

**VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY 26<sup>TH</sup> OCTOBER, 2017 AT 9:35AM.**

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**Submittee : Nadi Town Council**

In Attendance:

- 1) Mr. Peter Dinning – Chief Executive Officer
- 2) Mr. Robin Ali – Special Administrator
- 3) Ms. Anita Vanua – Manager Finance

Ministry of Local Government:

- 1) Mr. Alipate Mataiula - Senior Accounts Officer

Office of the Auditor General:

- 1) Dineshwar Prasad - Director of Audit
  - 2) Nunia Michael - Senior Auditor
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MR. CHAIRMAN.- Good morning Honourable Members, members of the Secretariat, media and staff. A very special welcome to the team from Nadi Town Council here today headed by Mr. Peter Dinning, Chief Executive Officer, Mr. Robin Ali, Special Administrator and Manager Finance Ms. Anita Vanua. The Standing Committee on Public Account is carrying out an important task on behalf of the Parliament and Government that is to scrutinise the government spending in public offices and agencies. Towns and City Councils are one of those agencies that we are scrutinising.

You must have heard for the past few days over the media that we have started with Suva City Council, yesterday we did Nausori Town Council and today is Nadi Town Council's turn. The aim of our scrutiny are based on the two reports that are with us the Auditor General Audit findings and the Special Audit. We are grateful that you have accepted our invitation and you have turned up to this meeting.

The Nadi Town Council has a qualified audit report and we have the Auditor General Office here as well to assist us headed by Mr. Dineshwar. The reason for a qualified audit report is because of the lack of information that was supplied by your council to the Auditor General they could not come up with a definite report.

It is a qualified audit report, there are about twelve issues. Could you address those in your submissions why those matters were not raised with the Auditor General at the time the audit was being carried out for Nadi Town Council.

(Inaudible)

MR. CHAIRMAN.- So, Manager Finance will address us.

(Inaudible)

MS. A. VANUA.- Good morning everyone, I will start from 4.1 on the Audit Opinion based on the Property, Plant and Equipment. We have rectified this in the 2013 accounts and on No. 2 on Miscellaneous Debtors. The council could not provide this

information to the auditors because we did not have data to back it up. When I spoke with the auditors regarding this recurring issues of variances, I asked if those unreconciled variances that occurred from previous years and nothing has been done could be written off.

MR. CHAIRMAN.- Are we on No. 2 madam?

MS. A. VANUA.- Yes

MR. CHAIRMAN.- We have some issues with No. 1, the notation included property, roads and footpath with written down value of \$14,913. What is its status?

MS. A. VANUA.- We have rectified this in the 2013 accounts.

MR. CHAIRMAN.- How was that rectified? The roads and footpath has been transferred to FRA

MS. A. VANUA.- Yes

MR. CHAIRMAN.- Have you written it down.

MS. A. VANUA.- Yes we have written the amount down in our financial statement.

MR. CHAIRMAN.- Will it still appear in your statements.

MS. A. VANUA.- No.

MR. CHAIRMAN.- Alright. No. 2.

MS. A. VANUA.- No. 2 is on Miscellaneous Debtors. Firstly the miscellaneous debtors and what is the VAT account with Fiji Revenue and Customs Services (FRCS). We were not be able to give that information regarding Miscellaneous Debtors to the auditors because we did not have information and amount that can substantiate those amounts that occurs in the balance sheet.

I had discussed with the auditors that this amount would keep recurring annually because it is unreconciled and we do not have documents to substantiate it. The auditors have advised us to write to the Ministry of Local Government to have those figures written off but we are yet to do it.

MR. CHAIRMAN.- What constitutes miscellaneous debtors? Who are these people? How was this account created?

MS. A. VANUA.- We do not know what constitute those miscellaneous debtors.

MR. CHAIRMAN.- How long has it been pending in your books?

MS. A. VANUA.- Prior to 2012, Ichecked 2011 the same debtors existed.

MR. CHAIRMAN.- Same debtors existed in 2012. OAG who are these Miscellaneous Debtors. It is an amount of \$81,562. It is a large amount.

AUDIT REP.- We only qualified on that issue because we were not provided the details of who makes up of that miscellaneous debtors. Normally the miscellaneous debtors are those debtors who are not rate payers.,

Miscellaneous becomes a bit risky to us for audit purposes because we really do not know what it constitutes. We were not able to substantiate these balance because there was no records provided by the council. Nadi Town Council did not have any record, therefore we were not able to verify whether those miscellaneous debtors existed or not.

MR. CHAIRMAN.- In 2012 was it the marrel system or was it the SA system?

AUDIT REP.- SA system

MR. CHAIRMAN.- Ministry for Local Government we have noted that an amount of \$81,562 as at 31<sup>st</sup> December is not reconciled with Nadi Town Council and it constituted Miscellaneous Debtors. Would you have any idea who these Miscellaneous Debtors are? They are not rate payers, could be someone who hires equipment et cetera from Nadi Town Council.

MR. A. MATAIULA.- For these miscellaneous debtors, it is up to Nadi Town Council to write to the Ministry so we can identify what constitute this \$81,000 then we can discuss OAG on how we can write it off.

MR. CHAIRMAN.- That is a question of write off. What usually constitute this accounts. It must be somewhere in the ledger, there must be the narrations somewhere, where is it usually kept?

MS. A. VANUA.- Who we actually regard as miscellaneous debtors, are people who paid for tender deposits and parking deposits. That is what we are assuming, we are not sure exactly who those debtors are.

MR. CHAIRMAN.-There is an amount shown in the books, does that correspond to a particular bank account somewhere?

MS. A. VANUA.- No, Sir.

MR. CHAIRMAN.- That should be in the consolidated fund, the general fund.

MS. A. VANUA.- Yes.

HON. A.M. RADRODRO.-Hearing all these explanations from Nadi Town Council you would not be aware of the initiation of this amount.

MS. A. VANUA.- Yes.

HON. A.M. RADRODRO.- Have you made an attempt to find out who was there at the time when those accounts were recorded? You cannot just refer to write off to balance your book because you have the responsibility to find out the details of who initiated those amounts?

MS. A. VANUA.- We started the reconciliations for the debtors account in 2016. Since then we have a full list of who made up our debtors. We were not able to find any documents before that, but we have done a thorough reconciliation in 2016.

HON. A.M. RADRODRO.- Who was there before that? Write off is always the last option and I think the Auditor-General should not encourage write off unless you have exhausted all other means of finding out the details of those figures.

MS. A. VANUA.- We have only two employees in the Finance Department now who were there before 2012. We have also gone through the archives and the minutes to check but could not find those details.

MR. CHAIRMAN.- Who is the Principal Accounts Officer in your Department? Manager Finance? Is it you?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- Who was in your position before you came in?

MS. A. VANUA.- Sheetal

MR. CHAIRMAN.- What year did you come in?

MS. A. VANUA.- I came in mid-2013.

MR. CHAIRMAN.- Sheetal was there before you?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- Is she still around?

MS. A. VANUA.- She has migrated.

MR. CHAIRMAN.- She did not have any records of any handing over notes, nothing in the file?

MS. A. VANUA.- No.

HON. A. M. RADRODRO.- (Inaudible)

MS. A. VANUA.- I beg your pardon, Sir.

HON. A.M. RADRODRO.- The Accountant at Nadi Town Council prior to your term?

MS. A. VANUA.- (Inaudible)

MR. CHAIRMAN.- What was the name?

HON. A.M. RADRODRO.- About Accounts?

MR. CHAIRMAN.- Mishandling of finance?

HON. A.M. RADRODRO.- I am trying to enquire whether you have exhausted all options before you take that option of requesting for write off, write off should never be entertained at all unless it is necessary.

MR. CHAIRMAN.- Mr. Ali has been there for a number of years.

MR. R. ALI.- That lady who was occupying that seat before Anita came in, was terminated by the previous Administrator, there must have been something or not keeping proper records, we do not know the reasons but she had been terminated.

HON. A.M. RADRODRO.- Was the Nadi Town Council using an accounting system before?

MS. A. VANUA.- Manual.

HON. A.M. RADRODRO.- You cannot find any other source personnel, no Accounts Officer, nothing?

MS. A. VANUA.- (Inaudible)

HON. A.D. O'CONNOR.- Chair, if AOG might be able to share.

MR. CHAIRMAN.- There is some comments by SA? SA, Mr. Ali has been there for about 20 years as a Town Clerk. CEO, you might be able to share some lights on this?

MR. R. ALI.- I can only say about the other lady who was working there, she and another two officers have all left the council

MR. CHAIRMAN.- What was the name of the lady ?

MR. R. ALI.- Sheetal Bhaida.

MR. CHAIRMAN.- Was she terminated from Nadi Town Council?

MR. R. ALI.- Yes.

MR. CHAIRMAN.- Any reasons for termination?

MR. R. ALI.- There were few allegations against her. There were some misappropriation of money.

MR. CHAIRMAN.- Probably that is the reason why we do not find any records. If there is misuse of money the records must have been destroyed. Yes, AOG any comments on that?

MR. D. PRASAD.- Just responding to the earlier comments from Honourable Radrodoro on OAG encouraging the Council to do the write offs. We do not encourage write offs, they need to exhaust all the procedures. In our recommendation what we normally recommend to them is that they do a full reconciliation. Prior to any submission to the Ministry for any write off there need to be a full reconciliation done because that will assist us identify if any amount was overstated.

In case of overstatements due to accounting errors if the amount has been overstated and then that paper needs to be done. The Ministry would consider whether they will approve the write off or not. The procedure is that they need to do a full reconciliation based on what is the status now and in absence of any reconciliation or in absence of any supporting documents that is there, it is on the Council and the Ministry to decide on what do they want to do with that amount. We need the supporting documents for that balance.

MR. CHAIRMAN.- We know that , Honourable Radrodoro pointed that out that write off is the last avenue but the question here is that something has a reason. I mean miscellaneous debtors, debtors would be monies owed to the Council. Some people owed some monies to the Council, the amount is showing there but there is no substantiated documents. Either the documents have been destroyed or whatever happened because there was a general fund there. This money has not come in to the Council or if it has come in we cannot substantiate it. We have been advised by the Special Administrator (SA) that a staff had been terminated on a similar line, similar allegations of misused probably that hints that. When was the first time this amount was picked up by OAG?

MR. D. PRASAD.- I would not be able to give you the correct year at the moment but we can look into our records. It has been an ongoing issue .As far as accounting entries are concerned when the initial debtors are booked and when subsequent receipts coming instead of hitting the balance sheet which is the receivable account it goes into the revenue account which means the cash may have come in but instead of adjusting it against the debtors it must have been booked as a revenue.

MR. CHAIRMAN.- So the debtors list was not crossed off?

MR. D. PRASAD.- The debtors list was not amended. I am saying it is a possibility but without a thorough reconciliation this cannot be established.

MR. CHAIRMAN.- What is the current position Manager Finance if the debtors are paying their dues, is it kept in the same account in the revenue account or a separate debtors account now in Nadi Town Council?

MS. A. VANUA.- Is this in regards to deposits?

MR. CHAIRMAN.- No similar accounts where miscellaneous debtors if debtors pay their dues to Council not the rates but other debts, is it kept in the general fund or is it just a separate debtors account?

MS. A. VANUA.- It is kept in the general fund.

MR. CHAIRMAN.- Do you have any general entries to cross-check that lump sum represents these debts paid?

MS. A. VANUA.- Yes, we have. We started that in 2016.

MR. CHAIRMAN.- Before 2016 what was the position?

MS. A. VANUA.- Before 2016 we did not have any reconciliations so we did not record anything.

MR. CHAIRMAN.- You have been there since mid-2013, what was happening from 2013 to 2016 ?

MS. A. VANUA.- We recognised it as the revenue but we did not do reconciliations.

MR. CHAIRMAN.- OAG, is right that you put that in the revenue and the debtors names keep on appearing if you did not cancelled it off or do not amend it when the money comes in?

MS. A. VANUA.- For the debtors?

MR. CHAIRMAN.- Yes, if someone is owing any debt to the Council for hire of property, equipment and et cetera when they pay their dues that money goes into the revenue account?

MS. A. VANUA.- Yes, but we have a separate ledger account now called the deposit account.

