Kiribati Audit Office

PERFORMANCE AUDIT REPORT OF THE AUDITOR GENERAL

MWYSSA AND MFED MANAGEMENT OF THE SUPPORT FUND FOR THE UNEMPLOYED (SFU)

REPORT NO. 2/2025

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Audit for an impact for the public

File ref: 2/2025 December 4, 2025

The Speaker
Maneaba ni Maungatabu
Ambo, Tarawa

Dear Honorable Speaker

I am pleased to forward to you a Performance Audit Report titled 'Management of the Support Fund for the Unemployed (SFU) by MWYSSA and MFED' for tabling in the Maneaba ni Maungatabu pursuant to Subsection 41(2) of the Kiribati Audit Act 2017.

The audit has been conducted in accordance with the requirements of the Kiribati Audit Act 2017 and relevant professional standards including ISSAI 3000- Performance Audit Standard.

A copy of this report is also sent to His Excellency Te Beretitenti, and the Honorable Vice President and Minister of Finance and Economic Development, as required under Section 114 (3) of the Constitution.

Yours sincerely

Eriati Tauma Manaima
Auditor General

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LIST OF ACRONYMS

ASWO	Assistant Social Welfare Officer
BTC	Betio Town Council
CRS	Civil Registration System
DW	Departmental warrant
ETC	Eutan Tarawa Council
ID	Identification
IDI	INTOSAI Development Initiative
ISSAI	International Standards of Supreme Audit Institutions
KAO	Kiribati Audit Office
KPF	Kiribati Provident Fund
MCIC	Ministry of Commerce Industry and Cooperatives
MEHR	Ministry of Employment and Human Resources
MFED	Ministry of Finance and Economic Development
MOE	Ministry of Education
MOJ	Ministry of Justice
MWYSSA	Ministry of Women Youth Sport and Social Affairs
PIN	Personal Identification Number
PSO	Public Service Office
PV	Payment Voucher
SA	Senior Accountant
SCA	Senior Citizens' Allowance
SFU	Support Fund for the Unemployed
SPC	Social Protection Coordinator
SP-MIS	Social Protection Management Information System
SPU	Social Protection Unit
TOR	Terms of Reference
TUC	Teinainano Urban Council
WGITA	Working Group on IT Audit

EXECUTIVE SUMMARY

Background of Audit

In line with KAO's mandate under section 24 of the Kiribati Audit Act 2017, KAO carried out a performance audit on the Support Fund for the Unemployed (SFU), with a focus on its management by the Ministry of Women, Youth, Sports, and Social Affairs (MWYSSA) and the Ministry of Finance and Economic Development (MFED).

This audit assessed the management of the SFU by the MWYSSA and MFED, focusing on processes from registration and submission to review, transmission of completed applications to the SFU database, data integrity checks, SFU disbursement of payments, reconciliation, and reporting. The Social Protection Unit in the MWYSSA was formed in 2020 when the SFU was introduced and is mandated under the SFU policy (2022) to carry out this initiative by being responsible for paperwork and logistics, keeping the register, receiving returns and work in collaboration with related Ministries/Institutions/Private Sectors in collecting and collating relevant or required data. The MFED is not stated in the SFU policy (2022); however, it is included in the Operations Manual for the Senior Citizens' Allowance (SCA) and Support Fund for the Unemployed (SFU) in 2024. For the years 2020 – 2024, the Government spent approximately $156 million on the SFU for all islands, representing the total value managed by MWYSSA and MFED. The Policy and Guidelines for the Support Fund to the Unemployed, also known as the SFU policy, was introduced in 2022 by Cabinet to guide the management of the SFU. The audit provides insight into MWYSSA's and MFED's operational management, policy, and regulation compliance, to ensure efficiency and effectiveness in SFU management.

The audit period covered January 1, 2020, to December 31, 2024, with in-depth reviews conducted in Teinainano Urban Council (TUC), Betio Town Council (BTC), Eutan Tarawa Council (ETC), and Abaiang – areas with the highest beneficiary populations.

Motivation

The SFU is one of the key topics which is selected due to the significant amount of spending the Government of Kiribati allocated towards, the topics attract high public interest and queries, and they are also regularly discussed at the meeting of the Maneaba ni Maungatabu.

Key Findings

The presentation of findings below is organized into three main parts. First, it will discuss the audit findings for the MINISTRY OF WOMEN YOUTH SPORTS AND SOCIAL AFFAIRS (MWYSSA), second, it will highlight audit findings pertaining to the MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT (MFED), and finally, the AUDIT CONCLUSION & RECOMMENDATION part.

1) <u>MWYSSA FINDINGS</u>

a) Non-compliance with SFU policy requirements

Based on interviews with SFU Taskforce members and MWYSSA–SPU officers, the audit found no evidence that monitoring and evaluation activities for the SFU have been carried out for the years 2020 to 2024. This is primarily due to a lack of communication evidence between ASWO with MWYSSA and the SFU task force members. The audit also found that there is no documented Terms of Reference (TOR) for the SFU Taskforce.

Based on interviews with SFU Taskforce members and MWYSSA–SPU officers, the audit found no evidence of monthly communication or data submissions between MWYSSA and these stakeholders for the periods 2020–2023. For 2024, the evidence submitted to the Audit Office indicates that communication between MWYSSA and the stakeholders has also not occurred monthly. In addition, most stakeholders were unresponsive. These issues raise concerns regarding the accuracy of the SFU list produced by MWYSSA.

b) Weaknesses in the SFU registration process

During the audit fieldwork, the Audit Office requested application forms for the 1803 sampled SFU beneficiaries from 2020 to 2024, covering the four main islands. However, the Audit Office received only 39 application forms. This means only 39 beneficiaries—about 2% of the sample—had supporting documentation, while 1,764 records (98%) were missing. The auditee said this was due to the lack of a designated storage location for SFU files and limited staffing (only 3 people in the SPU at the time), despite thousands of applications being submitted daily. However, this is not a sufficient reason not to maintain the forms, given the time that has elapsed. As a result, the Audit Office conducted another verification with the Ministry of Justice (MOJ) through the Civil Registration Office (CRO) to confirm the 1803 samples by reviewing their birth certificates. The verification showed that of the 1803 applicants, 99.78% had their births registered; only 0.22% were not yet registered in the Civil Registration System (CRS).

c) Inadequate review of SFU application forms

Based on the review of the obtained 39 application forms, for the 2020-2024 financial year under audit, which covers the four main islands mentioned earlier, the audit found that seventeen (17) forms from ETC and BTC were not signed by the Assistant Social Welfare Officer (ASWO) as a witness, as required under the SFU Policy. This means that these seventeen (17) forms were incomplete and were listed on the SFU list as SFU beneficiaries. The missing witness signature indicates a failure in a key control designed to validate applicant information and increase the likelihood of fraudulent, ineligible, or duplicate applications being processed. This undermines the integrity of the SFU list. These figures could have likely been higher if the Audit Office had managed to obtain all the missing 1,764 application forms included in our sample.

The Audit Office also found that none of the 39 forms had been marked as received by the MWYSSA officials. The absence of formal acknowledgement for processed application forms represents a high-risk control gap, exposing the SFU payment process to potential fraud and a lack of accountability. This also undermines the integrity of the SFU list and poses a significant threat to its credibility.

d) Weaknesses in the MWYSSA SFU Database

Based on the review of the SFU lists provided to the Audit Office for 2020 – 2024 for the four sampled islands (Abaiang, BTC, TUC, ETC) and interviews with the MWYSSA – SPU officers, the audit found the following issues that contribute to the lack of SFU database integrity and reliability.

The first issue relates to the poor quality of information entered into the SFU database. The audit found that 416 beneficiary forms lacked essential information, such as gender and parental names. There is no reconciliation of records between the MOJ Civil Registration System (CRS) and the MWYSSA SFU database.

The second issue relates to the SFU database routine backup. Although MWYSSA claimed fortnightly routine backups, the findings shows that backups for years 2020 - 2023 were rarely performed. For instance, there was only one backup for the year 2020, two in 2021, four in 2022 and 2023. For 2024, MWYSSA claimed quarterly routine backups, but no evidence has been provided to the audit.

The third issue relates to the MWYSSA database access control. The audit found that there is no access control to the SFU database. This means anyone, at any time, can access and make changes to the SFU database without being tracked by the system administrator. This poses a huge risk to the SFU database integrity and reliability. MWYSSA IT officer confirmed that there are no access controls in the system.

e) Inaccuracy and unreliability of the SFU list

The audit found the following issues that contribute to the lack of reliability and integrity of the SFU list.

Firstly, based on the review of the SFU list provided to the Audit Office for 2020 – 2023 for the four sampled islands, the audit found 18 instances of duplicate applicant IDs—12 in the TUC list (Jan–Mar 2021) and 6 in the BTC Disability list (Oct–Dec 2023). This could be an issue when these duplicate records could lead to duplicate payments.

Secondly, after verifying the eligibility of the SFU beneficiaries for the period 2020 – 2024 for the four sampled islands, the audit found ineligible beneficiaries, such as:

- 84 in-country students found on the SFU list in 2021,
- a security guard from Abaiang was on the SFU list for 2020-2021,
- 268 employed people (around 15% of the sample) found on the SFU list 2024,
- 12 SFU beneficiaries (around 1% of the sample) not yet registered in the CRS were found on the SFU list TUC & BTC 2024,
- 89 (around 5% of the sample) deceased beneficiaries were found on the SFU 2024 list,
- 12 PALM WORKERS (around 1% of the sample) were found on the 2024 SFU list, and
- 2 private sector employees (about 0.11%) entitled to leave grant were found on the 2024 SFU list.

This means people are receiving SFU benefits even though they do not meet the eligibility requirements. This likely results from the SFU Taskforce's failure to fulfil its oversight role as required by the SFU policy (2022), and from a lack of monthly communication among stakeholders.

The total amount lost due to ineligible and duplicate beneficiaries is $71,500.00 (477 findings × $150 per beneficiary).

2) <u>MFED FINDINGS</u>

Poor control of SFU payment

f) Poor paperwork for SFU transactions

Upon review of the SFU beneficiary lists provided to the Audit Office for the period 2020-2024 for the four sample islands (Abaiang, BTC, TUC, ETC), the audit found that approximately 35% of the SFU's actual expenditure (equivalent to approximately $55.3 million) lacked proper supporting documentation, such as the SFU signed lists.

g) Poor documentation of authorization letters for SFU payments

Based on the review of SFU lists and authorization letters for the years and the island concerned, the audit found that funds were routinely issued to third parties without proper written authorization, violating numerous Financial Regulations and Public Finance laws. For the year 2022 – 2023 BTC & TUC SFU list, out of 404 reviewed cases that cover BTC & TUC 2021 - 2023, the audit found that 394 or 97% have no authorization letters. For the year 2024, out of 421 reviewed cases that cover Abaiang, ETC, BTC & TUC, the audit found that 100% have no authorization letters. The total amount of the lacked documented approval is $122,250.00, indicating a high risk of fraud or mismanagement. This raises questions about the legitimacy and consent of those transactions and whether the funds have gone to the intended beneficiaries.

h) Poor control and maintenance of SFU Receipts for Unclaimed benefits.

Based on the review of receipts for the years 2020 – 2024 that cover the four sampled islands, the audit noted poor control over the issuance, reconciliation, and archiving of receipts. Most receipts for unclaimed SFU benefits were lost due to several reasons, such as the loss of a laptop that was used to store receipts. The lost receipts include TUC receipts from 2020, 2023, and 2024, BTC receipts from 2021 and 2022, and receipts for Abaiang, ETC, from 2023. Audit also found that there is no evidence of reconciliation between returned unclaimed funds and the SFU lists since Treasury is unable to provide these records. This systemic poor management and safeguarding of financial records indicates a lack of accountability and increase the high risk of fraud, waste, and abuse.

i) Poor type of ID used.

Based on the review of SFU lists from 2020 – 2024 across the four sample islands, the audit found that 215 beneficiaries received the fund using non-national IDs (e.g., passports or driver's licenses). In Kiribati, it is common to have two or more people with the same first and second names. A National ID has a unique identification number on it that other forms of ID lack, increasing the risk of paying money to the wrong person. MWYSSA confirmed that cases involving people with the same names have occurred. To reduce the risk of paying the SFU to the wrong person, tellers should only accept the National ID.

j) Lack of an Acquittal report between MFED and MWYSSA

Based on discussions, MFED was uncertain about the submission of acquittal reports for the years 2020 to 2021 due to a lack of proper handing over. However, for the period 2022 to 2024, MFED claimed to have sent SFU acquittal reports to MWYSSA, but MWYSSA denied receipt of all reports. There is no evidence that MFED acquittal reports were submitted to MWYSSA. This lack of coordination and communication undermines the timely reconciliation and reporting of SFU disbursements, as well as the tracking of SFU funds being spent and unclaimed.

3) CONCLUSIONS & RECOMMENDATIONS

Conclusions

MWYSSA

a) **Non-compliance with SFU policy requirements** – The audit found no evidence that the SFU taskforce carried out monitoring and evaluation (M&E) of the SFU in line with the SFU policy (2022) for the years 2020 - 2024. The M&E entails obtaining and reconciling the updated lists from key stakeholders such as the MWYSSA, MOJ, PSO, KPF, Tax Office, etc. The audit also found that there is no documented terms of reference for the SFU taskforce. Additionally, the audit found no evidence of monthly communication between MWYSSA and other stakeholders. Evidence from 2024 indicates that communication is not effective, as it is not conducted monthly, and most stakeholders were not responsive. For these reasons, the audit concludes that the MWYSSA – SPU did not adhere to the established policy.

b) **Weaknesses in the SFU registration process** – The audit found that out of the 1803 sampled SFU beneficiaries, 98% were not supported by documentation. This lack of proper filing and record maintenance represents an inconsistent practice with the SFU policy (2022), making it impossible to verify the eligibility and legitimacy of most beneficiaries. The absence of documentation undermines the reliability and transparency of the SFU program and exposes it to significant risks of fraud, error, and misuse of public funds. For these reasons, the audit concludes that MWYSSA's documentation and maintenance of the SFU application forms for the years 2020 - 2024 are poor and did not adhere to the established policy.

c) **Inadequate review of SFU application forms –** The audit found that out of 39 application forms obtained, 17 lacked the required ASWO witness signatures and official acknowledgements, which is inconsistent with the SFU Policy (2022). This means that these 17 application forms were incomplete; however, 16 of them were still included on the SFU list. The findings could have been higher if the Audit Office had obtained the missing 1,764 application forms. These missing controls increase the risk of fraudulent or ineligible applications being approved, undermining the accuracy and credibility of the SFU beneficiary list. For these reasons, the audit concludes that MWYSSA – SPU did not adequately verify the accuracy of the information provided by the applicant for the years 2020–2024.

d) **Weaknesses in the MWYSSA SFU database** – The audit found that there is a data mismatch of SFU beneficiaries between the MWYSSA SFU database and the MOJ CRS, irregular data backups of the SFU database, and the absence of access controls. These weaknesses expose the database to high risks of data loss, unauthorized modification, and inaccurate or duplicate beneficiary records, undermining the fairness, transparency, and accountability of SFU payments. For these reasons, the audit concludes that the SFU database lacks integrity and reliability for the years 2020 - 2024.

e) **Inaccuracy and unreliability of the SFU list** – The audit found duplicate applicants and IDs, ineligible and deceased beneficiaries, and unregistered or "ghost" beneficiaries on the SFU list, amounting to $71,500.00. This indicates that the MWYSSA – SPU did not adequately assess the eligibility of applicants for the SFU program. This can be due to the failure of the SFU taskforce to perform its oversight role as required and irregular communication between stakeholders. This not only undermines the credibility and fairness of the SFU program but also exposes public funds to misuse and potential fraud. For these reasons, the audit concludes that MWYSSA – SPU did not adequately assess the eligibility of applicants for the SFU program in 2020 – 2024, resulting in the lack of reliability and integrity of the SFU list.

