

# **GOVERNMENT OF TUVALU**

###### Office of the Auditor General

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PRESS RELEASE - Tuvalu Whole of Government Audit 2012

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he Office of the Auditor General has completed the audit of the Tuvalu Whole of Government for the period ending 31st December 2012. The Office of the Auditor General is required by ***section 32*** of the ***Public Finance Act*** to report an independent opinion on the financial statements of the Tuvalu Whole of Government to parliament.

**Audit Result 2012**

The Office of the Auditor General has issued a **qualified disclaimer of audit opinion** (we do not have sufficient evidence to form an opinion) on the Tuvalu Whole of Government financial report for the year ended 31st December 2012.

**Types of Audit Opinion**

Our audit opinions provide an answer to the question: ***Do the financial statements present a true and fair view of the entity?***

* **Unqualified***[yes]*,the financial statement do present a true and fair view of the entity
* **Qualified “Except for”***[yes, but]*, the financial statement do present a true and fair view except for a certain part of the financial statements. The reason and part of the financial statements which does no present a true and fair view is detailed in the audit report.
* **Qualified Adverse***[no]*, the financial statements do not present a true and fair view. The reasons are detailed in the audit report.
* **Qualified Disclaimer***[don’t know]*, we were unable to get enough evidence to support an audit opinion. The reasons are detailed in the report. Sometimes referred to as an “inability to form an opinion”.

**Reasons for the qualified (disclaimer) opinion**

***Non inclusion of fixed assets and inventory in the financial statements***

The financial report of the Tuvalu Whole of Government for the year ending 31st December 2012 did not reveal fixed assets and inventories. Assets provided by donors were also not revealed.All fixed assets and inventories purchased were expensed. This isnot following General Accepted Accounting Practice which is to be followed in Tuvalu. There is also limited monitoring and management of government fixed assets and inventories.

***Prior year comparatives***

Due to the qualified disclaimer of audit opinion (we do not have sufficient evidence to form an opinion) issued for the 2011 Whole of Government Audit, we were unable to get enough evidence to support the comparative figures in the 2012 financial report.

***Non consolidation of NAFICOT***

The Tuvalu Whole of Government controls the NAFICOT, which has been active in the past year by entering into Joint Ventures. NAFICOT was not included in the Tuvalu Whole of Government accounts.

***Tuvalu Development Fund (TDF)***

The receipts and payments of the Tuvalu Development Fund were reported in 2012, howeverthe opening and closing balances of each projects within the TDF were not disclosed. Without opening and closing balances of projects provided, monitoring of overspending of funds allocated to projects is unable to occur.

***End of year transactions effecting expenses***

Expenses incurred in 2012 were entered incorrectly into 2011 in order to continue expending the 2011 budget in 2012. This issue was formally raised to the Secretary and Minister for Finance, but they did not agree to adjust the expenditure into the correct period. This is not in compliance with the Public Finance Act and resulted in the understatement of 2012 expenses.

**Summary of TWOG financial report for the year ending 31 December 2012**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **STATEMENT OF INCOME AND EXPENDITURE** | | | | |  |  |
|  |  |  |  |  | **Actual** | **Budget** |
| Total Recurrent Income \* | | |  |  | $32,585,481 | $24,122,152 |
| Total Recurrent Expenditure\*\* | | | |  | $29,164,603 | $29,430,611 |
|  | **Recurrent Surplus/(Defecit)** | | |  | **$3,420,878** | **-$5,308,459** |
| Add Other Revenue | |  |  |  | $3,945,914 |  |
|  | **Total Surplus/ (Defecit)** | | |  | **$7,366,792** |  |
|  |  |  |  |  |  |  |
| \*(33% External Assistance and Grants and 25% Fishing licenses) | | | | | |  |
| \*(38% Wages and Salaries and 22% Grants and Subsidies/scholarship support) | | | | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **STATEMENT OF ASSETS AND LIABILITIES** | | | |  |  |  | |
|  |  |  |  |  | **2012** | **2011** |
| Total Government Equity | | |  |  | $61,757,315 | $54,390,522 |
| Total Assets | |  |  |  | $71,800,739 | $65,160,927 |
| Total Liabilities | |  |  |  | $10,043,424 | $10,770,404 |
|  |  |  |  |  |  |  |
| **Total Net Assets** | |  |  |  | **$61,757,315** | **$54,390,523** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENT OF UNAUTHORISED EXPENDITURES (Expenditure exceeding amount authorised by Parliament)** | | |  |  |
|  | **STATUTORY HEADS** | **2012 Expenditure** | **Final Budget** | **Bud-Exp** |
| A | Office of the Governor General | $114,164 | $82,126 | $(32,038) |
| B | Office of the Prime Minister | $138,208 | $99,587 | $(38,621) |
| D | Parliament | $374,200 | $315,230 | $(58,971) |
| F | Finance and Economic Development | $86,818 | $65,224 | $(21,595) |
| G | Public Utilities | $39,221 | $0 | $(39,221) |
| H | Health | $102,100 | $65,671 | $(36,429) |
| J | Home Affairs | $83,736 | $65,670 | $(18,065) |
| M | Education, Youth and Sports | $96,070 | $65,325 | $(30,746) |
| N | Judiciary | $50,662 | $20,000 | $(30,662) |
| O | Foreign Affairs, Trade, Tourism, Env. & Labour | $122,645 | $65,909 | $(56,736) |
|  | **Total Statutory Spending by Heads** | **$1,207,825** | **$844,741** | **$(363,083)** |
|  |  |  |  |  |
|  | **NON STATUTORY HEADS** |  |  |  |
| A | Office of the Governor General | $92,409 | $83,911 | $(8,498) |
| F | Finance and Economic Development | $1,747,162 | $1,475,691 | $(271,471) |
| H | Health | $4,748,863 | $4,521,680 | $(227,184) |
|  | **Total Non-statutory spending by Heads** | **$27,855,105** | **$29,171,810** | **$1,316,704** |
|  |  |  |  |  |
|  | **GRAND TOTAL** | **$29,164,603** | **$30,180,129** | **$266,008** |

**Improvements**

There has been improvement in the preparation and reporting of the 2012 Tuvalu Whole of Government financial reports. There are also prior year audit issues that have been resolved due to the assistance and effort put forward by Treasury staff and other department involved in the audit process.

**Report of the Auditor General on the Tuvalu Whole of Government Accounts**

Copies of the Auditor General’s detailed audit report and Tuvalu Whole of Government financial accounts are available in hard or soft copy for free by:

1. Visiting the Office of the Auditor General located at the Northern Wing, Top floor of the Government Building.
2. Requesting a copy to be mailed to you by phoning 20131 during business hours.
3. Requesting a copy from any staff of the Office of the Auditor General
4. Emailing [aleauma@gov.tv](mailto:aleauma@gov.tv).