Kiribati National Audit Office

Promoting Transparency and Accountability

For the Parliament and People of Kiribati

Auditor-General Report on The Accounts of the Government of the Republic of Kiribati for the Year Ended 31 December 2010 & 2011

Part 1: Revenue and Expenditure Government of Kiribati Ministries.

April 2013

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1. Foreword

The public audit by definition is not only an express of opinion on financial statement but also to bring about reform to government financial operation and better reporting so that the public are better informed on how well their scarce resources and wealth have been managed and whether funds appropriated have been used as intended.

The overall comments on the 2010 and 2011 Consolidated Funds are as follows:

The audit of government ministries for 2010 and 2011 highlighted notable reforms and better reporting, meaning lots of improvement have been made on managing and preparing statements of consolidated expenditure and revenue by each ministry.

As reported in the 2009 audit report there had been numerous miss-postings of huge credit amounts in expenditure of over $2 m. In 2010 this had been significantly decreased to just over $25k in 2010 and only one debit posting of $153k to MFED revenue was reported in error in 2011. It is pleasing to note there were no credit postings/or miss-postings made to the 2011 consolidated expenditure account.

However, as stated in part 2 of this report, the Contribution to Development Fund and Debt Servicing accounts still need to be improved. As mentioned in the report, these accounts, which form part of the Consolidated Fund, still contained material misallocation.

Additionally, each government ministry should be encouraged and supported to find effective and efficient ways and means of collecting government revenue and always keep and maintain proper record of arrears of revenue as required under relevant sections of the Public Finance (Control and Audit) Act 1976.

30/04/2013

Ms. Matereta Raiman **Date:**

Auditor General

1 EXECUTIVE SUMMARY

1.1 Introduction

This part of the audit report sets out the analysis of revenue and expenditure in respect of individual ministries, departments, debts servicing and other statutory expenditures for year ended 31 December 2010 and 2011, respectively. Audit reports on some of ministries for 2010 carried out during 2011 and for 2011 in 2012 were also included in the report

The audit of the 2010 and 2011 accounts and in particular, the audit of Consolidated Fund in respect of Ministries/Offices had highlighted the non compliance of legislative requirements and those of significant matters arising from these audits as mentioned in the proceeding paragraphs. Consequently, the non compliance with relevant sections of the Financial Regulation had led to the ineffective revenue collection and misallocation of payments which have hindered the achievement of a sound financial statement or Consolidated Fund.

However, the result of the audit on the ministries/offices for years 2010 and 2011was encouraging since substantial errors found in 2009 Annual Account had been addressed, except for minor miss-postings detected in the 2010 expenditure of $25k and miss-posting of $153k to 2011 MFED revenue. Thus this is a notable improvement on the Consolidated Expenditure and Revenue for ministries/offices for both years.

The downfall in revenue for 2011 would have not resulted had ministries been more vigilant on their spending and exert full effort in managing their revenue collections. As reported the shortfall of revenue for years 2010 and 2011 were **$5,255,490** and **$9,293,061** respectively. These are detailed in Appendix A of this report. Actual spending for 2010 and 2011 exceeded budgets by $2.3m and $5.1 m, respectively

Certainly, the next way forward is to minimise substantial amount of misallocations and to strengthen the collection of revenue, which could have been made if proper supervision and monitoring on staff responsible is periodically carried out by Senior Accountant at each ministry.

There were also substantial and material misstatements detected mainly in the Contribution to Development Fund, Debt Servicing and from most components of the Balance Sheet items for years ended 31 December 2010 and 2011.

Major audit findings uncovered while auditing revenue and expenditure are fully detailed below.

Please note that the term Accountable Officer (AO) has been used in this report[1] as the officer responsible for managing the accounts of a ministry.

[1] Under the Public Finance (Control and Audit) Ordinance 1974 the accountable officer is any public officer appointed under the provisions of the ordinance and charged with the duty of accounting for any service in respect of which moneys have been appropriated. This is normally the Secretary of the Ministry.

1.2 Audit Scope and methodology

The audit was conducted in accordance with generally accepted auditing standard and the international auditing standard applicable to Kiribati.

Audit has been conducted in accordance with section 114 of the Constitution. Our audit aimed to find out how well ministries/offices have utilized or managed their approved budget for 2010 and 2011 pursuant to the provisions of Cap 79[2] and focused mainly on the comparison of the following:

1. Revenue estimate against actual revenue collections,
2. Expenditure estimate against actual amount spent, and
3. Supplementary Appropriations approved and the revised budget.

Large variances noted from the comparisons were further examined by obtaining relevant sources or accounting documents from MFED and other ministries concerned.

1.3 2010 and 2011 Expenditure and Revenue Budgets

As normally practiced in all democratic countries worldwide, Government has to prepare and approve the annual budget. As usual, the budget, after being prepared by individual ministries/ offices and approved by Cabinet, is normally debated and finally approved by Te Maneaba ni Maungatabu at the end of each year. In its session held in December 2009 and 2010, Te Maneaba Ni Maungatabu approved the 2010 and 2011 expenditure levels of $87,520,056 and $89,367,438 respectively, with revenue budget levels of $68,600,637 and $70,367,439, for 2010 and 2011, respectively.

1.4 2010 & 2011 Approved Supplementary Budget

It is likely that ministries/ offices would face insufficient budget during the year 2010 and 2011 due to unexpected, but necessary expenses, that government should finance. During 2010 twenty one (21) requests were received for certain outputs of ministries and offices as well as Debts servicing including Other government expenses in the sum of $4,881,551. For 2011, only four (4) ministries requested for supplementary appropriation totalling $5,767,175.

Finally, both years' original budgets have been increased from $87,520,056 to $92,401,606 and from $89,367,438 to $95,134,613 for 2010 and 2011 respectively. It was noted, however, that despite these supplementary appropriations, the actual overall expenditure for both years still exceeded the revised budget by over $2.8 m net and $5.1m net, respectively.

1.5 Over/ Unauthorised Expenditure

According to the 2010 and 2011 annual accounts, fifteen (15) ministries/ offices (10 in 2009) together with the debt servicing and other government expenses account have exceeded the revised budgets as detailed below:

Table 1

	2010			2011		
Names	**Revised Budget**	**Actual Expenditure**	**Over or Unauthorised**	**Revised Budget**	**Actual Expenditure**	**Over or Unauthorized**
Support to the Beretitenti	$1,040,790	$1,064,690	($23,900)	$1,024,737	$1,315,423	($290,686)
Public Service Office	$648,918	$647,082	$1,836	$631,019	$598,112	$32,907
Judiciary	$1,455,221	$1,477,883	($22,662)	$1,409,097	$1,454,680	($45,583)
Police and Prisons	$6,755,810	$7,232,178	($476,368)	$6,773,422	$7,160,239	($386,817)
Public Service Comm.	$208,424	$243,044	($34,620)	$204,546	$225,515	($20,,969)
Ministry of Foreign Affairs	$1,153,473	$1,222,957	($69,484)	$840,562	$931,447	($90,885)

[2] Refers to Public Finance (Control and Audit) Act 1984

Ministry of Internal & Social Affairs	$2,658,588	$2,615,055	$43,533	$2,766,518	$2,762,582	$3,936
Ministry of Environment Land & Agriculture Dev.	$2,754,554	$2,707,646	$46,908	$2,675,813	$2,655,750	$20,063
Maneaba ni Maungatabu	$2,412,759	$2,570,464	($157,705)	$2,182,870	$2,280,802	($97,932)
Ministry of Commerce Industry & Cooperative	$1,084,542	$1,188,921	($104,397)	$1,052,812	$1,070,568	($17,756)
Kiribati National Audit Office	$592,582	$603,684	($11,102)	$574,200	$575,038	($838)
Office of the Attorney General	471,275	$477,596	($6,321)	$459,226	$498,450	($39,224)
Ministry of Fisheries & Mineral Resources Dev.	$1,851,366	$1,794,694	$56,672	$1,795,462	$1,875,815	($80,353)
Ministry of Health & Med. Service	$14,537,255	$14,311,376	$225,879	$14,802,718	$14,309,843	$492,875
Ministry of Education	$16,901,716	$16,920,584	($18,868)	$17,158,020	18,294,094	($1,136,074)
Ministry of Comm., Trans and Tourism Development	$3,473,173	$3,481,664	($8,491)	$3,340,678	$3,274,321	$66,357
Ministry of Finance & Economic Development	$2,257,508	$2,606,476	($348,968)	$2,124,528	$2,389,819	($265,291)
Ministry of Public Works & Utilities	$2,543,688	$2,463,920	$79,768	$2,473,272	$2,439,342	$33,930
Ministry of Labour & Human Resources Dev.	$3,130,978	$3,178,146	($47,168)	$3,165,520	$3,449,139	($283,619)
Ministry of Line & Phoenix Island Development	$3,349,881	$9,764,545	$37,007	$3,278,756	$3,600,521	($321,765)
Debt Servicing Expenses	$2,283,929	$9,764,545	($7,480,616)	$1,425,579	$4,433,029	($3,007,450)
Other Govt Expenses	$13,724,109	$13,887,791	($163,682)	$17,519,572	$$17,194,709	$324,863
Contribution to Develop	**7,111,067**	**1,424,145**	**5,686,922**	**7,455,678**	**7,424,679**	**31,008**
Total	**$92,401,606**	**$95,197,414**	**($2,795,808)**[3]	**$95,134,613**	**$100,213,917**	**($5,079,304)**

1.6 Debt Servicing Expenses

As highlighted in the table above, the total unauthorised expenditure was over by $2.7m in 2010 and $5.0 m in 2011 (was over by $2.2m in 2009) of which 83.36% and 49.42% relates to Debt Servicing Expenses amounted to $7,480,616 and $3,007,450 respectively.

In 2010 the debt servicing consists of government EIB Loan No. 703372 repayment of $240, ADB loan repayments of $555,275 and financing commission and interest charges of $3,309,030.
In addition, there was a substantial amount, being a deposit to the RERF, of $5,900,000 disclosed in the HSBC account 2010. Such deposit was not approved by the Maneaba ni Maungatabu, therefore it was deemed to have been incorrectly posted to Debt Servicing account. See audit comments in part 2.

The total expenditure for Debt Servicing of $9.7m for 2010 including the deposit to the RERF had significantly exceeded the budget of $2.3m by 258.33%. **In other words, such deposit or payment for deposit of $5.9 m overstated the overall or consolidated expenditure for 2010**.

In 2011, the Debt Servicing expenses consisted of ADB loan repayment of $544,255, other financing commission and interest charge of $3,872,111and interest and principal of $16,665. Audit checks revealed that loan repayments disclosed in the account did not match with relevant payments vouchers resulted in a variance of $74k[4]

[3] This over–expenditure in column 3 above as well as in column 6 includes the net savings of $491,603 and $974,931 for 2010 and 2011. Refer to **Appendix C** for details of this report
[4] The amount for Loan repayments Disclosed in the account was $544,253 while payment voucher's total $470,006.58

1.7 Huge Overspent by Ministries

The other major contributors to the above unauthorised expenditure were the Police and Prisons and the Ministry of Finance totalling $476,368 and $348,968 respectively for 2010.

In 2011, there were more ministries operating beyond their approved budget including, the Ministry of Education with an overspending of $1,136,074, the Police and Prisons $386,817 and the Ministry of Line and Phoenix Island Development $321,765. These are all treated as unauthorized expenditure. Refer to **Appendix B** of this report for more details.

1.8 Other Government Expenses

As depicted in the table above, the total unauthorised expenditure reported was over by $163,682 in 2010 meaning 1.8% of the over expenditure whereas in 2011 there was a net saving of $324,863 ($2.2 m in 2009 *excess spending*).

Recommendation:

I have to reiterate that strictly compliance with the provisions of Cap 79 and the Budget as already approved by the Maneaba ni Maungatabu is of paramount importance and thus all Accounting Officers (AO) are obliged to operate within the approved budget.

Findings and analysis

As can be seen from the above table there were Ministries/offices involved with over expenditures or unauthorised expenditures. In 2010, fifteen (15) Ministries/Offices, including debt servicing and other government expenses accounts reported net over expenditures. For 2011, fifteen Ministries/Office, including Debt Servicing accounts exceeded their approved budget. Thus for both years only seven (7) ministries including other government undertakings managed to operate within budget limits. Thus, these unauthorized expenditures simply reflect the Ministries/ offices inability to comply with section 30 (3) (b) of Cap 79 (i.e. budget passed by the Maneaba ni Maungatabu). It was noted with great concern that the numbers of ministries/ offices exceeding their budgets were significantly increased from seven to fifteen as compared to 2009 figures.

Management comment

None received

1.9 Supplementary Appropriation approved too excessive.

Recommendation

Accountable Officers (AO) must submit to the MFED the exact amount required for their supplementary budget so as to save ploughing out further funds from the RERF and/or interests that could have accrued.

Findings and analysis

The approved supplementary appropriation for Ministry of Communication, Transport and Tourism in 2011 of $77,964 exceeded the net saving of $66,357, meaning such supplementary appropriation was not necessary. As reported in the last audit report this was one of the ministries that never used up its approved supplementary budget. It is advisable that future request from MCTT should be carefully calculated prior being submitted for approval by the Maneaba ni Maungatabu.

Management comment

1.10 Understatement of Actual Revenue/ Expenditure

Recommendation

AO must ensure that the estimated revenue and expenditure are more accurate or realistic for the purpose of decision making as revenue excesses or savings in expenditure by some Ministries could have better been utilised for other purposes or by other Ministries in dire need of extra funding.

Findings and analysis

As per table 1 above, there were seven (7) ministries with savings in their budget and nine (9) collected excessive revenue than that budgeted for in 2010. In 2011 six (6) ministries had savings and nine (9) exceeded their collection target.

Further, audit checks revealed that in 2010 there were nine ministries reporting credit postings amounted to only $25,689 when compared to 2009 of $2m, thus resulting in an understatement on the Consolidated Expenditure for 2010. There were no miss-postings detected in 2011. This is a notable improvement in the preparation of 2010 and 2011 Annual Accounts.

Moreover, in **2010 the Consolidated Actual Expenditure was understated by over $5.6 m, resulted from the non-disclosure of such amount, which was actually spent from Local Contribution to Development. The approved estimate for Local Contribution to Development of more than $7m was actually utilized and not just $1.4 as reported in the consolidated expenditure.**

Management comment

Not received

1.11 Poor Revenue Collection

Recommendation

To ensure all revenue staffs should comply with the existing regulations on revenue collection in order to stimulate not only timely collection but effective and efficient collection of government revenue. A form of incentive need be considered for good performers while stringent measures are put in place for those not performing well.

Findings and analysis

Despite rules and regulations in respect of revenue collection, most ministries have not been very efficient in collecting the revenue they had budget for**.** These regulations resemble internal controls over the collection of revenue and they were also designed for effective and efficient collection of government revenue.

Because of the inability of the ministry concerned to comply with governing regulations, their budgeted revenues for the years were therefore not being achieved. Section 31 of Financial regulation specifically states procedures for the collection and receipt of revenue.

One of government revenues, which should assist in reducing government commitments on land rent payments, is the land lease revenue. Unfortunately, such revenue had not been properly managed and accounted for therefore government commitments on land rent payment could not at least, be reduced by such revenue. The section on Ministry of Environment, Land and Agriculture Development below elaborated further on this issue.

As can be observed the crux of such problem - poor revenue collection, stemmed from the poor performance of staff concerned to ensure effective and efficient collection of all revenue, which is also a direct deviation from financial regulations.

Management comment
See response on land lease below

1.12 Ministries suffering problems with "Attaché"

Recommendation:

To ensure all staffs operating the Attaché program are well trained on all features of the software. Other alternative programs could be considered if problems currently encountered with the Attaché program still persist.

Findings and analysis
This is one of the crucial subject matters in my previous reports in relation to the continuous problems encountered by accounting staff using the Attaché software accounting package for processing and producing the Government annual accounts.

As highlighted above, staff at the MFED together, with other ministries/ offices, still have problems in using Attaché accounting software package, hence the need for proper training on the Attaché accounting software. As a result, not all accounting staffs, either at the Ministry of Finance or at other ministries, could use all different modes of the Attaché accounting package that would easily generate financial report from such accounting software.

Unless all staffs involved in the Accounting Division within MFED are properly trained on how to work with such software accounting package, the recording and producing a more realistic, meaningful and accurate Government Annual Accounts every year will not be possible.

Management comment
Not received

1.13 Responses from Ministries/ Offices for the year 2010 and 2011

Recommendation

All Ministries should go through the audit findings and recommendations diligently and provide proper responses to Audit Management Reports every year.

Findings and analysis

After sending our management reports at the end of audit and after consultation with ministries, responses are expected from Ministries for inclusion in the report. At the time of writing this report, only seven[5] provided their responses.

1.14 Ministry of Health and Medical Services: Substantial net Saving

For 2010 and 2011 the MHMS reported a net saving which included the non payment of Personal Emolument amounted to over $452k and $262k respectively.

Management response

[5] MLHRD, MCTTD, MELARD, MOH, Judiciary and MFED

Refer to section on MHMS for response

2. COMPLIANCE WITH LEGISLATIVE REQUIREMENTS

2.1 Legislative compliance systems

We reviewed the systems and procedures being used to identify whether or not management fully complied with the legislative requirements. There is no formal system in place for monitoring compliance and reporting thereon.

We recommend that the Internal Audit section should look into putting in place a system to monitor compliance of key legislation and also ensure processes are in place to avoid deviation from legislation. In regard to the Financial and Stores Regulations, it is a must that new recruits are well aware of the content and accessibility to such regulation.

2.2 Breaches of significant legislation

During the audit, our main focus is on the Government of Kiribati financial reporting obligations. As part of our planning we identified CAP 79 the Public Finance (Control and Audit) Ordinance 1976 as key legislation and Financial Regulations that all Accountable Officers (AO) should comply with. While our focus is on financial reporting obligations, we do maintain an awareness of other legislations that impact on the entity. We noted the following breaches of legislation:

2.2.1 Non-compliance with CAP 79 Public Finance (Control and Audit Ordinance) 1976

- **Section 36 (1)**

Under this section '*the accounts of the receipt of revenue by the Departments of Government and the accounts of every receiver of money which is by law payable to the Government shall be subject to examination by the Director of Audit in order to ascertain that adequate regulations and procedure have been framed to secure an effective check on the assessment, collection, and proper allocation of revenue, and the Director of Audit shall satisfy himself that any such regulations and procedures are being duly carried out'.*

It was found difficult to audit records of Ministries or offices to check the accuracy of revenue collected or receipted for 2010 and 2011 as most record were neither adequately maintained nor properly reconciled with the records of MFED. It is the sole responsibility of the ministries or departments to maintain their revenue records and to reconcile them with MFED's record.

As already mentioned in Part 2 the auditors were unable to obtain supporting documentations for the assessment of taxation income on private sectors. This was due to the fact that audit staffs were being denied access to record for revenue on taxation generated to the Government from private businesses.

2.2.2 Non- compliance with Financial Regulations (FR)

- **Chapter 8 – Section 161 and 162**

It states that: "It is the duty of every accounting officer to watch the expenditure charged against or committed to heads under his controls. Accounting officers must exercise due economy. Money must not be spent merely because it has been voted."

- It was noted with concern that accounting officers failed to closely control their budgets by way of minimising expenditures. As a result, there are over expenditures and should be treated as unauthorised expenditures incurred by most Ministries and Departments.

- **Section 168**

It explains that "every accounting officer (AO) shall maintain a vote ledger so as to show at any time in report of every sub-head of a head, as applicable, under his control: (a) the amount authorised including any supplementary authorisation, virement etc."

  - Audit found that this accounting record had not been maintained by most of the Ministries/ departments to record their spending against the budget leading to un-authorised expenditures or over spending made by most Ministries/ offices in 2010 and 2011.

- ***Chapter 17 - Section 341 and 346 (1) and (2)***

It states that "Boards of Survey (BOS) will be held after the close of business on the last working day of each financial year and before the opening day of business on the first of the new financial year to examine the cash as defined in regulation 101 and bank balance."

"Also, the annual BOS is required to check the cash book and register of stamps, as applicable, by casting entries for the month and verifying balances with the actual cash and stamps etc, on hand."

"Surprise boards shall be subject to such conditions and shall carry such verifications and checks as may be detailed on their appointment."

  - Audit noted that no annual or surprise boards of survey convened on the last working day or at any time appointed by of each financial year. Most of the Ministries/ offices failed to conduct the BOS as required by these regulations.

Moreover, there are many relevant sections or provisions of the Financial Regulation and some are clearly mentioned in this report, which found to have not been regularly followed by those staff concerned. Complying with such regulation would contribute a lot to generating a reliable and accurate financial report.

Management comment
Not received

2.1 GOVERNMENT MINISTRIES

Apart from the audit scope above, a comparative analysis of revenues and expenditures for 2010 and 2011, in respect of all ministries/offices' outputs and other government expenses as disclosed in the management report together with the result of the audit carried out in some ministries / offices are provided below.

a. OFFICE OF TE BERETITENTI

Recommendation

For 2010, review the estimated revenue with a view to exclude it as part of the OB's revenue.

Findings and analysis

The actual and revenue estimate of the above office is shown in the table below.

	2009	2010	2011
Estimate	4,038	4,038	0
Actual	3,177	9,120	0
(Over)/Under	861	(5,082)	0

The actual revenue of $9,120 in 2010 was not correct, as OB did not collect such revenue. MFED had mistakenly included this as part of OB' s revenue.

i. Expenditure

Findings and analysis

Presented below is a comparison between the estimate and the actual expenditure in respect of the Office of Te Beretitenti for 2010 and 2011.

	2009	2010	2011
Estimate	1,107,353	1,040,790	1,024,737
Actual	1,120,686	1,064,690	1,315,423
(Over)/under	(13,333)	(23,900)	(290,686)

The OB reported a net overrun of $23,900 and $290,686 (2009 $13,333) at year ended 31 December 2010 and 2011 respectively. The internal travel of $75,153 and external travel $107,406 expenses for 2011 were the bulk of the over-spending. Refer to **Appendix B** of the report for more detail of the above excess.

b. PUBLIC SERVICE OFFICE (PSO)

ii. Expenditure

Summarised below is a comparison between the budget and the actual expenditure in respect of the Public Service Office for 2010 and 2011:

	2009	2010	2011
Estimate	1,064,281	648,918	631,019
Actual	1,084,062	647,082	598,112
(Over)/under	(19,783)	1,836	32,907

The Public Service Office reported a net saving of $1,836 and $32,907 in 2010 and 2011 as compared to an overspent of $19,783 in 2009.

According to management information report only three outputs exceeded their budget as detailed in **Appendix B of this report.**

c. JUDICIARY

i. Revenue

Given below is the comparison of the approved estimate against actual revenue collected for 2009, 2010 and 2011.

	2009	2010	2011
Estimate	210,000	205,200	209,340
Actual	5,915,614	228,545	750,595
(Over)/under	(5,705,614)	(23,345)	(541,255)

As shown in the above table, the Judiciary's collection for 2010 and 2011 exceeded its revenue estimate by $23,345 in 2010 and $541,255 in 2011 (2009: $5.7m). **It was further noted that included in the Judiciary's 2010 revenue was a debit figure of $5,949, meaning some payments had been posted wrongly to this revenue code**.

Appendix A of this report showed a shortfall in two of its revenue outputs.

ii. Expenditure

	2009	**2010**	**2011**
Budget	1,462,396	1,455,221	1,409,097
Actual	1,478,011[6]	1,477,883	1,454,680
Under/(Over)	(15,615)	(22,661)	(45,583)

As summarised above, the Judiciary overran its budget for 2010 and 2011 by $22,661 and $45,583, respectively. The net overspent involved various outputs and the major cause for such overspent in 2011 was the allowance amounted to $71,235. Refer to **Appendix B** for details

Management Response:

Overspend occurred in the 2010 and 2011 came up after the late in the posting of State Fund Account for previous years. On the other hand, there were some imprest drawn in the previous years but just retired in the current year. Overspend in 2011 also affected by the payment of the Former Chief Justice Terminal pay based on his supplementary salary which usually fell under the allowance output. We submit our supplementary to MFED Planning Section but it was not approved. So the said allowance was paid out from our savings (salaries) for every output and at the end of the year, we made adjustment debiting our allowance output so we came up with an overspending.