MFED

Poor control of SFU payment

f) **Poor paperwork for SFU transactions** – The audit found that approximately 35% of total expenditure—amounting to about $55.3 million—was unsupported by essential documentation, and with missing paperwork peaking at 88% in 2023 for the sampled islands, the findings indicate a serious deterioration in internal controls. The absence of critical supporting records not only undermines accountability but also increases the risk of misuse, error, or fraud, as payments cannot be reliably traced or verified for eligibility. For these reasons, the audit concludes that the MFED did not efficiently pay out SFU to the recipients due to poor paperwork for the SFU transactions during the years 2020 - 2024.

g) **Poor documentation of authorization letters for SFU payments** – The audit found that for the year 2022-2023, 404 SFU beneficiaries had their funds collected by relatives or public officials, with 97% without proper authorization, amounting to $59,100. In 2024, the audit found 421 SFU beneficiaries had their fund collected by relatives, with 100% without proper authorization, amounting to $63,150. Overall, the total amount of the lacked documented approval is $122,250. This raises significant concerns regarding the legitimacy of these transactions and whether the intended beneficiaries received their payments. For these reasons, the audit concludes that the MFED did not efficiently pay out SFU to the recipients due to poor maintenance and documentation of authorization letters for SFU payments for the years 2020 – 2024.

h) **Poor control and maintenance of SFU receipts for unclaimed benefits** – The audit found no evidence of TUC receipts from 2020, 2023, and 2024, BTC receipts from 2021 and 2022, and receipts for Abaiang, ETC from 2023. The audit also found no evidence of reconciliation between returned unclaimed funds and the SFU list. This systemic poor management and safeguarding of financial records indicate a lack of accountability, and increase the high risk of fraud, waste, and abuse. It also indicates non-compliance with established Kiribati financial regulations that require the maintenance of receipts. For these reasons, the audit concludes that the MFED did not efficiently pay out SFU to the recipients, as it failed to keep proper records of SFU receipts for unclaimed benefits for the years 2020–2024.

i) **Poor type of ID used** – The audit found that 215 SFU beneficiaries continued to use non-national identification, such as driver’s licenses or passports, which lack a unique PIN, during the 2024 payment cycles. This practice increases the risk of fraudulent claims, particularly when multiple individuals share the same name, as it becomes difficult to verify the rightful beneficiary. Although SFU policy does not explicitly require the national ID, verbal guidance from the SPC on 25 October 2024 indicated it is the preferred form of identification. The findings highlight a gap in verification controls and underscore the need to formalize identification requirements and enforce their use to protect program integrity and prevent potential misuse of funds.

j) **Lack of acquittal report between MFED and MWYSSA** – The audit found no evidence of acquittal reporting between MFED and MWYSSA for the years 2020 – 2024. This indicates significant weaknesses in the reporting and communication processes between MFED and MWYSSA regarding SFU payment acquittals. This lack of timely and complete reporting undermines transparency, impedes effective monitoring of SFU payments, and increases the risk of mismanagement or errors in fund disbursement. For this reason, the audit concludes that the MFED did not efficiently provide reports to MWYSSA.

Recommendations

MWYSSA

		Finding Ref
a)	The Audit Office recommends that MWYSSA a. Establish an MOU – Draft and formalize a Memorandum of Understanding (MOU) between MWYSSA and key Ministry Stakeholders to outline expectations, responsibilities, and communication procedures; b. Ensure regular communication – Sharing of Monthly Reports and Cabinet Papers with key stakeholders as introduced by SPU in January 2025; c. Share the SFU policy to relevant stakeholders and conduct awareness-raising activities with relevant stakeholders. This will help to keep stakeholders informed about their obligations in the provision of data to ensure that the SFU beneficiary list remains updated; d. Mandate that all SPU staff members use official email addresses; and e. Document all trackers received and data shared in monthly reports and cabinet reports. Trackers and data received from key stakeholders should be saved on the SPU server.	4.1.1 & 4.1.2
b)	The Audit Office recommends SPU establish clear electronic storage protocols and a schedule of system backups to ensure SFU files are safely stored and accessible.	4.2.1
c)	The Audit Office recommends that the MWYSSA – SPU should establish clear authorization procedures. The SPU must define and implement a formal process that requires the SPC to approve new applications before they are entered into the system.	4.3.1
d)	A) The Audit Office recommends that SPU – MWYSSA conduct regular data validation and system audits to identify and correct incomplete beneficiary information. B) The Audit Office recommends that the SPU should enhance data security and system integrity by Implementing Regular Data Backups – increase backup frequency and ensure backups are stored both on-site and off-site for disaster recovery. C) The Audit Office recommends that the SPU ensure data security and system integrity by (i) Establishing access controls - a role-based access control system is implemented to restrict system access based on user responsibilities and ensure that only authorized personnel can access, modify, or manage sensitive data.	4.4.1

	Enable system activity logs to track user actions and detect unauthorized access or modifications; and (ii) Audit logging – enable system activity logs to track user actions and detect unauthorized access or modifications.	
e)	1) The Audit Office recommends that MWYSSA implement stricter data validation controls to prevent duplicate IDs and payments by: a) Automating duplicate checks – integrate automated system controls to detect and flag duplicate IDs before finalizing payments; and b) Implement unique identifier controls – enforce the use of a unique identification system (e.g., national ID) for all applicants to prevent duplicate entries. 2) The Audit Office recommends that MWYSSA management strengthen compliance and enforcement of the SFU policy and guideline, and SPU ensure the verification process of applications is carried out effectively.	4.5.1

MFED

		Finding Ref
f)	The Audit Office recommends that the Senior Accountant (SA) for SFU should ensure that all payment lists are properly scanned within a week after the payout and filed in a consistent way. This will support audit processes and ensure hard copies are maintained in accordance with the financial regulations.	4.6.1
g)	The Audit Office recommends MFED works with MWYSSA on a new payment modality that will be piloted for SFU – digital payment solutions and transactive in the last quarter 2025.	4.6.2
h)	The Audit Office recommends that the MFED Senior Accountant for SFU reconciles the SFU list with unclaimed funds and ensure all unclaimed funds are receipted to the cashier immediately after the payment. The SA for SFU should keep a proper record of the unclaimed funds and receipts of these funds in the SFU drive for ease of access and audit.	4.6.3
i)	The Audit Office recommends that the Government update the policy to specify the National ID as the type of identification (ID) to be used when claiming the SFU, since it provides a unique ID for individuals with the same name.	4.6.4
j)	The Audit Office recommends that the Senior Accountant from MFED responsible for SFU should reconcile and submit the SFU report to SPC in MWYSSA 1 week after the SFU payment period. This will improve inter-agency communication for accurate and timely reporting.	4.6.5

CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND OF THE AUDIT

The audit examined how the MWYSSA and MFED manages the SFU from registration, submission & review, transmission of completed application to the SFU database, data integrity checks, SFU disbursement of payment and reconciliation and reporting.

The Social Protection Unit in the MWYSSA was formed in 2020 when the SFU is introduced and is mandated under the SFU policy (2022) to carry out this initiative by being responsible for paperwork and logistics, keeping the register, receiving returns and work in collaboration with retaled Ministries/Institutions/Private Sectors in collecting and collating relevant or required data. The MFED is not stated in this policy, however it is included in the Operations Manual for the Senior Citizens' Allowance (SCA) and Support Fund for the Unemployed (SFU) in 2024.

The two lead implementing Ministries of the SFU that the audit focuses on are (i) Ministry of Women Youth Sports and Social Affairs (MWYSSA) and the Ministry of Finance and Economic Development (MFED). These are the key ministries which are mostly involved in the SFU process such as the application process and SFU payouts.

From 2020-2024, the Government spent a total of $156m on the Support Fund for the Unemployed. The registration process until generating SFU list are under the control and management of the MWYSSA. The SFU payouts, reconciliation and reporting are under the control and management of the MFED.

The Policy and Guidelines for the SFU were developed in 2022 to guide the SFU management. The policy will be used as a platform to (i) provide financial support to improve standard of living (ii) motivate young people and adults to create peace in the country and encourage birth registration. The policy has been approved by the Cabinet.

The audit period covered January 1, 2020, to December 31, 2024, with in-depth reviews conducted in Teinainano Urban Council (TUC), Betio Town Council (BTC), Eutan Tarawa Council (ETC), and Abaiang – areas with the highest beneficiary populations.

1.2 MOTIVATION

Effective management of the Support Fund for the Unemployed is essential to its ongoing success and sustainability. This includes ensuring that the processes for registration, submission & review, transmission of completed application to SFU database, data integrity checks, SFU disbursement of payment, reconciliation and reporting are carried out effectively and efficiently by the implementing ministries. The SFU is one of the key topics which is selected for audit due to the significant amount of spending the Government of Kiribati allocated towards, the topics attract high public interest and queries, and they are also regularly discussed at the meeting of the Maneaba ni Maungatabu. For the years 2020 to 2024 – across all islands, the government spent a significant amount – approximately $156 million. Government expenditure on the SFU has steadily increased, reflecting a growing number of SFU beneficiaries. This audit was conducted to provide assurance to the Mwaneaba ni Maungatabu regarding the processes carried out by Social Protection Unit's (SPU) in MWYSSA and Treasury Unit in MFED for the registration, submission and review, transmission of completed application to SFU database, data integrity checks, SFU disbursement of payment, reconciliation and reporting, with a focus on their effectiveness and efficiency.

1.3 AUDIT OBJECTIVE

The objective of the audit is to provide an independent opinion to the Mwaneaba ni Maungatabu on the efficiency and effectiveness of managing the SFU by key implementing Ministries namely MWYSSA and MFED in accordance with established policies and guidelines by the Government and best practices.

1.4 AUDIT CRITERIA

A) Did the Social Protection Unit assess the eligibility of applicants?
B) Did the MWYSSA (SPU) adhere to established policy and guideline for SFU and best practices?
C) Did MFED efficiently pay out SFU to the recipients and provide report to MWYSSA?

1.5 AUDIT SCOPE

i. The audit will review the efficiency and effectiveness of the Social Protection Unit's administration process for Support fund for the Unemployed and ensure it is in accordance with established policy.
ii. SFU paid out in the year 2020 – 2024 for Tarawa (TUC, ETC, BTC) and Abaiang.
iii. Review stakeholders report to MWYSSA related to the eligibility of applicants.
iv. The accuracy and efficiency of SFU payments to beneficiaries by the Treasury Unit
v. Effectiveness of how the Social Protection Unit (MWYSSA) handle complaints from beneficiaries.

CHAPTER TWO: DESIGN OF THE AUDIT

2.1 LIMITATIONS ON OUR AUDIT WORK

SFU Receipts and Signed lists for the year 2020- 2021

Our design audit procedures include reviewing the SFU receipts and signed lists to:

(i) determine whether the MFED is accurately paying out the SFU to expected beneficiaries listed on the SFU list.

(ii) understand how the MFED is reporting back to the SPU – MWYSSA after the SFU payment.

During the audit, the Audit Office encountered difficulties in collecting all information from both MFED and MWYSSA. MFED staff, particularly within the Treasury, withheld key documents such as receipts and a signed SFU list from 2020 – 2021, despite being formally requested on four occasions, under the requirements of the Audit Act. In addition, because these documents were withheld, this has slowed down the audit work and impacted on the meeting of deadlines and completion of work within the expected timeframe.

Responsiveness to audit requests

The management failed to provide the requested information, documents, or access within the timeframe specified by the auditors, despite numerous follow-ups. These delays affect the audit schedule and potentially lead to limited findings or even scope limitations. Table 1 shows the timeline for audit documents requested and actual received.

Table 1: Responsiveness of Auditees & Other relevant stakeholders

No.	Document/Information Requested	Date Requested	Expected/Requested Submission Date	Actual Date Received	Variance
1.	MWYSSA Q1 to Q4_SFU list & DW 2020-2023	09/10/2024	23/10/2024	05/12/2024	43 days
2.	MFED Signed list 2020 - 2023	30/10/2024	13/11/2024	11/03/2025	118 days
3.	MFED Receipts 2020 – 2023	30/10/2024	13/11/2024	11/03/2025	118 days
4.	MFED Authorization letters 2020 - 2023	30/10/2024	13/11/2024	11/03/2025	118 days
5.	MWYSSA Q1 to Q4_SFU list & DW and PV for 2024	28/08/2025	04/09/2025	08/09/2025	4 days
6.	MFED signed list 2024	29/08/2025	03/09/2025	09/09/2025	6 days
7.	MFED 2024 Receipts & Authorization letter	29/08/2025	03/09/2025	31/10/2025	58 days
8.	MEHR Seasonal workers list	03/09/2025		26/09/2025	
9.	KPF list	12/08/2025	05/09/2025	05/09/2025	0 days
10.	MTCIC Leave Grant list	04/09/2025	11/09/2025	17/09/2025	6 days
11.	MOE Scholarship list with DOB	03/09/2025	08/09/2025		

2.2 AUDIT APPROACH AND METHODOLOGY

i. Document review

We review the policies to assess whether the current practice is in line with the established policies and guidelines. We reviewed documents and reports that contain SFU information and data. We also reviewed financial statements and budgets to assess the government spending on the SFU. List of documents reviewed is attached as **Appendix 1**.

ii. Interview

The Kiribati Audit Office interviewed the Social Protection Coordinator, and IT officer from MWYSSA related to the SFU process. We also conducted interviews with other relevant stakeholders who are members of the SFU taskforce such as the Kiribati Provident Fund (KPF), Ministry of Education (MOE), Ministry of Employment and Human Resource (MEHR), Public Service Office (PSO), Ministry of Justice (MOJ), and Ministry of Tourism, Commerce, Industry and Cooperatives (MTCIC). We conducted these interviews to corroborate and clarify information that we obtained from the documents reviewed. We also used interviews to assess the consistency of the SFU registration, submission & review, transmission of completed application to SFU database, data integrity checks, SFU disbursement of payment, reconciliation and reporting.

List of interviews is attached as **Appendix 2.**

iii. Observation and Inspection

On 23rd December 2024, we conducted direct observation of the SFU payment process at Gasgony Bikenibeu West Maneaba and Temaiku KUC Maneaba only. This was to ensure that the policy and guideline for Support Fund for the Unemployed was being followed.

