# THE REPORT OF THE AUDITOR GENERAL

# ON THE GOVERNMENT OF KIRIBATI ANNUAL ACCOUNT

**PART II-** Ministries recurrent Revenues & Expenditures for year ended 31 December 2023

Central Government Division
KIRIBATI AUDIT OFFICE

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## ON THE GOVERNMENT OF KIRIBATI ANNUAL ACCOUNT

**PART II-** Recurrent Revenues and Expenditures for the year ended 31 December 2023

# 1. ACKNOWLEDGEMENT

I would like to extend my sincere gratitude to the Central Government Audit team at the Kiribati Audit Office for their hard work and dedication, which were instrumental in the successful completion of our comprehensive report. Despite the challenges encountered, your commitment to excellence was unwavering.

I would also like to express my deep appreciation to the Senior Responsible Officers and teams across various Government Ministries for their support and cooperation throughout this process. Your dedication has been invaluable in enhancing the quality of our audits.

A heartfelt thank you goes to the Accountant General and his team at the Ministry of Finance—including the Heads of Divisions, accountants and all supporting staff—who assisted our auditors in addressing their numerous requests. Your efforts, whether directly or indirectly, contributed significantly to the successful completion of this detailed report. This accomplishment would not have been possible without your collaborative support.

Kam rabwa.

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Eriati T Manaima
Auditor General
(Kiribati Audit Office)

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# 2. ACRONYMS

| | |
|---|---|
| DSA | Daily Subsistence Allowance |
| ER | Establishment Register |
| FA | Form A |
| FR | Financial Regulations |
| FY | Financial Year |
| GL | General Ledgers |
| ICT | Information Computer Technology |
| JUD | Judiciary |
| KAO | Kiribati Audit Office |
| KEC | Kiribati Embassy of China |
| KHC | Kiribati High Commission (Fiji) |
| KPS | Kiribati Police Service |
| KV20 | Kiribati 20 Years Vision |
| LC | Leadership Commission |
| LPO | Local Purchase Order |
| MCIA | Ministry of Culture and Internal Affairs |
| MEHR | Ministry of Employment and Human Resources |
| MELAD | Ministry of Environment, Lands and Agriculture Development |
| MFAI | Ministry of Foreign Affairs & Immigration |
| MFED | Ministry of Finance Economic Development |
| MFMRD | Ministry of Fisheries Marine and Rural Development |
| MHMS | Ministry of Health & Medical Services |
| MICT | Ministry of Information Communication & Transport |
| MISE | Ministry of Infrastructure and Solar Energy |
| MLPID | Ministry of Line and Phoenix Islands Development |
| MNM | Maneaba ni Maungatabu (House of Parliament) |
| MOE | Ministry of Education |
| MOJ | Ministry of Justice |
| MTCIC | Ministry of Tourism, Commerce, Industry and Cooperative |
| MWYSA | Ministry of Women Youth and Sport |
| NCS | National Conditions of Services |
| OAG | Office of Attorney General |
| OB | Office of 'Te Beretitenti' or President |
| PSC | Public Service Commission |
| PSO | Public Service Office |
| PVs | Payment Vouchers |
| RERF | Revenue Equalization Reserve Fund |
| RV | Revenue Voucher |
| SMM | Senior Management Meeting |

# 3. EXECUTIVE SUMMARY

## 3.1. Scope Of Work

This audit engagement focuses on the control and management of Government's Recurrent Revenue and Expenditure for the financial year ended 31st December 2023 in compliance to the existing and relevant laws and policies, Public Finance (Control and Audit) Ordinance, Appropriation Act or Approved Budget 2023, Procurement Act 2002, Government's Financial Regulations 2011 and National Conditions of Services (NCS).

## 3.2. Key Audit Findings

Listed below are the summaries of common non-compliance key findings across government ministries and divisions:

### 3.2.1. Approved Budget review 2023

- Huge remaining approved budget balance

Across ministries, from small to large, there was a consistent pattern of significant huge savings total to over $3.4 million. This indicates that the approved funds for the year 2023 were not fully utilized by ministries meaning expected activities are not effectively performed. (Refer Table 4.1., page 10)

- Overspent Divisions

Out of 23 ministries, 4 recorded overspending, totaling $1,132,499, with the largest share attributed to Maneaba ni Maungatabu.

- Revenue Overcollection

Government revenues totalled $332 million, higher than the estimated $294 million, resulting in an overcollection of $38 million. This was mainly due to higher fishing license fees and budget support. However, four ministries had revenue shortfalls totalling $4.1 million (see Table 4.1, p. 10).

### 3.2.2. Audit of Ministries Recurrent account 2023

During the audit of ministries recurrent account 2023, the audit revealed common issues in the control of revenues and expenditures as listed below:

- Lack of monthly reconciliation of revenues and expenditures
- Weaknesses in the control of purchased assets
- Invoices are not certified
- Non maintenance and update of asset register
- Purchased assets were not in use (idle)
- Lack of supporting programs for external travels
- Non provision of transfer forms to support transfers within outputs.

# 4. Government Ministries Recurrent Account 2023 (Ministry of Finance and Economic Development, 2023)

| | | EXPENDITURES | | | | REVENUES | | | |
|---|---|---|---|---|---|---|---|---|---|
| Code | Ministry | 2023 Original Budget | 2023 Revised Budget | 2023 Actual | (Over)/Under | 2023 Original Budget | 2023 Revised Budget | 2023 Actual | Over/(Under) |
| 9 | OB | 2,859,282 | 2,856,682 | 2,856,711 | -29 | 0 | 0 | 0 | 0 |
| 10 | PSO | 1,294,106 | 1,294,106 | 1,240,332 | 53,774 | 0 | 0 | 0 | 0 |
| 11 | JUD | 2,812,948 | 2,812,948 | 2,845,631 | -32,683 | 266,300 | 266,300 | 385,568 | 119,268 |
| 12 | KPS | 11,526,495 | 11,526,495 | 10,923,137 | 603,358 | 71,500 | 71,500 | 122,690 | 51,190 |
| 13 | PSC | 379,770 | 379,770 | 392,984 | -13,214 | | | | 0 |
| 14 | MFAI | 3,694,467 | 3,694,467 | 3,479,741 | 214,726 | 30,240 | 30,240 | 109,733 | 79,493 |
| 15 | MCIA | 3,333,696 | 3,333,696 | 3,186,390 | 147,306 | 2,000 | 2,000 | 2,310 | 310 |
| 16 | MELAD | 4,867,117 | 4,867,117 | 4,726,703 | 140,414 | 3,926,955 | 3,926,955 | 425,222 | -3,501,733 |
| 17 | MM | 7,178,298 | 7,178,298 | 8,264,871 | -1,086,573 | 50,600 | 50,600 | 7,155 | -43,445 |
| 18 | MTCIC | 3,130,436 | 3,130,436 | 3,009,187 | 121,249 | 114,137 | 114,137 | 132,007 | 17,870 |
| 19 | KAO | 1,099,042 | 1,101,642 | 1,039,125 | 62,517 | 13,500 | 13,500 | 44,441 | 30,941 |
| 20 | OAG | 1,115,747 | 1,115,747 | 1,035,410 | 80,337 | 600 | 600 | 580 | -20 |
| 21 | MFOR | 4,299,483 | 4,299,483 | 4,217,896 | 81,587 | 200,000,000 | 200,000,000 | 212,290,791 | 12,290,791 |
| 22 | MHMS | 28,341,577 | 28,341,577 | 28,138,684 | 202,893 | 112,700 | 112,700 | 123,028 | 10,328 |
| 23 | MOE | 36,551,368 | 36,551,368 | 36,017,221 | 534,147 | 291,300 | 291,300 | 490,104 | 198,804 |
| 24 | MICT | 4,685,700 | 4,685,700 | 4,115,743 | 569,957 | 2,400,233 | 2,400,233 | 1,985,951 | -414,282 |
| 25 | MFED | 5,427,431 | 5,427,431 | 5,193,750 | 233,681 | 86,515,746 | 86,515,746 | 115,230,166 | 28,714,420 |
| 26 | MWYSSA | 2,151,526 | 2,151,526 | 1,915,820 | 235,706 | 28,450 | 28,450 | 17,382 | -11,069 |
| 27 | MISE | 4,398,352 | 4,398,352 | 3,947,745 | 450,607 | 182,978 | 182,978 | 45,222 | -137,756 |
| 28 | MEHR | 6,433,775 | 6,433,775 | 6,086,374 | 347,401 | 183,569 | 183,569 | 315,675 | 132,106 |
| 29 | MLPID | 4,984,713 | 4,984,713 | 4,816,341 | 168,372 | 647,900 | 647,900 | 980,083 | 332,183 |
| 37 | MOJ | 3,051,755 | 3,051,755 | 2,878,523 | 173,232 | 129,800 | 129,800 | 268,211 | 138,411 |
| 38 | LC | 495,558 | 495,558 | 353,748 | 141,810 | 0 | 0 | 0 | 0 |
| | **TOTAL** | **144,112,642** | **144,112,642** | **140,682,067** | **3,430,575** | **294,968,508** | **294,968,508** | **332,976,320** | **38,007,812** |

**Table 4.1. Ministries Recurrent Account 2023**

# 5. OFFICE OF TE BERETITENTI (OB)

## 5.1. Background Information

Office of Te Beretitenti has 6 main divisions such as admin, state house, communication unit, meteorological, strategic national policy, and cabinet secretariat. The main goals of the ministry are to facilitate Cabinet meetings, provide high-quality advice to the President and Cabinet, ensure excellence in policy papers, maintain communication with ministries, inform the public about government policies, manage Commissions of Inquiry, oversee the Parole Board and Honors and Awards Commission, enhance meteorological services, and coordinate national risk management *(National Economic Planning Office, 2023)*. According to the government Establishment Register (ER) 2023, OB has total of 76 permanent positions *(Public Service Office, 2023)*.

**Findings & Analysis**

## 5.2. Review of Approved Budget 2023

**OB recurrent Expenditures Account 2023 by Division**

| OB Expenditures | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 1,309,032 | 1,306,432 | 1,307,982 | 1,550 | 1,287,765 |
| 02 State House | 282,879 | 282,879 | 285,221 | 2,342 | 278,752 |
| 03 Comm. & Relations | 78,038 | 78,038 | 77,877 | -161 | 80,987 |
| 04 Meteorological | 766,958 | 766,958 | 764,416 | -2,542 | 752,552 |
| 05 Strategic Policy | 212,661 | 212,661 | 212,282 | -379 | 216,178 |
| 06 Cabinet Secretariat | 209,714 | 209,714 | 208,932 | -782 | 199,337 |
| **TOTAL** | **2,859,282** | **2,856,682** | **2,856,711** | **29** | **2,815,572** |

### 5.2.1. Overspent Divisions

Minor overspending was recorded in Division 01 (Admin) by $1,550 and Division 02 (State House) by $2,342. These overruns could have been avoided through internal budget virements, as other divisions showed savings that could have been reallocated to offset excesses. However, no such internal budget reallocation occurred prior to year-end.

**Audit Recommendations**

**Implement timely budget reallocation (virement) reviews- Establish a systematic and timely review process for internal budget reallocations to allow overspent divisions to effectively utilize underspent funds from other divisions before year-end.**

**Management Response**

No response received.

### 5.3. Entertainment- Unavailable Payment Voucher

The audit could not verify the completeness and accuracy of the entertainment expense of $9,945.90 recorded under PV-013-01/23 due to insufficient supporting documentation.

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses**

No response received.

## 6. MINISTRY OF FOREIGN AFFAIRS AND IMMIGRATION

### 6.1. Background Information

MFAI is one of the government ministries with 4 main divisions such as Immigration located at Headquarter Tarawa and three overseas missions Kiribati High Commission in Fiji, Kiribati Embassy in Beijing China and Kiribati Embassy to the United Nations. The main objectives are to provide immigration services through processing of travel documents and enforcing immigration legislations to protect national security, strengthen bilateral relations with the Government of Fiji including providing consular services to nationals in Fiji , to enhance bilateral relations with the Government of the People's Republic of China (PRC) and to promote and advocate national interests at the United Nations and represent Kiribati as accredited mission to the United States of America *(National Economic Planning Office, 2023).* According to ER 2023, there are 69 permanent positions with MFAI *(Public Service Office, 2023).*

**Findings & Analysis**

### 6.2. Review of Approved Budget 2023

**MFAI Recurrent Expenditure 2023 by division**

| Ministry of Foreign Affairs and Immigration | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 1,043,166 | 1,043,166 | 1,031,004 | -12,162 | 1,044,293 |
| 02 Immigration | 381,894 | 381,894 | 291,357 | -90,537 | 361,407 |
| 03 Kiribati High Commission | 794,867 | 794,867 | 782,858 | -12,009 | 707,134 |
| 04 Mission in Beijing | 646,228 | 646,228 | 553,908 | -92,320 | 569,461 |
| 05 Mission in New York | 828,312 | 828,312 | 820,614 | -7,698 | 700,899 |
| **TOTAL** | **3,694,467** | **3,694,467** | **3,479,741** | **-214,726** | **3,383,194** |

The above table shows that actual expenditures in 2023 is $3.4 million, hence this is an increase of 3% compared to last year expenses.

### 6.2.1. Expenditure Huge Savings

The ministry has huge savings of $214k at the end of the year and this is mainly because all divisions did not utilize the allocated funds particularly division 02 and 04.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

No response received.

**MFAI Recurrent Revenues 2023 by Divisions**

| Ministry of Foreign Affairs and Immigration | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 0 | 0 | 0 | 0 | 0 |
| 02 Immigration | 29,490 | 29,490 | 109,207 | 79,717 | 84,087 |
| 03 Kiribati High Commission | 750 | 750 | 526 | -224 | 2,633 |
| 04 Mission in Beijing | 0 | 0 | 0 | 0 | 0 |
| 05 Mission in New York | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **30,240** | **30,240** | **109,733** | **79,493** | **86,720** |

Revenue collection is $109k in 2023 hence this is a 27% increase compared to last year revenues.

### 6.2.2. Revenue Overcollection

While the Ministry has five divisions, revenue was generated from only two divisions—Division 02 (Immigration) and Division 03 (Kiribati High Commission). Overall, revenue was over-collected by $79,493 largely due to the significant revenue performance of the Immigration Division.

**Audit Recommendation**

**It is recommended that the Ministry regularly review and adjust its revenue targets based on past performance and capacity of each division, to ensure targets are realistic.**

**Management Responses**

No response received.

## 6.3. Unavailable Payment Voucher-Entertainment.

Total entertainment expenses of $5,104, referenced under TR0794/03 and PV-082-14/23.

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses**

No response received.

# 7. KIRIBATI POLICE SERVICES

## 7.1. Background Information

Kiribati Police Services (KPS) has five main divisions such as Administrative, Domestic fire services, Surveillance of EEZ, Investigation, Prosecution and Intelligence and Maintenance of Law and Order. KPS aims to promote effective legal system preserving community order and property rights, also focuses on high-quality community policing to enhance public security, foster collaboration with citizens, and maintain cost-effective operations through well-planned training initiatives. *(National Economic Planning Office, 2023)* According to ER there are 605 permanent positions under the KPS. *(Public Service Office, 2023)*

**Findings & Analysis**

## 7.2. Review of Approved Budget 2023

**KPS Recurrent Expenditures 2023 by divisions**

| Kiribati Police Services | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 3,077,837 | 3,077,837 | 2,927,626 | -150,211 | 2,794,245 |
| 02 Fire | 136,256 | 136,256 | 121,391 | -14,865 | 107,408 |
| 03 PMU | 1,147,101 | 1,147,101 | 1,063,716 | -83,385 | 1,166,073 |
| 04 Crime | 1,298,029 | 1,298,029 | 1,220,422 | -77,607 | 1,010,532 |
| 05 Law | 5,867,272 | 5,867,272 | 5,589,982 | -277,290 | 6,200,537 |
| **TOTAL** | **11,526,495** | **11,526,495** | **10,923,137** | **-603,358** | **11,278,795** |

The above table shows that actual expenditures in 2023 is $10.9 million, hence this is an increase of 3% compared to last year expenses.

### 7.2.1. Expenditure- Huge Savings

The Ministry recorded a significant saving of $603k at the end of the year, indicating that the approved budget of $11.5 million was not fully utilized, with only $10.9 million spent.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

In 2023, KPS transitioned from the previous financial system to the Integrated Financial Management Information System (IFMIS). The Ministry of Finance and Economic Development (MFED) introduced the new system to KPS in October 2023, which provided only a limited period to adjust internal processes before the MFED cut-off date at the end of the year. As a result of this transition, KPS recorded savings of more than $603,000—the highest in its history—reflecting that certain financial commitments were not fully processed during this period.