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[6] $76 Cr an adjustment from previous years added

d. POLICE AND PRISON SERVICES

i. Revenue

The approved estimate and the actual revenue in respect of Police and Prison for 2009, 2010 and 2011 are presented below.

	2009	2010	2011
Budget	29,413	36,180	69,900
Actual	75,916 [7]	51,972	118,192
Under/(Over)	(46,503)	(15,792)	(48,292)

The 2010 and 2011 actual revenue exceeded the estimates by $15,792 and $48,292 respectively. Only one revenue output namely hire of police band falls under the estimate whereas the sundry revenue was up by $49,229 in 2011. Refer to **Appendix A** for details.

ii. Expenditure

Presented below is the comparison of the approved and the actual expenditure in respect of the Police and Prison.

	2009	2010	2011
Budget	6,719,915	6,755,810	6,773,422
Actual	6,705,689[8]	7,232,178	7,160,239
Under/(Over)	14,226	(476,368)	(386,817)

The Police and Prison reported a net overrun of $476,368 and $386,817 for 2010 and 2011, respectively (2009: a net saving of $14,226). In 2010 the bulk of the increase was related to the over-spent incurred on the salary and the overtime. In 2011, the direct purchases - overseas for surveillance of EEZ, salaries and overtime for maintenance of law and order were about 84% of the total over –expenditure. Please refer to appendix B of this report.

i. Other Audit Findings – Prison Ration

The audit on the Prison Rations of Kiribati Police Service financial records and the existing system relating to the year 2010 and 2011 was carried out in accordance with the relevant statutory provision[9] and normally accepted auditing standards.

Our aim in conducting the audit, inter alia, was to ensure that the custody of prison ration was actually complying with relevant sections of the Act or regulations referred to above and that the existing internal controls were effective in minimising wastes and well serve the needs of prisoners.

1.1.1. *SCOPE*

Our audit was based on the examination of accounting records, ration registers and documents relating to the years 2010 and 2011 as well as the internal controls put in place. The Prison Ration was funded under the Recurrent Expenditure Output –Direct Purchases Local (code 40) with a provision of over $100,000 each fiscal year.

Details of my findings on the records of the Prison Rations including other related issues are listed below that require your Management response.

[7] Includes $33,742 reimbursement from High Court
[8] Exclude $33,742 credit posting being reversed or added back
[9] The audit on the prison ration was conducted in accordance with section 41 of the Public Finance (Control and Audit) Act 1981 together with relevant sections of Cap 76, Prison Act 1981 and Stores Regulation 1981

1.1.2. *OVERALL*

Overall it was found that there were some irregularities and system weaknesses that require immediate action to rectify them so as to improve the system of internal controls.

1.1.3. *FINDINGS*

1.1.3.1. Accounting Records/ Register and Supporting Documentation for Prison Rations

1.1.4. *Branch Ration Register*

Recommendation

That the ration register be properly maintained by the responsible staffs at HQ and at both branches. Also there should be two registers maintained to separately record the food items and the non food items.

Findings and analysis

The audit check revealed that the ration registers for both branches did not properly record rations issued out from head quarter (HQ) Betio. That is, most of the rations issued out to the two branches were not properly accounted for or well managed as detailed below:

- The ration registers for Betio and Bairiki branch were noted not properly recording the value or amount of ration received from the HQ for the period: August 2010 to September 2011, and from January 2011 to September 2011, respectively,
- No actual brought forward balance of rations or opening balance appeared in both registers,
- No physical stock take being conducted on a monthly basis,
- The ration register was not designed in such a way one could easily differentiate between food items and non food items,
- The rations at the two branches were recorded in kilograms and without accounting for their original prices or values. The value of these items can only be obtained from the record of responsible officer at the head quarter (HQ) and
- The issuance of items from the HQ to branches, were made without using the requisition form (re 4.2.1) so as to fully document and support such transfer of items.

During our consultation meeting on 16/12/11/with Management of Prisons and responsible staffs, it was agreed that the current register be properly maintained by those officers responsible and two registers be maintained by the officer responsible for the custody of ration for proper recording of the FOOD ITEMS and NON FOOD ITEMS

3.1.2 Internal Requisition Form

Recommendation

The Internal Requisition form should be properly used by those branch officers when ordering rations from head quarter.

Findings and analysis

It was noted that each Prison Branch did not use the requisition form for placing ration orders from HQ by each Prison branch. Such form is important as it is a form of authority to transfer ration from HQ to branches. Audit found that officers at the prison branches were placing their order on a piece of paper. Indeed, this is not a good practice for controlling the transfer of rations from one place (HQ) to another (branches) but it was rather a violation of section 84 of the Store Regulation (1974) and s5.4 of SR (2012)[10].

One of the resolutions made during the meeting was the Internal Requisition Form be used when ordering Prison's Ration, which should be authorized by the Senior Head Water.

3.1.3 Stock Cards System

Recommendation

That the stock card system be established for rations at Betio HQ to record the issuance of items.

Findings and analysis

Audit found that there was no stock card being used at each branches, including the HQ to record the issuance of ration. The stock card would be of great assistance to Responsible Officer in planning ahead on the number of ration required and thus giving ample time to place an order for such item before they run out of stock. Thus the stock card serves two purposes: 1) as a control mechanism over the issuance of ration and 2) to help in determining the right number and the right time to place an order required items from suppliers.

As agreed during the meeting on the 16th December 2011 stock cards be only used by a ration officer at HQ but those officers at each branch will continue to use those rations register as the format of the register similar to stock cards.

3.1.4 Monthly Returns

Recommendation

The monthly returns be prepared by the rations officers at the two branches and submitted to the Officer responsible within one week after the end of each month. Also, all the above accounting records/ documents as mentioned in paragraphs 4.1 to 4.3 together with this monthly return should be incorporated in the Prison Standing Order.

Findings and analysis

As observed, some of the monthly returns were not submitted to HQ for scrutiny purposes. This showed that the ration officer of each branch failed to complete their returns as required. Actually, if the return is not submitted regularly, then this is an indicative of a problem with the record keeping of ration at each branch. The delay in submitting return should be dealt with in accordance with section 7 of the Cap 76 1981. Further, it should be noted that this return is a monitoring mechanism to ensure that the rations being issued in and out to prisoners are being regularly and properly recorded in the rations register.

It was agreed during the meeting that this monthly return should be prepared and delivered to HQ prior the preparation of the management report. This report will detail the quantities of stock received and issued and even include a list of obsolescence, damaged, and missing items with values. However, the officer at HQ should be responsible for preparing the consolidated report to Management whenever required. Failure to submit monthly reports by the two branches will prompt immediate enquiry.

3.1.5 Physical Stock taking at Prison HQ and the two branches (Betio and Bairiki)

Recommendation

[10] Store Regulation 2012 Edition will be approved this year

Physical stock taking should be made on a monthly basis by those responsible and KPS Management should include this internal control component in the Prison Standing Order.

Findings and analysis

We counted the rations/ stock under the custody of Senior Water stored in the container at HQ and found that the following rations were not tallied with the rations register balances as shown in the table below.

	Name of Rations	No of items counted	No of items per record	Variance
1	Crown Mackerel	382	381	1
2	Tea Bags	78 packets	45 packets	33
3	Moon tiger	105	100	5
4	Toilet papers	69	3	66

As can be seen from the above table, most of the items counted were related to the non food items and found not agreed with the recorded items. These variances noted were predominately due to the oversight on the part of the responsible officer to update his record/register upon receiving or issuing the items.

Further, the result of the stock take carried out at Betio branch, in the presence of the officer in charge/or on duty on the 27/10/11, revealed that private foodstuffs such as: *1 tin Ox & Palm and 1 tin Crown Mackerel* were placed on ration shelf .It should be noted that mixing up private or personal belongings with prisons rations is not acceptable and that private properties should be kept somewhere outside the prison premises or away from the shelf for prisons ration. All private goods, including cash, found amongst ministry's property at time of auditing will automatically become the property of government*, sections 70 and 216 of the Stores Regulation.*

In regard to stock take carried out at Bairiki branch, it was found that there were no rations sighted, nor any record to support the absence of rations at this branch.

Consequently, it was very difficult for auditors to actually determine the number of rations (quantities with values) available at the two branches.

Obviously, officers responsible have not seriously considered the importance of updating the ration register and carrying out a monthly stock take. As a result we were unable to satisfy ourselves on the correctness of opening and closing balance of items recorded on the register.

3.1.6 *Prisoners Ration Scales or Standard Shares*

Recommendation

That the ration scales should be reviewed and improved so as to be more measurable and auditable.

Findings and analysis

It was noted that the standard prisoners' rations scales provided for audit could not be tested since ration or items were recorded in kilograms and not in quantities/ items. The ration scales was also the practice during the colonial times and being used as a standard listing of rations/ items to be followed when distributing rations to each prison or groups and continually used until now. This may however not be possible for us to follow as most measurements are either in value terms or in quantity with cost attached. Furthermore, in accounting practice and disclosure requirements the quantities and costs should be clearly disclosed and measurable.

In this regard, it is considered necessary for Prison Management or the Committee to review the prisoners' rations scales. If agreed then this ration scales should be amended and included in the Prison Standing Order for future compliance.

As per discussion during our meeting with the Prison Management we agreed that the prisoners' scales/ shares was out of date and should be changed according to the current changes or practices. This is, however, subject to the approval of KPS Management.

3.1.8 Management Report of Rations against the Recurrent Budget

Recommendation

That management report should be prepared regularly by the responsible ration officer or a stock/ ration controller at HQ.

Findings and Analysis

As evidenced, the auditors have not been provided with the monthly management report for auditing purposes. Such report provides information on the actual spending of food items and the non food items, which should be submitted to KPS Management for review purposes.

Because of the absence of this report we were, therefore, unable to verify the total number or value of food and non food items required or purchased on a regular basis. It is essential for Management to look into the report and ascertain whether there is any increase or decrease of rations spending (items by items) when compared against the budget figures. The report should also reflect damaged, missing, and unused ration etc, at the two branches.

As confirmed during the meeting the ration officer working in head quarter HQ should prepare this report to Management after receiving those returns monthly.

e. PUBLIC SERVICE COMMISSION (PSC)

b. Expenditure

The comparison of the approved and the actual expenditure of the Public Service Commission (PSC) are presented below.

	2009	2010	2011
Budget	217,923	208,424	204,546
Actual	204,895	243,044	225,515
Under/(Over)	13,028	(34,620)	(20,969)

The actual expenditure in respect of PSC for 2010 and 2011 were above the estimate by $34,620 and $20,968 (2009: net saving of $13,028). Refer to **Appendix B** for details of the report.

f. MINISTRY OF FOREIGN AFFAIRS & IMMIGRATION (MFAI)

i. Revenue

Given below are the approved and the actual revenue collection in respect of the ministry for years 2009, 2010 and 2011.

	2009	2010	2011
Budget	208,000	0	89,751
Actual	48,821	32,465	93,527
Under/(Over)	159,179	(32,465)	(3,776)

The revenue collection for 2010 was not budgeted for despite the fact that revenue from visa fees and other immigration charges were still part of the ministry's revenue. The substantial shortfall of revenue when compared to 2009 was due to the sale of Kiribati passport, which was no longer part of the ministries' revenue. The treatment for the sale of passport had been changed and becoming a Revolving Fund since 2010.

ii. Expenditure

The comparison of the approved estimate against the actual expenditure in respect of the Ministry of Foreign Affairs and Immigration is presented below.

	2009	2010	2011
Budget	1,127,964	1,153,473	840,562
Actual	1,203,715	1,222,957	931,447
Under/(Over)	(75,751)	(69,484)	(90,885)

As can be seen from the above table, the ministry had been unable to operate within its 2010 and 2011 approved budget, resulted in a net overspent of $69,484 and 90,885 respectively. More details on the ministry's overspent individual subheads can be seen at Appendix B of this report.

g. MINISTRY OF INTERNAL & SOCIAL AFFAIRS (MISA)

i. Revenue

Given below is the comparison of the actual revenues collected with the approved estimate for the ministry for 2009, 2010 and 2011.

	2009	2010	2011
Budget	77,400	58,160	58,160
Actual	47,482	53,892	75,406
Under/(Over)	29,918	4,268	(17,246)

According to the 2011 Revenue Budget, MISA was expected to collect revenue from the following activities/ outputs as details in table below

	Budget	Actual	Variance
Charter to Banaba	11,000	5,216	5,784
Social Welfare	460	0	460
Civil Registration	0	0	0
KNYC Maneaba	4,200	1,140	3,060
Sport Complex	0	0	0
Total	**15,660**	**6,356**	**9,304**

As reflected in the table above, there was no revenue collected from Civil Registration and Sport Complex. Further, only $5,216 was received from Charter to Banaba, $1,140 from KNYC maneaba against their budget of $11,000 and $4,200 respectively. Also no revenue at all collected from Social Welfare. Further, the revenue collected from charter to Banaba and KNYC were down by 52.6% and 72.8% respectively.

ii. Expenditure

The comparison of approved expenditure estimate against the actual for MISA for years 2009, 2010 and 2011 is presented in the table below.

	2009	2010	2011
Budget	2,830,033	2,658,588	2,766,518
Actual	2,801,857	2,615,055	2,762,582
Under/(Over)	28,176	43,533	3,936

The ministry reported a net savings of $43,533 and $3,936 for years 2010 and 2011 respectively. Despite the net saving noted above, overruns on some of its individual subheads were also reported as detailed in **Appendix B.**

h. MINISTRY OF ENVIRONMENT LANDS & AGRICULTURAL DIVISION (MELAD)

The ministry's approved revenue estimate and its actual revenue collection for 2010 and 2011 are summarised below.

i. Revenue

	2009	2010	2011
Budget	251,900	583,860	595,960
Actual	96,313	153,383	132,794
Under/(Over)	155,587	430,477	463,166

The revenue collection for 2010 and 2011 were still not encouraging as they both fall under the budgeted amount. As highlighted above the ministry's actual revenue collection were 26% and 22% of the total budget for 2010 and 2011, respectively. That is, the ministry had been unable to collect 76 % and 78% of its total revenue for 2010 and 2011, respectively. Of particular concern was the actual revenue from Sublease rents and Leases 2011 of which only $56,131[11] or only 11.2 % (2009 13%) of the total budget of $500k was collected, hence justification for such under-collection is required. Refer to **Appendix A** of this report.

To mitigate such problems, the ministry should look for more effective ways and means of revenue collection apart from those stipulated under Part IV of the Financial Regulation.

Management Response:

1. *LMD Revenue 03-01 Park Usage Fee*
   - *The code description is not correct. We are assuming that the correct Revenue Head should be "Sublease rent and leases"*
2. *In 2010 & 2011 the estimated sublease revenue was $500,000.00 for both years. It is important to note that the 500k was estimated to cover the sum of both the current rent due annually added with the sublease rents accumulated from previous years. The accumulated rents from previous years was over $500,000.00*
3. *This has been accumulated from over more than 10 years back. Following numerous notices and announcements few people paid but there was still substantial amount outstanding to date. The amount has been increasing over the years if not all rents due for that current year was paid.*
4. *LMD require full support to take appropriate actions such as revoking of sublease agreements for those tenants who have breached the agreements. The implication if such actions are taken will result in sublease tenants being evicted from their sublease plots.*
5. *Alternatively we have been reconciling these outstanding rents with concerned tenants, public and private individual tenants alike, hoping that they won't have any excuse for not paying up. More than 50% of the total outstanding rent was owed by public bodies' i.e. councils TUC and BTC and Government companies and corporations.*
6. *The annual rents due each year for sublease is in the range of little over $100k. In 2011 the total rent expected and due that year in December was $100,667.50 however the total collected was only $56,131.00 This was due to various reasons, i.e. sublease tenants not occupying their plots, tenants have deceased and needs registration of legitimate tenant, sublease has expired and of course there were tenants who did not bother at all.*

[11] Refer to page 64 of 2011 Management Report

7. *Written reminders and notices will continue to be served upon these tenants until their subleases are revoked and reposed by Government meaning they will be evicted and forcefully moved out from the plots.*

ii. Expenditure

The Ministry's actual expenditures for 2009, 2010 and 2011 are presented below.

	2009	2010	2011
Budget	2,733,389	2,754,554	2,675,813
Actual	2,707,950	2,707,646	2,655,750
Under/(Over)	25,439	46,908	20,063

The ministry's actual expenditure for 2010 and 2011 were below the estimate by $46,908 and $20,063 respectively. The ministry deserved to be highly commended on this consistent performance and for being able to operate within its budget for the last three years.

i. MANEABA NI MAUNGATABU

i. Revenue

Presented below is the actual collection of revenue versus the estimate.

	2009	2010	2011
Budget	5,000	3,700	4,600
Actual	1,927	11,055	11,315
Under/(Over)	3,073	(7,355)	(6,715)

The actual revenue collected for 2010 was over than budgeted by $7,355 and 2011 by $6,715, whilst in 2009 the collection was under the budget figure of $5,000. The only source of revenue generated from the Maneaba ni Maungatabu was a rental for its canteen.

ii. Expenditure

The comparison of the actual expenditure with the estimate for 2010 and 2011 is presented in the table below.

	2009	2010	2011
Budget	2,360,475	2,412,759	2,182,870
Actual	2,812,012	2,570,464	2,280,802
Under/(Over)	(451,537)	(157,705)	(97,932)

As highlighted above, the Maneaba ni Maungatabu was still unable to operate within its means. The actual expenditure for 2010 still exceeded its estimate by $157,705, despite its approved supplementary budget of $211,038 ($30,188+$180,850) approved in 2010. For 2011 the reported overspending was $97,932. Please refer to **Appendix B** for details of such overspent.

j. MINISTRY OF COMMERCE INDUSTRY & COOPERATIVE (MCIC)

i. Revenue

The revenue collection for MCIC for 2009, 2010 and 2011 is summarised below.

	2009	2010	2011
Budget	26,600	34,600	44,116
Actual	37,299	64,060	97,994
Under/(Over)	(10,699)	(29,460)	(53,878)

As per table above, the ministry revenue collections of $64,060 and $97,994 for 2010 and 2011 respectively exceeded the estimate by $29,460 and $53,878. The major increase of revenues for both years was generated from business regulation outputs totalling $57,466. On the other hand, its revenue collection in 2011 for Rental of Industrial Centre was down by $3,842 against its estimated revenue of $7,680. The revenue collection for this rental was slightly increased when compared to the collection of last year.

ii. Expenditure

The ministry's actual expenditure and its estimate is summarised below.

	2009	2010	2011
Budget	1,117,259	1,084,542	1,052,812
Actual	1,053,836[12]	1,188,921	1,070,568
Under/(Over)	63,423	(104,379)	(17,756)

The ministry reported net overspends of $104,379 and $17,756 for 2010 and 2011 in contrast with a net saving of $63,423 in 2009. However, the major contributors to the increase of expenditure in 2010 were the policy development, business regulation, business promotion and registration and Xmas development. Refer to **Appendix B** for details of the report.

[12] Included a credit entry of $315, which has been added back

k. OFFICE OF THE ATTORNEY GENERAL (OAG)

i. Revenue

The 2009 revenue estimate and actual collection is presented below.

	2009	2010	2011
Budget	1,050	1,250	1,020
Actual	1,143	576	505
Under/(Over)	(93)	675	515

As can be seen from the above, the OAG revenue collection for 2010 and 2011 was down by $675 and $515. This means that there was also a shortfall in its main revenue head as shown in **Appendix A** of the report.

ii. Expenditure

The actual expenditure and estimate for 2010 and 2011 is summarised below.

	2009	2010	2011
Budget	466,779	471,275	459,226
Actual	423,099	477,596	498,450
Under/(Over)	43,680	(6,320)	(39,224)

As detailed above, the actual expenditure for 2010 and 2011 was just above the estimates, resulting in a net overspending of $6,320 and $39,224 (2009: net saving of $43,680). Refer **Appendix B** for details of the report.

I. MINISTRY OF FISHERIES & MARINE RESOURCES DEVELOPMENT (MFMRD)

i. Revenue

The local revenue collection for the ministry for 2010 and 2011 is appended below.

	2009	2010	2011
Budget	154,500	166,500	31,675,050
Actual	175,801	311,372	29,197,021
Under/(Over)	(21,301)	(144,872)	2,478,029

As highlighted above the ministry revenue collected in 2011 was down by $2.5m. It should be noted that 2011 was the first year major revenue collected, such as fishing license for MFMRD, were no longer shown separately from the responsible Ministry's other but minor revenues, hence the abrupt increase in the estimate for 2011 when compared to 2010. Full details of the decrease in the collection for 2011 could be sighted in **Appendix A** of this report.

ii. Expenditure

The ministry's actual expenditure and its estimate for 2010 and 2011 is summarised below.

	2009	2010	2011
Budget	1,942,970	1,851,366	1,795,462
Actual	1,885,989	1,794,694	1,875,815
Under/(Over)	56,981	56,672	(80,354)

The ministry reported a net saving of $56,672 for 2010 and a net overspent of $80,354 for 2011 (2009: net saving $56,981). Please refer to Appendix B for full details of this overspending. As for 2011 expenditure, the major contributor to the increase in expenditure was the temporary assistance amounted to $74,298. The ministry should observe the current ruling of PSO/ PSC that no more temporary appointment be processed in relieving the vacancies in all government offices.

. MINISTRY OF HEALTH & MEDICAL SERVICES (MHMS)

i. Revenue

The 2010 and 2011 revenue estimate and the actual collection for the ministry is summarised below.

	2009	2010	2011
Budget	110,250	111,400	112,750
Actual	77,541	97,414	106,023
Under/(Over)	32,709	13,986	6,727

As can be seen from the above, the actual collection of revenue for 2010 and 2011 were still down by $13,986 and $6,727 (2009: also down by $32,709). This resulted from the shortfall of revenue collected from the ministry's major revenues of $4,183, $2,542, $6,000 (100%) and $100 (100%) for Private wards fee, Medical Check Up fees, Tuition fees of overseas and Nurses badges and belts sales, respectively. Further, charges for food ration should not be included as a revenue head since caretaker of patients are provided with ration free of charge.

Shortfall of revenues is detailed in **Appendix B** of the report.

ii. Expenditure

The 2010 and 2011 estimates and actual expenditure for the ministry is summarised below.

	2009	2010	2011
Budget	14,606,800	14,537,255	14,802,718
Actual	14,613,551	14,311,376	14,309,843
Under/(Over)	(6,751)	225,880	492,875

The ministry reported a net savings for 2010 and 2011 of $225,880 and $492,875, respectively.

Further, the analysis of the above net saving uncovered interesting issues such as: the grand total of savings were over $1.6 m and over 600k for 2010 and 2011 respectively and about 28% and 41 % of such savings in 2010 and 2011, respectively, related to Personal Emolument. As per confirmation from MHMS, the reasons varied. For instance there were number of employees that could not secure a house from KHC, some changed their mind in not taking their leave passage, and opted for payment of leave grant instead. In regard to non payment of KPF, this was done through MFED.

Thus it should be commented that the public funds of more than $450k in 2010 and over $260k in 2011 had therefore been saved from being used extravagantly. The detail of such savings is annexed to this report as appendix F.

The ministry's actual expenditure includes substantial positive figures or saving of $492,875 as listed above is further detailed in **Appendix C.**

n. MINISTRY OF EDUCATION & TRAINING

i. Revenue

Presented below is the summary of the ministry's 2010 and 2011 revenue collection.

