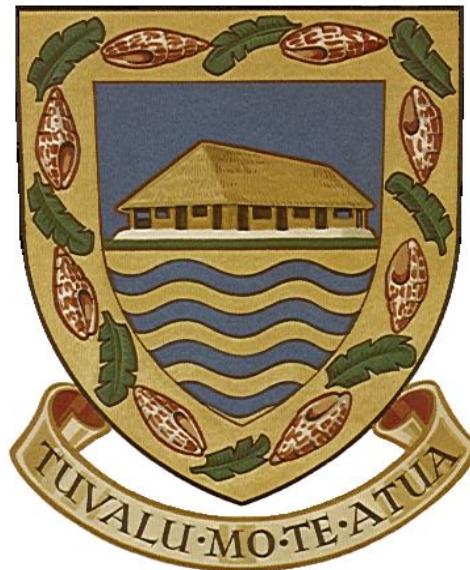


REPORT OF THE AUDITOR-GENERAL



ON THE ACCOUNTS OF THE TUVALU WHOLE OF GOVERNMENT for the year ended 31 December 2013

Parliamentary Paper
Number:.....2014

The Office of the Auditor-General is responsible for expressing an independent opinion on the financial statements and reporting that opinion to Parliament. This responsibility arises from section 32 of the Public Finance Act.

Our audit has been carried out in accordance with the International Standards of Supreme Audit Institutions. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that is not material in terms of the Tuvalu Whole of Government's financial statements.

The implementation and maintenance of the Tuvalu Whole of Government's systems of controls for the detection of these matters remains the responsibility of the Minister for Finance and management.

Statutory Audit Report

Tuvalu Whole of Government Audit

For the year ended 31 December 2013

To: Honourable Members of the Tuvalu Parliament

Dear Members

I have audited the financial report and transactions of the Tuvalu Whole of Government as required by the Public Finance Act. This Statutory Audit Report outlines the results of my audit for the years ended 31 December 2013, and details any significant matters that in my opinion call for special notice. The Public Finance Act requires that I send this report to the Parliament.

This report is not the Independent Audit Report, which expresses my opinion on the Tuvalu Whole of Government's financial report. **I have enclosed the Independent Audit Report for the year ended 31 December 2013, together with the Tuvalu Whole of Government's financial reports in Appendix 3.**

Audit Result 2013

I expressed a qualified (disclaimer) opinion on the Tuvalu Whole of Government's financial report for the years ended 31 December 2013. The limitations of scope are considered significant.

Basis for qualified (disclaimer) opinion

Uncertainty surrounding valuation, completeness and existence of Fixed Assets in the financial statements

The Tuvalu Whole of Government's accounting policy changed in 2013 to recognise fixed assets in the financial statements. The fixed assets were written on via an equity adjustment in 2013 using estimates of their value. I was unable to satisfy myself that the valuation estimates made by the Tuvalu Whole of Government were robust and accurate.

No stock count was performed at the end of 2013, thus I was unable to satisfy myself that the Fixed Assets balance was complete and that all assets in the balance existed.

I have not been able to obtain sufficient appropriate audit evidence to support the Fixed Assets portion of the Statement of Assets and Liabilities, the Introduction of Property Plant and Equipment portion of the Statement of Changes in Equity, and the non-inclusion of Depreciation expense in the Statement of Income and Expenditure.

The lack of robust valuation and lack of stock count of fixed assets constitutes a limitation of scope of the audit which is significant.

Non-consolidation of NAFICOT

The Tuvalu Whole of Government controls the National Fishing Corporation of Tuvalu (NAFICOT). NAFICOT has not produced financial statements since 1999, however it has become financially active in the past years, including entering into multiple joint venture agreements which are also financially active. Without the consolidation of the NAFICOT financial statements which include the joint venture operations, the Tuvalu Whole of Government accounts are incomplete.

I have not been able to obtain sufficient appropriate audit evidence to support the non-inclusion of NAFICOT and through it the Joint Ventures. This constitutes a limitation of scope which is significant.

Non-disclosure of Tuvalu Development Fund opening and closing balances, and non-reconciliation of the movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account

The Tuvalu Development Fund receipts and payments by project for 2013 are disclosed in the financial statements. No opening cash balance of each project was provided and accordingly the closing balance (remaining funds) for each project as well as remaining funds for the entire Tuvalu Development Fund was not disclosed. The Tuvalu Whole of Government was unable to provide the opening balance of each project and was unable to reconcile the cash movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account.

The non-inclusion of opening and closing balances of the individual projects in the Tuvalu Development Fund constitutes a limitation of scope which is significant.

Lack of evidence to support prior year comparatives

My audit report on the financial statements for the period ended 31 December 2012 was a Qualified Disclaimer of Audit Opinion. Due to deficiencies in controls and accounting records, there is uncertainty in relation to the 31 December 2012 comparatives presented in these financial statements.

I have not been able to obtain sufficient appropriate audit evidence to support the prior year comparatives. This constitutes a limitation of scope which is significant.

The non-inclusion of Inventory in the financial statements

Inventories are not disclosed as assets in the financial statements. They are expensed when purchased, rather than recorded as assets until consumed. There is no record of inventory, nor is there any management of inventory.

I have not been able to obtain sufficient appropriate audit evidence to support the non-inclusion of Inventory in the Statement of Assets and Liabilities and the non-inclusion of the Statement of Summaries of Unallocated Stores and Manufacturing Accounts. This constitutes a limitation of scope of the audit which is significant.

Movement of Statement of Receipts and Payments by Heads unable to be reconciled to Cash balances

The movement in the Cash Balance in the Statement of Receipts and Payments by heads was unable to be reconciled to the in Cash balances as per the Statement of Assets and Liabilities. The variance of \$220,348 is considered to be material.

I have not been able to obtain sufficient appropriate audit evidence to support the figures in the Statement of Receipts and Payments, and the Statement of Unauthorised Expenditure.

Report on Other Legal and Regulatory Requirements

In auditing the accounts of the Tuvalu Whole of Government for the year ended 31 December 2013, due to the matters in the Basis for Disclaimer of Opinion above and the matters raised in the statutory audit report below, I do not express an opinion on the matters which are contained in section 24 of the Audit Act.

Scope of the Audit

My audit procedures are targeted specifically towards forming an opinion on the Whole of Government's financial report. This includes testing whether the Government has complied

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

with key legislation that may materially impact on the financial report. The results of the audit are reported in this context.

Acknowledgment

I thank the Treasury and other departments' staff for their courtesy and assistance during the audit process. I again acknowledge that in 2013 improvement in the annual reporting process has been made and hope that these improvements continue into the future.

Yours sincerely



Eli Lopati

Auditor-General for Tuvalu

29 September 2014

Funafuti Tuvalu

Executive Summary

Audit Opinion

I expressed a qualified (disclaimer of opinion) opinion on the Tuvalu Whole of Government's (TWOG) financial report for the years ended 31 December 2013. The limitations of scope are significant.

The limitations of scope arise from uncertainty surrounding:

- valuation, completeness and existence of Fixed Assets in the financial statements;
- non-consolidation of NAFICOT and its joint ventures into the financial statements;
- non-disclosure of Tuvalu Development Fund opening and closing balances, and non-reconciliation of the movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account;
- lack of evidence to support prior year comparatives;
- non-inclusion of Inventory in the financial statements; and
- movement of Statement of Receipts and Payments by Heads unable to be reconciled to Cash balances.

I draw your attention to Note 19 of the financial statements which discloses the Statement of Unauthorised Expenditure and the excess of expenditure over the Final Budget provision.

The Independent Audit Report is attached to the financial statements in Appendix 3 of this report.

Introduction

We have performed this audit in accordance with the International Standards for Supreme Audit Institutions.

The key issues identified in the audit are lack of evidence, breaches of legislation and noncompliance with generally accepted accounting principles.

We confirm that we are independent. There are no unresolved disagreements at year end. The matters raised in previous management reports have not been adequately addressed. There has been a significant change to the TWOG's accounting policies where Fixed Assets are now recognised in the Statement of Assets and Liabilities rather than being expensed in their year of acquisition. Unusual accounting policies were noted surrounding the expensing of inventories at time of purchase rather than when consumed and not accounting for the deferred income component of in-kind assets.

Areas of Audit Emphasis

We note in respect of the areas of audit emphasis that:

- the 2012 Qualification issues which remain unresolved are:
 - non-consolidation of NAFICOT;
 - Tuvalu Development Fund non-disclosure of opening and closing balances;
 - non-inclusion of inventory in the financial statements; and
 - lack of evidence to support prior year comparative figures.
- there has been an effort to resolve issues raised in prior years with 19 issues marked as closed during the 2013 audit;
- the accounts were largely in compliance with the Public Finance Act in terms of presentation. This is a significant improvement from the previous years' accounts in

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terms of compliance with GAAP particularly the inclusion of Fixed Assets. The usability and understandability of the accounts has improved;

- financial statement supporting documentation was presented, however, further improvements are recommended;
- no fraud policy is in place;
- the management control environment in the Government was assessed as ineffective, however, there were some improvements; and
- multiple legislative breaches were noted during the audit.

Legislative Compliance

There were breaches of significant legislation noted. The most significant breaches were:

- the non-provision of estimates of expenditure and supplementary estimates of expenditure surrounding the Tuvalu Development Fund to Parliament;

Significant Matters Arising from the Audit

The most significant matter for attention is the qualification of the accounts and the issues causing the qualification. There has been an improvement in the quality of the accounts, however, we recommend that efforts are continued to ensure the financial statements are in compliance with GAAP, the Public Finance Act and that appropriate supporting documentation is provided to audit. The following significant matters were noted during the 2013 audit:

- Stocktake of Fixed Assets not completed.
- Valuation of Fixed Assets not robust.
- Incomplete Disclosures surrounding Fixed assets.
- Non-inclusion of inventory in the financial statements.
- Non-reconciliation of the movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account.

The significant matters outstanding from the previous audits are:

- non consolidation of NAFICOT due to NAFICOT not producing financial statements since 1999. NAFICOT has recently entered into multiple substantial joint ventures, which have a material effect of the TWOG accounts;
- limited accountability of the Tuvalu Development fund as estimates of expenditures are not being produced and tabled into Parliament;
- no complete record of cabinet minutes and decisions were provided for review.
- limited rules and monitoring of Observer's Fund expenditure.
- non compilation of an inventory listing;
- movement of Statement of Receipts and Payments unable to be reconciled to the cash balances.
- weaknesses in management of Customs revenues surrounding documentation and reconciliations;
- no reconciliation between Fisheries and Treasury records of revenue, the fisheries management system is not updated and there are no records of fisheries negotiations on file;
- no financial link between Inland Revenue Department and Treasury; and
- lack of debt management policy to manage the TWOG's receivables.

Contents

The Office of the Auditor-General Tuvalu has completed the financial audit of the Tuvalu Whole of Government for the year ended 31 December 2013. This report summarises our findings from the audit and draws attention to areas where the Tuvalu Whole of Government is doing well or could improve.

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List of Abbreviations

ACCPAC: the Tuvaluan Government's Accounting Software

FTF: Falekaupule Trust Fund

GAAP: Generally Accepted Accounting Principles

IBD: Interest Bearing Deposit

IFRS: International Financial Reporting Standards

IPSAS: International Public Sector Accounting Standards

IRD: Internal Revenue Department

ISSAI: International Standards of Supreme Audit Institutions

k: Thousands

MCE: Management Control Environment

NAFICOT: National Fishing Corporation of Tuvalu

NBT: National Bank of Tuvalu

OAG: Office of the Auditor-General Tuvalu

PAC: Public Accounts Committee

PE Act: The Public Enterprises (Performance and Accountability) Act.

PE: Public Enterprise

TWOG: Tuvalu Whole of Government

TDF: Tuvalu Development Fund

TMTI: Tuvalu Maritime Training Institute

TMTS: Tuvalu Medical Treatment Scheme

UCL: Undelivered Cargo List

Types of Audit Opinions

The following are the types of audit opinions issued by the Office of the Auditor-General Tuvalu:

- Unqualified: In our opinion the financial statements present a true and fair view.
- Qualified except for: In our opinion except for the matters noted in the qualification paragraph the financial statements present a true and fair view.
- Qualified adverse: In our opinion the financial statements do not present a true and fair view.
- Qualified disclaimer: We are unable to form an opinion whether the financial statements present a true and fair view.
- Unqualified with an emphasis of matter paragraph: In our opinion the financial statements do present a true and fair view, however, emphasis which we consider important to the user is drawn to a certain disclosure within the financial statements.
- Unqualified with an other matter paragraph: In our opinion the financial statements do present a true and fair view, however, users' attention is drawn to a matter relevant to their understanding of the audit of the financial statements or the audit report.

Introduction

The Format and Mandate of this Report

This report is tabled under section 45 of the Audit Act. The Auditor-General's mandate for this report comes from section 32 of the Public Finance Act. This report contains the results of the audit of the accounts of the Tuvalu Whole of Government for the year ended 31 December 2013 including:

- auditing standards used;
- compliance with ISSAI auditing standards;
- performance, waste and probity;
- subsequent events;
- changes in accounting policy;
- unusual accounting policies;
- statement of auditor independence;
- unresolved disagreements;
- status of areas of audit emphasis;
- legislative compliance systems;
- legislative compliance;
- breaches of significant legislation;
- significant matters arising from the audit;
- status of prior year audit issues; and
- audit issues closed in 2013.

Auditing Standards Used

The auditing standards used in the performance of the financial statement audits were the International Standards for Supreme Audit Institutions (ISSAI). The audit approach is a risk based approach and is considered to be compliant with the ISSAIs.

Compliance with ISSAI Auditing Standards

Our audit is considered to be in compliance with the requirements of ISSAI auditing standards.

Performance, Waste and Probity

During the planning and fieldwork stages of this audit, the Auditor-General briefed the team on the need to maintain awareness for performance, waste, probity, and fraud issues.

No specific performance, waste and probity issues were noted as part of the financial statement audit. Commentary regarding efficiency and effectiveness has been made in the significant matters arising from the audit, where appropriate.

Subsequent Events

No subsequent events were noted during the 2013 audit.

Changes in Accounting Policy

There has been a significant change to the accounting policies of the Tuvalu Whole of Government.

- Fixed assets (Property, Plant and Equipment) have been included in the financial statements for the first time in 2013. This has been adequately disclosed in the accounting policies, however, has not been accounted for in compliance with Tuvalu

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GAAP. A qualification to the audit opinion has been raised as well as an audit issue raised.

Unusual Accounting Policies

The following accounting policy was considered unusual by the Auditor-General:

- expensing all inventories at time of purchase rather than when consumed; and
- not accounting for the deferred income component of in-kind assets.

These issues form part of our audit qualification or have been raised in significant matters arising from the audit.

Statement of Auditor Independence

Independence

We confirm that, for the audit of the financial statements of the Tuvalu Whole of Government for the year ended 31 December 2013 we have maintained our independence in accordance with the requirements of the Constitution of Tuvalu, the Audit Act and the International Organisation of Supreme Audit Institutions.

Other than the audit, we have not provided any engagements for the Tuvalu Whole of Government during the year ended 31 December 2013. In addition, we confirm that we have no relationships with, or interests in, the Tuvalu Whole of Government.

Unresolved Disagreements

We have no unresolved disagreements with management. Management has not sought to influence our views on matters relevant to our audit opinion.

Status of Areas of Audit Emphasis

In the audit arrangements letter issued to the Tuvalu Whole of Government, (TWOG) we identified areas of audit emphasis that we would pay particular attention to during the audit. Our response to these areas of audit emphasis is outlined below:

Issues Surrounding the 31 December 2012 Qualification

A disclaimer of audit opinion was issued for the year ended 31 December 2012 TWOG accounts. A disclaimer of audit opinion means that we are unable to form an opinion whether the financial statements present a true and fair view due to all evidence reasonably expected to be available not being available.

The 2013 audit opinion was a disclaimer of audit opinion. We acknowledge there has been considerable improvement in the presentation of the accounts and the issues within the qualification. The further evolution to a set of accounts which is approaching compliance with general accepted accounting practice (GAAP) was the major improvement in the financial statement reporting process as well as the inclusion of fixed assets.

The 2012 issues which are considered to be resolved are:

- the non-inclusion of fixed assets in the financial statements; and
- end of year transactions effecting expenses.

Issues remaining unresolved are:

- non-consolidation of NAFICOT;

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- Tuvalu Development Fund non-disclosure of opening and closing balances;
- non-inclusion of inventory in the financial statements; and
- lack of evidence to support prior year comparative figures.

We recommend that the TWOG continue its efforts to improve the financial statement preparation and reporting process.

Issues Raised in Previous Management Reports

The progress that the TWOG has made in addressing the issues raised in the 2012 management report issues has been commented on at Appendix 1 and Appendix 2.

Financial Statement Compilation and Compliance with GAAP

The TWOG's 2013 financial statements were not prepared in compliance with international GAAP as required by section 3(3)(e) of the Public Finance Act. The major departure was the non-inclusion of inventory in the financial statements and the accounting for fixed assets (including in-kind assets) in the financial statements.

There has been considerable improvement in the presentation of the accounts, namely the production of the accounts largely in accordance with the Public Finance Act requirements. This is a significant improvement from the 2012 accounts. The usability and understandability of the accounts has improved.

The TWOG has defined its own Tuvalu GAAP, in which fixed assets have been accounted for. The fixed assets accounting policy was changed in 2013, to begin recognising fixed assets as assets rather than expensing them in the year of acquisition. This was accounted for in 2013 by writing on the value of fixed assets and increasing equity. This is contrary to Tuvalu GAAP which requires that changes in accounting policy are applied retrospectively (i.e. by updating comparative figures and the opening balances) rather than increasing equity in 2013. Because of the treatment of this change in accounting policy, the TWOG Financial statements are not considered by the Auditor-General to be in compliance with GAAP.

Financial Statement Supporting Documentation

Financial statement supporting documentation was presented to audit with the financial statements.

While acknowledging the improvements made to the supporting documentation, further work could be performed by Treasury in reviewing the accounts, performing variance explanations surrounding the movements in the accounts and attaching additional supporting documentation.

Going forward we will continue to work with Treasury to ensure that they continue to improve their documentation process.

Fraud Policy

The Auditor-General expects that every public entity should formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with.

In 2013, there has been no progress in relation to the development of a fraud policy. Progress of fraud policy creation and awareness will continue to be an area of audit emphasis in future audits.

We acknowledge that the Financial Instructions contain information on how to deal with fraud. However, a stand-alone policy with clear definitions and processes will benefit the TWOG.

Included in the fraud policy should be the requirement of training surrounding fraud for all new and existing staff.

Management Control Environment

The control environment of an entity co-ordinates all systems used in order to safeguard the entity's assets, check the accuracy of the accounting information, promote efficiency, encourage staff to be productive and assist management to adhere to the policies of the entity.

The purpose of the control environment is to monitor how the entity is performing and to implement a plan that will help the entity perform. Controls also deter and prevent people from doing things their own way, and from committing fraud.

With controls in place, employees' duties can be arranged and the records and systems designed to make it possible to carry out effective accounting control over the assets, liabilities, income and expenses of the entity. Under this system the work of the employees is broken up wherever possible, so no single employee will perform a complete cycle of a particular operation.

We have completed a management control environment (MCE) assessment and overall we have concluded that the MCE is "Ineffective".

Our primary bases for reaching this conclusion are:

- management decisions are sometimes taken without appropriate consultation with the finance and legal departments;
- management decisions are not recorded or disseminated to the appropriate members of staff;
- decisions are reached without proper risk assessment and due diligence;
- payments have been made which knowingly exceeded budget allocations; and
- significant capacity and capability gaps exist in all ministries.

We acknowledge that there have been improvements made to the MCE including:

- input of budget figures into ACCPAC and the monitoring process of expenditures to budget;
- the addressing of issues raised in audit reports; and
- production of ongoing monthly management accounts by Treasury.

We will continue to review the MCE in the 2014 audit to assess if further improvement has been made.

Legislative Compliance

Legislation breaches were noted during the audit. These are explained in the legislative compliance section below.

Compliance with Legislative Requirements

Legislative Compliance (LC) Systems

We reviewed the systems and procedures the TWOG uses to identify and comply with legislative requirements. There is no formal system in place for monitoring, compliance and reporting.

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
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We recommend that the TWOG put in place a system to monitor compliance of key legislation and ensure processes are in place to report breaches in legislation to the governing body.

Breaches of Significant Legislation

During the audit, our main focus has been on the TWOG's financial reporting obligations. As part of our planning we identified the Public Finance Act and the Financial Instructions as key legislation and regulations that government officers should comply with. While our focus is on financial reporting obligations, we do maintain an awareness of other legislation that impacts on the entity. We noted the following breaches of legislation:

LC 2013.1 Schedule to the Public Finance Act – Estimates of Expenditure

The schedule to the Public Finance Act requires that all expenditure from the Tuvalu Development Fund (TDF) is performed via a Development Warrant and that no Development Warrants are to be issued unless the expenditure has been authorised by resolution of Parliament.

No resolution of Parliament has been performed in order to approve expenditure out of the TDF for 2013.

The expenditure made out of the TDF is considered to be unlawful because there has been non-compliance with the Public Finance Act requirements. Estimates of the expenditure should be produced in line with the expectations of Parliament as part of the budget process and the expenditure limits are adhered to.

LC 2013.2 Section 178(2) of the Financial Instructions

Section 178(2) of the Financial Instructions specifies that no accounting officer shall incur or commit any expenditure that shall exceed the approved estimates of expenditure for any sub head item under his control. By incurring expenditure above the estimates for sub head items, the accounting officer will be in breach of section 178(2) of the Financial Instructions.

We note that during the year there has been expenditure above the estimates for sub head items. This was indicated by an overspend in the budget sub head expenditure. The expenditure estimates were updated for virements (approved movements) between sub head expenditure items before the calculation of overspends.

LC 2013.3 Section 7 of the Currency Act

Section 7 of the Currency Act requires the Commissioner of Currency (Minister for Finance) to:

(d) not later than the 31st day of March each year prepare a report on all coin issued and redeemed during the preceding financial year together with an account of all expenditure incurred and revenue therefrom;

(e) publish as at the 31st day of March each year by such means as he may think appropriate to inform the public a statement of the liabilities and assets of the Coin Security Fund;

(f) perform all such other duties as are or may be imposed on him by or under this Act.

No report under section (d) and (e) was produced by the Commissioner of Currency for the year ended 31 March 2013. Additionally, it is not clear from the Currency Act what the Coin Security Fund (the Fund) purpose is, nor are there any detailed reporting requirements in the Currency Act.

There is limited transparency surrounding the Fund, its usage and the distributions from the Fund. Payments may be made into the Fund which should be paid into the Consolidated

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Fund. Given the purpose of the Fund is not clear, the funds use is considered to be unclear as well.

The Currency Act should be amended to make clear the purpose of the Fund. The Commissioner of Currency should begin reporting on annual basis the financial position of the Fund. This could be incorporated into the TWOG Report for ease of reporting.

LC 2013.4 Payment of Allowances to Co-opted Members and Support Staff of the Parliamentary Committees

The Auditor-General noted that payments of allowances from the TWOG were made to support staff, non-members of Parliament and co-opted members of the Parliamentary Committees in 2013. The Auditor-General requested a legal opinion from the Attorney General regarding the legality of these payments. The support staff and allowance payments are not permitted under the Prescription of Salaries Act.

Sitting allowances should only be paid to Members of Parliament who are involved in Parliamentary committees.

