expenditures. FESA14 has tinted windows which is not allowed under FK(13)17. All three Assistant Commissioners are taking the Authority's vehicles to their homes after work as well as for weekends which is not in line with FK(13)17 which required vehicles to be garaged after working hours except for the Commissioner or Chief Executive Officer (CEO). *Recommendation noted. Repairs and maintenance for FESA14 is inaccurate, it should be \$3,974.51 as the tyres were not acquired and the Purchase Order was cancelled, and the tint was to be paid by the Associate Minister. The urgency of the nature of the functions, the use of motor vehicles by Assistant Commissioners have been included in their contracts.*
12. The Authority vehicle utilises more than \$2,500 costs per fuel for 13 of its vehicles *Recommendations noted. The Commissioners fuel allowance is \$10,000 as per Government regulation for all CEOs. For the year 2015-2016, Ministry of Finance allocated the budget for FESA14 to the Ministry of Police (Ministers budget) yet the vehicle was registered as FESA14 and continued fuelling and servicing SFESA14 from SFESAs budget. Savings from fuel budget for another Output was utilised.*
13. Payments analyses reveal numerous amounts of cash cheques been approved and issued. Such practice may allow any person to cash the cheque if it is misplaced or lost. The cheque for petty cash is a cash cheque which increases the risk of fraud as cash cheques can be cashed by anyone if misplaced. *Recommendation noted.*
14. There were gift hampers purchased for board members and the Minister of Police, Fire and Prison worth on 10/12/2015. A payment for hiring of conference room with meals included for board of directors meeting on 10/12/2015 worth \$1,045.00. Payment for lunches and meals for both Board of Directors meeting and Executive meeting every time a meeting is held. Payment of renewal of private driver's license for some of the staff yet there is no policy stating such benefit. Some expenses were already budgeted for but funds could have been saved if the Authority adhered to cabinet directives. *All issues and recommendations noted.*
15. There were no quotes attached for other payments made worth more than \$200. There were insufficient supporting documents to support payments. *Recommendation noted. Vehicle parts especially tyres are usually only available at one shop at a given time. Emergency vehicles cannot wait for the availability of the same at other stores to meet the procedural 3 quotations required. Due to the urgency of the vehicles being operational, the part is procured when available.*

3.19 Samoa Life Assurance Corporation Interim Audit for period 1 July 2016 - 31 January 2017

1. All monthly receipts were not found in the receipt file. *Recommendation noted. Management will ensure proper filing and supporting documentation in place for future references.*
2. There were petty cash vouchers with no receipts to confirm payment being made. *Recommendation noted. Management will ensure supporting documents for all petty cash are properly kept in place and filed together with petty cash vouchers.*
3. There were long outstanding balances carried forward from previous years. The lodgements were not yet credited and unrepresented cheques are continuously carried forward from prior years. The amounts are noted to be errors made by both the Bank and the Corporation. Some outstanding lodgements are unknown payments that the ANZ Bank overcharged the Corporation for. *These have been referred to ANZ for corrections.*
4. There was a variance of \$321.47 during the reconciliation of ANZ Bank Account between the closing balance of final accounts and the General Ledger opening balance. *Action has been taken to correct the variance of ANZ Bank balance.*
5. Journal entries for transferring of funds from other bank accounts under the Corporation were incorrectly booked by the Finance Manager resulting in double postings causing significant variances between commercial banks with General Ledger records. *Management will ensure action is taken accordingly.*
6. Other bank accounts such as Samoa Commercial Bank, National Bank of Samoa and Bank of South Pacific are not reconciled against monthly end bank statements. *Management will ensure action is taken accordingly.*
7. There were no records in the file of performance agreements and reviews conducted as required by the employment contracts. *Recommendation noted. This is the first time the review of management performance is included in their contracts.*
8. There was a delay in finalising one of the employment contracts for a recent appointed contract officer hence their tenure and entitlements and terms and conditions could not be verified. *Recommendation noted. The delay in preparation of employment contract is due to late preparation of the performance review. The performance review will be prepared and submitted to Attorney General's office for review and preparation of contract for employee.*
9. There are non taxable allowances being offered to three staff positions totalling \$8,200 per annum. Although these entitlements were approved by the Board of Directors, it is not clear from Samoa Life Assurance Corporations human resource policies and employment contracts whether such are subject to tax and statutory deductions such as Accident Compensation Corporation and Samoa National Provident Fund levies. *Recommendation noted. There was a slight oversight, management will ensure deduction of Pay As You Earn (PAYE) tax on allowances for staff involved.*
10. Some staff personal files were incomplete due to relevant information pertaining an employee not found in the file including academic and qualification records as well as job descriptions. *Recommendation noted. Management will ensure administration to update personal files and relevant information included.*
11. There were mortgage accounts being defaulted and have been referred for legal action with no documentation. *Recommendation noted. These mortgage loans have been referred for legal action and LMS (Loan Management System) file notes on action taken and correspondences.*

12. Some payments are not well substantiated with supporting documents such as purchase orders and correspondences. No standard internal requisition forms to validate the need for goods and services and proper approval by appropriate authority. There are payments that were requested and authorised by the same person indicating no segregation of duties. *Payments have files for documentation instead of attaching them to payments. Requisition forms for purchase of goods and services provided are in place. Actions taken for segregation of duties for signatories on payment vouchers.*
13. There were numerous amounts of cash cheque approved and issued. The total amount of cash cheques is \$6,212.50. *Recommendation noted. Cash cheques are for Board meeting lunches purchased from the local market and suppliers on a cash basis. Petty cash is also cash cheque and overtime meal monies and taxi fares.*
14. Payments for professional services to suppliers are not being withheld to be remitted to Ministry of Revenue. *Ministry of Revenue will be consulted and necessary action will be taken.*
15. There were payments made towards funding of the Corporations end of year function and an office dinner where alcohol was purchased. Although these payments were properly endorsed and included in the approved budget, they are not in line with public sector regulations and policies set in cabinet directives such as FK (08) Faapitoa 06. *This was approved by the General Manager for a small appreciation for the Actuary and this was dinner including alcohol.*
16. Budgeted expenses could have been saved if adhered to normal government policy and best practices. Payments such as t-shirts for sports day, gift hampers for ministers, four (4) premium hampers for Board of Directors and funding for end of year function. *Recommendation noted. T shirts were purchased for Public Service Sports Day by Ministry of Health.*
17. Issues relating to fixed assets:
 Asset register does not include all relevant information of the Corporations assets. It has not been updated with all necessary details. *There are two (2) asset registers, one is kept and updated by the Administration department with most assets fully depreciated but are still in use.*
 - Some assets recorded in the asset register were below its approved threshold policy. Assets should be capitalised with a total value of \$500 and above. *Management will ensure that thresholds for assets are in place.*
 - There is no standard write off/disposal form for write-off of assets. A standard form will ensure the proper endorsement and monitoring of removal or disposal of assets. *Recommendation noted. Management will ensure the procedures for write-off and disposal of assets.*
 - The acquisition of some fixed assets were not in line with the policy in place requiring three written quotes. *Recommendation noted. Management will ensure enforcement of policies and procedures.*
18. There was a significant amount of chattels lent out to Corporation's former employees that are still outstanding without necessary actions in recovering of such fund. There are also salary advances with outstanding balances noted without a follow up and repayments since the financial year 2013-2015. There are also overpayments that were received for salary advance recovery which are to be refunded back to employees. *Recommendation noted. Management will take necessary actions accordingly.*
19. There was delay in updating general ledger for January 2017 transactions due to incomplete and unavailability of the General Ledger. This was raised in the previous audit. *Recommendation noted. Management will ensure updated postings for General Ledger with IMAS System in progress.*

3.20 Samoa National Kidney Foundation for the year ended 30 June 2016

1. The Foundation deducts withholding tax from services performed by any companies to their office. These withholding taxes should be paid to the Ministry for Revenue (MFR) on or before the 15th day of the following month as per section 99 (1) of the Income Tax Act 2012. However, all withholding taxes for the Financial Year (FY) ended 30 June 2016 were paid at a later date. *Recommendation noted. We only found out when lodging the withholding tax for the period June 2015 to March 2016 in May 2016. Withholding taxes are now lodged and paid on a monthly basis.*
2. Some monthly Pay As You Earn (PAYE) (P4s) returns have been filed in late with the Ministry for Revenue (MFR). *Recommendation noted. PAYE Returns are now paid monthly.*
3. During stock take, there was a significant variance on stock. The variances for both stock items were caused by how they were stored. As a result the Stock Officer counted them in May as A concentrate 02 stock. *The Foundation is now working on addressing the issue. There has been improvement in monthly stock takes and process for storage.*
4. There were also some variances noted in some stock items during stock take. *These balances have been corrected and incorporated into the year-end stock balances. This is the first year where Samoa National Kidney Foundation will disclose stock in the financial statement and these are one of the issues we are working at as part of the new application of the accounting policy for stock.* There has been improvement in monthly stock takes and process for storage.
5. Storage room 1 was leaking from the top floor and could cause a substantial loss to stock on hand if damaged. *The leakage has been fixed as a result of pipes and old wooden floors of the top building.*

3.21 Samoa National Provident Fund for the year ended 30 June 2016

1. A cash balance in the clients reconciliation does not match the balance in its general ledger. This results from different balances of the Bank of the South Pacific account in the General Ledger and the reconciliation. *Recommendation duly noted. All bank accounts are reconciled on a monthly basis and variances identified are queried and investigated regularly. However, this variance relates to a system error regarding a few STL receipts identified as impacting only the subsidiary but not the general ledger.*
2. Some leave balances for a number of staff as contained in the reconciliation did not match their respective leave cards. *Leave cards are updated correctly by Corporate Services Department. The correct reconciliation was provided to auditors and no adjustment was done as accounts were being finalised due to immateriality.*
3. Small loans reconciliation indicated that the variance carried forward from prior years pertaining to the opening balance at Financial Year 2012 of \$14,732.67 has not been corrected. *Recommendation noted and variance cleared in subsequent year.*

3.22 Samoa National Provident Fund Interim Audit for period 1 July 2016 – 28 February 2017

1. The petty cash imprest amount according to Samoa National Provident Fund Finance General Policies is \$500 but the amount kept for petty cash was only \$450 while \$50 is with the Main Cashier in the cash box after hours for the float. *Recommendation noted and policy will be revised to reflect the current practice of the total cash on hand of \$500.*
2. Some time cards were hand written instead of being recorded in the time clock. Hand written time cards were also not initialled by the manager of the division. *Recommendation noted for improvement. Only when staff forget to clock in/out that it falls to management to verify arrival and departure times, hence the managers initial and verification of times handwritten on cards. This is one of the controls for time cards and to prevent any collusion between staff handwriting on cards. Corporate Service monitor staff with habitual attitude of overlooking clock cards and advise them accordingly.*
3. Some staff did not fill in leave forms for annual leave taken. *Recommendation noted for improvement. The fund will transition towards a goal of aligning policy and practice to ensure that all leave taken other than sick leave must be approved prior to being taken.*
4. Two employees received their end of year bonuses as part of their performance reviews but copies were not found in their personal files. Performance reviews should be conducted before awarding of any bonus to a contracted employee and copies of performance agreements and reviews are properly retained and made available for audit verification. *Bonuses are awarded to staff on the basis of completed and approved performance reviews. Records will be intact for future use.*
5. Contracted employees did not have performance agreements since the commencement of their employment. These are important because it sets out the goals and objectives to be achieved in 12 months. *Safe keeping of performance agreement in personal file is noted.*
6. Some performance reviews do not contain dates of when it was signed and approved by proper authority or the Chief Executive Officer (CEO). Some contracted employees who have awarded bonus have missing signature and dates of approval of their performance review. There are also no comments from CEO to confirm whether a review actually took place other than the approved stamp for payment of bonus. *All bonuses awarded and paid to management are based on CEO rating and review of management performance and final approval by Board. Recommendation noted for improvement. Importance of signing off on all relevant sections of the PMA form will be stressed to management.*
7. There is delayed signing of contracts when compared to their effective dates. Employment contracts should be signed before or at the commencement of employment. Working before contract signing does not mean managers are not aware of conditions of their employment. Contracts are dated on the day they are signed but the commencement date for the contracts remain when they officially started. *Recommendations noted and the Fund will ensure that in the future all employment contracts are signed in a timely manner.*
8. A contributor withdrew their entire contribution of \$34,646.88 on 24th February 2012. Their short term loan of \$19,929.60 as of 28th February 2017 commenced on 25th July 2011 with an initial amount of \$12,553.39. This loan balance existed during the withdrawal of contribution but was not deducted from the claim paid out on 24th February 2012. Part of the withdrawal process is the circulation for loan clearance to be completed by the Investment Department. *For this case in 2012, there were two Short Term Loan systems (old and new) operating simultaneously which caused a few issues. The amalgamation of these systems into one has been implemented since then and this has resolved most of the issues. The recovery of the loan is being handled by the Investment department.*

3.23 Samoa National Provident Fund – Building Operating Expenses for the year ended 30 June 2016

There were no significant internal control weaknesses nor any accounting procedures breakdown during the audit.

3.24 Samoa National Provident Fund – Parliamentary Pension Scheme for the year ended 30 June 2016

There were no significant internal control weaknesses, nor any accounting procedures breakdown.

3.25 Samoa National Provident Fund – Senior Citizens Benefit Fund for the year ended 30 June 2016

1. From testing deceased pensioners, one of the deceased did not refund their pension that was overpaid for 14 months from February 2015 – April 2016 while the system closed on 13 June 2016. *Recommendation is noted.*
2. Once the pensioner is reported deceased, his/her account is then immediately ceased. The death certificate is required however we also accept confirmation from the church minister.

