REPORT OF THE AUDITOR GENERAL

ON THE ACCOUNTS OF KIRIBATI GOVERNMENT ANNUAL ACCOUNT

PART 2: STATEMENTS I TO XX

FOR THE YEAR ENDED 31 DECEMBER 2014

KIRIBATI NATIONAL AUDIT OFFICE

MAY 2016

KIRIBATI NATIONAL AUDIT OFFICE

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File Ref: MCB 44/1 **Date: 04th May, 2016**

Honourable Teatao Teannaki

Speaker of the House of Parliament

Republic of Kiribati

Dear Honourable Speaker,

I have the honour to transmit herewith the Audit Report on the Government Annual Accounts for the year ended 2014 to the House of Parliament, to be laid before the House in accordance with Section 114(3) of the Constitution.

I have included matters, which relate to the performance of my duties and the exercise of my powers under the Public Finance (Control and Audit) Ordinance 1976.

The report comprised of the following parts:

- Part 1: Revenue and expenditure: Government of Kiribati Ministries, Offices, Courts and
- Part 2: Statements I to XX

As required by Section 114(3) of the Constitution, I have delivered copies of the reports to His Excellency Te Beretitenti and the Minister of Finance and Economic Development.

Yours faithfully,

Matereta B Raiman

Auditor General

TABLE OF CONTENTS

I) ACRYNOYMS

ADB – Asian Development Bank
DNE – Deceased National Estimate
FR – Financial Regulation
FY – Financial Year
GL – General Ledger Report
GOK – Government of Kiribati
JV – Journal voucher
KNAO – Kiribati National Audit Office
KPPS – Kiribati Police and Prison Services
LCDF – Local Contribution to Development Fund
MCIC – Ministry of Commerce and Industry Cooperative
MCTTD – Ministry of Communication, Transport, Tourism and Development
MELAD – Ministry of Environment, Lands and Agricultural Development
MFAI – Ministry of Foreign Affairs and Immigration
MFED – Ministry of Finance and Economic Development
MFMRD – Ministry of Fisheries and Marine Resources Development
MHMS – Ministry of Health and Medical Services
MIA – Ministry of Internal Affairs
MLHRD – Ministry of Labour and Human Resource Development
MLPID – Ministry of Line and Phoenix Development
MM – Maneaba Ni Maungatabu (Parliament)
MOE – Ministry of Education
MPWU – Ministry of Public Works and Utilities
MWYSA – Ministry of Women, Youth and Social Affairs
OAG – Office of the Attorney General
OB – Office of Te Beretitenti
PAC – Public Account Committee
PSC – Public Service Committee
PSO – Public Service Office
PV – Payment voucher
RBC – Remittance between chest
RERF – Revenue Equalization Reserve Fund
UN – United Nations
VAT – Value Added Tax

II) FOREWORD

The Annual Account of the Republic of Kiribati is normally presented in accordance with section 39 of the Public Finance (Control and Audit) Act 1976 and should be submitted to the Auditor General within six months after the financial year: 31 December. The 2014 Annual Account was submitted on the **30 June 2015**, which is within the statutory timeframe.

The 2014 annual accounts was prepared under the Cash Basis Accounting and comprised of the Balance Sheet (Financial Position) and Statements of Income and Expenditure (Financial Performance). The disclosure of the Annual Accounts follows the requirement of the specific provisions of the Public Finance (Control and Audit) Act, 1976 as amended.

Other disclosure requirements that do not form part of the Annual Account include: Contingent Liability, Arrears of Revenue, Public Debts and Losses of Fund.

As mentioned in my last audit report, the scope of our audit was extended to cover also activities funded by projects: both from Local and Overseas approved by Parliament. This year, we had audited few of the locally funded projects as well as from those funded by our Development partners. Our audit testing revealed the same persisting problem of the **lack of proper reconciliation of accounts.**

Despite above comments, it was, however, pleasing to note a substantial increase in Government's revenue when comparison is made with previous year's total revenue and this was due to the notable improvement in the revenue collection from fishing license. Again Ministries reported a net saving this year and in the sum of over **$1.8m** that also included unused budget provision for Other Government Expenses.

Because of the issues repeatedly detected, the position of the 2014 Annual Account was still far from attaining its objective of relaying reliable information on the stewardship of the scarce resources of the Republic of Kiribati.

I have to reiterate again that the remedial actions to the above issues would be the professional implementation of audit recommendations. The public audit by definition is not only an expression of opinion on financial statements but also to bring about reform to government financial operations and reporting so that the public are well informed on how well their scarce resources have been managed and whether public funds appropriated have been used as intended.

III) AUDIT OPINION

We have audited the Government Annual Account for the year ended 31st December 2014. The preparation and presentation of the accounts are the responsibility of the Accountant General who transmitted them to Audit Office in accordance with Cap. 79 Part VI of the Public Finance (Control and Audit) Ordinance 1976. It is also the responsibility of the Accountant General to ensure the information contained therein, as well as the existence of internal controls, should be fully effective for the prevention of error or fraud.

My responsibility is to express an opinion on the account based on my audit as required by Section 114 of the Constitution and Parts V and VI of the Cap 79 of the Public Finance (Control and Audit) Ordinance 1976 as amended.

We conducted our audit in accordance with the provisions of the Ordinance 1976 to provide reasonable assurance together with relevant statutory and normally accepted auditing standards as to whether the accounts are free of material miss-statements and errors. My procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the accounts and ensuring that operations are delivered within the appropriated funds. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Public Accounts, in accordance with the requirements of the Ordinance 1976, present a fair view of the transactions of the Consolidated Fund including other matters and are in consistence with my understanding of those operations.

The accounts, however, does not purport to reflect the total activity of Government and, as it is prepared essentially on a modified cash basis, it does not disclose at year end the unpaid commitments. Further it also does not disclose Government Fixed Assets and Liabilities or project funds received outside of the Government No. 4 bank account neither opening balances of such at the beginning of the year 2014.

Qualifications

i) **With Emphasis of matters** on outstanding audit recommendations for year 2010, 2011, 2012, and 2013 Annual Accounts.

ii) Under collection of some major gov't revenues and variances detected of $842,092.83 between MFED record and Custom Office record (Section 3.1.2 & 3.1.3 refers)

iii) Un-authorized expenditure totaled to $2.6m for year ended 31/12/14 (Section 3.2.3 refers)

iv) The inclusion of Coinage, Stabex and Escrow as part of Special Fund and again inclusion of latter under Investment, although these were no longer special funds, had inflated the networth of Government. (Refer to Sections 3.3 and 3.9.1)

v) The un-reconciled bank balances in respect of the Gov't No. 5 account and KHC bank account (Sections 3.4.4 & 3.4.6 refer)

vi) The advance account balance disclosed in the annual account was not realistic and was incorrect and it included the vast outstanding Imprest at a value of $2.4m (Refer to Section 3.5)

vii) Un-reconciled figure of $4.4m for bank agency arrangement and other significant anomalies stated therein for Telmo account (Section 3.7.3 refers)

viii) Un-verifiable total credit entry balance of $42.02m (refer to Section 3.9)

ix) Un-authorized expenditure, omission of warrants for some selected donated funds and inaccessibility of requested source documentations (Section 3.14 refers)

x) Other significant irregularities detected under Statement XVIII Cash in transit (RBC)

Qualified Audit Opinion

In our opinion, the financial report of the Government of Kiribati complies with relevant provisions of the Public Finance (Control and Audit) Act 1976, however, because of the effect of matters discussed in the qualification paragraphs noted from ii) above, the annual account for the Government of Kiribati does not present fairly in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements of the financial position of Government as at 31 December 2014 and the results of its operations and its cash flows for the year then ended.

Other issues highlighted in the report but which are excluded from the Qualification list above are those highlighted under Statement XIX – RERF which is shown in the last statement of this report.

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Mrs. Matereta Raiman
Auditor General

IV) COMPLIANCE WITH LEGAL REQUIREMENTS

A) LEGISLATIVE COMPLIANCE SYSTEMS

We noted not much attention was paid to the provisions of governing legislations and regulations by accountable/accounting officers therefore we highly recommend that all supervisors should make sure their accounting officers have on hand and observe governing legislations to guide them when managing public funds.

B) BREACHES OF SIGNIFICANT LEGISLATION

During the audit, our main focus is on the Government of Kiribati financial reporting obligations. As part of our planning process we identified CAP 79 the Public Finance (Control and Audit) Ordinance 1976 and Financial Regulations 2011 (FR 11) **as key governing legislations** with which Accountable and Accounting Officers should comply. We noted the following breaches of provisions of the legislations mentioned above:

Non-compliance with CAP 79 Public Finance (Control and Audit Ordinance) 1976 and FR 11

- Section 27 states that '*any deposit which is unclaimed for 5 years shall be paid into the Consolidated Fund for the public purpose of the Government. Provided that if any person entitled thereto shall subsequently prove to the satisfaction of the Chief Accountant his claim to any such deposit the Chief Accountant shall thereupon refund to such person his deposit*'.

- FR Sec 16.13 states that '*an officer operating a Government bank account shall reconcile his cash book with a bank statement at the close of each month. He shall prepare a reconciliation statement which must detail all outstanding cheques or credit slips, and fully explain any differences between the balances shown in the cash book and in the bank statement*'.

It is evident during the audit that not all accounting officers who held bank accounts reconciled their cash book with the bank statement at the close of each month. It is noted that reconciliation for some bank account (No. 5 & No. 17) had been carried out but inconsistently with standard format and the inability to complete/update their reconciliations, refer to sections 3.4.4 & 3.4.6 on Cash at bank and on hand: Statement VI.

V) ANNUAL ACCOUNT SCORECARD - 2014.

SECTION	ASSETS	2013	2014	2013 RATING	2014 RATING
	INVESTMENTS				
XX	RERF	660,907,092.58	678,971,072.93	C	C
XI	Other Investments	35,362,647.10	12,542,744.17	B	C
		696,269,739.68	**691,513,817.10**		
	CASH				
VI	Cash on Hand & Bank	11,493,761.89	116,630,690.27	D	B
XVIII	Cash in transit (RBC)	601,812.23	1,011,235.49	D	C
		12,095,574.12	**117,641,925.76**		
VIII	**ADVANCES**				
	Public Officers	9,037,051.57	11,548,038.45	D	D
	Sundry Advances (Other)	-426,586.53	-412,492.10	D	D
		8,610,465.04	**11,135,546.35**		
XVII	**SUSPENSE**	**4,885,005.56**	**4,885,005.56**	D	D
LESS	**LIABILITIES**				
IX	**DEPOSITS**				
	Deceased Native Estates	-1,030,032.14	-1,181,224.36	D	D
	Public Officers	-28,892.75	-32,420.50	C	C
	Sundry Deposits	3,819,000.90	863,582.04	D	C
	Telmos	-4,366,246.35	-794,439.42	E	D
		-1,606,170.34	**-1,144,502.24**		
	NET TOTAL ASSETS	**720,254,614.06**	**824,031,792.53**		
II	Consolidated Fund	39,461,269.92	107,445,128.42	B	B
XVI	Development Fund	11,392,047.36	21,238,265.20	D	D
XI	RERF	663,530,316.58	689,964,296.93	B	B
V	Special Fund	5,870,980.20	5,384,101.98	C	C
	Grand Total	**720,254,614.06**	**824,031,792.53**		

VI) OVERVIEW

This report[1] is part 2 of the Auditor General report on the Annual account of the Government of Kiribati and it presents the results of audit findings for Statements I to XX aligned with the contents of the Annual account 2014 provided by MFED (Balance Sheet). Recommendations given in this report which aimed at improving programs and operations and lend to providing better services to the public are the bottom lines of our audit work.

Most of the issues highlighted in this report were still repetitive indicating a slow improvement in the system. We are concerned of the effect the poor status of the Annual Accounts would have on high level management and economic decision.

As government is essentially operating on **cash basis** there has to be an effective system in place for control and management of cash and bank accounts coupled with regular supervised reconciliation the absence of which would result in drastic drain in government coffer.

Government through its MFED management arm is primarily responsible for resolving and implementing recommendations promptly and effectively. At the same time we, as auditors, with the assistance of the PAC (Public Accounts Committee), are responsible for following up to see that actions are taken and intended results are realized.

[1] At the time of completion and tabling of this audit report, PAC's enquiry on the 2013 Part 2 Audit report has yet to be convened.

I) BALANCE SHEET 2014

Findings and Analysis:

1.1 GOK Assets and Liabilities

In accordance with Cap 79, Section 39 (1) (i) the Accountant General is required within six months after 31st December to submit the Balance Sheet as part of the Annual Account to the Auditor General for scrutiny purposes and this had been adhered to accordingly. At the end of financial year 2014 the following were assets and liabilities held by the Government of Kiribati (GOK):

Table 1 A: Government of Kiribati Assets and Liabilities – (2012-2014)

Description	2012	2013	2014	14 inc/(dec)	13 inc/(dec)
ASSETS					
INVESTMENT					
RERF	613,875,383.32	660,907,092.58	678,971,072.93	18,063,980.35	47,031,709.26
Land in Fiji	930,180.00	930,180.00	11,923,404.00	10,993,224.00	-
PIPA Trust fund	-	2,623,224.00	-	- 2,623,224.00	2,623,224.00
Other investment	2,339,118.77	31,809,243.10	619,340.17	- 31,189,902.93	29,470,124.33
	617,144,682.09	**696,269,739.68**	**691,513,817.10**	**- 4,755,922.58**	**79,125,057.59**
CASH					
Cash at bank and on hand	15,069,139.50	11,493,761.89	116,630,690.27	105,136,928.38	- 3,575,377.61
Cash in transit	643,130.35	601,812.23	1,011,235.49	409,423.26	- 41,318.12
	15,712,269.85	**12,095,574.12**	**117,641,925.76**	**105,546,351.64**	**- 3,616,695.73**
ADVANCES					
other Government	7,066.00	-	-	-	- 7,066.00
Public Officers (Salary adv& Outstanding Imp)	11,780,926.43	9,037,051.57	11,548,038.45	2,510,986.88	- 2,743,874.86
Other Advances	- 507,207.17	- 426,586.53	- 412,492.10	14,094.43	80,620.64
	11,280,785.26	**8,610,465.04**	**11,135,546.35**	**2,525,081.31**	**- 2,670,320.22**
SUSPENSE	**-**	**4,885,005.56**	**4,885,005.56**	**-**	**4,885,005.56**
TOTAL ASSETS	**644,137,737.20**	**721,860,784.40**	**825,176,294.77**	**103,315,510.37**	**77,723,047.20**
LIABILITIES					
DEPOSITS					
Deceased Native Estates	- 1,128,790.64	- 1,030,032.14	- 1,181,224.36	- 151,192.22	98,758.50
Public Officers (Sal Allot &SAYE)	- 24,856.54	- 28,892.75	- 32,420.50	- 3,527.75	- 4,036.21
Sundry deposits	7,346,993.27	3,819,000.90	863,582.04	- 2,955,418.86	- 3,527,992.37
Telmos	- 5,154,460.72	- 4,366,246.35	- 794,439.42	3,571,806.93	788,214.37
Total	**1,038,885.37**	**- 1,606,170.34**	**- 1,144,502.24**	**461,668.10**	**- 2,645,055.71**
NET TOTAL ASSETS	**645,176,622.57**	**720,254,614.06**	**824,031,792.53**	**103,777,178.47**	**75,077,991.49**

(Source: GOK Annual Accounts: 2012-2014)

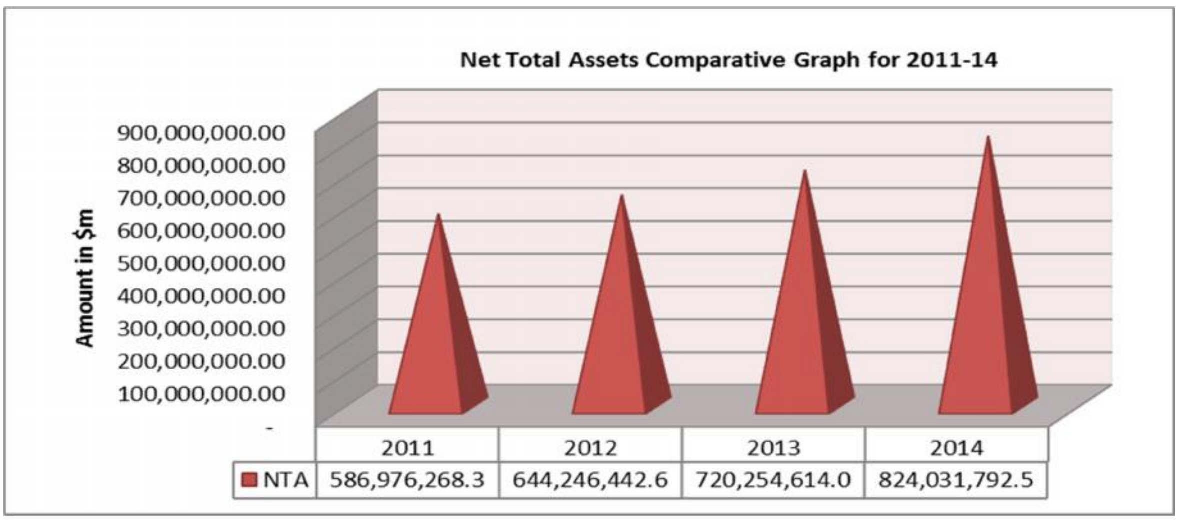
1.2 GOK Net Total Assets (NTA)

Indicated below are balances of funds that represent the Gov't Assets and Liabilities the total of which shows the Net Worth of the Government as at December, 31st, 2014. The accuracy of the net worth is dependent on the closing figures derived at for each of the line items listed in the balance sheet and any anomalies noted during the audit would place doubt on the accurateness of the net worth value as stated in the accounts.

