



# MINISTRY OF AGRICULTURE

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File: 33/1

Date: 28/03/2018

The Chairman  
Standing Committee on Public Accounts  
Government Buildings  
Suva

Dear Sir,

**Re: MINISTRY OF AGRICULTURE (MOA): CLARIFICATION OF ISSUES**

I refer to your letter ref: PARL 3-1 dated 07 March 2018 stating that the Ministry of Agriculture has to provide responses to issues raised in the 2016 Auditor General's Report which are as follows:-

**Office of The Auditor General Report on Economic and Infrastructure Sector (volume 4) for the year ended 31<sup>st</sup> July 2016**

## **30.1 Audit Opinion**

Qualifications were as follows;

- (i) Trading and manufacturing Account

## **Ministry Comment**

This issue was raised for the first time in 2016 financial year Audit report. The Ministry is liaising with the Ministry of Economy in addressing this issue.

A journal voucher was raised to clear the anomaly - **Annex 1**



## (ii) Trust Fund Account

### Ministry Comment

The above anomaly has now been rectified and the beneficiaries listing together with the General Ledger balance has now been corrected in the 2016/17 financial year - Annex 2

The True Trust account has now been transferred to the Ministry of Waterways.

The amount \$318,494 was an adjustment done by the Ministry of Economy when we were liaising with them in regards to the reconciliation issues of the 2015 True Trust account.

The state of the True Trust account in 2015 was as such that the Ministry focuses its effort in reconciling the Trust Fund - Statement of Receipts and Payments which is one of the qualifying issue from previous years.

### Further Comments - Audit Opinion

The Ministry's commitment in trying to achieve non qualification report is shown in the trend of qualification appearing in its AFS from 2014 to 2016. **Annex 3**

- 2014 - 5 qualification issues
- 2015 - 4 qualification issues
- 2016 - 2 qualification issues

## **30.6 Non- submission of Annual Accounts for Audit - Agriculture Marketing Authority**

### Ministry's Comments

The audit comment is noted and the annual financial statements are still outstanding. The Ministry had followed up with the Agricultural Marketing Authority (AMA) last year to submit their unaudited Annual Financial Statement however; they informed that they could not submit any report due to the pending FICAC case. The Permanent Secretary in his recent meeting with the Acting Chairman for AMA had discussed the urgent need to provide the outstanding financial statements including all the Authority's pending Annual Reports mandated under the Administering Act. The Ministry has also written to the Authority on the matter.



### Further Comments

The record from FICAC has now been obtained by the Agriculture Marketing Authority and a draft financial report for the 2010 financial year has been prepared.

### **30.7 Overseas Purchase of Livestock**

#### Ministry's Comments

The audit comment is noted. The process of obtaining competitive (three) quotations could not be done, as the right breed of sheep/goats were hand-picked from a number of farms visited by the Ministry's team according to the requirements both in terms of physical appearance, performance and the genetic potential of the animal. This resulted in the payment being made directly to all the individual farmers (suppliers of the breed stock) through the Fiji Trade Commission Office in Sydney for transparency purposes.

In view of the Agriculture Sector's growing concern regarding the disease outbreak on the live cattle coming from New Zealand, the budget for the livestock rehabilitation was used to develop the sheep and goat industries for the Meat Sector. The Ministry of Economy approved the RIE that Sheep and Goat be part of the activity of the Livestock Rehabilitation in the 2016 financial year because of the problem encountered in the meat sector.

#### Additional Comment

The funds allocated for importation of cattle was diverted due to outbreak of Theileria disease in New Zealand. It was instead used for Breed Improvement Activity under Livestock Rehabilitation Programme for the importation of new sheep and goat breed to supplement the demand in the meat sector.

The purpose of this importation was to improve the current bloodline and traits of (Fiji Fantastic & Anglo Nubian) breeds in the Government Research Station and some private farms around Fiji. A consultant was involved with all the arrangement until purchase was completed. Due to limited time and the technical nature of the purchase, AH&P was not able to acquire competitive quotes from other sources. The only option was to carry out window purchasing (physically hand pick livestock) through companies recommended by the consultant.



### Way Forward

The Ministry has now established a procurement team headed by the Principal Accountant to handle purchases more than \$20,000 and these include those technical in nature.

### **30.8 Anomalies in Purchase of Rice Harvester Machine**

#### Ministry's Comments

The audit comment is noted and the Ministry would like to highlight the following in relation to this payment:

- A Purchase Order (PO: 90810- 003287) was issued on the 15th of December 2015 for the purchase of the new Rice Harvester. The Purchase Order was later cancelled due to closing date given by Ministry of Economy through Finance Circular 60/36 of 02/10/2015.
- The invoice dated 31/12/15 was received after the closing date for all payments to be made for the 2015 fiscal year hence the making of the payment in 2016.

The Ministry has conducted Procurement training at Divisional level to provide awareness again on Procurement guidelines and the requirements to all Officers involved.

### Way Forward

The Ministry has now established a procurement team headed by the Principal Accountant to handle purchases more than \$20,000 and these include those technical in nature.