	2009	2010	2011
Budget	136,070	151,160	157,384
Actual	154,503	134,170	141,639
Under/(Over)	(18,433)	16,990	15,745

As reflected above, the ministry's actual collection was down by 11 % and 10% for 2010 and 2011 when compared with 2009 excess collection of over 13%. The major revenues for this ministry are the school fees from all government high schools, including Rurubao primary school. Other revenue like fare on charter vessel, rental of properties, national certificates, certification of exam results, library fines, membership fees and recovery of cost photos have been accounted for. It was noted that revenue from sea fares on charter was down by 36% against the budget for 2011. Refer to **Appendix A** for details of the report.

ii. Expenditure

The summary of the expenditure for 2010 and 2011 in respect of MOE is presented below**.**

	2009	2010	2011
Budget	21,532,278	16,901,716	17,158,020
Actual	21,634,323[13]	16,920,584	18,294,094
Under/(Over)	(102,045)	(18,868)	(1,136,074)

The Ministry reported a substantial over-expenditure of $1.1m net for 2011 (2009: $102,045). Such substantial increase of expenditure was due to $606,066 for salaries, $308,897 allowance and $260,904 temporary assistance in the Primary Education Services. The ministry's individual overspent outputs are detailed in **Appendix B**.

iii. Other Audit findings – KGV & EBS Caution Fees

1. GENERAL

I have conducted my audit inspection of the KGV & EBS Secondary School Fund namely Caution Fee in accordance with the relevant statutory provisions and normally accepted auditing standards. This audit is mainly to check and verify the accuracy of the Caution Fee in accordance with Section 114(3) of the Constitution and Section 41 of Cap 79.

Specifically, the Fund has been established and continually operated by the School for more than ten years to collect caution fees from students or parents as well as other revenue such as pocket money, house team fund raising, IT fees, etc. This also includes the compensation of the School's properties if damaged or lost by any student of Form 4 to 7 whilst inspection carried out at the end of every financial year. As noted, such Fund is refundable provided the students have already paid caution fees to the School and returned text books and other materials in good condition. Different rates for Caution Fees have been allocated to respective Forms such as Form 4 $100, Form 5 $150, Form 6 $175 and Form 7 $200.

Until now, the School Management still finds it very difficult to implement and enhance the collection of caution fees as there is no existing policy or rules to be complied with by students, parents, etc. As

[13] Includes credit entry of $26,685

confirmed during the audit, most students or parents did not pay caution fees as such fee was not regarded as one of the compulsory requirements of the School.

Fundamentally, the caution fee is still continuously collected in order to compensate and refinance the cost of lost or damaged text books and other school properties. This Fund also provides financial and security service for all students' monies and properties of the School as a whole.

1.1.4.1. AUDIT SCOPE

The audit was carried out from 15th September 2010 – 15th October 2010. Our audit work includes the followings:

- *Counting of cash on hand and examination of the bank account*
- *Review of controls over the number of text books available against the number of students enrolled during those years under review.*
- *Check the caution fees collected and deposited and payment of refunds, etc processed annually*
- *Verification of accounting records, register and documents*

1.1.4.2. 3. AUDIT FINDINGS

a. Administration of KGV & EBS Caution Fee/ Money Fund

i. Recommendation

It is strongly recommended that the overall system of Caution Fee should be reviewed and improved effectively without any further delay. The Account Clerk of KGV & EBS should be tasked to handle the fund and the Senior Accountant of the MOE should regularly check on her work.

ii. Findings and analysis

Further audit check found that the Registry Clerk was responsible the management of this Fund, instead of the Account Clerk. In fact the duty of the Registry is to deal with basic office work not equivalent to the duty of the Account Clerk with deals with financial matters. Hence the Registry Clerk should not be tasked with such financial duties.

As a result, it was found that the records of such fund were not kept and maintained properly and also precluded us from satisfying ourselves the fund had been properly accounted for.

The Fund operated a pass book No. 270307 with ANZ bank when we audited the year 2005 to 2008 and then from 2009 to 2010 the account changed to Access Account No. 785066. Thus, the responsible officer closed the passbook No. 270307 after transferring its balance to the Access Account namely KGV/ EBS Caution Fee.

However, it should be noted that the fund should be regarded as a public fund given the fact that all the School properties or stores have been paid for by Government so the MOE and MFED should be responsible for the custody of the fund to oversee its performance and operation from time to time.

b. Finance

i. Recommendation

That the fund be taken up by MFED as one of its revenue or otherwise the Fund should be operated as a Revolving Fund.

ii. Findings and analysis

In May 18 2009 the fund deposited the sum of $5,850.00 to its new account and transferred the balance of $19,892.58 from the passbook on 11/11/09 to facilitate easy direct deposit of funds by parents to the such bank account.

It should be noted that the following irregularities and errors reflected from a poor system of caution fees, lack of staff integrity and no safe to keep caution money, which requires urgent action and further implementation, immediately:

- *No physical cash counting conducted at the end of every month by Management and MOE which leads to the above big variance or lost of the Fund.*
- *No proper handing over statement made between the account clerk taking over and the former account clerk before she transferred to another Ministry.*
- *Huge collection of cash have not been deposited to the bank but kept by the responsible officer and later payment would be made for refund*
- *When making deposits to the bank there was no deposit book used to fill out the amount to be deposited to the bank. Instead, the responsible officer was just filled out a single deposit slip provided by the tellers to deposit the money.*
- *When making withdrawals she simply filled out a single withdrawal slip to be signed by those signatories in order to get the money from the bank. Thereafter, the account clerk actually paid out the amount of refund to the student or parent after cancelling the receipts and without raising payment vouchers and posting entries in the cash book as usual.*
- *The amount of $3.00 has been deducted from the students refund to cover up the above Bank OTC fee as deducted on every withdrawal.*

Overall, there is a lack of control and accountability over the caution fees in such a way to adequately safeguarding the fund from unnecessary payments and fraudulence errors. Moreover, I am not quite confident for those who are responsible for signing the withdrawals slips whether they really checked and demanded supporting documents before they signed or not. This also applies to those account officers or even the Account Clerk who often processed withdrawals/ payments whether they provided supporting documents, list of names, etc for those authorized signatories to check and sign or not.

During 2010, there was a special committee temporarily formed up on Caution Fee comprising of the Principal Auditor of KNAO, Principal of KGV & EBS, Assistant Secretary and the Accountant of MOE and the responsible officer - the Registry Clerk. The main purpose of this committee is to convene meetings in order to discuss major issues raised by the auditor and to review and implement control system of the Fund. This is one of the subject matters raised in the Parliament sitting 2010 regarding rumors on the mismanagement of Caution Fee. As a consequence, the Committee has agreed to improve the existing adverse system of Caution Fee either to operate it as one of the Revolving Funds of the Government or will remain under the responsibility of the Account Clerk of KGV & EBS to be monitored by Senior Accountant of MOE. Accordingly, the Principal of KGV & EBS had bought a safe for the School fund and also sent an application letter requesting the Secretary of MFED for his consideration and approval. As of to date, the Principal of KGV & EBS mentioned that he has not yet received the Secretary's reply on this.

3.3 Accounting Records and Documents

3.3.1 Recommendations

I would recommend that the School Management with the assistance of MOE and MFED should adequately maintain those accounting records/ documents mentioned above up to date. I would also recommend that the Senior Accountant of MOE should check the cash balance for accuracy on a monthly basis. The Fund should be allowed to use all accounting source documents of the Government prescribed by the Accountant General such as General Revenue Receipts (GRRs), Payment Vouchers (PVs), Forms, etc which need to be supplied from the Account Section of MOE or MFED.

3.3.2 Findings and analysis

During audit, the following main records/ documents found to have not been maintained properly since the Caution Fee Fund first established in line with the current Accounting Practices and Standards:

- **Cash book** – no proper cash book maintained to date since 2005 and produced for audit. .
- **General Revenue Receipts (GRR)** – the receipts used by the Fund were not official though they often used their own receipts books. This contradicts Section 34 of FR.
- **Payment Vouchers (PVs)** – No use of Payment Vouchers[14] when processing payment of refund, the withdrawal slips should be used to draw out the money from the Bank (access account) and no payment voucher being raised in a proper manner. As confirmed by the Principal, all refunds should be recorded in the register so they can sign their monies prior the availability of the original receipts and/ or justification for lost receipt.
- **Journal Voucher (JV)** – this JV will be used to adjust and journalize any balance which do not appear in the cashbook or general ledger but appeared in the Bank statements e.g. bank charges including misallocation, omission, wrong calculation, etc
- **Clearance Forms (CFs)** – the forms continued to be filled out first by all subjects' teachers through HOD especially when given out text books and later checked them for any damage or lost upon the return of text books normally at the end of every year.
- **Lost Receipt Justification Form** – this is another useful form to be used when the students had lost the original RR for refund purpose. As agreed with the Principal of KGV & EBS, the form should be used as soon as possible for approval of refund.

3.4 Bank Reconciliation

3.4.2 Recommendation

I strongly recommend that the Account Clerk should maintain a cashbook properly in order to prepare the monthly bank reconciliation for Management purpose.

3.4.3 Findings and analysis

It was noted that the Fund did not prepare the monthly bank reconciliation since 2005 up to date. The bank reconciliation is one of the accounting tools for Management purpose to actually ascertain the correctness of the bank balance. Preparation of the bank reconciliation depends mainly on the correctness of the cash book balance if maintained up to date at the end of each month.

It should be noted that under Section 300 of the Government Financial Regulation (FR) an officer operating a bank account shall ensure that all sums paid into or debited to the account are promptly recorded in her cash book. Also, under Section 303 FR an officer operating a government bank account shall reconcile her cash book with a bank statement at the close of each month.

3.5 Monthly Financial Report or Annual Account

3.5.1 Recommendation

As a matter of urgency, the Senior Accountant should prepare the financial report to the Management, MOE and the Committee for their information and necessary action.

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[14] **Section 181 of FR** – it states that all expenditures of public monies must be vouched for on the original of a prescribed payment voucher form.

3.5.2 Findings and analysis

As noted, there was no monthly report on the caution fees presented to Management or the Committee for their information and action. The monthly financial report is the main source of information to be required by the decision makers to check and review the total amount of caution fees collected and the total payment of refunds to the students or parents during those years. The report is very useful for the users to identify those students who did not pay their caution fee and so as for the Management to arrange punitive action.

In the absence of this management report I could not be able to ascertain the actual balance of the cash at Bank relating to caution fee and other source of income each year.

4. CAUTION FEE POLICY

c. Recommendation

I would strongly recommend that the School Caution Fee Policy or Guideline should be prepared to provide the right direction and future compliance. I would also recommend that the School Policy should be reviewed to incorporate the Fund including other possible changes whenever necessary.

d. Findings and analysis

During audit, we could not sight since inception any documents defining the main objectives of the Caution Fees, main source of revenue, its payments, etc on the basis that it is still continually operating. One of the audit approaches is to understand and verify the Caution Fee System and how it managed since its inception. Unfortunately, there is no existing policy or guideline provided in black and white but only the School Policy (as a principal policy/ act). Fundamentally, this policy or guideline is quite useful for Management purposes and other potential users by providing all relevant information on how the caution fee system administered. The Principal confirmed that according to the School Policy, there was no mention of any specific section embracing the Administration of the School Fund such as the Caution Fees, etc.

5. NUMBER OF STUDENTS ENROLLMENT ENTITLED FOR PAYMENT OF CAUTION FEES

5.1.1 Recommendation

That payment of caution fees should be compulsory to all intake students from one year to another so it is the sole responsibility of Management and the School Committee with the assistance of MOE to make it an endeavour to collect all the fees from students or parents every year. Those failing to comply should not continue their study.

5.1.2 Findings and analysis

According to the list of all students provided for my audit, it was found that the total numbers of students enrolled during the year from 2005 to 2009 are as follows:

Form	2005	2006	2007	2008	2009	Total Enrolment	Form Rate per Student	Total Revenue to be collected from Student
4	161	217	154	178	158	868	$100	86,800
5	314	162	219	182	182	1059	$150	158,850
6	143	258	127	175	145	848	$175	148,400
7	97	118	95	76	96	482	$200	96,400
Total	**715**	**755**	**595**	**611**	**581**	**3257**		**$490,450**

From the table above, we observed that the total amount to be actually receipted on the total numbers of enrolment from the year 2005 up to 2009 should be $490,450.00. Upon comparison of this total with the actual receipts of $110,779.60 as stated in paragraph 3.2.1 above, it indicates a substantial shortfall of $379,670.40. This shortfall shows that 77.4% of the students are not paying caution fees however Management should have in place penalties, fines or rules, in order that fairness is observed.

In addition, the Account Clerks who normally handled the book keeping and administration of this Fund are not trustworthy and competent enough to do the work and to look after the fund properly hence we ended up with a big variance. It should be compulsory for all students to pay caution fee.

6. PHYSICAL STOCK COUNT OF SCHOOL TEXT BOOKS AND OTHER RESOURCE MATERIALS

6.1 Recommendation

It is strongly recommended that all the text books should be entered in the register or the stock cards and stored safely and distributed to all students especially those who have paid their caution fees. It is also recommended that all text books which are running out of stock should be urgently ordered from the concerned overseas suppliers or run copies at CDRC.

6.2 Findings and analysis

In February, 2011, we carried out counting of all various text books and other resource materials ensuring they are in good condition and properly arranged and stored in a safe place. It is expected that once the student paid caution fee he/ or she may have received text books and return them in a proper manner after the end of the year.

As explained by the Principal of KGV & EBS, all these subject text books and other related materials were under the control of different Departments or HODs and those of subject teachers who always responsible for the safe keeping of the School properties. However, the numbers of text books being counted according to the records of different HODs and subjects are as follows:

No	Subject Text Books Name	No. of Text Books Counted	Department	For What Form	Status of Text Book, etc
1	Social Science which includes Geography, History, etc	690	Social Science	4 to 7	Good
2	Mathematics	252	Mathematics	4 to 7	Some text books have no cover
3	Accounting	128	Accounting	4 to 7	Good
4	KPC Religious Education	18	KPC	4 to 7	Good
5	RC Religious Education	10	RC	4 to 7	Good
6	Home Economic	167	Home Economic	4 to 7	Good
7	English	1029	English	4 to 7	Good
8	Science which includes Chemistry, Biology, etc	628	Science	4 to 7	Some text books have holes and no cover
9	Music	NA	Music		
10	Industrial Art	NA	Industrial Art		
11	Fine Art	NA	Fine Art		
12	Physical Education	NA	PE		

According to above table, the current numbers of text books being counted have different titles and grouped under one particular subject.

Since it is the first time to audit the School's text books or learning materials, it was noted that all text books mainly for Mathematics and Science Subject have not been properly kept in a lock cupboard but they are placed in cardboard on the floor. During physical counting with different Departments, we have not been provided with the text books register for audit or even the stock cards. It reflects that the covers and pages of numerous text books were torn away and eaten by the rats. As confirmed from some subject teachers, most of the students are provided with handouts instead of text books due to the shortage of those materials. In addition, there are four subjects, which have no text books at all such as Music, Industrial Art, Fine Art and Physical Education.

Furthermore, as this is a very high expense for the Government to provide, one way to improve the shortage of text books, materials, stationeries etc is to operate the Bookshop for the School.

Management comment

Revenue deficit for 2010

Fare On Charter Vessel
No of Passenger has been limited from Marine.
Rental of Properties
This revenue ceased collection since 2010 even though it has been provisioned

Over expenditure in 2010
Policy Advice
Salaries mis postings that were late to be journalised.
Primary Education Services
Excess kpf caused from relievers that paid under temporary
MTSS
Excess KPF caused from the relievers that paid under temporary
Teabike College
Excess KPF caused from the relievers that paid under temporary
CDRC
Excess KPF caused from the relievers that paid under temporary

Revenue shortfall 2011

Rental Properties revenue ceased since 2010 and there are refund also paid to teachers concern
Charter revenue, no of pax is limited from Marine
Other School Fees
Rurubao still allow those who haven't paid their school fees or those late to pay their school fee to attend classes

Over expenditure for 2011($1,136,074.00)

As far as I know most big payments were paid in 2011 that were not budgeted. For those years during budget preparation Senior Accountant was excluded or not involved during budget preparation for budget 2011 and 2012.
The big payments are 1)

Incentive Allowance	*Cabinet Decision*
Terminal Pay	*For retired teachers end up to court case*
	Paid from Salary
House Rents refund	*Management decision*
Crossing the Bar	*Paid from Salary – PSC approval*
Kelp trainee	

We try to seek assistance through Supplementary but supplementary approved was insufficient.

Caution Fee

3.1 .1
So far all caution fee are now receipted with School Fee since 2011.
3.2.1

We have forward a request to Finance to create an appropriate account for Caution Fee as it is a refundable fund. For your information we have a sent a report to Principal KGV & EBS regarding those who have utilised this caution fees and to return the fund as soon as possible. As for those who cannot repay, they will end up in court.

o. MINISTRY OF COMMUNICATION, TRANSPORT & TOURISM DEVELOPMENT

i. Revenue

Revenue estimate and so as actual revenue in respect of MCTTD for 2010 and 2011 is presented below.

	2009	2010	2011
Budget	817,080	1,367,050	3,670,015
Actual	1,066,634	968,484	1,214,207
Under/(Over)	(249,554)	398,566	2,455,807

The trend of the ministry's actual collection warrants an increase in its revenue budget. The average actual collection based on the table above was over $1m thus the ministry should then set its revenue estimate at or over $900 m. Furthermore, the Ministry should review its estimated revenue on some of its revenue heads such as: the Licence for Foreign vessels, Registration of Ships, Sale of Stamps, Sundry Fees and Commission on Money Orders as actual collection on these revenue heads were far above their actual collections.

Unfortunately, the Ministry was never collected its revenues from JAXA (Downrange), JAXA (Air Service) and Airspace Usage fee as parts of its 2011 estimates for output - Administration & Policy Development. Refer to **Appendix A** for details of this report

Additionally, there was hardly any revenue generated from the output of Administration & Regulation of Civil Aviation to match with the budget 2011. Further details of the Ministry's shortfall of revenue for the 2009 are disclosed in **Appendix A** of this report.

Management Response:

The Revenues for JAXA (Downrange) and JAXA (Air service) was never collected in 2011 and this is caused from the long unsigned Agreement which in the process should be the Honourable Minister. The signing of the agreement was never made in 2011 and this was affected from the election of the new Parliament members. The new Minister was just started towards the end of that year and delaying the process again due to insertion of some amendments. As of such situations, the agreement was just finalized in 2012 where the revenues for 2011 appeared in the 2012 account report.

Airspace Usage fees were also uncollected in 2011 but were also paid in 2012.

ii. Expenditure

The 2009 actual expenditure and estimate is summarised below.

	2009	2010	2011
Budget	3,443,606	3,473,173	3,340,678
Actual	3,285,478	3,481,664	3,274,321
Under/(Over)	158,128	(8,492)	66,357

The ministry reported a net overspent of $8,492 and a net saving of $66,357 for years 2010 and 2011 respectively. The major contributor towards the decrease in expenditure for the year 2011 was scattered among the ministry's outputs. Refer to **Appendix B** and **Appendix C**.

iii. Other Audit Findings

The annual audit for the ministry for years 2010 and 2011 was carried out during 2012 and hereunder were our audit findings for necessary actions:

1. Vote Ledger

Recommendation:

The following transactions should be properly accounted for in the vote book in order to reflect the actual expenditure on each output head against the budget

- Vote Ledger for controlling expenditure should be maintained for each output recording the actual expenditure for the year,
- Transfer of funds from one head to another should be clearly made and recorded in the vote book to provide sufficient provision to such exhausted head before payment is made.
- Any supplementary warrant approved should be reflected in the vote books for the year.
- The monthly reconciliation of expenditures should be made by the MCTTD with MFED to clear any error occurred or avoid the huge variance or over payment.

Findings and Analysis

We could not verify the accuracy of the MCTTD expenditures against the budgets for those years under review without the maintenance of the vote books. This means that there was hardly any vote ledger being maintained for each output as a control mechanism for recording the actual expenditures incurred during those years.

Management Comment:

It is not true that this office hardly maintained any vote ledger. This ministry maintain an electronic vote ledger and this was since 2010 until now and which are still viewable at our account office.

Since reconciliation is the best mechanism to achieve accuracy of each account balance, this ministry usually carry out its reconciliation. In the case of some overpayments, these may be caused from non actions of those responsible for reconciliation statements

2. Expenditure Reconciliation

Recommendation

The MCTTD should reconcile its actual expenditures with the MFED monthly to avoid over payment.

Findings and Analysis

We noted that the monthly expenditures reconciliation for the year 2007 to 2010 had not been done by MCTTD with MFED. Thus, it is very useful to agree the balances of the vote books with the balances in the general ledger or the monthly management report.

If this control is poor in the Ministry, it will be very difficult for the Account Unit to reconcile all its expenditures. They could not be able to know the balance available in the budget and insufficient provisions which require transfer of provisions. If effective reconciliation was in place, the MCTTD Account Unit would be able to identify the errors such as misstatement, omission, etc hence to make correction in a proper manner.

Management Comment:

Reconciliation had been made already for years 2010 and 2011 and overspent outputs had been adjusted already. If this is the status of our account in 2011, there might be an overlook then on our adjustments by the officer responsible.

3. Payroll – Signature Listings

Recommendation

Management should ensure that copies of signature listing should be kept and stored safely for future audit verification.

Findings and analysis:

Audit noted that the signature listings for the year 2006 to 2010 were not available upon request for audit verification. Accordingly, this signature listing is necessary for audit to check and confirm whether all employees' pays as listed have been actually received. Therefore, we really required such document for confirmation of employees' names who have been permanently working in the Ministry for those years.

4. Control over the Receipts Books and Bus Tickets

Recommendation

The receipt books register should be maintained, regularly

Findings and analysis

We found that the receipt books register was not opened for recording all receipt books. The purpose of this RRs register is to take on board the number of receipt books issued in and their serial numbers, the date of issue, the cashier name, etc.
In addition, the register for the bus tickets had not been provided therefore it would be very difficult for auditors to check whether the purchases of bus tickets (issued in) were recorded or not. The purpose of the bus tickets register is to show the date of issue, destination, the number of tickets issued out, serial numbers used and un-used, commuters' names, etc.

Management comments
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5. Controls over Vehicle Log book

Recommendation

The log book for the Ministry's vehicles should be maintained by the drivers or the users to officially recording the movements of the vehicles from one place to another.

Findings and analysis

During the audit, we tried to verify the movement of vehicle whether it was official or not. However, the audit found that the log books were not maintained and the audit could not verify the fuel consumption, the driver's overtime, the routes of vehicles, etc.

These are the following vehicles without a log book maintained:

Registration #	Comment
BG178	Since 2006 to 2010

BG036	Since 2006 to 2010
BG096	Since 2006 to 2010

Furthermore, the consumption of petrol and oil should be controlled by the Senior Accountant of the Ministry, weekly. This is by way of checking the refuelling sheets from local suppliers and invoices against the log book of the drivers. The log book entries should be checked by the Office Manager or Executive Assistant for accuracy on a weekly basis.

Management comment

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6. Control over Revenue

Recommendation:

- A monthly report for landing fees should be circularized to Air Lines Operators, MCTTD and MFED showing invoices paid and not paid
- The Ministry or the responsible division should have a proper record on all landing fees
- Air port tax revenue should be reviewed upon collection prior payment processed to MFED
- Discharge book register should be maintained and updated by mean of logging all serial numbers accordingly

Findings and analysis:

MFED records

		Year				
CODE	**Description**	**2006**	**2007**	**2008**	**2009**	**2010**
C2405000001A	Landing Fees	19,208	19,799	251,011	92,665	13,450
C2405000002A	Airport tax	20,840	176,915	168,516	143,385	174,500

6.1. Landing fee

During the audit, we noted that a monthly report to ascertain the number of landing of International Air Transport was omitted from the Aviation record. This is due to the computer technical problem therefore had made it difficult for auditors to verify the amount received and such documents were not manually recorded.

