

SECTION 4: NADI TOWN COUNCIL

Programme Statement

The Nadi Town Council was established under the Local Government Act (Cap 125 Rev. 1985) and section 5 of the Subsidiary Legislation.

The Nadi Town Council is divided into three wards, Namaka, Martintar and Nadi. The Councils daily operations are administered by the Special Administrator appointed by the Ministry of Local Government.

The services provided by the Council are issuance of business licenses, cleaning, maintenance and upgrading of infrastructure, sanitation services, lighting, drainage and maintenance of parks and gardens. Revenue generated by rates levied, issuance of licences, rents received from Council properties and miscellaneous revenue are used to finance the above services as well as to meet the administration expenses of the Council.

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PART A – FINANCIAL INFORMATION

4.1 Audit Opinion - 2012

The audit of the financial statements of the Nadi Town Council for the year ended 31 December 2012 resulted in the issue of a qualified audit report. The issues qualified are as follows:

1. Included in property, plant and equipment (Note 4) are roads and footpaths with written down value of \$14,909,315 as at 31 December 2012. All Municipal roads have been transferred to the Fiji Roads Authority (FRA) in accordance with the FRA Amendment Decree 2012. Consequently,

property, plant and equipment are overstated in the financial statements.

2. Appropriate reconciliations and records were not provided to substantiate miscellaneous debtors of \$81,562 as at 31 December 2012. Additionally, there is an un-reconciled variance of \$212,042 between VAT receivable general ledger and Statement of VAT account from FRCA. Accordingly, the audit was not able to satisfy itself about the valuation and completeness of the receivables of \$1,754,484 as presented in the financial statements. Therefore, the audit was not able to confirm if the accounts receivable balance is fairly stated in the Statement of Financial Position.
3. There is an un-reconciled variance amounting to \$6,418 between the cash at bank as per the general ledger and the bank reconciliation statement for general fund account. Additionally, cash at bank balance as per financial statement of \$115,440 was not supported by general ledger. Accordingly, the audit was not able to satisfy itself if the cash at bank is fairly stated in the Statement of Financial Position.
4. Included in current liability (note 7) are sundry deposits of \$706,930 as at 31 December 2012. The Council failed to provide a detailed listing for these deposits. Consequently, the audit was not able to perform necessary audit procedures or any other alternative audit procedures to verify its existence and valuation. Accordingly, the audit was not able to satisfy itself if current liabilities of \$1,270,385 are fairly stated in the statement of financial position.
5. Un-reconciled variance of \$722,823 exists between the Council's rates listing and the income statement in respect to general rates. Additionally, appropriate listings and reconciliations were not prepared for Council's other revenues such as Business and trading fees, Rental income and taxi and carrier charges. Consequently, the audit was unable to satisfy itself regarding the completeness and accuracy of these revenue accounts in the general ledger. Accordingly, the audit was unable to satisfy itself if total income of \$2,436,301 is fairly stated in the statement of income and expenditure for general fund.

Without further qualifying the audit opinion, attention is drawn to the following matters:

- The value of parking meters has not been incorporated in the Statement of Financial Position as at 31 December 2012. The audit was not to ascertain the value of these items due to lack of supporting documentations.
- Included in the Statement of Financial Position under Receivables is an account, Enforcement, & Parking Meter Infringement amounting to \$43,717. The Council has not successfully obtained the legal rights over the receipts of the infringement fines which are collected by Land Transport Authority. The Council is still negotiating with LTA relating to this matter.
- Included in Statement of Financial Position under Parking Meter Fund is Cash at bank amounting to \$62,471. The Council records this balance through a book entry by adding the opening accumulated funds to the surplus made by Parking Meter Account. The total is then subtracted from the General Fund Bank account to determine Parking Meter cash at bank balance. The Council does not maintain a separate cash book for this account.

