THE REPORT OF THE AUDITOR GENERAL

ON THE GOVERNMENT OF KIRIBATI ANNUAL ACCOUNT

PART II- Ministries recurrent Revenues & Expenditures for year ended 31 December 2024

REPORT NO: 37B/26

Central Government Division
KIRIBATI AUDIT OFFICE

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1. ACKNOWLEDGEMENT

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

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

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

Kam rabwa.

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Eriati T Manaima
Auditor General
(Kiribati Audit Office)

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2. ACRONYMS

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

3. EXECUTIVE SUMMARY

3.1. Scope of work.

This audit engagement focuses on the control and management of Government's Recurrent Revenue and Expenditure for the financial year ended 31st December 2024 in compliance to the existing and relevant laws and policies, Public Finance (Control and Audit) Ordinance, Appropriation Act or Approved Budget 2024, Procurement Act 2019, Government's Financial Regulations 2011 and National Conditions of Services (NCS).

3.2. Key Audit Findings

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

Approved Budget review 2024

- Huge remaining approved budget balance

Across ministries, from small to large, there was a consistent pattern of significant huge savings total to over $6.7 million. This indicates that the approved funds for the year 2024 were not fully utilized by ministries, meaning expected activities are not effectively performed. (Refer Table 4.1., page 13)

- Overspent Divisions

Out of 23 ministries, 1 recorded overspending, totalling $476,714.19 which is Kiribati Police Services.

- Revenue Under collection

Government revenues totalled $320 million, lower than the estimated $406 million, resulting in an under collection of $85 million. This was mainly due to shortfall revenues from Judiciary, MM, MFOR, and MFED. (See Table 4.1, p. 13).

Audit of Ministries Recurrent account 2024

During the audit of ministries recurrent account 2024, the audit revealed common issues in the control of revenues and expenditures as listed below:

- Lack of monthly reconciliation of revenues and expenditures
- Weaknesses in the control of purchased assets.
- Invoices are not certified.
- Non maintenance and update of asset register
- Lack of supporting programs for external travels
- Expenses & Revenues mis postings
- Revenues Lack of supporting documentation.
- Salary overpayments

4. Government Ministries Recurrent Account 2024 (Ministry of Finance and Economic Development, 2024)

		EXPENDITURES					REVENUES			
Code	Ministry	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1	OB	3,495,134.51	3,514,819.51	3,350,362.02	-164,457.49					0.00
2	PSO	1,756,511.63	1,758,411.63	1,695,220.39	-63,191.24					0.00
3	JUD	3,861,816.25	3,839,766.45	3,634,341.47	-205,424.98		361,200.00	361,200.00	231,207.82	-129,992.18
4	KPS	16,522,812.66	16,544,166.66	17,020,880.85	476,714.19		72,050.00	72,050.00	154,467.93	82,417.93
6	MFAI	5,179,546.41	5,179,546.41	4,137,294.50	-1,042,251.91		30,240.00	30,240.00	200,867.64	170,627.64
7	MCIA	5,261,501.42	5,200,220.42	4,631,669.13	-568,551.29		3,000.00	3,000.00	7,085.00	4,085.00
8	MELAD	6,424,550.83	6,426,173.75	6,218,821.52	-207,352.23		621,300.00	621,300.00	722,722.00	101,422.00
9	MM	7,838,289.59	7,838,289.59	6,992,061.74	-846,227.85		51,900.00	51,900.00	8,296.58	-43,603.42
10	MTCIC	3,964,295.64	3,964,295.64	3,811,889.05	-152,406.59		66,218.50	66,218.50	152,892.46	86,673.96
11	KAO	1,466,842.78	1,466,842.78	1,293,558.13	-173,284.65		13,500.00	13,500.00	35,500.00	22,000.00
12	OAG	1,428,193.44	1,428,193.44	1,316,111.63	-112,081.81		600.00	600.00	2,437.80	1,837.80
13	MFOR	5,686,429.58	5,686,429.58	5,474,425.16	-212,004.42		230,269,164.15	230,269,164.15	209,886,253.45	-20,382,910.70
14	MHMS	36,985,900.59	36,995,860.59	36,874,704.98	-121,155.61		93,300.00	93,300.00	247,663.75	154,363.75
15	MOE	50,091,986.01	50,137,618.51	49,810,064.40	-327,554.11		316,100.00	316,100.00	613,530.48	297,430.48
16	MICT	6,099,412.98	6,099,412.98	5,776,031.83	-323,381.15		2,562,989.00	2,562,989.00	3,280,602.91	717,613.91
17	MFED	7,201,766.64	7,503,013.29	7,304,302.29	-198,711.00		164,890,364.00	170,700,364.00	103,409,724.55	-67,290,639.45
18	MWYSSA	2,806,279.52	2,806,279.52	2,483,414.17	-322,865.35		28,450.00	28,450.00	45,227.80	16,777.80
19	MISE	5,906,684.22	5,906,684.22	5,257,937.00	-648,747.22		86,127.00	86,127.00	101,532.91	15,405.91
20	MEHR	7,263,275.99	7,268,275.99	6,895,968.39	-372,307.60		258,000.00	258,000.00	310,838.89	52,838.89
21	MLPID	6,647,010.75	6,647,010.25	5,983,301.29	-663,708.96		793,000.00	793,000.00	1,095,991.73	302,991.73
22	MOJ	3,937,257.93	3,952,371.93	3,707,272.68	-245,099.25		189,400.00	189,400.00	244,363.61	54,963.61
76	LC	609,260.64	609,260.64	401,314.05	-207,946.59					0.00
77	PSC	454,776.29	454,776.29	440,427.25	-14,349.04					0.00
	Total	**190,889,536.30**	**191,227,720.07**	**184,511,373.92**	**-6,716,346.15**		**400,706,902.65**	**406,516,902.65**	**320,751,207.31**	**-85,765,695.34**

Table 4.1. Ministries Recurrent Account 2024

5. OFFICE OF TE BERETITENTI (OB)

5.1. Background Information

Office of Te Beretitenti has 6 main divisions such as admin, state house, communication unit, meteorological, strategic national policy, and cabinet secretariat. The main goals of the ministry are to facilitate Cabinet meetings, provide high-quality advice to the President and Cabinet, ensure excellence in policy papers, maintain communication with ministries, inform the public about government policies, manage Commissions of Inquiry, oversee the Parole Board and Honors and Awards Commission, enhance meteorological services, and coordinate national risk management (National Economic Planning Office, 2024). According to the government Establishment Register (ER) 2024, OB has total of 77 permanent positions. (Public Service Office, 2024).

<u>Findings & Analysis</u>

5.2. Review of Approved Budget 2024

OB RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

OB	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
0101 Administration	1,423,781.66	1,423,781.66	1,318,731.89	-105,049.77		0			
0102 State House	342,056.81	342,056.81	327,458.38	-14,598.43		0			
0103 Communications	116,573.25	116,573.25	105,442.92	-11,130.33		0			
0104 Met	1,077,210.86	1,096,895.86	1,079,169.94	-17,725.92		0			
0105 Strategic Policy	287,109.95	287,109.95	280,051.09	-7,058.86		0			
0106 Cabinet Sec	248,401.98	248,401.98	239,507.80	-8,894.18		0			
Total	**3,495,134.51**	**3,514,819.51**	**3,350,362.02**	**-164,457.49**		**0**			

(Ministry of Finance and Economic Development, 2024, p. 50)

5.2.1. Expense Underspending

The overall budget performance as highlighted in the table above showed a saving of $164,457.49, this is because all divisions did not fully utilize their allocated approved budget.

<u>Audit Recommendation</u>

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

Management Responses
The Office of Te Beretitenti (OB) confirms this saving caused by unused approved budget allocated for personnel emolument given that some positions were vacant; overseas travel budgeted for clashed with national commitments. OB must ensure execution of annual work plans in alignment with the approved budget to avoid future under-expenditure. This can be challenging, however, since the annual work plans are subject to other services that OB has no control over, for instance, domestic flights. (OB management response 2024, received via email on 29th July 2026)

5.3. Current Audit Observations.

5.3.1. Absence of Service Confirmation performed.

- Entertainment Local – For PV-24-01-1100 totaling to $5,075.00, the audit further noted that no service confirmation was attached to the payment documentation to verify the actual number of tables, chairs, and chair covers provided and utilized during the function.
- Council services local - The review of payments totaling $47,561.40 for council service works noted that invoices were generally certified upon receipt; however, there was no service completion or confirmation report to demonstrate that the contracted works had been fully performed. The available certification therefore did not provide sufficient evidence to verify that the services claimed and paid for were completed in accordance with the agreed terms and conditions.

The audit welcomes the OB's responses. However, to further clarify the requirement for adequate verification and confirmation of services provided is also addressed under the Financial Regulations (FR), specifically Regulations 185(b), 186(a), and 187(d). These provisions require appropriate supporting evidence and verification to ensure that payments are made only for goods and services duly received and confirmed. Therefore, the absence of service confirmations remains an internal control weakness that should be addressed.

Implications: *Consequently, the audit was unable to confirm whether the quantities charged were consistent with the quantities delivered and used or services are delivered and completed in accordance with the agreed terms.*

Audit Recommendation
According to Financial Regulations:

- **FR 185 (b) - Responsibility of Authorizing Officer, requires the authorizing officer to ensure that the rates or prices charged are in accordance with the applicable regulations, contract or agreement and are fair and reasonable, and that the voucher and its supporting details are correct.**
- **FR 186 (a)- requires payment vouchers to contain full particulars of each service, including dates, numbers, quantities, distances and rates, so that the payment can be**

checked. Where invoices or similar documents are available, they should be attached to the voucher and contain the relevant details supporting the payment.

- **FR 187 (d)- specifically requires the following certification for payments for services rendered: I certify that the services have been duly performed.**

Management should ensure that all payments to service providers are supported by Goods or Service Completion or Confirmation Report, certifying that the contracted services or goods have been satisfactorily delivered in accordance with the agreed terms, including the quantity and quality of items or services provided.

Management Responses

Service confirmation, under the current procedures, are being managed through the process of "certification. of invoices." This simply means that an invoice upon production would have to go through the responsible officer to assess the items/quantities being charged and certify whether the invoice is accurate or inaccurate. If accurate, payment will be processed straight away through IFMIS; but if not, it will be sent back to the service provider to review the quantities and charges and resubmit. This is normally done by signing off on the invoice, making the "certifying notes" visible and accessible for approvers. That process in itself is an official confirmation of the services/goods being provided, which essentially inform IFMIS approver's decision. and satisfy the payment's requirement.

While there is no specific clause in the NCS and FR that make service confirmation report mandatory for payment, it is well noted that the service confirmation report is now an auditing report requirement. It is highly recommended that the FR and NCS be reviewed to incorporate service confirmation report as an auditing requirement for processing payment. (OB management response 2024, received via email on 29th July 2026)

5.3.2. Entertainment Local - Late procurement approval resulting to late payment.

The audit noted that PV-24-01-0125, amounting to $33,142.50, was processed in 2024 for goods supplied by Mini-Market in 2023, as evidenced by the supplier's invoice dated 8 July 2023. Procurement approval was obtained only on 23rd January 2024, indicating that the goods were procured and received before the formal procurement process was undertaken.

***Implication**: Obtaining procurement approval after the goods had already been supplied does not comply with procurement procedures. This reduces transparency and accountability and increases the risk that purchases may have been made without proper authorization and review.*

Audit Recommendation

According to Procurement Act 2019, section 5, "Public Procurement shall not be initiated unless Public Funds are specifically and completely allocated and approved."

Management Responses
The situation shows what happens when official purchasing rules clash with unexpected event needs. During the 2023 National Day event, extra drink supplies from a secondary supplier were dropped off and stored without immediate verification. When more guests arrived than expected, the team had to use these extra drinks to keep the event running smoothly. This created a typical administrative challenge: goods were accepted and consumed outside the regular ordering process to handle an immediate operational need.

To fix this, the OB followed standard financial rules to make things right after the fact. Rather than ignoring the unapproved delivery, the team worked with the MFED through the Treasury Department to confirm that the government was responsible for the cost. This process allowed OB to pay the supplier fairly while maintaining proper accounting, transparency, and fiscal responsibility.

The situation underscores the balance between administrative compliance and operational necessity in government logistics. While the initial acceptance and usage of non-contracted goods bypassed standard pre-approval frameworks, the subsequent resolution demonstrates administrative oversight in action. By coordinating with the MFED and adhering to the Office of the Accountant General's (OAG) guidance, the agency established liability and legitimized the retrospective payment, ensuring fiscal accountability and vendor settlement while documenting lessons for future event procurement controls. (OB management response 2024, received via email on 29th July 2026)

5.3.3. Mis posting of Expenditure for PV-24-01-1821.

The audit found that PV- 24-01-1821, amounting to $9,304.00, related to expenditure incurred by the Ministry of Foreign Affairs and Immigration (MFAI). However, the payment was charged under the Council Service Local budget allocation of the Office of the Beretitenti instead of the appropriate ministry allocation. As a result, the expenditure was recorded under an incorrect responsible ministry, leading to a misstatement of the respective ministries' expenditure.

Implication: *The misallocation of expenditure may compromise the accuracy and reliability of financial reporting and hinder effective budget management and accountability.*

Audit Recommendation
Management needs to ensure that expenses are charged to the correct ministry code.

Management Responses
This is certainly a co-shared expenditures between the Office of Te Beretitenti (OB) and the Ministry of Foreign Affairs and Immigration (MFAI). The expenditure involves with engaging Taka Contractor to renovate the former residence of Minister for MoE, located next to the MFAI,

turning it into a functional office for both OB and MFAI. As a shared office, both OB and MFAI agreed to share the cost. With that arrangement, the MFAI formally signed the contract with Taka, allowing Taka to invoice all expenses to MFAI, and that MFAI will share the final payment with OB.

Please also note that OB, MFAI, and PSO have shared one Account Division, which handles all financial matters for the three Offices. It also important to stress that these three offices have only one Minister – and that is His Excellency Te Beretitenti of the Republic of Kiribati. The centralisation of the Account Division has made such payment arrangements for Taka Contractor easier to be facilitate. (OB management response 2024, received via email on 29th July 2026)

6. MINISTRY OF FOREIGN AFFAIRS AND IMMIGRATION (MFAI)

6.1. Background Information

MFAI is one of the government ministries with 4 main divisions such as Immigration located at Headquarter Tarawa and three overseas missions Kiribati High Commission in Fiji, Kiribati Embassy in Beijing China, and Kiribati Embassy to the United Nations. The main objectives are to provide immigration services through processing of travel documents and enforcing immigration legislations to protect national security, strengthen bilateral relations with the Government of Fiji including providing consular services to nationals in Fiji , to enhance bilateral relations with the Government of the People's Republic of China (PRC) and to promote and advocate national interests at the United Nations and represent Kiribati as accredited mission to the United States of America (National Economic Planning Office, 2024). According to ER 2024, there are 73 permanent positions with MFAI (Public Service Office, 2024).

Findings & Analysis

6.2. Review of Approved Budget 2024

MFAI RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MFAI	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
0601 Administration	1,341,911.56	1,341,911.56	1,187,096.59	-154,814.97		0	0	0	0
0602 Immigration	570,310.95	570,310.95	546,083.33	-24,227.62		29,490.00	29,490.00	200,525.53	171,035.53
0603 KHC	987,187.84	987,187.84	862,259.92	-124,927.92		750	750	342.11	-407.89
0604 Mission in Beijing	797,157.93	797,157.93	678,763.94	-118,393.99		0	0	0	0
0605 Mission in NY	875,282.26	875,282.26	863,090.72	-12,191.54		0	0	0	0
0606 MFAI – Geneva	607,695.87	607,695.87	0	-607,695.87		0	0	0	0
06-MFAI Total	**5,179,546.41**	**5,179,546.41**	**4,137,294.50**	**-1,042,251.91**		**30,240.00**	**30,240.00**	**200,867.64**	**170,627.64**

(Ministry of Finance and Economic Development, 2024, p. 50)

6.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant savings of $1,042,251.91, indicating that actual expenditure was below the approved budget allocation, resulting in underutilization of available funds during the financial year.

6.2.2. Revenue Overcollection

Revenue collections exceeded the revised budget by $171,035.53 for Division 0602**,** while Division 0603 under collect revenue by $407.89. Overall, revenue exceeded the revised budget by $170,627.64.

Audit Recommendation

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

Management Responses

Expenditures against Revised Budget

There are several reasons for this significant savings, as listed below:

- *The bulk of the saving comes from Geneva Mission. The mission was not yet operational in 2024, and so the fund was not utilized. The initial work started from 2025 with the appointment of a CDA who started the groundwork such as arrangements for office space, vehicle, accommodation and other necessary work required. Now the office has been officially opened, and the newly appointed Ambassador is ready to resume duties this month.*
- *The other savings from Admin were due to unpaid travel claims. The payment of travel claims on FMIS first started in 2024 and there were a lot of technical issues. At the end of the year, a lot of funds was committed for overseas travel, but when staff submitted their travel claims, they were not paid out from 2024 budget due to technical issues in FMIS, which added to the savings. All the outstanding claims were paid out from 2025 budget at the beginning of the following year.*

- *For the other missions, there were savings in rental houses, especially where couples share a single house, while the budget allocated funds for each staff. For example, one couple shared a single house at Beijing Mission, two couples shared a single house at New York Mission. Other savings included vacancies, such as ROD at Beijing Mission. This post has been successfully filled earlier this year and the officer has been posted to take up her position in China. (MFAI management response 2024, received in hard copy on 29th July 2026)*

Revenues Against Revised Estimates

Output 0602 (Immigration) saw an increase in revenue due to the increased number of passport applications for study and work overseas. Also, there was increased number of visa application fees and their bond. The bond applies for specific work permit applicants, ranging between $1,000 and $3,000, depending on the different countries they come from. However, this bond is

refundable in full upon completion of visa once there are no issues confirmed that require additional charges.
Output 0603 for High Commission in Fiji estimated an annual revenue of $750 for 2024. There was an under collection due to the decrease in visa applications received by the mission.
(MFAI management response 2024, received in hard copy on 29th July 2026)

6.3. Current Audit Observation

6.3.1. Control weaknesses – Purchase of office equipment, furniture, Soft-local

The review of purchases of office equipment, furniture, and soft-local items noted the following control weaknesses:

- The audit noted that no asset register is maintained in 2024 to record full details of purchased IT equipment and other items.

Management provided a snapshot of an asset register after the exit meeting that has recently been established. The establishment of this register is a positive step towards addressing the audit observation and strengthening the control over the recording and monitoring of Government assets. However, the register should be maintained and regularly updated to ensure that all newly acquired assets are properly recorded and that complete and accurate asset information is available.

***Implication**: The absence of an asset register and incomplete physical verification of assets increases the risk of asset mismanagement, loss or misappropriation, and unreliable asset records, weakening overall asset control and accountability.*

Audit Recommendation

Management should establish and maintain a comprehensive asset register that records all purchased assets, including descriptions, serial numbers, locations, custodians, and acquisition details. Regular physical verification of assets should also be conducted and documented, with any missing or unverified items promptly investigated and reconciled to the asset register to strengthen asset control and accountability.

Management Response

Asset Register

The Ministry keeps records of its ICT assets by assigning each item to each staff, such as laptops. The Ministry controls and manages its laptops by signing agreements between ICT (Responsible Division) and the staff concerned. The agreement records descriptions, serial numbers, the responsible staff, and the date received. Attached are some samples of the agreements, specifically the Lenovo brands that were part of the payments randomly picked by KNAO.In addition, the Ministry continues to improve its control and management of ICT assets. Recently, starting from 2025, the Ministry has maintained a locally hosted ICT Asset Inventory Database that records details of ICT equipment and other assets. The system is accessible internally via the following link: http://192.168.20.2/mfaidata. The ICT is working on updating this database *by transferring the information on file onto this database. The Exit Meeting with KNAO team on Friday 24/07/26 provided the opportunity for the Ministry to show the KNAO team this new database. The Ministry took notes of the comments on assigning payment details for each item on the database, for ease of reference in future audit exercises. (A screenshot of the system was provided for reference in the original submission.) (MFAI management response 2024, received in hard copy on 29th July 2026)*

6.4. KIRIBATI MISSION TO THE UNITED NATIONS

6.4.1. Background Information

The Kiribati Mission to the United Nations is a division under the Ministry of Foreign Affairs based in New York. According to Establishment Register 2024, this office consists of 6 staff with main purpose is to promote and advocate national interests at the United Nations and represent Kiribati as accredited mission to the United States of America. In financial reporting, the mission used US dollars and this was converted to Australian dollars when the reports were sent to the Ministry of Finance.

6.4.2. Prior Year Audit Issues

The audit noted that the following issue from the last audit report has been noted again for this current audit.

6.4.2.1. Recurrent Expenditure- Increased Underspending in 2024

Ministry of Foreign Affairs & Immigration	Original Budget (2024)	Revised Budget (2024)	Actual (2024)	Variance Over(-) /Under	Actual (2023)	Unspent Budget (2023)
05 Mission in New York	$866,179.27	$865,979.27	$853,882.87	$12,096.40	$820,614	$7,698.00

In the 2023 audit report for New York Mission, there had been unspent budget of $7,698.00. For the 2024 audit, the unspent budget has increased to $12,096.40. This means that there is an increase of $4,398.30 (36%) in unspent budget or budget savings.

Audit Recommendation

While the $12,096.40 in budget savings remains relatively immaterial, the Audit recommends that the Mission enhance its budget planning and execution processes. This should be achieved by aligning annual work plans more closely with realistic implementation capacities, thereby ensuring that allocated funds are utilized effectively, and that under-expenditure does not undermine service delivery.

Management response:

It appears that the underspending in the audited year 2024 is due to two main factors:

1. ***Delayed staff appointment.*** *A staff member who was budgeted to work during 2024 has not yet been appointed. The absence of this personnel results in unspent salary and*

associated operational budget lines, creating a measurable shortfall between planned and actual expenditures.

2. ***Reductions by MFEP to RBC requests.*** *The Ministry of Finance, Economic Planning and Development (MFEP) has consistently reduced the amounts requested for the RBC whenever the Mission submits funding requests. These systematic reductions lower the funds available for planned activities and are a material contributor to underspending. Improved coordination with MFEP on request justifications, clearer documentation of funding needs, and alignment of requests with MFEP priorities may reduce future downward adjustments.*

(NY Mission management response 2024, received via email on 27th May 2026)

6.4.3. Current Year Audit Findings 2024

6.4.3.1. Variances between Mission's Monthly Report and MFED General Ledger

The Mission incurred allowance expenses in US dollars and converted these amounts into Australian dollars in its monthly financial reports using the monthly exchange rates provided by its bank. However, differences were identified between the Mission's reported figures and the Treasury's General Ledger entries. These variances may have been risen due to the use of different exchange rates when recording transactions. The variances are as follows:

- Allowances $329.93
- Wages $ 243.27
- Housing assistance $9,550.90
- Internet Fees $306.74
- Local works contract $693.35
- External Travel – Airfare $592.76
- External Travel – Perdiem $350.36
- Purchase of office equipment, furniture & software $553.74
- Office transport $119.72

Implication: *The use of inconsistent exchange rates may result in inaccurate financial reporting and discrepancies between records, affecting the reliability and comparability of financial data.*

Audit Recommendation:

A standardized exchange rate policy should be applied consistently by both the Mission and Treasury when recording transactions. Regular reconciliations should also be performed to identify and resolve any variances in a timely manner.

Management response

The use of different exchange rates by the Mission and MFEP should be standardized; this concern has been raised before, including in previous meetings with the PAC. As agreed with the Deputy Auditor, the issue must be addressed promptly, and MFEP should propose a clear recommendation. Implementing a standardized exchange-rate policy will enhance consistency in financial reporting and reduce *discrepancies between Mission and MFEP records. (NY Mission management response 2024, received via email on 27th May 2026)*

6.4.3.2. Lack of Supporting Attachments in IFMIS

The Mission does not have access to IFMIS, the integrated financial management information system used for all government ministries and agencies, including the Mission in New York. Due to the Mission's lack of direct access to IFMIS, payments are processed manually through Payment Vouchers, recorded in the Mission's Monthly Financial Report (Excel), and scanned copies of documentation are saved on the Mission's sever drive. This documentation and the monthly report are forwarded to Treasury for data entry to IFMIS. However, these supporting documents are not uploaded to IFMIS when the transactions are entered into the system. These supporting documents are only available with the Mission in electronic and hard copy forms.

Implication: *Maintaining comprehensive and up-to-date financial records within the IFMIS system is essential to ensure that all supporting documentation is properly centralised and readily available. Failure to consistently upload and attach relevant supporting documents not only compromises the completeness of financial records but also significantly weakens their auditability. Without disciplined use of the system, there is a real risk of important documentation becoming scattered or irretrievably lost.*

Audit Recommendation:

Upload all relevant supporting documents to IFMIS for each transaction to ensure completeness and ease of reference.

Management response

The Accountant General stated that an MFEP team will visit the New York Mission to introduce and train staff on IFMIS use. This intervention should address reporting challenges by enabling the Mission to submit required documentation more reliably during reporting periods and by facilitating auditors' access to necessary records. Training will improve consistency, reduce delays, and strengthen audit readiness, helping the Mission meet compliance and reporting standards with greater efficiency. (NY Mission management response 2024, received via email on 27th May 2026)

6.4.3.3. Misclassification (Misposting)

- **Allowances** - The audit identified a misclassification where Airfare expenses (227312) amounting to $27,793.92 were posted to Allowance (211114) by Treasury.
- **Housing Assistance** - The audit identified a misclassification where Internet fees (226112) amounting to $7,184.31 were posted to Housing assistance (211113) by Treasury.
- **Local Works Contract** - The audit identified a misclassification where expenditure relating to Entertainment (23111) amounting $5,309.11 USD or $7,796.891 AUD in General Ledger was posted to Service-Local-Work-Contract (221113) by Treasury.
- **Office transport** - The audit identified a misclassification where expenditure relating to travel insurance incidental expenditure (227314) for DPR's external travel amounting AU$381.61 were incorrectly charged to the Office Transport expenditure account (227113).

Implication: *The misclassification of expenditure may result in inaccurate financial reporting, as expenses are recorded under incorrect account codes. This can affect the reliability of financial statements, distort budget monitoring, and may lead to inappropriate decision-making. It also indicates weaknesses in the review and coding process.*

Audit Recommendation:

Ensure expenses are posted to the correct account codes, with proper review and approval before recording, and conduct regular checks to detect errors early.

Management response

This error was unintentional by the Third Secretary; review confirms most other expense postings to the monthly account codes were correct. The introduction of IFMIS will help address this issue. (NY Mission management response 2024, received via email on 27th May 2026)

6.4.3.1. Specific Issues Wages - Cut off error.

The audit identified a payment transaction relating to 2023 that was recorded in the 2024 financial year. This payment relates to wages amounting to $2,245.35 PV 203/23 by the Mission.

Implication: *This misstatement may result in inaccurate financial reporting, as expenses are recorded in the wrong accounting period, affecting the reliability of the financial statements.*

Audit Recommendation:

All transactions are recorded in the correct accounting period in accordance with applicable accounting standards. Cut-off procedures and review controls should be strengthened to prevent such errors.

Management response

This is the input error from MFEP. The Mission requests a discussion with MFEP to review procedures and prevent recurrence, ensuring accurate payroll processing and clearer coordination going forward. (NY Mission management response 2024, received via email on 27th May 2026)

6.4.3.2. Purchase of Office Equipment, Furniture & Software - Unrecorded Office Equipment in GL

The Mission maintained a non-expendable list of fixed assets. However, two of the items listed in the Register are not recorded in the purchase of office equipment. The following is the details of the items:

Item Description	Date of Record on FAR	Value (AU)	Mission PV coding:	MFED GL Recorded as:	Issue
1 x ACER System Box for FSUN Desktop	5/09/24 (PV64/24)	$577.02	Stationeries and Supplies – Overseas (229612)	Stationeries and Supplies – Overseas (229612)	Misclassified – the charges should be made to Purchase of Office Equipment (229811)

2 x HP Office Jet Pro Printer	14/11/24 (PV160/24)	$719.98	Bus Ticket (227111)	Unable to trace	Not recorded – should be recorded to Purchase of office Equipment (229811)

Implication: *The misclassification of office equipment as office stationery and supplies results in inaccurate financial reporting, overstating office stationery and supplies and understating office equipment purchases. This also understates the record of non-expendables. In addition, the unrecorded purchase of office printer creates inaccurate financial reporting, understating both the purchase of office equipment expenditure, as well as understating the record of non-expendables.*

Audit Recommendation

Reclassify both expenditures to the correct allocation code. For future, ensure that all non-expendable purchases should be recorded accurately in the General Ledger.

Management response

The Mission misclassified charges that should have been recorded as purchases of office equipment in the payment voucher; instead, they were posted to various other account codes. The account officer, lacking experience with accounting procedures, assumed the low office equipment budget ($270 for the year) justified not recording these transactions in that account, especially compared with the stationeries and supplies budget of $5,633.12. This error prompted an enforcement that expenses be recorded under their specific account codes regardless of budget size to prevent recurrence. (NY Mission management response 2024, received via email on 27th May 2026)

6.4.3.3. Payment of PSO Laptops – No record of settlement from Public Service Office (PSO)

The Mission purchased laptops worth $5,727.33 on behalf of PSO at PSO's request, with the understanding that PSO would transfer the funds to the Mission to cover the cost. However, the Mission recorded the laptops in its own Fixed Assets Register and charged the expenditure to its own accounts.

The Departmental Warrant (DW) with reference WSVV-24-02-0023 from the PSO submitted to Audit for this purchase had a total of AU$4,713.75 which is less than the cost of the laptops paid. The order confirmation form which supports the DW is also different from the final invoice which was paid by the Mission. Audit was also not able to trace the DW in the General Ledger to substantiate that the DW has been processed in the financial records in IFMIS.

Implication: *Recording the expenditure and non-expendables that are irrelevant to the Mission in the Mission's financial account is incorrect resulting in overstatement of the Mission's expenditure and non-expendables.*

Audit Recommendation

Confirm the status of fund reimbursement from PSO. Remove the non-expendables from the asset register to reflect that the laptops are not the Mission's fixed assets.

