



OPERATIONS OF THE SAMOA AUDIT OFFICE

JULY 2017 – JUNE 2018

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AUDIT OFFICE

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21 June 2019

Afioga Leaupepe 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 2017 to June 2018

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 2017 to 30 June 2018.

Yours Sincerely,

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

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FOREWORD

This is my sixteenth (16) 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 2017 and June 2018 including the report on the audit of the 2017 Public Accounts. 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 that were identified by, or notified to, the Audit Office during the period (2017/2018) have already been reported separately to Parliament as my fifteenth (15) report to Parliament.

The year July 2017 to June 2018 is a challenging year for the Audit Office perhaps the most challenging since the original appointment by the Head of State of the Controller and Chief Auditor in 2010 and re-appointment by Parliament as Controller and Auditor-General in 2014. The Audit Office during this period continued implementing its 10-year Strategic Plan while still maintaining the currency of the audits and reports to parliament.

From September 2017, the Audit Office started receiving false accusations and false statements aimed at destroying its professional reputation and credibility both nationally and internationally. The Audit Office noted that this was being done as an organized campaign to smear the good name of the Independent State of Samoa and to disturb the national peace and security of Samoa in order to bring about a change in Government.

Extra work was undertaken by the Audit Office as part of activating its established risk management strategy in response to the reputational risks and threats posed by these false accusations and false statements. These include profiling and categorizing the risks identified and planning and implementing appropriate protections and safeguards, to minimize or eliminate the threats and risks introduced and spread by these organized campaigns, bordering on criminality and civilly actionable practices potentially attracting criminal and civil liabilities.



Fuimaono Mata'afā Papali'i C. G. Afele
CONTROLLER AND 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 2018, a hundred and twenty-three (123) 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. Consulting with the new Auditor General of the Chinese National Audit Office on national governance and national auditing
2. Consulting with Ministries and Constitutional/Parliamentary Offices on the ongoing program of comprehensive interim and final audits
3. Consulting with Public Bodies/Enterprises on the ongoing program of comprehensive interim and final audits
4. Consulting with Appointed Auditors on the ongoing program of comprehensive interim and final audits
5. Consulting with Appointed Auditors on the successful meetings relating to the ongoing program of comprehensive interim and final audits
6. Consulting with the Minister of Health on commencement of audits of NHS – FY2016 and FY2017
7. Consulting with CEO CSL on the Samoa National Broadband Highway
8. Information Paper on False Statements against the Samoa Audit Office
9. Consulting with Minister of Finance about observer status of the Samoa Audit Office in the Tenders Board
10. Consulting with the Office of the Clerk of the Legislative Assembly (OCLA), Office of the Attorney General (OAG), Central Bank of Samoa (CBS), Financial Intelligence Unit (FIU), Anti-Money Laundering Taskforce (AMLT), Office of the Electoral Commissioner (OEC), Ministry of Police (MOP), Public Service Commission (PSC), Ministry of Finance (MOF), Ministry of Public Enterprises (MPE), Ministry of Justice and Courts Administration (MJCA), Ministry for Revenue (MFR) on the Samoa Integrity Organisations Network (SION)
11. Consulting with the Chief Executive Officer of the Samoa Shipping Services (SSS) about the comprehensive audit of SSS
12. Consulting with Sureties for signing of Scholarship Bond for Staff of the Audit Office undertaking Masters of Auditing in Nanjing Audit University from October 2017
13. Consulting with all auditees inviting comments on the July2016-June2017 reports to Parliament
14. Consulting with Deputy Clerk of the Legislative Assembly on the Government responses to the report of the Constitutional Offices Committee on the Audit Office reports to Parliament for FY2013, FY2014 and FY2015
15. Responding to the Samoa Observer Editorial – “Prime Minister Tuilaepa Sailele Malielegaoi the fulcrum on which the wheel is turning”
16. Consulting with the Chief Executive Officer of the Ministry of Women, Community and Social Development (MWCSO), Chairperson of the Media Council, President of the Samoa Umbrella for Non-Government Organisations (SINGO), Speaker of Parliament, Prime Minister, Chief Justice, Minister for Women, Community and Social Development about the SION Awareness Video
17. Consulting with the 9 Audit Practitioners of the Samoa Institute of Accountants designated as Tier2 to invite Expressions of Interests for the next round of Public Bodies Audits Delegations
18. Consulting with BDO Accounting/Audit Firm designated as Tier1 to invite Expressions of Interests for the next round of Public Bodies Audits Delegations

19. Consulting with Lesa ma Penn Accounting/Audit Firm designated as Tier1 to invite Expressions of Interests for the next round of Public Bodies Audits Delegations
20. Consulting with Isitolo Leota Accounting/Audit Firm as Tier1 to invite Expressions of Interests for the next round of Public Bodies Audits Delegations
21. Consulting with Ah Chong Accounting/Audit Firm as Tier1 to invite Expressions of Interests for the next round of Public Bodies Audits Delegations
22. Consulting Suá ma Pauga Accounting/Audit Firm as Tier1 to invite Expressions of Interests for the next round of Public Bodies Audits Delegations
23. Consulting with Chief Executive Officer of Ministry of Prime Minister & Cabinet on Annual Report for Financial Year 2016/2017
24. Consulting with Chief Executive Officer Ministry of Prime Minister & Cabinet and Technical Assistants from Australia on the National Security Policy
25. Consulting with Chief Executive Officer MOF, Lavea Iulai Lavea on the use of unforeseen vote to charge emergency expenditures while awaiting Cabinet Approval.
26. Consulting with Chief Executive Officer MOF about the credit card audit commencing March 2018
27. Consulting with Professor Robin of Otago University on Doctor of Business Administration and other postgraduate qualifications for Samoa starting with Samoa Audit Office and Samoa Integrity Organisation Network
28. Consulting with CEOs and Chairs of Public Bodies on the audit outsource process for the audits of public bodies/enterprises
29. Consulting with BDO Accounting/Audit Firm requesting physical and electronic audit files for FY2014 to FY2017 for the Cold Review
30. Consulting with Lesa ma Penn Accounting/Audit Firm requesting physical and electronic audit files for FY2014 to FY2017 for the Cold Review
31. Consulting with Isitolo Leota Accounting/Audit Firm requesting physical and electronic audit files for FY2014 to FY2017 for the Cold Review
32. Consulting with Ah Chong Accounting/Audit Firm requesting physical and electronic audit files for FY2014 to FY2017 for the Cold Review
33. Consulting with Suá ma Pauga Accounting/Audit Firm requesting physical and electronic audit files for FY2014 to FY2017 for the Cold Review
34. Consulting with Hon Minister Sala Fata Pinati on Monthly Ministerial Briefing and Reporting and presentation of the 10 Year Strategic Plan 2014-2024
35. Consulting with BDO Accounting/Audit Firm on the assessment of their EOI for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
36. Consulting with Lesa ma Penn Accounting/Audit Firm on the assessment of their EOI for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
37. Consulting with Isitolo Leota Accounting/Audit Firm on the assessment of their EOI for the audits of public bodies/enterprises FY2018, FY2019 & FY2020=14March2018
38. Consulting with Ah Chong Accounting/Audit Firm on the assessment of their EOI for the audits of public bodies/enterprises FY2018, FY2019 & FY2020=14March2018
39. Consulting with Suá ma Pauga Accounting/Audit Firm on the assessment of their EOI for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
40. Consulting with Tuiloma Lameko Accounting/Audit Firm Letter on the assessment of their EOI for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
41. Consulting with CEO MOF submitting proposal for funding to support 6 Personnel from SAO to undertake work attachments with the Office of the Auditor General of New Zealand
42. Consulting with ACC Board Representative for evaluating financial proposals and score, technical score and global score

43. Consulting with SSFA Chairman for evaluating financial proposals and score, technical score and global score
44. Consulting with NKF Board Representative for evaluating financial proposals and score, technical score and global score
45. Consulting with SLAC Board Representative for evaluating financial proposals and score, technical score and global score
46. Consulting with SSC Chairperson for evaluating financial proposals and score, technical score and global score
47. Consulting with PTO Board Representative for evaluating financial proposals and score, technical score and global score
48. Consulting with MPE Representative for evaluating financial proposals and score, technical score and global score
49. Consulting with President of SIA for evaluating financial proposals and score, technical score and global score
50. Consulting with Chairperson of the Finance and Expenditure Committee of Parliament for evaluating financial proposals and score, technical score and global score
51. Consulting with BDO Accounting/Audit Firm on the opening of financial proposals/quotes for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
52. Consulting with Lesa ma Penn Accounting/Audit Firm on the opening of financial proposals/quotes for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
53. Consulting with Isitolo Leota Accounting/Audit Firm on the opening of financial proposals/quotes for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
54. Consulting with Ah Chong Accounting/Audit Firm Letter to AC on the opening of financial proposals/quotes for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
55. Consulting with Suá ma Pauga Accounting/Audit Firm on the opening of financial proposals/quotes for the audits of public bodies/enterprises FY2018, FY2019 & FY2020
56. Consulting with Minister of Health on the audit of NHS for the 6 months ended 31 December 2017
57. Communication with Minister of Finance on the completion of the audit outsource process for the audit of SNPF for FY2018, FY2019 and FY2020
58. Communication with Minister of Finance on the completion of the audit outsource process for the audit of SNPF BMR for FY2018, FY2019 and FY2020
59. Communication with Minister of Finance on the completion of the audit outsource process for the audit of SLAC for FY2018, FY2019 and FY2020
60. Communication with Minister of Health on the completion of the audit outsource process for the audit of NKF for FY2018, FY2019 and FY2020
61. Communication with Minister of Works, Transport & Infrastructure on the completion of the audit outsource process for the audit of SSC for FY2018, FY2019 and FY2020
62. Communication with Minister of Works, Transport & Infrastructure on the completion of the audit outsource process for the audit of EPC for FY2018, FY2019 and FY2020
63. Communication with Minister of Public Trust Office on the completion of the audit outsource process for the audit of PTO for FY2018, FY2019 and FY2020
64. Letter to Lesa ma Penn on the completion of the audit outsource process
65. Letter to Isitolo Leota on the completion of the audit outsource process
66. Communication with Minister of ACC on the completion of the audit outsource process for the audit of ACC for FY2018, FY2019 and FY2020
67. Communication with Minister of NUS on the completion of the audit outsource process for the audit of NUS for FY2018, FY2019 and FY2020
68. Communication with Minister of Polynesian Airlines Limited and Polynesian Airlines Investment Limited on the completion of the audit outsource process for the audits of FY2018, FY2019 and FY2020

69. Communication with Minister of SSFA on the completion of the audit outsource process for the audit of SSFA for FY2018, FY2019 and FY2020
70. Communication with Minister of Finance on the completion of the audit outsource process for the audit of UTOS for FY2018, FY2019 and FY2020
71. Communication with Minister of SHC on the completion of the audit outsource process for the audit of SHC for FY2018, FY2019 and FY2020
72. Communication with Minister of TAB on the completion of the audit outsource process for the audit of TAB for FY2018, FY2019 and FY2020
73. Communication with GCA on the completion of the audit outsource process for the audit of GCA for FY2018, FY2019 and FY2020
74. Communication with Minister of Finance on the completion of the audit outsource process for the audit of CBS for FY2018, FY2019 and FY2020
75. Communication with Minister of SROS on the completion of the audit outsource process for the audit of SROS for FY2018, FY2019 and FY2020
76. Communication with Minister of SIFA on the completion of the audit outsource process for the audit of SIFA for FY2018, FY2019 and FY2020
77. Communication with Minister of SQA on the completion of the audit outsource process for the audit of SQA for FY2018, FY2019 and FY2020
78. Communication with Minister of SPL on the completion of the audit outsource process for the audit of SPL for FY2018, FY2019 and FY2020
79. Communication with Minister of Finance on the completion of the audit outsource process for the audit of SNPF Senior Citizen Benefit Fund for FY2018, FY2019 and FY2020
80. Communication with Minister of Finance on the completion of the audit outsource process for the audit of SNPF Parliamentary Pension Fund for FY2018, FY2019 and FY2020
81. Communication with Minister of Office of Regulator on the completion of the audit outsource process for the audit of FY2018, FY2019 and FY2020
82. Communication with Deputy Prime Minister on the completion of the audit outsource process for the audit of STEC for FY2018, FY2019 and FY2020
83. Communication with Minister of Samoa Tourism Authority on the completion of the audit outsource process for the audit of STA for FY2018, FY2019 and FY2020
84. Communication with Su'a ma Pauga to discuss audit of EPC, SWA and SLCA for FY2018, FY2019 and FY2020
85. Communication with Ah Chong to discuss audit of SSFA and ACC for FY2018, FY2019 and FY2020
86. Communication with Lesa ma Penn to discuss audit of PTO for FY2018, FY2019 and FY2020
87. Communication with BDO to discuss audit of SSC, NKF, SNPF and SNPF BMR for FY2018, FY2019 and FY2020
88. Communication with Minister of Health to commence comprehensive audit of NHS Warehouse
89. Communication with Minister of SSS on the completion of the audit outsource process for the audit of SSS for FY2018, FY2019 and FY2020
90. Communication with Minister of SPA on the completion of the audit outsource process for the audit of SPA for FY2018, FY2019 and FY2020
91. Communication with Minister of SLC on the completion of the audit outsource process for the audit of SLC for FY2018, FY2019 and FY2020
92. Communication with CEO of Samoa Submarine Cable Company (SSCC) Limited about the audit of SSCC for FY2018, FY2019 and FY2020
93. Communication with CEO of CSL about the audit of CSL for FY2018, FY2019 and FY2020
94. Communication with CEO of UTOS about the audit of UTOS for FY2018, FY2019 and FY2020
95. Communication with CEO of PAL about the audit of PAL for FY2018, FY2019 and FY2020
96. Communication with Vice Chancellor of NUS about the audit of NUS for FY2018, FY2019 and FY2020

97. Presentation by Controller and Auditor-General of paper in meeting organised by United Nations Department of Economic and Social Affairs (UNDESA) and INTOSAI Development Initiative (IDI) at the United Nations Headquarters, in New York on the topic "Auditing preparedness for the implementation of the Sustainable Development Goals (SDGs)"
98. SAO started experimenting with interactive electronic meetings
99. Secondment of ACAG Violet to the audit of the whole of government public accounts of Nauru as a PASAI Initiative
100. Clearance of Samoa Shipping Services audits for FY2014, FY2015, FY2016 and FY2017
101. Request to Minister of Finance to advocate for PASAI to have observer status in FEMM
102. Request to CEO MFAT to advocate for PASAI to have observer status in Pacific Island Forum
103. Successful with the Samoa Shipping Corporation and Ah Chong Chartered Accountants in resolving the income tax issues of SSC from yester years
104. Commencement of discussions with Nanjing Audit University of a Doctor of Auditing
105. Developed a CAAT to rank payments by suppliers since 2010 for further analysis and study/research
106. Developed a CAAT to rank payments by purpose/type/nature since 2010 for further analysis and study/research
107. Developed a CAAT to rank credit sales/revenues for each Public Entity by customers for further analysis and study/research
108. The recommendation from the Finance and Expenditure Committee for the Audit Office to be an active and regular Observer of the Tenders Board Meetings was made known to the Tenders Board
109. Remind all auditees about the ongoing program of comprehensive and final audits by the Audit Office comprising of financial audits, performance audits, compliance audits, environmental audits, information and communications technologies and infrastructure audits, special audits of fraud, abuse, waste and corruption, sustainable development goals audit and general and audit-based advisory and counseling
110. Internal discussion of on-site and off-site work in relation to higher duties allowance
111. Cooperated with MCIT and public sector organisations on cyber risk analysis and cyber resilient survey
112. Routine audit discovered an irregularity at MESC
113. Request to appointed Auditors of SIA for proper coordination and cooperation in the ongoing program of comprehensive interim and final audits
114. Cooperated with the Office of the Regulator and public sector organisations in conducting baseline survey
115. Issued guideline for correspondences in the Audit Office
116. Discussion with Police of the Armoury Audit
117. Cooperated with Ministry of Finance in the review of its investigating function
118. Cooperated with CSL on their Samoa National Broadband Highway (SNBH) Survey 2017
119. Issued internal guideline and policy for reactive and proactive response to irregularities
120. Agreement with the Commonwealth Ombudsman of Australia on further capacity building and training under Pacific Governance and Anti-Corruption Program (PGAC).
121. PASAI on 18th August 2017 alerted the Audit Office of a publication on the internet by a Samoan living in New Zealand saying that there have been no audits for the last 17 years. The same publication was shared by one of the Print Media Outlet on the 18th August 2017 despite our comments on the progress of audits and reports to this Print Media Outlet in 2016
122. Issued guideline and position for use by Appointed Auditors of SIA on ISA701 and ISSAI1701
123. Issued a media release to address the false statements and publications about the Controller and Auditor-General and the Samoa Audit Office
124. Introduced practice of taking audit teams responsible for the audits with the CSR Unit to the Constitutional Offices Committee

125. Cooperating with the Audit Office of the Republic of Marshall Island and receiving commitment of assistance in terms of expertise on computer imaging and peer review and investigation manual and reports
126. Commencement of Masters Degree for 13 Staff and completion by 1 Staff and 1 former Staff
127. Started work to accumulating critical **"auditee"** knowledge and intelligence from online print and social media capturing and storing vital information and intelligence. Work allocated to Media/Press Appointees, all members of Taimua initially and Leadership and Staff at a later stage. All part of training on researching and profiling our auditees.
128. Instructions to ignore the uninformed and false insults made against reputation of the Office from time to time but take note only of the critical information/allegations on bad and unethical governance in our Auditees for further testing and examination in our PBA and MPPA audits.
129. DIR LEG worked on accumulating critical knowledge and intelligence from online print and social media on publications bordering on or amounting to sedition, treason, defamation and libel potentially attracting criminal and civil liabilities.
130. Invitation to SION to participate in the CFE Project and the Awareness and Education Video Project
131. Quality review workshop in Georgia
132. Meeting and discussions with the Ombudsman of New Zealand
133. Continuation of work and project to cost all products of the Audit Office
134. Continuation and encouragement of the practice of working and emailing from anywhere and at anytime
135. Media Officers starting to watch false statements on print media and correct quickly
136. Registering in UNODC through Samoa's Financial Intelligence Unit
137. Creation of Audit Office Facebook Page
138. Receipt of the study guide for online certification under the Association of Certified Anti- Money Laundering (ACAM) Specialists
139. Recognition of formal 4 stage discipline
140. Two additional Staff started their Masters of Auditing in addition to the first one
141. Meeting with the Constitutional Committee on the Irregularity and Main Reports for 2013, 2014 and 2015
142. Consultation with OCAGNZ on delegations, appointments and certification of audit opinion
143. Commencement of a comprehensive audit into Samoa Shipping Services and Pacific Forum Line
144. Secondments to OCAGNZ of 6 Directors of SAO taking the number of Taimua Members who have completed this program to 11
145. Following up the Special Enquiry Committee Report with the Ministry for Revenue
146. Appointed Auditor requested to investigate further matters in the media relating to litigation losses and improper tender in a Public Beneficiary Body
147. The second round of competitive procurement or recruitment and selection was undertaken during this period dividing the Audit Practitioners of SIA into 2 Tiers. The engagements are for the FY2018. FY2019 and FY2020. SAO also undertook cold technical assessment or reviews of past audit files for the first time to assess the quality of audits by incumbent Auditors
148. Participation by the Controller and Auditor-General in the INTOSAI GB for the first time in October 2017 as the Representative of PASAI
149. Preliminary survey of Samoa Airways
150. Promotion of the advisory and counseling role of the Audit Office introduced in the UN/INTOSAI Symposium in 2015 in Austria to be used with High Stake Entities like Samoa Airways and Samoa Trust Estates Corporation
151. CAG wrote in December 2018 to Samoa Observer to clarify and explain national governance and national auditing

152. Clarification to Ministry of Finance of the independence of the Controller and Auditor-General to appoint eligible persons to undertake work for the Audit Office quoting the Audit Office Act 2013, Constitution 1962 and Samoa Institute of Accountants Act 2006
153. COCs report on the 2013, 2014 and 2015 reports were submitted to Parliament in January 2018 and these then became public documents
154. Commencement of the SION Awareness Video Project in January 2018
155. Commencement of discussions of postgraduate degrees and University Scholarships for the Audit Office and Public Sector at Otago
156. Consultation and research on the auditability by the Audit Office of the CSL Companies, Aggie Greys Resort Mulifanua, Samoa Submarine Cable Company, Robert Louis Stevenson Museum
157. Controller and Auditor General was named and made the winner of the 2018 ACFE Achievement in Outreach/Community Service Award
158. Australia and New Zealand Ombudsman Alliance in Wellington in June 2018
159. Meeting with the Australian High Commissioner in May 2018 and the Samoa Ombudsman
160. Follow up on the audit of pharmacy and use of credit cards
161. Training organised by PSC on UN Convention against Corruption
162. Scaling down of pass grade from 70% to 50% for the performance reviews of FY2018
163. First Masters of Auditing from Nanjing Audit University graduated in June 2018

ANNUAL FINANCIAL STATEMENTS

Audit Office

Output	Actual	Full Budget	Budget Remaining	Utilization %	2017
Strategic and Parliamentary Services	791,340	795,340	4,000	99%	760,618
Financial Audit Services	1,100,526	1,109,387	8,860	99%	1,094,625
Operational Audit Services	1,158,297	1,163,726	5,430	99%	1,118,722
TOTAL	3,050,162	3,068,453	18,290	99%	2,973,965

Transactions on Behalf of the State

Output	Actual	Full Budget	Budget Remaining	Utilization %	2017
International Congress of Supreme Audit Institutions	1,551	5,000	3,449	31%	0
PASAI	253	600	347	42%	389
INTOSAI	1,491	1,584	93	94%	0
APIPA	868	1,200	332	72%	0
Rents and Leases	166,562	195,818	29,256	85%	169,496
VAGST Output Tax	46,687	80,045	33,358	58%	67,453
Team Mate Licensing	169,175	169,668	493	99%	0
TOTAL	386,588	453,915	67,327	85%	237,338

Cost Recoveries

Output	Actual	Full Budget	Revenue Budget Exceeded	Recovery %	2017
Fees & Other Charges	429,809	422,589	(7,221)	102%	444,861
TOTAL	429,809	422,589	(7,221)	102%	444,861

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 2017/2018 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 2018	One report.	OCAG/SAO submitted 3 reports during the period July 2017 – June 2018.
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.	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 5 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 2017. 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. 7 pre-audit reports were completed for the period July 2017 to June 2018. 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 2017/18 in line with staff numbers	OCAG/SAO completed 20 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 2017/18.	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 2017/18.	OCAG/SAO completed 15 project audits during the year 2017/2018. 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 2017/2018 in line with staff numbers	OCAG/SAO completed 8 interim ministries audits.
9. Auctions and other engagements	Targeting 100% of request or demand on auctions and	OCAG/SAO responded to all requests or demands – 100%

	other engagements.	
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 2017/2018 in line with staff numbers of appointed Auditors and Public Bodies Unit of the Audit Office	27 public bodies audits were completed within financial year 2017/2018 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 2017/2018 in line with staff numbers of the Public Bodies Unit of the Audit Office.	10 public bodies interim audits completed within financial year 2017/2018. These audits are covered in this report.

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 twenty (20) special information technology audits during the period of the report. Other services include 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 eight (8) 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;

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 2018.

Audits completed in 2017-2018

Type of Audit	Number of audits completed
Annual Public Accounts	1
Quarterly Statements	5
Pre-audit	7
Ministries Interim & Final Audits	28
Public Bodies Interim & Final Audits	37
Overseas Mission	1
Donor and Loan funded projects	15
Performance and Special Audit/Examination	28
Auction	1
TOTAL	123

1. ANNUAL PUBLIC ACCOUNTS, QUARTERLY, PREAUDIT AND AUCTIONS

1.1 Public Accounts (PA) 1 July 2016 – 30 June 2017

Schedule 3.2 Statutory Remuneration

There was excessive spending of actual and budgeted components for Civil List Act 1964, Judicature Ordinance Act 1961 and Parliamentary Under Secretaries Act 1968.

Management Response: The recommendation has been noted for future appropriations.

Schedule 3.3 Other Statutory Expenditure

There were variances from the actual and budgeted allocations for Income Tax Refunds.

Management Response: The Ministry of Finance (MOF) responded that the appropriation was standard despite an increase of funds during the year. The concern is duly noted.

Schedule 5 Statement of Cash Balances

1. Certain term deposits by the government were established for guaranteeing the implementation of project deliverables including Asian Development Bank (ADB) funded Small Business Enterprise Centre (SBEC) and agricultural related projects for the purposes of inducing favourable lending interest and borrowing rates with local banks. Hence, the term deposits were not recorded.

Management Response: MOF noted the recommendation. The Small Business Loan Guarantee Scheme (SBLGS) was a component of ADB Small Business Development project that started in 2002. The components financing was from ADB and funds were injected into the commercial banks as term deposits to guarantee 80% of small business loans with respective banks as per operations of SBEC. All funds from ADB project were disbursed and completed in 2009. The SBLGS component still continues and is managed by SBEC. The ADB Agribusiness operates the same where funds for ADB are injected into the commercial banks and beneficiaries have to apply for loan financing and the ADB funds guarantee 50% of the loan.

2. There was \$7.5m worth of unrepresented cheques on 30th June 2017 dating back to 2015. MOF efforts to reduce the balance of unrepresented cheques are acknowledged through the use of Electronic Funds Transfer (EFT).

Management Response: MOF responded payment manual and unclaimed money operating manual is under review. A notification is sent after 5 months, after another month a final notification is sent. The original cheques shall then be cancelled, and the cheque reissued payable to "Unclaimed Money Account". The receipt of this unclaimed money will update the register to account for the funds.

3. There were cheques being presented that were not reflected in the Bank Statements as detected during normal monthly reconciliations.

Management Response: MOF is pending a response from the local banks as this is a lapse on their part. These cheques are still included in the unrepresented or unclaimed money clearing procedure.

4. The unclaimed EFT balance of \$2,032,172.53 as at 30th June were subsequently claimed throughout July 2017. Electronically transferred funds are meant to be claimed immediately or within 24 hours, latest 48 hours.

Management Response: MOF will coordinate with their IT System Division to include Samoa Audit Office in the EFT process when emails are being sent to Banks for the purpose of remitting funds. Changes of this process is also currently in discussion with Banks that have a process for good internet connection.

5. Concerns related to the use of credit cards include: the cost of using credit cards such as interest rate or bank related fees; there is no operational policy to govern the use of credit cards; credit cards are not defined in the Treasury Instructions; reporting of credit card balances in schedule 5 or in other related schedules may not be justified.

Management Response: MOF responded that the Honourable Prime Minister issued a policy on the monitoring of government officials and their use of credit cards on the 13th of February 2017. MOF will ensure the strict adherence of this policy in the future financial years.

6. There were payments made out of certain government accounts that were not subject to pre-auditing such as all transactions funded from the government accounts held at Central Bank of Samoa.

Management Response: MOF has noted the recommendation and will liaise with the Audit Office to establish an appropriate process which ensures payment vouchers are processed outside of Finance One are pre-audited on a timely and efficient manner. Monitoring and control measures are already in place.

Schedule 6: Statement of Receivables

1. Accounts receivables for Ministry of Revenue (MFR) of \$92,719,759.66 were not captured in Finance One but disclosed in Notes to PA 2017.

Management Response: MFR will provide proper documentation and aging of debtors. There is insufficient and unreliable data to action the recommendation for Unrecorded Receivables on Finance One.

2. The majority of Ministries debtors were more than 180 days old.

Management Response: MOF has sent a letter to all Ministries regarding their follow up actions on collection of outstanding debtors and it is the Ministries responsibilities to collect their outstanding debts.

Schedule 7: Statement of Investments

1. There is no clear framework to guide what is eligible as an Investment as some inconsistencies have been noted with current disclosures when compared to previous years.

Management Response: MOF responded that the valuation of government investments in State Owned Equities (SOEs) in the previous years was measured in historical basis. In compliance with the International Public Sector Accounting Standard 7 (IPSAS), paragraph 16, government investments in SOEs now include (1) Accumulated capital injections (2) Current capital injection/grant (3) revaluation reserve and (4) retained earnings. The valuation of investment using the equity method produces a more relevant and reliable amount of government entity in SOEs. The Statement of Investment does not include government grants in the measurement of government investments in SOEs as reported under Schedule 2 Statement of Receipts and Payments as clearly noted in Footnotes of the Schedule. The Ministry of Public Enterprises (MPE) has noted although PA is guided under IPSAS, all of the Public Bodies financial reporting are legally guided by International Financial Reporting Standards.

2. There was no register maintained by MOF to record all investments/capital injections made to SOEs for their records and references.

Management Response: MOF annually maintains the General Ledger on the Finance One to record all investments/capital injections made to SOEs. This is a register which should coordinate data from MPE as well as Audited final accounts of individual SOEs.

Schedule 8: Statement of Capital Subscriptions

1. Balance of accounts held by the government within "International Bank for Reconstruction and Development" and "International Fund for Agricultural Development" could not be verified due to absence of confirmations.

