

VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON TUESDAY, 31ST OCTOBER, 2017 AT 9:32 AM

Submittee : Sigatoka Town Council

In Attendance

- | | | | |
|----|-----------------|---|-------------------------|
| 1) | Mr. Tulsi Rami | – | Chief Executive Officer |
| 2) | Ms. Mohini Nair | – | Manager Finance |

Ministry of Local Government

- | | | | |
|----|------------------------|---|-------------------------|
| 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 Audit |
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MR. CHAIRMAN.- Good morning everyone, good morning Honourable Members a special welcome to the team from Sigatoka Town Council headed by Mr. Tulsi Ram (I have known him personally since his days in Ba Town Council). We are now ready to commence our proceedings for today. As you are aware, we are doing an important task for the Government and the Parliament and that is to scrutinise the spending of individual town and city councils in this segment of the programme of the Public Accounts Committee.

Today, we are ready to scrutinise the accounts of the Sigatoka Town Council. For that purpose we have the assistance from the Auditor-General's Officer; Mr. Dineshwar Prasad. The Members of the Public Accounts Committee includes myself, Mohammed Dean and Honourable O'Connor from the Government side; Honourable Aseri Radrodoro from the Opposition and we will be joined shortly by Honourable Ratu Suliano Matanitobua, another member from the Opposition side.

You must have heard lately in the media, that the city councils and town councils are currently under the spotlight with regard to the accounts but the accounts of 2010 and 2011 audit opinions. Sigatoka Town Council is one of those.

Honourable Members, today we have the CEO of Sigatoka Town Council, Mr. Tulsi Ram and Manager Finance, Ms Mohini Nair who are appearing before us in response to our letter sent to them.

You will note, CEO, that the opinion that is given by the Auditor-General on the finances of 2012 and 2013 of Sigatoka Town Council has a disclaimer of opinion. The disclaimer of opinion arises when the Auditor-General's Office is not able to substantiate your accounts due to various documents not being provided at that time. So we will request you to take us through your submissions and we will ask you questions as they arise starting from the issues highlighted in Part A – 3.1 Audit Opinion. The first one is on page 1, bullet point 1 was that:

“The Council was unable to provide any supporting documentation to substantiate the existence of sundry deposits amounting to \$57,817 as stated in the Statement of Financial Position. Accordingly the Auditor-General was not able to satisfy himself if the sundry deposits balance is fairly stated in the Statement of the Financial Position.”

We also have the officer from the Local Government here who will assist us as we go along.

So, please advise the Committee why was the recommendation for \$57,000 not submitted to the Auditor-General, and what does that sundry deposit account represent?

MR. T. NAIR.- Thank you, Mr. Chairman and good morning to all the Honourable Members present this morning.

First of all, I would like to apologise for the report that was supposed to be sent to the Committee where we actually sent the report of 2014 Council’s audited report not on the municipal council but this morning we will be here to verbally respond to the comments and with me is Mohini Nair who will respond to the first question.

MR. CHAIRMAN.- Thank you very much, CEO.

MS. M. NAIR.- Thank you, Sir. For Audit Opinion - 3.1, the explanation of Sigatoka Town Council is that the figure \$57,817 has been carried over from the last 20 years. We actually have referred this case to the Ministry to advise us what to do.

MR. CHAIRMAN.- What is that sundry deposit account? What does it involve, what sort of deposits are made in that account?

MS. M. NAIR.- Thank you, Sir, actually 20 years back the Council made car parking space, so people had to pay for their parking space in advance.

MR. CHAIRMAN.- That was some of the things that were deposited in that like parking fees?

MS. M. NAIR.- Yes.

MR. CHAIRMAN.- So that is appearing in your Council’s book for 20 years?

MS. M. NAIR.- Yes, Sir, approximately 20 years.

MR. CHAIRMAN.- The practice was that those deposits were usually made in sundry deposit accounts. Where are the deposits made now?

MS. M. NAIR.- Currently, we just directly put the amount in our deposits account, and if it is refundable, we refund back to the customer.

MR. CHAIRMAN.- Ministry representative, what should be done in that kind of situation where \$57,817 has been pending in the Council's book for 20 years?

MR. A. MATAIVILIA.- Thank you Chair. From the Ministry, we will take advice as suggested by the Honourable Member, to look for other avenue in order to substantiate this amount. Another option that we have is to seek legal opinion before we do the write off.

MR. CHAIRMAN.- Surely this would have been picked up by the Ministry many years ago, if something continues to appear in a particular Council's accounts. I understand that 20 years ago, the Councils were run by Mayors and Town Clerks, now it is the Special Administrator and CEO's. But at some stage, when the Ministry of Local Government took over, they should have picked up that something is appearing, there is a problem in the books. Have you seen that before or is this the first time you have seen that amount?

MR. A. MATAIVILIA.- Sir, for us from last two years...

MR. CHAIRMAN.- So for the last two years you have seen that?