4.2 A bridged Statement of Financial Performance- General Fund

As at 31 December	2012 (\$)	2011 (\$)
Revenue		
Rates	1,036,407	1,174,911
Interest	57,162	101,193

As at 31 December	2012 (\$)	2011 (\$)
Bus Stand Charges	38,346	32,670
Business License	376,718	215,053
Market Fees	408,555	468,553
Park Fees	68,332	41,496
Taxi and Carrier Stand Fees	116,751	94,495
Rent from Council Properties	435,352	429,754
Others	522,466	454,379
Total Revenue	3,060,089	3,012,504
Expenditure		
Salaries, Wages & Related Payments	1,267,948	1,262,847
Interest and bank charges	210,502	218,337
Garbage Services	343,602	340,626
Maintenance of Buildings	25,783	27,157
Maintenance of Parks & Gardens	51,065	639
Maintenance of Roads, Drains, Paths and Verges	114,047	78,067
Street Lights	151,532	137,546
Market Expenses	4,117	-
Depreciation	364,267	361,230
Upgrading and Improvement to Roads, Footpaths & Verges	11,764	5,824
Others	854,968	666,451
Total Expenditure	3,399,595	3,098,724
Result For The Year From Ordinary Activities	(339,506)	(86,220)

The Council again recorded a deficit of \$339,506 on its General Fund Account in 2012; an increase of \$253,286 or 294% compared to the deficit recorded in 2011. The increase in the deficit amount was mainly attributed to increase in miscellaneous and contingency expenditures by \$173,193 and \$82,076 respectively.

Although there is an increase in revenue of 2%, there is also an increase in expenditure by 10% which contributes to the increase deficit as compared to the previous year.

In 2012, there was a major flood in Nadi and the costs associated with the cleaning of the town and quickly restoring the main Central Business District to its normal status. The Council had to engage other stakeholders such as the National Fire Authority, the Police forces, the Army forces and the Corrections service to assist in the cleaning of the town so that the business owners in the town are able to open their shops.

4.3 Abridged Statement of Financial Performance – Parking Meter

As at 31 December	2012 (\$)	2011 (\$)
Revenue		
Tolls	75,623	104,206
Fines	99,644	64,250
Total Revenue	175,267	168,456
Expenditure		
Salaries, Wages and Related Payments	134,701	125,620
Maintenance of Parking Meter and Bays	25,293	28,212
Others	135,826	21,318
Total Expenditure	295,820	175,150
Result For The Year From Ordinary Activities	(120,553)	(6,694)

The Council also recorded a deficit on its Parking Meter Account in 2012. The deficit increased by \$113,859 compared to the amount reported in 2011. The increase in the deficit amount was mainly attributed to the increase in other expenditure by \$114,508.

The revenue increased by 4% in the year 2012 and also the expenses increased by 69% which led to a higher deficit than 2011. The expenses increase were mainly to do with the plant and vehicle operation expenses and the repairs and maintenance associated with the office building.

4.4 Abridged Statement of Financial Position – General Fund

As at 31 December	2012 (\$)	2011 (\$)
Assets		
Cash at bank and on hand	286,167	42,526
Trade and other receivables	1,760,706	2,340,382
Non-Current Assets	32,228,513	32,567,085
Total Assets	34,275,386	34,949,993
Liabilities		
Creditors, accruals and provision	283,326	504,428
Sundry deposits	706,930	706,930
Deferred income	188,601	194,911
Loan	2,627,573	2,735,262
Total Liabilities	3,806,430	4,141,531
Net Assets	30,468,956	30,808,462
Accumulated Funds		
General	24,948,642	25,708,658
Loan repayment	5,460,614	5,040,104
Sewerage	59,700	59,700
Net Accumulated Funds	30,468,956	30,808,462

Net assets decreased by \$339,506 or 1% in 2012 compared to 2011. The decrease was mostly attributed to the decrease in property, plant and equipment by \$338,572 or 1%.

Also there was a decrease of \$579,676 or 25% from trade and other receivables. Creditors, accruals and provision also decreased by \$221,102 or 44%.

4.5 Abridged Statement of Financial Position – Parking Meter

As at 31 December	2012 (\$)	2011 (\$)
Cash at Bank	62,471	183,024
Total Assets	62,471	183,024
Net Accumulated Funds	62,471	183,024

Although the cash at bank increased in the financial statements, there was no bank account to indicate that the money actually existed.

The Parking Meter Account recorded cash at bank of \$62,471; an increase of \$120,553 or 66% in comparison to the amount reported in 2011. No liability was recorded in the account in 2012.

4.6 Abridged Program Information

Year Ended 31 December	Revenue	2012 Expenses	Net Cost of Services	2011 Net Cost of Services
	(\$)	(\$)	(\$)	(\$)
General Fund	436,301	3,196,317	(760,016)	(361,376)
Special Rate Fund	623,788	203,278	420,510	275,156
Parking Meter Fund	175,267	295,820	(120,553)	(6,694)
Total	3,235,356	3,695,415	(460,059)	(92,914)

PART B – CONTROL ISSUES

4.7 Roads, Drains and Footpaths not transferred to Fiji Roads Authority

Effective from 14 May 2012 all assets, interests, privileges, liabilities and obligation of Municipal Councils in relation to municipal roads shall be immediately transferred to and shall vest in the Authority without conveyance, assignment or transfer.¹

The audit noted from the review of Council's property, plant and equipment that the Council has not transferred the roads, drains and verges to Fiji Roads Authority (FRA) as at 31 December 2012. The carrying amount of these assets is \$14,909,315.