3.26 Samoa National Provident Fund – Senior Citizens Benefit Fund Interim Audit for the period 1 July 2016 – 28 February 2017

1. The registers for accountable forms were incomplete. *Recommendation on registration format duly noted for improvement.*
2. Petty cash was being used without proper approval by the Fund Manager or Assistant Manager as per Fund's petty cash procedures. *The two petty cash payment vouchers identified were when the Assistant Managers post was vacant and officer who processed the voucher may have forgotten to submit to the Manager for approval.*
3. There is no updated list of all the Fund's account receivables maintained by the responsible officer. There were no reconciliations conducted for the Fund's debtors. Some of the debtors from the General ledger and the AS400 system were not included in the given list of debtors from the responsible officer. *The computer hard drive/system was at fault in September 2016 and all data files were lost. It took 2-3 months to retrieve data but not all files were recovered.*
4. Several employees had taken leave as per time cards without any approved leave forms enclosed in monthly leave form files. There were either no forms filled out or they were misplaced. *Management will ensure staff have prior approval of annual leave and proper filing in place.*
5. Some leave cards were not up to date. *Corporate services will work collaboratively with the Senior Pension Scheme Payroll Officer to ensure leave cards are updated on every pay period.*
6. Two employees had variances of leave records against payroll payments. This is a result of no proper reconciliations conducted over payroll and employees' leave entitlements. *The Payroll clerk has made the necessary adjustments.*
7. The Assistant Manager has no performance agreement in place to guide and measure performance. Performance targets for all employees including management are documented at beginning of every Financial Year (FY) and thoroughly reviewed at the end of two (2) months. *Management are well aware of their annual targets based on their duties and responsibilities noted in contracts. Safe keeping of performance agreement in personal files as recommended.*
8. All performance agreements were signed and approved at the time of the review instead of the commencement of the contract. There were also no proper approval and comments from the Chief Executive Officer (CEO) to confirm the employees' performance review. *National Provident Fund responded that performance agreement in contract of employment refers to targets in Performance Management reviewed every financial year. All bonuses awarded and paid to management are based on CEO rating and review of management performance and final approval by the Board.*
9. There was a delay in the signing of the manager's contract. The employee had been working without a contract stipulating the terms and conditions of his employment. *NPF responded there was a delay in the execution of management contracts because the Legal Manager started in February 2015 and had to carry out a comprehensive review of old contract templates in comparison with a new contract template that would take into account new Acts such as the Labour and Employment Relations Act. The Fund will ensure that all employment contracts are signed in a timely manner.*
10. The fixed asset register was not updated and did not capture all necessary details affecting the assets such as acquisition date, name of supplier and cost of an asset. All additional assets that were acquired within the audited period were not recorded in the register. *A new Assistant Manager was recruited in November 2016 and created vouchers and invoices for file of fixed assets FY2016-2017. A fixed asset physical stock take has been completed on 27th April 2017.*

11. There were pensioners with terminated accounts but their identification cards had been recently renewed. *There are 10 staff members in the field for inspection to confirm pensioners' status but it's the duty of pensioners families to report members who have passed away. Most pensioners are not registered with Births, Deaths, & Marriages Registration Office.*
12. There were no valid supporting documents such as copy of receipts and dates the receipting incurred. The Fund does not maintain a record of Samoa Shipping Corporation (SSC) receipts after the examination of receipts. *Receipt books with SSC are checked when received if charges are correct before they are returned to SSC for their records. There will also be more work for National Health Services (NHS) as there are many centres.*
13. There was one unidentified number that is frequently requested in NHS report of invoices over each month which amounts to a total of \$12,317.02. *Reconciliation is noted but these have not been paid hence no misappropriation of funds.*
14. One pensioner had a significant amount of expenses paid out by the Fund equivalent to \$4,176. Total travelling expenses are impractical when the number of times the pensioners travels by boat is analysed. In addition SSC receipts were a total of \$948 denotes the pensioner travelled to different ports without a returning ticket. This raises concerns on the accuracy of receipting handled by the Corporation and the potential risk of fraud. *The elderly man from Salelologa has a mental problem and they cannot control. SSC has been advised that they will not pay for his pleasure ride bills.*
15. There were no proper reversal entries for Creditors as at 30 June 2016. Proper reconciliation and maintenance of individual account payables should be carried out. *Recommendation noted and will perform these before the end of this Financial Year(FY) as there were system faults last year in September 2010 which impacted all data and files.*
16. The general ledger was incomplete and did not reflect some accounts from the previous FY. This includes Accounts Payable and Value Added Goods & Services Tax (VAGST) without any opening balance or current posting of transactions incurred within the current FY on General Ledger. *This will be done before the end of the financial year. A system fault in September 2016 damaged the hard drive and could not retrieve some data files, once the error was fixed the postings were re-done.*

3.27 Samoa Post Limited for the year ended 30 June 2016

All issues raised were resolved during the audit.

3.28 Samoa Shipping Corporation for the year ended 30 June 2016

1. Portion of Samoa National Provident Fund (SNPF) claims are still being rejected by the National Provident Fund when the recipients travel overseas, determined through a list obtained from Immigration Office. Furthermore NPF number on the claimed receipt is invalid to their system. Issue was also raised in prior year audit and according to Chief Financial Officer a meeting with NPF is yet to be finalized. *The accumulation of the outstanding amounts relates to claims which were declined by SNPF due to pension numbers being invalid according to their system. The invalidation is either the pensioner being deceased or travelled overseas, SNPF failed to provide Samoa Shipping Corporation (SSC) with the updated information which make the work very difficult to confirm and verify the pensioner's cards against the valid numbers in their system. Suggestions for SNPF to have a booth at both terminals at Mulifanua and Salelologa to issue tickets to Pensioners until the unpaid claims are settled as cannot continue to absorb these costs for a system operated.*
2. Investment and Interest from Investment balances at balance date was incorrectly disclosed on General Ledger (GL). Management should ensure that all Investment and Interest from Investment balances are properly reconciled with bank records, and recorded on the general ledger accurately. *This was due to the format of the renewal certificate that created a confusion with the wording New Principal which was misinterpreted and mistakenly taken as the principal plus interest for the next maturity whereas it was the new principal for the current period.*
3. There was an understatement of duty draw back (DDB) claims at balance date and DDB account was not reconciled and checked adequately before the audit. Current rate used by corporation to calculate its duty claims is different from the actual rate used by the Ministry for Revenue. *The MFR advised the rate before from pervious claims do not agree with the rates as per Remittance Advice from Ministry of Finance.*
4. A number of assets purchased were classified as expenses on the general ledger. Expenses for Clearing & Mowing Land at Salelologa were capitalized under total value of Salelologa Land. *All these have been corrected and GL adjusted accordingly.*
5. Fixed Assets register was not updated. *Corrections have been effected.*
6. Some payment vouchers were missing during the audit. *Management have discussed the possibility of duplicating the voucher in order to have a filed copy.*
7. Some employees personal files have not been updated. *Recommendation duly noted and regular checks have been carried out on all files to ensure all are updated.*

3.29 Samoa Housing Corporation for the year ended 30 June 2016

1. There were balances of unclaimed payments carried forward from prior years not yet claimed. This balance continues to grow over the last three years. It was also noted that some of these people have taken out further loans with the corporation and yet they have refunds with the finance department. *The recommendation is noted for future action and compliance.*
2. Audit of internal controls over rental property payments noted that most payments for renovations do not have actual invoices from suppliers except for progress reports from Senior Rental Property Officer which states progress of work and recommendation for amount paid. The absence of actual invoices makes it difficult to verify payments. *The recommendation is noted for future action and compliance. All payments related to rental house renovations are well documented with suppliers' invoices, purchase orders and receipts kept in suppliers' payment files instead of individual rental unit files. The rental division is working on improving the rental unit filing.*

3.30 Samoa International Finance Authority for the year ended 30 June 2016

1. Bank reconciliations were not prepared and reviewed on a timely basis. *Management has taken into account recommendation. Bank reconciliations are prepared, reviewed, signed off and dated upon completion of various processes.*
2. There is no formal schedule setting out criteria to be awarded for a single, double or triple bonus for employees receiving an increment after reaching the maximum wage levels. *Management has launched a new organisational structure with a new Performance Management System taking into account rewarding of staff members where appropriate.*
3. The Authority had undergone the trialling and development of the new accounting system software without a signed agreement/contract. *A signed agreement is now in place with Consultant who upgraded and maintained Front Accounting and Registration Systems signed in August 2016.*
4. Review of the staff outstanding loans and loan files noted follow-up actions for one employee were not proactively or continually performed. *Recommendation noted and management has been proactive with follow ups on outstanding loans resulting in continuous repayments.*
5. The current financial management information system process is a manual process using Microsoft excel spreadsheets. The use of spreadsheets does not provide double entry accounting processes that a computerized Financial Management Information System has. *Finance team have fully utilized the new computerised accounting system since July 2016.*

3.31 Samoa Land Corporation for the year ended 30 June 2016

1. Some industrial land sales/debtors agreements were terminated according to the record on file, and accordingly lease/rental charges and interest for land usage ceased. Some of these businesses are still on the land despite the termination letter issued. *The newly appointed Manager of Lands along with the Executive management will address this issue with the board immediately for further auctioning as the process is on-going.*
2. When the terminated sales/leases were approved by the Board on the basis of arrears, the Board was not made aware as to the full outstanding balances unpaid from land debtors. *The Samoa Land Corporation (SLC) met on 6 October 2016 and were informed accordingly. SLC's new General Manager and Executive Management to take the issue on board.*
3. There are terminated land sale cases which have already been referred to the legal officer for court action and eviction order. There is no evidence in files showing such actions have been taken at all and in a prompt and effective manner. *The newly appointed Manager of Lands has these matters under priorities and is currently advertising for a new recruit to take over the Legal Officer post.*
4. There is still no internal control review process of land debtors accounts with a view for the assessment of unrecoverable land debtors accounts and the assessment of provisions for doubtful debts by the land division. Long outstanding land debtors, terminated land sale/lease that may not have been auctioned and other irregularities such as terminated land debtors still occupying the lands were noted. *The Executive Management has already discussed the matter with SLC Board and to make sure the Lands department provides the assessment on a Quarterly basis in line with the mandatory quarterly financial reporting submitted to the Ministry of Public Enterprises at the end of every quarter.*
5. As reported in the prior year, LMS system needs to be updated with accurate land details. *Action was taken in the reported period to allow Land staff in the Estates Section access to LMS for these updates. Unfortunately, nothing was done or only parts of it.*
6. There is still a lack of communication between land and finance division when leases or sales accounts are paid off or terminated. There have been some improvement but there were several land debtors being terminated on file but has not been communicated by the lands division to the finance division for processing in the financial record of SLC. *Recommendation noted, with Executive Management to work on clearing this issue.*
7. Some fixed assets have not been registered. *Recommendation noted. SLC will carry out a full asset count before the end of October 2016. There was a numbering system in place as noted but will perform a full count again and label all old and new assets accordingly.*
8. There is no proper asset management manual that outlines specific recognition criteria for assets. This determines whether or not an item should be recognised as a capital expenditure or as an expense. *Recommendation noted. Management along with Accounts Section will work on an Asset Management Manual moving forward.*
9. Several payments made have no supporting documents or adequate explanation for payments to financial institutions, on vouchers. *These payments are for SLC monthly loan repayments to financial institutions. Recommendations noted.*
10. There is no evidence of any follow up made by SLC Management for the recovery of the Due from Government Debt of \$15,935,424 arising from the exchange of lands with the government in 2010. The debt was initially approved for write off in the 2016 accounts. *The update on this \$15.96 million due was approved by the Board in their meeting October 2016 that it will be treated as provided in the financial statements but not as write-off. This will give time to consult with relevant Government Ministries and later*

seek Cabinet approval to recover the \$15.9 million tala from land at Salelologa Township transferred from Ministry of Natural Resources & Environment to SLC.

11. A lack of communication from the Land Section to the Accounts as to the current status of Land Debtors at any time, and when an account is paid off, repossessed or terminated. *This comment refers to very old accounts that were dormant on the system for years and were never cleared until this audit. The new process for closing accounts has been in effect since around 2012.*
12. There are no effective monthly reviews and follow up action on the majority of Land Debtors account on the LMS system. *Management in its monthly meetings get update on clients with arrears and warning letters are issued to those with outstanding arrears. In an effort to improve debt collection, Board approved the recruitment of a Manager for Legal Services (Lawyer) and two Recovery Officers to speed up the collection process and that recovery works can be taken to the next level (court) when clients do not respond to recovery letters.*
13. Invoices/bills are not being issued to clients. Hence clients are not receiving reminders and follow up on what is due for payment. *Invoices are issued on a monthly basis for Ministries/Corporation and businesses renting the premises, since most tenants rents are collected daily and are standard payments. (For lands) invoices are issued to a few companies only. All other clients are issued reminder letters.*

3.32 Samoa Life Assurance Corporation for the year ended 30 June 2016

1. Bank reconciliation reports were not prepared and reviewed in a timely basis. *Recommendation noted. As Attaché accounting system cannot allow any postings for a new financial year unless roll over for previous financial year is completed. It usually takes 2-3 months (audit period) until next financial period postings. Statements are now updated.*
2. It was noted that the electronic yellow receipts are not attached to the manual receipts as supporting documents for each receipt, but were piled together by the cashier per daily rolls under the desk. *Recommendation noted. Action taken to attach electronic receipt with manual receipt for audit verification.*
3. From review of the loan files, few applicant files have no authorized deduction forms attached. *Recommendation noted. A file is kept for record of deduction authorities and can be obtained from Senior Loan/Loan Officer.*
4. There were no valuation reports in Files for Mortgage Loans. *Recommendation noted. Original documents of valuations are now in file as was taken by borrowers to make copies for loan application with Bank of the South Pacific.*
5. There were applications with no authority deduction forms attached. *Recommendation noted and has been implemented.*
6. There was no actuarial report on comfort over the insurance liabilities as it used to be in the previous year.
7. Samoa Life Assurance Corporation is still recording information on Manual General Ledgers (GL), which are then re-entered onto Attaché's GL and seen as duplicating work.
8. We noted that Attaché operators are using single Attaché login user ID and password. There is a higher chance that unauthorized access to the accounting system could occur by having a single user login.
9. There is only one external hard drive for data backup. All data may be lost if a disaster occurs during the data backup process.
10. Backup mediums are currently stored at IT Manager's house. A more suitable storage facility be sought a facility that has temperature/humidity control, lockable/earthquake resistant cabinet as well as a fire proof cabinet.

3.33 Samoa Ports Authority for the year ended 30 June 2016

1. Withholding taxes for the financial year ended 30 June 2016 were not paid according to Section 99(1) of the Income Tax Act 2012. *Recommendation noted and has been implemented.*
2. Transactions between an entity and its Related Parties have not been declared. The register of Related Parties is already in place but needs updating. Transactions involving related parties are disclosed under notes 19 and 20 of the Financial Statements. *Register has been updated.*
3. P6 and P6A Salaries and Wages reconciliation were incomplete. *The recommendation has been addressed and actioned accordingly.*
4. Some fixed assets have been declared as non-operational and or missing but still appear on the register. *These assets have been approved by the Board for removal and/or write off.*
5. The Board approved Christmas hampers to all Board members and a \$2,000 gift to the previous Chairman. Samoa Ports Authority (SPA's) Christmas party was partly funded from SPA account as approved by Minister of SPA and the monetary gift for former Chairman. *These were considered one-off gifts during the festive season which is in line with protocol and Samoan ways. Management approved as a one off gift for the festive season under the discretion of the General Manager and was not considered as part of the package of the remuneration packages for board members.*
6. There were donations given to few non profit organisations. The donations were considered as part of SPA's assistance to the community and did not involve any donations to individuals. *Donations were made by management under directive from higher authority.*

3.34 Samoa Qualifications Authority for the year ended 30 June 2016

1. There is no segregation of duties in the payroll process. *Approved positions will be employed as per concern.*

3.35 Scientific Research Organisation of Samoa for the year ended 30 June 2016

1. Preparer and reviewer signatories on all bank reconciliations were not dated. *Recommendation regarding dating of signatories has been implemented and will be part of its ongoing process and procedures every year.*
2. There were delayed postings onto the MYOB accounting system. *Recommendation has been noted for future implementation to have postings every fortnight rather than monthly to avoid delays in postings.*
3. The unit cost for some chemicals were not included on the inventory sheets. *This issue has been taken into consideration to implement a more robust recording system for stock when they are utilized by the Technical Divisions. Steps in addressing this weakness will be implemented during the FY2016/2017.*
4. Some of the old assets were replaced by the new ones during the financial year without proper disposal of those assets. *Recommendation has been noted for implementation, and these will be addressed in the FY2016/2017.*
5. Scientific Research Organisation of Samoa (SROS) is not following the preferred method for grant accounting, as specified in International Accounting Standards (IAS) 20. Income from donor funding does not match expenditures incurred on the particular projects funded by donors and grants. SROS has updated financials accordingly.
6. For the pay period 21 June 2015, an employee salary was incorrectly calculated resulting in a salary overpayment.
7. Some invoices could not be provided for audit due to the storage room being infested with pests damaging documents.
8. MYOB does not track each projects costs separately. SROS is not following the correct method for grant accounting to mitigate variances.

