



TECHNICAL ASSISTANCE REPORT

FIJI

Public Expenditure and Financial Accountability (PEFA) Assessment

FEBRUARY 2020

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Republic of Fiji 2019 PEFA Assessment



February 2020



PFTAC





2019 PEFA Assessment

Republic of Fiji

Final report – January 2020

The quality assurance process followed in the production of this report satisfies all the requirements of the PEFA Secretariat and hence receives the '**PEFA CHECK**'.

PEFA Secretariat,
February 5, 2020

Assessment Management and Quality Assurance

Responsibility for overall governance of the Fiji Central Government PEFA assessment that has been undertaken in September 2019 has rested with the Ministry of Economy PEFA Committee.

This is chaired by the Permanent Secretary of Economy, and Manager Treasury. Other members of the PEFA Committee include representatives from MoE who also has served as the oversight committee. The PEFA Committee led the collection of evidence and carried out initial analysis and assessment prior to the field work by PFTAC. The overall Government team consists of representatives from most of the entities responsible for producing the evidence required for the assessment.

PFTAC has taken the lead on the PEFA assessment on behalf of the Development Partners. PFTAC discussed the PEFA assessment with the Government of Fiji and a number of development partners, including EU, IMF and World Bank prior to the drafting of the Concept Note. During the field work, the MoE was the counterpart to the PEFA Assessment Team¹. All the key PFM institutions were involved in the assessment process so that evidence was collected from all the involved institutions and triangulated as necessary. The PEFA assessment team met with other organizations in Fiji such as the Office of the Auditor General, Fiji Revenue and Customs Services, Parliament, and the Fijian Chamber of Commerce. These institutions are in addition to the departments involved in budget formulation, budget execution, procurement, internal audit and control, and accounting and reporting. Additionally, some major spending ministries covering education, health, local government (including Suva City Council) and transport were visited in order to provide additional evidence for relevant areas.

PFTAC managed and funded the PEFA assessment from its operational budget. This also ensured an independent quality assurance process that primarily checked for accuracy and quality of supporting evidence and compliance with the PEFA methodology. An introductory workshop outlining PEFA was conducted for all counterparts at the start of the fieldwork and a concluding workshop was held to provide preliminary scores based on information received at that time and highlight any outstanding data.

A DFAT team participated in the PEFA assessment fieldwork. This was instigated as a way of reducing the impact on Government staff that could be associated with multiple requests for information and meetings. DFAT was conducting the information gathering for its Assessment of National Systems (as a fiduciary risk assessment) for which the results from PEFA are a significant component.

The assessment management and quality review process is summarized in Box 1.1. This process is required for the PEFA Check issued by the PEFA Secretariat. All of the steps relating to the Concept Note prior to the assessment fieldwork have been carried out. The review process of the draft report was concluded and added to the Box.

¹ The assessment team wishes to give special thanks to the PEFA assessment oversight and government support team, including Makereta Konrote, Raveena Kumar, Salaseini Raiwalui, Makita Tagicakibau, and Joana Marama. The team provided support throughout the process and coordinated the work with the various ministries, bodies and agencies. The project team wishes to express its sincere appreciation for the support received from all the officials throughout government and related entities. The team was especially grateful for the cooperation of all participants in the process in Suva, Fiji

Box 1.1 Assessment management and quality assurance arrangements

PEFA assessment management organization

- Oversight Team —MoE PEFA Committee, chaired by Makereta Konrote Permanent Secretary of Economy; Raveena Kumar Senior Manager-Treasury MoE; Salaseini Raiwalui Manager Financial Policy Assurance Unit (FPAU), Treasury MoE; Makita Tagicakibau Senior Accounts Manager FPAU, Treasury MoE; Joana Marama Assistant Accountant FPAU, Treasury MoE .
- Assessment Manager: Celeste Kubasta PFTAC
- Assessment Team Leader: Celeste Kubasta IMF PFTAC PFM Advisor
- Assessment Team Members: Richard Neves IMF PFTAC PFM Advisor. Kris Kauffmann IMF PFTAC PFM Expert, John Short IMF PFTAC PFM Expert.
- Matthew Fehre, DFAT, and Anthony Higgins, DFAT consultant, participated in the meetings that informed the PEFA, but were not part of the PEFA assessment team

Review of concept note

- Date of reviewed draft concept note: July 2, 2019
- Invited reviewers: Oversight Team, Matthew Fehre, DFAT, Laura Doherty and Majdeline Al Rayess, IMF, Anthony Obeyesekere Ministry of Foreign Affairs and Trade of New Zealand (MFAT), PEFA Secretariat Guillaume Brule
- Reviewers who provided comments: Oversight Team August 19, 2019 DFAT July 9, 2019. IMF, July 11, 2019 MFAT July 25, 2019 PEFA Secretariat July 9, 2019
- Date(s) of final concept note: August 28, 2019

Review of the assessment report

- Date(s) of reviewed draft report(s): November 17, 2019
- Invited reviewers: Oversight Team, Matthew Fehre, DFAT, Laura Doherty and Majdeline Al Rayess, IMF, Anthony Obeyesekere Ministry of Foreign Affairs and Trade of New Zealand (MFAT), PEFA Secretariat Guillaume Brule
- Reviewers who provided comments: Oversight Team Jan 14, 2020 DFAT December 14, 2019. IMF, January 7, 2020, PEFA Secretariat 11 December 2019
- Final report issued: February 10, 2020

Methodology

Type of assessment: The PEFA was conducted using the 2016 PEFA framework, consistent with the PEFA methodology. Although there was a PEFA carried out in 2013 (using 2011 PEFA methodology), the report was not finalized in terms of receiving the endorsement of the PEFA Secretariat or full acceptance of the Government. Accordingly it was been decided that the 2019 PEFA would better serve as a baseline rather than a repeat assessment as the accuracy of the draft scores in the 2013 PEFA could not be verified without the difficult, if not impossible, task of revisiting the 2013 PFM context².

Number of indicators used: All 31 indicators and 94 dimensions have been assessed.

Timeline/ Dates of mission: The time period covered for the assessment has been the financial years ending July 31, 2017, 2018 and 2019 with the financial statements for the final year being unaudited. The last completed fiscal year ended July 2019. The critical date at the time of assessment was September 2019 which was the last date for which data included in the assessment was considered. The field work was conducted during the last two weeks in September with some remote follow up the following week relating to outstanding data. As such, the assessment reflects the most recent completed year for which data is available for that indicator.

Coverage: The Main Units of Budgetary Central Government covered by the Assessment are all the 34 units of budgetary central government and the 34 extrabudgetary units: The assessment also examined monitoring of local government which accounts for just 0.6 percent of government expenditures. Similarly, the assessment examined the central government monitoring of the public corporations and related fiscal risks to government. There has been no deviation from the coverage of central government as specified in the PEFA Framework.

Sources of information: Information has been collected through meetings and discussions with relevant departmental staff and the specification and receipt of relevant data directly or on-line, where available. All sources of information by indicator are specified in Annex 3 as is the list of people met as well as additional document such as external reports by development partners.

Country fiscal year: 1 August to 31 July since 2016 (when it changed from the calendar year).

Exchange rate: Local currency unit = Fiji dollar (FJD) Exchange rate June 2019 1 US dollar = 2.1615 FJD
1 Australian dollar = 1.5027 FJD

² At the request of the Government the PEFA team produced information on comparison with the 2013 PEFA for internal discussion only. No reference to the previous reports or comparison with previous will be made in this version, thus identifying this version as a baseline.

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AFS	Annual Financial Statements
AGA	Autonomous Government Agency
ASYCUDA	Automated System for Customs Data
CFA	Consolidated Fund Accounts
CoA	Chart of Accounts
COFOG	Classification of the Functions of Government
CMB	Cash Movement Balance
CMU	Cash Management Unit
DFAT	Department of Foreign Affairs and Trade of Australia
DMS	Debt Management Strategy
EBU	Extra Budgetary Unit
EC	European Commission
FMA	Financial Management Act
FMIS	Financial Management Information System
FRCS	Fiji Revenue and Customs Services
FRA	Fiji Roads Authority
FNPF	Fiji National Provident Fund
FPO	Fiji Procurement Office
FY	Fiscal Year
GDP	Gross Domestic Product
GFSM	Government Financial Statistics Manual
GoF	Government of the Republic of Fiji
IAGGD	Internal Audit and Good Governance Division
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ITC	Information Technology & Computing Services
KPI	Key Performance Indicator
MDA	Ministry, Department, Agency
MOE	Ministry of Economy
MFAT	Ministry of Foreign Affairs and Trade of New Zealand
NDP	National Development Plan
OAG	Office of Auditor General
PAC	Public Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PMF	Performance Management Framework
PFMIP	Public Financial Management Improvement Program
PFTAC	Pacific Financial Technical Assistance Centre
PS	Permanent Secretary
PSE	Permanent Secretary of Ministry of Economy
PSIP	Public Sector Investment Program
RIE	Requisition to incur expenditure
SO	Standing Order
SOE	State Owned Enterprise
SON	State of Nation
TA	Technical Assistance
TCC	Tax Compliance Certificate
TIN	Tax Identification Number

Executive Summary

The purpose of this PEFA assessment is to provide an objective analysis of the present performance of the PFM system in Fiji against the PEFA indicators. This PEFA establishes a new PEFA baseline using the 2016 PEFA methodology. Although there was a PEFA carried out in 2013 (using 2011 PEFA methodology), the report was not finalized in terms of receiving the endorsement of the PEFA Secretariat or full acceptance of the Government. Accordingly, it has been decided that the 2019 PEFA would better serve as a baseline rather than a repeat assessment.

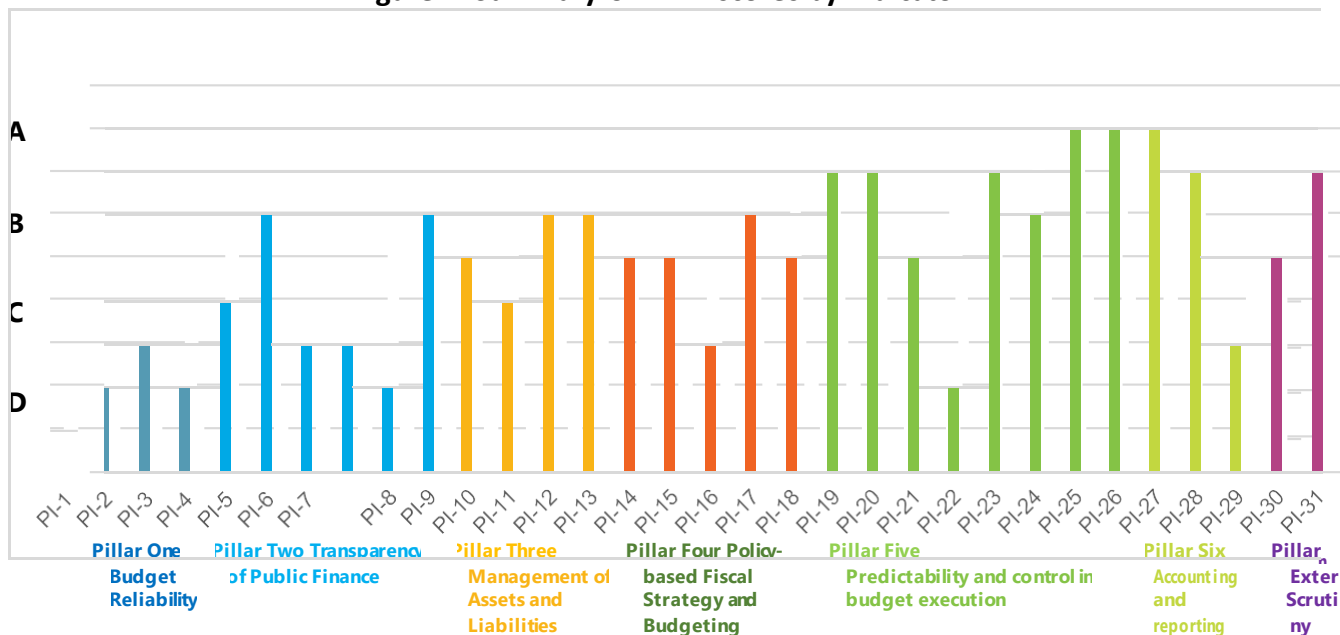
Following the 2013 PEFA, the “Public Financial Management Improvement Program 2016-19” (PFMIP) was developed. PFMIP is considered a working document. There are frequent staff meetings on the results and management receives updates on progress. A new PFMIP will be prepared after the PEFA assessment. This roadmap will provide the Government of Fiji the opportunity to progress existing reforms and introduce new activities based on the PEFA scores.

Overall, the results of the PEFA show a public financial management system in Fiji that is on track to be strong in terms of control of the execution of the budget. There are notable weaknesses in timeliness of the annual financial statements that impinges on realizing the benefits of the good external scrutiny that Fiji possesses. This is offset by good in-year budget execution reports and an emerging internal audit with a proper framework now being established. The budget process is evolving and some features of a multi-year approach are in place and reflected in the budget calendar but is hindered by the absence of a functional or program classification system and the absence of key performance indicators. Unrealistic revenue forecasts contribute to the prepared budget being unrealizable. In –year revenue reporting is good as is revenue administration. On the expenditure side, cash planning is relatively effective and in reality replaces the budget forecasts. Effective commitment control enables effective management of the release of the budget determined by monthly warrants linked to the cash availability which is guided by the priorities set out in the budget. Nonetheless, it also requires the budget to be rearranged as planned expenditures cannot be funded, which can result in cash rationing.

As noted, the overriding feature of PFM in Fiji has been the overambitious revenue forecasts that are produced for the budget in the three years covered by the PEFA assessment. The Fiji Revenue and Customs Services has made significant progress in reforming its operations over the recent past and this is reflected in the PEFA scores relevant to revenue administration and accounting for revenue. As a result of the implementation of the restructuring of its operations and processes, there was a growth in tax revenue which was due to the improvement in compliance with respect to collections. Such year to year growth will be primarily reflected in the initial years as a step change, but it is unrealistic to expect that this will be repeated on an annual basis once the reforms have been implemented. As noted in the revenue outturn indicator the Fiscal Department in the MOE is responsible for revenue forecasts and discussion indicates that increased revenues from compliance had been built into the model on an annual basis which was too ambitious and unachievable. The model that produced the forecasts for the 2019-2020 budget has been made much more realistic with respect to the compliance impact on revenues. These overambitious revenue forecasts have nevertheless impinged on the overall impact of

the fiscal system in terms of aggregate fiscal discipline, the strategic allocation of resources and the efficient use of resources for service delivery as what is planned cannot be fully delivered.

Figure 1: Summary of PEFA scores by indicator



Aggregate Fiscal Discipline

Aggregate fiscal discipline is achieved due to control over spending during budget execution, as well as realistic revenue forecasts. However, in the case of Fiji, both aggregate expenditure and revenues outturns have been well below forecasts even though strong revenue administration has ensured that revenues are efficiently collected. Operationally the planned budget has been adjusted to realistic levels though cash forecasting that feeds into monthly allocations and commitment control. Treasury operations and cash management enables expenditures to be managed within the available resources. Control of contractual commitments is effective although the information on arrears is weak and needs to be addressed. Given the dichotomy between the revenue forecasts in the budget and the monthly cash flow forecasts, both virement and supplementary are used at level than would be seen in normal situations. The strong external audit function and parliamentary scrutiny enhances fiscal discipline but the delays in producing annual financial statements impinge on their effectiveness.

Strategic allocation of resources

The Chart of Accounts caters only to economic and administrative analysis of expenditure. There is no link between the medium-term perspective in expenditure budgeting and costed strategic plans and an absence of a focus on achieving results that is consistent with a strategic allocation of resources. There is some emphasis on the overall fiscal framework but this is weakened by a lack of analysis and reporting of changes in circumstances relating to fiscal strategy and implications of policy changes. Weak management of investment affects the strategic allocation of resources. Recurrent cost implication of investment is not factored into the budget process and investments are not selected to generate the best return. Similarly, the untimely information on the extrabudgetary sector weakens the strategic allocation of resources.

Transfers to local governments are not determined by transparent rules. While budget documentation and public access is at a good level, there are elements that are missing such as tax expenditures and timely audited financial statements that weaken accountability.

Efficient use of resources for service delivery

The current weaknesses in the procurement system with respect to the appeals and dispute process could have adverse implications for the efficiency in service delivery, though the strong focus on competitive bidding is a positive feature. The strengths in the accountability mechanisms make external audits effective as counter checks on inefficient use of resources. However, weaknesses in the production of consolidated annual financial statements limit the impact of audits which in turn limits the effectiveness of oversight. These are offset, however, by the strength of the in-year budget execution reports which includes information on the realization of annual targets for outputs and objectives. The lack of performance targets and outcomes deters from the efficient use of resources in service delivery units. On the revenue side, operational efficiency is compromised by the accumulation of tax arrears but arrears now cover historical rather than current arrears. Lack of effective tax debt collection undermines credibility of tax assessments and the principle of equal treatment of taxpayers.

Internal control environment

The internal control environment is generally sound. The scores in related indicators and dimensions reinforce that controls associated with the day-to-day transaction of the budgetary central government are functioning and enable a system for good data integrity regarding the activities of these entities. The laws and regulations provide the legal framework, and allow for specific roles and responsibilities, segregation of duties, and operating processes. The system embeds access controls and audit trails that support the internal control framework.

The Ministry of Economy is responsible for overall public financial management and ensures the promotion of sound financial resource management practice among the various Government agencies. It is also responsible for promoting sound economic management of the national economy, consistent with macroeconomic targets for sustainable long term development. There is an Auditor General which while dependent on the government budget process, is independent in delivering its mandate. In the context of a parliamentary democracy, there is scrutiny of the budget as well as audited financial statements through elected representatives. This structure endures that there are checks and balances that promotes technical improvements to eliminate weaknesses in delivering public services.

Table 1: Overview of the scores of the PEFA indicators

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
Pillar I. PFM-OUT-TURNS: Budget reliability							
PI-1	Aggregate expenditure outturn	M1	D				D
PI-2	Expenditure composition outturn	M1	D	D	A		D+
PI-3	Revenue outturn	M1	D	D			D
II. Transparency of public finances							
PI-4	Budget classification	M1	C				C
PI-5	Budget documentation	M1	B				B
PI-6	Central government operations outside financial reports	M2	D	D	B		D+
PI-7	Transfers to subnational governments	M2	C	D			D+
PI-8	Performance information for service delivery	M2	D	D	B	D	D+
PI-9	Public access to fiscal information	M1	B				B
III. Management of assets and liabilities							
PI-10	Fiscal risk reporting.	M2	C	D	A		C+
PI-11	Public investment management	M2	C	C	C	C	C
PI-12	Public asset management	M2	B	C	A		B
PI-13	Debt management	M2	A	A	D		B
IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	C	B	C		C+
PI-15	Fiscal strategy	M2	C	B	C		C+
PI-16	Medium-term perspective in expenditure budgeting	M2	B	D	D	D	D+
PI-17	Budget preparation process	M2	A	C	C		B
PI-18	Legislative scrutiny of budgets	M1	A	A	A	C	C+
V. Predictability and control in budget execution							
PI-19	Revenue administration	M2	A	A	A	D	B+
PI-20	Accounting for revenue	M1	B	A	A		B+
PI-21	Predictability of in-year resource allocation	M2	D	A	A	D	C+
PI-22	Expenditure arrears	M1	D*	D			D
PI-23	Payroll controls	M1	B	A	A	B	B+
PI-24	Procurement management	M2	A	A	C	D	B
PI-25	Internal controls on non-salary expenditure	M2	A	A	B		A
PI-26	Internal audit	M1	A	A	A	NA	A
VI. Accounting and reporting							
PI-27	Financial data integrity	M2	B	A	A	A	A
PI-28	In-year budget reports	M1	B	A	B		B+
PI-29	Annual financial reports	M1	B	D	A		D+
VII. External scrutiny and audit							
PI-30	External audit	M1	A	B	C	C	C+
PI-31	Legislative scrutiny of audit reports	M2	D*	A	A	A	B+

1. PFM Context in Fiji

1.1 Financial overview

The structure of Government in Fiji is presented in Table 1.1. It comprises 34 budgetary units as well as 34 extrabudgetary units with 24 public corporations of which 2, the Reserve Bank and Fiji Development Bank, are financial institutions and one Social Security Fund, the Fiji National Provident Fund. There are 13 municipalities.

TABLE 1.1: Structure of the public sector

Year	Public sector				
	Government subsector		Social security funds ^{1/}	Public corporation subsector	
	Budgetary unit	Extrabudgetary units		Nonfinancial public corporations	Financial public corporations
Central	34 ^{2/}	34	1	22 ^{3/}	2
1 st tier subnational (State)	13 (including 2 cities)				
Lower tier(s) of subnational	0				

1/ Depending on management control and funding arrangements, a social security fund is a public sector entity that may form part of a particular level of government or be classified as a separate sub-sector of the government sector (GFS 2014, para- graph 2.78).

2/ Budgetary central government comprises all central government entities included in the central government budget. In Fiji pensions, debt repayment and miscellaneous expenditure have their own budget head but are not included in the 34 budgetary units in this table.

3/ There are also 2 companies where the Government has minority share holding

Budgetary central government is the most important component of central government in terms of revenue and expenditure. Municipalities depend on their own revenue sources and only receive a small amount in grants from the centre. The Fiji National Provident Fund receives much more in contributions than it pays out in benefits at this time and this has allowed it to build up assets which outweigh its liabilities.

TABLE 1.2: Financial structure of central government – actual expenditure (Fiji \$ m)

Year 2019	Central government			
	Budgetary unit	Extrabudgetary units	Social security funds	Total aggregated ^{1/}
Revenue	3,002	308	1,082	4,392
Expenditure	3,598	293	594	4,485
Transfers to (-) and from (+) other units of general government	-909	893		-16
Liabilities	4965 ^{2/}		1,117	6,082

Financial assets	409 ³		6,376	6,785
Nonfinancial assets	922 ⁴		1,097	2,019

1/ Where available this should be the consolidated total, but other aggregation method may be used (with explanation).
2/ 3/ 4/ taken from audited financial statements 2016-17 dated August 2019

With respect to own revenues there has been a significant fall off as a share of GDP in 2018-19 relative to the two previous years. Grants are a very small part of total revenues. Expenditure as a per cent of GDP was 32.9 in 2017-18 and although there was a fall in 2018-19, it was not sufficient to stop the aggregate deficit from reaching 4.7 per cent of GDP and the primary deficit reaching 2.1 per cent in 2018-19. A primary surplus was experienced in 2016-17. Domestic financing is the main source of funding the deficit.

TABLE 1.3: Aggregate fiscal data

Central government actuals (in percent of GDP)			
	2016-17	2017-18	2018-19
Total revenue	27.9	28.6	23.6
—Own revenue	27.7	28.1	23.3
—Grants	0.2	0.4	0.3
Total expenditure	29.8	32.9	28.3
—Noninterest expenditure	27.2	30.4	25.7
—Interest expenditure	2.7	2.6	2.6
Aggregate deficit (incl. grants)	-2.0	-4.4	-4.7
Primary deficit	0.7	-1.8	-2.1
Net financing			
—External	0.8	0.7	0.6
—Domestic	6.2	2.0	5.0

Sources: Annex 4 and Financing page 325 2019-20 Budget Estimate and page 337 2018-19 Budget Estimates; GDP Budget Supplement Documents

1.2 Institutional arrangements for PFM

The Ministry of Economy is the agency in Fiji that is responsible for overall public financial management and ensures the promotion of sound financial resource management practice among the various Government agencies. It is also responsible for promoting sound economic management of the national economy, consistent with macroeconomic targets for sustainable long term development. To achieve this, the Ministry ensures that prudent fiscal policies and practices are in place in order to strengthen financial and macro-economic stability. It spearheads financial management reform that will help government improve the delivery of public goods and services for economic growth to improve the living standards of the people of Fiji. The Ministry has assumed responsibility for providing Government with:

- Sound economic and financial forecasting, advisory and analytical services;
- Budget Management services;
- Accounting services;

- Oversight of the tax collection function exercised by the Fiji Revenue and Customs Services (FRCS);
- Financial asset and debt management services;
- Oversight of and key responsibility for the implementation of Government-wide financial management reform;
- Government printing services;
- Electronic networking of Government agencies and information technology support through the ITC services;
- Facilitation of maintenance and upgrading of road works in Government;
- Facilitation of procurement process for whole of Government.

The Ministry of Economy is comprised of various operational divisions to deliver its mandate. The **Administration Division** provides ministerial and executive support to the Permanent Secretary of Economy and provides the administrative support to the core functions of the Ministry. It has a Human Resources Unit, a Training Unit and an Offices Services Unit. The **Budget and Planning Division** is responsible for the Government's development plan that is usually prepared for a five year term and reviewed on an annual basis. The Division also prepares the annual budget estimates that allocate resources for the implementation of the operating and capital budgets for whole of government. The Division's strategic priority is the allocation of resources to priority sectors as outlined in the National Development Plan (NDP). The goals of the Division are:

- To ensure that the Budget is formulated in line with the Budget Strategy;
- Efficient facilitation of Budget projects and programs in line with the Financial Management Act 2004, Finance Instructions 2010 and the Procurement Regulations 2010; and
- To undertake Quarterly Monitoring and Evaluation to ensure projects and programs are implemented according to the Annual Work program.

The Fiji Procurement Office (FPO) under the Ministry of Economy works with Government agencies and administers procurement and provides logistic support for the Fijian Government. It regulates and provides advice on procurement to ensure outcomes are met. In addition to the FPO, the Fiji Roads Authority manages its own procurement and all information technology is procured by Government Information Technology & Computing (ITC) Services.

The Fiscal Policy, Research and Analysis Division is responsible for providing sound economic and fiscal policy advice. This advice is to support economic growth in a sustainable macro-fiscal environment; the formulation of the medium term budget strategy to guide the preparation of the National Budget; revenue policy formulation for the National Budget; compilation of fiscal and macroeconomic statistics; fiscal and macroeconomic forecasting for policy formulation; monitoring of fiscal performance to ensure revenue collections; ensuring that expenditure implementation and fiscal targets are maintained; undertaking economic research to assist in the formulation of policies; processing of tax and customs incentives to support investments; and economic intelligence gathering.

The Internal Audit and Good Governance Division (IAGGD) within the Ministry of Economy has the internal audit mandate. It carries out its responsibility for internal audits for Government Ministries and Departments using a Risk based approach. Its key role is to provide independent and objective assurance and consulting services designed to add value and improve Government's services. The Division comprises: Internal Audit; Surcharge; Special Audit and Research and Development / Teammate (I-A Software).

The role and functions of the Finance Division has evolved over time. Initially it focused on processing of payments and collection of revenue function. It now places greater emphasis on overall financial management of Government resources by assessing:

- the financing needs of sustainable Government programs/projects
- the needs of the communities and its citizens

The Finance Division is made up of two sub-divisions: Accounting Services and Assets and Liabilities. Within Accounting Services there are several units. The Cash and Payments Unit is responsible for the payments and accounting of collection of revenue at Whole of Government level and its related approval and advisory services of the Chief Accountant as per the Financial Management Act 2004 Finance Instructions 2010, Procurement regulations 2010 and any other subsidiary legislations related to finances. The payroll unit of the Finance Division is responsible for the payment of wages and salaries and related payments at Whole of Government level and ensures the administration of the payroll services as per the Employment Relations Act 2017 and any payroll related legislations and regulations. The unit also facilitates the Public Service Group Insurance Scheme for Term Life & Medical Insurance in respect of Government employees and spearheads the review of the existing payroll system. The Pension Unit is responsible for payment of pensions to civil servants who retired under the Pensions Act No.17 of 1983. The Unit also facilitates pensions for widows and orphans who are eligible through the Widows and Orphan Act 1914 as well as payments upon the re-engagement in respect of Fiji Corrections Service and the Republic of Fiji Military Forces officers under the Pensions & Gratuities (Disciplined Services) Act (Cap 78). The unit also monitors the pensions payments recorded for former parliamentarians, Prime Ministers, Presidents, retired Judges, Chief Justices and for the re-engagement benefits for Forest Guards.

The primary aim of the Financial Management Information System ('FMIS') and the Monitoring & Evaluation Unit is to administer and support the Financial Management Information System. The software application, *Masterpiece*, and its related modules cover budgeting, processing, reporting and monitoring of financial transactions at Whole of Government level. The Financial Policy Assurance Unit is responsible for the formulation of financial policies and procedures and provides advisory services on matters related to financial management and reporting at Whole of Government level. The unit is guided by the Financial Management Act 2004, Finance Instructions 2010, Procurement Regulations 2010 and any other subsidiary legislations or regulations related to financial management and international standards on accounting and auditing in the public sector. A key role of the unit is the co-ordination of the Public Financial Management Improvement Plan that includes the review of the Financial Management Act 2004. The financial reporting unit is responsible for the preparation of the annual financial statements at Whole of Government level and leads the key financial reporting reforms to comply with International Public Sector Accounting Standards. The unit also facilitates financial reporting and monitoring on monthly basis ensuring that account reconciliations are done and endorsed by the Permanent Secretary accordingly.

The Assets and Liabilities Division has three units. The Asset Management & Monitoring Unit is responsible for the implementation of the National Asset Management Framework which was approved by Cabinet in December 2016 for the effective management, valuation and accounting of non-financial assets across Government. The unit also assesses the provision postal and banking services in the rural and maritime areas and provides oversight monitoring with the Public Enterprise Unit on the state owned enterprises. The Debt & Cash Flow Management Unit manages the borrowing plan of Government in

accordance with the daily cash requirements at Whole of Government level. The core responsibilities of the Debt & Cash Flow Management Unit include the management of the external debt and domestic debt. The unit also manages the assessment of risks associated with contingent liabilities held in form of Government guarantees of state owned entities and statutory authorities, and the management of revenue arrears and that lent out to entities. The risk and compliance unit is responsible for the assessment of risks and performance of inspections / audits on projects and programs of Government with the intent to lead the implementation of the recommendations on the findings to manage/mitigate risks. The unit also reviews key systems and processes and assists in standardizing work processes at Whole of Government level.

Finance is also responsible for internal control relating to overall public financial management.

The Finance Manual (2018) and FMIS user policy established the control regime. There is a checklist for requisition to incur expenditure (RIE.) which list all the aspects required: available commitments (list of 4 elements to be checked), appropriate authorising signatures (3 elements specified) and supporting documents (list of 26 elements to be checked). The RIE has to be signed by the Accountant/Requisition Officer by the Department/Ministry notifying the Ministry of Economy that the RIE has met the checklist elements that are applicable.

Finance also leads key public financial management reforms. These reforms include enhanced financial reporting in accordance with the International Accounting standards, reforms in information technology, monitoring and evaluation on the performance of Government accounts and finances, and the provision of financial advisory services for Whole of Government.

The Construction Implementation Unit is responsible for: improving the coordination, implementation and monitoring of all the construction projects. It centralizes the implementation of all construction related projects allowing agencies such as Ministry of Health and Medical Care and Ministry Education to concentrate more on respective core service delivery.

The Climate Change and International Cooperation Division is the responsible national agency for addressing climate change policy issues. It is guided by the National Climate Change Policy (NCCP) and works in collaboration with government agencies, non-governmental organizations, regional and international agencies and development partners.

The Government's Fleet Management Unit provides effective and efficient management of leasing vehicles for whole of government.

Revenue Administration is carried out by the Fiji Revenue & Customs Services (FRCS) This is the official tax collection agency for the State and is an extrabudgetary unit of the Ministry of Finance.

In addition to the FRCS, there are 26 statutory bodies and public corporations that sit within the general government sector but are off-budget. With the exception of the Water Authority of Fiji and Fiji Roads Authority, which receive a specifically appropriated grant, these entities do not appear in the budget documents and they are not included within the annual financial reports of the Government. These cover a wide range of activities. There are also 6 Independent bodies and 10 Independent Commissions that also receive an appropriation and are listed in the budget estimates. In addition there is the Fiji Provident Fund which is established by law and payments by employees and employers into the Fund are compulsory.

External Audit is conducted under the duties and powers of the Auditor General for the auditing of public accounts and for other purposes incidental to its duties.

Parliament is responsible for approving the budget and scrutinizes audit reports. The Committee of Supply deals with budget proposals and the Public Accounts Committee scrutinizes audit and other reports of a similar nature.

1.3 Legal and regulatory arrangements for PFM

The Republic of Fiji is a Parliamentary democracy with the President appointing the Prime Minister, who in turn selects the cabinet to run the daily business of government. The President is appointed by Parliament, consistent with the Fiji Constitution Chapter IV Paragraph 84. The incumbent is Jioji Konousi Konrote, who took office in November 2015. Josaia Voreqe Bainimarama led the change of the government and was subsequently elected Prime Minister in the first free general election post coup in 2014 and was subsequently re-elected in 2018. The next general election is due in 2022.

The current Constitution was promulgated in 2013 following abrogation of the previous constitution in 2009. The new constitution established a single-chamber legislature with 50 seats (amended in 2018 to 51 seats), abolished ethnically based representation and lowered the voting age to 18. Parliamentarians are elected for a four-year period. In addition, Fiji is divided into four divisions, consisting of 14 provincial administrations. The island of Rotuma has its own council.

Parliamentary committees comprise members of Parliament who work together to consider issues on behalf of Parliament. They are able to meet with people and call for documents to assist them in their work. They usually report their findings to Parliament and can make recommendations for changes to laws and administration. Parliament must officially respond to the recommendations made by committees. The six standing committees are the: Standing Committee on Economic Affairs; Standing Committee on Social Affairs; Standing Committee on Natural Resources; Standing Committee on Public Accounts; Standing Committee on Foreign Affairs and Defense; and Standing Committee on Justice, Law and Human Rights. Their functions are to: 1) examine Bills referred by the Parliament; 2) examine subordinate legislation tabled in Parliament; 3) scrutinize the operations of government departments; 4) consider petitions and papers presented; 5) review international treaties and conventions ratified by the Government; and 6) perform any other functions and duties as conferred.

Standing Committees must be open to the public, including the media. This is outlined under the Constitution and further elaborated under the Standing Orders of the Parliament, Parliament, In exceptional circumstances, the Speaker can order the exclusion of the public.

The judicial system includes the Supreme Court, Court of Appeal, High Court and Magistrates' Court, and is presided over by the chief justice³. The High Court comprises civil, criminal, family, employment relations and tax divisions; the Magistrates' Court, civil and criminal divisions, the Juvenile Court and Small Claims Tribunal. The judicial system is independent of the executive and is regulated by the Constitution.

Table 1.4: Main PFM laws and regulations

³ <http://www.paclii.org/fj/courts.html>

PFM area	Law/ regulation	Brief description and coverage
All	Constitution (2013)	Sets out the overall Governance of Fiji
Planning	Financial Management Act 2004 Finance Instructions 2010 Procurement Regulations 2010 Finance (Amendment) Instructions 2013 Finance (Amendment) Instructions 2017 The Finance Manual	The FMA Act 2004 and subsequent instructions establishes the basis for planning in terms of preparing the budget
Budgeting	Financial Management Act 2004 Finance Instructions 2010 Finance (Amendment) Instructions 2013 Finance (Amendment) Instructions 2017 The Finance Manual	The FMA Act 2004 and subsequent instructions establishes the basis for preparing and executing the budget
Accounting	Financial Management Act 2004 Finance Instructions 2010 Finance (Amendment) Instructions 2013 Finance (Amendment) Instructions 2017 The Finance Manual	The FMA Act 2004 and subsequent instructions establishes the basis for accounting for revenues and expenditures
Audit	Audit Act	An act to provide for the duties and powers of the auditor-general and for the auditing of public accounts and for other purposes incidental thereto.
Intergovernmental fiscal relations	Local Government Act 1985 (Cap. 125)13.2b. Town Planning Act (Cap. 139) 1978 QQ Subdivision of Land Act (Cap. 140) 1978 Public Health Act (Cap. 111) Business Licensing Act (Cap. 204) 1976 Litter Decree 1991 Fiji Roads Authority Decree 2012.	The LGA (1985) was amended in 2006 to enable councils to enter into partnership, joint venture or other commercial arrangements with other statutory authorities, companies or other legal entities, to carry out their duties. Legislation that governs the development and management of urban areas and the maintenance of their services
Parliament	Parliament of Fiji Handbook http://www.parliament.gov.fj/wp-content/uploads/2017/03/PARLIAMENT-OF-FIJI-HANDBOOK.pdf Standing Orders www.parliament.gov.fj/committees/standing-committee-on-public-accounts/	Sets out the functions of Parliament (subject to section 74 of the Constitution and any other written law) and how standing committee functions and their powers of scrutiny.