On 22nd November 2024, we conducted direct observation of the SFU database system at the Social Protection Unit (SPU) boardroom. This is to understand the data entering, filtering and development of the SFU list.

iv. Email correspondence

The Audit Office exchanged email correspondence with the Director of SPU; the Senior Accountant of the Ministry of Finance and Economic Development (MFED); the Secretary of the Public Service Office (PSO); the Officer in Charge of the Ministry of Employment and Human Resources (MEHR); the Deputy Secretary of the Ministry of Tourism, Commerce, Industry and Cooperatives (MTCIC); the Education Officer for Senior Secondary and Scholarships; the Deputy Secretary of the Ministry of Education; the Chief Executive Officer, Loan Manager, and Manager of Member Services from the Kiribati Provident Fund (KPF); and the IT Assistant and Registrar of Births, Deaths, and Marriages from the Ministry of Justice (MOJ).

2.3 DATA VALIDATION

We have presented the management report to the MWYSSA and MFED Management, to confirm the accuracy of the information and to respond to our audit findings. And they have read and provided their comments on our findings. Their responses are included in this report.

2.3.1 RESPONSES FROM MINISTIRES

2.3.1.1 SECRETARY FOR MFED

We really appreciate this consultative and cooperative process.

This allowed Ministries to revise and improve findings of the audit report in respect to their Ministries and provide clarity on grey areas through in-person meetings and discussions.

We are always happy to be guided by KAO's recommendations to help improve and strengthen PFM and good governance.

CHAPTER THREE: DESCRIPTION OF THE SFU MANAGEMENT SYSTEM AND PROCESS

3.1 SYSTEM DESCRIPTION

3.1.1 BACKGROUND OF THE SUPPORT FUND FOR THE UNEMPLOYED (SFU)

The unemployment benefit or SFU is an allowance payable to unemployed individuals aged between ages 18-59 and have met the eligibility criteria. It is governed and enforced by the Policy and Guideline for Support Fund for the Unemployed (SFU) 2022. According to the policy, eligible people would receive a benefit of $50.00 per month which shall be paid in arrears by MFED in accordance with MWYSSA eligibility criteria.

According to the SFU policy (2022), in order to benefit from the SFU, the applicant must meet the eligibility criteria as follows:

I) Aged between 18-59 years and actively looking for employment.

II) Aged between 18-59 unemployed, regardless of whether their parent spouse is employed.

III) Disabilities aged between 18-59 who are unemployed and benefit from the DSA.

IV) Stranded nationals in Tarawa, particularly nurses and seafarers who have lost their employment.

V) Is a Kiribati citizen and is living in Kiribati.

Ineligibility to the SFU

I. Those who are imprisoned are not eligible under this scheme (may apply or reapply upon release).

II. Those who have reached 18 years but are still in school given that they are still funded under Free Education Policy from MOE.

III. Must not be formally employed in any of the Public and Private Sectors.

IV. Those residing outside Kiribati but may reapply upon return at least a month to benefit from the SFU.

V. Those who benefit from other Support or Allowances provided by Government unless specified.

Year	History of the Support Fund for the Unemployed (SFU)
1996	The first social protection benefit was introduced. It was called the Support for Underprivileged students.
2004	The Social Benefit Unit was formed in 2004 and was responsible for the Senior Citizens Allowance and Support for Underprivileged students. The Unit was under the responsibility of the Social Welfare Division. There were 3 staff in the unit.
2020	Support for the Unemployed (SFU) was introduced and a database was developed to support the operation of the program. Due to the extremely short lead time that was provided for the introduction of the SFU benefit, for the majority of the period that is covered in this
	Also, during this same period, the age for the Senior Citizens benefit was expanded to 60 years old.
2022	The Social Benefit Unit was transitioned to the Social Protection Unit.
	The SFU Policy and Guideline was developed
2023	The Social Protection Unit was expanded to include 6 staff including a Director for Social Protection.
Year	**Recent Activities of the SFU[1]**
2024	A Joint Operations Manual for Senior Citizens' Allowance (SCA) and SFU was developed to guide the operations of the Support for the Unemployed and the Senior Citizens Allowance.
	During August 2024, the SFU policy was revised. A draft Policy was submitted to MWYSSA Secretary at the request of the Secretary to Cabinet. The draft Policy is currently under discussion with MWYSSA leadership. It is expected to be finalized by Q4 2025. The Joint Operations Manual will be revised and updated to reflect the decisions made.
2025	The SPU was further expanded to include 8 staff members. Additional accounts positions have also been recruited, and staff are expected to be inducted in Q2 or Q3, expanding the team to 12 staff. However, only 2 positions are currently funded under the Government of Kiribati budget.
	In accordance with the Joint Operational Manual for SCA and SFU approved by MWYSSA Secretary in June 2024 the application form was revised.
	In January 2026, it is planned that beneficiaries living in South Tarawa who choose to receive their payments through Vodafone M-Paisa will receive their SFU benefits monthly. Manual payments will continue to be delivered quarterly. The Joint Operations Manual will be updated to reflect the new payment options when introduced.
	In 2026, it is planned that a Social Protection Management Information System will be procured and subsequently designed, digitizing systems and processes. This new system is expected to create enhanced efficiency, transparency and accountability for all key Ministry stakeholders supporting the delivery of Social Protection benefits in Kiribati.
	With the development of the SP-MIS it will be possible to both scan and upload all key documents using a tablet directly to the beneficiary file both in the Outer Islands and in the SPU. This streamlining of the process will make a significant improvement to efficiency in this area.

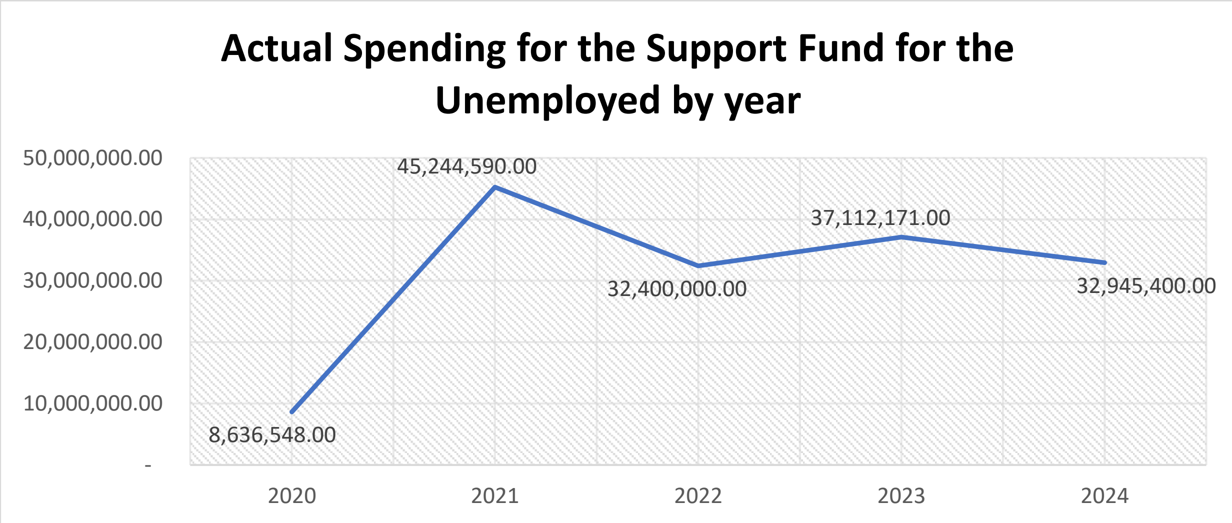
[1] These recent activities from 2025 to 2026 are outside of audit interest and period, such as Social Protection Management Information System and a Joint Operations Manual for SCA and SFU. These may address the findings of the audit but has not yet been assessed by the audit.

The SFU policy (2022) sets out the guideline through which the SFU will be managed. When implemented this policy will be used as a platform to:

- provide financial support to improve standard of living,
- motivate young people and adults to create peace in the country, and
- encourage birth registration.

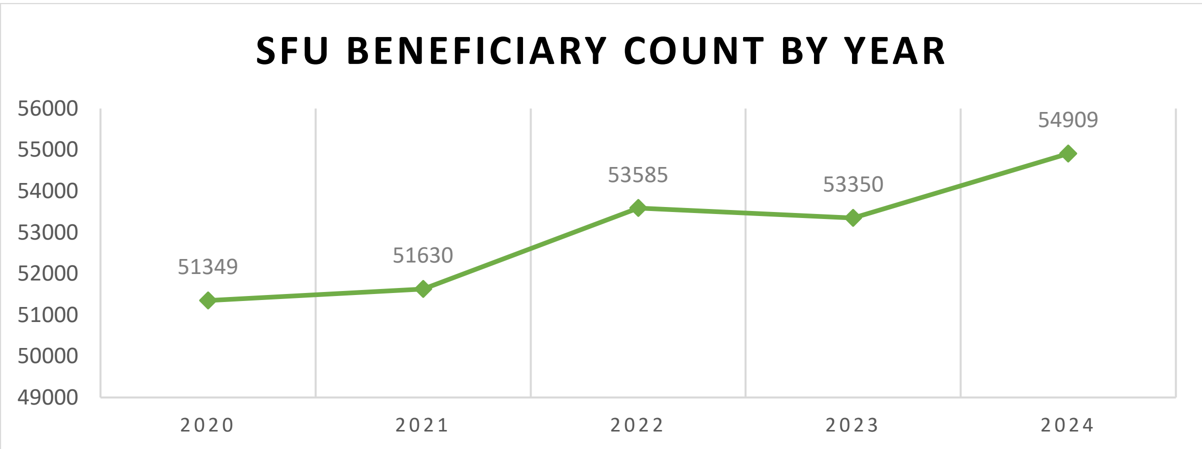
From 2019-2024, the Government spent approximately $156 million on the Support Fund for the Unemployed, representing the total amount paid to the SFU beneficiaries.

Figure 1: Actual Expenditure for SFU 2019 – 2024



(Extracted from MFED Annual Account Report, 2019-2023)

Figure 2: Number of SFU beneficiaries by year



(Extracted from SPU's Social Protection Coordinator and Director data)

3.1.2 GOVERNANCE & MANAGEMENT OF SFU

According to the SFU policy (2022), a number of ministries have a role in the administration of the SFU in 2020 to 2023.

(i) **Ministry of Women Youth Sports and Social Affairs (MWYSSA)**

- **Social Protection Unit (SPU)** – The MWYSSA is the responsible Ministry to carry out this initiative under this unit. It is responsible for the administration of the benefit, receipts of application and account transactions involving raising department warrants and sending them urgently to island councils. This Unit is involved in keeping the register and must have a record of data in the system as well as receiving returns from respective island councils and working closely on the acquittal process. The Unit must work in collaboration with related Ministries/Institutions/Private Sectors in collecting and collating relevant or required data.

(ii) **Ministry of Employment and Human Resources (MEHR) –** It will provide career counselling and advice so that the recipient progresses toward potential employment opportunities. The MEHR needs to report back to MWYSSA if the recipients managed to get a job. The MEHR also provides an updated list of seasonal workers and seafarers and other labour schemes. It also provides information on employees in the private sector.

(iii) **Ministry of Commerce, Industry and Cooperatives (MCIC) –** The MCIC will provide Start and Improve Your Business and Financial Literary trainings to recipients.

(iv) **Kiribati Chamber of Commerce and Industry (KCCI) –** The KCCI will provide an updated data on the number of people working at private businesses.

(v) **Public Service Office (PSO) –** The PSO will provide information of employees in the public sector.

(vi) **Ministry of Justice (MOJ) -** The MOJ will provide updated data and information on prisoners monthly.

(vii) **Kiribati Police Service (KPS) –** The KPS will provide an updated list of those who commit an offence or break the law monthly.

MONITORING AND EVALUAITON OF THE SFU

- **The SFU Taskforce -** comprises of relevant Ministries and Authorities (MWYSSA, MOJ, PSO, KPF, Tax Office, etc) who will provide overall monitoring and evaluation of the SFU, including the employment status of those receiving the SFU. The SFU Taskforce will be guided by its Terms of Reference (TOR).

- **ASWO** - they are responsible for a monthly monitoring and evaluation of the SFU in outer islands, who shall report to the SFU Taskforce through MWYSSA.

- The **MWYSSA** and **MEHR** shall monitor the job seeking activities of individuals receiving the SFU.

However, in 2024, A Joint Operations Manual for Senior Citizens' Allowance (SCA) and SFU was developed to guide the operations of the Support for the Unemployed and the Senior Citizens Allowance.

Stakeholder	Roles and responsibilities
MWYSSA	• Lead implementation of the SFU, working through its Social Protection Unit. • Ensure implementation of the programme in line with relevant legislation, policy and cabinet decisions. • Develop and regularly review and refine SFU standard operating procedures (SoPs) to maximise programme efficiency, effectiveness and accountability. • Ensure that public funds are used for the purpose intended and for developing systems and strategies for ensuring that benefits are only paid to eligible individuals. This to include suspending payments to individuals who have not collected their payments for an extended period of time with a view to conducting the necessary investigations. • Provide timely estimates of programme budget requirements as part of annual planning and budgeting processes. • Raise public awareness and understanding of the SFU's purpose and implementation modalities. • Provide client services in South Tarawa (receiving applications, complaints and case management requests) and through Assistant Social Welfare Officers (ASWOs) in the Outer Islands. • Regularly train partners (Island/Urban Council staff, payment partners etc.) on their roles and responsibilities and provide on-going technical assistance. • Verify applicants' eligibility for the SFU and calculate benefits due, liaising with other government Ministries and departments as necessary. In the event that MWYSSA does not receive employment data from any institutional partner, SFU payrolls shall be prepared on the basis that previous employment status information remains valid. • Engage and supervise payment delivery partners. This includes exploring options for maximizing the use of electronic payments to improve programme efficiency and accountability and promote financial inclusion. • Produce periodic payment lists and send these to payments partners for execution. • Ensure timely payment of allowances to tellers engaged to disburse payments, as requested by MFED. Note - **Such allowances shall only be paid upon submission of acquittal reports to MWYSSA by MFED.** • Request, review and archive acquittal reports provided by payment partners. • Production of Monthly Reports documenting funds dispersed and reports received. • Maintaining robust administrative records to ensure full accountability for decision-making and public resources. • Coordinating the SFU with any complementary interventions as opportunities arise. • Raise any concerns regarding non-compliance with relevant legislation, regulations or ethical standards with law enforcement agencies or the Public Services Ombudsman as appropriate. • Report on SFU implementation, and any challenges arising, to Cabinet at least quarterly through Cabinet Information papers.

