



NAUSORI TOWN COUNCIL

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Our Reference: NTC 15/10/17
Date: 3rd October, 2017

The Chairman,
Public Accounts Committee,
P.O. Box 2353.
Government Buildings,
Suva.

Dear Sir,

Re: Public Accounts Committee Submission

Submitted here with please find the submission from the Nausori Town Council pertaining to the concerns as raised in the Auditor General's Report.

Forwarded for your information and records.

Thank you.

Yours faithfully,

Deo Narayan
Acting Chief Executive Officer

Cc:
Secretary

Public Accounts Committee- Submission

6.7 International Financial Reporting Standard Compliance

Council background information shows that in 2008 Council had commenced adjusting from cash to accrual. From 2008 to 2011, the transition continued, however, in 2012 Council instructed management to commence conversion to International financial reporting standards- Small to Medium. From 2013, accounts have been prepared using International financial reporting standards – small to medium.

6.8 Bank Reconciliation

Year	Status
2012	Transition from Accrual to IFRS SME
2013	IFRS SME
2014	IFRS SME
2015	IFRS SME
2016	IFRS SME

Council has been carrying out Bank reconciliation and presenting reports in Standing Finance Committee meeting. The subject bank accounts had limited transactions recorded for the month and reconciliations were forwarded in the meeting.

From 2014, Management Accountant position has been created and duties have been extended manage Cash flow including forecast.

Year	Status
2014	<ul style="list-style-type: none"> ** Monthly Bank reconciliations are now carried out on all bank accounts. ** Bank reconciliation are endorsed in the Finance Committee. ** Proper trails are being maintained. ** Daily bank reconciliation / cash flow are being prepared by Management Accountant on all operating accounts to help the management for cash flow
2015	Same As Above
2016	Same As Above

6.9 General fund bank Reconciliation

Council has been carrying out Bank reconciliation and presenting reports in Standing Finance Committee meeting.

From 2014, Management Accountant position has been created and duties have been extended manage Cash flow including forecast.

Year	Comments/Review Procedure
2014	<ul style="list-style-type: none"> ** Monthly Bank reconciliations are now carried out on all bank accounts. ** Bank reconciliation are endorsed in the Finance Committee. ** Proper trails are being maintained. ** Daily bank reconciliation / cash flow are being prepared by Management Accountant on all operating accounts to help the management for cash flow

2015	Same As Above
2016	Same As Above

6.10 Cash on Hand

Same has been noted, written procedure in summary developed has been:

Year	Comments/Internal Control In Place
2014	<p>** Finance prepares float, select ticket sellers (upon discussion with Technical Officer) and disperse to ticket sellers.</p> <p>** Gate takings and float are balanced by the ticket sellers and verified by the ticket seller's supervisors.</p> <p>**The gate taking reconciliation report and float are re- verified by the Management Accountant.</p> <p>** Banking and deposit of the takings and float are done by Revenue Supervisor. Note separate banking are prepared for float and takings.</p>
2015	Same As Above
2016	<p>** Request memorandum from Technical Officer (RCP In charge) is send to accounts section for disbursement of float.</p> <p>** Finance prepares float, select ticket sellers (upon discussion with Technical Officer) and disperse to ticket sellers.</p> <p>** Gate takings and float are balanced by the ticket sellers and verified by the ticket seller's supervisors.</p> <p>**The gate taking reconciliation report and float are re- verified by the Management Accountant.</p> <p>** Banking and deposit of the takings and float are done by Revenue Supervisor. Note separate banking are prepared for float and takings.</p> <p>** Copy of deposit slip is forwarded to Engineering section for filling.</p>

6.11 Risks of Debtors Becoming Uncollectible

Council has been programming and focussing on reducing rates in arrears. One of the challenging areas has been the incorporation of Naulu/Nakasi area in 2008 where rates collection has needed awareness programs. During the year weekly collection reports were presented to the Council meeting and a Naulu/Nakasi office established. Collection trend over the years shows that rates collection is generally improving. Auditor General Office during the audit exercise was informed on the measures being taken and that all attempts had been made to reduce arrears.

6.12 Discrepancies in Debtors Records

Subsidiary rates debtor's book has been maintained and reconciled. The difference was explained during the Audit which needed an adjustment to be passed. Recent years practice shows:

Revenue Stream	Actions taken to progress
2014	<p>Excel subsidiary accounts and separate file for rates debtors are being maintained and managed by Rates section. The following has been implemented by rates officer:</p> <ul style="list-style-type: none"> • Individual rates file are maintained whereby invoices, notices and receipts are filed. • Excel sheets are maintained in two sets, one as master file and the other as daily rates payment record outlining, payments per ward wise, current, arrears and zoning. • Backups are taken on weekly basis, in house and out -source by the rates officer. • Frequent updating of rate payers information as need arises. • Two copies of files created for litigation where the originals are kept by Council and copied files forwarded to Legal or small tribunals. • All correspondence in relation to rates are filed. • Transfer of property records are maintained. • For procurement, payments are processed with all required documents such as requisition, LPO and invoices. Vouchers are filled according to sequence and month.
2015	Same As Above
2016	Same As Above