### **30.9 Additional Costs Incurred Due To Revised Travel List**

#### Ministry's Comments

The audit recommendation is noted. The change in the travel list was due to unforeseen circumstances placed on the Ministry without any prior knowledge but had to be facilitated. After finalizing the travel arrangements for the Ministry's delegation, instructions were then received to change the delegation due to the need for our Executive Team to accompany the Honorable Prime Minister on his tour to the Northern Division during the time of the planned travel.



### Additional Comment

The Ministry has received necessary refund for the two (2) members of management who did not travel – **Annex 4**

### **30.10 Anomalies in Local Purchase Orders**

#### Ministry's Comments

The audit comment is noted and MOA seeks the understanding that the activities for Ginger planting season begins in July and therefore with the change in Government's fiscal year, the procurement of seeds as we have experienced now falls outside the cut off dates for issuing of Purchase Order i.e. 13 June 2016. Any procurement after this date must be done through direct payments with a Proforma Invoice as stated in the Finance Circular 60/36 dated 02 May 2016.

Similarly the request for the procurement of photocopy machine, water pumps and motorbikes were made after the cut-off date of issuing of Purchase Order and was processed due to the urgent need at that point in time. The Local Purchase Order for the procurement of water pumps with the amount of \$48,888 was released and signed. We agree that the Local Purchase Order should be issued before the Invoice is submitted for payment however, in this instances the Purchase Order was subsequently issued for payment purposes as per the requirement under the Procurement Regulation.

#### Way Forward

The Ministry has now established a procurement team headed by the Principal Accountant to handle purchases more than \$20,000 and these include those technical in nature.

### **30.11 No Contract Agreement Signed with Supplier**

#### Ministry's Comments

In relation to the Contract Agreement on the purchase of red pontiac potato seeds the Ministry will ensure that procurement regulations are strictly adhered to by Officers responsible for purchases and payments.

#### Additional Comments

The Ministry has a draft contract template which was sent to the Heads of Implementing Divisions to follow, in order to draw up contract documents. This is submitted to the Solicitor General's office for final vetting. The Ministry will ensure



that procurement guideline and finance manual is adhered for all procurement above \$10,000 for infrastructure, development and maintenance work and \$20,000 or more for any other procurement of goods and services.

### **30.12 Diversion of Funds**

#### Ministry's Comments

The audit comment is noted. The Ministry will seek prior approval from the Ministry of Economy for future diversion of funds. Please refer to Annexure 1 for comments on the identified vouchers. Officers responsible will be identified and a list submitted to PS to be issued with Warning letters due to the lapse in their performance.

#### Way Forward

Proper planning is way forward in tackling the diversion of funds issues. The Ministry's technical arm is closely working with the Accounts team in providing **timely** information in respect of their travel related expenses. - At least two (2) weeks for cash flow purposes.

### **30.13 Unbudgeted Expenses**

#### Ministry's Comments

The audit comment is noted and the Ministry will ensure that future expenses recorded in the general ledger are included in the approved capital project work programs and that changes in activity in the approved RIE's are appropriately approved and authorized.

#### Further Comments

As indicated above the Ministry is putting in all concerted effort to address unbudgeted expenses issues where proper planning is needed and these warrant improvement.

### **30.14 Fixed Assets Register not Updated**

#### Ministry's Comments

The audit comment is noted. The Fixed Asset template is distributed to Divisional Officers to coordinate the recording of all purchases done within the Division. Monthly returns of Assets are to be submitted to Headquarters and Asset reconciliation will be done on a monthly basis upon receipt of Monthly Returns. The



Executive Officer Asset and the Assistant Accounts Officer-Payments will be responsible for the monitoring and updating of Fixed Asset Register.

#### Way Forward

A comprehensive standard operating procedure (SOP) has been drawn up (Asset Unit & divisional officers responsible for FAR) to include reporting timelines with complementary quarterly stock take.

The Ministry is currently updating a matrix to capture the status of fixed asset on the field, years of service and its productive use within the years.

Training will also be conducted for responsible officers handling Fixed Asset Registers and the Ministry will continue to seek the Ministry of Economy's assistance.

### **30.15 Payments not made Yet Recorded In General Ledger**

#### Ministry's Comments

The audit comment is noted. The Ministry withheld payments to these Companies until the services were fully provided. For instance on the payment for the ginger planting materials, due to the nature of the ginger season the Ministry needs to process the payment in July for ginger seeds but the supply was actually made in August. If the Ministry does not deploy this arrangement then the Agriculture Sector would eventually lose out on the planned activity and required output of the Ginger Capital program.

#### Additional Comments

The Ministry has also improved its planning program to ensure that the release of funds and payments are aligned to the planting season for ginger. For example land preparation that used to start in July/ August, now has started in June/July.

### **30.16 Discrepancies in Recording of Rental Income on Government Quarters**

#### Ministry's Comments

The audit comment is noted. The Ministry will review the Clerical Officer-Quarters and Assistant Accounts Officer Salaries Job Descriptions to include the reconciliation of the Quarters Return against the rental income recorded in the General Ledger.