Management Response: MOF sent a follow-up letter but did not receive confirmations. Other avenues will be explored for obtaining this information for PA 2017/2018.

Schedule 9: Statement of Fixed Assets

1. There were no formal accounting policies and guidelines in relation to accounting of fixed assets. These policies should cover fixed asset measurement and disclosure, disposal, procurement, reconciliation, revaluation, depreciation, impairment and insurance.

Management Response: MOF has sought assistance from Pacific Financial Technical Assistance Centre to review accounting policies and guidelines for Fixed Assets.

2. Fixed assets could not be verified for Legislative Assembly; Ministry of Education, Sports and Culture; Ministry of Health; Ministry of Justice and Courts Administration (MJCA); Ministry of Prime Minister and Cabinet (MPMC); Office of the Electoral Commissioner and MOF.

Management Response: MOF has followed up for confirmation of total value of fixed assets.

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

1. Several projects reported in 2016 under Schedule 11.2 as Loan Funded Projects are now reported under Schedule 11.1 as projects funded via grants. There is no clear process established to identify, categorize and monitor projects with multiple financing components. Reporting has been inconsistent for grant and loan funded projects.

Management Response: MOF has noted the recommendation. A policy recommended needs to be considered as part of any reporting manual or policy for Government. All the projects are reported under project codes in Finance One.

2. Some projects remained inactive since last financial year. There were remaining funds available for utilization.

Management Response: Most projects were inactive as they were completed with remaining funds that were not fully utilised. MOF continues to report balances on project accounts until a decision is made on whether to transfer remaining funds to the donor or to treasury fund. It also depends on the development partners decision to be returned or retained.

Schedule 12: Statement of Payables

1. Few suspense accounts have not been cleared at end of financial year.

Management Response: MOF responded that Funds Account – Sundry clearing is cleared off when the ANZ bank confirms and provides details of clearance before reversal entries are done. A follow up with ANZ will be done to ensure prompt clearance of this account. Unclaimed Monies include unrepresented cheques. Transfer Account contains amounts from Donors pertaining to projects that couldn't be identified by MOF Aid Coordination and Debt Management Division during the year. MOF will ensure the clearance of Withhold and Unclaimed Salary in FY2017/2018.

2. Some sundry creditors have material increases in comparison to previous financial years.

Management Response: MOF have proper reconciliation on these international bank accounts and clearing accounts. Responsible staff will constantly follow up the validation of account before action is taken.

Schedule 15: Statement of Ex-gratia

1. Long service leave benefit of \$217.45 was reported for one employee not in accordance with the Public Finance Management Act 2001 and Treasury Instructions requirements.

Management Response: Recommendation noted and adjusted accordingly.

Schedule 16: Statement of Special Purpose Account

1. There were long outstanding deposits and cheques in special bank accounts for up to three years now. These cheques are now invalid (stale).

Management Response: MOF has received responses from MJCA to validate write-offs of cheques. A memorandum will be given for Chief Executive Officer's (CEOs) approval for recommendation on write-offs.

2. Recurring issues from previous PA audits include:
 - i. No explanations by some Ministries on variances between actual and budget figures for Receipts and Payments.
 - ii. Outstanding unpresented cheques
 - iii. Unrecorded receivables on Finance One for MFR
 - iv. Aged debtors for Government Ministries
 - v. Suspense accounts not cleared at end of financial year
 - vi. Unconfirmed capital subscriptions
 - vii. Absence of policies for accounting of fixed assets
 - viii. No established process for write-off of completed projects
 - ix. Outstanding deposits and unpresented cheques for special accounts.

1.2 Pre-Audit Report January 2017

1. Inadequate documentation such as missing supporting documents, no justification for payments, and incomplete details.

Management response: This will be addressed by reallocating workflow to various staff who will also undertake further training.

2. There were incorrect postings of payments on Finance One:

- Incorrect input of invoice numbers and dates online. Incorrect narrations of payments online Incorrect Goods and Services Tax calculations online. Failure to deduct withholding tax online

Management response: These issues should be addressed with the new allocation of responsibilities to Ministries.

3. Several batches were submitted without authorization from the proper personnel. These included:

- Payments for repairs and maintenance of vehicles
- Payments for long outstanding invoices.

Management response: This will be addressed with the responsible Ministries.

4. Payments were charged to the incorrect natural accounts.

Management response: Ministries will be assisted with further descriptions on the chart of account and to make the correct decision during the posting.

5. Catering expenses were not charged under the correct Ministerial support or Chief Executive Officer (CEO) outputs as per Cabinet directive FK (09)20, effective on 3rd June 2009.

Management response: Catering budget is allocated to Minister and CEO outputs; this does not stop the management from operating their own budget as they see fit.

6. Approval on Finance One reserved for the Audit Office was used by Ministry of Finance (MOF) personnel to approve a payment.

Management response: MOF has secured settings on this and this issue was immediately addressed at that time.

7. No Tenders Board approval for lawn mowing services of \$52,800 (\$2,200 monthly claims for a period of two years).

Management response: This was signed off by the Building & Maintenance Manager. It was not signed by the CEO and not endorsed by the Attorney General's Office.

1.3 Pre-Audit Report February 2017

1. Inadequate documentation such as missing supporting documents, no justification of long-outstanding invoices, and invoices received before issue of purchase orders.

Management response: Ministry of Finance will look at its Payment Policy to address these issues.

2. Catering expenses were not charged under the correct Ministerial support or Chief Executive Officer (CEO) outputs as per Cabinet directive FK (09)20, effective on 3rd June 2009.

Management response: Catering budget is allocated to Minister and CEO outputs; this does not stop the management from operating their own budget as they see fit.

3. Payment of 10 banners worth \$12,686.74 for the welcoming of Joseph Parker was charged under the Sector Output of the Ministry of Education. In addition, quotes were requested from suppliers after the date of the event.

Management response: Ad hoc payments like these are based on Ministerial instructions, or a government initiative.

4. No Tenders Board approval for a \$59,303 payment. This exceeded \$50,000 threshold per the Government's B4 Schedule.

Management response: Recommendation has been noted.

5. There were errors and miscalculations on some payment batches, including the failure to deduct withholding tax.

Management response: The issue has been noted and will address through additional training for Ministries.

1.4 Pre-Audit Report March 2017

1. Inadequate documentation such as missing supporting documents and no justification of long-outstanding invoices.

Management response: There has been improvement since the beginning of the year. Errors have been noted for further training.

2. Catering expenses were not charged under the correct Ministerial support or Chief Executive Officer outputs as per Cabinet directive FK (09)20, effective on 3rd June 2009.

Management response: Recommendation noted for compliance with Budget Policy.

3. Catering expenses exceeded their allocated budget.

Management response: Monitoring and proper justification for payments provided. Biscuits are allowed for a staff meeting and catering for a public consultation.

4. Payments were charged to the incorrect natural accounts.

Management response: Require Audit review on natural accounts and if a need is required to further explain the chart of accounts to Ministries.

5. There were errors and miscalculations on some payment batches, including the failure to deduct withholding tax.

Management response: System errors and miscalculations noted improvement from previous months. Some contract payments are material and not correctly posted until queried which needs to be improved.

1.5 Pre-Audit Report April 2017

1. Inadequate documentation such as the lack of proper authorization, and inaccurate postings on Finance One. **Management response:** A large amount of queries include all Ministries and hope for improvements in the future.
2. Payments were charged to the incorrect natural accounts.
Management response: The Ministries with more than 5 queries will be reviewed for further training.
3. Payments were charged to the incorrect outputs or Transactions on Behalf of the State accounts.
Management response: The Budget Division has different rules for monitoring hence MOF may require further training in monitoring of payments.
4. Catering expenses were not charged under the correct Ministerial support or Chief Executive Officer outputs as per Cabinet Directive FK(09)20, effective on 3rd June 2009. This issue was also detected in pre-audit reports of previous months.
Management response: Catering should be monitored and proper justification must be submitted for justification.
5. A payment of \$131,966.93 for additional supplies for the renovation was separate from the original contract price and exceeded \$50,000 threshold which must be submitted for Tender's Board approval.
Management response: This payment relates to MOF role as Building Manager for FMFMII. Clarification will be sought and a follow through noted for emergency work to be done when required.
6. Delayed submission of TY15s for cessation of salary resulting in overpayments.
Management response: MOF rely on Human Resources Divisions of Ministries in their role for notifications in changes of status to employees. PSC will be consulted for assistance regarding the HR module currently used.

1.6 Pre-Audit Report May 2017

1. Inadequate documentation such as missing supporting documents, no copies of asset registers, no quotes and no justification of long-outstanding invoices.
Management response: MOF will assist Ministries with training and rectifying issues addressed.
2. There were posting errors and miscalculations on some payment batches, including the failure to deduct withholding tax.
Management response: Posting errors occur where supporting documents do not match what was noted on the system.
3. Payments were charged to the incorrect natural accounts.
Management response: Ministries may require further training on the Chart of Accounts if the explanations are not clear.
4. Catering expenses were not charged under the correct Ministerial support or Chief Executive Officer outputs as per Cabinet directive FK(09)20, effective on 3rd June 2009. This issue was also detected in pre-audit reports of previous months.
Management response: Catering is strictly monitored and proper justification must be submitted to support such payment.
5. Invoices were received before issue of purchase order.
Management response: This is a common issue from Ministries for they do not follow the normal procurement practice of a PO before invoice due to delays, queries and justifications. MOF is considering advertising to strengthen a PO before invoice system with payment within 14 days.
6. Payments were charged to the incorrect outputs or Transactions on Behalf of the State accounts.
Management response: Accounts and Budget staff of MOF continue to monitor costing and may require further training for monitoring of those payments.

1.7 Pre-Audit Report November 2017

1. The majority of queries were for inadequate documentation. No proper authorization or confirmation and inaccurate postings on Finance One.

Management Response: Ministry of Finance (MOF) follow up Ministries daily through payment checking as well as their Quarterly Payment Policy Report.

2. Few payments were charged to incorrect natural accounts.

Management Response: Reminders are sent by MOF to Ministries for adherence along with their Quarterly Payment Policy Report.

3. A lawn mowing company payment was submitted without a valid contract as it expired in July 2017.

Management Response: This was overlooked by staff and noted for future.

4. There were no clear justifications for selection of supplier and explanations to support such payments.

Management Response: All queries were noted by MOF in register as justifications are important.

1.8Pre-Audit Report December 2017

1. There were inadequate documentation including incomplete details for payment documentation, backdated invoices, invoices were not provided, no official documentation for justification of delayed payments and other clarifications and supporting documentation needed. There were also inaccurate postings on Finance One.

Management response: The recommendation has been noted. Daily reminders are sent out to Ministries through payment checking and Quarterly Payment Policy Report.

1.9 Quarterly Receipts and Payments for 3 months ended 30th September 2016

1. There were overdrawn bank accounts noted as at 30 September 2016.
Management response: All three bank accounts have Limit Overdraft Facility agreement signed between the government and the banks. Proper controls are in place at all times in the monitoring of Cash flows and the allocation of daily Government's commitment. Decisions are to be made on the impact of non-planning payment from Ministries and where the collection of revenue are not upfront for some of the Commitment that needed to be paid at certain periods.
2. The Accounts receivables for the Ministry for Revenue (MFR) which includes taxpayers' arrears, outstanding declarations and deferrals were not captured on Finance One and reported in the Quarterly statements.
Management response: The Financial Secretary is required to report all government debtors under the Public Finance Management Act 2001 (PFMA) which is not the same case with the guiding Act of the MFR whereby the MFR should frequently report any unrecorded receivables to the Ministry of Finance (MOF) for accounting on Finance One. There were meetings with MFR during the compilation of the Public Accounts, follow up letters to the MFR regarding the confirmation of these unrecorded receivables which are still pending a response. MFR cannot account these unrecorded receivables on Finance One without any reliable and sufficient data. The Office of the Controller and Auditor General has been requested to provide us with a reliable (audited) figure of these unrecorded receivables so that it can be recorded on Finance One. MOF management has highlighted this issue for their Lawyers to look into both Acts for a way to activate frequent reporting process.
3. The majority of Ministries' debtors were more than 180 days old as reflected in Schedule 6.
Management response: The notable fall of 14% of the overall Ministries Outstanding Receivables aged more than 180 days, indicates that some Ministries were prompt with their follow up process in the collections during the 3 months ended 30th September 2017. With regards to the similar issue that was raised in the Public Account Audit Report Financial Year 2015/16, work plan will be implemented in going forward for the monitoring of government debtors to ensure they are paid on durable time.
4. There were several changes due to back posting of transactions after the statement had been prepared. This issue was also raised in previous years' audits but has not been addressed.
Management response: As mentioned in Quarterly Audited Report in the previous year, the delay in submission of Receipts and Payments Schedule to the Ministry of Foreign Affairs and Trade by Overseas Mission due to timing differences between the Overseas Mission and Ministry of Foreign Affairs and Trade (MFAT). The posting of Overseas Missions is expected to be delayed and is an indication to the three bodies (Mission/MFAT/MOF) to follow up on the timeliness of their postings and reconciliation.

1.10 Quarterly Receipts and Payments for period ended 31st December 2016

1. There were overdrawn bank accounts noted as at 31 December 2016.
Management response: All the three bank accounts have Limit Overdraft Facility agreement signed between the government and the banks. Proper controls are in place at all times in the monitoring of the Cash flows and the allocation of daily Government's commitment. Such decisions are to be made on the impact of non-planning payment from Ministries and also where the collection of revenue are not upfront for some of the Commitment that needed to be paid at certain periods.
2. The Accounts receivables for the Ministry for Revenue (MFR) which includes taxpayers' arrears, outstanding declarations and deferrals were not captured on Finance and reported in the Quarterly statements.
Management response: There is difficulty in compelling the MFR to report any of their unrecorded receivables on a quarterly basis to the Ministry of Finance as there is no stipulation under their guiding Act. Follow up letters have been sent to MFR for confirmation of unrecorded debtors. It will be accounted once a reliable figure is given from either the MFR or the Office of the Controller and Auditor General.
3. The majority of Ministries' debtors were more than 180 days old as reflected in Schedule 6.
Management response: Debtors have decreased by 15% from previous years and monitoring of debtors will be implemented.
4. There were variances between the Trial Balance, General Ledger and the Quarterly Statement from back-posting of transactions after the statements had been prepared due to late postings. This issue was also raised in previous years' audits but has not been addressed.
Management response: Controls are in place and evident in Public Accounts 2016/2017

1.11 Quarterly Receipts and Payments for period ended 31st March 2017

1. A payment exceeded the approved limits as per Cabinet approval.
Management response: The issue has been noted.
2. There were overdrawn bank accounts noted as at 31 March 2017.
Management response: All three bank accounts have Limit Overdraft Facility and proper controls are in place.
3. The Accounts receivables for the Ministry for Revenue (MFR) which includes taxpayers' arrears, outstanding declarations and deferrals were not captured on Finance and reported in the Quarterly Statements.
Management response: MFR should frequently report any unrecorded receivables to Ministry of Finance for accounting on Finance One. This can only be carried out with reliable and sufficient data.
4. The majority of Ministry debtors were more than 180 days old.
Management response: 14% of overall Ministries Outstanding Receivables aged more than 189 days old indicating some Ministries were prompt with their follow up process in the collections during the 9 months ended 31st March 2017.
5. There were variances between Trial Balance, General Ledger and the Quarterly Statement from back-posting of transactions after the statements had been prepared. These figures have been subsequently amended to reflect late postings in the statements. This issue was raised in previous years' audits but has not been addressed.
Management response: The new Quarterly Reporting Template should be aligned with the Public Accounts template for better monitoring to ensure timely control of postings, reconciliation and reporting. Implementation is reflected in Public Accounts 2016/17.

1.12 Quarterly Receipts and Payments for period ended 30th September 2017

1. There were variances between the Trial Balance, General Ledger and Quarterly Statements from back-postings of transactions after the statements had been prepared. These figures have been subsequently amended to reflect later postings in the statements. This is an ongoing issue yet to be resolved.

Management response: The recommendation has been noted. There is late submission and reconciliation of accounts by Ministries.

2. General Disbursement and Enhancing Climate Resilience of West Coast Road were overdrawn at the end of the quarter.

Management response: Recommendation noted. This will be taken into account when monitoring our cash flow in the remaining financial year (FY).

3. There were various non-cash related journal entries included in the balances of inflows and outflows in Schedule 5.

Management response: Ministry of Finance (MOF) has noted the recommendation. The Revenue Section will collaborate with the Reporting Section on identification of all non-cash transactions from cash receipts and payments for all bank accounts to ensure correct reporting of bank balances for Schedule 5 when compiling future Quarterly Reports.

4. Unpresented cheques at 30th September 2017 were \$3.7m. Some cheques date back to 2015.

Management response: There has been a decrease of unpresented cheques from \$7.5m at 30th June 2017 indicating action was taken to reduce unpresented cheques over the 3 months period.

5. Accounts receivables for Ministry of Revenue including taxpayers' arrears, outstanding declarations and deferrals were not captured on Finance One but disclosed in Quarterly Statements.

Management response: The unrecorded receivables will be recorded when sufficient and reliable data is received.

6. Presentation of Quarterly statements did not conform to the Public Accounts.

Management response: The presentation of Quarterly only changed for FY2017, when there was an effort by MOF in its reform program to ensure the Quarterly Accounts aligns with the Public Accounts for consistency, comparability, monitoring and relevance.

1.13 Quarterly Receipts and Payments for period ended 31st December 2017

1. There were variances between the Trial Balance, General Ledger and Quarterly Statements from back-posting of transactions after the statements have been prepared. This is an ongoing issue yet to be resolved.
Management response: The accuracy of transactions will ensure in monitoring role for corrections during the period.
2. General Disbursement and First Fiscal & Economic Reform Operation are overdrawn by 31st December 2017. There has been a decrease by 21 percent of the General Disbursement Account.
Management response: The recommendation has been noted and will continue to monitor cash flow in remaining financial year (FY).
3. Account receivables for Ministry for Revenue (MFR) which includes taxpayers' arrears, outstanding declarations and deferrals were not captured on Finance One but disclose in the Quarterly Statements.
Management response: A follow up with MFR was carried out to ensure outstanding declarations and deferrals. These will be accounted when sufficient and reliable data is available.
4. There were various non-cash related journal entries included in the balance of inflows and outflows in Schedule 5.
Management response: Recommendation noted. The removal of all non-cash transactions from cash receipts and payments for all bank accounts will be reflected in Public Accounts FY 2017/18.
5. Total unrepresented cheques at 31st December 2017 were \$1.8m with some dating back to 2015. There has been a decrease in unrepresented cheques of \$1.8m at 31st December 2017 from \$3.7m at 30th September 2017.
Management response: Recommendation noted and will follow procedures to ensure unrepresented cheques are reduced to an acceptable amount.
6. The majority of Ministry debtors were more than 180 days old.
Management response: Recommendation noted and will follow up recover of debtors outstanding balances.
7. Presentation of Quarterly statement did not conform to the Public Accounts for consistency and comparability of governments' financial reports.
Management response: The Quarterly Reports add value to year end compilation hence do not necessarily conform to the Public Account template.

1.14 Ministry of Finance (MOF) Vaimea Auction 23 February 2018

There were no internal control issues noted as the auction proceedings were conducted with set procedures and processes set out by the MOF.

2. AUDIT OF MINISTRIES

2.1 Ministry of Agriculture and Fisheries Comprehensive Spot Check 1 July – 31 December 2016

1. Issues relating to fixed assets management

- A number of assets were not labeled accordingly in relations to the fixed asset register
- Assets were not returned by employees who had resigned or those who were on leave
- Damaged assets not written off
- Different asset users compared to asset registry
- Different asset locations compared to asset register
- Missing asset labels
- Incomplete fixed assets register
- Fixed assets at Savaii stations were not properly monitored

Management response: Noted for improvement. The Ministry will strengthen mentoring and management of assets thoroughly. All assets are now updated and reconciles on Finance One and manually for reporting purposes. Budget policies awareness workshops are conducted by CSD for management of assets.

2. Issues relating to accountable forms

- Forms without proper verification
- Forms without duplicate copies of the used requisition dockets attached
- Completed forms not recorded
- Forms without labels

Management response: Issues have been noted for improvement and will re-enforce controls. Petrol refuel is monitored to ensure designated drivers with proper signatories are complied with.

3. Issues relating to motor vehicles and petrol

- Not all vehicles were insured.
- Incomplete running sheets
- Vehicle register was not updated
- Unregistered vehicle used

Management response: Insurance for motor vehicles has been considered, write-off of vehicles more than 20 years old. Running sheets are enforced as an internal control. Ministry vehicles are now registered with full insurance coverage.

4. Poor monitoring and handling of irregularities, including late submission of irregularity reports to Ministry of Finance, and undertaking repairs to government property before completion of investigation.

Management response: Internal Auditor will monitor all Irregularities within the Ministry to enforce compliance.

5. Contracted employees, including the Chief Executive Officer, did not have any contracts in their personal files. Others did not have any Performance Agreement and Performance Reviews required by their employment contracts.

Management response: The Ministry has enforced internal controls as part of Administrative/HR process.

6. There were outstanding debtors that have been outstanding for more than three months.

Management response: While some debtors have fully paid, one debtor has submitted repayment, another debtor has been submitted for write-off as bad debts and another is subject to a payroll deduction.

7. Catering expenses exceeded their allocated budget.

Management response: Catering is only provided under two Outputs of \$5,000 which is insufficient to cater for eight Divisional needs for Committees, trainings and interviews.

8. Issue relating attendance books:

- There were discrepancies between the attendance book and the leave card records.
- Some staff had their names signed on the attendance book by one employee.

Management response: Staff have been warned for unacceptable behavior. Improvements have been noted.

9. There were delayed posting of receipts, with some not posted on the system.

Management response: Noted for further improvement.

10. Issues relating to Stimulus Package:

- No approved documented manual/policy for requirements of the program; inconsistent application of requirements.
- Personal files not up to date. This issue was also raised in our previous audit.
- Inconsistencies of plant distribution to registered farmers; the majority of registered farmers in Savaii were only being distributed with coconut and cocoa.
- Non-compliance with the cut-off of registration period.

Management response: Recommendations will be adhered to for further corrective actions.

2.2 Ministry of Commerce, Industry and Labour Financial Year Audited 30th June 2016

i. Weaknesses identified with Attendance Book and Leave Cards

- i. Leave were taken without application forms.
- ii. Discrepancies between leave cards and attendance books.

Management Responses: Internal controls to ensure compliance with Human Resource (HR) policies have been strengthened with regular reminders sent out to staff. An intranet portal was developed to allow staff access to policies and financial information.

ii. There is no register for Irregularity Reports.

Management Responses: Recommendation is noted. A register is now kept.

iii. MCIL10 windows have been tinted with other enhancements.

Management Responses: Recommendation is noted. The payment was previously used by the Ministry's former CEO from 2011. No records of payment for such work could be found and it is suspected that the enhancement was in place when released from the supplier. The Ministry have complied with Vehicle policies for its entire fleet.

2.3 Ministry of Commerce, Industry and Labour Financial Year Audited 30th June 2017

1. Revenues for the ministry's outputs below were not achieved within the financial year under audit.
Management Responses: Recommendation is noted. The revised revenue target for this Output has been reviewed for the Financial Year 2018 to reflect actual revenue collected and avoid the above issue. The revised target was set to reflect actual revenue collected for administration fees collected for assessment of application forms as well as trade test schemes during the financial year.
2. Utilities payments exceeded their budgeted amounts within the financial year under audit.
Management Responses: Recommendation is noted. Internal controls such as toll bars for cell and overseas calls are in place for main office lines except for Managers' direct lines. PIN codes to make cell and overseas calls are also in place. Staff members have a fixed quota of MBs to be used daily as per ICT and social media policies.
3. There is no proper system to effectively control, monitor and manage the companies' annual returns.
Management Responses: Recommendation is noted. Staff now updates the online system every month.

2.4 Ministry of Communication and Information Technology Financial Year Audited 30th June 2017

1. Revenues for the ministry were not achieved within the financial year under audit.
Management Response: The non-achievement of budgeted revenues for the Ministry is basically due to a limited pool of air programs, advertisements and public notices with our Radio 2AP.
2. There was a significant increase in the outstanding debtor balances more than 90 days old. This issue was also raised in our previous reports.
Management Response: Two additional officers have been hired to follow up outstanding debts. Financial Year (FY) 2015-2016 is now cleared. Financial Years 2009-2010 to 2011-2012 and FY 2012-2013 will be written off.
3. Police Shift allowances were paid to other employees due to incorrect postings to pay component. Funds were not recovered nor reported.
Management response: This was an internal error and lapse with Ministry of Finance (MOF) check. It has already been corrected and deduction of salary to recover unpaid salary.
4. There was an overpayment of \$371.42 to an employee due to late submission of documentation to MOF for cessation of pay.
Management Response: Documentation for cessation of pay was given to MOF signed and dated on 14/09/2016 as soon as the resignation was received on 09/09/2016. Hence, there could be an error from Payroll with MOF.
5. Two ministry vehicles have exceeded the fuel consumption limit of \$5,000 as per FK (09)20.
Management response: Radio 2AP petrol transport announcers everyday for day and night radio shifts including weekends and holidays, daily news reports, marketing promotions, government activities, parliamentary sessions and so forth. The fuel budget for MCIT01 was shared with other vehicles when budgeted fuel consumption falls short.
6. Few employees not signing in and out of the attendance book.
Management response: There is a new system implemented for improvement of monitoring the attendance book.
7. Two outputs of the Ministry were overspent.
Management response: Policy Advice to the Minister and Ministerial Support were overspent due to financing lease charged in FY16/17 supposedly from FY17/18 deducted directly from MOF. Monitoring and reconciliation with MOF on a monthly basis will be carried out to avoid future differences.

2.5 Ministry of Education, Sports and Culture Financial Year Audited 30th June 2016

1. Expenditures exceeded budgeted provisions.

Management response: Due to limited funds appropriated especially for the teachers' salaries and benefits during the financial year.

2. Payroll issues:

- i. Several employees received normal salaries after effective cessation dates.
- ii. Another staff member was on leave without pay but full pay was still received.
- iii. Some staff took more than 5 days time off.

Management response: Internal control processes have been strengthened on cessation letters; fortnightly reconciliations to avoid recurring risks in salary overpayments and staff overtime to ensure proper endorsement by CEO prior to taking leave.

3. A number of issues from previous management letter have not been improved upon.

- i. Lack of controls over curriculum materials.
- ii. No policy to allow free issuance of curriculum materials to management level.
- iii. Outstanding debtors at 90 days and above.
- iv. Inconsistent monitoring and recording of fixed assets at Main Office.
- v. Salary overpayment.
- vi. Deficiencies in recording leave.
- vii. Motor vehicles with no insurance
- viii. Inadequate storage and filing system for used receipt books.
- ix. Summary of previous audit findings.

Management response: A Principal Internal Auditor has been appointed to follow up issues for compliance.

2.6 Ministry of Education, Sports and Culture Financial Year Audited 30th June 2017

1. We noted the following deficiencies in the Ministry's receipting process:

- There was no record of banking made for some collections.
- A sub receipt was not master receipted.
- No record of any postings on Finance One system for some receipts.
- Delayed postings of receipts on Finance One System
- Delayed banking of receipts
- Blank receipts with no details as well as no original receipts attached for cancelled receipts.
- A spot check carried out by Ministry of Finance (MOF) Internal Audit and Investigations Division (IAID) uncovered that public funds were misappropriated by internal staff. Some cash receipts were not posted on Finance One nor banked.

Management response: Controls are placed to ensure cash receipted are thoroughly checked before daily banking and to ensure online posting of receipts is updated regularly. Monthly spot checks are carried out by Principal Accountant and Cashbooks updated regularly.

2. There is no funding allocated for Samoa Ne'i Galo Program and sponsorship is sought from the local business community. Deficiencies for this program include:

- There was no request made to the MOF for the creation of a special purpose account for this project
- There was no formal policy or guideline in place to govern the operations of this event
- Not all monetary and in-kind donations received were receipted in an official receipt book or properly disclosed according to the financial report submitted
- Not all Minutes of meetings held were submitted for verification
- Meeting Minutes submitted were not signed to confirm the accuracy and truthfulness of matters discussed
- Funds were used to purchase cigarettes, beer and alcohol
- Remaining funds were spent for the committee's function after the festival.

Management response: The Ministry will improve on cash management of funds including receipting, records of meetings and accurate preparations of acquittals for expenditures. The ministry is also developing guidelines to govern the operations for these events.

3. Audit discovered the following deficiencies over the monitoring of accountable forms:

- Receipt books not recorded in ministry register
- Receipt books that could not be sighted and verified

Management response: The Ministry has strengthened current controls in place with the receipting and to ensure that accountable forms are registered and well monitored.

4. Our review of account receivables identified the Ministry's total debtors of \$69,252.29 were more than 90 days old.

Management response: Follow up of outstanding debtors have been strengthened and continuously working closely with Ministry of Finance to ensure proper credit is applied to the correct debtor accounts, hence total outstanding debtors have reduced significantly.