The Accounts Section is still in the process of familiarizing itself with IFMIS. Given that KPS is one of the largest Government Ministries in Kiribati, the volume of claims to be managed on a daily basis is substantial. At the same time, KPS was also facing a shortage of Accounts staff, which further affected its capacity to meet the workload. As a result, many claims and allowances were not processed before the MFED cut-off date due to limited staff experience with the new system, the shortage of personnel, and ongoing efforts to strengthen internet connectivity to support timely processing. It is therefore not possible for KPS to immediately meet all requirements, as time is needed for staff to build full proficiency in IFMIS, for additional staffing support to be secured, and for connectivity to be improved. Consequently, all unprocessed or pending claims and commitments have been carried forward and will impact the KPS financial year 2024.

In addition, KPS was unable to undertake procurement of items towards the end of the financial year in order to utilize its savings. This was primarily due to inadequate internet connectivity during the introduction of IFMIS, which required KPS to first prioritize the establishment of a reliable and high-speed connection to ensure the efficient processing of future claims. Furthermore, the limited time available to meet the MFED cut-off date further constrained procurement activities, as most of the items required by KPS were subject to the procurement process through the Central Procurement Unit (CPU) at MFED. *(KPS Management Response 2023, received on 27th August 2025).*

**KPS Recurrent Revenue 2023 by Divisions.**

| Kiribati Police Services | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 60,250 | 60,250 | 68,506 | 8,256 | 72,552 |
| 02 Fire | 0 | 0 | 0 | 0 | 0 |
| 03 PMU | 5,000 | 5,000 | 200 | -4,800 | 0 |
| 04 Crime | 0 | 0 | 0 | 0 | 0 |
| 05 Law | 6,250 | 6,250 | 53,984 | 47,734 | 97,074 |
| **TOTAL** | **71,500** | **71,500** | **122,690** | **51,190** | **169,626** |

Actual Revenue collection is $122k in 2023 hence this is a 28% decrease compared to last year revenues.

### 7.2.2. Revenue over-collection

Three divisions generated revenue during the year, with total actual collections amounting to $122k—exceeding the target by $51k. This positive result was due mainly to division 01 Admin and 05 Law surpassing their respective targets.

**Audit Recommendations**

**It is recommended that the Ministry regularly review and adjust its revenue targets based on past performance and capacity of each division, to ensure targets are realistic.**

**Management Responses**

KPS recognises the importance of reviewing and adjusting revenue targets for each Division based on past performance and capacity to ensure they are realistic. Although this was not fully prioritised in the past, it will be a focus in future financial years.

The 28% decrease in revenue collection from 2022 to 2023 is partly due to the transfer of vehicle inspection fee collection from the KPS Garage to KLTA. Remaining revenue largely comes from police clearances for scholarship applicants and seasonal workers, with other sources such as penalties and fines showing notable variances. In this regard, KPS will continue monitoring revenue and making necessary adjustments to ensure targets are achievable while improving tracking of all revenue sources. *(KPS Management Response 2023, received on 27th August 2025).*

## 7.3. Unavailable Payment Vouchers-Overtime

The audit was unable to confirm the completeness and accuracy of the total overtime of $615.34 PV# 25/9/23 since it was not available during the audit.

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses:**

*7.3.1. Ans:* Mikaere. Tebano $615.34 pp 25/9/23- A total of 82 hours was claimed on a time-and-a-half basis in relation to salary status, calculated on a shift basis. Copies of overtime records could not be retrieved due to misplaced folders; however, the paysheet was available as supporting evidence. In addition to the above table, KPS further confirms that the original attachments for each of the listed staff have already been forwarded to MFED for payment processing. However, copies of these attachments were either misplaced or not retained. This was partly because one Account Officer is required to handle more than 50 KPS staff claims for each payday, and as a result, making and filing the necessary copies in folders may sometimes be overlooked. The priority is placed on ensuring the completed attachments are submitted to MFED for final approval and processing of each claim. In addition, challenges such as a faulty photocopy machine and donor-related constraints, which are commonly experienced within KPS, also contributed to this issue. Nevertheless, the paysheet has been provided as supporting evidence. *(KPS Management Response 2023, received on 27th August 2025).*

*7.3.2. Ans*: KPS acknowledges that two payment vouchers could not be located at the time of the audit and regrets any inconvenience caused. The two TR are related to different outputs as follows:

- TR1309/01 KPS009/1201/23 – Payment to PMT Company for tickets issued to civilians, the CID team, and officers at the four stations.

- TR0469/06 KPS0230/1201/23 – Payment to Takoronga Gas for fuel supplied to vehicles at Headquarters, Betio Station, and Bairiki Station.
  KPS is currently tracing these documents and will forward them to the Audit Officer once located for final verification and scrutiny. All other supporting payment vouchers are attached for inspection and confirmation.

For future improvement, KPS will strengthen its records management procedures to ensure that all payment vouchers are properly secured and readily accessible for future audit inspections. *(KPS Management Response 2023, received on 27th August 2025).*

# 8. MINISTRY OF INFORMATION COMMUNICATION & TRANSPORT

## 8.1. Background Information

The ministry has 8 divisions with main objective is to ensure efficient, safe, and affordable transportation across sea, air, and land, facilitated through Information Communication Technologies, Marine, Civil Aviation Authority of Kiribati, Airports Kiribati Authority, Postal Services, and Printing. *(National Economic Planning Office, 2023)* There are 207 number of established staff under ER 2023, including those stationed in Kiritimati Islands. *(Public Service Office, 2023)*

**Findings & Analysis**

## 8.2. Review of Approved Budget 2023

**MICT Recurrent Revenues 2023 by divisions**

| Ministry of Information, Communication & Transport | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration & Policy | 1,198,111 | 1,318,111 | 1,137,422 | -180,689 | 1,106,457 |
| 02 Marine | 551,395 | 551,395 | 454,588 | -96,807 | 443,715 |
| 03 Navigation | 115,870 | 115,870 | 104,981 | -10,889 | 113,664 |
| 04 Aviation | 418,031 | 418,031 | 350,510 | -67,521 | 340,909 |
| 05 Airport Services | 769,861 | 694,861 | 681,412 | -13,449 | 658,494 |
| 06 Kiribati Post | 497,547 | 497,547 | 478,442 | -19,105 | 519,692 |
| 07 Printery | 350,209 | 350,209 | 299,505 | -50,704 | 295,432 |
| 08 ICT | 784,676 | 739,676 | 608,883 | -130,793 | 539,947 |
| **TOTAL** | **4,685,700** | **4,685,700** | **4,115,743** | **-569,957** | **4,118,310** |

The table above shows that actual expenditures in 2023 amounted to $4.1 million, representing only a slight decrease compared to the previous year, with expenses remaining relatively consistent.

### 8.2.1. Expenditure- Huge Savings

The ministry has huge savings of $569k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

Huge savings:

I. The overall expenditure under the Recurrent Budget was underspent by $569,957.00, primarily due to unutilized Salary and Leave grants across various divisions, as outlined in the 2023 management report. This was a result of vacant positions that remained unoccupied throughout the year. Additionally, the Administration department's budget was underspent by $180,689.00. This underspend stemmed from a virement in early December 2023, intended for procuring the Ministry transport. However, due to delays in the procurement process, the transaction was rejected as the payment cut-off period had lapsed, leading to the allocated budget for transport remaining unutilized. Please refer to Annex 1, Virement Warrant No. 3/2023. *(MICT Management Response 2023, received on 14 of August 2025)*

II. Regarding specific divisions, the Marine Division had three vacant positions in 2023, and the Aviation Division initially had four vacant positions, which were subsequently filled later in the year, along with two new positions. The Kiribati Post Office and Airport Services remained within their allocated budgets. However, the Printery had one vacant position exist. The underspend in the DTO's recurrent budget expenditure was mainly attributable to external travel and this was due to some overseas travels that are fully & partially funded by the counterparts or Donor, whereas the telecommunications (Internet fees) was underspend due to several payments that are not settled (cancelled) in 2023 as well as the office equipment during the IFMIS parallel run. Furthermore, some underspend in the DTO's PR ie. Salary & leave grant was from its new 7 positions being absorbed and subsequently filled late in 2023 and in 2024. *(MICT Management Response 2023, 14th of August 2025)*

**MICT Recurrent Revenues 2023 by Division**

| Ministry of Information, Communication & Transport | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration & Policy | 1,971,233 | 1,971,233 | 1,347,763 | -623,470 | 1,565,208 |
| 02 Marine | 134,000 | 134,000 | 173,710 | 39,710 | 138,621 |
| 03 Navigation | 0 | 0 | 0 | 0 | 0 |
| 04 Aviation | 0 | 0 | 0 | 0 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| 05 Airport Services | 0 | 0 | 0 | 0 | 0 |
| 06 Kiribati Post | 185,000 | 185,000 | 365,086 | 180,086 | 374,449 |
| 07 Printery | 110,000 | 110,000 | 99,392 | -10,608 | 156,344 |
| 08 ICT | 0 | 0 | 0 | 0 | 0 |
| | **2,400,233** | **2,400,233** | **1,985,951** | **-414,282** | **2,234,622** |

Revenue collection of $1.9 million in 2023 had decreased by 11% compared to the previous year.

#### 8.2.2. Revenue Shortfall

While the Ministry comprises eight divisions, only four generated revenues, as reflected in the table above. The total actual revenue collected by year-end 2023 was $1.9 million against target of 2.4 million, revenue shortfall of $414k. The primary cause of the shortfall was the non-collection of expected revenue from JAXA air services, which had been projected to contribute $1 million during the year but was not realized.

**Audit Recommendations**

**It is recommended that the Ministry conduct a thorough review of revenue-generating activities within the responsible divisions to identify causes of underperformance and implement targeted strategies to improve collection.**

**Management Responses**

Revenue Shortfall- The Ministry has eight divisions, but only four currently generate revenue: Admin, Marine, Post Office, and Printery. While two of these divisions have met their revenue targets, the other two are currently under budget. Specifically, the Admin division received $712,898.00 from JAXA for downrange services and $484,762.00 for air services. The amount for the air service represents the first payment as per the payment schedule of the agreement. The second payment was due in 2024. Note that the allocation for this is incorrect. Refer to Annex 2, the JAXA Air Service Agreement and Annex 3, the Recurrent Revenue GL 2023. *(MICT Management Response 2023, received on 14th of August 2025)*

## 9. MINISTRY OF INFRASTRACTURE & SOLAR ENERGY

### 9.1. Background Information

MISE has 10 divisions with main objective aims at improving access to safe and sustainable water resources and sanitation facilities. (National Economic Planning Office, 2023) According to the ER 2023, the ministry currently employs a total of 221 permanent staff. (Public Service Office, 2023)

**Findings & Analysis**

## 9.2. Review of Approved Budget 2023.

**MISE Recurrent Expenditures 2023 by divisions.**

| Ministry of Infrastructure Solar Energy | Approved Budget | Revised Budget | Actual | Variance (Over/Under) | Actual 2022 |
|---|---|---|---|---|---|
| 01 Administration and Policy | 1,253,455 | 1,253,455 | 1,186,987 | -66,468 | 1,205,216 |
| 02 Energy Planning | 340,183 | 340,183 | 227,531 | -112,652 | 292,334 |
| 03 Electricity for Public Places | 17,481 | 17,481 | 14,021 | -3,460 | 16,218 |
| 04 Department of Engineering | 8,626 | 8,626 | 6,227 | -2,400 | 2,313 |
| 05 Construction Services | 869,385 | 869,385 | 886,759 | 17,374 | 878,170 |
| 06 Water & Sanitation | 615,379 | 615,379 | 536,216 | -79,163 | 566,595 |
| 07 Quality Control | 290,155 | 290,155 | 154,976 | -135,179 | 274,870 |
| 08 Architectural | 146,329 | 146,329 | 130,922 | -15,407 | 147,257 |
| 09 Civil Engineer | 722,397 | 722,397 | 677,195 | -45,202 | 699,830 |
| 10 Cost & Planning | 134,962 | 134,962 | 126,912 | -8,050 | 127,370 |
| **Total** | **4,398,352** | **4,398,352** | **3,947,745** | **-450,607** | **4,210,173** |

The above table shows that actual expenditures in 2023 is $3.9 million, hence this is a decrease of 6% compared to last year expenses.

### 9.2.1. Expenditure-Huge Savings

The ministry has huge savings of $450k at the end of the year and this is mainly because all divisions did not utilize the allocated funds except division 05.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

The management agrees with the audit findings. These savings are contributed from the followings.

1. Vacant positions – 32 vacancies
2. Salary deduction
3. Imprest that not yet retired -
4. New System (IFMIS) – start in October 2023 etc

Management agreed with the Audit Findings that MISE had an excess saving of $450,607.00. The main reason for this excessive was that the Ministry had vacancies in senior positions such, Senior Accountant, Energy Planner, Conventional Energy Planner, Urban Energy Planner, Quality Specialist, Quality Engineer, Senior Architect, Senior draftsman etc. The ministry also had savings from the salary deduction with a minimum of $1521.50 per pay period; therefore, the total saving of $39,559 was from salary deductions and also with the Imprest that not yet retired. In addition to the aforesaid savings, they also resulted from budgeted activities for that year but were supported under project funds. *(MISE Management Response 2023, received on 18th August 2025)*

**MISE Recurrent Revenues 2023 by divisions.**

| Ministry of Infrastructure Solar Energy | Revenue Budget (Original) | Revenue Budget (Revised) | Revenue Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration and Policy | 5,000 | 5,000 | 3,489 | -1,511 | 144,260 |
| 02 Energy Planning | 1,000 | 1,000 | 4,859 | 3,859 | 8,600 |
| 03 Electricity for Public Places | 0 | 0 | 0 | 0 | 0 |
| 04 Department of Engineering | 0 | 0 | 0 | 0 | 0 |
| 05 Construction Services | 0 | 0 | 0 | 0 | 0 |
| 06 Water & Sanitation | 0 | 0 | 0 | 0 | 0 |
| 07 Quality Control | 15,000 | 15,000 | 24,571 | 9,571 | 10,209 |
| 08 Architectural | 151,978 | 151,978 | 1,916 | -150,062 | 0 |
| 09 Civil Engineer | 10,000 | 10,000 | 10,388 | 388 | 3,605 |
| 10 Cost & Planning | 0 | 0 | 0 | 0 | 0 |
| **Total** | **182,978** | **182,978** | **45,222** | **-137,756** | **166,674** |

Revenue collection is $45k in 2023 hence this is a 73% decrease compared to last year revenues.

### 9.2.2. Revenue Shortfall

While the Ministry consists of 10 divisions, only half of them generated revenues. The total actual revenue collected by year-end was $182k, compared to the revised target of $182k, resulting in a shortfall of $137k.

**Audit Recommendations**

**It is recommended that the Ministry conduct a thorough review of revenue-generating activities within the responsible divisions to identify causes of underperformance and implement targeted strategies to improve collection.**

**Management Responses**

The management agreed with the recommendation made by the Audit Office about the shortfall revenue due to the TDS fee."Based on the revenue proposed for 2023, there was a revenue for TDS fee (Technical Design services) from the MOE – KGV dormitory projects at the amount of *$100,981.00* which supposed to be paid after the work completed from MISE targeted 2023 but it was urgent due to the MOE budget due date and they paid earlier" *(MISE Management Response 2023, received on 18th of August 2025).*

# 10. MINISTRY OF ENVIRONMENT LANDS & AGRICULTURE DEVELOPMENT

## 10.1. Background Information

The Ministry consist of four main divisions the Admin, Environment & Conservation Division, Lands and Agriculture division. The main goals of the ministry are to improve environment, land administration, to provide agricultural and livestock services. *(National Economic Planning Office, 2023)* The total number of permanent positions is 216 under ER 2023. *(Public Service Office, 2023)*

**Findings & Analysis**

## 10.2. Review of Approved Budget 2023.

**MELAD Recurrent Revenue Account 2023 by divisions:**

| Ministry of Environment Lands & Agriculture Development | Approved Budget | Revised Budget | Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 1,032,084 | 1,032,084 | 1,021,171 | -10,913 | 956,806 |
| 02 ECD | 956,751 | 956,751 | 919,401 | -37,350 | 963,695 |
| 03 Lands | 1,229,649 | 1,229,649 | 1,190,212 | -39,437 | 1,156,078 |
| 04 Agriculture | 1,648,633 | 1,648,633 | 1,595,919 | -52,714 | 1,647,385 |
| **TOTAL (Expenditure)** | **4,867,117** | **4,867,117** | **4,726,703** | **-140,414** | **4,723,964** |

The table above shows that actual expenditures in 2023 amounted to $4.7 million, representing only a slight increase compared to the previous year, with expenses remaining relatively consistent.