The Council has not complied with the Fiji Roads Authority (amendment decree) 2012. Consequently, value of property, plant and equipment is overstated by \$14,909,315 in Council's the statement of financial position.

Recommendation

The Council should comply with the Fiji Roads Authority (Amended Decree) 2012 and transfer all assets in relation to municipal roads to FRA. Additionally, the Council should make necessary adjustments to its financial records after the transfer.

Council's Comments

Council has done the necessary adjustments in the 2013 audit.

4.8 Bank Reconciliation

The bank reconciliation should be checked by the supervisor to determine its timely preparation and that it contains no unusual entries requiring further investigation.²

All cheques written by the Council and not presented to the bank after 6 months becomes stale and should be written back.

Despite having the bank reconciliation prepared and presented during the monthly meeting, the audit noted the following anomalies in bank reconciliation:

- Independent reconciliation carried out noted that there was a variance of \$4,474 between cash book reconciliation and bank reconciliation. Refer to Table 4.1 for details

Table 4.1: Details of Variance between Cash Book and Bank Reconciliation

Particulars	Balance as per Cash Book (\$)	Balance as per Bank Reconciliation (\$)	Variance (\$)
Cash	109,022	104,548	4,474

- Monthly bank reconciliations for the months of March and July were not signed by the Treasurer and Chief Executive Officer for the preparation and verification of the balances.

¹ Fiji Road Authority (amendment decree) 2012, paragraph 7 (b)

² Manual of Accounts for Municipal Council in Fiji – Appendix 3 – Section 9 Paragraph 5

Name of Account	Account No.
Nadi Town Council Main Account	0468276400
Account # 2	9803171579
Grant Fund Account	9804899863
Market Grant Account	9806391885
Parking Meter Account	9805378685
Carpark Account	9806671104
BSP Account	8280987

- Bank reconciliation for Westpac account number 9803171579 was not prepared. The account had a balance of \$170,714

The above findings indicate ineffective control over the preparation and review of bank reconciliation. This may result in incorrect financial reporting and mismanagement of Council funds.

Recommendations

- **Bank reconciliations for each bank account should be checked, reviewed and certified correct by the supervising officer.**
- **Bank reconciliation of all bank accounts should be prepared on a regular basis**

Council's Comments

No comments received on the issue.

- *Bank reconciliations for all bank accounts are prepared now and are also checked by the Manager Finance and it is also signed off and filed. There are several bank accounts tht the Council possess such as:*

4.9 Variance between Bank Reconciliation and General Ledger

It is necessary to have the cash book balance reconciled with the balance shown in the General Ledger. This should be done at least once a month. Any continuing items causing a difference between the two records should be investigated and resolved.³

The audit noted a variance of \$116,345 between the cash book balance and the general ledger. Refer to Table 4.2 for details.

Table 4.2: Variance between bank reconciliation and general ledger

Account name	Balance as per Bankreconciliation (\$)	Balance as per General Ledger (\$)	Variance (\$)
Cash/(Overdraft)	104,548	(11,797)	116,345

Similarly, a variance of \$127,237 was noted between the general ledger and the financial statements. Refer to Table 4.3 for details.

Table 4.3: Variance between the financial statements and general ledger

Account name	Balance as per Financial Statement (\$)	Balance as per General Ledger (\$)	Variance (\$)
Cash	115,440	-	115,440
Overdraft	-	(11,797)	11,797
Total	115,440	(11,797)	127,237

The audit further noted that there was a variance of \$10,982 between the bank reconciliation and the Financial Statements. Refer to Table 4.4 for details.

Table 4.4: Variance between the financial statements and bank reconciliation

Account name	Balance as per Financial Statement (\$)	Balance as per Bank Reconciliation (\$)	Variance (\$)
Cash	115,440	104,548	10,982

The findings indicate that cash at bank balance reflected in the financial statement is subject to errors and misstatements. Additionally cash at bank may not be fairly stated.