<table>
<tr><th>Stakeholder</th><th>Roles and responsibilities</th></tr>
<tr><td>Urban/Island Councils</td><td>
Support implementation of MWYSSA’s public communications strategy to ensure that the public understand eligibility criteria, entitlements and complaints procedures.
Oversee the delivery of payments by Island Treasurers to eligible individuals as per the payment list provided by MWYSSA and ensure timely acquittal to MWYSSA.
Notify ASWOs of any individual on the SFU payment list who is ineligible by virtue of their employment, non-residency or other reason connected with the SFU eligibility criteria set out in this policy.
Support beneficiaries to submit complaints to MWYSSA through their ASWO as necessary.
Monitor SFU implementation and provide feedback and recommendations to MWYSSA as necessary.
Raise any concerns regarding non-compliance with relevant legislation, regulations or ethical standards with MWYSSA, law enforcement agencies or the Public Services Ombudsman as appropriate.
</td></tr>
<tr><td>Ministry of Finance</td><td>
Support MWYSSA to develop and regularly update SoPs for SFU payments.
Disburse manual payments in South Tarawa in accordance with agreed payment delivery SoPs and relevant public financial management regulations.
Ensure sufficient staff are available to manage payments in South Tarawa and submit requests to MWYSSA for payment of allowances to tellers as necessary.
Advance funds to Island Council and MLPID accounts for payments, ensuring funds arrive in sufficient time to allow for payments to take place on the agreed date(s).
Process transactive payments to beneficiary bank accounts as requested by MWYSSA on or before the 15th of each month, exercising appropriate due diligence to ensure that the correct bank details are used and that any failed payments are identified and resolved.
Ensure Island Treasurers and the MLPID finance department are fully aware of their roles and responsibilities in the implementation of SFU payments.
Ensure timely and complete acquittals for all payments made in South Tarawa and by Island Treasurers in the Outer Islands. Acquittal reports (for both manual and transactive payments) shall provide details of each and every individual paid to allow MWYSSA to generate accurate payrolls in the future and resolve any complaints effectively. Unless agreed otherwise, acquittal reports shall be submitted to MWYSSA 10 working days post payment for both Island Treasurers and 21 days post payment by Treasury.
Advise MWYSSA to ensure alignment of all SCA/SFU operations (and particularly payments) with Kiribati public financial management regulations. Ministry of Line and Phoenix Islands Development (MLPID).
</td></tr>
<tr><td>Ministry of Line and Phoenix Islands Development (MLPID)</td><td>
Disburse SFU payments in Kiritimati and ensure timely and complete reporting and reconciliation 14 days post payment, in accordance with MWYSSA’s payment delivery SoPs.
</td></tr>
<tr><td>ANZ bank</td><td>
Ensure that beneficiaries who receive their payments through ANZ bank accounts have reasonable access to low-cost payments services (ATMs, cash-back services etc.).
</td></tr>
</table>

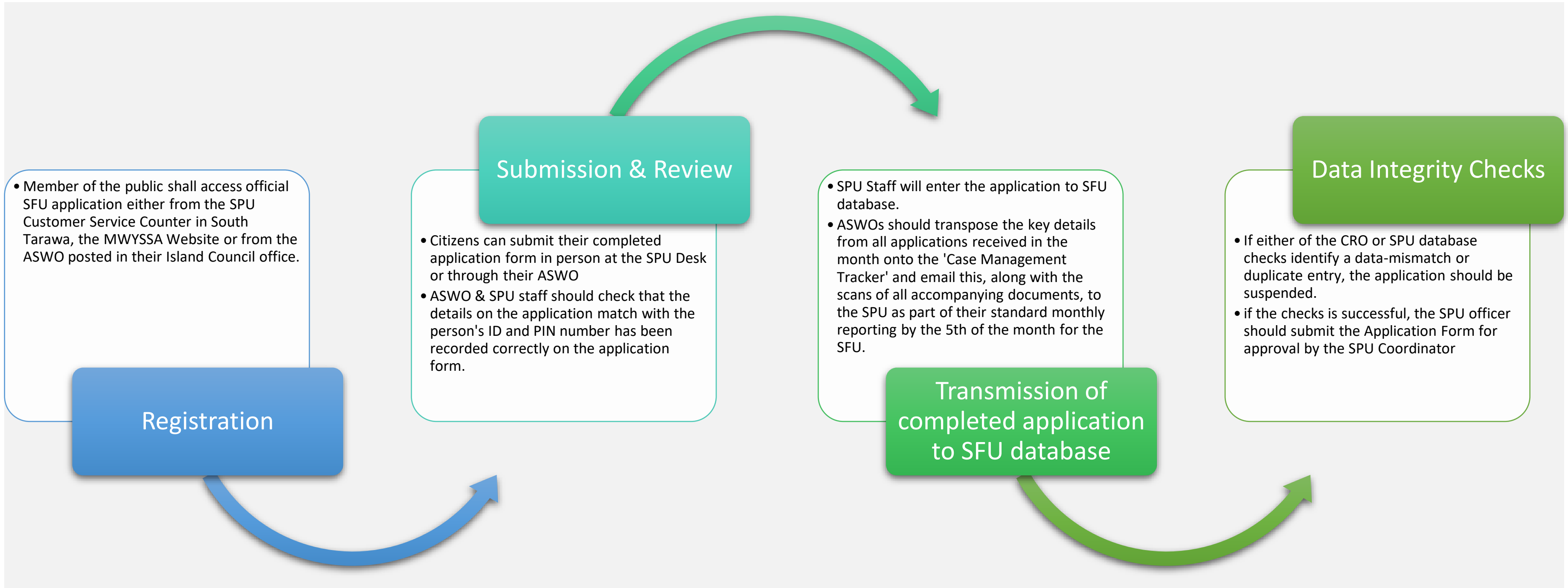
Stakeholder	Roles and responsibilities
Kiribati Provident Fund **Ministry of Foreign Affairs and Immigration** **Ministry of Culture and Internal Affairs** **Ministry of Employment & Human Resources** **Ministry of Justice** **Ministry of Education** **Churches funded under the Social Stability Fund**	• Submit details of individuals who may be ineligible for the SCA or SFU according to guidance provided by MWYSSA. i.e. ○ People in formal employment (KPF) ○ Citizens departing and arriving in the country (MFAI) ○ Island Council staff and Island Councillors (MIA) ○ Young people benefitting from free secondary education or scholarships (MoE) ○ Employees in childcare centers (MoE) ○ Teachers employed at technical training colleges (MoE) ○ Workers participating in regional labour migration programmes (MEHR) ○ Workers employed on foreign fishing vessels (MEHR) ○ Young people benefitting from TVET schemes (MEHR) ○ Prisoners in correctional facilities (MoJ) ○ Recipients of Non-ER Leave Grants (MCCI) See **Table 3** for further details. • Address complaints from programme applicants relating to data errors that affect their eligibility for social protection programmes in a timely manner.
Ministry of Justice	• Ensure that beneficiaries and their authorised representatives (where relevant) are able to access birth certificates and/or National Identification (NID) cards in a timely manner. • Provide technical support to MWYSSA to match Personal Identification Numbers (PINs) to beneficiary records within MWYSSA's database. • Provide approved MWYSSA staff with access to the CRO civil registry portal for the purpose of verifying the identity and other key characteristics (e.g. age) of SFU applicants/beneficiaries. • Verify beneficiaries' birth certificates in case of duplication. • Advise MWYSSA of cases of suspicious or fraudulent identification documentation so that MWYSSA can put in place additional measures to guard the SFU against fraud. • Provide the names, dates of birth, PINs and incarceration dates of all prisoners in government correctional facilities to MWYSSA at least quarterly (by the 25th calendar day of February, May, August and November each year), unless agreed otherwise.

(Extracted from the Joint Operations Manual of SCA and SFU 2024)

3.2 SFU MANAGEMENT SYSTEM AND PROCESS

3.2.1 APPLICATION PROCESS

Figure 3: SFU Application process

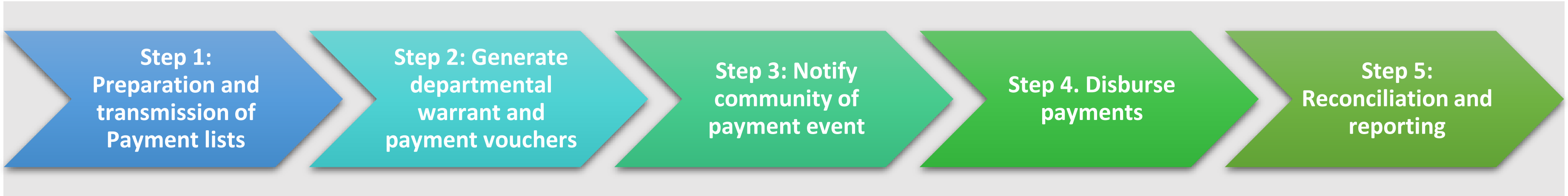


(Extracted from Joint Operations Manual of SCA and SFU 2024)

The audit covers these four steps of the registration, submission & review, transimission of completed application to SFU database, and data integrity checks.

3.2.2 PAYMENT PROCESS

Figure 4: SFU Payment process



(Extracted from Joint Operations Manual of SCA and SFU 2024)

Payment Procedure: The MWYSSA carried out payment procedures except disbursement, reconciliation and reporting stage. The Audit Office only conducts performance auditing on the last two steps in which the MFED is involved: (i) MFED Disburse payment and (ii) Reconciliation and Reporting.

Step 1: MWYSSA IT Unit is responsible for undertaking these checks and preparing a short beneficiary verification report and draft payrolls review by the Social Protection Coordinator.

Step 2: The account within the MWYSSA is responsible for generating a payment voucher and cross-checking the payment list for payments made to beneficiaries residing in South Tarawa and BTC and was responsible to send DWs for outer island.

Step 3: MWYSSA is responsible for beneficiaries to be notified of upcoming payments at least 3 days prior to commencement of payments through the official Facebook page of MWYSSA and radio.

Step 4: MFED is responsible of the payments of both BTC and TUC (in-person payments) that open at 10a.m and close at 2p.m. Whereas, payments in outer islands has to be disbursed by Island Council Treasures, who may co-opt (through the advance and acquittal mechanism) and other Island Council staff as necessary.

Step 5: MFED teller are required to submit their advance acquittal according to MFED guidance. MFED is then responsible for quality assuring all acquittal and submitting the full transaction report to MWYSSA for uploading into the SPU's database. Whereas island treasurers are also required to submit their detailed advance acquittal in electronic copy back to MFED, MWYSSA and the outer island. MFED and island Council Treasurers' payment reports to MWYSSA should include an annotated electronic copy of the MS excel payroll file plus a scanned copy of the benefits disbursement report cover letter.

CHAPTER FOUR: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This section consists of three parts. Firstly, it discusses the findings related to Criteria 2: *Did the MWYSSA (SPU) adhere to the established policy and guidelines for the SFU and to best practices?* Secondly, it presents the findings related to Criteria 1: *Did the Social Protection Unit assess the eligibility of applicants?* Lastly, it outlines the findings related to Criteria 3: *Did the MFED efficiently pay out the SFU to recipients and provide reports to MWYSSA?*

Criteria 1: Did the MWYSSA (SPU) adhere to established policy and guideline for SFU and best practices?

The MWYSSA (SPU) does not adhere to the established policy and guidelines for the SFU. The audit identified significant non-compliance with the SFU Policy (2022), particularly in relation to the mandated role of the SFU Taskforce in monitoring, evaluation, and coordination activities. The failure to ensure monthly communication and data updates from key stakeholders due to the lack of enforcement and policy awareness has resulted in a weak oversight framework and compromised the accuracy and integrity of the SFU beneficiary list. These systemic gaps in coordination, policy dissemination, and enforcement highlight a breakdown in accountability and undermine the effectiveness and fairness of SFU implementation.

4.1 NON-COMPLIANCE WITH SFU POLICY REQUIREMENTS

This section considered whether the MWYSSA (SPU) adheres to established policy and guidelines for SFU and best practices.

4.1.1 Lack of monitoring and evaluation of the SFU

Context

The SFU Taskforce comprises of relevant Ministries and Authorities such as MWYSSA, MOJ, PSO, KPF, Tax Office, etc. The time for the meeting is not stated in the policy, however it only states that these relevant ministries should provide advice, information, and updated data monthly.

The Assistant Social Welfare Officer (ASWO) are located at outer islands in the island councils. They will receive, review, compile and transmit all applications to the Social Protection Unit (SPU), a unit in the MWYSSA that deals with facilitating the Support Fund for the Unemployed (SFU), especially the application process and creating the SFU lists.

Relevant Policy

According to the SFU policy (2022),

- The SFU Taskforce will provide overall monitoring and evaluation of the SFU, including the employment status of those receiving the SFU. The SFU Taskforce will be guided by its Terms of Reference (TOR).
- The ASWO are responsible for a monthly monitoring and evaluation of the SFU in outer Islands, who shall report to the SFU Taskforce through MWYSSA. The ASWO are located at outer islands in the island councils.

Finding

Based on confirmation from Social Protection Coordinator (SPC) from the SPU - MWYSSA, the SFU taskforce was not active since the implementation of the program. The SPC stated that the former Secretary was responsible to communicate with stakeholders for the purpose of updating SFU beneficiary lists by email. Evidence of this communication for these periods, has not submitted to the audit team due to the email being compromised or hacked. The SPC also confirmed that during this period there was no MOU and TOR issued to the SFU taskforce members.

The focal point also confirmed during the interview that "the ASWO did conduct a monthly monitoring and evaluation for SFU list in outer island. They had sent daily an update list via email to SPU. Those update lists include the death applicant, new applicant, beneficiaries who got job opportunity and movement of beneficiaries." However, the Audit Office has not yet received evidence of this communication conducted between ASWO and MWYSSA. The Audit Office also has not yet received acquittal reports from 2020 – 2023 for all four islands.

Based on interviews with SFU Taskforce members and MWYSSA–SPU officers, the audit found no evidence that monitoring and evaluation activities for the SFU have been carried out for the years 2020 to 2024. This is primarily due to a lack of communication evidence between ASWO with MWYSSA and the SFU task force members. The audit also found that there is no documented Terms of Reference (TOR) for the SFU Taskforce.

This is inconsistent with the roles and responsibilities of SFU taskforce and ASWOs in monitoring and evaluating the SFU Section under Sections 21 and 22 of the SFU Policy (2022) which state:

- "The SFU Taskforce comprising of relevant Ministries and Authorities (MWYSSA, MOJ, PSO, KPF, Tax Office, etc.) will provide overall monitoring and evaluation of the SFU, including the employment status of those receiving the SFU. The SFU Taskforce will be guided by its Terms of Reference (TOR). "
- "ASWOs are responsible for a monthly monitoring and evaluation of the SFU in outer Islands, who shall report to the SFU Taskforce through MWYSSA."

4.1.2 Lack of monthly update of the SFU list.

Relevant Policy

According to the SFU Policy (2022), the relevant stakeholders will provide advice, information, and update data to the SPU – MWYSSA monthly. These relevant stakeholders consist of the Ministry of Employment and Human Resources (MEHR), Ministry of Commerce, Industry and Cooperatives (MCIC), Kiribati Chamber of Commerce and Industry (KCCI), Public Service office (PSO), Ministry of Justice (MOJ), and the Kiribati Police Service (KPS).

Finding

The Audit Office visited five relevant stakeholders and conducted interviews with them regarding the monthly updates of the SFU list. The stakeholders interviewed include the KPF, MOJ, PSO, the MCIC, and MEHR. However, based on their responses, two of these stakeholders – MEHR and MOJ – were aware that there is an SFU policy (2022), but they do not possess a copy of it, resulting in a lack of understanding of their role in the SFU. They also confirmed that the data and information provided to the SPU – MWYSSA is not monthly, as the MWYSSA request of data from these stakeholders is also not monthly. However, the evidence of this communication for 2020 – 2023 was not submitted to the audit.