Management response

The Mission routinely supports Ministries by procuring items on formal requests and Departmental Warrants; this is not a new practice. The Audit report identified discrepancies in PSO laptop procurement. Actual expenditure was AUD 5,727.33, while the December 2024 Financial Report shows an actual amount of AUD 5,343.63 (USD 3,701). PSO remitted AUD 4,713.75 but referenced an earlier cancelled invoice for a prior order costing USD 3,102.88; that cancelled order had been covered by a DW raised by PSO in AUD equivalent. Two invoices were attached for reference (Annex 1 and Annex 2). A subsequent, higher-cost order aligns with the Financial Report amount, yet PSO's payment was allocated to the cancelled invoice. (NY Mission management response 2024, received via email on 27th May 2026)

6.5. KIRIBATI HIGH COMMISSION (FIJI)

6.5.1. Background Information

The Kiribati High Commission in Fiji operates under the Ministry of Foreign Affairs with main objective is to enhance bilateral relations with the Fijian government and provide consular services to Kiribati nationals in Fiji. According to Establishment Register 2024 it consists of 22 permanent positions. Financial reports were recorded in Fijian dollars but were converted to AUD when submitted to the Ministry of Finance.

6.5.2. Budget Review 2024

Expenditures	**2024**		**Revenues**	**2024**
Revised Budget	966,107.54		Estimate	-750.00
Actual Expense	858,259.72		Actual Expense	-342.11
Net Savings	**107,847.82**		**Under Collection**	**-407.89**

6.5.2.1. Net Savings

Kiribati High Commission Recurrent Account for the year ended 2024, total expenditure was budgeted at AUD 966,107.54, with actual expenditure recorded at AUD 858,259.72, resulting in net savings of AUD 107,847.82. The major savings comes from overtime, leave grants, temporary assistance, and local training catering.

6.5.2.2. Under collection

Revenue was estimated at only AUD 750.00; however, only AUD 342.11 was collected during the year, resulting in an under-collection of AUDS 407.89.

***Implication**: The significant savings in overtime, leave grants, temporary assistance, and local training catering may indicate weaknesses in budget estimation and planning, which could affect the reliability of future budgets and resource allocation decisions.*

Audit Recommendation:

Management should strengthen the budgeting process by using historical expenditure trends and realistic assumptions when preparing estimates, particularly for personnel-related costs and operational activities, to improve the accuracy and reliability of the budget.

Management Responses

The savings noted in the Audit findings was the direct result of the decision taken by KHC to outsource security services as well as greater control on overtime and does not reflect weaknesses in budget estimates or planning. In relation to the "temporary" budget, it must be noted that no substantial leave was taken by KHC local staff so there was no need to hire temporary staff and consequently provisions made was not utilized. The "catering" budget was mainly for graduations and orientation. The savings made in this budget item was only possible because catering was awarded to the KHC Social Committee instead of commercial/private caterers who would have charged considerably higher prices. (KHC management response 2024, received via email on 28th May 2026)

6.5.3. Current Audit Observation.

6.5.3.1. Expenses Mis- postings

Account	AUD	FJD	PV#
Office equipment	$712.80	1,051.60	1219/24
Office equipment - DW	$2,457.95	3,699.00	1131/24
Local Stationeries & supplies- DW	$1,999.20	2,992.00	1172/24
Bus tickets expenses	$2,239.95	3,327.33	1192/24 & 452/24
Total mis-posting	**$7,409.90**	**$11,069.93**	

Implication: *Misclassification of payments to incorrect codes may lead to the overstatement of certain expenditure categories while understating the actual expense accounts.*

Audit Recommendation:

The responsible officer should reconcile with MFED all expenditures to be accurately coded to GL. Any identified Mis posting should be promptly reviewed and corrected to maintain the integrity and reliability of financial records.

Management Response

The "Office equipment" code was for office furniture, equipment and software.

Since, the service was related to the installation of software (Database - accounting package) the expense was charged against "Office equipment". It must be noted also that in the 2024 Budget, there was no output for "Services-Local works contract" – 221113. The next best or ideal code to charge was "Office Equipment".

Office equipment – DW. This was for the laptop for Director of the Asia Pacific Division (DAP) at MFAI. It was urgently needed as DAP's laptop was down and needed it for his work. KHC processed the payment and charged the KHC output with the intention to reverse the charge later once the DW is received. Unfortunately, the DW was never received from MFAI. However, this is considered a minor issue given that the Asia Pacific Division and KHC are all under MFAI.

Stationery DW –
The DW received was meant to cover charges for the purchase of arrival and departure cards for Immigration however, the DW 0601/221113 received assigned the charges to the "Contract Consultant Based" code which was wrong. KHC corrected this error and instead charged the code 0601/229612 - the MFAI admin's stationery expenditure code.
Bus ticket –

- *Pv452/24- This was the fuel but misallocated to Bus ticket.*
- *Pv1192/24 – This was the transport for staff when attending the retreat but misallocated to bus ticket instead of Office Transport.*

In relation to these, KHC will make an effort to charge the proper codes in future.
(KHC management response 2024, received via email on 28th May 2026)

6.5.3.2. Insufficient Supporting documentations

The audit identified three payment vouchers totaling AUD 1,772.05 (equivalent to FJD 2,664) relating to catering services that were processed without adequate supporting documentation. Specifically, key documents such as an approved memorandum from the Senior Responsible Officer (SRO) justifying the need for catering and confirming budget availability, as well as official invoices or formal claim letters from the service providers, were not attached to the respective payment vouchers.

PV#	FJD	AUD
PV 342/24	1,332.00	886.85
PV 343/24	444.00	295.66
PV 346/24	888.00	589.54
Total	**2,664.00**	**1,772.05**

Implication: *The absence of adequate supporting documentation for payments increases the risk of unauthorized or improper expenditure and weakens the audit trail, thereby reducing transparency and accountability over the use of public funds.*

Audit Recommendation:
Management should ensure that all payment vouchers are supported by complete and appropriate documentation prior to processing.

Management Response
KHC will make an effort to ensure all supporting documents are included for future catering services charges and claims.

Please note that KHC did receive a quotation from the Three Places restaurant and the prices varied from $25per person to $40 per person depending on the menu. This has been shared with the Audit Team.

Also note that since the catering price quoted was very expensive, the staff decided to do the catering with low cost. The staff charged $12per person. This helped save public funds. (KHC management response 2024, received via email on 28th May 2026)

6.5.3.4. Absence of stationery & supplies inventory register

The audit noted that controls over stationery items are weak, as there is no inventory or register maintained to record and monitor all stationeries issued and held in 2024. This is evidenced by Payment Voucher (PV) No. 059/24, Cheque No. AHR74634, relating to a purchase from Office Mart Pte Ltd, where no corresponding record was found to confirm receipt, custody, or subsequent issuance of the items.

Implication: *The absence of a proper stationery register increases the risk of misuse, loss, or misappropriation of items, and limits accountability over consumable resources.*

Audit Recommendation:

It is recommended that management establish and maintain a formal stationery inventory register to record all stationery purchases, issues, and balances. This register should be maintained and updated to ensure proper accountability and effective monitoring of usage.

Management Response

All stationeries were locked in the cabinet. The pens were distributed every two months or upon request. Although there was no register, the stationery was kept securely and distributed as expected. (KHC management response 2024, received via email on 28th May 2026)

6.5.3.5. Absence of Fuel agreement

After a review of selected payments total AUD 7,574.80 (FJD 11,451.29) for fuel consumptions, the audit confirmed that fuel purchases are conducted on a credit basis with a supplier in 2024. The responsible officer indicated that an agreement exists; however, no current or valid agreement was provided for audit review. Instead, it was noted that an outdated agreement continues to be relied upon to support ongoing transactions.

Implication: *The absence of a formal, up-to-date agreement exposes the entity to risks relating to unclear credit terms, lack of defined pricing arrangements, authorization and weak controls over fuel cost.*

Audit Recommendation:

KHC should ensure that a valid and updated agreement is formally established with the fuel supplier, clearly outlining credit terms, pricing structure, authorization controls, and documentation requirements. The agreement should be periodically reviewed and renewed to remain relevant and compliant with procurement policies.

Management Response

This was a long-established arrangement with TOTAL and KHC had never considered it necessary to have a formal agreement given that TOTAL has been a trusted partner. It is worth noting that there *has never been any incident of fraud. In fact, the arrangement we have with TOTAL ensures that only a select number of people, driver, HC and DHC can only use the fuel cards provided by TOTAL. The cards provided are accompanied by a pin/code and tied only to KHC vehicles. Fueling and payment is automated which means TOTAL cannot overcharge KHC. There is therefore no need for any agreement at all. (KHC management response 2024, received via email on 28th May 2026)*

6.5.3.6. Unavailability of Attendance register 2024

The audit was unable to further verify the accuracy and validity of selected wages expense due to the non-availability of attendance register, which are essential to support and confirm the actual number of hours worked by staff.

Implication: *The absence of attendance registers limits the ability to verify whether wages paid were accurate and supported by actual attendance records. This may increase the risk of overpayments, payments to non-attending employees, or fraudulent wage claims, resulting in possible financial loss and weak accountability over payroll processes.*

Audit Recommendation:

Management should ensure that attendance registers are properly maintained, approved, and filed for all employees prior to processing wage payments. Attendance records should be regularly reviewed and reconciled against payroll to confirm the accuracy and validity of wage payments.

Management Response

The office maintained an attendance register; however, it was misplaced in December last year when the office was renovated. The wages followed the attendance register. For absences (sick or leave) the transport allowance was deducted. This revealed that wages were calculated correctly without fraud or bias. (KHC management response 2024, received via email on 28th May 2026)

6.6. KIRIBATI EMBASSY CHINA (KEC)

6.6.1. Background Information

The Kiribati Embassy in China is a division under the Ministry of Foreign Affairs which was opened in March 2022. This office was based in Beijing China with only four staff, ambassador, first secretary, executive assistant and driver. The main purpose of the embassy is to enhance bilateral relations with the Government of the People's Republic of China (PRC). In financial reporting, the embassy used yuan currency known as Renminbi (RMB) and this was converted to AUD when the reports were sent to the Ministry of Finance.

6.6.2. Actual Expenditures against Budget 2024

Expenditures	**2024**
Revised Budget	788,602.95
Actual Expense	675,445.08
Net Savings	113,157.87

KEC recorded a net saving of $113,157.87 at the end of 2024. The primary contributors to this surplus were underspending in key expenditure areas, including salaries, housing assistance, cleaning services, overseas printing, leave grants, and other operational costs.

Implication: *The significant net saving of $113,157.87 suggests that allocated budgets for key expenditure areas were not fully utilized during the year. While underspending may reflect efficiency in some areas, it may also indicate weaknesses in budget planning, cost estimation, or delays in program implementation.*

Audit Recommendation:

KEC should review its budgeting and expenditure planning processes to ensure that future budgets are based on realistic and well-informed estimates. Regular budget monitoring and variance analysis should be strengthened to identify underspending early and allow timely reallocation of funds where necessary. This will help ensure optimal use of resources and alignment between budget allocations and operational requirements.

Management Responses

KEC welcomes the recommendation. Nevertheless, several factors contributed to the significant net savings are outlined below:

(i) The first diplomats assigned to China arrived in March 2022. Although the Embassy received the full Recurrent Budget (RB) allocation for 2022, its operations and expenditures only commenced from July to December of that year. Consequently, the funds intended for January to June were unspent and formed part of the Embassy's surplus.

(ii) The Embassy also received donations from the Chinese Government through the Ministry of Foreign Affairs—amounting to 1.2 million RMB for 2022 and 2023, and over 800,000 RMB in 2024 —which further contributed to the surplus from the 2022 RB funds. (KEC management response 2024, received via email on 17th May 2026)

6.6.3. Current audit observations.

6.6.3.1. Expenses Mis- postings

The audit identified several mis postings during the review of selected payments under Housing Assistance, Local Catering, and Internal Travel (local airfares), totaling AUD 28,578.97 (RMB 139,667.35). Details are provided in the table below:

Account	**AUD**	RMB
Housing Assistance	$ 9,444.61	¥ 45,347.35
Local catering	$ 12,610.03	¥ 62,070.00
Internal Travel- airfares	$ 6,524.33	¥ 32,250.00
Total mis-posting	$ 28,578.97	¥ 139,667.35

Implication: Misclassification of payments to incorrect codes may lead to the overstatement of certain expenditure categories while understating the actual expense accounts, resulting in inaccurate financial reporting.

<u>Audit Recommendation:</u>

The responsible officer should ensure that all expenditures are accurately coded at the time of recording in the cash book. Any identified errors should be promptly reviewed and corrected to maintain the integrity and reliability of financial records.

Management Response

The Embassy's finances and financial reporting were managed by the First Secretary (FS), as there was no Third Secretary/Accountant when the Embassy was initially established and became operational. Although the FS possessed some knowledge of public financial management processes and procedures, the detailed management and reporting of the Embassy's finances remained a critical responsibility that required proper induction and training. However, the FS did not have the opportunity to receive such training and instead relied on corrections and revisions provided by the Treasury. Nonetheless, KEC appreciates the recommendation. (KEC management response 2024, received via email on 17th May 2026)

6.6.3.2. No evidence of reimbursement of funds

The audit found no evidence of reimbursement from MHMS for the use of local consultancy services funds (Code 221111) to cover the repatriation of the deceased, from Hong Kong to Kiribati, at a total cost of AUD 33,711.13 (RMB 163,000).

<u>Implication:</u> *Failure to obtain reimbursement for expenditures incurred on behalf of other ministries may lead to unbudgeted costs being absorbed by the Embassy, potentially resulting in budget overruns and misallocation of resources.*

<u>Audit Recommendation</u>

In exceptional circumstances where the Embassy incurs costs on behalf of another ministry, it should, through its parent ministry, promptly initiate and follow up on reimbursement from the concerned ministry. Proper documentation and formal communication should be maintained to ensure accountability and timely recovery of funds.

Management Response

KEC acknowledges the recommendation. In-kind assistance covering related costs among Government of Kiribati (GoK) agencies is a common practice. Furthermore, in medical emergencies involving life-threatening situations, the Embassy was required to act promptly and incur the necessary expenses, with the understanding that the assisted agency — in this case, MHMS — would subsequently reimburse the Embassy for the costs incurred.

The reporting on the issue and documentation of expenses were effectively presented to MHMS. Despite the Embassy's formal request to MHMS, followed by numerous reminders and follow-up communications, all efforts to secure reimbursement have been unsuccessful. (KEC management response 2024, received via email on 17th May 2026)

6.6.3.3 Lack of supporting quotations

The review of PV No. 020/24, amounting to AUD 4,584.68 (RMB 22,299), found that only one supplier quotation was provided. This does not comply with the requirements of the Procurement Act, which stipulates that at least three quotations should be obtained.

Implication: *The absence of multiple quotations increases the risk that goods or services may not have been procured at competitive or reasonable prices, limiting assurance over value for money.*

Audit Recommendation:

The Embassy should ensure compliance with the Procurement Act by obtaining a minimum of three quotations for procurements below AUD 10,000. Proper documentation of all quotations should be maintained to support transparency and demonstrate value for money.

Management Response

In 2022, when the Embassy procured office equipment, quotations were obtained from three (3) suppliers, thereby complying with the requirements of the Procurement Act. Based on the principle of value for money, as noted in the comments above, the Embassy was able to identify the most suitable supplier. As the selected supplier was already familiar with the Embassy's specific requirements and furniture preferences, the Embassy considered it more efficient and practical to continue procuring the necessary furniture from the same supplier. Nevertheless, the Embassy acknowledges the advice provided and will ensure full compliance with the relevant procurement requirements going forward. (KEC management response 2024, received via email on 17th May 2026)

6.6.3.4. Lack of update and maintenance of asset register (Prior years' audit issue)

The review of the asset register indicates that it is still not being properly maintained. Items purchased under PV No. 020/24—such as a staff desk, chair, two side cupboards, an office sofa, and a small table for bilateral meetings—have not yet been recorded in the register.

Implication*: Failure to maintain an up-to-date asset register increases the risk of loss, misplacement, or misappropriation of assets, as items may not be properly tracked or accounted for.*

Audit Recommendation:

The responsible officer should ensure that the asset register is regularly updated and maintained. All newly acquired assets must be promptly recorded with complete and accurate details to support effective asset management, accountability, and control.

Management Response

Due to the heavy workload and limited staffing capacity, this task was inadvertently overlooked among other urgent matters requiring the immediate attention and action of the First Secretary, who was responsible for the matter. Nevertheless, the advice has been duly noted, and the task will be addressed and complied with accordingly. (KEC management response 2024, received via email on 17th May 2026)

7. KIRIBATI POLICE SERVICES (KPS)

7.1 Background Information

Kiribati Police Services (KPS) has five main divisions such as Administrative, Domestic fire services, Surveillance of EEZ, Investigation, Prosecution and Intelligence and Maintenance of Law and Order. KPS aims to promote effective legal system preserving community order and property rights, also focuses on high-quality community policing to enhance public security, foster collaboration with citizens, and maintain cost-effective operations through well-planned training initiatives. (National Economic Planning Office, 2024) According to ER there are 662 permanent positions under the KPS. (Public Service Office, 2024)

Findings & Analysis

7.2 Review of Approved Budget 2024

KPS RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

KPS	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
0401 Admin	4,490,849.38	4,490,849.38	5,032,054.14	-541,204.76		60,800.00	60,800.00	91,221.23	30,421.23
0402 Fire	171,673.73	171,673.73	157,335.02	14,338.71		0.00	0.00	0.00	0.00
0403 PMU	1,567,837.00	1,567,837.00	1,405,761.29	162,075.71		5,000.00	5,000.00	0.00	-5,000.00
0404 Crime	1,556,452.68	1,577,581.28	1,570,243.50	7,337.78		0.00	0.00	0.00	0.00
0405 Law	8,735,999.87	8,736,225.27	8,855,486.90	-119,261.63		6,250.00	6,250.00	63,246.70	56,996.70
Total	**16,522,812.66**	**16,544,166.66**	**17,020,880.85**	**-476,714.19**		**72,050.00**	**72,050.00**	**154,467.93**	**82,417.93**

(Ministry of Finance and Economic Development, 2024, p. 53)

7.2.1. Significant overspending.

The overall budget performance as highlighted in the table above showed a significant overspent of $476,714.19 this is because two divisions have overspent significant amount division 01 & 05.

7.2.2. Overcollection.

Revenue collections exceeded the revised budget by $56,996.70 for Division 05 and $30,421.23 for Division 01, while Division 03 recorded no revenue collection against its revised budget of $5,000.00. Overall, revenue exceeded the revised budget by $82,417.93.

Audit Recommendation

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

Management Responses

Expenditure - *As highlighted in the Audit Report, the majority of the overspend exceeding AUD 400,000 was mainly due to salary costs for 74 Special Constables who were engaged during the COVID-19 pandemic to support the operational needs of the Kiribati Police Service (KPS). Following the pandemic, KPS determined that retaining these officers was necessary to maintain its operational capacity and continuity of policing services. Cabinet approval was therefore sought, and a Cabinet Extract issued in 2023 approved KPS to use available budget savings to continue their employment. Based on this approval, the 74 Special Constables remained employed throughout 2024 and continued to receive their salaries through to the end of the year. It is also noted that a* ***30% salary increase was implemented in 2024****, resulting in higher salary rates during the year.*

As IFMIS had only recently been introduced, KPS was still developing its use of the system for budget monitoring. Expenditure was monitored during the year, including the salary commitments for the Special Constables. However, the full extent of the budget pressure was confirmed during the reconciliation and finalisation of the 2024 financial records after the end of the financial year. This confirmed the extent to which the salary costs contributed to the reported overspend.

The overspend was also affected by the salary classification applied to the Special Constables. They were paid at Salary Level L18-1 instead of the intended Salary Level L19-1, resulting in higher salary costs than expected. At the time, the positions of Director of Corporate Services and Officer-in-Charge of Human Resource Management were vacant until October and November 2024 respectively. This reduced the level of oversight available on salary classification and establishment matters during that period.

Following a review of the financial impact of retaining the Special Constables through budget savings, KPS recognised that continuing the same arrangement was not sustainable. Their contracts ended in early 2025. Following this, 19 Special Constables were shortlisted for engagement against existing approved vacancies based on their performance and suitability, as assessed by the Operations Division. For 2026, KPS proposed positions for the remaining staffing needs through the Establishment Register. However, due to budget constraints, PSO approved only 12 vacancies.

KPS sincerely regrets the overspend and acknowledges the need for stronger budget management and financial oversight. KPS has since taken steps to strengthen budget monitoring and will continue to improve expenditure controls and internal approval processes to ensure future expenditure remains within approved budget allocations while supporting essential policing operations.

Revenue - *The higher revenue was mainly attributed to increased collections under* ***Penalty Revenue*** *and* ***Sundry Revenue****. Penalty Revenue increased as a result of enhanced traffic enforcement activities, including penalties issued for offences such as failure to wear motorcycle helmets, speeding, and other traffic-related violations. The increase in* ***Sundry Revenue*** *was primarily due to proceeds received from the public tender and disposal of KPS vehicles that had reached the end of their useful service life and were no longer operational or economically viable to repair. KPS acknowledges that both Penalty Revenue and Sundry Revenue are influenced by factors that are difficult to predict accurately during the budget preparation process. Penalty Revenue is dependent on the level of traffic enforcement activities* *and the occurrence of traffic offences, while Sundry Revenue from vehicle disposals is generated on an irregular basis and depends on operational requirements, the timing of approved asset disposals, and the outcome of public tenders.*

Nevertheless, KPS will continue to strengthen its revenue forecasting and budget planning by analysing historical revenue trends and considering planned enforcement activities and anticipated asset disposals to improve the accuracy of future revenue estimates. (KPS management response 2024, received via email on 7th August 2026)

7.3 Current Audit Observations.

7.3.1. Revenue - Lack of supporting documentation.

- **Penalty** - The audit reviewed 15 selected penalty revenue transactions amounting to $18,930.00, which related to revenue collections from the Outer Islands. The audit noted that these transactions were recorded through journal vouchers prepared by Finance at the end of each month to recognize the revenue collected.

However, the audit was unable to obtain supporting documentation or a detailed revenue listing identifying the individual receipts, payers, dates of collection, and amounts making up each journal voucher entry. As a result, the audit could not verify the completeness, accuracy, and validity of the penalty revenue transactions recorded in the general ledger.

- **Police clearance** - The review of Police clearance 15 revenues from the General Ledger total $6,008.00, the audit noted that revenue register or database is not maintained to support the detail of many revenues receipted in each receipt.

Implication: *The absence of adequate supporting documentation and detailed revenue records increases the risk that penalty and police clearance revenue may be incomplete, inaccurate, or improperly recorded, reducing the reliability of financial reporting, and limiting audit verification.*

Audit Recommendation

Management should maintain complete and accurate supporting records for all revenue collections, including detailed revenue listings or registers that identify receipt numbers, payers, dates of collection, and amounts. Journal voucher adjustments should be fully supported by these records to ensure all revenue transactions are traceable, verifiable, and accurately recorded in the General Ledger.

Management Response:

KPS acknowledges the audit observation regarding incomplete supporting documentation for Penalty Revenue and Police Clearance Revenue transactions. KPS recognises the importance of maintaining complete and accurate revenue records to support transparency, accountability, and effective verification of collections.

The transactions identified during the audit mainly related to revenue collections from the Line and Phoenix Islands and other Outer Islands. During the audit period, some supporting information was not readily available in a consolidated format, and the limited timeframe available to respond to audit queries affected KPS's ability to compile all relevant records before the audit deadline. KPS has continued reviewing available records and liaising with responsible officers to identify and obtain additional supporting information where available.

Penalty Revenue*- Penalty revenue is collected through infringement notices issued by the Traffic Unit for traffic-related offences. These include offences such as failure to wear a motorcycle helmet, speeding, driving without a valid licence, unlicensed vehicles, and other road traffic violations. These collections are receipted under the appropriate Fine and Penalty Revenue Code (0405).*

During the audit period, supporting records such as collection summaries and individual transaction details were not consistently maintained for some penalty collections. To address this gap, KPS will ensure that daily collection summaries and relevant supporting documentation are maintained to support reconciliation and future verification. The Treasury Unit has also reinforced the requirement that all penalty payments are individually receipted in accordance with approved financial procedures.

Police Clearance Revenue*- Police Clearance fees represent a significant source of internally generated revenue for KPS, with daily demand averaging approximately 50 to 60 applicants, particularly during periods of increased recruitment and employment opportunities.*

During the audit period, a formal revenue register or database was not consistently maintained. However, KPS maintains internal breakdown records for Police Clearance collections and is currently reviewing the Receipt Vouchers (RVs) identified by Audit against available records. Upon completion of this review, the relevant supporting details will be provided to the Audit Office for verification.

To improve revenue record management, KPS plans to introduce a General Revenue Receipt (GRR) system to replace the current manual paper-based process. This initiative will strengthen record-keeping, improve accountability, and enhance the monitoring and reconciliation of revenue collections. KPS will also continue to work with the Treasury Division to provide refresher training and guidance to responsible officers to reinforce compliance with approved financial procedures and documentation requirements. (KPS management response 2024, received via email on 7th August 2026)

7.3.2. Absence of Supporting documents for Local stationeries.

During the audit review of selected payment vouchers, it was noted that the following two payments were not supported by the required supporting documentation uploaded onto IFMIS:

- PV-24-21-0277 ($1,905.08)- no attachments
- PV-24-21-0298 ($1,428.75)- lack of requisition form or quotations

Implication: *The absence of supporting documentations limits the audit trail and affects the ability to confirm that payments were appropriately authorized and made in accordance with established policies.*

Audit Recommendation

Supporting documentations should be uploaded into IFMIS system to allow access to confirm the accuracy of these payments.

Management Responses

The payments referred to above were processed through the Department Warrant of the Ministry of Line and Phoenix Islands Development (MLPID) in February 2024. As these payments were processed under MLPID's Department Warrant arrangement at the time, KPS had limited access to the related transactions and supporting documentation within the IFMIS.

Considering the limited timeframe available to respond to the audit queries, KPS will continue to liaise with the relevant officers from MLPID to identify and retrieve any available supporting documentation relating to these transactions. This is because the original payment initiation and supporting documents were processed through the relevant office at the time the payments were initiated. KPS will make every effort to obtain the available records while also ensuring that appropriate documentation requirements are maintained for future transactions.

Following the transfer of the new Senior Accountant to KPS in the second half of 2024, the payment process was reviewed, and a new arrangement was introduced requiring each responsible Line Ministry to manage and settle its own payments through its approved budget authority. This has improved accountability by ensuring each Line Ministry is responsible for its own financial obligations. Under this revised arrangement, each Line Ministry is responsible for initiating its own payments, maintaining complete supporting documentation, and retaining the relevant financial records. This has improved accountability and strengthened record management practices for future transactions. (KPS management response 2024, received via email on 7th August 2026)

7.3.3. Expenses - Mis posting.

During the audit review of selected payment vouchers, it was noted that several expenditures were charged to incorrect account codes. Transactions were recorded under expenditure categories that did not reflect their actual nature, resulting in inaccurate financial classification and reducing the reliability of expenditure reporting.

- **Incorrect classification under Telephone Bills**
  Several transactions amounting to $25,499.11 recorded under the Telephone Bills expenditure code related to electricity $18,113.00, and internet services $7,386.11, Consequently, telephone bill control procedures were not applicable to these transactions.

- **Incorrect classification under Local Stationery and Supplies**
  Expenditures unrelated to stationery and office supplies were charged to the Local Stationery and Supplies account code. These included payments for Google Apps $8,448.00, extension cables $1,100.00, and vehicle tyres $920.00.

Implication: *Incorrect classification of expenditure may result in inaccurate financial reporting, unreliable budget monitoring, and non-compliance with the approved chart of accounts. It also weakens management's ability to effectively monitor expenditure by category.*

Audit Recommendation

Management should ensure that all expenditures are charged to the appropriate account codes based on the nature of the goods and services purchased. Payment vouchers should be reviewed before processing to verify the correct account classification, and staff responsible for coding transactions should be provided with adequate guidance and training on the chart of accounts to minimize errors.

Management Responses

KPS notes that the misclassification of expenditures relating to electricity, sewerage, and vehicle tyre acquisition was an administrative oversight. KPS recognises the importance of ensuring that all transactions are recorded under the appropriate account codes to support accurate financial reporting. Since then, the Accounts Team has strengthened its internal review procedures to ensure expenditure classifications are verified before payments are processed.

With regard to payments for internet services, Starlink subscriptions, Google services, and network equipment, these expenditures were charged to the Telephone Bills account because, at the time, there was no specific account code available for internet-related services under the Communication output. As these services were communication-related, the Telephone Bills account was considered the most appropriate available code for processing the payments. This was a classification matter rather than an incorrect use of funds.

KPS recognises that this coding arrangement was not ideal and has identified the need for a separate account code for internet services to ensure clearer classification and more accurate financial reporting. Establishing a dedicated account for internet services will improve the transparency and accuracy of communication-related expenditure reporting.

KPS will continue to improve its use of IFMIS and provide guidance to responsible officers to ensure all expenditures are correctly classified, properly reviewed, and reported in accordance with the approved chart of accounts. (KPS management response 2024, received via email on 7th August 2026)

7.3.4. Mismatched amounts between invoices and Fuel dockets.

PV-24-04-0009 included two paid invoices. However, the amount shown on Invoice No. 9467 was $6,049.62, which did not match the total amount of $4,751.41 supported by the fuel dockets provided.

Implication: *The discrepancy between the invoice amount and the supporting fuel dockets increases the risk of inaccurate payments, unsupported expenditure, and potential overpayment, while reducing the reliability of financial records.*

Audit Recommendation

Management should ensure that all invoices are reconciled with the supporting documents, such as fuel dockets, before payment is approved and paid.

Management Responses

KPS appreciates the audit observation regarding the discrepancy between the invoice amount and the supporting fuel dockets under PV-24-04-0009. KPS recognizes the importance of ensuring that all expenditure documentation is complete, accurate, and properly reconciled before payments are processed and approved.

KPS notes that payments are subject to review and approval by both the KPS Accounts Section and MFED and cannot be processed without the required supporting documentation. Based on the review of this matter, KPS considers that the discrepancy may have occurred due to an incomplete attachment being uploaded during the payment processing stage. Nevertheless, KPS acknowledges that the reconciliation between invoices and supporting documents should have been further verified before final approval.

Due to the limited timeframe available to respond to the audit query, KPS will continue to review the relevant hard-copy records and liaise with the responsible officers to identify any additional documentation that may have been omitted during the uploading process.