3.36 Samoa Sports Facilities Authority Comprehensive Spot Check 1 July 2015 – 30 April 2016

1. There was no evidence of Board endorsement of the Authority's current Finance manual. Internal control procedures and policies for some areas such as revenue collection and receipting, payroll, accounts payables and receivables are not clearly set out in the manual for proper implementation and compliance. *Recommendation noted.*
2. There were no Chief Executive Officer (CEO)/Assistant Chief Executive Officer (ACEO) endorsements on some non-payroll payments made. There were no write off forms to support procurement of replacement items. There were insufficient supporting documents for payments. *Recommendation has been noted.*
3. Withholding tax was not deducted from payments made to suppliers. *Recommendation noted.*
4. There were several avoidable expenses such as catering for all board and management meetings, subscriptions to the Samoa Institute of Accountants, and office end of year function. *Recommendation has been noted.*
5. The fixed asset register is not updated with all asset details. Assets being purchased during the current financial year were already allocated for use but were neither recorded in the register nor labelled. There were also assets from SIDS that have not been registered and labelled. *The assets register is updated on the excel format and agreed to the schedule of Fixed Assets for each quarterly accounts.*
6. There was a significant increase in fuel consumption for motor vehicles. There is also no monitoring procedure in place for vehicles daily usage. *Recommendation noted.*
7. The motor vehicle SSFA01 is insured with Federal Pacific Insurance whereas SSFA03, SSFA04, SSFA05, and SSFA06 are not insured. *Recommendation noted.*
8. There was no lease agreement between Samoa Sports Authority and the Sporting Bodies using the sporting facilities. *The Authority is having a new lease agreement given to sporting bodies in the 2016/2017 financial year. Seven (7) sporting bodies have signed their lease agreements with the Authority.*
9. Most assets were under-valued given the renovations and upgrade during SIDS and Commonwealth Youth Games yet to be taken into account. Such renovations and upgrades have extended the useful life of assets in addition various new sport gears being transferred to the Authority. *All the costs of the renovations will be in the annual accounts as at 30 June 2016.*
10. There was no evidence of a preparer, checker and reviewer of the bank reconciliation. This was also raised in the previous management letters. *Recommendation noted.*
11. SSFA's motor vehicles have not been labelled in accordance with the Public Finance Management (PFM) Regulations 2015. The vehicle windows are still tinted although prohibited under the PFM Regulations 2015. *SSFA will include the motor vehicles labelled costs in the coming budget 2017/2018 to accommodate the issue.*
12. There is no record of any lease agreement with Samoa Land Corporation (SLC) for the sports facilities located on their land. *The Authority noted that the land is still with SLC and it's an issue that is out of their control but will follow up to the Board and Ministerial level about the issue.*

3.37 Samoa Sports Facilities Authority for the year ended 30 June 2016

1. Samoa Sports Facilities Authority (SSFA) has still not amended its constitution (SSFA Act 2007) as it contains some of the terms and conditions that do not exist or have been changed in terms of authority operations.
2. There are still no long term lease agreements/contracts set to guide sporting bodies in using or hiring of the sporting facilities. Some facilities are used by more than one sporting bodies and is difficult to monitor and trace these leases for financial reasons while other sporting bodies such as the aquatic centre, cricket and so forth require long term leases to monitor usage.
3. Some payments have no payment vouchers or no or incomplete supporting documents. Payments cannot be verified, payee and rightful amount disbursed.
4. As previously raised, SSFA did not carry out any asset count on all the facilities and equipment for the financial period 30th June 2016. Hence there is no update register of fixed assets.
5. There is no insurance cover for all sporting facilities.
6. As reported last year, 98% of total debtors or accounts receivables are at the 90 days outstanding period.
7. As previously reported, there are still some sporting bodies which at the end of the 12 months period haven't been able to pay any lease or make any payments towards previous years outstanding debts.
8. There is no formal system to follow up and monitor outstanding balances as letters circulated from accounts receivables disagreed with the outstanding balances of their accounts stated in the letters.
9. 90 percent of accounts payable are more than 90 days old due.
10. As reported last year, Pay As You Earn (PAYE) taxes still remain outstanding and old outstanding Pay As Your Earn (PAYE) has not been settled.
11. Electric Power Corporation (EPC) is installing huge solar paint (solar panels) on one of the lands for SSFA requiring a complete agreement with EPC on SSFA land.
12. The status of leases remain uncertain for the Horse Race association, police, and victim support and fire service. However, the following entities have built long term buildings and offices.

3.38 Samoa Sportslotto Agencies for the year ended 30 June 2016

1. There were a number of delayed bankings during the year due to faults in computers when they do not print out all the TMS reports needed. The amount of sales on these missing reports may be immaterial but it will become significant if a number of reports continue to be missing. *Recommendation duly noted. TMS reports are regularly reconciled once the office receives weekly report from overseas where the finance clerk can detect the shortage. The responsible operator is immediately questioned and the shortage is paid for and banked immediately. Disciplinary action is applied in accordance to management decision.*
2. There are no reports prepared at the end of the day for nil sales. Records/reports are important since there are delayed bankings or not picked up during the time the Finance Clerk balances the operators daily sales due to absence of these reports. *Operators/Finance Clerk have been reminded on the importance of reports regardless of whether there was a sale or not to be printed and in the end of the day to complete the daily sales paper work.*
3. There is overpayment by SSLA of all employees throughout the year as their 1% deduction for Accident Compensation Corporation (ACC) is not being paid by employees but 2% is borne by the Corporation. This issue was raised in last year's audit. *Recommendation duly noted. The system issue was solved later on during the financial year 2016 to correct ACC deductions for employees.*
4. The leave register is not regularly updated. Annual and sick leave for the year are not properly filed and maintained. *Recommendation duly noted.*
5. Payroll file is not updated and there are some payment vouchers missing. *Weekly checking are carried out to ensure records are maintained as required.*
6. Some employee rates are incorrectly rounded based on their annual salaries resulting in over/under payment of employees' salaries. *Recommendation duly noted.*
7. The Chief Executive Officer (CEO) and Finance Manager do not sign in the attendance book as required under the Gambling Control Accounting Manual every morning and every evening. *Recommendation duly noted.*
8. Overtime hours approved by CEO were not paid at 1.5 times nor have any evidence of hours being credited to annual leave. *Recommendation duly noted.*
9. Salaries and wages reconciliation (P6 and P6A) has not been filed with Ministry for Revenue (MFR). *Recommendation duly noted.*
10. A few Fixed Assets in the Fixed Assets Register (FAR) have not been labelled. *Recommendation duly noted.*
11. There were variances between the QuickBooks and Accounts. It was difficult to identify the discrepancies with no supporting documents. *Recommendation duly noted.*
12. The insurance was miscalculated at \$10,424 and corrected to \$5,328. The insurance expense from prior year was also miscalculated. *Recommendation duly noted.*
13. There were substantial discrepancies disclosed between the 3 different draft financial statements of Totalisator Agency Board (TAB), Gambling Control Authority (GCA) & Samoa Sportslotto Agency (SSLA). In TAB, a receivable of \$26,900 was recorded yet SSLA recorded a payable to TAB of \$65,573. While GCA Accounts they recorded a payable to SSLA of \$155,460 yet within the SSLA accounts recorded a receivable from GCA of \$153,814. *Recommendation duly noted. Additional post to assist has been advertised.*

14. There is only one back up of the QuickBooks for SSLA which was done for 14th June 2016. *Recommendation duly noted. Weekly back up is done by IT while daily backup will be taken into consideration.*
15. The Finance Manager was recording the posting of receipts for SSLA instead of the accounts officer with no segregation of duties. *Recommendation noted. A new post for another staff in the Finance Section has been advertised.*
16. There are no security cameras in place at the Savalalo branch in the terminal area where there are three sellers situated. The access door to the terminal area is the same door being used by staff for access to the kitchen. *Recommendation duly noted. Management is looking into getting quotes for this project.*
17. SSLA has continuously year after year provided for audit fees and has accumulated over the years. The audit fee provision is unnecessary when SSLA pays for their audit fees within 12 months of receiving them. *Recommendation duly noted.*
18. Some balances within accounts receivable listing had negative balances caused by incomplete postings and under reporting accounts receivable at year end by \$68,232. *Recommendation noted.*
19. There were a number of stale cheques and payments and deposits and credits from previous years remain outstanding up till this FY 30 June 2016. *Recommendation duly noted.*
20. There were late submission of P4s (Salary and Wage Tax Form) to MFR. *Recommendation duly noted.*
21. SSLA submitted their financial statements on the 31st of August 2016 with the final draft in progress. *Recommendation duly noted.*

3.39 Samoa Sport Lotto Agencies Interim Audit for period 1 July 2016 – 31 December 2016

1. The Accounting Manual does not fully include all internal control procedures and policies. *Recommendation noted the Manual needs to be updated accordingly.*
2. Petty cash vouchers were not properly authorised before the cash was disbursed. *Recommendation noted. Petty cash is monitored closely before disbursement.*
3. Cash received from Samoa National Lotto (SNL) bonus daily sales are not reconciled and banked on a daily basis. *Recommendation noted. SNL bonus requires pay out in cash on Monday morning and are paid in cash not cheque.*
4. Not all cash received from bonus daily sales were recorded in the Bonus Receipt Book. *Recommendation noted.*
5. Bonus sheets did not have pre factory printed serial numbers. Standard bonus sheet templates for each lottery game were photocopied to generate bonus sheets for each week. Serial numbers were manually entered by the Operation Manager. *Recommendation noted. Bonus sheets are old stock sheets from prior years to save costs until old stock have been used up. There is also a hard-cover book for registration of daily bonus sheets done by the Finance Manager for all bonus games.*
6. The Reserve Fund of \$3,700 for funding prizes of lottery games was not reconciled at the end of each day. *Recommendation noted and daily reconciliation will be implemented.*
7. There is no indication of supervisory checks performed by appropriate personnel on bank reconciliations. *Recommendation noted.*
8. There were payments that were paid from Samoa Sportslotto Agency funds that should have been funded from staff social fund. *Recommendation noted.*
9. All personal files of new recruits were not fully completed in terms of its contents. This issue was raised in previous management letter. *Recommendation noted.*
10. The agency paid out 6% of National Provident Fund (NPF) Contribution for each employee within the first two weeks of July 2016 instead of 7% to comply with NPF. *Recommendation noted. The changes by NPF was not received by SSLA office but the first two weeks for July 2016 will be adjusted and pay out as recommended.*
11. Some employees did not sign the attendance book while some did not sign out after work. *Recommendation noted.*
12. Some employees leave cards were not updated from leave records. *Recommendation noted. Leave cards are weekly pro-rata calculated in which the dates mentioned fall within the week.*
13. Several employee leave forms were not approved by the Chief Executive Officer. *Recommendation noted.*
14. The Finance and Administration Manager (FAM) does not sign the Attendance book but still receives her pay. *Recommendation noted. FAM has been misinformed that as a contract officer she is not required to sign the attendance book.*
15. There are no stock cards for pull tabs instead two separate registers are in place for two different pull tabs (Samoa Sports and Dollars Diamond). Each register is updated on a daily basis when pull tabs are removed from the store room. There is a need to improve the format of the register since it only accounts for the

quantity of the pull tabs received from the supplier, those removed from the store room, date of removal, name of the officer who removed and received it. *Recommendation noted.*

16. The fixed asset register was not properly updated. Columns for recording Asset Number and Responsible Officer was not included in the Register. Fixed assets purchased during the financial year were not labelled. There were no write-off forms to record obsolete or damaged assets and no formal disposal process for assets in the accounting manual. *Recommendation noted.*

3.40 Samoa Trust Estates Corporation for the year ended 30 June 2016

1. Lease for land were not reviewed for renewal in accordance with clause 5 of the lease agreements requiring leases to be reviewed for renewal after every five years. *Recommendation noted. Lease agreements will be reviewed in the current financial year 2015/2016.*
2. All lease payments from lessees were outstanding for an average period of three to four years. No interest income is charged on these outstanding balances as required in clause 4 of the lease agreements. *Recommendation noted. Lease agreements will be reviewed and charged interest on outstanding accounts.*
3. A trade debtors aging report was not provided for review by audit. Samoa Trust Estates Corporation (STEC) has not been using the MYOB accounting package already installed with features and capabilities that can produce aging reports. *Recommendation noted will start using the MYOB before the next audit 2015/2016.*
4. Most of the trade debtor accounts have not been recovered for more than three years. There is no attempt by the Corporation to recover these accounts. *Recommendation noted. First priority will be given to try and collect these debts.*
5. The Corporations equipments and furniture are not covered under its insurance policies. *Recommendation noted, the corporation will ensure to insure all its assets when cash flow allows in the future.*
6. The last revaluations of the Corporations land at Mulifanua and Nu'u was in December 2001. *Recommendation noted.*
7. There is non-compliance by management of the policy on acquisition of fixed assets. *STEC responded that there is currently a policy in the accounting procedures manual regarding acquisition of fixed assets. Quotations from contractors who submit their bids were given to the board's sub-committee instead of the Board of Directors. Recommendation noted for future acquisition of fixed assets.*
8. There is no document to record the harvest in order to account for the income earned from the harvest of cocoa beans. *Recommendation noted. A record of the harvest will be done to nurse for more planting materials in order to calculate the income value.*

3.41 Samoa Trust Estates Corporation Interim Audit for the period 1 July 2015 – 31 March 2016

1. Audit noted cheques that have been stale for more than six (6) months. Funds need to be written back to accommodate for other payments that fall due but not having the cash tied up in stale cheques. *Recommendation noted but management usually write back stale cheques on a 12 months basis.*
2. There were long outstanding receivables for more than 90 days. There were also negative balances for staff members. *Follow up is done by phone and a letter to local debtors such as land leases, but the staff debtors were deducted straight from their fortnightly salaries.*
3. Records of Accounts Payables are not properly maintained. Invoices are not recorded and reconciled regardless of not using the accounting system (MYOB). *Recommendation noted and first priority to settle and implement the new MYOB accounting systems before the next audit 2016/2017.*
4. Withholding tax of 10% is not being deducted from services provided by suppliers for the Corporation as stipulated in the Income Tax Act 2012. *Auditors recommendation is noted and will liaise with MOR.*
5. Audit noted payment for lunches and gift hampers for the board, however these transactions have been disapproved under memo from Ministry of Public Enterprises dated 27 August 2015. *Recommendation noted for future events.*
6. Payments vouchers were not supported by internal requisitions approved by the manager and/or Chief Executive Officer as per procedures in the Manual. STEC mainly uses a cash payment for supplies as suppliers do not accept Purchase Orders. *Recommendation is noted.*
7. The fixed asset register is not updated. Fixed assets purchased within the financial year had not been registered and labelled. *Recommendation is noted and management will have a look and implement in the future.*
8. Approximately 90% of acres of land are idle. Acres allocated to villages for agriculture have not been effectively managed and monitored. The issue with land leases is now awaiting Cabinet decision for Government future plans. *Recommendation is noted.*
9. Families have claimed and used land belonging to the Corporation hence continuous difficulties with disputes amongst villagers. *Auditor recommendation noted.*
10. There were unsigned leases for use of Corporation land to bind the lessee and lessor and assist in following up receivable balances. *Auditor recommendation noted. Most of the leases are already signed and registered at the Ministry of Natural Resources & Environment but some leases are withheld due to Cabinet decision.*
11. Balance sheet accounts have not been budgeted for such as bank overdraft at the end of the quarter that had accumulated to \$1.5 million. The Income Statement shows the Corporation had spent more than their respective budgets and items from the balance sheet had not been achieved. *Recommendation is noted.*
12. The MYOB accounting package procured to be used by the Corporation for its financial management and reporting has not been utilised although it had been installed and ready for use. The Corporation is currently using excel. Financial reports could not be produced in a timely manner when requested. *Recommendation noted and is priority before next audit 2016/17.*

13. The sale of crops is a source of revenue for the Corporation thus requires attention and coordination from all staff. Crops at Mulifanua were ready for sale but have not been delivered to the main office. *Management is now working on the Production Analysis whether these services of collecting coconuts will be outsourced to the community or remain as it is. Recommendation noted.*

