



REPUBLIC OF NAURU

**Special Report**  
of  
**the Director of Audit**

(Under Section 11(3) of the Audit Act, 1973)

**1998-2008**



*Our Vision*

To provide  
**A multidisciplinary professional service to  
Parliament, to Government and to be an  
agent of reforms conducive to achieving  
excellence in the public sector.**

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**Special Report**  
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1998-2008

*Our Mission*

**Help**

☞ To Promote Good Governance by  
encouraging Accountability Transparency  
Integrity and best practices in government  
operations

☞ The Nation spend wisely.

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**Special Report**  
of  
**the Director of Audit**  
(Under Section 11(3) of the Audit Act, 1973)  
1998-2008

*Our Activities*

*The Director of Audit is the head of the Department of Audit, Nauru. He and the Department of Audit are independent of the Government. He examines the accounts of all Government Ministries and the departments and may also examine the accounts of the State Owned Enterprises (SOEs). He has also the authority to report to the Parliament on the economy, efficiency and effectiveness with which Departments and other bodies have used the resources voted annually to them in the Estimates.*

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**Department of Audit, NAURU,**

Civic Centre, Aiwo District,  
Nauru

31<sup>st</sup> December, 2008

**Excellency,**

As required by Article 66(2) of the Constitution of Nauru and sub-section 11(3) of the Audit Act, 1973, I submit this report as a **Special Report (SAR)** on the working of various Departments of the Government of Nauru (GON) and the State Owned Enterprises (SOEs) while carrying out its statutory functions. In absence of any Annual Accounts of the Government since 1998-99, this Special Report will continue to serve the presence of Audit services for the time being. This report also includes the works and activities of the Department of Audit, Nauru for the period up to 31<sup>st</sup> December, 2008.

Yours sincerely,

**(B.R. MONDAL)**

**Director of Audit, Republic of Nauru**

**His Excellency President Marcus Stephen, Hon. M.P.,  
Republic of Nauru,  
Central Pacific.**

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# Preface

This is a Special Report prepared by me under Sub-Section 11(3) of the Audit Act, 1973 on the working of different entities of the Republic of Nauru in absence of the Government Accounts since 1998-99. Recommendations have been made at the end of each Chapter for further action in line with National Sustainable Development Strategy (NSDS). Strengthening of accountability and transparency in the system has been emphasised to achieve a standard for good governance and excellence in Audit services.

**Chapter 1** – The Executive Summary of the Findings; brief observations of Director of Audit on the working of different auditee entities as audited and examined during the last six months from 20-05-2008 to 31-12-2008.

**Chapter 2** – The duties, powers and functions of the Director of Audit and a brief report upon the works and activities of the Department of Audit, Nauru during the last few years and its present activities and changed initiatives in view of international development up to 31-12-2008.

**Chapter 3** – Accounts of the Government; a detail Observations on the Accounts of the Government and recommendations.

**Chapter 4** – Functions of the SOEs; general Issues relating to different State Owned Enterprises (SOEs) and their subsidiaries with comments and recommendations.

**Chapter 5** - Audit of Public Stores, an updated view

**Chapter 6** - Implementation of MYOB at different SOEs; current status

**Chapter 7** – Serious individual irregularities with comments and recommendations: Menen Hotel

**Chapter 8** - Audit of Nauru Embassy at Taipei has been conducted by outsourcing up to period of 30-06-2008

**ANNEX-I** – Tentative skeleton **Audit Plan of Director of Audit** for the years of 2009/10/11

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***Note: All dollars are AU\$ only in this document***

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# Chapter 1

## Executive Summary of the Findings

**1.1** In absence of regular Annual Accounts of the GON and SOEs, Director of Audit has made this Special Report, 1998-2008 on the working of different entities during the last seven months from 20-05-2008 to 31-12-2008. This fulfils the requirements of the Section 11(3) of the Audit Act, 1973.

**1.2** The duties, powers and functions of the Director of Audit and a brief note upon the works and activities of the Department of Audit, Nauru during the last few years and its present activities and changed initiatives in view of international development up to 31-12-2008 have also been brought out in the Chapter 2 with certain recommendations.

**1.3** A brief observation and recommendations have also been made on the Annual Accounts of the Government in the Chapter 3. *Inter alia*, it suggests that GON may adopt accrual based accounting by appointing an experienced Chartered Accountant in the Finance Department.

**1.4** General Issues relating to different State Owned Enterprises (SOEs) and their subsidiaries with comments and recommendations have been made in Chapter 4. Director of Audit emphasises that uniformity needs to be brought in practice in the working of the all SOEs by adopting standard Format of Accounts with similar Auditing arrangements.

**1.5** Audit of Public Stores is a serious matter. Very few departments are observing legal/codal provisions and keeping track

of the Government Assets. But lack of proper physical verifications at the end of the Year has been noticed as a pitfall. These have been dealt very briefly in Chapter 5 with certain recommendations.

**1.6** Implementation of MYOB at different SOEs is another important issue. The project needs to be reviewed *ab initio* with fixation of responsibility to certain accounting executives to achieve aims and objectives so that regular Profit and Loss Accounts/Balance Sheet can be generated through this software (*vide Chapter-6*).

**1.7** Serious individual irregularities have been noticed in Menen Hotel which needs corrective actions immediately (*vide Chapter 7*).

**1.8** Audit of Nauru Embassy at Taipei has been conducted by outsourcing up to period of 30-06-2008. The findings and recommendations are important. The Embassy needs to take corrective actions immediately (*Chapter 8*).

**1.9 ANNEX-I** is the tentative skeleton **Audit Plan of Director of Audit** for the years of 2009/10/11. This plan needs to be executed with renewed infrastructures and definite strategy.



## Chapter 2

### Duties, Powers and Functions of the Director of Audit and the Activities of the National Audit Office

#### **2.1 Mandate**

The **Department of Audit, Nauru** headed by the **Director of Audit** functions in accordance with the Constitution of Nauru, Article Nos. 65 & 66 and the Audit Act, 1973. As such, this office functions independently and reports to the Parliament through the Minister responsible for the public service of the Republic.

#### **2.2 Duties and Powers of Director of Audit (DOA)**

In accordance with the Mandate, Director of Audit derives all his powers and duties from Audit Act 1973 in terms of the Article 66 of the Constitution of Nauru. The Article 65 of the Constitution of Nauru makes Director of Audit as an independent entity in democratic system of governance in the Republic of Nauru.

#### **2.3 Functions of the Director of Audit**

The Audit Act, 1973, spells out all the duties, powers and functions of the Director of Audit. In brief, the relevant Sections of the Audit Act are mentioned below:

##### **2.3.1 Duties of Director of Audit:**

2.3.1(i) The DOA, on behalf of Parliament, examines, inquire into and audit the accounts of all accounting officers in Nauru and the offices of the Republic outside Nauru.

2.3.1(ii) The DOA may outsource the audit of the outside offices to any person publicly carrying the profession of accountancy.

2.3.1(iii) The DOA shall satisfy himself that all reasonable precautions have been taken to safeguard the collection of public money and that the laws, directions have been duly observed.

2.3.1(iv) that all money appropriated or otherwise disbursed has been expended and applied for the purposes for which Parliament granted.

2.3.1(v) DOA is required or authorised to inspect, examine or audit the books and accounts of anybody corporate as established by law in relation to public money and public stores.

2.3.1(vi) DOA can authorise anybody publicly carrying out the profession of accountancy to inspect or examine the books of accounts.

2.3.1(vii) DOA shall report on his inspection, examination or audit of the books and accounts and submit to the Minister responsible for administration of such Acts etc. and such observation will be furnished to the Parliament.

2.3.1(viii) DOA may pay from the Treasury Funds to any person authorised under Art.61 of the Constitution and authorised to carry out audit etc. of any body or authority.

2.3.1(ix) DOA may report any time to the Ministers, any irregularities noticed to any department of the RON.

### **2.3.2 Powers of DOA: The DOA may**

2.3.2(i) call upon any public officer for explanations and information, he may require in order to enable to discharge his duties,

2.3.2(i) authorise anybody (subject to concurrence of his Minister) in writing on his behalf to conduct any enquiry, examination or audit and such officer shall report to him,

2.3.2(ii) without payment of any fee cause search to be made in and extracts to be taken from any book, documents or records in any office,

2.3.2(iii) examine upon oath, declaration or affirmation all persons whom he may think fit to examine inspecting expenditure, receipt, custody, issue, sales etc.

2.3.2(iv) lay before Supreme Court a case in writing as to question regarding interpretation of any written law concerning his duties & powers,

**2.3.2(v) In the exercise of his duties, the DOA shall have access to all records, books, vouchers, documents, cash, stamps, securities, stores and other property of the Republic in the possession of any authority,**

2.3.2(vi) Any person examined pursuant to the provisions of Sec.9 (1) (d) of the Audit Act, 1973 who gives a false answer to any question put to him or makes a false statement on any matter

knowing that the answer or statement to be false or not knowing or believing it to be true shall be deemed to be guilty of perjury and shall be liable to be prosecuted and punished accordingly.

**2.3.2(vii) The Minister is responsible for the public accounts of the republic shall, within a period of three months after the end of each financial year or such a longer period there after as Parliament, may by resolution appoint, certify under his hand, subject to such explanation and qualification as he may think necessary, and transmit to the director of audit the following statements and accounts:-**

**(a) Statement of treasury fund, (b) Statement of government loans fund and of the Trust fund, (c) A statement of assets and liabilities, (d) Such other statements, as parliament may, from time to time, by resolution require or the minister may consider necessary.**

**2.3.2(viii) The Director of Audit shall prepare and transmit to the minister within a period of 5 months after the close of each financial year or such longer period thereafter as Parliament may by resolution appoint may report upon his examination and audit of all accounts relating to public moneys and public stores, together with certified copies of the statement and accounts referred to in section 10**

**2.3.2(ix) The minister should lay on the table of Parliament within two weeks of receiving the report of director of audit or if Parliament is not in session on any of the last four days of that period, on the first day of next session of the parliament thereafter.**

**2.3.2(x) The Director of Audit may at any time, if it appears to him to be desirable, transmit a special report to the minister for presentation in like manner to Parliament. Such special report may be made on any matter incidental to his powers and duties under this act.**

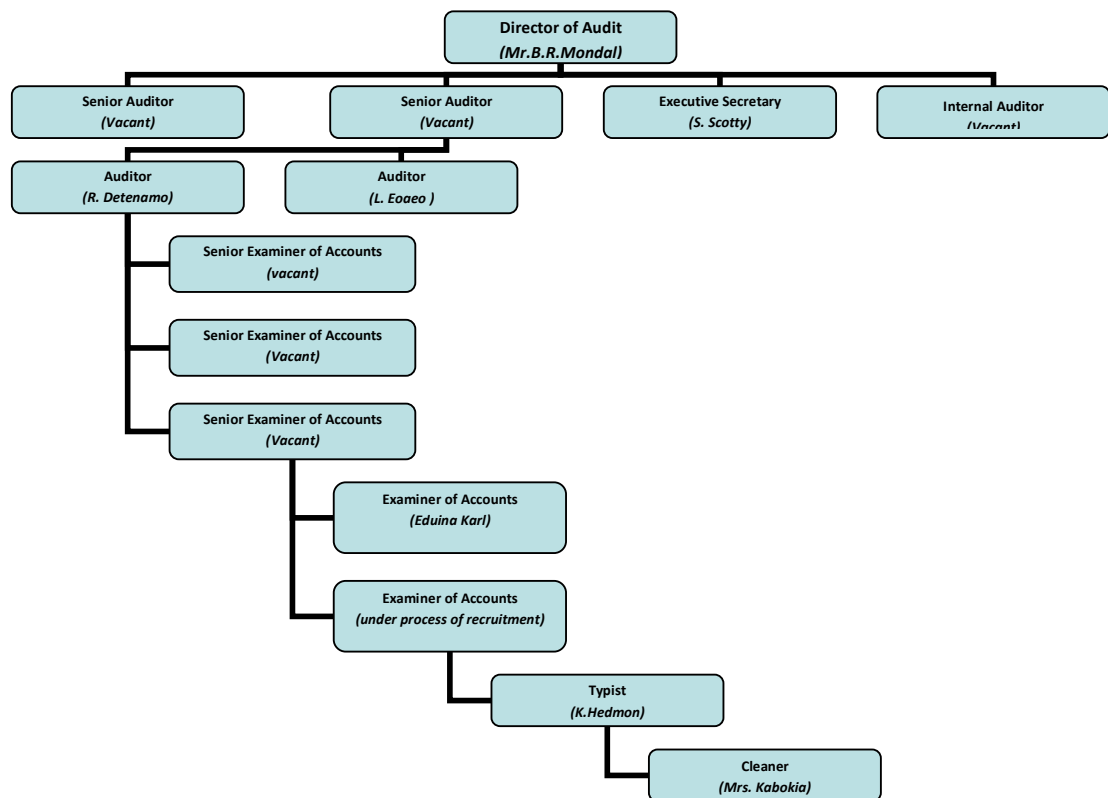
## **2.4 Human Resource**

2.4.1 The Department of Audit, Nauru has 14 positions including Director of Audit (DOA). After the substantive Director of Audit Mr. R. Vasu left on 15-06-2007, there were nine (9) vacancies. Then Mr. Rowan Detenamo, Auditor was appointed as Acting Director of Audit on 15-06-2008. While Mr. Detenamo, Auditor was on recreational leave from 28-01-2008 to 27-02-2008, Mr. Lui Eoaeo, Sr. Examiner held the charge of Acting Director of Audit. Presently Mr. B. R. Mondal, from India joined as substantive Director of Audit on 20-05-2008 under aid project of

Government of India (GOI). A new Examiner of Accounts has also joined in June, 2008. Now still there are seven (7) vacancies.

