



# MINISTRY OF AGRICULTURE

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The Chairman  
Standing Committee on Public Accounts  
Government Buildings  
**SUVA**

Dear Sir,

Re: **MINISTRY OF AGRICULTURE: CLARIFICATION OF ISSUES**

I refer to your letter ref: Parl 3-1 dated 25<sup>th</sup> April 2017 in which the Ministry of Agriculture was requested to provide responses to issues raised in the 2014 and 2015 Auditor General's Report. Our comments on the issues raised by the Office of the Auditor General are as follows:

**Office of The Auditor General Report on Economic and Infrastructure Sector (volume 4) for the year 2014**

**29.6 Dredging of Rivers**

Dredging of the rivers is undertaken by cutter suction dredgers. The major factor that influences the unit cost per cubic meter is the soil characteristics which comprises mainly of silt, sand and gravel. The finer the material the lower its density, the greater the proportion of sand and gravel the more it will cost to move due to its density.

Prior to the dredging work soil samples are taken and tested at soil laboratories. This is provided to the company to access the nature of the material to be dredged and formulate the unit cost per cubic meter.

An example is the Ba River Dredging works which documents the assessment for the unit cost increase by China Railway First Group due to increase in the gravel fraction of the material. The rate provided was \$11.18 VEP compared to the Divisions calculated price of \$11.23 VEP.

The recommendation of the audit to closely monitor the cost of dredging works, and any increase in the unit rate to be properly documented and justified is noted.

The audit comment for a proper and structured approach for the management sediments is supported. The material comes under the responsibility of the Ministry of Lands once it is stored on land sites. The Ministry of Agriculture has no legal rights for its commercial sale. Better coordination is required with both ministries to maximize the potential revenue from the sand material.

The storage of the sand material on the land is obtained through consent agreements with the land owner, tenants and leases. Where there are requests to use the sand material for community and rural development works, this is supported in line with the Rural Development Framework Policy.

### **29.7 Land Resettlement Estates**

The Ministry has over the years undertaken numerous reviews of the programs according to the policies of governments with its recent actions includes;

- Drawing up a Report with recommendations for sustainability of the program cannot be attained as policy priority of the Ministry on resettlement of farmers diminishes. This follows the transfer of the Farming Assistance Scheme (FAS) in 2010 with Land Resettlement as part of the Ministry of Rural and Maritime Development and National Disaster Management (MRMDNDM).

Cabinet paper submission to the Committee for the Better Utilization of Land (CBUL) recommended alternative options including amending the existing criteria provisions. Included in the Ministry's recommendations is the opening up of Resettlement Estate of Navovo in Sigatoka (Native I Taukei Land) into the market. This was done for Vunicibicibi and Navudi Estates in Macauta which were Crown Estate lands. This is for the purpose of effective use of the program for successful completion.

- The Ministry has put in place measures to stream line its record keeping. The several relocations and transfers of the Units has resulted in its records not been managed properly over the years. The comment by the Auditor General's report is noted and systems have been reviewed for safekeeping of records. The Land Resettlement Program has been transferred to the Ministry of Rural and Maritime Development and National Disaster Management.

#### Further Comments

- *As of 2010 the Farming Assistance Scheme (FAS) with Land Resettlement was transferred as part of the Ministry of Rural and Maritime Development and National Disaster Management (MRMDNDM).*

### **29.8 Dairy Farm Inspections**

The draft Standard Operating Procedure has been developed to maintain complete dairy inspection records for tracking off inspections.

Request has been submitted to share resources to allow dairy inspections to be conducted and tracked effectively.

### Further Comments

*Standard Operation Procedure is attached as **Appendix 1**  
Sharing of resources includes sharing vehicles with Bovine Tuberculosis Eradication Campaign.*

### **29.9 Unutilized Agro inputs at the Lakena Stations**

The delay in the dispatch of stock from Lakena stores was due to the chemical spillage from the FAO consignment for disaster rehabilitation program. No Ministry staff was covered or has the experience to handle chemical spillage and therefore, the movement of staff to the stores was restricted for OHS reasons.

Movement into and out of area resumes after long negotiation between the supplier [a New Zealand Company], the financier FAO Samoa and the Ministry in getting the two parties be responsible for the cleaning of the stores and the repacking of the chemical with proper labeling. This has taken sometime and contributed to the delay in the supply of other projects agro inputs

Currently, the stocks at Lakena are moving with procedural process closely monitored to the relevant receiver. The remaining items pending for delivery is the vanilla material for Beqa. Since no storage facility is available in Beqa, we would prefer the items be stored safely in Lakena until the farmer has solved his personal issues and ready for the construction. This is some of the risk that is beyond our control and unavoidable at times after all procedures followed in project identification.

