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GOVERNMENT OF SAMOA

File ref:

MINISTRY OF FINANCE

24th December 2019

Ms. Janet Gamarra
Governance Specialist
Financial Management
PPA
World Bank Office, Sydney
Australia

Dear Ms. Gamarra,

**Re: AUDIT OPINION, MANAGEMENT LETTER AND AUDITED ACCOUNTS –
IDA No. V2020
PROGRAMMATIC PREPARATION ADVANCE: YEAR ENDED 30th JUNE 2019**

We submit herewith as required under the Financing agreement the final audit report and audited statements for the above project for the period ending 30th June 2019. The following are attached for information and appropriate actions.

1. Audit report/audit opinion
2. Audited Statements
3. Management Letter

Should you have any queries, please do not hesitate to contact us.

Yours sincerely,

(Peresitene Kirifi)

For: CHIEF EXECUTIVE OFFICER

cc: Saoleititi Maeva Betham Vaai, WB Liaison Officer – Samoa Office
Tilafono David Hunter, Chief Executive Officer – Ministry of Agriculture
Jane Sprouster, Senior Operations Officer, World Bank



AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE MINISTRY OF FINANCE OF THE GOVERNMENT OF SAMOA

Report on the Audit of the Financial Statement

We have audited the accompanying financial report for the Programmatic Preparation Advance, for the year ended 30th June 2019, which comprises the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual amounts and Notes forming part of the Financial Statements and accompanying supporting schedules. The Consultancy Firm of XSAO Consult Ltd assisted in the audit. The Consultant in charge of the audit resulting in this Independent Auditor's Report is Indori Va'a.

Audit Opinion

In our opinion, the financial report present fairly, in all material respects, the Receipts and Payments of the Programmatic Preparation Advance for the year ended 30th June 2019.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Ministry of Finance in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibility for the Financial Report

The Ministry of Agriculture (MAF), Ministry of Health (MOH), Ministry of Works, Transport and Infrastructure (MWTI) and Ministry of Finance (MoF) as the Implementing Agency, supported by the Executing Agency - MoF, is responsible for the preparation and fair presentation of the Statement of Receipts and Payments in accordance with the requirements of International Financial Reporting Standards practice in Samoa relevant and with the requirements of the Donor – World Bank. The project is recognized on a cash disbursements basis. On this basis, donor funds are recognized when received and expenditure is recognized when paid rather than when incurred.

The Implementing and Executing Agencies are also responsible for monitoring and ensuring all relevant project arrangements are in accordance with the terms and requirements agreed upon with the Donor, and ensure that all relevant program arrangements and activities are aligned with these terms and requirements. They are also responsible for any such internal control it determines as necessary to enable the preparation of financial reports that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement of Receipts and Payments based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial reports are free from material misstatements and that funds provided for the program were expended in accordance with the funding agreement with the World Bank.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the project financial reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of judgments made by management, as well as evaluating the presentation of the financial reports.

Telephone: 27751
Fax: 24167
Email: info@audit.gov.ws
Website: www.audit.gov.ws

P.O BOX 13
APIA, SAMOA



AUDIT OFFICE

*Please address all correspondences
to the Controller and Auditor General*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have obtained all the information and explanations that we have required, to conclude that management has kept proper accounting records that support and validate the financial information disclosed in the financial report and the funds for the project have been used for purposes of the project in accordance with the requirements of the Agreement by the World Bank

Apia, Samoa
24 December 2019

Jaslyn T. Mariner-Leota
ASSISTANT CONTROLLER AND AUDITOR GENERAL

PROGRAMMATIC PREPARATION ADVANCE
IDA No. V2020

Advance Financial Statements
for the Financial Year ended 30 June 2019

1. Management Verification
2. FY18/19 PPA Financial Statement Ending 30th June 2019

PROGRAMMATIC PREPARATION ADVANCE(PPA)
IDA V2020

PPA Accounts For the Financial Year Ended 30 June 2019

I, Leasiosiofa'asisina Oscar Malielegaoi, Chief Executive Officer, of the Ministry of
Finance, Apia, Samoa verify that: -

the accompanying Accounts for the year ended 30 June 2019, are to the best of my
knowledge, a correct and accurate record of transactions for the said period.