6.2. Airport Tax for Overseas passengers outgoing

We noted that the collection of airport tax could not reflect the actual collection for each departure. This is due to the non availability of the manifest forms attached with the receipts to reflect the actual number of passengers flying out of the country. It was also observed that there was no proper checking or review on the tax collection being carried out by the Accountant prior pay in to MFED. This is a normal practice that had happened till to date in which the cashier of the concerned division used to pay in this revenue without the Ministry awareness and endorsement. This practice is open to fraud and therefore need to be addressed.

6.3. Discharge Book.

During the audit, we tried to verify the number of discharge books that had been sold for years 2006 to 2010. This discharge book is the book that would be sold to all seamen working on overseas ships at the rate of $40 per book. When asking officer concerned to provide us with the information we found that there was no register to show how many books been sold to those seamen. In passing we noted that all discharge books are numbered consecutively when sold to the seamen.

Additionally, there were discharge books being issued out freely or no cost to MTC seamen which found to have not been recorded in a register. We tried to ask the officer concerned if she could provide us with the records on those issued out books and to explain why it was issued out for free of charge, but such record was not made available during the audit.

It is evident the control over the records is weak and therefore the responsible officers should be reprimanded. A register has to be maintained and a monthly report should be prepared by the concerned division and submitted to the MCTTD for review and reconciliation purposes.

Management comment:

6.1 Landing fee

Aviation response:

The number of landing of International Air Transport was not omitted from aviation record; best word to use is not viewable due to the data stored in the computer broke down due technical faults during the audit, and so was not accessible at that time of period.

There are manual records of such movement of all aircraft landing and departing Bonriki International Airport. These movements are kept and recorded in the logs and are kept in the Library and probably if request to see these logs it would be provided.

It is important that should an audit be carried out, the Civil Aviation should be notified in advance to assign the appropriate person to deal and provide all the data requested. Manual record could have been provided.

6. 2 Airport Tax for Overseas passengers outgoing

Account response:

The difference in the airport tax collection resulted mainly from the exemption of some passengers. These passengers were the UN and Diplomat Passport Holders, Children under 2 years and Aircraft Engineers usually onboard every international flights standby for technical problems. In the case of Kiribati Diplomat Passport Holders, exemption is not applicable to them except for Te Beretitenti. Though the flight manifests are not attached with the receipts, still there is a chance to obtain them from Air Kiribati. .As practised now, when airport tax collectors deposit their collections with MFED revenue cashier, they bring along the flight manifest to verify the actual collection. The 2012 collection documents can be viewable now at the Account Office of MCTTD. Though there might be an overlook of the Accountant's role in this regard, this office will now enforce the duty as recommended by auditors.

6.3 Discharge Book.

Marine Response:

Register for Discharge Books was also maintained in 2006-2010. However, these records were difficult to be located since the staff handling the task changed from one to another and these staffs were no longer working in this Ministry. (in those times handled by the typist in the Marine Division, and when transferred to another office leave the task to the Cashier and again tasked to the new Computer Operator for the Marine Division when the new Cashier commented that it was not part of her job description.

This was also noticed from their comments that it was not part of their job description. As of such blames, it was realized then that this responsibility is part of the Marine Officer's job description but in those times was vacant where the handling was not properly managed from the changing of assigned staff.

Management efforts to solve the matter now leave the task to the Marine Division Computer Operator and which was just monitored properly in 2011 until now.

In the case of free issue of discharge books, these were made only to new passing out Seamen from MTC. Secondly, when books issued with wrong scripting, i.e. wrong names, wrong date of birth etc. replacement usually made at no cost.

In order to avoid repetition of these careless actions, surcharging efforts are in place to responsible officers

7. Proper storage or keeping of Accounting records/ books

Recommendation

All accounting records or books and documents should be kept in a locked cabinet or store room for future reference and audit.

Findings and analysis

During the audit, there were many instances where we could not be able to obtain records and all supporting documents that were selected for testing. The main reasons in having problems with the tracing of accounting records and documents are as follows:

- No proper handing over statements made between the accounting staff moving out and the staff coming to take over the responsibilities within MCTTD;
- Financial Records or documents may have been removed off site and not returned to their original place.

Management comment:

All accounting records, books and other documents are all stored in a locked archive room. These records are all for 2007 until date and since we are to focus only on 2010-2011, these years' records are still inside our account office which can be viewable anytime.

Usually, handing over notes usually made verbal since the transferred staff were usually rushed off to their new stations but will enforce as the Auditors' recommend. The movement register was not maintained since it is only a small office and did not encourage issuing out of records, except for Auditors who only work with us. Though it is also recommended by KNAO, this office will now maintain one for that purpose.

Audit Comment on the response rate of MCTTD

Management of MCTTD should be commended for providing responses to almost all of the audit queries raised above.

p. MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT

i. *Revenue*

The ministry's revenue summary is provided in the table below.

	2009	2010	2011
Budget	455,680	990,200	33,064,213
Actual	1,455,403	889,826	48,985,579
Under/(Over)	(999,723)	100,374	(15,921,366)

As can be seen from the above table the revenue was gone down by 10% in 2010 and certainly gone up by 40% in 2011. **However, in 2011 a debit amount of $153,107 was included as revenue from Interest on loan charges (Please refer to code: 25-01-01)**. Such miss-posting should be adjusted accordingly as it had caused an understatement to the ministry's actual revenue and expenditure. Refer to **Appendix A** for more details on the shortfall of revenue.

ii. *Expenditure*

Presented below is the summary of the estimate and actual expenditure in respect of the Ministry for 2009.

	2009	2010	2011
Budget	2,541,401	2,257,508	2,124,528
Actual	2,624,340	2,606,476	2,389,819
Under/(Over)	(82,939)	(348,968)	(265,291)

The ministry reported an over-expenditure of $348,968 and $265,291 for years 2010 and 2011 respectively. More details of individual subheads over spent can be seen at **Appendix B** of this report.

q. MINISTRY OF PUBLIC WORKS AND UTILITIES

i. Revenue

The ministry's summary for its revenue collection and estimate is presented below.

	2009	2010	2011
Budget	143,400	36,700	36,700
Actual	57,287	44,952	85,514
Under/(Over)	86,113	(8,252)	(48,814)

The ministry's revenue collection for 2010 and 2011 exceeded the budgeted amount by $8,252 and $48,814, respectively.

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ii. Expenditure

The ministry summary for 2009 estimate and actual is presented below**.**

	2009	2010	2011
Budget	2,811,911	2,543,688	2,473,272
Actual	2,697,314	2,463,920	2,439,342
Under/(Over)	114,597	79,768	33,930

As can be seen above, the ministry reported net savings for 2010 of $79,768 and 2011 of $33,930 (2009: 114,597), respectively. As the net saving is decreasing, there is therefore a need for the ministry to consider cutting its budget. However, despite a net saving, the ministry overruns some of its individual subheads as detailed in **Appendix B** of the report. Also the audit found that in 2010 **subheads: 27-01-25 and 27-03-45 were credit postings of $9,995 and $2,852 respectively, understating the ministry's total expenditure. Refer to Appendix D for details.**

r. MINISTRY OF LABOUR & HUMAN RESOURCE DEVELOPMENT

i. Revenue

The summary of the ministry's revenue collection and estimate is appended below.

	2009	2010	2011
Budget	40,530	54,480	54,480
Actual	63,266	76,864	107,631
Under/(Over)	(22,736)	(22,384)	(53,151)

As depicted in the table above, the level of actual revenue collected exceeded the budget by $22,384 and $53,151 for 2010 and 2011 (2009:$22,736), respectively. The ministry continues to collect revenue more than the estimate figures therefore there is a need for the ministry to consider increasing its budgets. However, the ministry's revenue shortfall can also seen in Appendix A of this report

ii. Expenditure

Summarised below is the ministry's actual expenditure and estimate for 2010 and 2011.

	2009	2010	2011
Budget	3,210,164	3,130,978	3,165,520
Actual	3,073,034	3,178,146	3,449,139
Under/(Over)	137,130	(47,169)	(283,619)

The ministry reported a net overspent of $47,169 and $283,619 for 2010 and 2011 (2009: a net saving of $137,130). For more details of the ministry's overspending, please refer to **Appendix B of this report**.

iii. Other Audit Findings

The audit of the ministry on its 2010 financial operation was conducted in accordance with the relevant statutory and applicable auditing standard.

1. Vote Ledger and Reconciliation of Expenditures

Recommendation

- MLHRD should also maintain a hard copy of the vote book every year so that the monthly balances as per output can be checked against MFED General Ledger or Management report
- Reconciliation should be done in a timely manner to avoid over payments. However, the audit would emphasis the important of the reconciliation as a tool to detect whether there is sufficient fund of each output or not.

Findings and analysis

Audit found that the vote books for the year 2006 to 2010 were poorly maintained and as the result no review performed by Senior Accountant. MLHRD Account Unit had been relied on the MFED records rather than making its own record to update. This contradicts FR 9.1 – 9.13

Management Comments

1) Vote Ledger & Reconciliation:

For your information regarding the vote ledger there was an electronic vote ledger stored in the old computer (i.e. On the Access Format). The problem that the auditor could not access to it is that the computer hard drive is broken as *well as it is infected with virus which causes that computer not to open. But it is right that there is no manual vote ledger. Then for the reconciliation it was actually done but there is no hard copy kept.*

3. Telecom Charges

Recommendation

Management should make sure that telephone bill should be circulated to all staffs for them to identify their personal calls before payment is made out of the recurrent budget.

Findings and analysis:

After checking telephone charges, we noticed that there are numerous calls deemed un-official. The following charges in the table below were regarded as personal phone calls. MLHRD is advised to update this office on which calls were actually un-official and the actions taken to recover these charges from the concerned officers.

	Year	Amount
1	2006	94.94
2	2007	772.85
3	2008	1614.70
4	2009	567.79
5	2010	296.44

Management comment

1) *Telecom Charges:*

I would like to ask the Audit if they could provide us with the telephone numbers that were the un-officials were made from or if they do have the list of staff making those un-officials. In receiving those numbers then will can start the recovery of those un-official calls made if staffs involved are still working within this ministry unless they give consent of those un-official calls.

4. Salaries

Recommendation

- Management should ensure that copies of signature listing should be kept and stored safely for future reference and audit.
- Staffs should sign against their names once they collected their salaries and return unsigned salaries to the MFED.
- Management should ensure that the cessation of salaries needs to be effective once the staff requested for taking annual leave during the year.

Findings and analysis:

- the signature listings for the year 2007 to 2010 were not available upon request for audit verification
- Total unsigned salaries $186.10 (i.e. payment made on 28th April 2006 of $85.55 plus payment made on 12th May 2006 of $100.55). The concern raised that these unsigned salaries should be returned back to MFED and receipted. Those receipts should be then

attached with the signatures list to support and show that the salaries were properly returned.

- It was also discovered that the former Senior Accountant had received a salary for the pay period of 06/7/2007, 20/07/2007 and 03/08/2007. This means she was no longer working with a ministry hence she over paid by $1,308.00.

Therefore, the Ministry is advised to update this office on how to take actions in recovering these unreturned salaries and overpayment from the officers concerned.

Management comment

For your information regarding the cessation of salaries from the payroll is in the hand of admin officers from the ministry as well as from the PSO and PSC. So the account staff did not know who is on leave and who is terminated.
In compliance with your findings on the salaries, this ministry would like to act or carry out the actions required as to recover the overpayment of salary in respect of the former Senior Accountant. The plan to carry out is as follows

a) *To find the whereabouts of the concerned officer mentioned above.*
b) *To get the consent from the officer for recovery.*
c) *To check her KPF that if she has not withdrawn her KPF, then should seek advice from Ministry of Finance on this matter.*

(1) Fisheries Training Centre (FTC) - Division

1. Vote Ledger

Recommendation

Vote books are intended for controlling expenditure and commitments therefore it should be well maintained and updated, regularly.

Findings and analysis

Since the vote ledger was not provided for audit, verification on the entity's expenditures could not be made. This is an indication of poor record keeping over expenditures. This means that FTC Account Unit has been relying on the MFED records rather than on its own record - vote books. The unavailability of the vote ledger contradicts the financial regulation FR 9.1 – 9.13.

Management Comment

1) *Vote Ledger:*

To repeat what we have already mentioned above that there is an electronic vote ledger but no manual vote ledger. I would like to forward my request regarding the word you mentioned that is "FTC Account Unit has been relying on the MFED records rather than on its own record". The proof is that in the 2010 there was no overspent occurred in this division as shown in the Appendix B of Audit Report.

2. Salaries

Recommendation

Management should ensure that copies of signature listing should be kept and stored safely in locked place for their future reference and audit purposes.

Findings and analysis
The signature listings for the year 2007 to 2010 were not available upon request for audit verification. This signature listing is useful for my verification whether all the staffs listed are correctly signed for their salaries during those pay days or not.

Management comment

For your information, the signature listing for the year 2010 and 2011 had been updated. And for the previous years it is true that it was not well kept in a safe place but hope that in future this will not happen again.

3. **Charge Allowance**

Recommendation

Payment of charge allowance should not include the number of leaves taken by the officer since he or she was on leave. The over payment of charge allowances of $8,432.36 should be recovered from those employees through salaries deduction or otherwise.

Findings and analysis

Verification of the following FTC staffs charge allowance reflected a huge over payment of allowance $8,432.36 to those beneficial officers mentioned below. The over payment was derived from the fact that you did not deduct the number of leaves taken (number of working days) from the period of charge allowance being approved.

For auditing purpose, we could not obtain those approved letters for payment of charge allowance from their PFs to check the calculation and deduction of leaves taken. Unfortunately, those correspondences have gone astray therefore the total payment of charge allowance $8,432.36 was deemed improper and misappropriated:

The division should be well aware of the importance of maintaining records effectively as we do not heavily rely on MFED and PSO records. That is why auditors preferred your records to be more accurate and should be maintained up to date and kept safely. In this case, all correspondence relating to payment of staff allowance such as charge allowance, etc should be kept properly in PF files, accordingly.

Management comment
For your information, the account staff from FTC division has reconciled this query. The mistake is not from the Account side since the authority to take leave and to write charge allowance is on the side of the Registry and Admin officers or Authorizing Officers. So it should be addressed to admin officers this case since they did give approval and authority for the payment that did not go through the account section in our ministry but submitted directly to the salary section in the Ministry of Finance. In addition, for the updating Personal Files (PF) is in the custody of Registry section but not the account section.
According to your audit report, the total amount of over payment which is $8,432.36 was likely to be a misunderstanding. The account staff from FTC Division had carried out an investigation on this matter and found out that they were all approved from the HQ Division (i.e. Policy Development). Above all the matter is not the responsible of the account staff since the approval of charge allowance is given by the authorizing officer from the Headquarter Division. Then they were submitted direct to the salary section in the Ministry of finance for payment in which they did the calculation according to the approved rate given. So I do emphasize here that us, account staff from this ministry, that this mistake should not be blamed on the account staff but should be addressed to the responsible officers such as Registry clerks as well as the authorizing officers. Moreover, regarding the staff taking their annual leave is also not part of our job description in which we cannot know who are taking their leave and who are paid charge allowance but we can only notice what actually happen when we did receive extra money in the salary we collected for payment. But for the recovery purposes you mentioned in your audit report, we will go over this matter again and will advise the concerned officer who was overpaid

4. **Bus Tickets**

Recommendation

Management should ensure that the bus tickets register be maintained and kept safely for future reference and audit.

Findings and analysis:

Audit found that the bus tickets register for 2006 to 2010 was not maintained. The register will show the number of issued in or purchases, issued out of tickets to the commuters and their signatures. Therefore, we could not at this stage check the bus tickets being purchased and then issued out during those years under review.

Management comment

Yes, it is true that there was a poor control of issuance of bus tickets to commuters and hope that in future this will not happen as I will advice them the importance of this register to be maintained properly and accordingly that at the end of the time they will charged for the ones that are not signed by commuters

5. Control over Inventory

Recommendation

Management should ensure that stock card must be kept safely and all items purchased for school rations should be regularly and properly recorded.

Findings and analysis

The audit revealed that the recording of FTC rations was not adequately maintained nor the stock cards for the year 2006, 2007 and 2008 were available for audit verification. Thus, these stock records serve no control measures, which show the movement of stocks periodically. Without proper stock system in place, I could not be able to ascertain whether all the school rations have been used as intended or used for other purposes.

Management comment

6. Control over Vehicle's Log book

Recommendation:

FTC drivers should maintain log book for each vehicle to monitor the movement of vehicles during working hours and after.

Findings and analysis

During the audit, we noted that the log books for FTC vehicles have not been maintained. It is compulsory to be used by all government drivers. However, verification of the driver's overtime, the running of vehicle with the use of mileage and consumption of fuel could not be done due to the non maintenance of log books.

Management comment.

Audit Comment on the response rate of MLHRD

Management of MHLRD should also be commended for providing responses to almost all of the audit queries raised above.

s. MINISTRY OF LINE & PHOENIX ISLANDS DEVELOPMENT

i. Revenue

The summary of the actual revenue collection and the estimate is presented below.

	2009	2010	2011
Budget	428,250	460,000	461,500
Actual	347,818	329,883	391,932
Under/(Over)	80,432	130,117	69,568

The Ministry reported a shortfall in its revenue collection for 2010 and 2011 of $130,117 and $69,568 respectively (2009: $80,432). Thus, the collection of revenues, for both years, were not encouraging and therefore requires strengthening of the collection procedures by complying or strictly adhering to relevant clauses of relevant Financial Regulation referred to above. Details of shortfall are in **Appendix A** of this report.

ii. Expenditure

The summary of the actual expenditure and the estimate for the ministry for 2010 and 2011 is appended below.

	2009	2010	2011
Budget	3,403,741	3,349,881	3,278,756
Actual	3,397,085	3,312,874	3,600,521
Under/(Over)	6,656	37,007	(321,765)

The original budget of $3,290,189 for 2010 was increased by $55,670 being its supplementary budget approved by Parliament in its second session held in August 2010 thus resulting in a saving of $37,007 for the year. In 2011 the expenditure was up by $321,765 (2009: $6,656). The major contributors leading to the increase in expenditure (net overspent) for 2011 were: the Administration & Policy Development of ($181,830, Public Works Development of ($18,417), Electricity Generation of ($114,834), Water Supply of ($53,398) and Solar Salt Unit of ($17,721).

Further, as stated in the management reports, **the ministry's output /subheads: 29-08-23, 68, 29-08-64, and 29-10-24 disclosed credit figures of $1,992, $120, $175 and $848, respectively. Certainly these credit postings had understated the ministry's total expenditure**. Please refer to **Appendix B** for details of other over spent outputs and Appendix D for details of credit postings.

iii. Other Audit Findings

1.1. Cash counting and Revenue Notice

Recommendation

I strongly recommend that a new safe for keeping monies and other important record books should be bought by the Ministry. In addition, management should assign one staff to do the maintenance of cash book to record all revenue of MLPID hence to avoid the surplus/ deficit and the cause of fraudulent errors or any risk from occurring. Revenue cashier should be reprimanded for the cash shortage noted during the audit.

For the public notice as required under the Ffinancial Remulation 32, a notice should be displayed at the notice board at the cash office for customer's awareness stating that all customers are required to obtain their original receipts (white copy) after making payments to the cashier.

Findings and analysis

The audit detected **the cash shortage of $9.45 during the cash counting at the main cash revenue office. The revenue cashier had made good of it at the time of cash counting**. Further, there was no one who responsible for posting of all revenue transactions in the cash book apart from the revenue cashier and making deposits to the bank periodically.
At the revenue office, we could not find a notice regarding the public notice for those customers when they pay in monies to the cashier. It should be written in English and Kiribati in line with FR 32. In this regard, customers are hereby informed that when they paid in their monies they should ensure that they get a receipt from the cashier and to check and confirm the amount, name, date, etc before leaving the cash office.

Furthermore, MLPID still has no safe to keep monies and other important records such as receipt books, etc.

Management comment

1.2 Petty cash

Recommendation

Establish the petty cash system to avoid the issuance of cheques for small amounts the practice of which would escalate the expenditure on bank charges.

Findings and analysis

After selecting payments relating to 2011 for test checking, it was noted that there were various payments made in small amounts as less than $100.00 paid by cheque. This is because of the non establishment of petty cash. As shown below are the payments in small amounts by cheque

Date	PV no.	Description	Amount
5/7/11	2828	unpaid bonus	$36.81
15/4/11	1707	fuel paid to PVU	$75.15
6/4/11	1618	rental charges	$25.00
12/8/11	3366	settlement of invoice	$57.60

This issue was one of the subject matters raised in my previous audit reports and which still has not been attended to.

Management comment

1.3 Cash book/ Bank reconciliation statement

Recommendation

MFED and MLPID should maintain the automated cash book for posting of the Ministry transactions monthly. Also MLPID is encouraged to update its bank reconciliation which is far behind the process.

Findings and analysis

Whilst the attaché system was down at the MLPID the posting of transactions daily had not been done manually. Further, the monthly bank reconciliation for the No.5 account had not been completed for whole of 2011 (Jan to June was completed).

Furthermore, we could not be able to ascertain the cash position for the No. 5 bank account at the end of the year 2011.

Management comment

Not received

1.4 Revenue streams

Recommendation

All divisions should maintain separate records or cash book to record their revenues before they pay in to the Ministry cash office or deposit to the bank periodically. Revenue cashiers and supervisors should be reprimanded for having failed to fully complying with their obligations under Cap 79.

Findings and analysis

We could not verify the total revenue being collected during the year 2011 since the cash books have not been updated. These revenues are generated from electricity, water, registration fees, quarantine, tax, airport fees, housing, land rent, solar salt, etc.

Management comment
Not received

1.5 Control over annual leave

Recommendation

Management should remind those employees to take their annual leave every year hence to avoid the huge outstanding leaves.

Findings and analysis

The audit found out that most of the staffs have substantial remaining leave balances in 2012 as accumulated from previous years. These staffs have not yet taken all their leaves outstanding and this is the same issue we raised in my last year's audit report. The list of staff names could be provided from the MLPID annual leave register.

Management comment

Not received

1.6 Special Imprest

Recommendation

All officers should retire their outstanding imprests as soon as possible or within ten days after the trip.

Findings and analysis

The audit revealed that there are number of staffs who still have not retired their travelling imprest in 2011. This indicates management lack of control over the imprest system.

When confirming imprest balances with MFED, it was observed that the balance of staff imprests outstanding at the end of 2011 could not be verified as no listing provided. Also, the Imprest control account was not updated and MFED is still waiting for retirement of imprest from the MLPID staffs.

Management comment

Not received

1.7 Counting of stores/ fixed assets and Board of Survey (BOS) for the year 2011

Recommendation

- ***Custom division***

  Some fixed assets/ stocks found to be written off as they are not repairable. I would therefore recommend that management should seek approval for written off first in accordance with Stores Regulation

Postal Division

  Some of the items need to be repaired and also a safe should be acquired as soon as possible to keep all monies collected of the division and those of valuable stamps for sales, etc.

- ***Construction and Joinery division***

  Some of the items were moving fast for servicing therefore they should be replaced and disposed off when damaged but after having obtained approval.

- ***Water division***

  A proper register to record the movement of items should be maintained so that we could easily locate their existence during BOS.

Management should go through all its stores/ fixed assets and list down those wear and tear items which required repairs and maintenance. Ensure that the Board of survey is carried out by all divisions in future. It would be also necessary to ensure all the non expendable items have been scrutinized and actually entered in the register.

Findings and analysis

The audit found that the stock taking was not carried out by all divisions of the MLPID nor the board of survey (BOS) was made at the end of the year. Thus, we counted all fixed assets/ stores within the MLPID's divisions but still waiting for the whole report of counting to be prepared by one of the account clerks. As a consequence, we have informed all store men during stock counting to open their ledger books or cards to record the number of stocks counted.

Most of the store men did not know their roles and responsibilities in dealing with the stocks and where they should record them. A Senior Accountant should work closely with these officers on how to maintain the stock records and safeguard all government properties.