A Board of Survey and updating of inventory will be done by 07/10/15.

### **29.10 Expired Drugs at the Veterinary Drugs Store**

Request for the immediate BOS to be undertaken all throughout the Divisional Drug stores. The recommended schedule indicates that the BOS exercise in respect of expired drugs at Vatuwaqa shall be completed by 23/11/15 which shall consequently lead to its disposal.

The exercise identified above reflects and include expired drugs from each Divisional stations. These drugs are transferred to Vatuwaqa as the Headquarters for the Animal Health and Production Division following which disposal shall be at the discretion of the Ministry of Agriculture Veterinary Officer. The request for BOS further recommends the engagement of Veterinary Officer in Vatuwaqa to decide on the immediate disposal of the expired drugs at hand.

For increased public awareness of veterinary services fees and charges are displayed on the Notice Board for the members of the public's information.

### Further Comments

*The Ministry has secured a member of the Board of Survey from Fiji Pharmaceutical Services (FPS) including a Veterinary Officer and is currently in the process of conducting the Board of Survey which is scheduled to be concluded by 2<sup>nd</sup> of June 2017. (**Appendix 2**).*

### **29.11.1 Anomalies noted in the Trading and Manufacturing Account**

#### **Further Comments**

*The ministry in its effort to address this issue has sought the assistance of the Ministry of Economy (MoE) and has been working closely with the Asset Management Unit (MoE) since 2015 in trying to clear the anomalies highlighted (Appendix 3).*

*Further to this, the ministry has now appointed an Assistant Accounts Officer to look after the TMA and is based at the Accounts Section of the Ministry.*

*The ministry is now updating its records in order to provide evidence to substantiate accounts and balances for its Trading & Manufacturing Accounts.*

*Independent members have been included in the annual stock take conducted, for the 2015 financial year including an officer from the Ministry of Economy as an independent member. In the 2016 financial year the Auditor General's Office was included as an independent member.*

### **29.11.2 Discrepancies in TMA Cash at Bank Reconciliation**

#### **Further Comments**

*The variances between the cash at bank balance and FMIS General Ledger balance is basically the unsubstantiated figures from previous years, which was the result of misposting and inter funding between fund 1(Normal Budget) and fund 4 (Trading and Manufacturing Account)*

*The Ministry had reconciled the TMA Account in 2015 going back to 2010 and as a result had requested for write-off of \$255,813 in 2015 which was approved in the same year (Appendix 4).*

*The TMA balance under allocation 4-30351-30999-540301 was \$7877, from this total amount, \$5971.55 was posted in 2013 being Post Masters pay -in for Taveuni during the 2013 financial year and the other balance ( \$1905.45) was lodged by the Taveuni Agricultural Office to BSP CFA bank account in 2014 financial year. The officer concerned was advised not to deposit TMA revenue to BSP account but to lodge revenue pay -in to Post Fiji.*

*The Ministry is currently working with the Ministry of Economy Assets Management Team in trying to rectify the balance (\$7877) and to be cleared by the end of 2016/2017 financial year. An Assistant Accounts Officer is now in charge of carrying out bank reconciliation for TMA and is based at the Headquarters Accounts Section.*

### **29.12 LWRM Trust Fund Account**

#### **Further Comments**

*Audit comment is noted. The variance highlighted by the Audit is the result of inter funding from previous years and this took some time to be detected because of no proper reconciliation done in previous years.*

*We have requested the Ministry of Economy FMIS Division to assist us in reconciling this account and we have rectified the anomalies in the 2016 financial year.*

### **29.13 Management of Fixed Assets**

The comment is noted. The Ministry has created its own database to record assets under its custody. Fixed Assets Register has not been fully established since plans to conjointly fund the exercise with the Ministry of Finance has to be finalized for it to be carried out and implemented. Coding of assets will be carried out once the FAR is completed.