Significant Matters Arising From the Audit

The following significant matters have been raised during the audit for your attention and comment:

1.2013 Stocktake not completed at 31/12/13

FINDINGS AND ANALYSIS

The TWOG has included fixed assets in its financial statements. The fixed assets were included by requesting vote keepers compile a listing of assets on hand. This was performed at the end of 2013 and into 2014. No stock count was performed at year end rather was the count was completed in mid-2014.

IMPLICATION

- The assets written on as part of this exercise may have been purchased after the end of the year, or assets may have been disposed of after 31/12/2013, but before the stock count was performed.
- There is a risk that the assets recorded on the register were either not property of the TWOG at 31/12/13 or assets which were property of the TWOG at 31/12/13 have been disposed, misstating the assets balance.

RECOMMENDATION

- A stock count is performed annually as close the year end as possible and the OAG is invited to witness the count.
- A stock take report is compiled detailing the assets located, assets missing and recommending action to take.

MANAGEMENT COMMENT

No comments received from Management

2.2013 Valuation of assets

FINDINGS AND ANALYSIS

Fixed assets were included in the TWOG Financial Statements in 2013 for the first time. For some of the assets included, their value was estimated by using cost less depreciation. In other cases the cost needed to be estimated as records were unable to be located or the asset had been gifted to the TWOG and no cost information was able to be located.

IMPLICATION

- The correct value of the fixed assets included in the 2013 financial statements is uncertain given the estimation of costs used to value the assets.

RECOMMENDATION

- Further effort is put into obtaining evidence of the original value of assets on the asset register.
- In future, strong evidence of the value should be obtained for assets being added to the register. This includes requesting detailed financial information from Development Partners when an asset is provided by them.
- That the TWOG consider getting a professional asset valuer to estimate the value of assets.

MANAGEMENT COMMENT

No comments received from Management

3.2013 Incomplete disclosures for fixed assets as per Tuvalu GAAP.

FINDINGS AND ANALYSIS

The TWOG 2013 Financial Statements do not include disclosures of fixed assets as required by the Tuvalu GAAP (which looks to IPSAS and IFRS). Asset disclosures not included which are required include:

- Disclosure of Fixed Assets in the financial statements by defined classes (eg. Property, motor vehicles, boats, office equipment etc.)
- Disclosure of accumulated depreciation
- Disclosure of the comparative period asset values and accumulated depreciation

IMPLICATION

- Assets are not appropriately disclosed as per Tuvalu GAAP.
- The users of the financial statements have less of an understanding of the TWOG's asset base and values and what type of asset is held by the TWOG.

RECOMMENDATION

- A comprehensive disclosure of Fixed Assets in compliance with the accounting policies is performed in the Financial Statements.

MANAGEMENT COMMENT

No comments received from Management

4.2013 No depreciation charge for fixed assets

FINDINGS AND ANALYSIS

In the TWOG financial statements, there is no depreciation expense recognised for Fixed Assets. Given that this is the first year that fixed assets have been included, Fixed Assets have been written on at the end of the year at their Net Book Value (Cost less a depreciation estimate). Assets purchased during 2013 have not been depreciated during the 2013 year.

IMPLICATION

- The depreciation expense for 2013 is understated.

RECOMMENDATION

- In future, depreciation charges are calculated and included in the Statement of Income and Expenditure.
- Assets purchased in the future are identified and included as assets, rather than being initially expensed and then written on through an equity adjustment.

MANAGEMENT COMMENT

No comments received from Management

5.2013 Lack of Assets management plan

FINDINGS AND ANALYSIS

The TWOG does not have any plan in place for the replacement/ maintenance of key assets of the TWOG. The TWOG holds many strategically important assets which serve the people of Tuvalu.

IMPLICATION

- In the event that these assets become unusable, there would be quite a disruption to the performance of the TWOG's activities.

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- There may be a considerable delay/ disruption to the services the TWOG provides while a replacement is sought/ repair is made. This may include critical functions like transport and medical care.

RECOMMENDATION

- An assets management plan is developed which details for major assets:
 - planned replacement dates;
 - planned maintenance and repair schedules, including resources and skills required to perform maintenance;
 - estimated costs of replacement and repairs, along with timelines for the replacement/repair work so it can be budgeted for;
 - if asset is planned to be replaced or not;
 - contingency plan if asset becomes unusable; and
 - if a spare/ replacement asset needs to be held.

MANAGEMENT COMMENT

No comments received from Management

6.2013 Management of Fixed assets and inventory

FINDINGS AND ANALYSIS

TWOG has begun accounting for Fixed Assets in 2013. There is no asset management policy and the process in accounting for assets and inventory was considered to be weak. We acknowledge that the TWOG has recruited an asset manager in 2014, however, more needs to be done to ensure that Fixed Assets and Inventory are managed appropriately.

IMPLICATION

- Without a strong process in managing assets, the risk of assets being stolen, used for personal gain and used inappropriately is increased.
- Without a Fixed Asset management policy, there is an increased risk of assets being managed inconsistently.

RECOMMENDATION

- An assets management policy is developed, including defining depreciation rates, asset recognition process, disposal process, stocktake process, asset recognition threshold, how to write an asset on and how to estimate the value of assets provided by development partners.
- Assets are added to the asset register as soon as they are purchased, rather than being added at the year-end stock count.
- Instructions are documented on how to perform the stock count for both Assets and Inventory.
- The name and date of the staff member who performed the count is documented.
- Sign-off on the accuracy of the count by two staff members is performed.
- A stock take report is compiled which contains: the results of the count; requests approval for write off of items which are unable to be located; requests approval to write on for items located which are not on the asset listing; and details the investigations performed during the count. This report is presented to the Secretary for Finance for approval.
- A stock take of both assets and inventory in the middle of the year is performed, to ensure that staffs are familiar with and understand the process.
- The stock take is performed with representatives of the OAG being observers.
- The fixed assets register is updated with the results of the stock count.

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- Labels are used on assets to ensure ease of identification.
- Assets located during the stock count which were not on the register are written onto the register and their value is estimated.

MANAGEMENT COMMENT

No comments received from Management

7.2013 Review of in year purchases for Fixed assets

FINDINGS AND ANALYSIS

The TWOG did not perform a review of all expenses during the 2013 year to ensure that all assets which were purchased in 2013 have been capitalised (put on the asset register). Instead the assets purchased in 2013 were expensed and written on via an equity journal at the end of the year.

IMPLICATION

- This method of capitalising assets is not in line with Tuvalu GAAP and the TWOG's accounting policies.
- Expenses in 2013 are overstated by the amount of assets which should have been capitalised, as is the movement in equity.

RECOMMENDATION

- Every quarter the TWOG should review all expenditure transactions over the asset recognition threshold to ensure that all assets have been capitalised rather than expensed.
- Repairs and Maintenance expenditure should be reviewed for improvements which have been incorrectly booked as repairs and maintenance which should be capitalised.
- Future budgets should split out planned capital purchases from recurrent expenditure to ensure increased value to the budget documentation, ease of reporting of planned asset purchases and identification of fixed assets.

MANAGEMENT COMMENT

No comments received from Management

8.2013 Portable and Attractive Assets register to be kept

FINDINGS AND ANALYSIS

Portable and attractive assets are those which are considered to have a high value and are easy to re-locate. These can be mobile phones, laptops, radios, USB sticks, tablets and projectors. While the value of the items may be less than the asset capitalisation and management threshold, the TWOG needs to ensure that these assets remain in their possession. Currently there is no register for portable and attractive items, nor is there any controls preventing theft or misuse.

IMPLICATION

- Without active management, there is an increased risk that portable and attractive items are stolen, pilfered and misused.

RECOMMENDATION

- A portable and attractive register is maintained and rules surrounding the addition of assets to this register are developed.
- Office expenses transactions are reviewed to ensure that all portable and attractive items are entered on the register and are properly managed.

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- TWOG should ensure that all assets provided by Development Partners to individuals are included as assets on the Portable and Attractive register and remain TWOG property.
- There should be frequent counting of Portable and Attractive items to ensure they remain in the possession of the TWOG.
- A policy of clearly marking Portable and Attractive items as the TWOG's property should be developed and introduced.
- If a fraud plan is developed, there could be some commentary surrounding management of Portable and Attractive items.

MANAGEMENT COMMENT

No comments received from Management

9.2013 Incorrect accounting for write on of assets

FINDINGS AND ANALYSIS

Fixed assets have been included in the 2013 Financial Statements. This is a change in accounting policy which has been disclosed by the TWOG. The Fixed Assets have been written on via an Equity journal entry. The method of including these fixed assets is not consistent with the requirements of Tuvalu GAAP which looks to IFRS and IPSAS. These accounting standards require that any change in accounting policy is accounted for retrospectively, which means instead of the Assets being written on via Equity, they are written on by decreasing the relevant expense in the year of their purchase.

IMPLICATION

- The comparative periods (2012 and 2011) expenses are overstated and have not been adjusted.
- Expense for 2013 is over stated as assets purchased in year have been expensed rather than capitalised (put on the balance sheet)
- The equity movement should be via retained earnings movements not a "Introduction of Property, Plant and Equipment" movement
- Assets provided by Development partners are incorrectly accounted for as they should be recognised as deferred income over the period in which the asset is used, rather than in equity.

RECOMMENDATION

- In future, all changes in accounting policies should be performed retrospectively.

MANAGEMENT COMMENT

No comments received from Management

10.2013 Accounting for in-kind assets

FINDINGS AND ANALYSIS

Assets which were provided in-kind to the TWOG were accounted for by increasing equity in 2013. This is not accounting for these assets according to Tuvalu GAAP and the standards that Tuvalu GAAP looks to.

In-kind assets should be accounted for by both recognising revenue and subsequent expense in a single year, or by recognising a deferred income component which is reduced each year of the assets useful life.

IMPLICATION

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- The TWOG is not accounting for in-kind assets correctly by writing them onto equity. There is no recognition of deferred income.
- The deferred income component of the financial statements is understated as well as the grant income component.

RECOMMENDATION

- In future all assets which are provided in-kind to the TWOG are accounted for as assets and deferred income, with deferred income being unwound appropriately.

MANAGEMENT COMMENT

No comments received from Management

11.2013 Non-reconciliation of the movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account

FINDINGS AND ANALYSIS

The movement in cash in the Tuvalu Development Fund for the year was unable to be reconciled to the movement in the Tuvalu Development Fund bank account.

Movement per Statement of the Balances of the Tuvalu Development Fund By Aggregate Receipts and Payments		-\$73,859
Opening Balance of Tuvalu Development Fund Account	\$2,204,653	
Closing Balance of Tuvalu Development Fund Account	\$2,220,904	
Movement		\$16,251
Variance		-\$90,110

IMPLICATION

- There are unexplained movements within the Tuvalu Development Fund. There are either incomplete receipts balances or incorrect accounting for expenditure.

RECOMMENDATION

- Going forward additional effort is placed in reconciling the movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account.

MANAGEMENT COMMENT

No comments received from Management

12.2013 Non-inclusion of inventory in the financial statements

FINDINGS AND ANALYSIS

Inventories have not been disclosed as assets in the financial statements. They have been expensed when purchased, rather than when consumed. There is no record of inventory.

IMPLICATION

- Assets in the Financial Statements of the TWOG are understated by the value of inventory on hand at 31/12/13
- Expenses are overstated and retained earnings understated in the Financial Statements of the TWOG by the value of inventory

RECOMMENDATION

- Similar to the assets write on process undertaken in the 2013 Financial Statements, Inventories are documented and counted on a regular basis.

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- Inventory is included in the financial statements and the accounting policy note in the financial statements is updated.

MANAGEMENT COMMENT

No comments received from Management

13.2013 Accounts for PEs not included as they have not been compiled

FINDINGS AND ANALYSIS

A review of the Public Enterprises found that the Nation Fishing Corporation of Tuvalu (NAFICOT), Tuvalu Philatelic Bureau (TPB), Tuvalu Post and Travel Limited (TPTL), and the Tuvalu Maritime Training Institute (TMTI) had not finalised their financial statements at time of the Financial Statements being published. The figures used in the financial statements were either estimates or the prior year figures.

IMPLICATION

- The values of the Public Enterprises disclosed in the financial statements do not reflect their true financial position.

RECOMMENDATION

- That the Public Enterprises ensure that they submit accounts for audit and consolidation before 30 June the following year.

MANAGEMENT COMMENT

No comments received from Management

14.2013 Tuvalu Post and Travel Limited revenues being incorrectly accounted for and retained by the TWOG

FINDINGS AND ANALYSIS

Our review of the TWOG's revenues shown that revenue was booked for sales of post office goods and Travel Office commissions. According to new agreements for the Tuvalu Post and Travel Limited Public Enterprise, these functions (and revenues earned) are no longer part of the TWOG, rather are now part of Tuvalu Post and Travel Limited. It is understood that the TWOG is providing staff on a secondment basis to Tuvalu Post and Travel Limited.

IMPLICATION

- The revenue accounted for by Treasury which relate to the Travel Office and the Post Office are overstated.
- The liability to the Tuvalu Post and Travel Office is understated.

RECOMMENDATION

- Payment of the amount owing to Tuvalu Post and Travel limited for their revenues from the Travel Office and Post Office is made and continues to be made in the future.

MANAGEMENT COMMENT

This issue should be removed as Treasury has raised AP journal entry in 2013 to realise payable amount to TPTL

15.2013 Payment of Honorarium Allowances to Civil Servants

FINDINGS AND ANALYSIS

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A review of the Ministry of Education, Youth and Sports' expenses found that Honorarium payments were being made by the TWOG to civil servants who are attending or presenting workshops.

Payment of honorarium allowances is prohibited by the TWOG Policy on meeting allowances. Attendance or presentation at these workshops is considered part of the role of these civil servants.

IMPLICATION

- These payments are not in compliance with the Policy developed surrounding payments to civil servants, and should not have been made.

RECOMMENDATION

- In future, no payments of Honorarium allowances are made to civil servants.
- Any Payment Voucher requesting allowance payments should be rejected by the Secretary for Finance.

MANAGEMENT COMMENT

No comments received from Management

16.2013 Non-inclusion of donated services in the financial statements

FINDINGS AND ANALYSIS

The TWOG receives some professional services from development partners without any cost to the TWOG. This is in the form of the provision of people to perform functions that the TWOG are unable to provide either due to lack of expertise or lack of capacity. These provided services are not being accounted for in the financial statements. We acknowledge that some of these services are estimated in the budget documentation.

IMPLICATION

- The non-inclusion of services provided by development partners without any cost to the TWOG, understates the expenses of the TWOG in the year in which the services were received. The financial statements do not show the full costs of all of the goods and services provided by the TWOG.

RECOMMENDATION

- In the future, TWOG should record the services being provided by Development Partners and include these costs in the financial statements.
- We acknowledge that getting a full list and estimating the value of the services provided by all Development Partners is not a simple undertaking. We recommend that a lesser priority is placed on this issue.

MANAGEMENT COMMENT

This issue should be removed. It has less priority effect to the decision making of TWOG.

17.2013 Usage and review of Miscellaneous Revenue account for sales of assets and fisheries pay-ins

FINDINGS AND ANALYSIS

A review of the miscellaneous revenue account found transactions relating to asset sales and a single fisheries department cash pay-in. We acknowledge that effort has been made to clear amounts out of this account.

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These revenues are incorrectly classified and should be classified to their correct revenue heads.

IMPLICATION

- The head who earned these revenues does not show these revenues in the financial statements, thereby understating their revenues.
- Asset sales are not separately disclosed in the financial statements.

RECOMMENDATION

- Review of the Miscellaneous Revenue account for mispostings continues into the future.
- A separate asset sales account is created, given the reporting of assets in the financial statements going forward and the likely disposal of assets by sale in the future.

MANAGEMENT COMMENT

No comments received from Management

18.2013 Votebook reconciliation process to include assets reporting and counting

FINDINGS AND ANALYSIS

With the recent introduction of fixed assets into the financial statements and management of fixed assets within the TWOG, there are limited measures in place to ensure that Fixed Assets, Inventory and Portable and Attractive assets are accounted for.

IMPLICATION

- Without some form of accounting process, Fixed Assets, Inventory and Portable and Attractive items may not be reported accurately, may be subject to fraud and may be not be included within the financial statements.

RECOMMENDATION

- The financial instructions are amended to include directions for the accounting for and management of Fixed Assets, Inventory and Portable and Attractive items
- The votekeepers and accountable officers on a regular basis should be required to perform a count of all of their Fixed Assets, Inventory and Portable and Attractive assets and report the results of the count to Treasury. Any unaccounted items from the previous count must be investigated and justified.

MANAGEMENT COMMENT

No comments received from Management

19.2013 TDF reconciliation and banking

FINDINGS AND ANALYSIS:

- During our review of the TDF cash reconciliation process, we noted that some payments were being made before the Payment Voucher (PV) was entered into ACCPAC. These payments were identified as part of the Bank reconciliation process.
- The bank reconciliation process for the TDF is not being performed in a timely manner and is not being kept on record.
- There are limited segregation of duties surrounding the payment of monies from the TDF and their entry into ACCPAC.

IMPLICATION

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- PVs and subsequent payments are not being entered into ACCPAC before the PV is approved and paid.
- If the bank reconciliation is not being performed in a timely manner, unauthorised payments, incorrect payments and charges may go unidentified. If there is no record of the reconciliation (hard or soft copy), than evidence of review is unable to be sought.
- Without adequate segregation of duties, the risk of payments or receipts being made incorrectly is increased as is the fraud risk.

RECOMMENDATION:

- PVs are entered into ACCPAC before payment is made.
- Bank reconciliation is performed in a timely manner and record of preparation and review is kept.
- Adequate segregation of duties are implemented in the processing of payments and receipts, entry of data into ACCPAC and bank reconciliation.

MANAGEMENT COMMENT

This is not true. Treasury enter payments which have been approved by countersigned officers before paid out.

20.2013 Settlement of purchases to Overseas Suppliers

FINDINGS AND ANALYSIS

- The payment of overseas suppliers can be arranged through the Tuvalu High Commission (THC) in Fiji. It was found that after the THC made some of these orders on behalf of the TWOG in Tuvalu and submitted the invoices/quotes to TWOG in Tuvalu, settlements of these invoice/quotes were made directly with the suppliers without the THC's consent or knowledge.

IMPLICATION

- Without notifying the THC that a direct payment to the supplier has been made by TWOG Tuvalu rather than via the THC, there is a risk of double payment occurring and accounting for these payments (and outstanding items) by the THC is considerably more complex.

RECOMMENDATION

- Documentation of settlements of purchases by telegraphic transfers in which the THC has been involved should be copied to the THC mission for monitoring purposes. This should include full details of payments including, who payment was made to, amount of the payment and what the payment was for.

MANAGEMENT COMMENT

No comments received from Management

21.2013 Establishment of the TMTS Liaison Officer

FINDINGS AND ANALYSIS

- During our review of the functions of the Tuvalu High Commission (THC), we found that the current Clerk/Registry Officer is dealing with the responsibilities of the Tuvalu Medical Treatment Scheme (TMTS) Liaison Officer. The TMTS Liaison Officer post remains vacant.

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IMPLICATION

- The Clerical/Registry Officer's responsibilities are left unperformed due to the additional effort required of taking on the functions of the TMTS Liaison Officer. This has the risk of affecting communication links between the THC and line ministries, communications with other embassies and the day to day functions of the THC.

RECOMMENDATION

- The TMTS Liaison Officer post should be established and filled so that the Clerk/Registry Officer can perform their duties.

MANAGEMENT COMMENT

No comments received from Management

22.2013 Non-payment of custom duty

FINDINGS AND ANALYSIS

Our review of Customs duty revenue found that 19 containers and 3 breakbulks (pallets of goods) have not been settled and remains outstanding to date. This was due to items being released before payment. The amount of unpaid duty could not be verified as there was no supporting documentation in the Customs file. Effort has been made by the Customs to confirm whether these items have been settled, however, they were unable to produce additional information.

IMPLICATION

- Non-payment of duty decreases TWOG revenue when customers continue to avoid payment of duty.
- The amount of Customs duty on these goods is unable to be verified.

RECOMMENDATION:

- Customs should ensure that all duty on goods should be paid prior to the releasing of items.
- Items should not be released if they have not been paid. This is to reduce the risk of non-payment of duty.
- Customs should improve their record keeping process so that they know all of the duty owed and by whom.

MANAGEMENT COMMENT

No comments received from Management

23.2013 No reconciliation performed on Customs revenue from the warehouse entry to bill of entries

FINDINGS AND ANALYSIS

During our review of Customs revenue we noted that there were no reconciliations performed on goods which were stored in private warehouses (items which duty has not been paid on yet) to the bills of entry clearing the goods out of the private warehouses. Audit noted that there was no evidence of physical counting performed on private warehouse goods.

IMPLICATION

- If the reconciliation of the private warehouse entry to the bills of entry (making payment of Customs duty) is not being performed, there is an increased risk that

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outstanding items (without duty paid) may be taken from the warehouse and sold without the payment of duty.

RECOMMENDATION:

- Reconciliation of warehouse entries to bill of entries is performed and documented (for private warehouse) in a timely manner to ensure duty on all items have been paid.
- This reconciliation is reviewed by a senior officer.

MANAGEMENT COMMENT

No comments received from Management

24.2013 Releasing of items before payment of duty

FINDING AND ANALYSIS

Items brought in to Tuvalu by ship and aircraft have been released before duty has been paid on them. This practice is common and is not in line with current Customs policy and procedures.

IMPLICATION

- Customs duties outstanding will continue to increase if they continue to release items without payment of duty.
- There is high risk that customers may never settle their custom duty, decreasing TWOG revenue.

RECOMMENDATION:

- Custom should stop the current practice of releasing items before payment and strictly follow custom rules and procedures in regards to the releasing of items.
- Supervisors should check all the ships and aircraft documentation to ensure responsible officers are adhering to the rules and procedures in place.

MANAGEMENT COMMENT

No comments received from Management

25.2013 Non reconciliation of Undelivered Cargo List to the warehousing file

FINDING AND ANALYSIS

When a ship unloads its goods, the total amount of goods unloaded is detailed in a manifest. This manifest is reconciled to the bills of entry prepared to clear the goods into Tuvalu. The goods which do not have a bill of entry appear in the Undelivered Cargo List (UCL). This represents goods on which Customs duty has not been paid.

As part of our audit testing we found that the UCL is not being updated for duty which has been paid subsequent to the initial compilation of the UCL.

IMPLICATION

- Customs will not know which items on the UCL that Duty has not been paid on. They will not know which items should remain in their possession.
- There is an increased risk that Customs will not identify goods that are taken without payment if the UCL is not updated for cleared goods.

RECOMMENDATION:

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- The UCL continues to be updated until all goods are either cleared by Customs or are seized by Customs and auctioned.

