

VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY, 2ND NOVEMBER, 2017 AT 9:32 AM.

Submittee : Ba Town Council

In Attendance

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| 1) | Mr. Dip Narayan | – | Chief Executive Officer |
| 2) | Ms. Manjula Devi | – | Manager Finance |

Ministry of Local Government

- | | | | |
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| 1) | Mr. Alipate Mataivilia | - | Senior Accounts Officer |
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Office of the Auditor General

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| 1) | Mr. Dineshwar Prasad | - | Director of Audit |
| 2) | Ms. Unaisi Namositava | - | Audit Manager |
| 3) | Ms. Nunia Michael | - | Senior Audit |

MR. CHAIRMAN.- Good morning everyone, thank you for your attendance to the Public Accounts Committee this morning Honourable Members, secretariat, members of the media and staff.

Today we have the members from Ba Town Council who are here to present on the audited Accounts of the Ba Town Council and also on the Performance Audit that was carried out by the Auditor-General. for that purpose we have the Chief Executive Officer of Ba Town Council - Mr. Dip Narayan and the Finance Manager – Ms. Manjula Devi, I welcome you both to the Public Accounts Committee.

We are assisted today by the officers from Auditor-General's Office, Mr. Dineshwar Prasad, Ms Unaisi and Ms. Nunia who will be assisting us throughout. We also have an officer from the Ministry of Local Government Mr Alipate who has been here with us throughout this segment.

We are doing an important task on behalf of the Government in Parliament and that is to scrutinise the Accounts of all the entities that have some Government input in terms of finance including municipal councils and other entities. These past two weeks we have been looking through the Accounts of municipalities including Suva City Council, Nausori Town Council, Nadi Town Council, Sigatoka Town Council and yesterday we had Lautoka City Council (your neighbours) and today we have you Ba Town Council.

Before we go into the Accounts you probably aware the Honourable Members that we have. On my left we have Honourable Aseri Radrodoro and Honourable Ratu Naiqama Lalabalavu the two members of the Opposition. On my right Honourable Deputy Chair Mohammed Abe Dean, we have Honourable O'Connor the Assistant Minister for Health who is away on official duties I am also from the Government side.

You make a brief introduction if CEO and then we can take you through the questions.

MR. D. NARAYAN.- Thank you Chair, Honourable Members and staff of the Public Accounts Committee. We thank you for the opportunity to make our submissions on the 2012, 2013, 2014 Annual Audit Accounts; I am Dip Narayan, the Chief Executive Officer of Ba Town Council and on my left is Ms. Manjula Devi the Financial Controller of Ba Town Council.

MR. CHAIRMAN.- On issues that has been raised you note that the 2013 Audit Opinion by the Auditor-General on Ba Town Council carried the words “disclaimer of opinion”. Disclaimer of opinion arises when the OAG is not satisfied that the documents or information that were submitted to his office at that time of the audit something was missing, or not explained, which resulted in disclaimer of opinion. Apart from that we have other unqualified which is a clear opinion or qualified which has the issues. Disclaimer of opinion is a more serious reporting because the Office of the Auditor-General is unable to certainly say whether their Accounts are proper or not because some of the information are missing.

The first issue noted here on bullet point 1 if you have the Auditor-General’s Report before you on Page 1:

- It is noted that the Council is a municipal council and its financial statements are required to be prepared in accordance with International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs). The Council is yet to comply with IFRS for SMEs as required for General Purpose Financial Statements.

As at 2013 your Council was not complying with the IFRS for SMEs System of Accounting. Are there any comments on that?

MS. M. DEVI.- The Council has adopted the International Financial Reporting Standard from 2016 Financial Statement.

MR. CHAIRMAN.- From 2016?

MS. M. DEVI.- Yes, Sir.

MR. CHAIRMAN.- If this was picked up in 2013 why was not it implemented earlier? The report would have been tabled in Parliament and you would have been aware of that since 2014?

MS. M. DEVI.- The former Accountant got sick in year 2015, he was not able to prepare the 2012, 2013, 2014 Accounts. In 2016I prepared the Account and used the IFRS system.

MR. CHAIRMAN.- IFRS system was there in the Council. It was just a matter of using it or was it introduced by you later?

MS. M. DEVI.- It was introduced but we started using it in 2016.

MR. CHAIRMAN.- What happen to the previous Accounts Officer?

MS. M. DEVI.- He was sick.

MR. CHAIRMAN.- What kind of sickness? He suffered from stroke I think?

MS. M. DEVI.- Yes, Sir.

MR. CHAIRMAN.- I am staying out of town, was that the reason why the absence of the accounts?

MS. M. DEVI.- Yes, that is why there was a delay in the IFRS system. We were expecting him to come back to work but unfortunately he was not able to return.

MR. CHAIRMAN.- They have now implemented the IFRS for SMEs.

HON. A.M. RADRODRO.- This has been a consistent issue for municipal councils. The need for municipal councils to adopt these IFRS systems for SMEs. Why it is the Auditor-General sees it fit for the Council's to adopt this IFRS, it seems to be part of your opinion. Council can just follow what the Government standard is doing? Government accounting system is not followed, why is it that the Auditor-General is pushing for this standard to be followed?

MR. D. PRASAD.- As per the Act, the council are required to follow the Financial Reporting Framework as approved by the Fiji Institutes of Accountants. The Fiji Institutes of Accountants prescribed the two frameworks the IFRS for SMEs and the full IFRS. The full IFRS is for larger entities and IFRS for SME's is for smaller entities where smaller councils fall in. Lautoka and Suva City Council is on full IFRS, while the other municipal councils are adopting IFRS for SME's. Any other councils that are preparing their financial reports based on any other accounting framework besides IFRS for SME's or full IFRS, the Auditor General issues a Disclaimer of Opinion. Because the Act clearly states that they need to prepare their financial statements based on the financial statement framework as approved by the Fiji Institute of Accountants.

MR. CHAIRMAN.- I understand that the full IFRS is a much more expensive way of doing accounts and there was a tailor-made design IFRS for SME's that is cheaper and more suitable to councils.

HON. A.M. RADRODRO.- My questions was relating to the push by Auditor General to adopt this IFRS system. In fact you are mentioning the fact this is according to the Fiji Accounting Standard, but the Government does not follow the Fiji Accounting standard. Previously most of this municipal councils were just following the standards of accounting. You would agree with that. Why push for this particularly?

MR. D. PRASAD.- The Local Government Act states that the municipal councils needs to follow the guidelines as per the Fiji Institute of Accountants. So under the Fiji Institute of Accountants there are only two frameworks, the IFRS for SME's and full IFRS.

Maybe the Ministry of Local Government can share some light on that?

MR. CHAIRMAN.- Yes, Ministry, if you are aware, what are the advantages of using IFRS for SME's as opposed to other systems or the manual systems. What we have heard earlier is that the manual system was not too accurate from other councils.

MR. A. MATAIVILIA.- I agree with you. I think the manual has been around for quite some time and we are moving on to the change in the technology and also in the system of the accounting software, that is why this is a requirement for the councils to implement this at this stage.

MR. CHAIRMAN.- One of the councils that moved from the manual Excel system to one of the electronic system stated that it is easier to keep records, it is harder to erase those records, isn't it? The manual system, you can lose things and then that results in missing documents.

Bullet point two.

HON. A.M. RADRODRO.- I think what used to happen before is the councils prepare according to the Fiji Accounting standards and now this has been introduced. We do not know how long FIA will keep it for. What about the cost to the council? How much does it cost to change from the old system to the new system? Is this one of the impacts of this where you have a disclaimer of opinion because of this change in the system?

MS. M. DEVI.- By using this IFRS system, Ba Town Council has to pay \$3,600 this year. From the three quotations we received, \$3,600 was the lowest. We have to do it on our own from next year.

HON. A.M. RADRODRO.- (inaudible)... of trying to push through the FIA's standards.

MR. D. PRASAD.- The cost is just a one off because once the transition is made from the Fiji Accounting Standards to IFRS for SME's, what the council needs to do is to follow that. They do not have to incur this cost every year. That does not restrict the council, if the councils has got qualified Accountants who can assist transit from Fiji Accounting Standard to IFRS for SME's, they can do it themselves. It is not mandatory that all the councils need to engage the experts or the accounting firms to carry out these transitions. But where there is a lack of expertise in the councils, they need to go for the experts.

MR. CHAIRMAN.- When we heard from the Auditor General in our briefing when he was here at the beginning of the session to brief us on the system, he said that one of the needs for IFRS was that the same principle applied across the board. It is easier for them to do their accounts.

MR. D. PRASAD.- IFRS and IFRS for SME's is now a global practice, not only in Fiji. It brings about transparencies, lot of disclosures which is also useful when councils would be applying for a loan to banks, so because there is an added disclosures in the financial statements.

There are a lot of changes in the accounting standards with IFRS for SME's and full IFRS is bringing. That requires a change from the previous practice, in terms of accounting for certain components in the balance sheet. For example, property plant and equipment, Previously there were some assets which we released out to tenants but those are all recorded

as property plant and equipment. Now under IFRS for SME's, those assets would be segregated and be recorded as investment properties. There are changes that will happen to the balance sheet and there are certain components which should not be recognised under IFRS for SME's which we recognised in the older framework. These are some of the changes and that is why FIA has approved these two standards to apply. Anything other than these two, then obviously auditors have reservations in their opinion.

MR. CHAIRMAN.- Thank you. Bullet point two.