MR. CHAIRMAN.- What was happening in 2013 to 2016 was it a similar system?

MS. A. VANUA.- In 2013, it was in the revenue account instead of the deposit account.

MR. CHAIRMAN.- In the Revenue account? Was there a list of debtors that was cancelled off?

MS. A. VANUA.- Yes it was.

MR. CHAIRMAN.- Does that mean there are some documents available that will show the reconciliation after 2013?

There is an unreconciled variance of \$212, 042 between VAT receivables, general ledger and statement of VAT account from FRCS. Accordingly the audit was not able to satisfy itself about the valuation and completeness of the receivables of \$1.754 million as presented in the financial statements. Therefore the audit was not able to confirm the accounts receivable balance is fairly stated.

The question now is the unreconciled variance of \$212,042?

MS. A. VANUA.- What I assume could have happened in this case between the FRCS record and the Council records, there was two effects. One is the penalties, we must have paid late and not recorded in Council's record but was recorded in FRCS record.

Another one is to do with the expenses. Some of the expenses with the creditors, that it is all VATable, so they must have disallowed some of the expenses. We have been getting calls from FRCS now in regards to the VAT. At times we assume that everyone who is a creditor to the Council is VATable but some of them are not registered for VAT but only TIN. So they disallow those expenses.

MR. CHAIRMAN.- Have you checked with FRCS? What exactly is that amount? If there is an amount of \$212,000, FRCS would know whether it is a penalty, whether it is the lump sum, Nadi Council's incoming and outgoing are not reconciled. So VAT payable is something that Council will need to pay to FRCS. It is not reconciled, have you checked with FRCS?

MS. A. VANUA.- No, Sir, I did not check that.

MR. CHAIRMAN.- Can you check that with FRCS and come back to us at a later date and tell us?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- I do not want this to reappear in future reports. There is a Financial Management Act where these things should be very well recorded. Why we are strict is that there are a lot of Government agencies and Town Councils, they let it accumulate for a number of years without any proper record and then make a request to the Ministry of Economy to write it off. There are people like Sheetal Bhaida they do away with a lot of money like this sometimes. I am not saying it has happened here, recording is essential. Check this amount of \$212,000, in fact that whole amount of \$1.754million and come back to us.

HON. A.M. RADRODRO.- Our receivables in terms of VAT?

MR. CHAIRMAN.- Is that money owing to Nadi Town Council or Nadi Town Council owes it to someone?

MS. A. VANUA.- I think is a refund due to Nadi Town Council.

MR. CHAIRMAN.- CEO Mr. Peter Dinning any idea what is that amount?

MR. P. DINNING.- If it was an amount owed to FRCS they would be chasing us for those funds and by exception we would obviously need to reconcile and refund that money to FRCS. The fact that this is unsubstantiated amount suggest that the debt is owed to the Council. It is in a different status in terms of the authority compared to individuals.

MR. CHAIRMAN.- That money coming into Council would have been very helpful to you. If that money was to be collected by Council, I assume it is VAT so you would have collected it on behalf of Government and pay it back to the Government, either way it would have come down to the Government.

MR. CHAIRMAN.- Let us move to number three now.

“There is an unreconciled 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.”

Your cash at bank does not reconcile with your books?

MS. A. VANUA.- One was account number two and another one was the main account. This \$115,440 was for main account, it should have been \$170,714. We did not have a general ledger for account number two, we just had a general ledger for the main account.

MR. CHAIRMAN.- You would not know what monies account number two constituted in the general ledger.

MS. A. VANUA.- Yes but we had the bank statement coming in.

MR. CHAIRMAN.- And if someone does not put a narration in, you would not know, it will become a lump sum?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- Has that practise improved? Do you have a general ledger now?

MS. A. VANUA.- No we do not have a general ledger, the general ledger is prepared just once in a year by our external auditors but we have done bank reconciliations for all six bank accounts.

MR. CHAIRMAN.- What did you check it against?

MS. A. VANUA.- We checked it against our bank statements, our cash book against the bank statement.

MR. CHAIRMAN.- If you look at the private sector even if they maintain one account, all money coming in and going out, if a narration is not put in the deposits or withdrawals, it will go in a suspension account and if a ledger is kept properly then they will know who has paid and to whom the money has been paid to. That is the only way to know whether creditors and debtors can be crossed off the list. It is essential to maintain a general ledger for all accounts. Is that practise now there or you still have the same practise?

MS. A. VANUA.- We still do not maintain a general ledger.

HON. M.M.A. DEAN.- Can I get some comments from the representative of Local Government if this accounting system is still encouraged.

MR. CHAIRMAN.- Obviously a manual accounting system.

HON. M.M.A. DEAN.- What we heard from the Director is that he has been encouraging and also doing some capacity building to move towards accrual basis.

LOCAL GOVT.- We have reviewed the manual now. After the revision of the manual, we are going to check all the companies that it is been implemented by the Council.

MR. CHAIRMAN.- You must have noticed when Nausori Town Council was telling us they have an excel sheet there, they enter everything there. So when they add it up, they know what is in the bank and what was paid and what was withdrawn. That way all these amounts of unreconciled balances will not occur. If some staff is terminated or leaves, you still will have their accounts in the system. Is that a standard practise around all municipalities? It does not seem so.

LOCAL GOVT.- It is not the same throughout all the councils.

MR. CHAIRMAN.- Well we would like some changes in that regard.

HON. A.M. RADRODRO.- Just a question regarding the manual accounting system that you have there. Was there any system utilised by Nadi Town Council previously?

MS. A. VANUA.- Yes currently we have the WINBIZ system but it only record all the money coming in and we have our ledger accounts that records all the money coming in.

HON. A.M. RADRODRO.- You mentioned that your ledger is kept outside of Nadi Town Council.

MS. A. VANUA.- Yes, the general ledger is prepared once in a year by our auditors, Ernest and Young.

HON. A. M. RADRODRO.- Within Nadi Town Council?

MS. A. VANUA.- No, we outsource all our preparation of accounts to Ernest and Young.

HON. A.M. RADRODRO.- Inaudible.

MR. A. MATAIULA.- The system that we are using depends on the council on how they maintain their accounting system. We are reviewing the manual now and those things are in the plan too.

MR. CHAIRMAN.- And you will give appropriate instructions to all councils to maintain their accounts.

HON. A.M. RADRODRO.- The question was relating to the outsourcing of the preparation of general ledger. It is different from reviewing of the manual, the outsourcing of the preparation of ledger which definitely will come at a fee

MS. A. VANUA.- Is the ministry aware of this?

MR .A. MATAIULA.- They have to submit to the ministry for approval then they can engage the auditors

MS. A. VANUA.- Ernest and Young was engaged before I came in and we have continue to use them to prepare our accounts. I have just received 2015 for review and 2016 files are already given to Ernest and Young.

MR. CHAIRMAN.- OAG your comment on No.3 that all bidders has a small amount but you noted that the cash at bank or the bank balance is not supported by the general ledger. It is very hard to reconcile. What is the best way of reconciling this or how can records be kept so that these things are not repeated?

MR. R. ALI.- Cash is a very risky area in any entity and maintenance of the record is very simple. You maintain a detailed journals for cash receipts and cash payments because the cash ledger do not include any of the general journals.

MR. CHAIRMAN.- Right.

MR. R. ALI.- Basically it is just the movement of cash, coming in and cash going out. Any general journal that is passed into the general ledger system is only bank charges. These are all the debits and the credits which the bank carries out and which the entity needs to record in their books too.

It is very easy because the entities writes the cheques and they receive the cash. The records should be with them. What they can do on a daily basis is to update their cash register which is cash coming in, cash going out or they can even maintain it in a excel sheet and spread it across what it really constitutes. It will help them to do a bank reconciliations with the bank statements when they receive it from the banks. In the absence of a general ledger the reconciliation becomes very ineffective. What you will be reconciling is just from your banks statements to what is in your financial statement. It does not serve any purpose at all.

MR. CHAIRMAN.- Yes.

MR. R. ALI.- It becomes very risky. If there was any money that has come in but has not been banked that cannot be detected. There is a high risk of mismanagement of funds.

MR. CHAIRMAN.- Yes, you are right.

Money is coming in should be recorded in what book?

MR. R. ALI.- Cash Receipt Journal. It can be maintained as a manual records or if the council has a system in place. It can be maintained in the system as well. But if it is in a manual system, there is a cash receipts ledger but now it is all maintain in the excel sheet. You have to list down where the money is coming from and the receipt numbers and what is it for.

MR. CHAIRMAN.- Money is going out where the .....

MR. R. ALI.- That will also be recorded in a similar way but it will be called a cash payments journal and it will record the name of the payee, the amount, the cheque numbers and what it will constitutes.

MR. CHAIRMAN.- What about credit sales account?

MR. R. ALI.- No, those are the accruals that does not hit the bank account. Only when they are actually paid and when they received in due course then they are recorded in the cash receipts and cash payments journal.

MR. CHAIRMAN.- Will they show in the general ledger?

MR. R. ALI.- Not necessarily unless that if that sale relate to one particular year, cash will be received in the same particular year, and it will be recorded under receivable and debtors.

MR. CHAIRMAN.- Right.

MR. R. ALI.- In due course it will be received so the cash receipts and cash it will affect that years cash receipts and cash payments.

MR. CHAIRMAN.- But the easiest ones are cash inward journal and cash outward journal.

MR. R. ALI.- Yes.

MR. CHAIRMAN.- Do you maintain those two books, you have to do that. Have you reconciled those books with these amount here in the bank balance of \$115,440? They are not matching, why is there an anomaly?

MS. A. VANUA.- This question is relating to the general ledger

MR. CHAIRMAN.- Yes.

MS. A. VANUA.- We did not prepare a general ledger for this particular account but the cash at bank existed and the statement was provided.

HON. A.M. RADRODRO.- That general ledger was maintained by Ernest and Young.

MS. A. VANUA.- Yes, we did not prepare general ledger for this.

MR. CHAIRMAN.- But the cash books match with this one \$115,440?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- Alright, they do.

MS. A. VANUA.- The cash book matches with that and the statement also matches.

HON. A.M. RADRODRO.- A question on Ernest and Young arrangement. Is it a contract, what is the current arrangement and how long has it been in existence for?

MS. A. VANUA.- It existed from 2013 prior to me coming to council, the council had already engaged.

HON. A.M. RADRODRO.- Inaudible.

MS. A. VANUA.- It is around \$4,500.

HON. A.M. RADRODRO.- Inaudible.

MS. A. VANUA.- Its yearly, based on the account. Every account they charge us around \$4,500.

HON. A.M. RADRODRO.- Venture into getting its own general ledger in-house.

MS. A. VANUA.- We wanted to have a general ledger in house but we did not want to do it manually because it is difficult. It is time consuming compared to computerising it. In 2016 we started talking with the different software companies. We engaged three software companies and discussed having a new accounting system to enable us to prepare reports, prepare the general ledger and also have the reconciliation. This year in January during the Finance Managers Forum, I asked the Director of Local Government if there can be a common software for all councils to avoid such differences.. It will also rectify all the reconciliation issues and all other issues pertaining. He advised us to look into manual of accounts first before looking at the software.

HON. A.M. RADRODRO.- Inaudible.

MS. A. VANUA.- I think almost all the municipalities is on manual except Suva and it takes us a lot of time to prepare the monthly accounts.

HON. M.M.A. DEAN.- This is a case of adopting the old practice. My question is on the way forward. It is good to note that the council is now seeking avenues to have a more computerised accounting system. Any comments from Ministry of Local Government, are you aware of any timeline or is there a plan in a way where all the councils can move on to a more advance accrual system?

If Suva can achieve that, I am sure the councils can too.

MR. A. MATAIULA.-. In our department there is a position of a Senior Accounts Officer. His role is to look after all these but it has been vacant for a while. Recently we managed to review the Act and the uniformity of this system is also in the plan. One of the main priority is to look into is the uniformity of these contents for all the councils.

MR. CHAIRMAN.- Alright. Noted.

HON. M.M.A. DEAN.- I can see the system is creating this limitation.

MR. CHAIRMAN.- Something lacking in the system.