In September 2025, the Audit Office received the communication evidence from the SPU Director in MWYSSA. This evidence shows that the communication with other stakeholders is only done twice in the month of August and September 2024. Only two of the stakeholders (Ministry of Foreign Affairs and Ministry of Finance and Economic Development) responded with their list. The Ministry of Education responded but there was no list attached. The rest did not provide a response nor the list which include: the Ministry of Employment, and Human Resources (MEHR), the Ministry of Justice (MOJ), the Ministry of Commerce Industry and Cooperatives (MTCIC), and the Ministry of Culture and internal affairs (MCIA).

Based on interviews with SFU Taskforce members and MWYSSA–SPU officers, the audit found no evidence of monthly communication or data submissions between MWYSSA and these stakeholders for the periods 2020–2023. For 2024, the evidence submitted to the Audit Office indicates that communication between MWYSSA and the stakeholders has also not occurred monthly. In addition, most stakeholders were unresponsive. These issues raise concerns regarding the accuracy of the SFU list produced by MWYSSA.

As a result, the audit identified numerous inaccuracies in the SFU list, including:

Ineligible beneficiaries were found in SFU list such as:

- 84 in-country students (2021),
- a security guard from Abaiang found his name in the SFU list for 2020-2021,
- 268 employed (around 15% of sample) found in the SFU list 2024,
- 12 SFU beneficiaries (around 1% of sample) not yet registered in CRS were found on SFU list TUC & BTC,
- 89 (around 5% of the sample) deceased beneficiaries were found on the SFU list,
- 12 PALM WORKERS (around 1% of sample) were found in the 2024 SFU list,
- 2 private sector employees (around 0.11%) entitled to leave grant list from MTCIC found in the 2024 SFU list, and
- duplicate entries, including 12 applicants with repeated IDs in the TUC 2021 list and 6 in the BTC 2023 Disability SFU list with repeated names.

Conclusion

The audit found no evidence that the SFU taskforce carried out monitoring and evaluation (M&E) of the SFU in line with the SFU policy (2022) for the years 2020 - 2024. The M&E entails obtaining and reconciling the updated lists from key stakeholders such as the MWYSSA, MOJ, PSO, KPF, Tax Office, etc. The audit also found that there is no documented terms of reference for the SFU taskforce. Additionally, the audit found no evidence of monthly communication between MWYSSA and other stakeholders. Evidence from 2024 indicates that communication is not effective, as it is not conducted monthly, and most stakeholders were not responsive. For these reasons, the audit concludes that the MWYSSA – SPU did not adhere to the established policy.

Recommendation:

The Audit Office recommends that MWYSSA:

a.	Establish an MOU – Draft and formalize a Memorandum of Understanding (MOU) between MWYSSA and key Ministry Stakeholders to outline expectations, responsibilities, and communication procedures;
b.	Ensure regular communication – Sharing of Monthly Reports and Cabinet Papers with key stakeholders as introduced by SPU in January 2025;
c.	Share the SFU policy to relevant stakeholders and conduct awareness-raising activities with relevant stakeholders. This will help to keep stakeholders informed about their obligations in the provision of data to ensure that the SFU beneficiary list remains updated;
d.	Mandate that all SPU staff members use official email addresses; and
e.	Document all trackers received and data shared in monthly reports and cabinet reports. Trackers and data received from key stakeholders should be saved on the SPU server.

Management response:

For Taskforce - Previously there was a taskforce that engaged MWYSSA leadership. SPU were not invited to participate in this taskforce. Meeting minutes were shared. It is unclear why these taskforce meetings did not continue.

However, bilateral meetings are held with key Ministry stakeholders – last held in Q4 2023. There are 9 key stakeholders in total. There are plans to engage key Ministry Stakeholders in the drafting of the new Social Protection Policy during 2025-6. In addition, MoUs are in the process of being drafted (example provided) to clarify key stakeholder obligations in the provision of data to ensure that the SFU beneficiary list remains 'clean'/ updated.

The taskforce is not currently included in the Joint Operations Manual or the draft SFU Policy which is currently under discussion with MWYSSA leadership. Drafted in August 2024.

For ASWO - We acknowledge that this process has not been followed as per the manual. This expectation has now been clarified by email during April 2025 and during training on the Operations Manual during May 2025. A case management tracker will be emailed by the ASWO twice a month. (SCA – 25th of the month, SFU – 5th of the month).

The Case Management Tracker includes - new applications, beneficiaries exiting the program, change in status, transfer of location, complaints and feedback. All relevant documents are scanned and attached when submitted to the SPU Case Managers.

In addition to the sharing of case management trackers, a monthly report is also shared with ASWOs, Island Clerks and Island Treasurers. In this report (starting from May 2025), Case Management Trackers received from ASWOs will be documented as well as confirmation that SPU Case Managers have returned the case management trackers with updates regarding the status of the cases shared.

In future the SP MIS will support the completion of these tasks electronically.

Criteria 2: Did the Social Protection Unit assess the eligibility of applicants?

The Social Protection Unit (SPU) did not adequately assess the eligibility of applicants for the SFU program. Audit findings revealed widespread weaknesses across all stages of the application process—from registration and submission to data management and integrity checks. The unavailability of 98% of requested application documents, along with missing witness signatures, the presence of unverified and ineligible beneficiaries, and duplicate entries in the SFU database, collectively indicate a fundamental breakdown in eligibility assessment procedures.

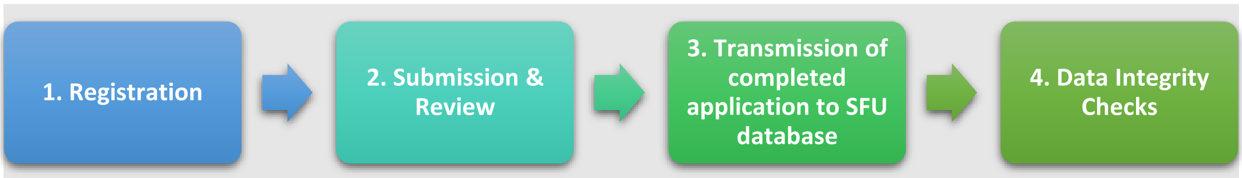
These deficiencies demonstrate non-compliance with the SFU Policy (2022), weak internal controls, and a failure by MWYSSA to implement basic data integrity and verification practices. As a result, the integrity, accuracy, and fairness of the SFU beneficiary list is severely compromised, increasing the risk of fraud, misallocation of funds, and erosion of public trust in the program.

Relevant Context:

According to the SFU policy (2022), Section 9 under *Roles and Responsibilities*, the MWYSSA is the Ministry responsible to carry out this initiative under the Social Protection Unit. The following roles and responsibilities are identified:

- responsible for the paperwork and logistics including receipt of applications and account transactions involving raising department warrants and send them urgently to island councils.
- keeping the register and must have a record data in the system.
- receiving returns from respective island councils and working closely on acquittal process.
- work in collaboration with related Ministries/Institutions/Private Sector in collecting and collating relevant or required data.

The application procedure of the SFU is handled by the MWYSSA staffs, ASWO and SPU staff. According to Section 4.2 of the Joint Operations Manual for SCA and SFU, the application process involves these 4 steps which are:



4.2 WEAKNESSES IN THE SFU REGISTRATION PROCESS

REGISTRATION PROCESS

4.2.1 Poor documentation of SFU application forms

Context

The SFU application form is a structured form that collects personal and relevant information from beneficiaries who want to apply for the Support Fund for Unemployed (SFU).

During the first process - registration, members of the public shall access official SFU application either from the SPU Customer Service Counter in South Tarawa, the MWYSSA Website or from the ASWO posted in their Island Council office. After this form is filled out by a member of the public, they will then submit it to the MWYSSA. The ASWO and SPU staff will check these forms and keep them to create the SFU list.

Relevant policy

In accordance with the *SFU policy 2022*, the MWYSSA is responsible for the paperwork and logistics including receipt of these applications, keeping the register and must have a record of data in the system.

Finding

The Audit Office determined that a total of 164,732 SFU beneficiaries applied for the SFU for the period 2020 – 2024 for the four sampled islands. The public will apply only once to be included in the SFU unless there are certain circumstances that the public may have to re-apply for this program. The average of this total beneficiary is 32,946. This could also mean that an average of 32,946 application forms are expected to be with the MWYSSA. According to the SFU policy (2022), the MWYSSA through SPU is responsible for paperwork and will work in collaboration with related Ministries/Institutions/Private Sector in collecting and collating relevant or required data monthly to screen out the only eligible beneficiaries according to the eligibility criteria. Table 2 below shows the SFU beneficiary count by sampled island for 2020 to 2024.

Table 2: SFU Beneficiaries Count by Sampled Islands by Year[1]

Islands	2020	2021	2022	2023	2024
Abaiang	2,506	2,610	2,735	2,754	2,859
ETC	2,559	2,698	2,843	2,948	3,302
TUC	19,793	19,288	19,886	19,471	19,844
BTC	7,677	7,557	7,825	7,690	7,887
Total	**32,535**	**32,153**	**33,289**	**32,863**	**33,892**

[1] MWYSSA – SPU Department

During the audit fieldwork, the Audit Office requested application forms for the 1803 sampled SFU beneficiaries from 2020 to 2024, covering the four main islands. However, the Audit Office received only 39 application forms. This means only 39 beneficiaries—about 2% of the sample—had supporting documentation, while 1,764 records (98%) were missing. The auditee said this was due to the lack of a designated storage location for SFU files and limited staffing (only 3 people in the SPU at the time), despite thousands of applications being submitted daily. However, this is not a sufficient reason not to maintain the forms, given the time that has elapsed. As a result, the Audit Office conducted another verification with the Ministry of Justice (MOJ) through the Civil Registration Office (CRO) to confirm the 1803 samples by reviewing their birth certificates. The verification showed that of the 1803 applicants, 99.78% had their births registered; only 0.22% were not yet registered in the Civil Registration System (CRS).

Conclusion:

The audit found that out of the 1803 sampled SFU beneficiaries, 98% were not supported by documentation. This lack of proper filing and record maintenance represents an inconsistent practice with the SFU policy (2022), making it impossible to verify the eligibility and legitimacy of most beneficiaries. The absence of documentation undermines the reliability and transparency of the SFU program and exposes it to significant risks of fraud, error, and misuse of public funds. For these reasons, the audit concludes that MWYSSA's documentation and maintenance of the SFU application forms for the years 2020 - 2024 are poor and did not adhere to the established policy.

Recommendation:

The Audit Office recommends SPU establish clear electronic storage protocols and a schedule of system backups to ensure SFU files are safely stored and accessible.

Management response:

Current protocol requires all documents to be scanned and saved on the server. Whilst there is a significant backlog, this scanning process is in process.

Once forms are scanned and saved, hard copy forms will be destroyed.

Planned next steps:
With the implementation of the new SP-MIS in 2026-7, all application documents and other key documents (NID/ Birth Certificate) will be uploaded to the new digitized system. During this process for documents that are unable to be located, beneficiaries will be contacted and files updated to ensure that all required documentation is digitized and filed electronically.

4.3 INADEQUATE REVIEW OF SFU APPLICATION FORMS

SUBMISSION AND REVIEW PROCESS

4.3.1 SFU application forms not witnessed by ASWO

Context

For the second process, citizen can submit their completed application form in person at the SPU Desk or through their Assistant Social Welfare Officer (ASWO). The ASWO and Social Protection Unit (SPU) staff should check that the details on the application form match with the person's ID (identification) and PIN (Personal Identification Number) number to ensure they are recorded correctly on the application form.

Relevant policy

Under section 7b of the SFU Policy (2022), the ASWO are required to sign the Application Form as a witness.

Finding

Based on the review of the obtained 39 application forms, for the 2020-2024 financial year under audit, which covers the four main islands mentioned earlier, the audit found that seventeen (17) forms from ETC and BTC were not signed by the Assistant Social Welfare Officer (ASWO) as a witness, as required under the SFU Policy. This means that these seventeen (17) forms were incomplete and were listed on the SFU list as SFU beneficiaries. The missing witness signature indicates a failure in a key control designed to validate applicant information and increase the likelihood of fraudulent, ineligible, or duplicate applications being processed. This undermines the integrity of the SFU list. These figures could have likely been higher if the Audit Office had managed to obtain all the missing 1,764 application forms included in our sample.

The Audit Office also found that none of the 39 forms had been marked as received by the MWYSSA officials. The absence of formal acknowledgement for processed application forms represents a high-risk control gap, exposing the SFU payment process to potential fraud and a lack of accountability. This also undermines the integrity of the SFU list and poses a significant threat to its credibility.

Conclusion:

The audit found that out of 39 application forms obtained, 17 lacked the required ASWO witness signatures and official acknowledgements, which is inconsistent with the SFU Policy (2022). This means that these 17 application forms were incomplete; however, 16 of them were still included on the SFU list. The findings could have been higher if the Audit Office had obtained the missing 1,764 application forms. These missing controls increase the risk of fraudulent or ineligible applications being approved, undermining the accuracy and credibility of the SFU beneficiary list. For these reasons, the audit concludes that MWYSSA – SPU did not adequately verify the accuracy of the information provided by the applicant for the years 2020–2024.

Recommendation:

The Audit Office recommends the MWYSSA – SPU should establish clear authorization procedures. The SPU must define and implement a formal process that requires the SPC to approve new applications before they are entered into the system.

Management response:

In accordance with the Joint Operational Manual for SCA and SFU approved by MWYSSA Secretary in June 2024 the application form was revised. ASWOs are expected to check that all documents are complete before sending them to the SPU at MWYSSA.
Currently it is acknowledged that the application is not being consistently signed by a SPU staff member.

Planned next step:
At the next staff briefing on Monday 12th May, Client Services staff will be reminded that this action is their responsibility. Prior to the SP MIS being introduced a Client Services Staff member will be requested to sign and approve each application when received and checked. Case Managers will then check the application to ensure it meets eligibility criteria. A Social Protection Coordinator (SPC) will approve and sign the application. With the introduction of the SP MIS, the SP Coordinator will electronically approve each application when received in the system.

4.4 WEAKNESSES IN THE MWYSSA SFU DATABASE

TRANSMISSION OF COMPLETED APPLICATION AND DATA INTEGRITY PROCESS

4.4.1 Lack of integrity and reliability of the MWYSSA SFU Database

Context

For the third process, after the ASWOs and SPU staff check the completed application form, the SPU staff will enter the application into the SFU database. ASWOs should transpose the key details from all applications received in the month onto the 'Case Management Tracker' and email this, along with the scans of all accompanying documents, to the SPU as part of their standard monthly reporting by the 5th of the month for the SFU.

During the last process, if either of the CRO or SPU database checks identify a data-mismatch or duplicate entry, the application should be suspended. However, if the check is successful, the SPU officer should submit the Application Form for approval by the SPU Coordinator

The IT officer will put these collected data into the database and the SFU database will automatically screen out the SFU applicant who are eligible for the SFU. Since the SFU database does the eligibility verification automatically, the reliability and security of it is critical for ensuring that SFU payments are delivered fairly, transparently, and efficiently.