1.8 Postal office

Recommendation

1) That all transactions of the post office be recorded in the cash book. In other words, the responsible officer should record all sales of stamps and telmo payments to HQ Tarawa, etc and
2) That new Safe be acquired without further delay. Based on the officer's explanation, this division is now requesting the MCTTD or MFED to buy a safe without any further delay.

Findings and analysis

Audit noted that the cash book was not maintained by the postal officer. As usual, the officer just directly deposited her collection to the No. 5 account and thereafter submitted her returns to MLPID. Without a cash book to record sales of stamps, postcards and box rental, I could not verify the correctness of all deposits made. As consequence, the auditor when checking her collection opened a cash book to be continually maintained by the officer. **The postal division has no safe to keep all monies although the officer kept the monies in her shoulder bag instead.** As explained by the responsible officer, a break in to the office has happened in the past and **there were no cash loss as she, luckily, she did not leave any money in the office.**

Management comment

1.9 Land Lease (Residential and Business Lease)

Recommendation

- Due to the failure of tenants in making prompt payments of their lease, the MLPID should find ways and means to collect outstanding leases by installment payment as soon as possible.
- A remedial action need be established to mitigate the problem
- Court proceedings need be considered for collecting long outstanding dues.

Findings and analysis

It was found that payment of leases as detailed below have been long outstanding. This indicates the non compliance of those tenants and breach of the agreement as already set by the Land Management division in the first place. Most of the tenants did not pay their lease every year so the balances of tenants had accumulated from one year to another. The total outstanding leases at the end of 2010 are appended below.

	$
Commercial leases:	$646,837.33
Residential leases:	$147,708.72
Grand total:	**$794,546.05**

Unfortunately, obtaining the list of land leases for the year 2011 from the officer concerned was not possible due to the corrupt database of the land lease kept in the computer, which could not also be updated.

As normally practiced, one should keep a hard copy of the land lease record keeping and for auditing purposes.

Management comment

Not received

1.10 Outstanding bills

Recommendation

As the bills deemed substantial and material, the following departments are encouraged to make follow up actions over these outstanding bills by sending reminders for settlement of their outstanding(s) or further steps and actions will be taken by the Ministry prior disconnection of these facilities to those respective tenants or through court action.

Findings and analysis

Water bills

The outstanding bill of $250,445.80 as at 2011 was accumulated from previous years. This demonstrates a violation of Cap 79 by Revenue collectors by not collecting revenue for government. As noted many customers have outstanding dues of more than $1,000.00 hence this reflects the poor revenue control system to improve the collection and lack of responsibility by Management.

Electricity bills

These are the outstanding bills reflected from the records of the followings.

Types	2011 ($)	2010 ($)
Domestic	76,039.09	92,765.71
Commercial	559,276.43	478,595.61
Move out	29,165.69	23,549.64
MLPID	402,966.72	427,012.59
TOTAL	**1,067,447.93**	**1,021,923.55**

Housing

Balance as at 2012 is $37,129.62

We noted that many tenants have owed huge outstanding house rent of more than $300.00 which reflects a poor control over the government properties and lack of compliance by tenants.

Management comment

Not received

1.11 Un-supported documents

Recommendation

The Account departments should ensure to make copies for retention before original copies are sent to MFED.

Findings and analysis

According to my examination on some payment vouchers it was found out that the following payment vouchers have no supporting documents attached (copies). Original copies have been sent to MFED Tarawa without making copies to be retained for audit and reference, details of which follows.

Date	PV No.	Details	Amount
29/4/11	401/11	Charge allowance	$200.00
20/12/11	357/11	Settlement of suppliers' invoices	$4,830.00
19/12/11	291/11	Telecom charges	$7,808.19

Management comment

1.12 Solar Salt system

Recommendation

It is recommended that the cash receipts book should be opened immediately in order to properly update the record of salt sales locally and overseas. Management should refer to my previous audit report via recommendation to be considered and implemented.

Findings and analysis

Audit found that the cash book had not been maintained from October 2011 up to date. Also the stocks have not been counted at the end of 2011 as part of the BOS requirement. During audit auditor could not check how many salt being sold nor how much had been received from MLPID cashier's record. Two records are essential for comparison purposes. In the absence of these records, we could not verify the balance being sold and the remaining stock balance in hand.

Management comment

t. DEBT SERVICING

ii. Expenditure

The comparison of expenditure for debt servicing for 2010 and 2011 is summarised below.

	2009	2010	2011
Budget	2,532,998	2,283,929	1,425,579
Actual	2,940,596	9,764,545	4,433,029
Under/(Over)	(407,598)	7,480,616	3,007,450

In analysing transactions in respect of the above account, audit noted some irregularities as follows:

1) The original budget of $1,269,500 for 2010 was increased by a supplementary of $182,551 as approved in April 2010 Parliament session, $60,972 supplementary budget approved in its second session held in August 2010 and $723,721 finally approved in November 2010. The 2010 supplementary value of $60,972 and $723,721 related to court order payments whereas $182,551 for Statutory expenditure.
2) The total budgeted figure for 2010 including the supplementary valued at $2,236,744, did not match with the revised budgeted figure disclosed in the 2010 Annual Account of $2,283,929. An explanation or evidence of the increase of $47,185 need be provided for the information of Parliament.
3) There was a substantial amount being a deposit to the RERF of $5,900,000[15] called HSBC investment as disclosed in the 2010 Account. This amount was not appropriated by Parliament and thus it should not be posted under Debt Servicing Expense account. Further, such expense overstated the total consolidated expenditure for 2010.
4) There was no supplementary made and approved for the fiscal year 2011 but the actual expenditure still exceeds the estimate by $3.0m. This overspending (net) includes ADB loan repayment of $544,255, other financing commission & interest charge of $3,872,111 and interest and principal of $16,665. Refer to Appendix B for details of this report.

[15] The understatement in 1.11 of $5.6m when netted off with this overstatement of $5.9 m.

u. OTHER GOVERNMENT EXPENSES

The purpose of the above account is to cater for payment of expenses that have no direct link to ministries' activities but considered essential for the national interest and was approved by Parliament as well. This tabled for the information of the House. The summary for Other Government Expense account is presented below.

	2009	2010	2011
Budget	12,434,080	13,724,109	17,519,572
Actual	13,206,535[16]	13,887,791	17,194,709
	(772,455)	163,682	324,863

The original budgets for the above account was $12,003,004 for 2010 and increased by the supplementary of $20,357 as approved in April 2010 for TUC bye-election expenses and $600,748 to cater for the salaries increase and other expenses approved in August 2010 Parliament session. Finally, $1,100,000 was to cater for subsidy to support SOEs as approved in November 2010 Parliament sitting.

In 2011, the original budgets was $12,453,752, but revised to $17,194,709 following Parliament approval of its supplementary appropriation during the year of $4,740,957. Thus, the actual expenditure reported in 2011 should cater for Support Grant of $1..2, PUB of $480k, Copra Price Subsidy $9.0m, Land rent of $2.2m, Council charges of $465k, Elections $307k, Government buildings repairs and maintenance $448k, Construction of HMLPID House $169k, Senior Citizens Benefits of $1.4m, Secondary Mission Schools $430k, In-country Tertiary Support of $339k.

Audit notes the following anomalies in respect of other expenses:

i. Land Lease/Rent

The actual payment for Land Lease of $2,276,452 against its budget by $2,427,782 for 2011 had reflected a saving of $151,330. This is highly unlikely to be the case as there would be positive balance of land lease when compared to my previous reports.

Council charges

The actual payment of $465,107 on the above account was less than the estimated figure of $519,000 reflecting a net saving of $53,893.

ii. Freight Subsidy Local Produce

This is part of the Other Government Expenses account. The budgeted figure of $1,100,000 had been incorrectly named as the above when it should be, Support to SOE. Further, its budgeted figure of $142,375 for 2011 was never utilized during the year, meaning that the charges from local customers had not been processed for claim or no activities being carried out on this.

iii. Government Building repairs and maintenance

As a usual practise, the budget for building repairs and maintenance is based on the activities to be carried during 2011. That is the budget for building repairs and maintenance of $500,000 should cover expenses for all activities for each year.

Since only $51,890 was spent this means that either all activities for 2011 were not carried out or the records of such activities were inadequately maintained.

[16] This figure is different with figure disclosed in the Annual Account 2009 due to credit posting of over $2m

w. OVERALL RECOMMENDATION

The most common problem stated above was associated with Expenditure and Revenue and this could be addressed if all staffs responsible for proper custody and scrutiny of the public fund are fully aware of the provisions of the Financial Regulations and other relevant rules and Laws of the Republic of Kiribati.

Thus apart from the problem with Attaché software accounting package, all responsible officers for the financial reporting should be well-versed with Relevant provisions of the Financial Regulation.

x. CONCLUSION

Based on the above findings it was noted that accounts for Ministries/Offices for years 2010 and 2011 were deemed to have been properly recorded, except for some miss-postings and miss-allocation of some payments. The next step to do is to improve revenue collection and to minimise miss allocation of payments. This may have been due to either the inability of staff concerned to use all or relevant modules of the Attaché accounting software or the lack of commitment of staff towards their respective duties and responsibilities. This has therefore resulted in a disclosure of incorrect 2010 and 2011 Annual Accounts balances, as per Statement No.1, that ultimately led to forming an adverse opinion on the accounts.

w. APPENDICES

Appendix A

1.2. Revenue Shortfall 2010

Outputs		Approved Budget	Actual	Shortfall
Government of Kiribati Revenue				
102-00	Hotel Tax	100,000	77,601	22,399
103-00	import Duty	17,798,909	14,799,253	2,999,656
0108-00	Nasda Fees	1,600,000	1,453,389	146,611
0113-00	Cruise Line Revenue	206,000	-	206,000
Total		**19,704,909**	**16,330,243**	**3,374,666**
Judiciary				
110101	Court Fees	190,000	148,662	41,338
110301	People's Lawyer Fees	2,000	300	1,700
110302	Admission Fees	200	(5,949)	200
Total		**192,200**	**143,013**	**43,238**
Police and Prisons				
120101	Fire Arm Licenses	500	142	358
120103	Hire Of Police Band	3,500	3,460	40
120301	Prison Industries	200	-	200
Total		**4,200**	**3,602**	**598**
Ministry of Internal and Social Affairs				
150101	Charter to Banaba Freight and Fares	11,000	318	10,682
150502	Social Welfare	460	10	450
150801	KNYC Maneaba	4,200	3,741	459
150803	Sports Complex	10,000	-	10,000
Total		**25,660**	**4,069**	**21,591**

Ministry of Environment, Lands and Agricultural Development				
160201	Civil Registration Fees	3,900	2,615	1,285
160202	Development Application	1,400	509	891
160206	Review fee (Annu pollution con	660	-	660
160207	Wildlife	2,000	950	1,050
160301	Park Usage fees	500,000	81,175	418,825
160303	DNE Administration	15,000	11,409	3,591
160402	Agriculture sales & services	32,000	3,389	28,611
Total		**554,960**	**100,047**	**454,913**
Kiribati National Audit Office				
190101	Audit Fees for Stat Corps-Govt	18,000	17,000	**1,000**
190201	Audit Fees for Stat Corps-S/Co	47,500		**47,500**
190301	Audit Fees for Local Guv's	10,750	-	**10,750**
Total		**76,250**	**17,000**	**59,250**
Office of the Attorney General				
200101	Sale of Law Books	1,000	552	**448**
200102	Legal Fees and Charges	250	24	**226**
Total		**1,250**	**576**	**674**
Ministry of Fisheries and Marine Resource Development				
210301	Sale of fish & Fish posters	25,000	22,322	2,678
210302	Pleasure Fishing Licences	30,000	24,773	5,227
210304	Fees for transhipment of fish	60,000	8,835	51,165
210305	Hire of equipment	1,500	1,062	438
Total		**116,500**	**56,992**	**59,508**
Ministry of Health and Medical Services				

220102	Drugs and Supplies	56,000	41,308	14,692
220103	Charges for rations	500	-	500
220104	Rent	1,700	1,168	532
220601	Recovery Cost of X-Ray	300	-	300
220901	Tuition fees	200	-	200
Total		**58,700**	**42,476**	**16,224**

Ministry of Education

230201	Rurubao School Fees	58,000	39,689	18,311
230202	Rental of Properties	6,400	2,536	3,864
230701	National Certificate	5,400	4,679	721
230702	Ex Books & Uniforms	100	-	100
230801	Sea fare on Charter Vessels	40,000	11,004	28,996
Total		**109,900.00**	**57,908**	**51,992**

Ministry or Communication,Transport and Tourism

240301	License for foreign vessels	5,000	3,309	1,691
240304	Recruitment & Exam Fees	9,000	7,969	1,031
240501	Landing fees	250,000	13,450	236,550
240502	Airport Tax	420,000	174,500	245,500
240503	Charter revenue	240,000	-	240,000
240505	Pilot Renewal license	2,000	748	1,252
240506	Etops Revenue	33,000	1,091	31,909
240703	Parcel/Post Terminal Credit	23,000	3,687	19,313
240704	Sundry fess	5,500	4,189	1,311
240706	Commission on Money order	151,000	86,145	64,855
240707	Re- direction Fees	150	46	104
240801	Local Sales	25,000	8,594	16,406
240802	Overeseas Sales			

		8,400	4,398	4,002
240901	Printing Charges	106,000	84,670	21,330
2401002	Fares & Freight	9,600	303	9,297
Total		**1,287,650**	**393,099**	**894,551**
Ministry of Finance and Economic Development				
250101	Int. Loan to PUB DBK Shipyard	11,300	8,506	2,794
250103	Sundry Revenue	900,000	858,421	41,579
250602	Custom Licence Fees	17,700	5,410	12,290
250605	State Warehouse Rental	18,000	4,246	13,754
250607	Custom Sundry Revenue	38,000	4,636	33,364
Total		**985,000**	**881,219**	**103,781**
Ministry of Public Works and Utilities				
270201	Petroleum Storage Licenses	1,100	566	534
270501	Recoveries of Base Stock	5,000	729	4,271
270601	Sales Stock	1,000	45	955
270703	Private Work	3,100	2,401	699
270802	Service Fees	5,000	1,865	3,135
270901	Hire Plant	4,000	201	3,799
270902	Private Work	11,000	5,156	5,844
Total		**30,200**	**10,963**	**19,237**
Ministry of Labour and Human Resource Development				
280201	Trade Union Registration Fees	400	200	200
280401	MTC Upgrading Fees	25,400	470	24,930
Total		**25,800**	**670**	**25,130**
Ministry of Line and Phoenix islands Development				
290101	Sundry Recoveries	5,000	2,026	2,974

290102	Rental of Govt Premises	10,000	6,407	3,593
290301	Carpentry and Joinery	800	440	360
290401	Rental of house	68,000	56,937	11,063
290501	Sales f Electricity	228,000	206,914	21,086
290701	Water Supply fees and Charges	46,000	41,107	4,893
290901	Solar Salt Sales	100,000	14,745	85,255
291001	Computer Services	1,200	287	913
Total		**459,000**	**328,863**	**130,137**
Ministry total				**5,255,490**

1.3. Revenue Shortfall 2011 Appendix A

Outputs		**Approved Budget**	**Actual**	**Shortfall**
Judiciary				
110301	Practicing Fees	832	69	763
110302	People's Lawyers admission fee	428	-	428
Total		**1,260**	**69**	**1,191**
Police and Prisons				
120103	Hire of police band	3,900	1,276	2,624
Total		3,900	1,276	2,624
Ministry of Foreign Affairs and Immigration				
140203	Immaculation Fees	72,776	13,145	59,631
140302	Visa Charges	5,000	1,050	3,950
140303	Immaculation and other charge	8,000	**-**	8,000
Total		**85,776**	**14,195**	**71,581**

Ministry of Internal and Social Affairs				
150101	Charter to banaba	11,000	5,216	5,784
150502	Social welfare	460	-	460
150801	KNYC Maneaba	4,200	1,140	3,060
Total		**15,660**	**6,356**	**9,304**
Ministry of Environment, Lands and Agricultural Development				
160201	Park usage fees	3,900	3,075	825
160202	Environment License	2,000	1,812	188
160206	Review fee (Annual Pollution	660	-	660
160207	Wildlife	2,500	1,979	521
160208	Environmental fine	5,000	3,351	1,649
160300	Sale of state lands	5,000	1,547	3,453
160301	Sublease rents & leases	500,000	56,131	443,869
160303	Survey & license fee	15,000	11,746	3,254
160401	Quarantine	22,000	8,338	13,662
160402	Nursery sales	3,200	1,078	2,122
Total		**559,260**	**89,057**	**470,203**
Ministry of Commerce,Industry and Cooperation				
180303	Foreign investment license fee	7,680	3,842	3,838
Total		**7,680**	**3,842**	**3,838**
Kiribati National Audit Office				
190201	Audit fees for gov't companies	31,000	2,500	28,500
190301	Audit fees for projects	5,500	3,750	1,750
190302	Audit fees for island councils	7,500	-	7,500
Total		**44,000**	**6,250**	**37,750**

Office of the Attorney General

200101	Sales of law books	1,020	505	515
Total		**1,020**	**505**	**515**

Ministry of Fisheries and Marine Resource Development

210301	Fish and fish poster sales	25,000	17,143	7,857
210302	Local fishing	30,000	25,322	4,678
210304	Fish transshipment fees	60,000	2,737	57,263
210306	Fishing license revenue	31,508,550	29,070,251	2,438,299
Total		**31,623,550**	**29,115,453**	**2,508,097**

Ministry of Health and Medical Services

220101	Private ward fees	41,000	36817	4,183
220102	Medical checkup fees	56,000	53,458	2,542
220901	Tuition fees for overseas	6,000	-	6,000
220902	Nurses badges & belts	100	-	100
Total		**103,100**	**90,275**	**12,825**

Ministry of Education

230101	Fare on charter vessels	40,800	26,261	14,539
230102	Rental of properties	6,528	864	5,664
230201	Fees rurubao schools	59,160	41,529	17,631
Total		**106,488.00**	**68,654.00**	**37,834.00**

Ministry or Communication,Transport and Tourism

240108	Jaxa (downrange)	604,077	**-**	604,077
240109	Jax (air service)	995,923	-	995,923
240115	Airspace usage fee	150,000	-	150,000
240501	landing fees	65,951	-	65,951
240502	Airport tax	350,000	-	350,000

240503	Charter revenue	240,000	-	240,000
240505	Pilot renewal licence	415	-	415
240506	ETOPS Renewal	76,246	-	76,246
240701	Letter post terminal credit	22,000	2,825	19,175
240703	Parcel post terminal credit	23,000	6,714	16,286
240706	Commmission on money order	151,000	95,532	55,468
240707	Re-direction fees	200	-	200
240801	Local sales	25,000	8,432	16,568
240802	Overseas sales	8,400	7,060	1,340
240901	Printing charges	106,000	84,372	21,628
241002	Fares & freight	15,000	-	15,000
241013	Cruise line fees	206,000	-	206,000
Total		**3,039,212**	**204,935**	**2,834,277**
Ministry of Finance and Economic Development				
250203	Sundry revenue	873,524	290,421	583,103
250603	Import duties	17,960,000	15,427,920	2,532,080
250605	Sales of warehouse rental	18,000	1,661	16,339
Total		**18,851,524**	**15,720,002**	**3,131,522**
Ministry of Public Works and Utilities				
270201	Petroleum storage license	1,100	1,069	31
270501	Recoveries of base stock	5,000	1,934	3,066
270703	Private work	3,100	1,651	1,449
270903	Private work	11,000	566	10,434
Total		**20,200**	**5,220**	**14,980**
Ministry of Line and Phoenix islands Development				
290102	Rental of go’s premises	13,000	10,155	2,845

290401	Rental of houses	68,000	6,400	61,600
290901	Solar salt sales	100,000	9,268	90,732
291001	Computer service	1,200	307	893
291101	Sales of business plan	1,000	550	450
Total		**183,200**	**26,680**	**156,520**
Grant Total				**9,293,061**

1.4. Over-Expenditure for 2010 Appendix B

	Overpenditure 2010	**$**	**$**	**$**
	Office of Te Beretitenti	**Budget 2010**	**Actual 2010**	**Overexpenditure**
90135	External Travel & Transport	148,036	162,838	14,802
90141	Entertainment	90,651	91,011	360
90150	Purchase Services-Local	56,856	56,990	134
90160	Hire of Plant and Vehicle	90,290	98,701	8,411
90241	Entertainment	31,607	31,622	15
90268	Water	4,415	4,507	92
	Total	**421,855**	**445,669**	**23,814**
	Public Service Office			
100120	KPF Contribution	15,306	15,307	(1)
100141	Entertainment	8,189	8,221	(32)
100235	External Travel	33,179	33,180	(1)
	Total	**56,674**	**56,708**	**(34)**
	Judiciary			
110120	KPF & Pension Contribution	5,571	7,195.00	(1,624)
110123	Allowances	124,181	126026	(1,845)
110127	Leave Grants & Home Passage	1,969	1996	(27)
110130	Internal Travel & Transport	34,633	35,570	(937)
110135	External Travel & Transport	33,187	34,509	(1,322)
110164	Communication Charges	18,941	18971	(30)

110223	Allownaces	117,255	145283	(28,028)
110230	Internal Travel & Transport	36,318	38912	(2,594)
110240	Direct Purchases-Local	32,662	32708	(46)
110260	Hire of Plant and Vehicle	1,124	2827	(1,703)
110330	Internal Travel & Transport	20,466	20981	(515)
110350	Purchase Services-Local	5,238	5447	(209)
110428	Transport to Normal Work	3,032	3054	(22)
110430	Internal Travel & Transport	1,654	1693	(39)
110440	Direct Purchases-Local	16,268	16,283.00	(15)
110450	Purchase Services-Local	5,619	6441	(822)
	Total	**458,118**	**497,896**	**(39,778)**
	Police and Prisons			
120121	Salaries	551,257	775,053	(223,796)
120124	Overtime	64,880	100,971	(36,091)
120128	Transport to Normal Work	98,326	107,188	(8,862)
120140	Direct Purchases Local	135,322	153,322	(18,000)
120141	Entertainment	6,269	8,978	(2,709)
120150	Purchased Services-local	29,561	29,741	(180)
120160	Hire of Plant and Vechicles	54,998	80,302	(25,304)
120164	Communication charges	162,176	162,671	(495)
120170	One off Expense	-	510	(510)
120182	Relocation Expenses	10,000	13,251	(3,251)
120230	Internal Travel & Transport	2,897	3,316	(419)
120235	Extermal Travel & Transport	3,403	6,000	(2,597)
120250	Purchased Services-local	2,400	2,475	(75)
120270	One off Expense	-	510	(510)
120330	Internal Travel & Transport	15,386	15,406	(20)
120340	Direct Purchases-Local	150,829	181,363	(30,534)
120350	Purchased Services-local	8,000	13,956	(5,956)
120424	Overtime			

		67,041	115,968	(48,927)
120428	Transport to Normal Work	8,300	9,260	(960)
120440	Direct Purcases -Local	210,000	307,653	(97,653)
120523	Allowances	29,949	32,696	(2,747)
120524	Overtime	51,000	66,319	(15,319)
120527	Leave Grants & Home Passage	22,976	23,226	(250)
120540	Direct Purchases-Local	26,303	29,399	(3,096)
120623	Allowances	169,677	175,742	(6,065)
120624	Overtime	248,846	395,834	(146,988)
120625	Temporary Assistance	-	83,962	(83,962)
120627	Leave Grants & Home Passage	109,052	127,873	(18,821)
120628	Transport to Normal Work	29,584	52,133	(22,549)
120630	Internal Travel & Transport	61,645	69,931	(8,286)
120650	Purchased Services-local	-	1,606	(1,606)
120682	Relocation Expenses	-	470	(470)
	Total	**2,330,07 7**	**3,147,085**	**(817,008)**
	Public Service Commission			
130121	Salaries	52,428	58,667	(6,239)
130128	Transport to Normal Work	6,404	6,898	(494)
130130	Internal Travel & Transport	37,597	54,258	(16,661)
130135	External Travel & Transport	-	12,157	(12,157)
130140	Direct purchases - local	30,602	30,712	(110)
110141	entertainment	3,100	3,437	(337)
130150	purchase service - local	10,036	10,397	(361)
130160	Hire of plant and vehicles	15,800	18,322	(2,522)
	Ministry Total	**208,424**	**243,044**	**(38,881)**
14	**Ministry of Foreign Affairs and Immigration**			
140135	Extetrnal travel & Transport	199,012	226,073	(27,061)
140141	**Entertainment**	57,896	58,240	(344)