5. Deficiencies with Leave cards and Attendance records

- Leave taken by some employees were not updated in their respective leave cards for accuracy of leave balances.
- Leave forms for a few employees could not be sighted therefore we were unable to confirm whether their leaves taken were properly approved prior to utilization as per Public Service Commission policies.

Management response: Awareness programs were conducted amongst all staff during the financial year to enforce leave cards and attendance records.

2.7 Ministry of Foreign Affairs and Trade Financial Year Audited 30th June 2016

1. Caterings were incorrectly charged to different outputs other than the Minister or Chief Executive Officers outputs.

Management response: Recommendation noted and Ministry is currently using the correct output for Catering.

2. There is no register for stationeries and consumable supplies.

Management response: the Ministry has now used the system recommended by Audit.

2.8 Ministry of Foreign Affairs and Trade Financial Year Audited 30th June 2017

There were no outstanding issues. All issues were resolved during the time of the audit.

2.9 Ministry for Revenue Comprehensive Spot Check 1 July – 31 July Dec 2016

1. Deferred arrears as of December 2016 was \$12,433,228.30.

Management Response: Proper follow up actions have been implemented. New arrangements are drawn for responsive clients while non-responsive cases are referred for seizures and legal actions. Only 6% of the total portfolio relates to cases in the last 5 years showing the effectiveness of Ministry follow up and controls for the deferral scheme. The bulk of the debt portfolio is of old long outstanding cases where some clients had either migrated overseas, deceased, or the businesses were out of operation. For a significant number of these cases, the lack of proper documentation creates obstacles to recovery. As such, these cases are deemed irrecoverable and will be recommended for write off.

2. Outstanding declarations for the period under audit amounted to \$2,313,736.32. 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.

Management Response: Recommendation is noted.

3. The list of taxpayers with arrears for the period under audit was not submitted for audit purposes.

Management Response: The misunderstanding is regretted and requested data will be provided in future.

4. There were receipt books that were not recorded in the accountable forms register.

Management Response: Recommendation is noted and controls enforced.

5. Two TY76 books could not be sighted.

Management Response: Recommendation is noted with appropriate storage/safekeeping measures now in place.

6. The amount of dishonoured cheques after December 2016 was \$542,789.95.

Management Response: Our Revenue Services Division responsible with the recovery of dishonoured cheques has recovered 75% of total dishonoured cheques dated back to 2004 thus far. There are adequate controls in place for cheque verification and the collection process for recovery. The Ministry will continue to reinforce existing controls and be more aggressive towards the recovery and collection of dishonoured cheques.

7. Most of the findings and recommendations noted in the previous management letter have not been implemented, including;

- Delayed posting and banking of cash received
- Unrecorded debts on Finance One
- Inadequacies in the accounting and reconciliation of Income Tax refund Account balances and Value-Added Goods and Services Tax Account
- Failure to adequately monitor and reconcile unpaid declarations.
- Excel worksheet used for recording Deferral Accounts

Management Response: Recommendations are acknowledged for improvement. There is great improvement in banking and posting of receipts. Discussions are underway regarding debts recording on Finance One. The respective teams are collaborating to reconcile accounts and ensure processes are maintained and reinforced. Inadequacies identified will be thoroughly checked and discussed with CED

team to correctly reconcile the two statutory refund accounts with MOF and the respective bank accounts. Discussions with the AW ASMP technical team on the need for deferral arrears to be recorded in the AW reports and not separate excel worksheet reports, which is a long standing issue with the AW system yet to be resolved to accommodate the request.

8. Staff leave was not properly monitored and updated.

Management Response: Recommendation is noted for further improvement.

2.10 Ministry for Revenue Financial Year Audited 30th June 2016

1. Issues relating to payments:
 - i. There was excessive spending on catering and such payments were charged under different outputs other than the Minister or Chief Executive Officers.
 - ii. There was excessive expenditure on fuel for motor vehicles.
 - iii. Excessive payments on internet and electricity

Management Response: Internal control mechanisms and a vehicle policy is now in place to limit excessive spending in these areas. Ministry responsibilities require significant vehicle use.

2. There were unrecorded debts on Finance One System.

Management Response: It is not practicable to raise and post all the Ministry's debtors' invoices and payments on Finance One due to complications with the Deferral, Unpaid, and Inland Revenue Services debts, with misunderstandings and errors causing difficulties in reconciliations and verification of debtor balances in previous years. Treasury Instructions 2013 Section C.12 allows for Ministry for Revenue to maintain its own debtors' ledger, which is not required to be recorded on Finance One.

3. Total Inland Revenue Services debt book as at 30 June 2016 was \$73.6 million made up of taxpayers' arrears for income tax, Value Added Goods and Services Tax and Pay As You Earn Tax from 2006 to 30 June 2016.

Management Response: Debts are strictly monitored with solid controls in place to recover them.

4. There was no action to recover an overpayment of \$10,304.95 to a former employee of the Ministry.

Management Response: This was referred to the Public Service Commission and Ministry of Finance (MOF) as per the normal disciplinary process, and then investigated by the MOF Internal Audit Division. There was no MFR recovery plan of this amount from the former employee as they were deactivated from the payroll system. The over-lapse of authority under the Public Finance Management Act 2001 and the Public Service Commission Act 2004 which always causes salary overpayments to staff.

5. There were unachieved performance measures/indicators.

Management Response: Performance targets have been revised to reflect Ministry objectives and effectively monitor work progress. Recommendation is noted.

6. Several employees' leaves taken were not recorded in their respective leave cards.

Management Response: Recommendations are noted. Stricter HR policies linked to PSC working conditions have been put in place. Leave cards identified have been updated accordingly with relevant staff have been advised of the resultant changes in leave balances accrued.

2.11 Ministry for Revenue Financial Year Audited 30th June 2017

1. There was excessive spending on catering and catering by other outputs which is a non compliance with FK (09)20.

Management response: Recommendations noted but Ministry of Finance (MOF) reduces budget estimates every year. Excessive catering was due to hosting of consultations for stakeholders, workshops nation-wide, official visits from regional and international agencies, Regional Conferences (Pacific Islands Tax Administrators Association) and other meetings for ministerial advisory committee and liquor board meeting.

2. Utility payments for electricity and internet charges have exceeded budgeted amounts.

Management response: Due to budget reductions from MOF the Ministry has a small budget to operate within. IT Division is actively monitoring internet access and usage. Corporate Services and Management will continue to monitor and ensure proper controls are implemented to reduce overspending.

3. Issues regarding outstanding debts:

- i. The Ministry's outstanding declarations, deferral account balances and Inland Revenue Services (IRS) total debts/ debt book were not captured on Finance One understating Accounts Receivables in Public Accounts.
- ii. Total outstanding debts of \$92,719,759.66 are made up of taxpayers' arrears, outstanding deferrals and declarations dated back in 2006.

Management response: The complexity of tax assessments makes it difficult to capture audit cases, customs deferred cases, custom unpaid cases and dishonoured cheque processes. The ministry is developing a report template from separate systems (Automated System for Customs Data world of customs and Revenue Management System for IRS) to record movements and ageing of debtor books in order to record and report debt amounts. Outstanding debts go back 20 years for which most are irrecoverable. A write off proposal will be done once all avenues for collection have been exhausted due to large volume of cases for Customs Services as well as IRS.

4. Leave taken by some employees were not updated in their respective leave cards.

Management response: The Corporate Services Division reconciles attendance books and leave cards on a monthly basis. Our Reliability Report is now part of monthly scorecard discussed and endorsed by the senior management team. The Internal Audit team is also reviewing leave cards and entitlements for accuracy and process efficacy.

5. Most issues from previous management letter have not yet been implemented:

- i. Non achievement of budget revenues by Outputs
- ii. Delayed posting of receipts on Finance One
- iii. Debtors not captured on Finance One
- iv. Overspending of Utility expenses
- v. Non compliance with Public Service Commission regulations regarding leave procedures
- vi. Non achievement of financial measures

Management response: Senior management work collaboratively to improve internal controls, implement robust systems and drive changes/reforms in order to enhance performance and raise service delivery.

2.12 Ministry of Natural Resources and Environment Comprehensive Spot Check 1 July – 31 December 2016

1. Delayed submission of accountable advance acquittals to Ministry of Finance, with shortage noted in some.

Management Response: Recommendation is noted. Management has enforced submission of accountable advance reports within 14 days as per Treasury Instructions 2013 and non compliance with impact future request.

2. Salaries over and under payment for some staff.

Management Response: The issue is directed to the Ministry of Finance as they process payments, while all Ministry paper work (TY15) was completed and verified.

2.13 Ministry of Natural Resources and Environment Financial Year Audited 1 July 2015 to 30 June 2016

1. Revenue targets were not achieved.

Management Response: The Ministry's overall collection exceeded its Cost Recovery target, however the under-collected revenues were with divisions with recoveries subject to fees on services requested. Public Accounts FY2016/17 cost recoveries recorded \$4,282,810 collected by the Ministry.

2. Excessive spending of fuel for motor vehicles.

Management Response: Of the Ministry's fleet of 62 vehicles, 13 exceeded the \$5,000 spending limit per vehicle servicing 15 Divisions and Projects. Monitoring for compliance is an on-going task to ensure proper documentation to warrant any requests for extra petrol.

3. Catering expenditure has exceeded budget provision with payments charged under different outputs other than Minister and Chief Executive Officer Outputs.

Management Response: There are only two outputs for catering for five Boards and other relevant requests. Some incorrect postings to different other outputs were due to urgent works at the Vaiaata landfill and refreshments for Executive interviews.

4. Deficiencies with debtor management:

- i. Total outstanding debtor balance increased by \$686, 295.28 or 71% from Financial Years 2015 to 2016.
- ii. Majority of debtors were more than 90 days old.
- iii. There were some discrepancies for some debtors for leases of the ministry.

Management Response: Regular monitoring and follow up to ensure records are reconciled properly to reflect accurate balance and address discrepancies.

5. There were several unpaid fees for land valuation.

Management response: Regular monitoring and follow up is being carried out.

6. There was delayed cessation of salaries with total salary overpayments of \$3,049.60.

7. Deficiencies with receipting process:

- i. There was delayed master receipting of sub receipts.
- ii. There was delayed banking
- iii. Delayed posting of receipts
- iv. Alteration of receipt details
- v. Absence of bank stamp after deposit.
- vi. Cancelled receipts from Tafaigata waste disposal services.

Management Response: Recommendations are noted. Delayed banking was on days with special events like the Government Election, Easter Holiday; and monies received from the Tafaigata Landfill after 4pm.

8. Weaknesses with receipts for Least Trust Account

- i. Delay banking
- ii. Receipts incorrectly receipted/posted as ministry's general receipts.

Management Response: Strict monitoring and regular follow ups will continue to be enforced and conducted.

9. Deficiencies with Fixed asset management

- i. Fixed asset register not up to date.
- ii. Few fixed assets were not labeled.

Management Response: This has improved with the new Asset Module on Finance One.

10. There were no copies of accountable advances acquittal reports kept by the Ministry with one accountable advance with inadequate support documentation. There were also two acquittal reports missing from the register implying it may not have been approved or acquitted.

Management Response: Strict monitoring is enforced.

11. There was a delay in submission of irregularity reports to Ministry of Finance.

Management Response: Recommendations noted.

12. Supporting documentations for payments made out of the Lease Trust Account were not provided for verification.

2.14 Ministry of Natural Resources and Environment (MNRE) Financial Year Audited 1 July 2016 to 30 June 2017

1. There were two contract officers with no signed contracts. Three contract officers did not have performance appraisals for Financial Year 2016/2017 while performance appraisal for Assistant Chief Executive Officer (ACEO) Water Sector Coordinator was not approved by Chief Executive Officer (CEO). Performance plan for ACEO Meteorology was signed on 6th June 2017 but employment was effective on 27th October 2014.

Management response: All ACEO files are intact with Performance Appraisals and signed copies.

2. There was unfavourable spending on Catering & Refreshments in comparison to budget. Other caterings were charged under different outputs other than the Minister and CEOs outputs as per FK(09)20
3. Overspending of \$62,091 by Output for Policy Advice to the Minister of Environment.
Management Response: This output covers four divisions. Four IT staff's payrolls were also incorrectly posted by the Ministry of Finance.

4. Deficiencies in receipting process:

- i. One receipt number was issued to two different customers
- ii. Bank deposit summaries from 27th to 30th June 2017 was not checked and approved by responsible personnel
- iii. Receipt book number 6974 did not have a duplicate and/or triplicate receipts for verifications

Management Response: This is a serious concern and strict monitoring guided by Audit recommendations are enforced. Two senior responsible staff have undergone disciplinary measures, including termination. The matter is currently with the Ministry of Police.

5. Issues regarding irregularity reports include:

- i. Late submission of Irregularity Reports to Ministry of Finance for investigations
- ii. There were damaged vehicles with no Irregularity Reports

Management Response: Driving privileges for those directly accountable have been removed, with 'stand down' periods imposed on others.

6. Deficiencies regarding attendance books and leave cards

- i. Leave taken by some employees were not updated in leave cards
- ii. Some employees did not sign in the attendance books with no remarks of their whereabouts
- iii. Leave forms for a few employees could not be sighted for confirmation

7. Several vehicles have exceeded the \$5,000 per vehicle policy as per FK (08)06.

Management Response: Of the Ministry's 61 vehicles, the 19 identified to have exceeded the \$5,000 limit had reasonable justifications due to the technical nature of the work and field visits required. The price of petrol has remarkably changed, while regulatory functions have expanded since the policy was first re-instated.

8. Late submission of acquittal reports for several accountable advances to Ministry of Finance after their due dates.

Management response: Recommendation noted.

9. Several issues from previous management letter have not been improved upon. Issues include underachieved revenues, overspending of utilities, leave records not updated, no irregularity reports

prepared for Ministry of Finance, government vehicles for Minister, outstanding debts and assets required to be written off.

Management response: Recommendation noted for future.

2.15 Ministry of Public Enterprises Financial Year Audited 1 July 2016 to 30 June 2017

1. There were significant unfavourable variances from utility payments of electricity and internet, broadband and email.

Management Response: There was no approved budget for electricity and water. On advice from MOF, Cabinet approval was sought and granted to use Below Line savings. Appropriation for rent for both the Minister's Office and MPE Office are adequate for FY2018/19.

2. Issues relating to Asset Register

- a. Register was not updated with actual custodian of some assets.
- b. Dates recorded in the Register did not match the invoice dates for several assets.

Management Response: Recommendation is noted. The Ministry is taking extra measures to ensure that the asset register are regularly updated.

3. Issue relating to leave

- a. Leaves taken by some employees were incorrectly recorded in the attendance book and their respective leave cards
- b. Leave taken by two employees were not approved by Chief Executive Officer (CEO).

Management Response: Recommendation noted and implemented since July 2017 to date.

2.16 Ministry of Women, Community and Social Development Comprehensive Spot Check 1 July to 31 December 2016

1. Issues relating to the Printing Division:
 - Lack of an Operational manual to document policies and procedures
 - No proper segregation of duties amongst staff
 - There were several orders made without the ACEO's approval. Some orders were approved by the Accounts Officer.
 - Registers between different sections did not reconcile.
 - Several orders processed were found unreported in the Main register.

Management response: An Operational Manual was endorsed by Executive Management in 2014. All orders will only be approved by authorized officers. Registers shall be improved upon as all registers are matched and reconciled with the main register.
2. Deficiencies noted with the attendance books and leave records:

Leave taken by some employees as noted in the attendance book did not reconcile with their respective leave cards.

Management response: Recommendation noted for future. Leave cards have been updated and process for attendance book has been strengthened with penalties for not signing.
3. Several debts amounting to \$338,782.08 which are long-due for many years remained outstanding.

Management response: Debts have reduced significantly from Financial Year 2011-2012 up to FY2016-2017. Recommendation noted for further improvement.

2.17 Ministry of Works, Transport and Infrastructure Financial Year Audited 1 July 2015 to 30 June 2016

1. There was an overpayment for salary by \$1,089.50 to an employee.
Management response: The employee was terminated after proven guilty with charges for Breach of Conduct but Ministry of Finance only implemented two weeks from the date they received the TY15.
2. Some employees did not sign in the attendance books.
Management response: Noted for future improvement.
3. Few motor vehicles should be written off.
Management response: These vehicles already written off on the system in Financial Year 2015-2016 but replacements were declined, hence continue to use the left hand drive vehicles.

2.18 Ministry of Works, Transport and Infrastructure Financial Year audited 1 July 2016 to 30 June 2017

1. All minutes for FY16/17 have not been signed 'prepared' and 'approved' by the Secretary and Chairman.
Management Response: Noted for improvement.

2. Leave taken by several employees were not posted in their respective leave cards.
Management response: Recommendation noted for future. Four employees have not recorded their leave on leave cards but have been posted on Finance One System while one employee wasn't recorded on the leave card but posted on Finance One and did not get paid.

2.19 Office of the Legislative Clerk Financial Year Audited - 30 June 2016

1. Budgeted revenues were not achieved during the financial year.
Management response: Non tax revenues were inputted by MOF and the new rates were approved by Cabinet in FY2016/17.
2. There was no record of stock (Acts) on hand provided by the Office hence audit was unable to conduct a stock take.
Management response: The asset register was lost due to a technical problem and a new register is now in place.
3. Contract officers did not have signed employment contracts.
Management response: A constitutional office does not require contracts but have offer letters. The opinion of the Attorney General was sought; Offer and Acceptance Letters are sufficient for contract officers.
4. Weaknesses with fixed assets:
 - i. There were fixed assets with no labels.
 - ii. There were missing assets not sighted in their respective location.
 - iii. Incorrect locations of fixed assets in the register.**Management response:** assets have now been labeled. Assets were reshuffled when office moved to Tuanaimato. Asset register is now in place.
5. Several delayed bankings noted and lodgement slips were not stamped nor signed by the bank.
Management response: Recommendation noted.

2.20 Office of the Legislative Clerk Financial Year Audited - 30 June 2017

1. Issues relating debtor accounts:

- i. Debtor receipts not reversed on debtor ledger
- ii. Significant increase in debtor balance over the financial years
- iii. Majority of debtors were more than 90 days old

Management Response: Invoices submitted to the Commonwealth Parliamentary Association (CPA) were based on fares paid for Members of Parliament to attend, however CPA pays less based on their own assessments. Some outstanding amounts have been reversed, and OCLA will continue working with MOF to clear the rest. Most Office invoices have been cleared and the rest will be followed up with.

2. Issues relating to fixed asset management:

- i. There were several assets with missing acquisition dates on the asset module.
- ii. Majority of assets were unlabelled.
- iii. Assets paid have not yet been received.

Management Response: Assets have been labeled. Assets were reshuffled when the Office moved to Tuanaimato. The Asset register is in place, with all assets received and properly identified.

3. Issues regarding salaries:

- i. There were salary overpayments due to incorrect calculations.
- ii. Overtime payments were processed and paid out to employees in the absence of approved 'request for overtime' forms.

Management Response: Recommendations noted.

4. Issues relating to payments:

- i. Caterings were incorrectly charged to different outputs other than Minister and CEO outputs.
- ii. There was excessive spending on catering.
- iii. Excessive spending on fuel consumption.
- iv. There were quite a number of outstanding invoices relating to previous years.

Management Response: Two ministry vehicles transport staff to and from work due to new location as well as delivering newspaper around Upolu and Savaii bi-monthly. Recommendations noted.

5. Issues relating to IT:

- i. There was no IT Strategic Plan
- ii. There is no documented and formally approved IT Security Policy.

- iii. There is no formal reporting for internet usage.
- iv. There is no documented IT Disaster Recovery Plan
- v. Seventy active users passwords never expire.
- vi. 11 active user accounts have not logged into the network in over 90 days.
- vii. 12 user accounts have not once been used of logged onto the network.

Management Response: The Office uses Watch Guard firewall by CSL. Reports are not generated whenever an incident occurs. The Disaster Recovery Plan is being finalized and will be submitted once it is. The 90-day password policy was previously enforced, but removed due to MP complaints. Most users identified are current staff members and active on the system.

6. Issues from previous management letter were not yet implemented including:
- i. Underachieved revenues
 - ii. No records of stock on hand for verification.
 - iii. Long outstanding debtors
 - iv. No employment contracts for some contract officers
 - v. There were unlabelled and missing fixed assets
 - vi. A damaged vehicle was repaired with no Irregularity Report
 - vii. Excessive fuel consumption

Management Response: All issues have been answered to.

2.21 Public Service Commission Financial Year Audited - 30 June 2016

1. Catering expenses exceeded budget provisions.

Management Responses: Overspending was mainly due to the completion of the Recruitment and Selection process for all Senior Executive Positions and Positions of Responsibilities, and an increase in interviews in addition to Commission Weekly Meetings and Official Events hosted by the Minister and Commission, as well as official meetings held on directive from Cabinet requiring light refreshments. There was budget allocated for official purposes approved by Parliament for the Commission output. Recommendations are noted.

2. 99% of the Ministry's total debts of \$43,955 were more than 90 days old.

Management Responses: MOF Accounts Division has been informed of this and the Commission was advised to seek Cabinet approval for write-off of outstanding debts. Despite several Commission tracing attempts, necessary information on past transactions identified could not be gathered. A Cabinet Submission is in progress for Cabinet decision before the end of FY 2018-19.

3. There was also a delay in submission of another Irregularity Report for an incident involving the vehicle allocated to the Minister.

Management Responses: Recommendation is noted.

4. There was no documentation for resigned employees for cessation of salaries.

Management Responses: Recommendation is noted. Human Resources (HR) Section is now also involved in procedures of the Records Section, and the HR and Administration Sections shall now keep copies of records as well. The office is currently looking into archiving personal files and all documents, with the HRMIS (IT) Division designing and developing a system for records. The office currently provides internship work experience for Tesese Institute students and part-timers in the records division to assist in updating and maintaining records. Procedures and processes are reviewed to ensure proper filing, updating and maintaining of records.

5. Leave taken were not updated in respective leave cards.

Management Responses: The lapses are acknowledged and leave cards have since been updated.

2.22 Public Service Commission Financial Year Audited - 30 June 2017

1. Annual Report for Financial Year (FY) 2015/16 yet to be finalized contributing to delay in completion of FY 2016/17 annual report.
Management response: Annual Reports for both FYs were discussed and approved by Cabinet and submitted to Parliament.
2. There was no acquittal report on accountable advance for Samoa Public Service Day 2016.
Management response: Delay has been noted. Acquittal report has been submitted to Ministry of Finance.
3. There were several assets with no write off forms.
Management response: Write-off forms were misplaced due to poor filing but have been located and filed accordingly.

2.23 Ministry of Police Comprehensive Spot Check 1 July – 31 December 2016

1. Cessation of employee salary was not immediate upon termination.
Management response: HRM applied PSA 2009 Section 52(3b) where salary entitlement is granted during the period of suspension. Legal opinion from Office of the Attorney General should be provided for clarification purposes.
2. Salary overpayment and underpayment as a result of incorrect rate changes.
Management response: Overpayment has been recovered and underpayment is yet to be paid out. Reconciliation is performed after every pay period.
3. Catering payments were charged to incorrect outputs.
Management response: All outputs are eligible for food supplies during Ministry special operations. MOF have been advised all food items shall be charged to food supplies account instead of catering.
4. Issues relating to payroll:
 - There were no payroll reconciliations done considering the various types of transactions being processed every pay period.
Management response: Reconciliations are now conducted on regular basis.
 - Special risk allowances were inconsistently applied with no specific conditions referenced.
Management response: Police Service Regulation 2010(19) allow special allowances and entitlements and only apply to Sections such as CID, TOS and TCU due to the nature of their fields.
 - Risk allowances paid out included periods prior to the current financial period. There was no particular authority cited in the WCE manual.
Management response: Allowance entitlement applies to all sworn officers on top of their salaries once they become police officers.
 - There was a possibility that some staff had two separate employee numbers.
Management response: New employees had previous employee numbers and were issued new employee numbers registered with Police.
 - Appears on the list of phase to receive increment during phase 1 and received back pay but normal pay did not change (also confirmed against Finance One report). Staff increment was not actioned.
Management response: Recommendation noted
5. Non-compliance with Attendance Policies
 - Audit spot check of three (3) Ministry outposts (Poutasi, Lalomanu and Lotofaga) on 9/6/2017 and six (6) month review of three (3) sections (Poutasi Outpost, Training Section, and HRM) Attendance Books showed several instances of non-compliance of the Ministry with its policies on signing when starting and leaving work.
 - Most of the employees for all 3 outposts during the spot check carried out in the afternoon were found to not yet have signed in.
 - Some officers also had already signed out (although without a finishing time).
 - A quick perusal of their Attendance Books on site found several days when some officers neglected to sign, or record hours worked, and no official notes in Books to explain what appear to be absences.
 - Not signing in or entering working hours can be seen or interpreted as unexplained absences or employees not working as there is no evidence of Attendance.
 - This non-compliance is of particular concern as it was noticed employees are able to claim and be granted Special Day Off Leaves (SDOs) based off of overtime hours recorded in Attendance Books, although there have been several noted instances of employees neglecting to sign out correctly or enter finishing times in Attendance Books during the spot check of sampled outposts as well as the 6 month review of sampled Attendance Books.

Management response: Recommendation noted for future improvement and strict monitoring is in place and enforced. Ongoing challenges to complete and sign attendance books on a timely basis. Overtime sheet is now in place and enforced to calculate Special days off.

6. Issues relating to leave records:

- Leave records were not properly updated
- High number of accumulation of rolled over annual leave
- Insufficient supporting documents for time off in lieu granted
- No explanation of circumstances for overtime

Management response: Recommendations noted and have been updated accordingly. Supporting documentations are in place and explanations can be provided for verification. Leave postponement was subject to work demand. Time off in lieu may be taken to compensate overtime worked on an hour-for-hour basis according to General Instruction 5A(3). There is an overtime folder recorded and compiled by HRM. Regular updates and monitoring are enforced for recording of attendance

7. The irregularity report register was lacking information to trace specific, with no proper referencing and monitoring.

Management response: Compilation of IR has been upgraded with proper register in place and follow up with IAID for outstanding IRs.

8. Issues relating to accountable forms:

- No register for accountable forms used for licensing firearms
- Ministry register did not match MOF accountable forms register

Management response: A register for licensing firearms will be established. Registers do not match as they are maintained separately by the MOP and MOF.

9. Issues relating to motor vehicles:

- There were a number of vehicles in poor condition.
- No approved and updated list of defensive drivers
- Inadequacy of Trip tickets
- Incomplete trip tickets. Trip tickets were not processed according to the ministry's normal processes. A new TY76 book is released upon the receipt of the used trip tickets and the TY76 book. However, trip tickets were incomplete and important details below were not recorded. This indicates a lack of proper monitoring of trip tickets for vehicles and non-compliance with internal controls in place.
- The important details that were not shown on several trip tickets include; Starting and ending kilometers, Missing travel time (time in & time out), No signature of Defensive Driver
- Vehicle with no trip tickets. The vehicle with plate number POL32 did not complete and submit any trip tickets for approval prior to refueling of vehicle as per internal processes.
- Trip ticket reference number not in sequential order. The trip tickets reference numbers were not recorded in sequential order.
- There were alterations made to vehicle number plates as noted on some trip tickets.

Management response: Vehicles have been written off due to poor condition to save costs for repair. Vehicle fleet is now updated and all vehicles are accounted for. There is a list of approved drivers whom have passed Defensive Driving Test. The process of Trip Tickets has been improved with consistent and accurate trips as well as meter readings. MOP will continue to monitor trip tickets thoroughly and have officers responsible in order to improve upon.

10. Issues relating to Police uniform:

- The Police uniform register was not updated.
- No physical count of uniforms could be conducted as storage area was under renovation.
- Uniforms were not properly stored.

Management response: The uniform register has been updated and Storeroom was being renovated during time of audit and shelves for storage have been built.

11. Issues relating to IT structure:

- No formally approved IT Strategic Plan in place.
- Internet access/usage was not properly monitored.
- No formalized systems and procedures in place to document system changes and problems being reported, corrected or rectified.
- No daily backups of data and software were being made.
- No documented IT Disaster Recovery Plan.

Management response: IT Strategic Plan has been finalized pending endorsement. Firewall is in place for monitoring and filtering internet access and usage. A ticketing and inventory management system is now used for records. NAS storage device is in place to store weekly and monthly backups of critical systems. The Disaster recovery plan is currently being planned and designed. Australia Federal Police are interested to invest in this project to build a Disaster recovery site.

2.24 Ministry of Police Financial Year Audited - 30 June 2016

1. Catering expenses were overspent and charged under different outputs other than Minister and CEO outputs.

Management response: MOP encountered many unforeseen and emergency operations. All outputs have provisions for food supplies. Some payments were queried and charged to catering instead of food supplies. Food preparation is a challenge due to lack of proper sanitary kitchen facilities

2. Excessive fuel expenditure on ministry vehicles.'

Management response: Global Positioning System has been installed to monitor usage of vehicles.

3. Irregularity reports were delayed and relevant information were incomplete.

Management response: Delay from officers involved and quotations from mechanics.