3.42 Samoa Tourism Authority for the year ended 30 June 2016

1. Approval of annual leave forms have been incorrectly filed in personal files. *Recommendation noted. Management has put in place appropriate procedures to ensure this matter is not raised again.*
2. Most employees do not clock their time cards when they arrive in the morning and leave after work. *Most time cards are handwritten by the employees.*
3. Policies and procedure manual is not updated. *The Samoa Tourism Authority (STA) finance and administration policies and procedures manual was updated last year to include all changes that guide their daily work.*
4. The numbers of days for annual and sick leaves for most of the employees do not agree to the number of untaken leaves as per personal files overstating the provision of leave as at 30 June 2016. *Recommendation noted. Provision for leaves as at 30 June 2016 has been corrected as reflected in the accounts. Management has employed IMS Payroll Software which are currently using.*
5. The insurance policy for motor vehicle expired in February 2016. *Recommendation is noted and the policy is renewed. A number of financial and non financial factors contributed to this matter as evident in the accounts therefore reasonable prioritisation was the policy at the time.*
6. There was a number of unpaid suppliers invoices that were not posted into the general ledger. *The invoices received after the reports had been prepared have all been posted and trusts are now reflected in the audited accounts.*
7. Some payments made were supported by duplicate invoices. *Very few payments made during the year using duplicates were all pre approved by the Manager Finance and Corporate Services. STA policy does not allow for payments to be made on duplicates unless properly approved. Reconciliation was carried out to confirm that the outstanding invoices were still owed as invoices were misplaced.*

3.43 Samoa Water Authority for the year ended 30 June 2016

1. Personnel files were not updated. *Recommendation noted for improvement.*
2. Invoices received are processed and paid at a much later date. *Payment is due to delayed receiving of invoices.*
3. An adjustment was made for unrecorded liabilities for approximately \$344,000 tala. *The main reason was the delay in receiving invoices and supporting documents for payment from other divisions.*
4. There are a number of stale cheques which have been unpresented for more than six (6) months. *These are reviewed monthly to identify the items that should be cancelled or voided.*
5. It was noted that the Vaitele treatment plant and Tafitoala intake were completed in the financial year 30 June 2015. Transfer of the plant and intake from Work in Progress (WIP) to fixed assets was put through in January 2016 onto the Authority's accounting system with depreciation starting in January 2016 also. *Will liaise with Ministry of Finance when works to be transferred and assign appropriate staff to provide required information needed for work projects implemented under the Technical Division.*
6. During the stock take in Savaii, it was noted that the system (excel based spreadsheets) was not updated as per the physical count. *The excel is updated monthly to the stock movements. Recommendation noted.*
7. The work in progress reconciliation with responses from Technical, Urban and Rural areas was received in the beginning of September. This reconciliation indicates the progress of projects and confirms whether the projects have been completed. Completion of the report affects the WIP balance for year-end as it is to be adjusted to move the completed projects into fixed assets. This also affected deferred income for the assets moved from WIP. *The reconciliation was not able to be completed until the WIP was finalized and the assets adjusted. All capital works are handled by Technical division and Accounts rely on information given before WIP works can be closed.*
8. The windows backups are stored in the NAS unit in the same server room with no off-site backup. *Currently exploring feasibility of setting up a remote off-site location where key SWA systems and data are replicated and backed up to.*
9. The authority employs unknown security level Wide Area Network (Samoa National Broadband Highway and Computer Services Limited Wireless). *Access to Daffron is limited and Information & Communication Technology is looking at installing a SSL Certificate to allow data encryption.*
10. The accounting manager login to Daffron is used to carry out tasks for an employee on leave. *All modules/systems have back up users but will ensure users have access to their own passwords.*
11. While WAN (wide area network) is not encrypted, there is potential risk of password stolen by system administrator when an employee accesses the system over the WAN. It is possible to overwrite access permission to any user/employee produce serious data modification or stolen. *There is a process for resigned employees access credentials disabled. The passwords to System Administrator are changed every 30 days with two Administrator accounts.*
12. Some of the bank reconciliations (hard copy) were not clearly marked prepared and checked with dates. *Bank reconciliations (hard copies) will be dated as recommended.*
13. Several containers situated within the Samoa Water Authority compound at Palauli are no longer acceptable for storage. *Recommendations noted.*
14. 85% of other debtors (\$305,188.54) are three years old and will be less likely recovered hence should be written off. *These accounts were submitted to previous Board of Directors meetings for write-off without*

success. Attempts to collect were unsuccessful because supporting documents were insufficient for claims that were disputed. These accounts will be resubmitted for write-off to the Board in the next financial year.

15. A capital commitment note disclosure should be included in the financial statement to show details of commitments from contractual works. *A note will be included in next year's financial statement.*

3.44 Totalisator Agency Board for the year ended 30 June 2016

1. There were two cancelled cheques missing. Though the cheques were not presented to the bank, all cancelled cheques should be reattached within cheque book to avoid cancelled cheques being misplaced or lost. *Noted for future improvements.*

3.45 Unit Trust of Samoa for the year ended 30 June 2016

All issues raised in 2015 have been improved and there were no weaknesses or breakdown in the system of internal control during the year and all.

3.46 Unit Trust of Samoa Comprehensive Spot Check for the period 1 July – 31 December 2016

1. Rounding off to the nearest cents were not carried out by Samoa Post Office as per process with the Main Office. Unit Trust of Samoa (UTOS) responded that Samoa Post Officers are aware of the rounding off to the nearest cent principle and should have either returned the remaining cents except for cents below 10 cents or requested the unit holder to provide for their balance to make up another unit. The registry new system will be launched on the 14th February 2017 will cater for the remaining balance from a unit purchase to be carried forward for each unit holder and will automatically issue a unit to the unit holder if the carried forward balance of the unit holder is sufficient to purchase a unit.
2. Leave balances were incorrectly calculated. An employee did not sign on one day and there was no prompt and regular update of leave records. UTOS responded that leave records are updated promptly and regularly except for the instances noted. Leave balance incorrectly calculated by a half day sick leave for two staff members have now been corrected. Recommendation to further strengthen monitoring of attendance is duly noted.
3. There were no confidentiality agreements for some employees. There was no contract for the IT manager recruited on 21st of March 2016. There were unsigned performance agreements for some of the contractual officers. UTOS agrees with the recommendation. Confidentiality agreements, performance agreements and IT manager's contract missing from staff files have been reprinted and signed.

4. MISSION AUDITS

4.1 Consulate General Sydney for the period ended November 2012 to May 2014

1. The Consulate Office made a donation of \$500AUD (Australian Dollars) which is above the limit under the Accounting Manual. The Consulate should comply with the limit of \$300AUD. *Recommendation noted.*
2. Petty cash payments exceed the limit of \$50AUD as per section 17.6 of the 2012 Overseas Missions Accounting Procedures Manual. *At the beginning of the mission most suppliers did not accept the mission's cheques. The office will monitor closely the use of petty cash expenses.*
3. The office did not comply with the Accounting Procedures Manual in relation to Representation Allowance of \$2,479 as they did not provide supporting receipts and documents for verification and reporting purposes. *Recommendation noted. The Representation Allowance return form as per guideline is widely used and all receipts are to be attached for verification before allowances are paid out.*
4. There were some payments with no certifying approval and missing supporting documents such as receipts for petty cash, invoices and others for payments made by the Consulate Office. *Recommendation noted. The mission has just been established in 2012-2013 and some of the issues with processes evident in the early operations of the office.*
5. The fixed asset register was incomplete as it only recorded assets purchased or description of the asset with no asset values or costs assigned to each asset. *Recommendation has been noted and the fixed asset register has been updated.*
6. Staff members were not provided with payslips as record for their salaries/wages paid during their period of employment. *There is no automated payslip generating system for the office in Sydney. Time sheets are used to support their fortnightly payments.*
7. The Consulate Office employed only one person at the initial stages of the opening of the Office to manage the administration and accounts receiving cash, depositing bank lodgements recording cash books, preparing payroll and payments, bank reconciliations and so forth. *There are two locally engaged staff, one for administration/accounts and other for receptionist for issuance of receipt and other consular work.*
8. There was lack of security as there were no proper locks for some offices used by the staff at the Consulate. *Recommendation noted.*

5. AUDIT OF PROJECTS

5.1 Apia Waterfront Development Project (NZ MFAT Fund) for 24 months ended 30 June 2016

Implementing Agency: Ministry of Natural Resources and Environment (MNRE)
Ministry of Finance (MOF)

1. There were a few payments made inclusive of Value Added Goods & Services Tax (VAGST). *MOF has noted the recommendation and will ensure the VAGST portion paid will be recovered from the project local counterpart within Financial Year (FY) 2016/2017.*
2. The Project Management Unit (PMU) does not keep a Fixed Asset Register (FAR) to record all Fixed Assets obtained under the Project. *MNRE has noted the oversight and will establish a FAR to record any fixed assets procured under the project.*
3. There was a delay in preparations for the Draft Waterfront Plan and finalised Waterfront Plan. The lapse did not comply with the time frame given in the Grant Funding Agreement (GFA) for a Final Waterfront Plan to be tabled within 18 months from the funding start date on 26 April 2016. *MOF supports the recommendation for quarterly progress reports on the physical progress of the project to ensure milestones are achieved on the given timeframe. MNRE has requested for more time to develop the Waterfront Plan launched on 5 December 2016.*
4. Most of the proposed Immediate Activities (quick wins) specified in the GFA have not been delivered to date. *MNRE responded that the rest area 'quick wins' were delayed until the Waterfront plan was finalised in order to identify the location for the 'quick wins'. PMU has carried out research work such as gathering of information on the historical sites along the waterfront and drafting content for the signs and preparation of scope of works for the remaining quick wins.*
5. Only one playground was constructed utilising the entire budget proposed for all three childrens' playgrounds. The budget was not sufficient to cover one playground so funds budgeted for resting areas was used. No resting areas were developed to date. *MOF responded that the proposed budget by Government of Samoa of SAT\$585,935.50 at Sogi on 20th April 2015 and approved by NZ Government on 23rd April 2015. Relocation of funds from resting areas and quick win activities were allocated to make up the total proposed budget to construct one playground.*
6. Three project proposed positions for the PMU has not been filled. The Project Team Leader remains vacant as the current one is on study leave. A full time Marketing and Investment Officer is not on board since the project commenced. The current Communication and Liaison Officer has withdrawn from the project. *MOF responded that the staff members to assist the PMU were Ministry officers under relevant Divisions and Ministries apart from the full time Marketing and Investment Officer to be recruited under the project. As per signed GFA, a part time Project Team Leader is based under Planning and Urban Management Agency Division and Communications and Liaison Officer is based at the Samoa Tourism Authority (STA) thus it is out of the jurisdiction of MNRE PMU to facilitate the recruitment. MNRE agree with MOF comments.*
7. An annual audit report was lapsed as a result of the delayed request from the Implementing and Executing Agencies. A request for the audit was only tabled to Samoa Audit Office in October 2016 for the two financial years ended 30 June 2016. Also the audit scope is for two financial periods (FY2014-2015 & FY2015-2016) when GFA section 4.2 specifically requires audits are conducted annually. *MOF acknowledge the recommendation and will be more proactive in the future to avoid such delays.*
8. There is no insurance in place for project activities and assets as per section 20.5 of the Grant Funding that requires insurance for all assets until they are disposed. *MOF responded that the insurance of assets follows Government's policy for only buildings and motor vehicles. Other assets such as playgrounds can only be*

maintained but not insured. MNRE stated there is a maintenance contract for the Malaefau Play Space tendered as part of the project while other project assets are maintained under the Ministry.

9. There were several payments diverted through MOF's Accounts Division to be reimbursed when the project first begun. A few months into the project and the payment process changed and directed to Central Bank of Samoa, hence the payments were not recovered by the Project to the Government of Samoa local budget. *MOF noted the recommendation and have expedited the reimbursement on the 31st January 2017.*
10. Interest from funds deposited in the CBS account for December 2015 was not reported on the project ledger prepared by MOF Aid division. *MOF acknowledges the oversight and has been corrected. This was a result of late posting by Accounts on the Finance One and was not reported by the Aid Coordination officer to the donor at the time of reporting.*
11. All the Steering Committee minutes have been left unsigned by the Chairman. *MNRE has acknowledged the oversight by PMU and will ensure all minutes are signed.*
12. Fixed assets were not labelled and there was no FAR. *MNRE has noted the oversight by PMU. Immediate actions were carried out to register the fixed assets and now all project fixed assets are marked.*
13. Finance One accounts pertaining to the project were not reconciled for funding all project transactions. *MOF has noted the recommendation. MOF Aid Coordination & Loan Management Division can only access and view the transactions on the project ledger on Finance One system which is why reconciliation could not be done against other Finance One General Ledger.*

5.2 Civil Society Support Program (DFAT Fund) for the year ended 30 June 2016

Implementing Agency: Ministry of Finance

1. Cash cheques were issued out instead of having cheques payable to an approved receiving officer for proper accounting as per normal government procedures. *Recommendation noted to be incorporated into the Civil Society Support Program (CSSP) Financial Policies and Procedures Manual that will be reviewed and updated by June 2017.*
2. A payment of \$6,000 made out to a supplier on 29/06/2016 for office curtain blinds is still yet to be supplied. *Recommendation noted. Payment was paid to supplier which required shipment from overseas supplier but the curtains have now been installed.*
3. Staff leave taken was noted in the attendance book but not recorded in the leave card by the Administration Division. *The Administration Officer will work with Finance Manager to ensure leave days taken are correctly recorded.*
4. Assets currently used by the project were not labelled especially new assets procured by the CSSP Project Funds. *Recommendation noted. All fixed assets were in place during the audit and now being labelled.*
5. Damaged project vehicle licence 12088 from previous year's audit report still has not been repaired. *Recommendation has been noted. MOF Internal Audit and Investigation made the decision on the damaged vehicle Irregularity Report completed and issued to CSSP. MOF has taken responsibility to pay for the repairs whilst pending an arrangement for Project Manager to reimburse Government funds.*
6. The project bank account was running on an Overdraft balance during the month of July. *Recommendation noted.*

5.3 Community Sanitation Project for year ended 30 June 2016

Implementing agency: Ministry of Natural Resources and Environment (MNRE)

1. There were assets found not labelled at the Community Sanitation Project (CSP) coordination unit Office. *Recommendation noted for immediate actions by MNRE and would ensure that a complete asset register with all assets labelled be reported in the final project audit Financial Year 2016/2017.*
2. Project Finance One Ledger (PRACT) should be reconciled with other relevant Finance One Accounts used for funding all project. *Recommendation noted for improved reporting and actions for other projects.*
3. The ending balances Cash at Bank on the Project Financial Statement (Imprest Account) is understated by \$2,157.10 when compared to Finance One General Ledger Account (GLACT). *The Ministry has reviewed the discrepancies and confirmed no adjustment is required.*
4. Direct payments with a total of SAT\$1,566,574 by the Asian Development Bank to suppliers were not captured on Finance One. *Ministry of Finance has disclosed notes in to the Public Account FY2015/2016 for the direct payments made for all the projects including the CSP and reviewing actions to fully utilise Finance One system to capture these third party transactions.*
5. Several pre-finance expenditures totalling \$280,539.69 have yet to be reimbursed from the Donor as per normal procedures. *The Ministry noted the recommendation for actions.*
6. Budget disclosed in the financials is for the project's whole lifecycle rather than one financial year reported. *MOF noted the recommendation to consider for other funded projects currently in progress.*

5.4 Enhancing Climate Resilience of West Coast Road Project for the year ended 30 June 2016

Implementing Agency: Ministry of Natural Resources and Environment

1. Finance One accounts/ledgers were not reconciled with other relevant Finance One Accounts used for funding all project transactions. *Recommendation noted and proper disclosure will be done in future accounts.*
2. A total amount of \$308,560.05 for pre-financing expenditures made during the financial year under audit has not been reimbursed from the Project Ledger. *The late reimbursements was partly due to the issue of the IPA performance in which payments were held off until the Bank has reviewed and cleared the request and supporting documents.*

5.5 Enhanced Road Access Project for the year ended 30 June 2016

Implementing Agency: Ministry of Natural Resources and Environment

1. Project Finance One Ledger should be reconciled with other relevant Finance One Accounts used for funding all project transactions. *Recommendation noted. Reporting requirements have changed to International Public Sector Accounting Standards (IPSAS) cash basis and were not included in project financial statements previous years.*
2. A total amount of \$452,876.31 for pre-financing expenditures were made during the financial year yet to be reimbursed from the Project's Account. *Late reimbursements was partly due to the issue of the IPA performance in which payments were held off until the Bank has reviewed and cleared the request and supporting documents.*

5.6 Parliamentary Pension Scheme for the year ended 30 June 2016

Implementing Agency: National Provident Fund

There are no significant internal control weaknesses or any accounting procedures breakdown during the audit.