MR. A. MATAIVILIA.- We have seen this amount and we are trying to...

MR. CHAIRMAN.- Usually you seek advice from the Solicitor-General or the Ministry of Economy?

MR. A. MATAIVILIA.- First, we have to ask the Council to look for other avenues where they can locate this records and, if not, then we seek legal advice.

MR. CHAIRMAN.- The last resort is for you to seek write off, but before that, you will request the Council for documents to substantiate. Have you ever asked the Council earlier?

MR. A. MATAIVILIA.- Yes, we have asked them, they have looked for other avenues but still come up with the answer that they did not find any records for that amount..

MR. CHAIRMAN.- Have you found anything?

MS. M. NAIR.- No, Sir, we do not have those old records.

HON. A.M. RADRODRO.- Chair, just question. You mentioned that this \$57,000 was regarding car park deposits?

MS. M. NAIR.- Yes.

HON. A.M. RADRODRO.- Where about is the car park that you are talking about here?

MS. M. NAIR.- It is within the town. When the new shops were opened, they were expecting spaces from the Council, so they deposited those amounts.

HON. A.M. RADRODRO.- Where is it? Because Sigatoka Town Council you will see the metres.

MS. M. NAIR.- Parking metres.

HON. A.M. RADRODRO.- Where about is this car park?

MS. M. NAIR.- It is a small street towards the mission site where they have houses on that side and we have some shops over there Sir.

MR. CHAIRMAN.- These are special car parks that retailers ask for, like Tappoos and then have a few spaces in front of their shops that are left.

MS. M. NAIR.- Yes.

MR. T. RAM.- And in some cases, the building owners are required to provide car parking spaces within their properties. If they cannot, they ask the Council to provide in lieu of these space within that property. So we ask them to pay us for the space and they can park anywhere they want in town in front of their shops.

(Inaudible)

MR. T. RAM.- Not at the moment, we do not have that space in town.

HON. A.M. RADRODRO.- For deposits for car park, what is the normal rate that is usually charged?

MR. T. RAM.- Mr Chairman, this amount is not only car park space; it also includes some other moneys received.

HON. A.M. RADRODRO.- And you mentioned that you are waiting for the Ministry to give you advice. What kind of advice is that? Why are you passing the buck to the Ministry to solve your problem, when in fact it is an internal problem? Is it that you are waiting for the comments from the Ministry to give you the solution to this? And how long have you been in discussion with the Ministry?

MR.T.RAM.- Mr Chairman, that is the last resort, to get the approval from the Ministry, and then we can take action for write-off or whatever.

In this last year's Auditor's report, we made sure to write to the Ministry with the comment that we will write-off.

MR. CHAIRMAN.- I understand, Mr. Ram, that you were transferred to Sigatoka some five years ago?

MR.T. RAM.- Mr. Chairman, I started in 2015.

MR. CHAIRMAN.- 2015 – so that is two years ago. Before that, the Council was run by mayors?

MR.T. RAM.- Before me, we had Special Administrator (SA) Mr. Jay White He was there for a year and he took over from Mr Tuidraki as Special Administrator.

MR. CHAIRMAN.- These accounts obviously have been there for more than 20 years. They should have been picked up by previous Councils and later by the SA's, accounts are done every year for councils aren't they?

MT. T. RAM.- Mr Chairman I agree, it was appearing every year and finally we have decided to take action.

MR. CHAIRMAN.- Had someone taken action much earlier, things would have been made clearer.

MR.T. RAM.- I totally agree Sir.

MR. CHAIRMAN.- There was a lack of action by previous Councils and previous Administrators.

HON. A.M. RADRODRO.- It is paid to the Council and refundable at the end of the contract term. You cannot write it off, otherwise you will deprive people of their rightful ownership to the money.

MR. CHAIRMAN.- Some people might come back with their receipts asking for a refund and if the money is probably sitting somewhere in the general fund and the refunds are paid out, there could be a shortfall if that money has been used somewhere else.

HON. A.M. RADRODRO.- Any software system or accounting system in the Council? Or how do you do your accounting work?

MS. M. NAIR. Sir, we do it through excel and partly through MYOB.

MR. CHAIRMAN.- You do not use Wind bees, something called wind bees.

MS. M. NAIR – No.

MR. CHAIRMAN.- OAG what should be done? The last resort is that they will ask the Ministry for Local Government, Ministry of Economy to write that off. These funds are obviously owed to some people; it is a deposit for parking spaces.

I am not sure whether it is refundable, but I think the amount is refundable at some stage when the term expires. In a large pool of fund, we do not know whether that amount is there or not. There is no ledger or journal that can be used to verify that 20 people paid this amount or 57 or maybe even 100 people. How do you find that out? What is your opinion on that?