Recommendations

- After the preparation of monthly bank reconciliation, all irregularities identified should be adjusted accordingly to avoid large amount of variance between the bank statement and the council's records.
- The internal control procedures in the Accounts Section, specifically supervisory checks be strengthened to avoid the above discrepancies

Council's Comments

No comments received on the issue.

Due to the bank reconciliations being prepared on a monthly basis, the council is able to match the cash book with the bank statements on a monthly basis and any differences are rectified on a monthly basis when the bank reconciliations are checked by the Manager Finance.

4.10 Anomalies in Value Added Tax

The net amount receivable or payable in respect of VAT should be included as part of accounts receivable or payable. Assets should be recorded net of VAT if the tax is recoverable.⁴

It is imperative that the Council's VAT account should be reconciled on a monthly basis with the statement of VAT account issued by Fiji Revenue and Customs Authority. The monthly reconciliations would allow the Council to identify and rectify the understatement or overstatement of VAT input and VAT output in the VAT returns on a timely basis.

The review of the VAT revealed the following anomalies;

- Variance amounting to \$212,042.21 was noted between the General Ledger and the independent reconciliation carried out by audit with the Statement of VAT account received from FRCA. Refer to Table 4.5 for details:

Table 4.5: Variance in VAT

Particulars	Amount (\$)
VAT Payable as per VAT Reconciliation	30,681.79
VAT Payable as per Financial Statements	242,724.03
Variance	212,042.21

- The Council failed to lodge and pay the VAT on time for January 2012. Consequently, the Council incurred late lodgement penalty of \$13,512.03 from FRCA.

- Monthly VAT reconciliations were not prepared by the Council for 2012.

The above findings indicate that VAT is overstated in the financial statements. It also indicates lack of proper audit trail can result in manipulation of accounting data posted to the financial statements.

The additional penalties could have been avoided if VAT lodgements had been made on time.

Recommendations

- **Monthly VAT reconciliations should be prepared between the Council records and FRCA's statement of VAT account and any variance arising thereon should be properly investigated and resolved.**
- **The Council should ensure that the VAT is paid to FRCA on time to avoid late payment penalties.**
- **Adequate supervision should be carried out by senior officer preferably Manager Finance to ensure that VAT lodgements and payments are done in a timely manner.**

Council's Comments

All the payments are now done before or on the due date, to avoid paying penalties

The Manager Finance also checks the Council records against FRCA's records when the Notice of Assessment is received and also checks that the vat lodgments and payments are done in a timely manner.

4.11 Discrepancies in debtors record

Every Council shall keep proper accounts and records which shall be kept in such manner as may be directed by the Minister.⁵

The following discrepancies were noted in the Accounts receivable balance amounting to \$1,760,706 reflected in the Financial Statement for the year ended 31 December 2012.

- Included in Statement of Financial Position under Receivable is an account namely Enforcement and Parking Meter Infringement amounting to \$43,717. The Council has not successfully obtained the legal rights over the receipts of the infringement fines which are collected by Land Transport Authority. The Council is still negotiating with LTA relating to this matter.
- Miscellaneous debtors amounting to \$81,562 was not supported with documentary evidence. According to the Manager Finance, this balance has been brought forward from previous years. In addition, the audit noted that a general journal amounting to \$29,457.81 was passed to reverse the 2011 creditors. The journal vouchers and the supporting documents were not provided for audit verifications.
- The review of the ratepayers' statement revealed that some ratepayers have credit balances while some have large outstanding balances.
- The copy of the rate notices for 2012 sent out to the ratepayers was not filed in the ratepayers files.
- Rent debtors increased by \$36,881 or 134% in 2012, hence indicating that the Council policy for debt collection is ineffective

Lack of appropriate documentary records for enforcement and parking meter infringement and miscellaneous debtors account may result in inaccurate financial reporting. Furthermore, the Council may find it difficult to recover these deposit amounts in future.

Recommendations

- All relevant documents should be produced for audit verification to substantiate the figures reported in the Financial Statement.
- The internal control procedures in the Accounts and Rate Collection division, specifically supervisory checks should be strengthened to avoid above discrepancies.
- The Council should ensure that any correspondence between the ratepayer and Council is filed in the ratepayers file.

Council's Comment

Council has started filing all the correspondence by the ratepayers into their individual files. The new Manager Finance has designed the new journal voucher and a copy of the journal is filed in the journal file and is also filed to the respective rate payers file. The yearly invoices are also filed in separate rate payers file in the year 2013. Each rate payer will have relevant documents in their file.