PFM area	Law/ regulation	Brief description and coverage
	http://www.parliament.gov.fj/wp-content/uploads/2019/04/Extra-Gazette-Amended-Standing-Order-1-April-2019.pdf	
Internal control	Financial Management Act 2004 Finance Instructions 2010 Finance (Amendment) Instructions 2013 Finance (Amendment) Instructions 2017 The Finance Manual	<p>The FMA Act 2004 and subsequent instructions establishes the basis for internal control. These are supported by specific instructions covering individual processes and procedures such as the FMIS.</p> <p>The Finance Manual (2018) maps out process, procedures and responsibilities for Internal Control following the COSO framework.</p>
Internal Audit	Financial Management Act 2004 with its Financial Instructions 2010 and the Finance (Amendment Instructions 2013. The Finance Manual	<p>Internal audit is governed by the Financial Management Act 2004 with its Financial Instructions 2010 and the Finance (Amendment Instructions 2013 which specifies that a review of internal controls is designed to assess effectiveness, efficiency and meeting of intended objective. The Finance Manual refers to internal audits as monitoring tools of effective internal control which is the overall focus of the Manual.</p>
Procurement	Procurement Regulations 2010 Procurement (Amendment) Regulations 2012 ITC Act 2013 Fiji Roads Authority Act The Finance Manual	<p>The legal basis for procurement is contained in Procurement Regulations 2010 under the Financial Management Act 2004 as amended by the Procurement (Amendment) Regulations 2012. ITC Services and FRA have their own Acts but all the procurement processes are broadly similar.</p>
Taxation	There are laws for each of the taxes administered by Fiji Revenue and Customs Services https://www.frcs.org.fj/our-services/taxation/taxation-laws-and-regulations/ https://www.frcs.org.fj/our-services/customs/customs-laws-regulations/	<p>All taxes administered by Fiji Revenue and Customs Service are backed up by specific laws that are up-to-date and are available on the FRCS website as well as in hard copy.</p>

PFM area	Law/ regulation	Brief description and coverage
<p>Public participation</p>	<p>Standing Orders of Parliament</p>	<p>Parliament and Standing committees sittings must—</p> <p>(a) ensure all meetings are open to the public and the media;</p> <p>(b) in order to encourage public access to committee meetings, provide notification of its meetings through the media, websites accessible to the public, advertisements and other means of promotion; and</p> <p>(c) unless otherwise directed by Parliament, provide sufficient time, notification and an adequate opportunity for public representations and input into its activities prior to finalising its report and recommendations.</p> <p>Despite clause (a) and (b) and in accordance with section 72(2) of the Constitution, a committee may, after consultation with the Speaker, conduct a meeting that is closed to the public and media where the committee is considering a matter related to—</p> <p>(a) National security;</p> <p>(b) Third party confidential information;</p> <p>(c) Personnel or human resources; or</p> <p>(d) Deliberations and discussions conducted in the development and finalisation of committee recommendations and reports.</p>

1.4 PFM Reform process

Following the 2013 PEFA, the “Public Financial Management Improvement Program 2016-19” (PFMIP) was developed⁴. The PFMIP defined and prioritized a structured program of PFM reforms to be undertaken over a four year period to address and remedy major weaknesses identified through the PEFA assessment. The Fijian government, in both its five year and twenty year National Development Plan (NDP) identified continuing reforms to improve PFM as part of a suite of structural reforms which would be undertaken to reduce the cost of doing business, promote more efficient allocation of resources, provide more room for private sector development and provide policy space for the Fijian Government’s development agenda. The NDP outlined the continued need to build capacity and improve the efficiency, effectiveness and accountability of PFM systems, and identified the following:

- reviewing the Financial Management Act to align it with the Constitution and international best practices;
- adopting cash-basis International Public Sector Accounting Standards (IPSAS) for financial reporting, with an eventual move towards accrual accounting in the future, facilitated by a review of the chart of accounts;
- developing a national asset register; and
- enhancing procurement systems and processes.

PFMIP outlines the planned reform measures to be implemented over the medium to long term and aims to:

- incorporate planned reform actions for all functions and units into a single document to ensure coherence and consistency;
- provide clarity on plans and identifies the functional units responsible for implementation within a specified timeframe;
- outline prioritized actions addressing specific weaknesses, based on a realistic assessment of available capacity and resources; and
- improve poor performance which exists in some areas that require addressing underlying problems in other area.

PFMIP is considered a working document. There are frequent staff meetings on the results and management receives updates on progress. The plan includes specific activities, deadlines, and responsibilities. PFMIP has been widely supported with a number of development partners contributing to PFM improvement initiatives. This includes PFTAC, EU, World Bank, International Monetary Fund (IMF), Australian Department Foreign Affairs and Trade (DFAT), New Zealand Ministry of Foreign Affairs and Trade (MFAT), ADB and others. Table 1.5 summarizes the priorities established in the PFMIP.

Table 1.5 PFMIP PFM priorities

1. Strengthen institutions	<ul style="list-style-type: none"> • Review legal framework • Build capacity
2. Improve service delivery	<ul style="list-style-type: none"> • Strengthen revenue management • Cash planning and management • Centralize Payment System
3. Raise the quality of expenditure	<ul style="list-style-type: none"> • Develop a more policy focused approach to budgeting and strengthen the link between planning and budgeting

⁴<http://www.economy.gov.fj/s/f-p-f-m-i-p-2016-2019.html>

	<ul style="list-style-type: none">• Assess the expenditures• Strengthen procurement• Improve financial reports• Strengthen debt management• Strengthen asset management• Strengthen donor management• Internal and external auditing
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A new PFMIP will be prepared after the PEFA assessment. This roadmap will provide the Government of Fiji the opportunity to progress existing reforms and introduce new activities based on the PEFA scores.

PILLAR ONE: Budget Reliability

In order for the government budget to be useful for policy implementation, it is necessary that it be realistic and implemented as passed.

The evidence from the assessment fieldwork shows that budget reliability is weak. This evident weakness stems from the over optimistic revenue projections which in turn leads to budget expenditures that cannot be realised but also from the impact of various cyclones which has forced expenditures to be reallocated from the budget plans. While revenue administration is very competent, the expectation that continued annual revenue growth emanating from administrative improvements has led to an unreliable budget. Nevertheless, actual revenue accounting is strong which has allowed actual expenditures to be based on realisable revenues. This situation has been expedited by budget adjustments through virement and supplementary budgets with cash forecasting and information on commitments ceilings being adjusted on a monthly basis. Effective internal controls on payroll and non-payroll expenditures mean that revised allocations are not circumvented, although there are weaknesses relating to monitoring and measurement of arrears (if any) which means that there are not effectively measured. Procurement procedures are also effective. Strong internal audit reinforces the control environment. In-year budget reporting is strong which gives timely information on budget execution, but annual financial statements are untimely.

Overall, the budget as realised is realistic even though the planned budget is not.

PI-1. Aggregate expenditure outturn

The PI-1 indicator assesses the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. It is a single dimension indicator examining data from 2016/17, 2017/18 and 2018/19.

PI-1 Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-1 Aggregate expenditure outturn	D	
1.1 Aggregate expenditure outturn	D	Expenditure Outturn as % of Budget was 84% in 2016-17, 85.9% in 2017-18 and 77.4% in 2018-19

1.1 Aggregate Expenditure Outturn

Actual expenditure as a percentage of budget expenditure is shown in the table below and the data annex.

TABLE 2.1.1 Expenditure Outturn as % of Budget

2016-17	84.0%
2017-18	85.9%
2018-19	77.4%

Reasons for the deviations are

- 2016/17 outturn was due to the category 5 TC Winston that affected Fiji in Feb 2016. This resulted in the diversion of funds to relief programs and un-expected funding requirements of \$71M for Vodafone Arena, Poverty Benefit Scheme, Tertiary Education and Loans Scheme and Child Protection Allowance.
- 2017/2018 outturn is a result of the Rehabilitation programs funds that were diverted for Care for Fiji (Farm, E-transport, Homes) for approximately \$128M;
- 2018/2019 outturn is due a number of cyclones such as TC Gita (Feb 2018); TC Keni (April 2018) and TC Josey (April 18) where funds were diverted to address the immediate need.
- Also, the expected revenue as initially forecasted was not forthcoming due to the impacts of the global economic down turn, as well as optimistic forecasts as noted in PI-3.

Based on the analysis and supporting evidence the score for this dimension is D as it was less than 85% in two of the three years.

PI-2. Expenditure composition outturn

The PI-2 indicator assesses the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition and use of contingency reserves. It contains three dimensions and uses the M1 weakest link (WL) method for scoring:

PI-2 Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-2 Expenditure composition outturn	D+	
2.1 Expenditure composition outturn by function	D	Expenditure composition variance by administrative head was 15.4% in 2016-17, 8.6% in 2017-18 and 15.5% in 2018-19
2.2 Expenditure composition outturn by economic type	D	Expenditure composition variance by economic category was 15.2% in 2016-17, 9.5% in 2017-18 and 18.6% in 2018-19
2.3 Expenditure from contingency reserves	A	Contingency is 0.2 per cent of expenditures.

2.1 Expenditure composition outturn by function

Dimension 2.1 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition, by functional classification, excluding contingency items, and interest on debt.

The expenditure variance by administrative headings is shown in the table 2.2.1 and the data annex. All administrative heads experienced under spends in each year, but the impact is uneven between the administrative head but less so in 2017-18.

TABLE 2.2.1 Administrative Expenditure Composition Variance

2016-17	15.4%
2017-18	8.6%
2018-19	15.5%

As stated in Pi-1 above the unforeseen Tropical Cyclones forced government to put the planned capital expenditures on hold to fund immediate cyclone assistance under CARE programs and rehabilitation works. The rehabilitation works for schools are still ongoing even in the current financial year and close to \$24m from Sugar had been diverted to CARE programs which were accounted for according to the allocations used. Funding was diverted particularly from large funding ministries such as Fiji Roads Authority, Water Authority and Miscellaneous.

Based on the analysis and supporting evidence the score for this dimension is D as the variance was greater than 15% in two of the three years.

2.2 Expenditure composition outturn by economic type

Dimension 2.2 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition by economic classification during the last three years including interest on debt but excluding contingency items.

The expenditure variance by economic classification headings is shown in table 2.2.2 and the data annex. All economic categories experienced under spending from the budgeted amounts in each of the three years with capital expenditure experiencing higher levels of underspending. The variance in capital purchase and capital transfers was much less in 2017-18 relative to the 2016-17 and 2018-19, but was high in capital construction in each of the three years.

TABLE 2.2.2 Economic Type Expenditure Composition Variance

2016-17	15.2%
2017-18	9.5%
2018-19	18.6%

Based on the analysis and supporting evidence the score for this dimension is D as in two of the three years the composition variance was greater than 15%.

2.3 Expenditure from contingency reserves

Dimension 2.3 measures the average amount of expenditure charged to a contingency vote.

Unforeseen expenditures are treated as contingency reserves in the Fiji budget, and these have averaged 0.2 percent for the three completed fiscal years (2016/17, 2017/18 and 2018/19). Fiji does allocate funds to contingency for disaster risk - head 50 (seg. 10) and these were F\$7 m in 2016-17 and F\$5m in 2017-18 and 2018-19. These financed expenditures post TC Winston, virement and redeployments were duly authorised to provide for disaster financing of \$107.7 m in 2017-18. Such funds are not included in this dimension which reflects the PEFA scoring guidelines "(T)his calibration .for this dimension is based on the volume of expenditure recorded against contingency votes, except for transfers to a Disaster Fund or similar reserves, as this represents a deviation from policy-based allocation"

Based on the analysis and supporting evidence the score for this dimension is A

PI-3 Revenue outturn

The PI-3 indicator measures the change in revenue estimated in the original budget submitted to the Parliament and end-of-year outturn. It contains two dimensions and uses the M2 (AV) method for aggregating dimensions scores:

PI-3 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-3 Revenue outturn	D	
3.1 Aggregate revenue outturn	D	The deviation of actual revenue from budgeted revenue was 90.4 per cent in 2016-17. In 2017-18 it was 84.1 per cent and in 2018-19 it fell to 70.9 per cent.
3.2 Revenue composition outturn	D	The variance in revenue composition was 20.8 per cent in 2016-17. In 2017-18 the variance in revenue composition was 17.8 per cent and in 2018-19 it fell to 20.1 per cent.

3.1 Aggregate revenue outturn

Dimension 3.1 measures the extent to which revenue outturns deviate from the originally approved budget.

From data supplied from the Ministry of Economy which is included in the data annex, the deviation of actual revenue from budgeted revenue was 90.4 per cent in 2016-17. All broad revenue types apart from direct taxes, service turnover tax, water resource tax, levies and NTR fell short of the budgeted amounts. In 2017-18 the deviation of actual revenue from budgeted revenue was 84.1 per cent with direct taxes, levies, NTR and Grants-in-aid above their budgeted totals. In 2018-19, the deviation of actual revenue from budgeted revenue fell to 70.9 per cent with all tax types falling short of the budget amount with only Grants-in-aid above estimated.

The Fiscal Department is responsible for revenue forecasts. Discussion indicates that increased revenues from compliance had been built into the model on an annual basis which was too ambitious and unachievable. The model that produced the forecasts for the 2019-2020 budget has been made much more realistic with respect to the compliance impact on revenues.

Based on the analysis and supporting evidence the score for this dimension is D as in all the years actual revenues were less than 92 per cent of budgeted revenues

3.2 Revenue composition outturn

Dimension 3.2 measures the variance in revenue composition and attempts to capture the accuracy of forecasts of the revenue structure and the ability of the government to collect the amounts of each category of revenues as intended.

From the data included in the data annex, the variance in revenue composition was 20.8 per cent in 2016-17. In 2017-18 the variance in revenue composition was 22.6 per cent and in 2018-19 it fell to 20.1 per cent. As the data annex indicates there has been no consistency from year to year in terms of which taxes have been under- or overestimated.

Based on the analysis and supporting evidence the score for this dimension is D as the variance in revenue composition was greater than 15 per cent in two of the three years.

PILLAR TWO: Transparency of public finances

Transparency of information on public finances is necessary to ensure that activities and operations of governments are taking place within the government fiscal policy framework and are subject to adequate budget management and reporting arrangements. Transparency is an important feature that enables external scrutiny of government policies and programs and their implementation.

While budget documentation and public access to fiscal information is good, other indicators relating to transparency of public finance are weak. Budget classification does not cater for a program or functional analysis of expenditures. Central governments operations outside financial reports are significant which is offset by the production of audited annual reports of the Fiji National Provident Fund. While transfers to local government from the center are not significant they are not rule based in the main. Performance information on service delivery is absent from the budget process which is inhibited by the weakness in budget classification.

The budget documentation reflects on areas that are assessed in other pillars: a well defined budget preparation process and its scrutiny by the legislature; information on Macroeconomic Assumptions, Debt, Financial Assets and Fiscal Risk. Public access to information is likewise enhanced by budget documentation and access to in-year budget execution reports and audit reports which also benefits the financial reporting of extra budgetary units.

PI-4 Budget classification

The PI-4 indicator assesses the classification of the budget and the consistency with international standards during all stages of the budget cycle including formulation, execution and reporting in the last completed year 2016/17. It consists of a single dimension.

PI-4 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-4 Budget Classification		
4.1 Budget Classification	C	There is an administrative classification and an ability to produce GFS economic classification but no functional classification or reporting.

A common chart of accounts is used for budget preparation, budget execution and financial reporting. The budget estimates are presented by administrative head, with a breakdown into programs and activities, with the budget for each activity divided into the main headings of the natural account (equivalent to the first two digits of the GFS economic classification). The budget contains tables that divide ministries into four "functional categories", however this categorization is more akin to a sector classification and it does not align with Classification of the Functions of Government (COFOG).

The chart of accounts is embedded in the FMIS system and requires all transactions that are recorded in the GL to be coded according to the Chart of Accounts (CoA). The CoA includes a detailed administrative classification and an account segment that is equivalent to an economic classification. There is a chart of accounts manual which provides explanation to FMIS users of the classification system and how it is applied.

The most recently published annual financial statements for 2016-17 include detailed budget outturn tables by both economic classification (at a level of detail equivalent to GFS 3 digit) and administrative classification.

The Government has a mapping table that enables translation of the CoA economic classifications to GFS economic classification at greater than three digit level. Technical assistance reports of PFTAC PFM and GFS advisors indicate that there are some challenges in undertaking the mapping, for example due to use of “other” categories of revenue and expenditure and the inclusion of elements, such as programmatic coding, into the natural account segment of the current CoA. Nonetheless, these issue are not significant and Fiji has provided GFS economic classification data to the IMF and this is available in the GFS data portal: <https://data.imf.org>

The chart of accounts does not include a functional classification segment. There is currently no mapping of CoA coding structures into functional classification. This is reflected in the absence of functional classification in budget documents, budget execution reports or in the most recently-published financial statements (2016-17).

The absence of functional classifications means that the score cannot be higher than C. The ability to report on GFS economic classification at three digit level opens the prospect of scoring an A or B on this indicator.

PI-5. Budget documentation

The PI-5 indicator assesses the comprehensiveness and public accessibility of information provided in the annual budget documentation prepared by a government. It includes a list of four basic and eight additional elements. Time period is the last budget submitted to the legislature (2020) and the coverage is budgetary central government. It consists of a single dimension.

PI-5 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
5.1 Budget documentation	B	Budget documentation fulfills nine elements, including the four basic elements and five additional elements.

TABLE 5.1 Information in budget documentation for FY Aug 1, 2019 to July 31, 2020

Item	2019	Source/comments
Basic Elements		
Forecast of the fiscal deficit or surplus, or accrual operating result.	Yes	Deficit shown in Budget Supplement Table 3.1: Medium Term Fiscal Targets
Previous year’s budget outturn, presented in same format as budget proposal.	Yes	Budget Estimates page 318 – 324
Current year’s budget presented in same format as budget proposal. Either as revised budget or the estimated outturn.	Yes	Budget Estimates page 318-324
Aggregated budget data for revenue and expenditure according to main heads of classifications used data for	Yes	Budget Estimate pages 11-324

Item	2019	Source/comments
current and previous year with a detailed breakdown of revenue and expenditure estimates.		
Additional Elements		
Deficit financing, describing its anticipated composition.	Yes	Budget Estimates page 8
Macro-economic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate.	Yes	Budget Summary: GDP Growth Table 2, Inflation paragraphs 1.23 – 1.25, Interest rates 1.9-1.11 Budget Estimates: Exchange rate page 295, Interest rates 284-316
Debt stock, including details at least for the beginning of the current year presented in accordance with GFS or comparable standard	Yes	Budget Summary: Chapter 5 Budget Estimates: 284-316
Financial Assets, including details at least for the beginning of the current year presented in accordance with GFS or comparable standard	Yes	Budget Summary: Chapter 4 and 5
Summary information of fiscal risks including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as private, public partnerships, contracts, etc.	Yes	Budget Supplement: Contingent liabilities and Guarantees chapter 5 ⁵
Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs	No	Budget Supplement: Revenue pages 63-73. Expenditures – MoE internal working information only.
Documentation on the medium-term framework	Yes	Budget Supplement. The structure of the forward forecasts is anticipated change in amounts for forward years for the budget year.
Quantification of tax expenditures	No	This information was not included ⁶ .

Budget documentation fulfills nine elements, including the four basic elements and five additional elements. For those items with evidence in the Economic and Fiscal Update Supplement to The 2019-

⁵ Public private partnerships – the first stages are underway for PPPs in Health, Housing, and other areas. No established PPP in place at the time of the budget.

⁶ This information is currently being worked on by FRCS and will be included in a future date.

2020 Budget Address⁷ (budget supplement) and Budget Estimates 2019-2020⁸ (budget estimates), source materials are contained as shown in footnote below.

Based on the analysis and supporting evidence the score for this dimension is B.

PI-6 Central Government operations outside financial reports

The PI-6 indicator measures the extent to which government revenue and expenditure are reported outside central government reports. It consists of three dimensions and uses the M2 (AV) method for aggregating scores:

PI-6 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-6 Central government operations outside financial reports	D+	
6.1 Expenditure outside financial reports	D	Extrabudgetary expenditure not reported, particularly of the Provident Fund, is greater than 10% of budgeted expenditure
6.2 Revenue outside financial reports	D	The value of extrabudgetary revenue not reported, particularly of the Provident Fund, is greater than 10% of budgeted revenue
6.3 Financial reports of extrabudgetary units	B	While there is a systemic issue of delayed reporting by EBUs, there is timely reporting of the largest EBUs.

The central government of Fiji at the time of assessment comprised both a budgetary central government and extra budgetary units. The BCG consists of 29 Ministries that receive an appropriation, plus 6 Independent bodies and 10 Independent Commissions that also receive an appropriation and are listed in the budget estimates. The budget estimates also list as separate specific grant appropriations for higher education institutions, the Water Authority of Fiji and Fiji Roads Authority.

The EBUs are made up of a certain non-commercial public corporations and statutory bodies. As required by the PEFA field guide, the Fiji Provident Fund is included for the purposes of scoring this performance indicator. The Fiji Provident Fund is established by law and payments by employees and employers into the Fund are compulsory.

There is no evidence of extrabudgetary activities of budgetary units, with all donor funding and own-source revenue budgeted, recorded and reported in execution reports and reported in financial statements.

6.1 Expenditure outside financial reports

Dimension 6.1 assesses the magnitude of expenditures incurred by budgetary and extrabudgetary units (including social security funds) that are not reported in the government's financial reports.

Those statutory bodies and public corporations that sit within the general government sector but are off-budget are set out in table 6.1. With the exception of the Water Authority of Fiji and Fiji Roads

⁷<https://www.fiji.gov.fj/getattachment/671e886e-3fe4-401c-bb91-708ab020de31/2017-2018-BUDGET-SUPPLEMENT.aspx>. The current document on this page is the 2019-2020 budget supplement dated June 7.

⁸ <http://www.parliament.gov.fj/wp-content/uploads/2019/06/2019-2020-budget-estimates.pdf>

Authority, which receive a specifically appropriated grant, these entities do not appear in the budget documents and they are not included within the annual financial reports of the Government.

Table 6.1.1 Extra Budgetary Funds (F\$ 000s) 2017-18

	Revenue	Expenditure
Fiji Roads Authority	113,949	138,154
Public Rental Board	4,205	3,425
Fiji National Sports Commission	6,353	6,487
Fiji Film	597	588
Fijian Competition and Consumer Commission	2,419	1,999
Fiji National Council for Disabled Persons	243	233
Fiji Higher Education Commission	2,744	2,427
Land Transport Authority	9,585	10,790
Fiji Revenue and Customs Services	33,115	25,967
Consumers Council of Fiji	602	733
National Fire Authority	na	na
Agriculture Marketing Authority	na	na
i-Tauki Affairs Board	na	na
Fiji Servicemen's After-care Fund	na	na
Real Estates Agents Board	na	na
Fiji Human Rights and Anti-Discrimination Board	na	na
Sugar Industry Tribunal	na	na
Telecommunications Authority of Fiji	na	na
Fiji Arts Council	na	na
Fiji Medical & Dental Secretariat	na	na
National Food & Nutrition Centre	na	na
Civil Aviation Authority	5,884	5,778
Investment Fiji	na	Na
Biosecurity Authority of Fiji	17,421	12,309
Marine Safety Authority of Fiji	3,667	3,710
Water Authority of Fiji	106,555	80,875
Fiji Teacher's Registration Authority	42	467
Social Security Fund (Extrabudgetary Fund for PEFA)		
Fiji National Provident Fund	1,082,119	593,725

It is challenging to accurately assess the total size of extrabudgetary revenue as some of these entities do not report on a timely basis (see dimension 6.3). However, those EBU for which data are available represent 9% of total central government expenditure in 2017-18. With expenditure in excess of F\$0.5 billion, the FNPF is equivalent to around 18% of budgeted annual expenditure as presented in Table 6.2

This information is sufficient to score the indicator as a D. Further sampling to identify the value of the expenditure of other extrabudgetary entities is not required. If the Provident Fund were not included in the coverage of this indicator, the score may be C.

Table 6.1.2 EBU Revenues and Expenditure as a per cent of total BCG

Fiji Budgetary Central Government	3,742,157.00	3,229,183.00
<i>EBUs as % of BCG</i>	8%	9%
Fiji National Provident Fund	1,082,119.00	593,725.00
<i>Provident Fund as % of BCG</i>	29%	18%
<i>Total of EBU & NPV as % of BCG</i>	37%	27%
* Note: BCG year 2017/18		

With only one of the off-budget entities accounting for more than 10% of budgeted central government

revenue, the score is D.

6.2 Revenue outside financial reports

Dimension 6.2 assesses the magnitude of revenues received by budgetary and extrabudgetary units (including social security funds) that are not reported in the government's financial reports.

The largest of extrabudgetary fund is the Fiji National Provident Fund, which has revenue in excess of 1 billion FJD. The FNPF is equivalent to around 27% of budgeted annual revenue.

Other extrabudgetary entities, for which data is available, represent a further 8% of total central government revenue. If this indicator were to be scored without the FNPF, the score would be C.

Based on the analysis and supporting evidence the score for this dimension is D.

6.3 Financial reports of extrabudgetary units

Dimension 6.3 assesses the extent to which ex-post financial reports of EBUs are provided to central government.

In the 2018 report regarding the audit of the statutory bodies, the Auditor-General noted that "the financial statements of most authorities audited were untimely". Of the 15 statutory bodies that had annual financial statements for 2016 audited by the OAG, only 3 were assessed by the OAG as having been prepared on a timely basis. The same OAG report identified that, as of 30 November 2018, 24 statutory bodies (representing a majority of statutory bodies) had not completed audit reports for 2017.

Table 6.3 Audits of Statutory Bodies

Type of entity	Total no. of Entities Audited	Audits up-to-date	Audits delayed	% Delayed
Statutory Authorities - 2016	26	15	11	43
Statutory Authorities - 2017	26	4	22	85

Source: OAG

However, these statutory bodies are small in comparison to the Fiji National Provident Fund. In 2018 the FNPF prepared, audited and published its annual report within three months of the end of its financial year. Those extrabudgetary units that submitted data to government within three months equate to around 87% of the value of expenditure of such bodies.

Based on the analysis and supporting evidence the score for this dimension is B.

PI-7. Transfers to subnational governments

The PI-7 indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships to it. It considers the basis for transfers from central government and whether subnational governments receive information on their allocations in time to facilitate budget planning. It contains two dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-7 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-7. Transfers to subnational governments	D+	
7.1 Systems for allocating transfers	C	Programs supporting subnational government are not allocated based on rule-based criteria.
7.2 Timeliness of information on transfers	D	Budget cycles are not aligned and may result in changes in budget allocation during the fiscal year of

Sub-national government comprises two distinct primary levels of government. These comprise (i) municipal governments (of which there are currently 2 city governments and 11 town governments, both types referred to as municipal councils), governed by the Local Government Act (Amendment) (No. 1) Decree 1988; and (ii) provincial governments (referred to as provincial councils, of which there are 14), governed by the Fijian Affairs Act (Cap 120), plus the self-governing Rotuma island council, founded under the Rotuma Act of 1927. In practice, the municipal councils cover largely urban areas, whilst provincial councils (and, below them, the districts and villages) cover non-urban (mainly, rural) areas.

There is no program of transfers from central government to subnational government specifically designed to address horizontal or vertical fiscal imbalance. There is no specific policy document that sets out in detail the central government's policies or commitments to funding of sub-national Government. Nonetheless, discussions with the Ministry of Local Government and representatives of local government, as well as the narrative in budget documents, indicate that there is recognition that subnational governments do not have sufficient revenue to address all of the needs in areas of spatial planning, garbage collection and disposal and firefighting – their main responsibilities. Specific programs exist to support good governance, administration and service delivery outcomes in local government. With a total value of around \$2.5 million, total recurrent programs of support for sub-national governments from the central government represent around 0.1% of the annual central government's recurrent budget.

There is a recognized weakness in the quality of administration in sub-national governments. As a result, administrators are funded by the central government and specific grants are provided to improve the quality of administration and administration personnel.

7.1 System for Allocating Transfers

This dimension assesses the timeliness of reliable information to subnational government of their allocations from central government.

The 2018-19 central government budget included recurrent grants to subnational governments:

- Ministry of ITaukei Affairs grants to Provincial Councils (\$1,919,653), including:
 - \$1.1m for Personnel Emoluments for the Provincial Councils staff and;
 - \$0.7m for operational funds to assists the Village Profile Exercise in all 14 Councils.

- Ministry of Local Government funding of Special Administrators in Municipalities (\$500,000);
- Ministry of Local Government Town Council Management Support (\$116,000)

Of these recurrent grants, the iTauaki Affairs grant is calculated by a formula by which it funds one third (33%) of the cost of the administration of the Provincial Councils. This formula-based approach for the transfers made by the iTauaki Affairs is transparent in that it has been used for past (as well as current) budget process and is understood by the recipient institutions.

The funding provided by the Ministry of Local Government is a fixed amount. It covers the planned value of funding administrators and subsidizing management personnel costs and is not determined by any formula.

In addition, the Ministry of Local Government provides funding for capital projects, which are also not in the nature of a transfer. Many of these projects are specifically identified in the budget, with their own allocation. In 2017-18 these included for example, the following projects with a budget allocation of greater than \$1 million:

- On-going Construction - Lautoka Botanical Garden Swimming Pool (\$2,500,000);
- Improvement of Ventilation and Lighting - Lautoka Market (\$1,000,000);
- Redevelopment of Govind Park - Ba (\$1,000,000);
- Completion of Namaka Market (\$1,000,000);

In addition, the budget includes an appropriation of \$4 million for the Challenge and Investment Fund. This provides a pool of funds for supporting other capital projects, as approved by the executive.

In most cases, the respective local government will be responsible for operating and maintaining the assets that result from these capital projects.

All of the capital grants from the Challenge and Investment Fund are allocated on a case by case basis having regard to the priorities of the local government and central government. Local governments carry out their own individual planning and budgeting activities and make capital project funding requests to central government using the standard PSIP form. The Ministry of Local Government prioritizes these requests having regard to central government priorities. These requests and analysis are sent to the MoE, who also undertakes analysis of the requests.

As with other budget requests there is bilateral discussion at permanent secretary level and ministerial level regarding the proposals to support prioritization of projects and allocation of funds. At this stage, other project funding ideas and requests, including those from other stakeholders (outside of local government), may come into consideration for funding. A final listing of prioritized projects is sent for Cabinet approval as part of the final budget proposal. The budget documents do not describe the basis on which funding decisions were made.

There was a shift in approach to project implementation during 2018-19. The central Construction Implementation Unit is now responsible for implementing most capital projects, against the grant funding allocated to the Ministry of Local Government. As such, local government is now not receiving a cash allocation for the grants for projects located within their municipality/city/province. In this current situation, following this change in project implementation during 2018-19, these capital grants will not represent a "transfer to subnational government". However, as this indicator focuses on the 2018-19 budget and how it was prepared, this dimension is scored as if these were transfers to local government.

In summary, some funding is formula based. The only grants that are formula based are the iTaukei Affairs grants to Provinces, totaling \$1.9 million. Against total transfers of around \$6.5 million (being \$1.9 million of grants to Provinces, \$0.5 million in grants for Special Administrators plus \$4 million in capital grants under the Challenge and Investment Fund), this represents slightly less than 30% of total transfers. As only some of the transfers are formula based, the score for this dimension is C.

7.2 Timeliness of Information on Transfers

This dimension assesses the timeliness of reliable information provided to subnational governments on their allocations from central government for the coming year.

The majority of central government support for subnational government was in the form of funding for specific capital projects. The process for allocating capital grants is outlined in the narrative for PI-7.1 above and involves decisions made in the context of the central government budget process. Local Government do not find out about the nature of this capital project funding until the end of the central government budget process. Local governments find out about this funding in the same way that the public does, via the budget speech and release of budget documents when the budget is released to Parliament.

Local Government in Fiji has remained on a calendar (31 December) fiscal year, whereas central government has moved to a fiscal year ending 31 July. This means that budget decisions, including those which may impact the current fiscal year, occur mid-year from the local government perspective. This may force a local government to require supplementary budget adjustment to accommodate unforeseen changes in central government funding.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-8. Performance information for service delivery

The PI-8 indicator examines the service delivery performance information in the executive's budget proposal or its supporting and documentation in year-end reports. It determines whether performance audits or evaluations are carried out. It also assesses the extent to which information on resources received by service delivery units is collected and recorded. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-8 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-8. Performance information for service delivery	D+	
8.1 Performance plans for service delivery	D	The executive budget documentation provides minimal information on planned outputs and outcomes of programs or services financed through the budget.
8.2 Performance achieved for service delivery	D	Delays in annual reports and publication of information on programs result in delay public documentation on performance result achievements.
8.3 Resources received by service delivery units	B	Information on resources received by frontline service delivery units is collected and recorded for at least one large ministry. A report compiling the information is

		annually.
8.4 Performance evaluation for service delivery	D	The percentage of funds covered within the performance audits is miniscule compared to the

Fiji’s National Development Plan (NDP), with the vision of “Transforming Fiji”, maps out the way forward with a 20-Year Development Plan (2017-2036) and a comprehensive 5-Year Development Plan (2017-2021). These plans work together, as the 5-Year Development Plan provides a detailed action agenda with specific targets and policies that are aligned to the long-term transformational 20-Year Development Plan. These plans recognize the integrated nature of development and the need for multi-sectoral solutions. Critical cross-cutting issues such as climate change, green growth, the environment, gender equality, disability and governance are mainstreamed in the NDP.

From the development plans, each MDA prepares a multi-year strategic plan. These are the basis for preparation of an annual corporate plan, as required in Division 3 of the FMA. While annual corporate plans are to have measures in them, KPI (output and outcome), delays in preparation and publication minimizes transparency. The programs are linked to administrative entities and may not reflect programmatic structures. The annual reports are intended to document the achievements. The FMA Part 7 Division 1 requires the annual whole of government report for each financial year. These are intended to include the audited financial statements. The Ministry of Economy is responsible for consolidating all MDA information into the whole of government report. Delays in audited financial statements are delaying the publication of annual reports.

The budget documentation, including the Budget Estimates and the Budget Tool-Kit provide additional information (financial and goals) on some activities. However, it is not linked within the documentation to performance measures or achievements. The FMA Part 7 Division 2 requires each budget sector agency to prepare and make publicly available, for each financial year, an annual report, which must be tabled in Parliament. This report must demonstrate performance in terms of outputs and outcomes, annual financial statements, and other information required by Finance Instructions.

Government has recognized the value of measuring performance of staff and implemented the performance management framework (PMF) in November 2017. It aims to objectively link and measure civil servants work against the outcomes of their Ministry. It confirms the parameters for applying performance-based pay, contract renewals and the basis for probation and annual assessments. PMF training and awareness continues.

TABLE 8.1 SAMPLE MINISTRIES FOR DIMENSIONS 8.1 AND 8.2

Ministry	Latest Published Documents with Performance Data, including published KPIs, output or outcomes with quantity of measurable results, costing of programs or activities	Last published annual report on Parliament website
Ministry of Economy Economy.gov.fj	2014 annual corporate plan Includes KPI, outcome and outputs with measurable results, documentation on costing not linked	Audit report of 2016

	http://www.economy.gov.fj/index.php/en/resources-main/publications/corporate-resources/acp	
Ministry of Health and Medical Services	Annual operations plan 2018/19 Annual report Jan – July 2016 Annual Corporate plan 2017-18 Strategic plan 2016-2020 www.health.gov.fj/?page_id=198	Annual report 2015
Ministry of Infrastructure and Transport	Strategic Development Plan 2019-22 Corporate Plan 2017 draft Annual report 2014	
Ministry of Agriculture	2015 annual corporate plan Includes KPI, outcome and outputs with measurable results, documentation on costing linked to pillars http://www.agriculture.gov.fj/images/docs/publications/2015-annual-corporate-plan.pdf	
Ministry of National Security and Defence	Annual Corporate plan 2018- 2019 www.defence.gov.fj/uploads/docs/annual%20Operational%20Plan.pdf	Ministry 2015; Policy 2015

8.1 Performance plans for service delivery

Dimension 8.1 assesses the extent to which key performance indicators for the planned outputs and outcomes of programs or services that are financed through the budget are included in the executive's budget proposal or related documentation, at the function, program or entity level.

The executive budget documentation provides minimal information on planned outputs and outcomes of programs or services financed through the budget. The framework is intended to include multi-year strategic plans, annual corporate plans, and annual reports, which provide additional details and should be published on ministry websites. A sample representation of data available is noted in table 8.1 above, which includes a lack of supporting documentation to ensure the framework is in use for the performance indicators, planned outputs and outcomes. As noted in the table, delays in publication of the documents by ministries result in a lack of published information on performance for the fiscal year 2019 – 2020 and does not substantiate the use of the framework.

Based on the analysis and supporting evidence the score for this dimension is D.

8.2 Performance achieved for service delivery

Dimension 8.2 examines the extent to which performance results for outputs and outcomes are presented either in the executive's budget proposal or in an annual report or other public document, in a format and at a level (program or unit) that is comparable to the plans previously adopted within the annual or medium-term budget.

Delays in annual reports and publication of information on programs result in delay public documentation on performance result achievements. As noted above, minimal data has been published and linkage with executive budget, by program or unit, is limited. Of the sample ministries selected for assessment, published information, as shown in Table 8.1 is not adequate to establish the results of performance in an annual report that is published with the budget or in an annual report.

Based on the analysis and supporting evidence the score for this dimension is D.

8.3 Resources received by service delivery units

Dimension 8.3 measures the extent to which information is available on the level of resources actually received by service delivery units of at least two large ministries (such as schools and primary health clinics) and the sources of those funds.

Specific information, by service delivery unit, is available for schools for the last three completed fiscal years. The reports are prepared every year although the reports are not published until annual financial statements have been audited. Funding is detailed throughout the annual reports by school districts. The base funding formula is provided on population while additional funding is included within the appropriate categorical grants – building, curriculum, projects, etc. All sources of funds available are included within the annual reports.

Based on the analysis and supporting evidence the score for this dimension is C.

8.4 Performance evaluation for service delivery

Dimension 8.4 considers the extent to which the design of public services and the appropriateness, efficiency, and effectiveness of those services is assessed in a systematic way through program or performance evaluations.

The Office of the Auditor General conducts limited performance audits, two of which were reviewed for the assessment. A focus on efficiency and effectiveness was included in the performance audit relating to Violence against Women. However, in general, the percentage of funds covered within the performance audits is miniscule compared to the annual budget at this time.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-9 Public access to fiscal information

The PI-9 indicator assesses the comprehensiveness of fiscal information available to the public based on specified elements of information to which public access is considered critical. It consists of a single dimension.

PI-9 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-9 Public access to fiscal information	B	
9.1 Public access to fiscal information	B	The government makes available to the public six elements, including at least four basic elements, in accordance with the specified time frames.

9.1 Public access to fiscal information

Dimension 9.1 assesses the comprehensiveness of fiscal information available to the public is based on specified elements of information to which public access is considered critical. Five elements are categorized as basic information requirements. A further four are considered additional. This information should be available without restriction, provided within a reasonable timeframe without a requirement to register, and free of charge, unless otherwise justified in relation to specific country circumstances.