The Audit Office examined the integrity, security, and reliability of the SFU database managed by the SPU within the MWYSSA.

Upon reviewing the SFU lists provided to the Audit Office for 2020 – 2024 and for the four sampled islands (Abaiang, BTC, TUC and ETC) and interviews with the MWYSSA – SPU officers, the audit found the following issues that contributes to the lack of the SFU database integrity and reliability.

- **Poor quality of information entered into the SFU database**:

Context

Poor quality of information entered into the SFU database refers to the absence of essential information, such as gender and parental names, that an SFU beneficiary should have when listed on the SFU final list.

After the ASWOs and SPU staff check the completed application, SPU staff will enter the application into the SFU database.

Better practice

According to WGITA – IDI Handbook (2022), it is better practice for the SFU beneficiaries to have complete data on the SFU final list for the following reasons: identity verification, avoiding duplication, and accurate disbursement and tracking.

- **Identity Verification** - Complete data ensures that each beneficiary can be uniquely and correctly identified. Information like gender and parental names helps distinguish individuals with similar names or other shared identifiers.
- **Avoiding Duplication** - Incomplete records increase the risk of the same person being listed multiple times under slightly different entries, which can result in overpayment or resource misallocation.
- **Accurate Disbursement and Tracking** - Full data allows accurate tracking of who received funds and supports monitoring and follow-up, such as audits or outcome evaluations.

Finding

Upon reviewing the SFU lists provided to the Audit Office for 2020 – 2024 for the four sampled islands (Abaiang, BTC, TUC and ETC), the audit found that 416 beneficiaries lacked essential information, such as gender and parental names. MWYSSA claimed that based on the data that it received from other key stakeholders, for example the Ministry of Justice (CRO), this information was unavailable in the CRO or omitted by the applicant when their National ID or Birth Certificate was created. Also, the MWYSSA did not provide supporting documents to verify these claims. Therefore, the Audit Office checked with the Ministry of Justice (CRO) and found that there is a data mismatch of SFU beneficiaries between MOJ Civil Registration System (CRS) and MWYSSA SFU database. Table 3 below illustrates the number of beneficiaries with incomplete data.

Table 3: Result for Incomplete Applicants Information

#	Island	No Gender	No Father's Name	No Mother's Name	Total Findings	Sample size
1	Abaiang	10	24	7	**41**	415
2	BTC	18	60	82	**160**	370
3	ETC	8	33	21	**62**	340
4	TUC	2	32	119	**153**	678
					416	1803

The first issue relates to the poor quality of information entered into the SFU database. The audit found that 416 beneficiary forms lacked essential information, such as gender and parental names. There is no reconciliation of records between the MOJ Civil Registration System (CRS) and the MWYSSA SFU database.

- **Irregular Data Backups**:

Context

Data backup is the process of copying and storing data from a computer or device to a separate location, so it can be recovered in case the original data is lost, corrupted, or compromised. Data backup is important as it includes protection against data loss, defense against cyber threats, disaster recovery and business continuity.

The Audit Office conducted interviews with the MWYSSA IT officer and SPC regarding this matter. During the interview, the IT Officer claimed that fortnightly backups were conducted.

Better practice

Although data backup is not stated as a requirement in the SFU Policy, WGITA – IDI Handbook (2022) stated that it is better practice that the IT Officer establish the back up of these data in case of unexpected disaster, so that data can easily be recovered. This is especially important as MWYSSA deals with lots of data for the SFU beneficiaries.

Finding

The second issue relates to the SFU database routine backup. Although MWYSSA claimed fortnightly routine backups, the findings shown in Table 4 below that backups for years 2020 - 2023 were rarely performed. For instance, there was only one backup for the year 2020, two in 2021, four in 2022 and 2023. For 2024, MWYSSA claimed quarterly routine backups, but no evidence has been provided to the audit.

Table 4: SFU database routine backup

Year	Data backup log [2]	Backup Frequencies
2020	12 November 2020,	once
2021	April-Sep2021 and 09Dec2021,	twice
2022	28Feb22, 08June22, 15Sep22 and 12Dec22,	Four times
2023	Quarter 1 – Quarter 4 2023.	Four times
[2] MWYSSA IT department		

- **No Access Controls**:

Context

Access controls refer to the SFU's database security measures and permissions that determine who can access a database, what actions they can perform, and which data they can interact with. These controls help protect sensitive information by ensuring that only authorized users can view, add, modify, and delete data.

Better practice

According to ISSAI 5310 (Volume 2, Appendix H – Baseline Threats & Security) and WGITA – IDI Handbook (2022), it emphasizes Role-Based Access Control (RBAC) and audit trails to prevent unauthorized access. Therefore, it is better practice for the SFU database to have the access control, because without it, any MWYSSA SPU staff member could potentially edit, delete, or manipulate sensitive data – posing serious risk to data integrity, increasing the potential for fraud, and undermining the reliability of the SFU list created. It is also an issue if they have family or relatives accessing SFU or wanting to make enquiries about someone they know and whether they are claiming.

Finding

The third issue relates to the MWYSSA database access control. The audit found that there is no access control to the SFU database. This means anyone, at any time, can access and make changes to the SFU database without being tracked by the system administrator. This poses a huge risk to the SFU database integrity and reliability. MWYSSA IT officer confirmed that there are no access controls in the system.

Conclusion:

The audit found that there is a data mismatch of SFU beneficiaries between the MWYSSA SFU database and the MOJ CRS, irregular data backups of the SFU database, and the absence of access controls. These weaknesses expose the database to high risks of data loss, unauthorized modification, and inaccurate or duplicate beneficiary records, undermining the fairness, transparency, and accountability of SFU payments. For these reasons, the audit concludes that the SFU database lacks integrity and reliability for the years 2020 - 2024.

Recommendation:

1. The Audit Office recommends that SPU – MWYSSA conduct regular data validation and system audits to identify and correct incomplete beneficiary information.
2. The Audit Office recommends that the SPU should enhance data security and system integrity by Implementing Regular Data Backups – increase backup frequency and ensure backups are stored both on-site and off-site for disaster recovery.
3. The Audit Office recommends the SPU to ensure data security and system integrity by (i) Establishing access controls - a role-based access control system is implemented to restrict system access based on user responsibilities and ensure that only authorized personnel can access, modify, or manage sensitive data. Enable system activity logs to track user actions and detect unauthorized access or modifications; and
   (ii) Audit logging – enabling system activity logs to track user actions and detect unauthorized access or modifications.

Management response:

Incomplete data:

Noted that there are fields where information is not fully completed. The SPU uses data from other key stakeholders, for example the Ministry of Justice (CRO) to complete beneficiary information in the SPU database. Multiple fields are identified as NS (not specified) or blank due to this information being unavailable in the CRO or omitted by the applicant when the NID or Birth Certificate were created. Generally, only data as included in the CRO can be included in the SPU database. (PIN, Name, Mother's name, DOB, Gender) Other information is collected from the beneficiary when they come to submit cases and or update their status.

Next steps: As the SP-MIS is introduced and beneficiary files are being uploaded to the new system in 2026, they will be checked to ensure all data is complete.

Irregular Data backups:

Not stated in the policy that this is a requirement. This information is incorrect and requires updating - Starting in 2022, IT Officer consolidates data on a monthly basis and shares with the SPC to facilitate the creation of the payment list. After the payment list has been created the SPC backs up and makes a copy of the data in the database. Instructions will be provided to remind the IT Officer to ensure that a backup is completed.

Next step: In the design of the new SP-MIS automatic updates are included in the design. Manual updates will not be necessary.

No Access Controls:

Currently this is achieved through limiting the number of people who have access to the system: SP Coordinator (1 person), service team (2 people), CMOs (3 people) and IT Officer.

Next steps: In the design of the new SP-MIS a more sophisticated access system will be included that will enable different roles to have different levels of access to information in the system.

4.5 INACCURACY AND UNRELIABILITY OF SFU LIST

4.5.1 Lack of reliability and integrity of the SFU List.

Context

Duplicate records in the Support Fund for the Unemployed (SFU) list refer to instances where the same individual appears more than once in the database or beneficiary list—often with the same personal identifiers, such as names, applicant identification (ID) numbers, or PIN.

Ineligible applicants refer to the SFU applicants who may have failed to meet one or more of the stated requirements according to the SFU Policy (2022) but are still included or found in the SFU list.

Relevant policy

Listed below are the ineligible criteria to the SFU:

i. Those who are imprisoned are not eligible under this scheme (may apply or re-apply upon release).

ii. Those who have reached 18 years but are still in school given that they are still funded under Free Education Policy from MOE.
iii. Must not be formally employed in any of the Public and Private Sectors.
iv. Those residing outside Kiribati may reapply upon return at least a month to benefit from the SFU.
v. Those who benefit from other Support Funds or Allowances provided by Government unless specified.

Finding

The audit found the following issues that contribute to the lack of reliability and integrity of the SFU list.

Firstly, based on the review of the SFU list provided to the Audit Office for 2020 – 2023 for the four sampled islands, the audit found 18 instances of duplicate applicant IDs—12 in the TUC list (Jan–Mar 2021) and 6 in the BTC Disability list (Oct–Dec 2023). This could be an issue when these duplicate records could lead to duplicate payments.

Secondly, after verifying the eligibility of the SFU beneficiaries for the period 2020 – 2024 for the four sampled islands, the audit found ineligible beneficiaries, such as:

- 84 in-country students found on the SFU list in 2021,
- a security guard from Abaiang was on the SFU list for 2020-2021,
- 268 employed people (around 15% of the sample) found on the SFU list 2024,
- 12 SFU beneficiaries (around 1% of the sample) not yet registered in the CRS were found on the SFU list TUC & BTC 2024,
- 89 (around 5% of the sample) deceased beneficiaries were found on the SFU 2024 list,
- 12 PALM WORKERS (around 1% of the sample) were found on the 2024 SFU list, and
- 2 private sector employees (about 0.11%) entitled to leave grant were found on the 2024 SFU list.

This means people are receiving SFU benefits even though they do not meet the eligibility requirements. This likely results from the SFU Taskforce's failure to fulfil its oversight role as required by the SFU policy (2022), and from a lack of monthly communication among stakeholders.

The total amount lost due to ineligible and duplicate beneficiaries is $71,500.00 (477 findings × $150 per beneficiary).

The MWYSSA claimed that when data is requested from key Ministry stakeholders, it is often not received as and when expected. MWYSSA also stated that the data received is often inaccurate. As a result, MWYSSA has received many complaints from beneficiaries when their names are removed. Therefore, they also do not update the SFU list according to the data provided by the key stakeholders. However, the Audit Office was unable to verify MWYSSA's claims. The Audit Office also liaised with other key stakeholders to obtain evidence of the data sent to MWYSSA; however, no data has been provided.

This is inconsistent with the Ineligibility section of the SFU Policy *2022 listed above.*

Conclusion:

The audit found duplicate applicants and IDs, ineligible and deceased beneficiaries, and unregistered or "ghost" beneficiaries on the SFU list, amounting to $71,500.00. This indicates that the MWYSSA – SPU did not adequately assess the eligibility of applicants for the SFU program. This can be due to the failure of the SFU taskforce to perform its oversight role as required and irregular communication between stakeholders. This not only undermines the credibility and fairness of the SFU program but also exposes public funds to misuse and potential fraud. For these reasons, the audit concludes that MWYSSA – SPU did not adequately assess the eligibility of applicants for the SFU program in 2020 – 2024, resulting in the lack of reliability and integrity of the SFU list.

Recommendation:

1) The Audit Office recommends that MWYSSA implement stricter data validation controls to prevent duplicate IDs and payments by: (i) Automating duplicate checks – integrate automated system controls to detect and flag duplicate IDs before finalizing payments; and (ii) Implement unique identifier controls – enforce the use of a unique identification system (e.g., national ID) for all applicants to prevent duplicate entries.
2) The Audit Office recommends that MWYSSA management strengthen compliance and enforcement of the SFU policy and guideline, and SPU ensure the verification process of applications are carried out effectively.

Management response:

Duplicate records:

In response to this challenge from previous years, in 2023 a new payment list was created for SFU and DSA recipients – SFUDSA payment list, to reduce the risk of double payments. Duplication of ID –a new function was included in the database in 2023, when new applicants are being added the database automatically identifies that the NID number already exists.

Next steps: The SPU in collaboration with the IT Officer are currently in the process of developing a template for the reporting of changes made to the database monthly. SP-MIS will automate these checks in the future. SP-MIS will also include an audit trail. Including who made the change and on what date the change was made.

Ineligible applicants found in the SFU list:

Thank you for highlighting this challenge that SPU experiences. Correct process would be for the Audit team to request from MWYSSA what stakeholder information was received. There is no guarantee that the data requested by the audit team, was ever shared with MWYSSA. Whilst data is requested from key Ministry Stakeholders it is often not received as and when expected. Also, important to note that when data is received the SPU updates the database according to the data received, noting that data received is often inaccurate. The SPU receives many complaints from beneficiaries when their names are removed from the payment list as per instructions from key Ministry Stakeholders. Another key challenge is when a key stakeholder Ministry provides information that it is not their responsibility to provide and expects the database to be updated accordingly. For example: In January 2025, SPU was informed that more than 40 SCA beneficiaries were deceased on the January payment list and were requested to remove them, During February

2025, 12 of those beneficiaries came to visit the SPU to complain that their names have been removed.

Next steps: Joint Operations Manual has clearly documented reporting periods for key Ministry Stakeholders to provide data to the SPU. In addition, MOUs are in the process of being drafted to ensure that key Ministry Stakeholders have a clear understanding of their reporting responsibilities to MWYSSA. Finally, beginning September 2025, Monthly Reports will also document data received or not received by key Ministry Stakeholders. These reports will also be submitted to Cabinet in the form of a Cabinet Paper each month.

Criteria 3: Did the MFED efficiently pay out SFU to the recipients and provide report to MWYSSA?

The Ministry of Finance and Economic Development (MFED) did not efficiently disburse SFU payments to recipients nor consistently provide acquittal reports to MWYSSA, as required. The audit revealed that approximately 35% of SFU expenditure over the five-year period lacked proper supporting documentation, indicating significant weaknesses in financial governance and internal controls. Other key issues included:

- disbursements made without proper authorization (97% of proxy collections lacked written approval for 2020 – 2023 and 100% for 2024),
- use of non-standard identification (215 cases using non-national IDs),
- poor recordkeeping, with missing receipts and incomplete financial records, and
- breakdown in communication between MFED and MWYSSA, which hindered coordination and reporting.

These deficiencies raise serious concerns about the legitimacy, accuracy, and accountability of the payment process and suggest a high risk of mismanagement, fraud, or misuse of public funds. The absence of reconciled and timely acquittal reports further undermines transparency and impedes SPU's oversight responsibilities.

4.6 POOR CONTROL OF SFU PAYMENT

The findings stated below are related to payment process managed by the Ministry of Finance and Economic Development.