“Accordingly, the Auditor General is unable to determine the impact on the financial statements of the Council if any, adjustment which may be necessary...”

I think that is already answered, IFRS for SME's.

Bullet point three is included in this statement of financial...

HON. A.M. RADRODRO.- How different is this IFRS reporting to the previous reporting standard? What is the difference in terms of reporting?

MR. D. PRASAD.- I gave an example on property plant and equipment. Investment property, their cost is quite high, the measurement of the investment property is different from the property plant and equipment. Mostly the investment properties are measured at cost and subsequently measured at fair value, because it derives the returns. It also requires a lot of disclosures in the financial statements. We will not be able to see the impact unless the council moves to IFRS for SME's, because when they move, there are certain choices in IFRS for SME's like how they want to measure the assets and how they want to recognise that assets in their books. Unless they move to IFRS for SME's, we are not able to determine the impact. That is why the Auditor General decides that he was not going to give an opinion on the fairness of the financial statements. Since there was no assessment done, there was no transit done, he is not able to assess the impact.

MR. CHAIRMAN.- Let us move on to the next one.

“Included in the Statement of Financial Position for General Fund and Parking Meter Fund are VAT payable amount totalling to \$110,529. However, there is an un-reconciled variance between the general ledger and VAT reconciliation of Statement of VAT account amounting to \$100,388. Due to the variance the Auditor General is not able to satisfy himself if the VAT payable amount is correctly stated in the financial statements.”

There is an issue of non-reconciliation between your VAT payable and your General Ledger.

MS. M. DEVI.- “Ba Town Council has been reconciling VAT and filing returns to Fiji Revenue and Customs Service (FRCS) monthly. General Ledger includes Rates Charge VEP but yet to be paid to the Council. Once payments are received by the council then VAT paid to the FIRCS. From 2014, Council has been paying VAT as per current Rates Invoice raised.”

MR. CHAIRMAN.- This was picked in 2013 and at that time it was not reconciling, are you saying that after 2014 you are able to reconcile?

MS. M. DEVI.- No, we are still not reconcile and the reason is the rate payers, they are still owing us rates. Once we will receive the arrears, we will pay to the FRCS.

MR. CHAIRMAN.- Are you depositing the parking meter funds in the same account as the general fund or as the separate account?

MS. M. DEVI. - Parking meter is a separate account.

MR. CHAIRMAN. - The general fund and the VAT, VAT is applicable to which account? Parking metre fund or is it the general fund?

MS. M. DEVI. - VAT is applicable to both accounts.

MR. CHAIRMAN. - Both accounts.

MS. M. DEVI. - When we pay VAT to FRCS, we put general account and parking metre account together.

MR. CHAIRMAN. - And what sort of VAT is applicable to the parking metre fund?

MS. M. DEVI. - VAT we pay on the metre tolls we receive.

MR. CHAIRMAN. – All right. The meter tolls you receive, that is an income?

MS. M. DEVI. - Yes.

MR. CHAIRMAN. - And you pay VAT on that?

MS. M. DEVI. - Yes, Sir.

MR. CHAIRMAN. - What is going to the general fund?

MS. M. DEVI. - General fund, we are receiving business licenses, market stall fees and rates, dump fees.

MR. CHAIRMAN. - Rates go in the same one?

MS. M. DEVI. - Yes, Sir.

MR. CHAIRMAN. - The issue here is the General Ledger. What we heard from most councils that any amount that is coming in they have a ledger there. They note , even though it goes in a lump sum general account, you have separate entries to record what those funds represent, say, x amount for rates, x amount for market fees, x amount for bus bay or carrier bay fees, are you keeping ledgers for that?

MS. M. DEVI. - Yes, Sir.

MR. CHAIRMAN. -Are the ledgers reconciling now in terms of what is collected and what is paid? You do monthly reconciliations?

MS. M. DEVI. - We do reconciliations every month for the other revenues like bus station, carrier, taxi and market stall fees, that is a daily income. We receive it every day, every week, every month. We pay directly to the FRCS. For rates whatever we receive from the rate payers, we pay VAT on that.

MR. CHAIRMAN. - Yes, but at that time the payment was not reconciling, what is the current situation?

MS. M. DEVI. – Ratepayers owed us arrears. Once we receive those arrears, we will pay FRCS.

HON. M.M.A. DEAN. - What are some of the strategies the Town Council has been using to recover these arrears?

MR. D. NARAYAN. - We have a rates officer who normally does his routine including house to house visit to the rate payers who are owing rates. Those who owe us less than \$5000, we take them to the Small Claims Tribunal. Those who owe more than \$5,000, we have engaged legal practitioner to take them to court.

HON. M.M.A. DEAN. - We have a similar problem with Lautoka Town Council yesterday. From the measures they had taken, they managed to achieve 100 percent recovery in few cases. There were four rate payers who owed considerable amount and they were able to recover 100 percent. If we are to rate the percentage of success for Ba Town Council in terms of rates collection, where do you think it stands at? 60, 70, 80 percent recovery?

MR. D. NARAYAN. - Those we have taken to Small Claims Tribunal, they came up with the strategy that they will be paying monthly but sometimes they default. For the legal, some cases are still pending at the moment before the courts..

HON. M.M.A. DEAN. - Would you have any idea how many cases?

MR. D. NARAYAN. - There are 22 cases in court and 20 with the Small Claims. The total rates owed to the Council is \$770,000. In the beginning of the year we had \$1.3 million in arrears and of that \$ 596,000 has been paid. The arrears at the moment is \$770,000. About 300 rate payers are owing rates. Most of them have made agreement to pay weekly, fortnightly or monthly basis as they receive their wages. The rest we have taken to court.

MR. CHAIRMAN. - How many rate payers does Ba Town Council have this year?

MR. D. NARAYAN. - We have 1,379 rate payers.

MR. CHAIRMAN. - 1,379. That is quite a large number in terms of small towns. With the amount of \$770,000 owing, that is a huge significant income from the council that is pending. How long have these rates been pending

MS. M. DEVI. - This has been in arrears for more than nine or ten years.

Many people out of these rate payers are poor, so they find it very hard to pay their rates. They have made arrangements to pay \$10 weekly.

MR. CHAIRMAN. – By law if something is owed by six years or more you will be statute barred from recovering those rates. So if they are paying monthly instalments then the clock actually resets. All of the defaulting rate payers are paying monthly instalments?

MS. M. DEVI. - Yes. Some are paying weekly, fortnightly and from direct deductions from their pay.

MR. CHAIRMAN. - Ministry of Education are not unemployed.

MS. M. DEVI. - Some they pay.

MR. CHAIRMAN. - They must be teachers or something.

MS. M. DEVI. - Yes.

MR. CHAIRMAN. - Why did Ba Town Council allow accumulation of rates up to \$1.3 million in the beginning of this year?

MS. M. DEVI. - There were two floods and one cyclone in year 2012 and from there the rate payers found it hard to pay rates and then there was another cyclone in 2016.

MR. CHAIRMAN. - *Cyclone Winston?*

MS. M. DEVI. - Yes, Sir.

HON. A.M. RADRODRO. - You said the arrears who are nine years, who was the SA or the mayor in Ba at that time and whether this was brought to his attention?

MS. M. DEVI. - Mr. Parveen Bala.

HON. A.M. RADRODRO. - And what did he say when it was brought to his attention?

MS. M. DEVI. - We were told to go and speak with the rate payers and make arrangements with them.

MR. CHAIRMAN. - Some councils offer discounts on interests to encourage rate payers to pay as that was from the Ministry, is Ba Town Council also applying amnesty to encourage rate payers?

MS. M. DEVI. - Yes, interest is waived on the full amount of arrears but Ba Town Council does not give discount on rates in the month of January, February or March. Business houses are the ones who take advantages of this and those people who are poor they still cannot pay.

HON. A.M. RADRODRO. - In the times of disasters, does the council still levy the same rate or discount the rate?

MS. M. DEVI. - The rate has been the same for the last 15 years.

HON. A.M. RADRODRO. - No special discount and Ministry any position of this Government in terms of this obligation?

MS. M. DEVI. - Interest waver was given.

HON. A.M. RADRODRO. - Inaudible.

MR. CHAIRMAN. - Why they charge the full amount?

HON. A.M. RADRODRO. - Why charge the full amount when you cannot collect it because of the natural disasters that you have.

MR. CHAIRMAN. - But you have to charge the full amount

HON. A.M. RADRODRO. - Why not the discounted amount?

MR. A. MATAIVILIA. - I think in the past it has not been practised.

MR. CHAIRMAN. - The discount is not on the lump sum, is it? It is only on the interest portion, you cannot wave the lump sum rate? It has never been done.

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

MR. CHAIRMAN.- You have taken the matter to court and you have gone house to house. What other measures have you employed to encourage people to pay up?

MR. A. MATAIVILIA.- This is the trend for all municipal councils. The only option we are given them is that amnesty period. The awareness on letting the ratepayers know that

there will be a three months amnesty period is left to the Council. According to rate payers that three months is too short for them, once they are still looking for the money the three months is up.

MR. CHAIRMAN.- A lot of people wait for them amnesty period. They have their money, they keep it. They know if they pay it now they will be paying the full amount. They wait for January to March and then pay.

MR. A .MATAIVILIA.- It is only an advantage to the commercial properties but for residential it is quite challenging.