### Additional Comment

Quarters records are now been reconciled with Payroll reports and the Ministry will continue to monitor and issue reminders for the timely submission of monthly reconciliation for quarters return –

The Ministry is currently working on the proper clearance of the \$120,924, highlighted by the Auditor General.

### **30.17 Unauthorized Arrears of Revenue Write-off**

#### Ministry's Comments

The audit comment is noted. The Ministry did not include the Arrears of Revenue amounting to \$777,106 since it is not captured as Arrears of Revenue in the Financial Management Information System (FMIS). It should be noted that this Arrears of Revenue could not be written off due to lack of supporting evidence.

#### Way Forward

The Ministry has been holding discussion with the Ministry of Economy since February 2018 to go through the write off procedure. As a result of this discussion, the Ministry is working on collecting documents and reconciling figures to process this write off.

As at February 2018 the Ministry is able to identify, and confirmed around \$673,296.73 of the total to be write off.

### **30.18 Excess Cash Transferred to CFA not Recorded in the FMIS General Ledger**

#### Ministry's Comments

The audit comment is noted. The Ministry is currently working with the Ministry of Economy on transactional posting in the General Ledger account of FMIS. The excess funds from the 2016 financial year was paid to the Ministry of Economy in the 2016/2017 financial year and the same error (2016) occurred since the Ministry cannot post to Equity account thus the Ministry raised a Journal Voucher to capture this changes.

#### Additional Comment.

This issue was raised for the first time in 2016 financial year Audit report. The Ministry is liaising with the Ministry of Economy in addressing this issue.

A journal voucher was raised to clear the anomaly - **Annex 1**



### 30.19 Delay in Preparation of Monthly Underline Account Reconciliations

#### Ministry's Comments

The audit comment is noted. The Ministry relies on the Financial Management Information System (FMIS), to upload final monthly reports for each period which is sometimes late as tabulated below.

Month-End Reports from FMIS Unit of MOE:

<i>Reconciled Month</i>	<i>Date uploaded via FMIS</i>
<i>Jan – Feb</i>	<i>01/04/2016</i>
<i>March</i>	<i>09/05/2016</i>
<i>April</i>	<i>18/05/2016</i>
<i>May</i>	<i>10/06/2016</i>
<i>June</i>	<i>06/07/2016</i>
<i>July</i>	<i>22/09/2016</i>

#### Additional Comment

Reconciliation has been submitted on time

### 30.20 Accountable Advance not cleared on time

#### Ministry's Comments

The Ministry has noted the audit recommendations and is taking necessary measures to control Accountable Advance issued to be in-line with financial guidelines requirements. However it is noted that some retirement of Accountable Advances were delayed due to the following reasons:

- Delayed in official trips;
- Acquittals/documents were not fully completed and properly justified; therefore resubmission was required for retirement purposes;
- Reconciliation for Accountable Advances taken in previous years is currently under review and attempts are being made to locate source documents for proper verification and justification before necessary steps are taken for its clearance.

Accountable Advance registers have been opened and is currently updated to capture all Accountable Advance taken, retired and those that are subject to salary recoveries. The Ministry is recovering with a 12½ percent interest from the salaries and wages of Officers who fail to clear their outstanding advances immediately after the lapse of the seven days requirement for clearance.



### Additional Comment

Responsible officers are continually reminded of the importance of retiring Accountable Advance through email, telephone and the issuance of memorandum.

### **30.21 Bank Lodgment Clearance (BLC) Account**

#### Ministry's Comments

The audit comment is noted. Bank Lodgments Clearance (BLC) Reconciliation for July could not be zeroed as the amount of \$11,975.33 for the Trading and Manufacturing Account (TMA) was wrongly deposited into the Consolidated Fund Account (CFA) on 27/07/16. These amounts constitute two lodgments of \$9,942.33 and \$2,033.00. The Ministry of Economy advised the Ministry to raise a payment voucher to take out this amount from CFA and deposit it into the TMA. This was done in August and was cleared in the August BLC Report.

### Way Forward

The Ministry has cleared the above anomaly and has taken on board the Auditor General's recommendation for future improvement

### **30.22 Anomalies in Main Trust Fund Account**

#### Ministry's Comments

The audit comment is noted.

- The Ministry now maintains the Cash Book for the 2016/2017 financial year.
- The Ministry directly deposits all retention funds into the trust bank account through Electronic Fund Transfer (EFT).
- The Ministry will improve on the submission of monthly reconciliation and ensure that any discrepancies will be resolved and variances in the Trust Ledger records is identified and adjusted accordingly with supporting documents.
- For internal control purposes the Ministry is in the process of reviewing its Management control of the Trust Fund.



### Additional Comment

The above anomaly has now been rectified and the beneficiaries listing together with the General Ledger balance has now been corrected in the 2016/17 financial year – Annex 2

The True Trust account has now been transferred to the Ministry of Waterways.

The amount \$318,494 was an adjustment done by the Ministry of Economy when we were liaising with them in regards to the reconciliation issues of the 2015 True Trust account.