4.6.1 Poor paperwork for SFU transactions

Context

Paperwork for SFU transactions refers to the lists used during SFU payouts. These lists are signed by SFU beneficiaries upon receiving their benefits. At the end of each payout, MFED officers involved in facilitating the process will reconcile the lists to determine how many beneficiaries received their SFU benefits and how many did not.

Relevant Regulation

According to the *Kiribati Financial Regulation:*

1. ***Chapter 1: General Principles, Regulation 10 (2), page 4***

   The original copies of vouchers, used receipts, abstracts and cash accounts and subsidiary journals and records held in the Accounting Division and Post Office headquarters must be preserved for a minimum period of seven years.

2. ***Chapter 2: Financial Duties and Responsibilities of Public Officers, Regulation 16 (e), page 5***
   Each accountable officer has the duty to:
   (e) ensure the maintenance of his ministerial accounts and financial records in accordance with these Regulations and any subsidiary instructions issued by the Chief Accountant.

Finding

The Audit Office determined that 72 lists of recipients for the fund should have been created for each of the years 2020 and 2021. This is based on three payments per year in 6 batches (lots) across the four sample islands. From 2022, SFU payments have been made on a quarterly basis and stopped being paid in batches. As a result, only 16 lists were expected for 2022, with the same number anticipated for 2023 and 2024. Therefore, for the four sample islands and the years 2020 to 2024, a total of 192 lists were expected to be received. This is represented in the table 5 below.

Table 5: Expected Number of SFU list to be maintained by MFED.

	2020	2021	2022	2023	2024	Total
Abaiang	18	18	4	4	4	
ETC	18	18	4	4	4	
BTC	18	18	4	4	4	
TUC	18	18	4	4	4	
	72	72	16	16	16	192

Of the 176 recipient lists expected, the Audit Office received:

- In 2020, 18 complete lists, 30 incomplete lists and 24 missing or not provided lists (incomplete lists are missing names e.g., names that start with letters 'A' to 'S').
- In 2021, 24 complete lists, 40 incomplete lists and 6 missing or not provided lists.
- In 2022, 10 complete lists, 22 incomplete lists and 4 missing or not provided lists.
- In 2023, 2 complete lists, 5 incomplete lists and 9 missing or not provided lists.
- In 2024, 12 complete lists, 2 incomplete lists, 2 missing or not provided lists.

Upon review of the SFU beneficiary lists provided to the Audit Office for the period 2020-2024 for the four sample islands (Abaiang, BTC, TUC, ETC), the audit found that approximately 35% of the SFU's actual expenditure (equivalent to approximately $55.3 million) lacked proper supporting documentation, such as the SFU signed lists. This is represented in Table 6 below.

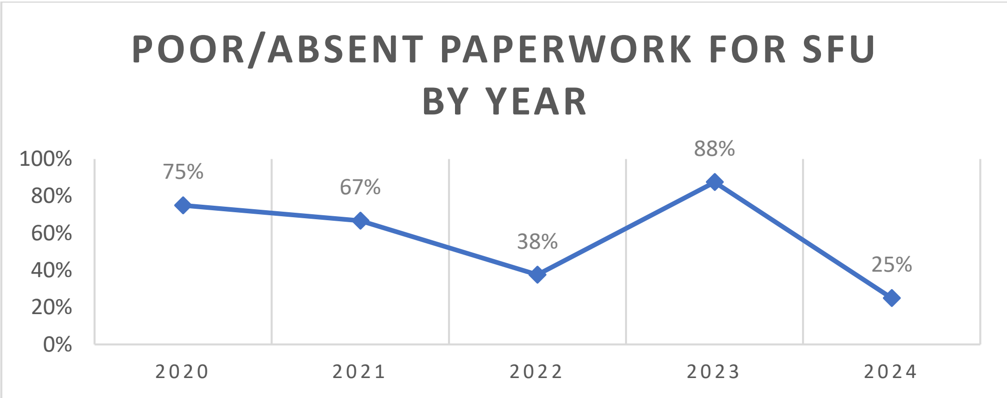
Table 6: Rate of Paperwork for SFU actual expenditure

Year	Good paperwork	Poor/Absent paperwork	Total fund disbursed for 4 Islands.	Value of fund with Poor/Absent paperwork
2020	25%	75%	$5,472,162.83	$4,104,122.12
2021	33%	67%	$28,176,434.29	$18,793,681.67
2022	63%	38%	$20,128,088.08	$7,548,033.03
2023	13%	88%	$22,860,679.95	$20,003,094.96
2024	75%	25%	$19,605,600.00	$4,901,400.00
Total				**$55,350,331.78**

This indicates a **failure to maintain financial records** in compliance with government regulations. MFED's administration of the SFU for the period 2020 – 2024 is inconsistent with the following aspects of the *Kiribati Financial Regulation:*

3. ***Chapter 1: General Principles, Regulation 10 (2), page 4***
   The original copies of vouchers, used receipts, abstracts and cash accounts and subsidiary journals and records held in the Accounting Division and Post Office headquarters must be preserved for a minimum period of seven years.
4. ***Chapter 2: Financial Duties and Responsibilities of Public Officers, Regulation 16 (e), page 5***
   Each accountable officer has the duty to:
   (e) ensure the maintenance of his ministerial accounts and financial records in accordance with these Regulations and any subsidiary instructions issued by the Chief Accountant.

Figure 5: SFU Poor/Absent Paperwork by year



The graph above displays the percentage of poor or absent paperwork for SFU over the four sampled years 2020 – 2024. The year over year analysis shows **worsening trends**, particularly in 2023, **when 88% of the paperwork was missing** for the sampled islands. This reflects **weak internal controls** in MFED, a **lack of proper monitoring, supervision, and enforcement of financial procedures**. This also creates a high risk of misuse or fraud especially when such large proportion of public funds cannot be supported with proper paperwork. As a result, there is no audit trail, making it difficult to verify if beneficiaries were eligible or even real.

Conclusion:

The audit found that approximately 35% of total expenditure—amounting to about $55.3 million—was unsupported by essential documentation, and with missing paperwork peaking at 88% in 2023 for the sampled islands, the findings indicate a serious deterioration in internal controls. The absence of critical supporting records not only undermines accountability but also increases the risk of misuse, error, or fraud, as payments cannot be reliably traced or verified for eligibility. For these reasons, the audit concludes that the MFED did not efficiently pay out SFU to the recipients due to poor paperwork for the SFU transactions during the years 2020 - 2024.

Recommendations:

The Audit Office recommends that the Senior Accountant (SA) for SFU should ensure that all payment lists are properly scanned within a week after the payout and filed in a consistent way. This will support audit processes and ensure hard copies are maintained in accordance with the financial regulations.

Management response:

For the records, some sign-in-lists for 2020-2021 can be found within the payment and examination units while some can be found inside the archive building & containers. I will try to collects some documents as per the year mentioned with my team, we will scan them and then send it to you if necessary.

The highlighted bullets points indicates that some documents as per the above are currently available in a treasury shared folder while some were missing, but we can guarantee that the rest documents can be found somewhere inside containers or archives. For your updates, our finding for the other remaining documents still in-progress.

4.6.2 Poor documentation of authorization letters for SFU payments

Context

Authorization letters are written by SFU beneficiaries to allow third parties, such as family members, to collect the benefit on their behalf. The procedures and requirements for the authorization letter are not described in the SFU Policy 2022. This means there is a lack of controls to ensure the correct disbursement of payments to third parties. Anecdotal evidence suggests that it is widespread practice for the MFED teller or government officials to take the money and sign for receipt of the money without documented authorization.

Relevant regulation

The *Kiribati Financial Regulation*, states that:

> ***Chapter 2: Financial duties and responsibilities of Public Officers, Regulation 17 (f), page 6***
> *"As defined in section 2 of the Ordinance, the accounting officer, must in so far as the following requirements may be applicable to his duties: (f) take care that no payment is made which is not covered by proper authority and report any waste or extravagance which comes to his notice (F.R. 141).*

Finding

Following an analysis of the beneficiary lists provided MFED, the audit determined that BTC and TUC showed high numbers of government officials signing the list and taking the money on behalf of the beneficiary. In other words, public officials from these two Councils were acting as third parties. This occurred in every payment cycle. Therefore, the audit requested all authorization letters from BTC and TUC for 2020 to 2023, however only 33 authorization letters. Upon reviewing these 33 documents, the audit found that only 10 were actual written authorization letters from the beneficiaries. The other 23 are letters from MWYSSA staff, a doctor, and a cashier, stating that the SFU list contains incorrect PINs, verifying that the beneficiary was sick, and witness letters confirming that the SFU collector is related to the intended beneficiary.

Upon reviewing the 2022 to 2023 BTC & TUC SFU list, the audit identified that 404 beneficiaries had their funds collected by their relatives and/or public officials without proper authorization. The audit requested the authorization letters for these 404 beneficiaries, however, were provided with only 10 actual written authorization letters from the beneficiaries. That means 394 cases (about 97%) lacked documented approval, amounting to $59,100 (394 × $150 per beneficiary).

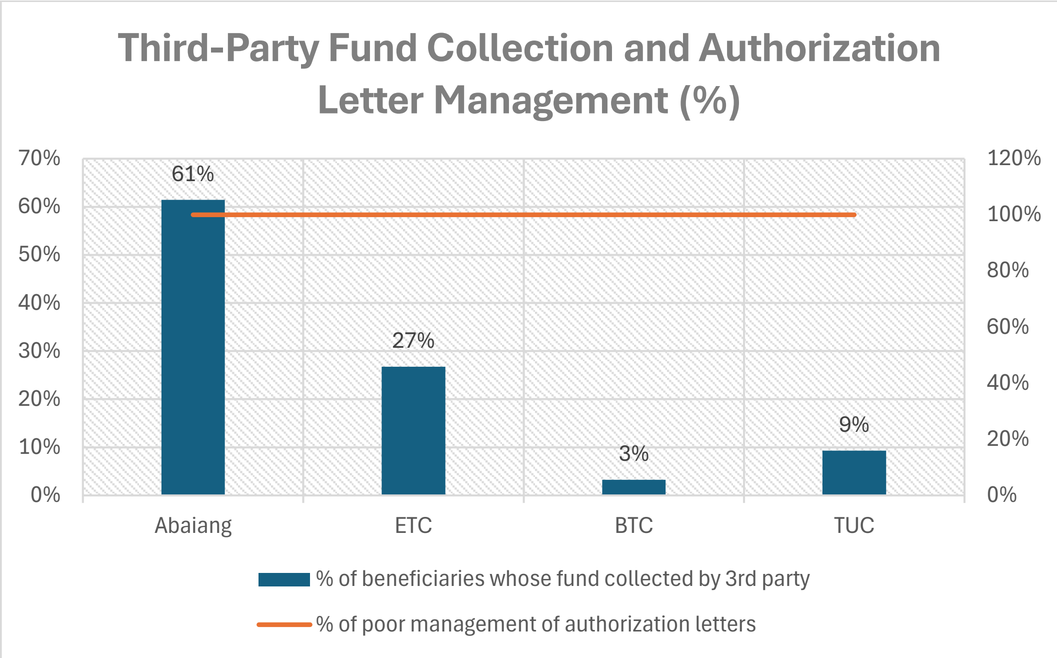
For the year 2024, the Audit Office requested all SFU signed list and authorization letter for TUC, BTC, ETC and Abaiang. Using these lists to determine the management and control of SFU payment. Based on the analysis, the Audit Office determined that 421 beneficiaries (about 24% from sample) had their payment collected by a third party without any valid authorization. This is represented in Table 6 and combined graph below:

Table 7: Summary of beneficiaries who had their funds collected by third party

	Abaiang	**ETC**	**BTC**	**TUC**	total for each quarter	Value of fund with poor/absent authorization letters
Q1			5	20	25	$ 3,750.00
Q2	75	8	2	11	96	$ 14,400.00
Q3	84	34	1	12	131	$ 19,650.00
Q4	96	49	4	20	169	$ 25,350.00
Total beneficiaries who had their funds collected by 3rd party	**255**	**91**	**12**	**63**	**421**	**$ 63,150.00**
Total Sample	415	340	370	678	1803	
% of beneficiaries whose fund collected by 3rd party	61%	27%	3%	9%	23%	
% of poor management of authorization letters	100%	100%	100%	100%		

As illustrated in Table 6 above, across the entire year, Abaiang recorded the largest number of unauthorized collections at 255 beneficiaries, followed by ETC with 91 cases, TUC with 63 cases, and BTC with 12 cases. In total, 421 beneficiaries (23% of the 1,803 sampled) had their funds collected by third parties without any valid authorization, amounting to $63,150. All cases (100%) lacked proper authorization letters, indicating complete failure in the management and enforcement of authorization controls.

Figure 6: Percentage of third-party collection and poor management of authorization letter



Upon review of 2024 SFU list, the audit identified that 421 beneficiaries had their funds collected by their relatives without proper authorization. The audit requested the authorization letters for these 421 beneficiaries, however none of the provided letters correspond with the names of the SFU beneficiaries whose fund has been taken. That means 421 cases (about 100%) lacked documented approval amounting to \$63,150 (421 × \$150 per beneficiary).

Based on the review of SFU lists and authorization letters for the years and the island concerned, the audit found that funds were routinely issued to third parties without proper written authorization, violating numerous Financial Regulations and Public Finance laws. For the year 2022 – 2023 BTC & TUC SFU list, out of 404 reviewed cases that cover BTC & TUC 2021 - 2023, the audit found that 394 or 97% have no authorization letters. For the year 2024, out of 421 reviewed cases that cover Abaiang, ETC, BTC & TUC, the audit found that 100% have no authorization letters. The total amount of the lacked documented approval is \$122,250.00, indicating a high risk of fraud or mismanagement. This raises questions about the legitimacy and consent of those transactions and whether the funds have gone to the intended beneficiaries.

Conclusion:

The audit found that for the year 2022-2023, 404 SFU beneficiaries had their funds collected by relatives or public officials, with 97% without proper authorization, amounting to \$59,100. In 2024, the audit found 421 SFU beneficiaries had their fund collected by relatives, with 100% without proper authorization, amounting to \$63,150. Overall, the total amount of the lacked documented approval is \$122,250. This raises significant concerns regarding the legitimacy of these transactions and whether the intended beneficiaries received their payments. For these reasons, the audit concludes that the MFED did not efficiently pay out SFU to the recipients due to poor maintenance and documentation of authorization letters for SFU payments for the years 2020 – 2024.

Recommendations:

The Audit Office recommends MFED works with MWYSSA on a new payment modality that will be piloted for SFU – digital payment solutions and transactive in the last quarter 2025.

Management response:

We want to clarify more about the case, well collecting other's fund is something we have already stopped from practicing. But if what you implying here is true, then we'll make sure to stop it by encouraging MWYSSA to sets strict protocols that can avoids this issue by implementing strategies like the issuance of proper authorization from the court. But still if there is no progress occurred, then collecting other's fund should be banned as soon as possible to avoid future issues even if it does involved staffs who often collects their relative's funds on their behalf to make it more transparency to other parties.

4.6.3 Poor control and maintenance of SFU Receipts for Unclaimed benefits.

Context

At the end of the SFU payout, the cashier will return the unclaimed SFU to the bank and they will be provided with the receipts of these returned unclaimed benefits which is called the SFU receipts. This will be evidence or a source document indicating that the unclaimed benefits have been returned.