2.4.2 As the recruitment process is going on for one Examiner of Accounts in the current year, 2008, the position may improve gradually as may be seen in the Organisational Chart in the next page.

2.4.3 Efforts are also being made to man the positions of Senior Auditors and Internal Auditor from India who will help to train the local staff members and conduct regular audit for different entities.



2.4.4

**ORGANISATIONAL CHART:  
Department of Audit, NAURU  
(As on 31-12-2008)**

## **2.4.5 Human Resource Management**

### **2.4.5 (i) APPOINTMENTS**

The appointment of the Director of Audit was made on 20-05-2008 during the year, 2007-08. The original audit establishment consisted positions for two Senior Auditors and one Auditor usually occupied by qualified expatriate appointees. However no budget provisions were made from the Budget 2006-07. But in 2006-07, a new position of Internal Auditor was included in the Audit establishment. The original audit establishment for other positions including Auditor is usually occupied by local appointees. Three positions of Senior Examiners of Accounts and two positions of Examiners of Accounts need no special accounting qualifications. In July 2004 and September 2004, staffs occupying the position of Senior Examiner of Accounts and the positions of Examiners of Accounts were deployed to Bank of Nauru. However, the positions are again getting normal in the current years as depicted in the above organisational chart.

2.4.5 (i)(a) In the budget for 2007-08 Salary provisions for the existing vacancies of local and expatriate staff were not included. The substantive Director of Audit was the only qualified expatriate in the department up to June 2007. The failure to appoint the qualified staff has affected the Audit Office and the entire system of audit work significantly in terms of high quality and constructive audits. Also, the impact of the shortfall of audit staff both expatriate and locals have stagnated regular and routine audit programs during the Year 2007-08. But the recent appointment (20-05-2008) of substantive Director of Audit from India has been a great boost to the Audit Office, Nauru.

### **(ii) PROMOTION / ACTING ARRANGEMENTS**

On 15<sup>th</sup> June 2007, Mr. Rowan Detenamo, Auditor was appointed as Acting Director of Audit who handed over the charge to new substantive Director of Audit, B.R.Mondal on 20-05-2008. Mr. Lui Eoaeo has been promoted on 24-11-2008 as Auditor in view of his long experiences on Audit for the last 25 years on the recommendation of Director of Audit.

### **(iii) LEAVE and other issues**

(a) Recreational Leave: Mr. Rowan Detenamo, Acting Director of Audit was on leave from 28-01-2008 to 27-02-2008 who joined to duties on time. Mrs. Sabrina Kabokia, Cleaner was on leave from 24-11-2008 to 23-12-2008 who joined to duties on time. Mr. Lui Eoaeo, Auditor was on leave from 08-12-2008 for a month. Mrs. Katharina Hedmon, Typist was on leave from 24-12-2008 for a month.

(b) Transfers: nil

(c) Resignation/Dismissal/ Disciplinary Action: Nil

(d) Establishment:

<u>Designation</u>	<u>Number of Positions approved</u>	<u>Men-in-Position as at 31.12.2008</u>	<u>Scale of Pay (Per Anum)</u>
Director of Audit	1	1	By GOI, N.Delhi
Internal Auditor	1	nil	-
Senior Auditor	2	nil	-
Auditors	2	2	-
Sr. Examiner of Accounts	3	nil	-
Examiner of Accounts	2	1	-
Executive Secretary	1	1	-
Typist	1	1	-
Cleaner	<u>1</u>	<u>1</u>	-
<b><u>Total</u></b>	<b><u>14</u></b>	<b><u>7</u></b>	

(e) Budget for the Year, 2008-09:

The total budget of the Department of Audit for the current year, 2008-09 is as follows:

<u>Sl.No.</u>	<u>Sub-Head</u>	<u>Description</u>	<u>Allocation (2008-09)(in AUD)</u>
1.	202	Salary-local	36,364
2.	255	Travel-business	15,000
3.	301	Printing Stationery	5,000
4.	302	Office Rental	12,466
5.	305	Telecommunication	1,000
6.	326	Special Projects	33,500
7.	352	Stores	100
8.	353	R&M-Plant	500
9.	354	R&M-Bldg.	2,000
10.	359	Electricity	2,000
11.	502	<u>Plant &amp; Equipment</u>	<u>5,000</u>
			<b><u>NET IMPACT ON BUDGET 1,12,930</u></b>

## **2.5 Government of Nauru (GON) Accounts**

2.5.1 The last Audit Report of the Director of Audit was prepared in the year 1999 for the Government of Nauru (GON) accounts year ended 1997-98. After that, no Annual Accounts, up to 2007-08 for 10 years, for the government of Nauru, has been prepared. Consequently, no Audit Report on the Annual Accounts of the Government of Nauru has also been prepared and published. Though the Audit Act, 1973 clearly spells out for publication of the Special Report under Sub-Section 11(3), no attempts were taken to publish any such report by conducting any transaction audit or Performance Audit due to shortage of manpower, expertise and non-functional Audit Parties.

2.5.2 Under the present Government, the Annual Accounts are under preparation for the Year ended, 2007-08. As soon as the Annual Accounts are prepared, Financial Attest Audit of the GON Accounts will be taken up.

2.5.3 Presently, after the appointment of the new Director of Audit, attempts are made to publish Special Reports on the working of different entities under the Government by conducting transaction audit and performance Audit as well as visualizing the concept of Environmental Audit on the working of RONPHOS (erstwhile Nauru Phosphates Corporation) and Nauru Rehabilitation Corporation (NRC). Information Technology (IT) Audit is also on the pipelines on the working of the MYOB (Mind Your Own Business) system implemented in different State Owned Enterprises (SOE). However, access to records and allied documents is being experienced due to discontinued Audit System in the country. Now efforts are made to revive the System.

2.5.4 Different Performance Audit items are already in the hand of the Director of Audit to have an appraisal on the working of different departments, like, Education Department, Health Department, RONTEL etc. These are contemplated while carrying out the transaction audit of these departments. However main bottleneck remains concerning the appointments of qualified staff.

## **2.6 The State-Owned Enterprises (SOE)**

2.6.1 Under Section 7 of the Audit Act, 1973, the Director of Audit is required or authorised to inspect, examine or audit the books and accounts of any body corporate established under a law of the Republic. But the same works have been discontinued for the last few years due to non-preparation of the accounts of most of the SOEs as well as lack of capacity of the Department of Audit, Nauru. Now the actions are undergoing since May, 2008.

2.6.2 The Republic of Nauru has the following SOEs solely under its management control:

- (1) NAURU REHABILITATION CORPORATION (NRC)
- (2) RONPHOS CORPORATION
- (3) NAURU FISHERIES & MARINE RESOURCES AUTHORITY  
(N.F.M.R.A)
- (4) NAURU FISH CORPORATION (MARKET)
- (5) AIR NAURU CORPORATION (OUR AIRLINES)
- (6) NAURU AGENCY CORPORATION (NAC)
- (7) BANK OF NAURU (BON) (Partially Functional)
- (8) RONTEL CORPORATION
- (9) EIGIGU HOLDINGS CORPORATION (EHC)
- (10) MENEN HOTEL (SUBSIDIARY OF THE EHC)
- (11) NAURU CORPORATION (SUPER MARKET) (SUBSIDIARY OF  
THE EHC)
- (12) NAURU CORPORATION (VIC) (SUBSIDIARY OF THE EHC)
- (13) NAURU PHOSPHATE ROYALTIES TRUST (NPRT)
- (14) CENTRAL UTILITIES
- (15) RONFIN (Non-Functional)
- (16) NAURU INSURANCE CORPORATION (Non-Functional)
- (17) PACIFIC AIRCRAFT LEASING HOLDING CORPORATION  
(PALCO)
- (18) YAREN AIRCRAFT HOLDING CORPORATION (YALCO)

2.6.3 Some of the above SOE's have prepared their accounts up-to-date (as reported up to 31-12-2008) and got them audited from outside audit firms on their own. But no Entity barring a few has also approached Director of Audit for Audit of their accounts on the assumption of lack of qualified staff/officials in the Department of Audit. So no Audit Report (except a few) on the Financial Statements has been prepared by the Director of Audit and presented to the Parliament. However, it is also observed that most of the SOE's are maintaining their accounts on cash basis.

2.6.4 The transition to accrual basis system needs to be adopted for better transparency and accountability. Some of the SOE's are attempting to prepare their accounts through MYOB software with the help of an Australian Expert from Vanuatu. The MYOB expert visits some of the SOEs (EHC, Menen Hotel, NRC, RONPHOS and Utilities etc.) for reconciliation of accounts after every 4/5 months. But gross discrepancies are noticed in some of the SOEs while reconciling the cash balance.



## **2.7 CAPACITY BUILDING**

2.7.1 The Department of Audit, Nauru is now undergoing a great change under the initiatives of the present Government. The lack of Capacity Building was noticed as a serious problem in the Audit Office. Therefore, initiatives for Capacity building have been taken up as a priority area to strengthen the audit establishment of the country. The following initiatives are important to mention here:

- (i) A new wider space adjacent to present office has been acquired from Eigigu Holding Corporation (EHC),
- (ii) Periodic training programmes are organised. The training of the Staff has also been taken up for capacity building of the Audit Office. The first training has been conducted on the **"INTRODUCTION TO FINANCIAL ATTEST AUDIT"** from **18-08-2008 to 22-08-2008**. Total 15 staff members from different departments having financial responsibilities in their respective sections participated in this programme. **The second phase of the *Financial Attest Audit* training will be taken up in the first quarter of the year, 2009.** The next training will be organised on the **Management of Audit System**. So total three Training Programs have been planned in a financial year.
- (iii) A new Examiner is under process of recruitment in the current financial year,
- (iv) A new photocopier-cum-scanner has been purchased for catering the needs for photocopying the Key Documents (KDs) and others and printing the documents,
- (v) Resorting to get expert helps from INTOSAI, PASAI, ADB and India,
- (vi) Segregation of all old valuable files has been started and expected to be preserved in the new accommodation.

## **2.8 AUDIT MANAGEMENT**

2.8.1 The management of Auditing system in the Department of Audit is the most challenging. As no Audit Report has been published for the last 10 years since the last Government Accounts for the Year, 1997-98 and the Accounts of the SOEs are not examined by the Director of Audit, the Audit System need to be restored faster. Though the Audit Act, 1973 has provided adequate powers to the Director of Audit, no incumbent resorted to alternative course of action by initiating the preparation of Special Audit Report under Section 11(3). So this Special

Report reveals certain segments of problem areas in managing the audit program of the Department of Audit.

2.8.2 Manpower and infrastructures are the main constraints right now, apart from basic requirements of the office. There is a serious lack of experts also in the department. Management of regular audit program is still a difficult task.