HON. M.M.A. DEAN. - Something is lacking in the system but it is the individuals who unfortunately have to come and answer. If it was already a complex system this finding of documents, doing things manually, contacting people, checking the bank balances and all other accounts becomes a very difficult task itself. Hopefully as the Director has promised we are planning to see some changes as soon as possible.

MR. A. MATAIULA.- Point taken Sir.

MR. CHAIRMAN.- In a manual system, if a person, like the previous Accounts Officer, has fiddled some money and walked off with the books and threw them in the Nadi River, no one will ever find it. If there is electronic system, like what we see in Suva and in Nausori, if someone walks off from the job, they still record and it is still there and no one can take it away.

HON. A.M. RADRODRO. - Question to Nadi Town Council regarding the capacity and capability now that you are doing manual accounting. Do you have the resources and necessary staffing capacity and capability to continue with your manual system. Now we hear about Nadi becoming a city and there will be increasing boundary and increase in rate payers. Do you have the capacity? Basically manual is not an easy job.

MS. A. VANUA. - Question, in regards to the software before I come to yours. I spoke with CEO Suva and request if we can software. Bu he said for us to look for our own.

MR. CHAIRMAN. - They do not want to share the software with you?

MS. A. VANUA. - They said they have spent a lot for the software and they will not be able to give and I can negotiate with other councils, so that is why I brought that issue up to the director if all councils can share in with the new software.

MR. CHAIRMAN. - The SCC must have paid for it so probably you must be able to share the cost.

MS. A. VANUA. - Yes, we had suggested that we can share.

(Inaudible).

MR. CHAIRMAN. - Probably they do not consider you until you become a city. Ministry of Local Government can you have a look into that because they have listed three questions but we have found a lot of loop holes in the manual system.

MS. A. VANUA. – The software costs about \$650,000. .I do not have the capacity. We have recruited qualified personnel. But we spend a lot of time training them. We cannot send them out for training because we do not have someone to replace them while they are on training. Most of my time is spent of training them and at the same time doing operational work. This delays my monetary work. I have tried giving that reconciliation work to our existing officers but it affects them too. As a way forward I have suggested to CEO and SA for us to engage a reconciliation officer.

It is important for the Finance Department to have a reconciliations officer who will assist us with these issues highlighted in the report.

MR. CHAIRMAN. – You said that when you checked there were lot of things lacking, it is a human resource issue not a reconciliation issue.

MS. A. VANUA. - It is partly with the officers and probably due to the lack of training and knowledge.

MR. CHAIRMAN. - How do you recruit these people? You must be advertising and interviewing or just get your friends in there?

MS. A. VANUA. - No.

MR. CHAIRMAN. - CEO when you recruit these people in the Accounts Division is there a thorough process, merit based?

MR. P. DINNING. - Our recruitment processes are very long winded processes where we go through the normal recruitment through the advertisement, interview and then make recommendations to the Ministry on every position whether it is a driver up to manager finances position. It is quite a long winded process, averted all the way through. The issue the Manager Finance has highlighted is the calibre of the people who apply are probably not capable for the position.

Through the verifying process we also find that when we advertise for someone with Bachelor of Business, we only get a Diploma candidate. If we recommend to appoint that person, our recommendation is often pushed back because we only appoint a candidate with a Diploma instead of Bachelor of Business as we initially advertised. We only get what is available in the market.

MR. CHAIRMAN. - I understand.

HON. A.M. RADRODRO.- Instead of just sharing the system, what about the staffing? Have you considered that too? I think the open merit advertisement for council is quite different, you have to know when to record the ledgers and which staff from other municipalities would be very much aware. Have you also considered trying to share the staff? Or request as and when basis?

MS. A. VANUA. - We have considered that.

MR. R. ALI. - We are practising that. Some of our officers are doing some work for Sigatoka Town Council and we also requested some staff from Lautoka City Council. For extension of boundary we had a consultant working for us, doing preparation work whether to satisfy the Minister whether there is need to extend the boundary or not. In fact the end result is that the extended portion comes almost double the size of the existing boundary. In that we have addressed, we have our client, what source, what type of people and how many people we need and then from next year we will start working on that.

HON. A.M. RADRODRO. - Inaudible.

MR. R. ALI. - No. January next year.

MR. CHAIRMAN.- Ministry of Local Government, we usually hear about this training sessions of staff from the councils, sometimes in Tanoa Hotel or other expensive resort, maybe four times a year, where the department officers, CEOs, SAs and even accounting chiefs get together and they discuss these ideas. Is anything coming out of these sessions. We have heard from Nadi Town Council that there are two issues there. It is hard to get people suitable for the job and people who are there need a lot of training. Is the department doing anything about it?

LOCAL GOVT. REP. - For the past few years we have this CEOs and SAs Forum where we discuss all the issues raised from the councils. From last year the Ministry has come up with another specific forum for the older finance managers for all the councils. We have started, I think we have two meetings from last year to discuss all these issues. Some of the things that Nadi Town Council is , they can seek assistance of Suva City to assist it is called the shared services approach.

MR. CHAIRMAN. - Is that a regular meeting?

LOCAL GOVT. REP. - We do it every quarter.

MR. CHAIRMAN. - It is a quarterly meeting?

LOCAL GOVT. REP. - It is a quarterly meeting.

MR. CHAIRMAN. - So there are two meetings that have already taken place?

LOCAL GOVT. REP. - Yes. Sir.

MR. CHAIRMAN. - Has anything come out of that the report that what needs to be done?

LOCAL GOVT. REP. - For that we discussed reports from the OAG and we invited them to come and speak to our older finance manager in one of those meetings.

MR. CHAIRMAN. - Because Nadi will be a city soon, it is a bad reflection if there is a lack of capacity. Lack of accounting systems et cetera. They are considering it to be a Green City or something? Because it is going to have a huge tourism impact.

HON. A.M. RADRODRO.- (Inaudible)

LOCAL GOVT. REP.- We have also engaged with the Commonwealth Local Government, they will assist us in the trainings of these finance managers from the council.

MR. CHAIRMAN.- Thank you we have noted that one. Have you seen number four?

“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 of 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 \$1,270,385million are fairly stated in the statement of financial position.”

It is a question of reconciliation and book keeping. Is it the same answers there? Lack of capacity?

MS. A. VANUA.- In 2016 we have the full record of all deposits.

MR. CHAIRMAN.- Your 2016 records are with Ernest & Young or is it with OAG ?

MS. A. VANUA.- They are with Ernest & Young at the moment.

HON. A.M. RADRODRO.- (Inaudible) ....taking the things internally to OAG maybe at a cheaper rate, value for money.

MR. D. PRASAD.- The Office of the Auditor General can only audit, however they cannot prepare the financial statements because it jeopardizes the independence of the Auditor General.

MR. CHAIRMAN.- You only see the account when they come to you?

MR. D. PRSAD.- Yes we only audit. We cannot prepare the financial statements.

MR. CHAIRMAN.- Because otherwise they will be doing it and they will be auditing themselves so it will be a conflict.

Alright, number 5.

“Unreconciled variance of \$722,823 exists between the Council’s rates listing (This is an important one because now it is a rate listing issue) 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 ledger. Accordingly, the audit was unable to satisfy itself if total income of \$2,436,301million is fairly stated in the statement of income and expenditure for general fund.”

This is the income that comes directly to this town council, that is business license, trading fees, rental income, taxis, carrier charges, council’s rates and that also has a variance of \$722,000. In fact, if you add from questions one to five, we are talking about a good \$5 million that is not reconciled properly by Nadi Town Council.

Number 5 is there any explanation on that?

MS. A. VANUA.- It is to do with reconciliation but now we have reconciled the rates listing and that has been done in 2015.

MR. CHAIRMAN.- But what I am driving at is that these revenue here, rates, business license, trading fees, rental income and taxi carrier. This is the main revenue for the council, all the other ones, the debts, VAT et cetera, these are all going to other agencies, it is a credit account, debit account. This is the bread and butter issue for the council, if that is not reconciled and a total income of \$2.436 million is not fairly stated, that is a worrying trend.

Most of the councils do separate books, one is specifically for incomes such as rates, revenue received from these business licenses et cetera because this is their main income account. Is there any system in Nadi Town Council where there is a separate account dedicated specifically for this income?

MS. A. VANUA.- Yes, we have subsidiary ledger for rates and then we also have subsidiary ledger for business license.

MR. CHAIRMAN.- You have that?

MS. A. VANUA.- Yes we have.

MR. CHAIRMAN.- Why is OAG saying that it cannot be fairly be reconciled?

MS. A. VANUA.- It was not reconciled at that time.

MR. CHAIRMAN.- It was not reconciled?

MS. A. VANUA.- It was not reconciled.

MR. CHAIRMAN.- Is it being done now?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- OAG, this is the main income source for the council and at that time there was not even a ledger for this to note, what was the income for the council?

MR. D. PRASAD.- Yes that is right Mr. Chairman. The main stream for revenue for the council is the rates and the other type of licenses, bus stand charges and taxi charges. In simple terms the records that can be kept is a subsidiary listing. For example if there is taxi bases, 200 taxi bases, so usually they can just keep a record of 200 taxi bases and then the easy calculation is the monthly charges. Then there is an exact amount that can be determined from the taxi base which can be reconciled to the general ledger. So we were going for those sort of reconciliations and supporting documents, but those records were not provided at the of audit.

We have not audited 2015, so we really do not know what the status is at the moment. According to Manager Finance they have started with all those records now.

MR. CHAIRMAN.- We probably would not have been provided those records because it never existed.

MR. D. PRASAD.- Yes. When we did that 2012 audit, those records and those reconciliations were not provided to us.

MR. CHAIRMAN.- When you audited Nadi Town Council, what documents did you see? There was no ledger, there were some cash books, you saw the bank statements – that is easy, you can print it out. What documents did you rely on to reach these decisions because they had nothing at that time.

MR. D. PRASAD.- Normally what we do, there is a balance in the financial statements which was \$412,619 then the next thing that we would like to see is the supporting listing that will support that amount. There was no listing that was supporting that amount.

We did reconciliation from rate perspective using the UCV. So there was a listing on the UCV which determines the value of the land, based on that the general rates are charged.

When we did that compilation, we found a variance between that amount and the amount that was recorded in the financial statements. Since there was no backing up of the amount that was recorded in the financial statements, we did not rely on the amount so we qualified on that amount. The Auditor General qualified on that amount, because he cannot satisfy himself whether that amount is clearly stated or not in the financial statement.

MR. CHAIRMAN.- When was the last time you audited Nadi Town Council?

MR. D. PRASAD.- Year 2014.

MR. CHAIRMAN.- Has there been any improvement from what we see here to 2014?

MR. D. PRASAD.- The opinion is with the Auditor General at the moment. I would not like to comment at this stage but there are similar issues still existing in 2014. In 2015 and 2016 they have improved, but we are yet to see those changes.

MR. CHAIRMAN.- Members, this is a very serious issue here.

HON. A.M. RADRODRO.- The arrangement with the ledger preparers, what is the term like?

MS. A. VANUA.- What do you mean by that?

HON. A.M. RADRODRO.- Ernest & Young.

MR. CHAIRMAN.- How long does it take for them to prepare?

HON. A.M. RADRODRO.- What is the term? Five, 10 years?

MS. A. VANUA.- It is annual.

HON. A.M. RADRODRO.- Yes for how long?

MR. CHAIRMAN.- Usually how long does it take for them to look at your books and prepare things?

HON. A.M. RADRODRO.- Five years? The contract term or there is not term?

MS. A. VANUA.- No, there is no contract existing within Ernest & Young.

HON. A.M. RADRODRO.- I think you should change that contract.

MS. A. VANUA.- Yes we are going to do that this year. We have advised the Director of Ernest & Young that we are going to tender and advertise it in the newspapers.

MR. CHAIRMAN.- They should pay you back the money that they took because they did not do the job.

HON. A.M. RADRODRO.- This even continue because they are doing the preparation while you are keeping all the records. What is the onus that they will give you the correct figure for your record?

MS. A. VANUA.- The 2015 report is with me. It took about 2months for them to prepare because this time they have done a thorough reconciliation compared to before. I had discussed with the Director and the auditor, if we can rectify these issues. It took them two months and I have made necessary amendments for them to review.

HON. A.M. RADRODRO.- Just imagine how long will they take when it becomes a city.