5.7 Power Sector Expansion Project – EPC for the year ended 30 June 2016

1. There is non-compliance with Asian Development Bank (ADB) Cash Disbursement Manual in which loan and expenditure amounts are recognised when paid rather than incurred as all loan withdrawal applications are posted into the general ledger loan account before submission to Ministry of Finance for final review.
2. The current accrual system used to record fixed assets/Work in Progress (WIP) and loan transactions overstates the loan balance as well as fixed assets/WIP on a timely basis. *Power Sector Expansion Project (PSEP) outstanding loan disbursements accruals not paid at balance date is normally reclassified to "Other creditors account" to account for project progress disbursement costs due for the period. This was same treatment from previous years but there was no outstanding loan disbursement as of 30 June 2016.*
3. Some notes to the financial statements do not clearly explain and do not correspond with the accumulative balances in the statement of capital expenditures and completed project. *Recommendation noted. Notes have been amended and incorporated in the project accounts.*
4. Note 13 in the financial statement state that Vaiaata project with accumulated costs of \$84,480.52 has been discontinued and the board of directors has approved to extend the Salelologa Power Station. The total accumulated costs have been transferred to the Electric Power Corporation (EPC) expense account at 30 June 2014/2015. The ineffective initial planning and decision to remove Salelologa Power Station to Vaiaata cost an additional loss to the Corporation. *Recommendation has been noted.*

5.8 Samoa Agribusiness Support Project for the year ended 30 June 2016

Implementing Agency: Ministry of Finance

1. Project expenses such as consultancy fees paid directly by the Asian Development Bank to consultants were not captured in Finance One. *These payments are disclosed in the financial reports but not on the government's financial system. This is the same issue noted under all loan and grant financed project of Government.*
2. The contract for the Facility Manager expired on 24th October 2016 and still has not been renewed. *The contract has been extended for another 12 months. It was presented and approved at Tenders Board on 7th February 2017 pending Cabinet Approval before submitted to Attorney General's Office.*
3. The Project Management Unit (PMU) did not provide the Register of Fixed Assets for verification. The Cooler Master Computer procured within the financial year under audit were not labelled during the physical inspection of the project's fixed assets. *Recommendation noted.*
4. There was no movement shown for the project funds at ANZ bank account since the project commenced. *PMU had reconfirmed funds approved for qualified enterprises from the ANZ account but a different bank account is being used by the bank rather than the projects bank account which is non compliance by ANZ bank with terms and conditions of their sub agreement with the Government of Samoa.*

5.9 Samoa Agriculture Competitiveness Enhancement Project for the year ended 30 June 2016

Implementing Agency: Ministry of Agriculture and Fisheries

1. A fund received for the Cyclone Recovery Project of SAT\$151,630.25 was incorrectly posted on finance one account for Samoa Agriculture Competitiveness Enhancement Project (SACEP) which overstated total funds received. *Recommendation noted with a journal entry for corrective actions.*
2. Project Finance One Ledger (PRACT) should be reconciled with MYOB accounting system ledger and other relevant Finance One Accounts used for funding all project transactions. *Recommendation noted. Variances raised are due to various factors such as MYOB balance includes all expenses and credit whether directly paid by the Bank, pre-financed by Government or using advances to the project Central Bank of Samoa Account. The foreign currency fluctuation is also reported on MYOB and its balances. MOF-Aid ledger balance and Finance One PRACT balance variances are mainly due to the accounting of Value Added Goods & Services Tax (VAGST) on Finance One system.*
3. Expenses were capitalised against the cost of assets when they should be expensed. The process is not to inflate the value of the asset but to account for all related costs in implementing such activity within the envelope of funds allocated to individual activity. The actual cost of assets are recorded on Finance One Asset Module and Project Asset Register. The fixed asset register was incomplete as it did not contain important information such as the acquisition dates and costs of assets. Additional assets purchased during the financial year under audit were found unlabelled. There were additional assets not recorded in the project fixed assets register. *Executive management resolved to prioritize this issue and ensure all assets are registered on Finance One Asset Module and before the end of the financial year FY2016/2017.*
4. The employment contracts for some Project Staff were found expired and no new contracts were signed for the extension of their services up to the completion of the project. *Recommendations noted. The Project Coordinator's extension to the original contract has been endorsed by the Tenders Board for renewal in April 2017. Other staff request for extension of time and additional cost have been submitted to Tenders Board in early May 2017 for approval.*
5. Some of the beneficiaries for the matching grant program did not comply with the requirements of the program. *Recommendation noted. There have been ongoing site visits and inspections to follow up on the non compliance cases and projects under implementation. There are some non-compliance beneficiaries that may have implemented or partially implemented different projects as opposed to their original business plan proposals, but they have revised their business plans so as it still relates directly to the objectives of the program.*
6. The planned activities of the Project were not completed within the approved timeframe as per Agreement. Only 54% of total funds have been utilised to date with 9 more months remaining before completion date of the project. *The project may be extended for another year ending March 2018. The remaining major activities in the pipeline are the implementation of the construction of Static Slaughter Unit at Nu'u, the construction of the pig and poultry unit at Vaea and the Crops headquarters at Nu'u, and the importation of pig breeding stock and supplementary feeds for live stocks from overseas. The rate of utilisation increased to 65% by the end of December 2016 and remaining major activities listed would fully utilise the finances by July 2018 which includes the 4 months grace period after completion date as per policy of the Bank.*

5.10 Samoa Agriculture Fisheries Cyclone Response Project for the year ended 30 June 2016

Implementing Agency: Ministry of Agriculture and Fisheries

1. Some fixed assets were not recorded in the register. *Noted for register in fixed assets register as required.*
2. There are no reports on the project due to a constraint on internal audit resources. *The issue will be addressed with the Ministry and the Management Team.*
3. Fortnightly returns were not prepared and submitted to the leave/payroll officer as per payroll process. The attendance book has never been checked since the start of the project. *Recommendation noted for improvement actions.*
4. There were total payments of \$181,000 (Contractual) made for the repair of the fence located at Crops that was not included in the Fixed Assets register. *Most fixed assets had not been marked appropriately and the register has not been updated accordingly. Noted to include and register all in Fixed Asset Register. Two chainsaws purchased on the expenditure report was not included in the fixed asset register. These items were purchased in January 2013 under Samoa Agriculture Competitiveness Enhancement Project (SACEP) and later transferred to Agriculture Fisheries Cyclone Response Project (AFCRP) in late 2013.*
5. The project has been slow to achieve its targets against set plans. Implementation of the projects was delayed due to late recruitment of staff in February 2014. *Development of e-voucher system is the main contributing factor to the slow achievement of planned targets.*

5.11 Samoa Aviation Investment Project for the year ended 30 June 2016

Implementing Agency: Samoa Airport Authority
Ministry of Finance

1. Services provided for the project were remunerated without charging 10% withholding tax or 15% Non-Resident withholding tax. *The deductions of withholding tax is now incorporated in all Samoa Aviation Investment Project (SAIP) contracts.*
2. Expenditures to be reimbursed to SAA for the execution of SAIP Project are exclusive of Value Added Goods & Services Tax (VAGST). *SAA currently carries the VAGST portion of SAIP expenditure and claims it back in VAGST Returns.*
3. There are SAIP expenses occurred since the start of the Project on 1st July 2013, which have been paid by SAA but were not reimbursed. *All claims have now been settled.*

5.12 Samoa Disability Program for the year ended 30 June 2016

Implementing Agency: Ministry of Women, Community & Social Development (MWCSO)

11 recommendations out of 19 have yet to be fully implemented.

1. There were no meetings held by the Community Sector Steering Committee (CSSC) for January to December 2016 as the overseeing body to ensure the ongoing consultation, planning, coordination and implementation of the program as a requirement under DFA clause 7 to 8. *There has been no significant impact on the progress of Samoa Disability Program (SDP) activities from lack of meetings. Key decisions affecting program implementation have resorted to a smaller Sub-committee including Department of Foreign Affairs & Trade (DFAT), Nuanua o le Alofa (NOLA), Ministry of Finance (MOF) and Ministry of Women & Social Development (MWCSO).*
2. Funds should be monitored and managed to maximise the impact for the purposes of achieving SDP Outcomes and activities. *MOF responded that the support of MWCSO control as a way forward and a full audit of assistance to NOLA can be inclusive in the scope of the next audit review of the current financial year.*
3. There were delays in postings of transactions to project ledgers. *MWCSO responded it is beyond SDP Unit control and has no significant impact on SDP progress. Recruitment of the Principal procurement and finance officer for the Sector will provide assistance in this area. SDP will obtain bank statements from the MOF for conducting of bank reconciliations. MOF is undergoing a review of their policies in relation to the Finance One System and reporting are done timely and accurate.*
4. Interest received for the month of December 2015 of \$1,083.43AUD equivalent to \$2,051.56ST is not incorporated in the acquittal report and the Finance One general ledger. *MWCSO stated it is beyond the control of SDP Unit and has no significant impact on SDP progress. Recommendation noted and bank reconciliation will be constructed to reflect the unrecorded receipts. The recruitment of the Principal Procurement Officer will assist with this area. As a way forward Aid Coordination & Loans Management Division (ACLMD) of MOF has developed a new project ledger format for ease of reconciliations in the future.*
5. Financial statements were not properly prepared as per project agreement. This issue was raised last management letter and has not been implemented. *The Unit responded that the current template used by SDP for the program and financial reporting was developed by the unit staff as a means of their own records of payments and expenditures. MOF stated that the standard approved financial acquittal format report between Government of Samoa (GOS) and DFAT is different from those used by Auditors.*
6. Key guiding program documents have not been approved or endorsed. This issue was raised last management letter and has not been implemented. *Recommendation noted. Copies of the final Steering Committee Terms of Reference(TOR) and Sub Committees composition available and formal approval have been done.*
7. Supplementary reports not in compliance with DFA. There were no supplementary reports maintained by SDP team to disclose comparison of actual expenditure by strategies, outcomes and key result areas and no proper recording of program commitments as at reporting date(s). There was also no clear link between budget allocations, actual spending and planned activities. *The Disability Unit responded that the current template used by SDP Unit is for their own records of payments and expenditures whereas the support of MWCSO Corporate Services Unit and DFAT for advise and detail regarding financial issues are relied upon.*
8. No proper reconciliation procedures are in place to monitor and manage funds received and disbursed for SDP activities. A set of manually generated acquittal reports are maintained by MOF supported by general ledgers from Finance One System. *MOF responded that interest received are only captured in the project ledger and would remain as part of SDP funds as per indication on the project ledger interest are classified separately.*

9. Existence and location of some assets could not be confirmed. *According to MWCSO, the asset register includes assets that have been procured for the use of SDP staff. These assets have been properly registered, labelled and distributed to current staff and existed within the Ministry. Assets procured for outside parties are not registered.*
10. There is no proper means of monitoring budgeted activities for the program. Financial performance analysis could not be carried out as there was no means of comparing actual spent on budget category with budgeted figures. *MWCSO responded that there will be training for staff on the existing systems and processes or procurement and payment policies of GoS. As for MOF, there is a degree of flexibility of reallocation between budget lines or outcomes but these should be recorded by means of meeting minutes, letters or emails by the project/Ministry as evidence. Underutilisation is not considered as an issue since the project is still ongoing.*
11. There were delays in implementing certain key activities for the program during the period. Some delays are beyond their control while others cannot be implemented if key outcomes are not delivered. *Recommendation noted for proper action.*
12. The acquittal reports submitted during Steering Committee meetings does not include the GoS contribution to the SDP as well as any other additional contributions. *Disability Unit responded that the amount is the total of the Senior Officer salary for the 4 year period of the program. Other support provided by the Ministry through its CSU and operational costs will have to be determined by all personnel/divisions concerned as a way forward.*
13. A special payment of \$197,000 made to cover salary costs for three NOLA staff members on the condition that it will be reimbursed with no proper documentation. These staff members were initially funded under Civil Society Support Program which was soon to be discontinued. *Audit recommendation noted and will be assessed accordingly by SDP Program Manager and team.*

5.13 Samoa EPC 400WP Solar Project for the year ended 30 June 2016

1. From the review of Solar Project Expenditure Analysis it was noted that unbudgeted expenses of Subcontract Electric Power Corporation (EPC) (Mapuifagalele), Expendable Equipment and Miscellaneous expenses worth USD\$32,283.35, USD\$6,732.70 and USD\$3,462.60 were not included in the budget for FY2015/2016. Total Expenditure was overspent by USD\$42,478.66. *Recommendation is duly noted. Although the detail work-plan and budget for the current financial year 30th June 2016 was not incorporated in the prior Audited Project Progress Report. The remaining Pacific Environment Community (PEC) Funds was approved and allocated only to one subproject, which is the only on-going sub-project for the implementations and installations of the Mapuifagalele Solar Photovoltaic System (PV) Project. This sub-project is still on-going and is expected to complete by December 2017.*
2. There is no official approval from Donor regarding the extension of the solar project which indicates a non compliance with the Finance Agreement. *Recommendation is duly noted, the EPC Project Management Unit (PMU) has submitted the project closure extension request to PEC Office and is pending extension approval.*
3. Audit could not verify donations of USD\$500,000 from United Nations Development Programme (UNDP)/Global Environment Facility (GEF) and Donor USD\$30,000 due to absence of records. *Recommendation is noted and notes disclosures is sufficient to divulge other donors contributions as funds were administered by donors and EPC have limited information.*

5.14 Samoa Pilot Program for Climate Resilience – Enhancing the Climate Resilience of the Coastal Resources and Communities Project 30 June 2016

Implementing Agency: Ministry of Natural Resources and Environment

1. There was an outstanding payment of \$43,614.44 for Project Management Service from previous financial year 2014/2015 paid in 2015/2016. *Recommendation noted. The payment was made in July 2015 and the contract condition states that the consultants' invoices should be paid within 60 days after receipt by the client of such itemized invoices with supporting documents.*
2. Project Finance One Ledger (PRACT) should be reconciled with other relevant Finance One Accounts used for funding all project transactions to minimise potential errors and variances. *There has been a change in financial reporting as required by the Bank and other development partners.*
3. Acquittal reports for funds transferred to Civil Society Support Programme (CSSP) of \$646,694.63 to administer disbursements for sub-projects beneficiaries were received later by the Ministry of Finance (MOF) subsequent to end the financial year 2015/2016. *Recommendation has been noted for improved monitoring and follow-ups of acquittal reports. The report for the utilisation of \$646,694.63 was received by MOF on 8 November 2016 and has been disclosed in the notes to the financial statement.*