4. Leave were taken by employees without leave application forms.

Management response: Recommendation for improvements have been noted.

2.25 Ministry of Police Financial Year Audited - 30 June 2017

1. Ministry vehicles have exceeded their approved budget amounts.
Management response: Control systems are in place for petrol consumption. A Vehicle Care Policy is in place with standards on vehicle use and care.

2.26 Samoa Bureau of Statistics Financial Year Audited - 30 June 2016

1. Catering payments have exceeded budgeted provision.

Management response: Recommendation noted.

2. A Board has not been established.

Management response: Recommendation noted.

3. There were some deficiencies on Acquittal reports for Accountable Advances.

Management response: There minor differences of oversight of responsible personnel in charge of counting the money.

4. Staff using government vehicles for personal matters.

Management response: Recommendation is noted for improvement.

2.27 Office of the Attorney General Financial Year Audited - 30 June 2016

1. There was a delay in submission of sub-receipt to master receipt.
Management response: Recommendation is noted. The receipting delay was due to a tight schedule as the Principal Officer was preparing the prosecutions office's separation.
2. Poor maintenance of attendance and leave records as leave cards not updated.
Management response: Employees are reminded to sign the attendance book as part of the induction training at commencement of employment with AGO. Human Resources will ensure constant reconciliation of the attendance book. Leave balances are recorded electronically and updated on a daily basis. Physical leave cards will be updated with the electronic register.
3. Fuel consumption were overspent.
Management response: There are core functions the office is obligated to carry out even when fuel expenditure has reached \$5,000. Criminal division handles all prosecutions and vehicles are used for criminal and civil matters. The office also hosted two regional conferences within 2015/2016 with cabinet directives approving fuel for office vehicles to transport participants and organizing the respective conferences.

2.28 Samoa Law Reform Commission Financial Year Audited - 30 June 2016

1. There was no evidence to support achievement of budgeted performance measures.

Management Responses: Recommendation is noted.

2. Excessive spending on catering for financial year.

Management Responses: These were for Public Consultations which is one of the most important steps in the Law Reform process. Consultations take up most of the day, with two-day sessions for both Upolu and Savaii. Attendance numbers vary but range from 150-320.

3. There was excessive spending on telephone.

Management Responses: Measures are in place to control and monitor telephone usage.

4. An employee was overpaid for one pay period by \$760.39.

Management Response: The issue is acknowledged and has been resolved.

3. AUDIT OF PUBLIC BODIES

3.1 Accident Compensation Corporation Financial Year Audited 1 July 2016 to 30 June 2017

1. There were no monthly/quarterly bank reconciliations carried out for all trust bank accounts during the year.

Management Comments: Reconciliations are prepared yearly. There are over 250 individual accounts and it was impractical to do it monthly. It is now changed to quarterly as recommended.

2. A debtor's account has balances that have been outstanding for over 12 months as the Office does not have clear arrangements for recovering long outstanding accounts.

Management Comments: Legal proceedings are now enforced for all employers with outstanding periods of more than 12 months.

3. The employment of a legal officer is recommended.

Management Response: Recommendation now implemented.

3.2 Central Bank of Samoa Financial Year Audited 1 July 2016 to 30 June 2017

1. Staff entitlement/serviceability ratio is determined using the gross salary of the applicant without considering other deductions.

Management Response: Recommendation is noted for further review.

2. Interest income was not accounted for. Audit confirmations noted a variance of \$40,000.

Management Response: Recommendation is noted. Accounts & Budget departments must check, update and correct investment balances against confirmation.

3. A correct reconciliation of the Fixed Assets Register and Property Plant and Equipment was difficult to obtain. There were also errors observed on the system indicating incorrect reports produced from it.

Management Response: The delay was due to a system limitation which was corrected. The recommendation is noted. The Accounts and Budget Department is also to review the issue during the accounting system upgrade scheduled in November 2017.

4. A few assets were not depreciated since acquisition in September 2009.

Management Response: This was also due to the system limitation and it is noted for remedial action. This will also be reviewed during the scheduled accounting system upgrade in November 2017.

5. A sampled ESA Reconciliation Report was not signed reviewed and approved.

Management Response: Measure is in place to minimize this issue, and further enhancements of current Exchange Settlement Statement procedures will be undertaken.

6. The approved list of Vault Key Holders was not updated and still included former staff.

Management Response: The list of vault key holders has been updated accordingly.

7. A sampled payroll summary from was noted not signed reviewed or checked by the Assistant Manager of HR Department as evidence of the control in place.

Management Response: The missing signature was simply an oversight and the recommendation is noted.

8. A system exported report on General Journal entries booked throughout the year could not be obtained due to system limitations.

Management Response: The recommendation is noted and the issue will be considered during the scheduled accounting system upgrade in November 2017.

9. Bank transactions and Accounts Payables were journalized instead of utilizing the bank and accounts payables modules of the Accounting system.

Management Response: The recommendation is noted and the issue will be considered during the scheduled accounting system upgrade in November 2017.

3.3 Development Bank of Samoa Financial Year Audited 1 July 2016 to June 2017

1. Several big loans had no financials available for the bank's timely assessment.
Management response: The Development Bank (DBS) is constantly following up with clients to submit financials for review and record. Annual accounts or bank statements requested remain outstanding, with client consent for release of information needed. DBS is reviewing its lending requirements and processes in accordance with new policies in place.
2. Some accounts reflect no effort of any repayment despite many attempts / follow-ups by the Bank. Outstanding balance is \$8.04 million with arrears of over \$500k. There are no financial statements available. The matter has been with the Legal Department but no impact on recovery.
Management response: Loan repayment follow ups are regular and constant. Some clients make no effort to pay loans. DBS has sold other land securities and credited proceeds to reduce loan balances, while taking appropriate measures to manage accumulation of debt. The Minister of Finance has also been informed of the recovery action progress.
3. Most of the hotel loans do not have any marketing or sales & operational planning furnished to DBS for assessment.
Management response: Most hotel development loans were funded under concessional facilities with flexibility to requirements to enable immediate disbursement of funds. DBS is reviewing loan requirements and processes in accordance to new policies in place to ensure all relevant information are provided by clients.
4. There were loans with inadequate security. Interest income should be suspended to reflect economic reality and be conservative of any recoverable amount.
Management response: Suspension of interest is implemented in accordance with DBS policies in place. Security for some loans may be inadequate due to project implementation or pending action to finalise documentation.

3.4 Electric Power Corporation Financial Year Audited 1 July 2016 to 30 June 2017

1. The write-off of \$8.5 million fixed assets was approved by the board 3 November 2016 but was not implemented or reflected in the financial statements.

Management Response: The write-off was implemented and disclosed in note 29 of the audited accounts for the financial year 1 July 2016 to June 2017.

2. There was an increase of .06 sene per kwh in cost of production from 2016 to 2017 not compensated for by the reduction in sales price of an average of .02 sene per kwh.

Management Response: EPC prepares and submits proposals to the Regulator on tariff changes for review and approval. This is outside of EPC control as implementation is sometimes delayed if a tariff is increased or reduced from the original proposal. This issue has been brought to the Regulators attention on its impact on EPC's financial performance.

3. The terms and conditions of the Power Purchase Agreement between EPC and Solar for Samoa are being disputed affecting the calculation of the amount to be debited as Other Receivables and credited as Other Income of \$1.2million.

Management Response: EPC has taken into account the calculated variances derived from this PPA dispute. However, avoided cost of fuel was introduced in this deal and VAGST was inclusive in feed in tariff price as per the Cabinet Directive already issued for this.

4. The claim for Community Services Obligations (CSO) in Savaii submitted to MOF for reimbursement was overstated, and materials issued understated, as some were not yet carried out. There were no materials put aside by the Savaii store during year end stock take for these CSOs.

Management Response: Final inspection to be carried out and all discrepancies should be picked up. All mentioned approved street lights and LV extensions are now completed.

5. The Corporation is not adequately covered with the self insurance reserved of \$4,702,558.90, instead of the \$10,000,000 resolved by the Board of Directors.

Management Response: EPC has more than \$30million in its term deposit fund and \$10million of this is already allocated for this purpose, including the normal insurance coverage with Federal Pacific Insurance Company for the Corporation's major assets. EPC stated in September 2018 that the Total Self Insurance Fund invested in term deposits stands at \$13.15million as at 30 June 2018.

6. Sick leaves were approved and taken in advance by noted employees due to a lack of a proper system to update and monitor leave balances.

Management Response: EPC stated in September 2018 that the system has been updated. Advance or pro-rata annual leave is no longer granted, while sick leaves are. Automation of leave balances on the Daffron computer system (HR module) has resolved issues with leave cards as they are updated consistently according to the system. The manual leave card system is maintained as back up for the computer system.

7. A review of monthly bank reconciliations identified a deposit lodgment from March 2017 amounting to \$65,642.25 was credited May 2017; a two month delay.

Management Response: Recommendation is duly noted. Direct transfer TT payments from MOF are no longer based on emailed advice and only when funds have been confirmed as credited into EPC accounts.

8. There is a variance of \$141,000 between the General and Subsidiary Ledgers' trade receivables balances as at 30 June 2017, being from vendors. There were no agreements to execute collections of outstanding debts, except for verbal agreements from vendors to pay debts.

Management response: Recommendation is noted. Verifications are being worked on for discrepancies and for formal arrangements for recovery.

9. Some stock items counted were not posted and not included in the final stock valuation.

Management response: Recommendation is noted. Some stock was accounted as repair and maintenance expenses and the mix up will not happen again.

10. Some items were posted to the General Ledger but not the subsidiary modules, causing a disagreement in balances.

Management response: Recommendation is noted.

3.5 Gambling Control Authority Financial Year Audited 1 July 2016 to 30 June 2017

1. There were no audit reports on the books, accounts, and financial statements of the casino licensee lodged to the Authority for financial years ended 30th June 2014, 2015, and 2016.
Management Response: GCA has informed the licensee via letter and will follow-up with White Sand Casino management. With the separation of ownership for Black Sand Casino, the owners will be notified for accounts to be audited for their first year of operation.
2. The penalty charge for the late payment of the White Sand Casino license renewal for the financial year ended 30th June 2017 was not imposed.
Management Response: The 20% penalty was waived by the Board on application from the licensee after consideration and at the Boards discretion. This can be confirmed from TAB/GCA Board minutes of the relevant meeting. The recommendation is noted and the Board will be advised.
3. Board meetings refreshments and the purchasing of gift hampers for Board of Directors expenses are not in alignment with Cabinet Directives and existing government policies.
Management Response: Recommendation is noted and board will be advised accordingly. Expenses on gift hampers for the board will not be incurred again.
4. A motor vehicle was procured without Cabinet approval.
Management Response: The recommendation is noted.

3.6 Land Transport Authority Comprehensive Spot Check 1 July 2016 – 31 January 2017

1. There were expenses that could have been minimized:
 - a. Employee gym membership benefits
 - b. Medical assistance of \$300 per annum for employees who have served over 12 months, and specified family members. There is a calculated estimated cost of \$28,200. The general ledger as at 31 January 2017 reflects a total cost of \$13,000.
 - c. Employees are also entitled to cash study benefits, however there is no formal agreement between the Authority and the employee to guarantee continuance of service with the Authority after.
 - d. There was \$10,000 budgeted for Gifts and Donations, but without a formal policy on gifts and donations.
 - e. Staff amenities were purchased for the government Sports Day.
 - f. Lunch with alcoholic beverages were purchased by the audit committee and paid for by LTA during a sight visit in Upolu.

Management Response: The gym membership is considered an investment in the health of employees. Medical expenses are employee benefits stipulated in the Conditions and Benefit Manual which the organization is obligated to pay. These are also to keep staff members healthy.

Although there is no formal agreement, the Authority will still benefit from staff members' improved education.

The use of donations is less expensive and reaches a different audience from using formal advertisements. It also provides a way to contribute to community developments.

The Sports Day was granted for the government, and staff amenities are required for employees' wellbeing.

The reminder about the purchase and consumption of alcohol is noted.

3.7 National Health Services Financial Year Audited 1 July 2015 to 30 June 2016

1. The Bank and other General Ledger Accounts are not reconciled on a timely manner which in essence contributes to the delay in provision of final financial statements for the audit.

Management Response: The Finance Manager's post had been vacant since early January 2016, coupled with the resignation of another key staff in the same period, and the task lapsed until July 2016 when the Finance Manager returned. The reconciliations compilation for the bank and other general ledger accounts are now handled by the Ministry of Finance as of 1 January 2018

2. The Sage Accounting System is too comprehensive but cannot deliver what is expected for reporting and deadlines.

Management Response: Recommendation is duly noted. The SAGE system was commissioned before 2010 and the Board was not involved in the procurement process. NHS finance operations have transitioned to the Finance One system since 1 January 2018

3. Material litigation and claims against the Service were not revealed until the solicitor's confirmation received on 15/8/2017. This may be related to post balance date as there was no mention of such claims in board minutes for the year under review.

Management Response: Recommendation is noted. Litigation is not included in financials because they are handled by the AG's office on behalf of government and any compensation is paid separately depending on advice from the AG. It is also not included in the audited accounts because of confidentiality between NHS and client.

3.8 National Kidney Foundation Comprehensive Spot Check 1 July 2016 – 31 March 2017

1. There were employees advanced more than one annual leave within a month, in non-compliance with the NKF Staff Manual of Instructions.

Management Response: Recommendation is noted.

2. Policies and procedures of payroll not documented in detail in the Foundation's Accounting Manual was raised in the previous audit and again noted.

Management Response: Recommendation is noted.

3. Two contractual employees were employed without signed employment contracts, one of them for 2 years. The employment contracts were signed May 2017 after audit field work.

Management Response: Recommendation is noted.

4. Payments did not have complete supporting documents, and some were not in line with Government regulations.

Management Response: Recommendation is noted.

3.9 National Kidney Foundation of Samoa Financial Year Audited 1 July 2016 to 30 June 2017

1. The Foundation's cash balance in the bank account at year end is \$1,370,507, which is recommended to be utilized via short term investments to earn extra income.

Management Response: The recommendation is noted. Cabinet issued a directive to convert the chapel within premises due to increasing number of patients. Tender documents are being prepared and will require about \$1m to fund. A portion of funds as at 30 June 2017 will be utilized for this project and are mindful of the cash flow needs for daily operations. Therefore, competing priorities make investing in a term deposit difficult. The interest rate in the account is almost the same as the market rate for term deposits depending on term length.

3.10 National University of Samoa Comprehensive Spot Check 1 July 2016 – 31 March 2017

1. The HR Division responsible officer failed to keep petty cash vouchers or receipts or prepare summary submissions to the Finance Division for reimbursements. The HRD petty cash fund had not been reimbursed since December 2016. During the spot cash count, \$150 of the Faculty of Science petty cash had been spent without any petty cash supporting documents on hand. Supporting documents for verifying a petty cash reimbursement was not provided and noted as misplaced.

Management response: Recommendation noted, regular staff training will be conducted for compliance with petty cash procedures and processes.

2. Petty cash vouchers were not signed approved by appropriate personnel before spending. Petty cash vouchers for the Centre of Samoan Studies petty cash were not numbered or sequenced.

Management response: The petty cash system for Samoan Studies Centre will be ceased due to poor documentation and system errors.

3. There was a shortage of \$13 in the Faculty of Medicine petty cash fund discovered during a spot cash count. The petty cash custodian paid the shortage in full.

Management response: The shortage was change the custodian was waiting to receive from the officer who had taken money for the petty cash item. The petty cash custodian used personal money to pay back shortage.

4. The bank reconciliations for the months July 2016, August 2016 and December 2016 presented differing general ledger monthly balances as the month ending balances reflected on the general ledger at the time of the audit.

Management response: Remedial actions been taken place to avoid weakness in future.

5. The Executive Committee approved the payout of long service leave benefits earned and accumulated from the period 2006-2016 to contract officers. The payout cost more than \$1.5million and required the withdrawing of the term deposit at ANZ Bank to assist. This could have been controlled if the Council had also adopted all terms and conditions set by PSC in entitling only permanent staff to such payouts.

Management response: The Executive of Council approved on the 27 January 2017 pay-out of long service benefits due to all Academic and Comparable staff (contract staff). Adequate provisions and term investments were put aside to cater for payments when due.

6. The University was still paying sitting allowances to Council Members, and director fees using the discontinued old rates.

Management response: Special exemption was granted to NUS to pay Council Members and director's fees at old rates as per F.K. (15)39.

7. Some employees were paid at 1.5 hourly and double hourly rates although their total normal working hours per fortnight were less than 80 hours.

Management response: Prior practice allowed payment of overtime (OT) hours while Leave Without Pay (LWOP) hours are deducted from normal 80 hours. LWOP hours are now deducted from OT hours.

8. A spot check of the attendance book discovered staff members working but had not signed the attendance book, and staff that have not signed out after work. There was also a delay in updating the Academic Quality Unit attendance book.

Management response: Staff are reminded periodically in using attendance books. Monitoring of attendance books has been consistent since FY 2017-2018.

9. Leave Cards were not updated to agree with attendance books and leave forms.

Management response: Staff have been reminded to fill in leave forms for updating records.

10. Some contract employees did not have performance appraisals despite their signed contracts requiring appraisals conducted annually. Some employees had performance appraisals not signed approved by the proper authority of the DVC as required by the NUS manual. There were also no comments on the appraisal to confirm a review and for transparency and accountability

Management response: All performance appraisals have been prepared and filed in personal files with improvement in monitoring of files. All performance appraisals have been approved and files.

11. Issues relating to fixed assets:

- i. The main asset register monitored by the Finance Manager was last updated 30 June 2016, raising concerns of how assets and depreciation amounts are determined for quarterly financial reports.
- ii. Two assets sampled for sighting were found unlabeled.

Management response: The mentioned assets have been marked and labeled. New assets are checked and labeled before disbursement to designated areas. Spot checks are scheduled quarterly.

3.11 National University of Samoa Financial Year Audited 1 July 2016 to 30 June 2017

1. Board Minutes for the March Executive Meeting were not yet completed.
Management Response: The March minutes have been completed and endorsed by both the Chair and Secretary of the Committee. Recommendation is noted.
2. The worksheet receipts folder for March to June 2017 was misplaced.
Management Response: The receipts worksheets have been relocated and records will be scanned and saved.
3. BSP bank reconciliations for the months of July to June 2017 were not prepared and reviewed in a timely manner.
Management Response: Continuous system errors and breakdowns impacted negatively on the timely preparation of bank reconciliations. These have been completed for financial year audit.
4. The attaché software regularly breaks down, delaying posting and reconciliations.
Management Response: The attaché system has since improved.
5. The NUS has no ICT strategic plan or policies in place with the strategic plan in a draft version for 2 years.
Management Response: A final draft of the document and stakeholder consultation will be executed within the Financial Year (FY) 2018/2019.
6. A disaster recovery plan was noted not yet designed.
Management Response: The Final Draft of the Disaster Recovery Plan has been completed. Cost implications have been included in budget proposal for the FY2018-2019.
7. The existing University firewall does not have a strong enough filter configuration to prevent spam coming in.
Management Response: The network is being redesigned to have two firewalls; one for the outside boundary, and one for the LAN with an additional firewall to prevent spam coming in.
8. NUS uses Kaspersky Antivirus however not all computers were monitored by the antivirus central management system.
Management Response: Recommendations noted and work is in progress.
9. The server room had no fire extinguishers for safety and security measures.
Management Response: Fire extinguishers have been installed for safety measures.
10. There is no written procedure noted for staff user accounts. The Finance Manager informs the ICT to create a user however the log does not exist.
Management Response: There is now a written procedure on adding a user on the Attaché system, and user access will be streamlined. There will also be another admin user trained for back up purposes.

3.12 Office of the Regulator Financial Year Audited 1 July 2016 to 30 June 2017

1. In order to effectively and efficiently carry out its functions, the Office needs its own Act.
Management Response: The process has been initiated and an Information Paper has been prepared and forwarded to the Honorable Minister of the different entities and legislative changes to be made should a new Act be decided on by the government.
2. Several delayed lodgments to MOF were noted.
Management Response: Funds received near June 2017 end were held on purpose pending a proposal to cabinet for funds to procure a new vehicle. Funds were lodged once the proposal was declined.
3. Bank reconciliations have not been reconciled regularly or on a monthly basis.
Management Response: Recommendations are agreed with and will be carried out.
4. An overpayment of \$6,942.91 for Salaries & Wages arose when the Corporate Services ACEO who normally solely prepared, checked, and approved payroll was on leave.
Management Response: Recommendation is agreed with. PSC will again be asked for additional staff to ensure proper internal control. Supporting documents will be sent to MOR to reverse double payments by offsetting with the month's PAYE payment.
5. Postings were not made regularly or on a monthly basis.
Management Response: MYOB is now updated and the only system used for now. Additional staff with accounting background will ensure accuracy posting and take over some of Corporate Services ACEO responsibilities to avoid delays.

3.13 Polynesian Airlines (Investments) Limited & Polynesian Limited Financial Year Audited 1 July 2016 to 30 June 2017

1. Given the historical losses still being carried forward by Polynesian Ltd and Polynesian Airlines (Investments) Limited, the need to declare a dividend is negated notwithstanding the "Solvency test" provision of the Companies Act 2001 (as amended by the Companies Act 2006) until such time as the entirety of the accumulated losses are fully absorbed (recouped) as per IFRS.
2. The audit discovered and recorded different views in relation to the engagement by PAL of a Private Law Firm in Samoa. PAL is of the opinion that the arrangement is cheaper than recruiting an In-House counsel.
3. The company has registered a new private company "SAMOA AIRWAYS LTD" on the 17th May 2017 with POLYNESIAN AIRLINES as sole shareholder of 100 shares. Despite having the same Directors, there are now three separate legal entities, with a significant tax implication. The shareholder name is also open ended and ambiguous from a legal perspective given that the two entities' legal names are different (PAIL and PL). Ideally the name "Samoa Airways" should have been registered as a trademark or trading name under one of the Polynesian companies.

Management Response: Concerns are noted. In principle, Polynesian Ltd is going to be trading as Samoa Airways and Samoa Airways Ltd's role is to protect the trademark name, Samoa Airways. In many ways, it is a shelf company. This was to prevent any third party from incorporating a company with the same name. The advice and recommendation from MCIL was to register Samoa Airways to be able to keep the name. The company extract reflecting that legally it is still Polynesian Ltd trading as Samoa Airways/Polynesian Airlines was provided.

4. Board resolutions approved a budget for Jet Operations Taskforce of \$1,657,373.83 and Jet Implementation Costs totaling \$26,630,542.90. With the realization of jet operations, implications on the "Going Concern" concept now exist. Discussions with the CEO indicate a number of revenue issues are yet to be finalized and factored in for hopefully favourable results.

Management Response: There has been revenue issues however there have also been a number of major milestones achieved by the company.

5. Some dishonored cheques remained in the accounting system for an unduly long period without any remedial action.

Management Response: Recommendation is duly noted. Long outstanding cheques will be submitted to Board for write-off in an appropriate timely manner. A rigorous collection follow-up including legal action if deemed cost beneficial will be enacted for specific dishonored cheques that somehow arise despite the vetting process.

3.14 Samoa Fire and Emergency Services Authority Financial Year Audited 1 July 2016 to 30 June 2017

1. Personal files were not updated regularly. The rate on IMS payroll does not match the rates of personal files. **Management response:** The variances in rates derive from the 3% general increase by the government in 2014 which has not been filed in the personal files. Recommendation noted for future.
2. There is no evidence that a senior member of the staff has checked lodgement before banking. **Management response:** Recommendation noted. Finance Division had recruited an additional Finance Officer towards the end of 2016.
3. The authority's total written down value of all its vehicles as at 30 June 2017 was \$465,269.38. The sum insured for these vehicles was \$1,419,955 and total net premium paid for those sum insured was \$44,531.79. The Authority should review sum insured that they are not paying more than they should. This issue was also raised in previous management letter.
Management response: Recommendation noted. The Authority is reviewing sum insured of all vehicles once the premiums are due for payment. There are still specialized vehicles that require extra care and are insured slightly above their written down book values. This will be closely monitored in the new financial year.
4. The Authority's fixed assets are not insured except for motor vehicles.
Management response: insurance for buildings are included in the policies for government buildings currently with NPI. Recommendation noted for future action.
5. A number of misposted transactions were identified that add up to the value of \$106,464.52.
Management response: Mispostings result from difference in understanding of finance staff n chart of accounts and relevant line item to charge to. Recommendation noted and will review the existing chart.
6. The authority's cash balance in their bank account at year end is \$1,178,263.
Management response: Recommendation noted and current cash balance will be reviewed. There are 3 major projects anticipated in the new year that the Board has approved which will utilize cost savings at the end of 2017. These projects include a new Faleata Station's Mechanical Workshop, Replacement Fire Alarm Panel and a new Fire Station at Faleolo.
7. The Authority's building was last revalued in 2010.
Management response: Recommendation noted. The Authority will look to re-value the building in the new financial year.

3.15 Samoa Housing Corporation Financial Year Audited 1 July 2016 to 30 June 2017

1. Total balance of unclaimed payments carried forward from prior years is still high, though decreased by 2% during the year.

Management response: The recommendation is well noted for further improvement. The Board of Directors in its meeting of July FY16117 approved Management to advertise names of all unidentified transfers through media; newspaper and televisions, with still no favourable responses. The Management is also advised to apply same holding fees to undrawn funds onto these balances after six (6) months held by the Corporation. For over five (5) years unclaimed transfers, the Management believes that these unclaimed monies should be transferred to Other Income as these monies were from SHC clients jar loan repayment purposes but unfortunately account numbers were unknown.

2. The register for receipt books used by Loan offices when they go around collecting client repayments from their homes has not been updated during the year. Another register used to record all receipt books, used and not yet used, was also not updated during the year.

Management response: The recommendation is well noted for further improvement. The Management confirms there are two (2) existing registers jar book receipts. The first register allocated for unused book receipts (stock) is run by the corporate division and the other assigned for used book receipts operates by the finance division. However, none of the two registers have been updated and the Management will ensure that both registers are properly operated.

3. We noted during our audit that additional reports (Interest Rate Report) from LMS were not accurate in relation to total number of clients and total loan portfolio as at 30 June 2017.

Management response: The recommendation is well noted for further improvement. The Management confirms that the Total Portfolio by Interest Rate Report is one of the new LMS added report. An inconsistency was noted in that particular report is something that the Management will prioritize and requires an early consideration of the Software Factory. The Management must ensure that LMS reports are reliable and relevant in order to make reasonable decisions.

4. A physical inspection of renovations and construction of rental units during the year indicated that records from Finance department were not in accordance with the Rental officers' records. Records at finance for November were not updated, and the combined capitalized costs from these renovations were posted and classified under one rental unit, when there were several units renovated.

Management response: Recommendation is noted for further improvement. The Management confirms that procedures and controls relating to rental properties operation were in place. One of the procedures includes posting all renovation costs at this stage to units involved/or capitalization. Unfortunately, an inconsistency in posting in November has affected costing for few units. Management will ensure that this one-off error will not happen again.

3.16 Samoa International Finance Authority Financial Year Ended 30 June 2017

1. SIFA journalised bank transactions on the Front Office Accounting System, instead of utilizing the Bank Module of the Accounting Software.
Management Response: Recommendation has been taken into account and bank transactions now posted from the Bank Module.
2. SIFA does not have a Financial Reporting Manual/Policy.
Management Response: Management will take recommendation into account and look at developing a Financial Reporting Manual.
3. The Physical Server is set-up like a workstation in Accounts and Compliance Division and accessible by anyone.
Management Response: Space is limited in the Authority's current office setup. A proper server room will be setup at the new office building.
4. SIFA does not have a system support personnel, except for the software application designer contracted with the Authority.
Management Response: The IT officers work very closely with the software application designer to assist with bug fix/upgrade releases. Trainings are also regularly carried out by him for the IT officer to ensure they are updated on the new system upgrades.

3.17 Samoa Land Corporation Comprehensive Interim Audit 1 July 2016 – 31 July 2017

1. The final check of collections before storing into the vault overnight as well as lodgement duties the following day was delegated to the cashier.

Management Response: Management only is now responsible for checking and locking up of cash.

2. There was a delay in the collection of cash receipts from sites resulting in substantial amounts of cash kept in the vault overnight for banking the following day.

Monies of substantial amounts collected at the Faleata Gold Course from Friday to Sunday are kept at the Faleata premises and only collected by the main office on Monday.

Management Response: Changes have been made to ensure large amounts of cash are banked immediately including additional banking when required.

3. A lack of the relevant endorsements for cash collections to signify the proper checks of monies uplifted by the collector was noted.

Management Response: Management have assured staff the importance of accountability with record keeping and have discussed this with supervisory staff responsible. Where supervisor is not available, this will be delegated to a level up in management for endorsement.

4. The nature of payments for land deposits and administration involves substantial amounts of cash with cash payments varying from \$10k to \$30k and more. There is a concern with the vulnerability and susceptibility of cash to fraud.

Management Response: The Corporation continues to encourage customers on SLC's preferred option for payment of land accounts. Recommendation is taken on board nevertheless.