4.12 General rates revenue

It is important internal control measure that the Council reconciles its system generated rates revenue with general ledger. This will ensure that rates revenue in the general ledger is completely recorded.

Review of rates revenue revealed a variance of \$722,823 between general ledger and rates listing. Refer to Table 4.6 for details

Table 4.6: Details of Variance between analytical review and financial statements

Particulars	Balance as per Financial Statements	Balance as per analytical review	Variance
General Rates	412,619	1,135,442	722,823

Additionally, it was noted that the Council had used the new unimproved capital value amount in 2012, however the revenue collected from general rates had decreased by \$283,551 or 40% in 2012 as compared to 2011.

Large variances between analytical reviews and actual amounts are indications of erroneous amounts being recorded by an entity.

Recommendation

The Council should ensure that revenues are recorded at accurate amounts.

Council's Comments

Manager Finance has started working on the rates database, which will take into account the different type of rate and to ensure a proper report will be obtain at any time.

4.13 Rental Income

It is important internal control measure that the Council reconciles its rental revenue with general ledger. This will ensure that rental revenue in the general ledger is completely recorded.

The audit noted that there was a variance of \$139,386.20 in the rent revenue amount between the financial statements and the amount derived by audit as per the analytical review. Refer to Table 4.7 for details.

Table 4.7: Details of Variance between analytical review and financial statements

Particulars	Balance as per Financial Statements	Balance as per analytical review	Variance
Rent	435,352	574,738.20	139,386.20

The anomaly indicates that the amount may be incorrectly reported in the financial statement.

Recommendation

The Council should ensure that revenues are recorded at accurate amounts.

Council's Comments

No comments received on the issue.

The Council is working to ensure that revenues are recorded at accurate amounts

4.14 General Ledger

The book of the final entry is the ledger. Depending on the extent of mechanisation or computerisation the ledgers may be handwritten or machines produced or even a mixture of the both. It is not unusual to come across a general ledger kept by hand by one person and personal or debtors and creditors ledgers produced by another person on a machine. Where such subsidiary ledgers are kept, it is important to have control accounts in the general ledger.⁶

However books of final entry such as ledgers and rate registers and also the minute book should be retained indefinitely.⁷

The general ledger is a cumulative (year to date) book that contains the individual accounts maintained by the business and shows the balances in each account. Financial statements (balance sheet and income statement) are prepared using the account balances from the general ledger.

The audit noted that the Council discontinued maintaining a general ledger from 2006 till 13/12/13. The absence of general ledger indicates that the Council has not maintained proper accounting records during the year. Additionally, lack of general ledger exposes high risk of concealing fraudulent transactions.

Recommendation

The Council should immediately implement a general ledger system.

Council's Comments

No comments received on the issue.

The Council is trying all its best in rectifying this by talking to the various Accounting software providers and has also informed the Ministry of Local Government to assist all Municipal Councils to have a same software which is uniform and user friendly so that all accounting personnel are able to understand and use the package. The engagements with the software providers are not really progressing in the manner it should be as there is no full backup and commitment by the all concerned.

⁶ Manual of Accounts – Section 5.4

⁷ Manual of Accounts – Section 5.5

4.15 Sewerage Service Fund Account

Every Council shall keep proper accounts and records which shall be kept in such manner as may be directed by the Minister.⁸

As at balance date, Sewerage Service Fund Account had a balance of \$59,700. However, the Council failed to provide Sewerage Service Fund Account records to substantiate the amount. The Manager Finance revealed that the balance has been brought forward from previous years and the Council has no records to validate the above balance.

Lack of appropriate written documentary records for Sewerage Service Fund Account may result in inaccurate financial reporting.

Recommendations

- **The Council should ensure that proper records are kept for Sewerage Service Fund Account.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Council should immediately investigate and reconcile the Sewerage Service Fund Account.**

Council's Comments

No comments received on the issue.

The Council does not have prior records so the Sewage Service Fund Account cannot be rectified.

4.16 FEA security deposit

Every Council shall keep proper accounts and records which shall be kept in such manner as may be directed by the Minister.⁹

Audit noted that as at balance date, FEA Deposits account had a balance of \$16,790.89. However, the Council failed to provide appropriate and sufficient records to substantiate the existence of this amount.

Lack of appropriate documentary records for FEA Deposit account may result in inaccurate financial reporting. Furthermore, the Council may find it difficult to recover these deposit amounts in future.