MR. CHAIRMAN.- Fourth bullet point this is an interesting one:

“Included in the Statement of Financial Position is a term loan of \$2.632 million. As per the Fiji Roads Authority (FRA) Decree 2012, all loans taken by the Council for road purposes should be transferred to FRA. Included in the term loan balance is the loan amount of \$236,310 which the Council took specifically for construction and maintenance of roads in Ba. As at 31st December, 2013 the Council has not transferred this loan balance to FRA. Consequently, the term loan balance of \$2.632 million is not fairly stated.”

What is stated there is that part of the \$2.632 million the Council owes, \$236,310 was taken for roads and that was supposed to be transferred to FRA. All the roads, drains, streetlights and pavements had been transferred to FRA. Why was that loan amount not transferred? When they took the property they should take the liability too.

MS. M. DEVI.- The Decree did not specifically mentioned that loans taken for roads upgrade in prior years be transferred to Fiji Roads Authority. However, mentioned that road assets be transferred. The \$2,632, 926 million loan has not been for road upgrading only but for property investment and for road upgrade of \$236,310.

HON. M.M.A. DEAN.- So the response from the Ba Town Council is the Decree was not specific on this case. Is that what you are trying to say?

MR. CHAIRMAN.- The Decree has transferred of property not transfer of liability.

HON. M.M.A. DEAN.- Yes, the transfer of property you have mentioned here that the Decree did not specifically mentions so the Council's term on this reason.

MR. D. NARAYAN.- This loan that were taken prior to signing of the MOU with the Road Authority. It was the upgrading of the works being taken before we signed the MOU with the FRA. We took this loan four or five years back.

MR. CHAIRMAN.- OAG, what is the position on that? The Decree states that the transfer of assets, including road, footpath, drains and street lights. It does not say anything about transfer of liability.

HON. M.M.A. DEAN.- So here the town council is mentioning that it did not specifically state so they might have been confused by the Decree.

MR. D. PRASAD.- Doing this audit 2013, we looked at all those costs associated with the roads. We were also discussing with FRA that any pending costs which also includes the loans will be transferred to FRA.

All the pending costs at that time, the Council needs to pay to FRA and any other loans or any costs that have already being incurred by the Council's would then be reimbursed to the Councils. But I can always come back to the Committee on that. We have our working papers on this and this was also discussed with FRA at that time. That amount is the loan balance which was actually taken for the road maintenance and upgrade so that was the balance. Since the road was transferred to FRA they are also taken up that loan balance in their accounts as well. I can clarify that to the Committee.

MR. CHAIRMAN.- In that Section 18 is quite clear and wide enough to capture that. It says that "as from the commencement of this Act all assets, interest, rights, privileges liabilities and obligations of municipal council in relation to municipal roads." So by Act you are required to transfer liabilities should be transferred to FRA. Has the books been updated now or you still carrying that liability in there?

HON. M.M.A. DEAN.- I think this loan was for two reasons.

MR. CHAIRMAN.- \$236,310 was specifically for roads, the rest was for investment.

HON. M.M.A. DEAN.- Yes, investment and road upgrade, so it was one loan for two purpose?

There might be confusion on how to transfer the specific amount which was allocated for road only. In in cases like this, what does the Decree state?

MR. CHAIRMAN.- The Decree clearly states liability. I think what the Council should do is seek advice from the Ministry of Local Government and then just wiped that out from the records and move it to the FRA.

MR. D. PRASAD.- One option that the Council could look into with discussions with the Ministry of Local Government and also with the FRA, would be for them to recover those loan repayments on road upgrade from FRA.

MR. CHAIRMAN.- The following section says that "every right and liabilities vested in Section 1 in its authority may or after the Commercial Act be sued on recovered or enforced by or against the authority." So you can actually recover that from the authority as well. That is extra income for the Council.

Another portion of that loan that has been discussed here and they say:

"The Management attention is also drawn for the Council's loan with the Fiji National Provident Fund of \$2,302,855million. As at 31st December, 2013 the Council defaulted on its loan repayment which is in arrears of \$324,822."

So why was this loan allowed to go in arrears?

MS. M. DEVI.- The subject amount as per information given to Auditors was paid in January 2014. Council Management sees initial property investment has a great initiative as the value of the property has double and is providing a very good return to the Council. Council has been able to generate savings after loan repayments and the saving in assisting Council in supporting its core services delivery function. Cyclone Evan had a financial impact on the Council performance for year 2013.

MR. CHAIRMAN.- As I am saying that by 2014 these arrears were cleared?

MS. M. DEVI.- Yes.

MR. CHAIRMAN.- Currently, you are servicing that loan?

MS. M. DEVI.- Yes.

MR. CHAIRMAN.- What was this loan for? Building?

MR. D. NARAYAN.- The Council took loan to construct the buildings, shopping arcade and we have got two buildings ...

MR. CHAIRMAN.- Is this is the one that next to the bus station towards the mill side?

MR. D. NARAYAN.- Yes, two buildings.

MR. CHAIRMAN.- To where New World is?

MR. D. NARAYAN.- New World and the shopping arcade where the museum is

MR. CHAIRMAN.- There is two buildings? One is across on the land and one is across the main road?

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

MR. D. NARAYAN.- 2003.

MR. CHAIRMAN.- The Council is no longer in arrears they are paying the loans.

“5.2 Abridged Statement of Financial Performance- General Fund, we will note that for the revenue portion in the general funds, you have rates, interest, bus stand charges, business trading and other license, market fees, municipal car park fees, rents from council properties and others.”

So your rates have decreased from 2012 to 2013. What caused this? Is that the same one that you said that in 2012, due to Cyclone Evans?

MS. M. DEVI.- Yes in December 2012, and there were two flooding, one in January and one in March.

MR. CHAIRMAN.- And the interest has increased from \$11,000 in 2012 to \$51,000. Some people are actually paying interest or is that just on the book as recoverable debt?

MS. M. DEVI.- Yes some people are paying interest.

HON. A.M. RADRODRO.- The rates has decreased, is that because the rate payers number has decreased or is it because you did not charge rate to some rate of the payers? What was the reason for this decrease? From \$562,000 to \$486,000.

MR. CHAIRMAN.- Has the number of ratepayers decreased or have you not charged rates or they are not paying up?

MS.M. DEVI.- The rate payers are not paying the rates, but the number of rate payers remain the same in 2012 and 2013.

MR. CHAIRMAN.- So the number of rate payers 1379, that remained throughout those years?

MS. M. DEVI.- Yes Sir.

MR. D. PRASAD.- If the ratepayers are not paying their rates does not necessarily mean that the rates will reduce from the prior, because the rates revenue is recorded on an accrual basis, so it is not on a cash basis.

However, there are two major reasons that the rates revenue would have gone down, one is because the Unimproved Capital Value (UCV) rate that was charged to rate payers would have been lower in 2013 compared to 2012. During their amnesty period, rate payers would have taken advantage of this. If the rate payers do not decrease, rate payers actually do not contribute significantly towards the decrease or increase in rates, it is usually the rates that is determined by the council to be levied to the ratepayer. And also, the discount rate and the period of the discount.

(Inaudible)

MR. D. PRASAD.- Yes, the rates is the matter of the discount amount.

HON. A.M. RADRODRO.- Maybe it is also better for you to also show your discount provided during the period so that will give an understanding of your explanation.

MR. CHAIRMAN.- In the same table, there is an entry named others under Revenue, what collection is recorded in that section others?

MS. M. DEVI.- That is the garbage dump fees we are charging.

MR. CHAIRMAN.- You are charging dump fees to?

MS. M. DEVI.- Business houses and others, sometimes council does the photocopy so we charge for the photocopy charges. The Council also hire out Kato and cherry picker so that comes under others.

MR. CHAIRMAN.- Streetlights are mentioned there at the cost of \$72,090. But streetlights were supposed to be transferred to Fiji Roads Authority (FRA)? In 2012, by the decree itself, streetlights should have gone to FRA.

MR. D. PRASAD.- The Council transferred the roads, streetlights and the drains to FRA. There was also an MOU that was signed between the Councils and FRA, all the maintenance work that they were carrying out, they can do that and there would be a reimbursement to the Council. They have to submit their claims to FRA, then they would be reimbursed.

MR. CHAIRMAN.- Has the reimbursement been done now?

MS. M. DEVI.- Yes, that was done in 2014.

MR. CHAIRMAN.- Alright that will show in the 2014 account.

So there was;

“...a surplus of \$80,000 compared to a deficit ...surplus was attributed to a major decline in depreciation and amortization expense...”

So the Council’s position improved from a depreciation to a healthy position of surplus, this was due to a decline in depreciation. Now a decline in depreciation would happen if you actually lose some properties, is that because of that transfer of properties? Roads et cetera?

MS. M. DEVI.- Yes Sir, this is due to road assets been taken over by FRA.

HON. A.M. RADRODRO.- So out of interest, the boundary for Ba Town Council?

MR. D. NARAYAN.- Going to Lautoka it start from the last bridge before Nailaga Village and towards Tavua, it is just at the junction of Kola Road.

MR. CHAIRMAN.- Where Ram Narayan Engineering is?

MR. D. NARAYAN.- Where Rama Narayan Engineering is, that is our last property.

MR. CHAIRMAN.- And going towards interior?

MR. D. NARAYAN.- Interior, we have FSC quarters included in the Council boundary and towards Varadoli, it is A.D. Patel School, just the Cemetery Road, there is this subdivision opposite Cemetery Road, Shiv Street is the last portion which is in Council boundary.

MR. CHAIRMAN.- Cemetery Road is in Council Boundary?