Table 1 B: GOK Net Total Assets.

Title	2011	2012	2013	2014	inc/(dec) 13	inc/(dec) 14
Consolidated Fund	- 10,237,696.38	11,282,176.52	39,461,269.92	107,445,128.42	***28,179,093.40***	***67,983,858.50***
Development Fund	16,187,943.33	15,016,044.24	11,392,047.36	21,238,265.20	***- 3,623,996.88***	***9,846,217.84***
RERF	578,939,104.66	613,875,383.32	663,530,316.58	689,964,296.93	***49,654,933.26***	***26,433,980.35***
Special Funds (Stabex & Other Special Funds)	2,086,916.72	4,072,838.52	5,870,980.20	5,384,101.98	***1,798,141.68***	***- 486,878.22***
Total	**586,976,268.33**	**644,246,442.60**	**720,254,614.06**	**824,031,792.53**	***76,008,171.46***	***103,777,178.47***

Figure 1 A: Comparative Graph for year's ended 2011 – 14 NTA.



Based on the above comparative analysis it is apparent the net worth of the government for the last four consecutive years had kept increasing by 9%, 12% and 14% respectively.

2) STATEMENT II: CONSOLIDATED FUND 2014

Findings and Analysis:

2.1 Establishment and Purpose of the Fund

The Constitution of the Republic of Kiribati calls for the creation of the Consolidated Fund. Rules governing its use are to be found in CAP 79, the Public Finance [Control and Audit] Ordinance, the aim of which is to provide finance for the Recurrent and Development Budgets after Parliament has approved the expenditure level of the public service. Section 39 (1) (ii) of CAP 79 refers to the statement of receipts and payments which constitute a Consolidated Fund. The balance shown at the end of the year shows the health of the cash available as at the end of the year and is derived at by adding the balance carried forward from the previous year with cash received and to deduct expenditure incurred during the year.

Figures shown in the table below portrayed a healthy closing balance of $107m (net of RERF drawdown) in 2014 when compared to the closing figure of 2013 of $39m.

2.2 Balance of the Fund as at 31/12/2014

Table 2 A: Consolidated Balances as at 31/12/2014.

Description (Title)	Amount ($)
Balance brought forward	39,460,859.18
Add:	
Total Revenue collected	198,239,057.09
Sub total	237,699,916.27
Less:	
Total Expenditure incurred	**(130,254,787.85)**
Consolidated balance at end of year	**$ 107,445,128.42**

(Source: GOK Annual Account 2014)

Note: *The opening balance above differed from the closing figure included in the 2013 and this was caused by typo error made which should not happen again. Hence the correct closing balance of the consolidated fund as at end 2013 was $39,460,859.18 instead of $39,461,217.53 as shown in the 2013 Audit Report Part 2.*

3) THE QUALIFICATIONS STATED ABOVE WERE MOSTLY STEMMED FROM STATEMENTS III TO XX AS APPENDED BELOW:

3.1) STATEMENT III: GOVERNMENT MAJOR REVENUE

Findings and Analysis:

3.1.1 Estimate against Actual Revenue for year ending 2013-2014

Table 3.1A: Comparative Estimate against Actual – (2013-2014)

REVENUE	2013		2014		14 Variance
Title	**Estimate**	**Actual**	**Estimate**	**Actual**	**Act. vs Est.**
Fishing license	37,000,000.00	88,999,096.67	38,000,000.00	141,573,749.90	103,573,749.90
Import duty	17,560,000.00	17,355,654.69	4,200,000.00	4,006,320.28	- 193,679.72
RERF	**22,288,806.00**	**7,000,000.00**	-	**10,000,000.00**	10,000,000.00
Company taxation	7,500,000.00	4,885,592.52	5,500,000.00	4,478,413.33	- 1,021,586.67
Hotel tax	84,000.00	68,286.81	21,000.00	63,030.43	42,030.43
Excise tax	-	-	**3,600,000.00**	**4,465,676.97**	865,676.97
Personal tax	7,000,000.00	7,309,914.63	5,600,000.00	6,963,361.86	1,363,361.86
VAT	-	-	**7,950,000.00**	**8,426,510.44**	476,510.44
Dividends	1,700,000.00	1,125,369.00	1,100,000.00	1,239,536.00	139,536.00
Interest on Consolidated Fund	-	474,247.08	-	313,705.95	313,705.95
Nasda (Downrange)	600,000.00	1,418,566.87	700,000.00	646,877.00	- 53,123.00
Open ship registration fee	500,000.00	662,220.53	550,000.00	725,207.35	175,207.35
Nasda (Jaxa Air Service)	700,000.00	1,427,455.16	600,000.00	838,264.11	238,264.11
Sub Total	**94,932,806.00**	**130,726,403.96**	**67,821,000.00**	**183,740,653.62**	115,919,653.62
Ministry Revenue	2,154,477.00	3,038,200.99	2,441,770.00	14,498,403.47	12,056,633.47
Total	**97,087,283.00**	**133,764,604.95**	**70,262,770.00**	**198,239,057.09**	**127,976,287.09**
Adjusted Balance (excluding RERF)		**126,764,604.95**		**188,239,057.09**	

(Source: 2014 Annual Account, MFED)

It is clearly shown from the above table that the level of revenues for the last two years had rapidly increased from $133.7m in 2013 to $198.2m in 2014 respectively or $126.7m in 2013 to $188.2m when the RERF drawdown is excluded. The dramatic increase in 2014, as was the case in 2013, was mainly due to the change in the fishing license agreement and the increase in the number of fishing vessels in our EEZ. With such notable improvement management of the concerned Ministry should be commended for such striving efforts that had resulted in a very high return of income for the public.

3.1.2 Import duty in comparison with VAT and Excise Duty

Table 3.1B

	Estimate	*Actual*	*Difference*
Import Duty	4,200,000	4,006,320	(193,680)
Excise Tax	3,600,000	4,465,677	865,677
VAT	7,950,000	8,426,510	476,510
Net total			**1,148,507**
Total collection		16,898,507	
2013 Import Duty		17,355,655	
Difference		**(457,148)**	

The table above depicts the collections from Import Duty, Excise Tax and VAT, the latter two being replacement taxes once Import Duty is phased out. As could be sighted from the "*Difference*" column, despite an under-collection of $193k from Import Duty, the net total for the year was a surplus of over $1.1m.

When comparing the total revenue collected in 2014 of $16.9m against that collected in 2013 of $17m, there was a shortfall of $457k. As the introduction of VAT and Excise Taxes is still in its infant stage and as such replacement taxes were believed when first introduced to gradually increase over the then normal Import Duty level, it is of paramount importance management monitors its collection in subsequent years and exert stringent follow-up and recovery actions where slack in prompt payments and failures by businesses in declaring correct amounts are noted.

Table 3.1C: Variances between MFED (Annual Account) record and Custom Office record

Variances between Annual Account (MFED) and Custom Office (Betio) 2014	
	Amount ($)
Balance as per GL (annual account)	4,006,320.28
Balance as per ministry(custom)	3,164,227.45
Variance:	**$ 842,092.83**

Basically, the variances given in the table above was a clear indication of a lack of proper and frequent reconciliation between MFED and Custom office at Betio. Hence valid explanation should be provided to justify such variances from above related Divisions.

3.1.3 Under Collection of Revenues for year ended 31/12/14.

Of the three subheads the revenue collections of which fall below the budget explanations are required from MFED on the continued shortfall particularly in company taxation.

i) Company Tax Details

Table 3.1D

	2013	**2014**
Estimate	7,500,000	5,500,000
Actual	4,885,592	4,478,413
Difference	(2,614,408)	(1,021,587)

By comparing the collections for this year, 2014, against that of 2013, the division concerned had failed to meet its budget for both years. It is evident from figures above the actual collection in 2014 had dropped by $407k when compared to 2013 and incurred a revenue loss of $1m from its reduced budget level of $5.5m. Management had to provide explanation on the reduction of revenue collected when compared to 2013 and its failure in meeting its reduced revenue budget. It is very important for major revenue collectors to ensure their budget level reflects activities perceived for the year and their collections meet the budget failing by which would trigger an increase in the level of drawdown from the RERF to make good the shortfall in revenue.

ii) NASDA (Downrange)

Table 3.1E

	2013	**2014**
Estimate	600,000	700,000
Actual	1,418,567	646,877
Difference	818,567	(53,123)

It is evident from the above table the budget level for 2014 was increased from $600k to $700k and the revenue it collected was $646k thus incurring a shortfall of $53k. Being one of the major revenue collectors it is of paramount importance the budget level set is aligned with activities the Ministry expects to deliver in the year.

Management response:

Refer to MCTTD response in Part 1 Audit Report 2014

3.2) STATEMENT IV: EXPENDITURE

Findings and Analysis:

3.2.1 Summary expenditure table by Ministries for years ended 2012-14.

As stipulated under Cap 79, Section 39 (1) (iv), the Accountant General shall provide and submit a comparative statement of actual an estimated expenditure by subheads for each fiscal year end. Appended below is the government expenditure against budget incurred throughout the years of 2012, 2013 and 2014:

Table 3.2A: Summary of expenditure by Ministries – 2012 up to 2014

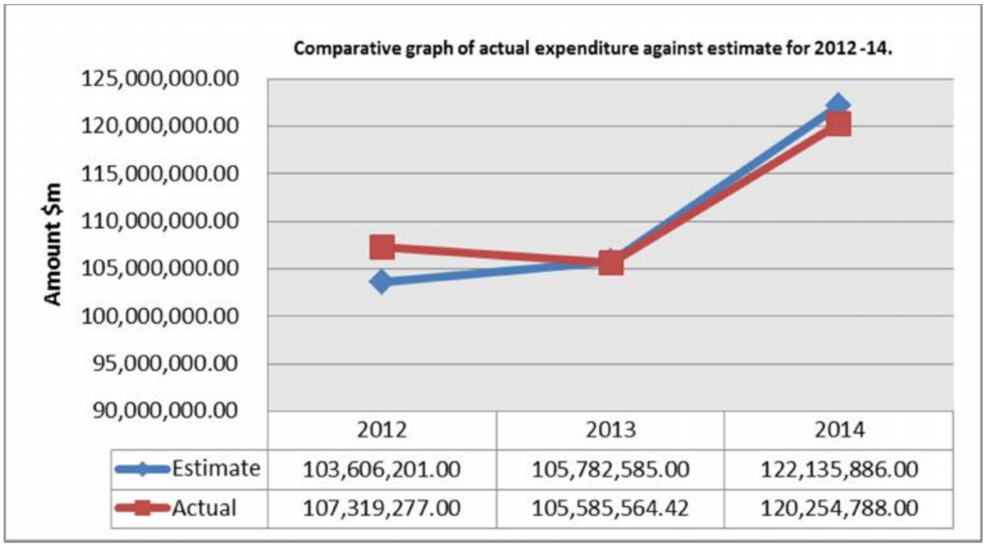
EXPENDITURE		2012		2013		2014		14 Variance	13 Variance	12 Variance
Code	Title	Estimate	Actual	Estimate	Actual	Estimate (Rev)	Actual	Under/(Over)	Under/(Over)	Under/(Over)
E02	LCDF	8,052,378	8,052,378	7,436,223	7,898,303	9,202,983	9,202,983	0	- 462,080	-
E09	OB	1,028,580	1,173,889	1,350,020	1,541,027	1,493,632	1,700,326	- 206,694	- 191,007	- 145,309
E10	PSO	594,484	594,534	600,785	622,341	600,987	666,702	- 65,715	- 21,556	- 50
E11	JUDICIARY	1,565,650	1,554,034	1,650,467	1,568,448	1,921,899	1,887,620	34,279	82,019	11,616
E12	KPPS	7,030,624	6,916,415	7,030,624	6,927,840	7,116,854	7,136,000	- 19,146	102,784	114,209
E13	PSC	230,629	214,455	233,691	255,030	227,901	238,608	- 10,707	- 21,339	16,174
E14	MFAI	1,161,884	1,286,197	1,835,758	1,894,020	2,132,266	2,570,157	- 437,891	- 58,262	- 124,313
E15	MIA	2,829,486	2,912,865	2,895,618	2,969,234	2,300,998	2,349,336	- 48,338	- 73,616	- 83,379
E16	MELAD	2,519,000	2,583,528	2,556,320	2,739,280	2,591,743	2,738,280	- 146,537	- 182,960	- 64,528
E17	MM	2,258,470	2,585,247	3,058,932	3,212,629	2,864,380	2,977,971	- 113,591	- 153,697	- 326,777
E18	MCIC	1,187,389	1,174,931	1,228,071	1,163,803	1,279,920	1,276,641	3,279	64,268	12,458
E19	KNAO	671,653	692,282	726,750	700,718	684,961	680,432	4,529	26,032	- 20,629
E20	OAG	471,229	568,614	590,967	605,111	665,557	665,934	- 377	- 14,144	- 97,385
E21	MFMRD	2,079,548	1,958,883	2,163,478	1,908,213	2,156,517	1,940,188	216,329	255,265	120,665
E22	MOH	**14,121,242**	**14,053,019**	**14,835,774**	**14,930,041**	15,423,530	16,376,246	- 952,716	- **94,267**	**68,223**
E23	MOE	**18,638,444**	**18,963,531**	**19,592,120**	**19,212,646**	19,829,311	19,645,065	184,246	**379,474**	- **325,087**
E24	MCTTD	2,652,888	2,626,603	2,566,332	2,415,559	2,582,449	2,581,147	1,302	150,773	26,285
E25	MFED	3,140,594	3,033,267	2,804,816	2,711,947	2,851,835	2,805,515	46,320	92,869	107,327
E26	MWYSA	-	-	-	-	1,316,790	1,294,219	22,571	-	
E27	MPWU	2,284,380	2,350,110	2,331,799	2,308,930	2,350,738	2,273,917	76,821	22,869	- 65,730
E28	MLHRD	3,350,964	3,888,698	3,545,963	3,702,697	3,564,240	3,702,884	- 138,644	- 156,734	- 537,734
E29	MLPID	2,678,756	3,667,198	2,698,279	2,594,684	2,701,008	2,684,460	16,548	103,595	- 988,442
E30	DEBT SERVICING	5,165,187	7,202,573	2,082,978	2,740,407	9,659,975	10,087,262	- 427,287	- 657,429	- 2,037,386
E31	OTHER GOVT EXPENSES	**19,892,742**	**19,266,026**	**21,966,820**	**20,962,659**	**26,615,412**	**22,772,895**	3,842,517	**1,004,161**	**626,716**
	TOTAL excluding RERF (withdrawal)	**103,606,201**	**107,319,277**	**105,782,585**	**105,585,564**	**122,135,886**	**120,254,788**	**1,881,098**	**197,020**	- **3,713,076**
E03	CONTRIBUTION TO/FROM RERF (withdrawal)	-	-	-	-	10,000,000	10,000,000	-	-	-
	TOTAL including RERF (withdrawal)	**103,606,201**	**107,319,277**	**105,782,584.70**	**105,585,564**	**132,135,886**	**130,254,788**	**1,881,098**	**197,020**	- **3,713,076**

(Source: Extracted from 2014 Annual Account)

Note: *As stated in the Annual Account 2014 the amount of RERF withdrawn in 2014 was $18.37m to replenish the No. 1 Account, and $8.37 million to purchase the land in Fiji. However, in June 2014 the Government of Kiribati had invested $10m in the RERF. Details of RERF would be discussed further in Section/Statement XIX last section of this Report.*

3.2.2 Comparative expenditure graph for years ended 2012-14.

Figure 3.2A: Comparative expenditure graph for years ended 2012-14.



It is apparent from the above table and graph the overall budget level since 2012 had increased from 2% to 15% in 2014 and the actual expenditure for the last two years, while correspondingly increasing and when compared with the performance in 2014, had been maintained within the budget limits.

3.2.3 Un-authorised Expenditure for year ended 31/12/14.

Table 3.2B: Un-authorised Government Expenditure as at 31/12/14.