KPS will strengthen its internal checking procedures by ensuring that responsible officers carefully verify invoice amounts against supporting documents, including fuel dockets, prior to submission for approval. KPS will also continue to remind relevant officers of their responsibilities to maintain complete and accurate payment records to prevent similar issues from occurring in the future. (KPS management response 2024, received via email on 7th August 2026)

7.3.5. Damaged Toyota Hilux Vehicle.

The review of PV-24-04-0590, amounting to $231,000.00 for the purchase of three vehicles- a physical inspection was conducted. Of the three Toyota Hilux vehicles inspected, two were confirmed to be in good condition and one was found to have sustained significant damage as a result of an accident.

Implication: *The damaged condition of the Toyota Hilux indicates a potential risk that government assets may not be adequately safeguarded and maintained. If the damage is not properly documented and investigated, Management may be unable to establish when, how, or who was responsible for the damage. This could result in additional government expenditure for repairs and reduce the useful life and value of the vehicle.*

Audit Recommendation:

Management should document and investigate the damage, including determining when and how it occurred and who was responsible for the vehicle at the time. The vehicle should be repaired promptly, where necessary, and the repair costs properly accounted for. Management should also strengthen controls over government vehicles by maintaining updated vehicle registers, vehicle assignment records, inspection records, and maintenance/repair records, and conducting periodic physical inspections to ensure that government vehicles are properly safeguarded and maintained.

Management Responses

Vehicle Details	*Designated Location*	*Current Condition*
Toyota Hilux G409	*Criminal Investigation Division (CID), KPS Headquarters*	*Currently under maintenance due to an incident that occurred earlier in 2026, for which a case is still being processed.*

KPS will continue to strengthen its asset management practices by ensuring regular monitoring, verification, and proper recording of assets to maintain an accurate asset register and ensure that all government assets are appropriately safeguarded. (KPS management response 2024, received via email on 7th August 2026)

8. MINISTRY OF INFORMATION COMMUNICATION & TRANSPORT (MICT)

8.1. Background Information

The ministry has 8 divisions with main objective is to ensure efficient, safe, and affordable transportation across sea, air, and land, facilitated through Information Communication Technologies, Marine, Civil Aviation Authority of Kiribati, Airports Kiribati Authority, Postal Services, and Printing. (National Economic Planning Office, 2024) There are 211 number of established staff under ER 2024, including those stationed in Kiritimati Islands. (Public Service Office, 2024)

Findings & Analysis

8.2. Review of Approved Budget 2024

MICT RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MICT	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1601 Admin	1,450,151.30	1,555,551.30	1,485,026.47	-70,524.83		1,912,989.00	1,912,989.00	2,468,692.93	555,703.93
1602 Marine	754,665.34	754,665.34	710,171.55	-44,493.79		163,000.00	163,000.00	170,389.60	7,389.60
1603 Navigation	137,703.21	137,703.21	129,492.52	-8,210.69		0.00	0.00	0.00	0.00
1604 Aviation	503,281.99	503,281.99	446,422.18	-56,859.81		0.00	0.00	0.00	0.00
1605 Airport Services	1,120,667.63	1,015,667.63	1,036,599.49	20,931.86		0.00	0.00	0.00	0.00
1606 Kiribati Post	678,179.15	677,779.15	662,754.44	-15,024.71		367,000.00	367,000.00	545,996.27	178,996.27
1607 Printery	462,790.56	462,790.56	423,215.45	-39,575.11		120,000.00	120,000.00	95,524.11	-24,475.89
1608 Tourism	991,973.80	991,973.80	882,349.73	-109,624.07		0	0	0	
Total	**6,099,412.98**	**6,099,412.98**	**5,776,031.83**	**-323,381.15**		**2,562,989.00**	**2,562,989.00**	**3,280,602.91**	**717,613.91**

(Ministry of Finance and Economic Development, 2024, p. 51-52)

8.2.1. Significant Savings.

The overall budget performance, as shown in the table above, resulted in savings of $323,381.15 at year-end. This favourable variance was mainly due to most divisions not fully utilising their approved budget allocations during the year, except for Division 05, which fully utilised or exceeded its allocated budget.

8.2.2. Overcollection.

Revenue collection performed well during the year, achieving an over-collection of $717,613.91 against the budgeted target. This positive variance was mainly attributable to higher-than-expected revenues generated by Divisions 01, 02, and 06.

Audit Recommendation

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

Management Responses

Management accepts the audit's observation of a net favourable expenditure variance of $323,381.15 and a revenue over-collection of $717,613.91 against the revised budget. The over-collection of revenue were derived from misallocated special fund (Civil Aviation fund) which is allocated against the JAXA downrange revenue code.

Management Position: Management agrees with the audit recommendation. The underspend was concentrated in Divisions 1601–1604 and 1606–1608, largely attributable to delays in some of the procurement and staff vacancies that limited implementation capacity. Division 1605 (Airport Services) exceeded its revised allocation by $20,931.86, mainly due to unbudgeted allowances and overtime.

Way Forward

- *Introduce quarterly budget performance reviews at Division Head level, chaired by the Secretary, to track implementation against work plans and flag at-risk allocations early.*
- *Require Divisions to submit realistic, capacity-adjusted annual work plans as the basis for budget bids, cross-checked against staffing levels and procurement lead times.*
- *Establish a standing virement/reallocation protocol so that divisions facing genuine unavoidable overruns (as with Division 1605) can seek approval in-year rather than after the fact.*
- *Strengthen monthly budget monitoring reports from the Accounts Department to Division Heads, with variances above 10% requiring a written explanation.*

(MICT management response 2024, received via email on 7th August 2026)

8.3 Current Audit Observations.

8.3.1. Misclassification of revenue

- Downrange & Air Services JAXA - The audit noted that revenue amounting to $288,146.54, representing the Government of Kiribati's share received from Airport Fiji Limited, was incorrectly recorded under JAXA Downrange. This revenue relates to Civil Aviation Special Fund operations and should have been recorded under the appropriate Civil Aviation revenue account.

- Open ship Registration - The audit noted that various revenues totalling $7,434.20 were incorrectly recorded under Open Ship Registration. These transactions should have been classified under the appropriate revenue accounts, namely License of Foreign Vessels and License of Domestic Vessels.

Implication: *The misclassification of revenue may result in inaccurate financial records and reporting, reducing the reliability of revenue information and affecting management's ability to monitor and assess revenue performance by source.*

Audit Recommendation

Management should ensure that all revenue transactions are reviewed and recorded under the correct revenue account codes. Regular checks and reconciliations should be performed to identify and correct misclassifications in a timely manner, thereby improving the accuracy and reliability of financial records.

Management Responses

Misclassification of Revenue – Downrange & Air Services (JAXA)- *Management agrees with this finding. The Government of Kiribati's revenue share received from Airport Fiji Limited was receipted against the JAXA Downrange revenue code instead of the Civil Aviation Special Fund revenue account. This appears to have occurred because the revenue line was administered through the Ministry of Finance and the receipting officer used a default/recently-used code at the point of entry, rather than selecting the code specific to the transaction source.*

Root Cause: Absence of a clear, division-specific revenue coding reference at the point of receipting, combined with insufficient independent review of revenue postings before month-end close.

Corrective Action / Way Forward

- *Process a correcting journal voucher to reclassify the $288,146.54 from the JAXA Downrange account to the correct Civil Aviation Special Fund revenue account.*
- *Circulate an updated revenue account code reference sheet to all receipting officers in the Aviation and Admin Divisions.*
- *Require the Senior Accountant to independently review and sign off all Civil Aviation and Downrange-related revenue postings monthly, prior to reporting.*

Misclassification of Revenue – Open Ship Registration- *Management agrees. The transactions in question relate to foreign and domestic vessel licensing and were recorded under Open Ship Registration in error, rather than under License of Foreign Vessels or License of Domestic Vessels as appropriate.*

Root Cause: Overlapping terminology between ship registration and vessel licensing revenue lines, and a lack of a documented revenue code for Account's cashier on which code to apply to each licence type.

Corrective Action / Way Forward

- *Pass correcting journals to reallocate the $7,434.20 to the correct License of Foreign Vessels / License of Domestic Vessels accounts, split according to the underlying licence records.*

- *Develop a one-page decision guide distinguishing Ship Registration, Foreign Vessel Licensing, and Domestic Vessel Licensing revenue codes for Marine Division use.*
- *Include Marine Division revenue coding as a standing item in the Division's monthly reconciliation with the Accounts Department.*

(MICT management response 2024, received via email on 7th August 2026)

8.3.2. Revenue - Lack of supporting documentation

The audit noted that the following revenue transactions were not supported by adequate documentation, such as invoices, debit notes, or detailed revenue breakdowns:

- *Open ship registration*- Two revenue vouchers RV-25-17-2255 & RV-24-16-0685 total to $80,765.00 were received without supporting documentation.
- *License for foreign vessels*- Four revenue vouchers, RV-24-16-0579, RV-25-17-1834, RV-25-17-1839, and RV-24-16-0360, totalling $4,787.10, were recorded without supporting invoices or debit notes.
- *License for foreign vessels*- A journal voucher, JV-2024-DEC-17-6998, amounting to $11,797.53, was recorded without a clear explanation or supporting breakdown to substantiate the transaction.

Implication: *The absence of supporting documentation increases the risk that revenue transactions may be inaccurate, incomplete, or unsupported, which may affect the reliability and auditability of the financial records.*

Audit Recommendation

Management should ensure that all revenue transactions are supported by appropriate documentation, such as invoices, debit notes, agreements, and detailed revenue breakdowns. Supporting records should be properly maintained and readily available for review to verify the accuracy, validity, and completeness of revenue reported in the financial statements.

Management Responses

Lack of Supporting Documentation – Revenue- *Management agrees that the supporting documentation for the vouchers cited (RV-25-17-2255, RV-24-16-0685, RV-24-16-0579, RV-25-17-1834, RV-25-17-1839, RV-24-16-0360, and JV-2024-DEC-17-6998) was not attached or filed in a manner that allowed the audit to verify them at the time of review. Management is retrieving the underlying invoices/agreements where these exist and will provide them to the audit team. Where documentation genuinely cannot be located, management accepts this as a filing control weakness.*

Root Cause: No standard checklist requiring supporting documents to be attached before a revenue voucher or journal voucher is approved and filed; reliance on individual officers to retain source documents separately from the voucher.

Corrective Action / Way Forward

- *Retrieve and compile available supporting documents for the listed vouchers for audit verification.*

- *Introduce a mandatory pre-approval checklist for revenue vouchers and journal vouchers requiring the source invoice, debit note, or explanatory memo to be physically or digitally attached before sign-off.*
- *Implement a centralised digital filing register (shared drive, indexed by voucher number) for all revenue supporting documents, maintained by the Accounts Department.*

Target Completion: Document retrieval within 21 days; checklist and filing register operational within 90 days.
Additional Comment: Management notes that for JV-2024-DEC-17-6998 in particular, the absence of an explanatory breakdown makes it difficult to fully reconstruct the basis of the entry; the Ministry will treat this voucher as a priority for review and, if the entry cannot be substantiated, will consider whether a reversing/correcting entry is required. (MICT management response 2024, received via email on 7th August 2026)

8.3.3. Under-Collection of Revenue – $200.00

RV-24-16-0725 amounting to $1,600.00, the audit noted a discrepancy between the amount billed to the Marine Department for Dojin's outstanding balance and the actual outstanding amount. The audit found that the outstanding balance was $1,800.00, resulting in an under-collection of $200.00.

Implication: *The under-collection of revenue may result in a loss of government income and indicates weaknesses in the revenue assessment, billing, and collection processes, which could lead to inaccuracies in revenue records and reduced accountability over revenue management.*

Audit Recommendation

Management should strengthen its revenue assessment and billing procedures by ensuring that all charges are accurately calculated, reviewed, and reconciled against supporting records before invoices are issued. Regular monitoring should also be conducted to identify and recover any outstanding revenue in a timely manner.

Management Responses

Under-Collection of Revenue*- Management agrees. RV-24-16-0725 was raised for $1,600.00 against Dojin's outstanding balance, whereas the correct outstanding amount was $1,800.00, resulting in an under-billing of $200.00.*
Root Cause: The billing amount was taken from a prior statement of account rather than being reconciled against the Marine Division's current outstanding ledger at the time the invoice was raised.
Corrective Action / Way Forward

- *Require that all outstanding-balance billings be reconciled against the current debtors' ledger, signed off by a second officer, before the revenue voucher is issued.*
- *Include Marine Department receivables in the monthly debtors' reconciliation already performed by the Accounts Department.*

(MICT management response 2024, received via email on 7th August 2026)

8.3.4. Expenses – Misposting.

External Travel Per diem- The audit found that two airfare payments PV-24-16-0473 & PV-24-16-0545 total $16,160.00 were incorrectly classified under External travel - per diem instead of External travel airfare.

Implication: *The misclassification of expenses may result in inaccurate financial reporting and distort the actual expenditure incurred under each expense category, thereby reducing the reliability of financial information used for budgeting, monitoring, and decision-making.*

Audit Recommendation

Management should ensure that all expenditure transactions are reviewed and recorded under the correct account codes in accordance with the chart of accounts. Regular reconciliations and supervisory reviews should be conducted to identify and correct any misclassifications in a timely manner.

Management Responses

Mis posting of Expenses *– External Travel- Management agrees. Airfare payments under PV-24-16-0473 and PV-24-16-0545 were posted to External Travel – Per Diem instead of External Travel – Airfare.*
Root Cause: Payment vouchers for a single trip often bundle airfare and per diem claims together, and the processing officer used one code for the combined payment rather than splitting the entry by expense type.
Corrective Action / Way Forward

- *Brief all Finance Officers who process travel claims on correct expense coding, with the chart of accounts extract for travel-related codes issued as a quick-reference guide.*

(MICT management response 2024, received via email on 7th August 2026)

8.3.5. Expenses - Lack of supporting documentation.

Electricity & Gas- The audit noted that total payments totaling $34,412.90 (Refer list provided) for the months of Dec 2023, Jan 2024, and Feb 2024 were supported by a reconciliation sheet the supporting documentation did not provide sufficient details to verify the current and previous meter readings used in calculating the charges.

- PV-24-16-0041 $ 12,792.40
- PV-24-16-0148 $ 12,393.40
- PV-24-16-0148 $ 9,227.10

As a result, the audit was unable to confirm the accuracy of the units consumed or determine whether the previous meter readings were correctly carried forward to the current billing period. Adequate meter reading records are necessary to validate the accuracy and legitimacy of electricity charges paid by the Ministry.

Implication: *The lack of sufficient supporting details for meter readings increases the risk of inaccurate electricity charges being paid, as the audit could not verify the correctness of the units consumed or the reliability of the reconciliation provided.*

Audit Recommendation

Management should ensure that all electricity payments are supported by detailed billing records, including current and previous meter readings, consumption calculations, and reconciliations. These records should be retained and made available for review to verify the accuracy and validity of electricity charges before payment is processed.

Management Responses

Lack of Supporting Documentation *– Electricity & Gas- Management agrees that the reconciliation sheets supporting PV-24-16-0041, PV-24-16-0148 (x2) did not include sufficient detail of current and previous meter readings to allow independent verification of consumption. Payments were processed against invoiced totals from the utility provider without the Ministry independently capturing or retaining meter readings.*

Root Cause: The Ministry did not ensure that all utility billings were checked thoroughly against the invoice to match the meter readings delivered by the Public Utilities Board office.

Corrective Action / Way Forward

- *The Ministry to ensure that all utility billing invoices must be checked thoroughly to match the readings for each month.*
- *Introduce a standing requirement for the Admin/Facilities Officer to record meter readings at each site on a monthly log, cross-checked against the utility invoice before payment is certified.*

Summary and Closing Remarks

- *Management accepts most of the findings raised and has set out concrete, time-bound corrective actions above. The most significant matter requiring sustained attention is the legal status of the Civil Aviation Special Fund (Section 2.3.1), which management will escalate to the Attorney-General's office, the Ministry of Finance, and Cabinet as a priority, given its implications for compliance with the Public Finance (Control & Audit) Act. For the remaining findings, corrective journals, coding guidance, and documentation controls will be implemented in a timely manner.*
- *Management thanks the Audit Office for its work on the Ministry of Information Communication and Transport account 2024 and its recommendation.*

(MICT management response 2024, received via email on 7th August 2026)

9. MINISTRY OF INFRASTRACTURE & SUSTAINABLE ENERGY (MISE)

9.1 Background Information

MISE has 10 divisions with main objective aims at improving access to safe and sustainable water resources and sanitation facilities. (National Economic Planning Office, 2024) According to the ER 2024, the ministry currently employs a total of 237 permanent staff. (Public Service Office, 2024)

Findings & Analysis

9.2 Review of Approved Budget 2024.

MISE RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MISE	EXPENDITURES				REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance	2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1901 Admin	1,504,898.29	1,505,690.29	1,288,401.36	-217,288.93	1,000.00	1,000.00	2,202.80	1,202.80
1902 Energy Plan	455,335.70	455,335.70	405,777.92	-49,557.78	10,127.00	10,127.00	12,878.20	2,751.20
1903 Electricity	17,480.77	17,480.77	17,180.00	-300.77	0	0	0	0.00
1904 Engineering	9,426.00	9,226.00	5,833.82	-3,392.18	0	0	0	0.00
1905 Construction	1,185,297.39	1,185,297.39	1,138,415.89	-46,881.50	0	0	0	0.00
1906 Water & Sanit	938,321.44	938,321.44	818,568.03	-119,753.41	0	0	0	0.00
1907 Quality Control	377,917.59	377,917.59	344,787.77	-33,129.82	15,000.00	15,000.00	37,217.57	22,217.57
1908 Architecture	195,126.23	195,126.23	161,452.85	-33,673.38	50,000.00	50,000.00	46,290.04	-3,709.96
1909 Civil Engineering	1,010,465.53	1,009,873.53	920,632.41	-89,241.12	10,000.00	10,000.00	2,944.30	-7,055.70
1910 Costs & Plan	212,415.28	212,415.28	156,886.95	-55,528.33	0	0	0	0.00
Total	**5,906,684.22**	**5,906,684.22**	**5,257,937.00**	**-648,747.22**	**86,127.00**	**86,127.00**	**101,532.91**	**15,405.91**

(Ministry of Finance and Economic Development, 2024, p. 56)

9.2.1. Significant savings.

The overall budget performance as highlighted in the table above showed a significant saving of $648,747.22 this is because all divisions did not fully utilize their allocated approved budget.

9.2.2. Overcollection.

Whilst the performance for revenue was satisfactory with an overcollection of $15k at the end of the year, Division 08 & 09 did not achieve their targets by $3k & $7k respectively.

Audit Recommendation

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

Management Responses

Management acknowledges the audit finding and agrees that there is a need to further strengthen budget planning, implementation, and monitoring to ensure that approved budget allocations are utilized effectively and efficiently. The reported expenditure savings of $648,747.22 were primarily the result of several factors rather than the non-implementation of planned activities. Firstly, substantial savings were generated from salary deductions, staff vacancies, and other payroll-related adjustments during the financial year. Secondly, a few commitments relating to 2024 activities were settled using the 2023 unspent budget balances, which consequently reduced the level of expenditure charged against the 2024 revised budget. Furthermore, several approved payment vouchers could not be processed before the close of the financial year due to the late communication of the year-end processing cut-off date by MFED. As a result, these payments remained outstanding.

With respect to revenue performance, Management notes that while the Ministry exceeded its overall revised revenue target, Division 09 did not achieve its individual revenue target. This was mainly due to a significant number of heavy plant and equipment being deployed to the outer islands for government development and maintenance projects, thereby limiting their availability for commercial hire and other revenue-generating activities. Division 08 also did not achieve their target by 3k dues to the delay of settlement from their clients.

Management recognizes that these circumstances affected both expenditure utilization and revenue performance during the financial year. To address these issues, the Ministry will strengthen budget planning and monitoring throughout the year, improve expenditure forecasting, ensure earlier coordination with MFED on year-end financial deadlines, and enhance the scheduling, maintenance, and monitoring of heavy plant assets to maximize their operational availability. These measures will improve budget execution, support more accurate financial reporting, and enhance the Ministry's ability to achieve its approved budget and revenue targets in future financial year. (MISE management response 2024, received via email on 30th July 2026)

9.3 Current Audit Observations.

9.3.1. Revenues- Lack of supporting documentation

The audit noted the following issues for building permit revenues:

- Building permits- Total revenue of $6,470.48 were not supported with breakdown or supporting documents i.e., permit applications and related records. (Refer RVs in memo)
- Building permits- RV-24-19-0260 amounted to $3,156.94 did not contain sufficient information such as the project cost to support the calculation of building permit fees.
- Service fees- RV-24-19-0110 & RV-24-19-0666 amounted $100 & $200 respectively were not supported by adequate documentation.
- Service fees- JV-2024-DEC-17-7384, amounting to $20,373.39, was not supported by a revenue voucher or costing sheet.

Implication: *The absence of revenue supporting documentation limits the audit trail and prevents confirmation that fees were assessed, collected, and recorded accurately and in accordance with established procedures.*

Audit Recommendation

Management should ensure that revenue collections are well supported with breakdown or supporting applications and other records.

Management Responses

Management acknowledges the audit finding and appreciates the observations raised by the Audit Office. With respect to RV-24-19-0260, amounting to $3,156.94, Management confirms that adequate supporting documentation is available, including the approved project cost and the basis used to calculate the building permit fee. These documents have been provided for audit verification.

For the revenue transactions recorded under RV-24-19-0110 ($100) and RV-24-19-0666 ($200), Management acknowledges that these receipts were incorrectly classified as Service Fees. The transactions should have been recorded under Sundry Revenue. This was a classification error and did not affect the total revenue collected. Regarding JV-2024-DEC-17-7384, amounting to $20,373.39, Management advises that the journal voucher was processed as a correcting entry. The supporting source document for this transaction is Revenue Voucher RV-25-17-4271, which was processed and recorded by MFED rather than MISE. Accordingly, the supporting documentation have shared during the exit meeting. Management recognizes the importance of maintaining complete supporting documentation and ensuring that all revenue transactions are accurately classified and supported by appropriate records. To strengthen internal controls. (MISE management response 2024, received via email on 30th July 2026)

9.3.2 Missing Hire Request Form

RV-24-19-0840 & RV-25-17-2952 amount of $315.00, the audit noted that no request form was not available to support the authorization of hiring of equipment.

Implication: *The absence of hire request forms limits assurance over the validity and authorization of hire transactions and increases the risk of unauthorized hire services being processed.*

Audit Recommendation

Management should ensure that all equipment hire transactions are supported by approved request forms to verify the validity of the revenue collected.

Management Response

Management agrees with the audit finding and acknowledges that the absence of approved Hire Request Forms weakens the audit trail and reduces assurance over the authorization and accountability. Management is pleased to advise that corrective measures have already been implemented to address this matter. Effective immediately, all equipment hire transactions must be supported by a duly completed and approved Hire Request Form before any plant or equipment is released or any revenue is collected. The Accounts Unit, in collaboration with the responsible operational divisions, has been instructed to verify that all required documentation is complete, *properly authorized, and attached before processing any related revenue transaction. Management remains committed to strengthening its record management and internal control processes to ensure that all equipment hire transactions are adequately supported and properly authorized. (MISE management response 2024, received via email on 30th July 2026)*

9.3.3. Leave Grant- Absence of Supporting documentation.

The audit noted that no supporting documents i.e., leave form, request letter, appointment were provided to substantiate leave grant payments on the 25/01/2024 pay period to one employee 201502 amounting to $3,127.50.

Implication: *As a result, the audit team was unable to verify the eligibility, approval, accuracy, and validity of the leave grant payments.*

Audit Recommendation

Supporting documentation for leave grant should be made available during the audit to substantiate the payment.

Management Responses

Management acknowledges the audit finding regarding the absence of supporting documentation for leave grant payments relating to the payroll period of 25 January 2024. Following a comprehensive review of both physical files and available electronic records, Management was able to retrieve the supporting documentation, including approved leave application forms and related records, for two of the three employees identified in the audit. These documents have since been submitted to the Audit Office for verification. With respect to the remaining employee, Management was unable to retrieve the supporting documentation. During that period, the implementation of the Integrated Financial Management Information System (IFMIS) was still in its initial phase, and payroll administration and processing were undertaken solely by MFED. Management acknowledges the importance of maintaining complete and readily accessible supporting documentation to ensure the accuracy and validity of payroll transactions. (MISE management response 2024, received via email on 30th July 2026)

9.3.4. Issues with Purchase of Office equipment-

- Absence of requisition form - The PV-24-19-0448 totaling to $2,200.00 did not attach requisition form.
- Unavailable of physical asset register - The audit noted that no asset register is maintained to record the following purchase of office equipment. As a result, the audit was unable to verify the serial numbers and confirm the physical existence of these assets. In addition, some laptops, particularly Lenovo laptops, had been distributed to outer islands and were therefore not available for physical inspection.

  Note: In addition, the fixed asset register was verified by the audit during the exit meeting. Unfortunately, the asset register was incomplete.

Payment Voucher	Items	Amount
PV-24-19-1100	• 14 Ergo Chair • 1 CL410 • 1 According High	$9,319.50
PV-24-19-1182	• 5 Desktops – Lenovo ThinkCentre M70Q	$8,495.00
PV-24-19-1052	• 5 Lenovo ThinkBook 14 G7	$8,250.00
PV-24-19-0448	• 1 Laptop – Lenovo V15 Gen 15.6 FHD Screen	$2,200.00
Total		**$32,482.50**

- The audit could not confirm the existence and proper recording of assets totaling $32,482.50. Several items (CL410, five desktops and six laptops) remain unverified, photographs lacked serial numbers/asset tags, and no supporting asset records were provided. Three Ergo Chairs were reported broken and three were disposed without proper documentation.

Implications:

- *This increases the risk of non-compliance with procurement procedures, unauthorized purchases, lack of competitive pricing, and poor accountability over the use of public funds.*
- *The failure to record office equipment in the fixed assets register increases the risk that assets may not be properly monitored, verified, or accounted for. As a result, assets may be misplaced, lost, stolen, or used without detection, leading to potential financial loss and inaccurate asset records.*
- *Assets that are damaged, disposed of, or unavailable for verification without proper documentation increase the risk that office equipment is not adequately safeguarded or accounted for. This may result in undetected losses, incomplete asset records, and potential financial loss to the Ministry.*

Audit Recommendation

Management should ensure that all office equipment purchased is promptly recorded in the fixed assets register with complete details, including asset description, identification number, purchase value, and location, to facilitate proper asset tracking & safeguarding.

Management Responses

Management acknowledges the audit findings regarding the absence of requisition forms and the unavailability of the Fixed Asset Register. Management recognizes that complete supporting documentation and proper asset records are essential components of an effective internal control system and are necessary to ensure accountability, transparency, and compliance with Government procurement and asset management requirements.

Absence of Requisition Forms

Following the audit observation, Management conducted a comprehensive review of the supporting documentation relating to the payment vouchers identified in the audit. As a result of this review, the approved requisition forms for PV-24-19-0022 and PV-24-19-1197 were successfully retrieved and have *been provided to the Audit Office for verification. However, despite extensive efforts, the requisition form for PV-24-19-0448 could not be located. Management notes that the payment voucher is supported by three supplier quotations, demonstrating that the procurement process included obtaining competitive quotations in accordance with procurement requirements. Nevertheless, Management acknowledges that the absence of the approved requisition form represents a weakness in the procurement documentation process, as it does not provide evidence of the initial approval and authorization to procure the goods.*

To prevent similar occurrences, Management has reinforced the requirement that all procurement transactions must be supported by a duly completed and approved requisition form before any procurement activity is undertaken or payment is processed. In addition, periodic compliance reviews of procurement documentation will be conducted to ensure that all required supporting documents are complete, properly authorized, and retained in accordance with Government procurement policies and record management requirements.

Unavailability of the Fixed Asset Register

Management acknowledges that the Fixed Asset Register could not be presented during the audit, which limited the Audit Office's ability to verify the existence and completeness of the Ministry's fixed assets. The verification process was further affected by the transfer of the former Officer-in-Charge (OIC) of the IT Division to another Ministry. In addition, several assets, particularly laptop computers, had already been issued to Infrastructure Technicians stationed on the outer islands, making immediate physical verification difficult during the audit period. Following the audit, Management carried out a comprehensive search and successfully located the Fixed Asset Register. The register is now available and will be provided to the Audit Office for verification. Management recognizes the importance of maintaining an accurate and up-to-date Fixed Asset Register to safeguard Government assets and support effective asset management. To strengthen internal controls, the Ministry will ensure that the register is regularly updated, securely maintained, and readily accessible for management and audit purposes. (MISE management response 2024, received via email on 30th July 2026)

9.3.5. External Travel- Air fare- No invoice attached.

PV-24-19-0082 of $5,236.00 for external travel (airfare) was not supported by Invoice.

***Implication**: The absence of invoice limits the audit's ability to verify the validity, accuracy, and propriety of the expenditure, increasing the risk of unsupported or inappropriate payments.*

Audit Recommendation

Management should ensure that all payment vouchers are supported by complete and relevant documentation, including supplier invoices, quotations, and other evidence, before payments are processed.

Management Responses

Management acknowledges the audit finding regarding the absence of a supplier invoice to support Payment Voucher PV-24-19-0082 for external travel (airfare) amounting to $5,236.00. Following a review of the payment records, Management confirmed that the payment voucher was supported by *quotations obtained from Pacific Travel Agency and Tobaraoi Travel. However, the payment was processed based on the quotation provided by Pacific Travel Agency, and the corresponding supplier invoice was not attached to the payment voucher. As a result, sufficient supporting documentation was not available at the time of the audit to fully substantiate the expenditure. Management acknowledges that while the quotations demonstrated the basis for the procurement process, the supplier invoice forms an essential part of the payment documentation as it confirms the final amount billed and provides evidence that the payment was made against an official supplier claim. Management is committed to strengthening its internal controls, improving document retention practices, and ensuring that all expenditure transactions are fully supported by sufficient and appropriate audit evidence in accordance with Government financial management policies and procurement requirements. (MISE management response 2024, received via email on 30th July 2026)*

9.3.6. Permanent hire of Plant & Equipment- Outstanding payments

Total payment of $10,919.95 under PV 24-19-1170 relates to outstanding invoices from PVU for overhead and repair costs associated with hired vehicles. The audit noted that these invoices dated back to 2023 but were only settled in 2024, raising concerns regarding delays in payment and the impact on the current year's budget.