The state of the True Trust account in 2015 was as such that the Ministry focuses its effort in reconciling the Trust Fund - Statement of Receipts and Payments which is one of the qualifying issue from previous years.

### **30.23 Statement of Losses - Unauthorised Losses and Omissions**

#### Ministry's Comments

The audit comment is noted. The Ministry will ensure that Officers handling losses adhere to the financial guideline in respect of loss report submissions. The Ministry has done a Template to capture all loss reports on misappropriation of government revenue, theft, death of livestock, expired drugs, etc. which are to be submitted on prescribed Losses Report Forms to Asset Management Unit and Principal Accountant.

#### Additional Comment

The Ministry Asset unit is currently redefining the clerical Officer Board of Survey job description to include the final collation of all losses returns on a regular monthly basis.

The standard operating procedure (SOP) for the unit is to take into consideration livestock losses return from all the division

### **Standing Order 110 (2) - Gender Involvement**

The Ministry seriously considers gender balance in its workforce and this is evident in the rise of female workers from 23% of the total workforce in 2009 to around 33% in 2017.

The procurement of livestock via our Demand Driven programmes, the rice harvester Machine (rice revitalization program), red Pontiac (Potato program). Suzuki motor bikes (Extension program) have different degree of impact on women's participation in the Agriculture sector.



Based on our records there are more than 500 women who are direct recipients of assistance in the livestock sector. In the last financial year we assisted 15 women (direct). It must be noted that for those whereby men are directly assisted, women in the households play a very active role in the running of the projects esp. feeding and other lighter tasks.

On the rice harvesting machines-it relieved both men & women from the back breaking jobs of harvesting via sickles. Women in our rice farming communities are more involved in drying and other chores. So the rice harvesting machine-brings about change that relieved our womenfolk from the manual harvesting of rice

Red Pontiac is a variety of potato that is recommended for Fiji. The involvement of women is tremendous as 65% is recorded in women participation because potato farming is considered soft as chores are lighter in comparison to other root crops.

Motorbike is used as part of our Extension outreach-it covers both women and men. Motorbikes are convenient for our workers because it can go into narrow undulating roads.

#### Prior Year Issues

Issues	Recommendation	Current Status	Management Proposed Action	Way Forward
The Ministry still has to provide audit with its succession plan, despite numerous request and follow up. It has also failed to obtain approval from the Prime Minister's Office for the reengagements of the retired officers and expatriate staffs who have technical skills.	The Ministry should: <ul style="list-style-type: none"> <li>• develop and implement a succession plan as provided for by PSC to ensure continuity of the organisation.</li> <li>• obtain approval from the Prime Minister's office prior to the re-engagement of any retired officers.</li> </ul>	Open	<i>Prime Minister's office approval for 2 out of the staff highlighted were given to Audit for verification</i>	The Ministry will ensure that it complies with Audit recommendations
The Ministry avoided calling a tender for procurement of Rice Agro Inputs when total cost was split in two purchase orders.	The Ministry should ensure that tender are called for procurement above \$50,001 and prevent splitting LPO.	Open	<i>The audit comment is noted.</i>	The Ministry will ensure that procurement process is followed
The Ministry failed	The Ministry should ensure	Open	<i>The audit comment is</i>	The Ministry has



to obtain Government Tender Board approval when making payment in excess of \$50,000 to a contractor and a solar power provider for various building and maintenance of quarters and solar power installation. Furthermore, all payments made to the solar power provider were without any contractual agreements.	that: <ul style="list-style-type: none"> <li>• open tenders must be called for procurements above \$50,001 so that transparency and accountability of the Ministry is maintained at all times. It will ensure the selection of the best available contractors at the most economical cost to carry out a particular task.</li> <li>• advance payments must only be made for goods procured through overseas shipments or if required under a contract as per section 14(8) of the Finance Instructions.</li> </ul>		<i>noted. All supporting documents in regards to approvals and payments were given to the audit team for verification.</i>	now established a procurement team headed by the Principal Accountant to handle purchases more than \$20,000 and this include those technical in nature.
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#### **ADDITIONAL AFS DAM ISSUED**

Included in the Trading and Manufacturing Account (TMA) Balance Sheet is Deposits & Retention of \$22,113. The audit noted that the Ministry did not maintain adequate accounting records to provide sufficient and appropriate audit evidence to substantiate the balances reflected in the TMA Balance Sheet.	The Ministry should maintain proper records and be able to provide evidence to substantiate accounts and balances reported in its Trading and Manufacturing Accounts.	Open	<i>The Ministry is currently in the process of obtaining supporting documents to substantiate the outstanding TMA balance.</i>	Supporting documents have been submitted to the Auditor General Office.
Review of the Ministry's monthly TMA bank reconciliation revealed that a TMA Bank Balance of \$7,877 is included in the FMIS under the overall TMA Bank Balance of \$390,430. The details of this bank account were not made available to audit.	The internal control procedures in the Accounts and TMA Section, specifically supervisory checks should be strengthened to avoid such discrepancies.	Open	<i>The Ministry as part of its TMA review is in the process of strengthening its Internal Control.</i>	Supporting documents have been submitted to the Auditor General Office to correct posting in the FMIS



The above report for the 2016 Audit Queries is hereby submitted.