### 10.2.1. Expenditure-Saving

The ministry has a saving of $140k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

The Ministry is trying its best to spend the amount of funds allocated for its activities, however there were certain times when the activities could not be carried out due to unforeseen circumstances: For example, the Ministry was trying to purchase the vehicles to cater for transport towards the end of the year, sometimes in November of the beginning of December but it was not possible as there are certain steps to take as part of the procurement requirement. In the end the procurement was not possible as we were caught up with the closing of cutoff date. *(MELAD Management Response 2023, received on 18th August 2025).*

**MELAD recurrent revenue 2023 by divisions.**

| Ministry of Environment Lands & Agriculture Development | Revenue Budget (Original) | Revenue Budget (Revised) | Revenue Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 3,000,000 | 3,000,000 | 0 | -3,000,000 | 0 |
| 02 ECD | 18,300 | 18,300 | 30,223 | 11,923 | 24,243 |
| 03 Lands | 838,655 | 838,655 | 351,661 | -486,994 | 362,027 |
| 04 Agriculture | 70,000 | 70,000 | 43,338 | -26,662 | 75,652 |
| **TOTAL (Expenditure)** | **3,926,955** | **3,926,955** | **425,222** | **-3,501,733** | **461,921** |

Revenue collection is $452k in 2023 hence this is 8% decrease compared to last year revenues.

#### 10.2.2. Revenue shortfall

The table above shows that total revenue collection was under-collected by $3.5 million, mainly due to the non-collection of projected revenue of $3 million from Division 01 – Admin.

**Audit Recommendations**

**Management needs to review and reassess the basis for setting revenue targets to ensure they are realistic and achievable, taking into account historical performance, current economic conditions, and operational capacity. This will improve the accuracy of revenue forecasting and support better financial planning.**

**Management Responses**

"Please refer to attachment 2" *(MELAD Management Response 2023, received on 18th of August 2025)*

### 10.3. Sublease rent revenue control weaknesses.

#### 10.3.1. Outdated rate for sublease rent revenue.

The Sublease Allocation Advisory Committee Policy 2015 serves as a guideline for the allocation, utilization, and management of leased lands. According to Section 6.1(2) of this policy, the standard sublease rental rates are as follows:

- Commercial: $3,500 per acre per annum
- Residential: $2,800 per acre per annum

These rates have remained unchanged since the policy was introduced nearly a decade ago, showing the need for a review to ensure they reflect current market conditions and land values.

#### 10.3.2. Expired Subleases

The audit identified that eight (8) selected lease samples had expired sublease but continued to remain active in 2023. Refer to table below.

| Lease No. | Registration no. | Plot No | Acre | Agreement Signed | Lease Term | Expiry Lease term | Overdue Term 2023 |
|---|---|---|---|---|---|---|---|
| 1 | 855/56 | 675a | 0.03 | 07/09/1989 | 20 | 2009 | 14 |
| 2 | 2210/72, BC. | Towai 813b | 0.123 | 01/01/1982 | 25 | 2007 | 16 |
| 3 | 1048/57, 626/56 & 628/56 | Lot BC. 267 | 0.326 | 20/11/1987 | 30 | 2017 | 6 |
| 4 | 2190/72 | Towai 813m | 0.079 | 01/02/1981 | 21 | 2002 | 21 |
| 5 | 716/56 | 822 aa | 0.141 | 01/04/1992 | 21 | 2013 | 10 |
| 6 | 451/98 | 825m, u, o, i | 0.15 | 03/03/1995 | 25 | 2020 | 3 |
| 7 | 927/56 | 673 a | 0.03 | 01/09/1987 | 20 | 2007 | 16 |
| 8 | 1497/61, 1678/6; BC, 91/02 | 811u & 811m | 0.227 | 01/01/1994 | 25 | 2019 | 4 |

**Audit Recommendations**

- **Management should review the identified control weaknesses and develop appropriate corrective actions to address them as a way forward to mitigate the issues.**
- **All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses**

**10.3.1.** Outdated rate for sublease rent revenue.

This needs to be reviewed by those responsible officers.

**10.3.2.** Expired sublease.

Improving sublease awareness collection from Tenants and imposing penalties to non-compliant.

- Develop awareness programme (LMD facebook, radio etc)
- First notice to be served to non-complaint (21 days to clear outstanding)
- Termination sublease agreement for non-complaints
- LMD will work closely with KPS and OAG for the implementation of the eviction order.

*(MELAD Management Response 2023, received on 18th of August 2025).*

### 10.4. Land Rent (Other Commitments)

The audit could not confirm the completeness and accuracy of Land Rent payments 2023 due to the following issues:

- No listing provided to support unclaimed land rent RV 202302141 amounted $84,706.15.
- Unavailable land rent payment HQPV8033/01 MELAD 010/03/23 Aan amounted $573,564.18.

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses**

The support for the unclaimed land list still could not be provided, it might have been misplaced somewhere but our colleagues from the Lands Division are trying their best to search for that copy and submit it to the Audit Office as soon as possible once found. The same with the pv copy of 010/03/23. Another round will be made and will be provided as soon as possible, once found from our end. *(MELAD Management Response 2023, received on 18th of August 2025).*

# 11. MINISTRY OF EMPLOYMENT & HUMAN RESOUCES DEVELOPMENT

## 11.1. Background Information

Ministry of Employment Human Resources Development consists of four main divisions, Admin, Labour, KIT and MTC with main purpose is to expand employment opportunities for all I-Kiribati at national and international market with relevant trainings offered by Institutions at KIT and MTC. *(National Economic Planning Office, 2023)* According to ER 2023, the ministry has 201 permanent positions. *(Public Service Office, 2023)*

**Findings & Analysis**

## 11.2. Review of Approved Budget 2023.

**MEHR Recurrent Expenditures 2023 by divisions:**

| **Ministry of Employment & Human Resources** | **Original Budget (2023)** | **Revised Budget (2023)** | **Actual (2023)** | **Variance Over/Under** | **Actual (2022)** |
|---|---|---|---|---|---|
| 01 Administration and Policy | 975,221 | 975,221 | 975,185 | -36 | 905,752 |
| 02 Labour and Employment | 588,917 | 588,917 | 559,080 | -29,837 | 547,700 |
| 03 KIT | 2,251,850 | 2,251,850 | 2,144,284 | -107,566 | 2,088,820 |
| 04 Marine Training Center | 2,617,787 | 2,617,787 | 2,407,825 | -209,962 | 2,465,753 |
| **TOTAL** | **6,433,775** | **6,433,775** | **6,086,374** | **-347,401** | **6,008,025** |

The above table shows that actual expenditures in 2023 is $6.08 million, hence this is an increase of only 1% compared to last year expenses.

### 11.2.1. Expenditure-Huge Savings

The ministry has huge savings of $347k at the end of the year and this is mainly because all divisions did not utilize the allocated funds mainly division 02, 03 & 04.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

Labour Division

1. Underutilization of the External Travel Incidental
   In 2023, there were travel claims that were processed late and were not paid on time before the end of the year but rolled into the 2024 budget.
2. Underutilization of Internal Travel Funds
   The reduction in delegation members for the trip to Tabuaeran and Teraina — not including the LMMA, WR, and OSI representatives — has incurred some savings.
3. Overtime
   There was strict control of overtime whereby the NEB staff entitled to overtime were tasked to work on the vacancies job applicant's screening within the hours of work.

KIT

- Personal emolument:
  - Many vacancies unfilled (including the Director's salary budget $18,542.42).
  - Wages – Security Guards' service was paid from the project.
  - KPF Contributions – Salary and wages savings entailed savings of KPF contributions.
  - Some operational (ASEPF jumped in to assist willingly but KASEPF will end in March 2026).

MTC

The MTC acknowledges the observation of significant savings at the end of the financial year.
The underspending was primarily due to the following factors:

1. Impact of COVID-19-Related Cancellations:
   Planned activities, including overseas trainings, recruitment drives, and mission capacity-building programs, were either cancelled or postponed. This significantly reduced expenses due to travel restrictions, quarantine requirements, and public health safety measures.
2. Delayed Procurement Processes:
   Some procurement activities, particularly those involving international suppliers for maritime training equipment and spare parts, experienced delays due to supply chain disruptions and shipping constraints.
3. Postponed Residency Training:
   Training programmes and related activities originally planned for early 2023 had to be rescheduled following the late easing of travel restrictions and international border openings.
4. Resource Reallocation:
   Priority was given to essential operational costs and COVID-19 mitigation measures, resulting in a shift of funds away from certain planned non-essential activities.

These combined circumstances led to the unspent balance, which was beyond the MTC's direct control in several cases. *(MHER Management Response 2023, received on 18th of August 2025).*

**MEHR Recurrent Revenue 2023 by Division**

| Ministry of Employment & Human Resources | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 0 | 0 | 0 | 0 | 0 |
| 02 Labour and Employment | 1,569 | 1,569 | 16,680 | 15,111 | 750 |
| 03 KIT | 110,000 | 110,000 | 115,135 | 5,135 | 102,211 |

| | | | | | |
|---|---|---|---|---|---|
| 04 Marine Training Center | 72,000 | 72,000 | 183,861 | 111,861 | 162,391 |
| | **183,569** | **183,569** | **315,675** | **132,106** | **265,352** |

Revenue collection is $315k in 2023 hence this is a 19% increase compared to last year revenues.

### 11.2.2. Revenue Over-collection

The table above shows that revenue exceeded the target by $132k, primarily due to higher-than-expected collections from Division 04 – MTC.

**Audit Recommendation**

**It is recommended that the Ministry regularly review and adjust its revenue targets based on past performance and capacity of each division, to ensure targets are realistic.**

**Management Responses**

LABOUR- Increase in Seaman's administration revenue. In 2023, the number of Recruitment Agencies applying for a License to recruit amounted to eight (KORA, KFS, KEMS, CPPL, TMSA, CPM, FRSA (new Recruitment Agency), and OTTA). It was during this year that it was agreed that all agencies should apply prior to the expiration of their license. Hence, most agencies made two payments this year for their License to Recruit – doubling the amount of revenue for that year.

KIT- An increase of $5,135 is due to the enrolments of the Aged Care cohorts. This was a new program first started in 2023 with a fee of $100 per student. Records show that the higher number of aged care enrolments contributed to the increase in enrolment figures from 2022 to 2023.

MTC- The MTC notes and welcomes the positive outcome of exceeding the revenue target. The primary reasons for this overcollection are as follows:

1. Post-COVID-19 Recruitment Surge: Beginning mid-2023, there was a marked increase in the recruitment of Kiribati seafarers for the international working pool, driving high demand for medical clearances issued through the MTC Medical Clinic. The fees collected from these clearances significantly boosted revenue.
2. Increased Facility Rentals: Following the lifting of pandemic restrictions, the MTC Class Hall and classrooms were increasingly hired by Government ministries, State-Owned Enterprises (SOEs), and Non-Governmental Organisations (NGOs) for workshops, trainings, and conferences. This was partly due to changes in operational arrangements across Government entities and the competitive advantage of MTC's facilities in terms of location, capacity, and amenities.
3. Enhanced Revenue Collection Systems: Improvements in invoicing, payment tracking, and follow-up mechanisms implemented in 2023 helped ensure timely and complete revenue collection from all clients and stakeholders, including other government institutions. Clients paid their dues and other fees using the MTC account sections due to the unavailability of receipt processes.

The Ministry remains committed to maintaining these positive revenue trends while ensuring that service delivery remains aligned with quality and compliance standards. *(MHER Management Response 2023, received on 18th of August 2025).*

# 12. MINISTRY OF EDUCATION

## 12.1. Background Information

The Ministry of Education consists of 15 divisions with total of 1,753 permanent positions under the ER 2023. *(Public Service Office, 2023)* The ministry main goal is to provide quality education with equal opportunity for the development of youth that achieves high standards, broad coverage, relevance, and cost-effective delivery. *(National Economic Planning Office, 2023)*

**Findings & Analysis**

## 12.2. Review of Approved Budget 2023.

**MOE Recurrent Expenditures 2023 by divisions.**

| Ministry of Education | Approved Budget | Revised Budget | Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 2,184,755 | 2,187,755 | 2,183,912 | -3,844 | 2,106,055 |
| 02 Primary | 13,881,342 | 13,881,342 | 13,840,578 | -40,764 | 13,643,034 |
| 03 Junior Secondary Sch. | 8,801,650 | 8,798,650 | 8,764,456 | -34,194 | 8,354,774 |
| 04 PPD & TR | 136,418 | 136,418 | 104,107 | -32,311 | 66,779 |
| 05 Teabike College | 1,241,671 | 1,241,671 | 1,233,839 | -7,832 | 1,200,428 |
| 06 KTC | 1,568,582 | 1,568,582 | 1,562,471 | -6,111 | 1,538,048 |
| 07 Exams | 661,266 | 661,266 | 630,177 | -31,089 | 616,203 |
| 08 CDRC | 694,954 | 694,954 | 675,223 | -19,731 | 684,476 |
| 09 Library & Archive | 459,635 | 459,635 | 394,946 | -64,689 | 398,789 |
| 10 SSS | 2,892,694 | 2,892,694 | 2,854,683 | -38,011 | 2,812,757 |
| 11FMU | 569,571 | 569,571 | 558,803 | -10,768 | 551,852 |
| 12 Statistics & IT | 270,405 | 270,405 | 252,384 | -18,021 | 223,647 |
| 13 KGV & EBS | 2,661,226 | 2,661,226 | 2,491,662 | -169,564 | 2,552,430 |
| 14 KQA | 53,413 | 53,413 | 42,918 | -10,495 | 47,369 |
| 15 ECCE | 473,786 | 473,786 | 427,063 | -46,723 | 454,579 |
| **TOTAL** | **36,551,368** | **36,551,368** | **36,017,221** | **-534,147** | **35,251,218** |

The above table shows that actual expenditures in 2023 is $36 million hence this is 2% increase compared to last year expenditures.

### 12.2.1. Expenditures- Huge Saving

The ministry has a saving of $534k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure**

**that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

MOE Bulk of surpluses – of $534k:

Out of the Ministry's fifteen (15) divisions, the bulk of surpluses recorded at year-end 2023 were mainly contributed by six (6) divisions: KNLA, ECCE, KGV, SSS, JSS and Primary.

1. KNLA Division
- The Audit recommendation has been duly noted. KNLA will be reminded to be more proactive in the timely execution of its activities as outlined in the approved annual work plan.

2. ECCE Division
- ECCE reported that a number of its planned outreach programmes to the outer islands were fortunately financed through UNICEF support and donations. This external assistance covered most costs originally budgeted under their recurrent allocation, which resulted in a surplus at year-end.

3. KGV Division
- The total allocation under the KGV code is in fact for two institutions: KGV and LPSSS (formerly known as MTSS).
- MTSS, a Government Senior Secondary School located at Tabuaeran Island, was closed in 2017 due to unsafe living facilities for students. Students, teachers, and support staffs were all transferred to KGV in Tarawa, with the MTSS allocation/ Budget - consolidated under KGV's budget.
- In 2023, LPSSS reopened (replacing MTSS). To avoid lengthy coding processes for a new division, it was agreed (for that year -2023) that LPSSS would continue under the KGV budget code, with both schools maintaining their own budget breakdowns.
- Since LPSSS only started with one intake of Form 4 students (fewer than 100), its full-year allocation was more than required, resulting in surplus by year-end.

4. Junior Secondary School (JSS) and Primary Divisions
- The bulk of surpluses in these two divisions originated from Personal Emolument (PE) budgets.

This was due to a number of vacant or unfilled teaching posts (codes 1502 & 1503) throughout the year. Recruitment for teacher posts does not follow the normal public service recruitment process but instead depends on the annual output of graduates from Kiribati Teachers College (KTC).
- However, the number of new graduates is often lower than expected due to dropouts during the three-year training programme, which further delays filling these vacancies. This situation contributed significantly to the PE savings recorded in JSS and Primary divisions. *(MOE Management Response 2023, received on 31st of August 2025).*

**MOE Recurrent Revenue 2023 by divisions.**

| Ministry of Education | Revenue Budget (Original) | Revenue Budget (Revised) | Revenue Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 110,000 | 110,000 | 352,100 | 242,100 | 212,178 |
| 02 Primary | 109,000 | 109,000 | 114,298 | 5,298 | 124,348 |

| | | | | | |
|---|---|---|---|---|---|
| 03 Junior Secondary Sch. | 0 | 0 | 0 | 0 | 0 |
| 04 PPD & TR | 0 | 0 | 0 | 0 | 0 |
| 05 Teabike College | 0 | 0 | 0 | 0 | 0 |
| 06 KTC | 0 | 0 | 0 | 0 | 0 |
| 07 Exams | 32,000 | 32,000 | 7,300 | -24,700 | 13,247 |
| 08 CDRC | 0 | 0 | 0 | 0 | 0 |
| 09 Library & Archive | 20,300 | 20,300 | 16,406 | -3,894 | 18,677 |
| 10 SSS | 0 | 0 | 0 | 0 | 0 |
| 11FMU | 0 | 0 | 0 | 0 | 0 |
| 12 Statistics & IT | 0 | 0 | 0 | 0 | 0 |
| 13 KGV & EBS | 20,000 | 20,000 | 0 | -20,000 | 0 |
| 14 KQA | 0 | 0 | 0 | 0 | 0 |
| 15 ECCE | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **291,300** | **291,300** | **490,104** | **198,804** | **368,450** |

Revenue collection is $490k in 2023 hence this is 33% increase compared to last year revenues. Overall, the ministry had a revenue over-collection of $198k, mainly due to excess revenue collected by Division 01 – Admin and Division 02 – Primary

### 12.2.2. Revenue Under-collection

Despite meeting the overall revenue target at the ministry level, Divisions 07, 09, and 13 did not achieve their individual revenue targets, as shown in the table above.