#### Further Comments

*The Fixed Asset Register is in place as a result of consultations done with the Ministry of Economy Asset Division. The Ministry is updating its records in order to cover all the assets in the stations around Fiji. Apart from the detailed requirements stated (description, cost of fair value, date of acquisition/ where known, make, model, and identification number, location) the Ministry has included all other requirements included in the Fixed Asset Register. We have started to implement Asset Coding for the Ministry (Appendix 5).*

### **29.14 Variance in Drawings Account Balance - Operating Account**

#### Further Comments

*The Ministry has been working with the Ministry of Economy (FMIS Division) in the reconciliation of the Drawings Account which resulted in the variance being resolved. The necessary on the job trainings have been conducted to relevant officers involved in the reconciliation of accounts (Appendix 6).*

### **29.15 TMA Warehouse - Commercial Undertaking Livestock**

An immediate internal investigation has been recommended to the Acting Permanent Secretary for Agriculture to determine malpractices and the possibility of fraudulent activities. The investigation is also recommended to draw conclusion of the scope of malpractice that has occurred in the TMA warehouse.

Result of the Investigation will be on the basis of improving inventory management.

#### Further Comments

*Due to similarities in the issues raised for both internal and external audit reports, the Ministry had completed the investigation for the internal audit issues. It is going to use the result of the initial investigation as a basis for further investigation to the external audit issues.*

## 29.16 Motor Vehicle Accidents

The comment is noted, the Ministry has kept records of vehicle accidents in the Motor Vehicle Accident Register however recommended inclusion of critical to be undertaken will be strictly followed.

### Further Comments

The Ministry has a Motor Vehicle Accident Register where reports of vehicle accident cases are recorded with their related details. Other relevant details recommended will also be included as part of information in the Register.

The Ministry now maintains proper vehicle accident records. (Appendix 7)

## 29.17 Leave Management

Ministry of Agriculture Circular Memorandum No. 4/2015 has emphasized the maximum number of leave days that can be carried over to the next leave year as per General Orders 705. Officers are aware of this and have taken action in utilization their annual leave entitlements that are due. Offices of retirements are released to take their pre-retirement leave except for scarce skilled officers where leave is compensated and be re-engaged.

### Further Comments

In addition to the Circular Memorandum No/ 4/2015, another Circular No. 07/2016 (Appendix 8) was also issued on effective leave administration. Tabulated below is the status of leave record for officers mentioned in the Audit Report. The comparison is between the 2014 leave days and leave days as at 5/5/17.

LEAVE STATUS AS AT 5/5/17						
NAME	EDP NUMBER	2014 Leave Record (Audit)	LEAVE ENDING	YEAR	AIL BALANCE AS AT	EXCESS AIL
					05\05\17	
TOMASI TUNABUNA	47432	62 ½ days	03\06\17		8.75	NIL
DR. BORJA	92026	43 days	2\9\17		33	2
ROHIT LAL	63381	66 ½ days	27\06\17		10	NIL
ANARE LEWENIQILA	62710	77 days	03\05\18		43	12
AKUILA K	64281	46 days	19\10\17		12	NIL
SIMIONE BURE	64575	43.5 days	20\01\18		21	NIL
VIMLESH CHAND	94536	41 days	10\11\17		20	NIL
RANITA DEVI	92441	44 days	01\01\18		31	3

ASHOK KUMAR	60665	46.5 days	09\12\17	15	NIL
NEMESIO BOILA	63217	63 days	03\12\17	22	NIL
TOKASA SENIKURACIRI	48847	46 days	19\04\18	32	1
VILIMAINA CIVANAVONOVONO	58549				RESIGNED
LANIETA LEWENIQILA	63434	69 days	31\05\17	1.5	NIL
UMENDRA PRATAP	92280	48 days	14\11\17	24	NIL
MANOA IRANACOLAIVALU	62227	54 days	10\04\18	52	21
LORIMA RATUBOLA	92433	51.5	21\12\17	34	3

### **29.18 Non-submission of Acquittal Reports and Audited Accounts**

No comments provided by the Ministry

#### Further Comments

*The comment is noted. The Ministry now ensures that acquittals are provided before funds are released. This is done through verification of Request to Incur Expenditure (RIE) (Appendix 9).*

### **29.19 Missing Payment Vouchers**

Audit comment is noted. The Ministry has now put in place a system whereby the Principal Accounts Officer has the authority to allow officers to enter the strong room and access to the required information.

### **Office of The Auditor General Report on Economic and Infrastructure Sector (volume 4) for the year 2015**

#### **30.6 Anomalies noted in the Trading and Manufacturing Account**

The Audit comment is noted.