TABLE 9.1 Elements of availability of Fiscal Information

Element/ Requirements	Evidence used/ Comments	Met (Y/N)
Basic Information		
Annual executive budget proposal documentation	The Economic and Fiscal Update Supplement To The 2019-2020 Budget Address (budget supplement), Budget Estimates 2019-2020 (budget estimates), and Budget Kit were made available the day of submission to the legislature (June 7, 2019). They are placed on the MoE website and on the Parliament website. Dates and access on website were substantiated by PAC during pre-PEFA discussions and upload dates prepared by the IT department in MoE.	Yes
Enacted Budget	https://www.laws.gov.fj/LawsAsMade# Budget passed June 20, 2019. Published June 24, 2019	Yes
In-year budget execution reports	3 rd quarter budget execution 2018/19 (ending April 30, 2019)– available on-line May 14, 2019	Yes
Annual budget execution report	2018-19. Presented January 2019 for year ended July 31, 2018	Yes
Audited annual financial report, incorporating or accompanied by the external auditor's report.	Not on website	No
Additional Elements		
Pre-budget statement.	Yes – May 9, 2019	Yes
Other external audit reports	Yes – Published on Parliaments website when tabled	Yes
Summary of the budget proposal.	Y – June 7, 2019 Budget Kit	Yes
Macroeconomic forecasts.	Y – June 7, 2019	Yes

Based on the analysis and supporting evidence the score for this dimension is B.

PILLAR THREE: Management of Assets and liabilities

Effective management of assets and liabilities ensures that risks are adequately identified and monitored, public investments provide value-for-money, financial investments offer appropriate returns, asset maintenance is well planned, and asset disposal follows clear rules. It also ensures that debt service costs are minimized and fiscal risks are adequately monitored so that timely mitigating measures may be taken.

The indicators that make up this pillar show variable results. The basis for debt management is good but lacks a current debt management strategy. Public assets management is good particularly with respects to monitoring of financial assets and disposal of assets. However fiscal risk reporting relating to public corporations and local authorities needs strengthening to match the quality of reporting on contingent liabilities and other fiscal risks. Public investment management needs to be strengthened.

Pillar three dimensions feed in to the budget preparation process. Debt and investment information are important components of the overall macroeconomic and fiscal forecasts, fiscal strategy and medium term perspective in expenditure budgeting. The absence of recurrent cost implication of capital projects and future debt means that the preparation of the budget is constrained. However, the information on contingent liabilities and other fiscal risk assist in the budget process.

PI-10. Fiscal risk reporting

P1-10 measures the extent to which fiscal risks to central government are reported. It contains three dimensions, and uses the M2 (AV) method for aggregating dimension scores:

PI-10 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-10 Fiscal risk reporting	C+	
10.1 Monitoring of public corporations	C	The majority of public corporations do not publish audited financial statements within 6 months but most do submit reports to Government within 9 months.
10.2 Monitoring of subnational governments	D	Subnational government does not report on a timely basis.
10.3 Contingent liabilities and other fiscal risks	A	Comprehensive information on contingent liabilities is published.

The non-financial public corporations sector of the GoF includes both State Owned Enterprises and statutory bodies that operate in a competitive marketplace.

Both SoEs and commercial statutory authorities are required to publish an Annual Report. Annual reports contain:

- Operations of the company or authority and those of subsidiaries during the financial year.
- Audited consolidated financial statements in case of those which have subsidiaries.
- Auditor's report on the financial statements.

- Other information as may be necessary to show the financial performance of the company or authority and its subsidiaries, including comparison of its performance with its statement of corporate intent.

The Minister of Economy is required to lay before Parliament the statement of corporate intent of company or entity for that year together with the annual report and audited financial statements for preceding financial year.

Table 10.1 Reporting by SoEs

Entity Type	Legislative Framework	Legislative Timeframe
Government Commercial Companies, Commercial Statutory Authorities, Re-organized Entities	<ul style="list-style-type: none"> • Public Enterprises Act 1996 • Finance Management Act 2004 	30 th April
Statutory Authorities	<ul style="list-style-type: none"> • Legislation establishing entity and related regulations • Finance Management Act 2004 • Finance Management (Amendment) Act 2016 	<ul style="list-style-type: none"> • 3-6 months following end of financial year • Not specified/ as soon as practicable

Borrowing is undertaken by SOEs and also by Local Government. The GoF supports both local government and public corporations via both lending to these entities but also by guaranteeing their borrowing from external lenders. Both lending and the issuing of guarantees are subject to approval by the central government.

10.1 Monitoring of public corporations

Dimension 10.1 assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements.

Table 10.1.1 Public Corporations Financial Documents

Company name	document type	date of submission	period to submit after EOY
Air Terminal Services	Not Available		>9
Airports Fiji Limited	2018 Audited FS	4/6/19	<6
Fiji Pine	Not available		
Fiji Broadcasting Corporation	Draft Management 2018 FS	31/1/19	<6
Food Processors Fiji Limited	Draft Management 2018 FS	4/2/19	<6
Post Fiji Limited	2018 Audited FS	30/7/19	<6
Fiji Rice Limited	2016/2017 Audited FS	13/8/19	>9
Yaqara Pastoral Company Limited	2015 Audited FS	18/7/19	>9
Fiji Hardwood Corporation Limited	Draft Management 2018 FS	6/3/19	<6
Fiji Airways*	2018 AFS	na	na
Fiji Meat Industry Board	Draft Management 2018 FS	18/2/19	<6
Pacific Fishing Company Limited	Draft Management 2018 FS	20/3/19	<6
Copra Millers of Fiji Limited	Draft Management 2018 FS	31/1/19	<6

Fiji Sugar Corporation	Audited FS (31 May)	1/8/18	
Fiji Ports Corporation Limited	Draft Management 2018 FS	3/2/19	<6
Fiji Electricity Authority	2018 Audited FS	31/5/19	<6
Fiji Public Trustee Corporation Limited	Draft Management 2018 FS	30/1/19	<6
Unit Trust of Fiji (management) Limited	Draft Management 2018 FS	2/2/19	<6
Assets Fiji Limited	-	-	
Housing Authority	Draft Management 2018 FS	6/2/19	<6

Note *: Fiji Airways press release on Fiji Airways website.

Most non-financial public corporations do not publish audit annual financial statements within six months of the end of the fiscal year. Table 10.1.1 shows the timing of reporting by non-financial public enterprises. This data is consistent with the information contained in the OAG's report on the audits of SoEs and commercial statutory bodies, published in June 2019, which contained the following analysis – where the second last column shows a traffic light report on timeliness of reporting⁹.

⁹ Note: (1) Timeliness in the OAG report does not align with the PEFA definition. A green traffic light indicates that financial statements are submitted for audit with 3 months of the end of the year. (2) coverage of entities in the OAG report does not align with the GFS definition of non-financial public corporations.

Table 10.1.2 Information contained in the OAG's report on the audits of SoEs and commercial statutory bodies

Entity	Internal controls					Financial Statement Preparation	
	CE	RA	CA	IC	MA	T	Q
Government Commercial Companies							
1. Airports Fiji Limited	★	★	★	★	★	★	★
2. Fiji Broadcasting Corporation Limited	★	★	★	★	★	★	★
3. Fiji Public Trustee Corporation Limited	★	★	★	★	★	★	★
4. Post Fiji Limited	★	★	★	★	★	★	★
5. Unit Trust of Fiji (Management) Limited	★	★	★	★	★	★	★
Commercial Statutory Authorities							
6. Energy Fiji Limited	★	★	★	★	★	★	★
Majority- owned entities							
7. Copra Millers of Fiji Limited	★	★	★	★	★	★	★
8. Pacific Fishing Company Limited	★	★	★	★	★	★	★
Other entities							
9. FDB Nominees Limited	★	★	★	★	★	★	★
10. Fiji Development Bank	★	★	★	★	★	★	★
CE=Control Environment RA=Risk Assessment CA=Control Activities IC=Information and Communication Control MA=Monitoring Activities T=Timeliness of draft financial statements Q=Quality of draft financial statements							

Source OAG report on the audits of SoEs and commercial statutory bodies

The OAG report also lists those entities with delays in submission of financial statements that extend beyond one year.

Table 10.1.3 Information contained in the OAG's report on audit delays

Government Commercial Company	Last year audited	Audits delayed (Years)
1. Fiji Rice Limited	2017	1
2. Viti Corporation Limited	2006	11
3. Yaqara Pastoral Limited	2015	3
4. Food processes Fiji Limited	2008	10
5. Fiji Hardwood Corporation	2016	2
6. Walesi Fiji Limited	New	4
7. Fiji Investment Corporation Limited	2005	13

Most public corporations (on a weighted average basis) do submit their financial reports to government within nine months of the end of their fiscal year. In the analysis of weighted averages, timely reporting by the Fiji Airports Authority and Fiji Electricity Authority had a significant impact in bringing the average number of entities that reported within 9 months above 50%.

Based on the analysis and supporting evidence the score for this dimension is C.

10.2 Monitoring of subnational governments

Dimension 10.2 assesses the extent to which information on the financial performance, including the central government's potential exposure to fiscal risks is available through audited annual financial statements of sub national governments.

Table 10.2. Timeliness of Audits of Municipal Councils

Municipal Council	Last year audited	Audits delayed (Years)
1. Suva	2011	6
2. Lami	2013	4
3. Sigatoka	2017	Nil
4. Nadi	2014	3
5. Lautoka	2013	4
6. Ba	2017	Nil
7. Tavua	2013	4
8. Rakiraki	2017	Nil
9. Levuka	2011	6
10. Nausori	2013	4
11. Nasinu	2009	8
12. Labasa	2017	Nil
13. Savusavu	2010	7

Source: OAG audit report to parliament on municipal audits

The publishing of annual financial statements for subnational government is significantly delayed.

A report by the Office of the Auditor General to Parliament regarding municipal audits, published in August 2019 found that "the financial statements of most councils audited were not received on time". The report identifies that, out of a total of 46 financial statements of Municipal Councils which are due and yet to be completed:

- 11 audits are in progress and mostly in finalization stage
- 4 accounts will be resubmitted
- 21 financial statements yet to be received
- 10 audits are yet to be commenced

The OAG report indicated the reasons why the audits are in backlog. These are due to the following:

- Delay in submission of draft accounts for audits or draft accounts submitted were incomplete and were returned to the councils for further action; and
- Relevant information/records were not provided for audit on a timely basis.

Based on the analysis and supporting evidence the score for this dimension is D.

10.3 Contingent liabilities and other fiscal risks

Dimension 10.3 assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects, including those of EBUs.

The annual financial statements of the Government and the supplementary budget paper identify all significant contingent liabilities, including explicit guarantees of loans raised by all government entities, including financial and non-financial public corporations. Schedule 5 of the financial statements also identifies the implicit guarantee of the central bank and local government as well as a significant litigation claim on the FRSC outstanding. Contingent liabilities associated with membership of IBRD and ADB, being the callable capital in each entity, are also listed. The last published financial statements are for the period to 31 August 2017.

The financial statements are somewhat out of date (not covering the most recently completed financial year). Nonetheless, the 2019-20 Budget Supplement contains the same level of details regarding contingent liabilities (as observed in the 2016-17 financial statements) including a time series of contingent liabilities up to 31 July 2018. The budget supplement also specifically addresses fiscal risks, including analysis of interest rate, foreign exchange and refinancing risks associated with debt as well as the contingent liabilities.

There is no reporting on implicit contingent liabilities of the BCG, such as potential failure of investments by the Fiji National Provident Fund. However, these implicit contingent liabilities are not possible to quantify, and in the case of the FNPF the fact that it is a defined contribution scheme reduces possible exposure.

Based on the analysis and supporting evidence the score for this dimension is A.

PI-11. Public investment management

The PI-11 indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores:

PI-11 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-11 Public investment management	C	
11.1 Economic analysis of investment projects	C	Economic analysis is undertaken for "major" investment projects (by donors), however these are not undertaken in the context of any national guidelines.
11.2 Investment project selection	C	Prioritization is done during the budget but without set decision criteria.
11.3 Investment project costing	C	Total capital costs of major projects over the 3-year period are shown in the budget estimates but without recurrent costs.
11.4 Investment project monitoring	C	Physical and financial progress of major projects is tracked quarterly but associated reporting is not published.

As at time of drafting, the assessment team did not receive data on the ten largest public investment projects to assess the size of such projects relative to the total size of the budget.

Rather than sampling these ten largest projects, the assessment is based on the methodology applied to assessment of public investment project – which apply irrespective of size.

11.1 Economic analysis of investment projects

Dimension 11.1 assesses the extent to which robust appraisal methods, based on economic analysis, are used to conduct feasibility or prefeasibility studies for major investment projects and whether the results of analyses are published.

The budget process is well articulated in budget circulars and includes a process for assessing investment projects that is well understood by line ministries. Part C of the Budget Submission Template relates to capital projects and is known as the PSIP form. The template requires information regarding the status of the project, the purpose, rationale, alternative options, results of stakeholder consultation, level of preparedness, results of previous program evaluation, possible revenue generation, capital cost (but no recurrent), timelines of projected activities and outputs. Section C.4 of the PSIP form seeks an outline of project benefits as well as the results of any comparison of costs and benefits but does not make this cost-benefit analysis mandatory. Section C6 seeks an analysis of risk associated with the project, including project implementation risks as well as risk associated with not funding the project. As such, there is no national guidelines that require detailed economic analysis.

However, the assessment team did find evidence of detailed economic analysis for each of the three “major investments” included in the 2011-19 Budget:

1. Transport Infrastructure Investment Sector Project, for which the budget allocated \$74.2 million for roads and \$67.6 million for bridges to the Fiji Roads Authority. Total funding of \$141.8 represents 3% of total budgeted expenditure. This project is allocated \$41.1 million by the ADB and ; \$20.5 million by the World Bank. Detailed economic analysis was undertaken by the World Bank (Report No: PAD1092)
2. Fiji Rural Electrification Project, for which \$50.8 million is budgeted under the Ministry of Infrastructure and Transport, equivalent to 1.1% of total budgeted expenditure. Financing for the project is received by the ADB, who undertook a detailed economic appraisal of the project <https://www.adb.org/sites/default/files/project-document/69376/35487-fij-tacr.pdf>
3. Urban Water Supply and Wastewater Management Investment Program funded from within the \$238.8 million grant to the Water Authority of Fiji and funding from the ADB, the Green Climate Fund and the European Investment Bank. Total project value is \$405 million USD, with \$185 million funded by the GoF, making the project greater than 4% of total budgeted expenditure. The project underwent detailed economic appraisal by donors, including ADB appraisal: <https://www.adb.org/sites/default/files/linked-documents/49001-002-ea.pdf>

These were the only projects identified as meeting the definition of a “major project” with a project spend that represented more than 1% of the budget and among the largest 10 projects for each of the 5 largest central government units.

As each of the major investment projects underwent a robust economic analysis but these were not within the context of any national guidelines, the score is C.

11.2 Investment project selection

Dimension 11.2 assesses the extent to which the project-selection process prioritizes investment projects against clearly defined criteria.

Standard PSIP forms are completed. Projects are prioritized by individual line ministries once ceilings are set. Prioritization of projects between ministries, in the setting of ceilings, is not based on set criteria but rather based on discussion of alternatives at Permanent Secretary and Ministerial level in budget planning meetings. Reference is made to the National Development Plan, sector plans and the business plans of individual agencies during project selection and prioritization. Input is provided by CIU on the practical aspects of construction project feasibility. However, there are no defined decision criteria for prioritizing projects. Beyond these standard processes for assessing PSIPs, there are no special processes or criteria for prioritizing “major investment projects”.

As major projects are prioritized, but not on the basis of set criteria, the score for this dimension is C.

11.3 Investment project costing

Dimension 11.3 evaluates whether the budget documentation includes medium-term projections of investment projects on a full-cost basis and whether the budget process for capital and recurrent spending is fully integrated.

The budget document shows the capital spend of each “Program” by “Activity”. This is for each Ministry, split between sub-heads as follows:

8. Capital Construction
9. Capital Purchase
10. Capital Grants and Transfers

For each Activity, there is a listing in the budget estimates of key items under each sub-head. This includes a listing of major projects funded and the cost of each project in the budget year. However, this information does not include the recurrent costs associated with the project. Furthermore, the forward estimates of the recurrent sub-heads in the budget estimates book consistently show zero planned change in the value of recurrent expenditure of all programs. This reflects that the recurrent costs of capital projects is not data that is required in the budget submissions templates. Discussions with the MoE and MDAs suggest that securing recurrent funding for capital projects will come as an ad-hoc request in subsequent budget processes – closer in time to when the project comes on-stream. Thus, the forward estimates in the budget are not being used to project the recurrent cost of capital projects approved.

There is no special or additional information presented for “major investment projects” in the budget documents.

Based on the analysis and supporting evidence the score for this dimension is C.

11.4 Investment project monitoring

Dimension 11.4 assesses the extent to which prudent project monitoring and reporting arrangements are in place for ensuring value for money and fiduciary integrity.

The Ministry of Economy tracks the physical and financial progress of major projects. The MoE requires the entity overseeing the project to provide information on a quarterly basis using a set template. In addition, the MoE undertakes site visits to confirm the validity of this information. There is no special or additional monitoring of “major investment projects” by the implementing government

unit – standard processes described above apply. While the information gathered is used for decision-making in the budget process, it is not collated into a report that is published.

The CIU closely monitors the projects for which it is the implementing agency. The CIU maintains up to date information of project progress using a formal project management methodology. A “situation room” is in place at the CIU which includes information on the status of key projects. Nonetheless, the CIU does not produce whole-of-government reports on project status and the information that it does produce is not published.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-12. Public asset management

The PI-12 indicator assesses the management and monitoring of government assets and the transparency of asset disposal. It contains three dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-12 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-12 Public Asset Management	B	
12.1 Financial Asset Monitoring	B	BCG reports on financial asset holding and their performance.
12.2 Non-financial asset monitoring	C	Asset registers are maintained but not published.
12.3 Transparency of asset disposal	A	Asset disposal is well controlled and transparent.

12.1 Financial asset monitoring

Dimension 12.1 assesses the nature of financial asset monitoring, which is critical to identifying and effectively managing the key financial exposures and risks to overall fiscal management.

The Government’s financial assets consist mainly of cash, loans, receivables and equity holdings in public corporations. The Fiji National Provident Fund collects pension contributions from employees and employers under a government mandate and invests these funds in various ways, including direct investments in property as well as equity investment in commercial subsidiaries (including entities in the telecommunications, tourism and banking sectors).

The government maintains records of its financial asset holdings and publishes a financial balance sheet as part of its annual financial statements. The balance sheet includes an estimate of total equity and the notes to the financial statements include tables listing all equity investments and showing movements in equity. The notes to the financial statements also include information on accounts receivable, which for the GoF, the largest elements are tax receivables and loan receivables.

All assets are recorded at their acquisition cost, except for equity holdings. These reflect the reported fair value (on balance sheet) of the respective entity.

The annual budget supplement includes a chapter on the balance sheet. This includes basic information on the performance of most financial assets, including return on equity on equity holdings in SoEs as well as data on tax receivables, including time series and age profiles. Financial reports do not include information on the performance of loans to public entities, which amounted to \$273.3 million as end of 2016 (equivalent to more than 10% of total financial assets).

The Fiji National Provident Fund includes information on its asset holdings in its annual report. This also includes some basic information about investment performance.

As performance of most, but not all, categories of financial assets is reported the score for this dimension is B.

12.2 Nonfinancial asset monitoring

Dimension 12.2 assesses the features of nonfinancial asset monitoring for BCG. Reporting on nonfinancial assets should identify the assets and their use.

TABLE 12.2 Categories of nonfinancial assets

Categories	Subcategories	Where captured	Comments
Fixed assets	Buildings and structures	MDA asset registers	Assets are managed on a decentralized basis. These are kept for management purposes and not currently used for assigning cost of consumption of asset or for financial reporting.
	Machinery and equipment	MDA asset registers	
	Other fixed assets	MDA asset registers	
Inventories	—	MDA registers	
Valuables	—	MDA registers	
Non-produced assets	Land	Ministry of Land	Central land register, with GIS.
	Mineral and energy resources	No evidence	
	Other naturally occurring assets	No evidence	
	Intangible non-produced assets	No evidence	

Note: The categories in the table are based on the GFS Manual 2014, but different categories applied by the government may be used.

Ministries keep an asset register. These registers include information on asset type, age, location and cost. The asset register is verified annually by a Board of Survey. The annual audit report by the OAG points to some issues with completeness of asset registers and incomplete board of survey stock-takes.

Asset registers have traditionally been paper-based ledgers of assets. However, the MoE is rolling out an excel-based asset register system as part of the implementation of a broader whole of government asset management framework. Neither of these asset registers is published.

The Ministry of Lands maintains a register and administers State land in accordance with the State Lands Act. Fiji has participated in the Pacific Catastrophe Risk Assessment and Financing Initiative and has data, including basic valuations, for some of its existing property holdings also through this dataset.

The Government's annual Financial Statements do not contain a full balance sheet including non-financial assets. It is more akin to a financial balance sheet. As an example, the Non-current assets in the balance sheet in financial statements include two items: "term-loans receivable" and "equity investments".

On the basis that asset registers are maintained but not published, the score the score for this dimension is C.

12.3 Transparency of asset disposal

Dimension 12.3 assesses whether the procedures for transfer and disposal of assets are established through legislation, regulation, or approved procedures.

The Financial Management Act and Financial Instruction provide a clear set of procedures for asset disposal. These include internal controls that require approvals under delegations based on the value of the asset to be disposed. Information on significant asset disposals is included in the budget. An example of this is the sale of shares in public corporations, which are included in budget estimates and actual revenue is reported in annual financial statements as well as subsequent budget documents (which report on actuals).

Based on the analysis and supporting evidence the score for this dimension is A.

PI-13. Debt management

The P1-13 indicator assesses the management of domestic and foreign debt and guarantees. It contains three dimensions and uses the M2 (AV) method for aggregating scores.

PI-13 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-13. Debt management	B	
13.1 Recording and reporting of debt management	A	Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering
13.2 Approval of debt and guarantees	A	Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by a single debt management entity. Annual borrowing must be approved by the
13.3 Debt management strategy	D	A draft DMS was prepared in 2016, this was not endorsed by government. A revised draft is currently

TABLE 13.1 Public debt levels in Fiji 2012/13 to 2018/19

	2013	2014	2015	2016	2017	2018	2019
Total Debt (FJD m)	3,753.7	3,929.1	4,382.8	4,507.7	4,671.7	5,220.5	5,735.2
Total debt (% of GDP)	48.2	46.4	45.8	44.6	43.9	45.7	48.4
Total debt serving (FJD m)	495.7	449.7	446.6	989.8	1,303.6	876.7	1,588.1
Debt serving as % of GDP	6.4	5.3	4.7	9.8	12.2	7.7	13.4

13.1 Recording and reporting of debt and guarantees

Dimension 13.1 assesses the integrity and comprehensiveness of domestic, foreign, and guaranteed debt recording and reporting.

Fijian public sector debt consists of: (i) general financing through the issuance of Treasury Bills and Bonds; and (ii) multilateral and bilateral borrowing for specific projects. MoE utilizes the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) to monitor overall CG¹⁰ debt. Debt level reporting is provided through the MoE website¹¹ which contains a mix of quarterly and annual reports on debt. Information on market operations is available through the RBF website.¹² Domestic and external debt information in the CS-DRMS is reconciled monthly with the MoE FMIS. Current data is also provided through an electronic general data dissemination system (E-GDDS) hosted through the RBF website.¹³ The governance processes for government incurring debt on behalf of the State is established through the FMA.

Quarterly debt reports are available and are, to a degree, accessible. At the time of assessment some previous years' reports were missing, however reports were available for more recent periods, namely quarters two and three of the 2018/19 financial year. Up to date data is also available through the E-GDDS component of the RBF website.

The quarterly debt report provides details on debt. It includes (i) the total stock of debt; (ii) whether debt is external or domestic (iii) debt servicing costs for the preceding quarter by type of debt; (iv) the composition of creditors and currency; and (v) contingent liabilities with guarantees on behalf of public sector entities.

Overall responsibility for management and reporting of debt rests with MoE's Debt Management Unit.

Based on the analysis and supporting evidence the score for this dimension is A.

13.2 Approval of debt and guarantees

Dimension 13.2 assesses the arrangements for the approval and control of the government's contracting of loans and issuing of guarantees, which is crucial to proper debt management performance.

A guarantee policy was recently developed as an internal procedural guide for MoE to manage fiscal risks arising from government guarantees. The policy applies to all entities requesting a government guarantee for any borrowing they intend to undertake with a nominated lending institution.

The Constitution prevents the government from providing a guarantee to an individual or body without the authorization of Parliament. It also establishes a reporting mechanism back to Parliament¹⁴. Part 9 of the FMA allows the Minister to borrow in line with the constitutional requirements. A guarantee policy has also been developed as an internal procedural guide to assist MOE with managing fiscal risks that arise from government guarantees.

Based on the analysis and supporting evidence the score for this dimension is A.

13.3 Debt management strategy

Dimension 13.3 assesses whether the government has prepared a debt management strategy with the long-term objective of contracting debt within robust cost-risk trade-offs.

¹⁰ For EBU's, when the Minister of Economy approves the loan or guarantee, it becomes part of the government process for managing loans, guarantees and related payments.

¹¹ <http://www.economy.gov.fj/index.php/en/resources-main/publications/corporate-resources-2/debt-report>

¹² <https://www.rbf.gov.fj/Left-Menu/Financial-Market-Operations>

¹³ <https://www.rbf.gov.fj/Statistics/e-GDDS>

¹⁴ Chapter 7 Section 145

A draft DMS was prepared in 2016. This DMS was not endorsed by government, and a revised draft is currently being prepared.

Based on the analysis and supporting evidence the score for this dimension is D.

PILLAR FOUR: Macroeconomic and fiscal forecasting

Policy-based fiscal strategy and budgeting processes enable the government to plan the mobilization and use of resources in line with its fiscal policy and strategy.

While there are some dimensions in this pillar that have strong scores the indicators scores show overall limitation due to weaknesses in more dimensions. Fiscal forecasts are good but the overall macroeconomic and fiscal forecasting is lowered due to weaknesses in macrofiscal sensitivity analysis and the absence of assumptions and independent review. The good fiscal strategy adoption is dampened by neither having forward fiscal impacts of policy proposals nor reporting on fiscal outcomes. The medium term expenditure estimates are not supported by costed sector strategies and medium term ceilings and a review of past performance. There is a budget calendar that allows sufficient time for budget preparation but lacks hard ceilings and gives the legislature less than a month to scrutinize the proposal. Nevertheless the budget is passed before the start of the fiscal year with a good review process in place.

As highlighted in pillar one, although forecasts are prepared, there has been an underlying weakness in revenue forecasts that have undermined the creditability of the budget as budgeted expenditures are based on them This has had a knock on impact on the effectiveness of processes and procedures in the budget formulation process. Realism in expenditure has been implemented by replacing good monthly reporting of revenues that has established in-year expenditure allocations supported by solid expenditure controls.

PI-14. Macroeconomic and fiscal forecasting

PI-14 measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances. It contains three dimensions and uses M2 (AV) for aggregating dimension scores.

PI-14 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-14. Macroeconomic and Fiscal Forecasting	C+	
14.1 Macroeconomic forecasts	C	Forecasts of the macroeconomic indicators are prepared for the budget and the two following years, however only the budget and one forward year are published. Underlying assumptions on the exchange rates and interest rates supporting the budget are not published.
14.2 Fiscal forecasts	B	The government prepares forecasts of the main fiscal indicators, including revenues (by type), aggregate expenditure, and the budget balance, for the budget year and two following fiscal years. These forecasts, together with the underlying assumptions, are included in budget documentation submitted to the legislature.
14.3 Macro-fiscal sensitivity	C	The macro-fiscal forecasts prepared by the government

analysis		include a qualitative assessment of the impact of alternative macroeconomic assumptions.
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Two major macroeconomic forecasting rounds are conducted by government during the year. The November round informs the development of the fiscal strategy for the forthcoming budget. In November 2018 the fiscal strategy developed by MoE, was endorsed by Cabinet and guided the overall budget development process for the 2019/20 budget. This differs from previous years where prepared fiscal strategies were noted by Cabinet, but not endorsed.

The second forecasting round is conducted in June prior to the finalization of the budget. The outcome of which forms the macro-economic assumptions underlying the budget.

Macroeconomic forecasts are separately prepared by the MoE and the RBF. In this regard, they meet biannually as part of the Macro-economic Forecasting Committee (MFC)¹⁵ to review macro-economic forecasts. The “Economic and fiscal update supplement to the budget address” presented annually to the Parliament at the time of the budget provides the major narrative on the macro-economic and fiscal environment. No mid-year update published. More detailed information on revenue and expenditure is provided in the “Budget Estimates” document presented to Parliament.

14.1 Macroeconomic forecasts

Dimension 14.1 assesses the extent to which comprehensive medium-term macroeconomic forecasts and underlying assumptions are prepared to inform the fiscal and budget-planning processes and are submitted to the Legislative Assembly as part of the annual budget process.

Table 14.1 – Production of Macroeconomic Forecasts

	2017/18 Budget	2018/19 Budget	2019/20 Budget
GDP Growth	Published 17/18 and 18/19	Published 18/19 and 19/20	Published 19/20 and 20/21
Inflation	Published 17/18 and 18/19	Published 18/19 and 19/20	Published 19/20 and 20/21
Exchange Rates	Not published	Not published	Not published
Interest Rates	Not published	Not published	Not published

Forecasts of the macroeconomic indicators are prepared for the budget and the two following years. Underlying assumptions on the exchange rates and interest rates supporting the budget are not published.

Based on the analysis and supporting evidence the score for this dimension is C.

14.2 Fiscal forecast

Dimension 14.2 assesses whether government has prepared a fiscal forecast for the budget year and the two following fiscal years based on updated macroeconomic projections and that reflects government-approved expenditure and revenue policy settings.

Table 14.2 Published Fiscal forecasts

	2017/18 Budget	2018/19 Budget	2019/20 Budget

¹⁵ The MFC also has further representation from FBOS, OPM, MITT, Investment Fiji, MIT

Aggregate Revenue	Published 17/18, 18/19 and 19/20	Published 18/19, 19/20 and 20/21	Published 19/20, 20/21 and 21/22
Detailed Revenue	Published 17/18,18/19 and 19/20	Published 18/19, 19/20 and 20/21	Published 19/21, 20/21 and 21/22
Aggregate Expenditure	Published 17/18,18/19 and 19/20	Published 18/19, 19/20 and 20/21	Published 19/21, 20/21 and 21/22
Detailed Expenditure ¹⁶	Published 18/19, 19/20 and 20/21	Published 18/19, 19/20 and 20/21	Published 18/19, 19/20 and 20/21
Budget Balance	Published 17/18,18/19 and 19/20	Published 18/19, 19/20 and 20/21	Published 19/21, 20/21 and 21/22

Fiscal forecasts are published by the government through the budget documents. The annual “Economic and Fiscal Update Supplement to the budget address” provides the reader with the macroeconomic and fiscal environment for the projected three years (including budget year), fiscal information is provided at an aggregate level. Detailed information is also provided in the “Budget Estimates” document.

Based on the analysis and supporting evidence the score for this dimension is B.

14.3 Macro fiscal sensitivity analysis

Dimension 14.3 assesses the capacity of governments to develop and publish alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that have a potential impact on revenue, expenditure, and debt.

MOE prepared alternative fiscal scenarios for the 2019/20 budget. The MoE showed different unpublished modelled scenarios which were used for internal working purposes during the development of the budget.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-15. Fiscal strategy

PI-15 analyses the capacity to develop and implement a clear fiscal strategy and measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals. It contains three dimensions and uses the M2 (AV) method for aggregating dimension scores.

¹⁶ Total estimates are not shown; it is the change from the previous year at a very detailed level that is presented but added to the based year provides the total.

PI-15 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-15. Fiscal strategy	C+	
15.1 Fiscal Impact of policy proposals	C	The Government prepares estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year.
15.2 Fiscal strategy adoption	B	The Government has adopted and submitted to the Legislature a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years.
15.3 Reporting on fiscal outcome	C	The government prepares an internal report on the progress made against its fiscal strategy. Such a report has been prepared for at least the last completed fiscal year.

The 2018/19 Economic and Fiscal Update Supplement to the Budget Address outlined the medium-term fiscal strategy. This specified fiscal policy for the medium term would be geared towards sustaining Fiji's current positive economic growth momentum and securing financial stability. These were focused on achieving the following key macroeconomic targets over the medium to long term:

- achieving annual growth of four to five percent;
- propelling annual investments (combined private and public investments) to rise beyond 25 percent of GDP;
- managing inflation at around three percent;
- ensuring foreign reserves coverage of about four to five months;
- maintaining budget deficits at sustainable levels; and
- reducing Government's debt stock to 40 percent of GDP in the medium term and working towards reducing debt to 35 percent of GDP by 2036.

A specific report outlining progress against the fiscal strategy is not produced. However, the supplement to the budget does contain historical fiscal information.

15.1 Fiscal impact of policy proposals

Dimension 15.1 assesses the capacity of the government to estimate the fiscal impact of revenue and expenditure policy proposals developed during budget preparation.

The supplement document accompanying the 2017/18, 2018/19 and 2019/20 budgets outlined specific policy decisions of government.¹⁷ The annual fiscal impact of these measures was prepared by government and published in some instances. New expenditure policy initiatives are announced by government in the budget. However, the ongoing fiscal impact beyond the budget year of the new measures does not appear to be systematically calculated. Not all information is published for all measures. The 2017/18 budget supplement contained a table¹⁸ outlining the cost of social assistance programs and rural and maritime development for 2016/17 and 2017/18 allowing the reader to calculate

¹⁷Tax policy measures described in 2017/18 Budget Supplement Chapter 10 2018/18 and 2019-2020 Budget Supplement Chapter 8

¹⁸ Table 6.1: Government Assistance for Social Protection (\$M)

the impact of those decisions for the 2017/18 year¹⁹. It was difficult to ascertain whether the fiscal impact of different policy announcements was one off or ongoing in nature.

Based on the analysis and supporting evidence the score for this dimension is C.

15.2 Fiscal strategy adoption

Dimension 15.2 assesses the extent to which government prepares a fiscal strategy that sets out fiscal objectives for at least the budget year and the two following fiscal years.

The 2018/19 economic and fiscal-update supplement sets out the medium-term fiscal strategy outlining fiscal consolidation as a key focus. This has the objective of building fiscal buffers following the recovery and reconstruction arising from the impact of Tropical Cyclone Winston in 2016. The strategy outlines some key quantitative measures which have been mentioned previously. These, however, are not explicitly time-based.

Based on the analysis and supporting evidence the score for this dimension is B.

15.3 Reporting on fiscal outcomes

Dimension 15.3 assesses the extent to which the government makes available—as part of the annual budget documentation submitted to the legislature—an assessment of its achievements against its stated fiscal objectives and targets.

The Government does not provide a full set of data on the previous and current years’ fiscal performance. Neither the budget supplement nor the budget estimates document provides information that can establish progress against its fiscal objectives. These data are prepared internally.

Table 15.3 Reporting on Fiscal Strategy

2018/19 Fiscal Strategy Objectives	Reporting on 18/19 revised estimates in 19/20 budget	2019/20 Fiscal Strategy Objectives
Maintain budget deficits at sustainable levels	No figure provided on the estimated budget balance for 2018/19.	Budget deficits at below 3.0 percent of GDP
Reduce Government’s debt stock to 40 percent of GDP in the medium term, and work towards reducing debt to 35 percent of GDP by 2036 as outlined in the NDP.	Estimated to be 45.9% Outlining increase was due to reconstruction efforts following Cyclone Winston.	Government’s debt stock of 45 percent of GDP in the medium term.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-16. Medium-term perspective in expenditure budgeting

The PI-16 indicator examines the extent to which expenditure budgets are developed for the medium-term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

¹⁹ Social welfare spending rose from 133.9 in 2016/17 rose to 328.78 in 2017/18; Rural and maritime development spending rose from 40.2 million in 2016/17 to 76.8 million in 2017/18.

PI-16 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-16. Medium-term perspective in expenditure budgeting	D+	
16.1 Medium-term expenditure estimates	B	The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative and economic classification.
16.2 Medium-term expenditure ceilings	D	Medium term expenditure estimates are provided in the budget documentation, but these are not ongoing established ceilings endorsed by government.
16.3 Alignment of strategic plans and medium-term budgets	D	Localized strategic plans vary in their scope and timing; some were released prior to the NDP. Of the top 11 agencies by funding level (89%) only one had a costed plan.
16.4 Consistency of budgets with previous year's estimates	D	No explanations are provided of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget neither at the aggregate nor spending agency level.

Fiji's National Development Plan (NDP), incorporates both a 20-Year Development Plan (2017-2036) and a five-year Development Plan (2017-2021). The five-Year plan provides a detailed action agenda with specific targets and policies that are aligned to the long-term aspirational 20-Year Development Plan.²⁰

Medium term expenditure estimates are provided and provide a profile of estimated changes to the expenditure profile going forward. These are not established nor approved ceilings.

16.1 Medium-term expenditure estimates

Dimension 16.1 assesses the extent to which medium-term expenditure estimates are prepared and updated as part of the annual budget process. The preparation of medium-term estimates is intended to strengthen fiscal discipline and improve predictability of budget allocations. Medium-term estimates should be disaggregated by high-level administrative, economic, and program or functional classification.

The 2018/19 budget estimates provide a significant amount of information on expenditure. The budget estimates (2018/19) are provided and details on the planned change for the subsequent years (2019/20 and 2020/21). Expenditure estimates are provided at:

- an aggregate level by economic type;
- an aggregate level by administrative entity; and
- detailed expenditure by head (or appropriation level).