CODE	TITLE	ESTIMATE	ACTUAL	VARIANCE
E09	OB	1,493,632	1,700,326	-206,694
E10	PSO	600,987.00	666,702	-65,715
E12	KPPS	7,116,854	7,136,000	-19,146
E13	PSC	227,901	238,608	-10,707
E14	MFAI	2,132,266	2,570,157	- 437,891
E15	MIA	2,300,998	2,349,336	-48,338
E16	MELAD	2,591,743	2,738,280	-146,537
E17	MM	2,864,380	2,977,971	-113,591
E20	OAG	665,557	665,934	-377
E22	MHMS	15,423,530	16,376,246	-952,716
E28	MLHRD	3,564,240	3,702,884	-138,644
E30	Debt Servicing	9,659,975	10,087,262	-427,287
	Total Overspending	**$ 48,642,062.80**	**$ 51,209,706.37**	**$ -2,567,643**

(Source: Extracted from Annual Account 2014)

Exhibited above are Ministries including Debt Servicing the spending of which exceeded the approved budget during the year 2014 and therefore are regarded as un-authorised. The avenue in approving such aftermath is Section 109 (5) of the Constitution which states that '… *the excess or sum expended but not appropriated as the case may be shall be included in a statement of heads in* *excess which, together with the report of the Public Accounts Committee thereon, shall be presented to the Maneaba*".

This had never been done for the past years where same also occurred and it is therefore of paramount importance the current PAC included in its forthcoming reports on the Government Accounts to produce the above for approval by the Maneaba.

Similar information for years 2013 and 2012 are also highlighted in the table, 3.2A above the amount of which tallied to $2,087,091 and $4,816,749 respectively and as this being the first time, a list for prior years which could be obtained from the audit reports, but no further than six years back, should also be provided for approval.

3.2.4 Debt Servicing – 2014

Table 3.2C: Debt Services overspent: $427,287.30 (2013: $660,729.14)

Title	Actual	Rev. Budget	Variance
EIB loan 20.400	149,285.07	145,000.00	- 4,285.07
ADB loan 281	14,947.08	12,700.00	- 2,247.08
ADB loan 724	39,431.03	37,000.00	- 2,431.03
ADB loan 786	43,148.61	40,000.00	- 3,148.61
ADB loan 922	58,576.07	55,000.00	- 3,576.07
ADB loan 1039	49,515.75	46,000.00	- 3,515.75
ADB SAPHE	382,886.69	360,000.00	- 22,886.69
Other Financing	9,349,471.80	8,964,274.80	- 385,197.00
Total	**10,087,262.10**	**9,659,974.80**	**- 427,287.30**

The above table showed the amounts overspent the bulk of which were caused by the long gone project, ADB SAPHE, which constituted 5% and Other Financing of 90%.

Management response:
Written management response received.

3.2.4.1 Other Financing $9,349,471.80 (2013: $1,837,633.36)

Audit noted that the actual Other Financing account balances for fiscal years 2013 and 2014 revealed an enormous escalation of over $7.5m[2]. The increases noted was an indication of lack of internal control by management mainly on the repayment of above items as the audit constantly reported the overspent of such account for the last three consecutive years. Hence, in this incident, management is required to provide an explanation on the increases.

Management response:
Written management response received.

[2] (2014 Actual) $9,349,471.80 subtract (2013 Actual) $1,837,633.36

3.2.5 Other Government Expenditure 2012-14

Table 3.2D

Year	Rev. Budget	Actual	Balance
2012	19,892,742.00	19,266,028.00	626,714.00
2013	22,078,900.00	20,962,659.66	1,116,240.34
2014	26,615,412.00	22,772,895.38	3,842,516.62

As clearly indicated above, the actual expenditure in 2014 had increased significantly from 2013 by $1.8m despite the increase of the budget by $4.5m.

3.2.5.1 Freight Subsidy $150,000 – Local Produce

This output was still included in the 2014 Budget, the provision of which was to cater for payment of freight charges for local produce that were shipped from outer islands to South Tarawa for marketing purposes.

It has come to our attention that the provision approved for the above item was not really utilised as intended for in the first place as per audit findings indicated below:

- In 2012 the portion of over $116k was used to finance air fare subsidy
- In 2013 only $15k was utilized from the $150k provision resulted in a net saving of over $134k.
- As per the Management report 2014 the approved provision of $150k for freight subsidy had not been utilized at all.

As there was no longer a Local Produce Office the provision need therefore be excluded from future budgets. Management comment is invited as to why this provision is continuously being included in the budget?

Management response:

Written management response received.

3.3) STATEMENT FIVE: SPECIAL FUNDS

Findings and Analysis:

Section 39 (1) (v) of CAP 79 requires a full financial position on the statement of Special Funds' balances, by annual and aggregate receipts and payments.

Table 3.3A: Special Funds as at 31st December 2014.

Code	Title (Funds)	2012	2013	2014
Stabex				
F007-62A	Stabex Special Fund	- 59,352.00	- 59,351.55	- 59,351.55
F007-63A	No. 6 Stabex Fund	1,282,905.00	1,335,920.87	408,215.63
F007-64A	Local Stabex Fund	1,393,954.00	899,821.08	3,066,869.66
	Sub Total	**$ 2,617,507.00**	**$ 2,176,390.40**	**$ 3,415,733.74**
Other				
F007-10A	Coinage Security Special Fund	- 359,669.00	-	- 30,809.29
F007-30A	Kaoki Maange Special Fund	- 114,185.00	- 188,897.18	- 299,626.14
F007-61A	Import Levy Fund	- 2,952,434.00	- 4,222,721.29	- 4,682,030.50
F007-66A	Leper Trust Fund	- 8,961.00	- 8,961.27	- 8,961.27
F007-67A	Dai Nippon Causeway Fund	- 2,601,764.00	- 2,598,623.32	- 2,581,247.91
F007-68A	Esrow Fund	- 66,537.00	- 66,536.76	- 66,536.76
F007-69A	Civil Aviation Special Fund	- 527,848.00	- 613,233.05	- 642,035.74
F007-70A	Plant & Vehicles Unit Fund	- 58,949.00	- 348,397.73	- 488,588.11
	Sub Total	**- 6,690,347.00**	**- 8,047,370.60**	**- 8,799,835.72**
	Total	**- 4,072,840.00**	**- 5,870,980.20**	**- 5,384,101.98**

The Special Fund in the Balance Sheet is one of the Equities of Government that represent the assets and liabilities of government at the year end. Therefore it is crucial the figures shown in this account are accurate as anomalies or incorrect figures will result in an unbalance annual account and of course a distortion to the net worth figure as shown therein.

Two observations from the figures shown in table above which require explanation by management and these are as follows:

1) Debit figures appearing under codes F007-63A and F007-64A

The debit figures indicate an over-draft amount when appearing amongst the investments which would normally be credit figures. As appeared above does it mean No. 6 Stabex Fund and Local Stabex Fund have debit (bank) or overdraft balances of $408,215 and $3,066,870 respectively as at the end of 2014?

2) Appearing of four in-active special funds in 2014.

Still appearing in 2014 were four in-active funds namely Stabex Special Fund with **$59,351.55,** Coinage which suddenly had **$30,809.29** when had been inactive in previous year, Leper Trust Fund with **$8,961.27** and Escrow Fund with **$66,536** the fund of which had already been fully received (as already discussed in one of the earlier PAC Inquiry) with the $66k as cost of the transfer but still appearing as investment amount still standing.

The above findings had distorted the net worth of the government as at the end of 2014.

3.3.1 Import levy Fund

The purpose of Import Levy Fund is to finance all goods imported into Tarawa for commercial purposes. The current levy is set at **AU$ 30 per cubic meter or per 875 kg** of goods imported regardless of value. The Customs Department of the MFED assesses and collects the levy to be paid by importers together with other duties and are charged as part of the Bill of Entry. Funds from the ILF were used to subsidize the costs of transporting goods, imported or locally sourced, from South Tarawa to the outer islands. Payments are made from the ILF to wholesalers as:

(i) reimbursement of actual freight costs (not exceeding the approved freight rates set by the Kiribati Shipping Company Ltd) from South Tarawa to islands in the Gilbert Group of all goods for commercial purposes; and

(ii) Reimbursement of actual freight costs (not exceeding the approved freight rates set by the Kiribati Shipping Company Ltd) of selected agricultural produce from the outer islands to South Tarawa. For islands in the Line and Phoenix Group, the subsidy is limited to the cost of freight between South Tarawa and the easternmost atoll in the Southern Gilberts (Arorae).

Reimbursement is limited to freight costs and does not include land transport, loading and other wharfage charges.

3.3.1.1 Import Levy Fund Balance 2014

Opening Balance (2013 B/F)	**$ 4,222,721.29**
Plus: Receipts	$ 2,726,979.97
Total Receipts	$ 6,949,701.26
Less: Payments	$ 2,267,670.76
Closing Balance as at 31/12/14	**$ 4,682,030.50**

Based on the data given above the actual receipts in 2014 was up to over $2.72m, excluding the B/F balance of $4.2m from physical year 2013. Hence, when adding up these figures the total amount receipts would be over $6.94m as per stated above.

However, the total actual payment activated during the year summing to $2.26 fall below the total actual receipts in 2014 of $2.72m (excluding B/F balances) which resulted in a net balance of over $459k in real terms (or the net balance would be $4.6m when including a B/F balance of $4.2m).

This account, like other sub accounts, have not been reconciled.

Management response:

3.4) STATEMENT VI: CASH AT BANK AND ON HAND AS AT 31/12/14.

Findings and Analysis:

3.4.1 Status of Cash at Bank and On Hand - 2014

As per indicated in the table below the balance of the Cash on hand and at bank for year ending 2014 was up to $116.6m. The audit noted an increase in value of almost 90% ($105.1m) when compared with last year's balance of over $11.4m. While conducting the audit some issues/anomalies were discovered in the finance systems and these are highlighted below under this section.

Table 3.4A: Cash on hand and at bank for year 2012 – 2014

Title	GL Code	2012	2013	2014	Inc/(Dec) 14	Inc/(Dec) 13
No.1 Account (Operating Account)	M0030000001A	2,903,294.08	- 2,293,938.52	76,752,109.40	74,458,170.88	- 5,197,232.60
No.4 Account(Project)	M0030000004A	8,032,431.17	4,317,172.61	12,766,137.83	8,448,965.22	- 3,715,258.56
No.5 Account (Kiritimati)	M0030000005A	2,518,131.73	2,590,983.03	2,503,161.18	- 87,821.85	72,851.30
No. 6 Account (Stabex)	M0030000006A	288,477.00	303,206.38	179,442.22	- 123,764.16	14,729.38
Petty Cash	M0030000007A	-	- 455.20	-	455.20	- 455.20
Term Deposits with ANZ Bank	M0030000008A	-	5,000,000.00	23,000,000.00	18,000,000.00	5,000,000.00
Kiribati Charter Operations	M0030000009A	- 1,673.43	-	-	-	1,673.43
KPF Clearing	M0030000010A	- 109,250.37	470.68	- 124,801.69	- 125,272.37	109,721.05
Met Office A/c 819328	M0030000011A	20,075.00	-	-	-	- 20,075.00
Sundry Creditor Clearing Account	M0030000013A	-	- 8,424.75	- 8,424.75	-	- 8,424.75
Kiribati High Commission (Fiji)	M0030000017A	1,012,000.01	1,332,994.31	1,244,573.10	- 88,421.21	320,994.30
Taipei Mission Bank Account	M0030000018A	-	79,921.68	11,186.12	- 68,735.56	79,921.68
New York Mission Bank Account	M0030000019A	-	167,496.33	29,471.29	- 138,025.04	167,496.33
Taipei Mission Petty Cash	M0030000020A	-	300.96	402.11	101.15	300.96
sub total 1		**14,663,485.19**	**11,489,727.51**	**116,353,256.81**	**104,863,529.30**	**- 3,173,757.68**
OTHER						
Sub-Accountants	(M0031s)	4,250.00	4,250.00	4,250.00	-	-
State Funds - Local Governments	(M0032s)	364,433.78	- 36,448.23	236,212.90	199,764.67	- 400,882.01
Cash with Agents	(M0034s)	36,970.56	36,970.56	36,970.56	73,941.12	-
sub total 2		**405,654.34**	**4,772.33**	**277,433.46**	**282,205.79**	**- 400,882.01**
Total Cash Balance Sheet - 2014 (excluding RBC of $1.01m)		**$ 15,069,139.53**	**$ 11,494,499.84**	**$ 116,630,690.27**	**$ 128,125,190.11**	**-$ 3,574,639.69**

(Source: Annual Accounts 2013 & 2014)

3.4.2 Gov't No. 1 Bank Account

The above figures were extracted from the annual account 2014 prepared by MFED which are yet to be confirmed with the Bank Audit Certificate. It appears from the above the negative balance of 2013 of ($2,293,931.52) or an overdraft had increased significantly to a positive figure or saving in the bank in 2014 of **$76,752,109.40**. However this amount should be adjusted to **$78,622,606.11** as per Bank Audit Certificate advice. This means MFED annual account fall short by **$1,870,496.71,** a significant amount which could lead to loss of public funds if not corrected immediately.

3.4.2.1 Outstanding deposit – as at 31/12/14

Year	Outstanding deposit	Inc./(Dec) (%)
2012	$ 347,763.84	NA
2013	$ 1,279,417.41	73%
2014	$ 1,549,186.16	17%

Where outstanding deposits are noted this means government bank balance had been short by the total outstanding deposits found at each year end and the related codes, in real terms, had been inflated by the values of the corresponding outstanding deposits. If the outstanding deposits were in cheque form the cheque bearers would still have their bank balances not affected and had of course been utilising the services of government free of charge and at the detriment of public funds. If the outstanding deposits were in cash this means there was loss of funds and the culprits, if had not been detected, would have joyously siphoning out funds again at the detriment of public funds. The above have all affected the cash flow of government during the year.

The table above showed an increase in the value by year and this should be given serious consideration with stringent corrective action implemented, timely reconciliation done and payers asked for re-issuing fresh replacement cheques.

The above also included outstanding deposits dated back to 2010 and 2011:

Details	Receipt No.	Amount ($)
Figure in 2010	201005156	31,408.34
Figure in 2011	201112109	147,121.71
Cus/Betio 183/13 050110-16	201309165	50,795.95
RS 133 C/Betio 162/13 043312-319	201308147	69,712.15
Cus/Bonriki 051443- 051449	201312042	33,400.10
	Total	**$ 332,438.25**

3.4.2.2 Un-presented cheques – for year ended 31/12/14

Year	Un-presented cheque	Inc./(Dec) in values
2012	2,874,506.86	NA
2013	4,795,872.65	1,921,365.79
2014	3,410,174.19	(1,385,698.46)

Un-presented cheques have the same effect as outstanding deposits and therefore should also be avoided at all costs and immediate action in recovering the amounts from clients should be given a priority. Where reductions in balances are noted this could mean recoveries or replacements have been made or write had been activated. Management should provide explanation on the above.

Further the audit is also concerned with regards to the following issues that had been detected while conducting the field audit:

- Audit discovered the sum of $37,536.11 being related for stale cheque was also disclosed in the MFED Reconciliation report.

- Inclusion of KPF Clearing account in the sum of $124,801.69 as part of cash on hand (at bank) should not appear in the account.
- The cancellation of cheque # 764816 amounting to $102,764.00 being for Inter Tropical Tuna still appeared in the MFED Reconciliation report with a lesser amount of $35,740.28, causing a variance of over $67k being understated to that particular of payment. Hence justification is sought from concerned officers.
- It was hard to find the whereabouts of the following cheque butts for the year 2012 as per listed below.

Cheque #	Amount ($)
143490	20,430.65
204665	4,880.00
204666	4,760.00
204667	4,764.00
204668	1,720.00
204669	1,198.00
Total amount involved	**$37,752.65**

- And the un-availability of supporting documents in respective of the following payments.

PV#	**Cheque #**	**Amount**
HQPV 7089	284101	$71,749.70
HQPV20/12	284968	$249,634.35
Take up balance 3826	295403	$1,524.59

Implications:

Lack of reconcile could result in loss of public funds.

Missing and Unavailability of valid documents requested for audit verification is a complete violation of Cap 79 and Government Financial Regulations (FR 11).

Recommendations:

MFED should urgently reconcile its records and make adjustment where necessary so its balances in the annual account actually reflect that held by the Bank under the No.1 Bank, as per ANZ Bank Audit Certificate.

MFED through its Accounting Division should ensure all sub accounts appearing in its record are all relevant accounts that are part of the cash on hand and at bank, for instance the KPF Clearing Account is neither of those.

Management also has to ensure all documents are fully supported and kept in a safe place for future audit reference.

Management must ensure its responsible officials are fully conversant and comply with the provisions of financial government rules, laws and regulations.

Management should take appropriate action where necessary on culprits, when detected.

Management should pursue replacement cheques from concerned customers.

Management response:
Written management response received.