MANAGEMENT COMMENT

No comments received from Management

Appendix 1: Status of Prior Year Audit Issues which Remain Open as at 31 December 2013

Recommendation	Risk	Management response
<p>1.2012 Non Consolidation of NAFICOT and its Joint Ventures</p> <ul style="list-style-type: none"> The Joint Ventures are consolidated into the financial statements of the TWOG in the future; Proper monitoring of the Joint Ventures' performance occurs through NAFICOT; and The TWOG requests that NAFICOT produce financial statements and present them to the Office of the Auditor-General for audit as required by the PE Act. 	<p>Although NAFICOT is a company scheduled as a public trading enterprise under the PE Act, it is under the definite control of the Ministry of Natural Resources and should be incorporated into the TWOG's financial statements. The TWOG has via NAFICOT entered into multiple joint ventures with companies who are fishing within Tuvalu's waters. These are not recognised in the TWOG's financial statements, given NAFICOT have not produced financial statements since 1999.</p> <p>The assets, liabilities, expenses and revenues of the TWOG will be understated given the non-consolidation of the NAFICOT and through NAFICOT the Joint Ventures, into the TWOG's financial statements.</p> <p>Without proper reporting by NAFICOT and the Joint Ventures, the TWOG does not have any oversight of the operations of the Joint Ventures.</p>	
<p>3.2012 Tuvalu Development Fund (TDF) Opening and Closing Balances and Budget Estimates</p> <p>We acknowledge that measures are being taken to improve the management of Aid and the Tuvalu Development Fund through the creation of the Aid Information Management System. The TWOG should:</p> <ul style="list-style-type: none"> endeavour to produce opening and closing balances for each project. produce budget estimates for the TDF within the budget process which occurs surrounding the expenditure from the Consolidated Fund. Perform monitoring of the expenditure which occurs to ensure that expenditure is in line with amounts warranted from the budget. 	<p>Opening and closing balances per project have not been disclosed in TDF account in the financial statements. The TWOG is unable to show the remaining amount of funding in each project account. Without opening and closing balances, the risk is greatly increased that a project may overspend without the TWOG realising. Overspent projects paid from the TDF are usually made by expending funds from another project.</p> <p>The TDF is required by 2(2) of the Schedule of the Public Finance Act to produce budget estimates annually. No budget estimates were produced for 2012 for the Tuvalu Development Fund. Without budget estimates for expenditure from the TDF, which are to be approved by resolution of Parliament, no development warrant should be issued, except under exceptional circumstances stated in the Schedule to the Public Finance Act. Payments made under exceptional circumstances (without prior approval) must be the subject of a supplementary development estimate and be tabled and approved by resolution at the next session of Parliament. Without this Parliamentary approval, all expenditures</p>	<p>This issue should be closed – as per advice from the Audit Office to remove opening and closing balance for TDF projects in the financial statements.</p> <p>It has been a major step by the Tuvalu Treasury to incorporate the TDF into the Annual Accounts. Treasury is continuing to improve processes and reporting of the TDF and expects to address these findings as part of the 2014 Annual Financial Statements.</p>

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Recommendation	Risk	Management response
	out of the TDF are illegal.	
<p>4.2012 Tuvalu Development Fund Accountability</p> <p>Amend the Public Finance Act to make the Schedule part of the Public Finance Act, so that it can only then be changed by an Act of Parliament. Additionally, include further rules surrounding the expenditure from the TDF, to ensure that expenditure is for the purpose of the funds provided and made with Parliamentary approval.</p> <p>A review of the rules of expenditure of all of the projects within the TDF is performed, and where it is noted there is limited accountability to external parties, the TWOG develops expenditure guidelines. These guidelines are then used by TWOG staff to assess whether payments related to the purpose of the projects.</p>	<p>Currently the TDF requirements are contained in the Schedule to the Public Finance Act , which can be amended by the Minister for Finance, by giving notice to Parliament. Given these requirements are surrounding the expenditure and provision of estimates from the TDF, they are considered to be important. With these limited controls over the amendment of the TDF schedule, the Minister for Finance could potentially change the reporting and expenditure requirements of the TDF and further limit the TWOG's accountability in terms of expenditure of funds from the TDF. This has the potential to undermine Parliaments responsibility for the control of public finances.</p> <p>The only accountability surrounding expenditure from the TDF is to the provider of the funds into the TDF. Some of the contributions into the fund (for example payment of observers fees by foreign fishing vessels) do not require any accountability. The only method of accountability is the estimates and reporting process required by the Public Finance Act. With limited external accountability, funds could be expended without any Parliamentary approval and control of expenditure.</p>	<p>The Ministry will work on amending the Act to make the Schedule part of the Act.</p>
<p>5.2012 Cabinet Minutes and Records of Decisions</p> <p>Cabinet Minutes are produced and circulated in a timely manner to key decision makers.</p> <p>A record of decisions made should be made available soon after each meeting.</p>	<p>The Auditor-General requested copies of Cabinet minutes for 2013 and into 2014 to review the critical decisions made to ensure that there was executive approval.</p> <p>The majority of minutes requested were unable to be provided as they were unable to be located by the OPM staff.</p> <p>Without documentation of the decisions made by Cabinet, the Government is less able to enforce and make the changes to programs which are required. If an approved program is not performed or there is disagreement on the outcomes of the meeting, than there will be no evidence to demonstrate what should have been done.</p>	
<p>7.2012 Observer Fund Expenditure</p>	<p>The Observer's Fund, one fund within the Tuvalu Development Fund, is used to employ observers to monitor foreign fishing vessels</p>	<p>This issue should be closed.</p> <p>This practice has been stopped in 2013. There are</p>

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Recommendation	Risk	Management response
<p>A detailed set of rules is developed in order to ensure that expenditure out of the Observer's Fund is used to fund the observers program and funding is not used for purposes such as fuel and ministerial travel expenditure.</p>	<p>fishing in Tuvaluan waters. In our review of the transactions of the fund we found that there was expenditure on fuel and ministerial travel.</p> <p>The Fisheries Department was unable to present us with any rules governing the Observer's Fund, only a letter from the Secretary with guidelines on expenditure.</p> <p>Without any rules surrounding the usage of the Observer's Fund, there is no accountability surrounding the expenditure out of the fund.</p>	<p>no related payments to ministerial and fuel made in 2013 under the Observer Fund.</p>
<p>8.2012 Management of .TV Contract</p> <p>The agreement is reviewed and all the benefits to Tuvalu are documented and provided by VeriSign.</p>	<p>We have reviewed the .TV agreement with VeriSign and subsequent amendments to the agreement. We found that there were provisions in the contract surrounding scholarships and other benefits to the TWOG. The TWOG is yet to take these benefits up with VeriSign.</p> <p>Tuvalu is missing out on benefits of the VeriSign contract</p>	
<p>10.2012 Purchase Order Usage</p> <ul style="list-style-type: none"> • The TWOG develops rules surrounding purchase orders and procurement of goods, to ensure that value for money is being obtained and those funds are not committed without prior budget approval. • The financial instructions/ legislation are updated to include these requirements. 	<p>Purchase Orders are a record of the commitment to purchase, so that in the event that the incorrect goods/ service are supplied, there is documentary evidence of the intent to purchase. Purchase orders allow buyers to clearly and explicitly communicate their intentions to sellers. Without using Purchase orders and rules surrounding the usage of Purchase Orders, the TWOG could potentially overcommitting funds, not getting the best value for money, and not obtaining appropriate approval before committing to purchase goods and services.</p> <p>The TWOG does not use Purchase Orders as part of their operating procedures. Purchase Orders are mentioned in the financial instructions, however, there are no rules governing their usage or a standard format for the TWOG. We acknowledge that there are procurement rules and regulations coming into force, and look forward to reviewing the implementation of these rules.</p>	<p>Agree with this issue with the exception that the Procurement Unit was formed in mid 2013. Trials for the usage of purchase order were done in 2014.</p> <p>The Treasury Department with the Procurement Unit are working together to enforce purchase order usage in 2015</p>

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Recommendation	Risk	Management response
<p>11.2012 Special Funds Rules and Governance</p> <p>That the Minister establishes regulations for the operations and control of the Special funds, or closes the funds.</p>	<p>Under section 167(2) of the Constitution, special funds have to be established under the authority of an Act of Parliament. During the audit we requested the documentation for the establishment of each of the special funds in existence by Ministerial Order under the authority of the Public Finance Act or under a dedicated Act of Parliament.</p> <p>The documentation we received was satisfactory in the establishment of the funds, however, it was not comprehensive surrounding the rules and governance of each of the funds. We acknowledge there has been limited expenditure from the funds.</p> <p>Without rules surrounding the usage, governance and purpose of the funds, monies could be expended without proper justification and management scrutiny. There are inadequate controls for ensuring Parliamentary oversight of the receipt and expenditure of public monies from special funds.</p>	
<p>12.2012 Review of Financial Statements Reconciliations and Provision of Supporting Documentation</p> <p>We recommend that supporting documentation, calculations and analytical review are attached to the working papers and they are evidenced as reviewed.</p>	<p>We acknowledge that there has been an improvement in the preparation of the financial statement supporting documentation; however, further effort is required. The issues which were noted by the Auditor-General were:</p> <ul style="list-style-type: none"> • The reconciliations to the balance sheet accounts were completed, but limited supporting documentation was attached. • No analytical review of movements to budget and the prior year was completed. • No evidence of review on most of the documentation presented to the Auditor-General. • No documentation of the payroll fortnightly reconciliation and payroll analysis of movements in the pays. • Missing Payment Vouchers for pay 10, 14, 20 and 22 in 2013. <p>Compiling supporting documentation and performance of analytical review demonstrates understanding of the formation of the financial statements and the key drivers of the figures. This demonstration assists in the audit process and also develops TWOG staff understanding.</p>	<p>Treasury acknowledges that there will always be room for improvement.</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Recommendation	Risk	Management response
	Without review, the risk of errors being reported in the accounts is increased.	
<p>13.2012 Improper Consolidation of Public Enterprises.</p> <p>Given the current stage of the TWOG's accounts, it is recommended that a lesser priority be placed on the proper consolidation of the Public Enterprises. The TWOG should continue to account for the Public Enterprises using the equity method until there is sufficient capacity to undertake the consolidation process. However, the improper consolidation is still considered an accounting and audit issue, and should not be ignored because of priorities currently taking precedence.</p>	<p>Currently the TWOG consolidates the Public Enterprises by taking into account the equity movements (i.e. Assets minus Liabilities) of each of the Public Enterprises at the end of each year. This is not in compliance with GAAP, which the TWOG is using to prepare their financial statements.</p> <p>Under GAAP, entities that are controlled by the TWOG should be consolidated into the financial statements of the TWOG. That is all revenues, expenditures, assets and liabilities of the Public Enterprises and other controlled entities should be added to the all revenues, expenditures, assets and liabilities of the TWOG.</p> <p>The process of consolidation should also include the elimination of the TWOG's investment in each of the Public Enterprises with the TWOG's equity in each of the entities; and the elimination of transactions between the Public Enterprises and the TWOG, including Community Service Obligations.</p> <p>The expenses and revenues of the TWOG will be understated as well as the assets and liabilities. In net terms, assets and liabilities will be equivalent, as the PEs are accounted for as an investment.</p>	<p>The Treasury suggests that this finding be removed by the Audit office, as Tuvalu currently includes the Net Assets of Government Public Enterprises in the annual financial statements in line with Tuvalu Accounting Policies, and there would be minimal benefit provided from the full consolidation of these entities</p>
<p>17.2012 Follow up of Special Imprests</p> <p>The requirements of the Financial Instructions surrounding imprests is adhered to, including sending timely reminders of overdue imprests and charging interest on outstanding imprest accounts.</p>	<ul style="list-style-type: none"> • No reminder letters were sent to officers with outstanding special imprests to remind them to continue settling amounts owed. This is required by section 318(2) of the Financial Instructions which clearly states that reminder letters must be sent to officers with outstanding imprest. • Interest which should be charged on overdue imprests as per section 315(1) of the Financial Instructions is not being charged. The imprests which have not been charged relate to imprests issued in 2009. <p>Reminder letters not sent and not charging interest on overdue imprest could lead to people with outstanding imprests neglecting</p>	<p>Treasury agrees with the recommendation and has taken steps to improve processing in this regard.</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:

Year ended 31 December 2013

Recommendation	Risk	Management response						
	to settle their overdue amounts with the TWOG. The interest which is currently not charged on overdue imprests is lost revenue for TWOG.							
<p>19.2012 Variance Between Cash Accounts and Statement of Receipts and Payments by Heads</p> <p>That Treasury continues to perform this reconciliation in the future, and investigate and amend any future variances.</p>	<p>During our review of the financial statements, we noted a variance of \$220,348 between the Statement of Receipts and Payments by Heads and the Cash Account movement. We acknowledge that this is an improvement from the previous years of not producing a cash based statement of receipts and payments.</p> <p>With a variance, there is potential that an underspend of cash may have been reported, which effects the Statement of Receipts and Payments as well as the Statement of Unauthorised Expenditure.</p> <table border="1" data-bbox="772 715 1552 858"> <tr> <td>Movement per statement of Receipts and Payments</td> <td>\$9,851,362</td> </tr> <tr> <td>Movement in Cash Accounts</td> <td>\$ 9,631,015</td> </tr> <tr> <td>Variance</td> <td>\$220,348</td> </tr> </table>	Movement per statement of Receipts and Payments	\$9,851,362	Movement in Cash Accounts	\$ 9,631,015	Variance	\$220,348	<p>Treasury agrees and is looking to improve cash reconciliation in the future.</p>
Movement per statement of Receipts and Payments	\$9,851,362							
Movement in Cash Accounts	\$ 9,631,015							
Variance	\$220,348							
<p>5.2011 Fraud</p> <p>A fraud policy should be created, dealing with the definition of fraud, what is and is not fraud, the process to follow when you suspect fraud, the process to follow investigating and prosecuting fraud and the training which is required surrounding fraud.</p> <p>We acknowledge that the Financial Instructions contain information on how to deal with fraud. However, a more user friendly, easier to understand policy with clear definitions and processes will benefit the TWOG.</p> <p>Both cases of fraud would have benefited from guidance surrounding investigation, reporting and recovery of monies. A more aggressive collection and faster investigation process should occur, with the police being involved.</p>	<p>The Auditor-General expects that every public entity should formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. There has been no progress in relation to the development of a fraud policy.</p> <p>There is limited communication, awareness and training being conducted on fraud. There is a need to communicate ethics and leadership code principles to the entire staff of the TWOG.</p>	<p>The Headquarters has not yet develop a Fraud Policy, or proceeded with investigation of the instances referred to by Audit, despite the provision of the supporting evidence from Treasury.</p>						

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Recommendation	Risk	Management response
<p>8.2011 Tax Reconciliation Issues</p> <p>Monthly or more frequent reconciliation between ACCPAC and RMS is recommended. The audit team can provide an Excel template for the reconciliation. The purpose of the reconciliation is to identify mis-posting errors, payments received that are not in ACCPAC but recorded, arrears of tax which are recorded in RMS but not in ACCPAC, and payments received that appear in ACCPAC but are not recorded with IRD. Additionally we recommend the IRD document the reconciliation as audit evidence and to keep a record of variances.</p>	<p>In the past years, the Inland Revenue Department (IRD) had not performed any reconciliation from their records of taxation revenue due and collected with ACCPAC which records the actual revenue and receivables. A Reconciliation was performed for 2013 between the IRD's Revenue Management System (RMS) and the Treasury's ACCPAC for both revenues and taxation amounts receivable.</p> <p>We acknowledge that there has been improvement in the documentation of the IRD's taxes due, however, no reconciliation is being performed.</p> <p>The non-performance of the reconciliation poses a risk in that: the IRD are not be able to tell who has paid their tax or not, there have been posting errors into ACCPAC, that payment of tax has been made but is not recorded, unpaid taxes are unable to be detected and other concealed fraudulent activities are occurring. Even though Tax and Customs have their own cashier, reconciliation with ACCPAC is essential.</p>	<p>With the Cashier in place at IRD and Customs office since 2011, IRD now has an up to date record of taxes paid or unpaid and by which taxpayers. Revenue collected by the cashier is paid thrice a week to Treasury who then posts the revenue totals to their relevant heads. Reconciliations between what has been posted to ACCPAC and IRD Cashier receipts are currently done on a quarterly basis.</p>
<p>13.2011 Customs Revenue Management</p> <ol style="list-style-type: none"> 1. Physical counts are completed and a record is kept, when goods are cleared from private warehouses. Once all of the goods are cleared, perform reconciliation of the Bill of Entry to Warehouse entry to ensure that no goods have been taken from the warehouse without paying duty. 2. Continue to follow up overdue bill of entries on a regular basis. Maintain a record of this. 3. Perform a stocktake of all goods present in the Customs Warehouse and update for any movements in and out. Continue to update and perform regular stocktakes. 	<p>We noted some issues with the process of clearing imported goods through Customs and the payment of Duties and Taxes:</p> <ol style="list-style-type: none"> 1. No evidence of physical counting of released goods from the private warehouse by Customs Staff. Any goods could be being taken out of the warehouse and sold, without the payment of Customs Duty. This could reduce revenue for the TWOG and increases the risk of non-payment of Duty. 2. Settling of the majority of the Bills of Entry selected for audit testing was performed later than date payment was required. The late settling of the bill of entry implies that the follow-up performed by Customs on overdue payments is inadequate. 3. No updated record of unclaimed goods stored at the Queens warehouse was kept. This is to determine goods that will be auctioned and the numbers of years the goods have been kept at the warehouse. Without updated records of unclaimed goods the risk 	<ol style="list-style-type: none"> 1. Despite no evidence as per finding, I am not agreed with such issue due to the fact that we do provide register to monitor the movement of good in the warehouse. Therefore, I suggest that registered provide trigger as an evidence of physical counting. 2. The selected BE's with later payments allowed and given based on requested. The system established to assisted business with their cash follow. 3. The register of unclaimed goods was not up dated due to no overdue cargoes transferred to Queen Warehouse. The department of Customs had not conduct any auction last year due to no overdue cargoes transferred. <p>The Customs had assessed this risk and been treated so far and making sure the Queen</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Recommendation	Risk	Management response
	of fraud through theft is increased. Customs are unable to tell if there are unclaimed goods which have gone missing.	Warehouse register is update.
<p>15.2011 Tuvalu Fisheries Management System (TUFMAN) Data not Up-to-date</p> <ol style="list-style-type: none"> 1. The fisheries management system is updated with all financial data, including payments, and receivables. 2. Ensure that all license and access fees are entered into TUFMAN not on an excel spread sheet. 	<p>Every vessel that has been granted permission/license to fish within Tuvalu's Exclusive Economic Zone must pay access fees and vessel day fees or licence fees. Tuvalu fisheries do not maintain adequate records of payment of these fees by vessels as they do not update their system of recording payments. Currently payments are entered into an excel spread sheet rather than into their fisheries management system (TUFMAN), which has capability to record payments.</p> <p>If record of payment is not updated in TUFMAN, fisheries are unable to tell which foreign fishing vessels have made payment of their licence fee. The completeness of revenues collected from these fees is also at risk. Errors can be made and not picked up when entering data into excel spread sheets as there are no data entry controls.</p>	
<p>16.2011 No Reconciliation Between Fisheries and Treasury Records.</p> <p>The Audit recommends that the Fisheries department and Treasury department to perform a regular reconciliation of their fishing license revenue and fines to ensure that all amounts due are paid and that all payments are recorded in the Fisheries Management System (TUFMAN).</p>	<p>Fishing license Fees and Access Fees are collected by the TWOG. Payment confirmation is sent to the Treasury Department and sometimes copied to the Tuvalu Fisheries Department to update their records of payments received. No reconciliation of fishing licenses between Treasury records and the Fisheries Department records is performed. The Fisheries Department needs to know if payment has been made in order to determine if a vessel is fishing illegally in Tuvalu's Exclusive Economic Zone.</p> <p>Vessels that are found to be illegally fishing in Tuvalu's waters are normally fined in accordance with the laws of Tuvalu. The monitoring of the fines imposed and payment of the fines is not performed by the Fisheries Department. There is no follow up on fines payment, nor any method to record all fines which are due to be paid.</p> <p>As treasury records and fisheries records are not reconciled,</p>	<p>The Office and Administration Team has been established in Treasury in 2013. Government Accounts Receivable is a component of this team's responsibility and this team will investigate opportunities for improved tracking and reconciliation.</p> <p>Treasury also notes that the position in the Fisheries Department to support this process is no longer filled</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Recommendation	Risk	Management response
	<p>it makes it difficult for the fisheries department to trace whether a particular fishing vessel has paid for their fees and fines and also for Treasury to ensure that all revenues of the TWOG are completely collected. This reconciliation would also assist in identifying payments which relate to multiple financial years.</p>	
<p>17.2011 Fisheries to Keep Minutes of Negotiation on File</p> <ul style="list-style-type: none"> • Official records and minutes of negotiating to approve fishing licenses discussed via email should be filed for transparency. • The secretary for the Access Agreement and Licensing committee should file official records of decisions made (including printing or saving emails), to ensure transparency and accountability of the Access Agreement and Licensing committee. 	<p>Fishing nations/companies interested in fishing in Tuvalu's waters will firstly negotiate with the Fisheries Department through the Permanent Secretary and Director for Fisheries. The negotiation is surrounding the terms and condition of the Access Agreements. We noted that the fisheries staff are using their personal email addresses for negotiation purposes and that there are no written minutes to confirm the negotiation outcomes.</p> <p>If negotiation records including emails and minutes are not kept properly the process becomes more vulnerable to fraudulent activities which can lead to decreased revenues from fishing or increased exploitation of Tuvalu's limited fisheries resource.</p>	
<p>8.2009 Reconciliation Between Customs and ACCPAC</p> <p>Develop a reconciliation which is performed monthly, to ensure that all transactions in the Customs database are accounted for in ACCPAC.</p> <p>Initially the monthly movements could be reconciled in order to simplify the reconciliation process.</p>	<p>Currently there is no reconciliation process between the Customs revenue collection system and ACCPAC. The amount of revenue noted in the Customs database does not agree to the amount collected in ACCPAC.</p> <p>The implication is that payments recorded by ACCPAC may not agree to the Customs revenue collection database. This may cause either issues surrounding the release of goods without payment or the refusal to release goods, even though payment has been made.</p>	<p>The Office and Administration Team has been established in Treasury in 2013. Government Accounts Receivable is a component of this team's responsibility and this team will investigate opportunities for improved tracking and reconciliation</p>
<p>9.2009 Improper use of Bank Entries</p> <p>Discontinue the practice of using bank entries to process payments. Raise the payments in the Accounts Receivable or Accounts Payable module</p>	<p>The Treasury uses bank entries to process some receipts which have been made into the TWOG's bank account, but which have not been journaled into ACCPAC.</p> <p>This process does not use the Accounts receivable module which is useful for tracking donations/ payments per vendor/</p>	<p>This finding should be closed.</p> <p>AR and AP modules are now being utilised for the vast majority of payments and receipts.</p> <p>The problem of incorrect coding of entries to</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:

Year ended 31 December 2013

Recommendation	Risk	Management response
<p>and then clear them using the bank module.</p> <p>We reviewed the 2013 General Ledger and noted bank entries were made throughout the entire year. We acknowledge that they are practical for bank charges and interest, however, we noted substantial revenues being journalled with Bank Entries including .TV, Fishing Licences and Grant receipts.</p> <p>We acknowledge that the amount of Bank Entries has decreased over the years.</p>	<p>person as well as tracking if full payment has been made or not.</p> <p>Bank entries should only be for transfers between bank accounts, interest earned and bank fees.</p>	<p>allocation error or cash has also been ceased.</p>
<p>1.2008 Guarantees and Commitments Issued by Government</p> <p>Perform due diligence to identify the risks, exposure, likelihood of recovery of outlay and alternative options prior to issuing any guarantee or other financial commitments to any local or overseas institutions.</p> <p>Involve the Attorney General's office to provide a legal opinion as to the correct level of approval authority required before the TWOG commits financial or other obligations both locally and overseas.</p> <p>Formally notify and provide supporting documentation to Treasury when such guarantees are issued after proper approval and due diligence so that the nature and extent of the TWOG's commitments can be correctly recorded and reported.</p>	<p>TWOG enters into contract/ commitment which is not able to be serviced or is onerous</p> <p>Cashflow forecasts are inaccurate as all contract payments are not known by Treasury</p> <p>Contract payments may not be in accordance with the Public Finance Act if the correct authority is not provided.</p> <p>Nature and extent of the TWOG's commitments are not recorded</p>	<p>There is a Government policy for Public Debt, but the assignment of responsibility for monitoring and implementing this policy has not been clearly identified. The Government identified this need to assign responsibility within the MFED in the Government's PFM roadmap and it is expected to be reviewed by the Ministry in the coming year.</p>
<p>5.2008 Debt Management Policy</p> <p>Develop and implement a debt management policy to assist in the timely recovery of debts owed to TWOG.</p>	<p>That all debts which are owed to the TWOG are not collected.</p>	<p>There is a Government policy for Public Debt, but the assignment of responsibility for monitoring and implementing this policy has not been clearly identified. The Government identified this need to assign responsibility</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Recommendation	Risk	Management response
<p>Approve advances based only on full and complete budget details.</p> <p>Ensure appropriate documentation is available for all advances made against this account prior to processing payment.</p>		<p>within the MFED in the Government's PFM roadmap and it is expected to be reviewed by the Ministry in the coming year.</p>
<p>9.2008 Employee Entitlements</p> <p>Maintain a record of leave entitlement liabilities and provide this information at least quarterly to Treasury to include in the Financial Statements.</p>	<p>Liabilities for leave and sick leave may accrue without finance being able to forecast resultant cash flows.</p> <p>Leave may be taken, however, not recorded in the system.</p>	<p>The Government of Tuvalu does not currently record a liability for staff entitlements as this information is not maintained by the Personnel Department.</p> <p>Treasury will liaise with Personnel to improve this practice in 2013 and 2014. Additionally the Payroll and Imprest Team is investigating the possible use of ACCPAC for Payroll.</p>
<p>4.2007 Unauthorised Expenditure</p> <p>That all expenditure is processed only within the approved vote appropriation.</p> <p>Any irregular expenditure should be drawn to the immediate attention of the Auditor-General.</p>	<p>Unauthorised expenditure is processed without appropriate authority i.e. through the initial budget process, virements or supplementary funding.</p>	<p>ACCPAC is now utilised to ensure spending is maintained in line with Budgeted and Warranted expenditure.</p> <p>Responsibility drafted into Treasury role descriptions.</p> <p>Monthly vote keeper reconciliations also assist this process.</p>
<p>18.2007 Government Policy Register</p> <p>Compile a TWOG policy register to log all TWOG policies to ensure easy access and consistent application for all TWOG employees.</p>	<p>TWOG officials apply TWOG policy inconsistently giving rise to inconsistent practices across ministries and functions.</p>	<p>MFED agrees with the finding, however responsibility for this activity has not yet been identified.</p>
<p>19.2007 Government Contracts Register</p> <p>All TWOG contracts are reviewed by the TWOG legal division and monitored through a centralised contracts register. Centralising and updating TWOG contracts will facilitate better decision making,</p>	<p>Budgets are based on estimates rather than source documents.</p> <p>TWOG is unaware at a global level what contracts they are counter-party to and the impact this has on TWOG cashflows. That the TWOG are not able to effectively</p>	<p>MFED agrees with the finding, however responsibility for this activity has not yet been identified.</p> <p>This register is established in line with Procurement processes that will be introduced</p>

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Recommendation	Risk	Management response
better cash flow forecasting, better management and budgeting and increased transparency.	manage contracts to its fullest extent.	in 2014.
<p>23.F.2007 Bank Reconciliations</p> <p>Stale cheques >6 months need to be reviewed, written back and then reissued. As at 31 December 2013 it was noted that there were 4 cheques issued before 30 June 2013 which remain outstanding.</p>	<p>That stale cheques, outstanding deposits and unrepresented cheques are not valid</p>	<p>This finding should be closed.</p> <p>Treasury has improved Bank reconciliation procedures. Only truly unrepresented cheques remain outstanding and there are no significantly aged cheques.</p>
<p>23.I.2007 Bank Reconciliations</p> <p>Ensure that the Ministry of Finance are aware and record all other bank accounts that are being administered at individual ministry level for completeness.</p>	<p>That TWOG is not aware of all bank accounts in operation at ministry level.</p> <p>It was noted that there were 4 passbooks which were not in the possession of Treasury. These were the:</p> <ol style="list-style-type: none"> 1. Disaster Relief Fund Passbook 2. Health Passbook 3. Natural Resources (Project Development Fund) Passbook 4. Judiciary Passbook 	<p>Remains Outstanding. Treasury has made some progress in closing some departmental bank accounts however there remain some accounts not under the control of Treasury.</p> <p>This is an item that requires Ministries to come forward with bank accounts not held by Treasury.</p>

Appendix 2: Audit Issues Closed during the 2013 Audit

1.2007 Property, Plant and Equipment
3.2007 Inventory Recognition
8.2007 Capital Items Recorded in Recurrent Expenditure
13.2007 Unlawful Issue of Guarantees
21.2007 Conflict of interest
6.2011 In Kind Asset Accounting Policy
9.2011 Auditing of Business Taxation has not Been Performed for Past Two Years
10.2011 Penalties and Measures for Non-Compliance With Taxation Legislation Have not Been Enforced
11.2011 Ensure Reminder Letters Sent Have Been Received by Taxpayers
12.2011 RMS System is Not Updated in a Timely Manner
2.2012 Non Appropriated Payments to Tuvalu Cooperative Society suppliers
6.2012 Fraud Investigations
9.2012 Vote Book Maintenance and Reconciliation
14.2012 Documentation of Cut-off Review
15.2012 Cash Journal Entry in January to correct General Ledger
16.2012 Netting of Customs Income and Expenditure
18.2012 Financial Information Security
LC 2012.3 Schedule to the Public Finance Act – Supplementary Estimates of Expenditure
LC 2012.5 Section 224 and 225 of the Financial Instructions

Appendix 3: Tuvalu Whole of Government Financial Statements and Independent Audit Report for 2013



Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Tuvalu Whole of Government Independent Audit Report for the year ended
31 December 2013

To: Honourable Members of the Tuvalu Parliament

I have audited the accompanying financial statements of the Tuvalu Whole of Government, which comprise the Statement of Income and Expenditure, the Statement of Assets and Liabilities as at 31 December 2013, Statement of Changes in Equity, Statement of Revenue and Expenditure and by Heads, Statement of Receipts and Payments by Heads, Comparative Statement of Actual and Estimated Recurrent Expenditure by 'Subhead' for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Financial Report and Finance Minister's Responsibility

The Minister of Finance is responsible for the preparation and true and fair presentation of the financial report in accordance with the Public Finance Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Basis for Disclaimer of Audit Opinion

Uncertainty surrounding valuation, completeness and existence of Fixed Assets in the financial statements

The Tuvalu Whole of Government's accounting policy changed in 2013 to recognise fixed assets in the financial statements. The fixed assets were written on via an equity adjustment in 2013 using estimates of their value. I was unable to satisfy myself that the valuation estimates made by the Tuvalu Whole of Government were robust and accurate.

No stock count was performed at the end of 2013, thus I was unable to satisfy myself that the Fixed Assets balance was complete and that all assets in the balance existed.

I have not been able to obtain sufficient appropriate audit evidence to support the Fixed Assets portion of the Statement of Assets and Liabilities, the Introduction of Property Plant and Equipment portion of the Statement of Changes in Equity, and the non-inclusion of Depreciation expense in the Statement of Income and Expenditure.

The lack of robust valuation and lack of stock count of fixed assets constitutes a limitation of scope of the audit which is significant.

Non-consolidation of NAFICOT

The Tuvalu Whole of Government controls the National Fishing Corporation of Tuvalu (NAFICOT). NAFICOT has not produced financial statements since 1999, however it has become financially active in the past years, including entering into multiple joint venture agreements which are also financially active. Without the consolidation of the NAFICOT financial statements which include the joint venture operations, the Tuvalu Whole of Government accounts are incomplete.

I have not been able to obtain sufficient appropriate audit evidence to support the non-inclusion of NAFICOT and through it the Joint Ventures. This constitutes a limitation of scope which is significant.

Non-disclosure of Tuvalu Development Fund opening and closing balances, and non-reconciliation of the movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

The Tuvalu Development Fund receipts and payments by project for 2013 are disclosed in the financial statements. No opening cash balance of each project was provided and accordingly the closing balance (remaining funds) for each project as well as remaining funds for the entire Tuvalu Development Fund was not disclosed. The Tuvalu Whole of Government was unable to provide the opening balance of each project and was unable to reconcile the cash movement in the Tuvalu Development Fund for the year to the movement in the Tuvalu Development Fund bank account.

The non-inclusion of opening and closing balances of the individual projects in the Tuvalu Development Fund constitutes a limitation of scope which is significant.

Lack of evidence to support prior year comparatives

My audit report on the financial statements for the period ended 31 December 2012 was a Qualified Disclaimer of Audit Opinion. Due to deficiencies in controls and accounting records, there is uncertainty in relation to the 31 December 2012 comparatives presented in these financial statements.

I have not been able to obtain sufficient appropriate audit evidence to support the prior year comparatives. This constitutes a limitation of scope which is significant.

The non-inclusion of Inventory in the financial statements

Inventories are not disclosed as assets in the financial statements. They are expensed when purchased, rather than recorded as assets until consumed. There is no record of inventory, nor is there any management of inventory.

I have not been able to obtain sufficient appropriate audit evidence to support the non-inclusion of Inventory in the Statement of Assets and Liabilities and the non-inclusion of the Statement of Summaries of Unallocated Stores and Manufacturing Accounts. This constitutes a limitation of scope of the audit which is significant.

Movement of Statement of Receipts and Payments by Heads unable to be reconciled to Cash balances

The movement in the Cash Balance in the Statement of Receipts and Payments by heads was unable to be reconciled to the in Cash balances as per the Statement of Assets and Liabilities. The variance of \$220,348 is considered to be material.

I have not been able to obtain sufficient appropriate audit evidence to support the figures in the Statement of Receipts and Payments, and the Statement of Unauthorised Expenditure.

Audit Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of Matter

I draw attention to Note 19 to the financial statements which describe the unauthorised expenditures above the final budget amounts which have been made by the Tuvalu Whole of Government. My opinion is not qualified in respect of this matter.

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Scope

I was engaged to audit the accompanying financial statements of the Tuvalu Whole of Government, which comprise the all statements required under section 31 of the Public Finance Act for the year ended 31 December 2013.

Auditor's Responsibility

I have conducted an independent audit in order to express an opinion on the financial report. I have audited the accounts of the Government of Tuvalu for the year ended 31 December 2013 in accordance with section 172 of the Constitution and section 32 of the Public Finance Act.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). This responsibility arises under the Audit Act. The ISSAI standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

My audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. I assessed the results of those procedures in forming my opinion. The procedures selected depend on my judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, I considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

My audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I planned and performed the audit to obtain all information and explanations I considered necessary in order to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements.

I did not examine every transaction, nor do I guarantee complete accuracy of the financial statements. I evaluated the overall adequacy of the presentation of information in the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Report of the Auditor-General on the Tuvalu Whole of Government Accounts:
Year ended 31 December 2013

Audit Independence

The Office of the Auditor-General Tuvalu complies with all applicable independence requirements of the Audit Act.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Eli Lopati', with a long horizontal flourish extending to the right.

Eli Lopati

Auditor-General for Tuvalu

Funafuti

29 September 2014

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TUVALU WHOLE OF GOVERNMENT



FINANCIAL STATEMENTS

for the Year Ended 31 December 2013

STATEMENT OF RESPONSIBILITY


The Government is pleased to present the Financial Statements of the Government of Tuvalu for the Year Ended 31 December 2013

We hereby declare that:

- We have been responsible for the preparation of these Financial Statements and the judgments made in them.
- We are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In our opinion these Financial Statements fairly reflect the financial position and operations of the Government of Tuvalu for the Year Ended 31 December 2013

The Financial Statements were authorised for issue by the Minister of Finance on 30 June 2014.

These financial Statements have been adjusted in line with audit identified mispostings and reissued on 22 September 2014



Hon. Maatia Toafa
Minister of Finance & Economic
Development



Mrs. Limasene Teatu
Permanent Secretary for Finance and
Economic Development

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

	Notes	2013 Actual	2013 Budget	2012 Actual
<u>RECURRENT INCOME</u>				
Taxation	9	8,160,636	6,796,480	5,697,335
Interest, Dividends and Rent	10	531,581	1,662,753	1,304,096
Fisheries Licenses		18,058,838	7,050,000	8,436,208
.TV		4,355,012	4,050,000	3,712,031
External Assistance and Grants	11	9,757,540	4,846,000	10,760,913
Other Income	12	2,936,758	2,897,733	2,674,898
Distribution from Tuvalu Trust Fund		0	0	0
TOTAL RECURRENT INCOME		43,800,364	27,302,966	32,585,481
<u>RECURRENT EXPENDITURE</u>				
Wages, Salaries, and Allowances		11,955,930	12,286,079	11,291,669
Contributions to Tuvalu National Provident Fund		1,013,053	1,085,427	984,579
Travel	13	1,414,932	1,216,821	1,690,827
Fuel, Electricity and Communications		1,864,091	1,975,488	1,934,031
Maintenance		1,679,531	1,270,256	1,309,154
Bank Charges and Fees		145,872	674,000	228,310
Grants and Subsidies (incl. Scholarships Support)	14	7,844,265	8,288,617	6,517,570
Tuvalu Medical Treatment Scheme		2,310,962	1,431,650	1,926,981
Other Expenses	15	3,907,860	3,893,904	3,183,703
Special Development Expenditures		489,169	526,011	98,433
TOTAL RECURRENT EXPENDITURE		32,625,665	32,648,254	29,165,256
RECURRENT SURPLUS / (DEFICIT)		11,174,699	(5,345,287)	3,420,225
<u>OTHER REVENUE AND EXPENDITURE</u>				
Unrealised Gain (Loss) on Trust Fund Investment	4	3,140,000		3,461,000
Unrealised Gain (Loss) on Investment in Corporations	5	2,174,347		(311,137)
Unrealised Gain (Loss) on Currency Movement (Offshore Loans)	8	(1,071,045)		133,123
Gain (Loss) on Tuvalu Development Fund Operation	16	(68,828)		835,376
Doubtful Debts Expense	6	(1,770)		(172,448)
TOTAL OTHER REVENUE AND EXPENDITURE		4,172,704		3,945,914
TOTAL SURPLUS / (DEFICIT)		15,347,403		7,366,139

STATEMENT OF ASSETS AND LIABILITIES

Prepared in accordance with Public Finance Act s31(1)(i)

For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

	Notes	<u>2013</u>	<u>2012</u>
<u>GOVERNMENT EQUITY</u>			
Surplus / (Deficit)		15,347,403	7,366,139
Retained Earnings		120,063,358	54,390,522
TOTAL GOVERNMENT EQUITY		<u>135,410,761</u>	<u>61,756,661</u>
REPRESENTED BY:			
<u>ASSETS</u>			
Current Assets			
Cash & Cash Equivalents	1	10,118,073	1,565,471
Special Funds	2	1,229,520	1,098,226
Cash Investments	3	5,465,837	4,504,381
Debtors	6	1,813,255	791,410
Total current assets		<u>18,626,684</u>	<u>7,959,488</u>
Non-Current Assets			
Tuvalu Trust Fund	3 & 4	53,548,827	50,408,827
Tuvalu Development Fund	3 & 16	2,404,937	2,384,159
Investments in Corporations	3 & 5	13,222,612	11,048,265
Property, Plant and Equipment	18	58,306,697	0
Total Non-Current Assets		<u>127,483,072</u>	<u>63,841,251</u>
TOTAL ASSETS		<u>146,109,757</u>	<u>71,800,739</u>
<u>LIABILITIES</u>			
Less Current Liabilities			
Accounts Payable		902,975	571,298
Accounts Payable - Tuvalu Provident Fund		348,058	301,018
Other	7	3,948	4,008
Total current liabilities		<u>1,254,981</u>	<u>876,324</u>
Less Non-Current Liabilities			
Offshore Loans	8	7,262,791	6,614,396
Domestic Loans	8	2,181,224	2,553,357
Total non-current liabilities		<u>9,444,015</u>	<u>9,167,753</u>
TOTAL LIABILITIES		<u>10,698,995</u>	<u>10,044,078</u>
TOTAL NET ASSETS		<u>135,410,761</u>	<u>61,756,661</u>

Note: Property plant & equipment included as non-Current Asset of Government of Tuvalu for the first time in 2013.
See 4.0 of the accounting policies for further details.

STATEMENT OF CHANGES IN EQUITY**For the Year Ended 31/12/2013**

The accompanying notes form part of these financial statements.

	Notes	<u>2013</u>	<u>2012</u>
Retained Earnings as at 1 January		61,756,661	54,390,522
Movements reflected on Income Statement			
Net Surplus/(Deficit) for the period		11,174,699	3,420,225
Other Gain (Loss) for the period		4,172,704	3,945,914
Movements not reflected on Income Statement			
Introduction of Property, Plant & Equipment	18	58,306,697	0
Accumulated Funds as at 31 December		<u>135,410,761</u>	<u>61,756,661</u>

Note: See 4.0 of the Accounting Policies for details of the Introduction of Property, Plant and Equipment.

STATEMENT OF REVENUE AND EXPENDITURE BY HEADS

For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

Budget Approved on Cash Basis

<u>Head</u>	<u>Head of Expenditure / Government Function</u>	<u>2013</u> <u>Actual</u>	<u>2013</u> <u>Original</u> <u>Budget</u>	<u>Variance</u> <u>(Bud - Act)</u>
RECURRENT REVENUE				
A	Office of the Governer General	0	0	0
B	Office of the Prime Minister	261,659	330,500	(68,841)
C	Legal Services	94,994	70,500	24,493
D	Parliament	0	0	0
E	Office of the Auditor General	5,594	110,000	(104,406)
F	Finance and Economic Development	18,612,821	12,189,026	6,423,795
G	Public Utilities	93,331	128,800	(35,469)
H	Health	10,389	14,500	(4,111)
I	Natural Resources	18,246,690	7,881,150	10,365,539
J	Home Affairs	28,883	16,200	12,683
K	Police and Prison Services	14,151	38,800	(24,649)
L	Transport and Communications	6,127,704	6,152,236	(24,532)
M	Education, Youth and Sports	43,108	92,200	(49,092)
N	Judiciary	14,923	3,900	11,022
O	Foreign Affairs, Trade, Tourism, Environment & Labour	246,119	275,153	(29,034)
	Drawdown from the Tuvalu Trust Fund	0	0	0
TOTAL RECURRENT REVENUE		43,800,364	27,302,966	(16,497,398)
RECURRENT EXPENDITURE				
A	Office of the Governer General	149,236	135,909	(13,327)
B	Office of the Prime Minister	2,411,369	2,508,005	96,636
C	Legal Services	240,631	319,997	79,366
D	Parliament	508,888	478,683	(30,205)
E	Office of the Auditor General	155,169	268,380	113,211
F	Finance and Economic Development	3,506,162	3,426,129	(80,033)
G	Public Utilities	1,626,394	1,818,545	192,151
H	Health	5,426,364	4,506,944	(919,421)
I	Natural Resources	2,085,127	2,100,390	15,263
J	Home Affairs	2,925,631	3,354,463	428,833
K	Police and Prison Services	929,582	954,507	24,924
L	Transport and Communications	4,253,994	3,900,287	(353,707)
M	Education, Youth and Sports	6,188,359	6,550,078	361,719
N	Judiciary	97,676	117,934	20,257
O	Foreign Affairs, Trade, Tourism, Environment & Labour	2,121,083	2,208,004	86,921
TOTAL RECURRENT EXPENDITURE		32,625,665	32,648,254	22,588
RECURRENT SURPLUS / (DEFICIT)		11,174,699	(5,345,287)	(16,519,986)
OTHER REVENUE AND EXPENDITURE				
	Unrealised Gain (Loss) on Trust Fund Investment	3,140,000		
	Unrealised Gain (Loss) on Investment in Corporations	2,174,347		
	Unrealised Gain (Loss) on Currency Movement (Offshore Loans)	(1,071,045)		
	Gain (Loss) on Tuvalu Development Fund Operation	(68,828)		
	Doubtful Debts Expense	(1,770)		
TOTAL OTHER REVENUE AND EXPENDITURE		4,172,704		
TOTAL SURPLUS / (DEFECIT)		15,347,403		

STATEMENT OF RECEIPTS AND PAYMENTS BY HEADS
Prepared in accordance with Public Finance Act s31(1)(ii)
For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

Budget Approved on Cash Basis

<u>Head</u>	<u>Head / Government Function</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>Variance</u>
		<u>Expense & Revenue</u>	<u>Accrual Movement</u>	<u>Receipts & Payments</u>	<u>Original Budget</u>	<u>Final Budget Provision</u>	<u>(Bud - Act)</u>
RECURRENT RECEIPTS							
A	Office of the Governer General	0	(332)	(332)	0	0	332
B	Office of the Prime Minister	261,659	3,737	265,396	330,500	330,500	65,104
C	Legal Services	94,994	(27)	94,967	70,500	70,500	(24,467)
D	Parliament	0	0	0	0	0	0
E	Office of the Auditor General	5,594	(338)	5,256	110,000	110,000	104,744
F	Finance and Economic Development	18,214,451	(481,820)	17,732,631	12,189,026	12,189,026	(5,506,530)
G	Public Utilities	93,331	(627)	92,705	128,800	128,800	36,096
H	Health	10,389	(493)	9,896	14,500	14,500	4,604
I	Natural Resources	18,246,690	(3,270)	18,243,419	7,881,150	7,881,150	(10,362,269)
J	Home Affairs	28,883	(3,596)	25,286	16,200	16,200	(9,086)
K	Police and Prison Services	14,151	10,468	24,619	38,800	38,800	14,181
L	Transport and Communications	6,127,704	(239,298)	5,888,406	6,152,236	6,152,236	95,075
M	Education, Youth and Sports	43,108	(1,422)	41,686	92,200	92,200	50,514
N	Judiciary	14,923	0	14,923	3,900	3,900	(11,022)
O	Foreign Affairs, Trade, Tourism, Env. & Labour	246,119	(217)	245,902	275,153	275,153	29,251
	Drawdown from the Tuvalu Trust Fund	0	0	0	0	0	(0)
TOTAL RECEIPTS by heads		43,401,994	(717,234)	42,684,761	27,302,966	27,302,966	(16,099,028)
RECURRENT PAYMENTS							
A	Office of the Governer General	152,300	1,920	154,220	135,909	135,908	(18,312)
B	Office of the Prime Minister	2,411,369	(4,224)	2,407,145	2,508,005	2,702,902	295,758
C	Legal Services	240,631	137	240,768	319,997	319,996	79,229
D	Parliament	508,888	(5,952)	502,936	478,683	502,905	(31)
E	Office of the Auditor General	155,169	609	155,778	268,380	354,115	198,336
F	Finance and Economic Development	3,514,963	184,360	3,699,323	3,426,129	3,566,871	166,417
G	Public Utilities	1,626,394	2,615	1,629,009	1,818,545	1,816,448	149,390
H	Health	5,289,343	(124,542)	5,164,800	4,506,944	5,359,616	101,336
I	Natural Resources	2,085,127	2,514	2,087,641	2,100,390	2,172,865	80,686
J	Home Affairs	2,925,631	249,231	3,174,862	3,354,463	3,354,463	107,545
K	Police and Prison Services	929,582	606	930,188	954,507	968,414	38,226
L	Transport and Communications	4,254,693	(89,120)	4,165,573	3,900,287	4,211,089	(2,759)
M	Education, Youth and Sports	6,167,994	141,092	6,309,087	6,550,078	6,511,720	222,998
N	Judiciary	97,676	107	97,783	117,934	124,355	26,572
O	Foreign Affairs, Trade, Tourism, Env. & Labour	2,121,083	(6,798)	2,114,285	2,208,004	2,340,875	226,590
TOTAL PAYMENTS by heads		32,480,844	352,555	32,833,398	32,648,254	34,442,542	167,410
TOTAL CASH MOVEMENT				9,851,362			
Cash movement reconciled to:							
	Note			Movement	Balance as at		
Movement in Balance of Deposit Accounts	1			8,533,738	31/12/2013	30/12/2012	
Movement in Special Fund Balances	2			131,294	10,099,210	1,565,471	
Movement in Cash Investments	3			961,456	1,229,520	1,098,226	
Interest on Tuvalu Development Fund IBD	3			4,527	5,465,837	4,504,381	
					184,033	179,506	
CASH ACCOUNT MOVEMENT				9,631,015			
UNRECONCILED MOVEMENT				220,348			