MR. D. NARAYAN.- Part of that Cemetery Road is in Council boundary where the end of the Bala Street is.

MR. CHAIRMAN.- For garbage collection, you are doing part of the Cemetery Road which is town council boundary, what happens to the garbage to the other parts? What do they do?

MR. D. NARAYAN.- The other portion is looked after by the Rural Local Authority so they normally have a monthly collection.

HON. M.M.A. DEAN.- These new developing areas like Clopcott, is it already under Town Council boundary?

MR. D. NARAYAN.- At the moment it is out of Council boundary. We are trying to extend the boundary to include that subdivision in the council boundary

HON. M.M.A. DEAN.- Is that the only planned extended boundary.

MR. D. NARAYAN- Part of the town is not in the council boundary, we will also be extending towards the Tavua end. Where the Bonjour Service Station is, they previously had demarcated that as tramline crossing, on the other side is not council boundary. So we are proposing for inclusion of that in the next extension.

MR. CHAIRMAN.- I do not have any issues with 5.3 Abridge Financial Statement – there was a decline in net assets because of the transfer of roads and footpaths.

HON. A.M. RADRODRO.- The boundary that you have highlighted, all the roads that were in there, all the roads that were in there used to belong to the Council?

MR. D. NARAYAN.- No Sir, in fact all the highways were looked after by the Department of National Roads (DNR) and the roads which were within the council boundary was looked after the council board.

HON. A.M. RADRODRO. - From which, excluding the highways?

MR. D. NARAYAN. - Highways.

HON. A.M. RADRODRO. - All those that are in there?

MR. D. NARAYAN. - Yes.

HON. A.M. RADRODRO. -Your total property plan is about \$16 million what does that involve?

MR. D. NARAYAN. - That includes council buildings and properties.

HON. A.M. RADRODRO. - All right. Where are these properties?

MR. D. NARAYAN. - We have got council property shopping arcade, we have got Lithiana Shopping Complex.

HON. A.M. RADRODRO. - Bus stand, what about the *bure*?

MR. D. NARAYAN. - Bus stand, *bure*, all is included.

HON. A.M. RADRODRO. - *Bure* too is included?

MR. D. NARAYAN. - Yes, Sir.

MR. CHAIRMAN. - What was the building that you were talking about? There is a building that has come up behind the *bure*?

HON. M.M.A. DEAN. - There is a building behind the *bure* that vendors use, what is that for?

MR. D. NARAYAN. – In a partnership with the Ba Women's Forum. the Japanese Government has given them close to half a million to construct that for the training of the ladies. Ba Town Council is in with the partnership of Ba Women's Forum. This Ba Women's Forum consists of 59 registered club members in Ba. They are providing training to these ladies in terms of handy craft. Recently they have provided the folder for the COP23. Apart from that they have been doing training for sewing and other trainings. It will be a year-long programme for the ladies.

MR. CHAIRMAN. - I note on 5.4, Abridged Statement of Financial Performance Parking Metre Fund. In 2013 your total revenue from parking metre was \$25, 943 and total

expenditure was \$25, 266. So you only made \$677 from parking metres. That is a very slow return on investment. Why the income on the parking metre is so little? Ba Town Council still uses the lollypop system, the lollypop parking metres, where you put the coins?

MR. D. NARAYAN. – The revenue decreased because of the floods and cyclone in 2012. We are still facing difficulties collecting the fine from parking metres.

- We are liaising with the LTA on the implementation on the MOU which we have signed. We hope to get the revenue when we implement that. We have taken them to court and all the fines are kept and summons have been served.

MR. CHAIRMAN. - Because that money goes to LTA?

MR. D. NARAYAN. - Yes.

MR. CHAIRMAN. - Some councils have an with the arrangement with LTA that if they do not pay their parking fines it will appear on the vehicle registration with LTA. They have to come to the council, pay it and take a receipt back to LTA to clear that, so that money remains with council. Is that a similar system that you?

MR. D. NARAYAN. - We are trying to have this system with the LTA, in fact MOU has been signed, they are just about to have this software system upgraded then we will be getting that.

MR. CHAIRMAN.- We have also heard from some councils, obviously Ba is a flood prone area but there are some councils who have used the electronic systems, like Suva City Council where there is one parking metre between 20 -25 parking spaces, put the coins, get the ticket and then put it on the windscreen. The returns on that is much higher in Nadi and Suva, has Ba Town Council considered that option?

MR. D. NARAYAN. - We were discussing that. In Ba, our main street where we have most of our metres is prone to flooding. In the last flood the main street was under 7 feet of water. We are trying to install those electronic ones in Back Street and Ganga Singh Street.

HON. A.M. RADRODRO.-Has the council tried to find a solution to ensure that there is no repetition of such incidents in future?
Have you considered talking with the Ministries and departments regarding the flooding of the Ba River.

MR. CHAIRMAN. - You mean dredging et cetera?

MR. D. NARAYAN. - After the 2012 flood, the dredging was done in five phases. In 2012 during that flood the water was stagnant for 12 to 18 hours. Just after the dredging, the impact of the flooding was not that bad compared to before.

MR. CHAIRMAN. – Has dredging shown some improvement?

MR. D. NARAYAN. - The company that is working on the mouth of the Ba River will continue dredging after the construction of their infrastructure in Lautoka.

MR. A. MATAIVILIA. - The Ministry has provided an allocation for the improvement of the drains to all the councils, so from this year we have shifted this role to Ministry of Drainage.

MR. CHAIRMAN. - Ministry of Waterways?

MR. A. MATAIVILIA. - Yes.

MR. CHAIRMAN. - Part B. Control Issues. 5.7. I think this has been adequately answered in terms of IFRS and SMEs. 5.8 Non Transfer of Loan to FRA. I think that is also discussed. You can have a discussion with FRA and also Ministry of Local Government, clearing of books and having a refund of what is being paid so far.

HON. M.M.A. DEAN. On 5.7, what are your views on your staffing? Do you think you have adequate capacity in terms of having the number of financial staff to be in par with this new system IFRS or there needs to be more training and teaching on that?

MR. D. NARAYAN. - We have enough staff but I think more training is required.

MR. CHAIRMAN. – All right. Thank you. 5.9. Failure to recover advance to parking metre. The council should make all efforts to recover money advance to parking metre fund account. This will assist the council in its operation. Audit noted that in the statement of financial position is the amount totalling \$156, 616 constitutes the receivable from parking meter fund. However, the council made no effort to recover this amount from parking metre, instead receipts from parking metre which are accidentally banked in the general fund are offset against the receivables.

The above anomaly poses doubt on the existence in valuation of the amount reported as advanced parking metre. What is the situation here? Some amounts recovered from the parking metre were deposited in the general fund?

MS. M. DEVI. - Yes, Sir.

MR. CHAIRMAN. -Have efforts been made to have that money refunded to the parking account?

MS. M. DEVI. - The advance from the General Fund for the installation of the parking meter was to have a control traffic flow in town. The council now have the target to deposit certain amount of money monthly to clear the advance made to parking meter.

MR. CHAIRMAN. – All right, so there were some advances given from the General Fund for installation of parking meters and that was supposed to be paid back?

MS. M. DEVI. - Yes.

MR. CHAIRMAN. - Which areas are these new parking meters placed, I have not seen new parking meters?

MR. D. NARAYAN. - That parking meter was bought in 1992.

MR. CHAIRMAN. –The advance made in 1992 and still shows there. OAG, obviously there was an investment by the Council where general fund was moved to the parking meter fund but was supposed to be paid back. So it is existing there since 1992 I think or 1993 at least. What should be done here?

MR. D. PRASAD.- The parking meter is a special fund account. Since it is governed by the Act, the Ministry has to approve before an amount can be moved from parking meter account to the General Fund.

When there is a need to upgrade parking meters and there is not sufficient funds in the parking meters account, advances are made to parking meter from the General Fund money. That the rate payers money that should be used for other activities. When parking meter is operating effectively the loan advance amount needs to be recovered from parking meter. That the amount has been there for a number of years.. That \$160,000 is quite a huge amount of money, the council can utilise it for other activities. That amount is decreasing there is some payments made from parking meter.

MR. CHAIRMAN.- The Council noted that there is a target to deposit certain amount of money monthly to clear the advances made to the parking meter. Has some deposit been made to the General Fund?

MR. D. NARAYAN.- We made some deposits. But we have two parking metre officers and whatever we collect as revenue is just sufficient to pay for their wages.

MR. CHAIRMAN.- The problem is in many folds. You cannot change the system because of the flooding situation. The lollipop system is the one to use and those also caused maintenance. Last year \$3,100 was used to maintain those meters and there are two officers who need to be paid. It will take time for this to be repaid.

MR. D. NARAYAN.- Apart from that we also pay the weights and measures \$6,000 or so.

MR. CHAIRMAN.- Per year? \$6,000 for them to come and check?

HON. M.M.A. DEAN.- This parking meter is a depreciating item. After 10 to 15 years it loses its value? But you still need to keep it to generate revenue

MR. D. PRASAD.- When an item is used in a business operation that derives revenue and its fully depreciated what indicates is that the initial estimate for its use of life was incorrect. It means when this parking meters were bought the Council need to make an estimate of the useful live. What would be the useful life of the asset that will derive the revenue for the Council. Based on the useful life, a depreciation rate is determined and that rate the assets is been depreciated. So if the useful life is not estimated correctly the time of the purchase, usually the item will still be in existence and we still be deriving revenues but will have nil value. The option is when the Council is going to adopt IFRS for SMEs, the first SMEs requires that the Council needs to review its useful life of the asset annually to ensure that the useful life is adequate. It means that if the assets is purchased and the Council determines that the useful life is going to be three years. But at the end of third year, the assets can last for another two years. The Council need to revise the useful life of the assets and then adjust the prior depreciation accordingly. That is required by the different standard of IFRS for SMEs.