3.4.3 Gov't No. 4 Bank Account

It has been noted for many years that the bank reconciliation had hardly been performed on a monthly basis by accountable and responsible officers. As evidenced, the 2014 bank reconciliation was still performed at year end. Having to wait til the end of the year to reconcile would undoubtedly not give the actual and reliable reconciled balances of cash on hand and at bank at each year end.

Additionally the unavailability of a Bank Audit Certificate would place doubt on the accuracy of MFED figure, as had been evidenced earlier, in the annual account of **$12,766,137.83.**

Further, the audit also noted that the supporting documents for even two years back for the selected batches totalled to $2.8m were not made available upon audit request, details of such are itemised as follow:

- Date: 30/01/14 Batch #: 1031, Amount: $1,139,632.00
- Date: 30/01/14 Batch #: 1030, Amount: $1,706,070.00

3.4.3.1 No. 4 Bank Account - Un-presented cheques: $1,595,491.30 (2014)

Overall, the un-presented cheques for the above account kept increasing over the years. In 2012 & 2013 the total value of un-presented cheques reported were **$457,962.05** and **$1,139,631.81** respectively. In 2014 the total amount of un-presented cheque further increased to **$1,595,491.30,** an increase of **29%** from the 2013 level.

The above are losses of funds and have also affected the cash flow of government.

Implications:

Non-performance of reconciliation would undermine the accuracy of the figures declared above and could veil misappropriation of funds.

The absence of a Bank Audit Certificate provided from ANZ Bank would of course raise doubts on the actual funds held in the No. 4 bank account.

Recommendations:

As been reiterated in my priors audit report that the bank reconciliation for the No. 4 bank account should be executed as a priority task and must be done on a monthly basis and not annually as was the practice.

MFED should ensure the bank audit certificate for the No. 4 bank account is produced annually.

MFED should also provide supporting documentations requested concerning the above two stated batches.

Earlier recommendations on similar issues noted herein should also apply to above identified issues.

Management response:
Written management response received.

3.4.4 Gov't No. 5 Bank Account[3]

This is the account for the Ministry of Line and Phoenix into which, amongst others, the budget approved, JVs raised by Ministries for their touring officials, project funds for the Line and Phoenix groups, etc. are all injected.

During the audit the following were some of the significant and repetitive issues detected:

- The Bank Audit Certificate dated 10/11/15 showed the balance of the Gov't No. 5 Account as **$245,470.95 AUD** when the amount disclosed in 2014 annual account was **$2,503,161.18**; incurring an overstated amount of over **$2.25m** by MFED.

There had not been any reconciliation performed, despite recommendations been made in my previous reports, on the above account by both the Linnix staff with the bank records and Linnix staff with MFED on the balance held by the bank and that recorded by Linnix staff against record held by MFED.

As of late we noted MLPID has just commenced regular matching of their cash book records against the bank statement however, we noted this was still not done in the required standard format.

Implications:

Without regular bank reconciliation, direct debits or any other bank errors would not easily be detected which could ultimately lead to loss of public funds.

Lack of proper bank reconciliation statement contravened FR 16.13.

The absence of any control measures would encourage actions that would lead to misappropriation of public funds.

The absence of reconciliation with records held by MFED would undermine the balances appearing in the government annual account and could result in issuing a disclaimer opinion.

Failure to agree (M/Linnix and MFED) on the balance as appearing in the bank statement and to provide supporting list to explain the variances noted would provide avenue for misappropriating government funds and of course increase risk of loss of public funds.

Recommendations:

The Accountant General should assist M/Linnix and encourage them to use the proper format when preparing the monthly bank reconciliation.

Management should seriously consider replacement and reprimanding staff concerned for having repeatedly failed to comply with the correct bank reconciliation process.

[3] Further details of the No. 5 Bank Account could be viewed in the audit report for MLPID 2014 – Part 1 Audit Report 2014 refers.

Management should regularly review the work of the concerned staff and to quickly take remedial actions.

The Senior Accountant should ensure also to conduct a regular reconciliation with records held by MFED to agree on the balances they have on record and those appearing in the bank statement and should be able to provide explanations to support the anomalies detected in the Annual Account 2014.

Management response:
Written management response receive.

3.4.5 Gov't No. 6 Bank Account (Stabex Fund)

Our comment on this account as appeared on page 22 (Statement Five-Special Funds) above should be taken into account when considering the findings hereunder.

The balance of the No. 6 account had fluctuated over the last three years (2012: **$1.2m**, 2013: **$1.3m**, 2014: **$408k**) increases of 4% from 2012 to 2013 and a decrease in 2014 of $927k ($1,335,920.87 less $408,215.63).

Management explanation is required on the following:

- The justification on why the No. 6 Stabex Fund balance continuously reflected debit figures in the Annual Account.
- The discrepancy of the No. 6 account balance detected of $228,773.41 between the No. 6 account balances reflected in the Annual account 2014 under the Special Fund statement as the 31/12/14 was $408,215.63, re page 24 and the Cash at Bank and on hand statement as at 31/12/14 showed $179,442.22, re page 25. An explanation is herewith sought.

Management response:
Written management response received.

3.4.6 Kiribati High Commission Bank Balances

According to the bank statement as at 31/12/2014 the actual balance of KHC account was **$312,974.49 FJD** which was **equivalent to $186,416.39AUD**[4]. This amount, however, did not agree with the balance as shown in MFED Annual Account 2014 of **$1,244,573.10**, incurring a discrepancy or overstatement of KHC bank balance reported in MFED's records of **$1,058,156.71.**

The above confirmed poor management control and lack of regular reconciliation and with a huge difference in the vicinity of over $1m this should be given priority to deter leakage in government funds.

Implications:

- Unsupported excessive variance would undermine the integrity of the posting system by MFED.
- Misstatement of funds and no regular bank reconciliation would encourage fraud.
- The nonexistence of proper bank reconciliation with MFED records could also lead to a misleading end of year records on the bank balances of consolidated Government account.

Recommendations:

Therefore it is highly recommended that MFED should urgently start adjusting its bank balance for KHC as at 31/12/14 from over $1.2m to a more accurate and realistic figure, approximately of over $186k as per KHC bank statement records.

Management response:
Response to this anomaly could be viewed under KHC responses in Part 1 Audit Report 2014.

[4] Equivalent to $186,416.39AUD at exchange rate; 1.6789, Source: End of Calender Year Rate.

3.5) STATEMENT VII: ADVANCES FROM CONSOLIDATED FUND.

Findings and Analysis:

3.5.1 Level of the Advances from Consolidated Fund – (2012-14)

Table 3.5A: Level of Advances from Consolidated Fund

Title	2012	2013	2014	inc/(dec) 14	inc/(dec) 13
Other Government	7,066.00	-	-	-	- 7,066.00
Public Officers	11,780,926.43	9,037,198.87	11,548,038.45	2,510,839.58	- 2,743,727.56
Miscellaneous	- 507,207.17	- 426,582.42	- 412,492.10	14,090.32	80,624.75
Total	**$ 11,280,785.26**	**$ 8,610,616.45**	**$ 11,135,546.35**	**$ 2,524,929.90**	**-$ 2,670,168.81**

(Source: Annual Account 2013-14)

The above figures, the breakdown of which follows hereunder, appear in the balance sheet as amounts owed by public officers to government, i.e. assets of government, and therefore it is of paramount importance MFED management promptly pursue recovery action from officers concerned to avoid having aged debts passed the Limitation Act of 6 years. These are also cash tied up in the hands of employees and had also affected the cash flow of government.

The breakdown of Public Officers debts of $11.5m is derived at as follows with explanations for each appended immediately below:

- Salary advances with amount of over $7.5m
- Standing Imprest of $3.2m
- Unaccounted DR & CR & Diff amounted to $767k

3.5.2 Advances: (L100As) $7,508,697.77 (2013 $6,869,951.65)

As confirmed the balance for the Advance (L100As) disclosed in the annual account 2014 was up to $7,508,697.77 in which an increase of over $638k was realized when compared with last year 2013 balance of $6,869,951.65. However, the audit noted that the amount of $7,508,697.77 was the net balance after deducting the credit figure of $21,090.15 as per trial balance records provided from MFED, re details as per table below:

Table 3.5B:

Advances (L100As)	Audit Figure (extracted from trial bal 2014)	Annual Account 2014	Variance
Salary Advance Control (02A)	$3,737,488.00		
PF L100 – Individuals	$3,792,052.77		
Salary Advance Clearing (03A)	$247.15		
Total	**$7,529,787.92**	**$7,508,697.77**	**$21,090.15**

MFED management should provide the age analysis for the above amounts and by year for determining the number of officers with amounts that are within the statute limit and to advise on the actions been taken, if any.

3.5.3 Salary Advance

It has been confirmed during the review that the respective amount of salary advances in respect of employees, same as last year's issue, were not realistic and irrecoverable. This was evidenced when the audit went through one employee customer cards for advances amounted to $6,861.85 and found that some transactions posted were related to payment of an on call allowance for 2010. Posting of allowances in error to employees' customer cards without offsetting it would affect and distort the actual balance of the salary advance.

In addition to the above issue, some identical issues found last year also detected this year as appended below:

- Proper reconciliation had not been performed resulting in detecting of unnecessary postings which contributed to the increase in balance of Advance for 2014.
- Officer names listed in the trial balance included those already left the gov't service a decade ago.
- To date MFED still could not produce aging analysis upon request to support the names appearing in the record.
- More realistic and accurate figures for both Salary and Personal Advance could not be provided separately by MFED

3.5.4 Personal Advances

The personal advances relate mostly to Island Treasurers the amounts of which kept accruing each time shortages are noted when an audit is done on the accounts of one treasurer. Recoveries of these could be difficult as some treasurers have retired or left the service.

Further, the audit discovered the aggregate discrepancy of **$601,635.54** between the balance extracted from customer card and balance appeared in the trial balance 2014 in respect of five employees as per record shown in the table below.

Table 3.5C: Discrepancy between Customer card balance and trial balance of $601k

	A	B	C	D	
Officer PF Number	**Amount Extracted from Customer Card**	**Amount as per Trial balance**	**Amount per aging report -Summary of L100A000002A**	**Total balance of B&C**	**Variance between A & D**
93001	233,086.67	652,863.74		652,863.74	(419,777.07)
96111	69,995.12	97,623.96		97,623.96	(27,628.84)
2012184	998.50	1,084.27	1,148.50	2,232.77	(1,234.27)
2002193	43,208.89	95,006.34		95,006.34	(51,797.45)
2009100	47,771.15	148,969.06		148,969.06	(101,197.91)
Total	**395,060.33**	**995,547.37**	**1,148.50**	**996,695.87**	**(601,635.54)**

The above raises;
1) Doubt on the accurateness of the amounts owing,
2) Question as to how and when recovery will be made on the correct owed amounts and
3) Concern on the effect the losses occurred would have on government funds if no stringent recovery action is enforced.

2013 Recommendations:

- Therefore in this case, the Accountant General shall take into consideration the above issues very seriously and start making proper reconciliation to show the correct and actual figure of the Advance account in the subsequent financial year.
- MFED through its Accounting Division should be able to provide Aging analysis to show balances of Salary and Personal Advance on a yearly basis.
- MFED should impose stringent measures against fraudulent treasurers and ensure losses of the public funds are recovered promptly.

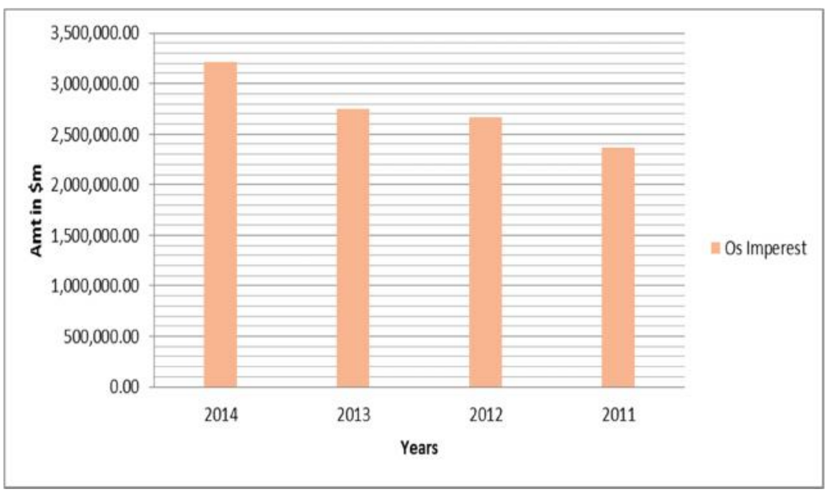
Management response:

3.5.5 Imprest: (L200As)

Table 3.5D: Accumulative balances of Outstanding Imprest – (2011-14)

2014	2013	2012	2011
3,210,169.72	2,748,183.00	2,671,521.00	2,370,386.03

Figure 3.5A: Outstanding Imprest comparative graph – (2011-2014)



The above trend analysis shows that the accumulative balance of outstanding Imprest had kept increasing over the last four consecutive years by 13% (from 2011 to 2012), 3% to 2013 and 17% to 2014 respectively.

It is important to note that Imprest drawn from local funds are cleared once a trip is completed and the amount that could still remain outstanding would be the incidental, if any included, as this would need documentations to support the claim. Therefore the amounts shown as outstanding Imprests could be distortionary if the figures actually related to all local travels.

MFED management with the assistance of Ministries' Accountant should give this a priority so figures shown would be more realistic.

Management response:
Written management response received.

3.5.6 Banaba RCL Payments (J0044001024A): $43,067.79

The codes shown above appear in-active as repetitive payments of same amounts keep appearing in annual accounts and are therefore a distortion to the annual account if not corrected or discarded. Therefore MFED management should review this account and ensure it does not appear again in future annual accounts.

Management response:
Written management response received.

3.5.7 Sundry Advances (Bounce Cheque) ($412,492.10)

Sundry Advances is one of the sub-accounts of Advances that appear in the balance sheet under other advances therefore amount shown in red or credit figure under the assets side mean gov't owed these some to officials instead of being owed by them. Management has to provide valid explanation why the amount as shown is a credit in the asset side of the balance sheet.

Management response:
Written management response received.

3.6) STATEMENT VIII: ADVANCES FROM DEPOSITS

There were **NO** advances made from deposits in this fiscal year 2014.

3.7) STATEMENT IX: DEPOSITS

Findings and Analysis:

3.7.1 In-Active Sundry Deposits

Table 3.7A: Un-movement in values of Deposits from 2013 to 2014

Title	GL Code	2014	2013	Movement
Trade Creditors Overseas	O000-0010A	- 145.54	- 145.54	-
Telmo Salaries	O005-6003A	480.14	480.14	-
Prison Fund	O005-6024A	- 33.40	- 33.40	-
Motiere Teuaai	O005-6101A	50.00	50.00	-
Forum Fisheries	O005-6114A	- 40.95	- 40.95	-
ODA Advance Funding	O005-6116A	259.35	259.35	-
FDA Loans	**O005-6119A**	**1,368,982.06**	**1,368,982.06**	**-**
Telecom Training Costs	O005-6140A	0.20	0.20	-
Police Fund	O005-6150A	5,550.11	5,550.11	-
Juduciary - Deposit (KSSL/BSL)	O005-6321A	40.00	40.00	-
Small Industry Project	**O005-6325A**	**- 24,786.86**	**- 24,786.86**	**-**
BPC Banaba - Perpertual Deposit	O005-7790A	- 5,500.00	- 5,500.00	-
Deed of Release 2007-08 MPLID	**O005-7792A**	**- 199,161.61**	**- 199,161.61**	**-**
Bank Charges Salary Deduction	O005-9999A	- 21,940.55	- 21,940.55	-
Total		**$ 1,123,752.95**	**$ 1,123,752.95**	**-**

(Extracted from 2014 Annual Account)

The above figures were extracted from a list of Statement of Sundry Deposits, the sub-account of which appears in the balance sheet under Liability of the annual account 2014 and is a composition of 41 sub-Accounts, one of which is the sundry deposits.

As could be sighted from the above table there are amounts appearing in red which indicate government owed the above listed bodies by the amounts shown while reimbursements are expected from bodies with debit balances. A debit net figure indicates funds are owed and will have to be paid back to government instead.

Included in the above list is the FDA loan which is one of the clearing accounts therefore its balance should be a nil/zero at each year end.

We also noted the amounts listed above have not changed since 2013 and this therefore raises doubt on the activeness and accurateness of such figures. Management's advice and correct advice on this is required.

3.7.2 Deceased National Estate (DNE): ($1,181,224.36)

Table 3.7B: Accumulative balance of DNE - (2012-14)

Title	2012	2013	2014	Inc/(Dec)14	Inc/(Dec)
DNE	($1,128,790.64)	($1,030,032.14)	($1,181,224.36)	$151k	($98k)

These are funds held in trust by government for beneficiaries of deceased natives' estate and are payable to beneficiaries in accordance with the terms of the agreement endorsed by the Courts.

It is evidenced from records that the accumulated balance for the above sub account (DNE) had fluctuated and never been reconciled and this again raises doubt on the amount actually owed by Government to beneficiaries.