COMPARATIVE STATEMENT OF ACTUAL AND ESTIMATED RECURRENT REVENUE by 'SUB HEAD'

Prepared in accordance with Public Finance Act s 31 (1)(iii)

For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

Budget Approved on Cash Basis

<u>Head of Revenue / Government Function</u>	<u>2013 Actual</u>	<u>2013 Budget</u>	<u>Variance (Bud - Act)</u>
RECURRENT REVENUE			
Office of the Prime Minister			
B01 Corporate Services - Office of the Prime Minister	622	1,500	878
B04 Personnel and Training	127,230	124,000	(3,230)
B08 Tuvalu Media Department	57,733	137,000	79,267
B11 Immigration	76,073	68,000	(8,073)
Legal Services			
C01 Office of the Attorney General	94,952	67,500	(27,451)
C02 People's Lawyer	42	3,000	2,958
Office of the Auditor General			
E01 Office of the Auditor General	5,594	110,000	104,406
Finance and Economic Development			
F01 Corporate Services - Finance	9,071,859	5,395,596	(3,676,263)
F03 Central Statistics Division	40	50	10
F04 Customs	2,650,876	3,022,000	371,124
F05 Postal	1,196	13,500	12,304
F06 Treasury	1,430,125	0	(1,430,125)
F07 Inland Revenue	5,452,310	3,746,480	(1,705,830)
F09 Industries	6,415	11,400	4,985
Public Utilities			
G01 Corporate Services - Public Utilities	19,362	0	(19,362)
G02 Energy	4,870	5,000	130
G03 Public Works Department	69,099	123,800	54,701
Health			
H03 Curative	7,863	11,000	3,137
H04 Preventative Primary and Preventative Health Services	2,526	3,500	974
Natural Resources			
I01 MNRE Headquarters	8	0	(8)
I02 Agriculture	7,812	10,400	2,588
I03 Fisheries	18,214,745	7,813,000	(10,401,745)
I04 Lands and Surveys	24,125	57,750	33,626
Home Affairs			
J01 Corporate Services - Home Affairs	28,883	16,200	(12,683)
Police and Prison Services			
K01 Police and Prison Services	14,151	38,800	24,649
Transport and Communications			
L01 Corporate Services - Communications and Transport	4,355,012	4,050,000	(305,012)
L02 Marine	1,515,174	1,827,000	311,826
L03 Aviation	256,174	272,000	15,826
L04 Information, Communication and Technology	998	3,000	2,002
L07 Meteorological Office	346	236	(110)
Education, Youth and Sports			
M04 EFA Secondary School	40,980	80,000	39,020
M05 Library	2,128	3,200	1,072
M06 Sports	0	9,000	9,000
Judiciary			
N01 Judiciary	14,923	3,900	(11,022)
Foreign Affairs, Trade, Tourism, Environment & Labour			
O03 Suva Mission	15,226	21,553	6,327
O04 Permanent Mission of Tuvalu to the UN	0	100	100
O08 Trade Office	1,810	500	(1,310)
O10 Labour	38,567	73,000	34,433
O11 Taipei Mission	190,516	180,000	(10,516)
TTF Distribution to CIF	0	0	(0)
TOTAL RECURRENT REVENUE	43,800,364	27,302,966	(16,497,398)

COMPARATIVE STATEMENT OF ACTUAL AND ESTIMATED RECURRENT EXPENDITURE by 'SUB HEAD'

Prepared in accordance with Public Finance Act s 31 (1)(iv)

For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

Budget Approved on Cash Basis

<u>Head of Expenditure / Government Function</u>	<u>2013 Actual</u>	<u>2013 Original Budget</u>	<u>Variance (Bud - Act)</u>
RECURRENT EXPENDITURE			
Office of the Governor General			
A01 Office of the Governor General	149,236	135,909	(13,327)
Office of the Prime Minister			
B01 Corporate Services - Office of the Prime Minister	1,087,777	887,754	(200,024)
B04 Personnel and Training	828,382	1,115,092	286,710
B08 Tuvalu Media Department	363,099	357,195	(5,905)
B10 Department of Women	57,591	72,490	14,900
B11 Immigration	74,519	75,474	955
Legal Services			
C01 Office of the Attorney General	194,640	212,250	17,610
C02 People's Lawyer	45,991	62,633	16,643
C03 Office of the Ombudsman	0	45,114	45,114
Parliament			
D01 Office of the Parliament	508,888	478,683	(30,205)
Office of the Auditor General			
E01 Office of the Auditor General	155,169	268,380	113,211
Finance and Economic Development			
F01 Corporate Services - Finance	2,264,999	2,112,170	(152,829)
F02 Planning and Budget	184,021	209,805	25,784
F03 Central Statistics Division	130,089	143,318	13,228
F04 Customs	177,139	202,336	25,197
F05 Postal	79,440	97,482	18,042
F06 Treasury	475,192	458,833	(16,359)
F07 Inland Revenue	82,072	93,496	11,423
F09 Industries	113,208	108,690	(4,519)
Public Utilities			
G01 Corporate Services - Public Utilities	205,786	323,189	117,403
G02 Energy	78,317	107,155	28,838
G03 Public Works Department	1,342,292	1,388,202	45,910
Health			
H01 Corporate Service - Health	2,599,061	1,685,813	(913,248)
H02 Health Administration	351,069	386,009	34,940
H03 Curative	1,977,681	1,846,086	(131,595)
H04 Preventative Primary and Preventative Health Services	498,553	589,036	90,483
Natural Resources			
I01 MNRE Headquarters	210,041	106,681	(103,359)
I02 Agriculture	342,165	382,240	40,075
I03 Fisheries	555,232	602,077	46,845
I04 Lands and Surveys	977,690	1,009,392	31,703
Home Affairs			
J01 Corporate Services - Home Affairs	206,334	449,432	243,098
J02 Department of Rural Development	2,262,791	2,335,364	72,573
J03 Community Affairs	250,431	273,450	23,019
J05 Culture	21,322	21,311	(11)
J08 Solid Waste Agency of Tuvalu (SWAT)	184,753	274,907	90,154

Continued from previous page
Head of Expenditure / Government Function

Continued on next page

		<u>2013</u> <u>Actual</u>	<u>2013</u> <u>Original</u> <u>Budget</u>	<u>Variance</u> <u>between</u> <u>Actual and</u> <u>Budget</u>
Police and Prison Services				
K01	Police and Prison Services	929,582	954,507	24,924
Transport and Communications				
L01	Corporate Services - Communications and Transport	279,498	266,158	(13,340)
L02	Marine	3,258,243	2,882,314	(375,929)
L03	Aviation	174,208	191,821	17,613
L04	Information, Communication and Technology	344,093	349,904	5,811
L07	Meteorological Office	197,952	210,089	12,137
Education, Youth and Sports				
M01	Corporate Services - Educations, Youth and Sports	889,577	941,423	51,846
M02	Education Department	360,638	405,794	45,156
M03	Primary Education	1,430,673	1,404,922	(25,751)
M04	EFA Secondary School	1,686,754	1,818,981	132,228
M05	Library	85,808	96,503	10,695
M06	Sports	90,653	13,143	(77,510)
M07	Pre-service Scholarships	1,531,203	1,733,499	202,296
M08	Youth	3,283	20,481	17,198
M09	Early Childhood Care and Education	109,770	115,332	5,562
Judiciary				
N01	Judiciary	97,676	117,934	20,257
Foreign Affairs, Trade, Tourism, Environment & Labour				
O01	MFAETLT Headquarter	224,244	223,384	(861)
O02	Labour	185,047	280,753	95,706
O03	Suva Mission	269,760	300,901	31,141
O04	Permanent Mission of Tuvalu to the UN	389,865	371,964	(17,901)
O05	Brussels Mission	360,000	368,094	8,094
O06	Environment	101,152	108,136	6,984
O07	Tuvalu Consulate in Auckland	202,227	162,814	(39,413)
O08	Trade Office	37,285	40,961	3,677
O09	Tourism	32,034	41,196	9,162
O10	Labour	84,834	124,420	39,586
O11	Taipei Mission	234,636	185,382	(49,254)
TOTAL RECURRENT EXPENDITURE		<u>32,625,665</u>	<u>32,648,254</u>	<u>22,588</u>

STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2013

1 REPORTING ENTITY

1.0 GOVERNMENT OF TUVALU

The Financial Statements of the Government of Tuvalu represent the financial activities undertaken by Government Departments including entities which operate on the outer islands and in Foreign diplomatic posts.

Tuvalu Public Enterprises, including the Tuvalu Electricity Corporation, Vaiaku Lagi Hotel, National Bank of Tuvalu, Development Bank of Tuvalu, National Fisheries Corporation of Tuvalu (NAFICOT), Tuvalu Philatelic Bureau, Tuvalu Maritime Training Institute (TMTI) and Tuvalu Telecommunications Corporation are not consolidated into the Government of Tuvalu Accounts. The Government's investment in these enterprises is included on the Statement of Assets and Liabilities.

The joint ventures in commercial fishing operations entered into by NAFICOT on behalf of the Government of Tuvalu will be included in these accounts when NAFICOT start reporting and dividends paid from NAFICOT are included as revenue.

1.1 TUVALU TRUST FUND

In 1987 under the Tuvalu Trust Fund (Finance and Information) Act, the Government of Tuvalu established the Tuvalu Trust Fund (TTF) to contribute to the long term financial stability and viability of Tuvalu by enabling it to meet financial commitments from the proceeds of investments. The Trustees represent the Governments of Tuvalu, New Zealand and Australia, which are the main contributors to the Trust Fund.

Despite being the sole beneficiary of the TTF, the Government of Tuvalu does not control the TTF. The complete Financial Statements of the TTF are not consolidated in these Financial Statements of Government. The market value of the Government of Tuvalu's contribution to the TTF is included in these Financial Statements on the Statement of Assets and Liabilities, and the remaining balance of the TTF is contained in the notes to these Financial Statements as a contingent asset.

STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2013

2 BASIS OF PREPARATION

The Statement of Income and Expenditure, Assets and Liabilities and Equity are prepared on an accrual basis, and include non-cash items such as accruals and provisions.

The Financial Statements are presented in Australian dollars, and all monetary values are rounded to whole dollars, unless mentioned otherwise.

2.1 STATEMENT OF COMPLIANCE

These Financial Statements are prepared pursuant to the Public Finance Act and are consistent with prior financial years. The Statements are in accordance with generally accepted accounting practice in Tuvalu (Tuvalu GAAP) as determined by the Government of Tuvalu. Where necessary Tuvalu GAAP is guided by the International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS) to guide general accounting policy.

2.2 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

Both the functional and presentation currencies of the Government of Tuvalu are the Australian dollar. Transactions in foreign currencies are initially recorded in the Australian dollar at the exchange rates provided by the National Bank of Tuvalu on the dates of the transactions.

At balance date, monetary assets and liabilities held in Foreign Currency are translated at the exchange rates ruling at the balance date. Resulting exchange differences are recognised in the Income Statement.

2.3 BUDGET AMOUNTS

The Financial Statements show as comparatives the amounts appropriated by the original annual Appropriation Act that relates to the current financial year. Appropriations are on a cash basis. Budget amounts in the Statement of Unauthorised expenses are the final budget figures and take into account supplementary appropriations and virements between sub heads.

2.4 CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies are applied retrospectively. There has been a change in accounting policy in 2013 in relation to Property, Plant and Equipment, see note 4.0 for the details of the change.

New accounting policies may be adopted for types of transactions that have become material to the Financial Statements for the first time. These are not considered changes in accounting policies. Likewise, some accounting policies may be reworded to better reflect the treatment of transactions; such rewording is also not considered a change in accounting policies.

2.5 MATERIAL PRIOR YEAR ERRORS

If errors are detected that have a material impact on prior years, then these are applied retrospectively, and comparatives are restated. There were no material prior year errors identified in the preparation of these accounts.

STATEMENT OF ACCOUNTING POLICIES

for the Year Ended 31 December 2013

3 ACCOUNTING POLICIES

3.0 BASIS OF PREPERATION

The Statement of Income and Expenditure; Statement of Assets and Liabilities; Statement of Changes in Equity; Statement of Revenue and Expenditure by Heads; Comparative Statements of Actual and Estimated Revenue by Subhead; and the Comparative Statement of Actual and Estimated Revenue by Subhead are prepared on an accrual basis, and include non-cash items such as accruals and provisions.

3.1 REVENUE

Revenue is recognised when earned or becomes receivable. Revenue is measured at the fair value of consideration received or receivable.

Accrued Revenue

Accrued revenue is recorded for items where revenue is earned or becomes receivable prior to the creation of an invoice.

Tuvalu Trust Fund (TTF) Disbursement Revenue

Disbursement revenue from the TTF is recognised at the time of receipt into the Government's Consolidated Investment Fund account. Transfers from the Consolidated Investment Fund Account to the Government General Account are recorded as a transfer of funds and are not treated as Government Revenue.

Taxation Revenue

Taxation Revenue is recognised at the earlier of receipt, invoice or filing of return, audit results and assessment and includes:

Income Tax – a tax on salaries and wages of workers in the economy as outlined in the Income Tax Act.

Company Tax – Taxes on the profits of large businesses. (Note: Small companies are subject to Presumptive Tax classified under "Other Taxes").

Tuvalu Consumption Tax – A tax on goods and services set at a rate of 7% of the value of the good or service.

Import Duties – Taxes, normally at percentage of the cost of the imported good based on cost plus insurance plus freight, placed on imports to Tuvalu and levied at the port of entry.

Excise Duties – Special taxes on imported goods that the Government may wish to discourage consumption of such as alcohol, and cigarettes.

Other Taxes - Include Hotel Room Tax, Departure Tax, Presumptive Tax and Sales Tax.

STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2013

Interest, Dividends, and Rent

Revenue related to interest on Government accounts, dividends received from profits of companies in which the Government holds a share, and rental revenue from Government houses and buildings is recorded in the period it relates to.

Fishing Licenses

Revenue related to the granting of Fishing Licenses to foreign fishing vessels fishing in Tuvalu's Exclusive Economic Zone is recorded in the period it relates to.

.TV Revenue

Revenue related to the license agreement with Verisign for the marketing of Tuvalu's top level internet domain ".tv" is recorded in the period it relates to.

Other Income

Other revenue related to vessel registrations, operation of maritime services (Nivaga II & Manu Folau), stevedoring and wharfage, and other operational activities is recorded in the period it relates to.

3.2 AID ACCOUNTING

External Assistance and Grants

Direct budget support is recognised at time of legally binding commitment by the donor as revenue. Aid funding received from donor agencies for projects is recognised as a receipt within the Tuvalu Development Fund account when paid, distinctly separate to the Government Consolidated Fund at time of receipt.

Grants in Kind

Tuvalu often receives grants in kind. These are often in the form of technical assistance, office equipment, investments in major infrastructure projects and property plant and equipment. Grants in kind which are assets are recognised as Property, Plant and Equipment in the year they are provided.

STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2013

3.3 EXPENDITURE

Expenditure is recognised when incurred. This is generally upon receipt of goods or receipt of invoice.

Wages and Salaries

Wage and salary expenses are recognised in the period incurred.

Contributions to Tuvalu National Provident Fund

Contributions to the Tuvalu National Provident fund are recognised for the period to which they apply.

Loan repayments, bank and interest fees

Loan Interest repayments are recognised as expenditure in the period they relate to.

Grants and Subsidies

Grant Expenses in relation to grants provided to Tuvaluans, the Kaupules of Tuvalu, and Non-Government Organisations (NGOs) are recognised at the earliest of payment to the grant recipient or legal obligation to pay has been established. The Grants provided by Government include:

General Grants and Subsidies - provided to non-Government entities to assist them in providing goods or services, to civil servants for private housing rent subsidies, and to local councils and government.

Overseas Contributions – Payments to international organizations of which the Government is a member of (e.g. United Nations, University of the South Pacific (USP), Forum Secretariat).

Scholarships and support - Expenditure incurred supporting the Government's scholarship program.

Outer Island Projects grants - Special development spending on projects for the outer islands.

Japan Fuel Grant Counterpart Fund - Payments made to the Japan Fuel Grant Counterpart Fund as a contribution to recognise Japan's assistance for fuel purchasing.

Tuvalu Medical Treatment Scheme

Expenditure incurred in the operation of the Government's overseas medical referral scheme is recognised in the period incurred.

Other Expenditure

Other expenditure related to advertising, purchasing of provisions, purchasing supplies, minor equipment, social welfare payments such as the Senior Citizen Scheme, payments for land rent to traditional landowners for Government leased land, and rent of properties by the Government is recorded in the period it relates to.

STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2013

Special Development Expenditure (Capital Expenditure)

Special Development Expenditure records a range of normally non-recurrent expenditures that include Government contributions to donor-funded projects, equipment purchases, small projects, and arrears payments.

Infrastructure assets and property, plant and equipment are recognised as assets in the period they are acquired. These capital expenditures are classified as Special Development Expenditures (SDE) in the annual budget documentation.

Tuvalu Development Fund

Payments out of the Tuvalu Development Fund is recognised on payment of amount, rather than when incurred.

3.4 ASSETS

The Government of Tuvalu recognises both Financial Assets and Non Financial Assets in these accounts. Special Development Expenditure for Property Plant and Equipment purchases, and major infrastructure investment are reflected on the Balance Sheet, and depreciation of these assets is reflected on the Statement of Income and Expenditure.

Current Assets

A current asset is deemed to be current if it is liquid or expected to be made liquid within 12 months.

Cash & Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Debtors

Debtors are measured at their expected realisable value, which is generally the original amount less a provision for amounts uncollected after 365 days. Bad debts are written off when approved by Parliament.

Property Plant and Equipment

Property, Plant and Equipment is presented at cost less accumulated depreciation and impairment losses and includes assets provided in-kind. Leasehold improvements, furniture and equipment are initially measured at cost, and then depreciated on a straight-line basis.

Depreciation

Items of Premises and equipment are depreciated using the straight line method at rates specified under the Tuvalu Asset Management Manual. The annual depreciation rates used for each class of asset are as follows:

<i>Asset Class</i>	<i>Annual Depreciation Rate (%)</i>
Automobiles & bikes	20
Equipment (Computers, Photocopier & others)	20
Buildings excluding land	3.6
Plant & Machinery (not) Vehicles	12
Furnitures & Fittings	5
Technical Equipment	5
Ships & Boats	5

Subsequent Costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Tuvalu Government and its cost can be measured reliably. The costs of the day-to-day servicing of premises and equipment are recognised in the statement of income and expenditure as incurred.

STATEMENT OF ACCOUNTING POLICIES

for the Year Ended 31 December 2013

Disposal of Property, Plant and Equipment

The gain or loss on disposal of Property, Plant and Equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the Statement of Revenue and Expenditures in the year of Disposal.

Tuvalu Development Fund

The Tuvalu Development Fund is recognised as a Non-Current Asset, reflecting the Government's agreement with donor partners to utilise development funds in line with approved donor agreements.

Other Investments

Other Investments include investments in subsidiaries, other associated parties and investments in shares in non controlled entities.

Other Investments are measured at Fair Value.

3.5 LIABILITIES

Creditors

Creditors are recognised on receipt of an approved invoice.

Accrued Expenditure

Accrued expenditure is recorded for items where expenditure is incurred prior to the receipt of an approved invoice.

Employee Entitlements

The Government does not recognise employee entitlement liabilities such as annual leave in these accounts.

Public Debt

All Public Debt is measured and presented at fair value.

STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2013

4.0 EVENTS AND DECISIONS WITH SIGNIFICANT ACCOUNTING IMPACTS

CHANGES IN ACCOUNTING POLICIES

There have been changes in accounting policies for the Year Ended 31 December 2013

Inclusion of additional information and statements

Additional Statement have been included in these 2013 Annual Financial Statements, this include the introduction of a Statement of Property, Plant and Equipment by Government departments and by assets category.

Inclusion of Fixed Asset Values in the Financial Statements

Prior to the 2013 Financial year, there was no reflection of Property, Plant and Equipment Assets and Depreciation expenses on the Statement of Assets and Liabilities and the Statement of Income and Expenditure respectively.

- In these 2013 Annual Financial Statements, the Property, Plant and Equipment Assets value has been reflected on the Statement of Assets and Liabilities as a total amount of each department's asset. The total value of Property Plant and Equipment was directly adjusted to Retained Earnings as "Introduction of Property, Plant and Equipment".

- The process undertaken in 2013 to include the Property, Plant and Equipment assets was:

- * A request was sent to all Governemnt Departments to detail their Property, Plant and Equipment Assets.
- * These requests were compiled into a fixed assets register and an estimate of the cost, the useful life of each was produced.
- * The assets were written on as assets and directly to equity. The value of each asset written on was estimated by calculating the carrying amount of the asset by taking the estimated cost and deducting accumulated depreciation.

The details of Property, Plant and Equipment Assets is presented by categories and by department in Notes 18 to the Financial Statements.

4.1 SUBSEQUENT EVENTS

No events have occurred since balance date which would materially affect the Government of Tuvalu's Financial Statements for the year.