HON. M.M.A. DEAN.- This is a very technical review obviously the Finance Manager or the CEO are not technical people. Ministry of Local Government do you have technical people who can assist them in determining this, because parking meter is a very important revenue for councils.

MR. A. MATAIVILIA.- For the municipal council in the West they have Lautoka City Council or Nadi City Council where they can go to and seek assistance.

(Inaudible)

MR. A. MATAIVILAI.- Yes, they also the Engineering Department, they can also assist. We have established a shared services approach for the Councils to implement if they need assistance. They have to request the bigger Councils in the region.

MR. CHAIRMAN.- 5.10. The Tavua and Ba end museum projects.

There was a museum created but without much consultation and the result is here that:

“The audit noted the following with respect to the creation of the outdoor museums at both ends of town entrance from Kings Highway:

- There was no evidence of approval noted in the minutes of the Council to carry out this project.
- There was no feasibility study carried out prior to carrying out this project. Consequently, the Council had to remove the museum constructed at Tavua end as it was built on top of a sewer line and obstructed the railways for locomotive trains transporting sugarcane to Rarawai Mill.
- No approval was obtained from Fiji Roads Authority, Water Authority of Fiji and Fiji Sugar Corporation (for Tavua end) for access, right of way and site permit for construction.
- Improper records were kept by the Council for the cost of the construction for audit verification. Discussion with the Accountant revealed that most materials used in the project were provided by the general community of Ba, free of costs. The Council in turn supplied the labour and construction ideas from its workforce. However, no evidence existed to substantiate these arrangements.

The above anomalies indicate improper planning by the Council in the construction of the Museum.”

The issues arises here is that who was the person responsible for constructing this museum without all these approvals and then it had to be demolished later. What we have noted here is that there was suggestion that the material was supplied by local community of Ba, free of costs but there was no evidence. Labour was provided by Councils. There is a wastage of labour where Council as well.

HON. M.M.A. DEAN.- This issue is also in the Performance Audit as well so perhaps we can just complete other audit issues the small ones and when we start the performance audit we can go together.

MR. D. NARAYAN.- For this Tavua and Ba end museum project it was only directed by then the Special Administrator - Mr. Arun Prasad and he is no longer with the Council.

MR. CHAIRMAN.- He is no longer with the Council, what happen to him?

MR. D. NARAYAN.- He has been terminated.

MR. CHAIRMAN.- Because of this museum?

MR. D. NARAYAN.- And few other issues.

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

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

MR. CHAIRMAN.- Let us hear from the CEO first then we come to the Ministry. Yes, please explain what actually...

MR. D. NARAYAN.- In fact it was the idea of the former Special Administrator to have this museum. Initially we were thinking to have a welcome sign board at the Tavua end and construct a museum. We advised him that we need a plan for the development. We also advised him that the area is under sewer and water mains and he said if there is an outburst, we will assist Water of Fiji (WAF) by providing our digger to have it done.

(Inaudible)

MR. D. NARAYAN.- No Sir.

(inaudible)

MR. CHAIRMAN.- It will not be a good idea.

MR. D. NARAYAN.- We removed it and the equipment and monuments are in our museum.

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

MR. D. NARAYAN.- Yes Sir. It was good.

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

MR.D. NARAYAN.- It was good but the location was not. At the moment we have got a museum, that's the only museum by the Council, we have got that in house.

MR. CHAIRMAN.- It is one of those buildings near the market.

MR. D. NARAYAN.- Council building. We have removed the items and monuments, we have preserved it in that museum.

MR. CHAIRMAN.- You have an Engineering Department and a Health Department in your Council, you would have been aware that this particular site was not suitable for construction. Did you give that advice to the Special Administrator (SA)?

MR. D. NAYARAN.- Yes, Sir. Despite that he overruled that he is the Special Administrator and we have to abide by his directive.

MR. CHAIRMAN.- There would be some approval sort by the Council for this construction, like the Heads of Department, in the absence of municipal councillors. This decision cannot be taken by the SA? There has to be a council there.

MR. D. NARAYAN.- We raised that constructing a signboard will be alright because we got the approval from FRA for that. Later on, he changed his mind to have a museum. We informed him that constructing a museum on that area would not be possible because of the sewer line and the water main going underneath.

MR. CHAIRMAN.- Where are these documents or evidence that the community of Ba provided some material free of cost? Who oversaw this project?

MR. D. NARAYAN.- We have a list of people who donated items from the Indentured Labour System days. They kept it with them and they thought it would be better off kept in the museum.

MR. CHAIRMAN.- What about the expenses that the Council had to bear like filling landfills, stones, buildings, there was a *bure* built I think? Who bore that cost?

MR.D. NARAYAN.- The workforce was from the Council with their own machines and vehicles.

MR. CHAIRMAN.- How much did it cost the Council to put up this museum and later remove it?

MR. D. NARAYAN.- We can give you the exact amount within seven days.

MR. CHAIRMAN.- If you can provide it to us within the next seven days with the list of donors. Council resources must have been used to put this up and then later on to remove it.

HON. A.M. RADRODRO.- Just a question, the idea of having a museum. Now you said that you have moved it into the Council building. Was there a museum before this?

MR. D. NARAYAN.- No.

HON. A.M. RADRODRO.- So this thing was transferred in-house. Alright.

HON. M.M.A. DEAN.- According to the Audit Report, he did not seek any approval from FRA, WAF and Fiji Sugar Corporation (FSC). This is a case of someone bulldozing his ideas and suggestions without seeking proper approval. Has any action been taken against him.

MR. CHAIRMAN.- Recovery of funds or? Because he has been terminated.

HON. M.M.A. DEAN.- I know he was terminated. The Council supplied labour for the construction. Council did use its money especially in terms of labour. That is abuse of funds because the council's labour costs were incurred without proper approvals. Was any action taken?

MR. CHAIRMAN.- Surcharge or recovery?

HON. M.M.A. DEAN.- Surcharge, recovery or if he was taken to court?

MR. D. NARAYAN. He was not surcharged. He was terminated.

(Inaudible)

MR. D. NARAYAN.- Yes Sir.

HON. A.M. RADRODRO.- Advise the Committee what was the scenario when this case was reported to your office?

MR. A. MATAIVILIA.- This case was investigated with other issues relating to the Council and the SA was terminated. We were trying to find out the records on those matters regarding the termination of SA but we could not find the record. Can we come back on the investigations.

MR. CHAIRMAN.- Probably those records also belonged to the museum now, pretty old records.

HON. M.M.A. DEAN.- This is a case of someone who used public money from the ratepayers who are taxpayers., He did not seek approval from three major authorities that is FRA, WAF and FSC? He was informed that the consequences of this project by his own people. He went ahead and wrongfully exercised his powers where that he said that “I am the Special Administrator.” I believe that termination did not solve this problem. Does the Ministry have any plans to take actions against him?

MR. CHAIRMAN.- They can come back to us and tell us if there is any action taken.

There are also two monuments built where the museum used to be. There is a pair of bullocks at the Tavua end and there is also a pair of bullocks Lautoka end. Were approvals taken for those? Are those projects done with approval or not?

MR. D. NARAYAN.- The Lautoka monument was done with the approval.

MR. CHAIRMAN.- Alright the Tavua one?

MR. D. NARAYAN.- There is no monument at the Tavua end, just a board by Go Advertising.

MR. CHAIRMAN.- On 5.11. Anomalies and Property plants and equipment. There is no board of survey carried out by the Council and some items and equipment were not charged depreciation for the whole year. The actual value that is represented here in the Table 5.1 might not be correct because depreciation have not been applied. Council did not carry a board of survey in 2013. Are those all your properties or do you have more? Why was there no board of survey and depreciation?

MS. M. DEVI.- The council had carried out Board of Survey every year at the end of March but now Council it is conducting its board of survey at the end of each year.

MR. CHAIRMAN.- Was a Board of Survey carried out in 2013? You are saying that it is done at the end of every year?

MS. M. DEVI.- There was no Board of Survey in 2013.

MR. CHAIRMAN.- Has it been done now?

MS. M. DEVI.- We will have it in December.

MR. CHAIRMAN.- OAG, is that under wraps now? Getting board of survey report?

MR. D. PRASAD.- Yes Mr Chairman, we might have to get back to the Council to see that is done when we audit 2016.

MR. CHAIRMAN.- Alright, but they have been doing it since 2014.

MR. D. PRASAD. - I cannot recall the 2014 and 2015 issues, but there were some issues in line with Board of Survey.

MR. CHAIRMAN. - What was the last account you have submitted to OAG, council?

MS. M. DEVI. - 2016.

MR. CHAIRMAN. - Are up to par with Sigatoka. This is quite up to date submission of accounts.

No depreciation was allowed against the cost of tractor and trailer during the year. As at balance date the tractor recorded a written down value of \$10,000 while the trailer recorded \$5,000. Also some items, property, plant equipment had negative written down value.

MS. M. DEVI. - The fix asset register was corrected at the negative values. The depreciation was corrected. In 2016 account it is corrected.

MR. CHAIRMAN. - Have you corrected that depreciation now?