**Audit Recommendations**

**Conduct a performance review of Divisions 07, 09, and 13 to identify reasons for under-collection. Strengthen revenue monitoring mechanisms and provide necessary support or capacity building to improve future revenue performance.**

**Management Responses**

*A) KGV & Exam units Revenue shortfall are directly related to the Government's Free Education Policy which was introduced in 2021. Under this policy, all students are supported to progress to the next senior level with full financial assistance from Government. As a result:*

*1. Revenue previously collected from student fees (Forms 4 to 7) at KGV & EBS is no longer applicable, since these fees have been fully waived under the FreeEducation scheme.*

*2 . The dropout rate of senior students has significantly decreased since the introduction of Free Education. While this is a positive outcome for education, it has also meant a reduced demand for National Certificates (which used to be requested primarily by students who left school early). This in turn has led to reduced revenue for the Examination Unit.*

*B) The under-collection of revenue for the Library Unit is mainly due to the nature of its revenue sources, which rely on membership fees and library fines. These revenue streams are directly dependent on the number of interested customers utilizing library services. It is also important to note that with the increasing availability and accessibility of internet services to the public, more people now prefer to conduct research and access information online. This trend has contributed significantly to the decline in demand for traditional library services, which in turn has resulted in reduced revenue collection from memberships and fines.*

## 12.3. Current Audit Issues.

### 12.3.1. Salaries- overpayment

The audit found one overpayment salary in the amount of $535.60 for PF#2006085; ceased date 10/11/2023 and last pay date 17/11/2023.

**Audit Recommendation**

**Management should review the above overpayment and to start recovery from the concern staff accordingly.**

**Management Responses**

It is important to note that payroll amendment has only recently been rolled out to Line Ministries at the beginning of 2024. As you may already be aware, in practice, once verbal information is received that an employee has passed away, his or her salary is ceased with immediate effect. In other words, with or without formal notification from the respective Ministry, the Salary Unit will promptly process a payroll amendment to stop payment and thereby avoid further overpayment.

My understanding is that Salary staff are also required to calculate the amount of any overpayment to the deceased and record this on file for submission to ACG for further recovery action.
Furthermore, such cases are usually linked with the clearances that ACG is required to provide to KPF Company before any member's shares can be released. It is therefore hoped that notification to KPF Company regarding this particular overpayment has been made accordingly. Otherwise, ACG's further input and guidance on the matter may be necessary. *(MOE Management Response 2023, received on 31st of August 2025).*

### 12.3.2. Unavailable Payment Vouchers.

The audit was unable to confirm the completeness and accuracy of the following expenditures due to unavailable supporting documentations.

#### *12.3.2.1. Office Equipment.*

Total of $17,531 not available during the audit as per table below.

| | | | |
|---|---|---|---|
| 17/01/2023 | 1215 | TR0399/01 moe005/05/23 KFM | 8,528 |
| 17/01/2023 | 1216 | TR0400/01 MOE004/05/23 KFM | 9,003 |

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses.**

Purchase of Office Equipment.

-MOE PV# 005/05/23 (KTC) – still working on it

- MOEPV# 004/05/23 (KTC) – still working on it

Transport Expense

-MOEPV# 0330/23 – still working on it

*(MOE Management Response 2023, received on 31st of August 2025).*

# 13. MINISTRY OF TOURISM COMMERCE INDUSTRY & COOPERATIVE

## 13.1. Background Information

MTCIC consists of 5 main divisions with a total of 106 permanent positions under ER 2023. *(Public Service Office, 2023)* The main purpose of the ministry is to foster economic growth by promoting and supporting the development of local business entities, investments, diversified industries, cooperative subsectors ensuring fair trading platform for business and Consumers through innovative, sound policies and business enforcement that led to wealth and prosperity for all I-Kiribati. *(National Economic Planning Office, 2023)*

**Findings & Analysis**

## 13.2. Review of Approved Budget 2023.

**MTCIC Recurrent Expenditures 2023 by divisions:**

| Ministry of Tourism, Cooperative Industry & Commerce | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 991,218 | 991,218 | 965,066 | -26,152 | 913,360 |
| 02 BRC | 583,634 | 583,634 | 552,845 | -30,789 | 548,522 |
| 03 BPC | 691,189 | 691,189 | 685,898 | -5,291 | 660,740 |
| 04 Kiritimati (Christmas) | 311,548 | 311,548 | 294,537 | -17,011 | 284,677 |
| 05 Tourism | 552,847 | 552,847 | 510,841 | -42,006 | 518,839 |
| **TOTAL** | **3,130,436** | **3,130,436** | **3,009,187** | **-121,249** | **2,926,138** |

The above table shows that actual expenditures in 2023 is $3.0 million, hence this is an increase of 3% compared to last year expenses.

### 13.2.1. Expenditure- Saving.

The ministry has underspending of $121k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

The underspending across the Ministry's divisions occurred because we could not utilize the possible savings particularly under the PE due to our Account unit advice. As per standard procedure, MFED requires a projected expenditure plan from our Ministry for the remaining months of the year before approving any reallocation of savings.

The projection submitted, based on previous spending trends, indicated that our Ministry would face a deficit by year-end if the savings were utilized. Consequently, MFED did not grant approval to transfer these funds. We acknowledge this underspending and will refine our budget forecasting and expenditure monitoring processes to better align with operational needs in the future. *(MTCIC Management responses 2023, received 15/08/2025)*

**Recurrent Revenue 2023 by division**

| Ministry of Tourism, Cooperative Industry & Commerce | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 0 | 0 | 0 | 0 | 0 |
| 02 BRC | 86,641 | 86,641 | 120,751 | 34,110 | 85,445 |
| 03 BPC | 27,496 | 27,496 | 11,256 | -16,240 | 16,103 |
| 04 Kiritimati (Christmas) | 0 | 0 | 0 | 0 | 0 |
| 05 Tourism | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **114,137** | **114,137** | **132,007** | **17,870** | **101,548** |

Revenue collection is $132k in 2023 hence this is a 30% increase compared to last year revenues.

### 13.2.2. Revenue Shortfall

While the Ministry recorded an overall revenue overcollection of $17k at year-end, Division 02 fell short of its target by $16k.

**Audit Recommendations**

**The Ministry should strengthen performance monitoring of individual divisions, particularly those that consistently underperform against revenue targets.**

**Management Responses**

The Audit has noted a revenue over-collection by BRC, resulting in an overall surplus of $17k, alongside a revenue shortfall of $16k by BPC. In response to the KAO's recommendation, we are taking steps to improve the accuracy of our budget estimates for revenue for 2026. *(MTCIC Management Response 2023, received on 15th of August 2025).*

### 13.3. Local Services- Irregular payment

On 09/12/2023, a payment of $3,720.00 was processed under TR0431/12 – MCIC23-10-0250 (Ereib) for the construction of 'Te bwia-local house'. The claim was submitted by the employee on behalf of the contractor. The audit noted the following irregularities:

- No valid business license was provided to support the legitimacy of the service provider.
- The invoice was not certified at the time of submission.
- The payment was processed and paid to the same officer who submitted the claim.

*(During the review, the audit found discrepancies and did not agree with the supporting documents submitted by the Ministry)*

**Audit Recommendation**

**It is recommended that the ministry should review the above claim 1.2. and provide justifiable and supported explanations.**

**Management Responses**

We acknowledge the irregularity in this payment, wherein an accounts staff member processed a claim on behalf of Rotin Contract using an invoice under Ueen Nuka Truck Hire. The audit correctly identified the lack of a valid business license, uncertified invoice, and improper payment receipt by the claimant.

For your review, we have attached a certified copy of the corrected invoice, the tender summary and the procurement, however we have been unable to locate the license. Based on our understanding the church group may not possess such a license or may not be eligible to apply for one. *(MITCIC Management Response 2023, received on 15th of August 2025).*

## 14. MINISTRY OF JUSTICE

### 14.1. Background Information

The Ministry of Justice is the lead administrator of justice in Kiribati and therefore responsible to administer legislations, deliver justice services and provides policy support and analysis on justice issues within Kiribati. *(National Economic Planning Office, 2023)* There are six divisions under MOJ and total of 113 permanent positions in 2023. *(Public Service Office, 2023)*

**Findings & Analysis**

### 14.2. Review of Approved Budget 2023.

**MOJ Recurrent Expenditures 2023 by divisions**

| Ministry of Justice | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 763,708 | 763,708 | 760,691 | -3,017 | 671,328 |
| 02 Prison | 954,318 | 954,318 | 945,606 | -8,712 | 896,213 |
| 03 Civil Registration | 325,530 | 325,530 | 293,983 | -31,547 | 269,187 |

| | | | | | |
|---|---|---|---|---|---|
| 04 Human Rights | 129,799 | 129,799 | 91,046 | -38,753 | 123,698 |
| 05 OPL S | 728,580 | 728,580 | 658,741 | -69,839 | 590,508 |
| 06 Xmas | 149,820 | 149,820 | 128,456 | -21,364 | 112,249 |
| 07 Election | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **3,051,755** | **3,051,755** | **2,878,523** | **-173,232** | **2,663,184** |

The above table shows that actual expenditures in 2023 is $2.9 million, hence this is an increase of only 8% compared to last year expenses.

### 14.2.1. Expenditure-Huge Saving.

The ministry has total savings of $173k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Response**

No response received.

**MOJ Recurrent Revenue 2023 by Division**

| Ministry of Justice | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 37,000 | 37,000 | 114,965 | 77,965 | 36,095 |
| 02 Prison | 0 | 0 | 0 | 0 | 145,121 |
| 03 Civil Registration | 90,000 | 90,000 | 145,443 | 55,443 | 0 |
| 04 Human Rights | 0 | 0 | 0 | 0 | 4,949 |
| 05 OPL S | 2,800 | 2,800 | 7,803 | 5,003 | 0 |
| 06 Xmas | 0 | 0 | 0 | 0 | 0 |
| 07 Election | 0 | 0 | 0 | 0 | 0 |
| **Total** | **129,800** | **129,800** | **268,211** | **138,411** | **186,165** |

Revenue collection is $268k in 2023 hence this is a 44% increase compared to last year revenues.

### 14.2.2. Revenue Over-Collections.

The table above shows that revenue exceeded the target by $138k, primarily due to higher-than-expected collections from Division 01, 03 and 05.

**Audit Recommendation**

**It is recommended that the Ministry review and refine its revenue forecasting processes, particularly for high-performing divisions such as Division 01 and 03 to ensure future revenue targets are more accurately aligned with historical trends and realistic earning potential.**

**Management Responses**

No response received.

# 15. JUDICIARY

### 15.1. Background Information

The Judiciary is not a ministry but one of the independent arms of the government likewise the Executive and Legislature and main tasks is the interpretation of laws passed by the Legislature. *(National Economic Planning Office, 2023)* The Judiciary had three divisions, high court, magistrate and judicial and with total of 90 permanent positions under ER 2023. *(Public Service Office, 2023)*

**Findings & Analysis**

### 15.2. Review of Approved Budget 2023.

**JUD Recurrent Expenditures Account 2023 by divisions:**

| Judiciary | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 High Court | 633,836 | 633,836 | 647,903 | 14,067 | 711,515 |
| 02 Magistrates | 1,368,872 | 1,368,872 | 1,379,843 | 10,971 | 1,403,900 |
| 03 Judicial Technical Div. | 810,240 | 810,240 | 817,886 | 7,646 | 707,389 |
| **TOTAL** | **2,812,948** | **2,812,948** | **2,845,631** | **32,683** | **2,822,804** |

The above table shows that actual expenditures in 2023 is $2.8 million, hence this is an increase of 1% compared to last year expenses.

#### 15.2.1. Overspending

The Ministry recorded an overspending of $32k by the end of the year, which is a non-compliance with the Appropriation Act 2023.

**Audit Recommendation**

**It is recommended that the Ministry strengthen its budgetary controls and monitoring processes to ensure that expenditures remain within the limits approved under the Appropriation Act.**

**Management Response**

Payroll was first posted to attache while late in 2023 IFMIS is just implemented so this is the main cause of the different figures which causes an overspend

Some imprest or travels for 2022 were just retired in 2023 and there were also some internal travels just carried out in a sudden need for hearing of cases mostly on outer islands

Payroll was first posted to attache while late in 2023 IFMIS is just implemented so this is the main cause of the different figures which causes an overspend. *(Judiciary Management Response 2023, received on 04th of September 2025)*

**JUD Recurrent Revenue 2023 by divisions.**

| Judiciary | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 High Court | 165,000 | 165,000 | 259,835 | 94,835 | 248,853 |
| 02 Magistrates | 90,000 | 90,000 | 113,797 | 23,797 | 119 |
| 03 Judicial Technical Div. | 11,300 | 11,300 | 11,936 | 636 | 906 |
| **TOTAL** | **266,300** | **266,300** | **385,568** | **119,268** | **249,878** |

Actual Revenue collection is $385k in 2023 hence this is a 54% increase compared to last year revenues.

#### 15.2.2. Revenue over-collections.

Three divisions generated revenue during the year, with total actual collections amounting to $385k— exceeding the target by $119k. This positive result was due to all revenue-generating divisions successfully meeting or surpassing their respective targets.

**Audit Recommendation**

**It is recommended that the Ministry regularly review and adjust its revenue targets based on past performance and capacity of each division, to ensure targets are realistic, data-driven, and provide a more accurate basis for financial planning and performance evaluation.**

**Management Responses**

No response

# 16. MINISTRY OF FISHERIES AND MARINE RESOURCES DEVELOPMENT.

## 16.1. Background Information

The ministry had seven divisions with main purpose is to ensure effective management, optimal utilization, and sustainability of marine fisheries, aquatic ecological resources and myriad non-living resources while improving social and economic returns and supporting food security. *(National Economic Planning Office, 2023)* There are 183 permanent positions in 2023. *(Public Service Office, 2023)*

**Findings & Analysis**

### 16.2. Review of Approved Budget 2023.

**MFMRD Recurrent Revenues 2023 by Divisions.**

| Ministry of Fisheries & Ocean Resources | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 1,162,360 | 1,162,360 | 1,156,172 | -6,188 | 1,103,252 |
| 02 Planning & Development | 184,579 | 184,579 | 149,956 | -34,623 | 169,809 |
| 03 Coastal Fisheries | 1,795,901 | 1,795,901 | 1,793,969 | -1,932 | 1,760,895 |
| 04 Licencing & Compliance | 484,793 | 484,793 | 475,146 | -9,647 | 441,399 |
| 05 GEO Science | 261,053 | 261,053 | 253,735 | -7,318 | 263,738 |
| 06 Seafood Verification | 301,930 | 301,930 | 284,513 | -17,417 | 305,446 |
| 07 ICT | 108,867 | 108,867 | 104,405 | -4,462 | 148,463 |
| **TOTAL** | **4,299,483** | **4,299,483** | **4,217,896** | **-81,587** | **4,193,002** |

The above table shows that actual expenditures in 2023 is $4.2 million, hence this is an increase of only 1% compared to last year expenses.

#### 16.2.1. Expenditures-Saving.

The ministry has an underspending of only $81k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

No Response Received

**MFOR Recurrent Revenue 2023 by divisions.**

| Ministry of Fisheries & Ocean Resources | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 0 | 0 | 0 | 0 | 0 |
| 02 Planning & Development | 0 | 0 | 0 | 0 | 0 |
| 03 Coastal Fisheries | 7,055 | 7,055 | 133,008 | 125,953 | 34,690 |
| 04 Licencing & Compliance | 199,990,491 | 199,990,491 | 212,148,647 | 12,158,156 | 140,958,649 |
| 05 GEO Science | 2,454 | 2,454 | 9,135 | 6,681 | 27,047 |
| 06 Seafood Verification | 0 | 0 | 0 | 0 | 0 |
| 07 ICT | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **200,000,000** | **200,000,000** | **212,290,791** | **12,290,791** | **141,020,385** |

Actual Revenue collection is $212 million in 2023 hence this is 51% increase compared to last year revenues.