140150	Purchased Services-Local	47,162	47,291	(129)
140320	KPF&Pension Contribution	172	9,385	(9,213)
140350	Purchased Services-Local	37,471	72,237	(34,766)
	Total	**341,713.00**	**413,226.00**	**(71,513.00)**
15	**Ministry of Internal and Social Affairs**			
150120	KPF & Pension Contributions	25,420	25,458	(38)
150141	Entertainment	4,814	4,964	(150)
150385	Staff Ed, Trainning and Dev	10,426	10,427	(1)
150650	Purchased Services-Overseas	2,000	2,147	(147)
150750	Purchased Services-Overseas	3,485	3,954	(469)
150850	Local Services	10,984	11,009	(25)
	Total	**57,129**	**57,959**	**(830)**
16	**Ministry of Environment, Lands and Agriculture Dev**			
160140	Direct Purchases-Local	83,464	83,677	(213)
160323	Allowances	27,873	28,809	(936)
160330	Internal Travel & Transport	15,027	17,223	(2,196)
160340	Direct Purchases-Local	37,660	38,806	(1,146)
160360	Hire of Plant and Vehicles	29,941	30,079	(138)
160428	Transport to Normal Work	20,590	20,750	(160)
	Total	**214,555**	**219,344**	**(4,789)**
17	**Maneaba ni Maungatabu**			
170120	KPF & Pension Contribution	16,000	34,538	(18,538)
170121	Salaries	204,900	217,095	(12,195)
170124	Overtime	29,785	63,745	(33,960)
170125	Temporary Assistance	5,111	21,275	(16,164)
170135	External Travel & Transport	103,601	138,428	(34,827)
170140	Direct Purchases-Local	22,058	39,506	(17,448)
170150	Purchased Services-Local	15,372	31,216	(15,844)

170155	Purchased Services-Overseas	26,340	41,319	(14,979)
170164	communication charge	66,826	74,414	(7,588)
170167	Electricity and Gas	119,000	119,080	(80)
170225	Temporary Assistance	748	25,220	(24,472)
1701230	Internal travel & Transport	633,127	729,022	(95,895)
	Ministry Total	**1,242,86 8**	**1,534,858**	**(291,990)**
18	**Ministry of Commerce , Industry and Cooperatives**			
180120	KPF & Pension Contribution	13,027	17,027	(4,000)
180121	Salaries	152,148	159,232	(7,084)
180135	External Travel & Transport	35,519	37,791	(2,272)
180140	Direct Purchase - Local	39,037	39,270	(233)
180141	Entertainment	8,254	8,304	(50)
180164	Communication Charge	35,600	43,724	(8,124)
180167	Electricity and Gas	24,390	24,502	(112)
180221	Salaries	135,020	144,162	(9,142)
180235	External Travel & Transport	6,946	11,474	(4,528)
180321	Salaries	147,700	158,718	(11,018)
180321	Internal Travel & Trasport	18,553	27,895	(9,342)
180350	Purcahase Service - Local	12,286	13,086	(800)
180423	Allowances	1,040	8,770	(7,730)
180424	Overtime	747	10,482	(9,735)
180430	Internal Travel & Trasport	4,262	24,149	(19,887)
180464	Communication Charge	6,500	16,805	(10,305)
	Total Ministry	**641,029**	**745,391**	**(104,362)**
		-	-	-
19	**Kiribati National Audit Office**			
190121	Salaries	189,077	203,577	(14,500)
190128	Transport to Normal Work	13,641	13,711	(70)
190141	Entertainment	1,501	1,701	(200)

	Total	**204,219**	**218,989**	**(14,770)**
20	**Office Of the Attorney General**			
200120	KPF & Pension Contribution	6,002	17,695	(11,693)
200135	External Travel & Transport	58,654	63,863	(5,209)
200140	Direct Purchase - Local	21,741	27,893	(6,152)
200221	Salaries	97,060	108,176	(11,116)
200323	Allowances	-	1,265	(1,265)
	Ministry Total	**183,457**	**218,892**	**(35,435)**
21	**Ministry of Fisheries and Marine Resouce Development**			
210120	KPF & Pension contribution	18,840	19,859	(1,019)
210140	Direct Purchase - Local	36,715	36,756	(41)
210135	External Travel & Transport	23,097	23,514	(417)
210350	Purchases Servises - Local	26,577	27,183	(606)
	Ministry total	**105,229**	**107,312**	**(2,083)**
				-
22	**Ministry of Health and Medical Services**			
220120	KPF & Pension contribution	40,879	57,749	(16,870)
220123	Allowances	100,371	100,515	(144)
220221	salaries	568,178	586,094	(17,916)
220223	Allowances	74,976	125,892	(50,916)
220224	Overtime	121,188	242,410	(121,222)
220330	Internal Travel & Transport	18,000	18,622	(622)
220440	Direct Purchase - Local	837,610	838,883	(1,273)
220450	Purchases Servises - Local	8,860	9,085	(225)
220626	Temporary Assistant	5,000	5,182	(182)
220920	KPF & Pension contribution	164,230	203,802	(39,572)
220923	Allowances	2,670	58,596	(55,926)
220925	Temporary Assitance	6,721	7,721	(1,000)
220940	Direct Purchase - Local	57,483	57,868	(385)

221045	Direct Purchase - Overseases	96,461	96,549	(88)
221123	Allowances	406,998	437,627	(30,629)
221124	Overtime	85,000	158,661	(73,661)
221125	Temporary Assitance	83,000	136,423	(53,423)
221130	Internal Travel & Transport	46,681	46,781	(100)
221140	Direct Purchase - Local	63,000	64,728	(1,728)
221160	Hire of plant and vehicles	24,900	25,825	(925)
221223	Allowances	30,000	38,840	(8,840)
221224	Overtime	15,000	21,838	(6,838)
221240	Direct Purchase - local	20,000	22,887	(2,887)
221260	Hire of plant and vehicles	34,630	49,451	(14,821)
	Ministry Total	**2,911,836**	**3,412,029**	**(500,193)**
23	**Ministry of Education**			
230121	salaries	474,014	492,943	(18,929)
230150	Purchase service - Local	17,842	18,067	(225)
230220	KPF and Pension Contribution	215,144	227,032	(11,888)
230230	Internal Travel & Transport	28,074	28,148	(74)
230250	Purchase service - Local	32,087	32,475	(388)
230282	Relocation Expenses	87,597	88,069	(472)
230330	Internal Travel & Transport	39,028	39,432	(404)
230382	Relocation Expenses	32,736	32,796	(60)
230420	KPF and Pension Contribution	45,678	45,695	(17)
2301428	Transport to normal place of W	54,676	54,765	(89)
230440	Direct Purchase - Local	391,245	392,756	(1,511)
230450	Purchase service - Local	9,809	10,476	(667)
230520	KPF and Pension Contribution	(22,297)	1,590	(23,887)
230628	Transport to normal work	52,681	52,715	(34)
230640	Direct Purchase - Local	103,786	103,892	(106)
230740	Direct Purchase - Local			

		9,827	10,157	(330)
230820	KPF and Pension Contribution	15,244	16,911	(1,667)
230830	Internal Travel & Transport	21,154	21,484	(330)
230845	Direct Purchase - overseas	42,186	42,236	(50)
230920	KPF and Pension Contribution	5,397	5,572	(175)
230928	Transport to normal work	8,191	8,221	(30)
230950	Purchase service - Local	7,500	7,625	(125)
	Ministry Total	**1,671,599**	**1,733,057**	**(61,458)**
24	**Ministry or Communication,Transport and Tourism**			
240124	Overtime	23,770	30,413	(6,643)
240135	External Travel & Transport	45,000	47,187	(2,187)
240140	Direct Purchase - Local	50,816	51,032	(216)
240250	Purchase Service - Local	129,078	129,101	(23)
240324	Overtime	12,516	27,138	(14,622)
240650	Purchase Service - Local	237,922	240,586	(2,664)
240724	Overtime	3,990	4,090	(100)
240727	Leave Grant Passage and Com	10,744	10,762	(18)
240750	Purchase Service - Local	56,899	57,429	(530)
240764	Communication Charge	12,733	13,091	(358)
240823	Allowance	3,315	3,542	(227)
240825	Temporary Assistance	5,498	5,633	(135)
240827	Leave Grant & Home Passage	5,010	5,064	(54)
240830	Internal Travel & Transport	8,752	8,859	(107)
240840	Direct Purchase - Local	11,271	11,339	(68)
241021	Salaries	79,265	79,456	(191)
241028	Transport to Nomal Work	2,397	2,713	(316)
241035	External Travel & Transport	25,083	25,115	(32)
241041	Direct Purchase - Oversease	139	177	(38)
241050	purchase Service - Oversease	13,797	14,502	(705)

241124	Overtime	30,325	33,111	(2,786)
241240	Local Purchase	5,000	5,079	(79)
	ministry total	**773,320**	**805,419**	**(32,099)**
25	**Ministry of Finance and Economic Development**			
250123	Allowance	17,181	27,818	(10,637)
250124	Overtime	13,110	34,940	(21,830)
250125	Temporary Assistance	6,077	23,227	(17,150)
250127	Leave Grant Passage and Com	8,367	8,801	(434)
250135	External Travel & Transport	50,000	64,798	(14,798)
250140	Direct Purchase - Local	7,300	75,906	(68,606)
250145	Direct Purchase - Oversease	-	2,619	(2,619)
250160	Hire of Plant and Vechicles	33,905	39,243	(5,338)
250164	Communication Charges	84,093	105,564	(21,471)
250167	Electricity and Gas	82,661	102,897	(20,236)
250220	KPF and Pension Contribution	24,367	26,584	(2,217)
250221	Salaries	318,386	362,138	(43,752)
250223	Allowance	15,160	19,124	(3,964)
250224	Overtime	10,000	30,476	(20,476)
250225	Temporary Assistance	6,513	66,409	(59,896)
250245	Direct Purchase - Oversease	16,526	20,808	(4,282)
250321	Salaries	36,400	38,317	(1,917)
250330	Internal Travel & Transport	17,209	21,407	(4,198)
250425	Temporary Assistance	10,400	46,437	(36,037)
250435	External Travel & Transport	16,000	37,586	(21,586)
250521	Salaries	133,450	139,859	(6,409)
250523	Allowance	19,138	22,177	(3,039)
250524	Overtime	9,000	12,655	(3,655)
250528	Transport to Normal Work	8,450	9,721	(1,271)
250530	Internal Travel & Transport	10,030	16,261	(6,231)

250535	External Travel & Transport	15,000	17,373	(2,373)
250550	Purchases Servises - Local	7,000	7,556	(556)
250624	Overtime	45,000	81,776	(36,776)
250625	Temporary Assistance	10,000	53,306	(43,306)
250660	Hire of Plant and Vechicles	28,078	29,829	(1,751)
250664	Communication Charges	23,172	27,394	(4,222)
250667	Electricity and Gas	25,242	37,225	(11,983)
250725	Temporary Assistance	6,000	13,249	(7,249)
250750	Purchases Servises - Local	5,000	8,024	(3,024)
	Ministry total	**1,118,215**	**1,631,504**	**(513,289)**
27	**Ministry of Public Works and Utilties**			
270120	KPF & Pension Contribution	17,512	24,027	(6,515)
270128	Transport to Normal Work	20,377	21,559	(1,182)
270135	External Travel & Transport	41,491	42,537	(1,046)
270140	Direct Purchase - Local	25,397	26,566	(1,169)
270164	Communicaton Charges	3,580	3,722	(142)
270240	Direct Purchase - Local	5,254	5,354	(100)
270260	Hire Plant and Vehicles	(1,900)	-	(1,900)
270435	External Travel & Transport	-	307	(307)
270720	KPF & Pension Contribution	5,980	6,294	(314)
270740	Direct Purchase - Local	8,689	9,318	(629)
270823	Allowances	3,804	5,375	(1,571)
270840	Direct Purchase - Local	13,571	14,471	(900)
270921	Salaries	169,565	169,970	(405)
270923	Allowances	11,668	15,396	(3,728)
	Mnistry total	**324,988**	**344,896**	**(19,908)**
28	**Ministry of Labour and Human Resource Development**			
280120	KPF & Pension Contribution	14,759	17,392	(2,633)

280122	Housing Assistance	10,154	11,857	(1,703)
280123	Allowances	11,828	15,137	(3,309)
280124	Overtime	20,010	23,895	(3,885)
280125	Temporary Assistance	4,003	26,006	(22,003)
280127	Leave Grants & Home Passage	7,105	8,127	(1,022)
280130	Intenal Travel & Transport	12,153	17,695	(5,542)
280135	External Travel & Transport	124,328	154,191	(29,863)
280140	Direct Purchase - Local	20,000	33,214	(13,214)
280141	Entertainment	10,600	11,430	(830)
280150	Purchase Service - Local	9,220	9,315	(95)
280160	Hire of Plant and Vehicles	73,034	77,065	(4,031)
280164	Communication Charges	31,368	37,053	(5,685)
280167	Electricity and Gas	29,404	33,144	(3,740)
280223	Allowances	4,380	6,470	(2,090)
280224	Overtime	5,578	9,021	(3,443)
280228	Transport to Normal Work		541	(541)
280235	External Travel & Transport	58,548	80,102	(21,554)
280240	Direct Purchase - Local	30,195	35,058	(4,863)
280250	Purchase Service - Local	49,110	59,031	(9,921)
280320	KPF & Pension Contribution	14,490	15,183	(693)
280350	Purchase Service - Local	43,267	43,696	(429)
280423	Allowances	2,500	3,486	(986)
280424	Overtime	5,050	5,473	(423)
280425	Temporary Assistance	2,200	43,021	(40,821)
280430	Internal Travel & Transport	1,310	2,160	(850)
280435	External Travel & Transport	18,000	20,053	(2,053)
280440	Direct Purchases - Local	230,475	233,608	(3,133)
280460	Hire of Plant and Vehicles	-	540	(540)
280467	Electricity and Gas	109,277	109,363	(86)
280468	Water			

		10,000	20,461	(10,461)
280524	Overtime	30,304	30,378	(74)
280567	Electricity & Gas	25,435	25,471	(36)
	ministry total	**1,018,085**	**1,218,637**	**(200,552)**
29	**Ministry of Line and Phoenix islands Development**			
290121	Salaries	248,238	248,301	(63)
290141	Entertainment	35,000	35,041	(41)
290185	Staff Education Traning & De	1,100	2,664	(1,564)
290223	Allowances	2,000	6,158	(4,158)
290227	Leave Grants & Home Passage	12,000	12,051	(51)
290250	Purchases Services - Local	2,000	2,631	(631)
290324	Overtime	12,100	14,466	(2,366)
290328	Transport to Normal Work	15,000	17,496	(2,496)
290440	Direct Purchases - Local	4,000	4,031	(31)
290441	Entertainment	-	63	(63)
290525	Temporary Assistance	5,000	5,364	(364)
290528	Transport to Normal Work	9,000	9,583	(583)
290624	Overtime	22,830	24,628	(1,798)
290630	Internal Travel & Transport	800	1,190	(390)
290645	Direct Purchases - Overseas	8,670	9,208	(538)
290721	Salaries	176,565	177,084	(519)
290723	Allowances	9,000	9,055	(55)
290724	Overtime	14,000	14,313	(313)
290821	Salaries	35,692	41,692	(6,000)
290921	Salaries	31,000	32,810	(1,810)
291021	Salaries	41,700	60,200	(18,500)
291150	Purchases Services - Local	17,850.00	21,064.00	(3,214)
	Ministry Total	**703,545**	**749,093**	**(45,548)**

				-
30	**Debt Serving**			
300101	ELB Loan 70372	-	240	(240)
300105	ADB loan No .922 KIR (SF)PUB	35,000	78,919	(43,919)
300106	ADB loan 1039	18,000	28,507	(10,507)
300108	Other Financing Comm & int cha	1,601,929	3,309,030	(1,707,101)
300172	Deposit to RERF	-	5,900,000	(5,900,000)
	Total	**1,654,929**	**9,316,696**	**(7,661,767)**
31	**Other Gorvernment Expenses**			
319850	Secondary Mission School	430,000	894,067	(464,067)
319950	In-Country Tertiary Support	207,970	361,667	(153,697)
	Total	**637,970**	**1,255,734**	**(617,764)**

Total (11,050,237)

1.5. 2011 Over expenditure		**Appendix A**		
Output		**Approved Budget**	**Actual**	**Over Expenditure**
Office of the Beretitenti				
90121	Salaries	235,204	280,158	(44,954)
90122	Housing Assistance	2,396	3,403	(1,007)
90123	Allowance	20,475	21,203	(728)
90124	Overtime	21,280	28613	(7,333)
90130	Internal Travel & Transport	117,480	192,633	(75,153)
90135	External Travel &Transport	101,340	208,746	(107,406)
90140	Direct Purchases-Local	27,044	30110	(3,066)
90150	Purchased Services-Local	53,500	59,218	(5,718)

90160	Hire of Plant and Vichicles	79,802	115,332	(35,530)
90164	Communication Charges	70,448	74980	(4,532)
90167	Electiricity and Gas	47,876	48,426	(550)
90223	Allowances	4,147	4,957	(810)
90241	Entertainment	22,000	29,157	(7,157)
90250	Purchased Services-Local	11,032	11,732	(700)
	Total	**$814,024**	**$1,108,668**	**($294,644)**
Public Service Office				
100124	Overtime	8,970	14,192	(5,222)
100130	Internal Travel & Transport	32,583	32,738	(155)
100140	Direct Purchases-Local	42,413	44,753	(2,340)
100141	Entertainment	7,700	7,702	(2)
	Total	**$91,666**	**$99,385**	**($7,719)**
Judiciary				
110121	Salaries	56,520	59,658.00	(3,138)
110123	Allowances	114,523	185,758	(71,235)
110160	Hire of Plant and Vehicles	5,700	15,700	(10,000)
110230	Internal Travel & Transport	31,697	33,591	(1,894)
110240	Direct Purchases-Local	8,869	9,160	(291)
110350	Purchased Services-Local	5,340	5,373.00	(33)
	Total	**$222,649**	**$309,240**	**-$86,591**
Police and Prisons				
120135	External Travel & Transport	85,440	85,642	(202)

120167	Electricity & gas	139,171	143,559	(4,388)
120330	Internal Travel &Transport	12,478	12,568	(90)
120423	Allowances	28,411	69,015	(40,604)
120435	External Travel & Transport	93,000	101,879	(8,879)
120440	Direct Purchases-Local	134,240	143,817	(9,577)
120445	Direct Purchases-Overseas	20,000	208,213	(188,213)
120524	Overtime	55,026	72,590	(17,564)
120530	Internal Travel &Transport	36,158	36,258	(100)
120621	Salaries	2,382,666	2,535,249	(152,583)
120624	Overtime	289,650	369,656	(80,006)
120630	Internal Travel &Transport	35,573	35,733	(160)
	Total	**$3,311,813**	**$3,814,179**	**($502,366)**
Public Service Commission				
130120	KPF & Pension Contribution	4,702	5,793	(1,091)
130121	Salaries	60,647	76,706	(16,059)
130135	External Travel & Transport	604	1,291	(687)
130141	Entertainment	4,175	4,320	(145)
130150	Purchased Services-Local	7,649	7,939	(290)
130160	Hire of Plant and Vechicles	28,106	30,802	(2,696)
	Total	**$105,883**	**$126,851**	**($20,968)**
Ministry of Foreign Affairs and Immigration				
140121	Salaries	138,058	147,819	(9,761)
140123	Allowances	13,635	15,719	(2,084)

140124	Overtime	13,252	19,678	(6,426)
140130	Internal Travel & Transport	800	9,646	(8,846)
140135	External Travel & Transport	56,151	74,011	(17,860)
140140	Direct Purchases-Local	14,556	16,283	(1,727)
140141	Entertainmen t	11,400	33,288	(21,888)
140150	Purchased Services-Local	16,533	16,663	(130)
140160	Hire of Plant and Vehicles	40,871	48,065	(7,194)
140321	Salaries	32,035	33,131	(1,096)
140335	External Travel & Transport	16,500	25,479	(8,979)
140350	Purchased Services-Local	48,952	54,876	(5,924)
	Total	**$402,743**	**$494,658**	**-$91,915**
Ministry of Internal and Social Affairs				
150140	Direct Purchases-Local	2,000	20,699	(18,699)
150141	Entertainmen t	2,000	2,104	(104)
150150	Purchased Services-Local	3,000	4,023	(1,023)
150167	Electricity and Gas	42,000	62,024	(20,024)
150235	External Travel & Transport	2,970	4,261	(1,291)
150323	Allowances	29,888	41,866	(11,978)
150330	Internal Travel & Transport	33,780	38,374	(4,594)
150335	External Travel & Transport	23,500	31,527	(8,027)
150423	Allowances	480	1,303	(823)
150440	Direct Purchases-Local	2,091	2,581	(490)
150450	Purchased Services-Local	1,900	2,921	(1,021)
150524	Overtime	2,500	3,776	(1,276)
150525	Temporary			(1,607)

	Assistance	2,000	3,607	
150528	Transport to Normal Work	4,000	5,261	(1,261)
150535	External Travel & Transport	14,140	20,934	(6,794)
150550	Purchased Services-Local	4,680	7,239	(2,559)
150567	Electricity and Gas	33,000	33,128	(128)
150624	Overtime	3,046	6,989	(3,943)
150630	Internal Travel & Transport	4,000	6,431	(2,431)
150640	Direct Purchases-Local	6,672	6,695	(23)
150650	Purchased Services-Overseas	3,957	5,492	(1,535)
150667	Electricity and Gas	10,480	13,381	(2,901)
150725	Temporary Assistance	3,272	4,004	(732)
150730	Internal Travel & Transport	7,500	7,545	(45)
150745	Direct Purchases-Local	5,000	5,058	(58)
150750	Purchased Services-Overseas	9,797	12,603	(2,806)
150823	Allowances	585	719	(134)
150840	Local Purchases		108	(108)
150850	Local Services	6,091	8,670	(2,579)
150935	External Travel & Transport	17,000	17,013	(13)
150950	Purcahases Services Local	7,747	8,612	(865)
150967	Electricity and Gas	12,000	14,638	(2,638)
	Ministry total	**$301,076**	**$403,586**	**($102,510)**
Ministry of Environment, Lands and Agriculture Dev				
160121	Salaries	160,327	160,849	(522)
160320	KPF and Pension Contribution	31,507	32,928	(1,421)
160328	Transport to	18,868	19,428	(560)

	Normal Work			
160420	KPF and Pension Contribution	47,746	60,487	(12,741)
160430	internal travel & transport	44,994	45,629	(635)
160440	Direct Purchase - Local	79,062	79,252	(190)
	Total	**$382,504**	**$398,573**	**-$16,069**
Maneaba ni Maungatabu				
170121	Salaries	201,488	241,371	(39,883)
170123	Allowances	9,002	14,092	(5,090)
170124	Overtime	27,500	47,589	(20,089)
170125	Temporary Assistance	6,514	12,701	(6,187)
170128	Transport to Norml Work	4,200	7,659	(3,459)
170130	Internal Travel & Transport	89,560	118,373	(28,813)
170140	Direct Purchases - Local	56,250	73,683	(17,433)
170150	Purchases Services - Local	14,040	35,882	(21,842)
170155	Purchases Services - Overseas	4,695	18,363	(13,668)
170167	Electricity and Gas	126,250	140,014	(13,764)
170225	Temporary Assistance	527	22,795	(22,268)
170230	Internal Travel & Transport	505,371	548,826	(43,455)
170240	Direct Purchases - Local	14,640	14,824	(184)
170250	Purchases Services - Local	245,220	258,541	(13,321)
	Total Minisrty	**$1,305,257**	**$1,554,713**	**-$249,456**
Ministry of Commerce, Industry and Tourism				
180120	KPF and Pension Contribution	11,891	21,517	(9,626)
180125	Temporary Assistance	19,100	25,581	(6,481)
180141	Entertainment	4,466	4,516	(50)