It is also important to trace the age of these liabilities for paying back into the Consolidated Fund unclaimed deposits that had never been claimed for more than five years for safe custody and refund when claimed later, section 27 of CAP 79 refers.

Management response:
Written management response received.

3.7.3 Bank Agency Arrangement: $4,399,194.76

Title	GL Code	2012	2013	2014	Inc/(Dec)14
Bank Agency Arrangement	O005-6117A	$2.76m	$2.95m	$4.40m	$1.45m

Bank agency arrangement is one of the sub-accounts under the Sundry Deposits the purpose of which is to provide the banking service to the outer islands by ANZ Bank on the terms been agreed with government.

We noted the amount is a debit balance in the Liability side of the balance sheet and this indicates the Bank owed Government the amount of over $4m as at the end of 2014, the amount of which appear to have escalated over the years.

During the audit we noted again the lack of monitoring and reconciliation by MFED management and other related parties and this therefore raises doubt on the geniuses of the amount as shown in the annual account and of course the net worth of the government of $824m as at the end of 2014. Loss of public funds could be veiled if this is not addressed immediately.

We append below some issues noted during the audit to which explanation and production of supporting documentations are required:

i) The non-availability of the Agreement between the GOK and ANZ Bank namely "Share Sale Agreement".

ii) The stoppage of sending an advice letter from ANZ Bank (BOK) to MFED for the reimbursement purposes to the No. 1 account. To date no further action been taken by MFED to follow up with the Bank.

iii) Unable to trace back the monthly withdrawals/deposited to the Bank statement in respect of individual accounts.

iv) The significant variance of $10,324.30 (withdrawal) for the month of January between the general ledger and the state fund for Abemama. Also the deposit was being understated by $135,521.45 for the month of December.

v) The deposit of May for Abaokoro state fund summed to $800 not appeared/posted in the general ledger. The understatement for the deposit amounted to $96.72 (June) was also noted.

vi) The withdrawal made for account **no. 153671** amounted to **$1,540** in respect of one recipient from Abaokoro Island Council did not appear in the bank statement.

Management response:

3.7.4 Telmo Accounts: ($794,439.42)

The Telmo account is one of the sub-accounts appearing in the Liability of the annual account and the amounts shown as at the year-end could mean there are recipients that have yet to collect their telmos. However, it is rarely the case that any recipient would ignore his/her fund or even leaving it for a long time to claim unless such person is no longer in the country.

It is noted during the audit the above credit figure is an accumulated figure and there had not been any monitoring or reconciliation been made over the past years to confirm the accurateness of the net figure to appear in the annual account. Therefore Management's failure in monitoring this sub-account could lead to double payments and encourage manipulation that would all lead to leakage in government funds if these were not detected.

Management comments and advice on any remedial actions been imposed is required.

The audit noted that the Total balance for Telmo (P0053&I0053) as reflected in the general ledger report was **$30,412,443.75**[5], incurring a difference of **$31,266,883.17** when comparing with the balance displayed in the annual account of **$794,439.42**. The variance stated above of course raises doubt on the integrity and reliability of the existing system in use including the capabilities of the accountable and responsible officers.

The audit also confirmed after its review of the account that the values for P0053 (receipts) & I0053 (payments) were both increased by **$18.7m & $22.3m** respectively. Since the increase in value of the I0053 is much higher than the P0053, this would simply indicate that the government had paid more money in a form of Telmo payment, as expected during the fiscal year.

It was further noted that the total net off balance referenced to GL code **"P0051*I0051"** of **$29.7m** in total was omitted and not disclosed in the 2014 annual account. This is an issue which requires further explanation by responsible Ministry principally on why such records had been omitted and not disclosed in the 2014 financial year.

[5] $30,412,443.75 is the net off balance between P0053*I0053 GL codes, (i.e. 76,377,399.31 - 106,789,843.06)

It is also confirmed that the above figures stated could not be verified by the audit team during the audit due to the following reasons:

- To verify the Telmo balances in respective of most outer islands as the required supporting documents requested were not produced when carrying out this audit. We noted that the returns of such supporting documentations were kept and retained with the island treasurers on these islands.
- Unable to verify the total Telmo paid (processed on PF27 & Paid Journal) and Telmo received (processed on PF25 & Issued Journal) in Tarawa since the said required documentations were not provided at the time of audit. As physically evidenced, only the cashbook was provided by the Exam Unit at MFED which shows the total Telmo paid & received without having checked them against the PF25 & PF27.

Management response:
Written management response received.

3.8) STATEMENT X: CONTINGENT LIABILITIES

Findings and Analysis:

As stipulated under CAP 79 Part VI Sec 39 (1) (ix) the Accountant General is also required to transmit a statement of Contingent Liabilities showing the financial position at the end of the year and this is provided hereunder:

Table 3.8A: Contingent Liabilities balance for 2012-14

Liabilities with ANZ Bank (Kiribati) Ltd.	**2014**	**2013**	**2012**
Bobotin Kiribati Ltd (BKL)			2,100,000.00
Central Pacific Produce Co. Ltd (CPPL)		300,000.00	300,000.00
Telecom Service Kiribati Ltd 1 (TSKL)		2,900,000.00	2,900,000.00
Telecom Service Kiribati Ltd 2 (TSKL)		2,900,000.00	
Telecom Service Kiribati Ltd 3 (TSKL)		2,900,000.00	
Kiribati Copra Society Ltd (KCS)		450,000.00	450,000.00
Kiribati Oil Company (KOIL)		2,000,000.00	2,000,000.00
Letter of Credit Facility (Air Service Nadi-Kiritimati Flight USD$806k	902,720.00	902,720.00	806,000.00
Visa Business Card Facility	280,000.00	280,000.00	280,000.00
Liabilities with Internantional Monetary Fund (IMF)			
Promisory Notes 3990000 SDR	6,891,191.71	6,891,191.71	6,137,517.00
Liabilities with World Bank (a.k.a IBRD)			
Promisory Notes 99,000 SDR			
On call 990,000 SDR	1,880,829.02	1,880,829.02	1,675,130.00
Liabilities with International Development Association (IDA)			
On call 54,000 SDR	93,264.25	93,264.25	82,949.00
TOTAL CONTINGENT LIABILITIES	**10,048,004.98**	**21,498,004.98**	**16,731,596.00**

3.8.1 Balance of the Contingent Liabilities

The audit noted a huge drop by **$11.4m** for contingent liabilities in year 2014 when compared to 2013 increase in value by $4.7m from 2012. The huge drop of $11.4 was a difference between **$21.4m** (2013 annual account refers) against 2014 balance of **$10m.** Payment by Government on some sub-account balances had contributed to the reduction in the value in 2014. (Refer to 2014 annual account, page 29).

Audit also noted that in 2014 only five sub accounts with their excessive balances remain on record held by MFED. It was realised throughout the auditing that obtaining physical information on such substantial balances were not available upon request and that had prevented auditors from validating such balances.

Recommendation:

The audit strongly recommends that Finance provides explanations or justifications in detail on the un-adjusted balance of contingent liability for BPA as the audit discovered that in this fiscal year (2014) balances of contingent liability for BPA was nil/zero balance.

Management response:
Written management response received.

3.9) STATEMENT XI: INVESTMENTS

Findings and Analysis:

Section 39 (1) (x) of CAP 79 requires a statement of investments showing the funds on behalf of which such investments have been made.

Table 3.9A: Balance of Investment for year ending 2012 -2014

CODE	OTHER INVESTMENTS	FY 2014	FY 2013	FY 2012
	RERF			
V0060000100A	Investments with HSBC	399,914,014.92	372,962,691.36	309,517,188.31
V0060000200A	NICAM	268,939,339.71	287,944,401.22	304,358,195.01
V0060000203A	State Street	10,117,718.30	-	
	sub total	**678,971,072.93**	**660,907,092.58**	**613,875,383.32**
	LAND			
V0060000201A	Escrow Land Purchase - Fiji	9,300,180.00	930,180.00	930,180.00
V0060000202A	PIPA Trust Fund	2,623,224.00	2,623,224.00	-
	sub total	**11,923,404.00**	**3,553,404.00**	**930,180.00**
	OTHER INVESTMENT - ACTIVE			
V0060000103A	**investment with CBA - Coinage**	-	233,529.60	231,444.67
V0060000104A	**CBA Investment - Con Fund**	-	30,959,761.98	564,930.81
V0060000109A	**Rothschild & Sons Investments**	186,728.84	183,340.19	179,951.96
	sub total	**186,728.84**	**31,376,631.77**	**976,327.44**
	Total Other Active Investment	**691,081,205.77**	**695,837,128.35**	**615,781,890.76**
	OTHER INVESTMENT - INACTIVE			
V0060000106A	World Bank	18,336.12	18,336.12	18,336.12
V0060000107A	International Development Asso	11,693.05	11,693.05	11,693.05
V0060000105A	IMF N0.2	292,186.50	292,186.50	292,186.50
V0060000108A	IFC Subscribtion	11,308.50	11,308.50	11,308.50
V0060000104A	Esrow Investment	66,536.76	66,536.76	66,536.76
V0060000124A	Aud A/c 56-0449. 10th Annivers	8,731.00	8,731.00	8,731.00
V0060000110A	AUd A/c 55-1999.. 5th Anniversa	23,819.40	23,819.40	23,819.40
	Total Other Inactive investment	**432,611.33**	**432,611.33**	**432,611.33**
	GRAND TOTAL	**$ 691,513,817.10**	**$ 696,269,739.68**	**$ 616,214,502.09**

3.9.1 Other Investment:

The audit noted the following issues while carrying out this year's audit on the above statement:

- Reconciliation had not been performed by the Finance and no register is maintained to account for the movements of other investment for the year.
- As obviously stated in the annual account, **Rothschild** investment was the only sub accounts under other investment that still remain active to date. In this year the balance for Rothschild was up to $186k when comparing with last year balance of $183k, of which an increase of over $3k was realised.
- The audit was unable to verify the total credit entry displayed under the CBA Investment – Con Fund GL report valued at over **$42.02m.** As confirmed the balance represents the total transfers made on JV 1437 for amount of $10m & $32.2m respectively, however JV copies for such could not be provided by the Finance hence prevent auditors from further authentication for above transferred balances.

- As some of investments accounts were never changed in value (refer table above) the interest for such investments would not be expected as a result. This is the same issue reported in the 2012 & 2013 audit reports with no action yet taken and an explanation therefore is herewith sought.

- The appearance again of Escrow Investment under the above account in addition to that shown under Special Fund on page 22 above resulted in overstating the net worth of government twice the amount shown above.

Implication:

Delay of proper action (reconciliation) to properly discard in-active investments would lead to Investment overstatement in some instances, thereby contributing to the rising in the unrealistic value of Total Assets in future years and also networth of government.

Recommendations:

- Room for improvement is required and we therefore highly recommended that the MFED should exert more efforts in managing and controlling Other Investments accounts so the balance disclosed reflects a more realistic figure for current assets in future.
- The audit also recommends that the proper monthly reconciliation must be performed for other investment.
- (2013 Recommendation) - And to ensure that balances disclosed in the annual account are reliable and realistic, MFED in this case should ensure that investment were properly reviewed and checked by most senior staff within MFED.

Management response:

3.10) STATEMENT XII – LOANS FROM THE CONSOLIDATED FUND

Findings and Analysis:

Section 39 (1) (xi) of CAP 79 requires disclosure of a statement of outstanding loans made from the Consolidated Fund by annual and aggregate receipts and payments.

3.10.1 Status of the Loans as at 31/12/14

The outstanding loans from the consolidated fund for year ending 31/12/2014 are provided in the table below:

Table 3.10A: Outstanding loan balances from Consolidated Fund – (2012-14)

Borrower	Financed From	Year	Principal	OS Balance as per Audit Report 2012	OS Balance as per Annual Account 2013	OS Balance as per Annual Account 2014	Variance 2012 & 2013	Variance 2013 & 2014
DBK	Consolidated Fund	1962	100,000.00	100,000.00	100,000.00	100,000.00	-	-
DBK	Consolidated Fund	1977	20,000.00	20,000.00	20,000.00	20,000.00	-	-
KCWS	Consolidated Fund	1977	1,000,000.00	794,653.00	794,654.00	794,654.00	- **1.00**	-
Air Tungaru	Develpoment Fund	1980	135,000.00	180,700.00	180,700.00	**180,000.00**	-	**700.00**
Air Tungaru	Develpoment Fund	1981	64,900.00	300,000.00	300,000.00	300,000.00	-	-
DBK	Develpoment Fund	1971	64,000.00	64,000.00	64,000.00	64,000.00	-	-
Te Mautari Ltd	Develpoment Fund	1981	250,000.00	250,000.00	250,000.00	250,000.00	-	-
Housing Corporation	Develpoment Fund	1983	100,000.00	100,000.00	100,000.00	100,000.00	-	-
KCWS	Stabex Fund	1986	500,000.00	415,000.00	415,000.00	415,000.00	-	-
PUB	ADB	1988	2,279,470.00	2,860,797.00	2,860,798.00	2,860,797.99	- **1.00**	**0.01**
Betio Shipyard Ltd	ADB		894,962.00	894,962.00	894,963.00	894,963.00	- **1.00**	-
DBK	ADB	1990	1,059,252.00	1,180,071.00	1,180,071.00	1,180,071.00	-	-
Total			**6,467,584.00**	**7,160,183.00**	**7,160,186.00**	**7,159,485.99**	- **3.00**	**700.01**

The above figures kept appearing in the annual account with same amounts except for one with a difference of $700 and audit noted the list included companies that have long been defunct. As had been earlier recommended in previous reports:

(2008 Recommendation) - It is recommended that all overdue loans from the Consolidated and Development Fund be written off or converted to Grants.

(2012 Recommendation) - With the ADB loans the Government of Kiribati may seek renegotiation of the terms and conditions, for either cancellation or conversion of the debt into a grant with the ADB.

Management update on actions been taken to date is invited.

Management Response:
Written management response received.

3.11) STATEMENT XIII – PUBLIC DEBTS AS AT 31/12/14

Findings and Analysis:

Section 39 (1) (xii) of CAP 79 requires a statement showing the financial position of the Public Debt. Appended below is the summary table for Public Debts balances for years 2012 up to 2014:

Table 3.11A: Public Debts Balances for 2012 - 2014

Title	2012	2013	2014
Public Debts balance - outstanding loan	11.65m	18.02m	17.19m

Stated below are some of the anomalies noted during this year audit as follow:

- The balance of the above account was noted decreased by **$1m** (2013: $18m less 2014: $17m). Although, the balance was noted decreased by **$1m** the audit is still concerned in regards to the above account as the balance disclosed in the annual account 2014 was still substantial to date.
- MFED through its account section had failed to update its register (database) to record transactions being incurred for the repayment of such loans. This was evidenced when the audit sighted the register and found that some figures appeared in GL report for repayments were not included in the Register provided. For instance, ADB loan 786 amounted **$43,148.61** not appeared in the Finance Register but displayed in the GL report.
- As clearly indicated under Debt Servicing Code E300-1A the amount budgeted (revised) to cater for the loan repayment of over **$9.6m** had been overrun significantly by **$427k** (2013: $660k) the bulk of which were caused by the long gone project, ADB SAPHE, which constituted 5% and Other Financing of 90%.
- And some payment vouchers totaled to **$249k** related to ADB loan account # 922, 1039 and KIR (SF) SAPHE account # 1648 were not made available when requested by the audit team hence prevent auditors from authenticating and validating such payments.

Implications:

Unavailability of supporting documentations for year 2014 raises doubt on the integrity of management in safeguarding government funds.

Failure to update the Register (database) would make reconciliation so complicated and that also raises doubt on the accurateness of payments been made.

Failure to produce the requested supporting documentations would annul the payments been made and the absence of the PV, JV, and so forth would make it difficult for the audit to authenticate the amounts been paid.

Recommendations:

Management should provide the above missing documentations and a bank statement to support the payments or TTs been made.

(2008: Recommendation) - The GOK should formally write to ADB and seek clarification in relation to this debt. If there is an expectation that the debt is still payable the terms and conditions of the loan should be renegotiated. If not then the GOK should seek for cancellation or conversion of the debt into a grant.

(2012: Recommendation) - MFED should review the position of Public debts balance so as to be able to give a more reliable balance.

And the responsible officer should start updating its current register (database) for recording future transactions for loan repayments so as to tally the records being held in the database with that of GL report in order to save future grievances accordingly.

Management response:

3.12) STATEMENT XIV - ARREARS OF REVENUE

Production of a statement of arrears of revenue, by subheads is also a requirement under CAP 79, section 39 (1) (xiii).