Yours faithfully



.....  
**David S. Kolitagane**  
**Permanent Secretary for Agriculture**



JV

G.P. 13

Number: 51 month 6 year 2019

Being adjustment of 2015 remittances as per detail attached and Adjustment for 2016 Remittances.

Source Reference: GL671. PV 157/16

	\$	c
<u>430351 30999 940330</u>	<u>457,468</u>	80
<u>4-30351-30999-940330</u>	359,372	0
Total:	816,840	80

<u>430351 30999 540201</u>	457,468	80
<u>4-30351-30999-940430</u>	359,372	0
Total:	816,840	80

Signature		Date	
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Date	
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Verified and endorsed <i>[Signature]</i>	Adjustment Approved <i>[Signature]</i>
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Distribution:	5/6/11	Adjustment Approved	(Signature)
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Designation	A/PRO
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Date	11/1/11
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Acct: 4-30351-30999-540201

Type: 1 Status: A

Desc: TMA DOMINION CASH WBC SUVA

Fiscal set: A Year: 2017

Currency: FJD Curr type: S DR/CR Code: C

More: +

View totals: ☒ N (Y or N):

Net change: 352,835.28-

Per/Yr:	Journal:	Amount:	JOURNAL DESCRIPTION
11/2017	300297	457,468.80-	JV 52/6/17 ADJS OF REMITTANCE
11/2017	300317	94.80-	JV 55/6/17
11/2017	AP0191	6,000.00-	PAID NORMALLY
11/2017	AP0191	1,062.24-	PAID NORMALLY
11/2017	AP0347	150.00-	PAID NORMALLY
11/2017	AP1333	3,659.42-	PAID NORMALLY
11/2017	AP1333	310.00-	PAID NORMALLY
11/2017	AP1333	396.00-	PAID NORMALLY
11/2017	AP1333	7,655.20-	PAID NORMALLY
11/2017	AP1613	4,492.50-	PAID NORMALLY
11/2017	AP1613	554.88-	PAID NORMALLY
11/2017	AP5680	1,062.24-	PAID NORMALLY

Tuesday, July 4, 2017:



Acct:	9-30101-30065-520301		Type:	1	Year:	2017
Desc:	RETENTION OF FUNDS LWRM		Perfr:	1 to:	14	
Bbal:	584162.49	End:	817357.60	Net:	133195.11	
Per:	Debits:	Credits:	Net:	V:	Opdy:	ALL:
01	.00	.00	.00		0	0
02	187761.74	187761.74-	.00		2	2
03	.00	.00	.00		0	0
04	.00	.00	.00		0	0
05	.00	19205.77-	19205.77-		2	2
06	.00	.00	.00		0	0
07	.00	.00	.00		0	0
08	.00	.00	.00		0	0
09	.00	.00	.00		0	0
10	.00	211351.00-	211351.00-		1	1
11	359468.17	351.08-	359117.09		6	6
12	323478.96	318844.17-	4634.79		9	9
13	.00	.00	.00		0	0
14	.00	.00	.00		0	0
FT	870768.87	737513.76-	133195.11		20	20

Saturday, March 24, 2018:



MINISTRY OF AGRICULTURE - LWRM TRUST				
TRUST FUND ACCOUNT BALANCE AS AT 28/07/2017				
No.	NAME OF CONTRACTOR	CONTRACT No.	BALANCE	REMARKS
1	TF Jan Bulldozing	QS 15/02	\$53,798.21	Pending court case
2	Multi Works Ltd	WSC 124/2016	\$68,605.69	Current Contract. Works in progress - Retention monies for Claim 1 to Claim 7
3	Multi Works Ltd	WSC 157/2016	\$67,648.97	Current Contract. Works in progress - Retention monies for Claim 1 to Claim 7
4	Rashid's Bulldozing Works & Building Contractors.	WSC 123/2016	\$23,511.65	Current Contract. Works in progress - Retention monies for Claim 1 to Claim 6
5	Kumar's Earthmoving Contractors Ltd	WSC 128/2016	\$23,905.01	Current Contract. Works in progress - Retention monies for Claim 1 - Claim 2
6	Kumar's Earthmoving Contractors Ltd	WSC 129/2016	\$25,599.20	Current Contract. Works in progress - Retention monies for Claim 1 - Claim 2
7	Hussain's Hire Plant	WSC 152/2016	\$6,071.30	Current Contract. Works in progress - Retention monies for Claim 1
8	Rashid's Bulldozing Works & Building Contractors.	WSC 298/2016	\$18,996.57	Current Contract. Works in progress - Retention monies for Claim 1 - Claim 2
9	Yandra Viti Investment	WSC 11/2016	\$10,022.55	Current Contract. Works in progress - Retention monies for Claim 1 - Claim 3
10	Hussain's Hire Plant	WSC 151/2016	\$27,695.11	Current Contract. Works in progress - Retention monies for Claim 1 - Claim 3
11	China Railway First Group Fij Ltd	WSC 103/2017	\$162,355.50	Current Contract. Works in progress - Retention monies for Claim 1 - Claim 3
12	FSC Dredging - Qawa River	RR # 321709	11,463.78	Charges received for dredging of Qawa work and all payment completed
13	Provisional Development		18,000.00	Works and payment completed but payment was done from Operating Fund
14	Water Authority of Fiji	RR # 663020	2,490.33	Works and payment completed but payment was done from Operating Fund
15	National Bulldozing & Transport	(CTN # WSC 01/2009)	558.29	Works and payment completed but payment was done from Operating Fund
16	Viti Vanua Holdings Limited	(CTN # WSC 14/2010)	1,261.63	Works and payment completed but payment was done from Operating Fund
17	All Amzad Transport & Sons	(CTN # WSC 16/2010)	722.53	Works and payment completed but payment was done from Operating Fund
18	Bulleka Hire Services	(CTN # WSC 19/2010)	171.71	Works and payment completed but payment was done from Operating Fund
19	Templetec (Fiji) Limited	(CTN # WSC 20/2010)	21,916.32	Works and payment completed but payment was done from Operating Fund
20	Viti Vanua Holdings Limited	(CTN # WSC 21/2010)	15,987.00	Works and payment completed but payment was done from Operating Fund
21	National Bulldozing & Transport	(CTN # WSC 29/2010)	4,397.69	Works and payment completed but payment was done from Operating Fund
22	Viti Vanua Holdings Limited	(CTN # WSC 30/2010)	29,054.84	Works and payment completed but payment was done from Operating Fund
23	Penaia Contractors & Buses Ltd	(CTN # WSC 31/2010)	301.36	Works and payment completed but payment was done from Operating Fund
24	Vuksich & Borich (Fiji) Limited	(CTN # WSC 41/2010)	39,784.93	Works and payment completed but payment was done from Operating Fund
25	Templetec (Fiji) Limited	(CTN # WSC 44/2011)	10,465.77	Works and payment completed but payment was done from Operating Fund
26	National Bulldozing & Transport	(CTN # WSC 157/2011)	314.03	Works and payment completed but payment was done from Operating Fund
27	Penaia Contractors & Buses Ltd	(CTN # WSC 218/2012)	12,546.03	Works and payment completed but payment was done from Operating Fund
28	Hot Spring Hire Services Ltd	(CTN # WSC 219/2012)	7,297.31	Works and payment completed but payment was done from Operating Fund
29	WesEng Consulting Ltd	(CTN # CSC 21/2013)	5,414.20	Works and payment completed but payment was done from Operating Fund
30	Multi Works Civil Engineering	(CTN # WSC 32/2013)	65,116.51	Works and payment completed but payment was done from Operating Fund
31	Bulleka Hire Services	(CTN # WSC 43/2013)	34,610.84	Works and payment completed but payment was done from Operating Fund
32	Bulleka Hire Services	(CTN # WSC 110/2013)	19,690.65	Works and payment completed but payment was done from Operating Fund
33	Yandra Viti Investment	(CTN # WSC 159/2013)	11,145.86	Works and payment completed but payment was done from Operating Fund
34	SCOPE Pacific Limited	(CTN # CSC 35/2014)	2,153.03	Works and payment completed but payment was done from Operating Fund
35	Corerega Environmental Const.	(CTN # CSC 21/2013)	3,743.25	Works and payment completed but payment was done from Operating Fund
36	Multi Works Civil Engineering	(CTN # WSC 37/2014)	11,040.00	Works and payment completed but payment was done from Operating Fund
			817,357.60	





# MINISTRY OF AGRICULTURE

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Email: [agrihelp@govt.fj](mailto:agrihelp@govt.fj)  
Website: [www.agriculture.gov.fj](http://www.agriculture.gov.fj)  
Facebook: Department Of Agriculture Fiji

File Ref: 33/1

Date: 15/03/2018

## MEMORANDUM

From: The Permanent Secretary for Agriculture  
To: The Permanent Secretary for Economy  
Re: Internal Audit Issues – Entry Meeting (14/03/18)

The Ministry acknowledges the internal audit team's contribution in highlighting control issues which needs addressing.

Whilst the audit plan for 2017/2018 financial year has already been finalized and preparatory work are currently underway for some divisions in our agency (crop extension), we would request if audit team shifts its focus on assisting the Ministry in finding ways to resolve External Audit recurring issues that resulted in the 'qualified' qualification of our Annual Financial Statement (AFS).

This shift to resolving qualified audit issues has the Minister of Agriculture concurrence who demands immediate attention on these issues. This issue was also raised in Parliament this week. The above approach will ultimately add value and put a stop to recurring issues.

I look forward to your assistance in addressing the above matter.