5. SLC cheques processed for payments were frequently cashed from the cash inwards collection, as well as cheques addressed to external parties. SLC cheques were then banked together with collections. A total of \$35,800 in SLC cheques were cashed from months January to May 2017. There was no documented approval by the GM or Finance Manager for this practice.

Management Response: Management has put a stop to this practice with strict instructions to Accounts to disallow it.

6. Inconsistency in repayment of staff lands loans.

Management Response: This was due to a misunderstanding with Payroll in relation to employee deductions for their accounts and has since been discontinued. Employees are now to make their own arrangements with their banks for land account payments to avoid reoccurrence.

7. Two staff members attending the Corporation's social club meeting were paid overnight allowance although a social activity expense.

Management Response: Staff allowances relate to an all staff meeting held concurrent with the social club meeting that particular day. SLC does not pay staff allowances for staff social gatherings.

8. Banking for 31 May 2017 amounting to \$50,412.23 in cheques was noted missing due to the lack of proper checks and controls in place or carried out properly. A police investigation was carried out during the time of the audit with the outcome still pending.

Management Response: This was from a control being delegated to a junior staff without management knowledge. Checks and controls have been reviewed and discussed at management and board level. Tighter controls are now in place with strictly management only responsible for checking and locking away cash.

9. There were missing sequences in receipts noted raising concerns of a number of missing receipts from the Faleata Golf Course.

Management Response: This has been referred back to the system provider to look into. The Corporation's IT has checked and could not identify the reason for receipt numbers dropping off. Receipt numbers identified by audit are found in the Infinity system, and relate to Faleata Golf Course sales made.

10. \$350 was discovered removed from the cash box without the cashier's knowledge during the spot cash count by one of the finance employees to purchase goods urgently needed. The cash was returned by the senior officer.

Management Response: Management have reinforced normal controls to staff. Cash cheques are handed to the cashier as cash replacement and banked as part of the day's collection when situations arise where cash is urgently required. This is a practical process which does not impact the receipting process or the day's collection, and cash remains safeguarded. The cash was taken by one of the Senior Accounts overseeing the overall processes when the cashier was on a break.

11. Deficiencies in the Imprest System discovered:

- a. Petty cash vouchers not authorised
- b. A single petty cash voucher for different suppliers and more than one payment.
- c. Petty cash voucher exceeding the \$100 threshold for one payment.
- d. Petty cash vouchers only filled in during the spot check.

Management Response: The vouchers show the Assistant Manager Corporate at the time checked and effectively approved all petty cash claims. The General Manager approved the payment voucher in these batches. A cash advance request is sometimes used for multiple small items not always available at one shop, and is more practical. Sometimes it is more practical to issue petty cash than organizing for a cheque payment, and is a rare occurrence. The availability of cheque signatories is also taken into account. Petty cash is now the Account Team Leader's responsibility in collaboration with Senior Accounts Payable Officer.

12. Material market tenants' debts have been accumulating over the years and are at risk of becoming bad debts. Outstanding debts amounting to \$104,445.87 were written off at the end of FY15-16 for Market, and \$300,000 was written off in the current FY for Investment Markets.

Management Response: Savalalo Market data indicates an improvement in recoveries and collections from prior periods. Salelologa and Vaitele Market debts relate mainly to tenants who have not returned proving difficult to contact and a decision was made for them to be written off. With the recruitment of a Legal Manager and staff vacancies filled an improvement in the monthly collection of Lands and Investment is anticipated. All the bad debts mentioned relate to previous years and have been written off in FY15-16.

13. A substantial amount of money was spent on payments that could have been avoided. Some of these payments require critical evaluation against government expenditure policies, and others require ceasing.

Management Response: Recommendation is taken on board. Majority of expenses relating to the Christmas function approved by the board. Donations are part of contributions to the wider community and payments were approved by the General Manager. Management have agreed EOY functions expenditure will be funded from the staff social club funds.

14. A number of payments were paid for with cash cheques.

Management Response: Practicality and appropriateness were considered. Supporting documents were attached to payment vouchers, and approval was granted. Cheques for staff reimbursements will be made out to staff names instead. Petty cash reimbursements, cultural 'gifts', and taxi fare reimbursements will be the only payments made with cash cheques. Cash cheques will be cashed out from SLC daily receipts, and cheques banked as part of day's banking.

15. The Human Resource Policy was last updated in 2010, raising concerns on the risk of ad hoc practices not covered within the policy occurring.

Management Response: The manual was last reviewed in 2013, and the Manual of Instructions (MOI) is in the final stages of a current review from February 2017. It will be finalized by the end of the financial year.

16. Salary scale deficiencies discovered:

a. The salary scale had not been reviewed since 2010. Consequently, employees of equivalent positions were employed at different rates, and some salary increments were above the salary brackets for some positions.

b. There is a lack of control over salary increments. Some were approved beyond salary scale brackets.

Management Response: Management have since reviewed the organizational structure and the staff salary scale for consistency and to align contract officer's current salary levels to be incorporated in the MOI under review.

17. The Corporate Services secretary and team leader positions were not advertised but were directly appointed by the Board.

Management Response: There are cases where the Board decision is taken, with factors like cost, timing, and internal candidate capability taken into account.

18. Educational funding for certain academic programs is provided for employees, with unclear terms and conditions for engaging employees under this scheme in the Human Resource Manual to ensure benefit and/or cost recovery for the Corporation.

Management Response: The review of the MOI will consider requiring bond terms for the scheme. Recommendation is taken on board.

19. Survey works are put on hold or outsourced to private firms increasing Corporation costs due to there being no certified surveyor for the Corporation since 2016.

Management Response: Positions with a certified surveyor essential criterion were advertised with no suitable applications received. Outsourcing to the private sector is in fact cheaper and speeds up survey work, and is funded by the team leader position salary currently vacant.

20. Manager salaries have been incremented over the contract term which is inconsistent with government policies and practices.

Management Response: The management salary scale has been reviewed with all contractual positions' salaries, terms and conditions now in line with other Government corporations and ministries.

21. A former employee was terminated for misuse of receipted monies and directed to settle money misused. The remaining balance has not been settled.

Management Response: More than half of the money misappropriated was paid back. It was decided after a discussion with the Salelologa management that it would be more practical for the balance to be written off in this financial year as the former employee has since had financial hardship.

22. Application letters for specific account files were not found.

Management Response: Recommendation is noted.

23. A material amount of arrears of \$1.5million over land sales was noted. A material balance of arrears was written off from the financial statements in the last financial year. Individual accounts with aged material arrears as of 31 January 2017 was also found.

Management Response: SLC is considering other alternatives to minimize loss such as negotiations with applicants on conditions to possibly transfer lease ownership. With a full staff on board for debt recoveries, SLC anticipates an improvement in arrears.

24. An inconsistency in the terms and conditions approved for land sales was noted.

Management Response: The inconsistency relates to different period arrangements. The land policy excluded land sales when the FK to cease land sales was issued.

25. The following Land Management System limitations were noted:

- a. It does not generate a consolidated report to track amendments or changes to clients' accounts and their terms and conditions;
- b. A report on purchase prices of land and comparisons with current balances cannot be generated and can only be viewed on individual accounts.

Management Response: Recommendation is noted.

26. A significant delay in attending to client requests was noted.

Management Response: One of the requests identified was delayed due to a government directive impacting the agreement and prolonging the process. For the other requests noted, SLC will only reply when there is available land for the request.

27. Not all of the 24,000 acres of land allocated to SLC as per land registry since the Corporation's initial set up in 1991 has been identified and surveyed to date.

Management Response: The 24,000 acres recorded from the start is inaccurate. Only 22,837 acres were counted. There is an ongoing process to identify other un-surveyed lands on record.

28. There was no updated organisational structure for newly created positions and divisions, and change of hierarchy levels of some positions. The increase in the legal officer's salary to manager level and the creation of two staff positions were not budgeted. Team leaders had vastly differing salaries despite being on the same level in the organisational structure.

Management Response: The organizational structure and salary scale have been reviewed and incorporated into the MOI currently in its final review stages, and aligned to reflect the existing SLC hierarchy.

3.18 Samoa Land Corporation Financial Year Audited 1 July 2016 to 30 June 2017

1. Banking for 31 May 2017 of \$50,412.23 was stolen from the vault inside the Team Leader Account's room due to a complete breakdown of security controls of vault keys from changes made by the then CFO allowing two employees, the Team Leader and a former senior accounts receivable officer, shared responsibility over the vault key without proper supervision and management. A change not yet advised to the GM. On the day the cash went missing, the senior accounts receivable officer passed the key to the accounts receivable officer, who later passed it to the cashier. Those collectively responsible are the Financial Controller, the Team Leader Accounts, and the former Senior Accounts Receivables Officer. There was a complete lack of care and supervision from the Team Leader Accounts in ensuring the money is safely stored away in the vault before leaving his office on the day.

Management Response: Whenever the TLA is away the Manager Corporate is responsible for the key. No one else from the Finance Team is allowed access to the vault or its key other than those three officers. All reports relating to the incident have been submitted to the police for investigation.

2. Repayments from the Savalalo, Salelologa and Vaitele Markets debtors were posted as income for the year instead of crediting debtor accounts to reduce them, a basic accounting error resulting in the overstatement of incomes and outstanding market debtors.

Management Response: Recommendation is noted and the error will not be repeated in future accounting. All entries will go through to the newly appointed Manager Finance for approval before posting.

3. The debtor accounts for all market debtors are kept and controlled by the officers responsible for debtor repayments collection. There was also no effective checking and supervision of this task by management, as well as no statements sent to debtors for their checking of their accounts. Employees were able to carry out frauds on funds collected from debtors.

Management Response: Recommendation is duly noted and the error will not be repeated in future. Procedures now documented for segregation of duties to detect and fraud and error in future. All tenants now incorporated into LMS system for ease of reconciliation, with debtor statements printed and delivered to tenants on a monthly basis.

4. The accounting treatment in the general ledger at each month end for deferred income was incorrect. The corporation is still treating land sales debtor repayments as income in the year it was received and deferring the remaining balance despite board approval in 2015 of the audit recommendations for the proper accounting treatment. This error has been repeated in financial reports to the Board, through the finance subcommittee, as well as incorrect quarterly reports given to the MPE. The then Manager Corporate Services stated these entries were generated automatically by the LMS system.

Management Response: Recommendation is noted. Measures will be taken to ensure proper accounting treatment.

5. Key controls like the regular accounting reconciliation of core general ledger accounts like Land Debtors and Deferred Incomes and special accounts like the FHOD Clearing Account were not done throughout the year, and only carried out when identified by audit, and is in the professional audit opinion a breach of a statutory requirement called for by the Companies Act 2001, Public Finance Management Act 2001, and Public Bodies (Performance and Accountability) Act 2001.

Management Response: Recommendation is duly noted. The issue was due to staff turnover issues. Current finance department will ensure this will not be repeated going forward.

6. Audit noted the inconsistency of amounts reported as collected and actual amounts collected as shown in general ledger for tenant payments from Savalalo, Vaitele, and Salelologa Markets. The initial report given to auditors showed a big movement for doubtful debts leaving a credit balance for some debtors. Further

investigations together with the Manager Investment revealed the respective officers collecting payments at Vaitele and Savalalo markets respectively have been fraudulently recording understated amounts on carbon copies from the original receipt given to the customer. This prompted a special investigation of 100% of all receipts for market collections, a joint operation with the SLC Internal Auditor, including the Salelologa market. A confirmed amount fraudulently taken by these officers could not be identified as not all original receipts from tenants could be collected. The amounts identified represent an average of about 23% of the value of receipts issued.

Management Response: The fraud was known and substantial tests were carried out to further investigate, with accounts sent to tenants to confirm payments. A tenant provided original receipts to dispute their balances stated confirming the fraud. An IR was then issued to the GM and the IA was immediately advised to conduct a thorough investigation. Both employees admitted their offenses and were consequently immediately terminated. The matter is now with the Legal Division for recoveries and was reported to the external auditors. Recommendations on key internal controls are well noted for immediate action and future adherence. The LMS system has been updated to include all tenants from Savalalo, Vaitele and Salelologa markets. Rotation of Collection Officers for Savalalo and Vaitele Markets and spot checks by the IA every 3 months will be exercised to further strengthen internal controls.

7. General Journal entries by the CFO and the Accounting Section made to the General Ledger were not recorded/documented for evidence of their appropriateness, proper approval, and many were erroneous and inappropriate. Reasons for erroneous entries include
 - a. The level of competency of the then CFO and Manager Corporate Service not being up to standard.
 - b. There was no file kept recording all journal entries made by Accounts Division.
 - c. There was no detailed Working Manual of Accounting Instructions to follow.

Management Response: Recommendation noted for immediate action. The Finance working manual will address the importance of documentation. All entries will not be accepted without supporting documents signed off and approved by the Manager Finance and Investment before posting.

8. Audit noted a long-time lag before Management executed many Board and Cabinet directives with significant financial impact on financial statements, such as board approval of a material debt write off, and cabinet directives to transfer lands to and from SLC.

Management Response: Priority was given to the removal of old accounts on the LMS system being carried out causing the delay, as well as the shortage of staff at the Accounts Division. Write offs are now with Accounts to implement. Land exchanges will be updated once files, exact acreage, and technical calculations of boundaries have been confirmed and completed. The FKs did not make provisions for consideration of prices/values for these exchanges. There is an Amalgamation of Lands Subcommittee working together to finalise a better option for Lands Ministry/Agency and lands exchanges without value could be influenced with these negotiations.

9. There are incomplete and insufficient policies for the Real Estate, and Accounts Departments. There are no policies for the Investment and Legal department.

Management Response: The board has already approved the hiring of a consultant to conduct a thorough review and assessment processes, policies and procedures and also provide some strategic solutions to some problems. Management has requested and submitted a proposal to Samoa Technical Assistance Facility for a consultant to work on this purpose.

10. There is an absence of working manuals for most if not all departments, with trainings being of mostly on-the-job trainings with no existing manual for reference.

Management Response: The interrelation between Real Estate and Finance division will be document for improvement moving forward. The Accounts Department currently has a draft working manual. As noted before, Technical Assistance is now sought and will work with Management to develop feasible policies for each Division.

11. The Funds Held On Deposit account is created in the general ledger to post money received from customers while their Sales or Lease Agreements are pending Board approval, to be transferred in new customer accounts set up in LMS once the agreement has been executed. This practice has created a lot of problems regarding identifying the correct customer accounts for deposits to be allocated to later, as well as land issues delaying the creation of accounts. Reconciliations are only done at the end of the financial year. Problems are caused from the delay in setting up an account for new land customers but there are no legal implications for doing so in advance of executing the sales/lease agreement.
Management Response: Recommendation is duly noted for consideration but management's view is that the current process is more practicable and avoids recurring changes on the LMS system. Management emphasizes the need to sign agreements before any account is created. The monthly reconciliation to the FHOD account is now documented in the current working manual for Finance Department for adherence to. The Head Cashier is fully aware of the current change in which SLC will not accept any cash deposit until the agreement is executed. Customers not on the system will be referred to the Estate Department for confirmation before acceptance.
12. Some customers listed as terminated are still occupying SLC lands, some also of which were terminated in FY2015-2016.
Management Response: New lease agreements will be signed with Manager Legal negotiating with parties. Land balances accrued during time of land sale will be written off as all have not met terms, and will now revert to lease charges. The agreements signed at the time provided for this option.
13. Some land debtors are unlawfully sub-leasing the lands in breach of the Agreements.
Management Response: Named occupants are extended relatives of Lessees and now mutually agree to pay for accrued arrears to continue lease.
14. The Funds Held on Deposit account is not reconciled on a regular basis, and only reconciled after the year end.
Management Response: The monthly reconciliation to the FHOD account is now documented in the current working manual for Finance Department for adherence to.
15. Audit noted long outstanding amounts still to be allocated on the Funds Held on Deposit account, including the amounts under the reference: "transcap system sal" which has increased by \$68,349.76 which were direct credits from MOF for direct deductions transferred directly from government employees' salaries.
Management Response: Meetings were held with MOF and various banks to discuss this issue. Only a few accounts with MOF & ANZ could be identified and provided. The banks and MOF are still working on identifying other accounts. Current responsible employees are aware to clear FHOD accounts regularly. End of month reports will be submitted to management for review and necessary actions.
16. Poor monitoring and control of the FHOD account resulting in its balance increasing by 131% to \$638,933. The allocation of over \$1 million in and out of the account indicates its being used as a clearing or suspense account. Credits on bank statements not posted through the Cash Receipts Journal are posted in FHOD account and later reallocated. The spreadsheet used to monitor FHOD is highly risky and open for manipulation, without any records persons changing or supporting documents for any changes made to it to assure correctness and accuracy.
Management Response: The increase in balance was due to the delay in allocation of deposits for Toamua Land Sale when a disagreement arose between SLC and Alii & Faipule. Staff turnover in Finance Division could not be helped, but vacant positions are now filled. Documentation required of movements in FHOD account recommended will be adhered to moving forward.
17. Some receipts were not banked immediately on the next working day.

Management Response: Staff involved were suspended and already under investigation for missing funds from the vault, with a Manager & Team Leader needed to check daily banking as per finance policy.

18. Some receipts were short banked. Receipts noted for Land lease and land sale were checked by the Senior Accounts Officer around the time money was stolen from the vault. The Salelologa banking noted, the person responsible admitted to taking the money, and the shortage was recovered from him with his service terminated.

Management Response: An Irregularity Report on this issue is documented and on file. Depending on the situation, the shortage can be recovered via cash payment the following day, or pay deductions, or even termination of service.

19. Actual receipts were not marked "Cancelled" although cancelled on the system.

Management Response: Recommendation duly noted.

20. Some end of day cash reports have incomplete information necessary for allocation and posting.

Management Response: Receipts noted were system generated and automatically printed. For unclear details, a CRJ and LMS report copy is obtained to support receipts as with the identified receipts.

21. Accounting treatment of damaged assets recovered was incorrect, with the charges deducted from the responsible staffer deducted from his salary and debited to fixed assets.

Management Response: Recommendation duly noted and the error will not be repeated.

22. Maintenance work on damaged access roads for \$52,173.90 were capitalised as land improvements.

Management Response: Recommendation duly noted.

23. Closing stock at the end of every month were not being reversed, leading to incorrect opening and closing stock on the Faleata Golf Course trading account.

Management Response: Recommendation is noted and will be included in the Finance working manual.

24. Issues raised in 2016 Audit Management Letter without improvement or any work done on during the financial year:

- a. LMS system was not updated with accurate land details
- b. There is some improvement on the disconnect and lack of communication between the land and finance division when leases or sales accounts are paid off or terminated, however some terminated land debtors were not communicated by the lands division to the finance division for processing in the SLC financial record.
- c. Some board decisions such as for termination of certain land sales debtors were not actioned by Management within a reasonable time
- d. The assets in the Fixed Assets register have no identification numbers nor labeled on physical fixed assets.
- e. There are no application forms in any single client file.
- f. Invoices/bills are not being issued to clients.
- g. Limitations on the LMS system in which details for years prior to 2004 cannot be input.
- h. The flexibility of the LMS system results in not all accounts being automatically and consistently set up with VAGST and the correct interest applied. Authorized personnel can also manipulate re-payment options at any time and accounts can be manually changed or reversed in the system.

Management Response: a. Noted and now improved with Forms in place making land details a prerequisite to be inserted when an Account is created.

b. & c. New lease agreements will be signed with Manager Legal negotiating with parties. Land balances accrued during time of land sale will be written off as all have not met terms, and will now revert to lease charges. The agreements signed at the time provided for this option.

d. Recommendation is duly noted.

- e. Noted as a way forward, but until about 3000 old applications still in custody and on waiting list are cleared can application forms be used. All new files have a file note checklist produced to condense information on written applications so contact details are maintained for continuous liaisons with clients.
- f. Invoices are only issued to offices and companies for all markets. Invoices for all tenants will be generated from the new LMS upgrade and to be done this financial year.
- g. Management will follow up with LMS administrators to best approach this issue.
- h. Lands department currently working with Accounts Section on updating LMS system especially accounts dormant in LMS. All accounts should be VAGST inclusive regardless. Completion of necessary corrections to all accounts is aimed for the end of the 3rd Quarter of the current financial year.

3.19 Samoa Life Assurance Corporation Financial Audited 1 July 2016 to 30 June 2017

1. The Corporation charged interest income on non-performing mortgage loans.
Management response: Recommendation noted. Adjustment has been completed.
2. The Corporation had technical difficulties trying to obtain journal entry report.
Management response: Recommendation noted. Management will ensure to maintain an electronic spreadsheet of journal entries.
3. Journal entries were not reviewed.
Management response: Recommendation noted and action will be done accordingly.
4. SLAC has not applied the proper accounting method in place for revaluation of Property, Plant & Equipment (PPE) and to apply the proper accounting treatment.
Management response: Management will ensure re-assessment of PPE revaluation in accordance with IAS16.
5. Issues regarding payroll:
 - i. Two pay periods were not signed reviewed by Finance and Administration Manager.
Management response: Recommendation noted. Documents already reviewed and signed.
 - ii. One person prepares all payroll duties.
Management response: There is only one payroll officer and two other officers, Principal and Senior Administration Officers are authorized to process payroll due to confidential payroll information.
6. The Internal Auditor has no contract and now considered under the Organisation Structure as a Manager.
Management response: The Internal Auditor was permanent staff two years ago as approved by the Board. A re-structure has reshuffled positions and approved as a manager position. Management will prepare the necessary documentation to create a contract of employment and seek Board approval.
7. One payment of \$3,000 had no supporting documentations.
Management response: Recommendation noted and documents have been provided.
8. December 2016 of receipts monthly reports was not signed reviewed.
Management response: Action will be done as financial reporting are submitted to Board when monthly receipts are balanced.
9. The Attaché operators use a single log in user ID and password which gives a high chance of unauthorised access.
Management response: This is due to one license purchased but will switch to SMART payroll and purchase more licenses for multiple users.
10. There was only one external hard drive for back up of Windows Server.
Management response: A second external drive has been in use for the past year.
11. Back-up mediums are stored at the IT Managers home.
Management response: SLAC will be using offsite storage facility at Siusega.

12. There are no Windows program neither scheduled nor tested during the year. Such restoration should be done once or twice.

Management response: SLAC has tested Windows restore successfully multiple times.

13. SLACs Savaii Office relies completely on Internet Service Providers (ISP).

Management response: Management is looking at recommending for a Virtual Private Network (VPN) as we have no issues with our current setup. We will implement a VPN within the next 12 months.

14. Firewall cannot filter configuration. It is not strong enough to filter configuration.

Management response: Recommendation acknowledged.

15. Some computers not monitored by Antivirus Central Management System.

Management response: Recommendation noted and will action accordingly.

3.20 SNPF – Building and Maintenance Recovery Comprehensive Spot Check 1 July 2017 to 31 January 2018

1. The total amount charged against tenants is incorrectly calculated based on the number of tenants' staff submitted multiplied by the determined fixed rate. According to its supporting documents, the tenants staff list for FY2016/2017 for tenants identified is not updated.

Management Response: The onus is on tenants to update this information with the Fund. The count for one of the tenants is correct. The Property team will obtain the most relevant staff numbers from tenants as at 31 May 2018. This task will be undertaken annually. Recommendations are duly noted.

2. There were some tenants/lessees with operating costs long overdue, a non-compliance with terms and conditions of Deed of Lease agreements.

Management Response: The recommendation is noted however the Fund has decided not to take this course of action as it will exacerbate the issue and more unmanageable for struggling tenants. The lease agreements will be revised to remove the inference of "automatic" punitive measures and include these under the discretion of the Fund.

3. There is an absence of segregation of duties in preparing, checking, and approving invoices distributed to tenants, with all invoices system generated and prepared by the responsible office and issued to tenants without any proper checking and approval by a higher authority.

Management Response: The recommendation is duly noted and agreed with. The Senior Officer will be responsible for issuing invoices and the Assistant Manager Properties will check and approve invoices before distribution to tenants.

4. There is no formal manual register of lease agreements for backup when the system was noted to be disrupted.

Management Response: Recommendation is duly noted and agreed with. Hard copies printed are in file now. This task will be with the Fund's Internal Audit team to check and update this manual file.

5. Tenants were discovered with expired agreements that have not been reviewed as at the end of audit fieldwork.

Management Response: All reviews have been completed, and all lease reviews and renewals are now up to date.

6. The signed contract for the cleaning contractor was noted to be expired on the 31st of July 2017, although the service is continuing without a written review and revised agreement. The contract review/renewal has been delayed for seven months.

Management Response: Recommendation is duly noted. Cleaning contractor has been advertised for expressions of interest and the resultant contract award recommendation is now pending the CEO's approval.

3.21 NPF Senior Citizens Benefit Fund Comprehensive Spot Check 1 July 2016 – 28 February 2017

1. There was no updated list of all Fund Account Receivables maintained. There were no reconciliations conducted to support figures reported in financial statements. Additional debtors were identified from the General Ledger and accounting system that were not included in the list provided by the responsible officer.

Management Response Data files were lost in September 2016. Technical expertise was sought from New Zealand as local IT experts were not able to provide immediate solutions. It took 2-3 months to retrieve data but not all files were fully recovered. Two debtors not included will be included in the financial year end reporting. One debtor was also settled in January 2017. Supporting documents for Sundry Debtors FY15-16 can be provided to confirm figures reported. Recommendation is noted for the next financial year(s).

2. Several employees took leave as noted in timecards without any approved leave forms.

Management Response: Recommendation is noted.

3. Some employees' leaves taken were not recorded on their leave cards.

Management Response: Recommendation is noted.

4. The fixed assets register provided to audit was not updated with additional assets acquired during the audited period. The register also did not capture all necessary asset details.

Management Response: Fixed assets physical stock take was completed 27th April 2017 and will all be accounted for FY16-17 reporting. The file of vouchers and invoices for Fixed Assets FY16-17 was provided for audit investigations but has not yet been returned.

5. Weaknesses on pension payroll payments noted:

- a. Identification cards renewed on system for pensioners with terminated accounts.
- b. New registration without the start or expiry of ID dates on system.
- c. Expired Identification cards on the system.
- d. ID dates on the system differing from those on the form

Management Response: Recommendation is noted. Currently depend on pensioner families to report members who have passed away. The Statistics department has advised that most pensioners are not registered with the BDM Office. Monthly meetings are held to ensure the master list is updated.

6. Concerns pensioner payments to Samoa Shipping Corporation and National Health Service were prone to a high risk of funding for unrelated expenses not eligible under the NPF Act 1972 due to:

- a. NHS supporting documents for claims received were found insufficient for verification.
- b. The Fund did not maintain a record of SSC receipts after their examination of receipts.

Management Response: SSC receipt books are sighted and then returned for their records. This issue will be looked into with SSC as they perform the services on the Fund's behalf. The issue with NHS has previously been raised with them with their response being that this creates more work for them. Their

invoices are reduced when received, after comparing with the Fund system for any discrepancies which will not be paid.

7. A pensioner was found to have had a total of \$4,176 of travelling expenses paid out by the Fund for the period July 2016 to December 2016. Monthly analyses show the pensioner was able to travel more than twice a day. An irregularity with receipts indicates \$948 in total was from the pensioner travelling to different ports without a returning ticket raising concerns of the potential risk of fraud.
Management Response: The issue was raised with SSC in quarterly meetings but they have stated that the pensioner has mental health issues outside their control. SSC has been advised that the Fund will not pay for the pensioners fun/pleasure ride bills.

3.22 Samoa National Provident Fund Financial Year Audited 1 July 2016 to 30 June 2017

1. Home Loans account no. 5774 was categorized as a vehicle loan in the monthly statistics report received. The two different loan types have different fees and interests charged.

Management Response: The system will be corrected to show this as a Home/Housing Loan.

3.23 SNPF – Senior Citizens Benefit Fund Financial Year Audited 1 July 2016 to 30 June 2017

There were no significant internal control weaknesses, nor any accounting procedures breakdown that came to notice for reporting.

3.24 Samoa Ports Authority Financial Year Audited 1 July 2016 to 30 June 2017

1. Provisions for repairs and maintenance of certain fixed assets do not meet the recognition criteria of provisions under the International Accounting Standards.
Management Response: This is noted. The Authority was implementing its AMP by IPA whereby 5% of total revenue for the financial year is for redevelopment, and major repairs and maintenance of assets.
2. The Authority has a credit with the MFR after cabinet issued directives to write off the Authority's outstanding debt by an amount greater than its outstanding balance.
Management Response: The former General Manager was advised and decided to let be as it is a political issue.
3. 15.2% of total debtors are from debtors aging over 90 days. Huge increases in some debtor balances were also noted.
Management Response: Recommendation to improve follow up is noted and actions have been taken on the noted debtors.
4. The Authority has had staff work for more than 12 hours a day, which is non-compliant with Samoa's Labour and Employer Relations Act 2013.
Management Response: This is noted and shift operations are now in place where applicable to remedy.
5. The Authority paid staff working on public holidays 8 hours at the normal rate plus 8 hours at the double rate due to an incorrect interpretation of the Labour and Employer Relations Act 2013 requirement.
Management Response: Recommendations to train payroll officers is noted and will be implemented.
6. The employees' hours on attendance book do not agree with the approved timesheets submitted for processing payroll.
Management Response: Changes have been implemented.
7. Higher duty allowances paid to principal officers acting in the capacity of higher positions were taxed a different rate but should have been taxed 27%.
Management Response: This is noted and will be implemented for future payments.
8. The IMS payroll system in use will cease supporting all Pacific Island countries payrolls from 31 December 2017.
Management Response: The Authority is in negotiation for a new system.
9. \$4.8 million in posting errors were identified.
Management Response: This issue is noted. The entries were reversing entries and for book accruals.