(Leasiosiofa'asisina Oscar Malielegaoi)
CHIEF EXECUTIVE OFFICER

Dated: 24 December 2019

**PROGRAMMATIC PREPARATION ADVANCE
(PPA)**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

**PROGRAMMATIC PREPARATION ADVANCE
CERTIFICATION BY PROJECT'S MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

We certify that the attached financial statements for the Programmatic Preparation Advance (PPA) comprising of the Statement of Receipts and Payments, Statement of Comparison of Budget & Actual Amounts and Notes forming part of the financial statements for the period from 01 July 2018 to 30 June 2019 (12 Months):

- a) gives a true and fair view of the matters to which they relate; and
- b) have been properly drawn up in accordance with the accounting policy described in Note 2 to the financial statements.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on²⁴/₁₂.....¹⁹ on behalf of the Management of the Programmatic Preparation Advance.



Signature

Leasiosiofaasisina Oscar Malielegaoi
CHIEF EXECUTIVE OFFICER
Ministry of Finance
Apia, Samoa



Signature

Peresitene Kirifi
ASSISTANT CHIEF EXECUTIVE OFFICER
Aid Coordination & Debt Management Division
Ministry of Finance
Apia, Samoa

**PROGRAMMATIC PREPARATION ADVANCE
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	30 JUNE 2019		
		Receipts/ (Payments) Controlled by the Entity	Payments by Ministry of Finance	Payments by Third Parties
		\$	\$	\$
RECEIPTS				
IDA Grant No. V2020	6	617,204		
Government of Samoa (Pre-financed)	9		219,671	
Reimbursement of Pre-financed	9	(136,135)		
Other Receipts				
Interest Received	8	3,111		
Total Receipts		484,180	219,671	
PAYMENTS				
Programme Activities Expenditure				
SCRTP				
- Advertisement	7.i		26,887	
SAFPROM				
- Consultancy Services	7.ii,7.v	335,926	56,648	
- Goods	7.ii		33,295	
- Training			-	
- Investment Costs	7.ii		37,651	
- Operating Costs (Adjustment)	4,7.ii		39,408	
Programme for Results MOH				
- Consultancy Services	7.iv	86,103		
- Goods	7.ii		25,782	
Total Payments		422,029	219,671	
Cash at Beginning of Year		-	-	
Increase/(Decrease) in Cash		62,151	-	
Exchange Fluctuation Gain/(Loss)		(509)	-	
Cash at End of Year	5	61,642	-	

This statement of receipts and payments must be read in conjunction with the accompanying notes.

**PROGRAMMATIC PREPARATION ADVANCE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**

<i>Expressed in SAT\$</i>	Actual Amounts	Final Budget	Original Budget	Difference Final Budget and Actual
	\$	\$	\$	\$
CASH INFLOWS				
Grant IDA V2020	617,204	12,144,000	12,144,000	11,526,796
Prefinanced Expenditure by GoS	219,671			(219,671)
Total Receipts	836,875	12,144,000	12,144,000	11,307,125
CASH OUTFLOW				
SCRTP - MWTI	26,887	2,760,230	3,036,000	2,733,343
CTSSU - MOF	-	2,024,000	4,554,000	2,024,000
SAFRPROM - MAF	502,928	2,261,329	2,530,000	1,758,401
Programme for Results - MOH	111,885	863,696	2,024,000	751,811
Total Payments	614,814	7,909,255	12,144,000	2,510,212
NET CASH FLOW	222,061	4,234,745	-	8,796,914

**PROGRAMMATIC PREPARATION ADVANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. GENERAL INFORMATION

The Government of Samoa has received an 'Advance' from the International Development Association (World Bank) to facilitate the activities related to the preparation of proposed World Bank financed projects.