²⁰ National Development Plan <https://www.fiji.gov.fj/getattachment/15b0ba03-825e-47f7-bf69-094ad33004dd/5-Year-20-Year-NATIONAL-DEVELOPMENT-PLAN.aspx>

Based on the analysis and supporting evidence the score for this dimension is B.

16.2 Medium-term expenditure ceilings

Dimension 16.2 assesses whether medium-term expenditure ceilings are applied to the estimates produced by ministries to ensure that expenditure beyond the budget year is consistent with government fiscal policy and budgetary objectives. Such ceilings should be issued to ministries before or when the first circular is distributed at the commencement of the annual budget preparation cycle.

Medium term expenditure estimates are provided in the budget documentation, but these are not ongoing established ceilings endorsed by government. The first forward year becomes the base from which the following year's budget envelope is developed.

Based on the analysis and supporting evidence the score for this dimension is D.

16.3 Alignment of strategic plans and medium-term budgets

Dimension 16.3 measures the extent to which approved expenditure policy proposals align with costed ministry strategic plans or sector strategies. Strategic plans should identify resources required to achieve medium- to long-term objectives and planned outputs and outcomes.

The NDP is not a costed document at either the five or 20 year level. Localized strategic plans vary in their scope and timing; some were released prior to the NDP. Of the top 11 agencies by funding level (89%) only one had a costed plan. There was little evidence that expenditure proposals for that agency were linked to its costed plan.

Table 16.3 National budget share covered by costed agency and sector plans in 2019 ²¹

	Operating	Capital	Total	% Budget	Costed
Ministry of Education, Heritage and Arts	456,918	8,800	465,718	18%	No
Fiji Roads Authority	19,665	399,761	419,427	17%	No
Ministry of Health and Medical Services	303,529	34,749	338,278	13%	No
Water Authority of Fiji	88,994	169,722	258,716	10%	No
Fiji Police Force	164,305	10,825	175,130	7%	No
Ministry of Women, Children & Poverty Alleviation	124,782	2,250	127,032	5%	No
Higher Education Institutions	100,587	15,000	115,587	5%	No
Republic of Fiji Military Forces	90,771	3,198	93,968	4%	No
Ministry of Infrastructure and Transport	56,986	31,241	88,226	3%	Yes
Ministry of Economy	82,503	3,727	86,230	3%	No
Independent Bodies	84,724	-	84,724	3%	No

Based on the analysis and supporting evidence the score for this dimension is D.

16.4 Consistency of budgets with previous year's estimates

²¹ Data Annex

Dimension 16.4 assesses the extent to which the expenditure estimates in the last medium-term budget establish the basis for the current medium-term budget. This will be the case if every expenditure variation between the corresponding years in each medium-term budget can be fully explained and quantified.

Medium term expenditure forecasts were provided in the 2016/17, 2017/18 and 2018/19 budgets.

No explanations are provided for the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget neither at the aggregate nor spending agency level.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-17. Budget preparation process

The PI-17 indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely. It contains three dimensions and uses the **M2 (AV)** method for aggregating dimension scores.

PI-17 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-17 Budget preparation process	B	
17.1 Budget Calendar	A	A clear annual budget calendar exists, is generally adhered to, and allows budgetary units at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time.
17.2 Guidance on budget preparation	C	A budget circular or circulars are issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The Budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units.
17.3 Budget submission to the legislature	C	The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in two of the last three years.

The process for the preparation of the 2019/20 budget in 2018 followed some key steps. A fiscal strategy forming the underlying basis for budget process was developed by MoE and endorsed by Cabinet in early February, this included funding envelopes for each Agency, no evidence was provided on Cabinet endorsement. The circular distributed to agencies on 7 February (immediately after the Cabinet decision) provided some time for preparing submissions, which were due on 29 March.

Public consultations were held on the budget during March and April across the country. Assessments of the submission were conducted during the month of April with Cabinet finalising the budget in early June for subsequent tabling to Parliament.

17.1 Budget calendar

Dimension 17.1 assesses whether a fixed budget calendar exists and the extent to which it is adhered to. **The Budget circular issued by the Permanent Secretary of Economy on 7 February 2019 contained a clear calendar outlining that submissions were due back to MoE on 29 March.** Three out of the 51 agencies required to provide a submission did not meet the deadline.

Based on the analysis and supporting evidence the score for this dimension is A.

17.2 Guidance on budget preparation

Dimension 17.2 assesses the clarity and comprehensiveness of top-down guidance on the preparation of budget submissions.

The Budget circular issued by the Permanent Secretary of Economy on 7 February 2019 clearly outlined the government's fiscal targets, medium term fiscal expenditure strategy and expenditure policy. Ministries were provided with aggregate expenditure envelopes to cover operational and capital expenditure, no evidence was provided that Cabinet endorsed the envelopes prior to the circular. The envelopes considered current budget execution performance, in particular in relation capital.

Based on the analysis and supporting evidence the score for this dimension is C.

17.3 Budget submission to the legislature

Dimension 17.3 assesses the timeliness of submission of the annual budget proposal to the legislature or similarly mandated body so that the legislature has adequate time for its budget review and the budget proposal can be approved before the start of the fiscal year.

The Fiji budget year begins August 1. For the last three completed fiscal years, the proposals were received within the month of June, thus at least one month but not two months before the start of the fiscal year.

2020 Budget proposal submitted on June 7, 2019²²

2019 Budget proposal submitted on June 28, 2018²³.

2018 Budget proposal submitted on 29 June 2017²⁴.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-18 Legislative scrutiny of budgets

The PI-18 indicator assesses the nature and extent of scrutiny of the annual budget by the Legislative Assembly. It contains four dimensions and uses the M1 (WL) method for aggregating dimension scores:

²²Parliament of the Republic of Fiji, Parliamentary Debates Daily Hansard Friday 7th June 2019
<http://www.parliament.gov.fj/wp-content/uploads/2019/06/Friday-7th-June-2019-FINAL.pdf> Page 1692
Accessed 17 September 2019.

²³Parliament of the Republic of Fiji, Parliamentary Debates Daily Hansard Friday 28th June 2018
<http://www.parliament.gov.fj/wp-content/uploads/2018/07/THURSDAY-28TH-JUNE-2018fdocx.pdf> Page 1880
Accessed 17 September 2019.

²⁴Parliament of the Republic of Fiji, Parliamentary Debates Daily Hansard Friday 29th June 2017
<http://www.parliament.gov.fj/wp-content/uploads/2017/03/THURSDAY-29TH-JUNE-2017-FINAL2.pdf> Page 1880
Accessed 17 September 2019.

PI-18 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-18 Legislative Scrutiny of Budgets	C+	
18.1 Scope of budget scrutiny	A	The Legislature's review covers fiscal policies, medium-term fiscal forecasts, and medium term priorities as well as details of expenditure and revenue.
18.2 Legislative procedures for budget scrutiny	A	The legislature's procedures to review budget proposals are approved by the legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures.
18.3 Timing of budget approval	A	The legislature has approved the annual budget before the start of the year in each of the last three fiscal years.
18.4 Rules for budget adjustments by the executive	C	Clear rules exist which may be adhered to in some instances or they may allow extensive administrative reallocation as well as expansion of total expenditure.

Chapter 7 of the Constitution of 2013 requires the Minister responsible for finance to provide Parliament with the estimates of revenue, capital and current expenditures. The FMA of 2014 provides for financial management of resource allocation (Part 4) and budget sector agencies (part 5). The key elements of the proposed budget to Parliament include the Budget Address, Appropriations Bill, Budget Supplement, and Estimates Documents. These documents cover the fiscal policies, budget aggregates and details of revenue and expenditure. The processes guiding Parliament are covered in a document called "The Budget process: a step-by-step guide and frequently asked questions". This document highlights the principles of effective budget scrutiny, review of estimates document (including programmatic information), the Budget Supplement (including medium term fiscal framework), and Revenues measures (from FRCS circular). Details on the procedures are covered within Standing Orders (SO)²⁵ and include SO100 for the procedures of a Committee of Supply. Amendments to the budget are within Standing Order 107. After the Committee of Supply considers the estimates, the Standing Order 101 is voted on by the Committee prior to being tabled before Parliament with a motion for third reading, prior to the vote.

18.1 Scope of budget scrutiny

Dimension 18.1 assesses the scope of legislative scrutiny

The discussion, as noted in the Step-by-step guide, includes a review of documentation within the Budget Summary and Budget Estimates. This cover fiscal policies, medium term fiscal framework, as well as details of expenditure and revenue.

Based on the analysis and supporting evidence the score for this dimension is A.

²⁵ <http://www.parliament.gov.fj/wp-content/uploads/2019/04/Extra-Gazette-Amended-Standing-Order-1-April-2019.pdf>

18.2 Legislative procedures for budget scrutiny

Dimension 18.2 assesses the extent to which review procedures are established and adhered to.

As noted above, the legal framework for legislative procedures on budget scrutiny is supported by processes outlined in the Standing Orders and documentation provided by the Ministry of Economy. During discussion with Public Accounts Committee (PAC) it was noted public consultations procedures were part of the process, however no mandate exists. A Research & Library Services division together with the Committee clerks provides technical support. In recent years, a regional team supported by UNDP has participated in the review processes to enable Parliament to have additional information and ability to scrutinize the budget. Negotiation procedures are limited to floor amendments during Committee of Supply.

Based on the analysis and supporting evidence the score for this dimension is A.

18.3 Timing of budget approval

Dimension 18.3 assesses the timeliness of the scrutiny process in terms of the legislature's ability to approve the budget before the start of the new fiscal year.

As noted in table 18.2, the legislature has approved the annual budget before the start of the year in each of the last three fiscal years.

TABLE 18.2 Timetable for submission of Budgets to the Legislative Assembly²⁶

Budget Year	Submit to Legislative Assembly	Committee of Supply Debate commences	Legislative Approval
FY 2019 -2020	June 7, 2019	June 17, 2019	June 20, 2019
FY 2018-2019	June 28, 2018	July 9, 2018	July 12, 2018
FY 2017-2018	June 29, 2017	July 10, 2017	July 17, 2017

Based on the analysis and supporting evidence the score for this dimension is A.

18.4 Rules for budget adjustments by the executive

Dimension 18.4 assesses arrangements made to consider in-year budget amendments that do not require legislative approval.

The Minister of Economy is able to authorize amounts to be reallocated to new heads of appropriation or between existing heads of appropriation and appropriation categories to be administered by the same or different budget sector agencies by FMA Division 2 paragraph 21. Details of the reallocation are to be published in the Gazette as soon as possible. The amounts allocated under this section are taken to be appropriated by the most recent Annual Appropriation Act. It is also included within Committee of Supply discussion and was included in discussion by members of the Finance Committee. The power of this cannot be delegated under the Act. While there is no limit on the reallocation, there is no provision for increase in total expenditure.

Based on the analysis and supporting evidence the score for this dimension is C.

²⁶ All details in table from applicable date Hansard minutes.

PILLAR FIVE: Predictability and control in budget execution

Predictable and controlled budget execution is necessary to ensure that revenue is collected and resources are allocated and used as intended by government and approved by the legislature.

Effective management of policy and program implementation requires predictability in the availability of resources when they are needed, and control ensures that policies, regulations, and laws are complied with during the process of budget execution.

Pillar five shows many strong features. Revenue administration and accounting for revenue is very strong. While the nature of the banking system means that bank and cash balances are not consolidated within at least a month, cash forecasting and monitoring and the resultant information on commitment ceilings are very good. Adjustments to the budget either through virement or supplementary budgets need stronger control. Expenditure arrears needs strengthening as data on arrears is not monitored. Payroll controls are generally positive as is procurement which would be strengthened further with better public access to information and an independent complaints process. Internal controls and internal audit are both very positive.

As noted in pillars one and four, strong and positive budget execution has ensured that the budget is in line with available revenues. Nevertheless, this does not mean that the strategic priorities that have been set out in the budget have been realised. Expenditure composition outturns, at administrative and economic category levels, are below basic and while adjustments are made via supplementary budgets and virement, there is no limit to the latter and the former is so frequent not to be structured.

PI-19. Revenue administration

PI-19 relates to the entities that administer central government revenues, which may include tax administration, customs administration, and social security contribution administration. It also covers agencies administering revenues from other significant sources such as natural resources extraction. These may include public corporations that operate as regulators and holding companies for government interests. In such cases the assessment will require information to be collected from entities outside the government sector. The indicator assesses the procedures used to collect and monitor central government revenues. It contains four dimensions and uses M2 (AV) method for aggregating dimension scores.

PI-19 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-19 Revenue Administration	B+	
19.1 Rights and obligations for revenue measures	A	The legal basis for all revenues is up-to-date and available with redress processes and procedures. There is an active taxpayer education system with outreach programs that is delivered throughout all the islands that comprise Fiji and easy to follow supporting

19.2 Revenue risk management	A	Fiji Revenue and Customs Services and Fiji National Provident Fund have well researched and implemented risk management strategies that include data sharing, Tax Identification Numbers, Tax Compliance Certificates and a penalty regime for law breaking that is pursued
19.3 Revenue audit and investigation	A	There is a detailed and well specified annual audit plan of tax payers. Evidence supplied by the FRCS shows that the annual audit plan is implemented as intended.
19.4 Revenue Arrears Monitoring	D	The available evidence shows that the stock of arrears is 9.1 per cent of total revenue collected but some 94% of the arrears are older than 12 months

The total revenues assessed in this indicator are those administered by the Fiji Revenue and Customs Service which is responsible for direct and indirect taxes and the Fiji National Provident Fund which collects 8 per cent of employee's wages and a further 10 percent of wages as employers' contribution to the Fund. Direct and indirect taxes and FNPF contribution amounts to 89.3 per cent of total revenue assessed in this indicator.

Table 19.1 Revenue Composition 2017-18

	S000	%
Tax revenues	2,831,550	73.7
Direct Taxes	826,768	21.5
Indirect Taxes		
Value Added Tax	788,804	20.5
Customs Taxes	668,629	17.4
Service Turnover Tax	97,872	2.5
Water Resource Tax	64,290	1.7
Departure Tax	147,495	3.8
Stamp Duty	85,266	2.2
Levies	152,426	4.0
Non-Tax revenue	412,782	10.7
Total revenue	3,244,332	84.4
Fiji National Provident Fund	599,855	15.6
Employers Contributions	328,081	8.5
Members Contributions	271,774	7.1
Grand Total	3,844,187	100.0

Sources: Data Annex (Tax and Non-Tax Revenue) and FNPF Annual Report 2018

19.1 Rights and obligations for revenue measures

Dimension 19.1 assesses the extent to which individuals and enterprises have access to information about their rights and obligations, and to administrative procedures and processes that allow redress, such as a fair and independent body outside of the general legal system (ideally a "tax court") that is able to consider appeals.

All taxes administered by Fiji Revenue and Customs Service are backed up by specific laws that are up-to-date and are available on the FRCS website as well as in hard copy.

<https://www.fracs.org.fj/our-services/taxation/taxation-laws-and-regulations/> <https://www.fracs.org.fj/our-services/customs/customs-laws-regulations/>

In addition, FRCS publish Practice Statements which are prepared to provide direction and assistance to taxpayers alike on interpretation and application to take when performing duties or dealing with practical issues arising out of the administration of the Revenue and Customs laws. This ensures consistency and certainty on the interpretation and application of tax laws which requires clarification. Practice Statements can be relied upon by taxpayers in the conduct of their tax affairs. <https://www.fracs.org.fj/our-services/practice-statements/>. A further service is the development of published binding ruling or standard interpretation guidelines and these are listed on the website according to their current status. <https://www.fracs.org.fj/our-services/practice-statements/standard-interpretation-guideline-2018-02/>

FRCS has a Directorate that is responsible for International and Stakeholder Engagement which has a Tax Education Unit and Call Centers. FRCS sees taxpayer education as an important enabler in achieving an efficient tax administration with stakeholders able to understand the tax rules that are simple and clear in order to enhance tax compliance. It conducts Tax Education programs through workshops and seminars with associations throughout Fiji and uses social media. A series of Tax Talk documents are produced on a regular basis highlighting specific issues and guidance. <https://www.fracs.org.fj/tax-talk/>

The **Fiji National Provident Fund is governed by the 2011 Decree No 52.** Like the FRCS, the FNPF engages with its stakeholders through education programs. FNPF publishes fortnightly articles in the local dailies, on general but important Fund matters <https://myfnpf.com.fj/index.php/corporate-2/bi-weekly-featured-articles> and also The Member Quarterly e-Newsletter is distributed online via email <https://myfnpf.com.fj/index.php/corporate-2/member-e-newsletter>.

Both FRCS and FNPF have legal procedures for addressing complaints. For the FRCS the first stage is a review by the Objections Review Team which is internal to the organization but independent from the matter under review. If there is no agreement, there is provision for referral to a Tax Tribunal and eventually a Tax Court. Schedule 2 of Decree 52 Review of Decisions and Determinations is concerned with complaints. These are dealt with in-house by a senior member of the FNPF or by the Board although there is provision for referral to the Courts. The latest FNPF annual reports states that there were 96 complaints in 2017-18 of which 55 were resolved within a month, 37 resolved later in the year and 4 carried over to the following year.

Discussion with the Chamber of Commerce indicated that work carried out by FRCS in terms of taxpayer information and education was good and there was a positive response. Concern was raised regarding the capacity of the Tax Court (only one judge who was not full time) which could be a cause of delays should there be multiple complex cases.

Based on the analysis and supporting evidence the score for this dimension is A.

19.2 Revenue risk management

Dimension 19.2 assesses the extent to which a comprehensive, structured and systematic approach is used within the revenue entities for assessing and prioritizing compliance risks.

FRCS has a strategic plan that guides its operations. Aligned to the Strategic Plan, is its Compliance Improvement Strategy that is designed to enhance voluntary compliance by addressing risk factors in

different sectors of the economy: Large and International Customers, Construction Industry, Real Estate, Supermarkets, High Wealth Individuals and VAT and Customs as focus taxes. The actions developed in the Strategic Plan have been based on research on how the tax system works and how it can be improved. Compliance Risks have been identified and addressed in the areas of Registration, Filing, Payment and Reports. The most recent Compliance Plan covers the period from 2019 to 2021

To better improve data on taxpayers, FRCS has signed Memorandums of Understanding with various organizations. These include Fiji Immigration Department, Fiji Police Force, FNPF, Registrar of Companies, Land Transport Authorities and has access to data from Municipal Councils, Car Dealers, Fiji Electrical Company and Insurance Companies. FRCS also operates a Whistleblower policy and conducts Door-to Door projects to detect non registration and non-issuance of tax receipts.

The Tax Identification Number (TIN) became compulsory for a number of purposes following an announcement in the 2010 Revised Budget. This was initially for those wishing to create a new bank account, register a vehicle, obtain a driving licence, or register a business. The TIN can be obtained from Fiji Revenue and Customs Services by filling a registration form which has to be accompanied by a valid Birth Certificate and photo identification such as FNPF card, driver's licence or Passport. An official letter will then be issued by FRCS. There is also a joint FRCS/FNPF card which has the holder's TIN and FNPF details along with photo identification. A TIN is required for

- Renewing or applying for a license or permit with Land Transport Authority
- Registering a used or new vehicle of any description with the Land Transport Authority
- Applying for a new business licence or renew of their business licence with the local municipalities
- Applying for Charitable Trust
- Non-Government Organisations and Religious Bodies
- Registration with the Registrar of Titles
- Registering a company, partners in partnership businesses whether jointly or severally registered with the Registrar of Companies
- Opening and operating a third party's bank account together with the Taxpayer Identification Number of the third party
- Opening or operating a bank account of any description with any financial institution, from within or outside of Fiji
- Complying with Employer Payroll requirements by any person who is a new or existing employee Identification Number of the third party
- Complying with other organisation's requirements not specifically stated but requires TIN in their process.

FRCS also operates a Tax Compliance Certificate (TCC) system. A TCC is issued with a validity of one year from FRCS to a person (or persons in a company) as proof that the person is compliant with the lodgements of tax returns and payment of taxes in accordance with relevant tax law. A TCC is required for the Expression of Interest or tender to supply goods and services for any government or public sector business contract; or applies for any registration, permit or license from any government ministry or entity; or Exporter/Importers License; Bank Loan, Financing or Asset Transfer; Vehicle Registration or transfer with LTA and for Visa/ Travel and Migration.

FRCS uses the ASCYUDA World system at the ports to facilitate imports assess duties and other taxes applicable taxes. It operates the risk module and inputs data on type of good, countries and importers which determines which channel an import is assigned to: Green 46.4%²⁷ (no inspection), Yellow 29.0 % document inspection), Red 5.3% (document and physical inspection) and Blue 14.3% (post clearance audit). Only accredited Customs Brokers can use the system which is also a risk mitigating factor.

FNPF also adopts a risk mitigation strategy. The Board has an Audit and Risk Committee that provides assurance on the effectiveness of the Fund's internal controls, compliance and risk management. It has conducted a detailed compliance check which indicated a reasonable degree of compliance and improvements have been implemented on an on-going basis. In an effort to strengthen compliance monitoring, a compliance register was developed to increase efficiency and reduce the risk of non-compliance. A MOU was signed with the Fiji Revenue and Customs Services and is pursuing similar partnership with other key stakeholders.

The Tax Laws and the FNPF Act has penalties for non-compliance. In 2017-18 FNPF total of 52 employers' cases were registered in the criminal jurisdiction with Magistrates Courts. The total debt for all prosecution cases in court was \$1.34 million. Cases prosecuted were initiated based on a) failing to pay contributions for workers; b) failing to produce documents on demand; c) giving false or misleading statements to FNPF and d) deduction of 8% from workers without remittance to FNPF. At the close of the year, 74 court cases that included some new cases were completed. This enabled the recovery of \$1.7 million in outstanding contributions. In addition to its powers of enforcement, the Fund also actively pursues civil recovery against directors. FRCS has issued a Tax Talk- Tax and Duty Evasion where it highlights several cases where legal steps have been taken to successfully prosecute offenders. <https://www.frsc.org.fj/wp-content/uploads/2019/08/Tax-Talk-Fraud-Issues.pdf>. It also publishes the names of defaulters <https://www.frsc.org.fj/wp-content/uploads/2018/04/defaulters.pdf>. It also highlights how offences are dealt with. <https://www.frsc.org.fj/wp-content/uploads/2018/02/69.Talk-Customs-on-Customs-Offence-and-its-Consequences-CEOs-amendments.pdf>.

Based on the analysis and supporting evidence the score for this dimension is A.

19.3 Revenue audit and investigation

Dimension 19.3 assesses whether sufficient controls are in place to deter evasion and ensure that instances of noncompliance are revealed.

FRCS has an Intelligence Compliance & Investigation Division that is responsible for tax audits.

It produces an annual audit plan which outlines the work plan, combination of strategies, different audit approaches, methodologies, risk analysis and resource allocation for the fiscal year. This plan will also include the high-risk sectors and industries from where auditors select cases.

The primary role of the audit program is to promote voluntary compliance to taxpayers with the tax laws. It seeks to achieve this by reminding taxpayer's the risks of non-compliance and by engendering confidence in the broader community that serious abuses of the tax law will be detected and appropriately penalized. It guides the activities to detect non-compliance at the individual taxpayer level: By concentrating on major areas of risk (e.g. unreported cash income) and those individual

²⁷ In 2018, 4.9% of imports used a simplified system that reflected the nature of the import (personal effects and non-commercial imports).

taxpayers most likely to be evading their responsibilities, audits are planned to address significant understatements of tax liabilities, and additional tax revenue collections.

The Division gathers information on the “health” of the tax system (including patterns of taxpayers’ compliance behaviour): The results of normal audit activity are designed to provide information on the general well-being of the tax system. Audits conducted on a random basis are also used to assist overall revenue administration by gathering critical information required to form judgments on overall levels of tax compliance—that over time can be used to identify trends in overall organizational effectiveness—and to gather more precise information that can be used to inform decision-making on future compliance improvement strategies, to refine automated risk-based case selection processes, and even support changes to tax legislation. Audits are also used to gather intelligence to bring to light information on evasion and avoidance schemes involving large numbers of taxpayers that can be used to mount major counter-abuse projects. The audit process supports Taxpayer Education as they assist to clarify the application of the law for individual taxpayers and to identify improvements required to record-keeping and thus contribute to improved compliance by taxpayers in the future.

The execution of the audit plan is driven by the achievement of performance objectives that are measurable and follow a defined set of audit principles around determined deliverables. Risk profiling and assessment are used to select audit cases. The audit plan specifies different audit types and allocates staff hours to carry them out.

Table 19.3.1 FRCS Tax Audits

Type of Audit ²⁸	Coverage	No of hours
SPECIFIC ISSUE VERIFICATION	This may constitute simple desktop verifications that can be performed by an auditor to ascertain the correctness and validity of information and documents submitted by taxpayers, accountants or agents.	7.5
SIMPLE AUDIT-SINGLE ISSUE	This type of audit covers a single issue that is not complex in nature. This can relate to specific issues such as VAT desk audits, 1st VAT refund audits or an audit on the Outputs or Reports from the VAT Monitoring System	37
COMPLEX AUDIT/MULTIPLE	These are audits where more in-depth examinations of the technical tax issues are required and it can include more than one tax type. In certain cases, it would require the inputs from the legal team on interpretation issues with respect to certain elements of the tax laws.	120
FULL INTERGRATED AUDIT [3YRS or more]	These are more comprehensive audits that would cover a period of 3 years or more depending on the risks identified at the risk profiling and audit planning stages. It is possible that such cases have been under	250

²⁸ There are also transfer pricing audits.

	audit examination in the past and there is a higher risk of non-compliance.	
FORENSIC AUDIT	These types of audits require more in-depth examination of the tax affairs covering the business processes, source documents, electronic information systems etc. A forensic audit can be conducted in order to prosecute a party for fraud or tax evasion.	250
SIMPLE INVESTIGATION	A simple tax investigation can focus on a specific issue and does not require prior information on what is going to be investigated. It can be based in suspicion, information from an informant or by following the money trail or flow of transactions.	37
COMPLEX INVESTIGATION	Complex investigations would require more time and resources and can be prolonged in order to gather all substantial evidence. The process allows investigation officers to take possession of records, documents and	120

The scope of the audit required is defined by the risks identified within the case selection process.

The Risk Assessment and Planning Team identify and issues high risk cases to the audit managers and team leaders. Audit Managers also identify certain medium to high risk auditable areas for their teams. Once the teams have set the scope of the audit, the auditor can use limited discretion to alter the scope during the audit. During the audit, additional or new information may be acquired that needs to be examined by the auditor. Other pre-audit factors are recognized in audit selection. In particular, these factors concern assuring the public that the burden of audits will not fall disproportionately on any segment. Also, there are controls that prevent individual auditors from repeatedly auditing the same business, and to require an auditor to exclude themselves from taking up an audit where they are acquainted with the taxpayer selected for audit.

Audits are conducted by teams such as Large & International Audit Team which manages and audits taxpayers with gross annual turnover of above \$15million or other cases approved by Executive Management.

Large & International taxpayers have complex finance & business structure, multiple operating entities & international business dealings, cross border and tax transactions with related parties, high volume of transactions and contribute a significant portion of tax revenue. The Small & Medium Team manages and audits taxpayers with annual gross turnover of less than \$15million or other cases as approved by Executive Management. Small & Medium taxpayers comprise of the majority number of taxpayers with high risk cash transaction, deficient document & record keeping and internal control operating structures.

Evidence supplied by the FRCS shows that the annual audit plan is implemented as intended.

Table 19.3.2 FIJI REVENUE AND CUSTOMS- PLANNED AUDITS vs ACTUAL FOR AUGUST 2018-JULY 2019			
Audit Classification	Planned Audits	Actual Audits	Variance
Large and International Businesses	50	58	16%
Small and Medium Businesses	650	886	36%

Individual Taxpayers	150	237	58%
VAT Audits	1200	1013	-16%
Customs Compliance Audits	130	197	52%
Totals	2180	2391	10%
<i>Additional Work Undertaken by Audit for 1st VAT Refund Audits, New Dwelling House Audits, VAT Project verification and VAT Deregistration Audits [Not Full Audits]</i>		3033	
		5424	

Based on the analysis and supporting evidence the score for this dimension is A.

19.4 Revenue arrears monitoring

Dimension 19.4 assesses the extent of proper management of arrears within the revenue entities by focusing on the level and age of revenue arrears.

The available evidence shows that the stock of arrears is 9.1 per cent of total revenue collected but some 94% of the arrears are older than 12 months. The FRCS are managing to ensure that taxes dues are being collected during the year but there is a historical overhang of arrears greater than one year in age.

TABLE 19.4 Total Arrears as of 31 July 2019	
Total FRCS Arrears	F\$ m 204.1
Arrears Older Than 12 Months	F\$ m 204.1
Total FRCS Revenue Collected	F\$ m 2,818.0
Stock of FRCS Revenue Arrears as % of Revenue Collected	7.24%
FRCS Arrears older than 12 months as % of Total Arrears	100%
Total non-tax revenue Arrears	F\$ m 79.0
Non-tax Arrears Older Than 12 Months	F\$ m 62.1
Total non-tax Revenue Collected	F\$ m 298.0
Stock of non-tax Revenue Arrears as % of Revenue Collected	26.5%
Non –tax Arrears older than 12 months as % of Total Arrears	78.6%
Total non-tax Revenue Arrears	F\$ m 283.1
Non-tax Arrears Older Than 12 Months	F\$ m 266.2
Total Revenue Collected	F\$ m 3,116.0
Stock of Total Revenue Arrears as % of Total Revenue Collected	9.1%
Total Arrears older than 12 months as % of Total Arrears	94.0%

Source Ministry of Economy

FRCS has engaged in general recovery processes such as telephone calls, emails, field visits and garnishee orders. In addition FRCS has initiated recovery action through distress and sale of properties. FRCS has already put out two tender bids for the sale of properties owned by taxpayers who have tax debts outstanding and the owner has either absconded overseas or has passed away. Twelve taxpayer's (debt value of F\$ 16,956,332.79) properties are being petitioned for sale through the Court. More than 13 taxpayers have been profiled for property sale also with a tax debt value around

F\$35,699,140.63. The Management Team for Debt is also meeting directors and taxpayers with high value debt to understand more of their current business environment and ways which the taxpayers could pay off their debt and at the same time continue their business. The team is also classifying debts to priority arrears such as trust taxes and income taxes and to assist in educating taxpayers on the importance of trust taxes and how trust taxes works so that the debt relating to trust taxes reduces going forward. FRCS is also profiling cases for write off if it meets certain criteria such as uneconomical business, taxpayers that have passed away, taxpayers that have absconded overseas, bankrupt, etc. FRCS considers this as last resort for the debt team following all other recovery actions being exhausted.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-20. Accounting for revenue

PI-20 assesses the procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and nontax revenues collected by the central government. This contains three dimensions and uses M1(WL) for aggregating dimension scores.

PI-20 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-20 Accounting for Revenue	B+	
20.1 Information on revenue collections	B	Information is available on most tax and non-tax revenues on a monthly basis.
20.2 Transfer of revenue collections	A	Over 90% of payment of revenues are paid directly into the CFA on a daily basis
20.3 Revenue accounts reconciliation	A	Reconciliation of payments made by a taxpayer are made monthly against assessments. With respect to reconciliation of FRCS payments and MOE General Ledger receipts these are done on a monthly basis.

20.1 Information on revenue collections

Dimension 20.1 assesses the extent to which a central ministry, i.e. MoE or a body with similar responsibilities, coordinates revenue administration activities and collects, accounts for, and reports timely information on collected revenue.

FRCS prepare a monthly report on tax revenues broken down by tax type collected in that month and year to date (by month and cumulative). It includes an analysis of collections including variance of collections against forecast as well as a comparison with the previous year collection on the same basis. This report is submitted to the FRCS executive board and the Ministry of Economy. The Fiscal Department in the Ministry of Economy uses this report as an input into a monthly overall revenue report which is submitted to management. This report also includes an analysis of revenue performance. However, the revenue data is only that related to tax and non tax revenue (budgetary central government) but does not include collections by the Fiji National Provident Fund which report internally. **Based on the analysis and supporting evidence the score for this dimension is B as over 85% of revenues are reported monthly in a consolidated report.**

20.2 Transfer of revenue collections

Dimension 20.2 assesses the promptness of transfers to Ministry of Economy or other designated agencies of revenue collected.

FRCS states that all payments of tax and non-tax revenues types are paid directly into the consolidated fund accounts. The FRCS accepts walk-in payments at all of its 10 offices throughout Fiji. Payments made by internet are transferred on a monthly basis to the CFA account which allows reconciliation and deduction of transfer fees. Payments using the internet accounts for some 7 to 10 per cent of tax revenue payments.

Based on the analysis and supporting evidence the score for this dimension is A.

20.3 Revenue accounts reconciliation

Dimension 20.3 assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears and transfers to (and receipts by) Finance or designated other agencies take place regularly and are reconciled in a timely manner.

Reconciliation of payments made by a taxpayer are made monthly against assessments which generates a report by the Debt Management Team. When payments are made the format allows the tax payers to select the tax that is being paid. Misclassification errors are picked up during the reconciliation process. New taxpayer accounting software²⁹ is being rolled out and will be fully operational by June 2020. This will replace the Fiji Integrated Tax System. With respect to reconciliation of FRCS payments and MOE General Ledger receipts these are done on a monthly basis. FNPf conducts its own reconciliation process for social security contributions.

Based on the analysis and supporting evidence the score for this dimension is A as all revenues collected by FRCs are reconciled monthly which represents over 85% of all revenues.

PI-21. Predictability of in-year resource allocation

This indicator assesses the extent to which the central Ministry of Economy is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-21 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-21 Predictability of in-year resource allocation	C+	

²⁹ New Tax Information System (SAP). The implementation of the NTIS allows taxpayers to access tax services electronically. These include online registration, online filing, online payments etc. One of the features of the new tax system is the ability to validate information online through an interface. For example, the birth registration number of a birth certificate will be validated through the registrar of births interfaced database.

21.1 Consolidation of cash balances	D	On every working day, a Daily Cash Movement Balance (CMB) is prepared. This report details the balances in each account. However, unique accounts are maintained for all 125 trust accounts, included in the general ledger. The cash balances in these accounts are significant and are not part of the consolidation efforts.
21.2 Cash forecasting and monitoring	A	A cash flow forecast is prepared for the fiscal year and is updated monthly on the basis of actual cash inflows and outflows.
21.3 Information on commitment ceilings	A	Budgetary units are able to plan and commit expenditure for at least six months in advance in accordance with the budgeted appropriations and cash/commitment ceilings.
21.4 Significance of in-year budget adjustments	D	Adjustments to budget allocations are made at mid-year and, if necessary at year end. These are to be reported to Parliament and tabled. No evidence was available on the website. Documentation provided quarterly reflects only the approved budgets by Ministry. From discussion with staff, in the past these amounts reflected approved and adjusted budget by Ministry. While this is common practice and the adjustments are transparent, the lack of documented procedures for adjustments to be consistent with the government's stated priorities is critical.

Cash Management is guided by the Finance Instruction Clause 35 and is within the MoE Cash Management Unit (CMU). While Fiji does not maintain a Treasury Single Accounts (TSA), it has three consolidated fund accounts (CFAs)³⁰ and 15 accounts where revenues are deposited. Daily CM meetings review account balances and prepare required transfers to ensure adequate funds are available in the correct accounts.

21.1 Consolidation of cash balances

Dimension 21.1 assesses the extent to which MoE can identify and consolidate cash balances as a basis for informing the release of funds.

On every working day, a Daily Cash Movement Balance (CMB) is prepared. This report details the balances in each account. Statements for each account (excluding trust accounts as noted below) are attached and include the report movements between accounts, including deposits, transfers, and other activity. All drawing accounts are noted in the CMB report daily. On each daily report, the details of transfers required are noted. This includes the amount and account to be transferred from (revenue accounts) and to CFAs. The Constitution in paragraph 140 requires all revenues to be paid into the

³⁰ Operating Fund Account-Fund 1, TMA-Fund 4 and Trust-Fund 9. There are 6 accounts in Fund 1 of the CFA.

Consolidated Fund. All revenues are deposited into accounts that are included in the CMB report and moved into the appropriate account to cover daily cash needs. Transfers occur within the day requested. **Unique accounts are maintained for all 125 trust accounts, included in the general ledger, but are not part of the current cash management consolidation.** The cash balances in these accounts at end of fiscal year 2018/19 were approximately F\$279 million and are not part of the consolidation efforts. **Based on the analysis and supporting evidence the score for this dimension is D.**

21.2 Cash forecasting and monitoring

Dimension 21.2 assesses the extent to which budgetary unit commitments and cash flows are forecast and monitored by MoE.

Ministries must prepare cash flow forecasts and submit to Budget Division, FMIS and the CMU by one month before the start of the year per Finance Instructions Clause 35. The ministries start providing to MoE as the budget has been approved by Parliament. All ministries submit the cash flow forecasts. The cash flow is reviewed for accuracy and it is uploaded into the FMIS. Adjustments during the year are submitted via the FMIS using a cash flow adjustment form, which must have approval by the respective ministry Permanent Secretary.

The CMU maintains the cash flow forecast and monitors against the forecast on a daily basis. Revisions are made as required and through the FMIS. There are revisions made at least monthly. Ministries are limited to spending \$150,000 per day. For those months where a ministry seeks cash flow greater than the limit, discussions take place with the ministries to enable funds to be available for the payments. In 2018-19, the revenue shortfalls were noted and, at the same time, some projects were delayed by ministries who were not able to complete required documentation and project approvals. Daily reviews of recent and projected cash flows by the CMU team enable a proactive status on cash management and allow Finance to revise as needed.

Based on the analysis and supporting evidence the score for this dimension is A.

21.3 Information on commitment ceilings

Dimension 21.3 assesses the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods.