### **2.8.3 Regularity Audit**

2.8.3 (i) Regularity Audits refer to Financial and Compliance audits. As per Section 6 of the Audit Act, 1973, these audits are carried out by the Director of Audit. So far these have been limited to the examination of transaction vouchers of different departments which are lying in the Finance Department. This attempts to find out individual irregularity or non-compliance of the financial rules and regulations in accordance with the Accounts and Budget Manual of the Government of Nauru. This looks into further whether internal control mechanisms are at place.

2.8.3 (ii) As per the Annual Financial Budget, 2008-09, there are 35 Functional Heads of the Government of Nauru. Risk area needs to be assessed as per the expenditure of different departments and other allied factors and transaction audit needs to be taken up with a definite Annual Audit Plan. Similarly, the SOEs are also to be audited within the same frameworks of Annual Audit Plan apart from their Financial Audit of the Annual Accounts.

### **2.8.4 Financial Audits**

2.8.4(i) The Financial Audit has been huge arrears for both the Government of Nauru (GON) as well as most of the Corporations (SOEs).

2.8.4(ii) In the GON, this has been arrears since the Accounts of 1997-98 till 2007-08 for ten years. Presently, this issue was seriously taken up by the new Director of Audit and the Accounts of the Government are under preparation. As soon as the Accounts of the Government are ready, the Financial Audit will be taken up.

2.8.4(iii) In the Corporations, the accounts are pending at various levels and at various years. There is no uniformity of the systems of maintenance of accounts across different entities. Uniform standards, policy and accounting systems need to be brought into practice across all the Corporations which must ensure completeness, correctness, regularity, valuation, measurement and disclosures in accordance with international best practices.

### 2.8.5 Performance Audit

2.8.5(i) Since the inception of the Department of Audit in Nauru, **no Performance Audit or Value-for-Money (VFM) Audit or Efficiency-cum-Performance Audit (ECPA)** has been conducted for any organisation or any Government Department. The Audit Act, 1973 allows Director of Audit to conduct any kind of such enquiry or examination on behalf of the Parliament. But no tradition has been created so far since the beginning of this office. Now *with changing scenario of the Government Auditing practices, Performance Audit needs to be taken up.*

2.8.5(ii) The present Department of Audit is already setting such goals to select topics for Performance Audit which is having paramount Parliamentary interests in line with Sustainable Development Strategy of the Republic of Nauru. These topics may be (i) the Working of the Education Department, and (ii) Performance of the RONTEL Corporation etc.

### 2.8.6 Environmental Audit

The Environmental Audit is a new area of audit. It is globally very important in view of the UN Agenda21 and INTOSAI Working Group on Environmental Auditing (WGEA). A strategy has already been formulated for such Audit on the **"Phosphate Mining and Rehabilitation in Nauru: Sustainable Development Strategy"** involving two major Corporations of the Government i.e. RONPHOS and the Nauru Rehabilitation Corporation (NRC).

### 2.8.7 IT AUDIT

The Information Technology (IT) Audit is another new area of audit. There is a great field of IT Audit in the GON as well as in all its Corporations. In the age of Information Technology, the Auditors of Nauru is also striving to take up such IT Audit by studying the electronic formats of the accounting systems and their security, reliability and integrity. Such audits are taken up as a primary attempt on the implementation of MYOB in different SOEs and their Cash Management.

### 2.8.8 (i) OUTSOURCING OF AUDIT

As per the Section 6(2) of the Audit Act, 1973, the Director of Audit may outsource the audit of the outside offices to any person publicly carrying the profession of accountancy. Outsourcing of Government Audit jobs are also a modern trend to reduce costs of the Government.

2.8.8 (ii) In view of long arrears and lack of expertise in the Department of Audit, Nauru, three outside offices of the Republic have

been/are being outsourced, namely, (a) the office of the High Commission of Nauru (HCN) at Suva, (b) the office of the Embassy of Nauru at Taipei and (c) office of the UN Representative of Nauru at New York. One Report, i.e. *Audit of the office of the Embassy of Nauru at Taipei, has been finalised and included in the Chapter-8 of this Special Report.*

#### 2.8.9 OTHER AUDIT WORKS

2.8.9 (i) The office of the UN Representative of Nauru at New York and the office of the High Commission of Nauru (HCN) at Suva will be audited in the year, 2009. The Audit of the offices of High Commissioner of Nauru at Brisbane and Melbourne will be taken up directly by Director of Audit during the first quarter of the year, 2009 along with overseeing certain other offices of the SOEs of Nauru at Brisbane/Melbourne.

2.8.9 (ii) As the Budget Outcome Documents for the year 2005-06 and 2006-07 were prepared by the Finance Department, it was analysed by the Department of Audit *suo motto*, (not having any Government Accounts). An Audit Plan has been drawn up on the basis of the expenditure figures available in those documents (**vide Annex-I**). A stable Perspective Plan will be developed shortly.

2.8.9 (iii) Apart from the above, (a) audit of RONWAN data, 2002 has been done on 100% check basis, though the Executives can not be relieved out of the responsibility, as may anything arise out of our best efforts on this matter, (b) certain audit was conducted on certain reported irregularities in certain SOEs (vide Chapter-7), (c) certain preliminary observations have been made on certain SOEs (vide Chapter-4).

2.8.9 (iv) A Constitutional Review proposal has been addressed to the Chairman of the Constitutional Review Committee to re-designate the post of the Director of Audit as the Controller and Auditor General (C&AG) or Auditor General of Nauru giving more powers in relations to Audit and Accounts of the GON as well as the SOEs. This has been done basing on the facts that most of the countries in and around pacific as well as other continents have designated their heads of the Supreme Audit Institution (SAI) as Auditor General or Controller and Auditor General (where the C&AG is having some monetary controlling over the treasury functions) The post of the Internal Auditor in Department of Audit, Nauru is also required to be redesignated as Deputy Auditor General under the Auditor General. The Department of Audit may also adopt a new name as 'National Audit Office, Nauru' since the Constitution or the Audit Act, 1973 do not specify any such name to this office so far. These matters have also been brought to the notice of His Excellency the President, Mr. Marcus Stephen, Hon M.P.

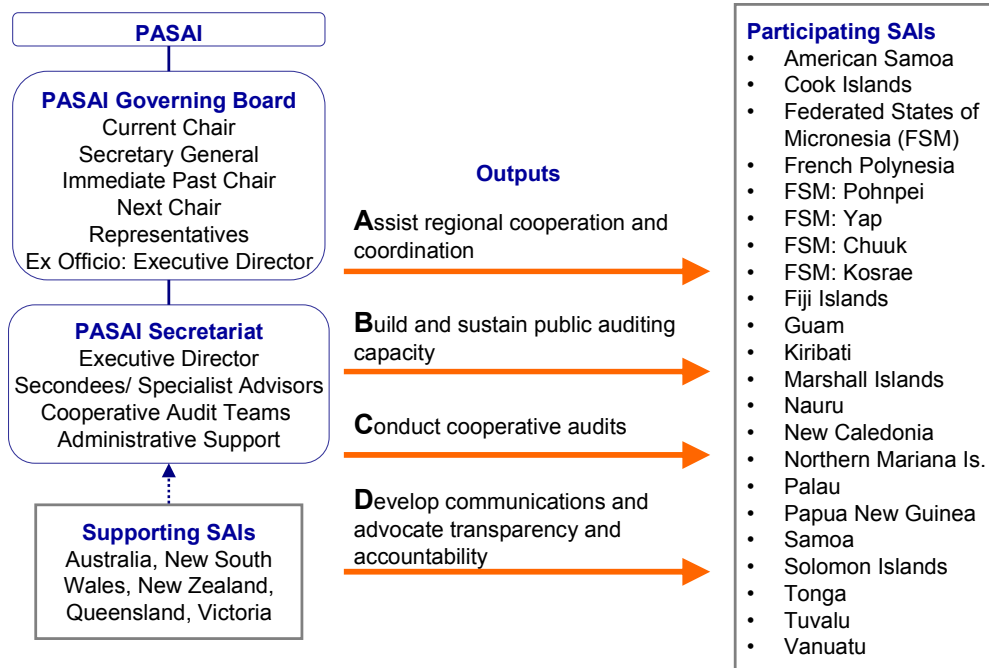
## 2.8.10 INTERNATIONAL RELATIONS

2.8.10(i) The Department of Audit, Nauru is a Member of International Organisation of the Supreme Audit Institutions (INTOSAI) and the Pacific Association of Supreme Audit Institutions (PASAI).

2.8.10(ii) INTOSAI is an affiliated body of the United Nations (UN) having its general Secretariat at Vienna, Austria. It was established in 1953 as a professional body of the Supreme Audit Institutions of the countries having memberships with the United Nations. It has now more than 190 memberships. INTOSAI helps different SAIs in Capacity Building as well as expert services in promoting international best practices around the world. The motto of the INTOSAI is "Mutual Experience Benefits All". The Strategic Goals 2005-2010 of the INTOSAI is set to promote (a) Accountability and Professional Standards, (b) Institutional Capacity Building (c) Knowledge sharing and knowledge services and (d) Model International Organisation. Though SAI, Nauru is a Member of INTOSAI, there have been huge arrears in paying the Membership fees for the last 20 years to the tune of Euro7478.17 (01-09-2008). However these figures are subject to scrutiny and may not be correct. These arrears are under correspondences with the INTOSAI for resolving the problems.

2.8.10(iii) The PASAI is a new initiative in the Pacific region under INTOSAI. At present, it has 25 Members around the Pacific. As an affiliated regional body of the INTOSAI, it is temporarily working having its Secretariat at the Office of the Controller & Auditor General of New Zealand. The permanent Secretariat will be established in Suva, Fiji in the year, 2009. The SAI, Nauru is naturally a member of PASAI. The Membership fees are outstanding to the tune of US\$100.00 (for two years @US\$50.00) up to June 30, 2008. Initiatives have been taken up to clear the outstanding.

2.8.10(iv) The PASAI initiatives are expected to give great advantages to the Department of Audit, Nauru and the entire pacific public auditors' community as depicted in the diagram next page.



2.8.10(v) Out of the above initiatives under the Pacific Regional Audit Initiative (PRAI) design, **special audit arrangements are being made for Nauru, Kiribati and Tuvalu with Sub-regional Audit Support (SAS) Program.** This will be highly beneficial in the form of (i) regional cooperation and coordination, (ii) public auditing capacity building, (iii) cooperative financial and performance audits and (iv) promoting transparency and accountability. The PRAI's overarching objective is to **raise Pacific public auditing to uniformly high standards.**

2.8.10(vi) The Director of Audit, Mr. B.R. Mondal and Auditor, Mr. Rowan Detenamo attended the meeting of the Sub-regional Audit Support (SAS) at Suva on 19-11-2008 for mastering the efforts of the SAI, Nauru.

2.8.10(vii) The Supreme Audit Institution (SAI) i.e. Department of Audit, Nauru needs to work closely with all the other SAIs both at bilateral level as well as multilateral forum to develop its expertise to cope up with the present challenges. The present Director of Audit is from India having expertise in almost all auditing and accounting fields. Initiatives may be taken up to develop local expertise by local recruitments of Examiners of

Accounts as well as Auditors having accounting qualifications. After rigorous training at the Department of Audit, Nauru, they can be sent for higher level of training under Comptroller & Auditor General of India in the yearly training program of **International Centre for Information Systems and Audit (CISA)**. This program may be free of costs under ITEC program, Government of India. After this kind of training, the Auditor can be sent to more advanced training at **US General Accounts Office (GAO) for International Auditor's Fellowship Program**. Possible funds for such training may be from ADB or PASAI etc. Initiatives need to be taken for local capacity building.

## **2.9 RECOMMENDATIONS:**

In view of the above facts and analysis, the following preliminary recommendations are made to ensure the independent working of the Director of Audit and the Department of Audit to achieve its goals towards excellence in the public sector audit:

- (i) To ensure independent functioning of the Director of Audit, the position needs to be made free from the Public Service by amending Section 3 of the Audit Act, 1973, though the staff members may continue to be members of the Public Service. The appointment of the Director of Audit should be made by the President administering an oath of allegiance to the Parliament. The Director of Audit should submit his Report to the Speaker who shall cause to lay the same before the Parliament in the first session as may be convened after the submission of the Report.
- (ii) Amendment to the Constitutional Article 65(2) also is required to include 'office expenses of the Director of Audit are a charge on the Treasury' along with the salary and allowances of the Director of Audit. The salary of the staff members may not be a charge on the Treasury.
- (iii) The powers in relation to Article 68(1) of the Constitution may be delegated to the Director of Audit by the Chief Secretary (under Article 68(2) of the Constitution) so far as his staffs are concerned for disciplinary control, appointment and removal.