5.15 Samoa Renewable Energy Development & Power Sector Rehabilitation

Project for the year ended 30 June 2016

Implementing Agency: Electric Power Corporation

1. There were claims using incorrect currencies for conversion. Charging in USD and paying in SAT results in over/underpayments. *Recommendation noted. The contractor claims have been accounted for and will be paid in the net contract payment for July period in FY2016/2017.*
2. The costs for refurbishment and rehabilitation of the three power stations at Alaoa, Fale ole Fee and Samasoni does not separate the costs by station. The present practice allocates the costs of the hydro stations using a mix basis such as the averaging of general costs while reconciling with the General ledger balance. Future contracts should have specific cost allocations so that specific works should be accurately determined and measured. *Recommendation is noted. The issue has been addressed and the contractor has agreed for future purposes to provide detail cost allocations of the project implementation costs to assist with project financing reporting requirements for accounting and auditing purposes.*
3. A village dispute disrupted construction of a new station. Contractual works on the building of three new hydro stations have been consolidated into one contract and have already been awarded to a supplier. Hence non compliance with the terms and conditions of the signed contract for the financial year ended 2017 because work discontinued for the two hydro stations does not fall in line with the contract terms and agreement. *Recommendation noted but a financial risk assessment may not be required and will depend on financing requirements.*
4. The presentation of financial reports is not in accordance with the format and layout of the acceptable accounting framework for financial statement presentation. *Recommendation noted.*

5.16 Samoa School Fees Grant Scheme for the period ended 1 July 2013 – 30 June 2016

Implementing Agency: Ministry of Education, Sports and Culture (MESC)

1. The Acquittal report received for audit and the supporting project General Ledger does not include a fund or contribution from the Samoan government. New Zealand Aid (NZ Aid) had not been fully utilised with remaining 25% in the second year and 50% in the third year were not included in the acquittal and General Ledger. The cash books of individual secondary schools maintained by MESC and Project Management Unit captured all funds allocated and transferred to schools. *Ministry of Finance (MOF) responded that the same issue was raised in Primary School Fee Scheme and the Acquittal Reports prepared by the Aid Division to New Zealand Ministry of Foreign Affairs and Trade (NZ MFAT) serves the purpose to capture development partner's contribution only but the disclosure of government contribution should be reflected in the Ministry Progress Reports. A letter from NZ indicated their 25% contribution will be channelled through the Education Budget support and all NZ funded education discrete projects will be closed by end of June 2016.*
2. A few areas that required further improvement included the availability of key documents such as Project Steering Committee meeting minutes and documentations on regular feedback from the appropriate committee on progress reports submitted by the Project Implementation Team. *MOF responded that the school fees scheme does not have its project steering committee and this project is reported to the Education Advisory Committee. This was also raised in the Primary School Fee Scheme. MESC acknowledges that Steering committee minutes could not be located and the project is now being reported under the Education Sector Reporting Mechanism. The sustainability of the scheme was uncertain because the term of contracts was only for a certain period of time. School inspectors will be trained to take over management of the scheme. School review officers were trained and then disestablished by Public Service Commission. At the same time, the team of consultants term of contract was ceased except the Team Leader for a period of three to four years. A new team of school inspectors will be employed soon under the new MESC management.*
3. There is one employee responsible for 36 Secondary Schools and at least 200 Primary Schools. *MOF acknowledges the hard work of the team leader and her former team members in facilitating the scheme. The government has now full absorbed the scheme in the next Financial Year 2017/2018. 11 school inspectors were recruited to add more weight to the continuation of the applications of strict control measures for the use of funds and enhancing accountability on the part of school principals and school committees. .*
4. More than 90% of colleges and secondary schools do not keep or maintain an updated fixed asset register. *The recruitment of School Inspectors will improve all aspects of asset management in schools. It will be a mandatory requirement as part of the principals' roles and responsibilities to keep and maintain Fixed Asset Registers.*
5. More than 90% of schools do not have approved documented policies and procedures relating to management of fixed assets. *An asset management policy will be developed to include methods of recording assets, stock take periods, treatment of assets for personal use, disposal of assets and missing or stolen assets.*
6. At least 40% of schools have had an instance of assets being stolen, lost or damaged in the past 12 months.
7. 98% of schools claim to have received some kind of gratuity from their main suppliers in various forms to assist with their end of year prize giving, special school activity, discount vouchers on school purchases, or even cash to assist with their transportation costs. *Recommendation noted for keeping a gift register.*
8. The value of assets that were missing were not with the school at the time of the visit for reasons of being stolen, undergoing repairs and maintenance, damaged, unidentified or simply not available at the time of sighting was approximately \$586,993.97 (16% of total value of Assets purchased over the past three years with cashbooks - \$3,613,693 tala. *Recommendation noted.*

9. Instances of payments on water bills and electricity arrears belonging to periods prior to the Grant. *The recruitment of school inspectors will improve and enhance practical skills and knowledge of principals and school committees.*
10. Clarity needed on decision to prioritise the purchasing of assets that will benefit the entire school over the intended nine to eleven years as per primary grant purposes. *Recommendation noted.*

5.17 Samoa Tourism Support Programme for the year ended 30 June 2016

Implementing Agency: Samoa Tourism Authority (STA)

1. Withholding taxes not deducted from Consultancy services performed as required under Tax Laws. The issue was raised in previous management letter. It was also noted that minutes were not completely filed. *Recommendation noted. Taxes have been discussed with Ministry of Finance to ensure compliance.*
2. Audit was unable to obtain a full list of meetings held as well as official signed copies for the period under audit. *There was only one (1) meeting in Financial Year (FY) 2014/2015 and none in FY2015/2016.*
3. A number of amendments and review has taken place since the inception of the Project in 2012. There are expectations on triggers and schedule of milestones that the project implementation is expected to provide. There have been a number of agreements between the implementing agency and the donor. *STA confirms that there were five variations for the programme. The last two are email variations as confirmed by NZAP because they are both fiscally neutral hence they did not require to formally draft up a Letter of Variation.*

5.18 Samoa Women Shaping Development Program for the period ended 1 May 2015 – 30 June 2016

Implementing Agency: Ministry of Women Community and Social Development

1. There was a delayed detection of a possible overpayment in the salary of the Gender Management Specialist by \$7,149.71.
2. A salary advance application was processed by Gender Management Specialist after working for six weeks without compensation due to delay in signing of the employment contract between the project and the employee.
3. The Gender Management Specialist was compensated for overtime but the contract does not allow payment of overtime.
4. Purchase order register was incomplete in order to capture all project related payments. *Ministry of Finance (MOF) noted the recommendation for future and acknowledged the lapse from their end for the delay detection of the overpayment and will ensure to strengthen monitoring and be proactive.*
5. Gender Management Specialist carried out higher duties in addition to Project related responsibilities. These roles were not included in the extra duties of the employment contract. There was no assessment carried out on the project implementation. The Public Service Commission (PSC) was not consulted on the decision and acting duties was not part of the 2015/2016 work plan. *MOF noted the recommendation. The project activities are streamlines with the Division's objective given the approval by PSC. There is no impact on the implementation of the project thus payment of Higher Duty Allowance is accommodated from the Ministry budget.*
6. From the review of progress reports, there was a delay in the implementation of the inception phase. Discussions have taken place and approval is pending for an extension of the schedule. *MOF noted the issue and Government of Samoa have officially advised Department of Foreign Affairs & Trade for further discussions on the amendments to the Project Agreement including an extension of project duration.*

5.19 Tourism Cyclone Recovery Program for the period ended 1 May 2013 – 30 June 2016

Implementing Agency: Samoa Tourism Authority

1. There were instances where various milestones and triggers were not complied with or satisfied throughout the life of the project from the review of the Project Grant Agreement signed on 22nd of April 2013. *According to STA, milestones were delivered according to the Costed Work plan and progress reports.*
2. There was no list of all the meetings that were held at the Steering Committee level. There were also no signed minutes for the financial year audited. *All meeting folders including agenda for meetings and minutes were made available but there was no specific folder for the filing of minutes.*
3. The roles and responsibilities of personnel could not be confirmed as they were subsequently reviewed to meet the changing needs of the Project. There has not been any official approval/review on those Terms of Reference by an appropriate government establishment such as the Tourism Sector Committee or Ministry of Finance (MOF) (Aid Division) to ensure each committee/group understands the importance and alignment of their role and accountability in implementing the project. *STA responded the roles and functions of the four groups highlighted in the KVA report was approved by Cabinet as per FK. MOF responded that the cabinet approval is the most prominent authorisation in establishing such Steering Committees as this is a Government official approval. Audit requested to revisit this issue.*
4. The appropriate use of funds for reconstruction worth of \$100,000 for Matareva Beach resort was still incomplete; and reconstruction worth of \$150,000 for Maninoa Beach Fales were found to have been completely removed in relation to land disputes between the operators/owners and village councils. 21% or 250,000 tala of total funds spent for this Output did not achieve the impact intended for the Project. *STA responded that all criteria and requirements were satisfied but unforeseen circumstances of conflict over land make these two cases exceptional. The Facilitation Group also removed land ownership requirements to avoid further delays of the application process. Maninoa beach fales rebuilding works completed 100% in June 2014. The lease agreement was immediately ceased due to unforeseen circumstances with the landlord and had to vacate the land. The owner of Maninoa beach fales have now relocated and rebuilding their fales behind Coconuts Beach Club Resort. As for Matareva beach resort, the restaurant, bar and exterior walls of two (2) units have been completed except the interior walls. The Village Council removed the owner and delayed the process. STA will not allow access of future funding, marketing advertisements, training and other benefits. The operator who signed the contract had been formally informed by letter and the recent site visit to return the remaining goods as agreed by Tourism Cyclone Recovery Program (TCRP) contract. The Authority will engage advice from the Attorney General and seek approval from Cabinet if there is no progress in the coming months.*
5. The original pledge for Marketing Activities was one million tala and was revised to \$884,291.00. The actual spending for this Output was \$1,127,906.90 which was overspent by \$243,615.90 with no forecasted financial plan or approval to support the variation. *STA responded that the properties included in the design were deemed as assessed and the non assessed properties with designs not included or new properties that did not exist prior to Cyclone.*
6. There was a delay in processing of funds to cover project expenses as the Project is yet to receive \$400,341.00 from the Donor. There are still outstanding invoices relating to the Project that need to be paid. *STA responded that only \$1,090,162 was dispersed instead of \$1,320,503.*
7. The STA Asset Register did not accurately and completely capture the assets purchased during the project.
8. There is an unrecorded interest of \$49,229.15 from reconciliation of the Acquittals and Bank Statements for the Project. *STA responded that all financials for the project were handled by Ministry of Finance. MOF will ensure to strengthen monthly reconciliations of Central Bank of Samoa project accounts and the MOF Aid Coordination & Loans Management Division ledgers against the system.*

9. There was a variation of approximately \$3,598,578.00 signed to repatriate the funds originally planned for the Project. There was insufficient evidence to suggest active monitoring by the TCRP Committee in satisfying the agreed expectations for the Project. There was insufficient evidence of the Project Steering Committee identifying prominent project risks and related implementation constraints that could eventually lead to the repatriation of funds. There was lack of quality data to measure the success of the Project. *STA responded that there was slow utilisation of funds especially in the beginning of the program in 2013. The Secretariat and FP consistently followed up with applicants by visiting business and homes to ensure application are submitted on time with numerous follow ups.*

5.20 United Nations Development Programme Projects 1 January – 31 December 2015

1. There were no reconciliations conducted for all projects' payments. *The Accounts Section will work with the Projects team to ensure a proper filing system is maintained and to conduct regular reconciliations.*
2. No proper documentations and accounting records filed and maintained. *The Ministry/Project Teams will establish a centralised project filing system.*
3. Few payments were not made within 15 working days required under the Government Payment Policy. Several expenditures especially contracts were presented in Quarterly reports and invoices were received and claimed after more than 14 days. *The Ministry concurs and will improve the turnaround time for payments to be processed.*
4. The Ministry of Natural Resources and Environment (MNRE) failed to keep proper documents including signed Funding Authorisation and Certification Expenditure (FACE) forms, requests of direct payments and signed combined delivery report forms for three projects. *MNRE will ensure all signed copies are filed as proper evidence for approval from all parties involved to address this moving forward.*
5. There is non-compliance with contract provision as 50% of the total retention was paid to a supplier for a Project before the end of the defects liability period according to Contract. *There was a request from Land Transport Authority (LTA) to use a portion of the retention for the Fusi Saoluafata road and approved by the Adaption Fund Technical Advisory Group at its meeting 7 July 2016.*
6. Tenders' Board recommendation not implemented nor responded to by MNRE. The Tenders' Board recommended for MNRE to seek reimbursement for a payment of \$14,400 made under the RIO Convention Project from a local legal firm however, recovery was still outstanding at the time of the audit and no formal response by the Ministry was made to the Tenders' Board to record the progress of this matter. *The Ministry acknowledges this oversight for not informing the Tenders' Board for not recovering the payment made. The Contract with the Technical Assistant was terminated as they failed to submit the Report on time despite numerous reminders.*

5.21 Enhanced Integrated Framework (EIF Tier 1 and Tier 2) 1 Jan – 31 Dec 2015 and 1 June 2014 – 31 Dec 2015

Implementing Agency: Ministry of Communication Industry and Labour

1. Several assets remained unrecorded in the Asset Register. There were also unlabelled assets while some assets could not be sighted during inspection of assets. *Voice recorders received were used upon receipt, furniture and fittings were later recorded on the Trade, Commerce and Manufacturing (TCM) Asset Register and the hard drive label had fallen off but has been replaced. The Samoa Trust Estates Corporation (STEC) has been informed that all assets such as the chainsaw should be returned to the main office at Vaitele for safe storage. The Principal Monitoring and Evaluation Officer will make sure to include sighting of STEC assets on monthly inspections as part of monitoring Tier 2 projects.*
2. Memorandum of Understanding (MOU) for Samoa Association of Manufacturers and Exporters (SAME) and the acquittals for the agencies such as Chamber of Commerce and Scientific Research Organisation of Samoa (SROS) were not provided for verification. *All MOUs with our implementing agencies are filed and labelled and acquittal for Chamber of Commerce is provided on an annual basis because there was only one activity (salary for Marketing Officer). As for SROS, funds for testing and training had not been spent hence no report was required.*

5.22 Police Welfare Fund Interim Audit for the period 1 January 2013 – 31 December 2015

1. The following deficiencies were noted with the Register book maintained for the Fund:
 - There were unrecorded deposits and withdrawals identified from the bank statement.
 - Several discrepancies noted with the deposits and withdrawals in the register and bank statement
 - Several transactions noted in the Register could not be traced to the bank statement.
2. There were few inconsistencies noted in payments of staff entitlements.
3. Some payments were ineligible as per Welfare Fund Policy.
4. There were no signatures of the recipients for funds paid out in the register book to confirm that their entitlements/claims were actually received by them.
5. There was no segregation of duties regarding the administration of the Fund. The Commissioner's Secretary was responsible for tasks such as cash handling, recording and accounting of funds.
6. There were no financial reports prepared such as a Statement of Receipts and Payments to provide accurate information about the Fund and to enable sound decision making and allocation of resources.
7. Minutes of Welfare Fund meetings were not properly documented. Documentation of minutes serve as an official record of actions and decisions made during meetings.
8. Records such as bank statements, cheque butts, payroll deduction reports and request letters for claims were found to be stored in a red manila file, not properly arranged in order and were incomplete.