At the start of the fiscal year, Ministries provide the MoE with monthly cash flow forecasts for the coming year. If known conflict exist on timing when the cash flow forecast is prepared, meetings are held between MoE and the ministry with the conflict to resolve. These forecasts form the basis of monthly budget releases that are recorded in the FMIS and used to control payments (at purchase order stage). The link between cash flow plans and budget release enables Ministries to plan their expenditures across the 12 months of the budget cycle. Any allocation that is unused is carried forward to future months (of the same year). Where agencies wish to commit in advance of their monthly budget allocation, for example for repeat purchases across multiple months, only the spending obligation related to the current month is recorded in the FMIS – with the commitment for spending in future months recorded manually outside the system.

In addition, daily drawing limits are placed on drawing accounts. Any delays in regular payments are one or two days. In situations where there is a cash shortage, the timing of the release of grants and subsidies will be managed, such that funds are received by the recipients of the grant on a just-on-time basis.

Based on the analysis and supporting evidence the score for this dimension is A.

21.4 Significance of in-year budget adjustments

Dimension 21.4 assesses the frequency and transparency of adjustments to budget allocations. Governments may need to make in-year adjustments to allocations in the light of unanticipated events that affect revenues or expenditures.

Adjustments to budget allocations are made at mid-year and, if necessary at year end. These are to be reported to Parliament and tabled. No evidence was available on the website. Documentation provided quarterly reflects only the approved budgets by Ministry. From discussion with staff, in the past these amounts reflected approved and adjusted budget by Ministry. In 2017-18, revenue shortfalls resulted in reductions, requiring capital budget cuts to accommodate the shortfalls. While this is common practice and the adjustments are transparent, the lack of documented procedures for adjustments to be consistent with the government’s stated priorities is critical.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-22. Expenditure arrears

The PI-22 indicator measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control. It contains two dimensions and uses the M1 (WL) method for aggregating dimension scores.

PI-22 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-22 Expenditure arrears	D	.
22.1 Stock of expenditure arrears	D*	Insufficient evidence to score (shown as *). There is no reporting on arrears by government and therefore no balances, but a sample of payments examined shows that arrears exist.
22.2 Expenditure arrears monitoring	D	There is no monitoring of arrears.

22.1 Stock of expenditure arrears

Dimension 22.1 assesses the extent to which there is a stock of arrears.

There is no formal system-generated data on arrears with which to score this indicator. Arrears are not reliably recorded in the FMIS and are not reported in budget execution reports and not reported within the annual financial statements.

While there is an invoice date in the FMIS, and a payment date, the invoice date is not used to record the date on the invoice. The reason provided for this is that current business processes require this date to be entered after the invoice is received and the system does not allow past dates to be posted to this field. Therefore, system-generated reports mostly show invoice date same as payment date.

Anecdotal evidence, including discussions with line ministries and the Chamber of Commerce, suggest that arrears do exist. In order to test the existence of arrears, a sample of 30 payment vouchers from the month February 2019 was examined, including the supporting documents. The results of this sample were as follows in Table 22.1.

Table 22.1 Arrears Sample

Sample No.	Voucher/ cheque No.	Amount	Paid	Invoice	Time to Pay
1	44648	1150	12-Feb-19	07-Feb-19	5
2	44680	41966.31	12-Feb-19	11-Feb-19	1
3	44681	20897.36	12-Feb-19	24/01/2019	19
4	44682	8810	12-Feb-19	11/02/2019	1
5	44683	106.28	12-Feb-19	07-Feb-19	5
6	44684	42986.89	12-Feb-19	11-Feb-19	1
7	44685	2914.95	12-Feb-19	03-Oct-18	132
8	44686	3976.08	12-Feb-19	13-Dec-18	61
9	44687	20321.73	12-Feb-19	07-Dec-18	67
10	44688	15315	12-Feb-19	11-Dec-18	63
11	44689	1215.03	12-Feb-19	06-Dec-18	68
12	44690	525	12-Feb-19	28-Sep-18	137
13	44691	11739.45	12-Feb-19	16-Nov-18	88
14	44692	3231.64	12-Feb-19	07-Feb-19	5
15	44693	1124.02	12-Feb-19	08-Feb-19	4
16	44694	14063.66	12-Feb-19	18-Sep-18	147
17	44695	203.68	12-Feb-19	11-Feb-19	1
18	44696	15258.27	12-Feb-19	11-Feb-19	1
19	44697	161.4	12-Feb-19	11-Feb-19	1
20	44698	1560	12-Feb-19	11-Feb-19	1
21	44703	520	12-Feb-19	07-Feb-19	5
22	44704	5287.27	13-Feb-19	21-Nov-18	84
23	44705	2091.31	13-Feb-19	11-Jan-19	33
24	44699	2380.59	13-Feb-19	06-Feb-19	7
25	44701	2022.73	13-Feb-19	05-Feb-19	8
26	44702	711.09	13-Feb-19	04-Feb-19	9
27	44707	303.8	14-Feb-19	14-Jun-18	245
28	44708	1046.4	14-Feb-19	12-Feb-19	2
29	44709	565.71	14-Feb-19	13-Feb-19	1
30	44710	1190.29	14-Feb-19	13-Feb-19	1

It should be noted that some payments in this sample, where the payments dates are more than 30 days after the invoice date, relate to goods shipped from abroad and thus the date of goods receipt may be closer to the payment date. While there are no legally defined payment terms for Government, the accepted practice is to pay invoices within 30 days unless the respective contract requires otherwise. It was not possible to ascertain the contractual terms from the PVs. In any event, the

sample data and anecdotal evidence raises the prospect that arrears exist and actual data, if recorded and reported, would likely show some invoices in arrears during the year and at year-end.

As evidence could not be provided to determine the level of arrears, the score for this dimension is D* which is denoted by *.

22.2 Expenditure arrears monitoring

Dimension 22.2 assesses the extent to which any expenditure arrears are identified and monitored.

Information on the stock, age and composition of expenditure arrears is not generated. The current business processes do not support accurate recording of invoice date and good receipt date in the FMIS, and thus it is not possible to produce a system-generated report on arrears. No data on arrears is collated or reported outside the system, including at end of year for reporting purposes. As a result, there is no reporting on the stock of arrears at year-end in the annual financial statements. Nonetheless, the evidence collected indicates that there are some arrears.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-23 Payroll controls

PI-23 is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. Wages for casual labor and discretionary allowances that do not form part of the payroll system are included in the assessment of non-salary internal controls, PI-25. This indicator contains four dimensions and uses the M1 (WL) method for aggregating dimension scores.

PI-23 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-23 Payroll Controls	B+	
23.1 Integration of payroll and personnel records	B	The payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion is controlled by a list of approved staff positions.
23.2 Management of payroll changes	A	Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows correction in a maximum of 3% of salary payments.
23.3 Internal control of payroll	A	Authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data.
23.4 Payroll audit	B	A payroll audit covering all central government entities has been conducted at least once in the last three completed fiscal years.

Payroll and related Human Resource (HR) practices are managed through the Ministry of Economy, Ministry of Civil Service (CS), Public Service Commission (PSC), and other MDAs.

The payroll for civil servants covers the established positions. This is managed through the government FMIS at MoE. Staff hiring and promotions are managed by the HR team of each respective MDA with a control in the FMIS to limit the hiring staff to those within their approved limit.

Upon hiring, the FS01 file is created for the employee in the payroll system. FS01 is used to create master files. This includes the use of FS01 to make changes in existing data, terminate, transfer, changes in salary and other key information. Key information in the FS01 includes the contract, TIN, FNPF card/letter and personal information. The details are input by the respective HR sections in the MDAs. Other documents in the payroll system include FS02 for manual pay, FS03 for deductions and allowance activation/cessation and FS04 for specific allowance payments (overtime, shift, meal, and on-call allowances). For each form, supporting documentation of the information provided and/or changes to existing information must be attached.

After the processing of input forms, a batch report is run and email sent to salary team that information is available for verification through the Batch Edit Report. The Batch Edit Report must be verified and signed by the accounting head. The preparation of the documentation described above is detailed in the Finance Manual chapter 4 and the required deadlines for inputting data, editing reports, and other reports are detailed in the business process flowchart for payroll processing. The payroll user manual is available to all payroll officers and provides further details.

23.1 Integration of payroll and personnel records

Dimension 23.1 assesses the degree of integration between personnel, payroll, and budget data.

Staff hiring is verified through controls on the number of positions in the FMIS and approvals by MOE, MCS, and PS of the respective Ministry, as noted above. All changes to payroll are made through the respective FS reports as detailed above. Payroll is supported by documentation made in the preparation of the FS and attached to the FS. A payroll to payroll reconciliation is provided to ministries fortnightly for review prior to the payroll cycle.

Payroll reconciliation occurs for every pay period. A "Reconciliation return" for each pay period in 2018 and 2019 to date indicates reconciliation was performed and signed off at the appropriate level. However, related documentation, such as sector audit reports, note that errors occur, thus the sign-off may not reflect actual reconciliation activity.

The Ministry of Civil Service has the approved staff list for WOG which is not integrated into the FMIS. Only the total positions for each organization are included within the FMIS. Thus, there is no integration for the approval for unique staff positions details.

Based on the analysis and supporting evidence the score for this dimension is B.

23.2 Management of payroll changes

Dimension 23.2 assesses the timeliness of changes to personnel and payroll data.

Changes on payroll are done fortnightly for established officers and weekly for UN established officers. Forms FS01 – FS04 are the supporting documentation for inputting the changes to payroll and each of these documents has a list of details required to support the data input.

Changes to the payroll master file are authorized by senior accountants at each MDA with the database changes made by MOE salaries team. Payroll officers of MDAs then check-edit reports and confirm or report on any corrections. This is done every pay period.

Adjustments are made through either payroll reversals or manual payments. The total amount for adjustment, which includes adding the payroll reversals and manual payments for 2018/19 was 3% of total salaries.

Based on the analysis and supporting evidence the score for this dimension is A.

23.3 Internal control of payroll

Dimension 23.3 assesses the controls that are applied to the making of changes to personnel and payroll data.

The access for payroll is granted through a four-level system. The access is requested through the payroll access form which must to be endorsed by the accounting head of the agency and authorized by Head of Finance. The access to the payroll system is granted and monitored by the PAO (Principal Accounting Officers).

Level four is a primary level for payroll officers and provides view access only for their respective ministries or departments. Level three access is for payroll officers at Ministry of Education and Ministry of Health. Due to the large number of employees in these ministries, the payroll officers update the deductions and input the timesheet data for their ministries. No access to updates on the payroll master file is allowed at this level. Level 2 access is for MoE payroll officers only. This level allows MoE to make the changes for all MDAs in the master file. The authority to make those changes is granted by the accounting head of each MDA. The highest level of access is for the Principal Accountant’s officer – Payroll and Manager-Payroll who can make changes to the payroll data. A register is maintained and monitored by the PAO of all users of the payroll system. The audit trail of changes made in system is provided by the edit report and identifies the user.

Based on the analysis and supporting evidence the score for this dimension is A.

Indicator 23.4 Payroll audit

Dimension 23.4 assesses the degree of integrity of the payroll.

A Whole of Government Internal Audit on the payroll system was conducted in 2018-19. In that year, additional internal audit reports were issued on leave section process and Ministry of Infrastructure and Transport TMA Joinery and workshop wages process. The audits are conducted based on a risk assessment evaluation. According to the risk assessment performed for the payroll audit, the nature of the payroll audit activities was such that it would identify control weaknesses that would allow for the existence of ghost workers.

Based on the analysis and supporting evidence the score for this dimension is B.

PI-24. Procurement

PI-24 examines key aspects of procurement management, focusing on transparency of arrangements, the degree of open and competitive procedures, monitoring of procurement results and access to appeal and redress arrangements. This indicator contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-24 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-24 Procurement management	B	

24.1 Procurement monitoring	A	Data on competitive tendering are maintained electronically by FPO, ITC and FRA and contain information on what has been procured, value of contracts awarded and who has been contracted. Data on smaller items of procurement by individual ministries are also maintained.
24.2 Procurement methods	A	Over ninety per cent of the value of tenders awarded was by competitive methods
24.3 Public access to procurement information	C	Three of the listed items are made available to the public.
24.4 Procurement complaints management	D	The review process for complaints is internal to the FRA and ITC and by the PS responsible for Finance for FPO administered contracts

Procurement by competitive tendering is administered by the Fiji Procurement Office for the whole of Government. However, information technology related procurement is administered by Government Information Technology & Computing (ITC) Services, a department under the Ministry of Economy. ITC's focus is on security and integrity of IT systems so it carries out that procurement and the value of contracts is generally small. Fiji Roads Authority³¹ administers its own procurement related to its operations which are significant in size.

The legal basis for procurement is contained in Procurement Regulations 2010 under the Financial Management Act 2004 as amended by the Procurement (Amendment) Regulations 2012. ITC Services³² and FRA have their own Acts but all the procurement processes are broadly similar.

With respect to the procurement process the function of the Permanent Secretary for Economy is to ensure that the Fiji Procurement Office performs its functions. These are to regulate and administer the procurement of goods, services and works for the Government of Fiji. These include -

- (i) the formulation of appropriate procurement policies in terms of the procurement guiding principles;
- (ii) procurement of goods, services and works including –
 - (a) consolidation of the procurement of common goods and services across the whole of government;
 - (b) processing and advertising requests for tenders and requests for proposals;
 - (c) evaluating and awarding tenders through the Board;
 - (d) contract management;
- (iii) logistical support for the administration and distribution of goods required by Government; and
- (iv) conducting compliance assessment of procurement functions and activities across the whole of Government.

Ministry Permanent Secretaries are to

³¹ The Fiji Roads Authority (FRA) was established in January 2012 to effectively manage and develop Fiji's road network. <https://laws.gov.fj/Acts/DisplayAct/855#LOF.CAP175A.FRAFJ12.FTN1-R>

³² ITC Act 2013

<https://laws.gov.fj/Search/AjaxPage?query=ITC%20Act%202012&searchFor=All&actId=0&page=4>

- (a) be responsible for preparing the Ministry's or department's Annual Procurement Plan outlining the requirements of the agency in terms of the procurement of goods, services and works that must be undertaken in a budget period;
- (b) ensure that all procurements in their Ministry or departments are made with due regard to the guiding principles of procurement;
- (c) execute and manage all procurement contracts signed on behalf of their Ministry or department;
- (d) ensure that all records and documents relating to procurement and procurement contracts are properly maintained and kept for at least five years,
- (e) provide these records on request for the Auditor-General for audit purposes or by the Director Fiji Procurement Office for compliance checks.

The Director is

- (a) subject to the directions of the Permanent Secretary Economy, be generally responsible for the operations of the Fiji Procurement Office;
- (b) ensure that all procurements are made with due consideration to the guiding principles of procurement;
- (c) execute and manage all annual procurement contracts made on behalf of whole-of-Government;
- (d) be generally responsible for the clearance, collection and recording of all goods directly ordered by the Fiji Government via sea or air; and
- (e) periodically inspect and carry out compliance checks on the procurement procedures in Ministries or Departments and report thereon to the Permanent Secretary of the Ministry or Department concerned and the Permanent Secretary for Finance.

The Director may delegate some of his or her functions to a person with the appropriate qualifications for the purpose of discharging any of his or her functions relating to procurement.

The Government Tender Board is constituted with authority to approve all procurement of goods, services and works valued at \$50,001 and more. The Board shall consist of a Chairperson and four (4) other members appointed by Minister. The functions of the Board are to consider tenders, indents or orders for the supply of goods, services or works and may -

- i. award tenders or approve indents; or
- ii. reject tenders and indents; or
- iii. ask for additional information from procuring agencies with regards to that particular procurement in order to make a decision.

Any variations to the value of the initial contract must be approved by the Board.

A signatory to any contract on behalf of Government shall not terminate such contract unless the Board approves such termination.

The Board may appoint a sub-committee comprising of at least two (2) members of the Board and one co-opted specialist to consider and recommend -

- i. specialized or technical tenders for civil or capital works;
- ii. any tenders for the supply of goods and services required exclusively for a Department, Ministry or a Division.

Any sub-committee established is subject to the direction of the Board.

Each member of the Board shall have one vote. This excludes the Director who has no vote. In the event where the votes are tied, the Chairperson or the temporary Chairperson will have the casting vote. The Board may co-opt experts from within and outside the public service to provide advice on technical

and complex tenders. A co-opted member has no vote in Board decisions but may be a part of the quorum in the meeting. If the Chairperson is not able to attend a scheduled meeting, the Board members present at that meeting may appoint a member as Chairperson to preside over that meeting. The Director of the Fiji Procurement Office cannot be appointed as Chairperson.

For the FRA the contract value for competitive tendering is over \$100,000.

For procurement under \$50,000) each Ministry administers its procurement and has to get three quotes before a decision to award a contract. Purchase orders are systems generated through FMIS and all documents have to be processed according to Standard Operating Procedures ((Pi-25).

24.1 Procurement monitoring

Dimension 24.1 assesses the extent to which prudent monitoring and reporting systems are in place within government for ensuring value for money and for promoting fiduciary integrity.

Data on competitive tendering are maintained electronically by FPO, ITC and FRA and contain information on what has been procured, value of contracts awarded and who has been contracted.

Data on smaller items of procurement by individual ministries are also maintained. These databases cover all procurement irrespective of the type of procurement methods. The databases on procurement are current and accurate.³³

The checklist for requisition to incur expenditure (RIE) form issued by the Ministry of Economy stipules the process for procurement³⁴. The following (as appropriate) must have been followed before any expenditure can be incurred: GTB Approval for items costing > \$50,001 (VIP) (All SEGs); Board Approval for Capital Purchase/Construction (SEG 6 and 10); ITC Approval for purchase of IT related equipment (All SEGs); Prime Minister's Approval for purchase of security related equipment (All SEGs); Ministry of Economy (GFMU) approval for vehicle purchase (SEG 9); Ministry of Economy (CIU) endorsement for construction related projects (SEG 8 – 10) and Board of Survey Report for Replacement Purchase (All SEGs). This form has to be signed by the Accountant/Requisition Officer of the Ministry/Department and stipules that RIE) has met all the requirements of the checklist that is applicable to the submission.

The Office of the Auditor General has not carried out any audit reports on procurement during the assessment period. There is evidence from Internal Audit reports (such as Ministry of Forestry and Ministry of Fisheries procurement process audits) that there is room for improvement to fully follow the procurement procedures. These have not suggested fraudulent practices only that the internal processes in the two ministries could be improved. They also have not suggested that there are issues with data accuracy and that procedures do not provide value for money.

Based on the analysis and supporting evidence the score for this dimension is A.

24.2 Procurement methods

³³ As evidenced in PI-25.3 and PI-27.4

³⁴ It carried out an audit of the procurement of biomedical equipment which covered contracts over the 2013 to 2015 period.

Dimension 24.2 analyzes the percentage of the total value of contracts awarded with and without competition.

A Permanent Secretary or Head of Department may waive the requirement to obtain competitive quotes for the procurement of goods, services or works below the value of \$50,000. This can apply where-

- (i) there is only one supplier capable of supplying the goods, services or works in Fiji;
- (ii) there is a binding annual contract with the supplier;
- (iii) a supplier has been nominated by an aid agency which is funding at least 50% of the procurement; or
- (iv) it is for the expeditious supply of specialised, technical services from a supplier who has previously provided services to Government and has through that engagement created or used its intellectual property or working knowledge to deliver the services procured.

A tender must be called for the procurement of goods, services or works valued at \$50,001 and more. Open tendering shall be the preferred tender method used unless the nature of the tender or its complexity justifies that the procuring agency use any of the other procurement method such as

- (i) Two stage tendering;
- (ii) Prequalified tendering;
- (iii) Selective tendering;
- (iv) Single source procurement.

There is provision for emergency purchases where there is extreme urgency brought about by unforeseeable events.

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$1,000 and more but \$50,000 and less. Where the procurement of goods or services costs less than \$1,000, competitive quotes may be received verbally but must be documented and signed by the officer receiving the quotes.

Table 24.2 Competitive Tenders 1/8/2018 to 19/7/2019

Details	Value of Approvals	% of Approval by value	No. of Papers Approve	% of Approval by Paper	Average Value per Paper
Fiji Procurement Office					
Tenders Approved	\$314,585,688.15	80%	245	90%	\$1,284,023.22
Waivers Approved	\$75,919,940.04	19%	18	7%	\$4,217,774.45
Variations Approved	\$2,378,137.85	1%	8	3%	\$297,267.23
Extension of Time	\$		24		
Total	\$92,883,766.04		271		\$1,449,755.59
Fiji Roads Authority					
Tenders facilitated	\$647,289,023.79	100%	27	100	\$27,677,371.26
Tenders Waived	0	0	0	0	
ITC³⁵					
Tenders facilitated	\$4,773,782.63	72%	27	73%	\$176,806.76
Tenders Waived	\$1,853,600.73	28%	10	27%	\$185,360.07

³⁵ ITC had 176 purchases under the \$50,000 threshold at an average of \$15,482.

Total					
Tenders facilitated	\$966,648,494.57	93%	299	91%	\$176,806.76
Tenders Waived	\$77,773,540.77	7%	28	9%	\$185.360.07

Source: FPO, ITC and FRA

In 2018-19 the value of tenders awarded with waiver was less than 10 per cent of total approvals by the Government Tender Board, ITC and FRA.

Based on the analysis and supporting evidence the score for this dimension is A.

24.3 Public access to procurement information

Dimension 24.3 reviews the level of public access to complete, reliable and timely procurement information.

Table 24.3 Access to information on procurement

	FPO	FRA	ITC
(1) legal and regulatory framework for procurement	Yes	Yes	Partially The Decree does note the procurement of all ICT goods and services is to be governed by a specific procurement policy formulated by the Steering Committee. This policy has been drafted but not submitted to Cabinet for approval as required under the Decree. The policy has not been published.
(2) government procurement plans	Only 14 Ministries submitted Procurement plans. In 2018-19. FPO amalgamates plans and puts these on its website by type.	Annual procurement plan based on budget but not published.	Yes
(3) bidding opportunities	Yes. On website and in print media for 3 quote procedure	Yes. On website and in print media for 3 quote procedure	Yes. On website and in print media for 3 quote procedure

	https://www.tenderlink.com/economy fiji/ http://www.itc.gov.fj/ http://www.fijiroads.org/current-		
(4) contract awards (purpose, contractor and	Yes	Yes	Yes
(5) data on resolution of	There have not been any complaints but a system has not been established		
(6) annual procurement statistics	Yes	Yes	Only those financed by ADB

Based on the analysis and supporting evidence the score for this dimension is C as three of the items are made available to the public

24.4 Procurement complaints management

Dimension 24.4 assesses the existence and effectiveness of an independent, administrative complaint resolution mechanism.

The process and procedures for complaints is laid out in the relevant acts and are similar in nature.

Right to Review. Any supplier or contractor who claims to have suffered, or may suffer from loss or injury due to breach of the duty imposed by the procuring Ministry or Department, Fiji Procurement Office or the Board may seek review. The following may not be subject to review

- (i) the method of procurement selected;
- (ii) the choice of selection criteria;
- (iii) the withdrawal of the tender;
- (iv) a decision taken to reject all tenders, proposals or quotations.

Review by the Permanent Secretary for Economy. Unless a procurement contract has already entered into force, a complaint shall in the first instance, be submitted in writing to the Permanent Secretary for Economy. The Permanent Secretary for Economy shall not entertain a complaint, unless it is submitted within 20 working days from when the supplier or contractor submitting it became aware of the circumstances giving rise to the complaint or of when that supplier or contractor should have become aware of those circumstances, whichever is earlier. The Permanent Secretary for Economy shall not entertain a complaint, or continue to entertain a complaint, after the procurement contract has entered into force. In such circumstances, the aggrieved party shall seek redress under Judicial Review. Unless the complaint is resolved by mutual agreement of the supplier or the contractor that submitted it, the Permanent Secretary for Economy shall within 30 days of the submission of the complaint, issue a written decision. which shall

- (a) state the reasons for the decision; and
- (b) if the complaint is upheld in whole or in part, state the corrective measures that are to be taken.

If the Permanent Secretary for Economy does not issue a decision within the time specified, the supplier or contractor submitting the complaint is entitled immediately thereafter to institute proceedings under Judicial Review. Upon the institution of such proceedings, the competence of the Permanent Secretary for Finance to entertain the complaint ceases.

The decision of the Permanent Secretary for Economy shall be final unless proceedings are instituted under Judicial Review. If a supplier or contractor is dissatisfied with the decision of the Permanent Secretary for Economy or the procurement contract has been entered into force, the supplier or contractor has the right to instigate court proceedings.

Table 24.4 Procurement Complaints Management

Complaints are reviewed by a body which:	
(1) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	No (as above). For FRA and ITC the review is internal to the organization
(2) does not charge fees that prohibit access by concerned parties	No fees stipulated in law
(3) follows processes for submission and resolution of complaints that are clearly defined and publicly available	Yes, in law
(4) exercises the authority to suspend the procurement process	Yes, in Law
(5) issues decisions within the timeframe specified in the rules/regulations, and	No complaints have been made
(6) issues decisions that are binding on every party (without precluding subsequent access to an external higher authority)	Yes

Based on the analysis and supporting evidence the score for this dimension is D as the complaint process is not independent of the awarding entity.

PI-25. Internal controls on non-salary expenditure

PI-25 measures the effectiveness of general internal controls for non-salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23. The present indicator contains three dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-25 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-25 Internal controls on non-salary expenditure	A	
25.1 Segregation of duties	A	Segregation of duties is highly maintained across ministries and departments for all types of payments and access controls in accordance with Finance Manual 2018.
25.2 Effectiveness of expenditure commitment controls	A	Commitment Control is implemented through the FMIS system. A monthly warrant is inputted into the system for each spending agency and cannot be exceeded.
25.3 Compliance with payment rules and procedures	B	For Ministries and departments, procedure manuals and instructions are in place as per the Finance Manuals and Standard Operating Procedures and are generally followed.

25.1 Segregation of duties

Dimension 25.1 assesses the existence of the segregation of duties, which is a fundamental element of internal control to prevent an employee or group of employees from being in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties.

Segregation of duties is highly maintained across ministries and departments for all types of payments and access controls in accordance with Finance Manual .

FMIS policy is also in place to distinguish FMIS user access at different stages. Various forms of reports are available through FMIS to reflect this. If an officer raises a purchase order, he/she does not have access to process payment. Purchase Order approvers are restricted to certain limits in accordance with FM 2018. PO approvers cannot raise a Purchase Order.

The Finance Manual and FMIS user policy sets out access forms. There are practical checks in place and FMIS is used for confirmation. Payment vouchers require 4 different persons at different levels to sign: 1: the person starting the process; 2: check is by Accounts Officer; 3: pass is by Senior Accounts Officer and 4: certification is by Principal Account Officer.

Based on the analysis and supporting evidence the score for this dimension is A.

25.2 Effectiveness of expenditure commitment controls

Dimension 25.2 assesses the effectiveness of expenditure commitment controls.

Commitment Control is implemented through the FMIS system. A monthly warrant is inputted into the system for each spending agency, based on each agency's cash flow plans, and cannot be exceeded. Each purchase order is entered into the system which reduces the amount available for subsequent purchase orders in that month. Where a purchase order is to cover expenditure in future months, a manual record (outside the FMIS) is maintained of those purchase orders and the PO recorded in the FMIS only covers the cash flows for the current month.

Virement can be obtained to increase the amounts in a spending head but the granting of virement would increase the commitment level in that head but reduce the availability for commitment of the head that was being vired. Discussions with MoE and spending ministries indicates that the process does not get by-passed as purchase orders are system generated and are automatically entered into the system. Salaries and allowances are the first call on available funds which may reduce the funds available for non personnel items should there be a shortfall. This would require an adjustment to the commitments limited in any month should that be the case.

Based on the analysis and supporting evidence the score for this dimension is A.

25.3 Compliance with payment rules and procedures

Dimension 25.3 assesses the extent of compliance with the payment control rules and procedures based on available evidence.

For Ministries and departments, procedure manuals and instructions are in place as per the Finance Manuals and Standard Operating Procedures in line with FMA 2004, FI 2010, FM 2018 and Procurement regulations³⁶. Standard operating procedures have also been designed for desk work by staff to ensure compliance is met at all times. The MDA's Finance Manual and FMIS user policy established the control regime. There is a checklist for requisition to incur expenditure (RIE.) which list all the aspects required: available commitments (list of 4 to be checked), appropriate authorising signatures (3 specified) and supporting documents (list of 26 to be checked). The RIE has to be signed by the Accountant/Requisition Officer by the Department/Ministry notifying the Ministry of Economy that the RIE has met the checklist elements that are applicable. These regulations and procedures are adhered to by ministries and departments. There is evidence from Internal Audit reports (such as Draft

³⁶ Business Processes – Procurement

Internal Audit Report 2018-2019 Ministry of Economy FMIS Section, Ministry of Forestry and Ministry of Fisheries procurement process audits) that there is room for improvement to fully following the procedures. Such reports have not suggested fraudulent practices only that the processes could be improved.

Based on the analysis and supporting evidence the score for this dimension is B.

PI-26. Internal audit

PI-26 assesses the standards and procedures applied in internal audit. It contains four dimensions and uses the M1 (WL) method for aggregating dimension scores.

PI-26 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-26 Internal audit	A	
26.1 Coverage of internal audit	A	All Government Ministry and Departments are within the operational mandate of the IAGGD and there are units within the largest EBUs which conducts internal audits.
26.2 Nature of audits and standards applied	A	The nature of the internal audits carried out by IAGGD is wide ranging covering diverse areas. The audits are carried out in accordance with the International Standards for the Professional Practice of Internal. There is an internal review process to ensure quality control. Selection is based on a detailed risk profiling of ministries and departments.
26.3 Implementation of internal audits and reporting	A	IAGGD has an annual audit plan and reports on realization in its progress report. All planned audits in the 2018-19 annual plan have been completed as planned. Reports are distributed to the Permanent Secretary of the audited Ministry and the Auditor General.
26.4 Response to internal audits	NA	Although the IAGGD has been operating for some time it is only in 2018-19 that it moved from transaction and control to process auditing based on risk assessment. While there is good evidence of management responses it is too soon to score as three years is required

26.1 Coverage of internal audit

Dimension 26.1 assesses the extent to which government entities are subject to internal audit.

Internal audit is governed by the Financial Management Act 2004 with its Financial Instructions 2010 and the Finance (Amendment) Instructions 2013 which specifies that a review of internal controls is designed to assess effectiveness, efficiency and meeting of intended objective. The MDA's Finance Manual refers to internal audits as monitoring tools of effective internal control which is

the overall focus of the Manual. The Internal Audit and Good Governance Division (IAGGD) within the Ministry of Economy has the internal audit mandate. The Special Audit Unit also covers SoEs. Internal audit departments are also part of the administration of the Water Authority of Fiji, Fiji Revenue and Customs Services and Fiji National Provident Fund, which are all included in PI-6. These represent 90% of EBU expenditure. Added to BCG expenditure this gives coverage of 96% of CG expenditure that is subject to internal audit. FRCS and FNPf are responsible for central government revenue collection in Fiji.

Since 2010, IAGGD has been in the process of reform. Good progress has been made implementing the Public Financial Management Improvement Program for Internal Audit. An overview of the function showed that the requirements of the international standards on internal auditing (IIA IPPF) have likely been significantly met and some additional improvements will increase the IAGG's capability of attaining best practice level³⁷. Follow up by PFTAC has assisted in the development of a risk assessment framework and training in risk-based audit of payroll. The development of a Charter is work in progress³⁸. Approving the Internal Charter and using it to clarify role, responsibility authority, working relationship with stakeholders, and independence will raise awareness of the value to the organization of a high performing internal audit function.

Notwithstanding the absence of a dedicated Charter, significant achievements have been realized in 2018/19. These have continued into 2019/20 with IAGGD moving from an assessment of transactional compliance assessment to process audits based on risk assessment across the whole of the Government of Fiji with a focus on central government and SOEs. IAAG has some 30 auditors which are allocated to 7 teams that are based on Ministry groupings.

Based on the analysis and supporting evidence the score for this dimension is A as all of Government Ministry and Departments are within the operational mandate of the IAGGD. There are units within the largest EBUs which conduct internal audits representing 90% of EBU expenditure and 100% of CG revenue.

26.2 Nature of audits and standards applied

Dimension 26.2 assesses the nature of audits performed and the extent of adherence to professional standards.

The nature of the internal audits carried out by IAGGD is wide ranging covering diverse areas as procurement, payroll, revenue management, inventories management, capital projects, grant management, FMIS, cash payments, leave processes, office supplies. The audits are carried out in accordance with the International Standards for the Professional Practice of Internal Auditing which requires that audits are planned and performed to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. Training and professional development is built into the annual work schedule.

³⁷ Fiji: Strengthening Internal Audit Report by: Susan Morrison June 2017 PFTAC

³⁸ The International Professional Practices Framework requires that the internal audit function have an Internal Audit Charter which formally defines the purpose, authority, and responsibility of the internal audit, consistent with mandatory elements of the International Professional Practices Framework, Core Principles, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing.

Audit selection is based on a detailed risk profiling of ministries and departments. There is a Risk Based Audit Planning Process Manual that guides the risk assessment and the internal review process within IAGGD to ensure quality control of the process. There is a structured approach to the audit process with interviews and questionnaires being undertaken. Draft reports are reviewed within IAGGD before they are distributed to and discussed with the audited entity in an exit meeting. A management response is included in the final report along with a program for addressing recommendations. Follow up is undertaken by IAGDD.

Based on the analysis and supporting evidence the score for this dimension is A

26.3 Implementation of internal audits and reporting

Dimension 26.3 assesses specific evidence of an effective internal audit (or systems monitoring) function as shown by the preparation of annual audit programs and their actual implementation including the availability of internal audit reports.

IAGGD has an annual audit plan and reports on realization in its progress report. All 28 planned audits in the 2018-19 annual plan have been completed as planned. Reports are distributed to the Permanent Secretary of the audited Ministry and the Auditor General who uses the finding for external audit planning.

Based on the analysis and supporting evidence the score for this dimension is A.

26.4 Response to internal audits

Dimension 26.4 assesses the extent to which action is taken by management on internal audit findings.

Once a draft internal audit report has been completed the IAGGD arranges an exit meeting with the audited entity. The draft report includes recommendations and these are discussed in the exit meeting. The final report includes any management response and any further audit comments based on the exit meeting. It also includes an agreed follow up date.

The Internal Audit Division of IAGGD has produced a report on the internal audit process which details activity during period 2018/19. This report shows that of the 28 planned and carried out audits 17 management responses have been received 13 exit meetings have been conducted with 8 followed up conducted and 5 scheduled. Follow up reports are produced stating actions taken, progress against recommendation and comments.

Scoring for this dimension is based on audit reports which should have been issued in the last three fiscal years. Although the IAGGD has been operating for some time it is only in 2018-19 that it moved from transaction and control to process auditing based on risk assessment. In this situation the PEFA Fieldguide notes that if the internal audit function has started too recently to assess the dimension, it is NA.

Based on the analysis and supporting evidence the score for this dimension is Not Applicable.

PILLAR SIX Accounting and reporting

Timely, relevant and reliable financial information is required to support fiscal and budget management and decision-making processes.

All elements in Pillar 6 are strong save one. Financial data integrity is very positive as is the coverage and timing of in-year budget execution reports and the data accuracy. The annual financial statements are not produced within an acceptable time period even though their completeness and coverage is good as is the accounting standards applied when they are eventually delivered.

Pillar five's strengths are reflected in pillar six. The sound internal controls on expenditure supporting monthly cash forecasting and information commitment and revenue reporting have meant that data integrity and in-year budget reporting are positive. While consolidated annual financial reports are not current, the data are available but requires process and procedures to ensure that they become timely.

PI-27. Financial data integrity

PI-27 assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-27 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-27 Financial Data Integrity	A	
Bank account reconciliation	B	Reconciliation is regular, timely and systematic.
Suspense accounts	A	Suspense accounts are reconciled and cleared by year end.
Advance accounts	A	Advance accounts are well regulated and open advances at year end reflect mostly historical issues.
Financial data integrity processes	A	Access to the FMIS is well regulated and an audit trail is available within the systems, supported by supporting forms, the FMIS team has a formal monitoring role to ensure data integrity.

27.1 Bank account reconciliation

Dimension 27.1 assesses the regularity of bank reconciliation.

In their self-assessment of this indicator, the MoE advised that Bank reconciliation for all active bank accounts is done on a monthly basis and a copy submitted to FMIS for record updating. Once a month ends, three working days is given for posting of all JVs for bank account reconciliations. FMIS Unit monitors and advises respective ministries for any issues noted in the reconciliation and allocation. In addition to the self-assessment, additional evidence gathered included the physical reconciliation reports produced, including a summary table of the reconciliations completed, which are signed by the responsible officers and sent to the Permanent Secretary of MoE on a monthly basis.

There are some delays in reconciliation of revenue accounts due to minor revenue collection agencies, such as Land Transport Authority, taking some time to categorize revenue amounts received. Audit reports of the Auditor-General also indicate that there are some weaknesses in

reconciliation of trust accounts in some ministries. Nonetheless, the volume of transaction in these accounts is small in comparison to the accounts that are fully reconciled (<10% of revenue).

Some system-generated transactions are posted to periods after period close, which creates challenges in reconciliation. These are picked up during the reconciliation process and amounts are not material.

As reconciliation is done on a monthly basis for all accounts, the score for this dimension is B.

27.2 Suspense accounts

Dimension 27.2 assesses the extent to which suspense accounts, including sundry deposits/liabilities, are reconciled on a regular basis and cleared in a timely way.

"Clearance accounts" are suspense accounts that are used during the process of accounting for revenue and inter-departmental transactions. The suspense accounts include:

1. Bank Lodgment Clearance account is used to record all deposits coming into the CFA account and passed to the respective Ministry/department to record to the respective revenue accounts.
2. Interdepartmental Clearance Accounts are used to record transactions between agencies.
3. SLG 84 is clearance account used mostly for donor funded receipts.

These clearance accounts are reconciled on a monthly basis. Reports from the FMIS confirm a zero balance on these accounts at year's end.