MS. A. VANUA.- Yes, you true Sir.

MR. CHAIRMAN.- When it becomes a city they will have more revenue, they can hire more staff and run the show better.

MS. A. VANUA.- We need a new accounting software to solve all these issues.

MR. CHAIRMAN.- Yes get a new software

MS. A. VANUA.- I have been saying for them to get a software.

HON. A.M. RADRODRO.- Get the Ministry to attend your quarterly meetings and push for the software.

MS. A. VANUA.- I have brought that issue

HON. A.M. RADRODRO.- I know they are willing to buy it.

MR. CHAIRMAN.- I think between now and December when it is declared a city the SA will be having discussion with your Minister. The Ministry of Local Government can assist by talking with Suva City Council for cost sharing. There are similar issues arising in 2014 and things are not improving and might end up in a situation. When you add these lump sums here the unreconciled variance is a huge amount of money.

MS. A. VANUA.- Most of these unreconciled variances has been accumulating from previous years.

MR. CHAIRMAN.- Yes I know. These are skeletons in the cupboard, but the problem is that there are skeletons in the cupboard.

MS. A. VANUA.- Yes.

HON. M.M.A. DEAN.- And as long as this system is in existence it might keep occurring.

HON. A.M. RADRODRO.- You have to change the system

MS. A. VANUA.- We have a big issue with this WINBIZ system. Even for them to respond to queries with them, we went and discussed with them regarding this new LTA infringements, they have not come back to us. We made a special trip to Suva to discuss with them how we can incorporate all those changes into the software.

MR. CHAIRMAN.- Who sold you this WINBIZ product?

MS. A. VANUA.- Charles

MR. CHAIRMAN.- Nausori Town Council told us that it is not a good system

MS. A. VANUA.- It is not a good system Sir.

MR. CHAIRMAN.- And things disappear from that

MS. A. VANUA.- I had worked with that system at SCC. That was why SCC changed then because it cannot give us the right information.

MR. CHAIRMAN.- Correct, so why?

MS. A. VANUA.- Like today if you will pull out the information it will be different, even if there is no positing to that. The accuracy of that system is not competent.

MR. CHAIRMAN.- WINBIZ is a bad system. You were in SCC before, how long did Suva City Council used the system of WINBIZ before discarding it?

HON. A.M. RADRODRO.- What about MYOB?

MS. A. VANUA.- I think they used that system for approximately ten years.

MR. CHAIRMAN.- Because when they go it off the system things improved there

MS. A. VANUA.- It has

MR. CHAIRMAN.- Yes

MS. A. VANUA.- It has, it is not a very good system

MR. CHAIRMAN.- When you were transferred from here to Nadi knowing that there is a bad system, did you advise the bosses that it is not going to work?

MS. A. VANUA.- Yes that was the first thing that I advised.

MR. CHAIRMAN.- Who was the CEO then?

MS. A. VANUA.- Mr. Nemia Tagi.

MR. CHAIRMAN.- Where is he now?

MS. A. VANUA.- He was terminated

MR. CHAIRMAN.- He has been terminated. Is he in Lautoka City Council now? He resides in Lautoka? Have you told the new bosses that this system is not workable because that is the problem we have had from another council?

MR. S. VANUA.- No

MR. P. DINNING.- As soon as I started in October 2016 there inefficiency with records systems. I recommended to the Director of Local Government that he investigate or we investigate as an industry a collective approach to purchasing a system across the whole industry that is able and compatible to run a local government's system. They are available, they run worldwide, it is not available in Fiji at the moment.

MR. CHAIRMAN.- Have you seen some improvements from 2016. Your Finance Manager said there were some improvements there, books are being kept properly so there are some good signs since you came in. But the WINBIZ system, Ministry of Local Government who procured the system and who services this thing?

MR. A. MATAIULA.- I am not really sure when the arrangement was done for that system.

MR. CHAIRMAN.- Was it done by individual councils or was it done by the Ministry?

MR. A. MATAIULA.- It depends on the council on what system they want.

MR. CHAIRMAN.- Yes because Nadi, Nausori and Suva uses that.

MS. A. VANUA.- Nasinu uses that also

MR. A. MATAIULA.- The current arrangement is that for every accounting system that they want to use, they have to request the ministry to approve first

MR. CHAIRMAN.- Find out about the origins of WINBIZ and let us know. We will write to you as well because we want to know if that is a bad system, why is it being used because that has shown some faults.

MS. A. VANUA.- Nasinu is not having the problems like Nadi. I have got copies of emails on that. Nasinu is not experiencing any problems like Nadi Town Council I found out that they gave a newer and latest version to Nasinu which they did not give Nadi. I think the reason that they gave that to Nasinu is because they actually prepare the accounts for Nasinu.

So, it was like best service to someone who is...

MR. CHAIRMAN.- Discrimination

HON. A.M. RADRODRO.- They changed from...

MS. A. VANUA.- Their service is really pathetic

MR. CHAIRMAN.- Who are the people who supply?

MS. A. VANUA.- Pro Systems owned by Charles

MR. CHAIRMAN.- Pro Systems

HON. A.M. RADRODRO.- It is a good system

MS. A. VANUA.- No Sir it is not a good system. I can prove that to you.

MR. R. ALI.- Not for Nadi

MR. CHAIRMAN.- She probably got a STYK there somewhere that is why STYK is a good system

MS. A. VANUA.- I can prove it to you.

HON. A.M. RADRODRO.- It is a good system unless you know how to use it.

MS. A. VANUA.- Sir, if it was a good system why did Suva throw that system away and got ECLPYS. That shows it was incompetent.

MR. CHAIRMAN.- They use Winbiz, you use Winbiz yourself?

HON. A.M. RADRODRO.- Yes

MR. CHAIRMAN.- Alright we will come back to that after having advice from the Ministry of Local Government. So, there is further 3 bullet points there. 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 able to ascertain the value of these items due to lack of supporting documentations. Parking meters that you have in the council that was not included in your asset list. Has it been done now? If parking meters are very expensive stuff I think \$10,000 each we heard from Nausori Town Council yesterday, and there are a lot of those

HON. A.M. RADRODRO.- Infringement

MS. A. VANUA.- . We have about 300 parking meters which is called ‘the lollypop’.

MR. CHAIRMAN.- The one that looks like a lollypop.

HON. A.M. RADRODRO.- The old one

MS. A. VANUA.- Yes it is called the lollypop and only 50 has been recorded in our fixed assets and those meters is about over 30 years. This year we had purchased new solar electronic parking meters which cost about \$11,000. We had invested in that.

MR. CHAIRMAN.- This is the one that you get a print out, the new one in Namaka. But you said the actual lollypops you had only 50.

MS. A. VANUA.- Only 50 is recorded in the fixed assets, but we have about 300.

MR. CHAIRMAN.- Yes because in the main street Nadi, if you count from one end to the other, you have 200 there.

MS. A. VANUA.- We have 183 in Nadi town

MR. CHAIRMAN.- So why was it not recorded in your financial position. You had 300 plus but only 50 were recorded. Why would that happen? Oversight?

MS. A. VANUA.- Maybe it was an oversight.

MR. CHAIRMAN.- Because they can tell you an example

HON. A.M. RADRODRO.- Does it belong to Nadi Town Council?

MS. A. VANUA.- It belongs to Nadi Town Council.

MR. P. DINNING.- In terms of asset management I suggest the life of those parking meters have long expired, so they would have no book value.

MR. CHAIRMAN.- Is that the reason why it is not recorded

MR. P. DINNING.- I do not believe that, that was originally the reason but I could not see any reason now to bring the value of those parking meters in. They are obsolete and they have passed their useful life.

MR. CHAIRMAN.- But still earning income for you

HON. M.M.A DEAN.- But should they generate revenue.

MR. CHAIRMAN.- They still generate revenue for Nadi Town Council?

MS. A. VANUA.- Yes it does

MR. CHAIRMAN.- It is probably not depreciate-able anymore because it has reached zero value. We would like to hear some a bit more on that. What is the alternative now? If it is passed its use by date, have you removed those and got the new system in?

MR. P. DINNING.- We have only replaced the ones at Namaka with the new solar ones. We are also investigating replacing the lollypops with a similar lollypop. The reason the lollypops are used there is because of the incidents of flooding so we can remove the head and leave the post. That would be an option going into the future and we are investigating the latest version of the lollypop head.

MR. CHAIRMAN.- This current one is not easy to remove for flooding? The one that prints out the receipt, the solar one.

MR. P. DINNING.- It is bolted into a cradle. If they were easy to remove they will be quite vulnerable. They are very difficult to remove, they electronic mechanism which makes them very vulnerable to flooding.

MR. CHAIRMAN.- What would be the cost of one of these lollypops?

MR. P. DINNING.- Around \$700 per item

MR. CHAIRMAN.- \$700 per item and the cost of this solar one is \$11,00

MR. P. DINNING.- Yes, they are \$11,000. It cost \$138,000 to bring 10 of them into the country with shipping costs and installation. But in terms of the payback period that probably generate 150 percent more revenue than the lollypops. They are much more efficient and they also have a greater charge at rate.

MR. CHAIRMAN.- At 700 times if you install 100 - \$70,000 so its cheaper to get these electronic ones, you will have one in between I think 20 or 30 spaces?

MS. A. VANUA.- 20 parking spaces.

MR. CHAIRMAN.- 10 spaces?

MS. A. VANUA.- 20 parking spaces.

MR. CHAIRMAN.- One per 20, where else lollypop will be one per space.

MS. A. VANUA.- With these electronic meters it has generated more revenue. Before in Namaka we do weekly collections on Wednesday we can have revenue to the maximum of \$400 a week. Equivalate that to a month about \$1,600, now it brings in income of \$3000 just using of eight parking meters. Two is yet to be installed once it is gazetted.

MR. CHAIRMAN.- We have heard from Suva City Council that the electronic ones, you have a sealed box in there that can be only opened back in the office. Whereas the lollypops you take that milk can type of thing, open and all the coins fall in.

MS. A. VANUA.-Yes, but the coins fall into a mechanism.

MR. CHAIRMAN.- Mechanism?

MS. A. VANUA.- Yes, if you do not have that mechanism then they can just take it out. But whereas the electronics ones, it has audit trail report. It tells us who open the meter at what time.

MR. CHAIRMAN.- But if I open the meter, get some coins in my hand and put the machine in there is the cash gone. Alright, that is the parking meter one.

Bullet point No. 2 – Included in the Statement of Financial Position under receivables is an Account, 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.

This I presume when someone does not put the coin in, they get infringement notice and the fine is collected by LTA or it was so back then. What is the position now that those TINs issued by your officers, they pay their fines to LTA?

MS. A. VANUA.- No, they pay direct to the Council.

MR. CHAIRMAN.- If they do not pay, it is recorded in the LTA records as unpaid parking tickets.

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- They will go and pay that at LTA?

MS. A. VANUA.- Before we had a MOU between LTA and the Council. If the infringement is not collected by the Council it goes to LTA and LTA sends them back. But now all these is payable with the Council. So if it is still not paid, LTA does not collect it for us because there is no MOU at the moment.

MR. CHAIRMAN.- If I get charged in Nadi, if I do not put the coins in and there is infringement it will not appear on the LTA records, I still have to come back to Council and pay it. It will appear in the LTA records?

MS. A. VANUA.- It will appear but they do not the collection of cash.

MR. CHAIRMAN.- But come back to Council pay then take it up?

MS. A. VANUA.- That is when the MOU exist.

MR. CHAIRMAN.- What is the position now I am asking?

MS. A. VANUA.- They come back to Council to pay.

MR. CHAIRMAN.- And then take the receipt back to LTA to clear it?

MS. A. VANUA.- Sir, that has not originated.

MR. CHAIRMAN.- Yes, for LTA has to be cleared otherwise the vehicle will not be parked.

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- My question is about the money collection that happens here at Council?

MS. A. VANUA.- Yes, it happens now.

HON. A.M. RADRODRO.- Right now you are collecting it on behalf of LTA. Will you give it back to LTA or you record it as your revenue?

MS. A. VANUA.- We record it as our revenue.

HON. A.M. RADRODRO.-That is legally the correct way to do it? OAG, have you checked whether that is the legally correct way because the monies is LTA's?