3.25 Samoa Post Limited Comprehensive Spot Check 1 July 2016 – 30 April 2017

1. There is no approved Petty Cash policy in place to guide petty cash administration, and no limit for petty cash vouchers to ensure petty cash used only for small expenses.

Management Response: The policy is being drafted and will be presented for board approval in the board meeting on 10 August 2017.

2. A petty expense was paid for twice from petty cash without the custodian awareness. The money was refunded but could have been avoided if petty cash vouchers were pre-numbered for control and monitoring purposes.

Management Response: Petty cash vouchers now numbered.

3. Some tax-free petty cash expenses were incorrectly recorded inclusive of GST on the General Ledger understating the Expenses account, and overstating the GST paid account.

Management Response: Recommendations are noted.

4. There were leaves taken without proper approval of leave request forms.

Management Response: Recommendations are noted.

5. Attendance books were not properly monitored and a spot check of the book found some employees did not sign starting times, and others had already signed in for the next day.

Management Response: Recommendations are noted.

6. The Corporation does not keep a fixed asset policy or written manual for fixed assets monitoring and control.

Management Response: Recommendations are noted.

7. Some payments were noted inadequately substantiated with insufficient supporting documents.

Management Response: Recommendations are noted.

8. Insufficient supporting documents for Accounts Payables were kept.

Management Response: Recommendations are noted.

3.26 Samoa Post Limited Financial Year Audited 1 July 2016 to 30 June 2017

1. The fourth draft trial balance was out of balance by \$16,267.00.

Management Response: The concern is noted.

3.27 Samoa Qualifications Authority Financial Year Audited 1 July 2016 to 30 June 2017

1. There were delays for information requested.

Management response: The timeline of one month is noted for future audit. SQA financial policies and procedures manual require CS to submit unaudited Financial Statement by 30th August.

2. 'Other creditors and accruals' balance kept changing resulting when given three draft accounts. There are some challenges in identifying unrecorded liabilities at year end and management should review their financial close and practices.

Management response: Challenges acknowledge due to Financial Management System and staffing.

3. SQA is charging and paying withholding tax (15%) directors fees not at the rates of PAYE (27%).

Management response: Management will seek further advise from the Board on this issue. The treatment of Tax is based on MOF advise through a letter dated 30 July 2014.

4. Payment vouchers and supporting information have been outstanding for quite some time and caused delays to completion of audit.

Management response: Recommendation noted. This situation highlighted a great need for additional staff at a senior level in the Finance Unit and a need for a good Financial Management System.

5. Reconciliation reports were not reviewed in a timely manner for April and June 2017.

Management response: Recommendation noted.

6. With the review of the 4th Quarter Report, there were a number of errors in the report submitted to Ministry of Public Enterprises (MPE).

There should be a full financial check of the report before submission to the Board and to MPE. The Principal Accountant had resigned, thus for the preparer of the above-mentioned financials to be competent in their duty of preparation of a report that was submitted to the Ministry of Public Enterprises.

Management response: As with all financial statement prepared by SQA they are assumed correct as at the period and the time they were prepared. Adjustments/corrections to the accounts do occur and will be done once a thorough end of the year financials are carried out. Management do acknowledged the problem of staff turnover and the difficulty in providing the Financial Statements from its current Financial Management System, in particular during the current Audit.

7. Currently in the Corporate Services Division (CSD) there is only the ACEO CSD and Principal Accountant. Finance duties concerning the Authority are dealt with the 2 personnel only. Being the only 2 in the division, given the level of reporting required and amount of transactions processed (in addition with the Budget support program progressing) perhaps the Authority can look into employing additional personnel e.g. Finance officer to assist with the financial activities.

Management response: CSD has highlighted the lack of personnel as the major reason for the difficulty encountered in this Audit. CSD will pursue this issue with Management again.

3.28 Scientific Research Organisation of Samoa Financial Year Audited 1 July 2016 to 30 June 2017

1. There were delays in receiving hard copies of bank reconciliations for review, raising concerns they were not available at the time of the audit.

Management Response: Management concurs to the delayed submission and notes the issue.

2. There are no contracts reviewed for the CEO, Finance Manager, and the Business Development Officer.

Management Response: Contracts have been completed and finalised before the end of October 2017 for all three officers. The delay is noted.

3.29 Samoa Shipping Corporation Limited Financial Year Audited 1 July 2016 to 30 June 2017

1. Some NPF claims for Senior Citizens travel are still being rejected by the NPF. This was also raised in previous audits without resolution.

Management Response: Recommendation duly noted. NPF reasons for rejected claims were due mainly that the pensioners' ID numbers were invalid due to being "overseas" or "death". The information is unavailable to SSC to identify those pensioners. Recovery was sought since the Corporation had no way of knowing invalid or flagged pensioner IDs, however MOF has rejected amounts since they relate to previous financial periods. A new arrangement is now being implemented whereby the pensioner's office provides an updated list monthly of invalid IDs at the ticket issuing outlets, but which has given rise to new issues with pensioners who have neglected to inform the Pensioner's office of their return and so remain on the reject list.

2. Corporation funds advanced to staff and directors for funeral donations to be recovered from their next pay were not deducted from the following pay as originally agreed.

Management Response: Recommendation duly noted. Management will consider changes to this practice and source from staff social fund with a system in place for reimbursement to avoid using Corporation cash.

3. The Corporation is not deducting withholding taxes from Contractors that it employs on various projects, for payment to the Ministry for Revenue. This is not being done.

Management Response: Withholding taxes will be deducted from invoices of contractors.

3.30 Samoa Sports Lotto Agencies Comprehensive Spot Check 1 July 2016 – 31 December 2016

1. The Accounting Manual was not signed approved by the Management or Board of Directors. Some accounting internal control procedures and policies are not included or even define explicitly in the manual to guide responsible officers' roles and responsibilities on a daily and/ or monthly basis.
Management Response: Recommendation duly noted. We have discussed this issue and agreed as per observation that various areas need to be updated accordingly.
2. Not all cash received from bonus daily sales were recorded in the Bonus Receipt Book. Audit noted that not all cash received from bonus numbers sold for each lottery game (Oz Lotto, Junior Power Ball, Samoa National Lotto) were recorded in the Bonus Receipt Book hence the total receipts for each individual game does not agree to its total sales of bonus numbers sold per week. Consequently, audit couldn't find out the exact date actual cash was received to determine delayed banking days.
Management Response: Recommendation duly noted.
3. The Agency has a Reserve Fund on hand of \$3,700.00 and it is for the purpose of funding each lottery game (Oz Lotto, Junior Power Ball, Samoa National Lotto) prizes claimed by winners on every Mondays. However, we noted that Reserve Fund was not reconciled at the end of each day.
Management Response: Recommendation duly noted and daily reconciliation now been implemented.
4. Bank reconciliation was not signed checked by or approved by appropriate personnel. This issue was also raised in prior year audit.
Management Response: Recommendation duly noted.
5. Personal files not updated.
Management Response: Recommendation duly noted.
6. The Agency paid out 6% of NPF contribution for each employee within the first two weeks of July 2016 instead of 7% to comply with changes as required and announced by SNPF. The NPF contribution payment has not been adjusted thus causing an understatement of NPF contribution for SSLA employees for the first two weeks of July 2016.
Management Response: Recommendation duly noted. The letter for changes of % by NPF was not received by SSLA office, yet the first two weeks of July 2016 will be adjusted and pay out as per recommendation.
7. Issues relating to HR and Payroll:
 - There were staff members who were working but did not sign in the attendance book.
Management Response: Recommendation duly noted.
 - Leave Cards not updated.
Management Response: Recommendation duly noted. Leave cards are weekly pro-rata calculated in which mentioned dates fall within the week and the particular date taken by employee not necessarily will show on the leave record but will fall within the week.
 - Leave forms not approved by the CEO.
Management Response: Recommendation duly noted.
8. There were assets purchased within the audited period which were not labeled.
Management Response: Recommendation duly noted.

9. The Agency fixed assets register was not properly updated. Columns for recording Asset Number and Responsible Officer was not included in the register.

Management Response: Recommendation duly noted.

3.31 Samoa Sports Lotto Agencies Comprehensive Spot Check 1 July 2017 – 31 December 2017

1. The Accounting Manual does not fully include all internal control procedures and policies.

Management Response: Agreed and note that with the passing of the Gaming Act 2017, our manuals are in the updating process of reviewing to append in the HR Manual reflecting segregation of duties, policies and internal control procedures in individual schedules.

2. Inadequate maintenance of receipt and cheque books register:

- Accountable form registers was ineffective as it was difficult to determine the exact number of books that were issued out during the day and how many were returned;
- The Pull Tab Receipt Books were not issued out in sequential order;
- There were several cheque books that were unused and not registered;
- Inconsistency with the labelling of book numbers.

Management Response: Recommendation noted and responsible officer and finance team are again reminded of the importance of keeping/maintaining a sequential order register for the company accountable forms. With the HR manual in progress, we will make adjustment to improve our existing accountable forms system as recommend.

3. Weaknesses noted over bonus receipt books:

- Altering amounts on carbon copies of receipts for bonus collections;
- Carbon copies without details or original receipt attached.

Management Response: This has already been addressed with our bonus sellers and at the same time has terminated a bonus seller in January 2018. Tighter controls are continually applied and monitoring of bonus receipts are done by our finance team.

4. Issues noted in assessing non-payroll payments:

- Statutory deductions were not charged to higher duty allowances paid to the Finance and Administration Manager;
- Non-compliance with cabinet directive policies for all official international trips.

Management Response: Our HR Manual is in review form and all processes, policies and procedures will be reflected in the Finance Schedule. Audit recommendation noted as additional documentation for official international trips for our current process are: Board Approval – GCA Minister Approval

5. There were no signed agreement (rent and commission) between the Agency and their agents/outsourced partners in different venues/locations.

Management Response: Recommendations acknowledged and updated Agreements are now in place effective 1 March 2018 reviewable on a 12 month period.

6. Issues relating to Payroll, Attendance and Leave Records:

- Inadequate maintenance of attendance book

Management Response: Recommendations acknowledged and are in the process of purchasing a time clock hence the attendance book will be kept as a backup when the time clock malfunctions.

- Leave forms not signed and approved by CEO.

Management Response: Our current annual leave form will be changed accordingly to reflect that either the ACEO/CEO will be final approval.

- Incomplete personal files.

Management Response: Recommendation duly noted

- Incorrect calculation of employee working hours.

Management Response: Responsible officer has been advised accordingly in regards to this issue and necessary adjustments in calculations of staffs working hours already carried out.

- ACC levy was not deducted from casual workers.

Management Response: 1% ACC Levy is immediately deducted for all casual workers.

7. One of the staff has an incomplete performance review. Audit noted that there were no comment, signature and approval of the CEO to confirm and validate the results.

Management Response: Our HR Manual is in review form and all processes, policies and procedures will be reflected in the audit recommendation taken into account.

8. Issues relating to fixed assets:

- Fixed assets not labelled
- No write off forms for some fix assets
- No fixed asset register

Management Response: Our HR Manual is in review form and all processes, policies and procedures will be reflected in the audit recommendation taken into account.

9. The Agency does not file or keep Irregularity Reports.

Management Response: Our HR Manual is in review form and all processes, policies and procedures will be reflected in the audit recommendation taken into account.

3.32 Samoa Tourism Authority Comprehensive Spot Check 1 July 2016 – 31 December 2016

1. Cash collections were not banked daily, with one banking delayed by five days due to the employee with the key to the cabinet where money is kept being absent. Receipts were also frequently cancelled due to entry errors by the responsible officer. Customer copies of receipts were also found still attached and not issued.

Management Response: There are circumstances that inadvertently cause delays. All amended receipts are now checked and initialed by the Senior Finance Officers.

2. There was a lack of reviews of bank reconciliations indicating a reliance on MYOB automatic reconciliations.

Management Response: Bank reconciliations generated from the system are now checked and reviewed monthly by the Manager Finance or the Finance Principal Officer.

3. Staff leave records weaknesses encountered:

- a. No leave forms for some leaves taken in personal files
- b. No medical certificates for staff on sick leave for more than 3 days.
- c. No supporting documents for utilizing bereavement leaves
- d. Annual leaves utilized before CEO approval obtained
- e. Utilized annual leave not recorded on leave card.

Management Response: According to the Authority in August 2018, timecards and HR issues are now being given much attention by the new and experienced HR Team.

4. Personal files were not updated with supporting documents.

Management Response: According to the Authority in August 2018, timecards and HR issues are now being given much attention by the new and experienced HR Team.

5. The new IMS payroll processing system accommodated only two pay periods before the server crashed causing failures to the system. Excel spreadsheets are used again although there is no backup for the two periods lost. There is no manual payroll file kept for backup. An incorrect amount of PAYE tax was deducted from an employee's salary.

Management Response: There is no longer an IMS Payroll agent in Samoa. The Authority is making enquiries into payroll softwares used by other organizations and hopes to have one implemented before the end of the financial year. Payroll summaries are kept in Finance rooms, and with the Senior Account Officer. PAYE calculation is done using the EP4 from the Ministry of Revenue. The Authority also stated in August 2018 that the current payroll system works although they are looking into acquiring a payroll software.

6. Weaknesses in payments processing noted:

- a. Payments not posted on MYOB.
- b. No Divisional Head approval on attached acquittal reports
- c. No reason given in selecting a higher priced quote

- d. No purchase order forms attached to payment vouchers
- e. No receipts attached for certification
- f. Quotes not provided

Management Response:

- a. During the time of the audit the Authority's server was down and posting could not be done daily while the IT and service providers worked on the server. Weeks later it was advised that only one person can access MYOB at a time.
- b. All divisional managers checked and approved acquittal reports but did not sign forms.
- c. Sometimes quality over price dictates decision making. Better capacity laptops are selected for marketing and graphic designing works.
- d. Payments identified without purchase order forms were mainly overseas transactions implemented on signed contracts and proposals. For every contract and proposal, the Authority issues a purchase order.
- e. Some receivers (mostly individuals) of cheques/payments do not have or issue receipts but can sign and print their names on the payment voucher.
- f. Some expenses were for urgent needs and would have been impractical to wait for a purchase order to be processed. Some were also verbal quotes which the voucher preparer neglected to write down or document as some suppliers do not provide written quotes.

3.33 Samoa Tourism Authority Financial Year Audited 1 July 2016 to 30 June 2017

1. There were cash receipts not banked on a daily basis.

Management Response: With the exception of the few identified by the auditor, banking was done in accordance to policy.

2. Some funds receipted were never banked nor held on hand at year end. Staff responsible is unclear how funds were not banked.

Management Response: Management has stated in August 2018 that the matter was looked in to and the appropriate disciplinary action was imposed.

3. The lodgement book for the period 1 December 2016 – 23 April 2017 was missing and could not be located to verify the composition of lodgements made during the period mentioned to ensure they were banked intact.

Management Response: The lost lodgement book was last seen in one of the vehicles after banking. STA believes the receipt books and bank statements intact would have sufficed to verify lodgements made during the period.

4. Audit noted contract employees were still employed by the Authority at the expiration of their contracts, with no clauses in contracts allowing this practice.

Management Response: There is no specific clause in contracts to allow or disallow employees from continuing employment after contract expires but the Authority of the Board of Directors guides the Authority in the absence of specific clauses such as the one mentioned whenever necessary or reasonable. The Board extends the contract through the approval of interview schedules allowing the incumbent to complete supporting staff specific duties.

5. Some leave cards do not correspond with approved employee leave forms, with some approved and taken leaves not recorded on leave cards.

Management Response: Much of the disruption was due to the HR principal officer post being vacant for long periods. The newly appointed HR Principal Officer will attend to these issues.

6. A number of staff that applied for Time in Lieu Leave had then granted in payroll calculation but there is no evidence of approvals by authorized officers.

Management Response: This is noted and corrective action is being carried out. The standing policy for Time in Lieu Leaves has always been to be pre-approved by the Authorised personnel. In these cases, approval were granted but not documented in a written form. All this has now been verified and signed approved by Managers.

3.34 Samoa Trust Estate Corporation Financial Year Audited 1 July 2016 to 30 June 2017

1. Also reported in the previous years, the Corporation still has not implemented an accounting package to record all its accounting data.

Management Response: STEC is in the process of procuring an accounting package, which will require some funding and STEC is working on achieving this in the next 2 financial years.

2. Leases were noted not reviewed for renewal as in accordance with lease agreements.

Management Response: The issue is duly noted and has been incorporated into the newly set up STEC Land Management Information System where responsible staff will be notified when leases are due for review. Staff is compiling a report of all leases due for review for referral to the Lands and Leases Board Subcommittee for recommendations to the Board of Directors.

3. All lease payments from lessees were noted outstanding for an average period of three to four years, yet with no interest income charged on outstanding balances as stated in lease agreements.

Management Response: Management is currently putting together a 'debt recovery policy' to address arrears and accepts recommendation regarding interest to be charged on outstanding balances.

4. Some lease agreements are not signed by both the Corporation and the lessees; however major developments have already been executed on parcels allocated. Both parties are not legally bound in the execution of the lease when a dispute arises.

Management Response: STEC is working to rectify this and have identified 13 lease agreements requiring signed agreements. The process of addressing each individual lease agreement is being undertaken, in conjunction with the settlement of arrears with all affected lessees. A lease officer has been recruited to update and reconcile all leases and ensure compliance with lease requirements. The Leases Board Subcommittee is also working closely with management in expediting new leases being approved and monitoring the reviewing of all active and inactive lease arrangements.

5. More than 80% of leases approved by the Board of Directors for more than two years and have land parcels allocated accordingly have not been developed as yet, due mainly to not communicating board resolutions to applicants or it was realised the parcel was inconvenient with developments planned. Management is lacking follow up with the applicant to check terms and conditions of lease agreements are fulfilled satisfactorily. The termination clause of agreements state all approved leases should be terminated after 6 months from commencement when lessee has still not developed the allocated land parcel.

Management Response: During the height of the dispute with Satapuala in 2011, the majority of lessees were advised to withhold developments until further notice due to reports of vandalism and destruction of lessee structures during the dispute. STEC is working with individual clients to assess current situations and willingness to continue leases or otherwise be recommended for termination.

6. There is a delay in executing leases already approved by the board of directors, with 170 leases approved on the land lease register while only 30 lessees have taken up their lease and are active, yet the Corporation is facing cash flow difficulties.

Management Response: The land lease register is being reviewed as a number of approved leases have been stalled due to the Cabinet Directive for the Corporation to terminate all leases opposite the International Airport and refrain from further developments of this land area, which has a severe negative impact on the Corporation. The Corporation has tried to reallocate approved leases to alternative land areas but seeking funding has added challenges for necessary land developments. It is expected that a

large portion of the 170 leases identified will be removed from the list after the review which will take time due to the enormity of this exercise.

7. The Corporation cannot provide a trade debtors aging report for review.

Management Response: This was not possible due to financial reports being compiled manually using the MS Excel program. STEC is now in the process of procuring an accounting package which will require some funding and STEC aims to achieve this in the next 2 financial years. The concern is noted and STEC believes the information available is sufficient for decision making regarding debtors.

8. Most trade debtor accounts provided have remained unrecovered for more than three years, with no attempt by the Corporation to recover.

Management Response: Reminder letters sent out were found ineffective. Trade debtors are mostly lease accounts which were put on hold due to ceasing of development of lands opposite the Airport. All current staff debts except 4 have been recovered with agreements in place for recovery. All outstanding active leases will be served demand letters to settle accounts in a month period. A Board submission will also be prepared for cancelling these leases to make land available for re-leasing and seeking legal advice for recovery of any outstanding amount. The concern is noted.

9. The outstanding amount not yet collected by the Corporation as at 30 June 2017 is \$696,193.75, and collection measures implemented are not effective to speedily recover outstanding debts.

Management Response: Reminder letters sent to debtors were found ineffective. There was a shortage of staff for monitoring lease payments and enforcing recovery procedures. Other amounts should have been recommended for write off as they were incorrect postings. STEC has now employed a Lease Officer who will be managing the lease portfolios.

10. The Corporation's equipments and furniture are not covered under insurance policies.

Management Response: The concern is duly noted. The current value of assets will be considered in assessing the proposed value to be covered in the insurance premium when the policy is due.

11. The Corporation buildings are not fully covered under insurance.

Management Response: The insurance coverage was based on the valuation of buildings then, and rolled over when the premium was due to cash flow issues. STEC is considering revaluing all assets to reassess the coverage. The concern is duly noted.

12. The last revaluation of Corporation lands at Mulifanua and Nu'u was noted to have been in December 2001 and is understated in its records.

Management Response: The concern is duly noted. STEC is awaiting the results of the Government Lands Amalgamation Committee to confirm the land ownerships under SLC, STEC and MNRE. Management will consider valuing the lands surveyed and estimate a value for parts yet to be surveyed. The exercise is expensive and may not be achievable in a short time. The concern is duly noted and a request will be submitted to MNRE to carry this out on a pro bono basis.

13. Payroll statutory deductions such as ACC and NPF were not paid within the required time frames to avoid penalty fees.

Management Response: Issue agreed with although beyond the Corporation's control. The delay was due to cash flow issues. All arrears will be cleared and statutory payments up to date.

14. Cocoa beans were used to nurse for more planting materials; however there is no document to record the harvest to account for the income earned.

Management Response: This was due to staff shortage. Cocoa planting materials were not for sale but for re-planting at the STEC farm. The Farm Division is being re-structured and a Production team is being enforced to monitor and record all produce being harvested and sold. The concern is duly noted.

15. There were no monthly reconciliations prepared for most of the balance sheet items except bank accounts.

Management Response: There are quarterly financial reports being prepared which the balance sheet is updated. Please refer earlier comments regarding computerized accounting package.

16. It was noted over the years that the Corporation was unable to repay its UTOS Loan and the balance has accumulated dramatically over the three year period to date. The last repayment was in 2014.

Management Response: Concerns raised are agreed with. STEC is currently reviewing its corporate plan which will incorporate a funding strategy to hopefully overcome this issue. The Board and management are also considering cash cropping to ensure some consistent inflow of earnings, as well as some re-structures in progress to drive operations in a positive direction.

17. The stock of cattle and sheep were overvalued at 30 June 2017 as a result of incorrect unit prices used to value cattle, and the incorrect classification of sheep compared to muster records at 30 June 2017.

Management Response: It is agreed that the errors were due to sheep and cattle prices classification being reviewed and not forwarded for Board endorsement, so will not be effective until authorized. Nevertheless the concern is raised. The proposed adjustment has already been taken up in the accounts.

18. There is a significant variance of \$872,342.41 in VAGST per accounts and the balance recorded in the VAGST Return lodged with the Ministry for Revenue due to VAGST portion related to land sold to the Ministry of Police in 2012 which was not taken up in the return but taken up in the accounts. Documented arrangements with the Ministry for Revenue for the treatment of VAGST as per Management explanations were not sighted by the auditor.

Management Response: The Ministry of Revenue confirmed the arrangement made with STEC in settling this amount, and a meeting has been scheduled with the Ministry to clarify and settle this matter. The recommendation is noted.

19. The coffee, cocoa, coconut, and avocado blocks planted and maintained by the MCIL EIF Project at the Mulifanua Plantation during the FY 2016 were covered with grass. Costs funded by the project for these blocks were capitalized although should have been expensed. The Corporation will have to fund for additional maintenance in order for these crops to bring a good harvest.

Management Response: The initial plan was for STEC to take up maintenance when the project assistance ended but was delayed due to some internal restructuring in progress for STEC farm operations. The maintenance program is slowly being transferred into the STEC farm. With restructure work plans and teams now in effect, some positive results forecasted to be visualized by the end of this financial year. The recommendation is duly noted, and the proposed adjustment has now been taken up in the accounts.

3.35 Samoa Water Authority Financial Year Audited 1 July 2016 to 30 June 2017

1. There was no provision for the Vaitele Lease that the Authority is occupying. From discussions with management it is understood there is no lease agreement yet until the boundaries at Vaitele are finalized.

Management response: A provision for \$170,000 is included under other creditors and accruals.

2. There were IT issues from the prior year remaining unresolved:

- a. No off-site windows back up. Audit was informed that the Malololelei building project has been approved and the off-site back-up will then be done once completed.

- b. There is no data encryption performed at 3 of the 5 sites.

Management Response: The remaining sites have firewall units installed and data encryption enabled for communications to/from TATTE.

3.36 Totalisator Agency Board Financial Year Audited 1 July 2016 to 30 June 2017

There were no significant issues present to warrant being raised.

3.37 Unit Trust of Samoa Ltd Financial Year Audited 1 July 2016 to 30 June 2017

There were no internal weaknesses or breakdowns in the system of internal controls and accounting procedures during the financial year audited reported.

4 OVERSEAS MISSIONS AUDIT

4.1 Office of the Student Counsellor, Suva Fiji 1 July 2012 – 30 June 2016

1. There were personal reimbursements made to the Student Counsellor without approval from the MFAT Office. These included personal funds used for office expenses and a cash advance of \$800 for a get together function for the FNU and USP students.

Management Response: This has been done from 2016/2017 financial year. All personal reimbursements are now properly authorized by MFAT and no claimant may authorise their own claim as per Accounting Procedures Manual.

5. AUDIT OF PROJECTS

5.1 Apia Waterfront Development Project Financial Year Audited 1 July 2016 to 30 June 2017

1. The VAGST portion of several payments appeared on Finance One ledgers to have been paid from donor funds, a non-compliance with the funding arrangement. It was confirmed that VAGST was actually paid out from the government's counterpart account with the CBS.
Management Response: This was a posting error and MOF will work with the responsible division to rectify. A Journal Entry form is now developed to reverse posting errors.
2. \$310,948 or 74% of the total forecast expenditure for 26/11/2016 to 28/6/2017 remained unutilized at the end of the period.
Management Response: Priority at the time was to complete the Waterfront Plan and the development of rest areas was put on hold, with concerns in installing them without finalizing the Plan. The Water Quality Monitoring Programme was suspended after concerns raised by NZ Water Expert, during which time all payments were put on hold. The programme recommenced in November 2017. Scoping works and preparation of tender documents for the Design and Installation of pilot interpretive signage and temporary directional signs only commenced after the final Waterfront Plan was launched in December 2016, with the invitation for tender issued in the last quarter of 2017. No bids were received in the Request for Quotation for the Monitoring, Maintenance and Repairs of the Malaefatu Play Space issued in March 2017. MNRE had to re-advertise and the contract was awarded in late May 2017.
3. There were delays in the submission of progress reports related to the audited period to MFAT.
Management Response: Delays are usually due to competing priorities. The recommendation is noted.
4. The Fixed Asset Register was incomplete with many assets not recorded with identifying details. Computer sets identified were not properly labeled with asset codes, or with incorrectly labeled.
Management Response: The recommendation is noted. Some items registered were consumables and therefore do not have asset numbers. The MNRE CSU has recently issued asset codes for remaining assets and the registry with the PMU has been updated accordingly.
5. Project payments made out of the CBS government accounts were not subject to pre-auditing, a non-compliance with provisions of the PFMA 2001.
Management Response: MOF is in the process of reviewing and establishing the proper procedure to address this issue. This is a work in progress requiring consultations not only within MOF, but also with the Samoa Audit Office, and the Central Bank of Samoa, to ensure the most efficient process is adopted without penalizing clients with delayed payments.

5.2 EPC Pacific Environment Community Fund – Samoa 400KW Solar PV Project

Financial Year Audited 1 July 2016 to 30 June 2017

1. Interest earned on the project fund account was not directly credited back into said account but into a separate Ministry of Finance account.

Management Response: Ministry of Finance have agreed to reallocate these funds into the Project account. They cited posting errors for this mishap and have given reassurance that project accounts and reconciliations will be monitored more stringently.

5.3 Enhanced Integrated Framework Project – Tier 1 & 2 Financial Year Audited 1 January 2016 – 31 December 2016

1. Interest received from the Project CBS Account was not reported due to a delay in posting onto the Finance One system.

Management Response: MOF has noted the recommendation and an entry will be made to correct the posting.

2. Noted assets were not recorded on the Fixed Assets List. Noted assets also were not labeled when sighted by audit. The vehicle allocated to WIBDI procured under this project was found to have scratches and a dented bumper. Assets procured within the audit period were only updated on the register at the end of the audit.

Management Response: Recommendations are noted and corrective actions will be taken.