- (iv) All Government Departments need to give utmost importance to the Audit of the Director of Audit and extend cooperation as per the Audit Plan of the Director of Audit.
- (v) Directions may be issued to all Heads of the Departments to have free access to any records, documents, books of accounts etc. as are to be requisitioned by the Director of Audit as per the Audit Act, 1973.
- (vi) By selecting any Department, Director of Audit may conduct any sorts of Audit concerning Performance, Environment, IT Application or transactions as per Audit Act, 1973 which need not be questioned as the Director of Audit is in the best place to judge the issue from the National as well as International perspectives.
- (vii) Response to any audit requests may be attended on timely as well as promptly basis. There must not be any kind of censoring of information which are in contravention of the Audit Act, 1973 and hinders duties and powers of Director of Audit.
- (viii) The time-schedule for the preparation of Accounts must be followed by the Government as well as all heads of the SOEs so that Audit Plan works independently.
- (ix) Confidential issues concerning audit may be brought to the notice of the Director of Audit in the most secret, confidential and personal manner.
- (x) At least two/three qualified auditors need to be appointed shortly, till Sub-regional Audit Support (SAS) Program of the Pacific Regional Audit Initiative (PRAI) comes into realities.
- (xi) As the request for re-designation of the post of the Director of Audit as Controller and Auditor General (C&AG) or Auditor General (AG) has been sent to the Chairman, Constitutional Review Committee and His Excellency the President, the powers of the Director of Audit (C&AG/AG) needs to be increased to make him more effective. He



should be made a truly independent officer submitting Report to the Speaker for placing before the Parliament. This may be the Westminster pattern as seen for the position of the Comptroller & Auditor General of UK and his National Audit Office (NAO). *But there must be careful changes in the Review of the Constitution to avoid any further pitfalls in such revision.*

- (xii) No SOE should be out of the purview of Audit of the Director of Audit and the functioning of the SOEs may also be reported as Special Report as and when required as the GON Accounts.
- (xiii) The format of the Accounts and other certain controlling mechanisms of the treasury funds may need the approval of the Director of Audit since the auditability of the Accounts and Treasury Funds become easier and acceptable in view of the international standards.
- (xiv) The new Code of Conduct of the Department of Audit, Nauru needs to be developed in line with the INTOSAI standards as well as the local standard practices and traditions.

## **2.10 VISION & MISSION**

2.10.1 The Department of Audit, Nauru visualises to provide a multidisciplinary professional services to Parliament, to Government and to be an agent of reforms conducive to achieving excellence in the public sector. It strives to promote good governance by encouraging Accountability, Transparency and Integrity ensuring Independence of the Supreme Audit Institution (SAI) in accordance with the International Best Practices.

2.10.2 The Department of Audit, Nauru aims to help the Government of Nauru (GON), the Nation, spend wisely.

**(BR MONDAL)**  
**DIRECTOR OF AUDIT**

## Chapter 3

### Accounts of the Government

3.1 The Audit Report of the Director of Audit for the Annual Accounts of the Government of Nauru (GON) for the Year 1997-08 was prepared in the year 1999. After that, no Annual Accounts, up to 2007-08 for 10 years, for the government of Nauru, has been prepared with the standard format as stipulated by the Audit Act, 1973. Consequently, no Audit Report on the Annual Accounts of the Government of Nauru could be prepared and published so far. Though the Audit Act, 1973 clearly spells out for publication of the Special Audit Report under Section 11(3), no attempts were also taken to publish any such report on the basis of conducting any transaction audit or Performance Audit due to shortage of manpower and non-functional Audit Parties.

3.2 Section 10(1) of the Audit Act, 1973 requires that the Minister, responsible for the public accounts of the Republic, shall within a period of three months after the end of each financial year or such a longer period thereafter as Parliament, may by resolution appoint, certify under his hand, subject to such explanation and qualification as he may think necessary, and transmit to the Director of Audit the following statements and accounts:-

(a) Statement of the Treasury Fund showing the estimates of receipts and expenditure under several heads and sub-heads including any supplementary estimates, approved in respect of that financial years and the amounts actually received and expenditure incurred under those heads and sub-heads;

(b) Statement of Government Loan Fund and of the Trust Fund showing receipts and expenditure in each case;

(c) A statement of assets and liabilities of the Republic at the end of the financial year, the manner in which those assets are invested or held and the general heads in respect of which those liabilities are outstanding; and

(d) Such other statements, as parliament may, from time to time, by resolution require or the minister may consider necessary.

3.3 As examined by the Director of Audit, no accounts have so far been produced since 1997-98 to 2007-08 for the last ten years. The last Annual Accounts for the Financial Year ended 30 JUNE, 1998 included the following materials:

- (i) Ministerial Certificate
- (ii) Statement of Assets & Liabilities,
- (iii) Statement of Revenue & Expenditure
- (iv) Notes to and forming part of the Treasury Fund
- (v) Statement of Balances forming part of the Treasury Fund and 13 other important Statements as Appendices, like, Statement of the Public Debt, Loans Advance by Government, Investments, List of Overseas Imprest, Provident Fund Account, Court Trust Fund Account, Fisheries Economic Development Fund, Intestate Estate Account, Nacos Trust Fund Account, Value of Non-Current Assets, List of Intestate Accounts, Summary of Revenue and Summary of Expenditure.

3.4 All the above Statements are very important and inherent part of the Government Accounts of Nauru. On being raised this issue with the Secretary for Finance and the Budget Adviser, they expressed ignorance and provided two Budget Outcome Documents for the Years, 2005-06 and 2006-07 which were placed before the Parliament. But these were not sent to the Director of Audit for undertaking Audit of the Government Revenues and Expenditure and other issues in accordance of the Audit Act, 1973. It was observed, the Budget Outcome Documents were essentially a financial analysis of the Budgets of both the years by the Finance Department having no Financial Statements as required as per the Audit Act. Those were also not sent to the Department of Audit, Nauru for undertaking Audit. This matter was repeatedly brought to the notice of the Finance Secretary and the Hon. Minister for Finance since July, 2008 to prepare the Government Accounts in **proper Format** who assured that the Accounts will be prepared as per proper Format and transmitted to the Director of Audit as per the Audit Act, 1973. Till date, no Annual accounts for the Year 2007-08 have been received to the Audit Department so far.

3.5 As the present Government assures to prepare the Annual Accounts for the Year ended, 2007-08, Financial Attest Audit for the GON Accounts will be taken up immediately as soon as the Accounts reach to the Department of Audit, Nauru. However, the Department of Audit continues to provide suggestions to prepare the Accounts indicating the keys areas of the Accounts materials.

### 3.6 RECOMMENDATIONS:

- (i) Government needs to adopt pragmatic strategy to take up preparation of the Annual Accounts with careful consideration of the underlying principles of the Government Accounts;
- (ii) Now it will be the right opportunity to adopt accrual based accounting system for better transparency and accountability. Internationally all the countries are now set to adopt accrual accounts for the government accounts by delinking the cash based archaic accounting system. Since transactions of the government in Nauru are very simple and single window based, it will be very easy to adopt accrual based accounting system.
- (iii) Standard Format of Accounts needs to be created and followed.
- (iv) An experienced professional Government Accountant having direct first-hand knowledge of commercial accounts needs to be engaged in the Finance Department as Chief Accountant immediately.

## Chapter 4

### General Issues relating to Functions of the SOEs/other entities and their subsidiaries with comments and recommendations.

4.1 The Government of Nauru has eighteen (18) State Owned Enterprises (SOEs) which are under different Ministries of the Government. The accounts of most of the SOEs are either pending or under preparation under different formats, not having proper balance sheets at the end of the financial year. Some of the SOEs, like, RONPHOS, Utilities, NRC, NPRT, PALCO etc. have prepared the accounts. But there is a lack of uniformity in preparation of the accounts, like; RONPHOS has prepared Management Accounts for the last three years, whereas they also need to prepare the Annual Financial Accounts having regular Profit and Loss Accounts, Balance Sheets and Cash Flow Statements. The timeliness and form of Accounts are not adhered to in many of the corporations due to lack of uniform, but standard accounting frameworks. The following table will reveal certain facts which need urgent attention of the Government. Here some observations have also been made basing on the current condition of the SOEs.

#### 4.2 SOEs and Present Status Of Functioning

Sl. No.	Names of the SOEs	Whether Accounts Prepared Up to date	Whether has any controlling legislations except Corporation Act,1972	General Views & Comments of Director of Audit
01	Nauru Rehabilitation Corporation (NRC)	Not clear. Stated to be pending for quite long years.	Yes, Nauru Rehabilitation Act, 1997.	As Cabinet agreed, the CEO refused to have audit by Director of Audit to examine accounts in contravention to NRC Act. Even accounts were not complete, but outsourced by the CEO for Audit to a private Auditor; PKF International.
02	RONPHOS Corporation	Yes	Yes, RONPHOS Act, 2005	Management Accounts prepared. Needs to have Annual P&L

				Account and Balance Sheet. To be Audited by an outsourced Auditor under Director of Audit with Audit Fees.
03	Nauru Fisheries & Marine Resources Authority(NFMRA)	No, up to 2003-04 prepared	Yes, NFMRA Act, 1997	Some serious observations of 2003-04 Accounts are still not complied by the Authority.
04	Nauru Fish Corp.(Market)	No	No Act. Works under NFMRA Act, 1997	Virtually closed and Now stated to be part of Treasury. Accounts Balance not clear.
05	Air Nauru Corporation (Ourairlines)	Yes	Yes, Nauru Air Corporation Act, 1995	Audit of the Accounts have been done up to 2005-06 by private Auditor; Webb Ply. Ltd., Australia. Director of Audit needs to oversee the arrangement whether alright. Further Accounts need to be up-dated.
06	Nauru Agency Corporation (NAC)	No	No Act. As per Corporation Act, 1972	Annual Accounts are pending due to lack of Bank Reconciliation Statements as stated.
07	Bank of Nauru (BON) (Partially Functional)	No	Yes, Bank of Nauru Act, 1976	There were adverse comments in the years 2001-02 to 2004-05. No accounts prepared so far. Needs full-scale operations for resumption of banking services.
08	RONTEL Corporation	No	Telecommunications Act, 2002	Accounts not prepared since commencement due to non-preparation of the budgets etc. Needs full-scale assessments and review by Director of Audit.
09	EIGIGU Holdings Corp.(EHC)	No	No separate Act. Works as per Corporation	No Accounts and accounting policy

			Act,1972	adopted. Needs more financial disciplines. Preparation of Accounts on Accrual basis needs to be adopted urgently due to huge amount of daily cash dealing by the Financial Controller of the Corporation.
10	Menen Hotel (Subsidiary of EHC)	No	No Act. Works as per Corporation Act, 1972	No Accounts as well as Accounting policy. They need to adopt accrual accounts. Need more financial disciplines in handling cash, stores etc. ( <i>vide Chapter/para 7.1</i> )
11	Nauru Corp. (VIC) (Subsidiary of EHC), Melbourne.	No	No Act. Very loosely controlled by EHC having fluid existence in Melbourne.	Virtually controlled by the Treasury. But No control over the purchases and sells. Needs full-scale assessments. Suspected frauds in management. No Accounts.
12	Nauru Corp. (Super Market) (Subsidiary of EHC)	No	No Act. Under EHC. May work as per the Corporation Act.	Cash Accounts. No Accounts are prepared except daily ledger. Needs more control and disciplines regarding sells and purchases.
13	Nauru Phosphate Royalties Trust (NPRT)	Yes	Nauru Phosphate Royalties (Payment and Investment) Act, 1968	RONWAN audited by DOA. The NPRT Needs to be audited in full-scales by the Director of Audit by outsourcing with Audit Fees.
14	Central UTILITIES	Yes	No legislation so far. Under process.	The management is actively trying to put the financial accounts in practice. But new legislation is required with a view to creation of Tariff,

				procurement management and separation of Assets and Liability (from RONPHOS).
15	RONFIN (Non-Functional)	No	Yes, RONFIN Act, 1972	Virtually closed. The Chairman of RONFIN still uses a car with rationed weekly petrol from the Government which needs to be stopped.
16	Nauru Insurance Corp. (Non-Functional)	No	Insurance Act, 1974 & Insurance(Amendment) Act, 1978	Closed. Needs revival as per market conditions. Apart from General Insurance, Life Insurance may be adopted after negotiating the International players. The Insurance Market may be assessed independently for safety of life and properties.
17	PACIFIC AIRCRAFT LEASING HOLDING CORPORATION (PALCO)	Yes, up to 2006-07	Executive Orders by the Cabinet Decision	Audited by outside firms and overseen by the Director of Audit. No comments. To be reviewed further.
18	YAREN AIRCRAFT HOLDING CORPORATION (YALCO)	Yes, up to 2006-07	Executive Orders by the Cabinet Decision	Audited by outside firms and overseen by the Director of Audit. No comments. To be reviewed further.