MS. A. VANUA.- We issue the enforcement (TINs)

HON. A.M. RADRODRO.- LTA...

MS. A. VANUA.- Yes, LTA book..

HON. A.M. RADRODRO.- (Inaudible)

MS. A. VANUA.- LTA, we pay for that book. But on that infringement notice we have a stamp paid to Nadi Town Council so that is why they come and pay to us.

MR. D. PRASAD.- Sorry, Honourable Member, using the LTA Infringement Notice but ...

HON. A.M. RADRODRO.- LTA Infringement Notice is not the Nadi Town Council (Inaudible)

MS. A. VANUA.- We have been delegated that authority to collect.

HON. A.M. RADRODRO.- (Inaudible)

MR. D. PRASAD.- That is where the issue is coming up. We did not see any legal documents that states the amount that was recorded as revenue and receivable will actually be received from LTA. So that is why we raised that.

HON. A.M. RADRODRO.- (Inaudible)

MR. CHAIRMAN.- Bullet point No. 3 – Included in the 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 the 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.

What is noted here is that the parking meter funds is gone in the general account and then you subtract from the general account. Do you have a separate account for parking meter now?

MS. A. VANUA.- Yes, we have opened a separate account for parking meter in December 2014. All money collected for parking meter is deposited into this account.

MR. CHAIRMAN.- Alright, that solves the problem that was raised here. Thank you. 4.2 - Abridged Statement of Financial Performance – General Fund. The concerned there is the Council again recorded a deficit of \$339,506 on its General Fund Account in 2012; an increase of \$253,286 or 294 percent 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.

So, what are these expenses miscellaneous and contingency expenditures?

MS. A. VANUA.- In 2012 Nadi Town had two floods: one in January, one in March and then there was a hurricane in December. The account affected for the cleaning of the town and in association to the flood was the contingency account and miscellaneous. That contributed to the increase in contingency and miscellaneous expenses.

MR. CHAIRMAN.- This cleaning was done by the Council in-house or it was contracted out to some people?

MS. A. VANUA.- The cleaning was done by the Council but we sought help from Police Forces, the Correction Service and the soldiers. When we brought them to assist us they had to be provided with food and water. We made them breakfast, lunch and dinner.

MR. CHAIRMAN.- I believe you would have to pay some overtime to your staff?

4.3 – Abridged Statement of Financial Performance –Parking Meter. There is a separate account there. 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 expenditure by \$114,508.

Why would there be a deficit in parking meter account because this is mostly cash related unless you have invested in some new machines?

MS. A. VANUA.- No, Sir, in 2012 you will see the expenditure had increased and that major increase was just due to two expenses:

1. The plant vehicle and operation because the vehicle that was associated with the parking meter were damaged in 2012 due to the flood. We incurred expenses in regards to their offer space.

MR. CHAIRMAN.- There is also increase in salaries and wages I think for parking meter attendants – 4.3?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- What we will do is it is almost 11 o'clock we will take a short tea break for 15 minutes, yes, half time as former soccer player is telling us; for your to relax a bit and then we will start with 4.4 ... after that at 11.15, is that suitable Honourable Members?

HON. MEMBERS.- (Inaudible)

MR. CHAIRMAN.- Thank you very much.

The Committee Interview adjourned at 10.55 a.m.

The Committee Interview resumed at 11.20 a.m.

MR. CHAIRMAN.- Part 4.4 - Abridged Statement of Financial Position – General Fund.

“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.”

There was some property, plant and equipment that were discarded. What could be the reason for decrease in property, plant and equipment?

MS. A. VANUA.- Due to the flooding in 2012 some property was discarded and was a decrease of trade and other receivables, creditors accruals and provision.

MR. CHAIRMAN.- 4.5 - Abridged Statement of Financial Position – Parking Meter

“The Parking Meter Account recorded cash at bank.”

I think that we have already dealt with. There is no reconciliation of parking meter account.

Part B : Control Issues

Roads, Drains and Footpaths not transferred to Fiji Roads Authority. Has that been done now?

MS. A. VANUA.- Yes Sir.

MR. CHAIRMAN.- Bank reconciliation, I think we have had a look at the question of bank reconciliation. We have heard from the Council that prior 2016, there were lot of issues regarding keeping of books and bank reconciliation which is now under control.

HON. A.M. RADRODRO.- The exercise of transferring is just the book value that is transferred?

MS. A. VANUA.- Yes just the book value was transferred.

MR. CHAIRMAN.- Because the up keep and maintenance of these roads, drains and footpaths is now with Fiji Roads Authority?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- Have they contacted some of these drains and footpath to Nadi Town Council to clean?

MS. A. VANUA.- Yes we have contracts for cleaning of drains and verges.

MR. CHAIRMAN.- So FRA has given it back to you to clean?

MS. A. VANUA.- No it is within our capacity.

MR. CHAIRMAN.- Suva transferred all their footpaths, drains and roads to FRA but FRA then entered into an understanding with them that they will just do the cleaning . Maintenance will be done by them, but cleaning will be done by the Council, washing et cetera. Is there a similar arrangement with Nadi Town Council.

MS. A. VANUA.- No, they have not done such arrangement.

MR. CHAIRMAN.- Ministry of Local Government what is the general arrangement across the board. After 2012 when FRA was formed, all the roads, bridges, drains and footpath were given to FRA. FRA then contracted the cleaning part to Suva City Council is that a general trend?

LOCAL GOVT.- Can we check this one out and come back to the Committee.

MR. CHAIRMAN.- Please check and then come back to us.

HON. A.M. RADRODRO.- ...to FRA, the cleaning and the collection of refuse and all those things are contracted back to Suva City Council who then sub-contracts to the respective small contractors. That is not done in Nadi?

MS. A. VANUA.- No, that is not done in Nadi. But we have our contracts for just normal drain cleaning and grass cutting, we have three contractors. Garbage collection we doing in-house now.

MR. CHAIRMAN.- So if you go to Part 4.1 - Anomalies in Value Added Tax. We have discussed some parts in there but at the bottom of the page on second bullet point that gives us some indication that the Council failed to lodge and pay the VAT on time for January, 2012 consequently the Council incurred late lodgement penalty of \$13,512 from FRCA. So that is the penalty component at \$13,512. What we would like to hear from you is what constitutes that amount of \$212,000? We were thinking that all that could be penalties and late lodgement fee but then penalty is verified there it is only \$13,000 and the rest could be some other anomaly.

MS. A. VANUA.- We have never incurred a penalty from 2013 till to date and all reconciliations for VAT is done before paying to FRCS. We have not incurred any penalty, everything is lodged on time.

MR. CHAIRMAN.- That is good, when you go back see if you can give us some breakdown on that \$212,000, probably email to us. There is an amount that was noted variance amounting to \$212,042.21 of that \$13,512 was penalty so what was the rest of it?

MS. A. VANUA.- Can I get back to you on this one please.

MR. CHAIRMAN.- Yes, when you go back to the office, if you can just contact us on that. I appreciate the fact that things have improved after 2013 but when doing this report here for this year we will have to give explanations.

4.11 - Discrepancies in debtors record, there are some bullet points there that actually gives an indication, I will read that to you.

“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, has 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.

Some of those five bullet points actually indicate what falls in that amount of some of that part of \$1.76 million it could be that some of the rates are not collected at that time. What is the rate collection method employed by the council now? It was noted that what was done in 2012 is ineffective.

MS. A. VANUA.- How we collect rates?

MR. CHAIRMAN.- Yes.

MS. A. VANUA.- At the beginning of the year we invoice and then during the year we make phone calls. Most of the ratepayers take account of the discount in January and February, usually the commercial rate payers come and pay during the discount period. Apart from that we do phone calls, emails, source deductions. Apart from adornment for lease we have gone in to engage the small claims tribunal. That has helped us in recovering some of the small rates collection. If a rate payer has \$20,000, the limit is the \$5,000, we

break it down into four components. We have started that small claims tribunal engagement in 2017.

MR. CHAIRMAN.- What is the collection rate now, like 80 percent.

MS. A. VANUA.- In current rates it is 88 percent and in arrears is 30 percent as at September.

MR. CHAIRMAN.- Alright, I am sorry, CEO.

MR. P. DINNING.- We do have performance standards. For every quarter we have a percentage target, something to achieve. September quarter benchmark was around 88 percent, we are running at 85 percent. We are monitoring on a quarterly basis to ensure that we hit those targets.

MR. CHAIRMAN.- SA, a lot of these things reflect the general lack of interest in running the council. The staffs were there they were not doing the job right. The boss, the SA at that time and CEO seems that they are not disclosing the books, they were not showing the accounts, and can you brief the Committee a bit on that. What actually happened in the Council that time?

MR. R. ALI.- I was on retirement that time.

MR. CHAIRMAN.- Alright.

MR. R. ALI.- FICAC has come in.

MR. CHAIRMAN.- FICAC came in.

MR. R. ALI.- I do not know what was the complaint and they started looking at the books. I read in one of the letters was that certain people were removed from the Council because of not cooperating in providing all informations and not keeping the records. Maybe those records probably reflects on those issues.

MR. CHAIRMAN.- Who was the SA at that time?

MR. R. ALI.- Mr. Tuidraki was the SA.

MR. CHAIRMAN.- Mr. Tuidraki.

MR. R. ALI.- Yes, and CEO was Mr.Nemia Tagi. Before that there was an acting CEO and the rates clerk, they have all have been removed from the office.

MR. CHAIRMAN.- Terminated.

MR. R. ALI.- And they are facing charges by FICAC, but I cannot really discuss anything in detail because it still before the court.

MR. CHAIRMAN.- The matters that we are looking at now was at a time of previous administration.

MR. R. ALI.- Yes.

MR. CHAIRMAN.- Most of them have passed before FICAC.

MR. R. ALI.- All of them have being investigated but four are facing charges.

MR. CHAIRMAN.- When you go back to the office to find these files you may not find some of these things but try anyway like those questions that we have raised.

#### 4.12 General rates revenue

It is important internal control measure that the Council reconciles its system generates revenue. I think we have discussed that.

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 40 percent., If a new unimproved capital value was used how is it possible that the collection decreased?

MS. A. VANUA.- Sir, may be due to the flood the collection had decreased.

MR. CHAIRMAN.- People were not paying rates because of the flood.

MS. A. VANUA.- Yes, people were not paying rates. We had an increase of rates debtors. That is all due to the flood.

MR. CHAIRMAN.- Would you be able to advise us whether this is business rates you are talking about, business tenants, business rate payers or residential rate payers?

MS. A. VANUA.- Most of the arrears that are currently outstanding, 90 percent are residential rate payers.

MR. CHAIRMAN.- Residential rate payers.

MS. A. VANUA.- Yes, the commercial rate payers usually take heed of that discount. They save money on the discount so they paid during the discount period. The reasons why these residential rate payers cannot pay because:

- i) They do not have the titles for the property. It has been passed on from their parents and it is not been written to any of the children
- ii) Unemployment.
- iii) The rate payers just being negligence. They do not want to pay. They think that rates is secondary, you pay your bills first then rates. If you have the money then you pay that.

That is what most of the rate payers who are residential have those kind of issues.

MR. CHAIRMAN.- Probably they do not have their priorities right because while crossing Nadi town on Diwali night I saw all the fire crackers in the sky they probably spending hundreds of dollars on those. What is the average rate if I may ask one residential property at Nadi town some of these arrears? What will be the standard yearly?

MS. A. VANUA.- For residential properties in the main Nadi town?

MR. CHAIRMAN.- Yes.

MS. A. VANUA.- It is about two hundred something.

MR. CHAIRMAN.- \$200 per year. Is less than a dollar a day?

MS. A. VANUA.- The new Sexennial Valuation that has been done this year, it increased by 47 percent.

MR. CHAIRMAN.- 47 percent.

MS. A. VANUA.- Yes, on average but individually some of them has increased by 700 percent.

MR. CHAIRMAN.- It still it will be about \$300.

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- What about in the outskirts, a bit outside the center in your town boundary, as you have said residential properties somewhere around Nadi hospital.

MS. A. VANUA.- Nadi hospital is a prime area.

MR. CHAIRMAN.- Is it a prime area?

MS. A. VANUA.- Yes, that is in the main CBD so the rates will be higher and the UCV is higher.