5.4 Enhanced Integrated Framework Project – Tier 1 for the Audited Period 1 January 2017 to 31 December 2017

1. There were no proper bank reconciliation procedures carried out between the project CBS account and project ledgers to ensure all transactions have been accounted for in acquittal reports. Interest received in the CBS account for the months of October and November 2017 of \$963.29 USD or \$2,470.22 SAT was not reflected in the Acquittal Report for the year.

Management Response: Recommendation is noted.

2. There is poor record keeping of relevant documents needed to perform the audit.
3. By the time Treasury account is compensated on a quarterly basis for funds utilized in project activities, expenditures could have piled up and project funds may be overdrawn.

Management Response: Recommendation is noted. UNOPS has agreed for reports to be submitted on the 15th of the following months. Reconciliations are done on a monthly basis to track fund ending balances and for procurement purposes.

4. There had only been two (2) Steering Committee meetings within the year.

Management Response: Most activities were completed with few remaining activities to be implemented, hence no need for the Committee to meet on a quarterly basis as per MOU. It was also a cost saving measure with effective communications conducted via email as there were less issues and updates to be discussed.

5.5 Samoa Agribusiness Support Project Financial Year Audited 1 July 2016 to 30 June 2017

1. The project is currently without a Facility Manager or a Project Manager. A PMU Project Accountant was hired 23rd January 2017 in replacement of the former Administration Officer that resigned mid-2016. Certain project activities as responsibilities of the Facility Manager were not performed pending a suitable replacement.

Management Response: MOF has evaluated EOIs for a suitable National Facility Manager candidate; however the decision to approve the consultant with his proposed rate is on hold until the National Rates Framework is approved by Cabinet. Recommendation is duly noted.

5.6 Samoa Agriculture Competitiveness Enhancement Project Financial Year Audited 1 July 2016 to 30 June 2017

1. A payment for SAT\$174,647.88 to a supplier on the 17th May 2017 for AFCRP project was incorrectly charged to the SACEP CBS Account, treated as an overstated expenditure in the SACEP Accounts and included as a note in the financial statements. A journal entry to reverse is to be made after balance date.
Management Response: A Journal Entry was made July 2017 to reverse the overstated amount.
2. Payments pre-financed by Government and subject for reimbursement by the donor after eligibility assessments were made without an appropriate allocation approved in the Approved Estimates.
Management Response: Approved estimates for each project in budgets are inclusive of pre-financing allocations, however recommendation is noted.
3. The Tissue Laboratory construction works have been on hold and the lab remains unfinished, of which substantial payment amounts have already been paid.
Management Response: The delay was from the contractor. The matter is with the MAF lawyer for review and to provide a legal opinion concerning a breach of contract. The remaining construction was re-tendered and the new contractor commenced work 29 January 2018.
4. A substantial number of Matching Grant Programs beneficiaries were not compliant with program requirements mainly in receiving grant funding which was either misused or without receipts for receiving grant funds provided, among other non-compliant reasons.
Management Response: The Committee has agreed on blacklisting non-compliant farmers from any future projects for terms based on the severity of each case. SACEP PMU continues to assist non-compliant farmers in ways to improve.
5. A total sum of \$270,913.50 was paid out to non-compliant beneficiaries from the Matching Grant Programs first and second intake.
Management Response: Actual sum presumed misused amounts to \$235,864.63.
6. IDA grant agreement stipulates that grant monies issued should be recovered if there is non-compliance with activities required, or be excluded from SACEP support and face legal action. More than an estimated \$300k of grant funding should be recovered from non-compliant beneficiaries.
Management Response: The PMU has issues warning letters to non-compliant farmers who are afterward suspended from the grant process and blacklisted if they continue non-compliance.
7. Most beneficiary projects visited do not follow or abide by their business plans when their first tranche is received. There is also an inability to sustain projects over time.

Other issues noted:

- a. Developments as per agreement and request could not be confirmed
- b. Progress could not be confirmed
- c. Project site has relocated
- d. Beneficiary has migrated
- e. Several beneficiaries using one farm site for funds

Management Response: Some issues are outside MAF's control however beneficiaries who have clearly misused funds will be barred from future MAF (SACEP partner) projects.

8. Employment contracts for the extension of 3 project officers' services up to the completion of the project have not been finalized.

Management Response: Outstanding contracts are still with the MAF lawyer for finalization before signing by the respective PMU staff.

9. The construction of the Static Slaughter Unit as a major planned project activity remains incomplete. Payments for technical designs have been paid but implementation is yet to start.

Management Response: The project has been extended another 9 months, from March 2018 to December 2018. The normal procurement process of the supervision firm and construction contractor caused the delay.

5.7 Samoa Agriculture & Fisheries Cyclone Response Project Financial Year Audited 1 July 2016 to 30 June 2017

1. There were assets not properly recorded in the asset register. Fixed Asset Register was not updated with changes in assigned officers, with former staff no longer with the project still registered as custodians, and some assets' numbers and costs were not recorded. The project is also complete and all assets should be transferred to the Ministry. Assets are recorded at actual costs without a depreciation schedule to determine fair value.

Management Comments: Recommendations are noted. Asset numbers now registered. All assets are registered on F1 asset module with depreciation functions automatically activated.

2. There were no Steering Committee Meetings minutes available as no meetings were held within the period, and therefore no review of the completion of remaining works of the Annual Work Program carried out by the Steering Committee.

Management Comments: Ministry of Agriculture Forestry and Fisheries comments still pending.

5.8 Samoa Disability Program Financial Year Audited 1 July 2016 to 30 June 2017

1. There was no proper reconciliation of the Central Bank of Samoa project account and the project ledger carried out on a regular basis. There was a difference of AUD\$132,861.03 between the two, made up of AUD\$189,069.77 not yet banked offset by Government pre-financed payments yet to be reimbursed.
Management Comments: Approved estimates for each project in budgets are inclusive of pre-financing allocations, however recommendation is noted.
2. There were no properly prepared financial statements, as previously raised in the 2016 report.
Management Comments: Recommendation is noted.
3. There were no proper supplementary reports maintained by SDP team to disclose comparison of actual expenditure, and no proper reporting of program commitments as at reporting date. There was no clear link between budget allocations, actual spending, and planned activities.
Management Comments: Recommendation is duly noted. The Program PMU has improved its reporting systems within FY17/18.
4. The acquittal reports do not include the GoS contribution to the project whether in cash or in kind.
Management Comments: The acquittal report is a standard reporting format to capture utilization of the development partner's contribution to the Project. Recommendation is noted.

5.9 Samoa Health Sector Management Program Support Financial Year Audited 1 July 2016 to 30 June 2017

1. Payments in excess over receipts of a total sum of USD\$42,189.31 was noted covered by Government of Samoa (GOS) increasing the GoS contribution to the project.

Management Comments: A financial tracking matrix was put in place for the FY. Overspending was due to exchange rate fluctuations.

2. A difference of SAT\$240,037.81 of actual over budgeted spending for all 3 components over the term of the project was noted.

Management Comments: The Government of Samoa allocated counterpart funds to cover for this excess due to variations in scope of works for some of the contracts including the completion of the Tuasivi Hospital.

3. There appears to be project funds amounting to USD\$1,149,318.18 remaining as a difference of total spending with total contribution by donors and the Government of Samoa, plus interest earned over the project term.

Management Comments: Actual Expenditure calculated is an approximation due to conversions made (SAT/USD) for each quarter concerned. There is no actual cash left. Some payments were pre-financed by government and converted into USD using the end of quarter rate whereas CBS amounts were paid out in USD.

4. Issues on the recording of assets in the Fixed Assets Register:

- a. Assets are recorded in the currency used for payment of procurement resulting in mixed values of assets in the Fixed Assets Register
- b. Actual cost of fixed assets in the Fixed Assets Register could not be compared to actual payments as a result of their being recorded in different currencies

Management Comments: Concerns are noted and agreed with. Each entity keeps separate asset registers for assets under their responsibility, and are responsible for their management, depreciation, etc.

5.10 Samoa Pacific Resilience Program for the Period Audited 1 July 2015 to 30 June 2017

1. Payments pre-financed by Government and subject for reimbursement by the donor after eligibility assessments were made without an appropriate allocation approved in the Approved Estimates.
Management Comments: Approved estimates for each project in budgets are inclusive of pre-financing allocations, however recommendation is noted.
2. There is no approved formal policy regarding reimbursements of government pre-financed expenses from the project funders, including a threshold amount and/or a specified period for reimbursement claims submission for funder assessment and approval.
Management Comments: Donors have their own requirements on the time-frame for reimbursements stated in each disbursement letter for each particular project, as part of the financing agreements providing legal restrictions on withdrawal applications. Recommendation is noted to improve timely reimbursements but a separate policy is not suggested.
3. There is no formal accounting manual/policy in place to guide the compilation of financial reports.
Management Comments: WB Financial Specialist will work with MOF in compiling a brief manual to provide as an annex in the project operations manual for WB projects. However other donors may have their own requirements and preference on the presentation of their financial reports.
4. The project funds utilized as at 30th June 2017 is approximately USD\$1,775,461.41, equivalent to about 13% of the total project allocated grant. The project completion date is in about two years (2020) yet the rate of implementation is slow.
Management Comments: The slow implementation was due to delays in the MNRE and MOF managing to procure officers for the Project Implementation Unit.
5. Steering committee meetings minutes, and project progress reports were not certified by the Chairperson, or the responsible preparer(s).
Management Comments: Recommendations are noted for action.
6. The budget for the project's whole lifecycle is disclosed in the financial report rather than on an annual basis to indicate budgeted activities, benchmarks, and objectives achieved or not implemented, delayed, or deferred.
Management Comments: MOF will ensure an annual work program for every remaining fiscal year with an annual budget.
7. The Project Manager position has been vacant since October 2017 when the former manager's contract was completed.
Management Comments: MOF did not accept MNRE's proposal to increase the former manager's daily rate. Recommendation is duly noted.

5.11 Samoa Parliament Complex Redevelopment Project Financial Year Audited 1 July 2015 to 30 June 2016

1. A properly prepared financial statement was unable to be obtained.
Management Comments: Recommendation is noted and implemented for the FY2017/2018.
2. No regular reconciliations were made between the CBS statement, General Ledger, and Acquittal Report to ensure they agree. Not all transactions were accounted for in the Acquittal report, including interest received in the CBS account for December 2015 of AUD\$10,155.81 equivalent to SAT\$19,230.48.
Management Comments: Recommendation is noted. Reconciliations are now made monthly.
3. So far only the progress report from January to June 2016 was cited. No proper supplementary reports are maintained by the SPCR team to disclose comparisons of actual expenditure by strategies, outcomes and key results areas, and program commitments as at reporting date.
Management Comments: Recommendation is noted.

5.12 Samoa Parliament Complex Redevelopment Project Financial Year Audited 1 July 2016 to 30 June 2017

1. A properly prepared financial statement was unable to be obtained.

Management Comments: Recommendation is noted and implemented for the FY2017/2018.

5.13 Samoa Renewable Energy Development and Power Sector Rehabilitation

Project Financial Year Audited 1 July 2016 to 30 June 2017

1. The Accounting File was not prepared until upon audit request, and was incomplete and without the necessary documents and relevant reconciliations. Project financial statements were also not referenced to reconciliations and general ledger balances causing delays in the audit.

Management Comments: The Project Accountant is new to the position. The audit file has been updated and is in place.

2. Issues noted in the Quarterly Progress Reports compiled by EPC:

- a. The 3rd and 4th Quarterly Progress Reports are distinctively similar in every detail
- b. It was also noted that the 3rd and 4th Quarterly Reports were both signed on the same day, 24th October 2016 indicating a replication. This was communicated during the audit with management and a different 4th Quarterly Report was only received after the audit was completed.
- c. The reports' presentation is cluttered and inconsistent making it difficult to identify the exact work performed during the period and progress made.

Management Comments: The incorrect report was mistakenly submitted and the correct report was later submitted. Progress reports are in place and updated.

5.14 Samoa Women Shaping Development Program Financial Year Audited 1 July 2016 to 30 June 2017

1. There was no proper reconciliation of the Central Bank of Samoa project account and the project ledger carried out on a regular basis. There was a difference of \$286,015.58 between the two, mostly due to Government pre-financed payments yet to be reimbursed.

Management Comments: Reimbursements are given quarterly or six monthly after reconciliations between the CBS account bank statement, Finance One System, and MOF ACDM ledgers hence the difference. The recommendation is noted.

2. Proper financial statements were not prepared, as previously raised in the 2016 management report.

Management Comments: Recommendation is noted.

5.15 School Net & Community Access Project 1 July 2015 – 30 September 2016

1. There was a delay in the submission of unaudited acquittals for the FY2015/2016 for audit.
Management Comments: Recommendation is duly noted.
2. Ineligible expenses of USD\$65,019.37 equivalent to SAT\$163,731.38 were noted during the period.
Management Comments: These were eligible expenses but should have been financed from the government contribution as counterpart funds. Recommendation is noted.
3. The interest received in the project's designated account with the CBS is not reflected in the project acquittal reports nor in project ledgers maintained by the Agencies.
Management Comments: Interests earned were and reported under the government treasury fund account as general government revenue.
4. 40 tablets valued at \$88,000 procured for distribution to different schools for teach purposes were still with the Ministry. The register was not made available at the time of physical inspection and tablets were not registered with the Ministry, or on the Finance One Asset Module. One table was damaged with no IR raised.
Management Comments: Tablets were left in the Ministry office to await broadband connection for their use, and will be dispatched when ready. Assets were registered under Ministry assets, and the Ministry will ensure full registration on Finance One. Recommendations are noted.

6. PERFORMANCE, COMPLIANCE AND ENVIRONMENTAL AUDITS

6.1 Follow up of Audit Recommendations for Financial Year 30th June 2008 – Office of the Clerk of the Legislative Assembly

Issue as reported in 2008: There were no reconciliations between records for revenues of the Office of the Clerk of the Legislative Assembly and the Ministry of Finance. Reconciliations are required to identify and correct discrepancies and ensure correct accounting at year end in the Public Accounts.

Response from OCLA in Annual Audit Report 2009/2010:

It is difficult to perform reconciliations due to short staff. Ministry of Finance for an extra staff member is in current budget and they have deferred this until the next budget.

Implemented

Audit Verification: Our follow up audit reviewed previous management letters and audit findings and found that this issue was not raised again.

Issue as reported in 2008: There were no leave cards kept for casual employees. Leave cards kept for Officers were incomplete, in that some leave taken as per Attendance Book were not entered in the Leave Cards.

Response from OCLA in Annual Audit Report 2009/2010:

All leave cards are now in order

Implemented

Audit Verification: Audit noted that this issue has been reported in previous audits however OCLA has established a division to oversee policies and human resources role including the proper monitoring of all leave cards.

Overspending on telephone expenses

Issue as reported in 2008: Overspending was noted for telephone

Response from OCLA in Annual Audit Report 2009/2010: Overspending on telephone as reported occur every financial year. Our proposed bid amounts for these activities were always based on actual every financial year, but the approved amounts are always less.

Implemented

Audit Verification:

From review of telephone expense spending for previous financial years extracted from the Finance One system, audit noted that actual telephone expenses have been within the approved allocated budget estimates.

6.2 Follow up of assessment recommendations – Education Sector 30 June 2017

1. The assessment identified some weaknesses from the audits of the Education Sector Agencies. There were outstanding issues taken from the Audit Report 2015:
 - Audit of ESPII – Fixed Assets were removed from their designated locations and noted fixed assets are not included in the register.
 - Audit of the Samoa School Fees Grant Scheme – The delay in the receipt of funds from donors had resulted in the use of funds for secondary schools to cater for primary school expenses. This was actioned without a documentation of approval by donors to allow for this.

Management Response:

- The ESPII Assets register was just transferred via email to the Ministry Corporate Services Division on the 20th of April 2016. All assets procured under the ESPII Project during its implementation were registered under the ESPII Assets register and any transfer of assets during ESPII implementation should be recorded in their register during the review period.
 - The Ministry of Finance is the Executing Agency for the SSFGS and it is most appropriate that MOF respond to this issue.
2. In reviewing procurement documentation process, we noted that:
 - The Payment Register provided by the ESCD is incomplete as it failed to capture payments before the 14th September 2015. The Unit however started functioning in the November 2014;
 - Copies of contracts were not provided for audit verifications.
 - The Coordination Unit does not maintain a Fixed Asset Register to keep track of all its assets.
 - Review of payments amounts above \$10,000 for the procurement of goods and services for FY 2015 noted that several payments did not comply with the three written quotes process but was approved on the basis two authorised personnel signed the voucher.

Management Response:

The SSFGS Manual of Operation is the official guiding document for procurement made under the SSFGS and the provision of 3 written quotations relates only to capital goods (fixed assets) which cost more than \$500.00 for each item. The Manual of Operations for the SSFGS was approved by Cabinet together with the Design Document for the SSFGS, on the 5th October 2011 as per FK(11)32.

Agree that some schools used the SSFGS funds for non-allowable items and all non-allowable procurement have been fully reimbursed except one Primary School. An amount of \$300 is still outstanding for the procurement of the lawn mower which is a non-allowable item.

3. There was no Technical Assistant for MESC even though trainings have been carried out for procurement personnel. The Procurement Officer position for the sector was also vacant during our audit.

Management Response: MESC noted the issue regarding the internal audit function in the Ministry and wish to highlight that there should not be any risks involved in payments over \$3,000 during the period under review and continuously as all payments are also verified by the Ministry of Finance and the Audit Office during the workflow of payments. During the period 2014 - 2015 the MESC Principal Internal Auditor (P.I.A.) was also away on overseas training and P.I.A.s access account was disabled from Finance One temporarily upon return.

4. Although each division prepares its own annual budget plan and initiates its own procurement, they do not prepare or consolidate a procurement plan.

Management Response: MESC has recently prepared divisional Procurement Plans to assist with periodic procurement of goods and services required for the Ministry to fulfil its expectations. The purpose of these Procurement Plans is to help the Ministry determines its procurement requirements throughout the twelve months budgetary cycle as to meet government objectives.

6.3 Performance Audit on Births, Deaths and Marriages Registrations in Samoa 1 July 2014 – 30 June 2016

1. Lack of public awareness of the Births, Deaths and Marriages Registration Act 2002. On the contrary, the practice carried out, is not in line with some of this content. For instances, many marriages are currently not registered within the 14 days as required by section 57 of the BDMR Act and most deaths are not notified within the 14 days as required section 40 of the BDMR Act. From our review and discussions with the Registrar and Deputy Registrar mentioned that these are direct evidence of the lack of public awareness of the Act. The Act was passed and to be effective in 2002 and still registered by events is not on time.

Management Response: Recently, we had aired an “E te Silafia” programme together with our main stakeholders to further enhance public awareness on our effort to eliminate the problem of late registration. This financial year, we are fortunate to receive financial assistance from UNICEF to assist us with conducting our mass registration. This awareness programme aims at engaging the public to register. We endeavour to continue with more aggressive awareness programmes to completely eradicate the problem of late registration by utilising approved estimates provided in our advertisement budget. Recommendations noted for the way forward.

2. The efficiency of the process to obtain quality data for Births, Deaths and Marriages is achieved. KELife Data System Report Function is not active. The works of BDM division is assisted by the KELife data System. This system was developed and managed by the KE Software Company in Australia and the division started using it since 2002. It is used to keep statistical records and registrations of births, deaths and marriages. Pursuant to section 5 (1) of the Act; the Registrar is responsible for administering the system and ensure it operates efficiently, effectively and economically. Unfortunately, in the past years, the division had experienced drawbacks with the system which led to the construction of a manual template for processing and recording of births, deaths and marriages. An Excel Spread sheet was also created for reporting purposes as the system audit reports do not reflect the true and accurate number of such certificates printed per day/month/year. This indicates the unreliability of the KELife data system in processing of births, deaths and marriages reports.

Management Response: The Bureau has experienced this problem with the system and the isolation of KE Company made this problem even more complex in terms of communication. BDM have written to the Attorney General's office to solicit their view on possible ways to terminate contract for KE, and source out a local IT company to take over the system so we could be able to fix system errors and improve on other areas when the need arises. A decision will be made on this issue once we a view from the AG's office is received.

3. Incomplete records for BDM Registration. Incomplete registration were noted on the certificates provided such as maiden surname, birth place of the father/mother, place of residence and so forth.

Management Response: On the job training is a continuous effort for BDM staff to enhance their performance especially in terms of ensuring that compliance is one of the most vital issues when it comes to vital registration. Recommendation is duly noted to progress compliance with the registration requirement and completeness of records in the system. As a Registrar and the Deputy Registrar, the information is continuously inserted on BDM records, especially the old records and encourage staff to include parents' information on registration forms.

4. Issues relating to stakeholders that commonly uses the services provided by the BDM:

Overseas Mission – Review of process noted that there is no feedback from the MOF (Finance One) on the revenue collected by the Mission offices via the services provided by the BDM division. On the other hand, KELife system could not provide such information for BDM as the function to offer such is not active. Hence, reconciliation between the Finance One System and KELife system could not be conducted.

OEC - KELife information data is very useful for the OEC in terms of identifying people; whom have reached 21 years of age and have the eligibility to vote for every Government election. BDM divisional work offers a significant assistance for the OEC to determine the different age ranges for the population of Samoa to assist in the elections. The process works through the issuing of a list of people who reach the age of 21 registered by the BDM to OEC. However, from our review of the current practice, the list is in the form of an excel spread sheet. The sheet includes some incomplete records and therefore the risk of using inaccurate information is high.

SNPF - BDM supports daily work of SNPF by providing confirmation letter of information to clarify the deceased/age of an individual to avoid fraud and theft in claiming pensions and benefit schemes provided by SNPF. As citizens would visit SNPF to claim such benefits; SNPF liaises with the BDM division for the confirmation of a deceased employee. This stresses the importance of accurate statistical data provided by BDM to SNPF to prevent any fraud and theft of beneficial claims.

NHS - The BDM division work hand in hand with SNHS by providing confirmation registration certificates for Births and Deaths of citizens. The SNHS liaises with BDM by providing death or birth slips/forms for registrations and record-keeping in BDM. The process carried out in practice, is that these advice birth notification/slips (B10) are to be brought in to BDM division on a monthly basis by NHS. The B10 are then recorded by the BDM office in the system waiting for the public to come in for registration of the birth. This is to avoid late registration of the births and also give a true and fair number of newborns on specific dates/months/years. The same process is carried out for the Deaths, the medical records of wards units responsible for the death slips/confirmation which indicates causes of death, the doctor who attained to the death and so forth. Discussion with BDM division, noted that this process is not fully activated.

Management Response: The revival of Civil Rights Vital Statistics (CRVS) Committees mandated is to look into ways to improve our services and strengthen our partnership with our stakeholders. The CRVS committee consists of members from MOH/NHS and MWCSO, which are our main partners which played vital roles in the registration process. We have also invited other new members from (1) Ministry of Police (MOP) and (2) Ministry of Justice and Courts Administration (MJCA) to enlarge the scope of BDM registration, as well as strengthening efforts to improve on the CRVS register. In case of overseas revenue collection, it is posted under Non Tax Revenue (NTR) and accounted as part of annual cost recoveries collection.

6.4 Performance Audit on Disaster Management – Ministry of Natural Resources and Environment for the Period Audited 1 July 2012 to 30 June 2016

1. The National Disaster Management Plan required to be reviewed no later than 3 years since its adoption. However, the plan was only reviewed in 2016 and the new plan was not approved.

Management Response: The NDMP was not reviewed due to delay in funding for the consultant.

2. Members of the Disaster Advisory Committee (DAC) show not so much effort in implementing the National and Action Plan. Participation and attendance of members to DAC meetings consists of 80% of representatives which needs improvement.

Management Response: An ongoing issue with all committees not just the DAC but what's important is that 80% of members attend during disasters and 100% of members attend in particular the CEOs/heads of agencies.

3. The terms of reporting regarding functions and activities were not documented and clear for each Committee and Agency.

Management Response: The reporting is done through DAC and there is no requirement however it is being carried out in the NDMP.

4. There is a lack in keeping records and information of all activities relating to disaster management. This issue has been addressed as the ministry has a central database for villages, infrastructure as well as data to determine disaster exposure.

5. Consultation is in progress for implementing disaster management within Ministries however the Corporations (not listed as Agency) are not involved.

Management Response: There is no need for all Corporations to be members but they participate actively and contribute through their sectors.

6.5 Performance Audit on Performance Measures – Ministry of Prime Minister and Cabinet for the Period Audited 1 July 2015 to 30 June 2016

1. The Ministry do not have Annual Management Plans for each year.
Management Response: The Ministry upon the development of its new Corporate Plan 2017-2021, factored in its Annual Management Plan 2017-2018 whilst the Annual Management Plan 2018-2019 is being finalised and effective from July 2018.
2. There is no documented performance measures guideline in place to govern the development of performance measures.
Management Response: All these have been addressed in the Ministry's new Corporate Plan 2017-2021 which details the Key Performance Indicator (KPI), timeframe to achieve each activity as well as the responsible and/or leading division for each KPI. These are then filtered down and delineated in the Ministry's Annual Management Plan.
3. The Corporate Services Unit does not have records or sufficient information to support some KPIs being achieved or not achieved.
Management Response: The Ministry's supporting documents are in place but not all are physical documents whilst some documents are kept with the relevant Divisions to avoid duplications, ensure information security, ease of access and use as it's specific to those Divisions' roles and cannot be kept with Corporate Services Division (CSD).

6.6 Performance Audit on Performance Measures – State Owned Enterprises

Monitoring Division (SOEMD), MOF for Financial Years ending 30 June 2015 and 30 June 2016.

1. According to section 22 of the Public Bodies Act 2001, all SOEs need to prepare a Corporate Plan (CP) and forward it to SOEMD for review and finalisation for approval of Cabinet. This was also set as one of the performance indicators for the division for both periods. Few corporate plans were revised by the SOEs during the audited period and were also forwarded to SOEMD for review. SOEs are also responsible for providing a Statement of Corporate Objectives (SCO) together with the Corporate Plan. From audit observations; SOEMD were only collecting such documents from the SOEs and did not register or note the date of submission. Hence, verification of the timeliness submission of corporate plans was difficult.

Management Response: Audit recommendation has been noted. In financial year 2014-2015, MPE was known as State Owned Enterprise Division under the Ministry of Finance, consisting of only 8 staff members including the ACEO. Things were challenging back then with limited number of staff. Things have improved compared to FY14/15 and FY15/16 with more staff. The Commercial Entities Monitoring Division and Mutual and Beneficial Bodies Monitoring Division are now vigilant with its process of reviewing of SOEs Corporate Plans (CP) and Statement of Corporate Objectives (SCO), and provide advice to the Minister of Public Enterprises to endorse the SOE CPs and SCOs for cabinet approval. Additionally, the database is now up-to-date to track compliance of SOEs to this important requirement in the Public Bodies (Performance and Accountability) Act 2001.

2. Pursuant to section 23 of the Public Bodies Act 2001; SOEs need to prepare and submit financial reports, accounts and information. Having this information regularly and updated from all the SOEs ensure that good governance throughout the public sector is strengthened and compliance with relevant legislations is at maximum. After audit verification, it was noted that 'on time' submission has increased from 17% in 2015 to 21% in 2016; 'overdue' submission decreased in FY 2015 to 2016 and all SOEs submitted Annual Reports but not on time.

Management Response: Our current practice includes sending reminder letters to SOE's two weeks before the due date to remind SOEs of the upcoming due dates for quarterlies and Annual Reports. However, we were not able to achieve our targets for AR submissions for the periods under review due to various reasons such as; SOEs cannot submit their Annual Reports without being audited; the Board of Directors meets once a month. Once the audit opinion is issued, the SOEs submit the full Annual Report (including audited accounts) to the Board of Directors for endorsement. If the audit opinion is not ready before 31st October, it is highly likely that the SOEs would not submit the Annual Reports on time to comply with the date in the Public Bodies (Performance and Accountability) Act 2001 and the ministry cannot commence review unless the approved audited Annual Reports are submitted.

MPE is positive that compliance will improve in upcoming years as we work closely with SOEs to ensure proper systems are implemented to improve compliance with the Act.

3. Audit review of the dividend database noted that only 41% of SOEs paid dividend in FY2015 and the target was met in FY 2016 with 53% of SOEs paid dividend to the Government. It was also noted that some of the SOEs did not comply with approved Dividend Policy.

Management Response: In 2015, there were 18 Public Trading Bodies. Of the 18, SIFA and GCA were only added to Schedule 1 in January 2015 and Audited accounts were not included in this FY as well as dividend policy. ASC was under privatization with outstanding dividend expected to be paid as part of the sale price. EPC, at the time uses the Adjusted NPAT (as approved by Cabinet) for dividend calculation after taking into account debt servicing and capital expenditure. The adjusted NPAT was usually negative, hence the non-payment of dividend, despite profit disclosed at face value of the financial statement. The note disclosure for EPC details such treatment. It was also included as part of our recommendation for EPC to ensure that the adjusted NPAT is somehow calculated and included as part of the financial statements whether it should be disclosed in the financial statement or notes for transparency purposes.