Findings and Analysis:

It has come to the audit attention that the MFED had not made any efforts through its Accounting officers in line Ministries, Offices, Departments to provide their list of arrears of revenue at each year end. The following are issues been noted:

- In this financial year the audit could only see four ministries that submitted their outstanding of revenues (arrears) to Finance valued to **$980k**.
- As reflected in the annual account 2014 the balance of arrears of revenue decreased from **$4,661,490.79** (2013) to **$980,634.17** (2014), incurring a variance of **$3,680,856.62** and as had been noted earlier, this figure does not include the whole of arrears of revenue. The audit had extracted the balance of arrears of revenue (2012-2014) for comparison purpose and these are provided in the table below:

Table 3.12A: Arrears of revenue balances– (2012-14)

Year	2012	2013	2014
Arrears of revenue	$2,515,315,.89	$ 4,661,490.79	$ 980,634.17

- It was further noted that the Finance could not provide the breakdown or listing on such outstanding dues when requested by the audit team. Therefore the audit could not further substantiate such balances due to the unavailability of supporting documentations.

Implications:

The incomplete list of arrears of revenue would not provide the actual dues to government and could create unfairness on the compliant clients.

The arrears of revenue incurred are legal dues until the period had exceeded the statute limitation period of six years if such dues were not followed up in subsequent years.

The absence or non-recording of arrears of revenue are losses of government and this could increase the risk of misappropriation of funds.

Collecting of arrears of revenue by revenue collectors of each respective line Ministry on a timely manner would result in a very strong cash flow of the gov't and could assist in saving further withdrawals from the RERF.

Recommendations:

(2013: Recommendation) - The audit recommends that MFED should provide a list of ministries that were actually had arrears of revenue but they never submit theirs for various reasons to date.

(2013: Recommendation) - It was also recommended that a strong internal mechanism system should be put in place to minimise issues regarding arrears of revenue and also to avoid future grievances.

Management response:

3.13) STATEMENT XV– UNALLOCATED STORES & MANUFACTURING ACCOUNTS

There were **None** unallocated stores and Manufacturing accounts during the year ended 31/12/14.

3.14) STATEMENT XVI – DEVELOPMENT FUND AS AT 31/12/14

Findings and Analysis:

Section 39 (1) (xv) of CAP 79 requires a statement of the balances on Development Fund account by annual and aggregate receipts and payments.

3.14.1 Establishment and Purpose of the Fund

The Development Fund is a special fund as stipulated under section 10 (2) of CAP 79 with its composition specified under section 10 (1) and its operational guidelines clearly stated under Schedule 2 of same CAP.

3.14.2 Status of the Fund as at 31/12/14

It was noted that the balance of the development fund for the past three years had fluctuated and rose again to $21m as shown in the table provided below:

Table 3.14A: Development Fund Balances for year 2012 – 2014

Year	2014	2013	2012
Development Fund Balance as at 1st January	(11,392,047.36)	(15,016,044.24)	(16,187,943.33)
Add:			
Revenue (all N)	(35,784,375.47)	(27,346,810.08)	(26,851,798.68)
Deduct:			
Expenditure (all H)	25,938,157.63	30,970,806.96	28,023,697.77
Development Fund Balances at year end	**(21,238,265.20)**	**(11,392,047.36)**	**(15,016,044.24)**

We noted the revenues received by year since 2012 differed considerably with that approved by Parliament as the amounts appeared in the Budget were; for 2012 $109,533,740, 2013 was $78,474,434 and 2014 was $114,301,519. An explanation is required on the differences and why reconciliation had never been made.

3.14.3 Un-authorised Expenditure of $2,026,021.53

Table 3.14B: Un-authorised expenditure of some Donors funds

D/CODE	LOCAL/OVERSEAS DONORS	REVENUES	EXPENDITURE	VARIANCES
10	Australia	2,081,378.37	2,171,876.70	(90,498.33)
11	New Zealand	122,593.10	770,479.57	(647,886.47)
22	**World Bank**	-	**3,458.79**	**(3,458.79)**
32	South Pacific Commission	91,368.50	391,069.84	(299,701.34)
34	**Commonwealth Local Government Fund**	-	**15,469.15**	**(15,469.15)**
35	**FFA**	-	**79,199.54**	**(79,199.54)**
40	Japan	186,311.34	249,148.78	(62,837.44)
53	**European Union**	-	**302,145.57**	**(302,145.57)**
60	United Nations Development Programme	90,384.19	135,688.34	(45,304.15)
61	World Health Organisation	207,586.04	210,420.99	(2,834.95)
62	UN Women	791.00	72,378.94	(71,587.94)
64	UN Children and Education Fund	380,578.94	551,237.72	(170,658.78)
66	UN Fund for Population Activities	55,139.26	85,954.88	(30,815.62)
67	UN Environment Program	90,930.33	166,027.62	(75,097.29)
69	Others	677,409.76	805,935.93	(128,526.17)
	Total Balance of un-authorised expenditure	**$3,984,470.83**	**$ 6,010,492.36**	**($2,026,021.53)**

(Source: 2014 Annual Account)

Although the overall balance of the development fund at year end 2014 reported a net saving of over **$9.8m**, most of the donor aids had exceeded the authorised amount and thus had resulted in an un-authorised expenditure of over **$2m** as indicated in the table above.

It was further noted some donors have no revenue amounts appearing in the revenue column and yet there were expenditure costs appearing thus raises doubt on the data provided. An explanation is therefore sought on this anomaly.

3.14.4 Absence of warrants:

In the conducting of this audit, it was found that there were no warrants made available for scrutiny especially on the projects, as per list below that had exceeded the initial approved amounts. The total amount involved is over **$4.8m.**

Table 3.14C: Omission of warranted balance

CODES		Titles/Names	Receipts	Approved Warrant	
REVENUES	EXPENDITURES		($)	($)	Variances
N270510E027A	H270510E027A	**Reconstruction of Tungaru Rehab**	599,910.00	299,955.00	299,955.00
N160169A001A	H160169A001A	**PIPA GEF PAS Project preparat**	274,119.83	53,727.85	220,391.98
N140169E086A	H140169E086A	**Coalition of atoll nations**	259,354.97	103,710.95	155,644.02
N270230C037A	H270230C037A	**Kiribati Solar PV Grid (PEC)**	3,715,305.24	126,643.35	3,588,661.89
N160236D102A	H160236D102A	**Invasive alien species**	78,592.47	33,000.00	45,592.47
N0901442262A	H091442262A	**Disaster Mgt. coastal erosion**	1,000,850.25	504,897.45	495,952.80
		Total	**5,928,132.76**	**1,121,934.60**	**4,806,198.16**

Management has to provide copies of the warrants been raised to substantiate the above excess figures.

3.14.4 Inaccessibility of Source Documents

The audit noted that there were some relevant source documents for the selected donated funds received of **$6,576,062.32** which were not made available while carrying out this year audit. As a result, the audit team was unable to complete further testing on the selected donated funds. Details of such are appended hereunder:

CODES			
REVENUES	**EXPENDITURES**	**Details**	**Amount (Receipts)**
N270510E027A	H270510E027A	Reconstruction of Tungaru Rehab	599,910.00
N230910B007A	H230910B007A	Teachers guides Writers (KEIP)	143,953.00
N220140E028A	H220140E028A	Construct. Barrier Free Access	114,773.61
N160169A001A	H160169A001A	PIPA	274,119.83
N140169E086A	H140169E086A	Coalition of atoll nations	259,354.97
N270230C037A	H270230C037A	Kiribati Solar PV Grid (PEC)	3,715,305.24
N1402004380A	H1402004380A	Passport fees	364,202.95
N160236D102A	H160236D102A	Invasive alien species	78,592.47
N0901442262A	H091442262A	Disaster Mgt. coastal erosion	1,000,850.25
N160464E013A	H160464E013A	Imp. Judiciary-domestic viol	25,000.00
		Total	**$6,576,062.32**

Implications:

Disclosure of un-reconciled figures of development funds account would cast doubt on the reliability and the accuracy of the financial report.

Project activities which have been undertaken without having their respective provisions (amount warranted) would contribute to the increase in un-authorised spending of which could have an impact of the development fund as a whole.

Failure to produce the requested supporting documentations would annul the payments been made and the absence of the PV, JV, and so forth would make it difficult for the audit to authenticate the amounts been paid/received.

Recommendations:

Proper justification required from the Ministry concerned concerning the un-authorised expenditure in respective of other overseas donors at value of over $2m.

(2013 Recommendation) - Responsible officer at Project Unit should maintain and update the Register/Data base for recording of General Warrant issued from Planning Office for ease of reference and audit purposes or Vote Ledger should be maintained and updated at all times to distinguish the actual balance available and to monitor and minimize over expenditure.

(2013 Recommendation) - To avoid the undue level of over expenditure the Ministry concerned should put in place a strong internal instrument to control and monitor to a minimal level of expenditure especially to Kiribati Government funded projects as well as overseas donors to save future grievances.

Management response:

3.15) STATEMENT XVII – GOK SUSPENSE ACCOUNT AS AT 31/12/14

Section 39 (1) (xvi) of CAP 79 requires a statement of balances on suspense account that will fully show the financial position at the end of the year.

Findings and Analysis:

The suspense account was first created in 2013 and the amount shown then was **$4,885,005.56,** the same amount appearing again in the 2014 Annual Account under Statement XVII. An explanation is required as to what constitute this amount and why this figure is stagnant in 2014?

The issues raised in 2013 are reproduced hereunder as PAC Inquiry on the 2013 has not commenced yet.

- The suspense account was incorporated to account for all the temporary holding accounts mainly due to their vagueness and therefore making it difficult to distinguish the correct account for posting such items.
- The balance of **$4.8m** was not realistic given the fact that Finance still could not provide us with supporting documentations/records to substantiate such balances.
- An amount of over $50k was transferred from the Sundry Deposit Account (2012) to the Suspense Account (2013) and that is done in line with the audit recommendation (Audit Report 2012).
- As advised from Finance almost all sub account balances could not be explained or traced as these related to past transactions the substantiation of which would just not possible.

Management response:
Written management response received.

3.16) STATEMENT XVIII – CASH IN TRANSITS (REMITTANCE BETWEEN CHESTS)

Findings and Analysis:

As could be recalled in my previous audit report the cash in transit or RBC account represents the internal movement of cash between MFED and the designated sub-accountants, local government and other agents on outer islands. The balance of this account should be nil/zero at the end of each fiscal year as codes debited by the paying station will be credited by the receiving station respectively. However, in practice, a balance will still exist at the year-end due to the time factor from when the money was paid in and the time it was paid out by the remote station.

After conducting the review of this account the audit noted the followings issues:

- The balance of this account had been fluctuated over the last three fiscal years commencing from 2012 with a balance of over **$643k**, 2013 with an amount of **$601k** and over **$1.01m** noted in 2014 (Annual account 2014 refers). It is therefore clearly indicated that in 2014 the balance of Cash in transit was increased by $409k, when compared to a decrease in value of $41k realized in 2013.
- After the completion of our walkthrough testing (matching credit and debit balance) for the selected island councils the sum of **$12,457**[6] was discovered as an outstanding RBC in respective of such selected island councils.
- The Finance had failed to update its inward and outward register (RBC) for 2014. As confirmed the inward register for January up to June was not accessible hence only July to December register was provided by the officer responsible. This contravened the requirement stipulated under FR section 249 (1), chapter 12.
- Regular reconciliation still noted not performed.

Management response:
Written management response received.

[6] Details of this amount could be sighted under Audit WP Ref: T/2 RBC 2014

3.17) STATEMENT XIX – REVENUE EQUALIZATION RESERVE FUND (RERF)

3.17.1 Background of the fund

The fund was established in 1956 and capitalized using phosphate mining royalties. Under a conservative policy, the fund's asset grew steadily until 1979 when phosphate deposits were exhausted. Until recently, conservative policies have been protected the RERF. Since independence Governments have generally been reluctant to draw on the RERF, preferring to accumulate funds against an uncertain future.

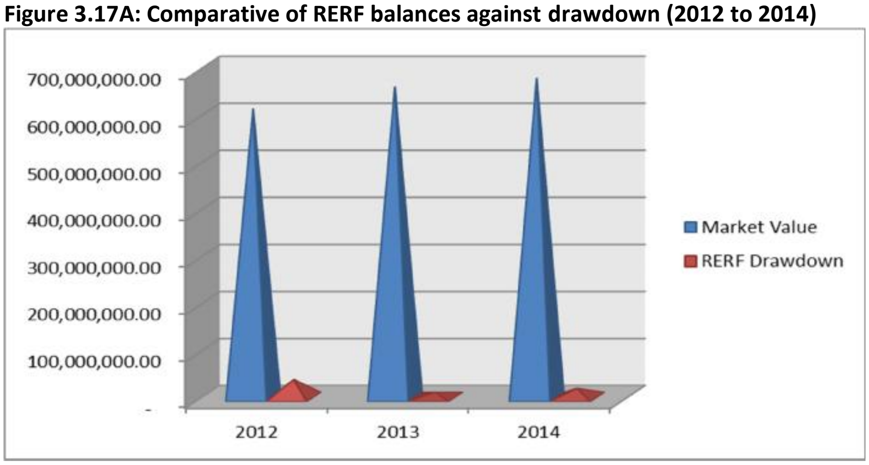
3.17.2 RERF Analysis – Market Value & Drawdown Summary (2012 – 2014)

Table 3.17A: Summary of Market Value & Drawdown for 2012-14

Year	Market Value (RERF)	Drawdown (RERF)
2012	613,875,383.32	37,500,000.00
2013	660,907,092.58	9,623,224.00
2014	678,971,072.93	18,370,000.00

(Source: Investment Unit, NEPO, MFED)

Figure 3.17A: Comparative of RERF balances against drawdown (2012 to 2014)



The graph above portrayed the trends of RERF Balances and RERF Drawdown for the past three consecutive years (2012 to 2014). In 2014 the value of the RERF was increased to **$678.97m,** to which signify an increase of **$18m (or 2.7%).** As confirmed the increase noted in this year (2014) of **$18m** was further down or below the increases in value of **$33.1m** reported in it preceding year, i.e. 2013. Despite the above given, the overall balance of the RERF (Market Value) as reflected in the above graph/table had kept rising over the years indicating the Gov't had put more effort to increase the balance of RERF as at 31/12/14. In this case, however, management should be commended for such notable improvement.

In addition, the above graph (Fig 17A) also illustrated the RERF drawdown been made for the past three years. At the end of December 2014 the amount withdrawn from RERF is $18.37m, a further increase of **47.61% (or $8.7m)** was realised. The audit discovered that RERF drawdown made in FY 2012 amounting to **$37.5m** was still noted as the highest amount when we compared with the last three years. Yet, on the other hand the FY 2013 was also still noted as the lowest value of RERF drawdown when compared with its previous years as evidently shown in Fig 17A above totalling to **$9.62m.**

3.17.3 Total Income – HSBC & NICAM as at 31/12/14

As clearly reflected in the Annual Account 2014 the total income reported for HSBC is **$46.93m** whereas NICAM had despondently reported a loss of **-$1.11m** which makes the total income at year end 2014 to **$45.82m**. Apparently, the total income noted in this year was increased by some of **$29.41m** in total; difference of 2014 total income **$ 45.82** and 2013 total income **$16.61** respectively.

However, it is also pleasing to note that the loss being reported over the years for NICAM had been reduced this year significantly by over **$15m** as summarised in the table below. The reduce in value of the loss as earlier mentioned was an indicative of the great progress in controlling and monitoring over this fund and expected that subsequent years would properly report a profit of this fund, if necessary.

Table 3.17B: Comparative total loss of NICAM – (2013 to 2014)

2013 Total Loss	**$ 16,850,967.06**
2014 Total Loss	$ 1,111,822.78
Increase/(Decrease) in value	**($ 15,739,144.28)**

It was further noted that in 2014 the Gov't had managed to deposit **$10m** with State Global Advisors as disclosed in the Annual Account. The purpose of such deposit as per stated is to have the fund invested in a low risk investment for the time being whilst seeking a new fund manager to replace NIKKO still in progress. As advised replacing NIKKO this time was due to its progress over the funds that had been invested with as typically reported a low value (market value) at year end compared with HSBC. Hence seeking new fund manager is better and recommended by the World Bank.

3.17.4 Management Fees as at 31/12/14

The total expense[7] in 2014 for HSBC was **$1.11m** (2013: $1.23m) while NICAM & State Street had amount of **$0.49** (2013: $0.49m) thus amounted to **$1.60m,** an amount of which slightly below the amount reported in 2013 of **$1.73m**. As previously noted tax expense was frequently included in the total expense at end of each fiscal year. Since the RERF is commonly known as the Government Fund, the explanation as to why RERF Custodian still charged tax and, if not for the revenue, for which such tax had been deducted, is therefore, required from the Ministry concerned (MFED).

2013 Implication:

Government investments in other foreign jurisdictions are normally exempted from tax deductions on such invested funds and therefore deductions of this would unnecessarily deplete the value of the RERF.

2013 Recommendations:

Management should ensure appropriate actions are put in place to effect the exemption of tax by partner countries and, if possible, to pursue of tax been deducted by the respective custodian.

Management should revise its current Agreement with Custodians for improvement in other areas that could boost investment in the near future.