180150	Purchases Service - Local	7,396	7,484	(88)
180221	Salaries	158,660	162,231	(3,571)
180321	Salaries	193,802	197,100	(3,298)
180421	Salaries	54,004	62,058	(8,054)
180423	Allowaces	4,079	4,381	(302)
180428	Transport to Normal work	5,577	5,683	(106)
180440	Direct Purchases - Local	2,269	2,277	(8)
180450	Purchases Service - Local	600	634	(34)
	Total Ministry	**$461,844**	**$493,462**	**-$31,618**
Kiribati National Audit Office				
190120	KPF and Pension Contribution	18,216	18,805	(589)
190121	Salaries	224,963	227,915	(2,952)
190130	Internal Travel & Transport	(2,000)		(2,000)
190140	Direct Purchases - Local	16,885	17,585	(700)
190155	Purchases Services - Overseas	1,495	1,634	(139)
190321	Salaries	32,715	34,886	(2,171)
	Total	**$292,274**	**$300,825**	**-$8,551**
Office of the Attorney General				
200121	Salaries	68,648	73,619	(4,971)
200123	Allowances	2,860	3,319	(459)
200124	Overtime	6,120	11,187	(5,067)
200125	Temporary Assistance	2,040	2,237	(197)
200130	Internal Travel & Transport	1,120	17,417	(16,297)
200140	Direct Purchases - Local	12,904	30,514	(17,610)
200141	Entertainment	1,800	2,288	(488)
200145	Direct Purchases - Overesease	4,080	4,439	(359)
200150	Purchases Services - Local	15,000	24,505	(9,505)

200160	Hire of Plant and Vehicles	2,075	2,113	(38)
200164	Communication Charges	25,500	25,969	(469)
200167	Electricity and Gas	20,200	27,913	(7,713)
200222	Housing Assistance	21,526	23,399	(1,873)
-	**Total Ministry**	**$183,873**	**$248,919**	**-$65,046**
Ministry of Fisheries and Mineral Resources Development				
210124	Overtime	25,777	29,780	(4,003)
210141	Entertanment	18,917	18,961	(44)
210150	Purchases Service - Local	33,854	33,904	(50)
210324	Overtime	61,059	65,093	(4,034)
210325	Temporary Assistance	54,282	128,580	(74,298)
210330	Intenal Travel & Travel	30,893	37,995	(7,102)
210350	Purchases Service - Local	101,183	102,105	(922)
210367	Electricity and Gas	18,301	22,330	(4,029)
210421	Salaries	21,933	22,093	(160)
210521	Salaries	41,288	43,060	(1,772)
	Total Ministry	**$407,487**	**$503,901**	**-$96,414**
Ministry of Health & Medical Services				
220124	Overtime	54,165	60,938	(6,773)
220135	External Travel & Travel	60,000	65,534	(5,534)
220160	Hire of Plants and Vechicles	220,000	220,020	(20)
220323	Allowances	6,400	7,051	(651)
220459	Local referral	308,000	315,217	(7,217)
220521	Salaries	186,557	186,624	(67)
220635	External Travel & t Transport	6,400	7,228	(828)
220724	Overtime	10,000	10,069	(69)
220745	Direct Purchases - Overseas	1,332,467	1,445,583	(113,116)
220821	Salaries	79,690	79,872	(182)
220923	Allowances	2,670	2,753	(83)
221123	Allowances	542,468	544,175	(1,707)
221130	Internal Travel &	30,729	32,061	(1,332)

	Transport			
221150	Purchases Services - Local	70,200	70,236	(36)
221160	Hire of Plants and Vechicles	78,000	78,341	(341)
221340	Direct Purchases - Local	20,058	20,476	(418)
221350	Purchases Services - Local	16,000	19,295	(3,295)
221367	Electricity & Gas	39,447	57,355	(17,908)
	Total Ministry	**$3,063,251**	**$3,222,828**	**-$159,577**
Ministry of Education,Youth & Sports				
230121	Salaries	469,473	474,395	(4,922)
230130	Internal Travel & Transport	29,799	31,645	(1,846)
230221	Salaries	5,453,488	6,059,554	(606,066)
230223	Allowances	37,090	345,987	(308,897)
230225	Temporary Assistance	124,012	384,916	(260,904)
230227	Leave Grants & Home Passage	267,512	267,769	(257)
230230	Internal Travel & Transport	43,968	44,058	(90)
230250	Purchases Services - Local	42,970	43,270	(300)
230267	Electricity & Gas	20,599	22,273	(1,674)
230323	Allowances	38,400	95,812	(57,412)
230324	Overtime	40,826	42,954	(2,128)
230325	Temporary Assistance	113,490	142,800	(29,310)
230330	Internal Travel & Transport	29,096	29,160	(64)
230350	Purchases Services - Local	49,778	50,133	(355)
230382	Relocation Expenses	5,046	5,139	(93)

230421	Salaries	630,252	643,191	(12,939)
230428	Transport to Normal Work	33,038	33,062	(24)
230440	Direct Purcharse - Local	330,354	331,062	(708)
230450	Purchases Services - Local	18,411	22,486	(4,075)
230524	Overtime	5,000	7,876	(2,876)
230525	Temporary Assistance	147,824	212,445	(64,621)
230527	Leave Grants & Home Passage	7,435	15,810	(8,375)
230535	internal Travel & Transport	3,857	10,826	(6,969)
230540	Direct Purachases - Local	87,563	116,228	(28,665)
230550	Purchases Services - Local	6,010	7,955	(1,945)
230564	Communicaton Charges	761	903	(142)
230567	Electricity & Gas	8,859	11,297	(2,438)
230624	Overtime	16,714	21,810	(5,096)
230625	Temporary Assistance	78,941	99,311	(20,370)
230627	Leave Grants & Home Passage	19,369	25,723	(6,354)
230630	Internal Travel & Transport	23,095	26,162	(3,067)
230640	Direct Purchases - Local	176,520	177,790	(1,270)
230650	Purchases Services - Local	21,507	22,324	(817)
230664	Communicaton Charges	2,765	2,845	(80)
230667	Electricity & Gas	10,064	13,882	(3,818)
230727	Leave Grants & Home Passage	5,312	5,313	(1)
230740	Direct Purchases - Local	165,479	165,810	(331)
230750	Purchases			(108)

	Services - Local	130,952	131,060	
230767	Electricity & Gas	44,304	44,324	(20)
230821	Salaries	44,916	46,099	(1,183)
230825	Temporary Assistance	2,000	4,186	(2,186)
230830	Internal Travel & Transport	28,368	30,960	(2,592)
230850	Purchases Services - Local	68,000	68,260	(260)
230920	KPF AND Pension Contribution	16,536	25,615	(9,079)
230923	Allowances	6,796	8,190	(1,394)
230925	Temporary Assistance	24,408	25,791	(1,383)
230930	Internal Travel & Transport	17,207	17,697	(490)
231025	Temporary Assistance	2,650	9,301	(6,651)
231027	Leave Grants & Home Passage	3,502	3,543	(41)
	Total	**$8,954,316**	**$10,429,002**	**($1,474,686)**
Ministry of Comm, Transport &Tourism Development				
240121	Salaries	172,037	181,082	(9,045)
240140	Direct Purchases - Local	29,091	29,307	(216)
240320	KPF and Pension Contribution	9,567	16,699	(7,132)
240440	Direct Purchases - Local	13,054	13,055	(1)
240450	Purchases Service - Local	23,829	24,383	(554)
240560	Hire of Plants and Vehicles	20,737	20,738	(1)
240650	Purchases Service - Local	301,975	302,826	(851)
240660	Hire of Plants and Vehicles	20,616	21,020	(404)
240750	Purchases Service - Local	41,869	43,157	(1,288)
241150	Purchases Service - Local	10825	10851	(26)
	Total Ministry	**$643,600**	**$663,118**	**-$19,518**

Ministry of Finance and Economic Planning				
250121	Salaries	157,449	160,527	(3,078)
250123	Allowances	12,000	18,456	(6,456)
250124	Overtime	7,900	34,370	(26,470)
250125	Temporary Assistance	3,500	12,466	(8,966)
250135	External Travel & Transport	49,000	62,275	(13,275)
250140	Direct Purchases - Local	11,300	12,042	(742)
250160	Hire Purchases and Vehicles	38,921	44,034	(5,113)
250164	Communication Charges	76,137	117,730	(41,593)
250167	Elecricity and Gas	71,050	122,673	(51,623)
250221	Salaries	308,592	325,261	(16,669)
250222	Housing Assistance	8,496	8,725	(229)
250224	Overtime	8,900	29,147	(20,247)
250225	Temporary Assistance	5,000	62,232	(57,232)
250228	Transport to Normal Work		241	(241)
250250	Purchases Services - Local	7,000	8,762	(1,762)
250327	Leave Grants and Home Passage	1,000	1,159	(159)
250423	Allowances	3,120	4,437	(1,317)
250425	Temporary Assistance	5,295	51,701	(46,406)
250427	Leave Grants and Home Passage	2,625	2,881	(256)
250435	External Travel & Transport	14,712	23,118	(8,406)
250485	Staff ED Training and Dev	(2,500)		(2,500)
250524	Overtime	14,100	25,312	(11,212)

250525	Temporary Assistance	5,579	7,926	(2,347)
250528	Transport to Normal Work	6,350	11,925	(5,575)
250535	External Travel & Transport	15,397	18,773	(3,376)
250540	Direct Purchases - Local	13,950	16,101	(2,151)
250550	Purchases Services - Local	12,450	14,893	(2,443)
250564	Communication Charges		19	(19)
250623	Allowances	2,535	8,700	(6,165)
250624	Overtime	9,000	129,708	(120,708)
250625	Temporary Assistance	4,856	47,538	(42,682)
250628	Transport to Normal Work	3,000	4,651	(1,651)
250635	External Travel & Transport	11,304	12,407	(1,103)
250640	Direct Purchases - Local	8,160	9,704	(1,544)
250655	purchases Services - Overseas		4,664	(4,664)
250660	Hire Purchases and Vehicles	17,270	18,026	(756)
250664	Communication Charges		3,700	(3,700)
250667	Elecricity and Gas	15,415	15,906	(491)
250725	Temporary Assistance	6,000	10,534	(4,534)
250728	Transport to Normal Work	2,950	3,007	(57)
250750	Purchases Service -Local	5,300	5,624	(324)
250825	Temporary Assistance	2,000	14,700	(12,700)
250850	Purcahses Services Local	2,280	2,832	(552)
	Total Ministry	**$947,393**	**$1,488,887**	**(541,494)**
Ministry of Works and Energy				
270121	Salaries	170,545	172,359	(1,814)
270130	Internal Travel &	20,676	20,880	(204)

	Transport			
270135	External Travel & Transport	42,124	42,484	(360)
270150	Purchases Services - Local	(5,244)		(5,244)
270164	Communication Charges	9,200	9,239	(39)
270340	Direct Purchases - Local	11,600	13,291	(1,691)
270430	Internal Travel & Transport	14,000	14,115	(115)
270630	Internal Travel & Transport	32,991	33,666	(675)
270721	Salaries	106,355	112,834	(6,479)
270830	Internal Travel & Transport	4,680	4,862	(182)
270924	Overtime	45,174	46,841	(1,667)
270960	Hire of Plant and Vehicles	41,840	43,700	(1,860)
270967	Electricity and Gas	20,000	22,370	(2,370)
	Total	**$513,941**	**$536,641**	**-$22,700**
Ministry of Labour & Human Resource Development				
280121	Salaries	111,565	162,239	(50,674)
280123	Allowances	11,008	14,795	(3,787)
280124	Overtime	5,765	25,198	(19,433)
280125	Temporary Assistances	4,022	33,905	(29,883)
280130	Internal Travel & Transport	13,969	29,861	(15,892)
280135	External Travel & Transport	94,500	102,184	(7,684)
280140	Direct Purchases - Local	48,250	55,491	(7,241)
280150	Purchases Services - Local	49,402	50,249	(847)
280160	Hire of Plants and Vehicles	61,560	68,386	(6,826)
280164	Communicaton Charges	25,433	29,188	(3,755)
280167	Electricity and Gas	23,904	30,931	(7,027)

280221	Salaries	77,759	101,092	(23,333)
280224	Overtime	5,226	14,267	(9,041)
280225	Temporary Assistances	6,790	10,413	(3,623)
280230	Internal Travel & Transport	25,809	27,246	(1,437)
280235	External Travel & Transport	91,984	98,723	(6,739)
280240	Direct Purchases - Local	18,765	18,884	(119)
280255	Purchases Services - Overseas	14,517	20,938	(6,421)
280285	staff ED Training and Dev	68,469	106,431	(37,962)
280324	Overtime	2,776	4,022	(1,246)
280325	Temporary Assistances		570	(570)
280330	Internal Travel & Transport	-62	454	(516)
280340	Direct Purchases - Local	85,947	89,736	(3,789)
280345	direct Purchases - Overseas	-2,730	2,066	(4,796)
280367	Electricity and Gas	40,862	45,094	(4,232)
280421	Salaries	369,285	389,188	(19,903)
280440	Direct Purchases - Local	293,245	294,060	(815)
280450	Purchases Services - Local	18,479	18,779	(300)
280523	Allowances	4,712	4,881	(169)
280530	Internal Travel & Transport	15,626	18,958	(3,332)
280535	External Travel & Transport	6,600	10,044	(3,444)
280540	Local Purchases	144,839	146,669	(1,830)
280550	Local Services	16,720	16,789	(69)
280560	Hire of Plants and Equipment	71,560	73,202	(1,642)
280567	Electricity and Gas	21,379	24,821	(3,442)

280585	Local Training	37,622	46,211	(8,589)
	Total Ministry	**$1,885,557**	**$2,185,965**	**($300,408)**
Ministry of Line and Phoenix Development				
290123	Allowances	19,660	20,461	(801)
290124	Overtime	15,812	35,785	(19,973)
290127	Leave Grants & Home Passage	63,000	77,345	(14,345)
290128	Transport to Normal Work	36,000	43,858	(7,858)
290130	Internal Travel & Transport	150,000	246,100	(96,100)
290140	Direct Purchases - Local	22,000	50,247	(28,247)
290141	Entertainment	20,000	30,309	(10,309)
290145	Direct Purchases - Overseas	4,000	5,468	(1,468)
290150	Purchases Services - Local	13,900	19,382	(5,482)
290160	Hire of Plants and Vehicles	30,000	30,292	(292)
290168	Water	1,000	1,490	(490)
290182	Relocation Expenses	5,000	6,770	(1,770)
290185	Staff ED Training and Dev	(960)	750	(1,710)
290224	Overtime	7,813	12,613	(4,800)
290323	Allowances	10,000	12,788	(2,788)
290324	Overtime	10,000	10,631	(631)
290327	Leave Grants & Home Passage	30,000	60,281	(30,281)
290340	Direct Purchases - Local	5,000	9,473	(4,473)
290350	Purchases Services - Local	5,455	5,550	(95)
290424	Overtime	2,000	2,890	(890)
290623	Allowances	9,000	17,859	(8,859)
290624	Overtime	21,900	36,569	(14,669)
290625	Temporary Assistances	6,000	6,182	(182)
290667	Electricity and Gas	685,000	776,763	(91,763)
290723	Allowances	4,400	4,921	(521)
290724	Overtime	18,100	18,468	(368)

290727	Leave Grants & Home Passage	16,000	52,852	(36,852)
290728	Transport to Normal Work	24,000	42,161	(18,161)
290923	Allowances	500	519	(19)
290925	Temporary Assistances	3,000	9,238	(6,238)
290927	Leave Grants & Home Passage	8,600	9,435	(835)
290928	Transport to Normal Work	8,000	16,443	(8,443)
290960	Hire of Plants and Vehicles	21,280	29,400	(8,120)
291023	Allowances		890	(890)
291050	Purchases Services - Local	1,500	12,018	(10,518)
291121	Salaries	84,682	85,049	(367)
291150	Purchases Services - Local	17,417	17,441	(24)
	Total Ministry	**$1,379,059**	**$1,818,691**	**-$439,632**
Debt Servicing				
300105	ADB Loan NO922 PUB	35,000.00	55,593.00	(20,593)
300106	ADB LOAN NO 1039 DBK	18,000.00	45,944.00	(27,944)
300108	Other Financing Comm & Int cha	587,500	3,872,111	(3,284,611)
		$640,500	**$3,973,648**	**-$3,333,148**
Other Government Expenses		**Approved Budget**	**Actual**	**Over Expenditure**
311150	Grants to Voluntary Organisation	20,000	34,676	(14,676)
312355	Contribution Freign Affairs	250,000	277,187	(27,187)
315770	Com of Enquiry BOK & PVU		1,243	(1,243)
319550	Other Payment Housing Mainten	150,000	169,438	(19,438)

319650	Senior Citizens benefit	1,433,820	1,436,470	(2,650)
319850	Secondary Mission School	430,000	430,200	(200)
319950	In - Country Tertiary Support	207,970	339,324	(131,354)
	Total	**$2,491,790**	**$2,688,538**	**($196,748)**

TOTAL MINITRIES	**-$8,061,778**

1.6. Savings Appendix C

		2010	2011
		$	**$**
Public Service Office		1,836	32,907
Min. Of Internal & Social Affairs		43,533	3,936
Min. of Environment, Land & Agriculture Development		46,908	20,063
Ministry of Fisheries & MRD		56,672	0
Ministry of Health & Medical Services		225,879	492,875
Ministry of Comm., Trans & Tourism Dev.		0	66,357
Ministry of Public Works & Utilities		79,768	33,930
Ministry of Line & Phoenix Is Development		37,007	0
Other Government Expenses		0	324,863
Contribution to Development Fund		5,686,922	31,008
Total		**6,178,525**	**1,005,939**

1.7. Miss-posting

Appendix D

2010			
Credit entry in the Expenditure	$	Debit entry in revenue	
Code		Code	
100335	1	110302	5949
120264	830		
120664	1		
150285	705		
160341	900		
160441	762		
200220	6426		
210220	3		
230528	79		
270125	9995		
270345	2852		
290823	1992		
290867	120		
290964	175		
291024	848		
Total	25689		5949

1.8. Copies of 2010 and 2011 Annual Accounts Appendix E

GOVERNMENT OF KIRIBATI - STATEMENT No. I

Balance Sheet

as at 31st December 2010

2009 $	Statement No.		2010 $	$
		FUNDS IN HANDS OF CHIEF ACCOUNTANT		
		INVESTMENTS		
289,453,052.27	XX	Investments with HSBC	298,529,501.15	
281,460,434.75	XX	Investments with NICAM	282,387,029.12	
823,360.25	XI	Other Investments	1,560,037.05	
571,736,847.27				582,476,567.32
		CASH		
17,935,442.21	VI	Cash at Bank and on Hand	4,527,937.35	
2,414,343.15	XIX	Cash in Transit	248,993.85	
20,349,785.36				4,776,931.20
	VII	**ADVANCES**		
7,066.00		Other Governments	7,066.00	
-8,429,836.54		Public Officers	10,067,025.25	
1,824,887.79		Sundry Advances	1,720,726.56	
-6,597,882.75				11,794,817.81
LESS				
	IX	**DEPOSITS**		
-905,600.17		Deceased Native Estates	-1,134,597.63	
87,459.92		Public Officers	86,955.97	
-3,254,309.60		Sundry Deposits	8,962,031.58	
1,529,010.07		Telmos	-4,279,480.88	
-2,543,439.78				3,634,909.04
				602,683,225.37
582,945,310.10				
		ATTRIBUTABLE TO		
7,877,438.97	II	Consolidated Fund	8,416,097.83	
3,785,526.62	XVI	Development Fund	13,245,320.98	
570,913,487.02	XX	Revenue Equalisation Reserve Fund	580,916,530.27	
-2,965,781.85	V	Stabex Special Fund	-3,186,005.97	
3,334,639.34	V	Other Special Funds	3,291,282.26	
582,945,310.10				602,683,225.37

Ag/Accountant General

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GOVERNMENT OF KIRIBATI - STATEMENT No. II

Consolidated Fund

as at 31st December 2010

	Expenditure					Revenue				
	Budget					Budget				
	Org. $'000	Revised $'000	Pro Rata $'000	Actual $'000	(Over)/Under $'000	Org. $'000	Revised $'000	Pro Rata $'000	Actual $'000	Over/(Under) $'000
01 Government of Kiribati Revenue	0	0	0	0	0	-79,259,909	-79,259,909	-79,259,909	-92,261,040	13,001,131
02 Contribution to Development Fund	7,111,067	7,111,067	7,111,067	1,424,145	5,686,922	0	0	0	0	0
03 Contribution to RERF	0	0	0	0	0	0	0	0	0	0
09 Support to the Beretitenti	1,026,896	1,040,790	1,040,790	1,064,690	-23,900	-4,038	-4,038	-4,038	-9,120	5,082
10 Public Service Office	633,926	648,918	648,918	647,082	1,836	0	0	0	0	0
11 Judiciary	1,416,421	1,455,221	1,455,221	1,477,883	-22,661	-205,200	-205,200	-205,200	-228,545	23,345
12 Police and Prisons	6,561,771	6,755,810	6,755,810	7,232,178	-476,368	-36,180	-36,180	-36,180	-51,972	15,792
13 Public Service Commission	205,326	208,424	208,424	243,044	-34,620	0	0	0	0	0
14 Foreign Affairs	1,078,258	1,153,473	1,153,473	1,222,957	-69,484	0	0	0	-32,465	32,465
15 Ministry of Home Affairs and Rural D	2,579,675	2,658,588	2,658,588	2,615,055	43,533	-58,160	-58,160	-58,160	-53,892	-4,268
16 Ministry Of Environment and Social D	2,688,070	2,754,554	2,754,554	2,707,646	46,908	-583,860	-583,860	-583,860	-153,383	-430,477
17 Maneaba ni Maungatabu	2,201,721	2,412,759	2,412,759	2,570,464	-157,705	-3,700	-3,700	-3,700	-11,055	7,355
18 Ministry Of Commerce, Industry and T	1,057,566	1,084,542	1,084,542	1,188,921	-104,379	-34,600	-34,600	-34,600	-64,060	29,460
19 Kiribati National Audit Office	576,796	592,582	592,582	603,684	-11,103	-76,250	-76,250	-76,250	-17,000	-59,250
20 Office of the Attorney General	461,204	471,275	471,275	477,596	-6,320	-1,250	-1,250	-1,250	-576	-675
21 Ministry of Natural Resources Develo	1,803,912	1,851,366	1,851,366	1,794,694	56,672	-166,500	-166,500	-166,500	-311,372	144,872
22 Ministry of Health and Family Planni	14,259,515	14,537,255	14,537,255	14,311,376	225,880	-111,400	-111,400	-111,400	-97,414	-13,986
23 Ministry of Education, Training and	16,259,316	16,901,716	16,901,716	16,920,584	-18,868	-151,160	-151,160	-151,160	-134,170	-16,990
24 Ministry of Information, Communicati	3,272,633	3,473,173	3,473,173	3,481,664	-8,492	-1,367,050	-1,367,050	-1,367,050	-968,484	-398,566
25 Ministry of Finance and Economic Pla	2,204,295	2,257,508	2,257,508	2,606,476	-348,968	-990,200	-990,200	-990,200	-889,826	-100,374
27 Ministry of Works and Energy	2,483,843	2,543,688	2,543,688	2,463,920	79,768	-36,700	-36,700	-36,700	-44,952	8,252
28 Ministry of Labour, Employment and	3,075,152	3,130,978	3,130,978	3,178,146	-47,169	-54,480	-54,480	-54,480	-76,864	22,384
29 Ministry of Line and Phoenix Develop	3,290,189	3,349,881	3,349,881	3,312,874	37,007	-460,000	-460,000	-460,000	-329,883	-130,117
30 Debt Servicing	1,269,500	2,283,929	2,283,929	9,764,545	-7,480,616	0	0	0	0	0
31 Other Government Expenses	12,003,004	13,724,109	13,724,109	13,887,791	-163,682	0	0	0	0	0
Grand Total	87,520,056	92,401,606	92,401,606	95,197,414	-2,795,808	-83,600,637	-83,600,637	-83,600,637	-95,736,073	12,135,436

Add Consolidated Fund Brought Forward	-7,877,439
	103,613,512
Less Expenditure	95,197,414
Consolidated Fund carried Forward	-8,416,098

Supplementary for 30: 20 357.00 660,748 1,100,000.
15: 60,000.00 -73,407

Accountant General

Printed on: 29-Jun-11

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Development Fund

During the year the Development Fund received $29,277,880 and the amount spent was $26,335,258 Taking into account the balance brought forward from 2010 of $13,245,321 there is an overall credit balance of $16,187,943

Advances

The level of advances in 2011 is again escalates mainly as a result of Personal advances, Special Imprests including imprests issued to Assistant Treasures for the purchase of copra on Outer Islands and unaccounted direct debit and credit in the number four (4) and six (6) bank accounts.