As suspense accounts are reconciled monthly and cleared by year-end, the score for this dimension is A.

27.3 Advance accounts

Dimension 27.3 assesses the extent to which advance accounts are reconciled and cleared.

Finance Instructions allows under Section 44 for advances to be paid for travel and pre-payments for certain purchases and projects (with prior approval). All advance and prepayments are recorded and reported as pre-payments in the annual financial statements.

Advances are required to be fully retired within 7 days after travel with supporting documents. Salary deductions from the concerned officer's salary are required to commence within 6 fortnights if advances are not fully retired within 7 days after travel. Interest on all advances accrues at the rate of 12% per annum. The balance of advances is reported in annual financial statements as shown in table 27.3.

Table 27.3 Balance of Advances

<i>Prepayments as at year end F\$</i>	2017	2016
Prepayments	11,739	164,013
Travel advances	1,203,897	1,700,879

Advance registers reviewed for the Ministry of Economy and the Ministry of Local Government (and a single employee register for Ministry of Agriculture) confirmed that all advances are cleared in a timely manner within 2018-19. The balances reflected accumulated uncleared advances over prior years (where there is no mechanism used to write-off historical balances).

As advances were cleared on a timely basis in 2018-19, the score for this dimension is A.

27.4 Financial data integrity processes

Dimension 27.4 assesses the extent to which processes support the delivery of financial information and focuses on data integrity defined as accuracy and completeness of data (ISO/IEC, International Standard, 2014).

Policies and processes are in place to regulate access to the FMIS. Categories of users are established which restrict access to certain FMIS functions as appropriate for that category of user – supporting segregation of duties. The FMIS has password protection and an internal audit trail that keeps a record of all changes to the FMIS database.

Most of the business processes that result in a transaction being entered in the FMIS also involve paper-based forms that apply internal controls. These represent an additional source of information from which transactions may be verified.

The maintenance of accounts is regulated by FI 2010, FMA 2004 and the Finance Manual. The MoE has an FMIS “Monitoring and Reconciliation” team that is responsible for monitoring the integrity of data in the FMIS. Once posting/data is recorded and financial period closes, FMIS Unit strictly monitors the adjustments being made. JVs need to be authorized by Head of Finance or SM (T) for any adjustments that have happened after a financial year end. In addition, JVs need to be authorized by respective Budget Sector Agencies and an audit trail is maintained in FMIS system. Changes to the general ledger after financial year are only allowed via audit adjustments.

Weaknesses in the chart of accounts and absence of a readily accessible and up-to-date chart of accounts manual cause some misclassifications of data. Many of these misclassifications are identified and addressed during ex-ante controls applied to payments. Any residual issues do not significantly undermine the integrity of the FMIS data.

Based on the analysis and supporting evidence the score for this dimension is A.

PI-28. In-year budget reports

PI-28 assesses the comprehensiveness, accuracy and timeliness of information on budget execution. This indicator contains three dimensions and uses the M1 (WL) method for aggregating dimension scores.

PI-28 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-28 In-year budget reports	B+	
Coverage and comparability of reports	B	Coverage of reports enables comparison to budget with partial aggregation.
Timing of in-year budget reports	A	Budget execution reports are prepared monthly, within two weeks
Accuracy of in-year budget reports	B	Reconciliations assure the accuracy of reporting, with minor issues. Analysis of budget execution is done half-yearly.

The FMIS system contains timely and comprehensive data on revenue and expenditure of central budgetary agencies. Reports are produced from data in the system to assist both individual agencies

and the MoE in managing budget execution during the year. Because of the completeness and availability of such data, there are no other “parallel” accounting systems used for this purpose.

The MoE produces an internal budget execution report, called the “state of the nation” (SON). This report provides MoE management with data regarding budget execution, including comparison with budget. The SON report is not published.

In addition, a quarterly report is produced that provides higher level data, which is provided to parliament. Data is also provided to Parliament when approval is sought for significant changes in appropriation during the year. As the Budget is typically produced and sent to parliament for approval before the end of the fiscal year, the Budget estimates document contains an estimate of current year actuals.

28.1 Coverage and comparability of reports

Dimension 28.1 assesses the extent to which information is presented in in-year reports and in a form that is easily comparable to the original budget.

The state of the nation “SON” report produced by the MoE for management purposes contains information on budget execution by administrative and economic category. Actual expenditure is compared to the original budget as well revised budget and a budget “forecast”. The report covers revenue and expenditure as well as financing and account balances. Comparisons against budget are done at a partially aggregated level – showing expenditure by head but not by program or activity. As the transactions of deconcentrated units are all recorded centrally in the FMIS, against the approved budget, the SON reports include coverage of these units.

As reports are produced monthly but with partial aggregation in comparing actuals to budget, the score for this dimension is B.

28.2 Timing of in year budget reports.

Dimension 28.2 assesses whether this information is submitted in a timely manner and accompanied by an analysis and commentary on budget execution.

The monthly SON budget execution reports are produced within two weeks of the end of the month. The SON report does not include any narrative to explain the numbers, thus variances between budget and actual are not explained. Similarly, the quarterly report simply describes variances, without analyzing them. The absence of such analysis is relevant to this dimension (according to the field guide), but does not impact scoring.

As reports are produced monthly within two weeks, the score for this dimension is A.

28.3 Accuracy of in year budget reports.

Dimension 28.3 assesses the accuracy of the information submitted, including whether expenditure for both the commitment and the payment stage is provided.

The monthly “SON” budget execution report is largely accurate. Reports by the OAG identify some reconciliation issues generally, which may impact on the quality of reports. In addition, there is an issue regarding how the FMIS records certain transaction in the GL, particularly un-cleared cheques and an issue with payments not consistently clearing the respective account payable. These issues are recognized and addressed in reconciliation but have a minor non-material impact on in-year reporting.

Expenditure is reported only at payment stage – not at commitment stage. As reports are reliable, but exclude reporting on commitments, the score for this dimension is B.

PI-29 Annual financial reports

PI-29 assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is crucial for accountability and transparency in the PFM system. It contains three dimensions and uses the M1 (WL) method for aggregating dimension scores.

PI-29 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-29 Annual Financial Reports	D+	
29.1 Completeness of annual financial reports	B	The financial reports are completed according to IPSAS cash standard but this does not include a full balance sheet.
29.2 Submission of reports for external audit	D	There is a consistent delay in submission of financial statements for audit.
29.3 Accounting standards	A	IPSAS cash basis of reporting is adopted and applied.

29.1 Completeness of annual financial reports

Annual financial statements are prepared and are comparable with the approved budget. They contain a full cash flow statement and a financial balance sheet as well as various supporting notes. The most recently published financial statements included tables that show budget execution against budget as follows:

- Expenditure - by program
- Expenditure - by economic classification
- Expenditure - by Ministry, sorted within a high-level function/sector classification
- Expenditure - by economic classification
- Revenue – by economic classification at the most detailed level

The financial statements are prepared on a cash basis, with some supplementary accrual information. The balance sheet includes some non-cash financial assets and liabilities, including payables and some receivables. However, the financial statements do not include non-financial assets (such as property), either in the balance sheet or in the notes. The absence of a full balance sheet in the financial statements excludes a score of A.

Based on the analysis and supporting evidence the score for this dimension is B.

29.2 Submission of reports for external audit

Dimension 29.2 assesses the timeliness of submission of reconciled year-end financial reports for external audit as a key indicator of the effectiveness of the accounting and financial reporting system.

Ministries and agencies submit their draft annual financial statements to the OAG within 3 months, as required by financial instructions. However, the Auditor-General considers that most of these reports are incomplete and numerous adjustments are required in order to progress the audit. The

OAG report on the audit of 2016-17 financial statements of government identifies that 55% of ministries were timely in preparing and submitting their draft financial statements for audit.

The MoE waits until the accounts of Ministries are finalized – including any adjustments during audit – prior to finalizing the whole-of-government accounts and submitting them for audit. For this reason, the 2016-17 annual financial statements were submitted on 28 June 2018 (almost 11 months after the end of the year). 2017-18 accounts are yet to be submitted for audit (more than 12 months after the end of the financial year).

Based on the analysis and supporting evidence the score for this dimension is D.

29.3 Accounting standards

Dimension 29.3 assesses the extent to which annual financial reports are understandable to the intended users and contribute to accountability and transparency.

The Government of Fiji has adopted IPSAS cash basis of reporting accounting standards. This decision was made in the form of a Cabinet decision (no. 277 of 2010). The notes to the annual financial statements set out the basis of preparation, which confirms the adoption of IPSAS, with some variations. **There is some deviation from IPSAS in relation to the definition of the reporting entity as set out in the “basis of preparation”, which is equivalent to the GFS budgetary central government.** Off-budget state entities, government commercial companies and commercial statutory authorities are explicitly excluded from coverage. Many of these entities would be considered controlled entities and within the reporting entity according to IPSAS – as it applied at the time of preparation³⁹.

Nonetheless, national standards require the adoption by IFRS by statutory bodies and commercial law requires IFRS reporting by incorporated state owned enterprises. In addition, local government entities are required by national standards to report on IFRS basis. Audit reports identify some limited examples of entities, which were required to adopt IFRS, continuing to report on a cash basis in their most recently submitted reports. Thus, all entities are required to report according to either IPSAS or IFRS.

The legal framework requires additional disclosures in the annual reports, to serve the needs of transparency, accountability and sound fiscal management. IPSAS cash basis enables such additional disclosures.

Based on the analysis and supporting evidence the score for this dimension is A.

³⁹ Noting that subsequent amendments to IPSAS cash basis of reporting no longer mandate consolidation of all controlled entities.

PILLAR SEVEN: External scrutiny and audit

Effective external audit and scrutiny by the legislature are enabling factors for holding the government's executive branch to account for its fiscal and expenditure policies and their implementation.

The audit and scrutiny process are both hampered by the un-timeliness of the annual financial statements as shown in pillar six.. Audit coverage and standards follow best practice. However follow up on recommendations is only partial and although the Office of the Auditor General has full access to data, it is not fully financially independent of the executive. The in-depth hearings of audits finding by the Public Accounts Committee are open to the public and the recommendations are issued and followed up.

PI-30. External audit

PI-30 examines the characteristics of external audit. It has four dimensions and uses M1 (WL) method for aggregating dimension scores:

PI-30 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-30 External Audit	C+	
30.1 Audit coverage and standards	A	The OAG audits the financial statements of all ministries individually and audits the combined whole of Government financial statements. The audit practices of the Office of the Auditor General are aligned with the International Standards for Supreme Audit Institutions/International Standards on Auditing.
30.2 Submission of audit reports to the Legislature	B	In the past three years audit reports have been submitted with three months in two of the years and within 6 months in the other.
30.3 External audit follow-up	C	28% of recommendations had been partially implemented.
30.4 Supreme Audit Institution independence	C	The Office of the Auditor General has full access to information and its ability to allocate its budget to fulfil its obligations according to its priorities. The head of the Office of the Auditor General is appointed (and removed) outside of the executive. However, despite these features, it does not operate fully independent from the executive in terms of the approval of its budget even though it can spend its budget without interference.

The Office of the Auditor General is an independent public office established and mandated by the Fijian Constitution. The OAG's role is to inspect, audit and report on the public accounts, property and transactions of the State.

30.1 Audit coverage and standards

Dimension 30.1 assesses key elements of external audit in terms of the scope and coverage of audit, as well as adherence to auditing standards.

The OAG audits the financial statements of all ministries individually and audits the combined whole of Government financial statements. These financial statements include expenditure and revenue. This is done annually. The OAG also audits the financial statements of municipal councils and SOEs and has started to conduct performance audits. OAG also audits statutory authorities (EBUs such as Roads Authority) and government commercial company and commercial statutory authority. FNPF is audited by a private sector auditor in accordance with International Standards on Auditing (ISAs).

The audit practices of the Office of the Auditor General are aligned with the International Standards for Supreme Audit Institutions/International Standards on Auditing. These standards guide the OAG in the conduct of its professional work. The Office has a Quality Assurance and Research team to provide assurance on audit quality. There is an Executive Management Committee that meets once every month and is responsible for reviewing and taking effective actions on the management and general operations of the Office. The Audit Qualification Committee is responsible for reviewing Audit Reports with proposed modified audit opinions. There is a staff complement of 92 with around 70 technical staff. Continuous staff development is undertaken with members attending international workshops such as a Quality Assurance Workshop and in-house workshops delivered by African Organization of English-speaking Supreme Audit Institutions.. The OAG has also benefited from a twinning project with the Tasmanian Audit Office which commenced in 2013. The OAG Strategic plan for the FY 2018 to 2021 with the revised Vision and Mission statement became effective from 1 August 2017. The OAG produces an annual report on its operations which is independently audited⁴⁰.

Based on the analysis and supporting evidence the score for this dimension is A.

30.2 Submission of audit reports to the Legislature

Dimension 30.2 assesses the timeliness of submission of the audit reports on budget execution to the legislature, or those charged with governance of the audited entity, as a key element in ensuring timely accountability of the executive to the legislature and the public.

TABLE 30.2 Time Table Whole of Government Audits

	Jan – Dec 2015	Jan to July 2016	Aug 2016 to July 2017
Received	19 Sept 2016	07 April 2017	12 July 2019
Sent for signing	8 March 2017	14 June 2017	18 July 2019
Signed	13 March 2017	29 June 2017	9 August 2019
Submitted to Parliament	17 March 2017	29 June 2017	30 August 2019
Elapsed Time	<i>within 6 months</i>	within 3 months	within 3 months

The date related to received is the date that the OAG is satisfied there are no changes made to the submitted Financial Statements⁴¹. It has been the OAG’s experience that ministries submit revisions

⁴⁰ www.oag.gov.fj/wp-content/uploads/2019/04/Annual-Report-FY2018.pdf

⁴¹ This dimension requires delays in submission of audit reports to be measured from the date of the external auditor’s receipt of the relevant unaudited financial reports when a financial audit is involved. If

to the initial statements and the OAG may ask for clarifications. For instance, the 2016 -2017 FS were initially received on 26 June 2018, but were amended on 24 July 2018, 26 September 2018, 25 January 2019, 15 March 2019 and 12 July 2019. There is also a built-in delay to the submission to Parliament as the tabling of report depends on the scheduling of the Parliament session. The audit reports are signed and tabled by the Minister of Economy rather than directly by the Auditor General.

For 2017-18, the Whole of Financial Statements of Government have not been submitted for audit. Nevertheless, ministerial statements have been submitted and these are in the process of audit with the majority completed. Annex 5 Update on 2017 – 2018 agency financial statements audit shows that good progress is being made and once the Whole of Financial Statements of Government are received the audit is likely to be completed within three months. Further update can be sourced from OAG Reports tabled with Parliament in November 2019⁴².

Based on the analysis and supporting evidence the score for this dimension is B.

30.3 External Audit follow-up

Dimension 30.3 assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity.

The Audit General submitted to Parliament on 27 November 2018 an Audit Report on follow-up of selected 2016 Auditor-General's reports for various sectors which was carried out in 2017. This is in accordance with section 152(13) of the Constitution of the Republic of Fiji. The *Audit Act 1969* also requires the Auditor-General to issue an audit memorandum to the responsible authority for each entity that is subject to an audit. The audit memorandum includes observations made during the audit and suggestions or recommendations for improvement which are reported to management and those charged with governance of an entity. Every year the Auditor-General must report to Parliament on audits conducted and on other significant matters the Auditor-General wishes to bring to the attention of Parliament.⁴³

This follow-up report covers audit reports tabled in Parliament in 2017.

- Audit Report on General Administration Sector 2016 – Parliamentary paper no. 100 of 2017 covering Office of the Prime Minister, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Defence, National Security and Immigration, Ministry of Civil Service, Judiciary, Fiji Corrections Services.
- Audit Report on Social Services Sector 2016 - Parliamentary paper no. 101 of 2017 covering Ministry of Youth & Sports, Ministry of Women, Children & Poverty Alleviation, Ministry of Health & Medical Services, Ministry of Education, Heritage & Arts, Department of Housing.
- Audit Report on Economic & Infrastructure Sector 2016 - Parliamentary paper no. 102 of 2017 covering Ministry of Lands & Mineral Resources, Ministry of Agriculture, Ministry of

financial reports provided to the external auditor are not accepted, but are returned for completion or corrections, the actual date of submission is the date on which the external auditor considers the financial reports complete and available for audit.

⁴² Refer to Parliamentary Paper No: 146-150 Of 2019 – Sector Summary section

⁴³ Although the Auditor-General reports to Parliament with recommendations to improve the performance or enhance accountability of public sector entities, the Auditor-General is not responsible nor does it have the powers to enforce the implementation of these recommendations.

Local Government, Town Country Planning and Environment, Ministry of Fisheries & Forests, Ministry of Infrastructure & Transport.

The Auditor General notes that “it is encouraging to note that 28% of recommendations had been partially implemented which reflects positively on the agencies”. Their key findings are summarised as:

- 52% Recommendations yet to be implemented
- 3 Agencies were yet to implement any recommendations
- 1 Agency fully implemented all recommendations
- 61% Highest percentage implementation rate by Social Services sector
- 28% Recommendations partially implemented
- 17% to 80% Implementation rate

The Auditor General also noted “There is a possibility that Permanent Secretaries of some agencies have not been regularly updated on the status of the implementation of recommendations by their accounting heads as required. The implementation rate can be improved if recommendations made in this report are implemented and outstanding audit issues are included in the agenda of all monthly meetings of agencies”.

Based on the analysis and supporting evidence the score for this dimension is C.

30.4 Supreme Audit Institution (SAI) Independence

Dimension 30.4 assesses the independence of the SAI from the executive. Independence is essential for an effective and credible system of financial accountability, and should be laid down in the constitution or comparable legal framework.

The Auditor General’s Office is governed by the Constitution of Fiji⁴⁴ and the Audit Act of First of March 1969⁴⁵. With respect to the Constitution key aspects with respect to this dimension are:

- The Auditor-General is appointed by the President on the advice of the Constitutional Offices Commission, following consultation with the Minister responsible for finance.
- In the performance of his or her duties, the Auditor-General or a person authorized by him or her has access to all records, books, vouchers, stores or other Government property in the possession, custody or control of any person or authority.
- In the performance of his or her functions or the exercise of his or her authority and powers, the Auditor-General shall be independent and shall not be subject to the direction or control of any person or authority, except by a court of law or as otherwise prescribed by written law.
- The Auditor-General shall have the authority to appoint, remove and discipline all staff (including administrative staff) in the office of the Auditor-General. The Auditor-General has the authority to determine all matters pertaining to the employment of all staff in the office of the Auditor-General, including—
 - (a) the terms and conditions of employment;

⁴⁴ 2013

⁴⁵ An act to provide for the duties and powers of the Auditor-General and for the auditing of public accounts and for other purposes incidental thereto and connected therewith

- (b) the qualification requirements for appointment and the process to be followed for appointment, which must be an open, transparent and competitive selection process based on merit;
 - (c) the salaries, benefits and allowances payable, in accordance with its budget as approved by Parliament; and
 - (d) the total establishment or the total number of staff that are required to be appointed, in accordance with the budget as approved by Parliament.
- The salaries, benefits and allowances payable to any person employed in the office of the Auditor-General are a charge on the Consolidated Fund. Parliament shall ensure that adequate funding and resources are made available to the Auditor-General, to enable him or her to independently and effectively exercise his or her powers and perform his or her functions and duties. The Auditor-General shall have control of the budget and finances of the office of the Auditor-General, as approved by Parliament.

The Office of the Auditor General - Fiji's Supreme Audit Institution (SAI) is a public body that—however designated, constituted, or organized—exercises, by virtue of law, the highest public auditing function of a state. According to the International Organisation of Supreme Audit Institutions (INTOSAI), SAIs' independence can be ensured only if their heads are given appointments and reappointments with sufficiently long and fixed terms and cannot be removed except through a process that ensures independence from the executive and other entities. Independence is demonstrated by the arrangements for the appointment (and removal) of the Head of the SAI and members of collegial Institutions, non-interference in the planning and implementation of the SAI's audit work, and in the approval and disbursement procedures for the SAI's budget. The SAI's mandate should cover every central government activity and enable the SAI to carry out a full range of audit activities. The SAI should have unrestricted access to documents, records and information.

With respect to the PEFA scoring criteria, the area that limits the full independence of the Office of the Auditor General is the formulation of its budget as it is funded as part of the Government Budget process alongside other Ministries and Departments. It receives a lump sum allocation within the total budget and does not have independence in spending it. Only the salary of the Head of the Office of the Auditor General is determined outside of the Government budget process.

The Office of the Auditor General has full access to information and its ability to allocate its budget to fulfill its obligations according to its priorities. The head of the Office of the Auditor General is appointed (and removed) outside of the executive. However, despite these features, it does not operate fully independent from the executive in terms of the approval of its budget even though it can spend its budget without interference.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-31. Legislative scrutiny of audit reports

PI-31 focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf. It has four dimensions and uses the M2 (AV) method for aggregating dimension scores.

PI-31 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-31 Legislative scrutiny of audit reports	B+	
31.1 Timing of audit report scrutiny	D*	Audit report scrutiny takes place over a period up to 12 months after receipt of the audited reports. The omission of the dates of the formal approval makes it impossible to establish the timeframe, requiring *
31.2 Hearings on audit findings	A	There are in-depth hearings on all of the 4 volumes of the audit reports with officials from the ministries and the office of the Auditor General. There are verbatim reports of all the sessions on the Parliamentary website
31.3 Recommendations on audit by legislature	A	The PAC issues recommendations and follows up on them either in writing or in its hearings.
31.4 Transparency of legislative scrutiny on audit reports	A	All hearings are in public with media attendance.

There is a Standing Committee on Public Accounts⁴⁶ that examines the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General. It also examines any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review. The committee must only examine how public money has been dealt with and accounted for in accordance with the written law and must not examine the merits of the underlying policy that informs public spending;

For the purposes of performing its functions and subject to section 74 of the Constitution and any other written law governing Parliament, a standing committee has the power to—

- (a) summon any person to appear before it to give evidence or provide information;
- (b) compel the production of documents or other materials or information as required for its proceedings and deliberations;
- (c) determine if it will accept oral or written evidence;
- (d) determine the extent, nature and form of its proceedings;
- (e) conduct its proceedings or any aspect of its work at any venue it deems to be most suitable, including, where Parliament is not sitting, a venue beyond the precincts of Parliament;
- (f) appoint sub-committees in accordance with Standing Order 122; 41
- (g) consult and liaise with any government department falling within its category of affairs;
- (h) in accordance with section 91(3) of the Constitution, compel the attendance of a Minister to testify or to produce documents or other materials; and
- (i) exercise such other powers as may be prescribed or assigned to it by the Constitution, any law, these Standing Orders or a resolution of Parliament.

For the purposes of (a) and (b), a standing committee has the same powers as those of the High Court.

⁴⁶ www.parliament.gov.fj/committees/standing-committee-on-public-accounts/ <http://www.parliament.gov.fj/wp-content/uploads/2017/03/PARLIAMENT-OF-FIJI-HANDBOOK.pdf> <http://www.parliament.gov.fj/wp-content/uploads/2019/04/Extra-Gazette-Amended-Standing-Order-1- April-2019.pdf>

31.1 Timing of audit report scrutiny

Dimension 31.1 assesses the timeliness of the legislature's scrutiny, which is a key factor in the effectiveness of the accountability function.

The dates of hearings and the tabling of reports are shown in the table 31.1.

Table 31.1 Dates of hearings and tabling of reports

Whole of Government Audited Accounts	Jan – Dec 2015	Jan to July 2016	Aug 2016 to July 2017
Submitted to Parliament	17 March 2017	29 June 2017	30 August 2019
PAC Hearings	May to November 2017	May – June 2018	No sittings as of September 2019
Tabled at Parliament	No date	May 2019	

In addition to the Financial Statements, the Annual report of the Auditor General is submitted to Parliament and the PAC conducts hearing and its report is tabled at Parliament. The report for 2017-18 was sent to Parliament April 2019 and the PAC met to discuss it in May 2019 and tabled its report in September 2019. Discussion with PAC indicated that its work is constrained by the Parliamentary timetable⁴⁷.

Based on the analysis and supporting evidence the score for this dimension is C.

31.2 Hearings on audit findings

Dimension 31.2 assesses the extent to which hearings on key findings of the SAI take place.

There are in-depth hearings on all of the 4 volumes of the audit reports with officials from the ministries and the office of the Auditor General. There are verbatim reports of all the sessions on the Parliamentary website for the scrutiny of the 2014 -15 and 2015-16 audited reports. These reports are very detailed in terms of the coverage and reporting of interchange between participants.

Based on the analysis and supporting evidence the score for this dimension is A.

31.3 Recommendations on audit by legislature

Dimension 31.3 assesses the extent to which the legislature issues recommendations and follows up on their implementation.

The PAC issues recommendations and follows up on them either in writing or in its hearings. They are included in the material on the Parliament website. <http://www.parliament.gov.fj/publications/>. The recommendations are detailed and contained responses related to each recommendation.

Based on the analysis and supporting evidence the score for this dimension is A.

⁴⁷ The PAC also looked at the Report of the Auditor General on the Municipal Councils for the 2013 financial year, Parliamentary Paper 135 of 2018 and produces appendices (over 500 pages) relating to its hearing. Good practice indicates that such scrutiny should be at PAC equivalent at individual councils. The PAC also scrutinizes the audit reports of SOEs and Statutory Bodies.

31.4 Transparency of legislative scrutiny of audit reports

Dimension 31.4 assesses the transparency of the scrutiny function in terms of public access.

Hearings are generally held in public. Standing committees must⁴⁸—

- (a) ensure all meetings are open to the public and the media;
- (b) in order to encourage public access to committee meetings, provide notification of its meetings through the media, websites accessible to the public, advertisements and other means of promotion; and
- (c) unless otherwise directed by Parliament, provide sufficient time, notification and an adequate opportunity for public representations and input into its activities prior to finalising its report and recommendations.

Despite clause (a) and (b) and in accordance with section 72(2) of the Constitution, a committee may, after consultation with the Speaker, conduct a meeting that is closed to the public and media where the committee is considering a matter related to—

- (a) National security;
- (b) Third party confidential information;
- (c) Personnel or human resources; or
- (d) Deliberations and discussions conducted in the development and finalisation of committee recommendations and reports.

The assessment team's discussion with PAC indicated that only one session has ever been not in public. This was due to the nature of the deliberation which involved accusations of corruption. **Based on the analysis and supporting evidence the score for this dimension is A.**

⁴⁸ www.parliament.gov.fj/wp-content/uploads/2019/04/Extra-Gazette-Amended-Standing-Order-1-April-2019.pdf

3 Overall analysis of PFM performance

PFM strengths and weaknesses

An overriding feature of PFM in Fiji has been the overambitious revenue forecasts that are produced for the budget in the three years covered by the PEFA assessment. The Fiji Revenue and Customs Services has made significant progress in reforming its operations over the recent past and this is reflected in the PEFA scores relevant to revenue administration and accounting for revenue. As a result of the implementation of the restructuring of its operations and processes, there was a growth in tax revenue which was due to the improvement in compliance with respect to collections. Such year to year growth will be primarily reflected in the initial years as a step change, but it is unrealistic to expect that this will be repeated on an annual basis once the reforms have been implemented. As noted in the revenue outturn indicator the Fiscal Department in the MOE is responsible for compiling revenue forecasts from all sources. Discussion indicates that increased revenues from compliance had been built into the model on an annual basis which was too ambitious and unachievable. As well, planned revenue on an annual basis from asset sales failed to materialize. The model that produced the forecasts for the 2019-2020 budget has been made much more realistic with respect to the compliance impact on revenues. These overambitious revenue forecasts have nevertheless impinged on the overall impact of the fiscal system in terms of aggregate fiscal discipline, the strategic allocation of resources and the efficient use of resources for service delivery as what is planned cannot be fully delivered.

Aggregate Fiscal Discipline

Aggregate fiscal discipline is achieved due to control over spending during budget execution, as well as realistic revenue forecasts. However, in Fiji, both aggregate expenditure and revenues outturns have been well below forecasts. Strong revenue administration has ensured that revenues are efficiently collected. Operationally the planned budget has been adjusted to realistic levels though reasonable cash forecasting not based on unrealizable expectations. This cash flow forecast feeds into monthly allocations and commitment control. Treasury operations and cash management enables expenditures to be managed within the available resources. Control of contractual commitments is effective although the information on arrears is weak and needs to be addressed. Given the dichotomy between the revenue forecasts in the budget and the monthly cash flow forecasts, both virement and supplementary are used more than would be in normal situations. The strong external audit function and parliamentary scrutiny enhances fiscal discipline but the delays in producing annual financial statements impinge on their effectiveness.

Strategic Allocation of Resources

The Chart of Accounts caters only to economic and administrative analysis of expenditure. There is no link between the medium-term perspective in expenditure budgeting and costed strategic plans and an absence of a focus on achieving results that is consistent with a strategic allocation of resources. There is some emphasis on the overall fiscal framework but this is weakened by a lack of analysis and reporting of changes in circumstances relating to fiscal strategy and implications of policy changes. Weak management of investment affects the strategic allocation of resources. Recurrent cost implication of investment is not factored into the budget process and investments are not selected to generate the best return. Similarly, the untimely information on the extrabudgetary sector weakens the strategic allocation of resources. Transfers to local governments are not determined by transparent rules. While budget documentation and public access is at a good level, there are elements that are missing such as tax expenditures and timely audited financial statements that weaken accountability.

Efficient Use of Resources for Service Delivery

The current weaknesses in the procurement system with respect to the appeals and dispute process could have adverse implications for the efficiency in service delivery, though the strong focus on competitive bidding is a positive feature. The strengths in the accountability mechanisms make external audits effective as counter checks on inefficient use of resources. However, weaknesses in the production of consolidated annual financial statements limit the impact of audits which in turn limits the effectiveness of oversight. These are offset, however, by the strength of the in-year budget execution reports which includes information on the realization of annual targets for outputs and objectives. The lack of performance targets and outcomes deters from the efficient use of resources in service delivery units. On the revenue side, operational efficiency is compromised by the accumulation of tax arrears but arrears now cover historical rather than current arrears. Lack of effective tax debt collection undermines credibility of tax assessments and the principle of equal treatment of taxpayers.

Effectiveness of the internal control framework

An effective internal control system plays a vital role across every pillar in addressing risks and providing reasonable assurance that operations meet the control objectives. The objectives of the internal control framework are: a budget executed in an orderly, ethical, economical, efficient and effective manner; accountability for results; compliance with applicable laws and regulations; and safeguarding of resources against loss, misuse and damage.

The internal control environment, as set out in annex 2, is generally sound. The scores in related indicators and dimensions reinforce that controls associated with the day-to-day transaction of the budgetary central government are functioning and result in good data integrity regarding the activities of these entities. The laws and regulations provide the legal framework, and allow for specific roles and responsibilities, segregation of duties, and operating processes. The system embeds access controls and audit trails that support the internal control framework.

The current compliance based approach supports continuous improvement in the control environment given the strengths in commitment controls and associated compliance with rules and procedures.

There is a risk based approach supported by a strong internal and external audit and oversight function although the later are hampered by the timeliness of annual financial statements. Risk assessment is an important part of the control framework that applies to internal audit and analysis. Similarly, certain activities, such as advances, and payroll, receive a level of attention in the ex-ante control process.

Control activities are generally strong, in particular with regard to segregation of duties and reconciliation of accounts. Budget rules for supplementary estimates are generally not met and there are no limits on virement.

Information and communication of internal control awareness is continuously promoted through good documentation and reporting structures. Monitoring is strong through the processes of internal and external audit, with follow-up improving.

Internal control is effective in ensuring that the allocation of resources that are embodied in the monthly warrants to spend are not circumvented and thus ensure that the resultant service delivery

is as planned in the warrants. However this is still circumvented at the budget stage where the unrealistic revenue forecasts and therefore expenditure allocations undermine the strategic allocation and service delivery expectation even though the control of spending is good.

The effectiveness of internal control also offers a perspective on the reliability of data obtained from government systems and therefore contributes to explaining the degree of confidence with which conclusions may be drawn on the basis of indicator assessments which rely on such data.

TABLE 3.1.1 PEFA performance indicators and the three budgetary outcomes

Indicator/dimension		Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery			
Pillar one: Budget reliability									
The government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget.									
PI-1. Aggregate expenditure outturn	D	Aggregate fiscal discipline is poor. Actual revenue has continuously been below that forecasted in the budget... There has been underfunding of planned		As expenditures are underfunded planned resources are not delivered as intended which has impinged on all sectors		As there have been large deviations from planned expenditures, across all spending units service delivery has been impacted			
PI-2. Expenditure composition outturn			D+		D+				
PI-3. Revenue outturn	D								
Pillar two: Transparency of public finances.									
Information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget									
PI-4. Budget classification		The extrabudgetary sector is dominated by the Fiji National Provident Fund which reports on a timely basis. There are many smaller agencies but nevertheless impact on fiscal discipline as their accounts are not as timely as they could be	C	The budget classification lacks a functional classification that means that the strategic element in the budget is weakened. Similarly the general untimely information on the extrabudgetary sector weakens the strategic allocation of resources. The subnational sector is small and most grants are targeted at capital projects. While budget documentation and public access is at a good level, there are elements that are missing such as tax expenditures and timely audited financial		Information on non financial performance indicators relating to what services are being delivered is weak though information on expenditure to individual schools can be produced. The public access to fiscal information is at a good level, but lacks elements that impinge on accountability and weakens transparent.			
PI-5. Budget documentation			B						
PI-6. Central government operations outside financial reports	D+		D+						
PI-7. Transfers to subnational governments			D+		D+				
PI-8. Performance information for service delivery					D				
PI-9. Public access to fiscal information					B				
Pillar three: Management of assets and liabilities.									
Effective management of assets and liabilities ensures that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.									
PI-10. Fiscal risk reporting	C+		There is good reporting on contingent liabilities and other fiscal risks, but the monitoring of public corporations is just at an acceptable level which can undermine fiscal discipline. The efficient and effective management of public investment				The current weakness is public investment management means that resources allocated may not be linked to overall resource allocation strategy to support the government's social and economic		The weaknesses in public investment management has stifled operational efficiency in projects and programs that deliver outputs and outcomes in a cost-efficient manner.
PI-11. Public investment management	C	C		C					
PI-12. Public asset management	B								
PI-13. Debt management	B	B		B					

		<p>has gaps in the analysis to prioritize investment expenditure (and their future recurrent costs). This means that decisions are not being taken with due consideration of sustainable fiscal limits.</p> <p>Public asset management is good for financial assets but less so on the recording of nonfinancial assets. The transparency of asset disposal is well established.</p> <p>Management and recoding of debt is very good and ensures that it is affordable in the short-term. A Debt management strategy is currently lacking (though being developed) and this will allow a longer terms perspective than the present one.</p>		<p>Debt is well managed but lacks a debt management strategy.</p>		<p>nonfinancial assets has meant that their more efficient use is not fully understood denying them to other users or exchange for different assets of greater value for more efficient service delivery.</p>
<p>Pillar four: Policy-based fiscal strategy and budgeting. The fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.</p>						
PI-14. Macroeconomic and fiscal forecasting	C+	<p>There is general weakness in macroeconomic and fiscal projections that has lead to the budget being unreliable. This has been particularly so for revenue.</p> <p>While a fiscal strategy has been adopted, the lack of presentation and reporting on achievement of policy proposals and outcomes has meant that adherence to a clear fiscal strategy has been weak and not aligned with fiscal targets.</p> <p>The medium term expenditure estimates are developed but are not supported by ceilings or costed strategic plans. The weakness in the revenue forecasts has undermined any forward planning on expenditure. Reviews of expenditure outcomes against plans are not carried out</p>		<p>The strategic allocation of resources over the medium term is undertaken but is undermined by weaknesses in revenue forecasts which lead to overly ambitious expenditure allocations that cannot be delivered. This weakens the strategic allocations of resources.</p> <p>The budget process is orderly in that a calendar is followed that provides sufficient time for the budget to be prepared. However, the lack of certainty on ceilings at the preparation stages weakens the process. to prioritize budget allocations among competing demands.</p> <p>The legislative scrutiny of the budget is good and enables the government to be held accountable for its budget policy</p>		<p>The weaknesses in revenue forecasting has undermined medium term budgeting and failed to provides greater predictability in budget allocations that supports budget units to plan resource use more efficiently.</p> <p>Legislative scrutiny is good and addresses resources allocated for service delivery, but allows greater virement opportunities that may impact on services planned delivery.</p>
PI-15. Fiscal strategy	C+		C+			
PI-16. Medium-term perspective in expenditure budgeting	D+		D+		D+	
PI-17. Budget preparation process			B			
PI-18. Legislative scrutiny of budgets			C+	C+		

				decisions. The absence of limits to virement is a weakness,		
Pillar five: Predictability and control in budget execution.						
The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.						
PI-19. Revenue administration	B +	Accurate recording and reporting of actual tax and nontax revenue collections is done on a timely basis. In year-cash forecast is updated regularly but actual deviates from the budget due to overly optimistic revenue projections. The lack of information on arrears is a limiting factor even though commitments controls are good. Competitive tendering has resulted in cost savings. Effective expenditure and payroll controls are very good and ensure that resources are used to ensure only available revenues are spent and not that what was forecasted in the budget.	B +	The revenue base is well managed within the year but the flow resources to budget units to ensure that priorities are implemented are limited in terms of the budget due to overoptimistic revenue forecasts.. Payroll controls are good but payroll suffers from under-spend due to the revenue forecast issues but less than other economic categories Internal audits are comprehensive and provide assurance that systems are operating to achieve government objectives efficiently and effectively.	B +	While the budget is unrealistic, the in-year allocations are predictable so as not to undermine the efficient delivery of services. Payroll controls are good and ensures that staff are used as planned. The procurement system is effective in ensuring costs savings. This has improves the efficiency of service delivery by ensuring better value for money of government purchases. Internal control and internal audit are good and ensures that weaknesses and inefficiencies in service delivery is minimized.
PI-20. Accounting for revenues	B +		B +			
PI-21. Predictability of in-year resource allocation	C +					
PI-22. Expenditure arrears	D					
PI-23. Payroll controls	B +		B +			
PI-24. Procurement	B					
PI-25. Internal controls on non-salary expenditure	A		A			
PI-26. Internal audit		A				
Pillar six: Accounting and reporting.						
Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.						
PI-27. Financial data integrity	A	The integrity of financial data and in-year reporting have provided assurance that expenditure is controlled and monitored. The timeliness of annual financial reports detracts from the positive accounting standards and coverage that supports good fiscal discipline.	A	Fiscal data and reporting are both reliable which ensure that the commitments made based on realistic cash flow estimates. However these are not allocated, as intended, in line with the government strategic priorities as set out in the original budget.	A	Reliable fiscal data and reporting on financial information is implemented and provides for internal control and good information for efficiently managing service delivery. The untimeliness of annual financial statement detracts from this positive situation.
PI-28. In-year budget reports	B +		B +			
PI-29. Annual financial reports	D +		D +			
PI-30. External audit	C +	External audit, and their legislative scrutiny are good but untimely. They provide assurance that information in financial reports is accurate. Follow-	C +	There is reliable and extensive external audit and legislative scrutiny of actual expenditures to ensure accountability relating to the allocation of resource. Their	C +	There is reliable and extensive external audit and legislative scrutiny. This has assisted in identifying inefficiencies in
PI-31. Legislative scrutiny of audit reports	B+		B +		B+	

	up by spending units could be enhanced	effectiveness is diminished by un- timeliness	government programs and service delivery.
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Annex 1: Performance indicator summary