***Implication**: The delayed settlement of prior-year invoices may distort the accuracy of annual expenditure reporting, place unnecessary pressure on the current year's budget, and indicate weaknesses in accounts payable management and timely payment practices.*

Audit Recommendation

Management should ensure that supplier invoices are reviewed, processed, and paid promptly in accordance with agreed payment terms. Regular monitoring and reconciliation of outstanding liabilities should be performed.

Management Responses

Management acknowledges the audit finding regarding the settlement of outstanding PVU payments during the 2024 financial year. Management confirms that the outstanding payments were processed to reconcile long-outstanding balances and verify the accuracy and validity of the amounts payable, thereby reducing the risk of duplicate, omitted, or incorrect payments. The Ministry utilized available savings within the 2024 approved budget to settle these outstanding liabilities and ensure that the Ministry's financial records accurately reflected its obligations at the end of the financial year. Management further notes that this matter was influenced by the Ministry's transition to the Integrated Financial Management Information System (IFMIS), which was implemented in October 2023. During the transition period, changes to financial processes and the migration of financial data contributed to delays in the reconciliation of supplier accounts and the processing of outstanding payment vouchers. These operational challenges affected the timely settlement of certain obligations but did not diminish the Ministry's responsibility to ensure that valid liabilities were appropriately recognized and settled.

Management acknowledges that delayed settlement of outstanding obligations may affect budget management, financial reporting, and the timely clearance of liabilities. Accordingly, the Ministry is committed to strengthening its financial management practices. Management will strengthen internal controls, improve the accuracy and timeliness of financial reporting, enhance budget management, and ensure that outstanding obligations are managed efficiently in accordance with Government financial management policies and sound public sector financial practices. (MISE management response 2024, received via email on 30th July 2026)

9.3.7. Mis posting of expenses.

The following payments have been misposted:

PV#	Amount	Misposted to	Original Account
PV-24-19-1108	89,510.00	Permanent hire	Purchase of Office Transport
PV-24-19-1025	70,000.00	Permanent hire	Purchase of Office Transport
PV-24-19-0105	6,048.50	External Travel- Air fare	External Travel- Per diem

Implication: *The misclassification of expenditure may result in inaccurate financial reporting and budget monitoring and reducing the reliability of expenditure records.*

Audit Recommendation

Management should ensure that all expenditures are reviewed and coded to the correct account classification before processing payments.

Management Responses

Management acknowledges the audit finding regarding the misclassification of expenditure identified in the payment vouchers listed and recognizes the importance of applying the correct account codes to ensure the accuracy of financial reporting, budget monitoring, and compliance with the Government Chart of Accounts.

With respect to PV-24-19-1108 ($89,510.00) and PV-24-19-1025 ($70,000.00), the expenditure was initially recorded under Permanent Hire of Plant & Equipment. At the time of processing, Management considered this to be the most appropriate available budget line, as there was no approved budget allocation under Purchase of Office Transport within the 2024 budget. To facilitate the timely procurement and payment of the vehicles, the expenditure was charged to the closest available and related account.

Regarding PV-24-19-0105 ($6,048.50), Management acknowledges that the expenditure was incorrectly coded under External Travel – Air Fare instead of External Travel – Per Diem. This was a coding error during payment processing and did not affect the validity or amount of the expenditure. Where practicable, Management will review the transaction and process the necessary accounting adjustment to reflect the correct expenditure classification.

To prevent similar issues in the future, the Ministry will strengthen its expenditure coding and review processes by:

- *Ensuring that all expenditure transactions are charged to the most appropriate account code in accordance with the approved Government Chart of Accounts.*
- *Seeking timely guidance and approval from MFED where the appropriate budget classification is unavailable, including the use of approved budget transfers, reallocations, or other authorized mechanisms before processing payments.*
- *Strengthening the review and verification process by requiring responsible officers to confirm the accuracy of account codes before payment vouchers are certified and approved.*
- *Providing ongoing guidance and awareness to relevant officers on the correct application of budget classifications and expenditure codes.*
- *Conducting periodic reviews of expenditure classifications to identify and promptly correct any coding errors.*

Management remains committed to strengthening internal financial controls, improving the accuracy of financial reporting, and ensuring compliance with Government financial management policies, the approved Chart of Accounts, and applicable budgetary requirements. (MISE management response 2024, received via email on 30th July 2026)

10. MINISTRY OF ENVIRONMENT LANDS & AGRICULTURE DEV. (MELAD)

10.1 Background Information

The Ministry consist of four main divisions the Admin, Environment & Conservation Division, Lands and Agriculture division. The main goals of the ministry are to improve environment, land administration, to provide agricultural and livestock services. (National Economic Planning Office, 2024) The total number of permanent positions is 216 under ER 2024. (Public Service Office, 2024)

Findings & Analysis

10.2 Review of Approved Budget 2024.

MELAD RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MELAD	EXPENDITURES					REVENUES			
Division	**2024 Original Budget**	**2024 Revised Budget**	**2024 Actual Expenditure**	**Variance**		**2024 Original**	**2024 Revised Estimate**	**2024 Actual Revenue**	**Variance**
0801 Administration	1,174,137.57	1,129,886.57	1,082,076.57	-47,810.00		16,300.00	16,300.00	54,025.46	37,725.46
0802 ECD	1,340,201.83	1,415,003.83	1,370,031.43	-44,972.40		530,000.00	530,000.00	604,786.39	74,786.39
0803 Lands	1,618,906.42	1,713,836.34	1,656,446.68	-57,389.66		75,000.00	75,000.00	63,910.15	-11,089.85
0804 Agriculture	2,291,305.01	2,167,447.01	2,110,266.84	-57,180.17					
Total	**6,424,550.83**	**6,426,173.75**	**6,218,821.52**	**-207,352.23**		**621,300.00**	**621,300.00**	**722,722.00**	**101,422.00**

(Ministry of Finance and Economic Development, 2024, p. 56)

10.2.1. Significant Savings.

The overall budget performance as highlighted in the table above showed a significant saving of $207,352.23, this is because all divisions are saved at the end of the year.

10.2.2. Overcollection.

Revenue collection showed a good performance with an over collection of $101,422 at the end of the year and this relates mainly to revenues generated by division 01 & 02.

Audit Recommendation

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

Management Responses

MELAD remains committed to strengthen budget planning, expenditure monitoring and revenue management. The report expenditure savings were attributed to savings under the Personal Emoluments from staff vacancies and personnel expenditures. MELAD notes that Division 1 does not generate revenue, revenues are derived from Division 2, 3 and 4 from quarantine, license fees, parks, livestock, crop and land. For Revenue over-collection, ECD generates more revenue from the Park fees and Wildlife fees associated with designated closed fishing areas and protected areas, ALD generates more revenue from Quarantine fees and LGD from sublease rent fees. (MELAD management response 2024, received via email on 30th July 2026)

10.3. Current Audit Observations

10.3.1. Quarantine - Revenue misclassification

The audit found total of $10,225.80 quarantine revenue transactions incorrectly recorded under the wrong accounting code instead of being classified as livestock sales revenue, these RVs include:

Details	Amount
RV-24-08-1909	$ 6,899.50
RV-24-08-2008	$ 3,326.30
	$10,225.80

Implication: *Misclassification of revenue have an impact on the actual balances of revenue transactions.*

Audit Recommendation

Revenue should be recorded to their correct code so that their balances are correctly reported in the financial statements.

Management Responses

Revenue Vouchers RV-24-08-1909 and RV 24-08-2008 are related to Tobwakira Farm sales deposited into the Revolving Fund – Funding Agency account. However, the transaction was recorded under the Quarantine natural account code. Adjustment for misallocation has been done – refer to Account final *report 2024 (appendix 1). Audit recommendation is noted for improvement. (MELAD management response 2024, received via email on 30th July 2026)*

10.3.2. Weak maintenance of receipt books (Phyto books)

The audit also noted weaknesses in the maintenance of receipt books. This was evidenced by two revenue transactions, RV-24-08-1906 and RV-24-08-1657, totaling $963.10, for which the audit was unable to trace supporting details in the receipt books, as the recorded information had faded and was no longer legible. This indicates that records were not properly maintained and safeguarded.

Audit Recommendation

Management should ensure that receipt books are properly maintained and safeguarded by using durable recording methods, storing records in suitable conditions, and conducting regular reviews to confirm that receipt details remain legible and available for audit and accountability purposes.

Management Responses

Noted for improvement. Scanned copies of receipts are now available to avoid repetition of this issue. *(MELAD management response 2024, received via email on 30th July 2026)*

10.3.3. Unavailable supporting receipt books.

The audit is unable to trace these quarantine receipts total $6,534.40 to examine their correctness and completeness since no supporting receipt is provided for verification.

14/11/2024	RV-24-17-9950	$	1,780.00
10/10/2024	RV-24-08-1478	$	1,419.40
25/6/2024	RV-24-08-0989	$	1,335.00
29/1/2024	RV-24-08-0064	$	1,000.00
13/11/2024	RV-24-08-1635	$	1,000.00

Implication: *The absence of supporting receipt books and related records prevents the audit from verifying the completeness and accuracy of revenues. This increases the risk of misstatement, unaccounted revenue, and weak financial accountability over collected funds.*

Audit Recommendation

Management should ensure that all revenue collections are properly supported by complete receipt books and relevant source documents i.e. revenue registers. These records should be systematically maintained, securely stored, and made readily available for audit verification.

Management Responses

RV 24-17-9950 does not belong to MELAD, it is a revenue of MFED. RV 24-08-1478 is a farm revenue posted under the NAC quarantine, adjustment has been done - refer to the final Account report 2024 (appendix 1). Receipts and supporting documents are available for RV24-08-0064 (appendix 2) and RV 24-08-1635 (appendix 3). IB reference number AIN42077 is for RV24-08-0989 deposited to the

Government number 1 account (appendix 4). (MELAD management response 2024, received via email on 30th July 2026)

10.3.4. Livestock revenues

The review of RV-24-08-2269 for receipts RR 100293 to RR 100363 indicates weaknesses in revenue control, particularly delays in depositing collections. Our analysis shows that a total of $4,631.40 for those receipts were receipted between 25 November 2024 and 19 December 2024, but were not deposited into the bank until 31 December 2024, reflecting a delay of up to one month.

Implication: *Delays in banking revenue collections increase the risk of loss, misappropriation, or misuse of public funds, and may also result in incomplete or inaccurate financial reporting due to untimely recognition of revenue.*

Audit Recommendation

Management should ensure that all revenue collections are banked promptly in accordance with established financial procedures and strengthen supervisory controls such as regular reconciliation and monitoring of receipt sequences to ensure timely deposits.

Management Responses

Noted for improvement. MELAD account will be responsible for receiving livestock sales and handling cash for timely banking deposits. (MELAD management response 2024, received via email on 30th July 2026)

10.3.5. Salary Overpayments

The audit identified an overpayment of $1,250.01 made to 2022015 following leave without pay, which commenced on 23 April 2024 and continued until 31 December 2025.

Pay Periods	Salaries after cease date
02/05/2024	$ 648.83
16/05/2024	$ 601.18
Total overpayment	$ 1,250.01

Implication: *The continued processing of salary payments despite approved leave without pay indicates weaknesses in payroll control and monitoring processes, resulting in significant overpayments and an increased risk of financial loss to the Ministry.*

Audit Recommendation

The Ministry should strengthen payroll control procedures by ensuring timely updating of employee leave status in the payroll system and implement a reconciliation process between HR leave records and payroll before each pay run to prevent recurrence of overpayments. Immediate recovery action should also be strengthened and documented for all identified overpayments.

Management Responses

The overspent was caused by the lateness in ceasing the salary of the officer concerned when Approval for his Leave without Pay received from PSO. The officer's overpayment has been recovered through salary deduction with the amount of $70.00, effective from pay period 5 this year 2026. Consent letter and Staff payslip attached for confirmation (Appendix 6). Salary deduction has been initiated and remains to continue till date. (MELAD management response 2024, received via email on 30th July 2026)

10.3.6. Outstanding Water bills

The review of Electricity and Gas, the audit found one payment amounted to $68,120.00 on PV-24-08-1562 which relates to outstanding water bills for years 2019-2021 that were paid in 2024.

Implication: *This could result in an overstatement of the electricity budget for that current year.*

Audit Recommendation

Management should ensure that all payments are settled in a timely manner to avoid overdue payments.

Management Responses

PV 24-08-1562 is a payment of outstanding water bills 2019 - 2023 for Agriculture and Livestock Division dated 20 December 2024. The payment settled at the end of the year, using the remaining recurrent budget. In 2024, it was also advised that all Ministries should clear all their outstanding payments with PUB. (MELAD management response 2024, received via email on 30th July 2026)

10.3.7. No stockfeed inventory registers.

The audit was unable to verify the receipt, existence, and utilization of specialized livestock feed and veterinary medicines purchased under PV-24-08-0293 and PV-24-08-1161, totalling $88,758.00, as no inventory register was maintained to record the receipt, issuance, and balance of these items. An inventory register is essential for monitoring stock movements in an out and determining inventory levels in real time.

Implication*: The absence of an inventory register weakens inventory control and accountability, increasing the risk of loss, misuse, theft, or misappropriation of livestock feed and veterinary medicines. It also prevents management and auditors from verifying whether purchased items were received, properly safeguarded, and used for their intended purposes.*

Audit Recommendation

Management should establish and maintain a comprehensive inventory register for all livestock feed, veterinary medicines, and other consumable supplies. The register should record quantities received, issued, and remaining on hand, and should be regularly updated and reconciled with physical stock counts to ensure accurate inventory management and accountability.

Management Responses

Noted for improvement. MELAD is now use and maintains a comprehensive inventory register for logging livestock feed and veterinary supplies. (MELAD management response 2024, received via email on 30th July 2026)

11. MINISTRY OF EMPLOYMENT & HUMAN RESOUCES DEVELOPMENT

11.1. Background Information

Ministry of Employment Human Resources Development consists of four main divisions, Admin, Labour, KIT and MTC with main purpose is to expand employment opportunities for all I-Kiribati at national and international market with relevant trainings offered by Institutions at KIT and MTC. (National Economic Planning Office, 2024) According to ER 2024, the ministry has 181 permanent positions. (Public Service Office, 2024)

Findings & Analysis

11.2. Review of Approved Budget 2024.

MEHR RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MEHR	EXPENDITURES					REVENUES			
Division	**2024 Original Budget**	**2024 Revised Budget**	**2024 Actual Expenditure**	**Variance**		**2024 Original Estimate**	**2024 Revised Estimate**	**2024 Actual Revenue**	**Variance**
2001 Admin	1,120,004.21	1,124,704.21	1,074,114.54	50,589.67		0	0	0	0
2002 Labour	862,430.32	862,430.32	824,091.55	38,338.77		700	700	750	50
2003 KIT	2,013,815.56	2,014,115.56	1,945,831.63	68,283.93		102,000.00	102,000.00	118,957.00	16957
2004 MTC	3,267,025.90	3,267,025.90	3,051,930.67	215,095.23		155,300.00	155,300.00	191,131.89	35831.89
2005 FTC	0	0	0	0.00		0	0	0	0
Total	**7,263,275.99**	**7,268,275.99**	**6,895,968.39**	**372,307.60**		**258,000.00**	**258,000.00**	**310,838.89**	**52,838.89**

(Ministry of Finance and Economic Development, 2024, p. 52)

11.2.1. Significant Savings

The overall budget performance as highlighted in the table above shows a significant savings of $372,307.60.

11.2.2. Overcollection

Revenue collections exceeded the revised budget by $50.00 for Division 02 and $16,957.00 for Division 03, and $35,831.89 for Division 04. Overall, revenue exceeded the revised budget by $52,838.89.

Audit Recommendation

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

Management Responses

The major of the savings were from the Personal Emolument and Trainees food & ration as there were a number of vacancies post and decrease in the number of trainees. (MEHR management response 2024, received via email on 31st July 2026)

11.3 Current Audit Observations

11.3.1. Revenue - Misclassification.

- Course fee revenue - The audit noted that RV-25-17-3811, amounting to $78 was incorrectly posted under the Course Fee account when this relates to MTC Upgrading Fee account.
- MTC upgraded Fee - Review of sampled transactions noted that certain collections were not related to trainee upgrading fees but were recorded under this revenue stream.

RV No.	Amount	GL Description
RV-24-20-0268	$750.00	Medical fee
RV-24-20-0860	$60.00	Advance file
RV-25-17-4150	$2,400.00	Hire of Classroom
RV-25-17-4152	$1,600.00	Hire of Classroom
RV-24-20-2676	$80.00	Medical fee
Total	**$4,894.00**	

Implication: *The misclassification of revenue transactions results in inaccurate financial reporting, as revenue is recorded under incorrect general ledger accounts. This reduces the reliability of financial information, may distort the actual performance of individual revenue streams.*

Audit Recommendation

Management should ensure that all revenues are recorded to their correct account code.

Management Responses

This is noted and should be improve this year through review process and reconciliation. (MEHR management response 2024, received via email on 31st July 2026)

11.3.2. Delayed Deposit and Unsupported Fee.

MTC Upgrading Fee - Review of sampled trainee upgrading fee collections totaling to $2,210.00 noted that the amounts were traced to the Government bank statements. However, official receipts and approved fee schedules were not provided to verify the validity and accuracy of the amounts collected. In addition, most collections were deposited more than three months after collection.

Implication: *The absence of official receipts and approved fee schedules makes it difficult to verify that the fees collected were accurate and properly authorized. In addition, delays in depositing collections increase the risk of loss or misuse of public funds and weaken controls over revenue management.*

Audit recommendation

Management should ensure that official receipts and approve fee schedules are properly maintained to support all fee collections. All revenue collected should also be deposited promptly into the Government bank account, and regular monitoring should be carried out to ensure compliance with financial procedures.

Management Responses

Official receipts are all recorded in the IFMIS system and should be readily available whenever needed. It is crucial that cashiers adhere to the deposit schedule provided by the MFED (Revenue Team) to ensure proper financial management. See Annex I for the copy of receipts stated above. (MEHR management response 2024, received via email on 31st July 2026)

11.3.3. Expenses - Misclassification.

Service Local Works Contract **-** PV-24-20-0010 amounting to $454.23, relates to overtime payment and does not fall under Services – Local – Works Contract.

Implication: *Incorrect classification of expenditure may result in inaccurate financial reporting, unreliable budget monitoring, and non-compliance with the approved chart of accounts.*

Audit Recommendation

Management should ensure that all expenditures are charged to the appropriate account codes based on the nature of the goods and services purchased.

Management Responses

The staff concerned was paid on a service charge (on a contract basis), therefore all his allowances such as overtime will be paid from the service charge. (MEHR management response 2024, received via email on 31st July 2026)

11.3.4. Lack of supporting documentation.

- **Electricity and Gas** - Audit noted that expenditure on Electricity and Gas total to $307,355.10 for nine payments was paid without supporting recalculation worksheet, a detailed billing breakdown, or evidence of an independent review to support the amount claimed by the PUB. The absence of such verification indicates that invoices were processed and paid upon receipt without sufficient review to confirm the correctness of the charges.

- **Food and Ration – Local** – Audit noted that PV-24-20-1258 $8,178.00 and PV-24-20-1224 $4,393.80 relating to the payment of local food and ration supplies were processed without the required supporting quotations. Details are as follows:

- **Service-Local-Works-Contract** – Two payments PV-24-20-0020 and PV24-20-0024 ($125.00), were supported by relevant documents; however, no signed contract agreement was provided.

Management response

- *Tender summary was provided to support the payment since the payment was more than $1k. See Annex II for the tender summary for the above payment (PV-24-20-1258 & PV-24-20-1224)*

- *Payment to arbitrators were paid based on the contract signed before the arbitration commence. See Annex III for the contract to support the payment on PV-24-20-0020 & PV-24-20-0024.*

(MEHR management response 2024, received via email on 31st July 2026)

11.3.5. Inconsistent Application of Electricity Meter Reading Formula.

A review of electricity charges for the months of January to December 2024 for the MTC Building found that the meter reading calculation applied by PUB was inconsistent compared to KIT buildings as follows:

- MTC- (Current Reading – Previous Reading) × Rate of $0.70 × Factor of 80
- KIT- (Current Reading – Previous Reading) × Rate of $0.70

The reason for applying the additional factor of 80 to the MTC Building meter readings could not be adequately explained by the responsible officers at MTC during the audit.

Implication: *As a result of this inconsistent billing methodology, audit observed that the monthly electricity charges for the MTC Building appeared significantly higher than expected. In the absence of supporting documentation or technical justification for the application of the factor of 80, there is a risk that electricity costs may have been overstated, resulting in unnecessary expenditure of public funds.*

Audit Recommendation

Management should liaise with PUB to obtain a clear explanation and supporting documentation for the application of the factor of 80 in the electricity billing calculation for the MTC Building. If the factor cannot be properly justified, management should request a review and correction of the electricity charges and ensure that future billing calculations are applied consistently and accurately.

Management Responses.

CT meters are used and charged to ministries/places with high electricity consumption, including MTC, i.e. their consumption of electricity is exceeded the expected watts to be used per month. *(MEHR management response 2024, received via email on 31st July 2026)*

12. MINISTRY OF EDUCATION (MOE)

12.1 Background Information

The Ministry of Education consists of 15 divisions with total of 1,761 permanent positions under the ER 2024. (Public Service Office, 2024) The ministry main goal is to provide quality education with equal opportunity for the development of youth that achieves high standards, broad coverage, relevance, and cost-effective delivery. (National Economic Planning Office, 2024)

Findings & Analysis

12.2 Review of Approved Budget 2024.

MOE RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MOE	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
01 Administration	2,655,409.18	2,664,440.18	2,663,193.41	-1,246.77		160,000.00	160,000.00	439,575.38	279,575.38
02 Primary Education	19,780,346.05	19,780,315.05	20,203,133.24	422,818.19		109,000.00	109,000.00	146,661.40	37,661.40
03 JSS	12,264,083.34	12,264,083.34	12,285,185.24	21,101.90		0.00	0.00	-	0.00
04 & Training	172,121.28	172,121.28	157,664.26	-14,457.02		0.00	0.00	-	0.00
05 Teaibike College	1,599,679.19	1,599,679.19	1,528,540.89	-71,138.30		0.00	0.00	-	0.00
06 KTC	1,969,824.72	2,009,824.72	1,900,104.70	-109,720.02		0.00	0.00	-	0.00
07 Examinations	739,337.97	739,337.97	674,931.71	-64,406.26		27,000.00	27,000.00	8,645.00	-18,355.00
08 CDRC	912,313.55	912,313.55	832,801.44	-79,512.11		0.00	0.00	-	0.00
09 Library & Archive	577,158.70	577,958.70	552,645.78	-25,312.92		20,100.00	20,100.00	18,648.70	-1,451.30
10 SSS	4,240,047.48	4,240,047.48	4,169,826.10	-70,221.38		0.00	0.00	-	0.00
11 FMU	630,076.25	625,713.75	553,502.89	-72,210.86		0.00	0.00	-	0.00
12 Statistics & IT	310,188.50	310,188.50	237,043.82	-73,144.68		0.00	0.00	-	0.00
13 KGV & EBS	2,520,296.34	2,520,296.34	2,500,434.91	-19,861.43		0.00	0.00	-	0.00
14 KQA	62,540.19	62,540.19	31,044.15	-31,496.04		0.00	0.00	-	0.00
15 ECCE	663,538.97	663,733.97	646,189.51	-17,544.46		0.00	0.00	-	0.00
16 MOE-LPSSS	995,024.30	995,024.30	873,822.35	-121,201.95		0.00	0.00	-	0.00
Total	**50,091,986.01**	**50,137,618.51**	**49,810,064.40**	**-327,554.11**		**316,100.00**	**316,100.00**	**613,530.48**	**297,430.48**

(Ministry of Finance and Economic Development, 2024, p. 57)

12.2.1 Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $327,554.11. All divisions are saved by the end of the year except for division 02 and 03.

12.2.2. Overcollection

Revenue collection showed a good performance with an over collection of $297,430.48 at the end of the year and this relates mainly to revenues generated by division 01 & 02.

Audit Recommendation

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

Management Responses

No response.

12.3. Current Audit Observation.

12.3.1. Control weaknesses over revenues

The review of two main revenues for MOE i) Fare on Charter revenues and ii) Rurubao school fees the audit noted the following weaknesses:

- Unable to verify and confirm the total amount of $108,195 for air and sea fare charter revenue due to the unavailability of the passenger listings.
- Unable to verify and confirm total amount of $11,660 for Rurubao school fees since no admission record or revenue register available during the audit for review.

Implication: *The absence of supporting revenue listings undermines the reliability and completeness of the reported revenues, increasing the risk of material misstatement in the financial statements, as the revenue cannot be independently verified.*

Audit Recommendation

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

Management Responses

No response.

12.3.2. Salary Overpayments

Total salary overpayments of $5,878.18 were initially identified in respect of one schoolteacher for the 2024 financial year. Records show that leave without pay was approved for the period 10 July 2024 to 10 January 2025; therefore, salary payments should have ceased effective from 10 July 2024. However, a review of payroll records for the subsequent 11 pay periods up to 31 December 2024 indicated that salary payments of $534.38 per pay period continued to be processed despite the approved leave without pay.

Based on management's response, the Ministry only became aware of the issue at a later stage, and the overpayments continued into the 2025 financial year. As a result, the total salary overpayment comes to $13,585.57. The Ministry confirmed that salary deductions commenced in November 2025 (23rd pay period) and are ongoing to date to recover the overpaid amounts.

Implication: *The continued processing of salary payments despite approved leave without pay indicates weaknesses in payroll control and monitoring processes, resulting in significant overpayments and an increased risk of financial loss to the Ministry.*

Audit Recommendation

The Ministry should strengthen payroll control procedures by ensuring timely updating of employee leave status in the payroll system and implement a reconciliation process between HR leave records and payroll before each pay run to prevent recurrence of overpayments. Immediate recovery action should also be strengthened and documented for all identified overpayments.

Management Responses

No response.

12.3.3. Acting Allowances- lack of supporting letter from PSC.

The review of Acting allowances for schoolteachers, the audit noted that total payments of $25,930.83 relates to outstanding acting arrears from prior years. Supporting letters from the Public Service Commission (PSC) only specifies the acting period from 01 January 2024 to 31 January 2024 and did not support the outstanding acting allowance claims relating to periods prior to 01 January 2024.

Implication: *In the absence of supporting documentation letter, the validity and accuracy of these outstanding acting payments could not be verified.*

Audit Recommendation

Supporting documentation to all payments should be made available during the audit for review of payments.

Management Responses

No response.

12.3.4. Purchases of Office Equipment expenses - Broken laptop

The purchase of four laptops under PV-24-15-2688 amounted to $8,617.50. During the audit, three of the four laptops were physically sighted and found to be in good working condition, while the remaining laptop was confirmed to be broken.

Implication: *The broken laptop represents an asset that is not currently providing its intended operational benefit. If damaged assets are not properly recorded, maintained, repaired, or disposed of, this may result in inaccurate asset records and an increased risk of loss or misuse of government assets.*

Audit Recommendation:

Management should ensure that the broken laptop is assessed and either repaired or formally disposed of in accordance with the applicable government asset management procedures. The Ministry should also maintain an up-to-date asset register that records the condition, location, and status of all assets to support effective monitoring and accountability.

Management Responses

No response.

12.3.5. Outstanding payments

- Council Services Local- The audit found total outstanding invoices of $99,129.33 from KOES related to prior year which are settled in 2024. (Refer list in Memo)
- Service local works contract- PV-24-15-1108 - this payment amount $6,770.63 is an outstanding payment to KOES dated 11th October 2023 for running of Exam papers, however, was paid in 08/04/2024.

Implication: *Payment of outstanding payments have an impact on the overall current budget.*

Audit Recommendation

Payment should be paid in a timely manner.

Management Responses

No response.

12.3.6. Food and rations - Lack of stock or inventory report

The following payments for food and rations at Teabike college and KGV & EBS did not attach inventory report which is a key control document required to confirm low stock levels before purchasing new inventories:

- Total JVs of $71,882.83- these relate to payments for Teabike College food & rations.
- Total PVs of $195,150.42- these are for Teabike College and KGV & EBS

  (Refer to breakdown in memos - working paper)

Implication: *In the absence of inventory report there is no assurance that orders are based on actual stock needs, which increases the risk of overstocking and stock shortages.*

Audit Recommendation

Management should enforce the mandatory requirement for an up-to-date inventory/stock report to be attached to all food and rations purchase requisitions and payment vouchers. This report must clearly show current stock levels, consumption rates, and justification for the new order before any payment is approved. This control should be applied consistently for Teabike College and KGV & EBS to ensure purchases are based on actual needs, minimise wastage, and reduce the risk of overstocking or stock shortages.

Management Responses

No response.

12.3.7. Mis posting of expenses.

The following payments are misallocated under the following expense types:

- Total payments of $141,244 relates to External Travel- Air Fare wrongly classified as External travel- Per diem.
- Total payments of $100,353.85 relates to transport hire wrongly classified as Bus tickets.

Implication: *Mis posting of transactions reveals weaknesses in the posting of transaction thus it increases the risk of incorrect account balances and has an impact on current budget.*

Audit Recommendation

All transactions should be posted correctly to their correct code in the IFMIS.

Management Responses

No response.

13. MINISTRY OF TOURISM COMMERCE INDUSTRY & COOPERATIVE

13.1 Background Information

MTCIC consists of 5 main divisions with a total of 106 permanent positions under ER 2024. (Public Service Office, 2024) The main purpose of the ministry is to foster economic growth by promoting and supporting the development of local business entities, investments, diversified industries, cooperative subsectors ensuring fair trading platform for business and Consumers through innovative, sound policies and business enforcement that led to wealth and prosperity for all I-Kiribati. (National Economic Planning Office, 2024)

Findings & Analysis

13.2. Review of Approved Budget 2024.

MTCIC RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MTCIC	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1001 Administration	1,203,972.03	1,313,209.53	1,274,893.73	-38,315.80					0.00
1002 BRC	766,767.23	725,024.76	691,341.63	-33,683.13		51,300.00	51,300.00	105,236.30	53,936.30
1003 BPC	902,128.58	874,170.06	847,083.58	-27,086.48		14,918.50	14,918.50	47,656.16	32,737.66
1004 Kiritimati	387,895.86	368,208.36	343,532.28	-24,676.08					0.00
1005 Tourism	703,531.94	683,682.93	655,037.83	-28,645.10					0.00
Total	**3,964,295.64**	**3,964,295.64**	**3,811,889.05**	**-152,406.59**		**66,218.50**	**66,218.50**	**152,892.46**	**86,673.96**

(Ministry of Finance and Economic Development, 2024, p. 55)

13.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a saving of $152,406.59, this is because all divisions did not fully utilise their allocated approved budget.