Recommendations

- **The Council should ensure that proper records are kept for FEA Deposits.**
- **The Council should investigate and obtain relevant information and supporting documents for the amounts reported as other deposits.**
- **The Manager Finance should check progressively that all balance sheet items are supported with full details and are accurate with future realization of the assets intact.**

Council's Comments

We are currently working on this.

⁸ Local Government Act Cap 125 – Section 47 (2)

⁹ Local Government Act Cap – Section 47 (2)

4.17 Discrepancies noted in property, plant and equipment reporting

Apart from surveys carried out for disposal of surplus or obsolete items there is also the need to have stock take at least once in a year to confirm that equipment, stores and materials shown in the records do in fact exist. Such stock take should be done by the officers working together.¹⁰

The following discrepancies were noted in the property, plant and equipment reporting:

- The audit was not provided with any report on physical verifications of registered assets. The audit gathered that survey report was not prepared after the survey was carried out during the year.
- The depreciation rate charged by the Council for office equipment, furniture and fittings, plant & machinery, motor vehicle was not consistent with Accounting policy, note 1 (e) – Depreciation¹¹ of the Council. Refer to Table 4.8 for details.

Table 4.8: Rate as per FAR and Note 1 (e) – Depreciation in the financial statement

Fixed Asset Type		
Office Equipment	7% per annum	10 % per annum
Furniture & Fitting	7 % per annum	10 % per annum
Plant & Machinery	7% per annum	10 to 20 % per annum
Motor Vehicle	15% per annum	20% per annum

The above anomaly suggests that the Council has not complied with its accounting policy stated in its financial statements, hence making the financial statement's Note 1(e) misleading.

- The Council does not have an asset capitalization policy in place.
- Physical verifications carried out by audit of the assets owned by the Council revealed that assets were not properly tagged hence it was difficult to identify the assets in the Fixed Asset Register.
- The value of Parking Meters has not been incorporated in the Statement of Financial Position of the Council as at 31 December 2012. The Council has 335 parking meters in its municipality.

Lack of appropriate documentary records for property, plant and equipment account may result in inaccurate financial reporting. In addition, assets are prone to mismanagement or theft in the absence of an effective internal control system.

Recommendations

- **The Council should ensure that a board of survey report is prepared at the completion of the board of survey. Additionally, reconciliation should be performed between the physically verified assets listed in the Fixed Asset Register**
- **The Council should ensure that the rates charged for depreciation of specific class of assets are consistent with its policy as stated in the financial statement.**

¹⁰ Manual of Accounts – Section 16.7

¹¹ Refer to the Financial Statement – Notes on Accounting Policy

- **The Council should have a capitalization policy in order to ensure that items falling under the definition of fixed assets are properly disclosed in the financial statement.**
- **The Manager Finance should check progressively that all balance sheet items are supported with full details and are accurate with future realization of the assets intact.**

Council's Comments

We are almost completed with the board of survey, verifying individual asset, and each assets bears a fixed asset tag which correctly identifies the type of asset and the Number allocated for the fixed assets.

- Board of Survey are now been carried out and we are trying to do the exercise once in a year.
- Stock takes are now done yearly in December.
- Assets are also been tagged but the Council has not fully matched the Fixed Assets Schedule to match the Asset Tagging and this exercise is still pending.

4.18 Sundry deposit

It is imperative that supporting schedules, listings and reconciliations should be prepared to support items in the balance sheet.

Included in the Statement of Financial Position – General Fund under current liabilities is sundry deposits amounting to \$706,930. Our review of sundry deposits revealed that no listing was maintained by the Council to substantiate the opening balance of sundry deposit as at 01/01/2012 amounting to \$706,930. Refer to Table 4.9 for details.

Table 4.9: Listing maintained for the opening balance of sundry deposit

Particulars	Amount (\$)
Contributions – Public Car Park	182,604
Curio Vendors	126,685
Tender Deposits	186,916
Rates Prepaid	32,893
Contribution for Works	84,880
Miscellaneous	92,952
Total for opening balance	706,930

Non maintenance of appropriate sundry deposit listi

ng increases risk of incorrect and untimely payment to the beneficiaries.

There is a possibility that the Council may have settled the accounts relating to these deposit but failed to adjust it in the financial statements.

Recommendation

A detail listing of all sundry deposits should be maintained and updated on a timely basis.

Council's Comment

We are currently working on this.

The Council did not reconcile deposits at any time and in 2016 efforts were made to reconcile deposits and provide an updated list.

It was very difficult though and a thorough reconciliation is currently being done by our Internal Auditors together with the Reconciliation officer.