### 16.2.2. Revenue Over-collections.

Although the Ministry comprises seven divisions, only three were responsible for generating revenue, as detailed in the table above. By year-end, the total actual revenue collected amounted to $212 million, exceeding the revised target of $200 million. This resulted in a revenue surplus of $12 million mainly from fishing licenses.

**Audit Recommendation**

**It is recommended that the Ministry regularly review and adjust its revenue targets based on past performance and capacity of each division, to ensure targets are realistic.**

**Management Responses**

No response received.

## 16.3. Current Audit Issues

### 16.3.1. External Travel

The audit observed that a payment of $2,718.86 dated 11/11/23, referenced as retpy23-17-0713, lacked supporting documentation therefore the audit unable to verify the validity of the refund.

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses**

No Response Received

### 16.3.2. Revenue License received without Invoice

On 14 December 2023, a payment of USD $2,880,000.00 was received from the European Community (EU) for fishing license fees. The audit noted that this payment was processed without an official invoice and without proper verification of the amount. Additionally, the agreement with the fishing vessel company lacked a defined payment schedule—an essential internal control measure. No corrective action was taken by the responsible officer to validate or adjust the payment accordingly.

### 16.3.3. Absence of License Payment Schedule in Agreements

The audit identified that the following fishing companies made license fee payments without clearly defined payment terms (i.e., payment schedule or VDS—Vessel Day Scheme—rates) outlined in their agreements:

- Kiribati Fishing Limited (KFL)
- Kiritimati Island Fish Limited (KIFL)
- Kiribati Tuna Fishing Company Limited (KTFL)
- European Community (EU)

The absence of agreed-upon rates or payment schedules raises concerns regarding the basis and transparency of these payments. No supporting documentation was provided to clarify how the payment amounts were calculated or approved.

**Audit Recommendations**

**Management to provide justifiable explanations and with supporting evidence to support issues 16.2.5 &16.2.6.**

**Management Responses**

No response received.

# 17. MINISTRY OF HEALTH MEDICAL SERVICES

## 17.1. Background Information

Ministry of Health is the second largest ministry that has 13 divisions and total number of 939 permanent staff under the ER 2023. *(Public Service Office, 2023)* The ministry focuses on improving the population health and health equity through continuous improvement. *(National Economic Planning Office, 2023)*

**Findings & Analysis**

### 17.2. Review of Approved Budget 2023.

**MHMS Recurrent Expenditures 2023 by divisions:**

| Ministry of Health & Medical Services | Approved Budget | Revised Budget | Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 4,122,643 | 4,812,643 | 4,776,866 | -35,777 | 4,599,140 |
| 02 Support | 2,654,496 | 2,654,496 | 2,621,013 | -33,483 | 2,684,439 |
| 03 Public Health | 1,098,769 | 1,098,769 | 1,094,238 | -4,531 | 1,355,475 |
| 04 Curative | 3,428,648 | 2,948,648 | 2,929,396 | -19,252 | 2,584,946 |
| 05 Laboratory | 779,960 | 779,960 | 773,256 | -6,704 | 746,427 |
| 06 Radiology | 337,952 | 337,952 | 341,837 | 3,885 | 267,819 |
| 07 Pharmacy | 2,929,489 | 2,929,489 | 2,937,776 | 8,287 | 2,833,115 |
| 08 Rehabilitation | 418,703 | 418,703 | 413,017 | -5,686 | 303,948 |
| 09 Dental Clinic | 794,320 | 794,320 | 789,342 | -4,978 | 510,173 |
| 10 Nursing Services | 8,981,950 | 8,981,950 | 8,979,658 | -2,292 | 8,928,152 |
| 11Linnix Health Services | 1,548,883 | 1,338,883 | 1,283,951 | -54,932 | 1,350,104 |
| 12 Southern Kiribati Hospital | 967,565 | 967,565 | 966,452 | -1,113 | 969,668 |
| 13 Health Information | 278,199 | 278,199 | 231,882 | -46,317 | 244,324 |
| **TOTAL** | **28,341,577** | **28,341,577** | **28,138,684** | **-202,893** | **27,377,729** |

The above table shows that actual expenditures in 2023 is $28 million hence this is 3% increase compared to last year expenditures.

#### 17.2.1. Expenditure-Saving

The ministry has a saving of $202k at the end of the year and this is mainly because most of the divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

The Ministry acknowledges the audit's concern regarding the **unspent amount of $202,893**, which represents approximately **0.7%** of the total recurrent budget. We appreciate the audit insights highlighting this variance and are committed to addressing the points raised through ongoing improvements in our financial processes.

Specifically, we will:

1. Monitor expenditures continuously, with regular reviews to identify and address budget variances promptly.
2. Make timely adjustments/transfers/virement as soon as emerging needs are confirmed.
3. Enhance our budget forecasting capabilities by incorporating forward-looking risk assessments. *(MHMS Management Response 2023, received on 12th of August 2025)*

### 17.2.2. Expenditure- Overspent divisions

Divisions 06 and 07 experienced overspending during the year by $3.8k and $8.2k respectively. This could have been avoided if savings from other divisions had been reallocated to cover these shortfalls.

**Audit Recommendation**

**Implement timely budget reallocation (virement) reviews- Establish a systematic and timely review process for internal budget reallocations to allow overspent divisions to effectively utilize underspent funds from other divisions before year-end.**

**Management Responses**

An overall overspend was recorded in the Pharmacy and Radiology divisions, resulting from Journal Voucher JV-2023-DEC-17-5464 (Finance JV). This variance was identified only after all reconciliations and clearings were completed by respective Ministries in preparation for the annual account closure. As per AcG advised: The overspend arose from misposted payments originating from the old system (Attache) that were not captured in the new system (IFMIS). However, The Ministry is unable to verify or provide further details regarding the overspent, as the full breakdown of the Journal Voucher could not be obtained from the Ministry of Finance. Please refer to the attached follow-up email for reference. *(MHMS Management Response 2023, received on 12th of August 2025).*

**MHMS Recurrent Revenues 2023 by Divisions.**

| Ministry of Health & Medical Services | Revenue Budget (Original) | Revenue Budget (Revised) | Revenue Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 110,700 | 110,700 | 119,717 | 9,017 | 188,367 |
| 02 Support | 0 | 0 | 0 | 0 | 0 |
| 03 Public Health | 0 | 0 | 0 | 0 | 0 |
| 04 Curative | 0 | 0 | 0 | 0 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| 05 Laboratory | 0 | 0 | 0 | 0 | 0 |
| 06 Radiology | 0 | 0 | 0 | 0 | 0 |
| 07 Pharmacy | 0 | 0 | 0 | 0 | 0 |
| 08 Rehabilitation | 1,000 | 1,000 | 0 | -1,000 | 0 |
| 09 Dental Clinic | 1,000 | 1,000 | 3,311 | 2,311 | 360 |
| 10 Nursing Services | 0 | 0 | 0 | 0 | 0 |
| 11Linnix Health Services | 0 | 0 | 0 | 0 | 0 |
| 12 Southern Kiribati Hospital | 0 | 0 | 0 | 0 | 0 |
| 13 Health Information | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **112,700** | **112,700** | **123,028** | **10,328** | **188,728** |

Revenue collection is $123k in 2023 hence this is a 35% decrease compared to last year revenues.

#### 17.2.3. Revenue Over-collection

The table above shows that total actual revenue collection of $123k had exceeded the target by $10,328.

**Audit Recommendations**

**Management needs to review and reassess the basis for setting revenue targets to ensure they are realistic and achievable, taking into account historical performance, current economic conditions, and operational capacity. This will improve the accuracy of revenue forecasting and support better financial planning.**

**Management Responses**

Revenue collections for the year ended 31 December 2023 amounted to $123,028, representing a 35% decrease compared to the prior year. The primary reason for this decline is the cessation of COVID-19 vaccine administration as a revenue-generating activity in 2023.

In 2022, COVID-19 vaccination services contributed significantly to total revenue, with charges set at $15 per dose for citizens and $150 per dose for non-citizens. This was necessitated by public health measures during the pandemic period and the restricted international travel environment.

Following the reopening of national borders and the stabilization of the COVID-19 situation in 2023, the vaccine was no longer in active use as part of public health requirements, and the associated charges were discontinued. Hence the decrease in medical check-up revenue.

However, Management acknowledges the audit observation regarding the over-collection of revenue against the 2023 target and commits to improving the accuracy of future revenue forecasts by setting more realistic and achievable targets, taking into account historical performance and the impact of non-recurring revenue sources. *(MHMS Management Response 2023, received on 12th of August 2025).*

### 17.3. Current Audit Issues.

#### 17.3.1. Salaries overpayment

During our audit of MHMS payroll transactions, the audit found one staff (PF2012155) with salary over-payment of $977.20, ceased date 20/10/23 and last pay date is 17/11/23.

**Audit Recommendation**

**Management should review the above overpayment and to start recovery from the concern staff accordingly.**

**Management Responses**

We acknowledge the audit concern regarding the salary overpayment caused by a delay in the termination process, specifically between the employee's resignation date (1 September 2023) and the formal salary cessation notification issued on 10 October 2023. This delay resulted in the unintentional continuation of salary payments.

The Finance Division has since calculated the overpaid amount and retained the necessary documentation to initiate recovery action.

To prevent recurrence, the Ministry is strengthening internal controls and enhancing coordination protocols to ensure timely execution of employee terminations-----and with the implementation of the IFMIS system, the Ministry is now able to cease salary payments efficiently, reducing the risk of similar issues occurring in the future. *(MHMS Management Response 2023, received on 12th of August 2025).*

#### 17.3.2. Allowances- Overpayment of On-call Allowance.

The audit identified an overpayment of one on-call allowance totaling $616.87 for pay period 29/12/23. According to the employee's claim letter, the entitled amount was $1,850.63. However, a payment of $2,467.50 was deposited into the employee's bank account and recorded in the General Ledger, resulting in an overpayment.

**Audit Recommendation**

**Management is required to review the allowance overpayments and provide justifiable explanations, including proposed measures for recovering the amounts overpaid.**

**Management Responses**

No response received.

### 17.4. Local Contribution to Development Fund (LCDF)

#### 17.4.1. Local Referrals- Breach of Memorandum of Understanding (MoU)

The Memorandum of Understanding (MOU) between MHMS and AKL for top up of Patient Reserve Fund (PRF) for Local referral airfares states that when 75% of the fund (PRF stands at $75,000) was used then the top up can be made. However, the review of PV# MHMS23-14-1472 showed that $37,300.86 or 49% was used and yet the payment was processed hence this is a breach of the MOU.

**Audit Recommendations**

**Management should provide clear explanations to justify and support this instance of non-compliance for local referrals reported under Local Contributions to Development Fund.**

**Management Response**

Payment PV-23-14-1472 was processed before the official payment cut-off (year-end) to the Ministry of Finance to ensure continuity of Air Kiribati essential services for outer island local referrals. At year-end, all projects are closed, and payments are paused until the release of new-year warrants---- a process that can take time. This payment was made in advance to prevent service disruption for Air Kiribati, which is critical for transporting patients from outer island to TCH for medical referrals. *(MHMS Management Response 2023, received on 12th of August 2025).*

# 18. MINISTRY OF WOMEN YOUTH SPORT & SOCIAL AFFAIRS

## 18.1. Background

Ministry of Women Youth Sport and Social Affairs has seven divisions with a total of 80 permanent staff under the ER 2023. *(Public Service Office, 2023)* The ministry focuses on improving social welfare through partnerships between national Government, local Government, Faith-based organizations, and non-governmental organizations. The emphasis is on the development of youth and sports and the protection of the most vulnerable in society, including people with disability, women, and children. *(National Economic Planning Office, 2023)*

**Findings & Analysis**

## 18.2. Review of Approved Budget 2023.

**MWYSSA Recurrent Expenditures 2023 by divisions.**

| Ministry of Women, Youth, Sport & Social Affairs | Approved Budget | Revised Budget | Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 1,238,063 | 1,238,063 | 1,205,837 | -32,226 | 1,246,382 |
| 02 Sport | 152,577 | 152,577 | 140,087 | -12,490 | 146,042 |
| 03 Social Welfare | 290,575 | 290,575 | 243,146 | -47,429 | 287,671 |
| 04 Youth | 142,162 | 142,162 | 84,549 | -57,613 | 136,843 |
| 05 Women | 182,362 | 182,362 | 141,369 | -40,993 | 181,961 |
| 06 NGO | 62,744 | 62,744 | 51,817 | -10,927 | 63,272 |
| 07 Disability | 83,043 | 83,043 | 49,016 | -34,027 | 81,430 |
| **TOTAL** | **2,151,526** | **2,151,526** | **1,915,820** | **-235,706** | **2,143,600** |

The above table shows that actual expenditures in 2023 is $1.9 million, this is a decrease of 11% compared to last year.

### 18.2.1. Expenditure-Huge Savings

The Ministry recorded substantial savings of $235k at the end of the year, primarily due to underutilization of allocated funds in all divisions.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

Thank for bringing this matter to our attention.

After a detailed review, the savings attributed to the following:

1. Salary Savings

- Unfilled vacant positions – vacant positions remained unfilled during the financial period, resulting in reduced salary obligations.
- Savings occurred because of staff resignations without immediate replacement.
- Some employees were taking and extended their leave with pay, leading to lower salary expenses.
- Initial salary projections included anticipated increments that were not fully utilized.

The outstanding salary amount of $845 was intended for the principal's salary increment. However, this was not applied, as the principal remains on salary level 6.2, when in fact it should have been adjusted to 5.1.
Youth Principle still vacant during 2023 and Youth officer resign after receiving a new post while the temporary was recruited. One of women post also vacant during the 2023 financial year.

2. Operational Budget savings

- Certain planned activities planned were postponed or cancelled.

For youth division, the fund was intended to support Tobwan te Rikirake committee allowance, meetings were put on hold due to outstanding payments from youth loan recipients. As a result, there were some remaining savings. Now that the Tobwaan Te Rikirake Youth Loan program has been revived, these funds will continue to be utilized for their intended purpose.
NYCD activities, sometimes funding was received from other donors so the budget for the NYCD, was not fully utilised. However please note we do need this money because getting our source of funding from other donors depend on SRO decisions, we can be lucky this year that we get support and funding, but this is not a promising maybe next year, there is no funding available from donors.

In some cases, like women division, during 2023 financial year, there are some projects that have come to an end. Therefore, they tried to fully utilise a project fund while a recurrent budget does not utilise. On the other hand, the New York trip for 2023 cancelled due to the postponed and no one available for the trip for the 16 Days or activism campaign.

- The National Gospel Day Celebration 2023 and the World NGO Day 2023 were both not funded. The remaining funds under the Allowance (204) provision and other available balances were therefore utilized to meet the costs of these events.
- As reflected in the RC Budget Report (Jan – 07 Sept 2023) provided by SA Mikara, both the external and internal budgets have been fully exhausted, though no clear breakdown of expenditure was provided.
- Furthermore, her update indicated that internal travel expenditure of $6,348 exceeded the allocation by 163%, resulting in a negative balance of $4,025.
- In conclusion, we note with concern that a number of debt notes for National Gospel Day and World NGO Day are being charged against the 2024 Recurrent Budget, even though these expenses should have been met under the 2023 budget.

**MWYSSA Recurrent Revenue 2023 by divisions**

| Ministry of Women, Youth, Sport & Social Affairs | Revenue Budget (Original) | Revenue Budget (Revised) | Revenue Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration | 28,450 | 28,450 | 17,382 | -11,069 | 33,583 |
| 02 Sport | 0 | 0 | 0 | 0 | 0 |
| 03 Social Welfare | 0 | 0 | 0 | 0 | 0 |
| 04 Youth | 0 | 0 | 0 | 0 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| 05 Women | 0 | 0 | 0 | 0 | 0 |
| 06 NGO | 0 | 0 | 0 | 0 | 0 |
| 07 Disability | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **28,450** | **28,450** | **17,382** | **-11,069** | **33,583** |

Actual revenue collection of $17k in 2023 is down by 48% compared to 2022 actual collections of $33k.

#### 18.2.2. Revenue Under collection

While the Ministry has seven divisions, revenue was generated only from Division 01- Admin, with an actual collection of $17k against a target of $28k, resulting in revenue shortfall of $11k.