13.2.2. Overcollections

Revenue collection showed an over collection of $86,673.96 at the end of the year and this relates mainly to revenues generated by division 02 & 03.

Audit Recommendation

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

Management Responses

- *The bulk of this $152,000 surplus arose within three MTCTIC divisions: HQ, BPC and BPRC. As a way forward, please be notified that Division Output Managers (HQ, BPC, BPRC and others) have been instructed (for future years) to ensure timely and full execution of their allocated budgets.*
- *Please be notified that there has been an increase in MTCTIC Revenue Estimates 2027.*

(MTCIC management response 2024, received via email on 20th August 2026)

13.3 Current Audit Observations.

13.3.1. Purchase of Office equipment, furniture & Soft-local - Asset not physically verified.

During the physical verification of items purchased under Invoice No. 2144988 and PV-24-10-0809 for office equipment, one microwave valued at $380.00 could not be physically verified.

As agreed after the exit, the Ministry invited the auditor to inspect a microwave that was subsequently located, the auditor could not confirm that it was the item purchased under the above invoice, as its description and specifications did not match those stated on the invoice.

***Implication**: The inability to physically verify the existence and location of assets purchased increases the risk of loss, misappropriation, or unauthorized use of government assets. It also limits assurance that public funds were used for their intended purpose and that the assets remain under proper custody and control.*

Audit Recommendation

The Ministry should ensure that all purchased assets are recorded in an asset register and made available for periodic physical verification. Responsible officers should facilitate audit inspections and maintain adequate records of the location and custodianship of assets to support accountability and safeguard government property.

Management Responses

As agreed during the exit meeting, a KAO officer will be assisted by MTCIC staff for inspection of the concerned assets at HM residence. (MTCIC management response 2024, received via email on 20th August 2026)

13.3.2. Mis posting

- Service local works contract - The audit noted that a payment of $5,040.00 under PV-24-10-0216 dated 11 April 2024 was incorrectly charged to the Service Local Works Contract expenditure when this payment relates to office transport expenses.
- Other structure - The purchase of minister's car or vehicle cost $67,725.00 (PV 24-10-0818) was charged under Other Structure when this could be charged under Office Transport.

Implication: *The mis posting of expenditure may result in inaccurate financial reporting and budget monitoring, as expenditure is not recorded under the correct account code.*

Audit Recommendation

The Ministry should ensure that all expenditure transactions are reviewed and recorded under the appropriate account codes based on their nature and purpose.

Management Responses

For context, the use of "Local Service" for settling payments relating to MTCTIC-hired transportation services has been an established practice since the introduction of the IFMIS system in 2023. During this period, such payments were processed and allowed to be settled from the "Local Service" output. However, towards the end of 2025, MFED issued a reminder clarifying that the "Local Service" output should only be used for its intended purposes—actual eligible hired hand/Local Services claims, etc.—and should not be used to settle other types of payments. Accordingly, PV-24-10-0216 was processed based on the previous practice. (MTCIC management response 2024, received via email on 20th August 2026)

14. MINISTRY OF JUSTICE (MOJ)

14.1 Background Information

The Ministry of Justice is the lead administrator of justice in Kiribati and therefore responsible to administer legislations, deliver justice services and provides policy support and analysis on justice issues within Kiribati. (National Economic Planning Office, 2024) There are six divisions under MOJ and total of 114 permanent positions in 2024. (Public Service Office, 2024)

Findings & Analysis

14.2. Review of Approved Budget 2024.

MOJ RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MOJ	EXPENDITURES				REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance	2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
2201 Admin	919,902.72	937,016.72	891,597.88	-45,418.84	35,000.00	35,000.00	96,276.00	61,276.00
2202 Prison	1,202,977.15	1,200,777.15	1,171,538.08	-29,239.07	0	0	0	0
2203 Civil Registration	436,751.63	436,751.63	390,614.99	-46,136.64	149,500.00	149,500.00	137,383.61	-12,116.39
2204 Human Rights	171,554.21	173,538.21	151,521.87	-22,016.34	0	0	0	0
2205 OPLS	972,453.60	970,969.60	916,937.14	-54,032.46	4,900.00	4,900.00	10,704.00	5,804.00
2206 Xmas – Discont	233,618.62	233,318.62	185,062.72	-48,255.90	0	0	0	0
2207 Election	0	0	0	0.00	0	0	0	0
2208 Dis Customs	0	0	0	0.00	0	0	0	0
22-MOJ Total	**3,937,257.93**	**3,952,371.93**	**3,707,272.68**	**-245,099.25**	**189,400.00**	**189,400.00**	**244,363.61**	**54,963.61**

(Ministry of Finance and Economic Development, 2024, p. 53)

14.2.1. Significant savings

The overall budget performance as highlighted in the table above showed a significant saving of $245,099.25 this is because all divisions did not fully utilise their allocated approved budget.

14.2.2. Overcollection

The overall performance of revenue is satisfactory as revenue target is exceeded by $54k due to the excess collection by division 01 & 05.

Audit Recommendation

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

Management Responses

1.1: Expenditures against Revised Budget 2024

The Audit report stated that MOJ have a significant saving of $214,576.82 instead of $245,099.25 in the year 2024 detecting that all divisions did not fully utilize their allocated approved budget. These savings are caused by the Personal Emolument budget savings totaling 55% of these savings. And out of this percentage saving is for the salaries which are 31% this was for the existing vacancies in the ministry salary budget. (MOJ management response 2024, received via email on 31st July 2026)

22 MOJ OVERALL REPORT				
DESCRIPTION	**ORIGINAL BUDGET**	**REVISED BUDGET**	**ACTUAL**	**VARIANCE**
2201 ADMINISTRATION	$ 829,678.23	$ 831,792.23	$ 789,431.87	$ 42,360.36
2202: PRISON	$ 1,157,916.89	$ 1,155,417.27	$ 1,126,178.94	$ 29,238.33
2203: CRO	$ 414,552.42	$ 414,552.42	$ 380,198.89	$ 34,353.53
2204: HRD	$ 162,664.22	$ 163,164.22	$ 141,148.52	$ 22,015.70
2205: OPLS	$ 930,139.01	$ 930,139.53	$ 886,624.76	$ 43,514.77
2206 XMAS DISCONTINUED	$ 220,459.18	$ 220,459.18	$ 177,365.05	$ 43,094.13
MOJ 22 OVERALL SUMMARY TOTAL	**$ 3,715,409.95**	**$ 3,715,524.85**	**$ 3,500,948.03**	**$ 214,576.82**

PE MGMT REPORT 2024				
DESCRIPTION	**ORIGINAL BUDGET**	**REVISED BUDGET**	**ACTUAL**	**VARIANCE**
2201 ADMINISTRATION	$ 424,675.53	$ 407,654.53	$ 394,749.44	$ 12,905.09
2202: PRISON	$ 823,120.89	$ 768,821.27	$ 766,018.20	$ 2,803.07
2203: CRO	$ 374,272.92	$ 325,111.92	$ 293,239.80	$ 31,872.12
2204: HRD	$ 144,332.22	$ 104,202.22	$ 92,101.02	$ 12,101.20
2205: OPLS	$ 658,935.01	$ 610,635.01	$ 595,465.75	$ 15,169.26
2206: XMAS DISCONTINUED	$ 220,459.18	$ 220,459.18	$ 177,365.05	$ 43,094.13
22 MOJ PE MGMT REPORT 2024	**$ 2,645,795.75**	**$ 2,436,884.13**	**$ 2,318,939.26**	**$ 117,944.87**

Most of the underspent came from PE due to the temporary vacancies and the IFMIS for PE was not timely for posting at that time. MOJ is now trying her best to fill in all her vacancies so that this saving under salaries will not exist again. In addition to that, MOJ is now more familiar with the IFMIS system that this saving will not exist in the following years.

1.2: Revenues against Revised Estimate 2024
The Audit report clearly stated that MOJ revenue performance is satisfactory as the revenue target is exceeded by $54K due to the excess collection by division 2201 Admin which is for the ID card fees revenue and new fees introduced as per the ID Card Regulation. This is due to the introduction of the use of ID for collection SFU payment for unemployment which caused the increase in the revenue to exceed its approved budget by $61,276.00.
(MOJ management response 2024, received via email on 31st July 2026)

14.3. Current Audit Observation.

14.3.1. Lack of Supporting Revenue Records and Database

- Civil Registration fee revenue totaling $18,486.00 did not attach supporting revenue breakdown. In addition, the Ministry did not maintain a revenue database or detailed records to capture and monitor all Civil Registration fees received daily.
- No revenue breakdown to support total ID card revenue of $28,803.00.

Implication: *The absence of detailed revenue records or database increases the risk of revenue being omitted, misstated, or misappropriated without timely detection. It also limits accountability and hinders effective monitoring and reconciliation of revenue collections.*

Audit Recommendation

Management needs to provide supporting revenue records or revenue database so that revenues are easily identified.

Management Responses

MOJ would like to apologize for not being able to provide the supporting revenue breakdown required by Audit. MOJ would like to state here the fact that collection of revenue was well maintained at those times of collection as detailed below.

1. I, Senior Accountant and Accountant did cash counting and cross check with the records and the deposit slip plus those printed summary of collection during those times.
2. We certified those documents after cash counting. This shows that the cash on hand did agree with those statements about cash collection at those times.
3. Then those documents were also brought to Revenue section at Finance for counter checking on the cash on hand against those documents.
4. On behalf of the officer responsible, I would like to apologize since those records were not maintained as required by Audit for verification purposes.
5. The way forward now is that the revenue cashier is to receipt all the revenue collected daily on the IFMIS system to avoid this kind of Audit report in the future
(MOJ management response 2024, received via email on 31st July 2026)

15. JUDICIARY (JUD)

15.1. Background Information

The Judiciary is not a ministry but one of the independent arms of the government likewise the Executive and Legislature and main tasks is the interpretation of laws passed by the Legislature. (National Economic Planning Office, 2024) The Judiciary had three divisions, high court, magistrate and judicial and with total of 92 permanent positions under ER 2024. (Public Service Office, 2024)

Findings & Analysis

15.2. Review of approved budget 2024

JUDICIARY RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

JUDICIARY	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
0301 High Court	904,098.04	878,858.24	846,496.72	-32,361.52		150,000.00	150,000.00	39,592.25	-110,407.75
0302 Magistrates	1,907,174.92	1,806,364.92	1,747,910.09	-58,454.83		170,000.00	170,000.00	56,926.75	-113,073.25
0303 Judicial	1,050,543.29	1,154,543.29	1,039,934.66	-114,608.63		41,200.00	41,200.00	134,688.82	93,488.82
Total	**3,861,816.25**	**3,839,766.45**	**3,634,341.47**	**-205,424.98**		**361,200.00**	**361,200.00**	**231,207.82**	**-129,992.18**

(Ministry of Finance and Economic Development, 2024, p. 53)

15.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $205,424.98 this is because all divisions did not fully utilise their allocated approved budget.

15.2.2. Under collection

Whilst revenue was over collected by $93,488.82 for division 03 but the overall performance was a shortfall of $129,992.18 and this is due to division 01 and 02.

Audit Recommendation

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

Management Responses

Expenditure - An overall savings comes up as some activities and some purchases where not done as we tried our best to process before closing of the Account as the transfer from Savings was also just approved sometimes towards end of November which is closer to the cut-off date which is in December. So, we could not catch up with the procurement and others source of documents needed to be completed prior the close of the account for that year.

Revenue - As we know, our Revenue for that year could not met the estimated Budget and this due the shortfall of collections for revenues and fines for that year. This is depend on the variances of collections related for the cases to be heard that year. (JUD management response 2024, received via email on 6th August 2026)

15.3. Current Audit Observations.

15.3.1. Unavailable Magistrate Fine Register

The audit was unable to confirm the total revenue transactions of $5,595.00 due to the absence of a supporting revenue register.

Implication: *The absence of a revenue register limits the ability to verify whether revenues were accurately recorded at the approved statutory rates and may result in inaccurate or incomplete revenue reporting.*

Audit Recommendation

Management should ensure that all Magistrates' Court fine revenue collections are accurately recorded and regularly updated in a revenue register to facilitate effective monitoring, reconciliation, and accountability of revenue received.

Management Responses

Magistrates' fines register was not kept or maintained in our Account, but the receipts was only done once the clients came to pay for his/her fine. (This can be clarified further from Magistrates Staff) (JUD management response 2024, received via email on 6th August 2026)

15.3.2. Revenue - Mis posting

- Magistrate fine revenue- A bookkeeping error was identified where a reimbursement for security costs of $25,000 was incorrectly recorded as Magistrate Fines revenue.

- Other revenue transactions total $120.00 were incorrectly classified as Magistrate Fines when they related to other types of revenue:
  - ✓ Landlist fees – administrative/service-related fees that should be recorded under Court Fees or Sundry Revenue
  - ✓ Death certificate fees – should be recorded under Sundry Revenue
  - ✓ Miscellaneous applications and bond-related fees – should be classified as Court Fees

JV-2024-MAR-17-5466	$ 60.00	Landlist fees
JV-2024-MAY-17-7385	$ 10.00	Death Certificate
JV-2024-JUN-17-5549	$ 50.00	Appeal

- Court fine revenues- Total of $75 was identified as court fines revenue that were incorrectly classified as court fines and should be reclassified as court service/fee revenue.

Implication: *The misclassification of revenue results in the lack of revenue reconciliation and this can result in distorting the balance of actual revenues.*

Audit Recommendation

Management should regularly review revenue coding and to reconcile revenues against Finance GL to ensure that all revenues are coded correctly.

Management Responses

After going through this, all the jvs were not from Judiciary but they are all from MFED as the Ministry number is 17 which is MFED COFOG. (JUD management response 2024, received via email on 6th August 2026)

15.3.3. Court fines are not maintained in a database (register)

The audit examined records relating to court fines and identified court fines totalling $1,648.00 that were not maintained in a database or formal register. The absence of a complete and up-to-date database or register limits the Ministry's ability to effectively monitor fines imposed, amounts collected, and outstanding balances.

Implication: *Failure to maintain a complete and reliable database or register for court fines increases the risk of inaccurate revenue records, uncollected fines, and weak enforcement of court decisions. It also makes it difficult for Management to track outstanding fines, reconcile amounts collected against fines imposed, and demonstrate that all court fines have been properly accounted for.*

Audit Recommendation:

Management should establish and maintain a complete and up-to-date database or register of all court fines, including details such as the case/reference number, date of fine, amount imposed, amount collected, outstanding balance, and payment status. The register should be regularly updated and reconciled with revenue records to ensure that all court fines are properly recorded, monitored, collected, and accounted for.

Management Responses
As normally done, the fines were paid into the revenue, we issue the receipts, and the clients just bring that receipts to the Single Magistrate or his/her court clerk so they can clear off that case upon the judgement done by their side. (This is also can be identified more by Magistrates staff) Register is maintained this year to avoid further queries on this. (JUD management response 2024, received via email on 6th August 2026)

15.3.4. Later payment or prior year invoices

The audit identified five invoices relating to services provided in 2023 for Internet fees expenses total to $17,139.99 were settled in the 2024 financial year.

Implication: *Late settlement of invoices may result in liabilities and expenditures being recorded in the incorrect financial period, leading to inaccurate financial reporting and possible budget distortions.*

Audit Recommendation
Management should ensure that all internet service fees are paid on time and before their due dates to avoid overdue accounts, service disruptions, penalties, and the accumulation of outstanding liabilities.

Management Responses

The invoices for 2023 were just received and fully classified lately that year so the payment just done in 2024. *(JUD management response 2024, received via email on 6th August 2026)*

15.3.5. Expenses - Mis posting

Upon review of local stationeries, the audit noted that office equipment purchases totaling $38,292.95 were mis posted under local stationeries.

Implication: *The Mis posting of office equipment purchases under local stationeries may result in inaccurate expenditure reporting. It can also lead to difficulties in tracking assets, misclassification of expenses, and unreliable information for management decision-making.*

Audit Recommendation
Management should ensure that expenditures are correctly classified and recorded under the appropriate account codes in accordance with the chart of accounts and financial policies. Regular reviews should also be conducted to identify and correct any mis postings in a timely manner.

Management response
No response.

16. MINISTRY OF FISHERIES AND OCEAN RESOURCES (MFOR)

16.1. Background Information

The ministry had seven divisions with main purpose is to ensure effective management, optimal utilization, and sustainability of marine fisheries, aquatic ecological resources and myriad non-living resources while improving social and economic returns and supporting food security. (National Economic Planning Office, 2024) There are 185 permanent positions in 2024. (Public Service Office, 2024)

Findings & Analysis

16.2. Review of approved budget 2024.

MFOR RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MFOR	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1301 Admin	1,397,839.73	1,400,799.73	1,364,270.90	-36,528.83		0	0	0	0
1302 Planning & Dev	239,562.08	239,562.08	228,148.04	-11,414.04		0	0	0	0
1303 Coastal Fisheries	2,496,315.66	2,496,355.66	2,453,581.31	-42,774.35		10,585,000.00	10,585,000.00	226,122.10	-10,358,877.90
1304 Licensing & Comp	674,977.56	680,577.56	644,031.42	-36,546.14		219,654,164.15	219,654,164.15	209,635,549.39	-10,018,614.76
1305 GEO Science	348,760.73	343,160.73	312,044.54	-31,116.19		10,000.00	10,000.00	17,970.36	7,970.36
1306 Seafood Verifica	395,078.43	395,078.43	358,449.79	-36,628.64		20,000.00	20,000.00	6,611.60	-13,388.40
1307 ICT	133,895.39	130,895.39	113,899.16	-16,996.23		0	0	0	0
Total	**5,686,429.58**	**5,686,429.58**	**5,474,425.16**	**-212,004.42**		**230,269,164.15**	**230,269,164.15**	**209,886,253.45**	**-20,382,910.70**

(Ministry of Finance and Economic Development, 2024, p. 55)

16.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of \$212,004.42, this is because all divisions did not fully utilise their allocated approved budget.

16.2.2. Under collection

Revenue collection was shortfall by \$20 million at the end of the year and this relates mainly to the under collection by division 03 & 04.

Audit Recommendation

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

Management Responses

The budget savings of $212,004.42 resulted from the strategic utilization of project funds to support activities that would otherwise have been financed through the Ministry of Fisheries and Ocean Resources (MFOR) recurrent budget. During the reporting period, a number of recurrent cost (RC) activities were funded under the project where such expenditures were eligible and aligned with the project's approved objectives and work plan. This approach enabled the Ministry to avoid duplication of funding and optimize the use of available financial resources while ensuring the timely implementation of planned activities. Consequently, the corresponding allocation under the recurrent budget was not fully utilized, resulting in the reported savings of $212,004.42. The Ministry considers this to be a prudent and efficient use of both project and Government resources, as it enhanced value for money, maintained compliance with project funding requirements, and ensured that recurrent budget resources remained available to meet other operational priorities. (MFOR management response 2024, received via email on 7h August 2026)

16.3. Current Audit Observations

16.3.1. Misclassification of revenue

The audit identified two transactions totaling $29,173,576.68 that were incorrectly recorded under Fishing License Revenue when these are revenue shares received from PNA and FFA.

RV #	Details	Amount GL
RV-25-17-1204	TT B/O WIRE TRANSFER USD14517377.77 0.6588-AUD15for VDS iro PNA	$ 22,036,072.91
RV-25-17-0655	TT B/FORUM FISHERIES AGENCY PAC IS USD4,977,696-15for VDS iro FFA	$ 7,137,503.77
	Total	**$ 29,173,576.68**

Implication: *The misclassification of revenue may result in inaccurate financial reporting by overstating Fishing License Revenue and understating revenue from PNA and FFA shares, thereby reducing the reliability and transparency of the financial statements.*

Audit Recommendation

Management should ensure that all revenue transactions are classified and recorded under the correct revenue accounts in accordance with the approved chart of accounts and the nature of the revenue. Revenue postings should be reviewed and verified by a responsible officer before finalization to ensure accurate financial reporting.

Management Responses

Although revenues received from PNA and FFA are recorded in MFOR as shares from PNA and FFA, they are also, in fact, fishing revenue from the purse seine vessels allowed to fish inside Kiribati's Exclusive Economic Zones under regional fishing arrangements, namely the FSMA (for PNA) and the US Treaty *(for FFA). For MFOR, they are also considered fishing revenues received from bilateral fishing arrangements. (MFOR management response 2024, received via email on 7h August 2026)*

16.3.2. Fuel expense - Outstanding payments 2022

The audit found three payments for fuel expenses related to 2022 and were paid in 2024 as listed below:

- PV-24-13-1796 amounting to $4,767.38.
- PV-24-13-1808 amounting to $4,098.19.
- PV-24-13-1808 amounting to $4,098.19.

Implication: *Recording prior year expenses in the current accounting period may result in inaccurate financial reporting and misstatement of expenditure balances.*

Audit Recommendation

Management should ensure that all bills are settled in a timely manner to avoid overdue payments and prevent unnecessary impacts on the current budget.

Management Responses

The current MFOR management assumed office in June 2023 and was not responsible for the 2022 fuel expenses. However, the outstanding claims were verified and settled in 2024 to meet the Ministry's financial obligations, maintain supplier confidence, and ensure the continued supply of fuel for essential operations. Management has since strengthened the monitoring of outstanding liabilities and will work closely with the fuel suppliers to verify and settle invoices promptly within the appropriate financial year, subject to the availability of funds. (MFOR management response 2024, received via email on 7h August 2026)

16.3.3. Fuel expense- Lack of Supporting fuel dockets

The audit identified fuel payments totaling $4,434.39 that were not fully supported by the required fuel dockets and other supporting documentation.

Implication: *Incomplete supporting documentation reduces the reliability of the expenditure records and increases the risk that payments may be inaccurate or unsupported.*

Audit Recommendation

Management should ensure that all payments are supported by complete and relevant documentation, and that such records are readily available for audit review.

Management Responses

Management acknowledges the audit finding regarding incomplete supporting documentation for the identified fuel payments. While the payments were made for legitimate operational purposes, some fuel dockets and supporting documents could not be located at the time of the audit due to weaknesses in records management and document filing. MFOR has since strengthened its document management and payment verification procedures to ensure that all fuel payments are supported by complete and *relevant documentation before processing. The Ministry will also improve the filing and safekeeping of financial records to ensure that supporting documents are readily available for future audit reviews. (MFOR management response 2024, received via email on 7h August 2026)*

16.3.4. Unauthorized fuel payment

The review of PV-24-13-2212, the audit found no supporting docket authorization for one payment of 49.59 ULP totaling to $60.00 and was also not signed and dated by the responsible driver.

Implication: *Without proper supporting documents and authorization details, the audit cannot confirm whether the fuel was legitimately issued, accurately recorded, or used for official purposes. This increases the risk of errors, misuse of fuel, or potential fraud, and it reduces the reliability and accountability of expenditure records.*

Audit Recommendation

Management should review and reconcile fuel invoices against supporting documents and fuel receipts before processing payments to ensure their accuracy, completeness, and validity.

Management Responses

MFOR has since strengthened its document management and payment verification procedures to ensure that all fuel payments are supported by complete and relevant documentation before processing. The Ministry will also improve the filing and safekeeping of financial records to ensure that supporting documents are readily available for future audit reviews. (MFOR management response 2024, received via email on 7h August 2026)

16.3.5. Unavailability of Asset Register 2024

The Ministry was unable to provide the 2024 Asset Register, and as a result insufficient details to identify responsible officers for the custody of these laptops as per PVs below:

- PV-24-13-2158 $8,100.00
- PV-24-13-2014 $6,711.00
- PV-24-13-1999 $6,900.00

Implication: *The absence of an updated asset register and inadequate accountability records indicate weaknesses in asset management and record-keeping controls. This increases the risk of loss, misuse, misappropriation, or unauthorized use of government assets.*

Audit Recommendation

Management should maintain and regularly update a fixed asset register to ensure that all purchased assets are accurately recorded, easily traceable, and adequately safeguarded.

Management Responses

For your information, we completed the development of our new Asset Management Database in 2025. All Ministry assets have been registered in this database, which enables easy traceability and helps ensure that assets are properly recorded and safeguarded.

You can access the system by visiting: https://assets.mfor.gov.ki/login *(MFOR management response 2024, received via email on 7h August 2026)*

16.3.6. Difference in Laptop Brand Received related to PV-24-13-2158.

The audit noted that PV-24-13-2158, amounting to $8,100.00, was processed for the purchase of five (5) Dell laptops. However, physical verification confirmed that the Ministry received five (5) Acer laptops instead. No supporting documentation or approval was provided to justify the change in brand, indicating weaknesses in procurement and verification controls.

Implication: *The discrepancy between the approved and received laptop brands, without proper approval or supporting documentation, increases the risk of non-compliance with procurement requirements and reduces assurance that public funds were used to acquire the approved goods.*

Audit Recommendation

Management should ensure that any changes to approved goods or specifications are formally authorized, properly documented, and verified before payment is processed to ensure compliance with procurement requirements.

16.3.7. One Non-Functional Laptop

During the physical verification of the five (5) laptops procured under PV-24-13-2158, the audit confirmed that one (1) laptop was not functioning properly.

Implication: *A non-functional laptop indicates weaknesses in the procurement process and asset inspection procedures, increasing the risk of acquiring defective assets in the first place.*

Audit Recommendation

Management should ensure that all procured assets are inspected, tested, and confirmed to be in good working condition before acceptance and payment processing.

Management Responses

In relation on to this, we understand that the original procurement committee approved the purchase of Dell laptops. However, during that period, our staff were involved in many times sensitive actives and could not wait for the next shipment of Dell laptops to arrive. As the procurement process had already been approved, we looked for alternative laptop brands with equivalent specifications and pricing. At that time, the supplier only had Acer laptops available. We reviewed the specifications and confirmed that they matched the Dell laptops in terms of performance and price. Therefore, changing to Acer laptops did not have any financial or technical impact, as both brands offered the same specifications at the same cost. Regarding the five Acer laptops, one unit later developed a fault and stopped functioning. This laptop had been set aside for staff members who did not have their own laptops and needed one for official travel. However, after it was used during a work trip, it was returned to the ICT Unit and reported as not powering on. We are unable to determine the exact cause of the failure. It may have been related to an unstable power supply, such as the use of a generator or another external factor beyond our knowledge. (MFOR management response 2024, received via email on 7h August 2026)

17. MINISTRY OF HEALTH MEDICAL SERVICES (MHMS)

17.1. Background Information

Ministry of Health is the second largest ministry that has 13 divisions and total number of 973 permanent staff under the ER 2024. (Public Service Office, 2024) The ministry focuses on improving the population health and health equity through continuous improvement. (National Economic Planning Office, 2024)

17.2. Review of approved budget 2024.

MHMS RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MHMS	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1401 Admin	4,610,965.30	4,613,749.90	4,612,857.49	-892.41		90,700.00	90,700.00	241,199.15	150,499.15
1402 Support	3,452,210.61	3,452,210.61	3,449,118.98	-3,091.63					
1403 Public Health	1,873,023.60	1,878,287.60	1,874,961.65	-3,325.95					
1404 Curative	4,437,565.37	4,437,785.37	4,436,016.81	-1,768.56					
1405 Laboratory	983,699.20	983,699.20	981,793.25	-1,905.95					
1406 Radiology	450,306.50	450,306.50	438,457.09	-11,849.41					
1407 Pharmacy	3,183,463.62	3,183,463.62	3,181,159.77	-2,303.85					
1408 Rehabilitation	559,369.48	559,369.48	555,890.07	-3,479.41					
1409 Dental Clinic	782,638.23	782,638.23	782,217.74	-420.49		2,600.00	2,600.00	6,464.60	3,864.60
1410 Nursing Services	12,271,085.03	12,275,411.43	12,265,523.79	-9,887.64					
1411 Linnix Health Services	1,798,090.32	1,798,090.32	1,747,445.18	-50,645.14					
1412 Southern Kiribati Hos	1,311,736.09	1,309,236.09	1,309,236.09	0.00					
1413 Health Information	391,454.29	391,454.29	391,452.85	-1.44					
1414 Mental Hospital	880,292.95	880,157.95	848,574.22	-31,583.73					
Total	**36,985,900.59**	**36,995,860.59**	**36,874,704.98**	**-121,155.61**		**93,300.00**	**93,300.00**	**247,663.75**	**154,363.75**

(Ministry of Finance and Economic Development, 2024, p. 56-57)

17.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $121,155.61 and this is because all divisions are saved by the end of the year.

17.2.2. Overcollection

Revenue collection showed a good performance with an over collection of $154,363.75 at the end of the year and this relates mainly to revenues generated by division 01 & 09.

Audit Recommendation

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

Management Responses

- *Expenditures against Revised Budget*

The Management agrees with the audit finding. The Ministry's Annual Accounts for the 2024 inancial year recorded total savings of $121,155.61, representing 0.33% of the approved budget, while 99.67% of the total budget was utilized. Based on the Ministry's 2024 Management Report, all divisions managed and utilized their allocated budgets efficiently in carrying out their planned activities. The overall savings were mainly attributable to the Linnix budget and the Kiribati School of Nursing and Health (KSNOH) budget. The Linnix budget was transferred through a Department Warrant (DW) and was administered directly by the OIC Linnix Hospital Kiritimati. Therefore, the Management will strengthen the monitoring of the Kiritimati Linnix budget to ensure that expenditure is closely tracked throughout the financial year. The Officer-in-Charge (OIC) will be regularly reminded of the approved budget allocations and expenditure status to enable timely implementation of planned activities and the effective utilization of the allocated budget. In relation to KSNOH, the savings were primarily due to vacancies under the Personal Emoluments budget during the financial year, which resulted in unspent salary allocations. The Ministry will continue to strengthen budget monitoring and workforce planning to ensure resources are utilized efficiently while maintaining prudent financial management.

- *Revenue Against Revised Estimate*

Although the Ministry's actual revenue collection exceeded the approved budget target, Management will continue to strengthen its revenue collection processes and maintain effective monitoring to ensure sustained performance and continued compliance with its revenue targets and budget objectives. (MHMS management response 2024, received via email on 31st July 2026)

17.3 Current Audit Observations.

17.3.1. Leave Grants – Unsigned Leave Forms

The audit was unable to verify the validity of leave grant payments totalling $44,247.56 made to selected employees, as the supporting leave application forms were not signed by the approving authority. Signed leave forms are essential evidence that leave has been properly authorized in accordance with the applicable leave policies and procedures.