MS. M. DEVI. - Yes.

MR. CHAIRMAN. - This is a serious issue, breach of FNPF loan. The charge created by this Deed shall become enforceable if the mortgagor fails to pay any part of the secured money on due date of payment thereof. The audit noted that the council made four monthly loan repayments during the year instead of 12. Consequently, a confirmation dated 30th June, 2014 from the Fiji National Provident Fund to audit stated that the council had breached the terms of the mortgage by not meeting its repayment schedule. As at 31st December, 2013 the loan was in arrears of \$324,882.30 which incurred accrued interest charge amounting to \$199,423. It is about \$200,000 just in interest because of the default. The council has not complied with the loan agreement and would find difficulty in obtaining any further financing assistance from the fund in future.

Additionally the council could lose its assets pledged as security if it continues to default. There are three issues:

- There was arrears in paying loans;
- Instead of 12 payments, only 4 were made incurring an interest of almost \$200,000;
- That you might have difficulty in raising further funds from FNPF.

How was that allowed to happen? What was the reason for default?

MR. D. NARAYAN. - In 2012 we had two floods and one cyclone. As a result the tenants of the Shopping Arcade had to vacate it. We had difficulty meeting the monthly repayment.

MR. CHAIRMAN. - The money generated from this monthly rental was used for the loan repayment?

MR. D. NARAYAN. - Yes.

MR. CHAIRMAN. - When you vacated your tenants, you had no funds?

MS. M. DEVI.- Our tenants were MH Supermarket, AVC Food and Weng Geng. Their monthly rentals assisted us in the loan repayment. When we had the floods, they had to be vacated, there was no rent collected.

MR. CHAIRMAN. - What is the loan situation now? Has the arrears of \$324,882.30 been cleared?

MS. M. DEVI. - Yes, the subject amount as per information given to auditors was paid. Council management sees this initial property investment as a great initiative as the value of the property has doubled and is providing a very good return to the council. The council has been able to generate savings after loan repayment and the saving is assisting council in supporting its co service delivery function. *Cyclone Evan* had a bad financial impact on the council's performance for the year 2013.

MR. D. NARAYAN. We paid FNPF in January, 2014.

MR. CHAIRMAN. - On good days when there is no flood or cyclone it is generating income for the council. Only during a flood and cyclone, people need to leave and it leaves a dent in your income. That area is flood prone, was any survey or analysis done before you construct that building? That is the first place to go under water, during any flood?

MR. D. NARAYAN. - A survey was done and the building height was raised. Despite that, during bigger floods we normally have water in that area but for smaller ones, it just covers the road and the other surrounding areas. We have raised the building to New World side to 1.2 metres and the other is one metre high. The bure is higher because it was constructed after the 2009 floods. The building that is next to bure is higher than the bure.

MR. CHAIRMAN. – Was any study done in terms of drainage in that area especially during flood?

MR. D. NARAYAN. - We have made a proposal to the Ministry for Waterways for the dredging and upgrading of the Elevuka Creek which normally brings the flood to the surrounding areas. As well as dredging of the Ba River has helped greatly.

MR. CHAIRMAN. –Value Added Tax (VAT). I think there is some explanation on that and on the reconciliation. We heard from the finance section that they were now reconciling on a monthly basis? It is 11am we take a short tea break CEO and Finance Officer, 15 minutes before we go to the Audit Report on Performance Audit. It is regarding the contractuals and we will have the OAG's office explain a bit about that before we proceed. So members lets break for 15 minutes. Thank you.

The Committee Interview adjourned at 10.57 a.m.

The Committee Interview resumed at 11.21 a.m.

MR. CHAIRMAN.- Thank you Honourable Members, member of the media and public let us start the second segment of this programme and that is the Audit Report and Performance Audit - Volume 1 that deals with contractual agreements by municipal councils. There was a special audit carried out by the Auditor-General's Office to see how councils procure, manage projects and contracts will hear briefly from the Auditor-General's Office on what their scope of work was in terms of this performance audit before we commence with the questions.

MS. N. MICHAEL.- In 2014 we carried out the Performance Audit on contractual engagements by municipal councils. The audit was carried out across seven councils. With the objective of determining the effectiveness of municipal councils in managing contract of services by looking at three key areas:

1. The policy framework of governing the contractual engagements,
2. The key elements of the contractual engagements; and
3. Managing contractors' performances.

MR. CHAIRMAN.- Honourable Radrodro, you can start. Honourable Dean, you can start the Performance Audit Ba Town Council.

HON. A.M. RADRODRO.- Chair, will just probably start. You have a copy of the report?

MR. CHAIRMAN.- You have the copy of the Performance Audit? Honourable Members, will ask questions as we go along. Honourable Radrodro can start on that.

HON. A.M. RADRODRO.- Just one of the issues highlighted by the Auditor-General during that Performance Audit is the Policy Framework of the Councils.

What was noted there is no uniform policy for all municipal councils governing contractual engagements. None of the Councils have a policy in place to govern the management contracts and the tender policies and procedures. These are some of the issues that were highlighted across the municipal councils that were audited. For Ba Town Council specifically Table 4.1 there is no policy in place as identified during the audit in terms of effective policy for contractual engagements. However, the auditor has commented that the Accounting Manual is in draft form. It has a section on contractual payments of manual is yet to be presented to Council for approval. What year was this? In 2014 there was no council, is that the Special Administrator?

MS. M. DEVI.- Yes.

HON. A.M. RADRODRO.- The Ba Town Council in 2014 the manual is yet to be presented for approval. Can you just give us a brief update on this particular audit issue?

MR. D. NARAYAN.- We have been following the 1992 Manual. We are working on the draft one at the moment. We are liaising with the Ministry to formalise a manual which will be used across the board for all municipalities.

MR. CHAIRMAN.- How long does it take your Ministry to formalise this manual. That was in 2014, we are now almost at the end of 2017 and the manual is still not finalised. The OAG has noted correctly that it is only in a draft form, it has section on contract. There is

no contract policy in place at Ba Town Council. In the past three years the Council is working on a draft accounting manual.

MR. A. MATAIVILAI.- We noted this issue when we received the Report from the Audit where they said we need to review the manual. This exercise has been on going from last year.

MR. CHAIRMAN.- But this manual is the general one, across the board now?

MR. A. MATAIVILAI.- Yes, this is the general manual that was presented in 2013.

MR. CHAIRMAN.- Does the Council have any manual of its own that they use to procure contracts for other accounting matters?

MR. D. NARAYAN.- We were just following the 1992 Manual.

MR. CHAIRMAN.- OAG did you see their 1992 Manual, is that adequate for the time being?

MS. U. NAMOSITAVA.- They need to update it.

MR. CHAIRMAN.- Yes, 1992 is a long time back.

HON. A.M. RADRODRO.- Chair, just a question the comments of the Auditor-General. The Council have been using the manual that was introduced in 1992. The idea of this manual is to provide an accounting manual for municipalities originated from the discussion that took place between the Auditor-General and the Local Government Association about 10 years ago. These municipalities were supposed to create their own accounting policies from this manual. Is that what you have highlighted and whether the Ba Town Council have created its own accounting policies regarding contractual engagements.

MR. D. NARAYAN.- Yes, for the contractual engagements we have got our own policies.

HON. A.M. RADRODRO.- You have got your own policies created? Was it highlighted at that time, manual is here but have to be presented and approved by the Council. Has that process been formalised?

MR. D. NARAYAN.- Yes.

HON. A.M. RADRODRO.- Can the Ministry give us the basic work needed regarding the Manual of Accounts and the Accounting Manual that each Ministry is supposed to develop.

MR. A. MATAIVILAI.- For the Manual of Accounts it is a bit general on how to deal with this contractual agreement. In terms of tenders, there is a limitation below \$10,000 they have to request quotations for that and above \$10,000 they have to call tender. They have their own tender process in place. The Head of Departments have to sit down to deliberate on the tenders before coming up with the successful tenders which has to be presented to their SA's before coming into the Ministry.

MR. CHAIRMAN.- This draft Accounting Manual, what does it contain? You have got contractual systems there, which accounting system you use? What does this accounting manual consist of?

MR. A. MATAIVILIA.- The Accounting Manual consist of how the accounting practices should be.

MR. CHAIRMAN.- Accounting practices, balance sheet, ledgers and all these.

MR. A. MATAIVILIA.- Yes, to be implemented in the Council.

MR. CHAIRMAN.- Plus a special section for contractual procurement procedures. Anything less than \$10,000 you have to ask for three quotes across the board, anything more than \$10,000 you call for tenders. Has that been followed CEO?

HON. A.M. RADRODRO.- (Inaudible)...not a manner of accounts but its own accounting manual.

OAG, can you elaborate on what is the difference between manual of accounts and accounting manual that you highlighted here?

(Inaudible) ...On 6, it said “Account manual is in draft form but this is yet to be presented for Council approval.” But in your above paragraph it says, all councils have been using manual of accounts that was introduced in 1992.

MR. A. MATAIVILIA.- It is the same manual.

MR. CHAIRMAN.- Just underneath that Lami it says “Lami – Manual of Accounts, Ba – Accounting Manual.”

Is it the same thing?

(Inaudible)

MR. CHAIRMAN.- No, they are using the draft form.

OAG REP.- The one that they are using has been in existence from 1992. They need to update it, to review that accounting manual to be in line with the practices.

HON. A.M. RADRODRO.- Is it the work of the Council or the Ministry to review?