**Audit Recommendations**

**Management to enforce strict control over the monitoring of revenue collection to ensure that revenue divisions achieve their target at the end of the year.**

**Management Responses**

MWYSSA's main revenue streams come from two sources: bookings for the sports complex and water sales. While we also sometimes generate income by storing containers inside the complex, this is limited to ensure the safety of athletes, particularly during preparations for national events like the Te Runga games. The year 2023 was a Te Runga year. In the months leading up to the championship, the complex was almost fully booked for eight months to support national team preparations. It is important to note that direct sport activities remain free of charge. A significant challenge we face is that revenue from water sales is not being managed effectively by the Caretaker who oversees the Complex.

Proposed Solutions (Way Forward). To improve revenue management and transparency, we propose the following actions:

- Implement a centralized payment system. Payments for water and entry passes will be made exclusively at the Ministry of Finance and Economic Development (MFED).
- Introduce a voucher system. To ensure payment can be made even when MFED is closed, particularly on weekends, vouchers will be distributed and sold at nearby stores.

*(MWYSSA Management Response 2023, received on 19th of August 2025).*

### 18.3. Current Audit Issues

#### 18.3.1. Control weaknesses over the payment of SCA 2023.

The audit review of SCA payments revealed several weaknesses in the control system, highlighting deficiencies in accountability and record management:

- Unclaimed funds for BTC SCA payments from January to December 2023 were not provided for audit review.
- The audit was unable to verify the unclaimed allowances for TUC SCA for November and December 2023 due to the absence of supporting documentation. Specifically, there were no teller and supervisor signoffs confirming the review of unclaimed funds, nor were receipts and deposit slips available to substantiate the transactions.
- The audit identified that the unclaimed funds for TUC SCA covering the period March to August 2023 did not match, total receipted amount less than the reconciled balances.

- The audit identified three instances of shortages in SCA unclaimed funds, where the receipts recorded were less than the reconciled amounts. These occurred in May 2023 ($11,600), July 2023 ($400), and August 2023 ($1,590). There was no evidence to confirm repayment of these shortages, nor were deposit slips available to verify that the amounts had been credited to the No. 1 Account.
- The audit also confirmed that eight tellers did not issue receipts for unclaimed SCA funds during the months of March, April, and June 2023.

**Audit Recommendation**

**Management to strengthen controls over SCA payments by ensuring proper documentation of unclaimed funds, regular reconciliation, issuance of receipts, and prompt recovery of any shortages and timely deposit of unclaimed fund into the government bank account.**

**Management Response**

In accordance with our Joint Operations Manual pg. 6 (shared previously with the audit team in Q2 2025) regarding roles and responsibilities MFED:

"Ensure timely and complete acquittals for all payments made in South Tarawa and by Island Treasurers in the Outer Islands. Acquittal reports (for both manual and transactive payments) shall provide details of each and every individual paid to allow MWYSSA to generate accurate payrolls in the future and resolve any complaints effectively. Unless agreed otherwise, acquittal reports shall be submitted to MWYSSA 10 working days post payment for both Island Treasurers and 21 days post payment by Treasury."

MWYSSA SPU and MWYSSA accounts are not responsible for the disbursement of payments and the management of returns, reconciliations and receipts.

In Outer Islands, Island Treasurers have the responsibility for sharing these documents with MFED - Exam Unit
In South Tarawa, the Treasury team are responsible for the receipt of these documents from tellers.
Please contact the following MFED colleagues to enquire about the processes they follow and to request a response on the audit observations made.

The following staff members will be able to provide copies of the reports provided by MFED to MWYSSA.

| Area of responsibility | Contact details |
|---|---|
| South Tarawa Payments | Waawai Abineru<br>Treasury<br>wabinero@mfep.gov.ki |
| Outer Island Payments | Marewenuea Enoka<br>Exam Unit<br>menoka@mfed.gov.ki |

*(MWYSSA Management Response 2023, received on 16th September 2025).*

### 18.3.2. Support Fund for Unemployment[i]

| SFU Payment 2023 | | | |
|---|---|---|---|
| Quarterly | Caouncial | Unclaimed Combined Reconciliation | Receipted Amount |
| Jan-March | BTC | $ 105,935.00 | |
| | TUC | $ 246,250.00 | |
| | | **$ 352,185.00** | **$ 395,755.00** |
| April-June | BTC | $ 166,300.00 | |
| | TUC | $ 276,800.00 | |
| | | **$ 443,100.00** | **$ 672,810.00** |
| July-Sept | BTC | $ 223,400.00 | |
| | TUC | $ 500,750.00 | |
| | | **$ 724,150.00** | **$ 762,730.00** |
| Oct-December | BTC | $ 207,400.00 | $ 209,440.00 |
| | TUC | $ 455,000.00 | **NA** |
| | | **$ 662,400.00** | **$ 209,440.00** |

*Table 18.3. 2023 Unclaimed SFU-reconciled vs receipts.* [ii]

The following internal control weaknesses are noted for SFU payments for BTC and TUC 2023:

#### *18.3.2.1. Unavailable receipts for TUC Oct to Dec 2023 unclaimed funds*

The audit noted that the receipted amounts of unclaimed funds for TUC for the period October to December 2023 were not made available for review. As a result, the audit was unable to verify the accuracy and completeness of the payments made during this period.

***Implication:*** *The lack of reviewed and signed reconciliation reports increases the risk of errors, misstatements, or misappropriation of funds going undetected. It undermines the reliability of financial records, reduces accountability, and weakens internal controls over the management of SFU payments.*

#### *18.3.2.2. SFU Discrepancies between reconciled reports and receipted amount*

The audit identified significant discrepancies between individual tellers' reconciliation reports and the receipted amounts. Specifically, the reconciled amounts were less than the amounts deposited (receipts) into Government Bank Account No. 4, resulting in unexplained surplus deposits. However, the accuracy of these surplus amounts could not be verified due to the absence of supporting documentation i.e., no teller and supervisor signoffs confirming the review of unclaimed funds, nor were receipts and deposit slips available to substantiate the transactions. (Refer Attachment

***Implication:*** *The absence of supporting documentation prevents verification of the completeness and accuracy of SFU payments, increasing the risk of errors, misstatements, or misappropriation of funds. It also undermines accountability, reduces transparency in the handling of public funds, and weakens internal controls over cash collections and reconciliations.*

#### *18.3.2.3. Late Receipting and Depositing[iii].*

The audit observed the practice of delayed receipting and depositing of unclaimed funds, as evidenced by returned BTC SFU receipts for October–December 2023 (RV 24-17-1629 to 1635), which were paid in December 2023 but not receipted until nearly two months later.

***Implication:*** *Delayed receipting and depositing increases the risk of misplacement, misappropriation, or unauthorized use of public funds. It also undermines the accuracy and reliability of financial records,* *weakens internal controls over cash handling, and reduces accountability and transparency in the management of SFU.*

**Audit Recommendation**

- **Management should implement a strict policy requiring all payments to be receipted and deposited on the same day or within a maximum of 24 hours of receipt and to hold responsible officers accountable for delays to ensure proper safeguarding and timely recording of public funds.**
- **Management to enforce timely receipting and depositing of unclaimed funds in compliance with financial regulations. All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Response**

- Same response as in section 18.3.1
- Late receipting response:

Thank you for the mentioned matter regarding the late receipting and depositing of funds.

We acknowledge the delay and regret the lapse in adhering to the standard timelines.

The delay was due to unforeseen workload, as the year 2023 was when Te Runga commenced, and that led to a staff shortage. A supervisor, Bwatarawa Teeu, was taking annual leave while MWYSSA Accountant Baraniko Tabera assisted during the payout. In addition to the Runga, a scam payment to Air Nauru in November 2023 is one of the biggest crises to the MWYSSA Account Team, where account staff were affected personally. Whereas most of the staff lose concentration on their daily tasks.

For this, measures have now been taken to ensure timely receipting and depositing, including closer monitoring. The payout schedule is only on a Saturday when staff does not engage with other tasks and a cashier is available and on standby for the receipt upon the return on the same day. Not like before, the payout took 5 to 6 days, including working days, and the receipting was done upon the cashier and tellers' availability.

We are committed to strengthening our processes to prevent recurrence and to remain compliant with financial control. *(MWYSSA Management Response 2023, received on 19th of August 2025).*

### 18.3.4. Disability Supporting Allowance[iv]

The audit is unable to confirm the accuracy of selected allowances due the following internal control weaknesses:

#### *18.3.4.1. Missing Eligibility Applications*

Eligibility application forms for the 2023 Disability Supporting Allowance (DSA), which are essential for assessing and approving recipients, were not available for review during the audit.

***Implications:*** *The absence of eligibility application forms increases the risk of payments being made to ineligible or fictitious beneficiaries, leading to possible misappropriation of funds and financial loss to the government.*

*18.3.4.2. Unavailable Cash Summary or Reconciliation report and Signed Eligibility Lis.*

- **Absence of reconciliation reports**

The audit was unable to verify the accuracy of TUC unclaimed DSA funds total $536,540.00[v] for these selected months of April, June, July, September, and October 2023, as no reconciliation reports were provided for audit review.

As for BTC, the audit is unable to verify unclaimed DSA funds total $78,760[vi] for May and September 2023 due to the unavailability of reconciliation reports.

- **Incomplete eligibility signed lists.**

Although a signed eligibility list for TUC was provided for the month of April 2023, it was found to be incomplete. Furthermore, three subsequent payments (June, July, and September 2023) had no signed eligibility lists attached, preventing confirmation of recipient authenticity.

Although a signed list was provided for BTC unclaimed funds for May 2023, it was incomplete, further limiting verification.

***Implication:*** *The absence of reconciliation reports and complete signed eligibility lists significantly limits the audit's ability to verify the accuracy and validity of unclaimed DSA funds. This creates a risk of misstatement and potential misuse of funds, as payments and balances cannot be independently confirmed.*

**Audit Recommendation**

**Management should ensure that reconciliation reports and complete signed eligibility lists are consistently prepared, reviewed, and retained for all months. These documents should be made readily available for both internal monitoring and external audit purposes, to strengthen accountability and provide reliable assurance over the accuracy of DSA transactions.**

**Management Response:**

Thank you for bringing this matter to our attention.

Please be informed that our current team is newly assigned to this division. It is possible that the eligibility application forms for 2023 were not scanned or properly archived by the previous staff. As a result, we are currently unable to locate those records in our system. We understand the importance of maintaining complete and accurate documentation and are actively working to improve our record-keeping processes to prevent similar issues in the future. If there is any further information or specific assistance we can provide regarding this matter, please do not hesitate to let us know. Thank you for your understanding. *(Management Response 2023, received on 19th of August 2025).*

# 19. MINISTRY OF FINANCE ECONOMIC DEVELOPMENT

## 19.1. Background Information

Ministry of Finance Economic Development has 9 divisions with a total of 232 permanent staff under the ER 2023. *(Public Service Office, 2023)* The purpose of the Ministry is to achieve a viable and sustainable economy that can provide an adequate standard of living for the people of Kiribati. *(National Economic Planning Office, 2023).*

**Findings & Analysis**

### 19.2. Review of Approved Budget 2023.

**MFED Recurrent Revenues 2023 by Divisions.**

| Ministry of Finance Economic Development | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 1,236,177 | 1,299,677 | 1,295,689 | -3,988 | 1,276,892 |
| 02 Treasury | 1,598,181 | 1,598,181 | 1,586,431 | -11,750 | 1,541,328 |
| 03 Internal Audit | 130,951 | 125,951 | 111,156 | -14,795 | 116,449 |
| 04 NEPO | 449,676 | 449,676 | 442,774 | -6,902 | 359,396 |
| 05 Tax | 628,607 | 618,607 | 533,525 | -85,082 | 569,036 |
| 06 NSO | 237,740 | 232,740 | 198,478 | -34,262 | 194,860 |
| 07 IT | 214,425 | 200,425 | 154,905 | -45,520 | 196,794 |
| 08 CPU | 122,769 | 122,769 | 114,645 | -8,124 | 92,200 |
| 09 Customs | 808,905 | 779,405 | 756,147 | -23,258 | 663,751 |
| **TOTAL** | **5,427,431** | **5,427,431** | **5,193,750** | **-233,681** | **5,010,707** |

The above table shows that actual expenditures in 2023 is $5.1 million, hence this is an increase of 4% compared to last year expenses.

#### 19.2.1. Expenditure- Saving.

The ministry has a significant saving of $233k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

In July 2023, the new Integrated Financial Management Information System (IFMIS) was adopted. During the transition phase, the MFED accounts team, like all other Ministries, was very new to the system, and the reports generated were not always fully accurate or up to date. This resulted in delays and inconsistencies in the financial reports, caused both by the team's limited familiarity with the system and the incomplete migration of postings. *(MFED Management Response 2023, received on 23rd September 2025)*

**MFED Recurrent Revenue 2023 by divisions.**

| Ministry of Finance Economic Development | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 0 | 0 | 23,574,471 | 23,574,471 | 14,323,514 |
| 02 Treasury | 7,011,028 | 7,011,028 | 21,586,715 | 14,575,687 | 9,836,576 |
| 03 Internal Audit | 0 | 0 | 0 | 0 | 0 |
| 04 NEPO | 0 | 0 | 0 | 0 | 0 |
| 05 Tax | 79,443,879 | 79,443,879 | 48,906,480 | -30,537,399 | 62,980,228 |
| 06 NSO | 0 | 0 | 0 | 0 | 0 |
| 07 IT | 0 | 0 | 0 | 0 | 0 |
| 08 CPU | 0 | 0 | 0 | 0 | 0 |
| 09 Customs | 60,839 | 60,839 | 21,162,499 | 21,101,660 | 36,626 |
| **TOTAL** | **86,515,746** | **86,515,746** | **115,230,166** | **28,714,420** | **87,176,944** |

Revenue collection is $115k in 2023 hence this is a 32% increase compared to last year revenues.

### 19.2.2. Overcollection of Total Revenue

The table above shows that total revenue collection exceeded the target by $28 million, primarily due to overperformance by Division 01 (Administration), Division 02 (Treasury), and Division 09 (Customs).

### 19.2.3. Revenue Shortfall in the Taxation Division

As shown in the table above, the Taxation Division recorded actual revenue of $48 million, falling significantly short of its $78 million target—resulting in a shortfall of $30 million.

**Audit Recommendations**

- **Management should provide a justified explanation for the revenue shortfall at the Taxation Office.**
- **The Ministry should ensure that revenue estimates prepared during the planning stage are realistic and achievable.**

**Management Responses**

This matter is attributable to mis-posting arising from the transition to the new IFMIS system.

- According to Tax Division's record, a total of $70,050,506 was collected in 2023 (refer to 2025 Budget book). Therefore, the revenue of $21m under customs must have been incorrectly posted - it should go under Tax division instead.
- Additionally, the sum of $23.6m under Admin is for Budget support. This is usually reported on its own under 'Other revenue' not under MFED.

*(MFED Management Response 2023, received on 23rd of September 2025)*

### 19.3. Current Audit Issues

#### 19.3.1. Absence of Dividend Revenue Policy

The audit identified a control weakness relating to the absence of a formal policy governing the rate of dividend payments by State-Owned Enterprises (SOEs) and Joint Ventures. The lack of such policy creates inconsistency and uncertainty in determining the appropriate dividends to be paid to the government.

#### 19.3.2. Low Dividend Compliance by SOEs in 2023

The audit noted that only a few State-Owned Enterprises (SOEs) paid dividends in 2023. A total of $332,451.15 in dividends was received during the year, relating to the 2022 financial performance. However, this amount was contributed by only three out of the 20 SOEs, as detailed below:

- ✓ Kiribati Ports Authority (KPA): $179,781.30
- ✓ Central Pacific Producers Limited (CPPL): $132,669.85
- ✓ Te Atinimarawa Company Limited (TACL): $20,000.00

This low level of compliance highlights the need for stronger enforcement and clear policy guidance on dividend obligations for all SOEs.

#### 19.3.3. Unavailable supporting documentations

The audit noted that the copies of joint venture agreement with ANZ and KFL is not available for audit review on dividend revenue.