Implication: *The absence of signed leave forms increases the risk that leave grants may be paid without proper approval or entitlement. It also limits the audit's ability to confirm that employees had approved leave and met the conditions required to qualify for the leave grant payment.*

Recommendation

Management should ensure that all leave application forms are duly completed and signed by the appropriate approving officer before any leave grant payment is processed.

Management Responses

OM to provide clarification on the unsigned documents.

17.3.2. Allowances - Lack of Supporting documentation

The audit review of selected allowance payments totalling $3,607.50, found that several claims were not supported by essential documentation, including approved timesheets and duly signed allowance claim forms. These supporting documents are required to verify that the allowances were properly authorized, accurately calculated, and paid only to eligible employees in accordance with established policies and procedures.

Implication: *The absence of adequate supporting documentation increases the risk of erroneous, unauthorized, or fraudulent allowance payments and restricts the audit's ability to confirm the validity and accuracy of the expenditure.*

Audit Recommendation

Management should ensure that all allowance claims are supported by approved timesheets, signed claim forms, and any other relevant documentation before payment is processed.

Management Responses

Pay Period	Full Names	PF	Details	Amount	Comment
19/04/2024	Dr John Tekanene	20240496	Supervisory oncall Dr ($10)	1,740.00	refer to payslip, no supervisory allowance paid pp19/04/2024. Couldn't provide justification (Audit officers will go through again the costing verses PF provided)
19/04/2024	Dr Baranika Toromon	20240497	On call for Dr ($7.50/Hr)	1,867.50	refer to payslip, no on call paid pp19/04/2024. Couldn't provide justification (Audit officers will go through again the costing verses PF provided)

(MHMS management response 2024, received via email on 31st July 2026)

17.3.3. Specialised purchases - Absence of supporting invoices

The audit noted that Payment Voucher PV-24-14-1255, amounting to $49,926.30, was not supported by a supplier invoice.

Implication: *The absence of a supporting invoice limits the audit's ability to verify the legitimacy, accuracy, and value of the purchase and increases the risk of unsupported or inappropriate expenditure.*

Audit Recommendation

Management should ensure that all payment vouchers are supported by original supplier invoices before payments are processed and records are properly maintained for audit purposes.

Management Responses

Absence of supporting invoices: Reference to the supplier statements, Invoice #18398 had an original value of $11,696.25. The statement relating to Receipt No. 11608 (dated 5 June 2024) confirms that $11,302.30 had previously been applied to this invoice, leaving an outstanding balance of $393.95. (MHMS management response 2024, received via email on 31st July 2026)

17.3.6. Consultancy service local - Outstanding payments

- PV-24-14-1142 amounted $9,837.49 is an outstanding cleaning services fees from January to July 2022. This payment was misplaced at the Treasury (MFED) but later retrieved in 2023 and then processed in IFMIS in 2024 by MHMS. Although, the covering letter, contract award, tender summary, and other supporting documents were backdated, with no updated documentation to evidence the outstanding obligation to the contractor.
- PV-24-14-4091 amounted $9,631.43 was settled without adequate supporting documentation. Several invoices relating to this payment were not attached or unavailable at the time of audit review, as outlined in the table below. In addition, invoices attached relate to prior years 2019 to 2021, resulting in overdue payment.

Year	Invoice No.	Amount
2019	20034136	$337.80
2019	20039001	$100.01
2019	20041693	$100.01
2020	20105257	$100.01
2021	20508256	$548.18

Implication*: Processing payments using backdated and incomplete documentation weakens internal controls, increases the risk of fraudulent or irregular payments, and may result in non-compliance with financial regulations.*

Audit Recommendation

Management should strengthen document management and payment verification controls to prevent the use of backdated documents. All supporting evidence for outstanding liabilities must be properly maintained and verified before processing future payments.

Management Responses

- *PV-24-14-1142*

It is important to note that the claim was resubmitted to the Secretary using copies of the original supporting documents, as the original payment documents submitted to the Ministry of Finance were misplaced during the payment processing stage. Notwithstanding the absence of the original file, the correspondence and approvals provided by the Secretary, together with the verification undertaken by *the Accounts Section, provide sufficient evidence that the claim was properly reviewed, authorised, and processed in accordance with the applicable procedures.*

- *Refer the attached*

(MHMS management response 2024, received via email on 31st July 2026)

17.3.7. Late Settlement of Prior -Years -Electricity bills

The audit found two outstanding electricity bills which were paid in 2024 as listed below:

- PV-24-14-0791 total bill of $13,575.80 relating to prior years 2022 and 2023. No explanations yet provided for the delay settlement of bills.

- PV-24-14-2950 is an outstanding electricity bill for three Doctors from Cuba residing at Tarati Apartment which totals to $9,255.25. The Invoice Statement was dated on 28/07/2021; however, the payment was made in 2024.

  The standard agreement *between the Ministry of Public Health and The Republic of Cuba* did not specify the electricity to be paid from the Ministry.

Implication: *The delayed settlement of electricity bills from prior years places additional pressure on the current year's budget, as funds appropriated for current operations are used to settle historical liabilities. This may reduce the availability of resources for planned programs and activities, affect budget performance, and increase the risk of overspending. Furthermore, the absence of adequate agreements and supporting documentation increases the risk of unauthorized expenditure and weakens accountability over the use of public funds.*

Audit Recommendations

Management should ensure that utility bills are settled promptly and that all payments are supported by valid agreements and relevant documentation clearly establishing the Ministry's obligation to bear the costs before payments are authorized.

Management Responses

- *PV-24-14-0791*

Management agrees with the audit observation.

The payment under PV-24-14-0791 was made to settle outstanding PUB invoices identified through a reconciliation of accounts. The delay in payment arose because certain invoices were not received or were omitted from the monthly billing (invoices) issued by PUB. Consequently, these invoices could not be verified and processed for payment within the normal payment cycle. Following receipt of the reconciliation of outstanding invoices from PUB, the Account reconcile and verified the outstanding invoices and amounts. Therefore, the payment the payment accordingly. Management has strengthened its monitoring and reconciliation process with PUB and will continue to perform regular reconciliations to ensure outstanding invoices are identified and settled in a timely manner, thereby reducing the risk of delayed payments in the future.

Please refer to the attached reconciliation report as supporting evidence.

- *PV-24-14-2950*

In accordance with the Collaboration Agreement between the Ministry of Health and the Ministry of Public Health of the Republic of Cuba, Chapter II, Article 3(c) stipulates that the Ministry of Health is responsible for providing and covering the costs of accommodation, electricity, water, gas, and telephone services for the Cuban doctors. Accordingly, the Ministry is obligated to settle the outstanding payment, as these expenses fall within its responsibilities under the terms of the Agreement. (Refer to the attached agreement) (MHMS management response 2024, received via email on 31st July 2026)

17.3.8. Food & Rations – Absence of inventory register

The review of MHMS selected payments for food and rations total $99,217.85, the audit noted that these payments were not supported by a stock register or other inventory records.

Implication: *The absence of a stock register and inventory records limits the auditor's ability to verify whether ration supplies were properly received, recorded, issued, and consumed for their intended purposes.*

Audit Recommendations

Management should establish and maintain a comprehensive stock register for all food and ration supplies purchased by the Ministry. The register should record quantities received, issued, and remaining on hand, and be regularly updated and reconciled with physical stock counts. Periodic stocktakes should also be conducted and documented to ensure the accuracy of inventory records and strengthen accountability over public resources.

Management Responses

Management agrees with the audit observation regarding the absence of the ration register.

The ration register for 2024 was maintained and updated daily in Microsoft Excel and stored on the Ministry's server. However, towards the end of 2024, the server experienced technical failures, and despite efforts by the IT team, the Accounts data could not be recovered. Consequently, the ration register was unavailable for audit verification. To prevent a recurrence - In 2026 the Accounts Section has implemented improved record management practices by maintaining a separate ration register and monitoring records in Excel, with regular backups to ensure records remain accurate, accessible, and available for future audit purposes. (MHMS management response 2024, received via email on 31st July 2026)

17.3.9. Mis posting of expenses.

The audit noted that the following expenses had been mis posted to Allowances for KSONH.

PV #	Amount	Original Account	Account Posted to:
PV-24-14-0484	8,456.00	Air fare	Allowance for KSONH
Pv-24-14-1804	7,346.25	Bus Hire	Allowance for KSONH
PV-24-14-1992	4,090	Bus Hire	Allowance for KSONH
PV 24-14-2263	14,958.21	External Travel- Per Diem	External Travel- Air Fare

PV 24-14-1183	9,738.80	External Travel- Per Diem	External Travel- Air Fare
JV 2024-Oct-14-0285	9,447.57	External Travel- Per Diem	External Travel- Air Fare
PV 24-14-0192	8,797.80	External Travel- Per Diem	External Travel- Air Fare
PV 24-14-0413	8,397.00	External Travel- Per Diem	External Travel- Air Fare
PV 24-14-24	6,421.98	External Travel- Per Diem	External Travel- Air Fare
JV-2024 May 14-0205	6,353.43	External Travel- Per Diem	External Travel- Air Fare
JV-2024 May 14-0002	6,244.12	External Travel- Per Diem	External Travel- Air Fare
PV 24-14-4027	27,410.00	External Travel- Air Fare	Consultancy service local

Implication: *Mis posting of transactions reveals weaknesses in the posting of transaction thus it increases the risk of incorrect account balances and has an impact on current budget.*

Audit Recommendation

All transactions should be posted correctly to their correct code in the IFMIS.

Management Responses

PV #	***Amount***	***Original Account***	***Account Posted to:***
PV-24-14-0484	*8,456.00*	*Air fare*	*Allowance for KSONH*
Pv-24-14-1804	*7,346.25*	*Bus Hire*	*Allowance for KSONH*
PV-24-14-1992	*4,090*	*Bus Hire*	*Allowance for KSONH*

Management acknowledges the audit observation. Following the transfer of the School of the SONH budget from MEHR to MHMS, the operational budget, including transport and airfare, was insufficient to meet all student-related expenses. As a result, student allowances were charged to the transport and airfare budget based on previous practices.

Management acknowledges that this was an incorrect budget allocation and will ensure that future SONH budgets provide adequate funding under the appropriate budget line items to support student activities and comply with financial management requirements.

PV#	Amount	Original Amount	Account Posted to
PV-24-14-2263	14,958.21	External travel - Perdium	External Travel - Airfare
PV-24-14-1183	9,738.80	External travel - Perdium	External Travel - Airfare
JV-2024-OCT-0285	9,447.57	External travel - Perdium	External Travel - Airfare
PV-24-14-0192	8,797.80	External travel - Perdium	External Travel - Airfare
PV-24-14-0413	8,397.00	External travel - Perdium	External Travel - Airfare
PV-24-14-24	6,421.98	External travel - Perdium	External Travel - Airfare
JV-2024-MAY-14-0205	6,353.43	External travel - Perdium	External Travel - Airfare
JV-2024-MAY-14-0002	6,244.12	External travel - Perdium	External Travel - Airfare
PV-24-14-4027	27,410.00	External travel - Perdium	External Travel - Airfare

Management agrees with the audit observation regarding the use of the external airfare budget to meet per diem expenses.

During the 2024 budget preparation process, the budget for official overseas travel was centralised under the Administration Division. The amount allocated under the external airfare budget was intended to cover both airfare and per diem costs associated with official travel. However, due to an oversight during budget preparation, separate budget provisions for per diem were not established, resulting in per diem expenditures being charged to the external airfare budget.

Management acknowledges this budgeting oversight and will ensure that future budgets provide separate and clearly defined allocations for airfare and per diem in accordance with the new Government Chart of Accounts and applicable financial management requirements. (MHMS management response 2024, received via email on 31st July 2026)

18. MINISTRY OF WOMEN YOUTH SPORT & SOCIAL AFFAIRS

18.1. Background

Ministry of Women Youth Sport and Social Affairs has seven divisions with a total of 80 permanent staff under the ER 2024. (Public Service Office, 2024) The ministry focuses on improving social welfare through partnerships between national Government, local Government, Faith-based organizations, and non-governmental organizations. The emphasis is on the development of youth and sports and the protection of the most vulnerable in society, including people with disability, women, and children. (National Economic Planning Office, 2024)

Findings & Analysis

18.2. Review of approved budget 2024.

MWYSSA RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MWYSSA	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1801 Admin	1,662,181.37	1,732,023.90	1,517,710.98	-214,312.92		-	-	-	-
1802 Sport	166,637.26	154,491.73	142,839.07	-11,652.66		28,450.00	28,450.00	45,227.80	16,777.80
1803 Social Wel	381,794.84	380,497.84	354,795.42	-25,702.42		-	-	-	-
1804 Youth	167,051.22	137,401.22	107,802.12	-29,599.10		-	-	-	-
1805 Women	229,015.47	223,615.47	205,128.80	-18,486.67		-	-	-	-
1806 NGO	100,179.26	83,829.26	75,112.67	-8,716.59		-	-	-	-
1807 Disability	99,420.10	94,420.10	80,025.11	-14,394.99		-	-	-	-
Total	**2,806,279.52**	**2,806,279.52**	**2,483,414.17**	**-322,865.35**		**28,450.00**	**28,450.00**	**45,227.80**	**16,777.80**

(Ministry of Finance and Economic Development, 2024, p. 57)

18.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $322,865.35, this is because all divisions did not fully utilise their allocated approved budget.

18.2.2. Overcollection

Revenue collection showed an over collection of $16,777.80 at the end of the year and this relates mainly to revenues generated by division 02.

Audit Recommendation

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

Management Responses

1.1 Expenditure

1801 Admin: In 2024, all Ministries were advised to suspend consultation-related activities. This directive was issued in the lead-up to the Presidential Election, resulting in the postponement of all planned activities in the Outer Islands. Consequently, a significant portion of the Administration budget remained unspent at the end of the financial year. In addition, the budget variance of $214,312.92 was partly attributable to several key positions within the Ministry remaining vacant throughout 2024. These included the positions of Senior Assistant Secretary and Deputy Secretary, resulting in lower personnel expenditure than originally budgeted.

1802 Sport: In 2024, the Sport Division did not attend the Commonwealth Sport Ministers Meeting in Paris, France. This is because of the election of H.E Te Beretitenti.

1803 SWD: The unspent funds as at the end of 2024 were primarily due to the misallocation of budgeted funds for Local Services amounting to $23,998.31, as well as unspent salary funds.
The misallocation occurred in relation to the Local Services budget. Under normal circumstances, the Social Welfare Division (SWD) is allocated $10,000 annually for Local Services. However, the Senior Accountant (SA) at the time advised that there had been an error in the budget allocation, resulting in $20,000 intended for the Sport Division's Local Services being incorrectly allocated. In addition, the remaining unspent balance was attributable to salary savings within the Counselling Unit due to staff turnover during the year.

1804 Youth: The unspent total amount of $29,030.26 for the Youth Division was mostly for the Emolument and partly the operational cost. In 2024, the Youth Division was understaffed. There should be 4 staff, but only the senior youth officer and 1 youth officer were the only officials implementing the divisional day-to-day program. The implementation of the youth division activities was also impacted or not completed as expected, which affected the utilization of the funds.

1805 Women: The remaining balance of $18,486.67 under the Division's recurrent budget for 2024 is attributable to the availability of project funds during the year. These project funds were prioritised for *implementation to ensure they were fully utilized, as we sought to avoid returning any unspent funds to our development partners. Consequently, project funds were utilized first and, where appropriate, were used to support activities that would otherwise have been funded under the recurrent budget. This resulted in savings within the Division's operational costs under the recurrent budget, leading to the remaining balance of $18,486.67 at the end of the financial year.*

1806 NGO: As you may recall, the allocated budget was intended to support the observance of National NGO Day 2024, scheduled for 27 February 2024. However, due to the demanding schedules and competing commitments of MWYSSA officials and other key stakeholders, the event was unable to proceed as planned. Consequently, the allocated funds were not utilized and therefore remained unspent at the close of the financial year.

1807 Disability: The Disability Inclusion Division (DID) recorded an underspend of $14,394.99. This surplus resulted from planned activities that could not be fully implemented or completed within the financial year. Contributing factors included staff turnover within the Division, which affected the continuity of program implementation. Following the departure of key personnel, newly recruited staff required time to familiarize themselves with the Division's programs, procedures, and work plans before activities could proceed effectively. These transitional challenges, together with other operational and scheduling constraints, delayed the implementation of planned activities, resulting in unutilized funds at the end of the reporting period. (MWYSSA management response 2024, received via email on 29th July 2026)

18.3. Current Audit Observations.

18.3.1. Revenues- Lack of supporting documents

The audit identified sport complex revenue totaling $24,511.00 that was reported without adequate supporting documents such as pass register book and the logbook which should be maintained by the Sport Complex officer responsible for issuing passes.

Implication: *The absence of supporting documents and key control records prevents the audit from obtaining sufficient and appropriate evidence to confirm the accuracy of the revenue reported.*

Audit Recommendation

Management should ensure that all travel-related payments are supported by appropriate documentation, including travel authorization, itinerary or program, and evidence of the purpose of travel before payment is processed.

Management Responses

There was an increase in revenue in 2024 for the following reasons:

- *Following the renovation of the Kiribati National Youth Centre (KNYC) by the Kiribati Sport Authority, the facility became available for hire in 2024. The revenue generated from KNYC was recorded under the Sport Division; however, it should have been recorded separately as revenue under the Youth Division.*

- *Additional revenue was generated from the collection of business booth fees during the SFU, SCA, and DSA events held at the Sport Complex and the RKU Compound.*
- *Payment for the lease of a parcel of land within the Sport Complex by Betio Mini Mart, relating to the 2023 rental period, was received in 2024 and therefore recorded as 2024 revenue.*

For record-keeping purposes, the Sport Division will use a single record book for both caretakers to minimize the risk of misplacing supporting documents. In addition, all supporting documents will be scanned and stored electronically in a designated folder to ensure proper record management. (MWYSSA management response 2024, received via email on 29th July 2026)

18.3.2. Lack of employee appointments

The review of payroll for pay period 1 of 2024, the audit noted that there is no appointment available for PF2007008 to support the employee's salaries and leave grant:

- Salaries of fortnight gross $684.78
- Leave grant annual pay of $3,000.

Implication: *The absence of the employee's appointment records limited the audit's ability to verify the legitimacy, accuracy, and proper authorization of the salary and leave grant payment.*

Audit Recommendation

Management should ensure that employees contracts are available for review during the audit.

Management Responses

The review of payroll for pay period 1 of 2024, no appointment available for PF2007008 to support salary and Leave Grant. (MWYSSA management response 2024, received via email on 29th July 2026)

18.3.3. External Travel- Air fares- Outstanding or Late payment

The audit noted that PV-24-18-0805 amounting to $210,000.00 was a settlement of an external travel charter with Air Nauru incurred in 2023 and was paid in 2024.

Implication: *Outstanding payment may result in inaccurate financial records and create additional pressure on the current year budget, as prior year obligations may need to be settled using current year funds.*

Audit Recommendation

Management should ensure that all payments are settled on time to avoid being overdue.

Management Responses

This is related to the airfare of Team Kiribati to attend the Pacific Games in the Solomon Islands. The issue is that MWYSSA's webmail was scammed by a hacker who pretended to be Air Nauru, the carrier of Team Kiribati to the Solomon Islands. The money was deposited in the hacker's account, but this money was recovered in 2024 and then paid to Air Nauru in 2024. (MWYSSA management response 2024, received via email on 29th July 2026)

18.3.4. Mis posting of expense.

The purchase of the Big Bus amounting to AUD 90,000, as per PV 24-18-1259, was incorrectly charged under the "Other Structure" account code instead of the appropriate "Office Transport" account code.

Implication: *The incorrect classification of the expenditure may result in misstated financial records and inaccurate reporting of fixed assets and expenditure categories in the financial statements*

Audit Recommendation

Management should ensure that all payments are coded correctly.

Management Responses

*We would like to clarify that the **Office Transport** account code is specifically intended for expenses related to transportation services to and from the office. As this purchase does not fall within that category, it was not appropriate to charge the expenditure to that account. Based on advice received from MFED, the **Other Structures** account code is the appropriate coding block for the purchase of transport-related assets. For further clarification or guidance on the correct coding, please liaise directly with MFED. (MWYSSA management response 2024, received via email on 29th July 2026)*

18.3.5. Social benefits - Unavailability of application forms 2024

The audit noted that application forms were not available during the audit for SFU, SCA & DSA:

- 10 selected beneficiaries for Support fund for Unemployment.
- 9 selected Senior Citizens Allowance beneficiaries.
- 30 selected Disability allowances beneficiaries.

Implication: The absence of application forms prevents the audit from obtaining sufficient and appropriate audit evidence to confirm the validity and eligibility of the payments made. This increases the risk that payments may have been made to ineligible beneficiaries.

Audit Recommendation

Management should ensure that all application forms are properly completed, retained, and readily available to support payment processing and audit verification. A robust filing and document control system should be implemented to ensure that no payments are processed without adequate supporting documentation confirming beneficiary eligibility.

Management Responses

SPD is responsible for SCA and SFU applications. DID is responsible for DSA applications. Audit observation acknowledged by SPD. Application forms were submitted by beneficiaries in paper form.
Prior to July 2024 the SPD was located in a single room with insufficient storage for archiving critical documents for audit purposes. In an effort to respond to critical challenges with storage space and space for the team, a new space was identified by the Ministry for SPD. Unfortunately, due to renovations to the SPD new office in 2024, the files were temporarily moved to a container off site (at the back of MFED). The temporary storage solution was not as secure as expected and files were damaged by the decision made to store cement in the same location. As of January 2025 – all

application forms are now scanned and electronically filed. With the introduction of the SP-MIS in Q3 2027 applications will be lodged electronically and regular backups performed. Paper files will also be maintained in the SPD as a backup.

In preparation for the introduction of the SP-MIS a stock take has begun of application forms for SFU. For all application forms that have been damaged, beneficiaries will be approached, and replacement application forms created, scanned, and stored in hard copy.

DID Response - Following the resignation of the Principal Disability Inclusion Officer (PDIO) in 2024, the Disability Inclusion Division (DID) experienced a transition in staffing, with newly recruited officers assuming responsibility for the program. Due to limited institutional knowledge and the absence of clear record management procedures, the new staff were unaware of the importance of maintaining hard-copy records of Disability Support Allowance (DSA) applications, as they believed that recording the information in the electronic database was sufficient. This resulted in some DSA application files being misplaced or lost, making it difficult to retrieve the original supporting documentation when required. (MWYSSA management response 2024, received via email on 29th July 2026)

19. MINISTRY OF FINANCE ECONOMIC DEVELOPMENT (MFED)

19.1. Background Information

Ministry of Finance Economic Development has 9 divisions with a total of 234 permanent staff under the ER 2024. (Public Service Office, 2024) The purpose of the Ministry is to achieve a viable and sustainable economy that can provide an adequate standard of living for the people of Kiribati. (National Economic Planning Office, 2024).

Findings & Analysis

19.2. Review of approved budget 2024.

MFED RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MFED	EXPENDITURES				REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance	2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1701 Admin	1,445,559.77	1,751,559.77	1,656,901.06	-94,658.71	0.00	5,810,000.00	0.00	-5,810,000.00
1702 Treasury	2,230,107.11	2,230,672.11	2,211,740.23	-18,931.88	4,168,537.00	4,168,537.00	10,283,489.18	6,114,952.18
1703 Internal Audit	181,289.47	180,724.47	178,852.74	-1,871.73	0.00	0.00	0.00	0.00
1704 NEPO	608,080.63	608,080.63	598,124.46	-9,956.17	80,000,000.00	80,000,000.00	0.00	-80,000,000.00
1705 Tax	828,608.99	830,094.64	806,841.35	-23,253.29	80,666,046.00	80,666,046.00	92,709,404.46	12,043,358.46
1706 NSO	364,438.24	358,199.24	329,371.38	-28,827.86	0.00	0.00	0.00	0.00
1707 IT	244,680.45	244,680.45	237,836.42	-6,844.03	0.00	0.00	0.00	0.00
1708 CPU	156,567.22	156,567.22	154,485.85	-2,081.37	0.00	0.00	0.00	0.00
1709 Customs	1,142,434.76	1,142,434.76	1,130,148.80	-12,285.96	55,781.00	55,781.00	416,830.91	361,049.91
1710 KFSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**7,201,766.64**	**7,503,013.29**	**7,304,302.29**	**-198,711.00**	**164,890,364.00**	**170,700,364.00**	**103,409,724.55**	**-67,290,639.45**

(Ministry of Finance and Economic Development, 2024, p. 54-55)

19.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant of $198,711.00 this is because all divisions did not fully utilise their allocated approved budget.

19.2.2. Under collection.

Revenue collection was shortfall by $67 million at the end of the year, and this relates mainly to no collections for division 01 & division 04.

Audit Recommendation

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

Management Responses

- *There were two high value procurement made towards the end of the year however they were cancelled as the bids exceeded the overall budget savings.*
- *Tax revenue increased not decreased and there was a withdrawal of $80m from the RERF in 2024 but was transferred to SSGA (also known as State Street Account- Cash reserves account).*

As per the 2024 and 2025 budget, there is no revenue under Admin, so there shouldn't be any revised provision. It must be a mis posting. (MFED management response 2024, received via email on 4th August 2026)

19.3. Current Audit Observation.

19.3.1. Insufficient support documentation - Company tax revenues

The audit noted that selected Company Tax revenues totaling $380,570.86 were successfully traced to the Revenue Management System (RMS). However, the Ministry was unable to provide the supporting documentation, such as tax assessments, tax returns, payment calculations, or other relevant records, to substantiate the amounts recorded and collected. The transactions affected are as follows:

- RV-24-17-0208 3,020.60 Auesa Trading
- RV-25-17-3732 10,000.00 Moel Trading
- RV-25-17-4433 30,211.46 Angiriin Enterprises
- RV-24-17-0697 260,480.34 KPA
- RV-24-17-0709 76,858.46 ANZ Bank

19.3.2. PAYE tax revenues

The transactions found in RMS total $49,002.85 are traced to the Government Bank Statement, but supporting documents were not available to verify the accuracy and validity of the recorded amounts.

Implication: *The absence of supporting documentation limits the audit's ability to verify the accuracy, completeness, and legitimacy of the Company Tax revenues collected. It also increases the risk of errors,* *incorrect tax assessments, fraud, or disputes remaining undetected and weakens the accountability and transparency of revenue administration.*

19.3.3. VAT revenues

Total revenue for VATs of $101,215.46 reported in the RMS but no supporting documentation available to substantiate the amounts recorded and to confirm the basis of the revenue assessments and accuracy. (Refer list of RVs in memo)

Audit Recommendation

Management should ensure that all taxation revenue transactions are supported by complete documentation, including tax assessments, tax returns, payment calculations, and other relevant records. These documents should be properly filed and retained in accordance with the government's records management policies to facilitate verification & monitoring.

Management Responses

2.1.1.1-Insufficient supporting documents

Company tax revenue- One single tax payment is not always tied up with the amount of tax assessment because of the following reasons:

i. Each tax payment can be an instalment payment for outstanding taxes, or a current tax, or a provisional tax or a withholding tax.

ii. For background information, taxpayers can pay on an instalment basis according to Tax law if they cannot pay the amount of tax provided in any assessment at any particular year.

2.1.1.2- The Tax office input the amount of raw data on taxes reported from Treasury Unit to RMS as it cannot extract tax data from the Government number 1 bank statements. VAT revenue posted in RMS are sourced from the Tax Cashier's collection, Treasury Division and Customs data.
(MFED management response 2024, received via email on 4th August 2026)

19.3.4. Misclassification of revenues

- Two revenue transactions totaling $35,823.18 were wrongly coded under PAYE revenue category.: RV-25-17-2323 of $25,823.18 and BKT P73823458970 amounted $10,000.00.
- Three custom revenues and one PAYE revenues totaling $12,96.50 were being mis posted to VAT revenues as per list below:

RV No.	Amount
RV-24-17-1739	$82.80
RV-25-17-0785	$478
RV-25-17-2716	$1,801.12
RV-25-17-2717	$10,584.58
Total	**$12,946.50**

Implication: *Misclassification of revenue may affect the accuracy of revenue balances and result in incorrect reporting of actual revenue by category.*

Audit Recommendation

Management needs to ensure that revenues are posted to their correct account code in the IFMIS.

Management Responses

2.1.2- Reconciling the Revenue Management System (RMS) with the Integrated Financial Management Information System (IFMIS) is a complex process, as the two systems are not integrated and do not exchange data automatically. The Tax Office updates the RMS using raw data obtained from multiple sources, including Tax Cashier records, the General Ledger (GL) and IFMIS, Customs reports, and tax collection reports submitted by the Kiritimati Tax Branch Office.

In addition, Treasury officers do not record individual tax payments separately in the GL or IFMIS. Instead, multiple tax payments received throughout the day are aggregated and posted as a single lump-sum transaction. This practice makes it difficult to match individual revenue transactions between the RMS and IFMIS, increasing the risk of revenue misclassification and complicating the reconciliation process. However, with ongoing improvements and refinements to the IFMIS and the upgrading of the Tax's revenue management system, this issue inconsistency will be resolved. (MFED management response 2024, received via email on 4th August 2026)

19.3.5. PAYE revenue Transactions Not Recorded in RMS

Total revenue transactions for PAYE being deposited in the government bank account could not be traced to the Tax Office RMS as listed below:

RV No.	Amount
RV-24-17-0274	$6,479.62
RV-24-17-1400	$20,398.44
RV-24-17-1402	$770
RV-24-17-1404	$5,208.54
RV-25-17-2588	$24,065.40

Implication: *The absence of these transactions in RMS limits the assurance that PAYE records are complete and reliable. It also increases the risk that future collections may not be properly recorded, monitored, or verified.*

Audit Recommendation

Management should ensure that taxation revenues received are promptly posted and maintained in the Revenue Management System (RMS) tax records to prevent omissions and ensure that all revenues are completely and accurately accounted for.