David Kolitagane  
Permanent Secretary



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## INDEPENDENT AUDITOR'S REPORT MINISTRY OF AGRICULTURE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Scope

I have audited the special purpose financial statements which have been prepared under the cash basis of accounting and Notes 1 to 4 thereon of the Ministry of Agriculture for the year ended 31 December 2014. The financial statements comprise the following:

- (i) Statement of Receipts and Expenditure;
- (ii) Appropriation Statement;
- (iii) Consolidated TMA - Manufacturing Account;
- (iv) Consolidated TMA - Trading Account;
- (v) Consolidated TMA - Profit and Loss Statement;
- (vi) Consolidated TMA - Balance Sheet;
- (vii) Trust Account Statement of Receipts and Payments; and
- (viii) Statement of Losses

The management of the Ministry of Agriculture is responsible for the preparation and presentation of the special purpose financial statements and the information contained therein.

My responsibility is to express an opinion on these special purpose financial statements based on my audit.

My audit was conducted in accordance with the International Standards on Auditing to provide reasonable assurance as to whether the special purpose financial statements are free of material misstatements. My audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the special purpose financial statements and evaluation of accounting policies. These procedures have been undertaken to form an opinion as to whether, in all material respects, the special purpose financial statements are fairly stated and in accordance with government policies in Note 2 and the Audit Act and the Financial Management Act 2004, so as to present a view which is consistent with my understanding of the financial performance of the Ministry of Agriculture for the year ended 31 December 2014.

The audit opinion expressed in this report has been formed on the above basis.

### Basis for Qualified Opinion

#### Trading and Manufacturing Account

1. There is an un-reconciled difference amounting to \$238,582 between the General Ledger (FMIS) and TMA bank reconciliation statement for Cash at Bank. Accordingly, I am unable to ascertain the accuracy and completeness of the TMA Cash at bank of \$1,031,806 as shown in the TMA Balance Sheet as at 31 December 2014.



2. Included in the TMA Trading Account is Closing Stock of Finished Goods of \$1,014,577. I do not express an opinion on the accuracy and completeness of Closing Stock of Finished Goods as the Ministry did not carry out an independent stock take for the year ended 31 December 2014.
3. Included in the Trading and Manufacturing Account (TMA) Balance Sheet is TMA Surplus Capital Retained of \$2,263,536 and TMA Surplus transferred to Consolidated Fund of \$220,629. I was not able to verify the amounts as the Ministry was not able to provide appropriate audit evidence to support the balances.

As a result, I was not able to ascertain the accuracy and completeness of the Trading and Manufacturing Account as at 31 December 2014.

#### Trust Account Statement

4. The Ministry was not able to provide appropriate audit evidence to reconcile and ascertain the accuracy and completeness of the Trust Fund Cash at bank - Retention Fund (LWRM) balance of \$877,651 and Trust Fund - Retention Fund balance of \$269,813 as shown in the General Ledger (FMIS) with the Trust Fund balance \$390,248 reflected in the Trust Account Statement as at 31 December 2014.

As a result, I was not able to ascertain the accuracy and completeness of the Trust Account Statement of Receipts and Payments (LWRM) for the year ended 31 December 2014.

#### Statement of Losses


5. The Ministry did not carry out a Board of Survey for 2014. In the absence of a Board of Survey Report, the losses of fixed assets, if any, that occurred during the year could not be substantiated.

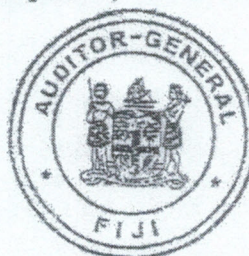
As a result, I was not able to ascertain the accuracy and completeness of the Statement of Losses for the year ended 31 December 2014.

#### Qualified Audit Opinion

In my opinion, except for the matters referred to in the Basis for Qualified Opinion paragraphs,

- (a) the financial statements present fairly, in accordance with the accounting policies stated in Note 2, the financial performance of the Ministry of Agriculture for the year ended 31 December 2014.
- (b) the financial statements give the information required by the Financial Management Act 2004 in the manner so required.

  
Atunaisa Nadakuitavuki  
for AUDITOR GENERAL



Suva, Fiji  
21 July 2015





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## MINISTRY OF AGRICULTURE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### INDEPENDENT AUDIT REPORT

#### Scope

I have audited the special purpose financial statements which have been prepared under the cash basis of accounting and Notes 1 to 3 thereon of the Ministry of Agriculture for the year ended 31 December 2015. The financial statements comprise the following:

- (i) Statement of Receipts and Expenditure;
- (ii) Appropriation Statement;
- (iii) Consolidated TMA - Manufacturing Account;
- (iv) Consolidated TMA - Trading Account;
- (v) Consolidated TMA - Profit and Loss Statement;
- (vi) Consolidated TMA - Balance Sheet;
- (vii) Trust Account Statement of Receipts and Payments; and
- (viii) Statement of Losses

The management of the Ministry of Agriculture is responsible for the preparation and presentation of the special purpose financial statements and the information contained therein.

My responsibility is to express an opinion on these special purpose financial statements based on my audit.