Indicator/Dimension	Score	Explanation
PI-1 Aggregate expenditure out-turn	D	
1.1 Aggregate expenditure out-turn	D	Expenditure Outturn as % of Budget was 84% in 2016-17, 85.9% in 2017-18 and 77.4% in 2018-19
PI-2 Expenditure composition out-turn	D+	
2.1 Expenditure composition out-turn by function	D	Expenditure composition variance by administrative head was 15.4% in 2016-17, 8.6% in 2017-18 and 15.5% in 2018-19
2.2 Expenditure composition out-turn by economic type	D	Expenditure composition variance by economic category was 15.2% in 2016-17, 9.5% in 2017-18 and 18.6% in 2018-19
2.3 Expenditure from contingency reserves	A	Contingency is 0.2 per cent of expenditures.
PI-3 Revenue out-turn	D	
3.1 Aggregate revenue out-turn	D	The deviation of actual revenue from budgeted revenue was 90.4 per cent in 2016-17. In 2017-18 it was 84.1 per cent and in 2018-19 it fell to 70.9 per cent.
3.2 Revenue composition out-turn	D	The variance in revenue composition was 20.8 per cent in 2016-17. In 2017-18 the variance in revenue composition was 17.8 per cent and in 2018-19 it fell to 20.1 per cent.
PI-4 Budget classification		
4.1 Budget classification	C	There is an administrative classification and an ability to produce GFS economic classification but no functional classification or reporting.
PI-5 Budget documentation	B	
5.1 Budget documentation	B	Budget documentation fulfills nine elements, including the four basic elements and five additional elements.
PI-6 Central government operations outside financial reports	D+	
6.1 Expenditure outside financial reports	D	Extrabudgetary expenditure, particularly of the Provident Fund, is greater than 10% of budgeted expenditure
6.2 Revenue outside financial reports	D	The value of extrabudgetary revenue, particularly of the Provident Fund, are greater than 10% of budgeted revenue

Indicator/Dimension	Score	Explanation
6.3 Financial reports of extra-budgetary units	B	While there is a systemic issue of delayed reporting by EBUs, there is timely reporting of the largest EBUs.
PI-7 Transfers to sub-national governments	D+	
7.1 Systems for allocating transfers	C	Programs supporting subnational government are not allocated based on rule-based criteria.
7.2 Timeliness of information on transfers	D	Budget cycles are not aligned and may result in changes in budget allocation during the fiscal year of a municipality.
PI-8 Performance information for service delivery	D	
8.1 Performance plans for service delivery	D	The executive budget documentation provides minimal information on planned outputs and outcomes of programs or services financed through the budget.
8.2 Performance achieved for service delivery	D	Delays in annual reports and publication of information on programs result in delay public documentation on performance result achievements.
8.3 Resources received by service delivery units	C	Information on resources received by frontline service delivery units is collected and recorded for at least one large ministry. A report compiling the information if prepared at least annually.
8.4 Performance evaluation for service delivery	D	The percentage of funds covered within the performance audits is miniscule compared to the annual budget.
PI-9 Public access to fiscal information	B	
9.1 Public access to fiscal information	B	The government makes available to the public six elements, including at least four basic elements, in accordance with the specified time frames.
PI-10 Fiscal risk management	C+	
10.1 Monitoring of public corporations	C	The majority of public corporations do not publish audited financial statements within 6 months but most do submit reports to Government within 9 months.
10.2 Monitoring of sub-national government (SNG)	D	Subnational government does not report on a timely basis.
10.3 Contingent liabilities and other fiscal risks	A	Comprehensive information on contingent liabilities is published.
PI-11 Public investment management	C	

Indicator/Dimension	Score	Explanati
11.1 Economic analysis of investment proposals	C	Economic analysis is undertaken for major investment projects (by respective international funding agency) but there are no national guidelines.
11.2 Investment project selection	C	Prioritization is done during the budget but without set decision criteria.
11.3 Investment project costing	C	Total capital costs of major projects over the 3-year period are shown in the budget estimates but without recurrent costs.
11.4 Investment project monitoring	C	Physical and financial progress of major projects is tracked quarterly but associated reporting is not published.
PI-12 Public asset management	B	
12.1 Financial asset monitoring	B	BCG reports on financial asset holding and their performance.
12.2 Non-financial asset monitoring	C	Asset registers are maintained but not published.
12.3 Transparency of asset disposal	A	Asset disposal is well controlled and transparent.
PI-13 Debt management	B	
13.1 Recording and reporting of debt and guarantees	A	Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced
13.2 Approval of debt and guarantees	A	Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by a single debt management entity. Annual borrowing must be approved by
13.3 Debt management strategy	D	A draft DMS was prepared in 2016, this was not endorsed by government. A revised draft is currently being prepared.
PI-14 Macroeconomic and fiscal forecasting	C+	
14.1 Macroeconomic forecasts	C	Forecasts of the macro economic indicators are prepared for the budget and the two following years, however only the budget and one forward

Indicator/Dimension	Score	Explanation
		published. Underlying assumptions on the exchange rates and interest rates supporting the budget are not published.
14.2 Fiscal forecasts	B	The government prepares forecasts of the main fiscal indicators, including revenues (by type), aggregate expenditure, and the budget balance, for the budget year and two following fiscal years. These forecasts, together with the underlying assumptions, are included in budget documentation submitted to the legislature.
14.3 Macro-fiscal sensitivity analysis	C	The macro-fiscal forecasts prepared by the government include a qualitative assessment of the impact of alternative macroeconomic assumptions.
PI-15 Fiscal strategy	C+	
15.1 Fiscal impact of policy proposals	C	The Government prepares estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year.
15.2 Fiscal strategy adoption	B	The Government has adopted and submitted to the Legislature a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years.
15.3. Reporting on fiscal outcomes	C	The government prepares an internal report on the progress made against its fiscal strategy. Such a report has been prepared for at least the last completed fiscal year
PI-16 Medium term perspective in expenditure budgeting	D+	
16.1 Medium-term expenditure estimates	B	The annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative and economic classification.
16.2 Medium-term expenditure ceilings	D	Medium term expenditure estimates are provided in the budget documentation, but these are not ongoing established ceilings endorsed by government.
16.3 Alignment of strategic plans and medium-term budgets	D	Localized strategic plans vary in their scope and timing; some were released prior to the NDP. Of the top 11 agencies by funding level (89%) only one had a costed plan.
16.4 Consistency of budgets with previous year estimates	D	No explanations are provided of the changes to expenditure estimates between the second year of

Indicator/Dimension	Score	Explanation
		the last medium-term budget and the first year of the current medium-term budget neither at the aggregate nor spending agency level.
PI-17 Budget preparation process	B	
17.1 Budget calendar	A	A clear annual budget calendar exists, is generally adhered to, and allows budgetary units at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time.
17.2 Guidance on budget preparation	C	A budget circular or circulars are issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The Budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units.
17.3 Budget submission to the legislature	C	The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in two of the last three years.
PI-18 Legislative scrutiny of budgets	C+	
18.1 Scope of budget scrutiny	A	The Legislature's review covers fiscal policies, medium-term fiscal forecasts, and medium term priorities as well as details of expenditure and revenue.
18.2 Legislative procedures for budget scrutiny	A	The legislature's procedures to review budget proposals are approved by the legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures.
18.3 Timing of budget approval	A	The legislature has approved the annual budget before the start of the year in each of the last three fiscal years.
18.4 Rules for budget adjustments by the executive	C	Clear rules exist which may be adhered to in some instances or they may allow extensive administrative reallocation as well as expansion of total expenditure.
PI-19 Revenue administration	B+	
19.1 Rights and obligations for revenue measures	A	The legal basis for all revenues is up-to-date and available with redress processes and procedures. There is an active taxpayer education system with

Indicator/Dimension	Score	Explanation
		outreach programs that is delivered throughout all the islands that comprise Fiji and easy to follow supporting documents.
19.2 Revenue risk management	A	Fiji Revenue and Customs services and Fiji National Provident Fund have well researched and implemented risk management strategies that include data sharing, Tax Identification Numbers, Tax Compliance Certificates and a penalty regime for law breaking that is pursued and enforced through the Courts.
19.3 Revenue audit and investigation	A	There is a detailed and well specified annual audit plan of tax payers. Evidence supplied by the FRCS shows that the annual audit plan is implemented as intended.
19.4 Revenue arrears monitoring	D	The available evidence shows that the stock of arrears is 9.1 per cent of total revenue collected but 94% of the arrears are older than 12 months
PI-20 Accounting for revenue	B+	
20.1 Information on revenue collections	B	Information is available on most tax and non-tax revenues on a monthly basis.
20.2 Transfer of revenue collections	A	Over 90% of payment of revenues are paid directly into the CFA on a daily basis
20.3 Revenue accounts reconciliation	A	Reconciliation of payments made by a taxpayer are made monthly against assessments. With respect to reconciliation of FRCS payments and MOE General Ledger receipts these are done on a monthly basis.
PI-21 Predictability of in-year resource allocation	C+	
21.1 Consolidation of cash balances	D	On every working day, a Daily Cash Movement Balance (CMB) is prepared. This report details the balances in each account. However, unique accounts are maintained for all 125 trust accounts, included in the general ledger. The cash balances in these accounts are significant and are not part of the consolidation efforts.
21.2 Cash forecasting and monitoring	A	A cash flow forecast is prepared for the fiscal year and is updated monthly on the basis of actual cash inflows and outflows.
21.3 Information on commitment ceilings	A	Budgetary units are able to plan and commit expenditure for at least six months in advance in accordance with the budgeted appropriations and cash/commitment ceilings.

Indicator/Dimension	Score	Explanation
21.4 Significance of in-year budget adjustments	D	Adjustments to budget allocations are made at mid-year and, if necessary at year end. These are to be reported to Parliament and tabled. No evidence was available on the website. Documentation provided quarterly reflects only the approved budgets by Ministry. From discussion with staff, in the past these amounts reflected approved and adjusted budget by Ministry. While this is common practice and the adjustments are transparent, the lack of documented procedures for adjustments to be consistent with the government's stated priorities is critical.
PI-22 Expenditure arrears	D	.
22.1 Stock of expenditure arrears	D*	Insufficient evidence to score. There is no reporting on arrears by government and therefore no balances, but a sample of payments examined shows that arrears exist
22.2 Expenditure arrears monitoring	D	There is no monitoring of arrears.
PI-23 Payroll controls	B+	
23.1 Integration of payroll and personnel records	B	The payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion is controlled by a list of approved staff positions.
23.2 Management of payroll changes	A	Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows correction in a maximum of 3% of salary payments.
23.3 Internal control of payroll	A	Authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data.
23.4 Payroll audit	B	A payroll audit covering all central government entities has been conducted at least once in the last three completed fiscal years.
PI-24 Procurement management	B	
24.1 Procurement monitoring	A	Data on competitive tendering are maintained electronically by FPO, ITC and FRA and contain information on what has been procured, value of contracts awarded and who has been contracted.

Indicator/Dimension	Score	Explanation
		Data on smaller items of procurement by individual ministries are also maintained.
24.2 Procurement methods	A	Over ninety per cent of the value of tenders awarded was by competitive methods
24.3 Public access to procurement information	C	Three of the listed items are made available to the public.
24.4 Procurement complaints management	D	The review process for complaints is internal to the FRA and ITC and by the PS responsible for finance for FPO administered contracts
PI-25 Internal controls on non-salary	A	
25.1 Segregation of duties	A	Segregation of duties is highly maintained across ministries and departments for all types of payments and access controls in accordance with Finance Manual.
25.2 Effectiveness of expenditure commitment controls	A	Commitment Control is implemented through the FMIS system. A monthly warrant is inputted into the system for each spending agency and cannot be exceeded.
25.3 Compliance with payment rules and procedures	B	For Ministries and departments, procedure manuals and instructions are in place as per the Finance Manuals and Standard Operating Procedures and are generally followed.
PI-26 Internal audit	A	
26.1 Coverage of internal audit	A	All Government Ministry and Departments are within the operational mandate of the IAGGD and there are units within the largest EBUs which conducts internal audits.
26.2 Nature of audits and standards applied	A	The nature of the internal audits carried out by IAGGD is wide ranging covering diverse areas. The audits are carried out in accordance with the International Standards for the Professional Practice of Internal. There is an internal review process to ensure quality control. Selection is based on a detailed risk profiling of ministries and departments.
26.3 Implementation of internal audits and reporting	A	IAGGD has an annual audit plan and reports on realization in its progress report. All planned audits in the 2018-19 annual plan have been completed as planned. Reports are distributed to the Permanent Secretary of the audited ministry and the Auditor General.

Indicator/Dimension	Score	Explanation
26.4 Response to internal audits	NA	Although the IAGGD has been operating for some time it is only in 2018-19 that it moved from transaction and control to process auditing based on risk assessment. While there is good evidence of management responses it is too soon to score as three years is required
PI-27 Financial data integrity	A	
27.1 Bank account reconciliation	B	Reconciliation is regular, timely and systematic.
27.2 Suspense accounts	A	Suspense accounts are reconciled and cleared by year end.
27.3 Advance accounts	A	Advance accounts are well regulated and open advances at year end reflect mostly historical issues.
27.4 Financial data integrity processes	A	Access to the FMIS is well regulated and an audit trail is available within the systems, supported by supporting forms, the FMIS team has a formal monitoring role to ensure data integrity.
PI-28 In-year budget reports	B+	
28.1 Coverage and comparability of reports	B	Coverage of reports enables comparison to budget with partial aggregation.
28.2 Timing of in-year budget reports	A	Budget execution reports are prepared monthly, within two weeks
28.3 Accuracy of in-year budget reports	B	Reconciliations assure the accuracy of reporting, with minor issues. Analysis of budget execution is done half-yearly.
PI-29 Annual financial reports	D+	
29.1 Completeness of annual financial reports	B	The financial reports are completed according to IPSAS cash standard but this does not include a full balance sheet.
29.2 Submission of reports for external audit	D	There is a consistent delay in submission of financial statements for audit.
29.3 Accounting standards	A	IPSAS cash basis of reporting is adopted and applied.
PI-30 External audit	C+	
30.1 Audit coverage and standards	A	The OAG audits the financial statements of all ministries individually and audits the combined whole of Government financial statements. The audit practices of the Office of the Auditor General are aligned with the International Standards for Supreme Audit Institutions/International Standards on Auditing.

Indicator/Dimension	Score	Explanation
30.2 Submission of audit reports to the legislature	B	In the past three years audit reports have been submitted with three months in two of the years and within 6 months in the other.
30.3 External audit follow-up	C	28% of recommendations had been partially implemented.
30.4 Supreme Audit Institution (SAI) independence	C	The Office of the Auditor General has full access to information and its ability to allocate its budget to fulfill its obligations according to its priorities. The head of the Office of the Auditor General is appointed (and removed) outside of the executive. However, despite these features, it does not operate fully independent from the executive in terms of the approval of its budget even though it can spend its budget without interference.
PI-31 Legislative scrutiny of audit reports	B+	
31.1 Timing of audit report scrutiny	C	Audit report scrutiny takes place over a period up to 12 months after receipt of the audited reports
31.2 Hearings on audit findings	A	There are in-depth hearings on all of the 4 volumes of the audit reports with officials from the ministries and the office of the Auditor General. There are verbatim reports of all the sessions on the Parliamentary website
31.3 Recommendations on audit by the legislature	A	The PAC issues recommendations and follows up on them either in writing or in its hearings.
31.4 Transparency of legislative scrutiny of audit reports	A	All hearings are in public with media attendance.

Annex 2: Summary of observations on the internal control framework

Internal control components and elements	Summary of observations
1. Control Environment	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	The FMA Act 2004 and subsequent instructions establishes the basis for internal control. These are supported by specific instructions covering individual processes and procedures such as the FMIS. The MDA's Finance Manual maps out process, procedures and responsibilities for Internal Control following the COSO framework. This includes developing and promoting the personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization.
1.2 Commitment to competence	The existence of the process resulting from the MDA's Finance Manual indicates a commitment to competence in implementing internal controls and is evidence by the scores in PIs 23, 25 and 26.
1.3 The 'tone at the top' (i.e. management's philosophy and operating style)	There is a positive approach to implementing internal controls as evidenced by the organisational structure supporting the IAGGD and the positive response to its recommendations. The reporting structure embodied the Requisition to Incur Expenditure involves management.
1.4 Organizational structure	The roles of the various parties involved in the financial management control system are established in the various laws and manuals. The Ministry of Economy is involved in every aspect of financial control.
1.5 Human resource policies and practices	A cadre of professionals in internal audit and financial control is in place and follows standard public sector policies and practices
2 Risk assessment	
2.1 Risk identification	<p>Several PIs are related to the extent to which risks are identified, notably:</p> <p>Economic Analysis of Investment Proposals is rated 'D' in 11.1 – Economic analyses are not conducted to assess some major investment projects.</p> <p>Debt Management Strategy is rated 'D' in 13.3 – At the time of the assessment, the Debt Management Strategy was being developed to reflect the measures and actions to be taken to ensure the implementation of effective debt management policy.</p> <p>Macroeconomic sensitivity analysis is rated 'C' in 14.3 – The government prepares the scenarios of fiscal forecasts but only a limited sensitivity analysis,</p> <p>Revenue Risk Management is rated 'A' in 19.2 – The FRCS and FNPF collect revenues and use a comprehensive, structured and systematic approach for assessing and prioritizing compliance risks for all categories of revenue. Cash Flow Forecasting and Monitoring is rated 'A' in 21.2 - A cash flow forecast is prepared annually for the fiscal year, broken down by months and updated monthly on the basis of actual cash inflows and</p>

	forecasts in the budget and ensures realistic expenditure allocations during the year
2.2 Risk assessment (significance and likelihood)	See risk identification (2.1 above)
2.3 Risk evaluation	IAGGD has an annual audit plan and reports on realization in its progress report. All planned audits in the 2018-19 annual plan have been completed as planned. Reports are distributed to the Permanent Secretary of the audited ministry and the Auditor General (Implementation of internal audits and reporting – 26.3 rated 'A'). The nature of the internal audits carried out by IAGGD is wide ranging covering diverse areas. The audits are carried out in accordance with the International Standards for the Professional Practice of Internal. Selection is based on a detailed risk profiling of ministries and departments. (Nature of internal audits and standards applied – 26.2 rated 'A').
2.4 Risk appetite assessment	The development and implementation of identification and assessment of risk indicates a positive risk appetite which will grow as the IAGGD develops.
2.5 Responses to risk (transfer, tolerance, treatment, or termination)	Standard public sector HR policies are in place throughout the areas of control.
3 Control activities	
3.1 Authorization and approval procedures	<p>Financial data integrity processes are rated 'A' in 27.4. Access and changes to records is restricted and recorded, and results in audit trail.</p> <p>Recording and reporting of debt and guarantees are rated 'A' in 13.1. Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced monthly.</p> <p>Approval of debt and guarantees are rated 'A' in 13.2. Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance.</p> <p>Effectiveness of expenditure commitment controls is rated 'A' in 25.2. Commitment control applies to all payments.. Actual expenditures incurred is in line with approved allocations and does not exceed committed amounts and projected available cash resources.</p> <p>Integration of payroll and personal records is rated 'B' in 23.1. The payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion is controlled by a list of approved staff positions.</p> <p>Management of payroll changes is rated 'A' in 23.2. Required changes to the personnel records and payroll are updated at least monthly, generally in time for the following month's payments. Retroactive adjustments are rare. If reliable data exists, it shows correction in a maximum of 3% of salary payments.</p>

	Compliance with payroll payment rules and procedures is rated 'A' in 23.3. Authority to change records and payroll is restricted, results in an audit trail, and is adequate to ensure full integrity of data.
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	Segregation of duties is rated 'A' in 25.1. Segregation of duties is highly maintained across ministries and departments for all types of payments and access controls in accordance with MDA's Finance Manual..
3.3 Controls over the access to resources and records	Compliance with payment rules and procedures is rated 'B' in 25.3.. For Ministries and departments, procedure manuals and instructions are in place as per the Finance Manuals and Standard Operating Procedures and are generally followed. Financial data integrity processes are rated 'A' in 27.4. Access to the FMIS is well regulated and an audit trail is available within the systems, supported by supporting forms, the FMIS team has a formal monitoring role to ensure data integrity.
3.4 Verifications	Accuracy of in-year budget reports which is rated 'B' in 28.3. Reconciliations assure the accuracy of reporting, with minor issues. Analysis of budget execution is done half-yearly.
3.5 Reconciliations	Banks account reconciliations are rated 'B' in 27.1. Reconciliation is regular, timely and systematic. Suspense account reconciliations are rated 'A' in 27.2. Suspense accounts are reconciled and cleared by year end.
3.6 Reviews of operating performance	Performance targets are being set in annual plans. There is a detailed and well specified annual audit plan of tax payers. Evidence supplied by the FRCS shows that the annual audit plan is implemented as intended. Similar annual audit plans are produced and reported against for IAAG (Internal Audit and OAG (External Audit). Data on competitive tendering are maintained electronically and contain information on what has been procured, value of contracts awarded and who has been contracted
3.7 Reviews of operations, processes and activities	Business processes, operations, and activities are included within the scope of internal and external audit as well as FRCS operations. There are some performance audits by OAG.
3.8 Supervision (assigning, reviewing, and approving, guidance and training)	The audit trail in place indicates a supervisory focus. Personnel development through mentoring and training is in place.
4. Information and communication	There is good use of the internet throughout government. All procurement is on-line. FRSC uses the print media and internet well and also has strong taxpayer education activities. Public access to fiscal information is good and scores B in PI-9
5. Monitoring	
5.1 Ongoing monitoring	The Assessment highlighted a number of areas related to ongoing monitoring activities: Resources received by service delivery units is rated 'B' in 8.3. Information on resources received by frontline service delivery units is collected and recorded for at least one large ministry. A report compiling the information if prepared at least annually

	<p>Monitoring of public corporations is rated 'C' in 10.1. The majority of public corporations do not publish audited financial statements within 6 months but most do submit reports to Government within 9 months.</p> <p>Monitoring of subnational governments is rated 'D' in 10.2. Subnational government does not report on a timely basis.</p> <p>Contingent liabilities and other fiscal risks is rated 'A' in 10.3. Comprehensive information on contingent liabilities is published.</p> <p>Investment project monitoring is rated 'C' in 11.4. Physical and financial progress of major projects is tracked quarterly but associated reporting is not published.</p> <p>Quality of central government financial asset monitoring is rated 'B' in 12.1. BCG reports on financial asset holding and their performance.</p> <p>Quality of central government non-financial asset monitoring is rated 'C' in 12.2. Asset registers are maintained but not published.</p> <p>Revenue arrears monitoring is rated 'D' in 19.4. The available evidence shows that the stock of arrears is 9.1 per cent of total revenue collected but some 80% of the arrears are older than 12 months.</p> <p>Expenditure arrears monitoring is rated 'D' in 22.2. There is no monitoring of arrears</p> <p>Procurement monitoring is rated 'A' in 24.1. Data on competitive tendering are maintained electronically by FPO, ITC and FRA and contain information on what has been procured, value of contracts awarded and who has been contracted. Data on smaller items of procurement by individual ministries are also maintained.</p> <p>Implementation of internal audits and reporting is rated 'A' in 26.3. IAGGD has an annual audit plan and reports on realization in its progress report. All planned audits in the 2018-19 annual plan have been completed as planned. Reports are distributed to the Permanent Secretary of the audited ministry and the Auditor General.</p>
5.2 Evaluations	<p>Performance evaluation for service delivery is rated 'D' in 8.4. Investment project selection is rated 'C' in 11.2.</p>
5.3 Management responses	<p>Response to internal audits is rated 'NA' in 26.4. Although the IAGGD has been operating for some time it is only in 2018-19 that it moved from transaction and control to process auditing based on risk assessment. While there is good evidence of management responses it is too soon to score as three years is required.</p> <p>External audit follow-up is rated 'C' in 30.3. 28% of recommendations had been partially implemented.</p>

Annex 3 A: Related Surveys and Analytical work

National Development Plan

PFTAC TA Reports on Internal audit

Technical assistance reports of PFTAC PFM and GFS advisors on Chart of Accounts

Constitution of Fiji

Auditor General Annual Reports

Report-of-PAC_OAG-Annual-Report_20142016_2017

Standing Orders of the Parliament of the Republic of Fiji

PUBLIC FINANCIAL MANAGEMENT PERFORMANCE REPORT AND PERFORMANCE
INDICATORS FINAL REPORT FIJI PEFA TEAM November 2013

Annex 3 B: Summary- PEFA Assessment meetings Attendance List

Entry Meeting-September10, 2019

Name	Designation	Unit/Department/Ministry
Makereta Konrote	Permanent Secretary Economy	Ministry of Economy
Ajay Chand	Auditor General	Office of the Auditor General (OAG)
Visvanath Das	Chief Executive Officer	Fiji Revenue & Customs Service (FRCS)
Taitusi Vakadravuyaca	Permanent Secretary Infrastructure & Transport	Ministry of Infrastructure & Transport
Bernadette Welch	Permanent Secretary Health & Medical Services	Ministry of Infrastructure & Transport
Alison Burchell	Permanent Secretary Education, Heritage & Arts	Ministry of Education, Heritage & Arts
Kapil Raj	Acting Director People & Finance, Capability and Culture	Fiji Revenue & Customs Service (FRCS)
Shiri Gounder	Head of Fiscal Policy & Research	Ministry of Economy
Raveena Kumar	Senior Manager Treasury	Ministry of Economy
Anthony Higgins	DFAT	DFAT
Peter	DFAT	DFAT
Mathew Fehre	DFAT	DFAT
Kris Kauffmann	PFTAC	PFTAC
John Short	PFTAC	PFTAC
Richard Neves	PFTAC	PFTAC
Sanjay Chand	Manager Payroll	Ministry of Economy
Kelera Ravono	Manager-Budget & Panning Division	Ministry of Economy
Kiman Mala	Manager-Budget & Panning Division	Ministry of Economy
Ashika Chand	Manager-Asset & Management	Ministry of Economy
Kavita Ram	Principal Economic Planning Officer- Fiscal Policy & Research	Ministry of Economy
Apenisa Korodrau	Manager-Financial Management & Information System	Ministry of Economy
Mohammed Rahat	Principal Account Officer- Financial Management & Information System	Ministry of Economy
Atin Chand	Manager- Financial Operations	Ministry of Economy
Simon Singh	Manager- Financial Reporting	Ministry of Economy
Ravikash Chand	Manager-Debt & Cash flow	Ministry of Economy
Salaseini Raiwalui	Manager-Financial Policy	Ministry of Economy
Makita Tagicakibau	SAO-Financial Policy	Ministry of Economy
Vamarasi Kotobalavu	SAO-Financial Policy	Ministry of Economy
Joana Marama	AAO-Financial Policy	Ministry of Economy

PEFA Meetings from Tuesday, September 10 – Tuesday, September 17, 2019

Name	Designation	Unit/Department/Ministry
Isoa Talemaibua	Head of Budget & Planning	Budget & Planning Division , Ministry of Economy
Kimam Mala	Manager General Administration	Budget & Planning Division, Ministry of Economy
Kelera Ravono	Manager-Social Services	Budget & Planning Division, Ministry of Economy
Poonam Singh	Senior Budget Analyst	Budget & Planning Division, Ministry of Economy
Laurie Singh	Budget Analyst- Social Service	Budget & Planning Division, Ministry of Economy
Mere Cakaunitabua	Senior Budget Analyst	Budget & Planning Division, Ministry of Economy
Shiri Gounder	Head of Fiscal Policy and Research	Fiscal Policy Research & Analysis Division, Ministry of Economy
Tui Sikivou	Principal Economic Planning Officer	Fiscal Policy Research & Analysis Division, Ministry of Economy
Sonal Sharma	Senior Economic Planning Officer	Fiscal Policy Research & Analysis Division, Ministry of Economy
Mohammed Jabid	Manager –Fiscal Policy and Research	Fiscal Policy Research & Analysis Division, Ministry of Economy
Kavita Ram	Principal Economic Planning Officer-Fiscal Policy Research	Fiscal Policy Research & Analysis Division, Ministry of Economy
Raveena Kumar	Senior Manager-Treasury	Treasury, Ministry of Economy
Atin Chand	Manager-Financial Operations	Financial Operations- Treasury, Ministry of Economy
Shavnil Kumar	Senior Account Officer	Financial Operations- Treasury, Ministry of Economy
Amit Kishore	Senior Account Officer	Financial Operations- Treasury, Ministry of Economy
Vinay Krishna	Senior Account Officer	Financial Operations- Treasury, Ministry of Economy
Simon Singh	Manager-Financial Reporting	Financial Reporting Unit-Treasury, Ministry of Economy
Apenisa Korodrau	Manager-Financial Management Information System	Financial Management and Information System - Treasury, Ministry of Economy
Mohammed Rahat	Principal Account Officer	Financial Management and Information System - Treasury, Ministry of Economy
Lorima Bulamainaivalu	Account Officer-Financial Management Information System	Financial Management and Information System - Treasury, Ministry of Economy
Melania Radrodro	Accountant-Financial Management Information System	Financial Management and Information System - Treasury, Ministry of Economy
Diana Radrodro	Accountant-Financial Management Information System	Financial Management and Information System - Treasury, Ministry of Economy
Laisa Bolalevu	Director –Monitoring	Department of Public Enterprise, Ministry of Economy
Nitika Nandani	Financial Analyst	Department of Public Enterprise, Ministry of Economy
Arti	Senior Financial Analyst	Department of Public Enterprise, Ministry of Economy

Ravikash Chand	Manager –Debt & Cash flow	Debt Unit-Treasury, Ministry of Economy
Sisilia Nailade	Principal Account Officer-Debt	Debt Unit- Treasury, Ministry of Economy
Ashika Chand	Manager- Asset	Asset Management Unit-Treasury, Ministry of Economy
Asenaca Mae	Senior Account Officer	Asset Management Unit - Treasury, Ministry of Economy
Roneel Sharma	Account Officer	Asset Management Unit-Treasury, Ministry of Economy
Sereseini Sute	Manager Office Service	Corporate Division, Ministry of Economy
Ema Butukiviti	Senior Administrative Officer	Office Service-Corporate Division, Ministry of Economy
Sanjay Chand	Manager- Payroll	Payroll-Treasury, Ministry of Economy
Ronita Singh	Principal Account Officer	Payroll-Treasury, Ministry of Economy
Ana Raketekete	Clerical Officer	Payroll-Treasury, Ministry of Economy
Salvin Dutt	Account Officer	Payroll-Treasury, Ministry of Economy
Emosi Dovibua	Head of Internal Audit	Internal Audit & Good Governance, Ministry of Economy
Tomasi Raqina	Principal Account Officer	Internal Audit & Good Governance , Ministry of Economy
Saimoni Veramu	Head of Procurement	Fiji Procurement Office, Ministry of Economy
Anish Bahadur	Senior Procurement Analyst	Fiji Procurement Office, Ministry of Economy
Waisea Uluivanuavatu	Senior Procurement Officer	Fiji Procurement Office, Ministry of Economy
Shah I Mohammed	Head of Construction Implementation Unit	Construction Implementation Unit, Ministry of Economy
Seru Tagicakibau	Assistant Manager- Construction Implémentation Unit	Construction Implementation Unit, Ministry of Economy
Setoki Silivale	Assistant Manager- Construction Implémentation Unit	Construction Implementation Unit, Ministry of Economy
Kemueli Naiqama	Deputy Government Statistician	Fiji Bureau of Statistic, Ministry of Economy
Amrita Josu	Senior Account Officer	Fiji Bureau of Statistic, Ministry of Economy
Salaseini Raiwalui	Manager- Financial Policy	Financial Policy –Treasury, Ministry of Economy
Makita Tagicakibau	Senior Account Officer	Financial Policy –Treasury, Ministry of Economy
Vamarasi Kotobalavu	Senior Account Officer	Financial Policy –Treasury, Ministry of Economy
Joana Marama	Assistant Account Officer	Financial Policy –Treasury , Ministry of Economy
Nisar Ahmed Ali	Manager ITC	Information Technology and Computing (ITC) Service
Ponijese Bainimoli	Manager Procurement	Information Technology and Computing (ITC) Service
Edvin John	Procurement Officer	Ministry of Education
Shayal Sharma	Manager Grants	Ministry of Education
Risha R Chand	Manager Procurement	Ministry of Education
Donish Lal	Director Finance	Ministry of Education

Rajneel Krishan	SAO-FPBS	Ministry of Health
Iosefo Kaumaitotoya	Executive Officer	Ministry of Health
Asinate Caucau	Clerical Officer-Accounts(HQ)	Ministry of Health
Suman L Kumar	SAO-HQ	Ministry of Health
Rajnesh Saneni	PAO-HQ	Ministry of Health
Maraia Sovanivalu	AO-Central Division	Ministry of Health
Julia Tubanavau	Clerical Officer-Vunidawa Hospital	Ministry of Health
Ruci Nadavolana	EO-Central Division	Ministry of Health
Akanisi Delana	CO-Central Division	Ministry of Health
Tevita Dakua	AAO-Eastern Division	Ministry of Health
Sanjnish Singh	A/PAO	Ministry of Health
Vinai Vatuvatu	A/Director	Government Shipping Service, Ministry of Infrastructure and Transport
Kacaraini Mucunabitu	Transport Policy Analyst	Transport Planning, Ministry of Infrastructure and Transport
Jotish Radhika Prakash	SAO	Ministry of Infrastructure and Transport
Deepak Chand	AO	Energy, Ministry of Infrastructure and Transport
Kavneel Prasad	PAO	Ministry of Infrastructure and Transport
Saiyad Rahim	SAO	Divisional Engineer Work C/E, Ministry of Infrastructure and Transport
Nistar Khan	ADWS	Department of Water & Sewerage, Ministry of Infrastructure and Transport
Dinesh Prakash	Director Corporate Service	Corporate Services, Ministry of Infrastructure and Transport
Inia Ravula	STA	DEWCE, Ministry of Infrastructure and Transport
Sereani Salabula	A/SAO	Ministry of Infrastructure and Transport
Samuela Tamanivalu	A/Lighthouse Mechanic	Government Shipping Service, Ministry of Infrastructure and Transport
Josaya Kataiwai	L/Hand	Government Shipping Service, Ministry of Infrastructure and Transport
Tavua Ravu	A DEWCE	Works, Ministry of Infrastructure and Transport
Rupeni Fatiaki	Director Social Welfare	Department of Social Welfare , Ministry of Women, Children & Poverty Alleviation
Margaret Vuiyasawa	Program Manager	DFAT, Ministry of Women, Children & Poverty Alleviation
Atish R Prasad	Acting Senior Accountant	Department of Social Welfare, Ministry of Women, Children & Poverty Alleviation
Emosi Zinck	Acting Principal Administrative Officer	Department of Social Welfare, Ministry of Women, Children & Poverty Alleviation
Venina Duvuduvukula	Acting Principal Accountant	Department of Social Welfare, Ministry of Women, Children & Poverty Alleviation
Ajay Nand	Auditor General	Office of the Auditor General (OAG)
Sairusi Dukuna	Deputy Auditor General	Office of the Auditor General(OAG)
Mohammed Firoz	Audit Manager	Office of the Auditor General(OAG)
Moshin Ali	Director	Office of the Auditor General(OAG)

Kuruwara Tunisalevu	Director	Office of the Auditor General(OAG)
Fane Vave	Director International and Stakeholder Engagement	Fiji Revenue and Customs Service (FRCS)
Kapil K Raj	Acting Director People & Finance, Capability and Culture	Fiji Revenue and Customs Service (FRCS)
Alivereti Wakanivesi	Chief Investigator	Fiji Independent Commission Against Corruption (FICAC)
Honorable Vijendra Prakash	Member of Parliament	Public Accounts Committee (PAC)
Honorable Joseph Nand	Member of Parliament	Public Accounts Committee(PAC)
Honorable Ratu Naiqama Lalabalavu	Member of Parliament	Public Accounts Committee(PAC)
Honorable Aseri Radrodro	Member of Parliament	Public Accounts Committee(PAC)
Savenaca Koro	Senior Committee Clerk	Parliament of Fiji
Mateo Lagimiri	Deputy Committee Clerk	Parliament of Fiji
Shobna Rani	Senior Research Officer	Parliament of Fiji
Sunil Sharma	Director	Fiji Chamber of Commerce
Ana Tuiketeti	Director	Fiji Chamber of Commerce
Aradnna Chand	Tender Secretary- Procurement	Fiji Roads Authority (FRA)
Sonal Gounder	Acting Chief Finance Officer – Finance	Fiji Roads Authority(FRA)
Michael Dale	Head of Design and Procurement	Fiji Roads Authority (FRA)