Management Responses

2.1.3- *Reconciling the Revenue Management System (RMS) with the Integrated Financial Management Information System (IFMIS) is a challenging process, as the two systems are not integrated and do not* *exchange data automatically. The Tax Office updates the RMS using raw data obtained from various sources, including Tax Cashier records, the General Ledger (GL) and IFMIS, Customs reports, and tax collection reports submitted by the Kiritimati Tax Branch Office. As a result, the reconciliation process is largely manual and requires significant verification to ensure the accuracy and completeness of revenue records. To address this issue, we are upgrading the RMS and also exploring options to integrate it with the IFMIS. (MFED management response 2024, received via email on 4th August 2026)*

19.3.6. Control weaknesses over Temporary Assistance.

The audit reviewed Payment Voucher (PV) No. PV-24-17-4353 and identified the following control weaknesses relating to the engagement and payment of three selected temporary employees:

Date	Contract Period	Employee ID	Amount
11/7/2024	19/06/2024– 19/08/2024	T6236388	$ 856.70
11/7/2024	29/05/2024-28/07/2024	T20240694	$ 795.86
11/7/2024	20/05/2026- 20/07/2026	T20240456	$ 795.86

The audit noted the following deficiencies:

19.3.7. Lack of Recruitment documentation

There was no evidence of supporting recruitment documentation, including temporary employment request letters, applications, or records of the selection process, to demonstrate that the engagement of the temporary employees complied with Section B2 of the National Conditions of Service (NCS).

19.3.8. Lack of Attendance records

Attendance records were not maintained to confirm that the temporary employees had performed the assigned duties or to support the number of days or hours worked during the contract period. Consequently, the audit was unable to verify the validity and accuracy of the payments made to these employees.

***Implication**: The absence of supporting recruitment documentation and attendance records limits the audit's ability to verify that temporary employees were engaged in accordance with the National Conditions of Service (NCS) and that payments made were valid, accurate, and supported by services performed. As a result, there is an increased risk of irregular, unsupported, or inaccurate payments remaining undetected.*

Audit Recommendations

Management should strengthen controls over the engagement and payment of temporary employees by ensuring that: all temporary appointments are supported by approved recruitment documentation, including request letters, applications, and evidence of the selection process, in accordance with Section B2 of the National Conditions of Service (NCS); and attendance records are properly maintained, reviewed, and retained to verify that temporary employees have performed the assigned duties before payments are processed.

Management Responses

2.2.1.1 & 2.2.1.2

Temporary appointees record their attendance using a manual attendance logbook, as they are not issued access to the Ministry's punch machine due to the short-term nature of their engagements. They also provide regular reports to their superiors as a means of monitoring their performance and outputs. The Ministry maintains a record of all applications received for temporary employment. Recruitment is undertaken based on the applications received, taking into consideration both the Ministry's staffing requirements and the applicant's availability at the time of engagement. This process does not apply to participants under the Public Service Office (PSO) Graduate Scheme. Graduates under this scheme are assigned to the Ministry by the Public Service Office upon the Ministry's request and are initially engaged for a period of up to two months. Where there is an ongoing operational requirement, the Ministry may offer an extension of their engagement through a separate Ministry-issued contract. (MFED management response 2024, received via email on 4th August 2026)

19.3.9. Lack of supporting documentations

The review of this PV-24-17-0995 amounted to $1,462.50 for internal travel-ship fare, the audit noted that this payment lacks the supporting quotations and a valid marine license for hiring of boat.

Implication: *The absence of supporting quotations and a valid marine licence limits the audit's ability to verify that the procurement complied with applicable procurement requirements and that the hired boat was operated by a properly licensed provider.*

Audit Recommendation

Management should ensure that payments for boat hire are supported by quotations in accordance with the Procurement Act and Regulations, as well as a valid marine license for the hired boat.

Management Responses

2.2.2- NEPO reached out to businesses aside Kiribati Seas via phone call, however they were all unavailable during that time, so they proceeded with Kiribati Seas. (MFED management response 2024, received via email on 4th August 2026)

19.3.10. Expenses – Mis posting.

- PV-24-17-6984 amounting to $3,577.00 was incorrect classified under External Travel Airfare expenditure when this payment related to External Travel – Per Diem and should have been recorded under the appropriate expenditure classification.
- PV-24-17-0848 amounting to $3,660.00, was incorrectly classified under Internal Travel Airfare/Ship Fare expenditure when the payment related to Internal Travel– Per Diem.

Implication: *Misclassification may result in inaccurate financial records for the actual expenditure and could affect management's ability to make informed financial decisions.*

Audit Recommendation

Management needs to ensure that all expenses are posted to their correct account code.

Management Responses

2.2.3- The mis posting occurred during the allocation of the budget code, as there were multiple categories under the same budget. The error was further compounded by the similarity of the budget codes, which differ only in the final digit, resulting in a transposition error. The Ministry had reminded and issued warnings to its account staff to carefully look into these details to avoid further mis postings. (MFED management response 2024, received via email on 4th August 2026)

19.3.11. Uncertified invoices

The audit found three payment vouchers and their supporting invoices totaling $38,340.70 were not certified by the responsible officer prior to payment, as detailed below:

#	PV#	Invoice #	Amount	Account
1.	PV-24-17-8010	1402963	$75.00	Electricity
2.	PV-24-17-6236	1502163	8,057.70	Electricity
		1441874	16,956.20	Electricity
3.	PV-24-17-8015	24196	40,167.00	Purchase of office equipment
		Total	**$ 65,255.90**	

Implication: *The lack of certified invoices weakens internal controls over the payment process and limits assurance that the amounts charged were accurate, valid, and properly authorized before payment. This increases the risk of processing incorrect, duplicate, or unauthorized payments.*

Audit Recommendation

Management should ensure that all supplier invoices are reviewed, verified, and certified by the officer responsible before payment is approved.

Management Responses

2.2.4- This is to acknowledge that the other payments were processed without the required certification. However, please note that the details recorded for Payment Voucher (PV) 24-17-8015 require correction, as the invoice number and amount are inaccurate. The correct details are Invoice No. 24196 with an amount of $40,167. The relevant invoice can be provided as supporting evidence to substantiate this correction. The Ministry will ensure to certify all documents prior to processing. However, the approval process on IFMIS ends with Secretary MFED or DS MFED as delegated by the Secretary. This means that the SRO has reviewed the invoices of the payment vouchers and confirmed that they are in order hence approved. (MFED management response 2024, received via email on 4th August 2026)

19.3.12. Variance found between payment and procurement cost.

The review of PV-24-17-8015 for the purchase of office equipment the audit noted a variance of $1,667.99 between payment amounting to $35,703.99 and the approved procurement cost of $34,036.00.

***Implication**: The variance increases the risk of overpayment, inaccurate financial records, and unauthorized expenditure.*

Audit Recommendation

Management should ensure that all payments are verified against the approved procurement cost and supported by appropriate documentation explaining any price differences before payment is authorized.

Management Responses

2.2.5- The issue originated where the initial Tender Summary presented to the Contract Award Committee (CAC) Board contained an incorrect total amount. This error was subsequently identified, and the CPU prepared a revised Tender Summary reflecting the correct total amount, which was consistent with the procurement contract and the supplier's invoice. The revised Tender Summary was then submitted to the CAC Board members for their information. Provided in the annex (#) is a copy of the email to the CAC Board showing the revised amount. (MFED management response 2024, received via email on 4th August 2026)

20. MANEABA NI MAUNGATABU (MM)

20.1. Background Information

Maneaba ni Maungatabu is a local name for Government of Kiribati House of Parliament. The functions of the Maneaba contribute to open government including accountability to the representatives of the people, and a functioning legislature. (Ministry of Finance and Economic Development, 2024) The Parliament has 3 main divisions with a total of 63 permanent staff under the ER 2024. (Public Service Office, 2024)

Findings & Analysis

20.2. Review of approved budget 2024

MM RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MM	EXPENDITURES					REVENUES			
Division	**2024 Original Budget**	**2024 Revised Budget**	**2024 Actual Expenditure**	**Variance**		**2024 Original Estimate**	**2024 Revised Estimate**	**2024 Actual Revenue**	**Variance**
0901 Admin	2,209,242.16	2,229,242.16	2,040,978.32	-188,263.84		51,900.00	51,900.00	8,296.58	-43,603.42
0902 PM	4,622,312.96	4,602,312.96	4,086,202.04	-516,110.92		0	0	0	0.00
0903 PC	1,006,734.47	1,006,734.47	864,881.38	-141,853.09		0	0	0	0.00
Total	**7,838,289.59**	**7,838,289.59**	**6,992,061.74**	**-846,227.85**		**51,900.00**	**51,900.00**	**8,296.58**	**-43,603.42**

(Ministry of Finance and Economic Development, 2024, p. 52)

20.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $846,227.85, this is because all divisions did not fully utilise their allocated approved budget.

20.2.2. Under collection

Revenue collection was not achieved by $43,603.42 at the end of the year and this relates mainly to revenues generated by division 01.

Audit Recommendation

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

Management Responses

2024 was an election year and many of the unspent was related to the Maneaba not sitting during the election period and Members not being sworn in yet. We had tried to utilize as much of the funds in long outstanding maintenance project, however due to not being familiar with IFMIS system and not having a timely update on account, the funds were not utilized fully. (MM management response 2024, received via email on 7th August 2026)

20.3. Current Audit Observations.

20.3.1. External Travel- Per Diem - Lack of supporting external travel programs or invitations.

The review of nine external travel per- diems totaling $84,937.82, the audit noted the followings:

- PV-24-09-0525 amounted $19,731.00 the audit is unable to confirm the accuracy of travel per diem payments due to the lack of supporting travel program or invitation.
- The audit reviewed PV-24-09-0713, amounting to $10,116.36, which relates to per diem payments for attendance at the Women Speakers' Meeting held in Paris, France, and London-United Kingdom. The audit noted that the activities undertaken in Paris were adequately supported by an invitation letter and a detailed program for the 75th Anniversary of the Commonwealth Parliamentary Association. However, no program, agenda, meeting schedule, or other supporting documentation was attached for the activities undertaken in London.
- The audit reviewed three selected payments, PV-24-09-0399, PV-24-09-0854, and PV-24-09-0769, totaling $24,755.50, relating to travel undertaken by the Committee Contingent for consultations in Kiritimati (Christmas Island) and other official trips to Fiji, New Zealand, and Australia. The audit noted that while supporting programs were provided for certain activities, including the 7-night consultation in Kiritimati, no programs, meeting schedules, or other documentary evidence were attached to support the activities undertaken during the 6 nights in New Zealand, 8-night stay in Brisbane (Australia), and the 4-night stay in Suva, Fiji.

  According to the Committee Secretary's initial request for travel arrangements indicated that only 2–3 days would be required in New Zealand, Australia, and Fiji. However, the approved travel itinerary shows that substantially longer periods were spent in some locations, particularly 6 nights in NZ, 8 nights in Australia and 4 nights in Fiji. No justification or supporting documentation was provided to explain the additional days or demonstrate that official activities were conducted during these periods.

- The review of four payments, PV-24-09-0565, PV-24-09-0538, PV-24-09-0571, and PV-24-09-0718, totaling $30,334.96, relating to the same official travel with a purpose to attend the 52nd General Assembly APPU. The audit concerns that travelers spent five nights in Nadi, Fiji with lack of supporting official program, meeting agenda, or other supporting documentation to justify the activities undertaken in Fiji.

Implication: *Without supporting travel programs or invitations, the audit cannot confirm the official purpose, necessity, and legitimacy of the travel expenditure, reducing accountability for the use of public funds.*

Audit Recommendation

Management should ensure that all official travel expenditures are supported by appropriate documentation, including approved travel programmes, official invitations, terms of reference, or other relevant evidence confirming the purpose, necessity, and official nature of the travel. Supporting documents should be retained with the relevant payment vouchers and made available for audit verification.

Management response

Required documentation was not uploaded into the IFMIS by our officials, and we will strive to provide the necessary documentation into the system. As part of improvement, the Maneaba ni Maungatabu has issued a travel policy that all staff and Members of the Maneaba has to comply with, with includes a requirement that all travel must not be more than 21 days, transiting stops should not take more than 2 days, and Visa processing stay should be as minimal as possible. (MM management response 2024, received via email on 7th August 2026)

20.3.2. Delayed Retirement of External Travel Advances

Upon review of selected payment vouchers relating to external travel retirements, the audit noted that three travel advances totaling $33,205.00 were issued for official travel undertaken during the 2023 financial year. However, the corresponding travel retirements were not completed until 2024, with delays ranging from approximately six months to one year after the completion of the travel.

PV#	Amount	Date of Travel	Retirement or Payment Date	Delayed Retirement
PV-24-09-0525	19,731.00	8/05/23 to 29/06/23	6/06/2024	Almost 1 Year
PV-24-09-0497	6,737.00	25/09/23 to 12/10/23	22/04/2024	Half a year
PV-24-09-0498	6,737.00	25/09/23 to 12/10/23	22/04/2024	Half a year

Implication: *The delayed submission and processing of travel retirements indicate weaknesses in the monitoring and timely clearance of travel advances. Travel advances should be retired promptly upon completion of travel to ensure accountability, facilitate the timely recovery of any unspent funds, and* *maintain accurate financial records. The delays resulted in travel advances remaining outstanding beyond the financial year in which the travel occurred.*

Audit Recommendation

Management should ensure that travel Imprest are retired in a timely manner.

Management Responses

Many of the delays come from lost boarding passes and staff searching for the boarding pass until they have forgotten about retirement. As part the of Travel policy, there is a requirement for the timely retirement of imprest. To ensure timely compliance, Account staff will report any outstanding imprest retirement before the closing of the account for that year to Senior Management Meeting for action, to ensure that travel advances are processed in the financial year in which the travel occurred.2.1.2. Issues with Council Services local. (MM management response 2024, received via email on 7th August 2026)

20.3.3. Lack of Supporting documentations

The review of selected payments under council service local account, the audit noted lack of supporting documentations as follows:

Date	PV#	Details	Amount	Remarks
19/12/2024	PV-24-09-1463	Payment for the following items for PEOO as per attached. (SS)	9,472.03	No invoice attached
12/12/2024	PV-24-09-1401	Payment of site clearing & preparation, plant selection & installation and hardscape installation as per attached (SS)	7,812.00	No valid license attached/Monitoring report
15/8/2024	PV-24-09-0840	Claim for scope of work and labor services during the renovation of government lounge. (SS)	8,742.60	No valid license/Monitoring report
27/11/2024	PV-24-09-1312	Payment for painting and maintenance work to the Parliament buildings. (SS)	8,230.00	No valid license/Monitoring report
13/12/2024	PV-24-09-1418	Payment for safeguarding parliament house for the period, 12/12/24-27/12/24.	7,776.00	No security timesheet or attendance attached
13/12/2024	PV-24-09-1417	Payment for safeguarding parliament house for the period, 12/12/24-27/12/24.	7,632.00	No security timesheet attached
		Total	**$49,664.63**	

Implication: *The absence of supporting documentation limits the ability to verify that services were properly delivered and that payments were made for legitimate purposes, exposing the entity to the risk of financial loss, non-compliance, and weak accountability.*

- *No invoice →Risk that the amount paid is inaccurate or unsupported.*
- *No valid license →Risk that services were procured from unqualified or unauthorized providers.*
- *No monitoring report →Risk that services may not have been delivered as contracted before payment.*

Audit Recommendation

According to Financial Regulations:

- **FR 185 (b) - Responsibility of Authorizing Officer, requires the authorizing officer to ensure that the rates or prices charged are in accordance with the applicable regulations, contract or agreement and are fair and reasonable, and that the voucher and its supporting details are correct.**
- **FR 186 (a)- requires payment vouchers to contain full particulars of each service, including dates, numbers, quantities, distances and rates, so that the payment can be checked. Where invoices or similar documents are available, they should be attached to the voucher and contain the relevant details supporting the payment.**
- **FR 187 (d)- specifically requires the following certification for payments for services rendered: I certify that the services have been duly performed.**

Management should ensure that all payments to service providers are supported by Goods or Service Completion or Confirmation Report, certifying that the contracted services or goods have been satisfactorily delivered in accordance with the agreed terms, including the quantity and quality of items or services provided.

Management Responses

Appropriate Documentation should have been provided with the payment, and we have asked our account staff to ensure that proper documentation is filed with the IFMIS system. (MM management response 2024, received via email on 7th August 2026)

20.3.4. Lack of Supporting Agreement/MOU

The audit reviewed five advertisement and broadcasting-related payments totaling $657,872.40 and noted that there was no formal Agreement or Memorandum of Understanding (MOU) between the Maneaba ni Maungatabu (MM) and the Broadcasting and Publications Authority (BPA) governing the provision of live broadcasting services for parliamentary sessions. This practice is not in compliance with Section 32(1) of the State-Owned Enterprises Act 2013, “which requires that where the Government obtains goods or services from a State-Owned Enterprise (SOE), both parties must enter into a contract specifying the terms and conditions of the arrangement”.

***Implication**: The absence of a formal agreement means that the roles, responsibilities, scope of services, service standards, service charges or rates, payment arrangements, and accountability mechanisms between the parties were not clearly documented.*

Audit Recommendation

Management of the Maneaba ni Maungatabu should formally enter into a written Agreement or Memorandum of Understanding (MOU) with the Broadcasting and Publications Authority (BPA) for the provision of live broadcasting services. The agreement should clearly define the scope of services, roles and responsibilities of each party, service standards, agreed rates or charges, payment terms, and accountability and reporting requirements. This will ensure compliance with Section 32(1) of the State-Owned Enterprises Act 2013 and promote transparency, proper governance, and effective management of public funds.

Management Responses

The Maneaba ni Maungatabu agrees with the Audit recommendation and will enter into a MOU with BPA on the provision of live broadcasting services. We acknowledge that BPA has a monopoly of provision of live broadcasting on Radio and previously it had imposed its service charge without input from the Maneaba ni Maungatabu. Now with the lack of national broadcasting capacity due to the damage to its Nanikai tower, the Maneaba ni Maungatabu has ceased paying for live radio broadcasting until National service is restored. Upon restoration of its national broadcasting, our office will enter into negotiations and complete a MOU with BPA on the provision of live broadcasting of Parliament proceedings. (MM management response 2024, received via email on 7th August 2026)

20.3.5. Lack of Supporting charge Confirmed by both parties.

The following three payment vouchers, totaling $170,733.60, were processed without supporting charge forms from the Broadcasting and Publications Authority (BPA). The charge form is the supporting evidence that details the broadcasting time and duration utilized by the Maneaba ni Maungatabu, which forms the basis for calculating the charges invoiced by BPA.

PV#	Details	**Amount**
PV-24-09-0705	live broadcasting for the HOP meeting, which is from Monday,22/4/24 to Friday, 26/4/24.	$ 88,353.60
PV-24-09-0806	payment for being charge for live broadcasting for the HOP meeting from Monday,15/4/2024 to Friday,19/4/2024.	$ 72,870.00
PV-24-09-0807	payment for being charge for live broadcasting for the HOP meeting on Saturday,27/4/2024.	$ 9,510.00
	Total	**$ 170,733.60**

Implication: *Without supporting charge forms, the Maneaba ni Maungatabu cannot adequately verify the accuracy and validity of the charges invoiced by BPA, increasing the risk of overpayment, erroneous payments, and weak accountability over public funds.*

Audit Recommendation

Management must ensure that all advertisements are supported with charge forms from the BPA.

Management Responses
No response

20.3.6. Expenses – Mis posting.

The following payments have been mis posted.

PV#	Amount	Account Mis posted	Correct Account
PV-24-09-1458	6,000.00	Advertisement	Internet expense
PV-24-09-1277	14,270.00	Council Service Local expense	Water expense
PV-24-09-1421	8,206.00	Council Service Local expense	Local Entertainment
PV-24-09-0886	4,000	External Travel Air fare	Allowances
PV-24-09-0887	4,000	External Travel Air fare	Allowances

Further to PV-24-09-1458, the audit noted that there is no agreement in place to support the terms and conditions of services.

Implication: *Misclassification may result in inaccurate financial records for the actual expenditures. The lack of a formal agreement may result in unclear terms and conditions, inadequate monitoring of services provided, unauthorized or unsupported charges, and increased risk of disputes regarding service delivery and payment obligations.*

Audit Recommendation

Parliament should record payments under the correct code and to enter into agreements with the service provider so that they both agreed on the terms and conditions of the service.

Management Responses

The Maneaba regrets the mis posting of expenses, our Account Staff has been instructed to be more careful to ensure that the payment obligations are in the right charge. (MM management response 2024, received via email on 7th August 2026)

21. MINISTRY OF CULTURE & INTERNAL AFFAIRS (MCIA)

21.1. Background Information

The ministry has five division and have total of 147 permanent positions under the ER in 2024. (Public Service Office, 2024) The main purpose of the ministry is strengthening local governance, developing rural and urban economies' and reviving our culture and heritage, to realizing the aspirations contained in the Kiribati Development Plan and the Kiribati Vision 20. (National Economic Planning Office, 2024)

Findings & Analysis

21.2. Review of approved budget 2024.

MCIA RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MCIA	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
0701 Administration	1,028,612.23	1,028,612.23	938,068.22	-90,544.01		1,000.00	1,000.00	7,035.00	6,035.00
0702 RPD	858,909.63	854,909.63	808,101.32	-46,808.31		0.00	0.00	0.00	0.00
0703 Local Governme	1,880,749.07	1,823,468.07	1,795,421.54	-28,046.53		0.00	0.00	0.00	0.00
0704 CMD	1,222,849.34	1,222,849.34	859,971.20	-362,878.14		2,000.00	2,000.00	50.00	-1,950.00
0705 Election	270,381.15	270,381.15	230,106.85	-40,274.30		0.00	0.00	0.00	0.00
Total	**5,261,501.42**	**5,200,220.42**	**4,631,669.13**	**-568,551.29**		**3,000.00**	**3,000.00**	**7,085.00**	**4,085.00**

(Ministry of Finance and Economic Development, 2024, p. 52)

21.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $568,551.29, this is because all divisions did not fully utilise their allocated approved budget.

21.2.2. Overcollection

Revenue collection showed an over collection of only $4,085 at the end of the year and this relates mainly to revenues generated by division 01.

Audit Recommendation

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

Management Responses

Expenditures Against Revised Budget- *The ministry agreed with huge balances under each division which was mainly due to the implementation of the new financial system where most payments never reach their final stage and that we assumed that the system was automatic and able to cancel commitments, PRs and POs*

Moreover, we agreed with the original and revised budget for each division except for the original l budget allocated to CMD or 0704 where originally budget approved was $534,199 instead of $1,222,849 with an additional budget issued in June in response to our supplementary proposal of $688,650 for attending FESTPAC festival in Hawaii. This fund was not fully utilized, especially when retiring imprests for staff as most of the acquittal were received late and were not processed in the current year. While some never returned their claims at all resulting in the major balance of $282,900 under CMD.

There was also saving on airfares and per diem when we were issued with discounted airfares for group booking with DSA given 30% rate for advanced hotel booking s.

Also some claims processed in 2025 using 2025 provision with one major claim still outstanding to date hoping to clear it with remaining balance at the end of the year.

Revenues Against Revised Estimate- *As clearly shown, there was an overcollection under 0701 as it was newly created for the purpose of fees to late applications to the liquor and kava license knowing the demand in late 2023 so $1,000 was set only an estimate now that we understand the flow of interest on these licenses, we have increased our estimate in 2026.*

As for revenues under CMD 704 the rates for entrance fee have not been established awaiting approval of Umwanibong Regulation recently approved in 2025. Also due to the deteriorating stage of te mwaneaba the division had not allowed hiring to the public to avoid any complications. (MCIA management response 2024, received via email on 13th August 2026)

21.3. Current Audit Observations.

21.3.1. Internal Travel- Air/ship fare- Insufficient supporting documentation

PV-24-07-0177 for local airfare to Kiritimati Island amounting to $7,532 was supported only by an airline invoice. No travel program, itinerary, or other documentation was attached to demonstrate the purpose and approval of the travel.

***Implication**: The absence of supporting documentation limits the ability to verify that the travel was officially authorized, necessary for government operations, and undertaken for a legitimate government purpose. This increases the risk of unsupported travel.*

Audit Recommendation

Management should ensure that all travel-related payments are supported by appropriate documentation, including travel authorization, itinerary or program, and evidence of the purpose of travel before payment is processed.

Management Responses

2.1.1. PV 24-07-0177 was a payment for airfare for CMD team including SAS to Kiritimati Island for the awareness and pre-departure orientation for attending the FESTPAC in Hawaii. Kiritimati had been selected to represent Kiribati in showcasing our arts, culture, and skills in this festival. I understand internal approvals have already been obtained by SRO. However, actually for paying airfares it only requires an invoice from a vendor and since this had been sought through the system, the payment was considered proper and processed by Treasury. The details you needed were normally attached to support individual imprests and DWs to those staff involved in the trip. (MCIA management response 2024, received via email on 13th August 2026)

21.3.2. External Travel- Per Diem – Misposting

A total external airfare payment of $37,719 under PV 24-07-0070 and 24-07-0051 was incorrectly recorded under External Per Diem.

***Implication**: The Misposting of expenditure may result in inaccurate financial reporting and misrepresentation of the actual nature of expenses, which could affect budget monitoring.*

Audit Recommendation

Management should ensure that all expenses are coded correctly to their account codes.

Management Responses

Recalling budget preparation for 2024, it was originally submitted based on the 2023 and past years template format when IFMIS had not yet been introduced and previous cost codes were used. For external travel it was coded under one cost code (227) namely External Travel where all external expenses were allocated under this code which include airfares, DSA, insurance, incidentals, and others. When the 2024 budget was released, and introduction of IFMIS at the same time ministries were not consulted and NEPO had already re-allocated the approved 2024 budget to the newly created NACs for use on IFMIS without separating airfare costs and other costs from the total provision as clearly showed on the breakdown. In this regard, the provision for external travel under code 227 was automatically allocated to 227311, however, Treasury had allowed this mis-posting due to the newly implementation of the system ensuring that for 2025 budget inputs will be allocated to their actual nature of expense. (MCIA management response 2024, received via email on 13th August 2026)

22. MINISTRY OF LINE AND PHOENIX ISLANDS DEVELOPMENT (MLPID)

22.1. Background Information

The Ministry of Line and Phoenix Islands Development operates within the Line and Phoenix Islands, an isolated region. With 13 divisions, its primary mandate involves coordinating and executing government policies and development initiatives in the area. The ministry plays a pivotal role in realizing the objectives outlined in the Line and Phoenix Integrated Development Strategic Plan (LPIDS) and KV20. (National Economic Planning Office, 2024) Currently, it maintains 212 permanent positions under the ER 2024. (Public Service Office, 2024)

Findings & Analysis

22.2. Review of approved budget 2024.

MLPID RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

MLPID	EXPENDITURES				REVENUES			
Division	**2024 Original Budget**	**2024 Revised Budget**	**2024 Actual Expenditure**	**Variance**	**2024 Original Estimate**	**2024 Revised Estimate**	**2024 Actual Revenue**	**Variance**
2101 Administration	1,343,620.07	1,343,620.07	1,095,739.64	- 247,880.43	40,000.00	40,000.00	158,876.75	118,876.75
2102 Accounts	379,190.05	379,189.55	372,893.89	- 6,295.66	-	-	-	-
2103 PWD Construction	1,221,269.88	1,361,269.88	1,306,345.67	- 54,924.21	2,000.00	2,000.00	1,730.00	- 270.00
2104 Housing	143,670.95	143,670.95	134,911.78	- 8,759.17	74,000.00	74,000.00	59,790.34	- 14,209.66
2105 Electrical	513,835.27	513,835.27	488,942.03	- 24,893.24	510,000.00	510,000.00	699,769.26	189,769.26
2106 Power	504,537.85	494,537.85	436,874.27	- 57,663.58	-	-	-	-
2107 IT	167,352.32	137,352.32	119,532.03	- 17,820.29	-	-	-	-
2108 Civil	399,702.51	399,702.51	366,524.91	- 33,177.60	2,000.00	2,000.00	220.00	- 1,780.00
2109 Planning	148,980.20	148,980.20	134,833.45	- 14,146.75	-	-	-	-
2110 Solar Salt	282,586.17	232,586.17	172,040.12	- 60,546.05	25,000.00	25,000.00	77,224.40	52,224.40
2111 HMM	584,612.02	584,612.02	544,256.40	- 40,355.62	60,000.00	60,000.00	28,989.05	- 31,010.95
2112 Water	784,602.71	734,602.71	666,714.73	- 67,887.98	80,000.00	80,000.00	69,391.93	- 10,608.07
2113 Linnix Agency	173,050.75	173,050.75	143,692.37	- 29,358.38	-	-	-	-
Total	**6,647,010.75**	**6,647,010.25**	**5,983,301.29**	**- 663,708.96**	**793,000.00**	**793,000.00**	**1,095,991.73**	**302,991.73**

22.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a significant saving of $663,708.96 this is because all divisions did not fully utilise their allocated approved budget.

22.2.2. Overcollection

Revenue collection showed an over collection of $302,991.73 at the end of the year and this relates mainly to revenues generated by division 01, 05, and 10.

22.3. Summary of Prior Year Audit Issues

The audit noted that the following recurring issues from prior years have not yet been addressed or resolved by MLPID in 2024.

- *Expenditure-Saving*- In 2023, the ministry reports total savings of $168k at the end of the year and this is mainly because all divisions did not utilize the allocated funds.
- *Cash Loss – Unclaimed Support Fund for the Unemployed (SFU)*- On 2 January 2024, $42,200 in public funds was reported stolen from the Ministry of Line and Phoenix Islands 'cashier safe. The theft occurred over the holiday period (Xmas & new year), with no evidence of follow-up action provided, despite being reported to the police and Accountant General by the Senior Accountant. (The Report of the Auditor General Part I – Section 2, Page 16)
- *Lack of revenue reconciliation*- The audit noted lack of revenue reconciliation as there are differences found between Revenue Vouchers obtained from the ministry and amount reported in the General ledger.
- *Office equipment - Desktop computer having different serial number*- When observing PV# 0139/03/22 the purchase of two desktop computers each cost $2,081.25, the audit found that the serial number of one computer located at Carpenter division is different from the invoice.

- *No asset register provided*- At Powerhouse division, the responsible officer mentioned that she had an excel but she did not back it up prior taking her annual leaves therefore no assets records in 2022.

Implications: *Unresolved prior-year audit issues indicate weaknesses in management's enforcement and follow-up mechanisms to ensure timely corrective action. This may reduce accountability and increase the risk that weaknesses in the safeguarding and management of public funds and assets remain unaddressed.*

Audit Recommendations:

Management should strengthen the follow-up and monitoring of prior-year audit issues by assigning clear responsibilities and deadlines for resolving outstanding matters, and regularly reporting progress to senior management to ensure timely corrective action and accountability for the safeguarding of public funds and assets.