5.23 Technical and Vocational Education and Training (TVET) Roadmap II Project for the period 1 July 2015 – 31 March 2016

Implementing Agency: Ministry of Education, Sports and Culture

1. TVET Project did not comply with the provisions of the funding agreement for payments not allowed such as monetary gifts of \$400 and catering expenses of \$13,399 for committee meetings and refreshments during training and consultations. *TVET Project Budget and Work Plans are approved by the Project Coordination Committee (PCC) before the implementation of activities. Development partners are members of this committee and never raised an issue despite provisions in the Funding Agreement, refer to minutes of meetings on the approval of work plans for re-allocation of work resources. However, recommendation is noted and will liaise with development partners on Grant Funding Agreement's provisions for future government projects.*
2. TVET project balances were not verified on Finance One, General Ledger due to absence of a unique Government Development Project (GDP) number for the TVET project alone. The GDP account code is the same used by eighteen different projects funded by Australian Aid and are all reported together on the system with other projects. *The issue is noted and will ensure full compliance in the future.*
3. The original duration of the Program was amended to 31st December 2015 as approved by the Parties. However several payments amounting to \$147,722 were made after this date as evident on the acquittal reports. *An extension was not required as all project activities were fully implemented and accounted for the year ended 31 December 2015 as per Funding Agreement. Ministry of Finance (Aid Coordination & Debt Management Division) received and verified these payments on December 2015 as evident on the TYs (payment vouchers) but these were only processed in January to March 2016 by the Accounts Division due to shortage of staff. MOF has adhered to the requirements of the signed Direct Funding Agreement hence, this is not a non-compliance issue and is out of their control for the 'prolonged' delay of payments process.*
4. Minutes of both the PCC and PIC meetings were not sighted by the Chairman. *The audit recommendation is duly noted and will ensure to sign Minutes for future projects.*

6. PERFORMANCE, COMPLIANCE AND ENVIRONMENTAL AUDIT

6.1 Customary Land Lease for the period 1 July 2010 to 30 June 2013

The main objective of this audit was to assess whether customary land lease policies and procedures were in place and whether processes were in line with legislations. Audit also focussed on whether Customary Land Administration (CLA) was properly managed and monitored.

Findings

1. Policies and procedures governing the operation of the Customary Land Lease had incomplete registers; the customary land lease condition was not updated; and there was lack of public awareness of the legislations and policies.
2. Processes to be in line with the governing legislations and mandates discovered there were unclear levels of authorization; advance payments for leases should be ceased; there were Undefined leases; Unregistered leases on the Solution for Open Land Administration; Unapproved purpose of lease; and Inconsistency in calculating commission fees.
3. Customary land lease management and monitoring role by the CLA found there was poor coordination between sections within Land Management Division (LMD); no monitoring inspections; Human Resource (HR) capacity building needs improvement; and file administration is not properly done.

Conclusion

Overall, although substantial progress has been made on the operation of customary land lease, there were a number of areas that require further attention by management, particularly in the Land Management Division. Recommendation has been noted and implementation has begun to improve areas outlined.

6.2 Follow Up Of Audit Recommendation for Financial Year 2008/2009, 2009/2010 & Special Audit (April – October 2008) Samoa Housing Corporation

Detailed Findings

Bank Reconciliations

Issue as reported in Financial Year (FY) 2008/2009: 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.

Issue as reported in FY 2009/2010: Monthly bank reconciliations for the bank account held with the local commercial bank were not reviewed. This has resulted in discrepancies that were only resolved during the bank reconciliation for the final month of the financial year.

Response from Samoa Housing Corporation (SHC) in Annual Audit Report 2009/2010 and 2010/2011: The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action.

FULLY IMPLEMENTED

Audit verification

Audit recalculated and re-performed monthly bank reconciliations for the six (6) months from May to October 2015 to check for accuracy and completeness. At the successful completion of these tests it was found that bank reconciliations of the Corporation for the sampled period was thoroughly calculated, checked and signed by the Finance Manager. This was one of the mechanisms implemented by the Corporation to remedy deficiencies noted in previous years.

Inwards cash, Receipting, Banking

Issues as reported in FY 2008/2009: It is quite noticeable the persistent delay in making bank lodgements of daily receipts and some of these delayed banking resulted in short-banking. Total short banking 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.

Issues as reported in Special Audit 01st April 2008 – 30th June 2009: During the audit of the financial statements for the year ended 30 June 2009, there was an initial short banking of \$9,730 from 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 the \$63,044.04 for the period from 01 April 2008 to 30 September 2009.

Response from SHC in Annual Audit Report 2009/2010: The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action.

FULLY IMPLEMENTED

Audit verification

Management confirmed that the main contributing factor in the delayed banking resulted in short banking which led to misappropriation of funds was the failure or lack of supervision by the Management at the time. Since then the Corporation introduced proper measures to ensure safeguarding of public funds. Follow up audit covered receipting of inwards cash, bank lodgements, bank statements and the General Ledger postings for the 6 months period from May to October 2015. As a result of these audit tests we noted a huge improvement and progress in enforcing best practises within the Corporation.

Loan Management

Issues as reported in FY 2008/2009:

It was found that the level of the authority limits set out for the 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.

Issues as reported in FY 2009/2010:

Some relevant loan documents such as pay slip, confirmation letter, consent letter from guarantor and bank statements were missing from loan files reviewed. Some loan files were either missing or misplaced and could not be located for audit purposes.

Response from SHC in Annual Audit Report 2009/2010: The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action.

PARTIALLY IMPLEMENTED

Audit verification

Management verified that the Corporation complied with guidelines as set out in the Loan Policy Manual which clearly outlined the threshold for loans approval. The General Managers discretion on delegating the authority was only exercised in one off cases where conflict of interest was involved thus resulting in the Deputy General Manager approving an amount beyond her level of authority. The follow up audit managed to select a sample of loan files and tested whether all required documents were attached and that loans were properly approved. Audit tests verified that the issue of missing documents in some loan files still exists. Moreover some loan files requested were not readily available at the time of the audit. All loans reviewed were thoroughly and properly approved by authorised personnel.

Accounting & Operating Manual

Issues as reported in FY 2008/2009:

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. 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.

Response from SHC in Annual Audit Report 2009/2010: The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action.

FULLY IMPLEMENTED

Audit verification

The Corporation has successfully produced manuals for Systems of Internal Controls, Loans Policy Manual 2013 and IT Systems Manual. Continuous in-house trainings on how to fully utilise and best use of these manuals are still ongoing. The Corporation had recently appointed an Internal Auditor and its function will provide an independent overview examination of the Corporation's records.

Non Payroll Payments

Issues as reported in FY 2009/2010: Supporting documents for some payments were either missing or incomplete.

Response from SHC in Annual Audit Report 2009/2010: The Corporation agreed with all the findings and committed to the implementation of remedial and corrective action.

PARTIALLY IMPLEMENTED**Audit verification**

Audit found during follow-up that the same issue still exist. Despite the Manual for System of Internal Controls outlining the process for non-payroll payments in place, the Corporation still had not been able to fully comply. Instances were found in some payments such as no invoices, no quotes, incomplete or absence of purchase orders coupled with non-availability of payment vouchers particularly for Board of Directors sitting allowances fairly reflected in non-compliance with established processes and procedures.

6.3 Follow up of Audit Recommendations for Samoa National Provident Fund – Parliamentary Pension Scheme 2008

Detailed Findings

Issue as reported to the Office of the Parliamentary Committee (OPC) 2010/2011: Management and the Board of Directors should review the Principal Act (Parliamentary Pension Scheme Act 1998) for any possible amendments in order to merge allowances and basic salary of Members of Parliament so that the 10% for savings of Members of Parliament in the Parliamentary Pension Scheme is processed together.

Response from Samoa National Provident Fund-Parliamentary Pension Scheme: The recommendation from the Committee is duly noted.

Not Implemented

Audit verification

Management confirmed that the Fund has yet to make any possible amendment to the primary Act despite recommendation by the OPC. The Fund was in the position that by merging both the basic salary and allowances before calculations of the Parliamentarians 10% contributions is unjustified given that according to best practises a member has to attend and/or provide sufficient evidence of attendance in an official meeting of any existing committee before such allowance is disbursed. There is also a need for thorough consultations, dialogues and proper reviews before any revision is warranted.

6.4 Follow up of audit recommendations – Totalisator Agency Board for the year ended 1 July 2009 – 30 June 2010

1. There was a need for the Agency to prioritize the establishment of a law that will incorporate both Gaming Act 1978 and Totalisator Agency Board Act 1990. *The committee recognised the importance of having one legislation to guide betting activities in Samoa and other relevant activities.*

6.5 Response to Cyclone Evan – The Ministry of Agriculture, Forestry & Fisheries (MAFF) Electronic Voucher System for the period ended 1 July 2013 – 31 December 2015

Implementing Agency: Ministry of Agriculture, Forestry and Fisheries

1. No training provided to MAFF staff with regards to the operation/use of the e-voucher system. Trainings should be provided to responsible personnel of the Project rather than reliance on the Information Technology (IT) consultant.
2. Suppliers were able to release and sell products and items that were not in the white list. Compliance with conditions and criteria set out in the procurement guidelines of the lending entity and the Government of Samoa National Procurement guidelines.
3. The Memorandum of Understanding may not have been binding enough to obligate suppliers in complying with conditions set out within the Project Implementation Manual (PIM). Additional clauses should be inserted to further bind the suppliers to comply with conditions and criteria laid out in the Project Implementation Manual.
4. The e-voucher system was live before it was complete.
5. Lack of segregation of duties in handling and monitoring of the e-voucher system. Segregation of duties between personnel handling the back end of the system with the designated officers handling the front end of the MAFF e-voucher system.
6. Absence of a standard format of exporting data from third parties and uploading it onto the e-voucher system database.
7. There was no engagement from MAFF personnel in the implementation of the e-voucher system.
8. There was no user policy and help file for the referral of employees in the absence of the IT consultant. A user policy should be formulated and file for referral of employees that are delegated to work on the e-voucher system.

6.6 Follow up of Audit Recommendations for Financial Years 2008/2009, 2009/2010

National University of Samoa

Detailed Findings

FINANCIAL STATEMENTS – GENERAL ISSUES & OBSERVATIONS

Issue as reported in FY 2008/2009: Financial position of NUS suffered setbacks in equity and assets contributed by a \$1.2 million tala increase in liabilities.

Response from National University of Samoa (NUS) in Annual Audit Report 2009/2010 and 2010/2011:

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.

IMPLEMENTED

Audit verification

According to enquiries as well as interviews with the Director of Financial Services (DFS); in 2009 NUS had its worst financial results with accumulated losses up to \$8.4 million at 30th June 2009. The increase in liabilities was a direct impact of the 50% general pay increase approved by the government to be implemented over a number of years. The University had since financed this with a bank overdraft as the government grant was not increased accordingly. Although there were some positive financial results for the year, these were not reflected in the overall performance of the NUS financial status. In the same year, Value Added Goods & Services Tax (VAGST) was charged by the Ministry for Revenue on the Government grant and this resulted in the VAGST payable to the Ministry for Revenue of \$428,985 at balance date. Budgeting in the past still had an impact on the University's ability to meet its financial obligations with unpaid Pay As You Earn (PAYE) tax, hence the increase in liabilities for the year. The University's financial performance had improved greatly since then, made possible by the increase in its income and stringent control over its expenses.

Issue as reported in FY 2008/2009: 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.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: When the report was finalized for printing, no response had been received.

IMPLEMENTED

Audit verification

A \$2 million increase in the government grant and effective control over expenses for the year had contributed to a better financial performance outcome for the year. One of the initiatives introduced to reduce the spending at the time was the "Dark Friday", where electricity was turned off on all air conditionings, lights & fans except for the computer network.

Issue as reported in FY 2008/2009: Positive net cash flows were generated culminating in the reduction of overdrawn funds at balance date.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: 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.

IMPLEMENTED

Audit verification

Again the impact of the increase in government grant by \$2 million for the year, and tighter control over spending resulted in the positive net cash flow at balance date.

Issues as reported in FY 2008/2009: The University's financial performance improved tremendously achieving an excess of income over expenditure of \$1,435,559 compared to an excess of expenditure over income of \$2,624,435 in the prior year. The improved results were due to non-recurring costs of \$2,431,002 which occurred in the prior year and none for the current financial year. In addition, total income increased by 6.5% while total expenses decreased by 3.8%.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: When the report was finalized for printing, no response had been received.

IMPLEMENTED

Audit verification

The University introduced a 10% increase in course fees as approved by Council and implemented in the 2010 academic calendar year. This had a greater impact on the University's income for the year despite the slight decrease in government grant for the same year.

Issues as reported in FY 2009/2010: The University's financial position showed that the University could not meet its short term obligations using its short term assets.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: When the report was finalized for printing, no response had been received.

ALTERNATIVE APPROACH

Audit verification

The University had to depend on its bank overdraft to pay its expenses while awaiting receipt of its grant from Ministry of Finance (MOF) on a monthly basis. This position had changed later as the University was able to pay off its bank overdraft with the increase income from higher student fees brought about by the ten percent (10%) increase in the assessed fees, as well as the increase in the number of enrolled students for the year.

Issues as reported in FY 2009/2010: NUS Consult Ltd is a wholly owned subsidiary of the University, whose financial activities and results have not been consolidated with the results of the University's financial activities.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: When the report was finalized for printing, no response had been received.

IMPLEMENTED

Audit verification

NUS Consult Limited is a separate entity, not a subsidiary of the University; hence its affairs and financial activities could not be legally incorporated into the University's financial activities. The University was only a shareholder of the NUS Consult Ltd. Additionally the NUS Consult Ltd was closed during the year by its directors and shareholders due to poor financial performance.

Issues as reported in FY 2009/2010: Cash collected at the Bookshop were not handed over to the Finance division on a daily basis and therefore such receipts were not banked daily in accordance with generally accepted accounting practises.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: When the report was finalized for printing, no response had been received.

ALTERNATIVE APPROACH

Audit verification

Controls and proper measures were adopted by the Finance division to monitor daily collections at the Bookshop. One of those measures was through sending regular reminders and follow-up calls to the Bookshop to ensure their cash sales were promptly receipted at the Cashier (at Finance Office) on a daily basis. It was also noted that other transactions occur late because the Bookshop sometimes opens to cater for the evening class students like part

timers. Other delays are due to the immaterial amount of the daily sales like \$2 to \$5 whereby the till is used to safeguard the cash not yet banked.

Issues as reported in FY 2009/2010: There was no policy to regulate and control the use of the University's credit cards.

Response from NUS in Annual Audit Report 2009/2010 and 2010/2011: When the report was finalized for printing, no response had been received.

IMPLEMENTED

Audit verification

The Credit Card Policy had been approved by the NUS Council on 11th March 2011 and it has been incorporated into the Financial Policies and Procedures Manual 2011 under section IX

6.7 Follow up of Audit of Recommendations for Spot Check 2nd August 2010 Samoa Shipping Corporation

Detailed Findings

Issue as reported on 02nd August 2010: There was a lack of controls on monitoring tickets for "Rock da Boat" cruises. Tickets were printed out by the IT personnel and were manually numbered by the officer in charge.

Response from Samoa Shipping Corporation (SSC) in Annual Audit Report 2010/2011: The decision to print tickets in house in the initial stage of this service was to save costs and the control was the use of the logo. The tickets were manually numbered and recorded in register and the tickets were collected and matched against the register when presented during boarding. Audit recommendations have been considered and the tickets are now pre-numbered and printed at a local printing company.

Implemented

Audit verification

Rock da boat cruise was sold to Bahamas Ferries as approved by the Board of Directors on its meeting of 3rd March 2014. This decision was in line with Rule 46 and 56 of the Company Rules. The Cruise was sold at a purchase price of USD\$750,000.00. Since the Corporation no longer owns the cruise this specific issue on the pre-numbering of tickets as recommended has no effect in its current operation.

Issues as reported on 02nd August 2010: The Corporation used daily collection to pay for some operating expenses that resulted in the daily collection not being banked on a daily basis.

Response from SSC in Annual Audit Report 2010/2011: The daily collection not being banked on a daily basis is really not a result of using cash to pay for some operating expenses as stated. Due to the amounts of passenger fares and freight refunds being paid out of cash plus the normal petty cash payments like the vessel food provisions and the time taken for the reimbursement cheque to be processed is the actual cause of the one day delay.

Partially Implemented

Audit verification

The stated issue as raised during the spot check on the 2nd August 2010 was again highlighted in the spot check report for period July 2014 to 31st January 2015. The issue with delay bankings has now been rectified. A Policy on the petty cash fund imprest account has also been reviewed and the limitation has been increased from \$500 to \$2,000 tala as recommended by audit. These changes were initiated to minimize the use of general revenue funds to accommodate for refunds when required. Substantive test was carried out to check whether appropriate measures are enforced and implemented. Enquiries into the records of the Corporation found that the issue has not been properly addressed as evident in some payment vouchers being for "Reimbursement of cash" used to purchase some operating expenses which prohibited under the revised Policy.