MR. CHAIRMAN.- What about Namaka area?

MS. A. VANUA.-,We had asked the Department of Lands who conducted the valuation to explain how this Sexennial Valuation works. They said measure the size and they also look at other things like developments and the view. That was never done in Nadi before.

MR. CHAIRMAN.- View in where?

MS. A. VANUA.- The view as in having a better view, like ocean view.

HON. A.M. RADRODRO.- Ocean View is No.1 and Under View is No.2.

(Laughter)

MR. CHAIRMAN.- There is no ocean view in Nadi town. You have to go a bit up.

(Inaudible)

MR.CHAIRMAN.- Wailoaloa side.

MS. A. VANUA.- If you have a view like a mountain view and you do not have buildings right near you so they have taken account of all that. They even gone to measure the space which they never did before. I think that is why the rate differ.

MR. CHAIRMAN.- What I am driving at is about \$200 average even if you do a 15 percent increase on that just to come to about \$300 or 100 percent will be of \$400, \$300 a year that is a very cheap rate to be in Nadi Town and people are still not paying it.

MS. A. VANUA.- Commercial property is over \$1,000.

MR. CHAIRMAN.- Yes, how do you enforce that

MR. R. ALI.- That is a lot of our rate payers especially the ones who are living in Waqadra, Savunawai, Matavolivoli are all Housing Authorities sub-divisions, smaller lots and these people have to pay less to buy and acquire that land and build. Most of them are employed in the tourist industry, in hotels and some in airports.

Whenever there is some sort of disturbance or natural disturbance or any type of disturbance, they start losing job or they are laid off and they do not have money to pay the town rates. They have to keep their family going. So we are facing this a lot but they are very honest, later on when they improve they come and pay.

MR. CHAIRMAN. - I understand that because there must be some genuine rate payers, some honest ones who are paying on time. Once they realise that they can wait and then there will be interest free discount given in January then no one will pay the rates and then there will huge dent in your revenue collection.

MR. R. ALI. - There is standard for us to give discount when they come and pay in January and February. Like this year where Minister has given amnesty for three months for them to come and pay. I think this practise has been happening for a few years.

MS. A. VANUA. - 2015 and 2017, 100 percent waiver on interest if you pay in full.

MR. CHAIRMAN. - For three months?

MS. A. VANUA. - Yes.

MR. CHAIRMAN. - Is that in the wake of *Cyclone Winston*, Nadi was not hit by Winston?

MR. R. ALI. - That was one too.

HON. A.D. O'CONNOR. - What is your boundary if the current boundary, you going to be declared a city very shortly.

MR. R. ALI. - It is very hard to describe now.

HON. A.A. O'CONNOR. - Is it from Malolo?

MR. R. ALI. - No. Malolo is not but it will come in the new boundary.

HON. A.D. O'CONNOR. - When you declare the city?

MR. R. ALI. - Yes.

HON. A.D. O'CONNOR. - Where it is up to at the moment? Just after the bridge?

MR. R. ALI. - Yes.

HON. A.D. O'CONNOR. - All right, and Legalega, Votualevu including Carreras?

MR. R. ALI. - No it is outside the boundary.

HON. A.D. O'CONNOR. - Carreras is outside?

MR. R. ALI. - Yes. But they will come in the boundary.

HON. A.D. O'CONNOR. - At the end of city boundary?

MR. R. ALI. - Yes.

HON. A.D. O'CONNOR. - Thank you.

MR. R. ALI.- But that subdivision squatter settlement, informal settlements on the back chest behind the back road, it is outside the boundary, they are not coming because it is impossible for that to bring it in because it has been very unplanned, you cannot even take the trucks, you cannot provide any service in that area.

HON. A.M. RADRODRO. - (Inaudible).

MR. R. ALI. - Yes, that is well done.

MR. CHAIRMAN. - *4.13. Rental Income.* Oh, sorry.

HON. A.M. RADRODRO. - Rates has been an ongoing issue in all the municipal councils.. Has the council thought of developing some other means of trying to collect these rates in a timely manner. Is it started developing, we know it is an ongoing issue. Collecting of rates seems to be very pertinent issue in all the municipalities. Now that Nadi is going to be a city, these will definitely increase?

MS. A. VANUA. - This year we took a new initiative by engaging the Small Claims Tribunal since we have exhausted all avenues.

HON. A.M. RADRODRO. - How about working with other utilities company where you can make arrangement of monthly repayment?

MS. A. VANUA. - We checked with the banks. The rate payer do not want to pay the extra charge with the banks. We had talks with the banks if they can do source deductions at minimum charges. But the rate payers do not want that.

MR. CHAIRMAN. - There are some countries that have an arrangement with utility providers like Water Authority and FEA, where portion of the rate is charged on a monthly basis of their bills. Have you enquired with these entities to see if that it can be done?

MR. P. DINNING. - If the rate payers pay us through a particular arrangement and commit to that arrangement. We are more than happy to make that arrangement. They can do a monthly payment or may be a two monthly payment. It may be only be \$20 a month, if they commit to that arrangement we continue to do it. But if it lapse in through arrears we cancel the arrangement.

MR. CHAIRMAN. - In some overseas countries like the FEA bill will have a portion of the rates where every month you pay your bill plus \$5 towards your city rates. There is an arrangement done by the local authority and the utility provider.

HON. A.M. RADRODRO. - In your bill, your rate is included in that.

MR. CHAIRMAN. - Yes. Like the fire levies included in the water rate.

MS. A. VANUA. - Yes. Sir, we have not explored that.

MR. R. ALI. - Similarly, the sewerage rate is in the water rates.

MR. CHAIRMAN. - Yes.

MR. R. ALI. - You pay bill for the water rate, part of it goes to the sewerage rate.

MR. CHAIRMAN. - It is easier to encourage people to pay when they have fear that there will be disconnection of service. If you do not pick the rubbish for seven days, they will mind that their precinct will look dirty. The Ministry of Local Government also getting involved and talk to the utility providers and see if there is possibility.

HON. A.M. RADRODRO. - I cannot miss the monthly payment of electricity bill because the power will go off.

MR. CHAIRMAN. - Yes.

HON. A.M. RADRODRO. - May be you can get that platform with levy of monthly charge of \$20 or \$10, that will come when they pay their bill, it will come to you.

MR. CHAIRMAN. - Probably FEA will charge the small admin fee but that will take you off the legal cost and running after the tenant. Ministry of Local Government any ideas floated around that in your Commonwealth meetings?

LOCAL GOVT. REP. - I think the Act is currently being reviewed. Those views can be also taken into account. For that we need to do MOUs with those utility companies like FEA and Water Authority of Fiji.

MR. CHAIRMAN. - There are more stringent system like the U.S, they actually deduct it from the bank account and you will not even see the rate bit. .

HON. A.M. RADRODRO. - I think in Australia or New Zealand and US the insurance levy is part of their utility bills so when they pay that portion goes to emergency service.

MR. CHAIRMAN. - All right so we leave that as policy issue, probably you can have a discussion around that area.

Rental Income

It is important internal control measure that the Council reconciles its rental revenue with general ledger. It 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.

So the rental income, I believe the council has some property rented out to some people and then revenue is not reconciled at that time. What is the position now?

(Inaudible)

MR. CHAIRMAN. - All right. Approximately how many tenants would you have?

MS. A. VANUA. - In NTC Arcade?

MR. CHAIRMAN. - How many rental properties?

MS. A. VANUA. - We have different properties and different rental tenants.

MR. CHAIRMAN. - All right.

MS. A. VANUA.- Where we are located there is about 23 rental tenants who bring in about half a million dollars and then we have Namaka Industrial, we have about five tenants there and then we have the normal kiosks at the bus stations.

MR. CHAIRMAN. - All this is recorded in a ledger now.

MS. A. VANUA. - Yes.

MR. CHAIRMAN. - They are up to date with their payments?

MS. A. VANUA. - Yes.

MR. CHAIRMAN. - *4.14 General Ledger.* I think we had looked at that. The issue of general ledger system was not there. It is currently be maintained.

*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. 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.

So there is a Sewerage Service Fund Account, is that for providing sewerage service to tenants?

MR. R. ALI. - In mid 1970s, Nadi had septic tanks. That time there was an account operating which was providing services in the maintenance and inspections of all septic tanks, drain blockages and all that. After that, 90 percent of Nadi has sewerage system where as the Central Business District is about 100 percent sewerage. It all goes to Public Works Department, that is the Sewerage Department. They have taken over and collected the money through water rates. This is a dead account appearing here. It is best that it should be written off. It is nothing but it keeps coming.

MR. CHAIRMAN.- But there is no such service provided there?

MR. R. ALI.- No such service there.

MR. CHAIRMAN.- Who provides that now, Water of Fiji (WAF)?

MR. R. ALI.- The Sewerage Department provide those services.

HON. A.M. RADRODRO.- You said about 90 percent in the Central Business District (CBD), what about the 10 percent? Who provides that?

MR. R. ALI.- That is outside the boundary.

HON. A.M. RADRODRO.- The 10 percent that is not connected through the sewer.

MR. R. ALI.- That will be controlled through our Health Department and that sewerage would be septic tank.

MR. CHAIRMAN.- It is not a council issues anymore, it is taken by some other entity.

Alright. 4.16 FEA security Deposit.

“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 documentary records for FEA Deposit account may result in inaccurate financial reporting.”

What is this FEA security deposit? Is this the security deposit we pay to FEA for our connection? But they are saying here that the FEA deposit account had a balance of \$16,790. What does that constitute? Is that something that is owed by the council to FEA? Or people are owing that to the council?

OAG can you assist us? What is that amount?

MS. A. VANUA.- They owe to the council.

MR. D. PRASAD.- This \$16,790.89 was part of the receivable balance, however this amount could be recovered in the future, but in order to determine its existence and for what reasons it deposits there for, there were no records to substantiate this balance. We understand that there is a possibility that these deposits would be made to FEA but in order to determine the courtesy of the amount and for what reasons the deposits were made to FEA, we were not able to substantiate this. So we could not determine the recoverability of that.

MR. CHAIRMAN.- Is this money to the credit of Council or to the Debit? Is it owed to the Council or Councils owes it?

MR. D. PRASAD.- Receivables.

MR. CHAIRMAN.- Some people must be paying that to the Council for FEA deposits?

HON. A.M. RADRODRO.- No.

MR. CHAIRMAN.- No?

HON. A.M. RADRODRO.- It is the Councils Deposit for their connections.

MR. CHAIRMAN.- Alright. Councils deposit to FEA.

MR. D. PRASAD.- Yes, Councils deposits.

HON. A.M. RADRODRO.- For all the buildings.

MS. A. VANUA.- For all our buildings.

MR. CHAIRMAN.- But there is no breakdown there, of all the buildings?

MS. A. VANUA.- Yes. We had contacted FEA for this and they said they will get back to us to identify all our properties and the meters that we own per property and they will give us the details.

HON. A.M. RADRODRO.- The amount that is paid again.

MS. A. VANUA.- Yes, for each property.

MR. CHAIRMAN.- Because the council's comment in 2014 was "We are currently working on this", so please update us on whether that has been done or not.

HON. M.M.A. DEAN.- How is FEA responding, are they swift or are they consuming a lot of time giving their consent?

MS. A. VANUA.- They are consuming a lot of time.

HON. M.M.A. DEAN.- You can tell them that it went through Public Accounts Committee.

MR. CHAIRMAN.- It is their money, they do not want it. So what can the Council do?

HON. A.M. RADRODRO.- It would assist if you provide FEA with your details.

MS. A. VANUA.- We have given our meter numbers to them.

MR. CHAIRMAN.- Because that money is owed to FEA in terms of a deposit, FEA does not want to chase their money, then what can the Council do?

MR. P. DINING.- We have already paid it to the FEA for service provisions and they are holding it. This is an asset in our accounts.

MR. CHAIRMAN.- Yes, you just have to have a ledger done for that.

HON. M.M.A. DEAN.- So have they given any responses why they are holding this?

MR. P. DINING.- (Inaudible)

HON. M.M.A. DEAN.- Any reason they have given why they are still holding on to this?

MR. CHAIRMAN.- Oh no, because lines are connected, so they will be holding the deposit. It is just a question of verifying which meter, responding amount to the meter.