Management response:

Written management response received.

[7] Total Fees comprises of Management, Custodian, Tax and Other Services incurred during the year.

4) STATEMENT XX – STATEMENT OF AUDITOR INDEPENDENCE

4.1 Independence

We confirm that, for the audit of Government of Kiribati Annual account for the year ended 31st December 2014 we have maintained our independence in accordance with the provisions of the CAP 79. In addition, we have no relationships with, or interests in, the GOK Annual account (MFED).

4.2 Unresolved disagreements

We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.

5 APPENDIXES: REFER TO APPENDICES ATTACHED HEREWITH AS FOLLOWS:

5.1 Appendix One: Public Fund Losses

Ministry of Finance & Economic Development

Year	Details	Amount	Remarks
2003	Cheque collected and cash by unidentified person	378.00	OAG recommends written off
2005	Shortage of revenue at customs office	1,499.97	Shortage was $999.97 and paid. No further action required
2007	Suspected fraud at Salary section	7,270.10	Case still with Police
2007	Alleged fraud at MFED	504.00	Case still with Police
2007	Alleged fraud at MFED	1,232.50	Case still with Police
2014	Alleged improper/fraudulent	136,931.36	Case still with Police
	Total	**$147,815.93**	

Ministry of Fisheries & Marine Resource Development

Year	Details	Amount	Remarks
2000	Loss of revenue collection at fish farm	874.30	Place under officer's personal advance
2001	Loss of revenue collection at Agriculture division	1,645.80	Officer imprisoned on 21/11/05 therefore should be written off
2010	Cash shortage & unauthorized opening of government safe MFMRD Tanaea	455.70	
	Total	**$2,975.80**	

Ministry of Communication, Transport & Tourism Development

Year	Details	Amount	Remarks
1987	Bairiki Post office	2,758.09	Write off action requested
	Payment of telmo to unauthorized payee	600.00	Write off action requested
1988	Onotoa Post office- loss of cash	1,741.38	Write off action requested
	Serious irregularities in Shipyards Betio	1,420.00	Write off action requested
	Loss of Public funds Post office Makin	347.20	Write off action requested
	Cash shortage April 1988 account Washington	324.03	Write off action requested
1989	Telmo Discrepancies	9,936.75	Write off action requested

	Invalid stamp sales- Post Master	915.34	Write off action requested
1991	Improper use of Philatelic Funds	1,807.22	Write off action requested
1992	Loss of Public Fund KVP	733.35	Write off action requested
2005	Suspected fraud at Post office Betio	31,500.00	Requested for suspension on 50% pay set today. AG never receive the case
2005	Suspected fraud at Post Office Betio	7,584.90	$4,500 has been repaid, remaining $1,026.10 should be recovered from the person concerned
2005	Discrepancy on Abaokoro stamp Imprest	300.00	Further information be obtained from the responsible Ministry
2010	Alleged fraud at Bikenibeu Post office	7,419.10	
2014	Alleged Loss of Public funds at Post Office Bairiki	3,724.91	Officers appointment terminated by PSC
2014	Alleged Loss of Public funds at Post Office Betio	1,263.70	Officers appointment terminated by PSC
	Total	**$72,375.97**	

Ministry of Public Works & Utilities

Year	Details	Amount	Remarks
1998	Alleged misuse of PWD materials by the Chief Engineer	3,202.80	Write off action requested
2007	Alleged misuse of Public fund by Ag DS	31,200	
	Total	**34,402.80**	

Ministry of Labor & Human Resource Development

Year	Details	Amount	Remarks
1997	Fisheries Training Centre	468.15	Write off action requested
	Misuse of Korean Fund as Special Imprest	2,000.00	Write off action requested
2000	Alleged misuse of Public Funds at FTC	581.85	Write off action requested
2008	Alleged fraud at KIT	5,137.50	Case still with Police.
	Total	**$8,187.50**	

Judiciary

Year	Details	Amount	Remarks
1989	Misuse of Bus tickets	142.95	Write off action requested

1996	Loss of Public funds at Chief registrar office	828.68	Write off action requested
	Total	**$971.63**	

Kiribati Police & Prisons Services

Year	Details	Amount	Remarks
1991	Double payment of Pension (Gratuity)	6,272.91	Write off action requested
2009	Improper payment of Leave Grant (Temporary Account Clerk)	13,874.35	AG's office
2013	Alleged fraud at Kiribati police service	1,347.00	no comment
	Total	**$21,494.91**	

Ministry of Internal Affairs

Year	Details	Amount	Remarks
2003	Shortage of Abaiang state fund a/c	52,855.14	Reported to Police 16/01/03
2006	Shortage of Aranuka state fund a/c	5,408.05	Case for 2004, suspect convicted in Feb 2006, imprisoned for 3 months
	Loss of Abaiang state & Island fund	8,913.39	AG's office recommends a write off
	Loss of Butaritari Copra fund	21,637.70	AG's office recommends a write off
	Loss of Abaiang island fund	396.47	AG's recommends a write off
		$89,210.75	

Ministry of Health and Medical Services

Year	Details	Amount	Remarks
2001	Misappropriation of entertainment funds	3,476.65	Write off action requested
2004	Misappropriation of project funds	81,151.53	Suspect in the US, Extradition considered given the amount involved
2008	Shortage of student nurses pocket money	1,056.00	
2009	Alleged fraud at MHMS Revenue section	1,860.50	
2010	Suspected fraud at MHMS	3,844.85	
	Total	**$91,389.53**	

Ministry of Education

Year	Details	Amount	Remarks
2004	Alleged fraud and abuse of office at TTI	2,761.09	Court dismissed the case, long delay in bringing the case to court ok
2005	Alleged fraud at Kiribati Technical Institute	2,495.23	Suspect imprisoned amount recovered
2008	Alleged fraud at Kiribati Technical Institute	5,137.50	
	Total	**$10,393.82**	

Ministry of Environment, Land & Agriculture Development

Year	Details	Amount	Remarks
1996	Alleged misappropriation of public funds-sale of sport equipment	440.00	Write off action requested
	Total	**$440.00**	

Ministry of Line & Phoenix Island Development

Year	Details	Amount	Remarks
2003	Alleged fraud of Public funds	2,501.23	Reported to Police on 16/01/03
2004	Alleged embezzlement of Public funds	92,247.00	Officer imprisoned for ten years
2005	Loss of cash at wildlife unit	3,135.00	Officer imprisoned for 1 year, repay $50 each pay day
	Total	**$97,883.23**	

Public Service of Commission

Year	Details	Amount	Remarks
2004	Alleged misappropriation of Public funds at PSC	4,720.00	Reported to Commissioner of Police 13/01/05
	Total	**$4,720.00**	

Office of Te Beretitenti

Year	Details	Amount	Remarks
2008	Loss of Public fund at OB office	7,353.50	
	Total	**$7,353.50**	

GRAND TOTAL	**LOSSES OF PUBLIC FUNDS**	**$571,034.05**	

5.2 Appendix Two: Gov't Balance Sheet

3. Annual Account Statements

Statement No1 – Government of Kiribati Balance Sheet (as at 31st December)

Stat No.		GL code	2014	2013
	ASSETS			
	CASH			
No.VI	Bank Accounts & Cash	M	116,630,690.27	11,494,489.84
No.XVIII	Remittennce Between Chest (RBC)	M	1,011,235.49	601,812.23
			117,641,925.76	**12,096,302.07**
No.XI	**INVESTMENTS**	V		
	RERF		678,971,072.93	660,907,097.58
	Land		11,923,404.00	3,553,404.00
	Other investments		619,340.17	31,809,243.10
			691,513,817.10	**696,269,739.68**
	ADVANCES			
No.VIII	Salary Advances	L	10,718,866.72	9,618,134.32
No.VIII	Outstanding Imprest	J	829,171.73	(580,925.45)
No.VIII	Other Advances	K	(412,492.10)	(426,582.42)
			11,135,546.35	**8,610,626.45**
No.XVII	**Suspense Account**	Z	**4,885,005.56**	**4,885,005.56**
	TOTAL ASSETS		**825,176,294.77**	**721,861,673.76**
	LIABILITIES/DEPOSITS			
No.IX	Sundry Deposit	O	863,582.04	3,817,700.90
No.IX	Telmos (Net)	P-I	(794,439.42)	(4,366,246.45)
No.IX	Salary Allotments (Court Orders)	Q	(21,722.35)	(20,874.35)
No.IX	Deceased Native Estate (DNE)	S	(1,181,224.36)	(1,030,032.14)
No.IX	SAYE	I	(10,698.15)	(8,018.40)
			(1,144,502.24)	**(1,607,470.44)**
	NET ASSETS		**824,031,792.53**	**720,254,203.32**
	ATTRIBUTABLE TO:			
No.II	Consolidated Fund	C&E	(107,445,128.42)	(39,460,859.18)
No.XVI	Development Fund	N&H	(21,238,265.20)	(11,392,047.36)
No.XI	RERF + ΔLand+ PIPA	F	(689,964,296.93)	(663,530,316.58)
No.V	Special Funds	F	(5,384,101.98)	(5,870,980.20)
			(824,031,792.53)	**(720,254,203.32)**

Note: Δland - Increase in Land Value/payment in 2014

13

5.3 Appendix Three: Consolidated Fund (Copy) – 31/12/14

Statement No.II - Consolidated Fund (as at 31st December 2014)

	Expenditure					Revenue		
Ministry	Original Budget	Revised Budget	Actual	Over/(Under)	Original Budget	Revised Budget	Actual	Over/(Under)
LCDF	5,881,710.00	9,202,982.60	9,202,982.60	-	-	-	-	-
Contribution to RERF	0.00	0.00	10,000,000.00	10,000,000.00	-		-	-
Office of Beretitenti	1,363,106.00	1,493,632.00	1,700,326.32	206,694.32	-	-	-	-
Public Service Office	600,987.00	600,987.00	666,701.99	65,714.99	-	-	-	-
Judiciary	1,824,564.00	1,921,899.00	1,887,619.69	(34,279.31)	(74,400.00)		(95,100.99)	(20,700.99)
Police Services	7,116,854.00	7,116,854.00	7,136,000.43	19,146.43	(76,200.00)	-	(80,202.50)	(4,002.50)
Publice Service Commission	227,901.00	227,901.00	238,607.71	10,706.71	-	-	-	-
Ministry of Foreign Affairs	1,969,858.00	2,132,266.00	2,570,156.94	437,890.94	(100,000.00)	-	(65,603.61)	34,396.39
Ministry of Internal Affairs	2,060,350.00	2,300,999.00	2,349,335.87	48,336.87	(10,000.00)	-	(8,577.00)	1,423.00
Ministry of Environment	2,577,141.00	2,591,743.00	2,738,280.06	146,537.06	(159,150.00)	-	(278,091.40)	(118,941.40)
Maneaba ni Maungatabu	2,864,380.00	2,864,380.00	2,977,970.51	113,590.51	(7,350.00)	-	(4,001.25)	3,348.75
Ministry of Commerce	1,220,281.00	1,279,920.00	1,276,641.33	(3,278.67)	(56,520.00)	-	(84,419.84)	(27,899.84)
Kiribati National Audit Office	684,961.00	684,961.00	680,431.95	(4,529.05)	(64,244.00)	-	(30,000.00)	34,244.00
Office of Attorney General	589,708.00	665,556.00	665,934.42	378.42	(750.00)	-	(10,177.50)	(9,427.50)
Ministry of Fisheries Marine	2,156,516.00	2,156,517.00	1,940,187.87	(216,329.13)	(38,413,500.00)	-	(143,078,757.67)	(104,665,257.67)
Ministry of Health & Medical	14,970,891.00	15,423,530.00	16,376,246.20	952,716.20	(107,470.00)	-	(102,986.35)	4,483.65
Ministry of Education	19,829,312.00	19,829,311.00	19,645,064.71	(184,246.29)	(232,693.00)	-	(295,453.10)	(62,760.10)
Ministry of Communication	2,582,450.00	2,582,449.00	2,581,147.24	(1,301.76)	(2,189,200.00)	-	(2,671,218.31)	(482,018.31)
Ministry of Finance	2,851,834.00	2,851,835.00	2,805,514.60	(46,320.40)	(28,112,700.00)	-	(50,678,817.62)	(22,566,117.62)
Ministry of Women Sport	1,189,196.00	1,316,790.00	1,294,218.95	(22,571.05)	(61,000.00)	-	(110,396.00)	(49,396.00)
Ministry of Public Works	2,350,737.00	2,350,738.00	2,273,917.07	(76,820.93)	(51,400.00)	-	(39,981.16)	11,418.84
Ministry of Labour Human	3,564,241.00	3,564,240.00	3,702,883.82	138,643.82	(135,021.00)	-	(92,244.93)	42,776.07
Ministry of Line and Phoenix	2,701,007.00	2,701,008.00	2,684,460.09	(16,547.91)	(411,172.00)	-	(513,027.86)	(101,855.86)
Debt Servicing	9,643,000.00	9,659,974.80	10,087,262.10	427,287.30	-	-		-
Other Expenditures	23,380,789.00	26,615,412.00	22,772,895.38	(3,842,516.62)	-	-	-	-
Grand Total	114,201,774.00	122,135,885.40	130,254,787.85	8,118,002.45	(70,262,770.00)	-	(198,239,057.09)	(127,976,287.09)
				Add consolidated fund bfwd			(39,460,859.18)	
							(237,699,916.27)	
				Less total Expenditure			130,254,787.85	
				Consolidated Balance at end of 2014			(107,445,128.42)	

Note: 1) the variance colored in RED means that the actual expenditure exceeds the revised budget, and in the case of revenue, it means the actual revenue falls short of the expected revenue target. In other words, the figures in RED warrants further scrutiny-to see what is the problem or the cause of the overspending, or the reasons for not achieving the expected or the approved revenue target.

14

5.4 Appendix Four: Copy of Cap 79, Schedule 2

SCHEDULE 2
(Section 11)

RULES FOR THE OPERATION OF THE DEVELOPMENT FUND

1. In these Rules "Fund" means the Development Fund

2. (1) No moneys shall be issued from the Fund for the purpose of meeting any expenditure except in accordance with a warrant under the hand of the Minister authorising the Accountant General to issue those moneys.

(2) Subject to the rules 4, 5, 6 and 7 no warrant shall be issued under paragraph (1) unless the expenditure in question has been authorised by the Maneaba ni Maungatabu by resolution or in accordance with these Rules.

3. (1) The Minister shall cause to be prepared in each financial year estimated of the revenue and expenditure of the Fund for the next following financial year.

(2) The proposals for all expenditure contained in the estimates shall be submitted to the Maneaba ni Maungatabu and a statement showing the estimated balance of the Fund at the commencement of the financial year and the anticipated revenue accruing to and total expenditure from the Fund during the financial year shall also be furnished to the Maneaba ni Maungatabu.

4. (1) If the Maneaba ni Maungatabu has not yet authorised for any financial year expenditure of sums necessary to finance the continued construction and provision of development works for which provision was made from the Fund in the previous financial year the Minister may by warrant authorise the issue from the Fund of such sums as are necessary to finance the continued construction and provision of such works to enable such works to be carried out for a period of 4 months or until the expenditure of sums necessary to finance the continued construction and

provision of such works has been approved by the Maneaba ni Maungatabu whichever is the shorter period.

(2) Notwithstanding paragraph (1) no sum may be issued under this rule in respect of any subhead where such sum would be in excess of 20 per cent of the estimate of the total cost for such subhead as it appears in the development estimates or supplementary development estimates approved by the Maneaba ni Maungatabu.

5. (1) When in any financial year the development estimates or supplementary development estimates for that year include an estimate of total cost for any subhead over any period which is in excess of the total sum appropriated for that subhead for the current year the Minister may by warrant authorise the expenditure of any sum which, when added to the expenditure incurred on the corresponding subhead in previous years and to the expenditure already authorised for the same subhead for the current year, does not cause to be exceeded the latest estimate of total cost for that subhead included in the development estimates or supplementary development estimates approved by the Maneaba ni Maungatabu for that year.

(2) When at the commencement of any financial year the provision included for any subhead in the development estimates or supplementary development estimates of the immediately preceding financial year has been only partially expended the Minister may by warrant authorise the expenditure of the unspent balance of such provision under a corresponding subhead in the current financial year.

Provided that the amount so authorised shall not when added to the expenditure incurred in previous years and to the provision already made in the current year, exceed the latest overall estimate of total cost for the subhead included in any development estimates or supplementary development estimates approved by the Maneaba ni Maungatabu.

(3) No warrant under this rule shall authorise the issue of an amount which if it were expended at once would exceed the balance of the Fund remaining after all other expenditure authorised for the year has been provided for.

6. The Minister may with the approval of he Cabinet by warrant authorise the issue from the Fund of such sum as may be necessary for expenditure under any subhead of a special character which is not provided for to the expenditure already authorised by the Maneaba ni Maungatabu for the year and which cannot or cannot without serious injury to the public interest be postponed until adequate provision can be made by the Maneaba ni Maungatabu.