Annex 3C: Sources of information by indicator

Indicator/dimension	Data
I. Budget reliability	
<p>PI-1. Aggregate expenditure outturn 1.1 Aggregate expenditure outturn</p> <p>PI-2. Expenditure composition outturn 2.1 Expenditure composition outturn by function 2.2 Expenditure composition outturn by economic type 2.3 Expenditure from contingency reserves</p> <p>PI-3. Revenue outturn 3.1 Aggregate revenue outturn 3.2 Revenue composition outturn</p>	Data supplied by Ministry of Economy Source
II. Transparency of public finances	
<p>PI-4. Budget classification 4.1 Budget classification</p>	Chart of Accounts CoA to GFS 2014 mapping table 2018-19 Budget Estimates 2016-17 Financial Statements PFTAC TA
<p>PI-5. Budget documentation 5.1 Budget documentation</p>	Economic and Fiscal Update Supplement To The 2019-2020 Budget Address https://www.fiji.gov.fj/getattachment/671e886e-3fe4-401c-bb91-708ab020de31 Budget Estimates 2019-2020 http://www.parliament.gov.fj/wp-content/uploads/2019/06/2019-2020-estimates
<p>PI-6. Central government operations outside financial reports 6.1 Expenditure outside financial reports 6.2 Revenue outside financial reports 6.3 Financial reports of extra-budgetary units</p>	Annual financial reports of statutory bodies Annual financial reports of Public Corporations Annual Report of Fiji National Provident Fund Audit Report of 2016-17 Financial Statements of Government Audit Report of 2016 and 2017 financial statements of Statutory Bodies (2018) GFS mapping tables showing sector classification of
<p>PI-7. Transfers to subnational governments 7.1 System for allocating transfers 7.2 Timeliness of information on transfers</p>	Budget Estimates 2017-18, 2018-19 and 2019-20 2016-17 Financial Statements OAG Audit on Municipal Councils 2014-17 http://www.oag.gov.fj/wp-content/uploads/2019/09/PP- No-128-of-2019.pdf Meeting CEO Suva City Council
<p>PI-8. Performance information for service delivery 8.1 Performance plans for service delivery 8.2 Performance achieved for service delivery</p>	2019-2020 Budget Toolkit Financial Management Act 2004 Treasury Instructions Ministry of Infrastructure and Transport:

Indicator/dimension	Data
8.3 Resources received by service delivery units 8.4 Performance evaluation for service delivery	Annual Corporate Plan (2017 draft) http://www.moit.gov.fj/public-notices/annual-corporate-plan Strategic Development Plan 2019-22 Strategic Development Plan 2015-17 http://www.moit.gov.fj/public-notices/strategic-development Ministry of Economy Strategic Development Plan 2019-2021 Ministry of Agriculture annual corporate plan 2015 http://www.agriculture.gov.fj/images/docs/publications/2015-annual-corporate-plan.pdf www.parliament.gov.fj/annual-reports-otherreports/ http://www.education.gov.fj/wp-content/uploads/Publications/MEHA-Annual-Report-
PI- 9 Public access to fiscal information	Ministry of Economy website; Parliament website, and www.laws.gov.fj
9.1 Public access to fiscal information	
III. Management of assets and liabilities	
PI- 10 Fiscal risk reporting	2016-17 Audit Report of State Owned Enterprises and Commercial Statutory Authorities 2016-17 Audit Report of Statutory Authorities Audit on Municipal Councils 2016-17 Financial Statements of Government Published Annual Reports of various SoEs and statutory bodies 2019-20 Budget Supplement
10.1 Monitoring of public corporations	
10.2 Monitoring of sub-national government (SNG)	
10.3 Contingent liabilities and other fiscal risks	
PI- 11: Public investment management	2018-19 Budget Estimates Budget Submission Template Budget submissions: PSIP Forms ADB urban water supply project document: https://www.adb.org/sites/default/files/linked-documents/49001-002-ea.pdf ADB Rural Electrification Program project document: https://www.adb.org/sites/default/files/project-document/69376/35487-fij-tacr.pdf World Bank - Transport Infrastructure Investment Project Appraisal Document:
11.1 Economic analysis of investment proposals	
11.2 Investment project selection	
11.3 Investment project costing	
11.4 Investment project monitoring	
PI-12: Public asset management	2019-20 Budget Estimates 2016-17 Financial Statements 2017-18 Annual Report of Fiji National Provident Fund Website of Fiji National Provident Fund
12.1 Financial asset monitoring	
12.2 Nonfinancial asset monitoring	
12.3 Transparency of asset disposal.	
PI-13: Debt management	Ministry of Economy Quarterly Debt Bulletin – Qtr 3 2018/19
13.1 Recording and reporting of debt and guarantees	

Indicator/dimension	Data
13.2 Approval of debt and guarantees 13.3 Debt management strategy	<p>http://www.economy.gov.fj/images/Treasury/uploads/Government Debt/Quarter-3---2018-2019.pdf Ministry of Economy Mid year Quarterly Debt Bulletin – Qtr 2 2018/19</p> <p>http://www.economy.gov.fj/images/Treasury/uploads/Government Debt/Government-Debt-Bulletin---Second-Quarter-2019-final.pdf Fiji Borrowing prospectus</p> <p>https://www.rbf.gov.fj/Left-Menu/Financial-Market- Operations/Domestic-Markets/Viti-Bonds</p> <p>MoE Government Guarantee Policy March 2019 (Unpublished). Monthly debt reconciliations worksheets between FMIS and CS-DRMS for 2018/19 End of month CS-DRMS reports</p>
IV. Policy-based fiscal strategy and budgeting	
PI-14: Macroeconomic and fiscal forecasting 14.1 Macroeconomic forecasts 14.2 Fiscal forecasts 14.3 Macro-fiscal sensitivity analysis	Budget Estimates 2019-2020, 2018-19, 2017-18 Economic and Fiscal Update Supplement 2019-20, 2018-19, 2017-18 Fiscal scenarios (unpublished for MOE use only)
PI-15 Fiscal strategy 15.1 Fiscal impact of policy proposals 15.2 Fiscal strategy adoption 15.3 Reporting on fiscal outcomes	Budget Estimates 2019-2020, 2018-19, 2017-18 Economic and Fiscal Update Supplement 2019-20, 2018-19, 2017-18
PI-16 Medium-term perspective in expenditure budgeting 16.1 Medium-term expenditure estimates 16.2 Medium-term expenditure ceilings 16.3 Alignment of strategic plans and medium-term budgets 16.4 Consistency of budgets with previous year's estimates	National Development Plan https://www.fiji.gov.fj/getattachment/15b0ba03-825e-47f7- bf69-094ad33004dd/5-Year-20-Year-NATIONAL-DEVELOPMENT-PLAN.aspx Ministry of Industry, Trade and Tourism 2018-2023 (Five year budget costing) https://mitt.gov.fj/wp-content/uploads/2018/10/Strategic- Plan-2018-2023-min-1.pdf Ministry of Health and Medical Services 2016-2020 (no costing) http://www.health.gov.fj/PDFs/Corporate%20Plan/Strategic %20Plan%202016-2020%20Executive%20Version.pdf Ministry of Infrastructure, Transport, Disaster Management and Meteorological Services http://www.moit.gov.fj/images/FINAL_SDP signed.p df Education Sector Strategic Development Plan 2015-2018 (no costing) http://www.education.gov.fj/wp-content/uploads/2019/01/2015-2018 ESSDP.pdf Ministry of Youth and Sports Strategic Plan 2018-2022

Indicator/dimension	Data
	Ministry of Agriculture Fiji 2020 Agriculture Sector Policy Agenda. (no costing) http://www.agriculture.gov.fj/images/docs/publications/fiji-2020-agriculture-sector-policy-agenda.pdf
PI-17: Budget preparation process 17.1 Budget calendar 17.2 Guidance on budget preparation 17.3 Budget submission to the legislature	Budget Estimates 2019-2020, 2018-19, 2017-18 Economic and Fiscal Update Supplement 2019-20, 2018-19, 2017-18 Budget Circular
PI-18: Legislative scrutiny of budgets 18.1 Scope of budget scrutiny 18.2 Legislative procedures for budget scrutiny 18.3 Timing of budget approval 18.4 Rules for budget adjustments by the executive	Budget Estimates Budget Supplement Budget Tool Kit Public Accounts Committee and staff Hansard Report of Committee of
V. Predictability and control in budget execution	
PI-19 Revenue administration 19.1 Rights and obligations for revenue measures 19.2 Revenue risk management 19.3 Revenue audit and investigation 19.4 Revenue arrears monitoring	Fiji Revenue and Customs Services website https://www.fracs.org.fj/our-services Objection review process ppt Fiji National Provident Fund website https://myfnpf.com.fj/ CIS 2019-2021 Final Copy - 26 Jul 2019 Audit Plan 2018-2019.docx DMS Arrears Report and Analysis July 2019.
PI-20 Accounting for Revenues 20.1 Information on revenue collections 20.2 Transfer of revenue collections 20.3 Revenue accounts reconciliation	Revenue Report Aug 19 Final & Revenue Report July 2019 Final IDC JUL 19
PI-21 Predictability of in-year resource allocation 21.1 Consolidation of cash balances 21.2 Cash forecasting and monitoring 21.3 Information on commitment ceilings 21.4 Significance of in-year budget adjustments	Daily Cash Movement Balances for months of July and August 2019 Annual Cash flow forecast for 2019-2020 Monthly Cashflow forecast August 2019 Constitution Finance Manual Chapter 7 FMIS schedule of Trust balances Treasury Instructions Meetings with Ministry of Infrastructure and Transport, Ministry of Education, Ministry of Health Ministry of Economy website Parliament website http://www.parliament.gov.fj/w p-
PI-22 Expenditure arrears 22.1 Stock of expenditure arrears 22.2 Expenditure arrears monitoring	Sample of Payment Vouchers Discussions with Ministries Chamber of Commerce

Indicator/dimension	Data
<p>PI-23 Payroll controls</p> <p>23.1 Integration of payroll and personnel records. 23.2 Management of payroll changes. 23.3 Internal control of payroll. 23.4 Payroll audit.</p>	<p>Finance Manual chapter 4 Payroll Manual Reconciliations Reversals schedule and actual reversals (FY2018-19) Manual payments (FY 2018-19) Employment records, including Offer of Employment letters, Contracts of Service details, Approval of manual payments (including details on date updated in system), Personnel information forms, Oath of office, Orientation forms, Qualifications documentation, Birth, death, marriage certificates, Notice of registration of new employee (FNPF #), Tax identification documentation (TIN) IFMIS form to access payroll records with required approvals, declaration of confidentiality, approvals by Treasury and Salary sections Employee allowances and deductions with supporting details attached Email verifications of confirmation of pay run Evidence Edit documentation for payroll changes Draft Internal Audit Report IA 09 2-19-2019 Qrt 2 Ministry of Economy Whole of Government – Payroll System Internal Audit team 4 Draft Internal Audit Report IA 26 2018-2019 Qrt 4 Ministry of Economy Leave Section Process Internal Audit team 4 Draft Internal Audit Report IA 07 2-18-2019 Qrt 2 Ministry of Infrastructure and transport</p>
<p>PI-24 Procurement</p> <p>24.1 Procurement monitoring. 24.2 Procurement methods. 24.3 Public access to procurement information. 24.4 Procurement complaints management.</p>	<p>Procurement data on competitive tenders Fiji procurement regulations Procurement (Amendment) Regulations 2012 The Government Tender Board</p>
<p>PI-25 Internal controls on non-salary expenditure</p> <p>25.1 Segregation of duties. 25.2 Effectiveness of expenditure commitment controls. 25.3 Compliance with payment rules and procedures.</p>	<p>Payment Vouchers Finance Circular on FMIS password and procedures Finance Manual</p>
<p>PI-26 Internal audit</p> <p>26.1 Coverage of internal audit. 26.2 Nature of audits and standards applied 26.3 Implementation of internal audits and reporting. 26.4 Response to internal audits.</p>	<p>IAGGD Internal audit Report 2018-19 PFTAC TA Reports on Internal audit IAGGD Audit Plans 2018-19 and 2019-20 IAGG Progress Report - July 2019 Final Annual Work Unit Results 2018-19 Govt risk matrix for IAGG Risk Base Audit Planning Manual Follow up reports on</p>
<p>PI-27 Financial data integrity</p> <p>27.1 Bank account reconciliation.</p>	<p>2016-17 Annual Financial Statements Bank reconciliation reports</p>

Indicator/dimension	Data
27.2 Suspense accounts. 27.3 Advance accounts. 27.4 Financial data integrity processes	OAG Audit reports 2016-17 Chart of Accounts FMIS records showing account balances Advance registers for sampled ministries
PI-28 In-year budget reports 28.1 Coverage and comparability of reports. 28.2 Timing of in-year budget reports. 28.3 Accuracy of in-year budget reports	State of Nation monthly reports Quarterly reports Budget Estimates document
PI-29 Annual financial reports 29.1 Completeness of annual financial reports. 29.2 Submission of the reports for external audit 29.3 Accounting standards.	2017-18 Annual Financial Statements Audit report of 2017-18 Annual Financial Statements
VI. External scrutiny and audit	
PI-30 External audit 30.1 Audit coverage and standards. 30.2 Submission of audit reports to the 30.3 External audit follow up. 30.4 Supreme Audit Institution independence.	Constitution of Fiji and Audit Act Auditor General Annual Reports report-of-the-auditor-general-2016-2017-financial-statements-of-government-2016-2017-agency-financial-statement-of-ministry-of-economy-consolidated-volume-1_0207 consolidated-volume-1_0207 consolidated-volume-1_0207 Supplementary report to the audit report on the whole of government financial statements and annual appropriation statement of the Republic of Fiji for the year ended 31 July 2016 audit report on whole of government financial statements and annual appropriation statement 2014 2017-OAG-Sectors-Follow-up-Audit-Report-Final-Version 05-PAC-Report-on-the-2016-Audit-Report-Final-110519 Verbatim-Notes_2015-Whole-of-Government Verbatim Reports Vol 1 to 4 Report-of-PAC_OAG-Annual-Report_20142016_2017 Standing Orders of the Parliament of the Republic
PI-31 Legislative scrutiny of audit reports 31.1 Timing of audit report scrutiny 31.2 Hearings on audit findings. 31.3 Recommendations on audit by the 31.4 Transparency of legislative scrutiny of audit of Fiji reports.	Verbatim-Notes_2015-Whole-of-Government Verbatim Reports Vol 1 to 4 Report-of-PAC_OAG-Annual-Report_20142016_2017 Standing Orders of the Parliament of the Republic

Annex 4 Data

Table 1 - Fiscal years for assessment

Year 1 =	2016-17
Year 2 =	2017-18
Year 3 =	2018-19

Table 2 (FJD) 2016-17

Data for year = 2016-17						
administrative or functional head	Budget	actual	adjusted budget	deviation	absolute deviation	percent
Education	448,528,549	434,744,541	372,556,609	62,187,932	62,187,932	16.7%
Miscellaneous	411,233,028	375,034,372	341,578,218	33,456,154	33,456,154	9.8%
Water Authority	308,632,635	280,908,095	256,356,320	24,551,775	24,551,775	9.6%
Fiji Roads	527,151,777	273,327,634	437,862,605	-164,534,971	164,534,971	37.6%
Health	244,015,265	218,123,556	202,683,865	15,439,692	15,439,692	7.6%
Police	131,745,794	120,451,024	109,430,640	11,020,384	11,020,384	10.1%
Infrastructure & Transport	120,463,754	92,445,188	100,059,557	-7,614,369	7,614,369	7.6%
Military Forces	96,404,834	91,058,298	80,075,746	10,982,552	10,982,552	13.7%
Ministry of Economy	94,416,594	84,069,597	78,424,275	5,645,322	5,645,322	7.2%
Higher Education	93,356,306	80,091,713	77,543,579	2,548,134	2,548,134	3.3%
Peacekeeping Missions	78,972,375	75,266,026	65,596,004	9,670,022	9,670,022	14.7%
Industry, Trade & Tourism	77,003,760	71,572,115	63,960,833	7,611,282	7,611,282	11.9%
Women, Children and Poverty Alleviation	56,018,956	62,370,234	46,530,444	15,839,791	15,839,791	34.0%
Agriculture	74,432,791	56,141,297	61,825,336	-5,684,039	5,684,039	9.2%
Civil Service	45,451,168	43,383,400	37,752,632	5,630,769	5,630,769	14.9%
Foreign Affairs	43,087,302	40,406,244	35,789,158	4,617,086	4,617,086	12.9%
Justice & Corrections Service	47,603,724	38,705,056	39,540,587	-835,530	835,530	2.1%
Pensions,	42,409,700	34,880,413	35,226,329	-345,915	345,915	1.0%
Judiciary	40,221,781	29,362,285	33,409,000	-4,046,715	4,046,715	12.1%
Sugar Industry	27,510,345	27,290,454	22,850,632	4,439,822	4,439,822	19.4%
Sum of Rest	333,257,482	246,231,023	276,810,200	-30,579,177	30,579,177	11.0%
allocated expenditure	3,341,917,919	2,775,862,566	2,775,862,566	0	427,281,432	
Interests	295,438,797	276,746,089				
Contingency	6,000,000	6,665,937				
total expenditure	<u>3,643,356,716</u>	<u>3,059,274,593</u>				
aggregate outturn (PI-1)						84.0%
composition (PI-2) variance						15.4%
contingency share of budget						0.2%

Table 3 (FJD) 2017-18

administrative or functional head	Budget	actual	adjusted budget	deviation	absolute deviation	percent	
Miscellaneous	623,116,801	531,151,235	530,806,913.1	344,321.9	344,321.9	0.1%	
Roads Authority	527,548,636	382,714,768	449,396,425.4	-66,681,657.2	66,681,657.2	14.8%	
Education	490,115,675	460,081,244	417,508,864.9	42,572,379.1	42,572,379.1	10.2%	
Health	321,245,594	253,932,368	273,655,568.0	-19,723,200.2	19,723,200.2	7.2%	
Water Authority	306,942,653	255,803,568	261,471,496.0	-5,667,927.6	5,667,927.6	2.2%	
Police	148,798,968	143,085,756	126,755,562.9	16,330,192.7	16,330,192.7	12.9%	
Infrastructure & Transport	134,177,887	115,633,476	114,300,480.9	1,332,995.4	1,332,995.4	1.2%	
Ministry of Economy	117,275,376	92,961,771	99,901,944.9	-6,940,174.1	6,940,174.1	6.9%	
Women, Children and Poverty Alleviation	113,354,139	106,879,217	96,561,608.5	10,317,608.5	10,317,608.5	10.7%	
Industry, Trade and Tourism	108,382,773	99,174,827	92,326,711.6	6,848,115.9	6,848,115.9	7.4%	
Higher Education	106,499,610	99,961,415	90,722,524.5	9,238,890.8	9,238,890.8	10.2%	
Independent Bodies	98,447,599	81,012,169	83,863,356.0	-2,851,187.4	2,851,187.4	3.4%	
Military Forces	96,688,507	92,049,469	82,364,859.9	9,684,608.7	9,684,608.7	11.8%	
Agriculture	86,339,030	87,501,626	73,548,576.9	13,953,049.4	13,953,049.4	19.0%	
Peacekeeping Missions	79,207,702	75,824,535	67,473,699.5	8,350,835.6	8,350,835.6	12.4%	
Civil Service	69,032,666	50,868,904	58,806,015.6	-7,937,111.8	7,937,111.8	13.5%	
Sugar Industry	60,021,026	80,678,086	51,129,379.7	29,548,705.8	29,548,705.8	57.8%	
Communications.	55,363,660	40,597,147	47,161,966.4	-6,564,819.1	6,564,819.1	13.9%	
Justice & Corrections Service	46,721,939	37,453,698	39,800,448.9	-2,346,751.3	2,346,751.3	5.9%	
Pensions	46,221,100	36,956,687	39,373,805.0	-2,417,117.6	2,417,117.6	6.1%	
	Sum of Rest	407,259,206	319,535,177	346,926,934.7	-27,391,757.5	27,391,757.5	7.9%
allocated expenditure	4,042,760,547	3,443,857,144	3,443,857,143.5	0.0	297,043,407.8		
interests	308,070,269	291,503,011					
contingency	6,000,000	5,746,906					
total expenditure	<u>4,356,830,816</u>	<u>3,741,107,062</u>					
aggregate outturn (PI-1)						85.9%	
composition (PI-2) variance						8.6%	
contingency share of budget						0.1%	

Table 4 (FJD) 2018-19

administrative or functional head	Budget	actual	adjusted budget	deviation	absolute deviation	percent
Roads Authority	563,056,946.00	426,213,168.11	426,896,799.6	-683,631.5	683,631.5	0.2%
Miscellaneous	562,864,017.00	305,246,437.62		-		
Education	535,365,713.00	521,539,044.75	426,750,525.3	121,504,087.7	121,504,087.7	28.5%
Water Authority	349,264,200.00	227,041,735.73	405,901,945.0	115,637,099.8	115,637,099.8	28.5%
Health	334,960,248.00	273,790,364.68	264,804,066.9	-37,762,331.2	37,762,331.2	14.3%
Police	193,509,871.00	150,335,236.07	253,959,140.2	19,831,224.5	19,831,224.5	7.8%
Infrastructure and Transport	165,226,900.00	117,570,199.46	146,714,724.4	3,620,511.7	3,620,511.7	2.5%
Women, Children and Poverty Alleviation	132,997,238.00	140,583,080.64	125,271,227.6	-7,701,028.1	7,701,028.1	6.1%
Higher Education	123,789,107.00	85,206,302.52	100,835,440.7	39,747,640.0	39,747,640.0	39.4%
Ministry of Economy	120,447,250.00	73,755,029.22	93,854,048.0	-8,647,745.4	8,647,745.4	9.2%
Independent Bodies	115,026,640.00	99,874,362.17	91,320,329.0	-17,565,299.8	17,565,299.8	19.2%
Military Forces	103,252,091.00	98,202,536.09	87,210,547.4	12,663,814.8	12,663,814.8	14.5%
Industry, Trade and Tourism	99,258,732.10	75,302,753.19	78,283,355.7	19,919,180.4	19,919,180.4	25.4%
Agriculture	96,837,100.00	62,891,339.94	75,255,683.1	47,070.1	47,070.1	0.1%
Peacekeeping Missions	80,695,931.00	66,208,752.93	73,419,657.4	-10,528,317.5	10,528,317.5	14.3%
Waterways and Environment	69,955,686.00	23,829,714.24	61,181,795.1	5,026,957.9	5,026,957.9	8.2%
Communications	64,951,202.00	44,647,476.27	53,038,788.9	-29,209,074.6	29,209,074.61	55.1%
Sugar Industry	62,331,879.00	60,987,068.56	49,244,504.4	-4,597,028.2	4,597,028.151	9.3%
Civil Service	51,994,353.00	58,277,492.87	47,258,594.1	13,728,474.5	13,728,474.47	29.0%
Justice & Corrections Service	49,265,000.00	40,516,784.05	39,420,920.1	18,856,572.7	18,856,572.74	47.8%
Sum of Rest	428,079,276	310,514,642.3	37,351,587.6	3,165,196.5	3,165,196.5	8.5%
			324,559,841.1	-14,045,198.8	14,045,198.8	4.3%
allocated expenditure	4,303,129,380	3,262,533,521.4	3,262,533,521.4	0.0	504,487,485.5	
interests	341,416,599	326,735,387.75				
contingency	6,000,000	8,557,868.62				
total expenditure	4,650,545,979	3,597,826,778				
aggregate outturn (PI-1)						77.4%
composition (PI-2) variance						15.5%
contingency share of budget						0.2%

Table 5 - Results Matrix

year	for PI-1.1 total exp. Outturn	for PI-2.1 composition variance	for PI-2.3 contingency share
2016-17	84.0%	15.4%	
2017-18	85.9%	8.6%	0.2%
2018-19	77.4%	15.5%	

Score D D D D+

Table 6 Economic Classification

Data for year = 2016-17						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
ESTABLISHED STAFF	858,177,689	800,546,116	720,835,093	79,711,023	79,711,023	11.1%
GOVERNMENT WAGE EARNERS	45,760,695	53,462,154	38,437,162	15,024,992	15,024,992	39.1%
TRAVEL & COMMUNICATIONS	34,820,423	36,571,471	29,247,769	7,323,702	7,323,702	25.0%
MAINTENANCE & OPERATIONS	75,635,040	69,927,885	63,530,422	6,397,463	6,397,463	10.1%
PURCHASE OF GOODS & SERVICES	149,379,483	140,315,711	125,472,819	14,842,893	14,842,893	11.8%
OPERATING GRANTS & TRANSFERS	522,928,042	518,445,776	439,238,737	79,207,040	79,207,040	18.0%
SPECIAL EXPENDITURE	113,966,050	67,863,214	95,726,945	-27,863,731	27,863,731	29.1%
CAPITAL CONSTRUCTION	169,752,580	83,016,151	142,585,409	-59,569,258	59,569,258	41.8%
CAPITAL PURCHASE	55,255,821	48,526,290	46,412,690	2,113,600	2,113,600	4.6%
CAPITAL GRANTS & TRANSFERS	1,229,056,796	894,059,354	1,032,358,778	-138,299,424	138,299,424	13.4%
PENSIONS, GRAT. & COMPASS. ALL	42,409,700	34,880,413	35,622,460	-742,046	742,046	2.1%
VALUE ADDED TAX INPUT TAX	50,775,600	35,913,968	42,649,483	-6,735,515	6,735,515	15.8%
INTEREST FIN CHRGS PN PUB DEBT	295,438,797	276,746,089	248,156,828	28,589,262	28,589,262	11.5%
Total expenditure	3,643,356,716	3,060,274,593	3,060,274,593	0	466,419,947.7	
composition variance						15.2%

Table 7

Data for year = 2017-18						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
ESTABLISHED STAFF	978,387,768	900,320,078	840,118,321	60,201,757	60,201,757	7.2%
GOVERNMENT WAGE EARNERS	57,279,863	58,828,853	49,184,857	9,643,996	9,643,996	19.6%
TRAVEL & COMMUNICATIONS	36,076,833	38,480,263	30,978,319	7,501,944	7,501,944	24.2%
MAINTENANCE & OPERATIONS	79,611,471	75,434,699	68,360,478	7,074,221	7,074,221	10.3%
PURCHASE OF GOODS & SERVICES	170,708,143	151,359,100	146,583,025	4,776,075	4,776,075	3.3%
OPERATING GRANTS & TRANSFERS	720,636,998	680,568,975	618,793,861	61,775,114	61,775,114	10.0%
SPECIAL EXPENDITURE	118,364,977	88,293,406	101,637,192	-13,343,786	13,343,786	13.1%
CAPITAL CONSTRUCTION	195,588,180	102,877,892	167,946,921	-65,069,029	65,069,029	38.7%
CAPITAL PURCHASE	104,079,505	75,674,702	89,370,597	-13,695,895	13,695,895	15.3%
CAPITAL GRANTS & TRANSFERS	1,479,314,949	1,203,332,689	1,270,252,584	-66,919,895	66,919,895	5.3%
PENSIONS, GRAT. & COMPASS. ALL	46,221,100	36,956,687	39,688,960	-2,732,273	2,732,273	6.9%
VALUE ADDED TAX INPUT TAX	62,490,760	37,476,706	53,659,330	-16,182,625	16,182,625	30.2%
INTEREST FIN CHRGS PN PUB DEBT	308,070,269	291,503,011	264,532,617	26,970,394	26,970,394	10.2%
Total expenditure	4,356,830,816	3,741,107,062	3,741,107,061.7	0.0	355,887,003.1	
composition variance						9.5%

Table 8

Data for year = 2018-19						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
ESTABLISHED STAFF	1,034,439,248	957,169,455	800,278,772	156,890,682	156,890,682	19.6%
GOVERNMENT WAGE EARNERS	58,713,807	59,997,554	45,423,077	14,574,477	14,574,477	32.1%
TRAVEL & COMMUNICATIONS	42,639,659	37,726,623	32,987,548	4,739,075	4,739,075	14.4%
MAINTENANCE & OPERATIONS	84,588,441	77,879,604	65,440,608	12,438,996	12,438,996	19.0%
PURCHASE OF GOODS & SERVICES	193,015,602	161,577,817	149,323,693	12,254,123	12,254,123	8.2%
OPERATING GRANTS & TRANSFERS	793,687,689	685,513,805	614,024,855	71,488,950	71,488,950	11.6%
SPECIAL EXPENDITURE	133,987,470	87,440,458	103,657,444	-16,216,986	16,216,986	15.6%
CAPITAL CONSTRUCTION	248,958,410	107,035,229	192,603,027	-85,567,798	85,567,798	44.4%
CAPITAL PURCHASE	89,528,829	53,720,981	69,262,667	-15,541,687	15,541,687	22.4%
CAPITAL GRANTS & TRANSFERS	1,513,759,495	970,383,363	1,171,097,860	-200,714,497	200,714,497	17.1%
PENSIONS, GRAT. & COMPASS. ALL	46,221,100	34,418,538	35,758,277	-1,339,739	1,339,739	3.7%
VALUE ADDED TAX INPUT TAX	69,589,630	38,227,965	53,836,998	-15,609,033	15,609,033	29.0%
INTEREST FIN CHRGS PN PUB DEBT	341,416,599	326,735,388	264,131,951	62,603,437	62,603,437	23.7%
Total expenditure	4,650,545,979	3,597,826,778	3,597,826,778	0	669,979,481	
composition variance						18.6%

Table 9- Results Matrix

year	composition variance	Score D
2016-17	15.2%	
2017-18	9.5%	
2018-19	18.6%	

Calculation Sheets for Revenue outturn

Table 10 - Fiscal years for assessment

	Year 1 =	2016-17
	Year 2 =	2017-18
	Year 3 =	2018-19

Table 11

Data for year = 2016-17		\$000			
Economic head	budget	actual	adjusted budget	deviation	absolute deviation
Tax revenues	2,677,770.8	2,579,052.4			
Direct Taxes	659,883.8	763,683.2	594,078.7	169,604.6	169,604.6
Value Added Tax	961,628.7	702,407.8	865,732.9	-163,325.1	163,325.1
Customs Taxes	678,499.2	607,295.2	610,837.7	-3,542.6	3,542.6
Service Turnover Tax	70,358.5	133,742.8	63,342.2	70,400.6	70,400.6
Water Resource Tax	51,854.0	62,565.2	46,683.0	15,882.1	15,882.1
Departure Tax	156,661.5	145,091.6	141,038.8	4,052.7	4,052.7
Stamp Duty	81,642.3	81,024.5	73,500.7	7,523.8	7,523.8
Levies	17,242.7	83,242.2	15,523.3	67,718.9	67,718.9
Non Tax Revenue	212,782.4	258,266.2	191,563.2	66,703.0	66,703.0
Grants in aid	34,645.9	18,771.4	31,191.0	-12,419.6	12,419.6
Sales of Government Assets	250,000.0	2,470.8	225,069.4	-222,598.6	222,598.6
Total revenue	3,175,199.2	2,858,560.9	2,410,737.3	0.0	502,050.4
overall variance					
composition variance					

Table 12

Data for year = 2017-18		\$000			
Economic head	budget	actual	adjusted budget	deviation	absolute deviation
Tax revenues	3,097,118.3	2,831,550.2			
Direct Taxes	790,384.0	826,768.2	664,804.3	161,963.9	161,963.9
Value Added Tax	1,006,881.2	788,804.3	846,903.5	-58,099.2	58,099.2
Customs Taxes	743,505.4	668,628.8	625,374.0	43,254.8	43,254.8
Service Turnover Tax	114,793.8	97,871.9	96,554.9	1,317.0	1,317.0
Water Resource Tax	69,898.7	64,289.7	58,792.9	5,496.8	5,496.8
Departure Tax	172,225.7	147,494.9	144,861.7	2,633.2	2,633.2
Stamp Duty	97,815.0	85,266.2	82,273.7	2,992.6	2,992.6
Levies	101,614.5	152,426.1	85,469.5	66,956.5	66,956.5
Non Tax Revenue	352,554.8	362,270.3	296,539.3	65,731.0	65,731.0
Grants in aid	35,630.2	49,114.0	29,969.2	19,144.8	19,144.8
Sales of Government Assets	371,874.5	1,397.9	312,789.4	-311,391.5	311,391.5
Total revenue	3,857,177.80	3,244,332.33	3,244,332.3	0.0	738,981.4
overall variance					
composition variance					

Table 13

	2018-19		\$000			
Data for year =						
Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Tax revenues	3,412,075.3	2,662,037.9				
Direct Taxes	1,011,315.4	754,499.9	716,711.0	37,788.9	37,788.9	5.3%
Value Added Tax	946,592.9	831,502.6	670,842.7	160,659.9	160,659.9	23.9%
Customs Taxes	759,281.7	514,040.1	538,096.8	-24,056.7	24,056.7	4.5%
Service Turnover Tax	130,757.2	89,565.8	92,666.6	-3,100.8	3,100.8	3.3%
Water Resource Tax	79,618.9	73,641.3	56,425.3	17,216.0	17,216.0	30.5%
Departure Tax	196,175.6	147,180.3	139,028.1	8,152.2	8,152.2	5.9%
Stamp Duty	111,417.2	85,170.5	78,960.5	6,210.0	6,210.0	7.9%
Levies	176,916.4	166,437.5	125,379.2	41,058.3	41,058.3	32.7%
Non Tax Revenue	409,240.6	292,794.3	290,025.5	2,768.8	2,768.8	1.0%
Grants in aid	19,620.6	42,261.3	13,905.0	28,356.3	28,356.3	203.9%
Sales of Government Assets	395,400.0	5,163.7	280,216.8	-275,053.1	275,053.1	98.2%
Total revenue	<u>4,236,336.50</u>	<u>3,002,257.18</u>	3,002,257.2	0.0	604,421.0	
overall variance						70.9%
composition variance						20.1%

Table 5 - Results Matrix

year	total revenue deviation	composition variance
2016-17	90.0%	20.8%
2017-18	84.1%	22.8%
2018-19	70.9%	20.1%

Source: MoE

Annex 5 Update on 2017 – 2018 agency financial statements audit

	Agency	Sector	Date Draft Accounts Received by	Date audit report
1	Office of the President	General Administration	19.12.2018	15.03.2019
2	Office of the Prime Minister	General Administration	04.12.2018	08.07.2019
3	Office of the Attorney General	General Administration	30.10.2018	29.03.2019
4	Ministry of Economy	General Administration	01.11.2018	In progress
5	Ministry of iTaukei Affairs	General Administration	21.11.2018	17.05.2019
6	Ministry of Defense and National Security	General Administration	31.10.2018	29.07.2019
7	Ministry of Employment, Productivity and Industrial	General Administration	01.11.2018	18.07.2019
8	Ministry of Foreign Affairs	General Administration	31.10.2018	Audit Completed.
9	Office of the Auditor General	General Administration	12.09.18	19.10.18
	Judiciary	General Administration	29.10.2018	12.07.2019
	Parliament	General Administration	25.09.2018	06.02.2019
	Office of the Director of Public Prosecution	General Administration	25.10.2018	18.03.2019
14	Ministry of Disaster Management and	General Administration	07.03.2019	In progress
15 (1)	Ministry of Justice	General Administration	01.11.2018	24.06.2019
15(2)	Fiji Corrections Service	General Administration	01.11.2018	In progress
16(1 & 3)	Ministry of Communication	General Administration	18.10.2018	20.06.2019
16(4)	Information Technology and	General Administration	26.10.2018	Audit Completed.
17	Ministry of Civil Service	General Administration	12.11.18	02.08.19
18	Ministry of Rural and Maritime Development	General Administration	20.11.18	09.04.19
19	Republic of Fiji Military Forces	General Administration	23.10.18	Audit Completed.
20	Fiji Police Force	General Administration	31.10.18	22.05.19

21	Ministry of Education, Heritage & Arts	Social Services	1st 31.10.2018, 2nd 21.11.2018, 3rd 27.03.2019	In progress
22	Ministry of Health and Medical Services	Social Services	1st 02.11.2018, 2nd 23.01.2019, 3rd 18.02.2019	In progress
23	Department of Housing	Social Services	1st 22.02.2019, 2nd 19.08.2019	In progress
24	Ministry of Women, Children and Poverty Alleviation	Social Services	1st 31.10.2018, 2nd 11.01.2019, 3rd 12.06.2019	In progress
25	Ministry of Youth and Sports	Social Services	04.10.2019	03.06.2019
30	Ministry of Agriculture	Economic Services	12.12.2018	24.05.2019
31	Ministry of Fisheries	Economic Services	1st 29.11.2018, 2nd 25.01.2019	In progress
32	Ministry of Forestry	Economic Services	28.11.2018	In progress
33	Ministry of Lands and Mineral Resources	Economic Services	1st 21.11.2018, 2nd 23.04.2019; 3rd 05.09.2019	In progress
34	Ministry of Industry, Trade and Tourism	Economic Services	30.10.18	20.06.2019
35	Ministry of Sugar	Economic services	18.10.18	22.05.2019
36	Ministry of Public Enterprise	Economic Services	31.10.18	Audit Completed.
37	Ministry of Local Government and Housing	Economic Services	22.02.19	In progress
38	Ministry of Environment	Economic Services	22.02.19	In progress
40	Ministry of Infrastructure and Transport	Infrastructure	26.11.2018	Audit Completed.
41	Ministry of Waterways	Infrastructure	1st 20.02.19 2nd 06.03.2019	13.06.2019
49	Peacekeeping Missions	Infrastructure	1st 31.10.2018, 2nd 16.11.2018	In progress