#### 19.3.4. Mis-posted Transaction in Dividend Account

The audit identified a mis-posting of one transaction amounting to $3,292.60, which was incorrectly recorded as dividend revenue. The details of the transaction are as follows:

- ✓ **Receipt Voucher:** RV202309020
- ✓ **Reference:** MOEKNLA018/09/23

**Audit Recommendation**

**Management should strengthen controls over dividend revenues by developing a clear policy and ensuring compliance by all State-Owned Enterprises (SOEs)**

**Management Responses**

The commencement of the recently approved SOE Amendment Act will provide the necessary framework to strengthen and formalize the dividend policy. This will address the current control weakness identified by the audit regarding the absence of a clear policy on dividend rates, thereby reducing inconsistency and uncertainty in determining appropriate payments to the government. *(Management Response 2023, received on 23rd of September 2025).*

# 20. MANEABA NI MAUNGATABU

## 20.1. Background Information

Maneaba ni Maungatabu is a local name for Government of Kiribati House of Parliament. The functions of the Maneaba contribute to open government including accountability to the representatives of the people, and a functioning legislature. *(Ministry of Finance and Economic Development, 2023)* The Parliament has 3 main divisions with a total of 63 permanent staff under the ER 2023. *(Public Service Office, 2023)*

**Findings & Analysis**

## 20.2. Review of Approved Budget 2023.

**MNM Recurrent Expenditures 2023 by divisions:**

| Maneaba n Maungatabu (Parliament) | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 1,611,337 | 1,611,337 | 1,617,286 | 5,949 | 1,371,656 |
| 02 Parliamentary Meetings | 3,814,423 | 3,814,423 | 4,195,107 | 380,684 | 3,547,714 |
| 03 Parliamentary Committees | 1,752,538 | 1,752,538 | 2,452,478 | 699,940 | 1,448,740 |
| **TOTAL** | **7,178,298** | **7,178,298** | **8,264,871** | **1,086,573** | **6,368,111** |

The above table shows that actual expenditures in 2023 is $8.2 million, hence this is an increase of 30% compared to last year expenses.

### 20.2.1. Expenditure-Overspent

The Parliament recorded a total actual expenditure of $8.2 million, exceeding the revised budget of $7.1 million and resulting in an overspending of $1 million. All three divisions contributed to this overspending during the year.

**Audit Recommendations**

**Overspending overall, where actual expenditures exceeded the revised budget at year-end, indicates non-compliance with the Appropriation Act 2023. Management is required to provide justifiable and well-documented explanations for this overspent.**

**Management Responses**

Management acknowledges that total 2023 actual expenditure of $8,264,871 exceeded the revised budget of $7,178,298 by $1,086,573 (30% increase vs 2022 actuals of $6,368,111). The variance was concentrated in Parliamentary Meetings and Parliamentary Committees and was driven predominantly by external travel.
Where the variance occurred (by division and key items)

- 1701 Administration: Minor variance $5,949 (inflationary pressures on utilities/supplies/services).
- 1702 Parliamentary Meetings: Overspend $380,684, mainly External Travel — Budget $647,867; Actual $995,723; Variance –$347,856 — reflecting extended sittings and unavoidable representation duties.
- 1703 Parliamentary Committees: Overspend $699,940, primarily External Travel — Budget $801,960; Actual $1,501,399; Variance –$699,439 — due to increased committee obligations, overseas engagements, and constituency consultations beyond initial forecasts.

*Explanations and context:*

1. External travel pressures (principal driver)
    - The actual number and duration of external engagements for Members and Committees exceeded forecasts due to extended sittings and time-sensitive committee work.
    - Market price escalation in airfares, accommodation and allowances lifted unit costs above budget assumptions.
2. Supplementary request made in real time
    - On 28 September 2023, management emailed the Secretary of Finance with the supplementary document from the House of Parliament office and requested approval/guidance on the travel requirements.
    - On 4 October 2023, the Secretary replied that the matter would be discussed with HVP.
    - No further confirmation was provided thereafter. Expenditures proceeded in good faith to maintain continuity of parliamentary business pending formal advice.
3. Systems and data constraints during 2023
    - The office relied on a Microsoft Access database for most of 2023 which frequently crashed and sometimes caused unrecoverable data loss, weakening real-time monitoring and complicating reconciliations.
    - General Ledgers from the Ministry of Finance often arrived 1–2 months late, creating timing gaps between daily expenditure records and the official ledger, and hindering early variance escalation and in-year corrective action.
4. System reform implemented (late October 2023)
    - In late October 2023, the office migrated to IFMIS (FreeBalance). IFMIS posts transactions in real time, enforces commitment controls and removes reconciliation challenges that arose under Access. This materially strengthens compliance and financial control going forward.

*Way forward):*

- Early-warning & in-year engagement: Monthly variance reviews within IFMIS, with immediate escalation to MoF for virement or supplementary processes when pressures emerge.
- Stronger commitment & travel controls: Dual authorization for high-value travel; pre-commitment ceiling checks in IFMIS; post-travel reconciliations with full supporting evidence.
- More realistic forecasting: Future estimates will incorporate historical travel patterns, conservative inflation assumptions, and a modest contingency for extended sittings/committee work.
- Cost-efficiency: Consolidation of travel where feasible, virtual participation options, negotiated rates with travel providers, and stricter itinerary optimization.
- Documentation & audit readiness: Maintain a line-by-line reconciliation pack for 2023 variances (including the Sept–Oct 2023 supplementary correspondence) and ensure all payment records are retrievable at audit.

While the 2023 overspend indicates non-compliance at year-end, the underlying expenditures were non-discretionary and necessary to discharge Parliament's mandate. Management took steps to regularize these costs through a supplementary submission and has since implemented IFMIS to ensure stronger real-time control, monitoring, and compliance with the Appropriation Act in future years. *(MNM Management Response 2023, received on 08th of August 2025)*

**MNM Recurrent Revenue 2023 by divisions.**

| Maneaba n Maungatabu (Parliament) | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 50,600 | 50,600 | 7,155 | -43,445 | 8,283 |

| | | | | | |
|---|---|---|---|---|---|
| 02 Parliamentary Meetings | 0 | 0 | 0 | 0 | 0 |
| 03 Parliamentary Committees | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **50,600** | **50,600** | **7,155** | **-43,445** | **8,283** |

The ministry actual revenue in 2023 is $7.1k hence this a decrease of 14% compared to last year revenue.

#### 20.2.2. Revenue shortfall

The total actual revenue collected was $7.1k, falling short of the revenue target of $50.1k, resulting in a revenue shortfall of $43k. This indicates that the ministry did not achieve its revenue target in 2023.

**Audit Recommendations**

**Management should review the ministry's revenue forecast to ensure targets are based on realistic historical data and current economic conditions, allowing for more accurate and achievable revenue projections.**

**Management Responses**

We acknowledge the revenue shortfall in 2023. The variance was mainly due to an overestimated forecast, with only minimal collections from freight charges recorded. Going forward, revenue targets will be based on realistic historical trends and monitored through IFMIS to ensure accuracy. *(Management Response 2023, received on 08th of August 2025)*

### 20.3. Current Audit Issues.

#### 20.3.1. Overpayment External Travel Imprest

An overpayment of AUD 18,577.20 was made to the former MP on 22 December 2023 due to a processing error. Although the former MP expressed willingness to return the excess funds, no repayment has been made to date. The payment was made under Transfer Reference: P66732678970-36.

**Audit Recommendations**

**Initiate immediate recovery actions to retrieve the overpaid amount of AUD 18,577.20 from the former MP, and establish a mandatory verification and approval process involving a second officer for all future travel-related payments to prevent similar errors.**

**Management Responses**

An overpayment of AUD 18,577.20 was made to a former Member of Parliament on 22 December 2023, under Transfer Reference: P66732678970-36. It has been noted that, although the recipient has expressed willingness to return the excess funds, no repayment has been received to date.

Following an internal review, the Maneaba ni Maungatabu (MnM) Office confirms that this payment did not originate from its accounts or payment processes.

- The MnM Office's role is limited to certifying eligibility of Members and providing supporting documentation.
- Actual processing and disbursement of funds are the responsibility of the Ministry of Finance.

The stated transfer reference was generated and executed solely by the Ministry of Finance. Therefore, the overpayment resulted from a processing error within the Ministry of Finance, not from the MnM Office. *(MNM Management Response 2023, received on 08th of August 2025).*

#### 20.3.2. Unavailable Documents (External Travel)

The audit noted that two unavailable payment vouchers for imprest retirements both dated on the 30th of December 2023, and reference as details below:

- Retimp1334/23 $5,385.12
- Retimp $3,082.13 (lack details)

**Audit Recommendations**

**Supporting documentation should be maintained by the ministry and provided during the audit for the verification of account balances.**

**Management Responses**

We acknowledge the audit observation. All supporting documents, including the Payment Vouchers for imprest retirements, have since been properly attached and filed in the IFMIS system. The introduction of IFMIS has strengthened our internal controls by requiring that all payment transactions be supported with scanned documentation before processing.

As such, this issue has already been resolved within the system, and the documents are now readily available for verification. We are confident that with IFMIS in place, similar issues will not recur in future audits *(MNM Management Response 2023, received on 08th of August 2025).*

# 21. MINISTRY OF CULTURE & INTERNAL AFFAIRS

## 21.1. Background Information

The ministry has five division and have total of 147 permanent positions under the ER in 2023. *(Public Service Office, 2023)* The main purpose of the ministry is strengthening local governance, developing rural and urban economies' and reviving our culture and heritage, to realizing the aspirations contained in the Kiribati Development Plan and the Kiribati Vision 20. *(National Economic Planning Office, 2023)*

**Findings & Analysis**

## 21.2. Review of Approved Budget 2023.

**MIA Recurrent Expenditures 2022 by divisions:**

| Ministry of Internal Affairs | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 846,969 | 846,969 | 850,902 | 3,933 | 790,482 |

| | | | | | |
|---|---|---|---|---|---|
| 02 Rural Promoting Development | 615,309 | 615,309 | 586,539 | -28,770 | 599,030 |
| 03 Local Government Development | 1,352,497 | 1,352,497 | 1,306,215 | -46,282 | 1,316,905 |
| 04 CMD | 436,349 | 436,349 | 420,414 | -15,935 | 405,062 |
| 05 Election | 82,572 | 82,572 | 22,320 | -60,252 | 71,078 |
| **TOTAL** | **3,333,696** | **3,333,696** | **3,186,390** | **-147,306** | **3,182,557** |

The above table shows that actual expenditures in 2023 is $3.1 million an increase of only 0.1% compared to last year.

### 21.2.1. Expenditure- Huge Savings

The Ministry recorded substantial savings of $147,306 at the end of the year, primarily due to underutilization of allocated funds in Divisions 02 to 05.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

This was caused mainly by the following:

a. Most costs related to election activities were charged to election funds also released that year. This included travels to the outer islands for election awareness whereas HODs were involved, purchases of stationery and other preparatory items hence not utilizing their recurrent
b. Bills for communication and electricity were not received on time for November and Dember hence paying them the following year.
*c.* Shifting from manual financial system to IFMIS system recently introduced on 1st November 2023 without giving us trial period but short time practice just 4 weeks before the cut-off date resulting in most invoices not reaching final steps. *(MCIA Management Response 2023, received on 21st of August 2025)*

### 21.2.2. Overspent Division

The table above shows that Division 01 had exceeded its revised budget, with actual expenditures over by $3,933 at year-end.

**Audit Recommendation**

**Implement timely budget reallocation (virement) reviews- Establish a systematic and timely review process for internal budget reallocations to allow overspent divisions to effectively utilize underspent funds from other divisions before year-end.**

**Management Responses**

The overspent existed on Admin output 1501 was mainly from external travel which the officer responsible (Senior Accountant) was unable to meet the deadlines of posting adjustments. This was due to shortage of staff within the Accounts section following the transfer of the Accountant to another ministry and one Account officer transferred to the Treasury who was posted later to the Outer islands and replaced by a temporary staff just graduated from KIT. Being the only one working on the closing of 2023 account; recurrent, projects, support grant and other funds, coupled with GL reports released late giving minimal time before the 2nd run released and so on until the final run.

Management apologized for causing this overspent which could have been avoided if reshuffling of staff within the accounts could be arranged after the closing of the account. *(MCIA Management Response 2023, received on 21st August 2025).*

**MCIA Recurrent Revenue 2023 by Division**

| Ministry of Internal Affairs | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 0 | 0 | 0 | 0 | 0 |
| 02 Rural Promoting Develop | 0 | 0 | 0 | 0 | 0 |
| 03 Local Government Dev. | 0 | 0 | 0 | 0 | 0 |
| 04 CMD | 2,000 | 2,000 | 2,310 | 310 | 7,140 |
| 05 Election | 0 | 0 | 0 | 0 | 0 |
| | **2,000** | **2,000** | **2,310** | **310** | **7,140** |

Actual revenue collection of $2,310 in 2023 is down by 68% compared to 2022 actual collections of $7,140.

### 21.2.3. Revenue Over-collection

While the Ministry has five divisions, revenue was generated only from Division 04, with an actual collection of $2,310 against a target of $2,000, resulting in a modest excess of $310.

**Audit Recommendation**

**It is recommended that the Ministry regularly review and adjust its revenue targets based on past performance and capacity of each division, to ensure targets are realistic.**

**Management Responses**

The under collection was due to the Maneaba's condition as recalled this year the maneaba had not been renewed hence less attraction to the public for hire. Currently that the maneaba has been renewed last year, we hope to get more customers. *(MCIA Management Response 2023, received on 21st of August 2025).*

## 21.3. Current Audit Issues- Support Grants (Other Commitments)

### 21.3.1. Unavailable Supporting Documentations

The DW161/23 Teraina SF AUG $51,124.00 was not available during the audit:

**Audit Recommendation**

**All audit-requested supporting documents should be made available during the audit by management to facilitate a complete review.**

**Management Responses**

Departmental Warrant:

Management still cannot locate the whereabout of the DW as DW file maintained by Accounts division noted its missing and LGD also noted missing from their record. We also regret to advise that Account section Database couldn't be opened to review and print the DW in question.

Payment Voucher

Management managed to get copies of all the payment vouchers which are attached for reference. These were payments for all council staff's KPF contributions that the LGD maintained every month that included staff's 7.5% contribution plus the employer's contribution. **Pv 475/03/23 - see attached.**

*(MCIA Management Response 2023, received on 21st of August 2025)*

# 22. MINISTRY OF LINE AND PHOENIX ISLANDS DEVELOPMENT

## 22.1. Background Information

The Ministry of Line and Phoenix Islands Development operates within the Line and Phoenix Islands, an isolated region. With 13 divisions, its primary mandate involves coordinating and executing government policies and development initiatives in the area. The ministry plays a pivotal role in realizing the objectives outlined in the Line and Phoenix Integrated Development Strategic Plan (LPIDS) and KV20. *(National Economic Planning Office, 2023)* Currently, it maintains 206 permanent positions under the ER 2023. *(Public Service Office, 2023)*

**Findings & Analysis**

## 22.2. Review of Approved Budget 2023.

**MLPID Recurrent Expenditures 2023 by divisions:**

| Ministry of Line & Phoenix Islands Development | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 985,769 | 985,769 | 983,896 | -1,873 | 878,186 |
| 02 Accounts | 294,520 | 294,520 | 289,255 | -5,265 | 273,997 |
| 03 PWD Construction | 910,149 | 910,149 | 886,343 | -23,806 | 914,275 |
| 04 Housing | 114,505 | 114,505 | 108,935 | -5,570 | 111,332 |
| 05 Electrical | 382,623 | 382,623 | 373,632 | -8,991 | 380,573 |
| 06 Power | 389,692 | 389,692 | 376,575 | -13,118 | 333,913 |
| 07 IT | 157,479 | 157,479 | 139,901 | -17,578 | 112,948 |
| 08 Civil | 352,009 | 352,009 | 351,838 | -171 | 320,593 |
| 09 Planning | 117,962 | 117,962 | 104,061 | -13,901 | 106,268 |
| 10 Solar Salt | 148,926 | 148,926 | 130,510 | -18,416 | 149,033 |
| 11 HMM | 452,370 | 452,370 | 432,044 | -20,326 | 452,677 |
| 12 Water | 546,699 | 546,699 | 545,684 | -1,015 | 550,547 |
| 13 Linnix Agency | 132,010 | 132,010 | 93,669 | -38,341 | 109,856 |
| **TOTAL** | **4,984,713** | **4,984,713** | **4,816,341** | **-168,372** | **4,694,198** |

The above table shows that actual expenditures in 2023 is $4.8 million, hence this is an increase of only 3% compared to last year expenses.

### 22.2.1. Expenditure-Saving

The ministry reports total savings of $168k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.