**4.3 Alarming Status of Accounts and Audit**  
**Of**  
**Certain Important Entities (as on 31-12-2008)**

S.No	Name of Audited Institution	Year up to which Audit completed	Number of years for which accounts are due (up to 30.06.2006)	Remarks
1	<p>a) R.O.N Treasury Fund Accounts, Provident Fund, Court Trust Fund, Fisheries Economic Development Fund, Intestate Estate Account, NACOS Trust Fund</p> <p>b)Nauru Superannuation Board</p> <p>c) Nauru's Overseas Offices: (i)Consul-General Office, Melbourne</p> <p>(ii) High Commissioner's Office, Suva, Fiji</p>	<p>1997-98</p> <p>1995-96</p> <p>2001-02</p> <p>2003-04</p>	<p>10</p> <p>12</p> <p>6</p> <p>4</p>	<p>The arrears in accounts are accumulating despite the presence of competent Australian Finance Team in the RON Treasury since 2004-05. Up to Financial Year, 2007-08, no Accounts have been prepared for the last ten years. <b>National Accounts are to be updated on priority basis to support the current Government's policy of 'Accountability, Transparency and Good Governance'</b></p>
2	Nauru Fisheries and Marine Resources Authority (NFMRA)	2001-02	6	Audit of accounts of FY 2002-03 is completed but the reply to audit queries still awaited. <b>The issue relating to outstanding advances of A\$ 196,794 recoverable from the former Chairman of NFMRA and the suspected forgery of signatures and withdrawal of monies by the former Chairman from NFMRA's overseas bank account</b>

				<b>is still not sorted out.</b>
3	Nauru Fisheries Corporation	2001-02	6	Audit of accounts for FY 2002-03 is completed and the audit certificate will be issued after the NFMRA's audit report for 2002-03 is finalized.
4	Nauru Insurance Corporation	2001-02	6	Since closed. The audit of accounts of FY 2002-03 is completed. Reply from NIC is still awaited regarding irregular adjustment of loan to NOC (A\$ 1.35 million) from dividend payable to Government.
5	RONFIN	1991-92	16	Since closed. Audit has pointed out on 14 <sup>th</sup> February, 2005 that RONFIN was not legally wound up as per provisions of Corporation Act, 1972 and the accounts of the Corporation needs to be updated and audited before commencing winding up procedures. The responsibility for the Corporation's accumulated losses of A\$ 940 millions as determined by 'Price Waterhouse' in May, 1996 is a major issue and still not fixed. The corporation's update of accounts has a bearing on the accounts of RON Treasury accounts, Bank of Nauru and other RON Instrumentality accounts. Still Chairman of RONFIN continues to use a car with ration of weekly governments' Petrol which needs to be stopped.
6	Eigigu Holdings Corporation	1995-96	12	Accounts from 1996-97 are due and no response from EIGIGU even after Presidential directions issued on 6 <sup>th</sup> December, 2004.
7	Nauru Corporation (Super Market)	1991-92	16	Accounts from 1992-93 are due and no response from the corporation even after Presidential directions issued on 6 <sup>th</sup> December, 2004.
8	Menen Hotel	1995-96	12	As directed by Hon. Minister for Finance, a review of Hotel's operations for the period from September, 2004 to February, 2005 was conducted by the Director of Audit and the

				report/recommendations of audit were issued on 23 <sup>rd</sup> March, 2005. Further, there was cash shortages in Menen Hotel in April, 2008 ( <i>vide detail in Chapter 7</i> )
9	Bank of Nauru	2004-05	3	Adverse Audit Reports issued for the years 2001-02, 2002-03, 2003-04 and 2004-05 but the Audit Reports do not appear to have been tabled in the Parliament yet.
10	Rontel Corporation	--	7	Accounts are due since incorporation in 2001-02. No response from the corporation even after Presidential directions issued on 6 <sup>th</sup> December, 2004.
11	Nauru Agency Corporation	--		The accounts of NAC were not compiled since its incorporation in March, 1972. The Corporation's accounts were also never audited by any external auditor as required under the Corporation Act, 1972. NAC was brought under the purview of Public Accounts Committee in 2005 and the Director of Audit was appointed as ex-officio auditor of NAC with effect from 2 <sup>nd</sup> May, 2006. NAC submitted their accounts for 2004-05 to audit and the audit observations were issued on 28 <sup>th</sup> June, 2006. The replies to audit observations are still awaited. The issue regarding NAC's past years' accounts is not yet sorted out.
12	Nauru Parliamentary Superannuation Trust	--		Intimation about proposed appointment of Director of Audit as Auditor to the Trust received on 30 <sup>th</sup> June, 2006. Formal letter of appointment and accounts are still awaited.

**NOTES:**

*(i) The Director of Audit could not undertake audit of accounts of Nauru's overseas offices (Consul-General of Nauru, Melbourne and High Commissioner of Nauru, Suva, Fiji) as the Department of Finance/Government did not allow the budgetary provisions for these in the audit budgets for FY 2004-05, 2005-06 and 2006-07.*

*(ii) Presently, decision has been taken by the Cabinet during the financial year, 2008-09 that Audit of Suva, Taipei and New York will be undertaken by outsourcing under Section 6(2) of the Audit Act, 1973 and the Audit of Melbourne/ Brisbane office will be done directly by Director of Audit. However, there should be scope of Director of Audit to undertake the audit of those Missions directly, if required for independent assessment of those entities.*

#### 4.4 RECOMMENDATIONS:

- (i) The Corporation Act, 1972 needs to be reviewed thoroughly updating the modern practices for all the corporations with an insertion of uniform FORM of ACCOUNTS to be followed by all Corporations mandatorily. Such FORM may be expressly prescribed in the Corporation Act.
- (ii) All Corporations must follow and adopt accrual basis of accounts with formulation of proper Accounting Policy as per the International Financial Reporting Standard (IFRs) for better transparency and accountability.
- (iii) Financial Reporting must be on time and as per schedule for all the Corporations. Say, three months after the closure of the Financial Year. The Board of Directors must adopt the accounts and send to the Auditor/Director of Audit for auditing within six weeks or any prescribed time limit. The accounts must be routed through the Minister concerned.
- (iv) Where the individual enactments have been done for any Corporation, similarity and uniformity may be established regarding auditing arrangements, like, referring to Director of Audit for opinion or outsourcing of Audit through Director of Audit with Audit Fees.
- (v) After Audit by Director of Audit or his authorised firms, a suitable Special Report should be prepared by the Director of Audit to be placed before the Parliament to fulfil the Parliamentary requirements as per Audit Act, 1973.
- (vi) Every Corporation must appoint such person as Chief Accountant who will himself/herself be squarely responsible for preparation of accounts as per the time-schedule as prescribed in the Act. The Financial Controller posts may be merged with Chief Accountants having full accounting responsibilities also.
- (vii) Computerised accounting system needs to be followed and data backup policy must be standardised so that business continuity never hampers.
- (viii) A serious, fresh, conscious and pragmatic decision must be taken to update the accounts of the SOEs which are pending for so many years.
- (ix) Every Corporation must set up its Strategic Plan for the coming years to fulfil its aims and objectives.

## Chapter 5

### Audit of Public Stores

5.1 In accordance with Section 6 & 9 of the Audit Act, 1973, the Director of Audit is empowered to examine all the public stores of the Government Departments as maintained as per the extant rules of the Government. Accordingly, all the Government Departments are required to maintain an Inventory Register for public assets such as Plant, Equipment, office Machines (photocopier, typewriter fax etc.) Electrical Appliances, Furniture, books and other valuables etc. used by them (*vide Chief Secretary Circular No.3/1990, dated 29<sup>th</sup> May, 1990*).

5.2 Para 11.10 of the Accounting & Budget Manual requires that all Inventory holdings should be checked by a responsible officer not less than once every year and discrepancies noticed during the checks must be reported to the appropriate authority. Further, as per the provisions of Section 17 to 19 of the Public Finance (Control & Management) Act, 1997, damaged, unserviceable and obsolete items and items which are missing or lost are not to be struck-off or removed from the Inventory Register. Number of such items is to be indicated in the 'Remarks Column'. If any variation is there between book balances and actual balances, the reasons must be indicated and action taken immediately.

5.3 In case of Second-hand Motor Vehicles, the provisions of sale of Second-hand Motor Vehicles Act, 1985 are also to be complied with.

5.4 In every year, Audit sends letter to all the Departments to comply with the stock-take of the Government assets. But very few departments are reported to have maintained such records as per the provisions of the above Acts/Rules. The few departments who reported were Chief Secretary's Department, Department of Sports, and Nauru Police Force. Even after repeated reminders, the situations did not improve till 31-12-2008.

## 5.5 RECOMMENDATIONS:

- (i) All the heads of the Departments must look into the matter of Government Assets to minimise losses, pilferage etc. with personal interests to comply with the provisions of the law. These needs to be kept in mind that losses of Government Assets are the losses as good as Cash.
- (ii) Maintenance of Standard Asset Register is a must for all assets of the Government. The Departmental Heads need to ensure this.
- (iii) Actions may be taken on any loss of the Government properties in accordance with extant rules and reported to the Audit for further verifications.
- (iv) Annual physical verifications of assets must be made on timely basis after closure of every financial year and reported to Audit.

## Chapter 6

### Implementation of MYOB at different SOEs

6.1 The MYOB (Mind Your Own Business) implemented by the AusAid funded Public Sector Reform & Capacity Building Program Design Team PDT) to support the roll-out of the MYOB in Nauru's State Owned Enterprises (SOEs). The implementation of MYOB software is closely monitored by the Finance Department with a view to generate a true and fair Ledger, Profit and Loss accounts and Balance Sheet for the SOEs concerned. For this purpose, an Australian Expert, employed by KPMG correspondent firm in Vanuatu - Hawkes Law Chattered Accountants, visits Nauru now and then for the last three years for implementation of MYOB, its training and generation of accounts etc. to strengthen the financial reporting and management of the following main five SOEs:

- (i) Central Utilities,
- (ii) Menen Hotel,
- (iii) Eigigu Holding Corporation,
- (iv) Nauru Rehabilitation Corporation (NRC),
- (v) Republic of Nauru Phosphate Corporation (RONPHOS).

6.2 It was observed that none of the above SOE could implement the MYOB with total satisfaction by achieving its aims and objectives with the generation of a true and fair Annual Profit and Loss Accounts and Balance Sheet. The followings issues, in nutshell, were noticed:

- (i) Huge discrepancies are noted in physical cash balance as well as MYOB balances in Eigigu Holding Corporation which are pending for reconciliation.
- (ii) The Menen Hotel experienced clear-cut cash shortages and physical cash missing (**vide Chapter 7 below**) and also similar discrepancies of Cash in hand and MYOB balance.

- (iii) The Central Utilities also had similar problems of cash reconciliations. There were also discrepancies with the banks figure.
- (v) The RONPHOS has no networks and only one computer is used with MYOB which is working with a very limited manner.
- (vi) The NRC did not allow for studies of MYOB when asked by Audit. However, from the Report of the MYOB Expert, it is noticed that they were making some efforts to implement the MYOB as an important tool of their Accounts Management.