5.0 REQUIREMENTS OF THE PUBLIC FINANCE ACT WITH ZERO BALANCE

Statement of Other Leger Balances (Nil Balances)

Statement of Outstanding Loans made from the Consolidated Revenue Fund

Tabulated summaries of unallocated stores and manufacturing accounts

Statement of balances on remittance account (Remittance Account no longer exists)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2013

NOTE 1	Statement of Balances on Deposit Accounts
NOTE 2	Statement of Special Fund Balances
NOTE 3	Statement of Investments
NOTE 4	Statement of Contingent Assets - Tuvalu Trust Fund
NOTE 5	Government Investment in Corporations
NOTE 6	Debtors
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NOTE 8	Statement of Public Debt and Statement of Contingent Liabilities
NOTE 9	Taxation
NOTE 10	Interest, Dividends and Rent
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NOTE 13	Travel
NOTE 14	Grants and Subsidies (Include Scholarship Support)
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NOTE 16	TDF Aggregate Receipts & Payments
NOTE 17	Requirement of the Public Finance Act without balances
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NOTE 19	Statement of Unauthorised Expenditures

NOTE 1

STATEMENT OF BALANCES ON DEPOSIT ACCOUNTS

Prepared in accordance with Public Finance Act s31(1)(ix)
For the Year Ended 31/12/2013

	Financial Year Ending	
	31/12/2013	31/12/2012
Consolidated Fund Accounts		
General Current Account	9,245,265	225,983
Government Call Account - 01-420002-02	0	60,611
Miscellaneous Passbook a/c - 01-420002-34	0	1,588
Intellectual Property Account - 170955-30	52,208	181,346
IBD - Housing Repurchasing - 01-420002-46	256,195	249,877
IBD - Business/Passport Investment Scheme - 01-420002-31	0	188,145
IBD - Tuvalu Parliament Building - 01-420002-42	77,804	75,889
IBD - Investment in Education Office - 01-420061-44	150,772	147,063
<i>Total Consolidated Fund Cash account balances</i>	9,782,243	1,130,502
Foreign Mission Accounts		
Cash on Hand - UN Mission	62,092	104,542
Cash on Hand - Brussel Mission	29,715	57,519
Cash on hand - Suva Embassy	76,960	57,771
Cash in transit - Suva Embassy	6,607	30,420
Cash on Hand - New Zealand Consulate Office	97,852	64,911
Cash on hand - Taiwan Embassy	9,331	0
<i>Total Foreign Mission Cash account balances</i>	282,557	315,163
Outer Island General Accounts		
Cash on Hand Nanumaga	150	29
Cash on Hand Nanumea	150	17,038
Cash in Transist - Nanumea	396	0
Cash on Hand Niutao	3,787	6,602
Cash on Hand Nui	153	18,782
Cash on Hand Nukufetau	47,584	63,711
Cash on Hand Nukulaelae	105	255
Cash on Hand Vaitupu	948	13,390
<i>Total Outer Island Cash account balances</i>	53,273	119,806
Total Cash Balances as at 31/12/2013	10,118,073	1,565,471

NOTE 2

STATEMENT OF SPECIAL FUND BALANCES
Prepared in accordance with Public Finance Act s31(1)(v)
For the Year Ended 31/12/2013

	Financial Year Ending	
	<u>31/12/2013</u>	<u>30/12/2012</u>
Special Funds		
IBD - Coinage Security - 01-420002-07		
<i>[Refer to s5(1)-Currency Act]</i>		
Opening Balance	89,416	39,709
Proceeds of sales of coins & royalties	105,814	49,707
Transfer - Government General Account		
Closing Balance	<u>195,230</u>	<u>89,416</u>
IBD - Rehabilitation - 01-420002-45		
<i>[Refer to Order 2 of the Community Rehabilitation Fund (Special Fund) Order]</i>		
Opening Balance	17,594	17,160
Interest Earnings	445	434
Closing Balance	<u>18,039</u>	<u>17,594</u>
IBD - Insurance Fund - 01-420002-48		
<i>[Refer to s20(3)(c) of Public Finance Act]</i>		
Opening Balance	395,646	385,901
Interest Earnings	9,977	9,745
Closing Balance	<u>405,624</u>	<u>395,646</u>
IBD - NBT Insurance - 01-680824-40		
<i>[Refer to s4-NBT(Insurance Fund)Act]</i>		
Opening Balance	595,570	580,877
Interest Earnings	15,058	14,693
Closing Balance	<u>610,627</u>	<u>595,570</u>
Total Special Funds balance as at 31/12/2013	<u><u>1,229,520</u></u>	<u><u>1,098,226</u></u>

NOTE 3

STATEMENT OF INVESTMENTS

Prepared in accordance with Public Finance Act s31(1)(xi)
For the Year Ended 31/12/2013

	Notes	Financial Year Ending	
		31/12/2013	30/12/2012
Cash Investments			
Consolidated Investment Fund	3	5,419,544	4,459,230
Government Air Pacific Bank Guarantee - 01-420002-40	3	46,293	45,152
Total Cash Investments as at 31/12/2013		5,465,837	4,504,381
Non-Current Investments			
Tuvalu Trust Fund - GOT Contribution	4	53,548,827	50,408,827
Capital in Corporations (total)	5	13,222,612	11,048,265
Sub total		66,771,439	61,457,092
Tuvalu Development Fund		2,220,904	2,204,653
IBD - Tuvalu Development Fund - 01-751389-40		184,033	179,506
Sub total Tuvalu Development Fund		2,404,937	2,384,159
Total Non-current Investments as at 31/12/2013		69,176,375	63,841,251
Total Investments of Government as at 31/12/2013		74,642,212	68,345,632

NOTE 4

STATEMENT OF CONTINGENT ASSETS

Prepared in accordance with Public Finance Act s31(1)(x)

For the Year Ended 31/12/2013

TUVALU TRUST FUND (TTF)

Given the nature of the TTF and the fact that Tuvalu is the sole beneficiary of the TTF, it is anticipated that in the event of any 'wind up' of the TTF, the market value of all TTF balances would be available to the Government of Tuvalu.

The market value of Government of Tuvalu contribution balance of the TTF is disclosed on the Statement of Assets and Liabilities.

The market value of contribution balances from other parties to the TTF are classified as a contingent asset of the Government. There is no existing 'wind up' provision within the TTF legislation.

Tuvalu Trust Fund Balance

	Market Value (MV) (TTF) as at 31 December \$'000	Total TTF Contribution Balance \$'000	GOT Contribution Balance \$'000	GOT % of Contributions	Disclosed as GOT Asset (% cont. x MV)	GOT Contingent Asset \$'000
2008 Closing Balance	\$ 95,026	\$ 71,996	\$ 31,885	44%	\$ 42,084	\$ 52,942
2009 Closing Balance	\$ 97,561	\$ 73,279	\$ 31,885	44%	\$ 42,450	\$ 55,111
2010 Closing Balance	\$ 110,610	\$ 76,611	\$ 31,885	42%	\$ 46,035	\$ 64,575
2011 Closing Balance	\$ 118,692	\$ 80,611	\$ 31,885	40%	\$ 46,948	\$ 71,744
2012 Closing Balance	\$ 130,605	\$ 82,611	\$ 31,885	39%	\$ 50,409	\$ 80,196
2013 Closing Balance	\$ 140,705	\$ 83,781	\$ 31,885	38%	\$ 53,549	\$ 87,156

Tuvalu Trust Fund Contribution Balances

	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Tuvalu	31,885	31,885	31,885	31,885	31,885	31,885
United Kingdom	8,450	8,450	8,450	8,450	8,450	8,450
Australia	18,319	19,570	22,901	26,901	28,901	30,071
New Zealand	12,579	12,579	12,579	12,579	12,579	12,579
Japan	695	695	695	695	695	695
South Korea	69	101	101	101	101	101
Total Contributions	71,996	73,279	76,611	80,611	82,611	83,781

Note: The movement of the GOT Asset on the Statement of Income & Expenditure from \$50.409m in 2012 to \$53.549m in 2013 is \$3.140m.

NOTE 5

GOVERNMENT INVESTMENT IN CORPORATIONS For the Year Ended 31/12/2013

Tuvalu Public Enterprises are not consolidated into the Government of Tuvalu Accounts. The net asset positions of Public Enterprises listed below are included on the Statement of Assets and Liabilities as an Investment in Corporations, in addition to Government investments in non-Government corporations.

<u>Corporation</u>	2011		2012		2013	
	<u>Net Assets of corporation</u>	<u>GOT share of Net Assets</u>	<u>Net Assets of corporation</u>	<u>GOT share of Net Assets</u>	<u>Net Assets of corporation</u>	<u>GOT share of Net Assets</u>
Tuvalu Maritime Training Institute ¹	1,561,649	1,561,649	565,639	565,639	2,914,420	2,914,420
National Fisheries Corporation of Tuvalu ^{1&2}	0	0	0	0	0	0
Development Bank of Tuvalu	2,410,843	2,410,843	2,024,750	2,024,750	887,345	887,345
Vaiaku Lagi Hotel	29,283	29,283	-36,852	0	-49,043	0
National Bank of Tuvalu	7,377,037	7,377,037	7,741,360	7,702,843	9,420,846	9,420,846
Philatelic Bureau ³	-157,170	0	-201,240	0	0	0
Tuvalu Electricity Corporation ¹	-937,572	0	755,032	755,032	-901,153	0
Tuvalu Telecommunications Corporation ¹	-984,335	0	-1,283,449	0	-700,731	0
Tuvalu Post and Travel Limited ⁴			0	0	0	0
		11,474,370		11,048,265		13,222,611

Unrealised Gain (Loss) on Investment in Corporations		808,488		-426,105		2,174,346
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Notes

Corporations with negative net assets are recognised at zero value, as in the event of wind-up of the PE, the Government of Tuvalu is not considered liable for the deficit in Net Assets.

¹ The Net Asset Values for these Public Enterprises have been sourced from 2013 unaudited Financial Statements.

² The National Fisheries Corporation of Tuvalu has not prepared its accounts since 1999, the debt of NAFICOT is recognised as a liability.

³ The Tuvalu Philatelic Bureau has not yet prepared its financial statements for the year 2013, therefore the 2012 Net Assets value was used.

⁴ The Tuvalu Postal Office, Tuvalu Philatelic Bureau and Travel Office departments were officially merged into one public enterprise (TPTL) on the 26th of November 2012 as per approval of Parliament. The Tuvalu Philatelic Bureau has not been removed from the Public Enterprise Act and remains a Public Enterprise. All shares in the held under Tuavlu Philatelic Bureau have been transferred to TPTL. The TPTL has not prepared any accounts since it was established.

NOTE 6

DEBTORS

For the Year Ended 31/12/2013

Classification	Notes	Financial Year Ending	
		2013	2012
Claimed Debts Control Account	6b	1,096,910	490,599
Other Debtors Control Account	6b	547,629	335,453
Personal Loan Control Account	6b	18,866	33,986
Special Imprest Control Account	6b	42,815	5,112
Standing and Working Imprest Control Account	6b	3,000	6,827
		<u>1,709,219</u>	<u>871,976</u>
Accrued Revenue		248,508	131,680
Other Debtors NBT		14,072	16,072
		<u>1,971,798</u>	<u>1,019,727</u>
TOTAL DEBTORS			
Less Allowance for Doubtful Debts		(158,544)	(228,318)
Provision for Doubtful Debts			
		<u>1,813,255</u>	<u>791,410</u>
NET DEBTORS			

NOTE 6(a)

STATEMENT OF BALANCES ON ADVANCES ACCOUNT FROM THE CONSOLIDATED FUND

Prepared in accordance with Public Finance Act s31(1)(vii)

For the Year Ended 31/12/2013

CATEGORIES OF s13 (1) PFA	Advance Description	Financial Year Ending	
		2013	2012
(a) <i>issued on behalf of, and recoverable from, any other Government.</i>	Tuvalu Delegation to Mauritius	70,537	70,537
	GG Delegation to Malta	60,075	60,075
	Nui Ramp	-	467
	Sub-total	130,612	131,079
(c) <i>issued to public officers for such purposes and on such terms and conditions as may be prescribed from time to time</i>	Malaysian Technical Cooperation Programme	-	782
	Reimbursement of patients	-	70
	Min Finance and Economic Development	-	699
	Regional Seasonal Employment Scheme	-	150,567
	Sub-total	-	152,118
(e) <i>issued in accordance with a specific agreement, to agents appointed by the Government to perform functions on its behalf</i>	NZ Medical Treatment Scheme	-	62,689
	Sub-total	-	62,689
	TOTAL ADVANCES	130,612	345,886

Disclosure; There are no advances under items (b),(d) and (f).

NOTE 6(b)

STATEMENT OF ARREARS OF REVENUE BY SUBHEAD Prepared in accordance with Public Finance Act s 31 (1)(xiv) For the Year Ended 31/12/2013

The accompanying notes form part of these financial statements.

<u>Head of Revenue / Government Function</u>	<u>Total Arrears of Revenue</u>
Office of the Prime Minister	
B10 Department of Women	(67)
Finance and Economic Development	
F01 Corporate Services - Finance	2,861
F02 Planning and Budget	(69)
F07 Inland Revenue	953,396
F09 Industries	39
Public Utilities	
Health	
H01 Corporate Service - Health	(389)
Natural Resources	
I03 Fisheries	(10)
Home Affairs	
J01 Corporate Services - Home Affairs	(51)
Police and Prison Services	
K01 Police and Prison Services	124,513
Transport and Communications	
L02 Marine	(30)
L07 Meteorological Office	(156)
Education, Youth and Sports	
M02 Education Department	(41)
Foreign Affairs, Trade, Tourism, Environment & Labour	
O06 Environment	(1)
Arrears not related to Sub-Head (clearing)	195,675
TOTAL ARREARS OF REVENUE	<u><u>1,275,669</u></u>

NOTE 7

**Prepared in accordance with Public Finance Act s31(1)(i)
For the Year Ended 31/12/2013**

The accompanying notes form part of these financial statements.

	<u>2013</u>	<u>2012</u>
OTHER RECURRENT LIABILITIES		
Clearing - Money Order	885	740
Police Fund	1,513	2,058
Overseas Civil Servants Deductions to NBT	1,550	1,210
TOTAL	<u>3,948</u>	<u>4,008</u>

NOTE 8 (a)**STATEMENT OF CONTINGENT LIABILITIES**

Prepared in accordance with Public Finance Act s31(1)(x)
For the Year Ended 31/12/2012

	<u>Agency</u>	<u>Original Guarantee</u>	<u>2011 Debt Balance</u>	<u>2012 Debt Balance</u>	<u>2013 Debt Balance</u>	
Air Pacific Guarantee (NBT Guarantee on Travel Office operations)	NBT	AUD40000	40,000	40,000	40,000	The Government of Tuvalu guarantee with this amount of money Tuvalu Travel Office operations on behalf of Air Pacific Ltd.
DBT Global Loan 2 - Guarantee	EIB	EUR0.7m	161,861	532,607	542,948	The Government of Tuvalu guarantee this loan made to the DBT by the European Investment Bank.
National Bank of Tuvalu Deposits- Guarantee	NBT	n/a	21,206,446	22,500,408	30,149,190	s21 (1) - National Bank of Tuvalu Act - Government of Tuvalu Gaurantees all Deposits held at the National Bank of Tuvalu.
			21,908,307	23,073,015	30,732,138	

Exchange Rates applied to Public Debt Balances at year end (Reserve Bank of Australia Website)

<u>CURRENCY</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
AUD - EURO	0.7847	0.7868	0.6485
AUD - USD	1.0156	1.0384	0.8948
AUD - SDR (Special Drawing Right)	0.6636	0.6757	0.5811

NOTE 9**TAXATION**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
Income Tax	1,655,650	1,500,000	2,184,271
Company Tax	2,977,900	1,900,000	1,018,153
Tuvalu Consumption Tax	649,475	250,000	20,662
Import Duty	2,046,696	2,350,000	1,749,722
Import Levy & Excise	559,279	620,000	596,041
Other Taxes	271,636	176,480	128,485
	<u>8,160,636</u>	<u>6,796,480</u>	<u>5,697,335</u>

NOTE 10**INTEREST, DIVIDENDS & RENT**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
Interest and Dividends	283,324	1,312,000	1,092,623
Lease, rent and hire	248,257	350,753	211,473
	<u>531,581</u>	<u>1,662,753</u>	<u>1,304,096</u>

NOTE 11**EXTERNAL ASSISTANCE & GRANTS**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
European Union (EU)	0	0	8,059
EU - V-flex Grant	0	0	1,999,784
Republic of China (Taiwan)	5,355,306	4,680,000	4,766,540
AusAID (CIF)	500,000	0	3,900,000
New Zealand (CIF)	351,095	0	0
World Bank, IMF, ADB	2,178,733	10,000	0
Project Development Fund (PDF)	0	156,000	0
Other Donors	1,372,405	0	86,530
	<u>9,757,540</u>	<u>4,846,000</u>	<u>10,760,913</u>

NOTE 12**OTHER INCOME**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
Vessel Registrations	804,609	850,000	794,878
Marine Services (Nivaga II & Manu Folau)	518,297	545,000	401,371
Stevedoring and Wharfage	174,028	339,000	136,643
Provision of Goods and Services	585,306	798,437	656,186
Foreign Exchange Gain	77,083	0	9,515
Regional Seasonal Employment Workers Repayment	37,567	70,000	53,281
Other Charges	739,868	295,296	623,024
	<u>2,936,758</u>	<u>2,897,733</u>	<u>2,674,898</u>

NOTE 13**Travel**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
Overseas Travel & Subsistence	474,798	432,928	616,373
Local Travel & Subsistence	461,450	383,446	460,995
Leave Travel Entitlements	51,291	188,034	91,839
Statutory Travel	427,392	212,413	521,620
	<u>1,414,932</u>	<u>1,216,821</u>	<u>1,690,827</u>

NOTE 14**GRANTS AND SUBSIDIES (incl. Scholarship Support)**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
Grants and Subsidies	4,070,987	4,059,203	2,316,359
Outer Island Projects (SDE)	1,173,349	1,200,000	1,028,019
Scholarships and Support	1,800,429	2,253,118	1,878,982
Contribution to Japan Grant Counterpart Fund	0	0	886,372
Overseas Contributions	799,500	776,296	407,839
	<u>7,844,265</u>	<u>8,288,617</u>	<u>6,517,570</u>

NOTE 15**OTHER EXPENSES**

	<u>2013</u> Actual	<u>2013</u> Budget	<u>2012</u> Actual
Advertising and Provisions	862,296	822,580	806,075
Supplies and Equipment	1,870,982	1,898,568	1,299,892
Senior Citizen Scheme / Pension	226,693	239,130	230,564
Land & Property Rent	947,889	933,627	847,172
	<u>3,907,860</u>	<u>3,893,904</u>	<u>3,183,703</u>

NOTE 16

STATEMENT ON BALANCE OF THE TUVALU DEVELOPMENT FUND ACCOUNT BY AGGREGATE RECEIPTS AND PAYMENTS

Prepared in Accordance with Public Finance Act s31(1)(xvi)

For the Year Ended 31/12/2013

The accompanying notes form parts of these financial statements.

<u>Donor</u>	<u>ACCTID</u>	<u>Project Name</u>	<u>Payments</u>	<u>Receipts</u>	<u>Movements</u>
AUSAID					
	2013020020	NAPA 1+	17,275	38,475	21,200
	2013020021	Supply of materials & construction of store room (Police)	4,106	4,979	874
		AUSAID Total	21,381	43,455	22,074
EU					
	2013270005	EU SANITATION PE	26,590	36,640	10,050
		EU Total	26,590	36,640	10,050
FFA					
	2005060035	Contribution to CFC	1,080	1,080	0
	2005060036	Vesel Monitoring System Operation (VMS Operation)	16,125	18	-16,106
	2005060040	VESSEL MONITORING SYSTEM OPERATION	1,974	0	-1,974
	2008060039	Ref Observer fee for Albacora UNO	2,970	2,970	0
	2009060044	FISHERIES OBSERVER FEE PROJECT	329,410	331,659	2,249
	2011060052	Fisheries Programme Activities	35,078	2,625	-32,453
	2012060053	Western & Central pacific Fisheries	150	0	-150
	2013060054	Surveillance Fuel Contribution	47,348	407	-46,941
	2013060055	Island Council Consultation on Inshore Fisheries	4,529	21,165	16,636
		FFA Total	438,664	359,925	-78,739
Forum SEC					
	2012090013	FORUMSEC: PACC (Created in ERROR - Do not use)	50,000	0	-50,000
	2013090013	Support for Pacific Plain Review- Country Consultation	2,229	2,250	21
	2013090015	Funds for Tuna Data Providers	11,858	23,052	11,194
	2013090014	Support to Nukulaelae Local Government	2,412	2,408	-4
	2013090016	To Purchase Office Equipment for Nui Kaupule	995	2,733	1,738
	2013090017	To Purchase Office Equipment for Nanumaga Kuapule	2,965	2,986	21
		Forum SEC Total	70,460	33,429	-37,030
India					
	2009210003	Hospital equipment	1,942	0	-1,942
	2013210004	PAYMENT FOR GRASS-CUTTERS	12,434	24,487	12,053
		India Total	14,376	24,487	10,111
Italy					
	2009370002	Tuvalu Photovoltaic Electricity Network Integration Project	2,541	1,335	-1,206
		Italy Total	2,541	1,335	-1,206
Japan					
	2010070019	Nanumaga Clinics	6,069	0	-6,069
	2011070022	NUKUFETAU CLINIC CENTRE	60	0	-60
	2012070023	Princess Margret Pediatric Ward	53,719	7,184	-46,535
	2013070024	Improvement of Water Supply System for Nanumea Island	151,596	155,590	3,995
	2013070023	PMH - Pediatric Ward	5,626	5,626	0
		Japan Total	217,069	174,469	-42,601
Kazakhsatan					
	2013500001	Travel Support for Foreign Affairs Dept	25,602	27,619	2,017
	2013500002	Tourism Marketing and Promotion	30,090	96,938	66,848
		Kazakhsatan Total	55,692	124,557	68,865
NZAID					
	2010010045	Nui Shredder	140	0	-140
	2012010048	TEC GRANT	16,975	26,745	9,770
	2012010050	Cost of 1 year for the Aid Adviser & Budget Adviser	20,738	0	-20,738
	2013010051	NZ GRANT FOR NIVAGA II	118,823	0	-118,823
	2013010052	Pension scheme planning for the future's study Programme	3,772	0	-3,772
	2013010053	Tuvalu Short Term Technical Assistance for the Tuvalu Equity	19,999	20,625	626
	2013010054	FISHERIES ADVISOR TRAVEL	12,105	34,928	22,823
		NZAID Total	192,551	82,298	-110,253
OSSHMM					
	2009380001	HIV TRAINING IN TUVALU	3,000	0	-3,000
		OSSHMM Total	3,000	0	-3,000

<u>Donor</u>	<u>ACCTID</u>	<u>Project Name</u>	<u>Payments</u>	<u>Receipts</u>	<u>Movements</u>
ROC					
	2005110023	Support for ICT	5,139	6,140	1,001
	2012110040	MV Nivaga II Emergency Slipping	110,183	0	-110,183
	2012110041	Defects List and Manintenance	396,414	0	-396,414
	2012110043	Victualling for MV Nivaga II & MV Manufolau	262,274	87,418	-174,856
	2012110045	Establishment Taipei Mission	4,212	0	-4,212
	2012110046	UNFCCC-COP18	1,729	0	-1,729
	2012110048	Establishment of the Tuvalu Mission to Taipei (Do not use)	4,690	4,690	0
	2013110047	Printing of Primary School Textbooks	0	78,635	78,635
	2013110048	Establishment of the Tuvalu Mission to Taipei	29,873	33,885	4,011
	2013110049	Pediatric Ward in the Princess Margaret Hospital	77,677	77,729	52
	2013110050	International Women's Day Celebration (4-8 March 2013)	300	300	0
	2013110051	Tuvalu Trade Fair Contribution	800	940	140
		ROC Total	893,292	289,737	-603,555
Singapore (Ship Registry)					
	2007310003	LELD in Tuvalu	300	0	-300
	2008310005	SUPPORT TO THE MHARD 7TH RURAL DEV.	5	0	-5
	2011310001	Kaupule Election	151	0	-151
	2012310002	Contribution LEL Rollout	43	0	-43
	2013310003	Unforeseen Expenses-LEL and ISP Training of Trainer's W/S 12	4,212	5,372	1,160
	2013310004	Local Elected Leadership 2013 Roll Out Workshops Activity	0	38,372	38,372
		Singapore (Ship Registry) Total	4,711	43,744	39,033
SOPAC					
	2009140009	IWRM	15,772	8,424	-7,348
	2010140010	Water & Sanitation with MOH	145	0	-145
	2012140011	Advance Payment for PUI-Diasater REduction Program	2,842	0	-2,842
		SOPAC Total	18,759	8,424	-10,335
SPBEA South Pacific Board of Education Assessment					
	2013420002	Manauai Charter Drop Off MSS Examination Papers	1,988	1,988	0
		SPBEA South Pacific Board of Education Assessment Total	1,988	1,988	0
SPC					
	2009100004	SPC DHS WORKING ADV	2,579	0	-2,579
	2011100012	Tuvalu National Strategic Plan for NCD 2011-2015	75,377	1,631	-73,746
	2012100011	Tuvalu Grant PMH	585	0	-585
	2013100014	International Women's Day Celebration (4-8 Marh 2013)	11,830	10,190	-1,640
	2013100015	Funafuti FADS Fishing Skills Workshop Allowances	21,084	20,306	-778
	2013100016	The Global Cimate Chage Alliance for Pacific Small IS State	19,769	40,050	20,281
	2013100017	Gender Policy Consultation	2,300	2,300	0
	2013100018	Global Climate Change Alliance(Adaptation Fund)	0	426,000	426,000
		SPC Total	133,525	500,477	366,953
SPREP					
	2008040009	Fund to Legislative Assistance	72	0	-72
	2009040013	PACC PROJECT (LOIA)	142,659	291,987	149,329
	2013040015	GEF PAS PROJECT	0	15,282	15,282
	2014040016	Support for Tuvalu's Energy Efficiency Demonstration House	0	17,002	17,002
		SPREP Total	142,730	324,272	181,542
Turkey					
	2013360003	Improving of Office Equipments within the Ekalesi Kelisiano	0	22,910	22,910
		Turkey Total	0	22,910	22,910
Tuvalu					
	2012440001	Disaster Relief Fund	10,940	41,149	30,209
		Tuvalu Total	10,940	41,149	30,209
UN Office at Geneva					
	2012470001	LEG 22nd Workshop	2,507	0	-2,507
		UN Office at Geneva Total	2,507	0	-2,507