In addition, the loss making SOEs (in FY 2014-determining year for FY2015 dividend collection) which includes DBS, SPA, STEC and SWA (which you may also aware has a history of poor financial performance) were not included as part of dividend calculation to be paid in FY 2015. SSS has a history of loss and outstanding Annual reports for Dividend determination as a result of PFL issues that are still unresolved. In totality only 9/18 PTBs has achieved profit and out of the 9 profitable PTBs, 6 has paid dividends for FY 2015 though there are still outstanding balances. 66% has paid dividends in FY 2015. The 45% is understated as per your report.

In 2016, there were also 18 PTBs, ASC completed its sale in April 2016 and outstanding dividend was fully settled. Loss making SOEs include DBS, SLC, SPA, SWA and STEC. SSS having outstanding audited ARs for dividend determination is not included as part of dividend paid calculation. SIFA and GCA were fairly new and inclusion of the two in the dividend policy needs further consultation. SIFA at current pursuant to section 18 of their Act, pays a sum of money to Government as determined and approved by their Board of Directors. GCA profits in their legislation are for community purposes and the need to pay portion of their profits to Government needs further review. In totality, the above 9 PTBs were not included as part of the dividend collection calculation for FY 2016. The other 9 PTBs who have achieved profitable results has paid both in full and portion of dividends for others for FY2016. There was at least 100% compliance in PTBs who have paid dividends in FY 2016 despite having outstanding balances. It is also important to note that payment of dividends is subject to the solvency test as per section 39 of Schedule 7 of the Public Bodies (Performance and Accountability) Act 2001.

4. There was no documented and approved procedure on how to implement the Dividend Policy. From verification of the dividend database, audit noted an instance; whereby one SOE used its capital (vehicle) to pay off its outstanding dividend for the audited period. Correspondences between the Ministry of Finance and the concerned SOE on the issue noted that the practice was accepted by the SOEMD. It was also noted from discussion with appropriate personnel that this is not the first time this practice was used by the division during operation under the Ministry of Finance.

Management Response: The dividend policy was a straightforward 50% of Audited NPAT and when to pay was also clear in the policy. It needed not to have a separate document on how it is implemented. The focus was more on enforcement of PTBs to comply, despite nature and reality faced from one PTB to another PTB, when Government strikes one size fits all policy. The accounting application is the responsibility of the Finance Manager of respective PTBs to ensure it is in line with International Financial Reporting Standards. The determination of the dividend amount payable however, is set by Government in the absence of such in the standard.

Despite having the policy the political decision making from Ministerial level to transfer the vehicle the former Minister of Finance, SOEMD needs to ensure the value of the vehicle that was expensed/capitalized by SLC is recorded somewhere in MOF's books.

The exemptions provided for other SOEs were directed by Cabinet upon request from SOEs. The others were merely based on mutual agreement between MOF and the PTB when the Public Bodies (Performance and Accountability) Act was fairly new and to ensure smooth running of operations. Our role since separation from MOF was to ensure there has been improvement in compliance across SOEs with Dividend Policy, despite having to deal with problematic PTBs when they have their own reasons for not paying dividend. Our duty was to implement the policy by reminding SOEs to pay dividends, but not advise to allow exemptions.

It is also important to note that the operations of the SOEs are heavily impacted by political interference and the enforcement of such policies will always be difficult.

There are also current issues regarding the policy and there is an intention to resolve in the current review of both the ROE and Dividend Policies.

5. There was no annual report for FY 2015-2016 for the Ministry.

Management Response: For FY 2015-2016 MPE was under the MOF budget as an on for recruitment of key positions were under below line item. All budget operation and process was done by MOF for the whole of the financial year. So it would be more appropriate if AR for FY2015-2016 were included together with MOF. However, MPE has taken into consideration recommendation from Audit; an annual report for FY2015-2016 & FY2016-2017 is being compiled to be completed before the end of this year.

6.7 Performance Audit on Performance Measures – Ministry of Women, Community and Social Development for the Period Audited 1 July 2014 to 30 June 2016

1. There is no guideline/procedure in place to govern the development of performance measures within the ministry for all outputs.

Management Response: Despite the absence of a guideline or documented procedures, the ministry adopted the SMART concept to guide them in the development of KPIs. The ministry believe that the nature of work and the core functions for each ministry are different; hence the KPIs are also different.

2. There were some performance measures related to the division of Village Based Development Services that were not clearly defined and cannot be measured.

Management Response: Governance is one of the area the ministry faced challenges with when formulating KPIs because of the nature of the work that is involved particularly measuring the real impact of work at the village level. The ministry also avoid using the 'number' of activities or the 'time' an activity takes place as good measures but look at the final result of the real impact of what they do to the lives of people they serve.

3. The Ministry does no evaluate performance measures at an operational level.

Management Response: The ministry conducts a six months evaluation and review processes over the past years and budget KPIs has always been the main focus of the evaluation at the output level. The review of KPIs is an ongoing process considering the changes that are happening from time to time to ensure the relevancy of the KPIs to the ministry's work.

4. The Ministry has too many KPIs resulting in choosing too many measures that are irrelevant and not adding value in achieving their objectives.

Management Response: The Ministry had discussed and assessed the KPIs using the SMART concept to make sure they have the most appropriate indicators to measure performance at the end of the financial year.

5. The audit was not able to identify the actual dates achieved for KPIs compared with target dates of completion (time framework).

Management Response: The recommendation is duly noted.

6. The Division for Research, Policy and Planning does not have records or sufficient information to support some KPIs achieved or not achieved.

Management Response: The recommendation is noted for improvement in the future.

6.8 Performance Audit on the Management of Foreign Exchange Fluctuations for the Period Audited 1 July 2012 to 30 June 2015

1. The operational risks faced by the Debt Management Unit (DMU), is the difficulty in developing and retaining skilled staff, the lack of business continuity plan and debt management awareness.

Management Response: There has been ongoing capacity building some specifically for the DMU over the years, mainly on the job-training for the staff. The operational manual for the division is still in draft and would greatly assist the DMU in its daily operations.

2. Foreign currency risks include the depreciation of the SAT against the loan currencies and movements in cross currency rates that result in appreciation of other currencies against SAT. Since 2009, the Tala appreciated against the USD, easing the debt service burden. However, at the end of December 2012, the Tala depreciated against the USD, Chinese Yen (CNY) and Japanese Yen (JPY), and Europe currencies compared to September 2012. The increasing share of CNY and JPY currencies in the debt portfolio, poses high foreign currency risk as these currencies are forecasted to increase over the years. The government can do very little to mitigate or manage foreign currency risks and one way to minimise this risk is by diversifying the funding sources in terms of creditor.

Management Response: Ministry of Finance noted the recommendation. Foreign currency risk is the main risk in the GoS debt portfolio, as 95% of total portfolio is borrowings from international institutions and foreign countries. This risk continues to remain and in the cabinet approved MTDS 2016-2020, MOF has specified two indicators and targets to monitor and manage this risk within the period of the MTDS.

3. More loan transactions conducted in foreign currencies results to exposure to foreign exchange risk.

Management Response: It should be noted that the findings of the recent DSA conducted the IMF\WB in May 2017 has a high risk of debt distress rating. Though the improved debt management and positive fiscal reforms implemented by GoS, the impact of the natural disasters on Samoa negatively impacted on the findings. Samoa is now accessing to 100% grant only from ADB and WB, a positive development at this time. At the same time, the current debt to GDP ratio is 49% which is within the fiscal target of 50%.

4. Due to the exposure to foreign exchange risk, the GoS in its annual budget has appropriated a provision for foreign exchange fluctuation, which caters for such risk. These appropriations are for the external debt service only. Appropriations are determined by the budget available and previous results of exchange rate fluctuations. The main concern for this appropriation is how conservative the DMU are with when is suitable to utilize it.

Management Response: The utilisation of the appropriation depends on the actual movement of the currencies that are used to service the debt. Determining the appropriation for budget is mainly based on the utilisation in previous years. The MOF would improve in future by having proper analysis and forecast of currency movements, and consideration of previous utilisation trends, to determine appropriation in future budget. This is also in line with good practice in debt management operations.

5. A massive exchange rate loss occurred in the year 2014/15 from CNY denominated loans from China. This is due to the depreciation of SAT compared to Chinese Yen (CNY). The increasing share of CNY currency in the debt portfolio poses high risk as this currency is forecasted to increase over the years.

Management Response: In addition to the depreciation of the SAT against the CNY, the GoS does not have any CNY denominated Treasury account. All CNY debt payments are paid in USD, equivalent to CNY, on the day the transaction is made. The CBS did not have foreign reserves in CNY to make payment as well. Every time a CNY debt payment is due, CBS has to buy the CNY in USD on the market, to settle the CNY payment as allowed in the loan agreement. Sometimes it resulted in shortfall of payment in CNY as in March 2015, due to exchange rate movement, and GoS had to make additional payment to fully settle the dues.

In early 2016, the CBS managed to set up a CNY account with the Bank of China in Australia, and this has helped the GoS in reducing costs to fluctuation, but also assisted CBS in its reserve management for CNY.

6. Mechanisms and techniques for mitigating and minimizing foreign exchange risks were not properly documented in a manual.

Management Response: Ministry of Finance noted the recommendation for continuous monitoring and managing of the risks in the debt portfolio.

7. According to our review, hedging mechanism for Samoa is not prohibited by law or any regulation. However, it is highly impossible to implement with the current status of Samoa's economic health, especially considering the cost. The current high-external debt ratio as the years pass and the development of Samoa is still in its early stages of development. A case of the commercial banks proposed hedging for China loan repayments to minimize and manage foreign exchange risks. However, this was costly understanding that the rates offered by the CBS are much cheaper than any commercial banks. The brief analysis carried out by DMU compared daily exchange rates from the commercial banks and CBS in the last 3 years to support this view.

Management Response: Noted the observations and commentary. MOF has been approached by commercial banks to consider this option mainly for external debt service. The arrangement with CBS is working and the cheapest option for GoS to settle its external debt service.

7. INFORMATION TECHNOLOGY AUDIT REPORTS

7.1 Central Bank of Samoa Information Technology General Controls Audit – 30 June 2018

1. The Central Bank of Samoa does not have a formally approved IT Strategic Plan.
Management Response: Comment noted for further improvement, IT committee will organise and draft a Strategy plan and will look at reviewing the plan when approved every two years.
2. Lack of formal reporting on Internet usage.
Management Response: Comment noted for further improvement, report will be prepared and sent to executive on Internet Usage every year.

7.2 Ministry of Education, Sports & Culture Information Technology General Audit – 30 June 2018

1. Audit review noted that the Ministry does not have an IT Strategic Plan.

Management response: The Ministry is currently working towards development of an IT Strategic Plan.

2. The Ministry does not have a formally documented backup and recovery procedures for all the systems.

Management response: There is an existing Backup System and yet to document backup and recovery procedures for all systems.

3. Review noted that there is no documented IT Disaster Recovery Plan.

Management response: A new ACEO ICT/Media has been appointed towards development of an IT Disaster Recovery Plan.

7.3 Ministry for Revenue Information Technology General Controls Audit – 30 June 2018

1. The Ministry for Revenue does not have a formally approved IT Strategic Plan.

Management Response: The Ministry is in the process of putting together a new IT Strategic Plan but they currently have an Annual Business Plan that outlines ongoing implementation of infrastructure, systems and projects.

2. There are no documented back up procedures

Management Response: The Ministry have technical backup documents for each main Customs and Tax system. The Disaster Recovery Plan which incorporates all these documents is in its development stage.

7.4 Ministry of Health Information Technology General Controls Audit – 30 June 2018

1. The Ministry have no documented IT Disaster Recovery Plan.
2. Review noted that there are no documented back up procedures.

7.5 Ministry of Public Enterprises Information Technology General Controls Audit – 30 June 2018

1. The internet access/usage is not formally monitored.

Management Response: The Ministry had recently switched over to Bluesky from CSL (MOF) internet connection. Bluesky has been slow to send reports to the Ministry but they are now beginning to get reports which will begin to be shown to management in monthly IT reports.

2. The ministry is still utilizing the IT infrastructure of the Ministry of Finance for file storage purposes. It was noted that this was the arrangement in the past prior to separating from the Ministry of Finance in 2015.

Management Response: The Ministry just had their Network-attached storage (NAS) box for backup and antivirus procured and delivered, which were holding them back from storing files in house. Barring technical hiccups, intend to get their file server going in house before the end of this month.

3. There were no daily backups of data and software being made.

Management Response: A NAS box has been procured for doing backups of data and software. Backup should start going before end of this month, in house.

7.6 Ministry of Works, Transport & Infrastructure Information Technology General Controls Audit – 30 June 2018

1. The Ministry does not have a formally approved IT Strategic Plan.
Management Response: IT Strategy is in progress, draft is yet to be completed.
2. There is no formally approved IT Security Policy.
Management Response: IT policy and procedure is in draft form awaiting final comments and approval.
3. Lack of formal reporting to management on the use of internet.
Management Response: Internet usage in the ministry are allowed based on roles and special cases through the approval of the CEO only governed under the IT policy – Internet and Email usage section.
4. There are no documented back up procedures.
Management Response: These are governed under the IT policy – Backup and Recovery Section.
5. There is no documented IT Disaster Recovery Plan
Management Response: The Disaster Recovery Plan is in planning phase at the moment. There is a system upgrade plan coming up and the ministry is waiting for these to get in place and develop a suitable IT Disaster Recovery process.

7.7 Office of the Attorney General Information Technology General Controls Audit – 30 June 2018

1. Lack of formal reporting on Internet usage.

Management Response: AG have upgraded their Watch Guard to Total Security re-enabling this detailed reporting feature. This will be presented periodically to management for their information and appropriate action as necessary.

2. Review of Windows security controls found over 80 active users defined to the AG windows network with passwords that never expire or users are never required to change their password.

Management Response: Recommendation acknowledge by the Office of the Attorney General.

3. Audit review found 19 active user accounts that have not logged onto the OAG computer network in over 90 days.

Management Response: The Ministry invited the auditor to re-assess how the report was generated. The audit findings are inaccurate according to the OAG as most of the workers are currently working and access files and work emails on a daily basis.

4. Audit network review found 55 user accounts created on the OAG computer network that have not once been used or logged onto the network.

Management Response: OAG responded that these users are active accounts within their office.

7.8 Office of the Clerk of the Legislative Assembly Information Technology General Controls Audit – 30 June 2018

1. Audit review noted that there was no IT Strategic Plan.
2. There is no documented and formally approved IT Security Policy.
Management Response: The Office uses the Watch Guard firewall by CSL.
3. There is lack of formal reporting on Internet usage.
Management Response: Reports are not generated whenever an incident occurs, but can be provided if necessary.
4. There is no documented IT Disaster Recovery Plan
Management Response: The Disaster Recovery Plan is being finalized and shall be submitted once so.
5. Audit review of Windows security controls found over 70 active users defined to the OCLA Windows network with passwords that never expire.
Management Response: The 90-day password policy was enforced but removed due to MP complaints.
6. There were 11 active user accounts that have not logged onto the OCLA computer network in over 90 days.
Management Response: Many users identified are current staff members active on the system.
7. Audit network review found 12 user accounts created on the OCLA computer network that have not once been used or logged onto the OCLAN Network.
Management Response: Many users identified are current staff members active on the system.

7.9 Office of the Electoral Commissioner Information Technology General Controls

Audit – 30 June 2018

1. There was absence of formal reporting to management on the use of internet.
Management Response: Reports from firewall capturing activities from certain timeframes are provided to management. Numerous reports that can be generated include firewall detailing any activity from any user, PC or application to name a few. Emails to management also provide proof for reporting purposes.
2. Audit review of Windows security controls found 6 active users defined to the OEC Windows network with passwords that never expire.
Management Response: They already have a set time period of 3 months for password expiry for all users except for Administrator. This user cannot be expired or locked because once it's expired; all users will not be able to access the whole server.
3. Analysis of network accesses noted two (2) user accounts (Eroll and Registration) whose passwords have expired and have not logged onto the network since.
Management Response: The Registration account has been removed except for Eroll. This account was created for offsite registration work which everyone can use for registration purposes only. OEC assigned specific user privileges to this account so it can perform specific tasks when working outside of the office.
4. Audit review found three (3) disabled windows user accounts still defined to the network.
Management Response: All three accounts have been disabled.

7.10 Office of the Regulator Information Technology General Controls Audit – 30 June 2018

1. There is no formally approved IT Security Policy

Management Response: There is a draft IT Policy being reviewed prior to approval which cover all areas raised in recommendation. It will be distributed to all staff upon approval and a presentation will be made to clarify the issues addressed in the Policy.

2. There is lack of formal reporting to management on the use of internet.

Management Response: There is a system called FortiGate Firewall and it contains user usage of internet, sites that are visited by staff, the amount of downloading and uploading and amount of forwarding and received done through email exchange. This system is used to monitor all internet and email connectivity.

3. Review of windows security controls found 22 active users defined to the OOTR Windows network with passwords that never expire.

Management Response: The draft IT Policy and Procedures require regular password changes for staff for security purposes on a monthly basis.

4. Audit review found 2 active user accounts that have not logged onto the OOTR computer network in over 90 days.

Management Response: The two inactive users have resigned and user account has now been removed. The other staff member is the Transportation Officer and rarely has time to log in but still requires a user account.

7.11 Public Service Commission Information Technology General Controls Audit – 30 June 2018

1. There is no current IT Strategic Plan.

Management Response: The review of the Public Service Commission (PSC) ICT Strategy 2011/2014 is completed. Formulation of the new ICT Strategy is noted for December 2018.

2. Audit review noted the absence of formal reporting to management on the use of internet.

Management Response: Overall Internet Usage reports are being submitted to management on a quarterly basis but not in detail. The Ministry has configured automatic usage reports and summaries presented to management as needed. The usual monitoring for security issues and acceptable staff use according to ICT policies is performed.

3. Audit review of Windows security controls found 16 active users defined to the PSC Windows network with passwords that are never required to change as opposed to the required 90 days stipulated Password Management Policy as per PSC ICT Policies and Procedures July 2015.

Management Response: Policies have been re-enforced for staff to change passwords every 90 days.

4. There were four (4) active user accounts found that have not logged onto the PSC computer network for over 90 days.

Management Response: Recommendation is noted. Invalid user accounts have been reviewed and addressed accordingly.

5. Audit review found over 30 disabled windows user accounts (domain user accounts) still defined to the network.

Management Response: Some of the user accounts are for testing purposes which PSC uses from time to time but are enabled and disabled after test runs. Disabled user accounts have been reviewed and addressed accordingly.

6. Review of network found two (2) user accounts created on the PSC computer network that have not been used or logged onto the PSC Network.

Management Response: The 2 user accounts have been assessed for legitimacy and 1 has been addressed. The other is used for network backups to the NAS (Network Attached Storage).

7.12 Samoa Bureau of Statistics Information Technology General Controls Audit – 30 June 2018

1. There was lack of internet usage formal reports to management.
Management Response: Management have noted recommendations by audit for improvement in work and way forward.
2. Review of Windows Security controls found more than 30 active users in the SBS Windows network have passwords that never expire.
Management Response: Management have noted recommendation for improvement and going forward.
3. Analysis of network accesses noted that 19 user accounts have not changed their windows password for over 90 days. Audit also noted that the password expiry date for each of the 19 user accounts has elapsed and that some have not been changed in many years.
Management Response: Controls are included in the Bureaus IT policy but was not fully enforced.
4. Audit review has picked up 6 'generic' user accounts in the SBS Windows computer network. Generic user accounts do not identify any individual employee or user but are shared between many users/staff in many cases.
Management Response: These accounts were not removed for the purpose of the ministry's HIES Survey conducted every four years. The accounts are uniquely identified and stored as the ministry start preparations for HIES Survey early next year.
5. More than 20 active user accounts have not logged onto the SBS computer network in over 90 days.
Management Response: All inactive accounts have been removed and they will continue to review and action deactivation of inactive users every now and then to eliminate possible consequences as raised in the audit report.
6. There was one disable window user account still defined on the SBS network.
Management Response: This account have been deactivated temporarily and removed the user PC from the SBS LAN (virus infected due to outdated antivirus).
7. Network review found 4 user accounts created on the SBS network that have not once been used or logged onto.
Management Response: The ministry created accounts/access for every staff of SBS when they are recruited, with the understanding that all staff must have access to email especially most of the inter-office memorandums are circulated via 'all staff' email. The ministry will revise internal controls pertaining to this matter and will take audit recommendation as part of the policy review on this issue.

7.13 Samoa Airport Authority Information Technology General Controls Audit – 30 June 2018

1. The SAA does not have a formally approved IT Strategic Plan.

Management Response: SAA does not have a separate IT Strategic Plan as all unit plans are incorporated into its Corporate Plan 2017-2020. Specific goals and all major changes and upgrades in the IT Department are submitted, noted and updated in the Corporate Plan and reviewed annually and as changes occur.

2. SAA is drafting a new documented backup procedures.

Management Response: SAA data backup and recovery has already been implemented using VEEAM Backup. Tests and recovery processes have already been conducted. Formalized backup and recovery procedures is currently being formulated and will be reviewed and updated regularly once it is finalized.

3. There is no documented IT Disaster Recovery Plan.

Management Response: SAA IT Department is at the moment working on updating servers and firewall to better secure SAA network and sensitive data. Off-site backup is being discussed and reviewed for implementation. Once finalized, IT Disaster Recovery Plan will be formulated to cater to such disaster tiers and data recovery processes.

4. The SAA network system does not require users to periodically change their password.

Management Response: Once an employee has resigned, been terminated or retired, their user account will also be removed from the SAA's Active Directory and database, after certain important work-related documents have been copied from their desktops. SAA IT Department will discuss, encourage and enforce changing user passwords quarterly to ensure unauthorized access into the SAA network is avoided.

7.14 Samoa International Finance Authority Information Technology General Controls Audit – 30 June 2018

1. The Samoa International Finance Authority (SIFA) does not have a formally approved IT Strategic Plan.
Management Response: There is an IT Strategic Plan however, in their SIFA Strategic Plan 2018-2020 they have included strategies with hope to achieve by 2020 such as developing capacity and launching new functions for their SIFA Registration System and Front Accounting which are their two (2) Key IT related systems which are/were custom-made to suit SIFA requirements.
2. The internet access/usage is not formally monitored as there are reports on internet usage provided for management.
Management Response: The IT Division will look into developing a formal report on internet usage for management. The SIFA have standalone computers in each division that are not connected to the network which staff use to access the internet with the exception of the CEO and Chief Managers. These have software installed which block prohibited websites and downloading.
3. The SIFA system does not require users to periodically change their password.
Management Response: Management has advised their system developer to put in place functionality on their system to force the user to change their password every 90 days. The IT Section will also look into implementing Windows password policy for every staff.

7.15 Samoa Law Reform Commission Information Technology General Controls Audit – 30 June 2018

1. There is no formally approved IT Security.

Management Response: A draft for the ICT security policies and procedures is in progress.

2. There is lack of formal reporting on Internet usage.

Management Response: The SLRC currently has no software to monitor internet usage. The Commission uses Watch Guard as its firewall and is currently in discussion with CSL to purchase the Watch guard Reporting tool which is a separate tool.

3. Review of windows security controls found 2 active users in the SLRC Windows network with passwords that are never required to change.

Management Response: The users have been assigned to periodically change their passwords (after 60 days).

4. Analysis of network accesses noted 3 inactive user accounts.

Management Response: The users have been deleted and removed.

5. Review found 19 disabled windows user accounts still defined to the network.

Management Response: The removal of these users has been delayed to allow back up of emails and working documents. A time frame of one month is given to employees that have left the Commission to request for information (such as Office files or emails) before being deleted. Users identified have been deleted and removed from the system.

6. There were 5 user accounts noted to be created on the SLRC network that have full administrative privileges.

Management Response: The identified users were the former Senior ICT officer, the ICT volunteer, the CSU ACEO, and the administrator account for the network, and server. Three have since been deleted leaving only the current Senior ICT Officer and the CSU ACEO with administrative privileges.

7.16 Samoa National Provident Fund Information Technology General Controls

Audit – 30 June 2018

1. Review noted that the SNPF does not have an approved IT Strategic Plan
Management Response: IT plans are included in both SNPF Annual Report and SNPF Annual Budget report for each financial year.
2. There is no documented IT Disaster Recovery Plan.
Management Response: Management will conduct risk assessments to assist with documentation of formal DRP. The Management is also confident that all processes and plans for disaster recovery are in place and the objective is to document these by the end of FY2019.
3. There are no reports on internet usage provided for management.
Management Response: Management will include details of internet usage in management reports.

7.17 Samoa Ports Authority Information Technology General Controls Audit – 30 June 2018

1. Lack of evidence to support whether internet usage was formally monitored.

Management Response: A monthly usage report is given to management when requested. The Authority is in control and filter internet access using firewall. An internet plan is in place so there is no over usage.

7.18 Samoa Shipping Corporation Information Technology Audit – 30 June 2018

1. Review noted that the SSC does not have an approved IT Strategic Plan.
2. There is no IT Security Policy approved.
3. There is lack of formal reporting to management on the use of internet.
4. There are no documented backup procedures.
5. There is no documented IT Disaster Recovery Plan.
6. The SSC system does not require users to periodically change their password.

7.19 Unit Trust of Samoa Information Technology General Controls Audit – 30 June 2018

1. Policies associated with the appropriate use of internet resources are not documented within the UTOS IT Policy.

Management Response: The UTOS have an existing HR Management Policy and under section 15 (Network and Internet use policy) it covers the appropriate use of ICT resources including the appropriate use of internet that was approved by the Board in September 2010.

A new draft ICT user policy is on the pipeline to be effective in July 2018 base on business plan.

2. The UTOS is not monitoring their internet usage/access.

Management Response: The management responded that they do manage their firewall daily for any intrusions and attacks. The device have been configured to activate its built in functions such as Intrusions prevention, data loss preventions, threat detections, web blocker and spam blocker and others to prevent internal network from outside invasion. This runs automatically at the background and put a stop to any suspicious traffic as per screen shot below. The UTOS also have a second protection apart from the firewall which is the Cooperate Antivirus protection which is updated daily from its trusted updated source servers on a secure pipeline.

3. The majority of active users in the UTOS windows network have passwords that never expire.

Management Response: The UTOS does not support the periodically change of passwords as there are only 12 users in its computer network. Each user has the option of changing their passwords whenever it's necessary and everyone have their own computers which means no sharing of devices. The UTOS has three sets of passwords; the computer domain password, email password and database password. The change in passwords will be an issue for their ICT team as staff will keep forgetting passwords and will need to reset it from the Server.

4. Network review found one user account created on the UTOS network that has not once been used or logged onto.

Management Response: The Management responded that they overlooked removing the wrong username of this user despite not having a major impact to the security of the network.

5. There were 6 active user accounts on the UTOS windows network that share similar account details and have more than one login account.

Management Response: One user had a new computer replacements installed, and another had a laptop operating system reinstalled due to some software requirements, Hence the reason for a slight change in new usernames. Once new usernames were used old usernames were not ever being used, and the reason why they are still in the username logs are for reference on when the computers joined the internal network and in case an incident within the internal network arises and the existing usernames are held responsible and accountable. UTOS have now removed all unused and inactive user accounts.

7.20 Report on the Preliminary Review of Governments Non-Payroll EFT System – July 2017

1. The current system for processing payment via EFT does not comply with relevant sections of the Treasury Instructions. It is estimated that 85% of all government non-payroll payments in 2017 have been processed through means of EFT.
2. There is no formal documented agreement in place with the Bank on the disbursement of funds. It is merely an agreed upon set of procedures to facilitate the disbursement of funds via an approved email. There is no legal obligation on the banks to respond by email regarding the successful or unsuccessful processing of EFT payment, this may lead to delayed detection by the MOF on any erroneous electronic transfers. The only paper and audit trail maintained for this activity are for internal purposes and does not require confirmation or reciprocation/reconciliation by the external banks. The main record capturing the movement of EFT files send to the banks is a manual register. If this register gets misplaced, it will be difficult for the Ministry to confirm on a timely basis any erroneous or fraudulent transfer.
3. Audit noted that the bank statements received by the MOF Accounts Division shows only an aggregate amount of the transfer that was made for several payees. It does not show the reference number of the EFT transaction as well. This lack of detail will hinder the efficiency and accuracy of the reconciliation process and given the sheer number of transaction on a daily basis, the task can be tedious and may render the internal control as ineffective.
4. There is lack of segregation of duties of key officers in charge of the EFT process.
5. There are three main areas that the MOF will need to scrutinize closely to ensure the integrity of the EFT process is well protected:
 - i. The Finance Once system security to ensure the Vendor master file in the AP module (Finance 1) is not modified without the knowledge of the Accounts Division because this file contains the bank account details for the suppliers;
 - ii. The email system and the entire MOF computer network is not subject to unauthorized intrusion and use of computer resources to ensure that emails sent from the MOF are indeed bona-fide and from the Ministry for EFT purposes;
 - iii. The actual EFT file is a file that is editable using any text editor – such as Microsoft Word or Notepad. Which means the information inside can be modified before it reaches the banks. Furthermore even the officers receiving the file at the bank is capable of editing the file before it is uploaded to their own computer system.