6.13 Subsidiary Vs Creditors Ledger Reconciliation

Council has been maintaining Subsidiary ledgers and reconciling with Creditors General Ledger. Reports have been presented to the Finance Committee meeting. Recent summary procedures in maintain subsidiary include:

Year	Proposed Actions taken
2014	<p>Current practice is in line with the procurement policy as per the Manual of accounts.</p> <p>Three quotation are being taken for purchase of items less than \$10,000 and tender being called for over \$10,000.00. In case of payment less than \$10,000, whereby 3 quotation is not available, than HOD report and consideration with approval from CEO is being considered prior to purchase.</p> <p>Requisition/LPO are prepared and signed off by Manager Finance and CEO prior to purchase of any supplies.</p> <p>Payment vouchers are prepared after the service has been rendered and verified by the respective officer or HOD and ok for payment signed off. All payment vouchers are with supporting documents.</p>
2015	Same As Above

2016	Same As Above
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6.14 Value Added Tax

According to the Acting Treasurer, the Auditor General Officer was informed that the subject months VAT had been lodged as per Council record. However, Council checked with Fiji Islands and Customs Service upon not receiving acknowledgement. Following noting that the same was not received, Council re-lodged the same.

Year	Improvements made
2012	Monthly Vat Lodgment
2013	Monthly Vat Lodgment
2014	Monthly Vat Lodgment
2015	Monthly Vat Lodgment
2016	Monthly lodgment of Vat returns is in practice and any discrepancies of previous years have been rectified.

6.15 Anomalies in Annual Leave

- a. All leave files and records have been well maintained during 2011.
- b. Records had been upgraded and reflected.
- c. Payment to staffs of annual leave on pro rata for contract termination or resignation is being practiced.

6.16 Payments to Abhilash Deo

Special Administrator of the Council late Napolioni Masirewa had established a service delivery standard with an aim to improve general service delivery to ratepayers. It was noted that contractors engaged by the Council in 2008 would not carry out work effectively and Council would deduct payments however works will remain not been carried out effectively. The subject contract was hired on a temporary basis to carry out relevant works including other small jobs during the year in accordance with the Manual of Accounts.

The contractor was initially brought in by the Traffic Section through quotation basis and had performed well to the satisfaction of the Council thus was recommended by than Traffic Officer.

Since the Contractor had the manpower and was within the Town Boundary, the same contractor was engaged at times to carry out works such as drain cleaning, grass cutting as well as cleaning of Rewa Bridge.

The works never exceeded \$10,000 in a single work scope and the cumulative figure of \$33,703.37 was a collective amount (over works of 5 or more work scope) as payments were made on 30 days period. Furthermore, the works carried out in drains and grass cutting were paid after deductions made to the service contractors for Nausori & Davuilevu Wards due to non-performance.

From 2012 contractors programs and policies were upgraded to ensure that piecemeal contracts are alleviated.

6.17 Late Submission of financial statements

Progress in submission of Annual Account are as follows:

Year	Progress Made
2014	Submitted draft financials 2013
2015	Submitted draft financials 2014
2016	Council to date has lodged draft financial statement as at 31 st December 2016 with auditor general's office. (Note these financials are exclusive of audit journals)

6.18 Loan Rate and Street Light Account

The rates separation for Loan and Street Light has been noted and Auditor General Office has been informed on the challenges in maintaining separate books. From 2013 Council has stopped collecting Street Light rates. Currently Council is maintaining one rate account.

6.19 Fire Service Account

The Fire Service Account was closed in 1995 following the transfer. The subject fund in the Fire Service Account refers to fees collected for prior years until 1997. Council is of the opinion that the funds is for the services rendered for prior years before the establishment of National Fire Authority.

6.20 Anomalies in Accounting for Property, Plant and Equipment

Council has been improving on its Property, Plant and Equipment records and in recent year's progress made are:

Year	Actions Taken
2014	Fixed asset register are in place from 2014 with annual stock take records. Expenses or purchase of items below \$500 are expensed off whereas all purchase above \$ 500.00 are recorded in the register. Annual stock take are performed each year by finance and engineering team (store in charge) whereby reports are endorsed in the finance meeting for management. In order to remove the general audit opinion on PPE, a full property valuation will be carried out in 2018.
2015	Same As Above
2016	Same As Above

6.20 Sundry Deposits

Year	Actions Taken
2012	
2013	
2014	<p>The current practice in place are as follows in regards to debtors:</p> <ul style="list-style-type: none">** Individual debtors file are kept with detail information such as contract copy, invoice and receipts.** Monthly invoice are raised and matched against the payments.** Monthly debtors report presented in finance committee. <p>For sundry deposits, for which balances has been carried forward from previous years without any supporting documents, Council has written to Ministry for further advice.</p>
2015	Same As Above
2016	Same As Above

6.21 Tenancy Agreement

Old Bus Stand from 2000 was on a temporary at will basis renewed every six months.

b. Council had an understanding with Kiosk holders that monthly wise tenancy payment will be made and new tenancy agreement drawn when the Bus Stand shifts.

c. All Shopping Complex properties have rental agreements and rents have been reviewed

Current Status of tenancy agreement are:

Year	Actions Taken
2014-2016	<p>Council has taken note of this and upgraded the same during 2014. Tenancy agreements have been prepared and signed off for all of our commercial tenants. Copy send to FRCA for stamping.</p>