<u>Donor</u>	<u>ACCTID</u>	<u>Project Name</u>	<u>Payments</u>	<u>Receipts</u>	<u>Movements</u>
UNDP					
	2003050010	National Adaptation Programme of Action (NAPA)	619,668	588,117	-31,551
	2005050015	National Biosafety Frame Work	3,921	1,700	-2,221
	2005050016	Stocktacking Exercise 2nd National Communication	310	310	0
	2006050019	GEF Operational Focal Point Activities	420	0	-420
	2006050027	Support to Local Governance	6,201	0	-6,201
	2007050022	Capacity Building for Sustainable Land Management	269	0	-269
	2007050025	Tuvalu Community Tree Care Enviroment	320	0	-320
	2008050030	NATIONAL BIODIVERSITY STRATEGIC ACTION	4,169	1	-4,168
	2012050053	Wire Transfer Clearing Acc	75	75	0
	2013050001	EIF-Tuvalu Trade capacity Development & Institutional Stren	6,861	6,861	0
	2013050010	New UN Project to be confirm	0	5,900	5,900
	2013050034	EIF-Tuvalu Trade capacity Development & Institutional Stren	33,676	43,028	9,352
		UNDP Total	675,889	645,991	-29,898
UNEP (United Nation Enviroment Program)					
	2010390001	Ozone Depleting Substances (ODS)	32,939	25,290	-7,649
	2010390002	HCFC Phase - Out Mgmnt Plan (HPMP)	21,461	22,534	1,073
		UNEP (United Nation Enviroment Program) Total	54,400	47,824	-6,576
UNESCO					
	2005180015	Tuvalu Children Conference	3,409	3,109	-300
	2011180034	UNESCO TESP II	1,200	258	-942
	2011180035	UNESCO Activities	48,426	50,733	2,308
		UNESCO Total	53,035	54,101	1,066
UNFPA					
	2012450001	Tuvalu National Population Policy	3,740	3,740	0
	2012450002	Tuvalu National Census 2012	14,694	42,100	27,406
	2013450003	RH & FP PROGRAMME	16,594	20,940	4,346
	2013450004	Youth AHD Programme	0	1,085	1,085
		UNFPA Total	35,028	67,865	32,837
UNICEF					
	2013130010	UNICEF: Implement the MEYS-UNICEF 2012 Cooperation Agreeem	517,244	504,756	-12,488
	2013130011	World Immunization Week 2013	5,411	5,760	349
		UNICEF Total	522,655	510,516	-12,139
Unversity of Auckland					
	2012460001	Climate Change Education for Sustainable Development	200	400	200
		University of Auckland Total	200	400	200
USP					
	2007150002	Teachers In - Services Training Workshop	5,153	0	-5,153
		USP Total	5,153	0	-5,153
WHO					
	2005080034	DE- Worming Program in Tuvalu	375	0	-375
	2006080042	DE-WORMING PROGRAM IN TUVALU	1,675	0	-1,675
	2010080056	National Training W/shop for Strategic Health Community	6,406	0	-6,406
	2010080061	Junior Nurses Refreshing W/shop	116	0	-116
	2010080064	Tu8 World Blood day	5,909	6,000	91
	2010080065	Lymphatic Filarisis	1,450	0	-1,450
	2010080069	Workshop on IHR (Implemented with MOH & Others Agencies)	6,412	7,939	1,527
	2011080072	In-country Training Workshop	3,260	0	-3,260
	2011080075	World NO Tobacco Day 2011	353	0	-353
	2011080078	Global School Base Health Survey	4,232	50	-4,182
	2012080080	DFC-WORK TO CONDUCT RATION DRUG USE AWARENESS BY IEC	0	11,308	11,308
	2012080081	Human Resources for Health Plan	5,929	1,140	-4,789
	2012080083	Revising of Standard Treatment Guideline in Tuvalu	530	0	-530
	2012080085	Household Survey for Medicines Use and Access	400	0	-400
	2012080088	Workshop/Seminar/Presentation of NCCHAP Plan	1,460	0	-1,460
	2012080089	TUV-PEN and Salt Reduction & TUV-Crisis Response	20,636	325	-20,311
	2013080090	Support for Biomedical Technician Salary and Maintenance	7,502	26,139	18,637
	2013080091	Health Budget Analysis/Tracking	0	5,360	5,360
	2013080092	Workshop for Nurses on Managing Drug Supplies & POLHN	16,280	25,045	8,765
	2013080093	Data Violence Project-Injury and Prevention	1,420	1,540	120
	2013080094	To Support Purchasing of Supplies & Equipments for Health In	0	6,318	6,318
	2013080095	Local Consultation & Meetings on Draft Legislation Bill	0	7,725	7,725
	2013080096	Procurement of Equipments for the POLHN Center	0	11,380	11,380
	2013080097	To Purchase Computers for the Pharmacy Dept	0	5,758	5,758
		WHO Total	84,346	116,027	31,681
International Labour Organisation					
	2013490002	1st Payment ILo MLC MTG	260	1,500	1,240
	2013490001	Labour Market Survey	13,241	13,804	562
		International Labour Organisation Total	13,501	15,304	1,802

<u>Donor</u>	<u>ACCTID</u>	<u>Project Name</u>	<u>Payments</u>	<u>Receipts</u>	<u>Movements</u>
Russia					
	2013480001	OFFICE EQUIPMENT FOR FOREIGN AFFAIRS	7,476	7,673	197
	2013480002	Funding Assistance for Delegation to 44th PIF Leader's Meeti	62,266	63,222	956
		Russia Total	69,742	70,895	1,153
FAO					
	2013510001	FOOD & AGRICULTURE ORGANIZATION OF THE UN	12,079	20,415	8,337
		FAO Total	12,079	20,415	8,337
France					
	2013520001	Workshop on Record Keeping and Information Management	8,850	8,913	64
		France Total	8,850	8,913	64
CZECH REPUBLIC					
	2013530001	MOTUFOUA SECONDARY SCHOOL AS AN E-LEARNING MODE	8,285	8,285	0
		CZECH REPUBLIC Total	8,285	8,285	0
Pacific Islands Trade					
	2013540001	Tuvalu Trade Fair Contribution	6,241	7,261	1,021
		Pacific Islands Trade Total	6,241	7,261	1,021
SAUDI ARABIA					
	2013550001	DSA FOR UNGA DELEGATION	0	25,523	25,523
		SAUDI ARABIA Total	0	25,523	25,523
		Gross Income (Projects Receipts - Payments)	3,800,180	3,689,707	-110,474
				Non Project Related:	
				Bank Fees and Charges	721
		Unidentified payments and deposits allocated to TDF			35,894
		Net Financial Performance of TDF for 2013			- 73,859
		Reconcile to TDF Cash Movement - Refer to Note 3:			
		Tuvalu Development Fund Statement Balance as at 31/12/2012			2,384,160
		<i>less</i> Unpresented Cheques as at 31/12/2013	-	5,031	
		Net Financial Performance of TDF for 2013	-	73,859	
		Gain (Loss) on Tuvalu Development Fund Operation			- 68,828
		Derived balance of Tuvalu Development Fund as at 31/12/13			2,315,332
		Tuvalu Development Fund Statement Balance as at 31/12/2013			2,220,903
		Unreconciled amount			94,429

NOTE 17

REQUIREMENTS OF THE PUBLIC FINANCE ACT WITH ZERO BALANCE

Statement of Other Leger Balances (Nil Balances)

Statement of Outstanding Loans made from the Consolidated Revenue Fund

Tabulated summaries of unallocated stores and manufacturing accounts

Statement of balances on remittance account (Remittance Account no longer exists)

NOTE 18

STATEMENT OF PROPERTY, PLANT AND EQUIPMENT ASSETS BY DEPARTMENT Prepared in accordance with Public Finance Act s31(1)(xiii) For the Year Ended 31/12/2013

<u>Department</u>	<u>Department Name</u>	<u>Book Value</u>
A01	Office of the Governor General	3,331
B01	Corporate Services - Office of the Prime Minister	19,610,405
B04	Personnel and Training	6,689
B08	Tuvalu Media Department	6,405,141
B10	Department of Women	5,867
B11	Immigration	6,641
C01	Office of the Attorney General	3,539
C02	People's Lawyer	3,267
D01	Office of the Parliament	11,990
E01	Office of the Auditor General	14,319
F01	Corporate Services - Finance	2,692
F02	Planning and Budget	4,091
F03	Central Statistics Division	3,905
F04	Customs	9,216
F05	Postal	2,338
F06	Treasury	10,439
F07	Inland Revenue	8,252
F08	Public Enterprise Reform and Monitoring Unit	2,454
F09	Industries	6,487
G01	Corporate Services - Public Utilities	3,680,452
G02	Energy	1,326
G03	Public Works Department	140,964
H01	Corporate Service - Health	527
H02	Health Administration	6,984,570
H03	Curative	202,648
I01	MNRE Headquarters	1,190
I02	Agriculture	75,292
I03	Fisheries	388,146
I04	Lands and Surveys	175,476
J01	Corporate Services - Home Affairs	5,960
J02	Department of Rural Development	1,239,064
J03	Community Affairs	14,761
J05	Culture	3,002
J08	Solid Waste Agency of Tuvalu (SWAT)	119,928
K01	Police and Prison Services	887,920
L01	Corporate Services - Communications and Transport	2,178,917
L02	Marine	10,771,475
L03	Aviation	1,412,047
L04	Information, Communication and Technology	8,660
L07	Meteorological Office	583
M01	Corporate Services - Educations, Youth and Sports	7,671
M02	Education Department	5,624
M04	EFA Secondary School	3,436,422
M05	Library	122,971
M06	Sports	826
M07	Pre-service Scholarships	516
M08	Youth	728
N01	Judiciary	89
O01	MFAETLT Headquarter	13,907
O03	Suva Mission	124,541
O04	Permanent Mission of Tuvalu to the UN	12,778
O05	Brussels Mission	2,488
O06	Environment	2,527
O07	Tuvalu Consulate in Auckland	2,585
O08	Trade Office	1,629
O09	Tourism	15,384
O10	Labour	2,788
O11	Taipei Mission	139,254
	TOTAL	58,306,697

NOTE 18 (a)

STATEMENT OF PROPERTY, PLANT AND EQUIPMENT BY CATEGORY

Prepared in accordance with Public Finance Act s31(1)(xiii)

For the Year Ended 31/12/2013

<u>Category Code</u>	<u>Category Name</u>	<u>Book Value</u>
BUDI	Building	44,372,822
SHPI	Ships and Boats	11,326,201
PLAN	Plants and Machinery	226,787
EQUIP	Equipments	1,802,847
FFIM	Furnitures and fittings	153,251
AUTO	Automobile and Bikes	407,955
TECH	Technical Equipments	16,834
	TOTAL	58,306,697

NOTE 19

STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM
Prepared in accordance with Public Finance Act s31 (xviii)
Government of Tuvalu for the Year Ended 31/12/2013
Budget Approved on the Cash Basis

<u>Head of Expenditure / Government Function</u>			<u>Actual Expense</u>	<u>Accrual Movement</u>	<u>Payments</u>	<u>Final Budget Provision</u>	<u>Variance</u>
STATUTORY ALLOCATIONS							
Office of the Governor General							
A01	Office of the Governor General	711110A01ST	Housemaids Salaries & Leave Travel	20,028	0	20,028	14,879 (5,149)
A01	Office of the Governor General	711120A01ST	Allowances	5,968	0	5,968	2,600 (3,368)
A01	Office of the Governor General	712130A01ST	TNPF (Housemaids)	2,594	0	2,594	1,488 (1,106)
A01	Office of the Governor General	721200A01ST	Statutory Travel	3,000	0	3,000	1,000 (2,000)
A01	Office of the Governor General	721200A01ST	GG's Travel	35,739	0	35,739	15,000 (20,739)
Office of the Prime Minister							
B01	Office of the Governor General	711211B01ST	PM's Housemaids Salaries	18,285	0	18,285	14,960 (3,325)
B01	Office of the Governor General	711240B01ST	PM's TNPF	3,648	0	3,648	3,595 (54)
B01	Office of the Governor General	71124AB01ST	PM's Clothing Allowances	873	0	873	500 (373)
B01	Office of the Governor General	711280B01ST	Housemaids TNPF	2,491	0	2,491	1,631 (860)
B01	Office of the Governor General	711290B01ST	Housemaids Overtime Allowances	5,613	0	5,613	1,350 (4,263)
B01	Office of the Governor General	712110B01ST	PM's Local Entertainment	8,007	(1,442)	9,448	6,000 (3,448)
B01	Office of the Governor General	721100B01ST	PM's Overseas Entertainment	7,351	0	7,351	5,000 (2,351)
B01	Office of the Governor General	72120AB01ST	PM's Travel	49,917	0	49,917	15,000 (34,917)
B01	Office of the Governor General	723320B01ST	Petrol & Oil	2,560	0	2,560	2,000 (560)
Legal Services							
C01	Office of the Governor General	711210C01ST	Attorney General's Salary	28,564	0	28,564	28,487 (77)
Parliament							
D01	Office of the Governor General	711210D01ST	Speaker's Salary	31,666	0	31,666	31,121 (545)
D01	Office of the Governor General	711250D01ST	Parliamentarians Local Entertainment	20,294	0	20,294	14,000 (6,294)
D01	Office of the Governor General	71125AD01ST	Speaker's Local Entertainment	4,270	(272)	4,542	3,500 (1,042)
D01	Office of the Governor General	712110D01ST	Speaker's Houseboy Salary & PF	6,358	0	6,358	5,048 (1,310)
D01	Office of the Governor General	72120BD01ST	Parliamentarians Travel & Subsistence	87,289	0	87,289	69,000 (18,289)
D01	Office of the Governor General	722500D01ST	Parliamentarians Motorcycles Maintena	11,711	0	11,711	1,000 (10,711)
D01	Office of the Governor General	723460D01ST	Committee Allowances	16,780	0	16,780	9,000 (7,780)
Finance and Economic Development							
F01	Office of the Governor General	72120AF01ST	Minister's Travel	56,503	0	56,503	15,000 (41,503)
Public Utilities							
G01	Office of the Governor General	711210G01ST	Minister's Salary	12,357	0	12,357	0 (12,357)
G01	Office of the Governor General	711250G01ST	Local Entertainment	1,460	0	1,460	0 (1,460)
G01	Office of the Governor General	711280G01ST	Minister's Overseas Entertainment	990	0	990	0 (990)
G01	Office of the Governor General	711290G01ST	Statutory Utilities	402	0	402	0 (402)
G01	Office of the Governor General	712110G01ST	Housemaids Salary, PF & leave	2,185	0	2,185	0 (2,185)
G01	Office of the Governor General	719200G01ST	TNPF (Statutory)	1,236	0	1,236	0 (1,236)
G01	Office of the Governor General	72120AG01ST	Minister's Travel	252	0	252	0 (252)
Health							
H01	Office of the Governor General	711250H01ST	Local Entertainment	3,123	(924)	4,047	3,500 (547)
H01	Office of the Governor General	72120AH01ST	Minister's Travel	70,078	0	70,078	15,000 (55,078)
Natural Resources							
I01	Office of the Governor General	711210I01ST	Minister's Salary	12,357	0	12,357	0 (12,357)
I01	Office of the Governor General	711250I01ST	Local Entertainment	1,671	0	1,671	0 (1,671)
I01	Office of the Governor General	711290I01ST	Statutory Utilities	539	0	539	0 (539)
I01	Office of the Governor General	712110I01ST	Housemaid's Salary and Leave	1,571	0	1,571	0 (1,571)
I01	Office of the Governor General	712130I01ST	Housemaids TNPF	157	0	157	0 (157)
I01	Office of the Governor General	719200I01ST	TNPF (Statutory)	1,236	0	1,236	0 (1,236)
I01	Office of the Governor General	721200I01ST	Statutory Travel	2,550	0	2,550	0 (2,550)
I01	Office of the Governor General	72120AI01ST	Minister's Travel	10,966	0	10,966	0 (10,966)
Home Affairs							
J01	Office of the Governor General	711210J01ST	Minister's Salary	30,263	0	30,263	30,196 (67)
J01	Office of the Governor General	711250J01ST	Local Entertainment	8,263	0	8,263	3,500 (4,763)
J01	Office of the Governor General	712110J01ST	Housemaid TNPF	5,993	0	5,993	4,468 (1,525)
J01	Office of the Governor General	712130J01ST	Housemaid TNPF	599	0	599	447 (152)
J01	Office of the Governor General	719200J01ST	TNPF (Statutory)	3,028	0	3,028	3,020 (8)
Police and Prison Services							
K01	Office of the Governor General	711210K01ST	Commissioner's Salary	26,365	0	26,365	26,294 (71)
Transport and Communications							
L01	Office of the Governor General	711210L01ST	Allowance for Housemaid	400	0	400	0 (400)
L01	Office of the Governor General	711210L01ST	Minister's Salary	30,577	0	30,577	30,196 (381)
L01	Office of the Governor General	711250L01ST	Minister's Local Entertainment	6,292	0	6,292	3,500 (2,792)
L01	Office of the Governor General	712110L01ST	Housemaid's Salary, PF & Leave	5,879	0	5,879	4,915 (964)
L01	Office of the Governor General	719200L01ST	TNPF (Statutory)	3,028	0	3,028	3,020 (8)
L01	Office of the Governor General	721200L01ST	Statutory Travel (Spouse)	20,442	0	20,442	1,000 (19,442)
Education, Youth and Sports							
M01	Office of the Governor General	711250M01ST	Local Entertainment	4,248	355	3,894	3,500 (394)
M01	Office of the Governor General	712110M01ST	Housemaid Salary, PF and Leave	4,630	0	4,630	4,569 (61)
M01	Office of the Governor General	721200M01ST	Statutory Travel	11,319	0	11,319	1,000 (10,319)
M01	Office of the Governor General	72120AM01ST	Minister's Travel	27,690	0	27,690	15,000 (12,690)
Foreign Affairs, Trade, Tourism, Environment & Labour							
O01	Office of the Governor General	711210O01ST	Minister's Salary	30,277	0	30,277	30,196 (81)
O01	Office of the Governor General	711250O01ST	Local Entertainment	6,940	(169)	7,109	3,500 (3,609)
O01	Office of the Governor General	712110O01ST	Housemaid salary and leave entitlement	5,026	0	5,026	4,403 (623)
O01	Office of the Governor General	719200O01ST	TNPF	3,079	0	3,079	3,020 (59)
O01	Office of the Governor General	719201O01ST	Housemaid TNPF	451	0	451	0 (451)
O01	Office of the Governor General	721200O01ST	Statutory Travel (Spouse)	2,850	0	2,850	1,000 (1,850)
O01	Office of the Governor General	72120AO01ST	Minister's Travel	18,659	0	18,659	15,000 (3,659)