### 6.3 RECOMMENDATION:

- (i) Every SOE needs to set up a strategic plan to implement the MYOB software,
- (ii) In each SOE, one or two officers must be fixed with responsibility to generate Annual Profit & Loss accounts and Balance Sheet on timely manner through the MYOB software as outlined in its aims and objectives,
- (iii) Any cash discrepancy, if noticed, must be resolved immediately by the head of the Account branch as soon as reported. The facts must also be brought to the notice of the competent authority without any delay.



## *Chapter 7*

### *Serious individual findings*

#### **7.1 AUDIT OF CASH SHORTAGE – MENEN HOTEL**

7.1.1 The first Audit investigation into the alleged cash shortage at Meneng Hotel was completed on 8<sup>th</sup> April, 2008 and again this was done on 2<sup>nd</sup> July, 2008 to review the issues of the alleged cash shortages as well as other operational aspects of the hotel, like cash management system, store management and accounting issues. It was noticed by the audit that the cash shortage was found on 12-02-2008 by the Finance Manager and was reported to the Director -in-Charge of the Menen Hotel in a memo dated 29 February 2008 after a lapse of 17 (seventeen days). The result of cash count conducted on 12 February 2008 revealed a cash shortage of \$35,000 plus. The Minister responsible of the Menen Hotel was made aware of the situation on 4 March 2008 through a letter from the Director-in-Charge of the Menen Hotel and at the end, Audit received instruction from the Minister of Finance on 7 March 2008 to conduct an investigation.

7.1.2 When the Audit team visited Menen Hotel to commence its investigation, the Finance Manager was asked to produce the working papers which led to their conclusion that money was missing. The Finance Manager failed to produce such documents stating that they were lost but instead produced revised and updated documents. Ironically the period under Audit scrutiny, i.e., July 2007 to February 2008, the books of accounts examined, namely, the daily cash report and the cash summary was showing that actual cash in hand was in total agreement with the balance of cash on hand as per the cash summary at any given date; i.e. the shortage was nowhere indicated in the books of accounts examined.

7.1.3 Before Audit could confirm that cash was actually missing by undertaking a physical cash count and comparing the result with the balance of cash at hand as per the cash summary, it had to satisfy itself that the balance to which it was being compared was in fact correct. To achieve this aim a thorough examination of the relevant books of accounts was undertaken and **the period which came under audit scrutiny was July 2007 to February 2008.**

7.1.4 The daily cash reports consisting of daily transactions of receipts and disbursements were checked against the registers for receipts and payments. A Bank Transfer Schedule was prepared by audit to check the combination of authorization of the Payments i.e., Payment Vouchers against withdrawals at Westpac accounts in Melbourne operated by Menen Hotel for cash bookings which would subsequently be received by Menen Hotel for disbursements or for telegraphic transfers i.e., cash received by Menen Hotel for funds to be transmitted from Westpac Account overseas as against the Official Receipts issued by Menen Hotel. All these transactions would be recorded in the daily cash report on the day they eventuate. Likewise, with expenditures where these would also be recorded in the

daily cash report and the difference between receipts and disbursements is the balance of cash on hand in the cash summary.

7.1.5 The result of the above exercise showed that the balance of cash-in-hand as per the cash summary is in agreement with the balance of cash-in-hand as per daily cash report as at 29 Feb.2008 shown to be \$84,297.72 ( the date of reporting of cash shortage by the Finance Manager *ibid*). **In order to verify the correctness of the balance as indicated above, the MYOB (Mind Your Own Business, the software) as of 29-02-2008 was compared with the Cash Summary. The result showed a huge difference of \$42,265.53. Access of Audit to the MYOB was denied by the Finance Manager for the months of January, February and March, 2008.** Furthermore as opposed to the claim by the Finance Manager that MYOB to end of January 2008 was reconciled, there was a difference of \$10.50.

7.1.6 The following table indicates the difference between the MYOB and the Cashier's Cash Summary from July, 2007 to 03-03-2008:

Data by MYOB		Data by Cashier		-
Date	Cash in Safe	Date	Amount	Variation
31/7/2007	\$67,355.89	31/7/2007	\$ 67,133.09	\$ 222.80
31/8/2007	\$75,495.60	31/8/2007	\$ 75,495.60	\$ -
30/9/2007	\$126,343.06	30/9/2007	\$ 96,343.06	\$ 30,000.00
31/10/2007	\$ 91,737.55	31/10/2007	\$ 66,737.55	25,000.00
30/11/2007	\$ 69,036.99	30/11/2007	\$ 69,036.99	-
31/12/2007	\$ 77,023.84	31/12/2007	\$ 77,023.84	-
31/1/2008	\$ 87,960.27	31/1/2008	\$ 87,949.77	10.50
<b>29/2/2008</b>	<b>\$ 126,563.25</b>	<b>29/2/2008</b>	<b>\$ 84,297.72</b>	<b>42,265.53</b>
3/3/2008	\$ 127,326.35	3/3/2008	\$ 83,904.32	43,422.03

7.1.7 In the normal course of events, all entries in the cash summary should be reflected in the MYOB cash-in-safe account. As per the above table, variations identified to end of October 2007 have been verified whereas the variations appearing against January, February and March 2008 could not be verified as access to the MYOB was denied by the Finance Manger.

7.1.8 Notwithstanding the above anomalies, Audit conducted a cash count based on the actual cash-in-hand as at 26/03/08 as follows:

Cash – Notes & Coins	: \$15,840.10
Staff advances as at 26/03 08	: 4,165.35
Damaged Notes	: 1,395.00
Payments yet to be recorded	: 5,331.63
<b>Total</b>	<b><u>\$ 26,732.08</u></b>

Balance as per the last cash summary	
at 20/03/08 (not updated)	: \$59,635.44
<u>Cash Count</u>	<u>: \$26,732.08</u>
<b>Difference</b>	<b><u>\$32,903.36</u></b>

7.1.9 The shortage as revealed by Audit of \$32,903.36 is not identical to the amount of shortage as identified by the Finance Manager, Menen Hotel as \$35,379.35.

7.1.10 In addition to the difference shown above, further discrepancies were noticed in regard to the balance of actual cash-in-hand as at 2<sup>nd</sup> October 2007 was \$71,575.16 by Menen Hotel in its cash count as against the balance as per the cash summary of that date as \$92,968.11. The discrepancy represents a cash shortage of \$21,392.95. Audit failed to understand why this shortage was not disclosed by the Finance Manager, Menen Hotel.

7.1.11 In the course of undertaking this exercise and in examining the books of accounts, Audit observed gross irregularities and inconsistencies in the cash management of the Menen Hotel.

**7.1.12 Cash Count by Menen Hotel on 2<sup>nd</sup> October 2007**

Serious discrepancies noted between the Cashier's Daily Cash Count Report and the Cash Summary Report on 30-09-2007. In the Cash Count Report on 02-10-2007, the total of actual cash was \$71,575.16 with expenses of \$5,454.90. In the Cash Summary, the total expense (i.e. 1st and 2nd October, 2007) works out to \$4,987.50. The total of expenses i.e. \$4987.50 also agrees with the expenses in the MYOB. The net cash from the Cash Count Report is \$66,120.26 while the net cash from deducting \$4,987.50 from the total cash count of \$71,575.16 is \$66,587.66. Therefore, there is a variation of \$467.40. This is further illustrated in Table 1 below:

<u>Cash Count Report:</u>		<u>Cash Count Report:</u>	
Total Cash as on 2/10	\$71,575.16	Total Cash on Hand 2/10	\$71,575.16
Less expenses of the day	<u>5,454.90</u>	less expenses 1/10 (Cash Summary)	163.85
Equals Cash on Hand 30/9	<u>\$66,120.26</u>	less expenses 2/10 (Cash summary)	<u>4,823.65</u>
		Equals Cash on Hand 30/9	<u>\$66,587.66</u>
			\$66,587.66
			- <u>66,120.26</u>
			<u>\$ 467.40</u>

7.1.13 Audit is uncertain from where the expense of the day i.e. \$5454.90 is obtained on 2<sup>nd</sup> October. The Cash Summary shows the expense for 2<sup>nd</sup> October is \$4,823.65. Even when taking into account the expense for 1<sup>st</sup> October of \$163.85, the total of expenses for both days i.e., \$4987.50 is still short by \$467.40 *ibid*.

7.1.14 Further, it was noted that the figures by the Menen Hotel i.e., the net Cash on Hand of \$66,120.26 along with the Cash on Hand Summary Report as on

30<sup>th</sup> September i.e., \$96,343.06 coincide with the calculations by audit to reach the book balance of Cash in Hand at 30<sup>th</sup> September, 2007. The audit calculations were based on the Cash on Hand Cash Summary for 2<sup>nd</sup> October of \$92,968.11 to obtain the Cash Summary balance for 30<sup>th</sup> September 2007. That is, \$92,968.11 add expenses for 1<sup>st</sup> October and 2<sup>nd</sup> October (\$4987.50) less receipts for 1<sup>st</sup> October and 2<sup>nd</sup> October (\$1,612.75) is \$96,343.06. This is further illustrated in Table 2 below:

<u>Menen Hotel Cash Count Report &amp; Cash Summary:</u>		<u>Audit's Calculations(AU\$):</u>	
Total Cash as on 2 /10	\$71,575.16	Cash Summary 2/10 balance	\$92,968.11
Less expenses of the day	<u>5,454.90</u>	Add expenses 1/10	163.85
Equals Cash on Hand 30/9	<u>\$ 66,120.26</u>	Less receipts 1/10	690.70
		Add expenses 2/10	4,823.65
		Less receipts 2/10	<u>922.05</u>
		Cash Summary 30/9 bal	<u>\$96,343.06</u>
Cash Summary 30/9	\$96,343.06	Cash Summary 30/9	\$96,343.06
Less Net Cash as on 30/9	<u>66,120.26</u>	Less net cash by Menen Hotel	<u>66,120.26</u>
	<u>\$30,222.80</u>		<u>\$30,222.80</u>

7.1.15 The Cash Count and the Cash Summary in the above table by Menen Hotel along with the calculations by audit actually indicate that there is a difference of AU\$30,222.80. Comparisons of the MYOB at the end of month balances against the Cash Summaries balances from July to September 2007 reveal the following:

- An amount of AU\$222.80 was outstanding from July 2007 and was paid by the Menen Hotel on 31 August 2007 as "Cash added to tally with the MYOB".
- The MYOB show that the AU\$30,000.00 relate to a cash booking Ref. RON0033 from Milton Ross which was recorded as a cash disbursement of cash receipt in the Cash in Safe Account on 28 September 2007 with the corresponding cash withdrawal from the Westpac Account #280670 on the same day. Cash booking transactions relate to the transfer of money from the Westpac Account #280670 to another overseas Bank Account owned by an entity in Nauru e.g., in this case Milton Ross, in return for cash to be released in Nauru for the Menen Hotel. At the end of the month this amount was reconciled by MYOB as an outstanding deposit and was subsequently received on the 3<sup>rd</sup> October per Menen Hotel Receipt #13134.

7.1.16 It is uncertain from when the amount of AU\$222.80 was incurred or whether the same amount had been authorized by Eigigo Holding Corporation Board to be settled in the manner stated.

### **7.1.17 Transactions as per MYOB**

Menen Hotel is currently using the MYOB program for accounting of the booking entries made by them through designated persons. The following discrepancies were noted:

- (i) Cash receipt no.13126 dated 31/7/07 for the amount of AU\$5,050.00 by J.Willis. This amount was received by Menen Hotel for telegraphic transfer and was debited to Cash in Safe - account 1-1110 with its corresponding credit to Account Query - account 9-9999. In the following month, the amount was debited to Contra Account - 1-1195 with its corresponding credit to Westpac Account #280670.
- (ii) The correct accounting of the transaction is to debit Cash in Safe Account with the corresponding credited to Westpac Account #280670.

**Audit objection is for the reason the amount had been accounted for in the manner above.**

### **7.1.18 Audit schedule**

Audit schedule prepared for monthly receipts and payments for the purpose of comparing against the progressive balance of the cash summary by Menen Hotel, has highlighted a negative balance of AU\$29,605.51 for the month of October 2007 and a negative balance of AU\$3,652.05 for the month February 2008 denoting excess of expenditures over income for the respective month.