MR. A. MATAIVILIA.- The Ministry together with the councils because while implementing this old manual, they found some challenges in it. That is why when we are trying to put up a draft, we put it to back to them for their comments and their reviews. All those issues that were identified in the past will be incorporated in this manner

HON. A.M. RADRODRO.- (inaudible)... “highlighted that review on the contract planning gathered that most of the municipal councils have plans for capital projects and development in their jurisdiction. However, audit noted that at this planning stage, most of the councils have not yet decided on the project works that will be contacted during the year.”

For Ba Town Council specifically, there is no contract planning in place, (Table 4.24).

“The project planning for the Council is covered in the 5 year strategic plan from 2010 – 2014. The plan has been prepared after consultation with the stakeholders. The plan

covers the review of the current process and the identification of infrastructure and implementation and changes that has to be made in a five year period.”

MR. D. NARAYAN.- We normally have an annual budget whereby we program our work per year. For strategic planning 2010 to 2014, we plan on an annual basis. For special projects, we identify the projects that need to be done. On contractual work we only have garbage contractor with the council, all the works are done in-house. For most of our projects, most of the works is done by the council. They are budgeted for.

HON. A.M. RADRODRO.- I think what the Auditor General have highlighted are the plans for capital projects. We usually plan out by the different departments within the council. They put out an example there;

“...the engineering department puts out plan for the construction works such as ground development, road infrastructure, repairs and et cetera while the building department provides plan for any building, development projects repairs and maintenance.”

OAG this is all the Council’s building and projects. That is probably what is meant by the contract planning, you have each different department even for repair works?

MR. D. NARAYAN.- We have been practising a year calendar for each department, what needs to be done and that is incorporated with the budget on an annual basis.

HON. A.M. RADRODRO.- It has been in existence?

MR. D. NARAYAN.- In existence.

HON. A.M. RADRODRO.- All the plans are usually achievable at the end of the financial year?

MR.D. NARAYAN.- Most. It all depends. For example for the year 2012 and 2013, we program it but due to disaster, most of the funds were diverted in cleaning up the town then we had to move some of the projects for the following year.

HON. A.M. RADRODRO.- And next one is your risk assessments, this is in all the municipalities.

“Our audit at the seven Councils visited gathered no evidence to indicate that risk management has been addressed in detail in all activities relating to contracting of services.”

That is;

“The effective management of risks attached to contractual activities has the potential to save the Councils considerable monies as well as ensuring that the Councils are deriving maximum return from monies invested in contractual works.”

For Ba Town Council, the recommendation is on page 14;

“The above Councils should ensure that proper project planning is conducted. Project plans should include programmed objective and description, plan of work and methodology,

sources of information, deliverables of the programme, required expertise of the service provided, time schedule and management structure and reporting.”

You have any comments on that in particular? Whether that is still an issue with Ba Town Council in particular to project engagements?

MR. D. NARAYAN.- No Sir, we are implementing that. All these projects we are doing is in house, we program it, we have a budget for that and we have a timeframe for the completion of the project.

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

MR. D. NARAYAN.- Just for that Tavua end one, the others we had.

MR. CHAIRMAN.- We hear from Lautoka City Council that for contracts such as grass-cutting et cetera, they give the contracts out to a private contractor, but they check it on a daily basis. If it is not done up to standard, then they surcharge them, the means are that they will pay them less and they will send their in-house team to complete the work and they will subtract that amount of money.

That is one of the strategies to see if you are getting best returns for the contracts that are given. Are there any projects like grass cutting et cetera carried out by your council and is there a monitoring system for that?

MR. D. NARAYAN.- Our garbage collection service was the only one contracted out.. All works are done in-house. Now all works are done by the Council including the garbage collection.

MR. CHAIRMAN.- You are no longer contracting out any work?

MR. D. NARAYAN.- We are not contracting out.

MR. CHAIRMAN.- That is self-sufficient, good management system.

MR. A. MATAIVILIA.- For Government grant projects in the council, we gave them a template called the Public Sector Investment Programme. In that template, all these required information elaborated in this recommendation are listed down. The Council has to comply with those details. When we give them the funding, they use that template to follow the stages of the project.

HON. A.M. RADRODRO. - The next is on the key elements of contractual engagements. This is regarding human resource involvement in contractual works and the technical expertise in the identification of contract at works. That should not be applicable to you but at the time during the audit it also reflects contractual management skills and knowledge and tendering of contractual works. For Ba, what was identified was council has two meetings, the meetings is a Tender Committee meeting. They analyse and prepare report on the applicants, tender report is discussed with the staff and tender board meeting. The final approval is sought from the council meeting and once they approve, the approved tender letter is issued to the successful tenderer.

MR. D. NARAYAN. - During the time of the audit, each departments presented their report and if they require any tenders it is discussed in the council meeting. It is advertised and then the committee scrutinise and analyse the applicants and then interview is called and the best tenderer is selected.

MR. CHAIRMAN. - This was for that garbage collection tender. That is the only one that you were doing?

MR. D. NARAYAN. - Yes.

MR. CHAIRMAN. – All right. CEO How many departments are there in your council, health, engineering?

MR. D. NARAYAN. - We have four Standing Committees:

- Building health and works;
- Market, parks and gardens;
- Finance, development capital works;
- Tender committee.

MR. CHAIRMAN. - And the departments?

MR. D. NARAYAN. - We have building, health, works, parking metre and market.

MR. CHAIRMAN. - Rates?

MR. D. NARAYAN. - Parking and gardens and admin.

MR. CHAIRMAN. –All these departments have adequate qualified human resource personnel to oversee the tasks?

MR. D. NARAYAN. - Yes.

MR. CHAIRMAN.- Has there been a tendering out situation then this particular section would have applied. In the absence of that while you doing all the things in house, do you have the adequate staffing?

MR. D. NARAYAN. - Yes.

MR. CHAIRMAN. - The street marking including zebra crossing is also done by FRA?

MR. D. NARAYAN. - The signs and markings are all done by FRA.

MR. CHAIRMAN. – If you need a pedestrian crossing?

MR. D. NARAYAN. - We have monthly meetings and we raise issues regarding roads, septic, fines.

MR. CHAIRMAN. - The tender criteria do not apply at the moment but at that time it was applied, your policy was to award it to the lowest tenderer?

MR. D. NARAYAN. - According to the policy, it is not necessarily the lowest tender, we have to consider other things like performance, efficiency, the quality of work and the service being provided and then the last criteria is the lowest tender.

MR. CHAIRMAN. - Were there other checks and balance done?

MR. D. NARAYAN. - Yes.

MR. CHAIRMAN. - OAG, have you written there that council applies lowest tender criteria but there are other things that they also look at including the ability of the contractor to perform?

AUDIT REP. - Can we get back to you on that when we carry out the follow up audits?

MR. CHAIRMAN. - Let us know because Ba Town Council does not need this tender process. They do not use any tenderers. At some stage they might when the council grows and the boundaries are extended. It will be better if you review that to see what they need to apply. Nadi applies a lot of things, the ability of contractor, whether they have issues or et cetera to carry out these projects.

The OAG and Ministry will assist you, to have a process in case you have to apply for the tender. In case there is a disaster and you need to tender for clearing of town and there is a procedure that needs to be followed. We do not pick up in 2018, that you did not follow certain procedures.

The actual tender that was awarded at that time on 5.2.3, in the contractual agreements at Table 5.5, is your sole tender issue. Ba Town Council and Lalesh Naidu Trading as LAKA Transport for the disposal of garbage, contract is not appropriately divided up into different sections in specific headings and number of key items are not included as part of the contract.

The items include contract variations, formal procedures is specifying the mechanism to be used if the contract needs to be varied; dispute provisions specifying the requirements of both parties, if the dispute arises in the performance of the contract; termination and contract end days; provisions that allows the contract – the council determinate the contract for convenience; the end date of the contract should also be specified and confidential information closes relating to how confidential information is to be identified dealt with and return in completion of contract.

That contract with Lalesh Naidu, trading as LAKA Transport, there were four issues that arose from there. The contract was not properly drafted. Was this contract checked by your legal team? Are you on Page 22, table 5.5?

MR. D. NARAYAN. - Mr. Chairman, in fact that contract was ongoing. The council designed the contract and have it vetted with the solicitors and then our Ministry.

MR. CHAIRMAN.- Why did you end that contract with Lalesh Naidu and then started doing it in house?

MR. D. NARAYAN. - The contractor informed us that he can no longer continue with the contract because his expenses and workers required more pay which he never quoted in the initial contract. He wrote to the council in February 2016 and his service was discontinued. The council then took over the collection of garbage.

MR. CHAIRMAN.- This is probably one of the reasons there that there is no provision in the agreement for contract variations. In case of some unforeseen circumstances where expenses increase, if there is a provision there in a contract for variation then you

could probably mutually agree to vary the contract or raise charges, but that is something that contract will have.. The contract did not have that clause. When you relieved Lalesh Naidu off the services and took it upon yourself, are you saving some cost in that?

MR. D. NARAYAN. Yes.

MR. CHAIRMAN. - How many garbage collection trucks do you have?

MR. D. NARAYAN. – We have only one. We have requested for another one from our Ministry. We are expecting it by the end of the year. Our garbage collection is done three times a week, on Monday, Wednesday and Friday.

MR. CHAIRMAN. - One truck. How many trucks did your contract have?

MR. D. NARAYAN. - He had one.

MR. CHAIRMAN. - How many wards are in Ba?