Head of Expenditure / Government Function				Actual Expense	Accrual Movement	Payments	Final Budget Provision	Variance
NON STATUTORY ALLOCATIONS								
Office of the Governor General								
A01	Office of the Governor General	72110AA0101	Local Travel & Subsistence	576	0	576	500	(76)
Office of the Prime Minister								
B01	Corp. Services - Office of the PM	72110B0101	Overseas Travel & Subsistence	56,196	0	56,196	56,113	(83)
B01	Corp. Services - Office of the PM	723430B01TG	Independence Celebration	90,628	0	90,628	90,615	(13)
B01	Corp. Services - Office of the PM	723470B01SD	Bye Election	73,847	500	73,347	50,000	(23,347)
B01	Corp. Services - Office of the PM	723510B0101	Office Expenses	12,289	280	12,009	9,057	(2,952)
B01	Corp. Services - Office of the PM	723540B0101	Office Stationery	4,442	0	4,442	4,000	(442)
B01	Corp. Services - Office of the PM	723740B0101	Household Items (PM)	2,500	0	2,500	1,875	(625)
B04	Personnel and Training	711110B0402	Salaries	31,716	0	31,716	28,202	(3,514)
B04	Personnel and Training	711110B0403	Salaries	16,336	0	16,336	16,292	(44)
B04	Personnel and Training	711120B0401	Allowances	10,121	0	10,121	7,157	(2,964)
B04	Personnel and Training	719100B0402	TNPF	3,246	0	3,246	2,904	(342)
B04	Personnel and Training	72110AB0401	Local Travel & Subsistence	1,688	0	1,688	500	(1,188)
B08	Tuvalu Media Department	711110B0801	Salaries	218,084	0	218,084	198,300	(19,784)
B08	Tuvalu Media Department	719100B0801	TNPF	24,230	0	24,230	22,407	(1,824)
B08	Tuvalu Media Department	723530B0801	Computer Supply	1,468	0	1,468	1,000	(468)
B10	Department of Women	711120B1001	Allowances	1,935	0	1,935	1,000	(935)
B11	Immigration	711110B1101	Salaries	39,107	0	39,107	35,102	(4,005)
B11	Immigration	711120B1101	Allowances	4,444	0	4,444	4,282	(161)
B11	Immigration	719100B1101	TNPF	4,355	0	4,355	3,834	(522)
Office of the Attorney General								
C01	Office of the Attorney General	711110C0103	Salaries	9,712	0	9,712	9,685	(27)
C01	Office of the Attorney General	711120C0102	Allowances	1,204	0	1,204	1,132	(72)
C01	Office of the Attorney General	719100C0101	TNPF	9,127	0	9,127	7,903	(1,223)
C01	Office of the Attorney General	72110AC0101	Local Travel & Subsistence	274	0	274	200	(74)
C02	People's Lawyer	791220C0201	Building & Office Maintenance	463	0	463	200	(263)
Parliament								
D01	Office of the Parliament	723220D0101	Sessions & Committee Refreshment	12,333	(604)	12,937	11,482	(1,456)
D01	Office of the Parliament	723460D0100	Committee Allowances	2,310	0	2,310	0	(2,310)
Office of the Auditor General								
E01	Office of the Auditor General	712710E01SD	Advisor to the Auditor-General	15,361	0	15,361	0	(15,361)
E01	Office of the Auditor General	719100E0101	TNPF	10,572	0	10,572	9,254	(1,318)
Finance and Economic Development								
F01	Corp. Services - Finance	712600F0101	TA to NAO & Local Counterpart	124,102	0	124,102	0	(124,102)
F01	Corp. Services - Finance	723010F0101	Advertising & Publication Cost	0	0	0	(220)	(220)
F01	Corp. Services - Finance	723011F0101	High Level Dialogue	73,447	0	73,447	70,000	(3,447)
F01	Corp. Services - Finance	798103F01SD	Reviving TCS	10,062	0	10,062	0	(10,062)
F02	Planning and Budget	711110F0204	Salaries	37,018	0	37,018	30,307	(6,711)
F02	Planning and Budget	719100F0203	TNPF	3,114	0	3,114	3,043	(71)
F02	Planning and Budget	719100F0204	TNPF	4,418	0	4,418	3,094	(1,324)
F03	Central Statistics Division	711110F0301	Salaries	47,044	0	47,044	46,936	(108)
F04	Customs	711110F0402	Salaries	69,273	0	69,273	60,380	(8,893)
F04	Customs	711120F0401	Allowances	2,904	0	2,904	1,900	(1,004)
F04	Customs	719100F0402	TNPF	7,001	0	7,001	6,288	(713)
F04	Customs	721110F0402	Leave Travel Entitlements	1,019	0	1,019	0	(1,019)
F04	Customs	722500F0401	Vehicle Maintenance	2,135	0	2,135	1,875	(260)
F05	Postal	723540F0501	Office Stationery	5,548	(135)	5,683	3,728	(1,955)
F06	Treasury	719100F0601	TNPF	20,304	0	20,304	20,032	(272)
F06	Treasury	723510F0601	Office Expenses	198	(12)	210	200	(10)
F06	Treasury	723540F0601	Office Stationery	7,969	(263)	8,232	8,000	(232)
F06	Treasury	742100F0601	Bank Charge & Interests	46,475	0	46,475	165,500	119,025
F06	Treasury	742110F0601	Foreign Exchange Cost	153,248	0	153,248	5,000	(148,248)
F09	Industries	711110F0903	Salaries	26,967	0	26,967	26,506	(461)
F09	Industries	732020F0902	Awareness Workshops	2,978	0	2,978	2,800	(178)
Public Utilities								
G01	Corp. Services - Public Utilities	711120G0101	Allowances	6,511	0	6,511	6,434	(77)
G01	Corp. Services - Public Utilities	723540G0101	Office Stationery	6,761	0	6,761	6,702	(59)
G02	Energy	719100G0202	TNPF	3,486	0	3,486	3,414	(72)
G03	Public Works Department	711110G0304	Salaries	30,363	0	30,363	29,797	(566)
G03	Public Works Department	711110G0305	Salaries	69,815	0	69,815	63,026	(6,789)
G03	Public Works Department	711110G0307	Salaries	20,854	0	20,854	20,825	(29)
G03	Public Works Department	711110G0308	Salaries	44,446	0	44,446	41,363	(3,083)
G03	Public Works Department	711110G0309	Salaries	27,133	0	27,133	40,142	13,009
G03	Public Works Department	711120G0301	Allowances	7,944	0	7,944	2,500	(5,444)
G03	Public Works Department	719100G0305	TNPF	7,294	0	7,294	6,453	(842)
G03	Public Works Department	719100G0307	TNPF	2,494	0	2,494	2,383	(112)
G03	Public Works Department	719100G0308	TNPF	6,266	0	6,266	5,986	(280)
G03	Public Works Department	719100G0309	TNPF	2,841	0	2,841	4,164	1,323
G03	Public Works Department	721110G0301	Leave Travel Entitlements	4,166	0	4,166	3,000	(1,166)
G03	Public Works Department	722250G0307	Equipment Maintenance	2,118	0	2,118	2,000	(118)
G03	Public Works Department	722660G0309	Electrical Maintenance / Rewiring	10,093	0	10,093	10,000	(93)
G03	Public Works Department	723760G0303	Tools	115	(387)	502	200	(302)
G03	Public Works Department	729040G0306	Welding	1,719	0	1,719	1,500	(219)
Health								
H01	Corporate Service - Health	711110H0101	Salaries	82,892	0	82,892	80,904	(1,988)
H01	Corporate Service - Health	719100H0101	TNPF	9,039	0	9,039	8,681	(358)
H01	Corporate Service - Health	719200H0100	TNPF	801	0	801	0	(801)
H01	Corporate Service - Health	721110H0101	Leave Travel Entitlements	5,651	0	5,651	5,348	(303)
H01	Corporate Service - Health	725040H01TG	Medical Treatment Scheme	2,309,365	0	2,309,365	2,147,886	(161,479)
H02	Health Administration	711110H0201	Salaries	47,900	0	47,900	47,566	(334)
H02	Health Administration	71259AH0201	Cuban Doctors Housing	1,350	0	1,350	0	(1,350)
H02	Health Administration	722250H0201	Equipment Maintenance	3,015	(671)	3,686	1,100	(2,586)
H02	Health Administration	722700H0201	Maintenance of PMH (new)	24,641	0	24,641	21,500	(3,141)
H02	Health Administration	723320H0201	Petrol & Oil	1,593	(232)	1,825	1,500	(325)
H02	Health Administration	723510H0201	Office Expenses	6,546	(2,697)	9,244	7,000	(2,244)
H02	Health Administration	723540H0201	Office Stationery	7,000	(599)	7,599	7,000	(599)
H03	Curative	711110H0301	Salaries	583,512	0	583,512	551,255	(32,257)
H03	Curative	711110H0302	Salaries	31,993	0	31,993	31,488	(505)
H03	Curative	711110H0303	Salaries	21,588	0	21,588	20,490	(1,098)
H03	Curative	711110H0304	Salaries	38,218	0	38,218	36,004	(2,214)
H03	Curative	711110H0305	Salaries	4,932	0	4,932	4,919	(13)
H03	Curative	711110H0306	Salaries	13,437	0	13,437	12,942	(495)
H03	Curative	719100H0301	TNPF	63,234	0	63,234	60,019	(3,214)
H03	Curative	719100H0302	TNPF	3,544	0	3,544	3,451	(93)
H03	Curative	723210H0301	Ration	98,356	(7,679)	106,035	100,000	(6,035)
H03	Curative	725020H0304	Consumable Medical Supplies	160,361	165	160,196	137,000	(23,196)

Head of Expenditure / Government Function				Actual Expense	Accrual Movement	Payments	Final Budget Provision	Variance
H04	Preventative Primary and Health Services	711110H0404	Salaries	81,473	0	81,473	81,057	(416)
H04	Preventative Primary and Health Services	723020H0401	Campaign for the FCCT	1,247	(141)	1,388	1,100	(288)
H04	Preventative Primary and Health Services	723710H0401	Cleaning Supplies	1,848	(827)	2,675	2,000	(675)
Natural Resources								
I01	MNRE Headquarters	711110I0101	Salaries	44,334	0	44,334	41,233	(3,101)
I01	MNRE Headquarters	711120I0101	Allowances	7,886	0	7,886	7,000	(886)
I01	MNRE Headquarters	711120I0102	Allowances	6,101	0	6,101	960	(5,141)
I01	MNRE Headquarters	719100I0101	TNPF	5,222	0	5,222	4,823	(399)
I02	Agriculture	711110I0202	Salaries	41,932	0	41,932	39,999	(1,933)
I02	Agriculture	711110I0203	Salaries	73,534	0	73,534	72,542	(993)
I02	Agriculture	712110I0205	ROC Commitment for Labours	34,417	0	34,417	34,324	(93)
I02	Agriculture	719100I0202	TNPF	4,503	0	4,503	4,395	(108)
I02	Agriculture	721110I0201	Leave Travel Entitlements	564	0	564	500	(64)
I03	Fisheries	711110I0302	Salaries	108,935	0	108,935	108,163	(772)
I03	Fisheries	711110I0304	Salaries	56,765	0	56,765	50,750	(6,015)
I03	Fisheries	711120I0301	Allowances	7,086	0	7,086	7,086	(0)
I03	Fisheries	711120I0302	Allowances	11,405	0	11,405	11,250	(155)
I03	Fisheries	719100I0302	TNPF	12,240	0	12,240	11,516	(723)
I03	Fisheries	722250I0301	Equipment Maintenance	302	0	302	300	(2)
I03	Fisheries	723510I0301	Office Expenses	1,292	(1,440)	2,732	1,800	(932)
I04	Lands and Surveys	711110I0402	Salaries	37,042	0	37,042	36,319	(723)
I04	Lands and Surveys	711120I0401	Allowances	767	0	767	500	(267)
I04	Lands and Surveys	711120I0403	Allowances	639	0	639	500	(139)
I04	Lands and Surveys	719100I0402	TNPF	3,788	0	3,788	3,716	(72)
I04	Lands and Surveys	722500I0401	Vehicle Maintenance	20	(30)	50	20	(30)
Home Affairs								
J01	Corporate Services - Home Affairs	711110J0101	Salaries	74,609	0	74,609	65,544	(9,065)
J01	Corporate Services - Home Affairs	711120J0101	Allowances	5,825	0	5,825	5,074	(751)
J01	Corporate Services - Home Affairs	711310J0101	ADLC	550	0	550	500	(50)
J01	Corporate Services - Home Affairs	719100J0101	TNPF	8,292	0	8,292	6,954	(1,337)
J01	Corporate Services - Home Affairs	721100J0101	Overseas Travel & Subsistence	8,034	0	8,034	7,329	(704)
J01	Corporate Services - Home Affairs	721300J0101	Telecom & Internet	1,900	0	1,900	1,500	(400)
J01	Corporate Services - Home Affairs	723510J0101	Office Expenses	3,222	0	3,222	1,800	(1,422)
J02	Department of Rural Development	723540J0201	Office Stationery	999	(200)	1,199	1,000	(199)
J03	Community Affairs	723530J0301	Computer Supply	160	0	160	100	(60)
J05	Culture	711110J0501	Salaries	16,336	0	16,336	16,292	(44)
J05	Culture	719100J0501	TNPF	1,765	0	1,765	1,639	(126)
Police and Prison Services								
K01	Police and Prison Services	711120K0102	Allowances	49,102	0	49,102	44,978	(4,124)
K01	Police and Prison Services	711120K0104	Allowances	3,924	0	3,924	2,906	(1,018)
K01	Police and Prison Services	712310K0102	Police Special Allowances	31,682	0	31,682	29,926	(1,756)
K01	Police and Prison Services	719100K0102	TNPF	44,042	0	44,042	37,068	(6,974)
K01	Police and Prison Services	719100K0103	TNPF	21,993	0	21,993	20,921	(1,072)
K01	Police and Prison Services	72110AK0101	Local Travel & Subsistence	1,620	0	1,620	0	(1,620)
K01	Police and Prison Services	723320K0101	Petrol & Oil	5,174	0	5,174	4,500	(674)
K01	Police and Prison Services	723820K01TG	Local Contrib'n to Mataili Annual Prog.	9,848	0	9,848	9,800	(48)
K01	Police and Prison Services	723910K0101	Electricity	16,941	(3,624)	20,566	17,000	(3,566)
Transport and Communications								
L01	Corp. Services - Comm. and Trans	711110L0101	Salaries	52,306	0	52,306	51,711	(595)
L01	Corp. Services - Comm. and Trans	711110L0102	Salaries	38,363	0	38,363	44,344	5,981
L01	Corp. Services - Comm. and Trans	711120L0101	Allowances	7,663	0	7,663	4,514	(3,149)
L01	Corp. Services - Comm. and Trans	711120L0102	Allowances	6,961	0	6,961	4,146	(2,815)
L01	Corp. Services - Comm. and Trans	719100L0101	TNPF	5,926	0	5,926	5,623	(303)
L01	Corp. Services - Comm. and Trans	762100L01TG	Overseas Contribution	67,979	0	67,979	60,000	(7,979)
L02	Marine	711110L0202	Salaries	255,587	0	255,587	247,148	(8,439)
L02	Marine	711110L0203	Salaries	202,927	0	202,927	186,108	(16,819)
L02	Marine	711120L0201	Allowances	38,151	0	38,151	9,029	(29,122)
L02	Marine	711120L0204	Allowances	33,479	0	33,479	30,500	(2,979)
L02	Marine	712410L0204	Stevedoring	252,953	0	252,953	220,000	(32,953)
L02	Marine	712900L0201	Relieving Fund	37,378	0	37,378	30,000	(7,378)
L02	Marine	719100L0201	TNPF	10,751	0	10,751	4,815	(5,936)
L02	Marine	719100L0202	TNPF	40,055	0	40,055	38,666	(1,389)
L02	Marine	719100L0203	TNPF	30,421	0	30,421	27,734	(2,687)
L02	Marine	719100L0204	TNPF	9,590	0	9,590	9,247	(343)
L02	Marine	722100L0204	Building & Office Maintenance	7,885	(131)	8,016	8,000	(16)
L02	Marine	722500L0204	Vehicle Maintenance	9,227	(4,350)	13,577	13,000	(577)
L02	Marine	722550L0202	Vessel Maintenance	354,486	0	354,486	286,619	(67,866)
L02	Marine	722550L0203	Vessel Maintenance	189,276	0	189,276	176,096	(13,180)
L02	Marine	723210L0202	Victualling	119,395	(17,024)	136,419	125,000	(11,419)
L02	Marine	723330L0202	Vessel Fuel	484,223	0	484,223	450,000	(34,223)
L02	Marine	723920L0202	Water	2,936	0	2,936	250	(2,686)
L02	Marine	723920L0203	Water	2,212	0	2,212	945	(1,267)
L03	Aviation	711110L0303	Salaries	30,163	0	30,163	28,839	(1,324)
L03	Aviation	711120L0302	Allowances	9,074	0	9,074	8,400	(674)
L04	Information, Comm. and Technology	711110L0401	Salaries	24,702	0	24,702	21,884	(2,818)
L04	Information, Comm. and Technology	719100L0401	TNPF	2,513	0	2,513	2,438	(75)
L04	Information, Comm. and Technology	722150L0402	Computer Maintenance	15,062	0	15,062	10,000	(5,062)
L04	Information, Comm. and Technology	791210L0402	Computer Equipments	53,347	0	53,347	27,008	(26,339)
L07	Meteorological Office	711110L0702	Salaries	14,768	0	14,768	14,206	(562)
L07	Meteorological Office	711110L0703	Salaries	18,774	0	18,774	18,664	(110)
L07	Meteorological Office	723510L0701	Office Expenses	1,620	0	1,620	1,618	(2)
L07	Meteorological Office	72351AL0701	Rainfall Station	262	0	262	250	(12)
L07	Meteorological Office	762100L0701	WMO Membership	25,508	0	25,508	14,035	(11,473)
L07	Meteorological Office	791220L0703	Office Equipment	2,076	0	2,076	2,000	(76)
Education, Youth and Sports								
M01	Corp. Services - Edu., Youth and Sports	711110M0102	Salaries	11,379	0	11,379	11,356	(23)
M01	Corp. Services - Edu., Youth and Sports	711110M0103	Salaries	12,356	0	12,356	9,285	(3,071)
M01	Corp. Services - Edu., Youth and Sports	711110M01TG	AFP Salaries	32,799	0	32,799	0	(32,799)
M01	Corp. Services - Edu., Youth and Sports	719100M0101	TNPF	6,871	0	6,871	6,871	(1)
M01	Corp. Services - Edu., Youth and Sports	719100M0103	TNPF	1,236	0	1,236	969	(267)
M01	Corp. Services - Edu., Youth and Sports	762100M01TG	Overseas Contribution	376,894	0	376,894	343,769	(33,125)
M02	Education Department	711110M0201	Salaries	22,157	0	22,157	22,098	(59)
M02	Education Department	782370M0203	Supervisory Unit	18,250	0	18,250	15,000	(3,250)
M02	Education Department	782381M02TG	TVET Support	155,363	(81)	155,443	155,360	(83)
M03	Primary Education	711110M0303	Salaries	738,049	0	738,049	714,424	(23,625)
M03	Primary Education	712210M0303	Contract Teachers	172,814	0	172,814	150,000	(22,814)
M03	Primary Education	719100M0303	TNPF	73,977	0	73,977	71,442	(2,535)
M03	Primary Education	721300M0301	Telecom & Internet	803	0	803	800	(3)
M03	Primary Education	723560M0302	Textbooks (EU)	40,680	0	40,680	30,000	(10,680)

Head of Expenditure / Government Function				Actual Expense	Accrual	Payments	Final Budget	Variance
					Movement		Provision	
M04	EFA Secondary School	711110M0404	Salaries	8,792	0	8,792	0	(8,792)
M04	EFA Secondary School	719100M0404	TNPF	9,413	0	9,413	8,302	(1,111)
M04	EFA Secondary School	72110BM0401	Local Travel & Subsistence	6,843	0	6,843	4,000	(2,843)
M04	EFA Secondary School	722100M0401	Motufoua General Maint (EU)	37,118	(73)	37,191	26,526	(10,665)
M04	EFA Secondary School	723210M0403	Ration	395,574	(10,480)	406,054	391,093	(14,961)
M04	EFA Secondary School	723510M0401	Office Expenses	1,525	0	1,525	1,500	(25)
M04	EFA Secondary School	723540M0404	Office Stationery	4,670	(275)	4,946	4,742	(204)
M04	EFA Secondary School	723560M0402	Text Books	23,363	0	23,363	20,000	(3,363)
M04	EFA Secondary School	723750M0402	School Supplies (EU)	24,077	(879)	24,955	22,000	(2,955)
M04	EFA Secondary School	752110M0402	Rent	4,000	0	4,000	0	(4,000)
M05	Library	711110M0501	Salaries	61,881	0	61,881	61,809	(72)
M05	Library	722250M0501	Equipment Maintenance	1,234	0	1,234	1,000	(234)
M06	Sports	711110M0601	Salaries	4,748	0	4,748	4,735	(13)
M06	Sports	722250M0601	Equipment Maintenance	908	0	908	850	(58)
M07	Pre-service Scholarships	782530M0701	Scholarship Students - Ongoing	783,536	0	783,536	732,488	(51,048)
M07	Pre-service Scholarships	782540M07TG	TMTI Scholarship	476,000	(80,000)	556,000	480,000	(76,000)
M09	Early Childhood Care and Education	711110M0901	Salaries	85,265	0	85,265	85,089	(176)
M09	Early Childhood Care and Education	712120M0901	Allowances (Pre-Sch salaries)	657	0	657	0	(657)
Judiciary								
N01	Judiciary	711120N01TG	Island Magistrate Gratuity	17,186	0	17,186	17,186	(1)
N01	Judiciary	711310N01SD	Court of Appeal	97	0	97	0	(97)
N01	Judiciary	722250N0101	Equipment Maintenance	567	0	567	403	(163)
N01	Judiciary	723510N0101	Office Expenses	567	(84)	650	597	(54)
Foreign Affairs, Trade, Tourism, Environment & Labour								
O01	MFAELT Headquarter	729070O01SD	Australian Governor General's State Visi	0	(778)	778	0	(778)
O02	Labour	721100O0201	Overseas Travel & Subsistence	562	0	562	0	(562)
O02	Labour	723530O0201	Computer Supply	847	0	847	600	(247)
O03	Suva Mission	711110O0302	Salaries	31,848	0	31,848	25,784	(6,064)
O03	Suva Mission	711120O0302	Allowances	10,799	0	10,799	7,015	(3,784)
O03	Suva Mission	712610O0301	Staff relieving fund	3,816	0	3,816	3,298	(518)
O03	Suva Mission	719100O0302	TNPF	3,412	0	3,412	3,280	(132)
O03	Suva Mission	721100O0301	Overseas Travel & Subsistence	14,102	0	14,102	14,000	(102)
O03	Suva Mission	721300O0302	Telecom & Internet	3,318	0	3,318	2,787	(531)
O03	Suva Mission	723510O0301	Office Expenses	13,675	0	13,675	10,223	(3,452)
O03	Suva Mission	723910O0301	Electricity	7,041	0	7,041	6,495	(546)
O03	Suva Mission	781100O0301	Rent & Rates	7,817	0	7,817	7,500	(317)
O04	Permanent Mission of Tuvalu to the UN	711140O0401	Clothing Allowances	3,525	0	3,525	3,493	(32)
O04	Permanent Mission of Tuvalu to the UN	721100O0401	Overseas Travel & Subsistence	29,779	0	29,779	19,452	(10,327)
O04	Permanent Mission of Tuvalu to the UN	721111O0401	Leave Travel Entitlements	14,895	0	14,895	0	(14,895)
O04	Permanent Mission of Tuvalu to the UN	721300O0401	Telecom & Internet	6,438	0	6,438	6,126	(312)
O04	Permanent Mission of Tuvalu to the UN	723320O0401	Petrol & Oil	14,193	0	14,193	14,000	(193)
O04	Permanent Mission of Tuvalu to the UN	723510O0401	Office Expenses	3,616	0	3,616	3,500	(116)
O04	Permanent Mission of Tuvalu to the UN	781100O0401	UN Accomodation	66,553	0	66,553	65,756	(797)
O04	Permanent Mission of Tuvalu to the UN	781200O0401	Office Lease	32,082	0	32,082	32,058	(24)
O05	Brussels Mission	711180O0501	Entertainment Allowance	10,900	0	10,900	7,136	(3,764)
O05	Brussels Mission	712600O0501	COLA	88,198	3,033	85,166	80,502	(4,664)
O05	Brussels Mission	721100O0501	Overseas Travel & Subsistence	47,954	0	47,954	13,380	(34,574)
O05	Brussels Mission	721300O0501	Telecom & Internet	11,806	2,291	9,515	8,855	(660)
O05	Brussels Mission	722500O0501	Vehicle Maintenance	3,018	0	3,018	1,342	(1,676)
O05	Brussels Mission	723510O0501	Office Expenses	2,951	0	2,951	2,676	(275)
O05	Brussels Mission	723740O0501	Household Items	1,903	0	1,903	671	(1,232)
O05	Brussels Mission	781100O0501	Rent for Ambassador's Residence	33,828	0	33,828	32,201	(1,627)
O06	Environment	711110O0601	Salaries	23,831	0	23,831	22,855	(976)
O06	Environment	711120O0601	Allowances	425	0	425	320	(105)
O06	Environment	719100O0602	TNPF	2,546	0	2,546	2,490	(57)
O07	Tuvalu Consulate in Auckland	711110O0701	Salaries	29,223	0	29,223	28,923	(300)
O07	Tuvalu Consulate in Auckland	711140O0701	Clothing Allowance	1,023	0	1,023	1,005	(18)
O07	Tuvalu Consulate in Auckland	721100O0701	Overseas Travel & Subsistence	21,045	0	21,045	10,000	(11,045)
O07	Tuvalu Consulate in Auckland	721101O0701	Local Travel & Subsistence	5,073	0	5,073	3,000	(2,073)
O07	Tuvalu Consulate in Auckland	722500O0701	Vehicle Maintenance	247	0	247	0	(247)
O07	Tuvalu Consulate in Auckland	723320O0701	Petrol & Oil	3,125	0	3,125	3,000	(125)
O07	Tuvalu Consulate in Auckland	723510O0701	Office Expenses	3,408	0	3,408	2,024	(1,384)
O07	Tuvalu Consulate in Auckland	725050O0701	Health Insurance	51,933	0	51,933	4,190	(47,743)
O07	Tuvalu Consulate in Auckland	781100O0701	Rent for Ambassador's Residence	26,301	0	26,301	25,137	(1,164)
O08	Trade Office	711110O0801	Salaries	24,287	0	24,287	24,013	(274)
O08	Trade Office	723010O0801	Advertising & Publication Cost	165	0	165	150	(15)
O09	Tourism	711120O0901	Allowances	2,672	0	2,672	2,640	(32)