The Ministry is now updating its records in order to provide evidence to substantiate accounts and balances for its Trading & Manufacturing Accounts.

In an effort to ensure that proper records are maintained and reconciliation is updated, we have now appointed an Assistant Accounts officer to look after the Trading and Manufacturing Account.

For the amount of \$22,113 that is highlighted in the report, is the difference between the VAT chargers for provision of goods and service and VAT chargers on revenue. We are working closely with that Asset Management Unit, Ministry of Economy in trying to clear this amount by end of 2016/2017 financial year.

The MOA Accounts that directly involved in maintaining TMA now is not charging VAT on any TMA transaction as TMA is exempted from paying VAT as per Ministry of Economy Circular 11/2012.

Independent members have been included in the annual stock take conducted.

As for the issue of TMA Annual Stock take, the 2015 stock take team includes an officer from the Ministry of Economy as an independent member.

#### Further Comments

*The Ministry in its effort to address this issue has sought the assistance of the Ministry of Economy (MoE) and has been working closely with the Asset Management Unit (MoE) since 2015 in trying to clear the anomalies highlighted (Appendix 10).*

*Further to this, the Assistant Accounts Officer appointed to look after the TMA is now based at the Accounts Section of the Ministry to closely monitor the TMA Account.*

*As for the issue of TMA Annual Stock take, the 2015 stock take team includes an officer from the Ministry of Economy as an independent member. In the 2016 financial year the Auditor General's Office was included as an independent member.*

#### 30.7 Errors in TMA Bank Reconciliation

The Audits comment is noted.

The variances between the cash at bank balance and FMIS balance is basically the unsubstantiated figures from previous years, which was the result of miss posting and inter funding between fund 1 and fund 9

The Ministry has reconciled this account in 2015 going back to 2010 and as a result have requested for write-off amounting to \$255,813 in 2015 and this was approved in the same year.

The amount of \$7877 as TMA balance under allocation 4-30351-30999-540301, of this amount, \$5971.55 was posted in 2013 being Post Masters pay in for Taveuni during the 2013 financial year and the balance is the amount lodged by our Taveuni office to BSP CFA bank account in 2014 financial year. The officer concerned has been advised not to deposit TMA revenue to BSP account but to lodge revenue pay in to Post Fiji.

The Ministry is currently working with the Ministry of Economy Assets Management team in trying to rectify the balance and will be cleared by the end of 2016/2017 financial year.

An Assistant Account Officer is now in charge of carrying out bank reconciliation for TMA and is based at the Headquarters Accounts Section.

### **30.8 LWRM Trust Fund Account**

The Audit comment is noted, we are currently working with the FMIS Unit of the Ministry of Economy to try and rectify this problem.

The variance highlighted by the audit is the result of inter funding from previous years and this was not detected early because no proper reconciliation was done in previous years.

We have requested the Ministry of Economy FMIS Unit to assist us in reconciling this account and we have rectified the anomalies in 2016 financial year.

### **30.9 Statement of Losses**

The Audit comment is noted.

The ministry has set up an Asset Management Unit (AMU) and one of their primary responsibilities is to make sure that Annual Board of survey is carried out every year. The Ministry carries out its Board of Survey to take stock of its Fixed Asset.

The unit has also opened a loss report register where by monthly losses are recorded.

### **30.10 Revolving Fund Account**

The Audit comment is noted.

Monthly reconciliation of Revolving Fund Account is implemented. Most of the advances have been retired.

The ministry has strengthened its reconciliation by making sure that any posting done into the FMIS is properly documented and also supporting documents are properly filed and also conduct on the job training for its accounts staff.

### **30.11 Operating Trust Fund Account**

Reconciliation for this has been updated and on the job training for accounts staff has been on going.

### **30.12 Arrears of Revenue**

The Audit comment is noted.

The ministry is currently working with the Ministry of Economy Assets unit in trying to identify those that owes money to the Ministry as most of this debt is over 5 years especially the Cocoa Development, Batiri Pineapples, Land Development, Revolving Fund Account and Irrigation & Commercial. Report to be submitted by December 2016.

The ministry is still working on this issue.

### 30.13 Implementation of a Succession Plan

The Audit comment is noted.

The retention of manpower scarce skill areas such as engineers is an issue that is prevalent across the public sector and is a major challenge to cope with. The Division currently has six (6) senior positions, three occupied by expatriates and three (3) by locals, 2 local staff have resigned in 2016. There are three (3) engineer posts, 1 filled and 2 vacant. The Division has had to rely on expatriate staffs due to high attrition rate of local engineers and weak bond conditions which have been exploited by graduates after completing their studies.