MR. D. NARAYAN. - Five wards.

MR. CHAIRMAN. - This truck is required to cater for five wards?

MR. D. NARAYAN.- Yes, apart from that we also using our own trip truck. On Monday and Friday when we have a lot of rubbish, we use our trip truck.

MR. CHAIRMAN.- Is it an option to collect from some wards on Monday, Wednesday and Friday and some wards on Tuesday and Thursday?

MR. D. NARAYAN.- There is option but once we will have another truck then we can continue with the current arrangement.

MR. CHAIRMAN.- Ministry of Local Government probably you can look into that sees if that truck can be given.

MR. A. MATAIVILAI.- It is in our pipeline which will be sourced from the challenge fund in this year's allocation.

MR. CHAIRMAN.- Alright, coming to vetting of contracts by Solicitor on Page 25, Table 5.6 at that time the contracts were not vetted by Solicitors. That is not necessary at the moment because you are not contracting out.

MR. D. NARAYAN.- Whatever contracts we have, we have been implementing. . After vetting from Solicitor's we also get the advice from our Ministry.

MR. CHAIRMAN.- Most of the Councils give their contract documents to the Ministry of Local Government and they pass it off to the Solicitor-General Office because there is a whole team of Solicitors working on these kind of contracts. If the need arises then you know the procedure. The Manual of Accounting practices would have all that in there.

Now to 5.3 Record Management. The notation here files maintained for the contracts but all the necessary information pertaining to the tenders not in the file, papers filed in the files are not serially numbered. On Page 27 the issue is on the tender process for garbage collection. The files did not have the papers number serially so nowhere to find out whether

there are other contracts or there was some papers missing. Is that contract file managed properly?

MR. D. NARAYAN.- Yes, Sir.

MR. CHAIRMAN.- Is it still the practice to serially number it or it was not numbered anymore?

MR. D. NARAYAN.- We have been doing that now but previously when tender is awarded then we make a file for the contractor. Anything related to that contractor including complaints is recoded in that file. That file is separate from the other tender documents which were received.

MR. CHAIRMAN.- We had a case from Sigatoka Town Council where the actual whole contract file was stolen from the SA's Office .There was some documents there that will reveal something so it was stolen and probably destroyed. In the future if there is a contract file all the documents are serial numbered if someone pulls out a paper, you will know something is missing. Just like one of those invoice and old receipt books.

Coming to 5.4 - Payments of contractors, control in payment of contractors. First council noted there is Ba and it is noted that payments are made fortnightly for garbage collection services and weekly for security services. The Council uses MYOB for payment process, the Department for Health signs on the invoice certifying the work have been done, no report were provided to substantiate the verification made by the Department of Health, copies of payment vouchers were not filed in the individual contract file.

That time when the garbage collection was done the Council was paying the contractor by using the MYOB system but there was a need for the Health Department to inspect the works done to see if they were done properly and substantiate and verify the payments and copies of payment vouchers were not filed in the individual file contracts. What was the reason for that?

MR. D. NARAYAN.- The Health Officer inspects the garbage collection and they normally record in their own journals or diaries but it did not tally up at the end of the month and placed in the contractors file. They used to record in their own diaries and if they received complaints they advise the contractor. Now all complaints or all inspections to be recorded and to be filed rather than all the records to be kept in the diaries or journals.

MR. CHAIRMAN.- How often was the Health Inspector inspecting these collections every Monday or Tuesday?

MR. D. NARAYAN.- On weekly basis and it depended on the number of complaints received.

MR. CHAIRMAN.- Only if there is a complaint then you look into it.

MR. D. NARAYAN.- Yes, sometimes the contractor did not pick the rubbish, it maybe because that person placed their rubbish by the road after the truck had gone. We have to verify that.

MR .CHAIRMAN.- Did all the wards know at what time the truck will arrive?

MR. D. NARAYAN.- Yes.

MR. CHAIRMAN.- Currently that is the system. The Ba Town Council should develop a tender evaluation criteria for use of evaluating tender received, a scaling system should be used to apply the criteria when evaluating tenders, ensure that its contractual agreement are appropriated divided into sections with proper headings, ensure that contractual agreements are vetted by Solicitor.

When it comes to scaling system what does it essentially provide for? For example for some wards the work is great, for others there is more work to be done, more houses to be covered, grass cutting work and et cetera there are more parks in that area. So when the contracts are scaled for, different wards, different scales should be considered? Not everyone can come on an equal footing.

MR. A. MATAIVILA.-This is the scaling for evaluating tenders. When we evaluate tenders there are some points that are given. Like for the administrative part of the contractors submitting their bidders in terms of technical and also in financial, on the prices. There should be some scaling system used in order to identify the successful bidder.

MR. CHAIRMAN.- Like when we heard from Lautoka City Council yesterday that you cannot apply the same scale to all wards, some wards have greater scope of work. So when it comes to that stage I think your Accounting Manual will have that.

Managing contractors performance – Ba it was noted in Page 40 the frequency of monitoring was daily. You are monitoring daily but no documented evidence of monitoring noted. You stated that the Health Officer would note in his own diary, copies of those diaries are put for record for the OAG to check?

MR. D. NARAYAN.- I believe the Health Officer did not produce the diary on time to the Auditor.

MR. CHAIRMAN.- Auditors, what is the best practice to do? The Council's explanation is they did the inspection daily but the Inspector noted that in his own diary. What document did you need to see?

MS. U. NAMOSITAVA.- In this case they will normally say that they have doing a monitoring but what we are after is the evidence of report that they have prepared .

MR. CHAIRMAN.- A report to be produced from those diary entries?

MS. U. NAMOSITAVA.- It should be in the contract file.

MR. CHAIRMAN.-In the contract file? So once you pick the contract file you will have everything there, the tender process, the monitoring , evaluation and everything.

The next one is Ba is not picked there – Evaluation of contracts performance.

“Monitoring, reporting and evaluation of performance requirements included in the contract agreement. Ba Town Council - Monitoring requirements, reporting arrangements and review process to review the performance of the contractor were not included in the Contract.”

The contract that was drafted then for the rubbish collection, did not have monitoring requirements, reporting arrangements and review process to review the performance of the contractor were not included. Like you had stated that you were doing the monitoring, there was a review performance arrangement as well but those were not included in the agreement. Table 6.5, this agreement was drafted in-house by the Council or some solicitors drafted it for you.

MR. D. NARAYAN,- During that time it was in-house but since then we have been forwarding that to our legal officer for vetting.

MR. CHAIRMAN.- Aright. So subsequent contracts, did they have this performance and review and monitoring requirements inserted?

MR. D. NARAYAN.- Currently we do not have any contract but we will make sure that it will be inserted.

MR. CHAIRMAN.- Now coming to that complaints part, 6.5 Managing complaints and contractors – you had said that if there was a complaint then you would visit the site or do and inspection. It says on table 6.6;

“The register was not appropriately maintained and updated on a regular basis.”

So there was supposed to be a complaint register, received complaints of the contractor but there was no complaints register maintained.

MR. D. NARAYAN.- We have a complaints register in our office.

MR. CHAIRMAN.- You have it now?

MR. D. NARAYAN.- Yes Sir.

MR. CHAIRMAN.- So it is being regularly maintained?

MR. D. NARAYAN.- Regularly maintained and within three days upon receipt of the complaints, action is to be taken.

MR. CHAIRMAN.- That is the procedure, three days. There are some councils that are doing that in 24 hours.

MR. D. NARAYAN.- It all depends on the type of complaints.

MR. CHAIRMAN.- I read the recommendation for Ba Town Council was that;

“The Ba Town Council should:

- ensure that monitoring works conducted are documented in the form of a report. The report should be included in the relevant contract’s file for reference. – (this is what OAG was saying that the monitoring part be put in that file)
- ensure that contractual agreements with contractors should integrate requirements on monitoring, reporting arrangements and review of contractor’s performance. The frequency of monitoring and reporting should be specifically outlined in the agreement.
- ensure the proper documentation of complaints in the complaints register. The register should be updated on a regular basis as such that the Council is aware of the status of complaints at a particular point in time.”

I understand that you are doing that now.

MR. CHAIRMAN.- That was all we had in terms of the performance audit, is there any general question to the team from Ba Town Council?

I would like to thank the Ba Town Council CEO and the Finance Manager for your attendance to our invitation today and on behalf of the Committee once again thank you for your time and for explanation.

Any final comments CEO before we close the session?

MR. D. NARAYAN.-. I would like to thank, on behalf of Ba Town Council, the committee for the issues raised and we are just working on some of the issues which has been highlighted by the Auditor. I believe in the upcoming audit you will not be finding that. We had some drawbacks, as already mentioned by our Finance Manager Ms Manju that our accountant was sick, luckily she has taken over from her. Those were some of the things we want highlighted and thank you very much.

MR. CHAIRMAN.- We have noted that. We understand that there is an important task to be performed by each town and city council in terms of hygiene and planning around the municipalities and you are doing your job. And there are certain requirements of the Ministry, of OAG, of the Public Accounts Committee as well. In the future we hope that when the documents, accounts come to us all these issues that we have highlighted, they are minimized or totally eliminated.

I always tell other councils, or any entity who appears here that I dream of a day when I just open the book and there is an introduction and conclusion with some pictures and nothing of that sort to pick up. And I hope that any other museum that you build on any other side of the town goes through proper consultations this time.

With that, thank you very much for your attendance and wish you all the best.

The Committee Interview adjourned at 12:05p.m.