**Audit Recommendation**

**It is recommended that the ministry strengthen its budget planning and execution processes by aligning annual work plans more closely with realistic implementation capacity. This will help ensure that allocated funds are effectively utilized, and service delivery is not delayed or compromised due to under-expenditure.**

**Management Responses**

The Ministry's financial performance reflects the challenges of operating within a dynamic and resource-constrained environment. Overspending in certain areas was driven by urgent, unanticipated service delivery needs that required immediate response to safeguard community wellbeing. Conversely, instances of underspending were largely due to delays in procurement processes, staffing shortages and logistical constraints, which limited the Ministry's implementation capacity. As a way forward, the Ministry considered the need for ongoing improvements in planning and coordination to ensure that future budget allocations more closely reflect operational realities and enable timely execution of key activities. (*MLPID Management Response 2023, received on 08th of August 2025)*

**MLPID Recurrent Expenditure 2023 by divisions.**

| Ministry of Line & Phoenix Islands Development | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 18,500 | 18,500 | 87,773 | 69,273 | 56,382 |
| 02 Accounts | 0 | 0 | 0 | 0 | 0 |
| 03 PWD Construction | 1,500 | 1,500 | 2,205 | 705 | 650 |
| 04 Housing | 68,900 | 68,900 | 68,850 | -50 | 72,281 |
| 05 Electrical | 400,000 | 400,000 | 687,030 | 287,030 | 501,618 |
| 06 Power | 0 | 0 | 0 | 0 | 0 |
| 07 IT | 0 | 0 | 0 | 0 | 0 |
| 08 Civil | 2,000 | 2,000 | 18,024 | 16,024 | 3,040 |
| 09 Planning | 0 | 0 | 0 | 0 | 0 |
| 10 Solar Salt | 22,000 | 22,000 | 3,885 | -18,115 | 11,111 |
| 11 HMM | 55,000 | 55,000 | 24,003 | -30,997 | 65,712 |
| 12 Water | 80,000 | 80,000 | 88,312 | 8,312 | 63,243 |
| 13 Linnix Agency | 0 | 0 | 0 | 0 | 0 |
| **Total** | **647,900** | **647,900** | **980,083** | **332,183** | **774,036** |

Revenue collection is $315k in 2023 hence this is a 19% increase compared to last year revenues.

### 22.2.2. Revenue Over-collection.

The table above shows that revenue exceeded the target by $332k, primarily due to higher-than-expected collections from Division 05 – Electric.

**Audit Recommendations**

**It is recommended that the Ministry review and refine its revenue forecasting processes, particularly for high-performing divisions such as Division 05, to ensure future revenue targets are more accurately aligned with historical trends and realistic earning potential.**

**Management Responses**

Revenue forecasting for high-performing divisions such as Electrical remains a challenge due to several interrelated factors. Forecasts are often based on historical trends that do not fully capture the Division's evolving operational scope, seasonal demand fluctuations or emergent service delivery opportunities. Additionally, data limitations such as inconsistent reporting and delayed financial input can further reduce forecast accuracy.

These constraints are compounded by shifts in external market conditions, supply chain variables and unexpected infrastructure demands which are not always reflected in annual planning. As a result, actual revenue performance may significantly deviate from projected figures, underscoring the need for more adaptive and data-responsive forecasting methods.

From another angle, the Ministry should be congratulated for exceeding its revenue forecast by $332k. (*MLPID Management Response 2023, received on 08th of August 2025)*

## 22.3. Cash Loss – Unclaimed Support Fund for the Unemployed (SFU)

On 2 January 2024, $42,200 in public funds was reported stolen from the Ministry of Line and Phoenix Islands' cashier safe. The theft occurred over the holiday period (Xmas & new year), with no evidence of follow-up action provided, despite being reported to the police and Accountant General by the Senior Accountant.

**Audit Recommendations**

**The Ministry should urgently pursue a thorough investigation to identify the suspect and strengthen internal controls over the handling and storage of unclaimed backpay allowances to prevent future incidents.**

**Management Responses**

The reported theft, which occurred during the holiday period spanning Christmas and New Year, was formally referred to both the Police, and MFED through the Accountant General, Internal Audit Unit by the Senior Accountant. However, to date, there is no documented evidence of any follow-up action taken by authorities concern, and the case remains unresolved.

Considering this, we recommend initiating a formal request for status updates from the relevant authorities especially MFED through Internal Audit and Accountant General to clarify investigative progress and determine next steps. These authorities do have a procedure in place in addressing such cases. Additionally, this incident highlights the urgent need to strengthen our Account's internal safeguarding measures and improve oversight of fund custody, particularly during periods of limited staffing and heightened vulnerability. (*MLPID Management Response 2023, received on 08th of August 2025)*

## 23. LEADERSHIP COMMISSION

### 23.1. Background Information

The Leadership Commission is an independent body dedicated to promoting integrity, accountability, and ethical leadership in the government. Its main functions include preventing corruption, investigating breaches of the Code of Conduct based on public complaints, and providing Parliament with an annual report on its activities *(National Economic Planning Office, 2023)*. It plays a vital role in safeguarding good governance and public trust. Currently, it has 14 permanent positions under the ER 2023. *(Public Service Office, 2023).*

**Findings & Analysis**

### 23.2. Review of Approved Budget 2023.

**LC Recurrent Expenditure 2023 by Divisions.**

| Division | Approved Budget | Revised Budget | Actual | Variance (Over/Under) | Previous Year Actual |
|---|---|---|---|---|---|
| 01 Administration and Policy | 298,307 | 298,307 | 227,648 | -70,659 | 176,834 |
| 02 Commission | 197,251 | 197,251 | 126,100 | -71,151 | 75,785 |
| **TOTAL** | **495,558** | **495,558** | **353,748** | **-141,810** | **252,620** |

The ministry actual expenditure in 2023 is $353k, hence this is an increase of 40% compared to last year actuals.

#### 23.2.1. Expenditure-Saving.

The ministry had a total saving of $141k at the end of the year and this is because the two divisions did not fully utilize their allocated funds.

**Audit Recommendation**

**The Ministry should strengthen its budget planning and execution monitoring processes to ensure that allocated funds are fully and effectively utilised in line with intended activities and service delivery targets. Regular internal reviews during the year can help identify delays or underspending trends early, allowing for timely reallocation or corrective actions.**

**Management Responses**

**1.1** Overall Underspending (total saving $141,810) and its breakdown below.

| Division | Revised Budget | Variance (Underspent) |
|---|---|---|
| 01 Administration & Policy | 298,307 | 70,659 |
| 02 Commission | 197,251 | 71,151 |

01 Administration & Policy

The major cause and bulk of the underspent above are as follows with their justifications.

1. *202 Salaries (underspent $16,876)*

The positions of i) Help Desk Officer (L13–12) and ii) Driver (L19–18) were officially occupied/filled in mid-2023 (June). The delay in their commencement was primarily due to the standard and lengthy recruitment process, which involves coordination with multiple entities, including the Public Service Office (positions clearance), the

Ministry of Employment and Human Resources (Screening of applications), the Public Service Commission (test, interview and submission), and ultimately the Office of the President (OB) for the final approval of the instrument by Te Beretitenti. Additional delays were also caused by the PSC's concurrent handling of recruitment processes for other Ministries.

As a result, the significant underspending under budget line 202 – Salaries ($16,876) is attributed to these positions remaining vacant for nearly half of 2023. These vacancies also contributed to underspending in related budget lines, specifically 201 – KPF Contributions ($693) and 208 – Leave Grants ($5,000).

2. *243 Purchase of office equipments etc (underspent $18,239)*

The budget could have been spent unfortunately, with the advice of the Commission at that time the office was not able to proceed with a few procurements for the office needs such as replacements of office furnitures etc.

3. *Hire of Plants & Vehicles ($6,160 plus)*

The amount was initially included as there was a plan to tender out 1 of the Commission's vehicle and use that provision for the hire from PVU unfortunately, due to unforeseen circumstances, the tender process was just started and completed early 2024.

02 Commission Division

The major cause and bulk of the underspent are as follows with their justifications.

4. *202 Salaries (underspent $18,895)*

1 Commissioner – vacant as the appointment is with H.E Te Beretitenti under the Leaders Code of Conduct Act, therefore recruitment is not under the control of the office/Commission. This also affects and cause the underspent in other budget such as the (201 KPF contributions, $1,417) and (208 Leave Grant $3,000).

5. *241 Stationery and Supplies (underspent $8,130)*

The provision was underutilized as the Commission managed to re-stock its stationeries from its previous savings in 2022. In addition, there were remaining of stock from 2022 such as paper rims, box files and manila folders.

Minor underspent budget codes (others)

The Commission strongly agreed with the Audit's recommendation to further improve by having a more regular internal review in order to identify underspending or trends of its spending. As such, the Commission is currently having a review of its budget on a monthly basis. This is very helpful to the Commission to monitor and avoid not only the underspending but the overspending as well. The management report produced through the IFMIS is even more helpful in this regard to get a real time/updated report for our perusal.

With this mechanism in place (monthly review), the Commission could avoid such minor underspending issues in future. *(LC Management Response 2023, received on 11th of August 2025)*

# 24. Public Service Commission

## 24.1. Background Information

The Public Service Commission is a government agency that responsible for managing and guiding the public service in Kiribati. It ensures effective governance, strengthens human resource management, enhances service performance, and coordinates policies and development initiatives to support the delivery of quality and accountable services in Kiribati *(National Economic Planning Office, 2023)*. It has four main division and have total of 45 permanent position under ER 2023. *(Public Service Office, 2023)*

**Findings & Analysis:**

## 24.2. Review of Approved Budget 2023

**PSC Recurrent Expenditure 2023 by Divisions.**

| Public Service Commission | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 379,770 | 379,770 | 392,984 | 13,214 | 370,971 |
| **TOTAL** | **379,770** | **379,770** | **392,984** | **13,214** | **370,971** |

The ministry actual expenditure in 2023 is $392k, hence this is an increase of 6% compared to last year actuals.

### 24.2.1. Overspending by $13k

The PSC had exceeded its revised budget by $13,214 in 2023. Although the amount is relatively modest, this overspending indicates a lapse in budget control or unforeseen expenditure pressures during the year.

**Audit Recommendations**

**Overspending overall, where actual expenditures exceeded the revised budget at year-end, indicates non-compliance with the Appropriation Act 2023. Management is required to provide justifiable and well-documented explanations for this overspent.**

**Management Responses**

24.2.1.1. Overview of 2023 Expenditure

- Revised Budget Allocation: $379,770
- Actual Expenditure: $392,984
- Excess Expenditure: $13,214
- Percentage Increase from 2022 Actual Expenditure: 6%

2. Reasons for Overspending

The overspending of $13,214 was primarily due to increased expenditure under the Internal Travel Allocation (Output Code: E13010000216). This was caused by the Commission's duty visit to Kiritimati Island to conduct formal recruitment exercises.

Under normal circumstances, Commissioners would travel via the Fiji route. However, at the time of travel, no business class seats were available on flights transiting through Fiji, which are required for the Commissioners' official travel. As a result, the only available route was via Air Nauru, which involved transit through Nauru and Fiji before reaching Kiritimati Island. This route significantly increased travel costs due to longer distances and additional layovers.

The additional costs incurred from taking the alternative travel route was unintentional, as the internal Travel Output had sufficient funding to cover the trip. However, upon reconciliation with MFED, it was discovered that certain deductions had not yet been reflected in the PSC account balance at the time. This discrepancy contributed to the overspending under the Internal Travel Allocation, which ultimately led to the overall over-expenditure recorded in 2023.

Had the PSC been aware that the available funding was insufficient, the Commission would have deferred the travel and waited for the usual route via Fiji to Kiritimati Island to become available.

3. Measures Taken for Improved Budget Control

To prevent future budget overruns and strengthen compliance with the Appropriation Act, the following measures have been implemented:

- Enhanced expenditure tracking through monthly financial reviews with support from the Ministry of Finance and Economic Development.
- Stricter internal controls on activity approvals and travel justifications.
- Early consultations with MFED on potential supplementary needs or virements where necessary. *(PSC Management Response 2023, received on 06th of August 2025)*

# 25. Office of Attorney General

## 25.1. Background Information

The Office of the Attorney General has four main divisions with 35 permanent positions under ER 2023 *(Public Service Office, 2023)* Its function includes supporting the Law-and-Order sector by maintaining a legal system that upholds public order and protects property rights. It provides legal advice, court representation, and legislative services to all Government ministries, statutory bodies, state owned enterprises, and island councils. This office is also responsible for drafting and reviewing legislation and advising the government on legal matters to ensure transparency, accountability, and good governance *(National Economic Planning Office, 2023).*

**Finding & Analysis:**

## 25.2. Review of Approved Budget 2023.

**OAG Recurrent Expenditure 2023 by Divisions.**

| Office of the Attorney General | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 412,275 | 412,275 | 414,554 | 2,279 | 337,681 |
| 02 Civil Law | 234,004 | 234,004 | 244,825 | 10,821 | 188,027 |
| 03 Criminal Prosecutions | 291,223 | 291,223 | 258,319 | -32,904 | 241,559 |
| 04 Drafting | 178,245 | 178,245 | 117,712 | -60,533 | 129,853 |
| **TOTAL** | **1,115,747** | **1,115,747** | **1,035,410** | **-80,337** | **897,120** |

Actual expenditures in 2023 totalled $1.0 million, representing a 15% increase compared to the previous year's expenditure of $897k.

#### 25.2.1. Expenditure-Saving

Despite the increase in total spending, the final result shows a modest underspending of $80k for the 2023 financial year.

#### 25.2.2. Overspent Divisions

Although the overall expenditure reflects an underspending, Divisions 01 and 02 experienced overspending during the year. This could have been avoided if the available savings from Divisions 03 and 04 were reallocated (transferred) before year-end.

**OAG Recurrent Revenue 2023 by Division**

| Office of the Attorney General | Revenue Original Budget (2023) | Revenue Revised Budget (2023) | Revenue Actual (2023) | Revenue Variance Over/Under | Revenue Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration and Policy | 600 | 600 | 580 | -20 | 181 |
| 02 Civil Law | 0 | 0 | 0 | 0 | 0 |
| 03 Criminal Prosecutions | 0 | 0 | 0 | 0 | 0 |
| 04 Drafting | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **600** | **600** | **580** | **-20** | **181** |

#### 25.2.3. Minimal revenue

Only Division 01 is involved in revenue generation; however, the collections are minimal and not substantial.

**Audit Recommendations**

**Implement timely budget reallocation (virement) reviews- Establish a systematic and timely review process for internal budget reallocations to allow overspent divisions to effectively utilize underspent funds from other divisions before year-end.**

**Management Responses**

No response received.

# 26. Public Service Office

## 26.1. Background Information

The Public Service Office (PSO) is a government agency that responsible for managing and guiding the public service in Kiribati. It ensures effective governance, strengthens human resource management, enhances service performance, and coordinates policies and development initiatives to support the delivery of quality and accountable services in Kiribati. It has four main division and have total of 45 permanent position under ER 2023.

## 26.2. Review of Approved Budget 2023.

**Findings & Analysis:**

**PSO Recurrent Expenditures by Divisions.**

| Public Service Office | Original Budget (2023) | Revised Budget (2023) | Actual (2023) | Variance Over/Under | Actual (2022) |
|---|---|---|---|---|---|
| 01 Administration | 593,340 | 593,340 | 584,789 | -8,551 | 654,890 |
| 02 HRMC | 305,987 | 305,987 | 290,752 | -15,235 | 302,060 |
| 03 PSPSM | 267,273 | 267,273 | 244,303 | -22,970 | 269,178 |
| 04 IT/DMR | 127,506 | 127,506 | 120,487 | -7,019 | 150,485 |
| **TOTAL** | **1,294,106** | **1,294,106** | **1,240,332** | **-53,774** | **1,376,613** |

The above table shows that actual expenditures in 2023 is $1.2 million, hence this is a decrease of 10% compared to last year expenses.

### 26.2.1. Expenditure-Saving.

The Public Service Office recorded a total modest saving of $53,774 hence this saving came from all divisions, with Division 03 achieving the highest saving of $22,970.

**Audit Recommendations**

**It is commendable that the Ministry has maintained minimal variance in budget utilization. Continued efforts are encouraged to ensure ongoing alignment between budget estimates and actual expenditures.**

**Management Responses**

No response received.

## 27. References

Ministry of Finance and Economic Development. (2023). *The Government of Kiribati Annual Report 2023.*Tarawa: Treasury Division. Retrieved June 30, 2025, pp.119-132.

National Economic Planning Office. (2023). *Government of Kiribati 2022 Recurrent Budget.* Tarawa: National Economic Planning Office. Retrieved August 30, 2025

Public Service Office. (2023). *Establishment Register 2023.* Bairiki, Tarawa: Public Service Office. Retrieved 2023

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[i] Attachment 2: Government of Kiribati. (2023). GL Annual Account 2023 [Excel file: GL Support for Unemployed, 2023].

[ii] Attachment 20: Support Funds for Unemployed Payment, 2023. [Zipped Folder: Supporting Documents for SFU BTC&TUC payment, 2023]

[iii] Attachment 7: Republic of Kiribati General Receipt. (2024, February 26). Receipt No. RV-24-17-1629-1635: Ret SFU Oct-Dec 2023 BTC. [PDF].

[iv] Attachment 2: Government of Kiribati. (2023). GL Annual Account 2023 [Excel file: GL Disability Allowance, 2023].

[v] Attachment 6: Unclaimed Disability Allowances 2023, word document.

[vi] Attachment 6: Unclaimed Disability Allowances 2023, word document.