Relevant regulation

The *Kiribati Financial Regulation* states that:

1. ***Chapter 1: General Principles, Regulation 10 (2), page 4***
   The original copies of vouchers, used receipts, abstracts and cash accounts and subsidiary journals and records held in the Accounting Division and Post Office headquarters must be preserved for a minimum period of seven years.
2. ***Chapter 2: Financial Duties and Responsibilities of Public Officers, Regulation 16 (e and f), page 5***
   Each accountable officer has the duty to
   (e) ensure the maintenance of his ministerial accounts and financial records in accordance with these Regulations and any subsidiary instructions issued by the Chief Accountant.
   (f) to arrange for a system of internal checks and internal control

Finding

During the information-gathering process, a total of 124 receipts were collected from the four selected islands for the years 2020 to 2024, although additional receipts are still pending at the time of drafting this report. One issue encountered pertains to SFU receipts. The Senior Accountant (SA) assign tellers with the receipt but do not ensure that the receipt is properly checked after the payment process. Specifically, the tellers are not verifying the receipt with their respective records to confirm that no money has been lost or hidden after the payment. This is illustrated in the table below, with the relevant values highlighted in bold red font. Additionally, the tellers are not handing over the receipt for signature, and reconciliation occurs without the receipt being properly validated. Additionally, during the follow up for the remaining receipt with the revenue staff, they mentioned that the remaining receipt cannot be track since the laptop that they used to store all the SFU receipt has been lost and cannot be found.

Table 8: Total Receipt by Sample Islands for the year 2020 - 2023

ISLANDS	2020	2021	2022	2023	2024	Total
Abaiang	$ 32,381.90	$ 99,650.00	$ 29,750.00	$ -	$ 61,250.00	**$ 223,031.90**
ETC	$ 26,040.00	$ 123,050.00	$ 43,150.00	$ -	$ 31,050.00	**$ 223,290.00**
TUC	$ -	$ 1,162,690.00	$ 152,250.00	$ -	$ -	**$ 1,314,940.00**
BTC	$ 27,800.00	$ -	$ -	$ 209,440.00	$19,650	**$ 256,890.00**

Based on the review of receipts for the years 2020 – 2024 that cover the four sampled islands, the audit noted poor control over the issuance, reconciliation, and archiving of receipts. Most receipts for unclaimed SFU benefits were lost due to several reasons, such as the loss of a laptop that was used to store receipts. The lost receipts include TUC receipts from 2020, 2023, and 2024, BTC receipts from 2021 and 2022, and receipts for Abaiang, ETC, from 2023. Audit also found that there is no evidence of reconciliation between returned unclaimed funds and the SFU lists since Treasury is unable to provide these records. This systemic poor management and safeguarding of financial records indicates a lack of accountability and increase the high risk of fraud, waste, and abuse.

This is not in compliance with the Financial Regulation under these provisions:

1. ***Chapter 1: General Principles, Regulation 10 (2), page 4***

   The original copies of vouchers, used receipts, abstracts and cash accounts and subsidiary journals and records held in the Accounting Division and Post Office headquarters must be preserved for a minimum period of seven years.

2. ***Chapter 2: Financial Duties and Responsibilities of Public Officers, Regulation 16 (e and f), page 5***

   Each accountable officer has the duty to

   (e) ensure the maintenance of his ministerial accounts and financial records in accordance with these Regulations and any subsidiary instructions issued by the Chief Accountant.

   (f) to arrange for a system of internal checks and internal control

Conclusion:

The audit found no evidence of TUC receipts from 2020, 2023, and 2024, BTC receipts from 2021 and 2022, and receipts for Abaiang, ETC from 2023. The audit also found no evidence of reconciliation between returned unclaimed funds and the SFU list. This systemic poor management and safeguarding of financial records indicate a lack of accountability, and increase the high risk of fraud, waste, and abuse. It also indicates non-compliance with established Kiribati financial regulations that require the maintenance of receipts. For these reasons, the audit concludes that the MFED did not efficiently pay out SFU to the recipients, as it failed to keep proper records of SFU receipts for unclaimed benefits for the years 2020–2024.

Recommendations:

The Audit Office recommends that the MFED Senior Accountant for SFU reconciles the SFU list with unclaimed funds and ensure all unclaimed funds are receipted to the cashier immediately after the payment. The SA for SFU should keep a proper record of the unclaimed funds and receipts of these funds in the SFU drive for ease of access and audit.

Management response:

I'd like to further liaise with your team about the information you have mentioned here by whom you get this information? Since, as we understand there's a steps we ought to comply with especially during a cash return and this steps applies to all staffs who were involved in the payout.

Following are steps you may not aware of [Payout Vs Receipt]

(i) Staffs has assigned to their stations where the payout carried out.
(ii) Once they came back, we will make sure they do their reconciliation as per their sign lists to check if their remaining cash [physical cash] matches the unclaimed records
(iii) Then, they will receipt their money [Cashier is going to re-check if their reconciliation matches the cash they receipts]
(iv) If there is a loss, he/she will be accountable and responsible to his/her action. This is where staffs had compensating for the loss.

4.6.4 Poor type of ID used.

Context

Identification (ID) plays a significant role in verifying SFU beneficiaries, especially in cases where multiple beneficiaries share the same name, surname, and family name. The National Identity Card contains a unique Personal Identification Number (PIN) which is the 6 digits located on top right corner for each Kiribati citizen's National ID. This unique PIN helps distinguish individuals with identical names and family names.

The SFU Policy (2022) does not specify the required type of ID to be used when claiming the SFU. As a result, beneficiaries use various forms of ID – such as driver's licenses or passports. This create risks because, in Kiribati, it is not uncommon for people to have the same first and last names. Therefore, when beneficiaries use IDs like driver's license or passports – which do not contain a unique PIN – it becomes difficult to accurately identify individuals. This could lead to disbursing payment to the wrong SFU beneficiaries, increasing the risk of fraudulent claims. In contrast, the National ID contains a unique PIN, which is also included in the SFU list. This allows cashiers to easily identify SFU beneficiaries who may have the same name and surname.

Better practice

During an interview with the SPC on 25th October 2024, it was stated that the better practice is to use the national ID card, and beneficiaries are expected to receive their funds using this form of identification.

Finding

Records provided to the Audit Office from 2020 – 2023 shows that a total of 215 beneficiaries received funds using non-national IDs (For example: passports or driver's licenses). The Audit Office found that this gap in standard practice increases the risk of fraudulent claims. To reduce duplication of beneficiaries on the SFU lists, it is considered better practice to use the national ID card, which provides a unique identifier for individuals with similar names.

Based on the review of SFU lists from 2020 – 2024 across the four sample islands, the audit found that 215 beneficiaries received the fund using non-national IDs (e.g., passports or driver's licenses). In Kiribati, it is common to have two or more people with the same first and second names. A National ID has a unique identification number on it that other forms of ID lack, increasing the risk of paying money to the wrong person. MWYSSA confirmed that cases involving people with the same names have occurred. To reduce the risk of paying the SFU to the wrong person, tellers should only accept the National ID.

Conclusion:

The audit found that 215 SFU beneficiaries continued to use non-national identification, such as driver's licenses or passports, which lack a unique PIN, during the 2024 payment cycles. This practice increases the risk of fraudulent claims, particularly when multiple individuals share the same name, as it becomes difficult to verify the rightful beneficiary. Although SFU policy does not explicitly require the national ID, verbal guidance from the SPC on 25 October 2024 indicated it is the preferred form of identification. The findings highlight a gap in verification controls and underscore the need to formalize identification requirements and enforce their use to protect program integrity and prevent potential misuse of funds.

Recommendation:

The Audit Office recommends that the Government update the policy to specify the National ID as the type of identification (ID) to be used when claiming the SFU, since it provides a unique ID for individuals with the same name.

Management response:

Well, that can be true especially when staffs who involved in the payout knew that person very well. However, that's not only the case since in our own perceptions, using other IDs beside the national ID is not a problem since all ID has contains people identities [like photos, D.O.B, etc] that can assists us in verifying the person. Also, we're just trying to help people who have waited long an hour in a queue by not wasting their time just because of using other IDs beside the National ID.

4.6.5 Lack of acquittal report between MFED and MWYSSA

Context

Acquittal reporting refers to the process of providing documented evidence that funds or resources received – typically through a grant, donation, or government program – have been spent appropriately and in accordance with the agreed-upon terms or conditions.

Finding

Based on discussions, MFED was uncertain about the submission of acquittal reports for the years 2020 to 2021 due to a lack of proper handing over. However, for the period 2022 to 2024, MFED claimed to have sent SFU acquittal reports to MWYSSA, but MWYSSA denied receipt of all reports. There is no evidence that MFED acquittal reports were submitted to MWYSSA. This lack of coordination and communication undermines the timely reconciliation and reporting of SFU disbursements, as well as the tracking of SFU funds being spent and unclaimed.

This indicates that there is poor communication between MWYSSA and MFED. This will lead to inefficiency, poor decision making and low engagement. As a result, there will be a decline in collaboration, delays, and mistakes can occur due to unclear or missing communication. Also, without clear input or feedback, decision may be based on incorrect or incomplete information.

Conclusion:

The audit found no evidence of acquittal reporting between MFED and MWYSSA for the years 2020 – 2024. This indicates significant weaknesses in the reporting and communication processes between MFED and MWYSSA regarding SFU payment acquittals. This lack of timely and complete reporting undermines transparency, impedes effective monitoring of SFU payments, and increases the risk of mismanagement or errors in fund disbursement. For this reason, the audit concludes that the MFED did not efficiently provide reports to MWYSSA.

Recommendations:

The Audit Office recommends that the Senior Accountant from MFED responsible for SFU should reconcile and submit the SFU report to SPC in MWYSSA 1 week after the SFU payment period. This will improve inter-agency communication for accurate and timely reporting.

Management response:

No response

APPENDICES

Appendix 1: List of documents reviewed

Type of document	Document name	Reason for review
Policies and Manuals	Policy and Guidelines Support Fund to the Unemployed (SFU)	To assess the guidelines for the SFU management.
	Operations Manual for the Senior Citizen's Allowance (SCA) and the Support Fund for the Unemployed (SFU)	To assess procedures for the SFU management.
National Planning	Kiribati Development Plan (KDP) 2023–2024	To assess the purpose of the scheme and its link to the development agenda.
Acquittal Reports	MFED – SFU Unit Reports	Review official reports from the Ministry of Finance and Economic Development (MFED) to the SPU – MWYSSA after the SFU payouts.
Parliamentary Records	SFU Hansard 2020–2023	To assess parliament interest in SFU management.
Financial Data	General Ledger Data for Scheme Spending (2020–2024)	To assess the actual financial expenditure under the scheme.
Budgetary Data	Departmental Warrant Data (2020–2023) – Outer Islands and South Tarawa	To assess the variances between budgets and actuals. To assess the budget trends over time.
MFED – List for SFU beneficiaries	SFU signed list 2020 – 2024	To assess control of SFU payment management.
SFU beneficiaries' authorization letter	Authorization letters for SFU 2020 - 2024	To assess control of SFU payment management.
SFU Receipts for unclaimed funds	SFU Receipts 2020 - 2024	To assess control of SFU payment management.
KPF data	KPF list 2024	To assess the eligibility of SFU beneficiaries.
MEHR data	PALM long data LMIM data	To assess the eligibility of SFU beneficiaries.
MTCIC data	Compiled list of leave grants employees from Private sector	To assess the eligibility of SFU beneficiaries.
SFU beneficiaries' birth certificates	Birth Certificates	To verify the existence of SFU beneficiaries.
MWYSSA – SPU list for SFU beneficiaries	SFU List 2020 – 2024	To assess the eligibility of beneficiaries.

Appendix 2: Interviews

S/N	DATE	OFFICER INTERVIEWED	INSTITUTION	PURPOSE OF INTERVIEW
1	15 Nov. 2024	Social Protection Coordinator (SPC)	MWYSSA	Seek clarification on SFU taskforce, Role of ASWO and details on SFU payments.
2	22 Nov. 2024	IT officer (IT)	MWYSSA	Observe the SFU database and understand practices in developing the SFU list and how staff participate in putting in applicants, data, and the filtering.
3	23 Dec. 2024 & 13 Jan. 2025	SPC and IT	MWYSSA	Seek clarification on audit findings and developing the SFU list and how staff participate in putting in applicants, data, and the filtering.
4	25 Mar. 2025	Loan Manager	KPF	Seek verification via email on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
5	27 May 2025	Deputy Secretary (DS)	MTCIC	Seek verification on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
6	28 May 2025	DS	MOE	Seek verification on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
7	30 May 2025	Secretary	PSO	Seek verification via email on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
8	05 Jun. 2025	IT assistant and Registrar for Births, Deaths and Marriages	MOJ	Seek verification on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
9	18 Jun. 2025	Human Resource Officer OIC, Senior Labor Officer, and Labor Officer	MEHR	Seek verification on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
10	05 Sept. 2025	Secretary	PSO	Seek verification on the monthly update of the SFU and SFU taskforce meetings for the monitoring and evaluation of the SFU.
11	02 Dec. 2025	IT Officer	MWYSSA	Seek clarification of the SFU database backup and access control in 2024.

Appendix 3: Audit Criteria and Audit Opinions

The table below identifies the audit opinion on the auditees' effectiveness and efficiency in managing SFU. The column referring to the criteria is the basis of forming an audit opinion in which the MWYSSA's and MFED's management of the SFU is assessed.

Rating meaning:

- No – means not adhering to the criterion.
- Partially – means efforts are recognized but still failed to fully adhere to the criterion.
- Yes – means fully complying with the criterion

TABLE A: Audit Opinion on the SFU management

Criteria #	Criteria	Audit Opinion
1	Did the SPU assess the eligibility of applicants?	Partially, based on the findings stated in 4.5.1
1.1	Did the MWYSSA effectively collaborate with stakeholders concerned to update the SFU data list?	No, based on finding 4.1.2
1.2	Did the SPU verify the accuracy of the information provided by the applicant?	Partially, based finding 4.3.1 and 4.4.1
1.3	Were the supporting documents and evidence thoroughly checked to ensure they met the eligibility requirements?	Partially, based on finding 4.2.1 and 4.3.1
2	Did the MWYSSA (SPU) adhere to established policy and guidelines for SFU and best practices?	No, based on finding 4.1.1, 4.1.2, 4.2.1, and 4.3.1
2.1	Did the MWYSSA comply with all requirements in the established policy and guidelines of SFU and best practices?	No, based on 4.1.1,4.1.2, 4.2.1 and 4.3.1
2.2	Did the MWYSSA document update the consideration of established policy and guidelines of the SFU?	No
3	Did MFED efficiently pay out SFU to the recipients and provide a report to MWYSSA?	Partially, based on finding 4.6.1, 4.6.2, 4.6.3 and 4.6.5
3.1	Did the MFED accurately and efficiently pay out SFU to recipients?	Partially, based on finding 4.6.2
3.2	Did the MFED consider the recipient's complaint and provide a clear and accurate report?	No, based on finding 4.6.5