MR. P.DINING.- I would have thought that would be relatively easy for FEA to identify this, and I may have the same issue with the Auditor General, you did the audit of FEA, you will find that they have not got enough record.

HON. M.M.A. DEAN.- I do not see any reason why they should be delaying in identifying because they can always do it through their meter records.

MR. R. ALI.- All the meters are recorded under the name of Nadi Town Council, obviously Nadi Town Council has paid FEA. These are the money which we would have taken from individual tenants. If that person moves away, and all their dues cleared, we might refund it to the person. Because FEA will not give you the meter without a deposit.

MR. CHAIRMAN.- Exactly

(Inaudible)

MR. R. ALI.- It is in our ...

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- It has to be verified, how many meters, which meter corresponding amount and the total.

MS. A. VANUA.- Is it all coming to Town Council.

MR. CHAIRMAN.- Yes. 4.17 Discrepancies noted in Property Plant and Equipment – I think we have answered that. There were some properties that were discarded. Sundry Deposit.

“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”

The sundry deposit listing contributions public car park, curio vendors, tender deposits, rates prepaid, contribution for works miscellaneous. So \$706, 930 have been the sundry deposit for that, that includes those six items but records were not maintained that time.

“Non-maintenance of appropriate sundry deposit listing increases risk of incorrect and untimely payment to the beneficiaries.”

What is the position now? Has it been rectified?

MS. A. VANUA.- We have reconciled, I will just go through. We have reconciled public car park, curio vendors we have also reconciled the Tender deposits.

MR. CHAIRMAN.- Right. Rates prepaid?

MS. A. VANUA.- We have not reconciled that.

MR. CHAIRMAN.- Contribution for works?

MS. A. VANUA.- We cannot find documents for that.

MR. CHAIRMAN.- Who curio vendors? ?

MS. A. VANUA.- These are our tenants at the curio handicraft, yes they had paid a deposit to us.

MR. CHAIRMAN.- When they leave, you refund them their deposit?

MS. A. VANUA.- Yes.

MR. CHAIRMAN.- And what about contribution for works? What sort of works do they contribute for? SA would you know what sort of contribution of works are there? Perhaps if a driveway is done to a particular place, they contribute or something like that?

MR. P. DINING.- (Inaudible)

MR. CHAIRMAN.- In 2012 the comment was “We are currently working on this”, perhaps when you respond to all the questions that we raised earlier, you can also include that.. Just include it in there with some explanation.

That was all on the audit issues that we had of the council, we are thankful to the Council for that part of the submission, we have about an hour left for the Special Audit Report for Performance Audit that was done by the Council.

Members and the Nadi Town Council would note that the Auditor General Office took a special performance audit of respective sectors of public offices or agencies. One of those was the contractual engagements by municipal councils. For the past two days we have had a look at Suva City Council and Nausori Town Council on how they engage contractors and what sort of activities they undertake. In terms of tendering amount, special procedures on tenders and the three quotes and the value of jobs, inspection, et cetera. We have noted some areas of concerns noted by the Auditor General by the Nadi Town Council. So, Honourable Radrodro would you like to take the council through that?

(Inaudible)

MS. A. VANUA.- Yes Sir.

HON. A.M. RADRODRO.- Your policy framework 4.16 on the policy framework Nadi Town Council does not have a contract policy in place at the time of the Performance Audit. The council's operating procedures yet to be approved by the council. The council is following manual of accounts. Has that been formalised to date?

MS. A. VANUA.- We have not formalised that, we have not presented one to be approved by the council. We are still following the manual of accounts.

HON. A.M. RADRODRO.- How have you been doing the tendering process in terms of contractual engagements?

MS. A. VANUA.- What we have done with tenders according to ...

(change mic)

HON. A.M. RADRODRO.- The contract planning, the auditors found out that for Nadi Town Council there is no contract planning in terms of contract work engaged by the council that is on table 4.2 – Nadi Town Council that would indicate that strategic planning exist but no copies were provided to the audit.

MS. A. VANUA.- The last strategic plan ended in 2014. Currently the CEO is working on a 2017-2022 Strategic plan.

HON. A.M. RADRODRO.- What about in terms of your contract planning? Do you have a plan of all the contracts engaged during the year? The possibilities? How do you engage your contracts? Is it planned out? Is that what is meant here by the Auditor General? OAG the existence of contract planning, if you can elaborate further for Nadi Town Council to give their comments.

MR. P. DINNING.- We are working on a strategic plan, we also have an Annual Corporate Plan which outlines our operations for the year. There is a section which has Performance Measures for Contract Management.

Those performance measures include that there will be contracts in place for contracts and those contracts and service standards will be reviewed and reported to council on a regular basis in accordance with the specific standards as outlined in the contract. Throughout the year we review the contracts in terms of performances of the contractor. We

review the work of the contractor on a monthly basis and we also ensure that there are contracts in place for those contract of works.

HON. A.M. RADRODRO.- (Inaudible)

MS. N. MICHAEL.- With the contract planning it is normally included in the council's strategic plans. They plan out the contracts that they are going to carry out say for the next two years, because we were not provided with the strategic plan. I think for that year you were still in the process of having your strategic plan done.

MS. A. VANUA.- The last plan finished in 2014

MR. R. ALI.- Sir, are you after the method in which we award contracts or you are just looking at the strategic plan?

HON. A.M. RADRODRO.- Inaudible

MR. R. ALI.- Not specifically how we award the contract. No, it is not that.

MS. N. MICHAEL.- The contract planning is that they plan out their contracts and the awarding of the contracts during the first two years in the strategic plan.

MR. R. ALI.- I take it that we plan in the next two years how many works will be tendered out or outsourced. We have got some and it is going on. Maybe for next year we will further discuss how many other works will go out on contract.

MR. A. MATAIULA.- SA what the Auditors have referred here is, you know during the year you used to carry out your budget for the year and also for the planning of the capital purchase or capital construction. You need to plan all those contracts because you will engage the contractors during the year. What they have put down in the report that those contract planning we do not have in place. There are some procedures that we need to follow in terms of identifying those contracts. That is why they come up with this recommendation. It was carried out in 2014. By now we should implement what the recommendation have stated in the report. I think that is where they are coming from.

HON. A.M. RADRODRO.- In other words when you prepare your plan or your budget you would have set out how much for construction, how much for other services that you contract out, that would give you an indication of what your budget amount for the year is. That is probably what is meant here, that when you put out a figure, there is a detailed supporting work that is supporting those figures in your budget.

Is that right OAG? That everything needs to be planned out according to what you will incur in the year otherwise the figures that you put in there may not be utilised during the year if you do not have proper planning contracts.

MR. R. ALI.- We had a garbage collection contract. During the time we were awarded, we heard it was for three years so we had plans for three years. In between each year when we are preparing budget we were making allowances for that. The same applied to the grass cutting contract and 20 contractors were contracted.

HON. A.M. RADRODRO.- I do not know whether this contract planning is for capital construction or for both? In all the seven municipalities they probably have the same problem of not having a contract planning in place except for Lautoka Town Council and Suva City Council. That is probably the issue in terms of proper planning, but situations when there is a flood, an act of God, that plan will have to be revised.

In terms of your risk assessment that comes together and key elements of contractual engagements. It has also identified human resources involvement in contractual works, where staff are involved, technical staff, expertise and all. For Nadi Town Council two meetings were conducted, first meeting is the Tender Committee, when they open the tender box once the report is presented, engineering depending on the nature of the tender.

MS. A. VANUA.- We have four departments in the Council, depending on the nature of the tender the Department is involved in for example Health they look after garbage contract, Building is usually on big infrastructure projects, Finance looks after IT, the Engineering looks after services and other work.

In the tender process the first meeting is when we closed the tender, we invite the tenderers to come in for the opening of the tender. In that opening of the tender we disclosed the amount that they have tendered for and the company; which is given to the respective HOD who prepares the submission for Council to deliberate on. One of the issues highlighted by the Auditor-General is to have a separate Committee to look after the awarding and one to look after the other formalities. But that used to happen when we had a Council in place but with the Special Administrator operating at the moment; it's the SA and CEO with all the HOD's who make up just one Committee. We open the tender, we analyse and deliberate.

HON. A.M. RADRODRO.- The other technical expertise who conduct those analyses and deliberation?

MS. A. VANUA.- Yes. One good example is the awarding of the Namaka Market, which is Government grant. We employed a technical expertise namely Maisuria Consultants who look after all the technical sites. They work together with our Building Department and make submissions to Council and payments as well.

HON. A.M. RADRODRO.- OAG, is that explanation suffice as that finding that you have highlighted?

MS. N. MICHAEL.- We will need to carry out follow-up audit on this topic in order to verify the comments given by the Council.

HON. A.M. RADRODRO.- The other one is...

MR. R. ALI.- The procedure entails that on the day when we open the tender we invite those who have collected forms to tender including a police officer. We opened the tenders in front of them, all the tender documents are signed and then submitted to respective Department Heads who will analyse and do the shortlisting process. Some of them do not list all the required criteria. We call all the tenderers and interview them for more information, if we feel they have not address it. Our tender recommendation is forwarded to the Ministry who will give the final say, to accept or reject our recommendation.

HON. A.M. RADRODRO.- The other one is the Contractual Agreement 5.2.3 the performance audit for Nadi Town Council but the auditors have highlighted a number of key items that are not included as part of the general and special conditions of the contract. Items

include confidential information, termination and contract end dates and penalties. What is the current scenario in terms of your contract arrangements? Who vets it now? Who approves it?

MS. A. VANUA.- The penalties is in the contract. We have a copy of one of our contracts that was awarded for garbage it is included in there. The contract end days we specifically just say for three years but we do not write in the agreement which they have highlighted the beginning date and the ending date. We had just say for three years and this is the contract value. What they want is to have a start date and an end date.

HON. A.M. RADRODRO.- Has that been improved now? Have you included the specific dates of commencement and ending?

MS. A. VANUA.- Yes, we have.

(Inaudible)

HON. A.M. RADRODRO.- And the confidential information clauses relating to information, identify dealt with and return on completion of the contract. The first point.

MR. R. ALI.- What sort of confidential information is it refer to?

HON. A.M. RADRODRO.- OAG, can you elaborate in your confidential information issue that you have highlighted there?

MR. A. MATAIULA.- Just to add on to that the current practice that we are doing now all those contracts that are done by the Council, they submit it to the Ministry and we submit to SG's Office to check all those details. All those information are incorporated in the current arrangement that we have now.

HON. A.M. RADRODRO.- Any contract amounts?

MR. A. MATAIULA.- Any contract amounts.

HON. A.M. RADRODRO.- \$500?

MR. A. MATAIULA.- No, no \$10,000 above.

HON. A.M. RADRODRO.- Below?

MR. A MATAIULA.- Below I do not know how the Council handles that

MR. R. ALI.- Below is on three quotations.

HON. A.M. RADRODRO.- The next one is vetting of contracts that is good now for Nadi. Records management – Nadi records maintenance file maintains by the respective sections pertaining to tenders of the contracts were given for audit 5.3.1.4 - Table 5.9 – record management was poor, paper filed in the file were not serially numbered in terms of record management for Nadi Town Council, has that been attended to?

MS. A. VANUA.- Sir, this has not been rectified.

HON. A.M. RADRODRO.- Has not been rectified?

MS. A. VANUA.- We have not serially numbered the pages.

HON. A.M. RADRODRO.- So you need to work on that? Improve in the absence of proper records there could be no clear audit trail of contractual activities, undertaken and the Council Management would not being in the position to make timely decision regarding

tender and contract engagements. Payment to contractors Table 5.10 – no supporting documents when the invoice are submitted to accounts, Accounts Clerks always check for sign off, work done according to standard requirements is checked by the Department. The invoices are forwarded to Finance Department where the department assumed that every process have been followed because the invoice is signed off which signifies the invoice is ready for payment. No contract payment register to record payments made to the contractor. That is basically the process of payments. What the Auditors have identified in terms of processing of payment for contractors?

MS. A. VANUA.- Currently, in place when the invoices comes in for payment:

1. It has to be signed off by the HOD;
2. There has to be a report provided together with the invoice; and
3. Then we can execute payment.

Based on the payment register for every contract we have a register and that started from 2014.