### **7.1.19 Audit Comments**

In spite of the fact that Audit has arrived at a shortage of AU\$32,903.36, the actual shortage is still doubtful in view of the discrepancies mentioned and the fact that the shortage worked out by Menen Hotel was AU\$35,379.35. Audit was unable to reconcile the difference of AU\$2,475.99. The Management of the Hotel also could not reply satisfactorily.

**7.1.20** As confirmed by the Finance Manager no cash count was ever conducted by the responsible officers for the month of October, November and December 2007 potentially resulting in the late detection of the cash shortage.

**7.1.21** It is obvious from the report by the Finance Manager that despite request for the cashier to undertake cash count, nothing eventuated and this situation was allowed to continue for four months without further intervention by the Finance Manager. It was also reported that two vaults were in use by the cashier; the upper vault providing secure mechanism than the lower vault where the bulk of the cash was kept highlighting yet again the non-observance of the basic internal control for the security of assets. Furthermore the failure of the cashier to account for the AU\$20,000.00 collected from Capelle & Partner and the AU\$15,000.00 from MMs. should have been noticed by the Finance Manager in the month that the omission occurred on the basis that monthly reconciliation of the MYOB receipts and expenditures to the cash summary was carried out.

**7.1.22** It was clearly evident that the Finance Manger was aware of the cash shortages well before it came to the notice of all other concerned in the Hotel Management. But she denied the facts to the MYOB expert on 14<sup>th</sup> February, 2009.

7.1.23 In November, 2007 when Finance Manger agreed with the MYOB expert for weekly cash count, she wilfully did not perform the same works weekly for continuously 3 (three) months (November, December,2007 and January, 2008) and ultimately in February,2008 on the request of MYOB expert, she performed cash count and reported the discrepancy.

7.1.24 Here the Finance Manager acted mostly irrationally and failed to perform her duties in the Hotel and contributed such cash losses for the Hotel.

7.1.25 The matter was reported to the Hon Minister on 8<sup>th</sup> April, 2008 after full investigation by Audit. Further, it was informed to the Hon Minister on 10<sup>th</sup> July, 2008 by Director of Audit personally. Hon Minister replied on 03-08-2008 that the matter was reported to the police for investigation.

The Police have not completed the report so far till date (31-12-2008).

7.1.26 **RECOMMENDATION:**

- (i) Considering the volume of cash being handled by Menen Hotel, it is highly desirable that cash counting is carried out daily and further recommended that banking be done with Bank of Nauru for safekeeping of cash.
- (ii) The Finance Manager should be more vigilant in monitoring internal control measures such as periodical cash counting against the balance of cash on hand as per the cash summary and reconciliation of the MYOB receipts and expenditures to the cash summary on regular basis, at least, monthly.
- (iii) Report of the periodical cash count by the cashier should be copied to the Finance Manager to provide the necessary mechanism for accounting and administrative control.
- (iv) The Finance Manager is responsible in establishing a system of control (accounting in particular) adequate to provide reasonable assurance and meets the objectives of internal control which includes timely detection of errors and irregularities for corrective action to be taken and concealment or collusion would not be possible.
- (v) In such cases where the Finance Manager is directly or indirectly suspected to be involved, the Finance Manager needs to be replaced immediately since he/she is not above any suspicion.
- (vi) The MYOB instructions/recommendations for implementation of the software applications must be adhered to for proper management of cash as well as accounts of the Hotel.
- (vii) Codifications/Manualisations of the procedures need to done immediately for true and fair operations of the Hotel.
- (viii) The above issue may be the tips of the ice-berg. Detail changes need to be brought about in the management of the Hotel to run it in the most efficient manner as this hotel is one of the heritages of the Republic.

## Chapter 8

### Audit of Nauru Embassy-Taipei

8.1 In accordance with Section 6(2) of the Audit Act, 1973, I (Director of Audit) have authorised the TiaoHo & Co., Taipei, an independent member firm of MOORE STEPHENS INTERNATIONAL LIMITED who have performed certain review procedures on the accompanying Statement of Cash Receipts and Disbursement, and its supporting Cash Disbursement Schedule (hereinafter collectively called "the Statements") of the Embassy of the Republic of Nauru, at Taipei, the Republic of China (the Embassy) for the periods January 21, 2007 to June 30, 2007 and July 1, 2007 to June 30, 2008 (the Periods).

8.2 Their procedures were performed in accordance with guidelines set forth in the ROC Statement of Audit Standards No.34. "Performing agreed upon procedures on financial information", and the purpose thereof is solely to serve as a reference for the determination of the completeness and accuracy of the above mentioned Statements. These procedures have been agreed upon with me and the Audit firm (the TiaoHo & Co).

8.3 Presented below are their procedures performed and findings thereof:

#### **A. Procedures performed**

1. the Audit firm( the TiaoHo & Co) had been requested to compile the Statements from the files of the Embassy.
2. the Audit firm( the TiaoHo & Co) sent out request to the Treasury (GON) for the confirmation of timing and amount of remittances received by the Embassy for the Periods, and checked all inbound remittances against bank remittance advices and exchange memo.
3. the Audit firm( the TiaoHo & Co) sent out confirmation request to the bank keeping the funds of the Embassy for the balance as of June 30, 2008
4. the Audit firm( the TiaoHo & Co) vouched selected expenditures as to supporting documents.
5. the Audit firm( the TiaoHo & Co) reconciled the ending balances of various currencies accounts with bank statements

## B. Findings

1. The Embassy did not periodically reconcile the booked balances with bank balances for cash received and disbursed that caused the one time reconciliation very time consuming.
2. The Audit Firm had received a response from the Treasury through the Embassy for a summary of confirmation of timing and amount of remittances received for the period July 2007 to June 2008, and after considering timing differences, bank handling charges, they found total remittance received close to what the Embassy recorded. However, they could not get an immediate one to one tally due to the condition of the books of accounts.
3. The verification of all booked receipts against related bank notices and exchange memo did not find any exceptions.
4. The transfers from foreign currency accounts into New Taiwan dollar accounts have been dully recorded.
5. The ending balances of bank accounts reconciled with the booked and reported balances.
6. For the Periods, out of 100 samples selected for inspecting the disbursements, we noted 25 thereof with nature described on the cash requisitions without original invoices kept in file.

## C. Conclusion and recommendations

In the opinion of the Audit Firm, "with the limited procedures performed, subject to the confirmation to be received from the Treasury for the completeness of remittances received and based on the accounting data furnished to us and compiled by us, the accompanying Statement of Cash Receipts and Disbursements reflected a true and fair cash flow status of the Embassy for the periods January 21, 2007 to June 30, 2007 and July 1, 2007 to June 30, 2008, respectively".

### 8.4 RECOMMENDATION

8.4.1 For a more efficient and effective performance of daily cash transactions, the Audit Firm presents below certain of their recommendations for the consideration of the Embassy:

- a. The book balances regarding to petty cash withdrawn through Auto Transfer Machine (ATM) and related expenditures were not updated periodically and reconciled with bank statement balances, the Embassy may consider a periodical update, say, once a month.



- b. Certain remittances received other than from the Treasury, for instance, from students' family were classified as from the Treasury. A separate account may preferably be used for clearer differentiation. During the Periods under our review, there were eight batches of such remittance.
- c. Supporting documents to same cash disbursement can be filed together with a summary sheet describing details for easier future reference.
- d. Bank transfer related documents should be kept in file for easier future reference.
- e. The Embassy may consider periodical, say once a month, confirmation with the Treasury for the remittance received.*

8.4.2 The Audit of the Embassy of Nauru has been overseen by me (Director of Audit) as being outsourced as per Section 6(2) of the Audit Act, 1973.

8.4.3 In my opinion, the recommendations of the Audit Firm (the TiaoHo & Co) as above are very important. The office of the Embassy of Nauru at Taipei needs to adhere to the recommendations and report the compliances to the Department of Foreign Affairs with a copy to National Audit Office, Nauru.

8.4.4 The Director of Audit reserves rights to conduct audit of the Embassy of Nauru at Taiwan anytime directly, if occasion arises, in future under Section 6(1) of the Audit Act, 1973.

**(BR MONDAL)**  
**DIRECTOR OF AUDIT**

# Annex-I

## AUDIT PLAN (skeleton) For the Year, 2009, 2010, 2011 (Total 58 Auditees)

No.	Auditee/ (Head)	*Audit area	Audit	Budgets/Expenditures etc.			@Party Days.  (Avg./ 3yrs.)
				<u>2005-06</u> (Revised)	<u>2006-07</u>	<u>2007-08</u>	
1	Chief Secretary (01)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt vouchers</li> <li>• Payment vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,434,602</li> <li>• \$3,284,640</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,474,602</li> <li>• \$3,210,952</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,474,602</li> <li>• \$3,127,574</li> </ul>	10
2	Chief Secretary (Ministerial) (13)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt vouchers</li> <li>• Payment vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• \$409,473</li> </ul>	<ul style="list-style-type: none"> <li>• \$40,718</li> <li>• \$372,864</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• \$209,650</li> </ul>	@@B
3	Chief Secretary (Presidency & State House) (31)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>• \$133,687</li> <li>• \$376,173</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• \$155,924</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• \$109,458</li> </ul>	B
4	Commerce, Industry & Resources (2)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>• \$235,690</li> <li>• \$686.507</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,115,690</li> <li>• \$360.969</li> </ul>	<ul style="list-style-type: none"> <li>• 6,120,000</li> <li>• 189,381</li> </ul>	10
5	Finance (3)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Annual Accounts of GON</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory Register</li> <li>• Ledgers</li> <li>• Other registers</li> </ul>	<ul style="list-style-type: none"> <li>• \$13,966,619</li> <li>• \$8,595,080</li> </ul>	<ul style="list-style-type: none"> <li>• \$5,552,373</li> <li>• \$2,505,880</li> </ul>	<ul style="list-style-type: none"> <li>• \$4,517,472</li> <li>• \$1,812,413</li> </ul>	60
6	Finance ( Rev. Section) (3)	<ul style="list-style-type: none"> <li>• Rev.</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt vouchers</li> <li>• Cash Receipt etc</li> </ul>				5
7	Finance (Post & Philately) (41)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Stores e.g., stamps</li> </ul>	<ul style="list-style-type: none"> <li>• Cash receipts (Counter)</li> <li>• Stock Register (stamps)</li> <li>• Postal</li> </ul>	<ul style="list-style-type: none"> <li>• \$66,296</li> <li>• \$119,140</li> </ul>	<ul style="list-style-type: none"> <li>• \$85,286</li> <li>• \$145,150</li> </ul>	<ul style="list-style-type: none"> <li>• \$85,286</li> <li>• \$153,020</li> </ul>	B

			Boxes fees				
8	Finance (Bureau of Statistics) (39)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• \$14,347</li> </ul>	<ul style="list-style-type: none"> <li>• \$213,000</li> <li>• \$227,359</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• \$17,562</li> </ul>	<b>B</b>
9	Police & Prisons (04)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Stores e.g., armoury</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Stock register</li> <li>• Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>• \$13,200</li> <li>• \$712,102</li> </ul>	<ul style="list-style-type: none"> <li>• \$13,200</li> <li>• \$871,123</li> </ul>	<ul style="list-style-type: none"> <li>• \$13,200</li> <li>• \$916,836</li> </ul>	<b>6</b>
10	Education (07)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Stores (if any)</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$800</li> <li>• \$1,644,519</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,344,400</li> <li>• \$3,988,855</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,800</li> <li>• \$1,673,490</li> </ul>	<b>10</b>
11	Youth Affairs (44)	<ul style="list-style-type: none"> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$18,000</li> <li>• \$54,408</li> </ul>	<ul style="list-style-type: none"> <li>• \$18,000</li> <li>• \$51,654</li> </ul>	<ul style="list-style-type: none"> <li>• \$18,000</li> <li>• \$52,520</li> </ul>	<b>B</b>
12	Lands & Survey (9)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Stores e.g., maps</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Stock register</li> <li>• Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>• \$969</li> <li>• \$582,374</li> </ul>	<ul style="list-style-type: none"> <li>• \$3,138</li> <li>• \$602,695</li> </ul>	<ul style="list-style-type: none"> <li>• \$3,138</li> <li>• \$613,834</li> </ul>	<b>6</b>
13	Justice (10)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$48,290</li> <li>• \$149,569</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,891,422</li> <li>• \$303,600</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,776,050</li> <li>• \$170,123</li> </ul>	<b>B</b>
14	Judiciary (16)	<ul style="list-style-type: none"> <li>• Rev. e.g., Court fines &amp; fees</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$5,682</li> <li>• \$126,406</li> </ul>	<ul style="list-style-type: none"> <li>• \$15,000</li> <li>• \$91,288</li> </ul>	<ul style="list-style-type: none"> <li>• \$15,000</li> <li>• \$97,398</li> </ul>	<b>B</b>
15	Civil Aviation (17)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Stores</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Stock register</li> <li>• Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>• \$137,630</li> <li>• \$598,646</li> </ul>	<ul style="list-style-type: none"> <li>• \$315,630</li> <li>• \$597,955</li> </ul>	<ul style="list-style-type: none"> <li>• \$315,631</li> <li>• \$549,650</li> </ul>	<b>4</b>
16	Media Bureau (25)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,435</li> <li>• \$131,274</li> </ul>	<ul style="list-style-type: none"> <li>• \$13,500</li> <li>• \$136,157</li> </ul>	<ul style="list-style-type: none"> <li>• \$8,000</li> <li>• \$151,724</li> </ul>	<b>B</b>