Provided that no such warrant shall authorise the issue of an amount which if it were expended at once would exceed the balance of the Fund remaining after all other expenditure authorised for that year has been provided for.

7. (1) The Minister may in any year by warrant authorise the issue from the Fund of such additional sum as may be necessary for expenditure under any subhead which has been authorised by the Maneaba ni Maungatabu for that year and the issue of which cannot or cannot,

56 | Page Audit Report on the 2012 Annual Report

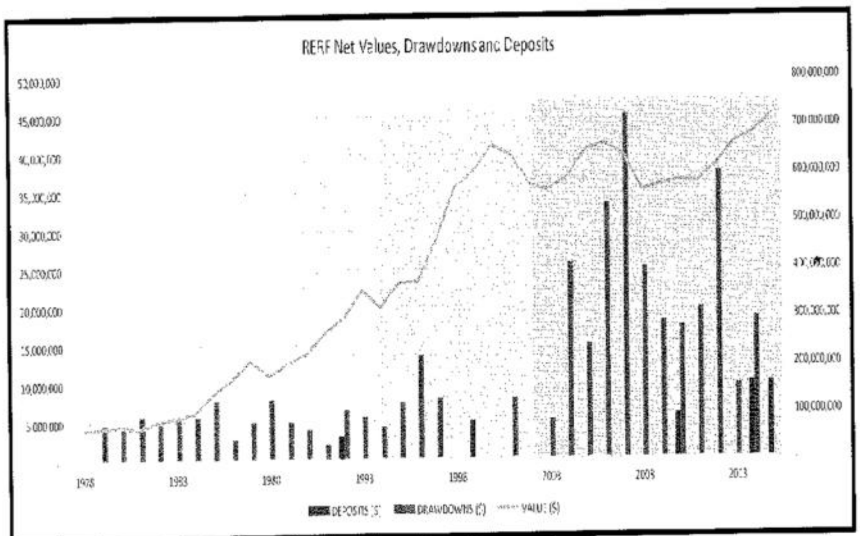
5.5 Appendix Five: RERF Overall Performance - 2014

Statement No.XIX – Revenue Equalization Reserve Fund

Overall Fund Performance

The market value of the RERF as at December 2013 is $660.92 million. By the end of December 2014 the value increased to $678.97 million, an increase of $18 million (or 2.7%). In January the Government withdrew $10 million from the RERF ($5 million each from HSBC and NIKKO) to replenish the No.1 Account because there was a delay in transferring the 2013 revenue surplus from fishing license held at an offshore bank (Commonwealth Bank of Australia)[2]. In May, the Government made a second withdrawal from RERF (from NIKKO) totaling $8.37 million, to finance the second and final payments for the purchase of land in Fiji. The total drawdowns in 2014 therefore adds up to $18.37 million.

Figure 3: Movement of RERF (1978-2014)



Source: Investment Unit, NEPO --Note: The left axis is for column graphs while the right hand axis is for the value of the fund (i.e. line graph).

In June 2014, GOK deposited $10 million with State Street Global Advisors, as recommended by the World Bank. The money which is withdrawn from the No1 Account is invested in a low-risk or a passive investment strategy of 2.7% return with State Street Global Advisors. The purpose

[2] $10 million drawdown from CBA was made to the No1 Account in March 2014, and the remaining balance of $32 million was made in May 2014.

58

of the deposit with the State Street Global Advisors is to have the fund invested in a low-risk investment while the tender process to seek a new fund manager (to replace NIKKO) is underway. The World Bank TA is assisting Government with this tender process. The rest of the funds with NIKKO will be transferred later.

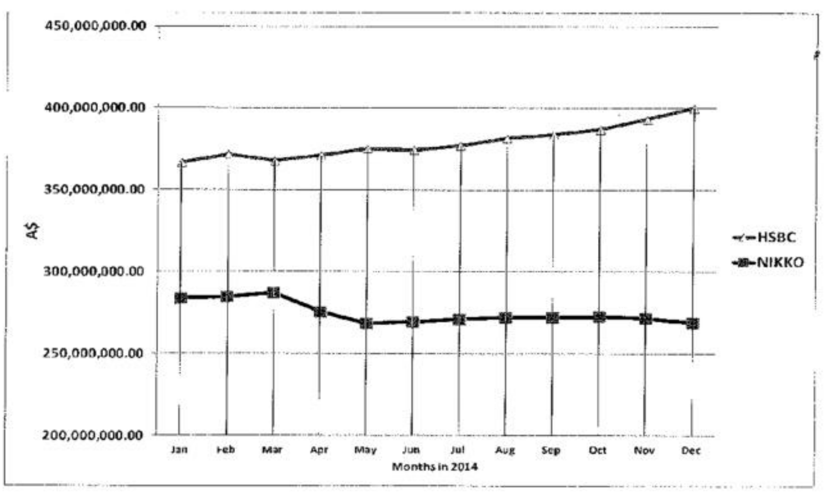
Figure 3: RERF Main Transactions in 2014:

Month	Deposits	Withdrawals
January		10,000,000
May		8,370,000
June	10,000,000	

Fund Managers performance

As can be seen in the figure below, HSBC is outperforming NIKKO clearly. For instance, at the end of 2014, the difference in value widens significantly between the two funds. As a matter of fact, while HSBC increases by $33 million, NIKKO declines by $15 million.

Figure 5. HBSC versus NIKKO (2014)



59

The table below shows each RERF account managed by HSBC, NIKKO, and State Street from January to December 2014:

Table 4: Monthly Net Asset Valuation (January 2014 – December 2014)

Months	HSBC Equity	HSBC Bond	HSBC Total	Nikko	State Street Global Advisors	Total Fund
Jan-14	196,048,649.00	170,490,520.73	366,539,169.73	283,661,673.17		650,200,842.90
Feb-14	200,779,307.88	170,977,576.52	371,756,884.40	284,723,131.46		656,480,015.86
Mar-14	196,650,331.34	171,117,211.39	367,767,542.73	287,092,029.51		654,859,572.24
Apr-14	198,886,551.93	172,333,893.84	371,220,445.77	275,461,834.76		646,682,280.53
May-14	201,045,920.90	174,061,508.94	375,107,429.84	268,487,731.98		643,595,161.82
Jun-14	204,896,721.68	169,512,838.91	374,409,560.59	269,477,468.56		643,887,029.15
Jul-14	206,600,088.79	170,354,930.28	376,955,019.07	270,976,390.10	10,004,416.07	657,935,825.24
Aug-14	209,637,032.85	171,874,781.17	381,511,814.02	272,043,506.49	10,025,177.43	663,580,497.94
Sep-14	211,866,177.57	171,978,207.64	383,844,385.21	272,237,465.70	10,048,431.20	666,130,282.11
Oct-14	213,369,448.33	173,547,461.03	386,916,909.36	272,734,245.72	10,071,532.89	669,722,687.97
Nov-14	217,826,184.19	175,241,781.82	393,067,966.01	271,682,855.07	10,093,972.85	674,844,793.93
Dec-14	222,452,251.39	177,461,763.53	399,914,014.92	268,939,339.71	10,117,718.30	678,971,072.93

Source: Investment Unit, NEPO

- At the end of December 2014, the $10 million invested in State Street Global increases to $10.1 million.
- The Equity and Bond balance invested in HSBC increases from $366,539,169.73 to $399,914,014.92 generating a net income of $33 million.
- The Equity and Bond balance invested in NIKKO decreases from $283,661,673.17 to $268,939,339.71 generating a net loss of $15 million.

60

Table 5 Summary of ASSET Management in 2014

SUMMARY OF ASSET MANAGEMENT
AS AT 31 DECEMBER 2014
BY HSBC AND NICAM

TYPES OF INVESTMENT BY / FUND MANAGERS	Q4G1 EQUITIES HSBC	Q4G2 BONDS HSBC	Q4G1&Q4G2 EQUITY&BOND HSBC	Q4G3 EQUITY&BOND NICAM	Q4G4 State Street Custodians	Q4G3 & Q4G4 Nicam & State street	TOTAL ASSETS INVESTED WITH HSBC,NICAM& State Street
OPENING MARKET VALUE	215,495,633.19	157,536,058.17	372,971,691.36	287,944,401.22	-	287,944,401.22	660,916,092.58
CONTRIBUTIONS	-	-		-	10,000,000.00	10,000,000.00	10,000,000.00
CASH TRANSFER IN	5,600,000.00	10,500,000.00	16,100,000.00	-	-	-	16,100,000.00
CASH TRANSFER OUT	(10,500,000.00)	(5,600,000.00)	(16,100,000.00)	-	-	-	(16,100,000.00)
ASSET TRANSFER IN	-	-	-	-	-	-	-
ASSET TRANSFER OUT	-	-	-	-	-	-	-
LESS DRAWDOWNS	(5,000,000.00)	-	(5,000,000.00)	(13,370,000.00)	-	(13,370,000.00)	(18,370,000.00)
	205,535,633.19	162,436,058.17	367,971,691.36	274,574,401.22	10,000,000.00	284,574,401.22	657,546,092.58
ADD: INCOME							
Dividend Income	5,563,452.79	-	5,563,452.79	-	-	-	5,563,452.79
Interest Income	78,565.22	5,405,355.09	5,433,920.31	9,600,635.53	117,718.30	9,718,353.83	15,152,274.14
Other Income	7,271.97	2,441.18	9,713.15	(7,351.40)	-	(7,351.40)	2,361.75
Settlement Variance	0.04	0.63	0.67	0.01	-	0.01	0.68
Currency Gain/Loss Security Settlement	(144,224.38)	(169,900.69)	(314,125.07)	39,936.03	-	39,936.03	(274,189.04)
Security Gain/Loss on FX Settlement	(45,424.01)	1,182,608.26	1,137,184.25	(1,925,212.83)	-	(1,925,212.83)	(788,028.58)
Security Gain/Loss on Interest Received	-	(1,138.79)	(1,138.79)	(42.70)	-	(42.70)	(1,181.49)
Security Gain/Loss on Dividend received	11,662.61		11,662.61		-	-	11,662.61
Security Gain/Loss on Tax refund received	(121.66)		(121.66)		-	-	(121.66)
Average Gain/Loss on currency disposal	1,977.89	13,755.72	15,733.61	206,025.83	-	206,025.83	221,759.44
Average Currency Gain/Loss	2,693,951.06	1,208,958.82	3,902,909.88	225,284.76	-	225,284.76	4,128,194.64
Average Security Gain/Loss	31,397,308.12	(219,498.57)	31,177,809.55	(9,368,816.31)	-	(9,368,816.31)	21,808,993.24
Total Income	39,514,419.65	7,422,581.65	46,937,001.30	(1,229,541.08)	117,718.30	(1,111,822.78)	45,825,178.52
LESS: EXPENSES							
Management Fees	372,630.27	301,573.75	674,204.02	439,159.30	-	439,159.30	1,113,363.32
Custodian Fees	165,383.37	41,741.53	207,124.90	66,828.68	-	66,828.68	273,953.58
Tax Expenses	218,746.53	2,971.56	221,718.09	(17,517.92)	-	(17,517.92)	204,200.17
Other Fees	5,409.93	-	5,409.93	3,189.56	-	3,189.56	8,599.49
Total Expenses	762,170.10	346,286.84	1,108,456.94	491,659.62	-	491,659.62	1,600,116.56
Net Income	38,752,249.55	7,076,294.81	45,828,544.36	(1,721,200.70)	117,718.30	(1,603,482.40)	44,225,061.96
LESS: OPENING UNREALIZED APP/DEP	48,890,047.58	4,113,467.36	53,003,514.94	1,437,285.41	-	1,437,285.41	54,440,800.35
ADD: CLOSING UNREALIZED APP/DEP	27,054,416.23	12,062,877.91	39,117,294.14	(2,476,575.40)	-	(2,476,575.40)	36,640,718.74
Net Gain/Loss on Unrealized APP/DEP	(21,835,631.35)	7,949,410.55	(13,886,220.80)	(3,913,860.81)	-	(3,913,860.81)	(17,800,081.61)
CLOSING MARKET VALUE	222,452,251.39	177,461,763.53	399,914,014.92	268,939,339.71	10,117,718.30	279,057,058.01	678,971,072.93
EQUITIES	178,478,107.51	-	178,478,107.51	-	-	-	178,478,107.51
FIXED INCOME/BONDS	-	156,880,796.01	156,880,796.01	8,770,644.87	-	8,770,644.87	165,651,440.88
SHORT TERM INVESTMENT	-	-	-	259,762,266.35	10,116,706.02	269,878,972.37	269,878,972.37
CASH EQUIVALENTS	43,760,053.98	18,833,098.03	62,593,152.01	(1,652,287.92)	273.97	(1,652,013.95)	60,941,138.06
CASH/RECEIVABLES/PAYABLES	214,089.90	1,747,869.49	1,961,959.39	2,058,716.41	738.31	2,059,454.72	4,021,414.11
	222,452,251.39	177,461,763.53	399,914,014.92	268,939,339.71	10,117,718.30	279,057,058.01	678,971,072.93
							660916092.6
							18,054,980.35

61

5.6 Appendix Six: Deposits – 2014

Statement No.IX – Deposits with the Government of Kiribati as at 31st

	GL code	2014	2013
Deceased Native State (S*)		(1,181,224.36)	(1,030,032.14)
PUBLIC OFFICERS			
Salary Allotment (Q0057*)		(21,787.35)	(20,874.35)
Save As You Earn Scheme (T*)		(10,698.15)	(8,018.40)
		(32,485.50)	(28,892.75)
SUNDRY DEPOSITS (Os)			
Trade Creditors Overseas	O0000000010A	(145.54)	(145.54)
Trade Creditors Local	O0050000010A	103,333.18	112,314.16
KHC Rent	O0050006000A	318,933.07	276,226.10
Service Charge	O0050006001A	(4,715.57)	(3,284.17)
Telmo Salaries	O0050006003A	480.14	480.14
Bank Salaries	O0050006004A	(3,649,961.38)	(321,277.04)
KPF loan	O0050006005A	(1,670,244.95)	19.53
Kiribati Insurance Corporation	O0050006006A	(34,635.19)	(73,468.99)
Development Bank	O0050006007A	586,199.55	(79,081.17)
Housing Loans	O0050006008A	(153,936.71)	(153,997.23)
Chief Registrar	O0050006010A	(113,473.53)	(239,284.41)
Linnix Service Charge	O0050006012A	(7,615.50)	(2,595.00)
Constabulary Reward	O0050006015A	(413.50)	(686.85)
Prison Fund	O0050006024A	(33.40)	(33.40)
Security Bond Immigration	O0050006040A	(104,258.69)	(103,108.69)
Private Works PWD	O0050006067A	(74,549.85)	(73,544.65)
Motiere Teuaai	O0050006101A	50.00	50.00
BOK Savings Accounts	O0050006113A	(276,892.71)	(253,365.06)
Forum Fisheries	O0050006114A	(40.95)	(40.95)
Contribution to KPF	O0050006115A	1,815,099.16	1,697,144.06
ODA Advance Funding	O0050006116A	259.35	259.35
Bank Agency arrangement	O0050006117A	4,399,194.76	2,949,557.68
FDA Loans	O0050006119A	1,368,982.06	1,368,982.06
Telecom training Costs	O0050006140A	0.20	0.20
Police Fund	O0050006150A	5,550.11	5,550.11
Juduciary - Deposit (KSSL/BSL)	O0050006321A	40.00	40.00
Small Industry Project	O0050006325A	(24,786.86)	(24,786.86)
DOL Trust Fund	O0050006328A	55,653.83	47,662.90
BKL Deposit On Outer Islands	O0050006329A	(1,271,310.94)	(1,268,865.67)
Prior periods Unclaimed Chqs	O0050006330A	(639,244.21)	(135,302.38)
No1 unidentified Credit	O0050006334A	(203,731.74)	220,048.63
	O0050006335A	1,025.70	0.00
Outer Island other deposit	O0050006338A	143,690.52	114,995.17
Uncollected Telmos	O0050007186A	(13,503.80)	(12,558.50)
Overpayment Claims	O0050007187A	(106,022.03)	0.00
BPC Banaba - Perpertual Deposi	O0050007790A	(5,500.00)	(5,500.00)
Deed of Release 2007-08 MPLID	O0050007792A	(199,161.61)	(199,161.61)
Contra Bank Statements	O0050009988A	718,471.75	(3,600.47)
Bank Charges Salary Deduction	O0050009999A	(21,940.55)	(21,940.55)
Uncollected PVs in 2014	O0050201401A	(68,439.59)	0.00
Uncollected Project PVs 2014	O0050201402A	(8,822.54)	0.00
		863,582.04	**3,817,700.90**
TELMOs			
Total telmo receipts	P	(218,345,450.54)	(199,626,500.41)
Total telmo payments	I	217,551,011.12	195,260,253.96
		(794,439.42)	(4,366,246.45)
		(1,144,567.24)	(1,607,470.44)

28