My audit was conducted in accordance with the International Standards on Auditing to provide reasonable assurance as to whether the special purpose financial statements are free of material misstatements. My audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the special purpose financial statements and evaluation of accounting policies. These procedures have been undertaken to form an opinion as to whether, in all material respects, the special purpose financial statements are fairly stated and in accordance with government policies in Note 2 and the Audit Act and the Financial Management Act 2004, so as to present a view which is consistent with my understanding of the financial performance of the Ministry of Agriculture for the year ended 31 December 2015.

The audit opinion expressed in this report has been formed on the above basis.



### Basis for Qualifications

#### **Trading and Manufacturing Account (TMA)**

1. Included in the Trading and Manufacturing Account (TMA) Balance Sheet is Deposits & Retention of \$22,113. I was not able to verify the amounts as the Ministry was not able to provide appropriate audit evidence to support the balance. As a result, I was not able to ascertain the accuracy and completeness of liability in the Trading and Manufacturing Account as at 31 December 2015.
2. Included in the TMA Trading Account is Closing Stock of Finished Goods of \$709,078. I am unable to express an opinion on the accuracy and completeness of Closing Stock of Finished Goods as the Ministry did not carry out an independent stock take for the year ended 31 December 2015.

#### **Trust Fund Account - Statement of Receipt and Payments**

3. The Ministry was not able to provide appropriate audit evidence to reconcile and ascertain the accuracy and completeness of the Trust Fund Cash at bank - Retention Fund (LWRM) balance of \$1,098,042 and Trust Fund - Retention Fund balance of \$473,807 as shown in the General Ledger (FMIS) with the Trust Fund balance \$456,998 reflected in the Trust Account Statement as at 31 December 2015. Accordingly, I am unable to ascertain the accuracy and completeness of the Main Trust Fund balance as at 31 December 2015

#### **Statement of Loss**

4. The Ministry did not carry out a Board of Survey for 2015. In the absence of a Board of Survey Report, the losses of fixed assets, if any, that occurred during the year could not be substantiated. Furthermore, the Ministry's loss report for 2015 did not include losses for the months of January to June. Consequently, I was not able to verify the accuracy and completeness of the Statement of Losses.

### Qualified Audit Opinion

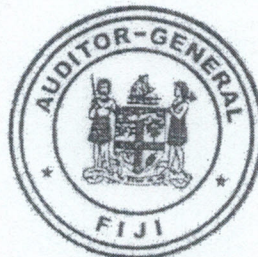
In my opinion, except for the effects of the matters referred to in the basis for qualification paragraphs,

- (a) the financial statements present fairly, in accordance with the accounting policies stated in Note 2, the financial performance of the Ministry of Agriculture for the year ended 31 December 2015.
- (b) the financial statements give the information required by the Financial Management Act 2004 in the manner so required.

*Atunaisa Nadakuitavuki*

Atunaisa Nadakuitavuki  
for **AUDITOR GENERAL**

Suva, Fiji



30 May 2015



# OFFICE OF THE AUDITOR GENERAL

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## INDEPENDENT AUDITOR'S REPORT

### Audit Opinion

I have audited the financial statements of the Ministry of Agriculture, which comprise the Statement of Receipts and Expenditure, Appropriation Statement, Consolidated Trading and Manufacturing Account, Consolidated TMA Profit and Loss Account, Consolidated TMA Balance Sheet, Trust Account Statement of Receipts and Payments and Statement of Losses for the 7 months ended 31 July 2016, and the notes to the financial statements including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Financial Management Act 2004, Financial Management (Amendment) Act 2016 and the Finance Instructions 2010.

### Basis for Qualified Opinion

1. The Ministry transferred \$457,469 of excess cash from TMA operations to the Consolidated Fund Account with the Ministry of Economy. The journal entry passed to effect the transfer had a nil effect on the general ledger. As a result, this amount was still reflected in the Consolidated TMA Balance Sheet. Consequently, the cash amount of \$559,372 and TMA Surplus Capital Retained of \$1,125,622 in the Consolidated TMA Balance Sheet as at 31 July 2016 are both overstated by \$457,469.
2. Appropriate supporting documents for adjustments amounting to \$318,494 to the Cash account for the Trust Account were not provided to audit. In addition, a variance of \$354,402 existed between the detailed listing of beneficiaries of the Trust Account and the amount recorded in the general ledger. As a result, I was unable to ascertain the accuracy and completeness of the closing balance of \$684,162 reflected in the Trust Statement of Receipts and Payments.

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities* paragraph of my report. I am independent of the Ministry in accordance with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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Date: 10-Nov-2017

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SUM OF \*\*\*SEVEN THOUSAND SIX HUNDRED FORTY-SEVEN DOLLARS AND SEVENTY-EIGHT  
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\$ \*\*\*\*\*7,647.78\*\*

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ORIGINAL — OFFICIAL RECEIPT

**FIJI REVENUE RECEIPT**

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20/11/ 20 17

252265 R

RECEIVED from Macquarie Travel World  
 the sum stated below, on account of — Refund of  
Airfare for PS-Agriculture.

Allocation	\$	c
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279999	7647	78
Total :	\$ 7,647.78	

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Antonio  
 Signature of Receiving Officer

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