		<ul style="list-style-type: none"> <li>• Stores</li> </ul>	<ul style="list-style-type: none"> <li>• Vouchers</li> <li>• Stock register</li> <li>• Inventory Register</li> </ul>				
17	Foreign Affairs Office (18)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$0</li> <li>• \$199,177</li> </ul>	<ul style="list-style-type: none"> <li>• \$9,070</li> <li>• \$136,942</li> </ul>	<ul style="list-style-type: none"> <li>• \$9,070</li> <li>• \$156,877</li> </ul>	<b>B</b>
18	Foreign Affairs (Melbourne /Brisbane office) (08)	<ul style="list-style-type: none"> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$310,700</li> </ul>	<ul style="list-style-type: none"> <li>• \$302,800</li> </ul>	<ul style="list-style-type: none"> <li>• \$268,800</li> </ul>	<b>15</b>
19	Foreign Affairs (Suva Office) (32)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$0</li> <li>• \$207,174</li> </ul>	<ul style="list-style-type: none"> <li>• \$45,700</li> <li>• \$234,613</li> </ul>	<ul style="list-style-type: none"> <li>• \$700</li> <li>• \$189,917</li> </ul>	<b>10</b>
20	Foreign Affairs (UN Mission, NY) (48)	<ul style="list-style-type: none"> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$243,295</li> </ul>	<ul style="list-style-type: none"> <li>• \$270,695</li> </ul>	<ul style="list-style-type: none"> <li>• \$270,695</li> </ul>	<b>10</b>
21	Health (11)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$12,000</li> <li>• \$2,162,955</li> </ul>	<ul style="list-style-type: none"> <li>• \$12,000</li> <li>• \$2,004,181</li> </ul>	<ul style="list-style-type: none"> <li>• \$12,000</li> <li>• \$2,015,422</li> </ul>	<b>20</b>
22	Health (RON Hospital) (11)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> <li>• Stores e.g., drugs</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Stock register</li> <li>• Inventory Register</li> </ul>				<b>6</b>
23	Parliament (12)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$0</li> <li>• \$207,898</li> </ul>	<ul style="list-style-type: none"> <li>• \$184,000</li> <li>• \$399,228</li> </ul>	<ul style="list-style-type: none"> <li>• \$0</li> <li>• \$255,804</li> </ul>	<b>B</b>
24	Women's Affairs (40)	<ul style="list-style-type: none"> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$31,164</li> </ul>	<ul style="list-style-type: none"> <li>• \$28,946</li> </ul>	<ul style="list-style-type: none"> <li>• \$34,750</li> </ul>	<b>B</b>
25	Lands Committee (47)	<ul style="list-style-type: none"> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$86,980</li> </ul>	<ul style="list-style-type: none"> <li>• \$80,584</li> </ul>	<ul style="list-style-type: none"> <li>• \$102,200</li> </ul>	<b>B</b>
26	Home Affairs & Culture (52)	<ul style="list-style-type: none"> <li>• Rev.</li> <li>• Exp.</li> <li>• Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt Vouchers</li> <li>• Payment Vouchers</li> <li>• Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>• \$0</li> <li>• \$0</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000</li> <li>• \$24,784</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000</li> <li>• \$27,450</li> </ul>	<b>B</b>

27	Sports (49)	<ul style="list-style-type: none"> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Payment Vouchers</li> <li>Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>\$36,750</li> </ul>	<ul style="list-style-type: none"> <li>\$41,376</li> </ul>	<ul style="list-style-type: none"> <li>\$44,640</li> </ul>	<b>B</b>
28	Transport (50)	<ul style="list-style-type: none"> <li>Rev.</li> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Receipt Vouchers</li> <li>Payment Vouchers</li> <li>Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>\$3,833,400</li> <li>\$3,886,400</li> </ul>	<ul style="list-style-type: none"> <li>\$2,920,667</li> <li>\$2,886,495</li> </ul>	<ul style="list-style-type: none"> <li>\$2,920,667</li> <li>\$2,737,267</li> </ul>	<b>10</b>
29	Transport (Maritime) (53)	<ul style="list-style-type: none"> <li>Rev.</li> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Receipt Vouchers</li> <li>Payment Vouchers</li> <li>Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>\$0</li> <li>\$0</li> </ul>	<ul style="list-style-type: none"> <li>\$394,000</li> <li>\$763,123</li> </ul>	<ul style="list-style-type: none"> <li>\$394,000</li> <li>\$316,650</li> </ul>	<b>B</b>
30	Transport (Land) (54)	<ul style="list-style-type: none"> <li>Rev.</li> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Receipt Vouchers</li> <li>Payment Vouchers</li> <li>Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>\$0</li> <li>\$0</li> </ul>	<ul style="list-style-type: none"> <li>\$25,000</li> <li>\$310,621</li> </ul>	<ul style="list-style-type: none"> <li>\$25,000</li> <li>\$127,800</li> </ul>	<b>B</b>
31	Fisheries (51)	<ul style="list-style-type: none"> <li>Rev.</li> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Receipt Vouchers</li> <li>Payment Vouchers</li> <li>Inventory register</li> </ul>	<ul style="list-style-type: none"> <li>\$7,063,200</li> <li>\$0</li> </ul>	<ul style="list-style-type: none"> <li>\$4,601,100</li> <li>\$778,223</li> </ul>	<ul style="list-style-type: none"> <li>\$4,257,900</li> <li>\$584,004</li> </ul>	<b>5</b>
32	ICT	<ul style="list-style-type: none"> <li>Rev.</li> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Receipt Vouchers</li> <li>Payment Vouchers</li> <li>Stock register</li> <li>Inventory Register</li> </ul>				<b>B</b>
33	Works & Community Services (06)	<ul style="list-style-type: none"> <li>Rev.</li> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Receipt Vouchers</li> <li>Payment Vouchers</li> <li>Stock Register</li> <li>Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>\$3,940</li> <li>\$811,540</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>\$0</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0</li> </ul>	
34	Works – Nauruan Housing (21)	<ul style="list-style-type: none"> <li>Exp.</li> <li>Assets</li> </ul>	<ul style="list-style-type: none"> <li>Payment Vouchers</li> <li>Stock Register</li> <li>Inventory Register</li> </ul>	<ul style="list-style-type: none"> <li>\$160,000</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	
35	Finance – Public Debt (34)	<ul style="list-style-type: none"> <li>Exp.</li> </ul>	<ul style="list-style-type: none"> <li>Payment Vouchers</li> </ul>	<ul style="list-style-type: none"> <li>\$418,780</li> </ul>	<ul style="list-style-type: none"> <li>\$270,000</li> </ul>	<ul style="list-style-type: none"> <li>\$270,000</li> </ul>	<b>2</b>
36	Comp. Bureau (38)	<ul style="list-style-type: none"> <li>Exp.</li> </ul>	<ul style="list-style-type: none"> <li>Payment Vouchers</li> </ul>	<ul style="list-style-type: none"> <li>\$91,152</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	
		<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	

<b>SOEs of the Republic of Nauru(RON)</b>							
37	N. Rehab. Corp.						50 days for all SOEs on average
38	RONPHOS Corporation						
39	Nauru Fisheries & Marine Resources Authority(NFM RA)						
40	Nauru Fish Corp.(Market)						
41	Nauru Air Corporation (Ourairlines)						
42	Nauru Agency Corporation (NAC)						
43	Bank of Nauru (BON) (Partially Functional)						
44	RONTEL Corporation						
45	EIGIGU Holdings Corp.(EHC)						
46	Menen Hotel (Subsidiary of EHC)						
47	Nauru Corp. (VIC) (Subsidiary of EHC), Melbourne.						
48	Nauru Corp. (Super Market) (Subsidiary of EHC)						
49	Nauru Phosphate Royalties Trust (NPRT)						
50	Central UTILITIES						
51	RONFIN (Non-Functional)						
52	Nauru Insurance Corp. (Non-Functional)						
53	PACIFIC AIRCRAFT LEASING HOLDING CORPORATION (PALCO)						
54	YAREN AIRCRAFT HOLDING CORPORATION (YALCO)						

**'NOTES' IN THE NEXT PAGE.....**

## NOTES:

\*The accounts for all auditee units are maintained by Finance Department. All Departments prepare receipt vouchers (RV) and payment vouchers(PV). Original of RV or PV sent to Treasury, copies retained by departments. Payment Vouchers relating to all auditee units for the FYs 2005-6 and 2006-07 have been scrutinized by the former Directors of Audit and audit observations issued. Therefore, the Payments side for audit scrutiny may be considered over and complete.

@Total Party Days-255 (Excluded 104 days for Sun/Saturdays, 3 National Holidays, and 3 Special Holidays days) for one Audit Party. This may be made double by launching second Party during the Year 2009.

@@ 'B' for Bi-annual.

# Apart from the above, **Nauru Parliamentary Superannuation Trust, Nauru Superannuation Board, RONWAN data and Externally Assisted Projects**, are to be audited by the Director of Audit. So total 58 Auditees (54+4).

## CONCLUSION:

The Director of Audit also plans to take up Performance Audit of Education Department, Health Department, RONTEL and Land & Survey Department in the next year as a part of the above Audit Plan. As there is a great need of Environmental Audit of certain entities, like, RONPHOS and NRC, this is also visualised to take up in the coming years to highlight the national interests of the Republic.

# GLOSSARY

Sl.No.	Abbreviations	Full Names
01	DOA	Director of Audit
02	RON	Republic of Nauru
03	GON	Government of Nauru
04	SOE	State Owned Enterprises
05	MYOB	Mind Your Own Business
06	NFMRA	Nauru Fisheries and Marine Research Authority
07	SAS	Sus-regional Audit Support Program
08	NAO	National Audit Office
09	INTOSAI	International Organisation of Supreme Audit Institutions
10	PASAI	Pacific Association of Supreme Audit Institution
11	SAI	Supreme Audit Institution
12	NRC	Nauru Rehabilitation Corporation
13	NPC	Nauru Phosphate Corporation
14	RONPHOS	Republic Of Nauru Phosphate
15	EHC	Eigigu Holding Corporation
16	NPRT	Nauru Phosphate Royalty Trust
17	RONFIN	RON Finance Corporation
18	PALCO	PACIFIC AIRCRAFT LEASING HOLDING CORPORATION
19	YALCO	YAREN AIRCRAFT HOLDING CORPORATION
20	PDT	Public Sector Reform & Capacity Building Program Design Team
21	WGEA	INTOSAI Working Group on Environmental Auditing
22	IT	Information Technology
23	C&AG	Comptroller & Auditor General
24	GOI	Government of India
25	PRAI	Pacific Regional Audit Initiatives
26	ITEC	India Technical and Economic Cooperation
27	GAO	US General Accounting Office
28	CISA	International Centre for Information Systems and Audit
29	SAR	Special Report
30	NOC	Nauru Olympic Committee
31	NSDS	National Sustainable Development Strategy
32	BON	Bank of Nauru
33	NAC	Nauru Agency Corporation
34	VFM	Value for Money
35	ECPA	Efficiency-cum-Performance Audit
36	ADB	Asian Development Bank