Issues as reported on 02nd August 2010: There were no supporting documents for some payments totalling \$964 that were made from revenue collection.

Response from SSC in Annual Audit Report 2010/2011: A full detailed explanation can be furnished if more details are provided such as the voucher and cheque numbers. Some petty cash payments are made to vendors that do not issue invoices and receipts which is there are no supporting documents;

Alternative approach

Audit verification

Supporting documents for payment totalling \$964 were not readily available during examination stage. Audit managed to conduct an interview with key personnel regarding the issue. The Corporation maintained their stance as in their response during the spot check in 2010; that most payments correlated with the said amount were for

purchases of minor goods for Rock da boat especially from the local markets which were not able to produce any invoice and/or receipts. Audit tested a sample of non payroll payments from September to October 2015 to verify that robust control measures are in place to ensure the occurrence of such instances is well managed. Audit found sufficient and appropriate supporting documents were provided and thoroughly checked.

Issues as reported on 02nd August 2010: The internal control procedures for monitoring payments were not properly implemented by the Accounts section.

Response from SSC in Annual Audit Report 2010/2011: As stated in the previous issue, we will furnish a full detailed explanation if more information is provided.

Fully Implemented

Audit Verification

During the spot check in 2010 audit found some weaknesses in the enforcement of existed accounting procedures and processes on non-payroll payments of the Corporation. These deficiencies mostly stemmed from misplacement of supporting documents, unavailability of Certifying Officers at the processing of payments coupled with human errors. The Corporation in trying to minimize the impact of such in its operation had introduced several measures. Some of these included the revision of the Accounting Manual to ensure that it was up to date and that responsible staff have sound knowledge of the processes and are able to adopt them. Most recently, the Corporation had appointed an Internal Auditor. This function will provide an independent overview examination of the company's records and that they are also considering pre-auditing of payments to avoid any misappropriation that could arise.

6.8 Follow up of audit recommendations Report July 2009 – June 2011 – Development Bank of Samoa for the period 2009 & 2010

This follow-up report covers two (2) audit reports tabled in Parliament for the year 01st July 2009 to 30th June 2010 and the year 01st July 2010 to 30th June 2011:

Report of the Controller and Auditor General to the Legislative Assembly for June 2010 – Development Bank of Samoa (DBS) Financial Audit 2009: The audit was conducted to obtain reasonable assurance on whether financial statements were free of material misstatements. The audit included examining on a test basis; evidence supporting the accounting principles (including internal controls) as well as evaluating the overall statement presentation. An unqualified opinion was issued for the year concerned in addition various areas of internal controls for improvements were addressed in the audit report. The Officers' of Parliament Committee (OPC) discussed six (6) issues raised in the audit report concerning weaknesses noted in the review of records and supporting documents which were accompanied by nine (9) recommendations in total.

Report of the Controller and Auditor General to the Legislative Assembly for June 2011 – Development Bank of Samoa (DBS) Financial Audit 2010: A true and fair opinion of the financial statements of the Bank was issued for the year 2010 and the audit in its report commended the Banks' financial performance improvement for the year while also noting the deterioration in its Cash Flows. The Bank was invited to comment on the observations made by the audit and the OPC were satisfied with the responses made by the Bank. The OPC in its meeting recommended for the Bank to look closely into implementing recommendations. This report examines the extent of implementation of the audit recommendations made in the audit reports for the financial year (FY) 2009 and commenting further on the observations made by the audit with regard to financial performance and cash flow of the Bank noted for the year 2010. It also identifies further areas for improvement.

Detailed Findings

1. It was noted during audit follow up that the issues raised during the audit of 2009 still remain. In most instances noted, the loan(s) have been approved under *special consideration(s)*. Special consideration cases are those with which exception has been applied over a bank policy/procedure – that is, bank policies/procedures are not completely met in processing of loan.

Special consideration is given to cases where and as according to reviews done:

- The applicant has sought assistance from higher authority prior to submission of loan application for bank consideration.
 - The applicant is a staff member
 - The applicant is a relative of a staff member.
- The applications under this circumstance are usually approved in the exception of various key bank policies; that being:
- Loan funding is not for development as per Bank mandate;
 - The applicant has bad credit history;
 - Insufficient debt servicing ratio;
 - Unacceptable guarantors;
 - Insufficient security; etc

Controls in place to manage special consideration activities:

- Loan portfolios (usually depending on nature of loan and classification) are allocated to respective officers for consistent follow up;
- Adequate record keeping – namely, correspondences confirming the basis of special consideration;
- Non-compliance with procedures are highlighted on loan documents;
- Special consideration cases as well as other cases within the authoritative threshold of the CEO are approved by the CEO and where necessary the approval of the Board is sought.

Weaknesses identified:

- The practice of special consideration cases is not clearly identified as an exception in the DBS Loan Manual. Due to recurring approval of special cases; it is also still noted as a recurring non-compliance with current procedures during audit;
- There are no identified hierarchy of authorities that permit the processing of loans on the basis of special consideration – that is, persons who can permit the processing of the loan (s) with the knowledge that it will not meet various loan policies.

Risk Management Committee (RMC)

The RMC has been established as recommended. As evident to the absence of meetings during the financial year 2013/2014 and 2014/2015; the committee is not functioning as legislated. The RMC under the DBS Act 2010 is expected to identify risks and develop policies to address the risks identified and in particular to this highlight, the risks associated with the proper management of the Bank's debt recovery procedures. An approximate balance of \$41, 855,030.66 is recorded as the total balance of loans defaulted are in the process of debt recovery actions by the Bank. In the absence of the critical role of the committee with regards to managing risks associated with debt recovery procedures, there is no evidence present that addresses whether the current debt recovery procedures are effective and whether it is due for reviews by the committee as means of actions taken by the Bank to minimise risks to the lowest possible. The large amount of total debt in default is more reason for the Committee to be active and resolute to various ways to identify and minimize risks in debt recovery.

Disaster Recovery Plan and Back-up Data Centre

The Bank during audit follow up did not have a Disaster Recovery Plan for the office; audit was given a copy of a 'Management Information System (MIS) Business Resumption Plan' which focuses on the ICT systems and personnel of the Bank's MIS Division only. The responsibility for broader emergency procedures to ensure safety of DBS staff and the security of the building in general lies with the Property Division. The Property Division was merged together with the Corporate Division thus disestablishing the role of Manager for the division. The 'Disaster Recovery Plan' mentioned in the 2009 Annual Report was not provided to audit for verification.

The Bank has also successfully built an offsite storage centre. This centre stores all files and records from the Bank's previous financial years and houses its back up facility. This facility both stores data automatically and manually. The backup server (DBS6) automatically stores and saves information daily. This system takes over the main server (DBS1) if and in any case of emergency. The MIS team stores weekly (every Friday) all its information onto hard drive which is then stored in a safe within the backup system facility room at Siusega. The Savaii branch file server (DBS4) is linked to DBS1. All files on this server is automatically saved and stored up together with those on the main server daily.

The recommendation pertaining to the formulation of a disaster recovery plan is noted as partially implemented.

1. With regards to special consideration, the Bank is recommended to:
 - Incorporate the exception applied to special consideration in the DBS Loan Manual in order to somehow address the recurring non-compliance nature of special consideration cases.
 - The exception is recommended to include:
 - i. The hierarchy of authority that (could) permit the processing and direct the approval of special consideration.
 - ii. Parameters with which special consideration can be considered; that is, clearly identify limitations/thresholds (if any) for special consideration cases to be approved.
 - iii. A fixed tally of the quantity of loans that can be approved via special considerations during a financial year not just in number of applicants but as well as funding authorized for such cases.
2. The Risk Committee is respectfully reminded of its roles as stipulated in section 31(4) of the DBS Act 2010. The Committee through the Bank is therefore recommended to be active in its role and to consider reviewing (if needed) of debt recovery procedures.
3. Formulate a Disaster Recovery Plan for the Bank.

DBS – Financial Audit 2010

1. The audit report noted that the Bank's financial performance improved significantly with a profit after tax of \$325,327 compared to a loss of \$2,363,016 in the FY ended 30 June 2009. The improved performance was due to the reduction in other major expenses such as directors cost and personnel cost. In addition, the improved performance was due to reduction in interest expenses on borrowings when Government took over the loan relating to the new (current) DBS building and decrease in related operating costs.

Analysis of the Bank's financial performance over the six (6) periods showed that the Bank was only able to generate a return for FY 2010 as tabulated below:

Financial Year	Rate of Return
FY 2009	-\$2,363,016.00
FY 2010	\$325,327.00
FY 2011	-\$365,659.00
FY 2012	-\$982,832.00
FY 2013	-\$2,886,838.00
FY 2014	-\$4,554,594.00

The Bank continued to make a loss for the next four years. This is mainly attributed to the continuous fall in total income. Although the percentage of expense is at a decreasing rate, total income cannot cover costs and generate a return at the same time.

In reference to the Analysis of Net Profit (Loss) audit noted that despite operating on a loss, the Bank was still able to facilitate the credit financing of projects, restoration of after effects from the cyclone and in the preparation for recent huge events such as the Small Islands, Developing States Conference and the Commonwealth Youth Games.

Cash Flow

The audit report noted the Bank's cash flows during the FY deteriorated with net decrease in cash of \$1,379,639 compared to a net decrease of \$387,029 in the prior year.

Management had responded that the increase in net (decrease) in cash and cash equivalent by 256.47% was the result of the increase in net cash outflows for investing activities. Cash outflow for investing activities increased by 58.41% compared to the previous FY and was mainly due to the increase in loan disbursements. The increase in the outflow of cash through the purchase of fixed assets by 291.07% compared to the prior FY also contributed to this effect.

Analysis of the Bank's cash flows over the six (6) periods showed a fluctuating trend of Net Cash and Cash Equivalent as briefly analysed below.

Financial Year	Net Cash and Cash Equivalent
FY 2009	-\$387,029.00
FY 2010	-\$1,379,639.00
FY 2011	-\$1,158,844.00
FY 2012	\$2,022,288.00
FY 2013	-\$1,223,495.00
FY 2014	\$4,071,373.00

The increase in the inflow of net cash and cash equivalent from FY 2011 to FY 2012 is credited to the significant fall in the net cash outflow for investing activities by 97.08%. The significant fall in net cash and cash equivalent for FY 2013 by 160.50% compared to FY 2012 resulted from the increase of net cash outflow for operating and investing activities. The rise in net cash and cash equivalent for FY 2014 by

432.77% compared to previous FY was credited to the significant increase in cash inflows from financing activities.

1. Cabinet directive F.K. (13) 06 dated 27th February 2013 addressed the cessation of staff loans as a means of benefits for the employees of the Bank. Government Corporations before doing so were instructed to provide a report disclosing the i) total balance of staff loans, ii) justification(s) to why staff loans should continue to be given and iii) measures to reduce the base salary to offset benefits from getting a staff loan should the benefit scheme continue. Analyses of loans are as follows:
 - Staff loans are still being approved as of July 2015;
 - Interest rates of most staff are still at 6% (lower than interest rates given to other borrowings with exceptions to specific credit lines) while only a few were applied the 8% mandatory interest rate across the borrowings of the Bank;
 - There were no correspondences or memorandums to confirm that the cessation of staff loans had been decided upon by the Bank and the Board as well as communicating the supposed decision to staff;
 - There was no report (as instructed by the FK) to provide justification for the continuation of the approval of staff loans despite being directives by the FK.
2. It is recommended that the Bank consider compliance with Cabinet Directives as set out by FK (13)06

Management responses to findings of follow up audit on implementation of issues raised by the OPC partially implemented recommendations.

1. RECURRENCE ON NONCOMPLIANCE WITH LOAN POLICY

Review of loan policies is completed to address inconsistencies in the application of policies. Continuous training programs have been undertaken to ensure loans officers fully understand the policies and application. Internal audit division is tasked to conduct periodic checks of loan portfolio to ensure compliance and to strengthen internal control systems. Loan Manual approved on 26 January 2017 with policies governing issues raised.

2. RISK MANAGEMENT COMMITTEE

Recommendation noted. The committee has been appointed The Board has appointed directors to lead the RMC. The Terms of Reference (TOR) is reviewed relative to the changes in the Bank's operation and diversity of its lending portfolio. The committee meets on a monthly basis.

3. DISASTER RECOVERY PLAN

Currently, the building has in place signage and equipment required for emergencies. Draft DRP is in place and drills are conducted accordingly.

4. STAFF LOANS

Staff loans have been ceased and errors corrected.

OPC and the Audit Office recommendations will form part of their efforts in moving forward.

6.9 Special Examination – Customary Lease Complaint

The Audit Office was asked to examine a letter from a Complainant on a Customary Lease. The letter contained serious and damaging claims, statements and allegations. The Ministry of Police is involved with the investigation and have been committed if there is adequate evidence of the commission of these criminal conducts. The rightful beneficiaries of a lease on the lands questioned can only be solved by a decision of the highest court in the Lands and Titles hierarchy of courts system. A case in the Lands and Titles Court of Appeal in May 2014 will be presided by the President. The case will rule on the name of the customary land on which the tower owned by Bluesky Samoatel Company stand and the rightful or beneficial owners of that land which Bluesky Samoatel Company should lease the customary land from for hosting its tower. The matters discussed were determined by the Ministry of Police and the Lands and Titles Court of Appeal while this examination will focus on other observations. There were a series of events that occurred over a number of years. However, there was not enough evidence produced by the Complainant to support the allegations. The Complainant may have also been involved in associations and dealings with the Officials accused not in his favour. The investigation will be finalised by the Ministry of Police and the court case pending over the Lands and Titles Appeal Court.

The report notes the following observations and recommendations.

1. Completion and closure of some allegations and matters raised from Complainant A the need to defer the outcome of the criminal investigation by the Ministry of Police and Prisons currently in progress and the Appeal Case by the Lands and Titles Court planned to be held in May 2014 especially matters or issues that are of a criminal nature as well as land and titles issues.
2. Most of the allegations of facts in the complaint have been refuted and disputed by the prima facie documentary, testimonial and physical evidence collected during the special examination.
3. There are ethical and judgement questions or issues related to some Officials below the Chief Executive Officer (CEO) levels however the information and evidence impacting on these ethical questions and issues were voluntarily provided by those affected. This information was presented freely and voluntarily by the Officials.
4. The Audit Office will now conduct a full performance and compliance audit of the operation of customary leases in the Ministry of Natural Resources and Environment to gain a full' assessment of the probity and integrity of the operation of customary leases.
5. The Audit Office will seek endorsement over Memorandum of Understanding (MOUs) to be established for seeking coordination and cooperation quickly and swiftly with other Government Agencies/Entities such as the Office of the Attorney General, Police, Ministry of Finance, Ombudsman, Public Service Commission, Ministry of Justice and Ministry for Revenue in the conduct of special audits, examinations, investigations or enquiries.
6. Other observations and recommendations of the report relate to performance, compliance, internal control and best practice issues including the following:
 - i. Recommendation to suspend payment of lease monies on the lease affected until completion or closure of the cases by the Ministry of Police and Prisons and Lands and Titles Appeal Court.

- ii. Recommendation to stop the payment of advances of all customary leases under any circumstances.
- iii. Recommendation that all correspondences carrying authority and decisions between Ministries and the public must be at CEO level. Only with specific delegation of CEOs should Officials below CEOs issue such correspondences or communications.
- iv. Recommendation that public officials in the related Ministries dealing directly with the public must exercise extreme caution in the acceptance of gifts from the public even if it is presented within a cultural context.
- v. Recommendation that public officials in the related Ministries must be proactive in the conduct of their duties and must not leave long matters to be unresolved.