Management responses

- *No response*
- *The Ministry of Finance and Economic Development (MFED) will provide the official response to this query.*
- *No response*
- *The discrepancy was due to a miscommunication during the desktop setup process, which resulted in the Power and Construction units inadvertently swapping their assigned desktops.*
- *The officer has been instructed to maintain and provide the Fixed Assets Register in a bound minute's book instead of relying solely on an Excel spreadsheet. This will ensure that asset records are properly maintained and safeguarded against loss in the future.*

(MLPID management response 2024, received via email on 19th June 2026)

22.4. Current Audit Observations

22.4.1. Revenue Control Weaknesses

22.4.1.1. Water Supply fees

- Deposited amount by bag # 840839 cannot be found in bank statement $800.00 RV-24-17-1756.
- Overstatement of $360. RV-25-21-2392 reported a water bill of $400 from kava bar on 28/2/2025 IB ref AJL62624. However, tracing back the reference to bank statement, the amount received was only $40.00.

Implications: *The unreconciled deposit of $800.00 could potentially undermine the accuracy and completeness of cash management records. A $360 overstatement in the recorded water bill payment distorts revenue reporting and may indicate either data entry error or deliberate inflation of revenues, risking financial misrepresentation.*

<u>Audit Recommendation:</u>

Management should immediately trace bag # 840839 from point of deposit to bank confirmation, and if unresolved, adjust accounting records and strengthen daily reconciliation procedures for all cash deposits. Management should correct the recorded amount from $400\ to$ 40, recover or write off the overstatement as appropriate, and implement a mandatory cross-check between payment records and bank statements prior to finalizing entries.

Management responses

- *No response*
- *JVs have already been processed on RV-25-21-4078 and RV-25-21-4079 to correct the amount from 400 to 40. This was due to a typing error. (MLPID management response 2024, received via email on 19th June 2026)*

22.4.1.2. Solar Salt revenue

The review of solar salt revenue the audit noted the following control weaknesses:

• **Delay in Posting**	**Amount**
Revenue of $3,200 was received through direct deposit on 8 February 2024 but was not recorded in the accounting system until 3 June 2024 (RV-24-21-3115).	3,200.00
Revenue of $9,435 was received through direct deposit on 30 September 2024 but was not recorded until 26 February 2025 (RV-25-21-2541), resulting in a cut-off issue.	9,435.00
Revenue of $7,200 was received on 12 February 2024 but was not recorded in the accounting system until 3 June 2024 (RV-24-21-3152).	7,200.00
Revenue of $1,518 was received on 23 February 2024 but was not recorded until 10 June 2024 (RV-24-21-3315).	1,518.00
• **Inadequate controls over solar salt inventory and handover:**	
There was no register maintained to monitor and control the receipt, movement, and sale of solar salt products. In addition, there was no adequate handover of records and responsibilities from former staff to new staff. As a result, new staff were not adequately informed of previous transactions and processes relating to the solar salt operations.	54,635.00

<u>Implications</u>: *The delay in posting revenue understates income in the correct accounting period and overstates receivables, distorting financial reports and cash flow visibility. This is further an indication of poor control in posting data into IFMIS. Without a register book, inventory movements cannot be tracked or verified, exposing $54,635 in salt products to potential theft, unrecorded sales, or unexplained losses. The absence of a formal handover increases the risk of undetected prior-period errors or irregularities.*

Audit Recommendations

Management should implement a policy requiring all direct deposit receipts to be posted within three business days of bank confirmation, and review controls over revenue recognition timing. Management should immediately establish a serialized salt inventory register book to record all receipts, production, sales, and issues. Additionally, a formal handover checklist and process must be implemented for all staff transitions to ensure continuity and accountability over inventory transactions.

Management responses

The system had just been implemented, and there were challenges due to the need to post transactions promptly. (MLPID management response 2024, received via email on 19th June 2026)

22.4.1.3 Electricity Sales

- The audit identified that certain bank deposit reference numbers were not found in the bank statements of $70,174.43, raising concerns about whether the related amounts were deposited.
- The audit also found that some electricity sales deposits do not have bank reference numbers recorded of $47,309.23. This means there is no clear evidence to show that the money collected from these sales was deposited into the bank. Because of this missing information, the audit cannot confirm whether these funds received were properly deposited. The above issues require management explanations.
- The audit found delays in issuing receipts for some funds received of $31,316.90. This increases the risk of misappropriation and makes it difficult to confirm that the money was properly recorded.
- The audit noted that internet banking transfer reference (AIW66416) could not be found in the customer's e-bill statement. The e-bill statement does not show the $7,000.00 payment and only records $7,548.38. This raises concern that only $7,000.00 was received, while $7,548.38 was recorded, resulting in an understatement of debtor and overstatement of revenue by $548.38.

Implications: *The absence of bank statement evidence for $70,174.43 in deposit reference numbers suggests potential non-deposit of funds, misappropriation, or recording errors. The absence of bank reference numbers for $47,309.23 in electricity sales deposits eliminates the ability to trace collections to bank records. Consequently, the audit cannot confirm whether these funds were properly banked, potentially exposing the organization to significant financial loss and weak cash handling controls. Delays in issuing receipts for $31,316.90 in funds received weakened controls, increased misappropriation risk, and prevented timely revenue verification. Revenue overstated, debtors understated – distorts financial reporting and may hide data entry errors.*

Audit Recommendations

Reconcile missing deposit references from collection to bank confirmation. If unverified, investigate misappropriation, adjust records, and enforce daily bank matching. Mandate unique bank reference

numbers for all electricity deposits on a daily log. Retrospectively review affected amount and provide written explanation. Enforce immediate receipting (within 24 hours) using pre-numbered receipts or electronic system, with regular reconciliations. Reverse the excess $548.38 from revenue, correct debtor balance, and perform monthly reconciliations between bank statements, e-bills, and revenue records. Resolve unmatched references within five business days.

Management responses

- *The system had just been implemented, and there were challenges due to the need to post transactions promptly.*
- *The system had just been implemented, and there were challenges due to the need to post transactions promptly.*
- *Upon verification, it was confirmed that the internet banking transfer reference (AIW66416) was for **$7,000.00** only. The amount of **$7,548.38** was incorrectly recorded by the Electrical Division staff. As a result, the customer's e-bill should have reflected an outstanding balance of **$548.38**, which was omitted due to the data entry error. The debtor balance will be corrected accordingly to ensure that revenue and accounts receivable are accurately stated.*

(MLPID management response 2024, received via email on 19th June 2026)

22.4.1.4. Rental of Houses

- Understated rental of houses revenue $22,266.18 - The audit noted an under-collection of rental income for the year 2024 amounting to $22,266.18. A review of the available records indicated that revenue reported in the financial statements is $59,790.34, while the anticipated revenue receivable amounts to $82,056.52.
- Weak Controls Over Rental House Revenue Collection - A sample of staff living in government houses showed that no rental deductions were made, especially in pay period 24. No rental house agreements were available during the audit. The audit concludes that the under-collection of rental housing revenue is due to poor internal controls.

Implications: *The under-collection indicates weak rent collection enforcement, resulting in reduced cash flow, overstatement of actual revenue performance, and potential accumulation of uncollectible receivables. The absence of rental agreements and failure to deduct staff housing rent indicates complete breakdown of controls over rental revenue collection, resulting in confirmed under-collection and risk of continued revenue loss*.

Audit Recommendation

Reconcile all tenant accounts, issue demand notices for overdue amounts, and implement a formal rent collection and follow-up policy with regular aging reviews.

Implement formal rental agreements with all staff occupying government houses, implement mandatory payroll deductions for rent, and conduct a full reconciliation to recover outstanding amounts where possible.

Management responses

No responses

22.4.2. Expenditures Control weaknesses

22.4.2.1. Home Passage- Lack of Supporting Documentation

- PV-24-21-0026, PV-24-21-0078, and PV-24-21-0351 were totalling $12,000, could not be verified for accuracy due to a lack of supporting documents.
- PV-24-21-0025, PV-24-21-0323, PV-24-21-0436, PV 24-21-0688, PV -24-21-0893, PV-24-21-0911, Pv-24-21-0910 & Pv-24-21-0955, totally amounted to $32,000.00, could not be verified for accuracy due to insufficient supporting documentations such as details in the table below.

Implications: *Lack of supporting documentation to payments educes confidence in the accuracy and reliability of financial records. Increases the risk of errors, irregularities, or unsupported expenditures. Raises concerns about whether the payment was properly reviewed and approved*.

Audit Recommendations:
Ensure all payments are supported by complete and appropriate documentation before approval. Ensure responsible officers are held accountable for incomplete submissions. Ensure all supporting documents, including leave forms and agreements, are fully completed, and signed by authorized personnel before payment.

Management responses
The system had just started, so there were challenges in locating and verifying the supporting documents. (MLPID management response 2024, received via email on 19th June 2026)

22.4.2.2. Repairs & Maintenance

- Lack of Supporting documentations - PV-24-21-0850, PV-24-21-1408, and PV-24-21-0080 were totalling $7,646.30, could not be verified for accuracy due to a lack of supporting documents.
- Incomplete of supporting documentations and uncertified invoice - Payment Voucher PV-24-21-0760, amounting to $5,578.58, has incomplete supporting documentation. Specifically, the tender summary for the three required quotations is missing, and the attached invoice has not been properly certified.

Implications: *Weak documentation controls reduce transparency and accountability in financial reporting. An uncertified invoice raises concerns about the validity and authenticity of the expense.*

Audit Recommendations
Ensure procurement procedures are strictly followed, including proper documentation of at least three quotations and preparation of a tender summary. Require all invoices to be properly reviewed and certified by authorized personnel prior to payment.

Management responses
The system had just started, so there were challenges in locating and verifying the supporting documents. (MLPID management response 2024, received via email on 19th June 2026)

22.4.2.3. Internal Travel – Incidental

The following issues are noted:

- Payments totalling to $2,010.00 adjustments recorded as "Incidental" lack supporting documentation in IFMIS preventing verification of whether they are legitimate incidental allowances or other transactions.
- Out of 30 sampled incidental expense transactions, 21 (70%) were not related to incidental expenses. These included airfare/sea fare (4 transactions) $4,788.50, per diem payments and retirement (15 transactions) $21,284.00, and casual labour payments (1 transaction) $210.00.
- Incomplete Supporting Documents to Claim- Payment of $81.90 on voucher PV-24-21-6507 has incomplete supporting documentation. One invoice was not scanned properly, making it difficult to view, and the claim for internet has no supporting document.

  In addition, the payment of $3,746.25 on PV-24-21-7197 has incomplete supporting documentation – no information provided on the purpose of travel and travel dates or itinerary.

  Furthermore, the payment of insurance of $116.80 on PV-24-21-4020 has incomplete supporting documentation – no information provided on the purpose of travel and travel dates or itinerary for which the insurance will cover.

Implications:

- *The absence of supporting documentation for incidental payments creates a significant risk of undetected errors, misclassification, or unauthorized disbursements.*
- *The misclassification of non-incidental transactions—including travel, personnel costs, and labour—as incidental expenses render the incidental account materially misleading.*
- *Missing supporting documentation prevents proper verification of the payment's validity, accuracy, and business purpose.*

Audit Recommendations

- **Management should enforce a policy requiring all incidental payments and adjustments to be supported by approved documentation (e.g., signed claims, receipts, or authorizations) prior to processing.**
- **Management should strictly limit incidental expense codes to only qualified incidental items as defined by policy. All other expenses (travel, per diem, retirement, labour) must be processed through their respective, properly approved accounts.**
- **Management should establish documentation quality standards requiring all scanned invoices to be clear and fully legible before payment approval. Claims with missing or illegible supporting documents must be rejected and resubmitted with complete, readable evidence.**

Management responses

2.9.1 The system had just started, so there were challenges in locating and verifying the supporting documents. A copy of RV-24-21-3108 is attached to this email for your reference.

2.9.2 The system was newly implemented during the period under review, and there were difficulties in verifying the NAC coding of transactions.
The system was newly implemented during the period under review, and there were difficulties in verifying the NAC coding of transactions.
(MLPID management response 2024, received via email on 19th June 2026)

22.4.2.4. Other unrelated expenses queries- Travelling claims.

Review of unrelated expenses identified per diem payment errors. One claim was overpaid for 1 night ($1,700 for 17 nights instead of 16), a second claim was underpaid for 1 night ($420 for 6 nights instead of 7), and a third claim was overpaid by 1 night ($1,120 for 16 nights instead of 15). Refer to Table below for details.

Payment Reference	Payment Details	Amount	Comments
PV-24-21-0743	Travelling claim without imprest - attend 4th meeting of Project steering Committee, 2/3/24-15/3/24	$1,700.00	The claim is for 17 nights, however, from 29th February to 16th March 2024, the number of nights for travel claim is 16 days. However, travelling claim is calculated for 17 nights, which indicates an overpayment of 1 night.
PV-24-21-5138	Travelling claim without imprest to Fanning	$420.00	The claim is for 6 nights, however from dates of the ticket – 7/5/24 and returning on 14/5/24 is a total of 7 nights, which indicates an underpayment of 1 night.
PV-24-21-6665	Tclaim without imprest	$1,120.00	The claim is for 16 nights, however from the dates of the claim form – 13th to 28th November 2024, the correct number of nights to be claimed is 15. This indicates an overpayment of 1-night perdiem.

Airfare transactions charged to the incidental allowance budget involved unusually long transit layovers:

- JV-2024-APR-21-0412: 8-night layover (Nadi/Suva) with $2,064 per diem paid.
- PV-24-21-1988: 8-night layover (Nadi) + 18-night layover (Honolulu); no evidence per diem was paid.
- PV-24-21-1990: 8-night layover (Nadi) + 18-night layover (Honolulu); no evidence per diem was paid.
- Multiple travel claims lacked required supporting documentation or contained inconsistencies:
- PV-24-21-1442: No correct flight tickets or boarding passes; claim dates inconsistent with Parliamentary meeting notice (15-26 April).
- PV-24-21-1988 & PV-24-21-1990: No boarding passes; incomplete itinerary and travel documents.
- PV-24-21-6665: Absence form approved after travel start date.

- JV-2024-MAR-17-6025: Imprest form missing itinerary, tickets, absence form, and program.
- PV-24-21-1690 & PV-24-21-1695: No boarding passes submitted.

Implications: *Inaccurate per diem calculations—resulting in both overpayments and underpayments—indicate a breakdown in claim verification controls. Excessive layover periods are inconsistent with legitimate transit travel and suggest possible personal travel subsidized by organizational funds if these are not sufficiently supported with documentation. The consistent absence of boarding passes, incomplete itineraries, mismatched dates, and retroactively approved absence forms renders travel claims unverifiable.*

Audit Recommendations

Management should review, recalculate, and correct all per diem claims to reflect actual travel nights. A mandatory independent review of each claim—comparing ticket dates, claim form dates, and calculated nights—must be implemented before approval. Management should immediately review all travel with layovers exceeding 24 hours to determine business necessity and recover any inappropriate costs. Management should require mandatory submission of boarding passes, complete itineraries, and pre-approved absence forms before processing any travel claim.

Management responses

The counting of dates on the travelling claim starts from 29/2/24 to 16/3/24 therefore the no of days should be 17days not 16days as stated on the query. All officers travelling out of Kiritimati or into Kiritimati generally do not accept underpayment of claims and whenever an underpayment occurs, they promptly request that payment be corrected on the spot. PV-24-21-5138. The dates claimed as shown on the travelling claim start from 7/5/24-14/5/24. The counting starts from the issue could be the delay of the flight schedule, (bad weather/mechanical problems), so the no of days processed as officers claim is correct. This is the main issue here as there is only 1 aircraft serving the two islands Tabuaeran and Teraina. As already explained in the response to query 2.9.4.1 no officer accepts underpayment.
These claims are processed by Meerea from Linnix Agency

PV-24-21-1442 *There are times when HM and Secretary required to fly out to Tarawa prior actual meeting dates of MnM for Cabinet meetings or other important meetings, this could be one reason where claim dates are inconsistent with Parliamentary meeting notice.*

PV-24-21-1988 & PV-24-21-1990: *These claims are processed by Meerea from Linnix Agency*

PV-24-21-6665: *The dates claimed as shown on the travelling claim is from 13/11/24-28/11/24 which makes up a total of 16days and not 17days as on query.*

JV-2024-MAR-17-6025: *JV is processed by officer from Finance for end-of-year adjustments and this could be the reason necessary documents may have been missed out.*

PV-24-21-1690 & PV-24-21-1695: *PVs are processed by Meerea from Linnix agency and documents could still be at Linnix agency office in Tarawa.*

(MLPID management response 2024, received via email on 19th June 2026)

22.4.2.5. Purchase of office Equipment - Unrelated Payments (Mis posting)

Two payments totalling $729.50 (printer toners $600 + truck hire $129.50) were classified as "purchase of office equipment," but they are not office equipment.

***Implications**: Misclassification of expenses: The financial statements overstate Office Equipment and understate the correct expense accounts i.e., Supplies for toners, Vehicle Hire / Transport for truck hire.*

Audit Recommendations

Re-classify the entries to the appropriate codes. Strengthen review process to require a reviewer or endorser to review and sign off on the account code before payment is processed.

Management response

The system was newly implemented during the period under review, and there were difficulties in verifying the NAC coding of transactions. (MLPID management response 2024, received via email on 19th June 2026)

22.4.2.6. Fixed Assets Register (FAR) Deficiencies

- The Fixed Assets register (FAR) has missing records such as identification numbers or serial numbers to correctly identify each item against records, or who the assets were assigned to.
- The purchase of the Secretary's screen on PV-24-21-7523 was not registered in the Fixed Assets Register.
- There are variances between the records in the Fixed Assets register and the payment vouchers for the selected items of $1,206.10.
- From a selected sample of 6 equipment and furniture to sight, 3 equipment and furniture were sighted. The remaining 4 were unable to be sighted due to the following reasons shown in table below. Although 3 items were sighted, given that the register does not record identical numbers of the items, it is difficult to ascertain or verify that the sighted item matches the purchased items in 2024. Refer to table below for details.

Equipment, Furniture or Software	**Details**
Laptop i7 Dell Inspiron	This was not identified in the assets register which division was it allocated to. IT was also not able to clearly identify where it is located.
Printer for EA	Located in EA's Room. The register does not record anything identical for the assets, which makes it difficult to verify whether the sighted asset is the purchased assets.
Starlink & Hard Drive	This was not identified in the assets register which division was it allocated to. IT noted that these are being used in Honourable Minister's and Secretary's residences.
Motorbike for IT	Located in MLPID Parking Lot. The register does not record anything identical for the assets, which makes it difficult to verify whether the sighted asset is the purchased assets.

Executive Chair for HR	Located in HR's Room. The register does not record anything identical for the assets, which makes it difficult to verify whether the sighted asset is the purchased assets.
Secretary's Screen	Unable to sight due to restricted access to room

***Implications**: Incomplete asset tracking (no serial/ID numbers): Difficulty to physically locate or verify assets. If assets are stolen or lost, there is no way to prove they existed. Fixed Assets records are incomplete for future reference. Variances between FAR and payment vouchers: overstatement of fixed assets register.*

Audit Recommendation

For future purchases, update the Fixed Assets Register (FAR) with unique codes/serial number or asset ID number, including who the assets are assigned to, if applicable. Ensure that all fixed assets are recorded and maintained in the Fixed Assets register. Adjust the FAR to match the payment voucher amount (assuming the voucher reflects the actual cost paid).

Management response

1. *The Ministry accepts the recommendations and will strengthen its asset management procedures. All fixed assets will be recorded and maintained in the Fixed Assets Register with unique identification numbers and assigned officers where applicable. The FAR will also be reviewed and updated to ensure that asset values agree with the corresponding payment vouchers.*
2. *The omission of the Secretary's screen from the Fixed Assets Register was due to an oversight. The officer responsible has noted this issue and will update the Fixed Assets Register to include the Secretary's screen together with its corresponding serial number.*
3. *The variance between the Fixed Assets Register and the payment vouchers is due to tax payments included in the total payment amount. For the Starlink asset, physical verification confirmed that only one unit is available, although two units were recorded in the Fixed Assets Register. The register will be corrected accordingly.*
4. *The Ministry accepts the recommendations and will strengthen its asset management procedures. All fixed assets will be recorded and maintained in the Fixed Assets Register with unique identification numbers and assigned officers where applicable. The FAR will also be reviewed and updated to ensure that asset values agree with the corresponding payment vouchers.*

(MLPID management response 2024, received via email on 19th June 2026)

22.4.2.7. Local Stationeries & Supplies- Double Payment of Invoice 1143

Invoice 1143 was settled using two different output codes (NAC) and was paid twice—once on PV-24-21-7453 and again on PV-24-21-7386, payments raised against 2 different Commitment – COMM-24-21-6431 and COMM-24-21-6643, respectively.

***Implications:** The double payment of the same invoice represents a direct financial loss to the organization, as funds were disbursed twice for a single valid liability. This indicates a critical* *breakdown in payment processing controls, including failure to reference prior payments, inadequate invoice tracking, and lack of segregation of duties in voucher approval.*

Audit Recommendation

Management should immediately recover the duplicate payment from the payee or offset it against future invoices. A control must be implemented requiring that all invoices be logged in a central register with unique identifier tracking, and that any invoice number entered in the payment system be automatically checked against previously paid invoices before approval.

Management response.

The Ministry acknowledges the double payment of Invoice 1143. The officer responsible will follow up with the supplier to ensure the duplicate payment is refunded to the Government account. (MLPID management response 2024, received via email on 19th June 2026)

23. OFFICE OF ATTORNEY GENERAL (OAG)

23.1. Background Information

The Office of the Attorney General has four main divisions with 35 permanent positions under ER 2024 (Public Service Office, 2024) Its function includes supporting the Law-and-Order sector by maintaining a legal system that upholds public order and protects property rights. It provides legal advice, court representation, and legislative services to all Government ministries, statutory bodies, state owned enterprises, and island councils. This office is also responsible for drafting and reviewing legislation and advising the government on legal matters to ensure transparency, accountability, and good governance (National Economic Planning Office, 2024).

23.2. Review of Approved budget 2024

OAG RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

OAG	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
1201 Admin	499,172.21	500,672.21	471,670.66	-29,001.55		600	600	2,437.80	1,837.80
1202 Civil	318,170.52	318,170.52	289,596.80	-28,573.72		0	0	0	0.00
1203 Criminal	352,569.91	351,069.91	306,420.08	-44,649.83		0	0	0	0.00
1204 Drafting	258,280.80	258,280.80	248,424.09	-9,856.71		0	0	0	0.00
Total	**1,428,193.44**	**1,428,193.44**	**1,316,111.63**	**-112,081.81**		**600**	**600**	**2,437.80**	**1,837.80**

(Ministry of Finance and Economic Development, 2024, p. 53)

23.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a saving of $112,081.81, this is because all divisions did not fully utilise their allocated approved budget.

23.2.2. Overcollection

Revenue collection was achieved over the estimate by $1,837.80 at the end of the year and this relates mainly to revenues generated by division 01.

Audit Recommendation

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

Management Responses

1.1 Expenditures against Revised Budget

The OAG is not used to using its budget for their own activities. They have limited knowledge of this and usually they always ask for funding from elsewhere. In 2024, this kind of mentality remains and despite our own activities we always ensure that our budget is not touched. From PAC meeting and advice, we realized that this needs to be utilized as budgeted. Also account report is not timely, which causes the delay to utilize budget for each division. However, the above has been worked out to be improved over the years.

1.2 Revenue against Revised Estimate

The OAG major source of revenue is to sell law books. It is rare to have its revenue rise unless there are special cases handled by foreign lawyers. Fees for such lawyers have caused our revenue to rise. (OAG management response 2024, received via email on 31st July 2026)

23.3. Current Audit Observations

23.3.1. Lack of Supporting Documentations

- External Travel- Per Diem, PV-24-12-0032 amounting $16,265.00
- Purchase of Office Equipment expenses i.e., no supporting invoices and purchase form PV-24-12-0214 $1,400.00, PV-24-12-0159 $1,150.62 & PV-24-12-0087 $745.00

Implication: *The absence of supporting documentation limits the audit ability to verify the validity, accuracy, and legitimacy of payment and the risk of unsupported payment.*

Audit Recommendation

Management needs to ensure that all payments are supported with adequate documentation and are made available during the audit.

Management Responses

All supporting documentation for PV-24-12-0032, PV-24-12-0214, PV-24-12-0159 & PV-24-12-0087 already send it to the responsible officer for her review. (OAG management response 2024, received via email on 31st July 2026)

23.3.2. Mis posting of expenses.

The following external travel payments for air fares are wrongly charged under External Travel – Per diem total $ 8,853.00.

- PV-24-12-0098 $4,483.00
- PV-24-12-0035 $2,750
- PV-24-12-0107 $1,620

***Implication**: The misclassification of airfares as per diem expenses results in inaccurate financial reporting and may distort the balance of actual expenses.*

Audit Recommendation

Management needs to ensure that all payments are coded to the correct account code.

Management Responses

In this case, there's no budget for external airfare, only for the External per diem, that is why all payment made for the external airfare is coded under the External per diem. (OAG management response 2024, received via email on 31st July 2026)

24. PUBLIC SERVICE OFFICE (PSO)

24.1. Background Information

The Public Service Office (PSO) is a government agency that responsible for managing and guiding the public service in Kiribati. It ensures effective governance, strengthens human resource management, enhances service performance, and coordinates policies and development initiatives to support the delivery of quality and accountable services in Kiribati. It has four main division and have total of 47 permanent position under ER 2024.

24.2. Review of Approved budget 2024

PSO RECURRENT ACCOUNT ACTUAL VS REVISED BUDGET 2024

PSO	EXPENDITURES					REVENUES			
Division	2024 Original Budget	2024 Revised Budget	2024 Actual Expenditure	Variance		2024 Original Estimate	2024 Revised Estimate	2024 Actual Revenue	Variance
0201 Administration	689,769.67	689,769.67	652,927.02	-36,842.65					
0202 HRMC	427,254.47	430,004.47	424,461.32	-5,543.15					
0203 PSPSM	298,166.27	297,316.27	287,882.52	-9,433.75					
0204 IT/DMR	169,115.21	169,115.21	161,301.05	-7,814.16					
0205 PSO-ICC	172,206.01	172,206.01	168,648.48	-3,557.53					
Total	**1,756,511.63**	**1,758,411.63**	**1,695,220.39**	**-63,191.24**		-	-	-	-

(Ministry of Finance and Economic Development, 2024, p. 50)

24.2.1. Significant Savings

The overall budget performance as highlighted in the table above showed a saving of $63,191, this is because all divisions did not fully utilise their allocated approved budget.

Audit Recommendation

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

Management Responses

Recurrent Account Actual vs Revised Budget 2024

i. *Permanent Hire of Plant & Equipment*

The PVU permanent hire arrangement for the Secretary concluded in mid-2024 given that there was no available vehicle. The office bought a secondhand vehicle for Secretary for less than $20,000 which is significant below the budget allocation. As a result, the office recorded an underspend of $8,019.30 against the allocated budget.

ii. *Purchase of office equipment, furniture, & software (local)*

The payment for the five laptops purchased through the Mission in the United States was initiatied before the Treasury's payment cut-off date. However, the process was lengthy. As a result, the expenditure was carried over and affected the 2025 budget allocation leaving the remaining around $11k untouched.

(PSO management response 2024, received via email on 13th August 2026)

24.3. Current Audit Observations.

24.3.1. Purchase of Office Equipment - Absence of asset register for 2024

The audit noted that the Ministry did not maintain an updated asset register for 2024 to record and monitor assets acquired during the year. Consequently, the audit was unable to verify the existence, location, condition, and accountability of assets purchased during the period under review.

Implication: *The absence of an updated asset register limited the audit's ability to confirm the completeness, existence, and proper management of assets acquired during 2024.*

Audit Recommendation

Management should maintain a comprehensive asset register for all fixed assets, including office equipment. The register should include details such as description, purchase date, cost, location, asset tag number (if applicable), and responsible officer.

Management Responses

Absence of asset register for 2024- The asset management system was previously hosted on the server. However, the server crashed, resulting in the loss of all stored data, including the asset management records. As a result, this office developed and implemented a new asset management system, unfortunately it was started after the incident. Currently, the new system is active and has remained *fully operational since its deployment. (PSO management response 2024, received via email on 13th August 2026)*

24.3.2. Lack of requisition form

The audit found that PV-24-02-0725, amounting to AUD 4,592.01, relating to the purchase of IT equipment from PB Tech, a company based in New Zealand, was processed without a requisition form, and supporting quotations attached to support the purchase.

Implication: *The absence of requisition forms and supporting quotations limited the audit's ability to verify whether the purchase was properly authorized and whether value for money was achieved through the procurement process.*

Audit Recommendation

Supporting requisition forms and quotations should be attached to payment documents in accordance with the requirements of the Procurement Act.

Management Responses

Lack of requisition form - The quotation was submitted in the form of a pro forma invoice. Unfortunately, MFED did not accept it because it differs from a final invoice.
PSO recommends a single-source procurement, as this supplier has consistently provided our network devices and servers. Engaging a different supplier at this stage could result in delays and operational disruptions, potentially affecting our ability to meet operational requirements. (PSO management response 2024, received via email on 13th August 2026)

24.3.3. Idle of fixed asset

The audit noted that according to PV-24-02-0275, amounting to AUD 4,529.01, and Invoice Sales Order SQHD7283758 from PB Tech, four IT asset items were purchased. During the audit site visit, the assets were physically verified; however, the audit found that some of the assets acquired under the invoice were idle and had not been utilized up to the date of audit. (Refer details in memo)

Implication: *Idle and unused IT assets may result in inefficient utilization of public resources and increase the risk of asset deterioration, loss, or obsolescence without deriving intended operational benefits.*

Audit Recommendation

Management should ensure that all procured IT assets are promptly use for their intended purpose. Where immediate deployment is not feasible, the assets should be securely stored, regularly monitored, and periodically reviewed to determine whether they can be reallocated to other departments or projects to maximize the efficient use of public resources.

Management Responses

Idle of fixed assets- The server was originally purchased to serve as a backup system during periods when the PUB's primary power source experienced frequent outages. The intention was to keep it *readily available for deployment should the existing server encounter issues or require replacement. However, this is no longer an issue given the power source is stable. In addition, the server was also intended to address PSO's growing storage requirements, but this need was subsequently resolved through the deployment of Network Attached Storage (NAS). (PSO management response 2024, received via email on 13th August 2026)*

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