I suspect that there are some mispostings and miscoding over above advance accounts. It is also noted with concern that the personal advances account has dramatically increased due to surcharges imposed against some Island Treasurers for making payment without supporting documents. A continues effort by the Accounting staff in reconciling the above mentioned accounts is still ongoing with the objective to try and clear all outstanding for 2011 and prior years.

Revenue Equalization Reserve Fund (RERF)

The value of the fund as at 31st December 2011 was $578,939,105 credit. At the end of December 2010 the balance was $580,916,530 therefore the fund balance had decreased by $1,977,425 or 0.34%. The decrease in value of the fund was mainly due to the poor performance of the equity component of the Fund. A full detail of RERF is depicted per Statement No.XX.

Please kindly note that issues raised in the Auditor General's report in 2008 and 2009 account which were not addressed in the 2010 annual account and in this report will be handled separately.

Conclusion

This 2011 account is dedicated to all staff in the Accountancy Cadre who have given times and effort in producing it in one way or another

KAM BATI N RABWA AO AMI BWAI TE MAURI, TE RAOI AO TE TABOMOA

Tekiera Ruaia
Accountant General.

GOVERNMENT OF KIRIBATI - STATEMENT No. I

Balance Sheet

as at 31st December 2011

2010 $	Statement No.		2011 $	$
		FUNDS IN HANDS OF CHIEF ACCOUNTANT		
		INVESTMENTS		
298,529,501.15	XX	Investments with HSBC	294,542,418.28	
282,387,029.12	XX	Investments with NICAM	284,396,686.38	
1,560,037.05	XI	Other Investments	1,377,385.58	
582,476,567.32				580,316,490.24
		CASH		
4,527,937.35	VI	Cash at Bank and on Hand	-5,493,883.07	
248,993.85	XIX	Cash in Transit	575,762.35	
4,776,931.20				-4,918,120.72
	VII	**ADVANCES**		
7,066.00		Other Governments	7,066.00	
10,067,025.25		Public Officers	11,104,425.08	
1,720,726.56		Sundry Advances	-627,495.86	
11,794,817.81				10,483,995.22
LESS				
	IX	**DEPOSITS**		
-1,134,597.63		Deceased Native Estates	-1,046,476.59	
86,955.97		Public Officers	-33,699.54	
8,962,031.58		Sundry Deposits	7,784,943.95	
-4,279,480.88		Telmos	-5,610,864.23	
3,634,909.04				1,093,903.59
602,683,225.37				586,976,268.33
		ATTRIBUTABLE TO		
8,416,097.83	II	Consolidated Fund	-10,237,696.38	
13,245,320.98	XVI	Development Fund	16,187,943.33	
580,916,530.27	XX	Revenue Equalisation Reserve Fund	578,939,104.66	
-3,186,005.97	V	Stabex Special Fund	-3,086,083.38	
3,291,282.26	V	Other Special Funds	5,173,000.10	
602,683,225.37				586,976,268.33

Ag/Accountant General

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GOVERNMENT OF KIRIBATI - STATEMENT No. II

Consolidated Fund
as at 31st December 2011

	Expenditure					Revenue				
	Budget					Budget				
	Org. $'000	Revised $'000	Pro Rata $'000	Actual $'000	(Over)/Under $'000	Org. $'000	Revised $'000	Pro Rata $'000	Actual $'000	Over/(Under) $'000
01 Government of Kiribati Revenue	0	0	0	0	0	0	0	0	0	0
02 Contribution to Development Fund	7,455,687	7,455,687	7,455,687	7,424,679	31,008	0	0	0	0	0
03 Contribution to RERF	0	0	0	0	0	0	0	0	0	0
09 Support to the Beretitenti	1,024,737	1,024,737	1,024,737	1,315,423	-290,686	0	0	0	0	0
10 Public Service Office	631,019	631,019	631,019	598,112	32,907	0	0	[illegible]	0	0
11 Judiciary	1,409,097	1,409,097	1,409,097	1,454,680	-45,583	-209,340	-209,340	-209,340	-750,595	541,255
12 Police and Prisons	6,523,422	6,773,422	6,773,422	7,160,239	-386,817	-69,900	-69,900	-69,900	-118,192	48,292
13 Public Service Commission	204,546	204,546	204,546	225,515	-20,969	0	0	0	0	0
14 Foreign Affairs	840,562	840,562	840,562	931,447	-90,885	-89,751	-89,751	-89,751	-93,527	3,776
15 Ministry of Home Affairs and Rural D	2,565,518	2,766,518	2,766,518	2,762,582	3,936	-58,160	-58,160	-58,160	-75,406	17,246
16 Ministry Of Environment and Social D	2,675,813	2,675,813	2,675,813	2,655,750	20,063	-595,960	-595,960	-595,960	-132,794	-463,166
17 Maneaba ni Maungatabu	2,182,870	2,182,870	2,182,870	2,280,802	-97,932	-4,600	-4,600	-4,600	-11,315	6,715
18 Ministry Of Commerce, Industry and T	1,052,812	1,052,812	1,052,812	1,070,568	-17,756	-44,116	-44,116	-44,116	-97,994	53,878
19 Kiribati National Audit Office	574,200	574,200	574,200	575,038	-839	-62,500	-62,500	-62,500	-50,250	-12,250
20 Office of the Attorney General	459,226	459,226	459,226	498,450	-39,224	-1,020	-1,020	-1,020	-505	-515
21 Ministry of Natural Resources Develo	1,795,462	1,795,462	1,795,462	1,875,815	-80,354	-31,675,050	-31,675,050	-31,675,050	-29,197,021	-2,478,029
22 Ministry of Health and Family Planni	14,802,717	14,802,718	14,802,718	14,309,843	492,875	-112,750	-112,750	-112,750	-106,023	-6,727
23 Ministry of Education, Training and	17,085,629	17,158,020	17,158,020	18,294,094	-1,136,074	-157,384	-157,384	-157,384	-141,639	-15,745
24 Ministry of Information, Communicati	3,262,714	3,340,678	3,340,678	3,274,321	66,357	-3,670,015	-3,670,015	-3,670,015	-1,214,207	-2,455,807
25 Ministry of Finance and Economic Pla	2,124,528	2,124,528	2,124,528	2,389,819	-265,291	-33,064,213	-33,064,213	-33,064,213	-48,985,579	15,921,366
27 Ministry of Works and Energy	2,473,272	2,473,272	2,473,272	2,439,342	33,930	-36,700	-36,700	-36,700	-85,514	48,814
28 Ministry of Labour, Employment and	3,065,520	3,165,520	3,165,520	3,449,139	-283,619	-54,480	-54,480	-54,480	-107,631	53,151
29 Ministry of Line and Phoenix Develop	3,278,756	3,278,756	3,278,756	3,600,521	-321,765	-461,500	-461,500	-461,500	-391,932	-69,568
30 Debt Servicing	1,425,579	1,425,579	1,425,579	4,433,029	-3,007,450	0	0	0	0	0
31 Other Government Expenses	12,453,752	17,519,572	17,519,572	17,194,709	324,863	0	0	0	0	0
Grand Total	**89,367,438**	**95,134,613**	**95,134,613**	**100,213,917**	**-5,079,304**	**-70,367,439**	**-70,367,439**	**-70,367,439**	**-81,560,123**	**11,192,685**

Add Consolidated Fund Brought Forward	**-8,416,098**
	-89,976,221
Less Expenditure	**100,213,917**
Consolidated Fund carried Forward	**10,237,696**

-3859,884

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5,501,292

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Accountant General

Printed on: 29-Jun-12

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1.9. Ministry of Health and Medical Service 2010 and 2011 Appendix F

2010

The provision for the following outputs were not utilized at all

Ministry of Health & Medical Services.(Expenditure)

Code	Name of the Outputs	Budget	Actual	Under	Personal E
2202	**Supportive Services**				
85	StaffEd,Training and Dev	537	0	537	
	Total	537	0	537	
2203	**Public Health Services -Preventive**				
55	Purchased Services-Overseas	2,000	0	2,000	
	Total	2,000	0	2,000	
2205	**Laboratory Services**				
20	KPF & Pension Contribution	13,486	0	13,486	13,486
22	Housing Assistance	1,080	0	1,080	1,080
85	StaffEd,Training and Dev	1,410	0	1,410	
	total	15,976	0	15,976	
2506	**Radiology**				
20	KPF & Pension Contribution	8,462	0	8,462	8,462
30	Internal Travel & Transport	6,000	0	6,000	
	Total	14,462	0	14,462	
2507	**Pharmacy & Medical Stores**				
20	KPF & Pension Contribution	11,724	0	11,724	11,724
	Total	11,724	0	11,724	
2508	**Physiotherapy Services**				
20	KPF & Pension Contribution	4,339	0	4,339	4,339
35	External Travel & Transport	3,000		3,000	
	Total	7,339	0	7,339	
2509	**Nursing Care & Medical training**				
20	KPF & Pension Contribution	10,517	0	10,517	10,517
	Total	10,517	0	10,517	
2510	**Dental Services**			0	
20	KPF & Pension Contribution	15,327	0	15,327	15,237
55	Purchased Services-Overseas	895	0	895	
	total	16,222	0	16,222	
2511	**Nursing Services**				
45	Direct Purchases -Overseas	319	0	319	
	total	319	0	319	
2512	**Linnix Health Services**				
20	KPF & Pension Contribution	6,996	0	6,996	
22	Housing Assistance	8,496	0	8,496	15,492
	Total	**15,492**	0	15,492	
	Subtotal	94,588	0	94,588	

The provisions for the following outputs were partly used.

Codfe	Name of the Outputs	Budget	Actual	Under
2201	**Administration**			

22	Housing Assistance	5,000	3,354	1,646	1,646
35	External Travel & Transport	56,111	50,911	5,200	
50	Purchased Services-Local	52,944	45,726	7,218	
55	Purchased Services-Overseas	2,000	103	1,897	
60	Hire of Plant and Vehicle	192,314	184,314	8,000	
64	Communication Charges	610,000	607,374	2,626	26,587
	Total	918,369	891,782	26,587	
2202	**Supportive Services**				
20	KPF & Pension Contribution	45,613	40,000	5,613	5,613
27	Leave grants & Home Passage	44,876	43,466	1,410	1,410
45	Direct Purchases-Overseas	1,703	265	1,438	
50	Purchased Sevices-Local	56,000	54,502	1,498	
52	cleaning	7,819	6,216	1,603	
	fotal	156,011	144,449	11,562	
2203	**Public Health Services -Preventive**				
20	KPF & Pension Contribution	18,362	15,000	3,362	
22	Housing Assistance	6,000	3,928	2,072	
24	Overtime	2,624	1,058	1,566	
27	Leave grants & Home Passage	9,458	8,375	1,083	8,083
	Total	36,444	28,361	8,083	
2304	**Curative**				
20	KPF & Pension Contribution	24,109	13,945	10,164	
22	Housing Assistance	25,824	21,479	4,345	14,509
55	Purchased Services-Overseas	541,020	523,286	17,734	
59	Internal Services Charge	335,140	331,377	3,763	
85	StaffEd,Training and Dev	4,000	1,270	2,730	
	total	930,093	891,357	38,736	
2205	**Laboratory Services**				
21	Salaries	174,814	164,100	10,714	10,714
30	Internal Travel & Transport	3,620	2,307	1,313	
35	External Travel & Transport	6,000	4,411	1,589	
40	Direct Purchases -Local	8,247	4,070	4,177	
45	Direct Purchases-Overseas	171,045	97,137	73,908	
55	Purchased Services-Overseas	3,050	1,118	1,932	
	Total	366,776	273,143	93,633	
2506	**Radiology**				
24	Overtime	4,736	2,978	1,758	
27	Leave Grants & Home Passage	7,578	1,559	6,019	7,777
40	Direct Purchases-Local	23,296	16,794	6,502	
45	Direct Purchaes-Overseas	60,976	23,127	37,849	
55	Purchased Services-Overseas	27,000	1,447	25,553	
85	StaffEd,Training and Dev	1,625	109	1,516	
	total	125,211	46,014	79,197	
2507	**Pharmacy & Medical Stores**				
22	Housing Assistance	4,821	2,792	2,029	2,029
30	Internal Travel & Transport	69,405	62,428	6,977	
45	Direct Purchases -Overseas	1,637,344	1,385,516	251,828	
50	Purchased Services-Local	7,500	4,612	2,888	

55	Purchased Services-Overseas	2,000	550	1,450	
	total	1,721,070	1,455,898	265,172	
2508	**Physiotherapy Services**				
22	Housing Assistance	5,294	2,359	2,935	2,935
30	Internal Tra vel & Transport	4,940	3,470	1,470	
40	Direct Purchases-local	3,535	2,483	1,052	
45	Direct Purchases-Overseas	12,785	4,802	7,983	
50	Purchased Services-Local	1,400	255	1,145	
	total	27,954	13,369	14,585	
2509	**Nursing Care & Medical training**				
35	External Travel & Transport	2,500	1,446	1,054	
50	Purchased Services-Local	16,969	10,645	6,324	
85	StaffEd,Training and Dev	90,000	85,414	4,586	
	total	109,469	97,505	11,964	
2510	**Dental Services**				
30	Internal Travel & Transport	18,390	17,191	1,199	
2511	**Nursing Services**				
20	KPF & Pension Contribution	206,656	20,000	186,656	
21	Salaries	2,683,419	2,680,135	3,284	
23	Housing Assistance	16,188	8,376	7,812	197,752
85	StaffEd,Training and Dev	2,120	1,071	1,049	
2512	**Linnix Health Services**				
21	Salaries	84,760	82,931	1,829	
27	Leave Grants & Home Passage	4,875	2,500	2,375	4,204
28	Transport to Normal Work	17,000	15,767	1,233	
30	Internal Travel & Transport	17,000	12,455	4,545	
35	External Travel & Transport	2,000	1,000	1,000	
50	Purchased Services-Local	12,000	7,523	4,477	
64	Communication Charges	12,000	760	11,240	
67	Electricity and Gas	13,000	5,928	7,072	
	Total	**11,872,202**	**10,539,393**	**1,332,809**	**283,259**
	Subtotal of savings	**11,887,694**	**10,539,393**	**1,348,301**	

Code	Name of the Outputs	Budget	Actual	Under	
2201	**Administration**				
22	Housing Assistance	5,000	3,477	1,523	2,669
27	Leave Grants & Home Passage	24,685	23,539	1,146	
40	Direct Purchases - Local	40,000	30,925	9,075	
50	Purchased Services - Local	40,000	20,416	19,584	
64	Communication Charges	205,976	179,851	26,125	
				57,453	
2202	**Supportive Services**				
20	KPF & Pension Contribution	51,924	38,363	13,561	
21	Salaries	591,504	556,290	35,214	
23	Allowances	162,086	132,915	29,171	

27	Leave Grants & Home Passage	46,454	41,964	4,490	82,436
40	Direct Purchases - Local	40,000	29,828	10,172	
50	Purchased Services - Local	50,000	42,703	7,297	
52	Cleaning	6,000	2,228	3,772	
				103,677	
2203	**Public Health Services - Preventive**				
20	KPF & Pension Contribution	28,285	25,725	2,560	
21	Salaries	329,532	295,401	34,131	36,691
22	Housing Assistance	6,000	4,602	1,398	
27	Leave Grants & Home Passage	19,000	8,583	10,417	
40	Direct Purchases - Local	20,000	13,684	6,316	
45	Direct Purchases - Overseas	5,000	389	4,611	
50	Purchased Services - Local	25,000	20,771	4,229	
55	Purchased Services - Overseas	3,000	282	2,718	
85	Staff Ed., Training and Dev	3,000	1,724	1,276	
				67,656	
2204	**Curative**				
20	KPF & Pension Contribution	27,253	24,470	2,783	
21	Salaries	363,378	326,262	37,116	
22	Housing Assistance	25,824	19,693	6,131	
27	Leave Grants & Home Passage	12,000	10,614	1,386	47,416
				47,416	
	Sub Total			276,202	169,212
	Grand total: Saving			**1,624,503**	**452,471**
					28%

2011

The provision for these Outputs were partly used or not utilized at all

MOH Code	Name of the Outputs	Budget	Actual	Under	Personal E
2205	**Labortory Services**				
22	Housing Assistance	1,080	0	1,080	
40	Direct Purchases - Local	3,203	0	3,203	1,080
	Total	4,283	0	4,283	
2207	**Pharmacy & Medical Stores**				
35	External Travel & Transport	2,961	0	2,961	
	Total	2,961	0	2,961	
2209	**Nursing Care & Medical training**				
45	Direct Purchases - Overseas	3,000	0	3,000	
	Total	3,000	0	3,000	
2210	**Dental Services**				
35	External Travel & Transport	4,000	0	4,000	
55	Purchased Services - Overseas	1,900	0	1,900	
82	Relocation Expenses	1,100	0	1,100	

85	Staff Ed., Training and Dev	1,185	0	1,185	
	Total	8,185	0	8,185	
2211	**Nursing Services**				
95	Motor Cycle Fund	50,000	0	50,000	
	Total	50,000	0	50,000	
2212	**Linnix Health Services**				
22	Housing Assistance	6,081	0	6,081	
	Total	6,081	0	6,081	6,081
2213	**Southern Kiribati Hospital**				
22	Housing Assistance	8,049	0	8,049	8,049
	Total	8,049	0	8,049	
	Subtotal	82,559	0	82,559	
2201	**Administration**				
22	Housing Assistance	5,000	3,477	1,523	
27	Leave Grants & Home Passage	24,685	23,539	1,146	2,669
40	Direct Purchases - Local	40,000	30,925	9,075	
50	Purchased Services - Local	40,000	20,416	19,584	
64	Communication Charges	205,976	179,851	26,125	
	Total	315,661	258,208	57,453	
2202	**Supportive Services**				
20	KPF & Pension Conribution	51,924	38,363	13,561	
21	Salaries	591,504	556,290	35,214	
23	Allowances	162,086	132,915	29,171	
27	Leave Grants & Home Passage	46,454	41,964	4,490	82,436
40	Direct Purchases - Local	40,000	29,828	10,172	
50	Purchased Services - Local	50,000	42,703	7,297	
52	Cleaning	6,000	2,228	3,772	
	Total	947,968	844,291	103,677	
2203	**Public Health Services - Preventive**				
20	KPF & Pension Conribution	28,285	25,725	2,560	
21	Salaries	329,532	295,401	34,131	
22	Housing Assistance	6,000	4,602	1,398	
27	Leave Grants & Home Passage	19,000	8,583	10,417	48,506
40	Direct Purchases - Local	20,000	13,684	6,316	
45	Direct Purchases - Overseas	5,000	389	4,611	
50	Purchased Services - Local	25,000	20,771	4,229	
55	Purchased Services - Overseas	3,000	282	2,718	
85	Staff Ed., Training and Dev	3,000	1,724	1,276	
	Total	438,817	371,161	67,656	
2204	**Curative**				
20	KPF & Pension Conribution	27,253	24,470	2,783	47,416
21	Salaries	363,378	326,262	37,116	
22	Housing Assistance	25,824	19,693	6,131	
27	Leave Grants & Home Passage	12,000	10,614	1,386	
40	Direct Purchases - Local	723,026	700,535	22,491	

50	Purchased Services - Local	14,974	5,269	9,705	
	Total	1,166,455	1,086,843	79,612	
2205	**Labortory Services**				
23	Allowances	50,928	49,040	1,888	1,888
35	External Travel & Transport	4,000	2,310	1,690	
50	Purchased Services - Local	3,880	2,252	1,628	
55	**Purchased Services - Overseas**	2,850	225	2,625	
	Total	61,658	53,827	7,831	
2206	**Radiology**				
21	Salaries	120,120	110,802	9,318	11,295
27	Leave Grants & Home Passage	7,415	5,438	1,977	
40	Direct Purchases - Local	18,000	14,454	3,546	
45	Direct Purchases - Overseas	30,000	21,508	8,492	
	total	175,535	152,202	23,333	
2207	**Pharmacy & Medical Stores**				
40	Direct Purchases - Local	232,026	199,997	32,029	
50	Purchased Services - Local	8,000	5,517	2,483	
	total	240,026	205,514	34,512	
2208	**Physiotherapy Services**				
22	Housing Assistance	8,762	2,738	6,024	
27	Leave Grants & Home Passage	5,045	2,595	2,450	8,474
35	External Travel & Transport	2,000	900	1,100	
40	Direct Purchases - Local	1,709	584	1,125	
45	Direct Purchases - Overseas	7,000	5,088	1,912	
85	Staff Ed., Training and Dev	1,400	58	1,342	
	Total	25,916	11,963	13,953	
2209	**Nursing Care & Medical training**				
27	Leave Grants & Home Passage	5,990	1,946	4,044	4,044
40	Direct Purchases - Local	49,156	19,466	29,690	
50	Purchased Services - Local	9,098	5,254	3,844	
85	Staff Ed., Training and Dev	118,000	113,677	4,323	
	Total	182,244	140,343	41,901	
2210	**Dental Services**				
20	KPF & Pension Conribution	17,816	12,318	5,498	26,299
21	Salaries	133,902	125,669	8,233	
22	Housing Assistance	13,650	4,951	8,699	
27	Leave Grants & Home Passage	12,737	8,868	3,869	
40	Direct Purchases - Local	8,000	4,262	3,738	
45	Direct Purchases - Overseas	49,000	31,670	17,330	
50	Purchased Services - Local	4,400	2,079	2,321	
	total	239,505	189,817	49,688	
2211	**Nursing Services**				
20	KPF & Pension Conribution	256,713	245,694	11,019	
22	Housing Assistance	17,692	14,169	3,523	14,542
40	Direct Purchases - Local	47,540	40,846	6,694	
45	Direct Purchases - Overseas	10,000	278	9,722	
82	Relocation Expenses	25,000	18,541	6,459	
85	Staff Ed., Training and Dev	2,000	431	1,569	

	total	358,945	319,959	38,986	
2212	**Linnix Health Services**				
30	Internal Travel & Transport	7,090	5,714	1,376	
40	Direct Purchases - Local	15,000	13,537	1,463	
59	Internal Service Charge	68,467	38,537	29,930	
	total	90,557	57,788	32,769	
2213	**Southern Kiribati Hospital**				
28	Transport to Work	3,796	2,340	1,456	
59	Local Referral	25,350	23,084	2,266	
64	Telecom	3,600	1,709	1,891	
	total	32,746	27,133	5,613	
	Subtotal	4,276,033	3,719,049	556,984	
	Grand Total	**4,358,592**	**3,719,049**	**639,543**	**262,779**
					41%