Proposed projects are as followed;

- * **P165782** *Samoa Climate Resilient Transport Project*
- * **P165782** *Centralized Technical Services & Support Unit*
- * **P165873** *Samoa Agriculture & Fisheries Productivity & Marketing Project*
- * **P164382** *Samoa Health Systems Strengthening Program*

The Programmatic Preparation Advance (PPA) agreement was signed and effective on the 5 June 2018 and the value of the Advance in USD is 4,800,000.00 in total.

A Special Purpose Account for the PPA was established and is governed by the Agreement and is known as the Programmatic Preparation Advance Account. The purpose of the PPA Account is to disburse funds for Projects activities. The PPA is to be implemented in accordance with the principles, structures and responsibilities set out in the Agreement.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of Preparation

They are prepared on the basis of historical Cash Basis IPSAS Financial Reporting Under The Cash Basis of Accounting.

The accounting policies have been applied consistently throughout the period.

2.2 Reporting Entity

The financial statements are for the Ministry of Finance ("MOF").

2.3 Payments by Third Parties

Third party is the World Bank. Thus no payments have been made in direct payments.

2.4 Reporting Currency

The financial statements are presented in Samoan Tala (SAT\$), in which MoF agrees to present hence all values presented in Samoa Tala have been rounded to the nearest dollar.

Transactions in currencies other than USD are translated into USD using the actual exchange rate applied by the Central Bank of Samoa (where the transaction are paid from the Designated Accounts) or at the applicable rate (where the transactions are paid by Third parties)

2.5 CASH

Cash in the General Ledger comprise of cash at bank only.

**PROGRAMMATIC PREPARATION ADVANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2.6 Receipts

Deposits are received from the World Bank. The amount is based on a request from Government of Samoa through the Ministry of Finance (MOF) for approval and transfer from the World Bank. MOF have access to Client Connection, the website that is used to manage funds and to check on the financial status.

2.7 Payments

Payments relate to all expenditure payments made to suppliers for goods and services relating to the PPA. Projects payments are paid from the special account established with CBS. The small purchases of good or services are pre-financed from the GoS account and reimburse from the CBS account. The payments are made in line with the descriptive activities in the Annex - Article II of the Agreement.

3. FINANCIAL PERIOD

This financial statements is for the year 30 June 2019 (12 months).

4. RECLASSIFICATION OF PAYMENTS RELATED TO PPA FINANCED UNDER THE SACEP OUTPUT IN FY

The following amount was finance and recorded in the SACEP Payments in FY18/19 have now been adjusted through a Journal Entry at year end and recognised under Payment of the Programmatic Preparation Advance. This amount has been reimbursed and paid out of the Project Designated Account this Financial Year and are categorized under the SAFPROM project.

	30 JUNE 2019
	\$
Pre-finance expenditures (related PPA-SAFPROM expenditures paid under SACEP)	<u>39,408</u>
Total	<u>39,408</u>

5. CASH AT BANK

	30 JUNE 2019
	\$
Programmatic Preparation Advance	<u>61,642</u>
IDA Designated Account No. 06-123	<u>61,642</u>
Total	<u>61,642</u>

6. GRANTS

**PROGRAMMATIC PREPARATION ADVANCE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019**

ADDITIONAL DISCLOSURES

CBS DA Expenditures

7.iv	PforR HEALTH	
	- Consultancy Services	86,103
7.v	SAFROM	
	- 1A_Consultancy Services	335,926
TOTAL CBS DA Expenditures		422,029

8. INTEREST RECEIVED

Total interest received from both the IDA and PRIF Designated Accounts are transferred accordingly to the Government Account (USD Account No. 06-033) held at the Central Bank of Samoa.

	30 JUNE
	2019
<i>Interest Received from:</i>	\$
IDA Designated Account No. 06-123	<u>3,111</u>
	<u>3,111</u>

9. SUBSEQUENT EVENT

Total pre-financing expenditures for the three (3) projects in FY1819 is SAT\$219,671.35. A total reimbursement of SAT\$136,134.94 was paid from the PPA Designated Account 06-123 on two separate transactions dated 4th March 2019 and 13th June 2019 as recorded in the CBS Bank Statements for the SAFPROM project.

The remaining unreimbursed balance of SAT\$83,536.41 is reimbursed in the current Financial Year 19/20.