HON. A.M. RADRODRO.- So all the contractors payments are now

MS. A. VANUA.- Yes, in the register.

HON. A.M. RADRODRO.- What is register called?

MS. A VANUA.- It is a book known as the contractors register, every contractor have their own register.

HON. A.M. RADRODRO.- Supporting documentation for those payments?

MS. A VANUA.- Yes I have a copy of the register.

HON. A.M. RADRODRO.- Managing of performance of contractors, for Nadi Table 6.1 no documented evidence of monitoring of contract noted. How has that been attended to?

MS. A VANUA.- There is documentation provided now. No payment is approved without that documentation.. It is all attached with the invoice.

MR. D. PRASAD.- We will need to do a follow-up audit and verify the comments given.

HON. A.M. RADRODRO.- Managing complains and contractors work, 6.5. What the auditors have found out specifically for Nadi. Council have found complaints about the process and the cycle and the contractor has been informed to address and if it is not done by the contractor, the task is carried out by the contractor and the cost is deducted from the sum agree to get paid to the contractor. Is this still the current practise or under the performing contractors?

MS. A VANUA.- We have a grievance officer, who looks after all the grievances that comes to the Council and that is a new position. We record all details of the complaints and then we inform the respective department that is involved and then we get back to them to inform what has the Council done and it is been recorded we have got evidence of that.

HON. A.M. RADRODRO.- Complaints and contractors work, like for grass cutting et cetera.

MR. P. DINNING.- Currently we have got penalty provisions written into the contract whereby our work supervisor has to sign off on a monthly basis for the work and inspect the works. If the works are not up to standard, the penalty clause applies and the payments are deducted according to the discrepancies associated with that deficiency. If they have not done the work the payment gets deducted.

The other alternative is the Council's day labourer will go and do the work and we will deduct that amount also from the contract.

The complaints we get through the grievance register is that the drain has not been cleared or it is too high, that means that the contractor has not gone in and done the work but when they do the work we also monitor the work in terms of the standard of work that is done. There is two level of complaints, one that the work is not been done and the other is on standard of work that has been done.

(Inaudible)

MR. P. DINNING.- Yes the works programme provides the regular contractual engagement in house, for grass cutting we have got zones, we have got similar zones for drain cleaning and those contractors are required to perform those task on a regular basis.

HON. A.M. RADRODRO.- What are the services that you contract now?

MR. P. DINNING.- Drain cleaning, grass cutting and we do waste collection in house now and also some drain construction work.

HON. M.M.A. DEAN.- Just adding onto this issue of contract, CEO you did mention that there is a widening of Nadi River. Is there a certain project I mean informally you had mentioned? So that project is through who, is it a donor agency?

(Inaudible)

MR. P. DINNING.- The study on the Nadi River Basin was done by the Japanese International Corporative Agency (JICA) and that was done a number of years ago. The last referral of that was done in 2014 to the Ministry of Agriculture to oversee the report. I understand in 2017 budget allocation was provided to scope some works, there is about seven element of work associated with the management of the river and that includes flood mitigation, widening, dredging, retention et cetera across the basin and also includes diversion works.

Those works need to be scoped up because they are extensive and expensive and I understand the contract or a tender is being prepared and led for the scoping of those works to understand which works need to be done first but we are not involved in that.

HON. M.M.A. DEAN.- The Council is not involved in that

MR. P. DINNING.- No. That is outside our scope of expertise and also capacity to manage and contract to that magnitude but probably talking just under a building .....

HON. M.M.A. DEAN.- If parts of the project is through the Council areas, the Council will not be involved?

MR. P. DINNING.- Our involvement in the early stages is as a stakeholder and has a local facilitator to bring other stakeholders in, the landowners, villages et cetera but we certainly will not be a party to the delivery of those works. We will be a stakeholder that is involved and we may even have a role to play in terms of the discussion with landowners where their land may need to be purchased or required to undertake those works but we do not expect that we would be principal in terms of the contract.

HON. M.M.A. DEAN.- Okay.

HON. A.M. RADRODRO.- Documentation to access the monitoring. There there is a statement there that we are currently working towards this and the moment we have a Government funded project, new Nadi market extension and vendor hostel. Where about is this project?

MR. P. DINNING.- Project is in Nadi town, the vendor hostel and the extension to Nadi market.

HON. A.M. RADRODRO.- Market extension and vendor hostel, where is the vendor hostel?

MR. P. DINNING.- On top of that market.

HON. A.M. RADRODRO.- And this contract is all good?

MR. P. DINNING.- Those works being completed three years ago and we are now embarking on construction of the Namaka Market and a vendors' hostel.

HON. A.M. RADRODRO.- Just these issues in terms of ...

MR. P. DINNING.- The lessons we learnt at Nad, we will apply in Namaka. We have a Project Control Group includes the Special Administrator, myself, the Manager of Building and Projects, the consultant architect, Maisuri Design and up to that stage where we let the contract and now the contractors also engage in that Project Control Group so we regularly review that contract and submit a report. Probably every three weeks to the Ministry.

HON. M.M.A. DEAN.- Will that market be a double story building?

MR. P. DINNING.- There is a flight path from the airport through which will prohibit three stories and it also regulates the reflection on the roofs. There will be a second story which incorporates the conference room and office.

HON. M.M.A. DEAN.- I am asking him because I am from Nadi.

(Inaudible)

HON. M.M.A. DEAN.- No, because people asked me.

MR. P. DINNING.- And vendors' hostel up there similar to the hostel at the Nadi market.

HON. M.M.A. DEAN. –The vendors' hostel will be connected to the market?

MR. P. DINNING.- Up stairs also, yes. So, there is also a floor so there is also a market capacity upstairs as well as downstairs but we did not go out and get enough money to build the third floor.

MR. R. ALI.- Because of the airspace.

HON. A.M. RADRODRO.- There is a lot of roads upgrades. Does the Council communicate with FRA in terms of the upgrades that are going or it is just left to the FRA to make and decide? Does the Council have any input?

MR. P. DINNING.- My understanding was that there was a significant consultation before those road works were undertaken. Some of those works changes as they get delivered because the design may not be necessarily suitable to the actual physical layout or the location of some of the services so there is some change. We meet monthly with FRA's Work Supervisor for the Western region. We are meeting the CEO FRA tomorrow.

HON. A.M. RADRODRO.- What's the meeting for? Inaudible

MR. P. DINNING.- The meeting is to go through general progress of works and also to raise issues. There is often complaints were received that we can facilitate on behalf of the FRA and we make sure that we communicate those in that meetings and then get back to our complainants.

HON. A.M. RADRODRO.- The main upgrade there is the junction from the back road to the main road where you cannot turn right, the sign there. Even the sign is improper.

MR. P. DINNING.- We will have that fix for you..

MS. A. VANUA.- The ..road.

MR. P. DINNING.- Main road.

HON. A.M. RADRODRO.- From the back road to the main road.

MR. P. DINNING.- Alright, we will have that fix for you by this time next year.

(Laughter)

HON. A.D. O'CONNOR.- Mr. Chair, if I may just make a comment.

MR. CHAIRMAN.- Yes.

HON. A.D. O'CONNOR.- At the time with all the hazardous created by the four lane being built between Votualevu junction and the airport there were so much queue and cry

from the general public. It is all over and not one word of thank you from them. . This is the problem, the people will complain about progress however when it is all done, they will not thank you. .

MR. CHAIRMAN.- Do not worry about that Honourable Assistant Minister. People will thank us through the ballot in 2018.

HON. RATU S. MATANITOBUA.- Inaudible.

HON. A.M. RADRODRO.- Just the clarification, at the back of the back road the squatter settlements there, are they part of your boundary

MR. CHAIRMAN.- Which back road?

HON. A.M. RADRODRO.- Navakai, next to the Water Authority.

MR. CHAIRMAN.- The FSC property.

(Inaudible)

HON. A.M. RADRODRO.- The Denarau junction.

MS. A. VANUA.- That is in the boundary.

MR. R. ALI.- But part of it will come into that boundary.

HON. A.M. RADRODRO.- Not in the boundary yet.

(Inaudible)

MR. CHAIRMAN.- There is a general question, we heard from other city councils and town councils that squatter settlements, the informal settlements they come within the town boundaries but because they do not have proper lease tenancies you cannot charge any rates on them but you still do services for them. They used street lights and roads and you still pick up garbage from their properties. What is the situation in Nadi? This informal settlement and there is Navakai roundabout, FSC Lane used to be, there is one settlement there.

MR. R. ALI.- Sir, currently, none of the informal settlements are within our boundary.

MR. CHAIRMAN.- Alright, none of them.

MR. R. ALI.- All out but they are right on the boundary on the other side, Tako Estate, Kerebula and all those areas. Unfortunately that has been developed in such a way you cannot extend our services in that area such as garbage collection. We are encouraging them to find a space where they can bring their garbage and put it at one point for collection. We will talk with the Nadi Rural Local Authority and come to an arrangement where we pick it once or twice a week.. It will be on cost basis, we work out something like providing street light and making a road there is impossible. We have to bulldoze certain houses there.

MR. CHAIRMAN.- It will be a difficult situation for you if the boundaries extended and some of these settlements come into your boundary.

MR. R. ALI.- No, it is not coming.

MR. CHAIRMAN.- It is not coming? Alright, so that is good.

MR. R. ALI.- But there are other problems.. They are dumping their garbage into our boundaries. We have to pick them at night and in the weekends.

MR. CHAIRMAN.- There are some people who pay rates for their rubbish to be picked up and then you have those from informal settlements who put theirs too for collection. You cannot leave those rubbish behind, it will litter the town.

HON. A.M. RADRODRO.- Inaudible.

MR. P. DINNING.- We had some sessions with some of the villages in terms of garbage pickup and refuse and the initiative at this stage where we put the mini skips at each end of the village. It is something that the villages are quite happy to fund. They have indicated to us that they prepared to pay contribution to work with pickup of garbage to help alleviate the problem of waste management in villages. While there might not be a right levy through a right notice, there will be a contribution that will offset some of the cost incurred. There is a couple of villages Namotomoto only one where a garbage trucks were actually drive through them but they are not officially in our town boundary. To pick up the rubbish in those villages is not going to create a big additional cost. We still have to dispose it but we are actually servicing other parts of the community where we drive through those areas. If we manage it efficiently enough we can provide a service and get a contribution and also make an environmental impact that is positive.

MR. CHAIRMAN.- That is a good initiative.

HON. A.M. RADRODRO.- Just one last question to Nadi Town Council. You mentioned about rubbish. Each municipalities should have their own rubbish dumping area. Where is Nadi's?

MR. P. DINNING.- We are really fortunate with our rubbish facility because Lautoka look after it for us. We take our rubbish to Lautoka and the reason for that is that the airport will not allow our rubbish facility within flight path of the aeroplane because of bird strike. We had discussions with Ministry about a regional facility where Nadi and Lautoka can share that facility. Currently all waste goes to Lautoka.

(Inaudible)

MR. CHAIRMAN.- May be \$11,000 a month.

MR. P. DINING.- So we had \$32 a tonne.

MR. CHAIRMAN.- Expensive.

MR. CHAIRMAN.- On behalf of my Committee I would like to thank the Nadi Town Council for appearing before us and taking us through their responses. Most of the questions

were thoroughly answered. There are few that are remaining and we are grateful if you can provide your answers within a week for us to compile our report or 14 days maybe two weeks. We have managed to complete Nadi Town Council audit issues and also the special audit on performance audit. There are some improvements that have come along since the current team has come on board. We note that some of the issues arising now were from a different administration. Some of them are appearing before the courts because of issues with FICAC. There are some issues here that cannot be explained unless there has been some malice on the part of some previous administrators. I will leave that for the court to decide. I hope this current team continuous with the work they are doing and future reports that come to us will be clean and will be few issues to deal with.

Any final comments, SA or CEO before we close the session?

MR. R. ALI.- We are very fortunate to be here and thank you very much. We have had a very healthy and informative discussion. We have learnt a lot. The Committee has put us in the right track on what we are supposed to be doing. We are taking note of it and are thankful to the Committee.

MR. CHAIRMAN.- Thank you very much, Members. We adjourn for five minutes before reconvening. Council thank you very much for attending.

The Committee Interview adjourned at 12.42 p.m.