The Division has a succession plan to fill the posts held by expatriates as shown below; however with local graduates leaving there is a need to consider factors particularly employment conditions, which attract them to the private sector such as FRA, WAF, Fulton and Higgins. The current construction industry landscape with major funding to road and water supply with the conditions offered continually attracts graduates and staff for better opportunities. Staff conditions, incentives and retention policies need to be developed to retain staff.

#### LWRM SUCCESSION STRATEGY

No	Post	Remarks
1	Principal Engineer (D&I)	SE (North) Graduate 2012, Resign August 2016
2	Principal Engineer (RE)	Engineer BE Graduate 2014 MSc 2015 - JICA Scholarship
3	Senior Engineer (RE)	Engineer BE Graduate 2013, Resigned 2013 STA BE Graduate in 2015
4	Senior Engineer (Design)	TOHG BE graduate 2012, Resigned 2013 To Be Graduate 2015
5	Senior Engineer (D&I)	Engineer BE graduate 2013, Resigned 2014, TO Be graduate 2015
6	Director	PAO, Promoted 2015

The Division over the past five years has sent staff abroad for training on Chinese, FAB and JICA scholarship.

The following staff graduated with Bachelor of Engineering; one staff graduated in 2011 from Malaysia and resigned within three months, three graduated from the University of Queensland in 2012, one resigned in 2013 and another in 2014. One graduated from Tianjin University, China in 2012, resigned in August 2016. Three staff undertaking studies at FNU under government scholarships graduated in 2015 and one staff completed MSc in Flood Disaster Management in 2015 under JICA scholarship. Given the gap between attaining maturity and experience for senior engineer management positions, expatriate staff has continued to be recruited to fill the vacuum particularly for specialized engineering fields in river and water resource engineering.

In regards to the staff re-engagement, Management addresses this with submissions to the Office of the Prime Minister, and upon approval renews expatriate and local staff contracts.

#### Further Comments

*Currently the Ministry is adopting the Open Merit Recruitment guideline from the Civil Service Reform Unit and it has to align its recruitment process to this guideline wherein the appointment of employees is based on their ability to do the job, assessed against objective selection criteria which do not discriminate against or give preference to any group or individual.*

### **30.14 Rice Revitalization Program**

Audit comment is noted.

The ministry recognizes splitting of procurement as a challenge to address given that our technical officers are involved in capital projects proposal and procurements at some stages. More awareness is required for our technical officers together with divisional accounting personnel to acquaint themselves with financial issues and procedures and understand what actually constitute a split in procurement terms.

#### Further Comments

*The ministry has also issued an Internal Memorandum to address this issue.*

*(Appendix 11)*

### **30.15 Absence of Tender Boards Approval**

The audit recommendations are noted.

Explanations on the payments done to Company C15 are as follows:

- **Company C15**

No approval was sought from the Government Tender Board because the amount involved for each individual project was less than \$50,000. Although the total amount paid to the company was more than \$50,000; the payments made were to individual projects, which were less than \$50,000 each.

The process taken to award the works was carried out in line with Clause 4.0 of the FPO Procurement Regulation 2012 whereby at least 3 quotes to be obtained for works worth more than \$1,000.00. The process was done in a transparent manner as follows:

- (1) An advertisement was published in the Fiji Sun for the Expression of Interest for quarters 'maintenance.
- (2) A committee was set up within the Ministry (LWRM Engineer, Principal Accountant, Principal Admin Officer & Executive Officer - AMU) including the Ministry of Works official to go through the EOI and to nominate the best company. Quotations were in sealed envelopes and opened in front of the Committee.
- (3) Approval of the Permanent Secretary for Agriculture was obtained for the awarding of the Contract.
- (4) Contract Agreement was drawn for each individual project which was vetted by the Office of the Solicitor-General. The Fiji Procurement Office and Ministry of Finance were also consulted during the vetting process.
- (5) Funds were released by the Ministry of Finance through RIE upon fulfillment of the requirements.

The process was also done in consultation with the Office Accommodation Division at the Public Service Commission.

The above report for the 2014 and 2015 Audit Queries is hereby submitted. We shall provide any further clarifications needed by the Standing Committee on Public Accounts.

Yours faithfully,



Jitendra Singh  
**Permanent Secretary**