MR. D. PRASAD.- Thank you Mr Chairman, normally what happens is that when you audit, what we need from the Council is to provide us with detailed records of all the balance sheet items. When we do not find a detailed listing of the balance sheet items, then we look at the significance of that on the accounts, whether it is really significant and will affect the accounts, and if it does, we qualify our audit opinion.

In this case, \$57,817 is quite a large amount and in fact, it is disclosed as Sundry deposit in the financial statements. But in absence of the supporting documents, we are unable to establish whether this deposit is really a deposit, which is the first thing, as we really do not

know. So even if the Council is saying that this is a Sundry deposit, and probably relating it to a car park, there are certain other avenues the Council could take, which is to look at the current tenants who are sitting at those spots for which these deposits were made. Then if those spots are already occupied, what they can do, basically is to do a calculation and try to reconcile it to this amount.

If after exhausting all these procedures, they still cannot reconcile this amount, as the preparation of the financial statements and the presentation is the responsibility of the Council, the auditor's responsibility is to check that those balances are fairly stated. If they cannot provide us with adequate and supporting documentations for the existence of the amount, then we will highlight that in our report.

In terms of writing it off, it is for the Council and the Ministry to decide that because they will be taking the responsibility for that in case someone comes up with supporting documents and shows it to the Council that being owed this much money the Council has to refund the amount to the depositor.

MR. CHAIRMAN.- So, CEO, that is what we have from the Auditor General. There are various ways to identify it, that is, one part of it is that the account represents just the deposit. There might be current sitting tenants with two or three spaces who probably could do a head count to see how many of them are sitting tenants, what amount would have they have paid back then because there would be some minutes of how much was to be charged? Multiply that by the number of sitting tenants, you will be able to get some substance, and then probably, if there are some like stall fees, fish stalls fees et cetera, doing it this way, you can probably deduct some amount from that and then finally ask for a deduction.

MR.T. RAM.- Mr Chairman, that is true. We will do that, yes.

MR. CHAIRMAN.- Alright, probably before asking for a full write-off, you can still substantiate some of that amount.

MR. T. RAM.- Yes Sir. Mr Chairman, I think what the Auditor wanted from us was to tell them where the money came from and what we cannot do is to give them the details, the money is there but the details from where we got the money is not available.

MR. CHAIRMAN.- Yes, so probably that is a way to find that out. Alright, Ms Nair, what is the current practice with the Sigatoka Town Council, I understand that you have been collecting fees from parking lots, stall fees, grog stall, fish stall, you might have some other moneys that are paid to you, for example, hire of ground? Is Lawaqa Park owned by the Council?

MR. T. RAM.- It is owned by the Fiji Sports Council.

MR. CHAIRMAN.- Fiji Sports Council, so it is not the Town Council, alright. So where are these sums recorded? It must be paid in one general account, but there must be a ledger kept of what is represented there? Is that the practice now in the Council?

MS. M. NAIR.- Yes Sir. We have all our ledgers. Actually we are doing manual ledgers. All of our revenues are in separate chart of accounts and there are ledgers.

MR. CHAIRMAN.- This is not part of this audit but has the Auditor General picked up any later accounts of similar cases where the amount is there, but there is no breakdown.

MS. M. NAIR. - No, Sir.

MR. CHAIRMAN. - No. So the system seems to be working. How long have you spent with the Sigatoka Town Council?

MS. M. NAIR. - Sir, this is my 14th year.

MR. CHAIRMAN. - 14th year. So you would have seen that amount 14 years ago and did you, at that time make an inquiry of where this amount is appearing from?

MS. M. NAIR. - Actually Sir, I started preparing accounts from 2012 when I got promoted, and from that time I have noticed this.

MR. CHAIRMAN. - Noticed that amount?

MS. M. NAIR. - Yes.

MR. CHAIRMAN. - Have you made any attempts to substantiate where that amount came from?

MS. M. NAIR. - Yes, Sir. Because whenever we had meetings with auditors they informed us that you have to look for the details. We have checked all our records, but we are unable to get the breakdown like the receipt number, but we know how the \$57,817 came about, that is on Page 9.

MR. CHAIRMAN. - All right. You know that?

MS. M. NAIR. - Yes. That is on Page 9.

MR. CHAIRMAN. - So we see Page 9. Is it the Sundry Deposit?

MS. M. NAIR. - Yes.

MR. CHAIRMAN. - So members that is on Page 9, 3.12 Sundry Deposit.

“A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

Sundry deposits of the Council are made up of deposits paid by the tenants and contractors to the Council.

The audit was unable to substantiate deposits received amounting to \$57,817 due to lack of appropriate supporting documents.” And these are:

- Car park development;
- Council properties/ shop security;
- Security deposit;
- Nomination fee;
- Market stall;

- Unknown deposit;
- Ticket booth

But you do not know who actually paid for that right?

MS. M. NAIR. - Yes.

MR. CHAIRMAN. - The breakdown. What exactly is 'nomination fee'?

MS. M. NAIR. - Sir, from my knowledge, mayors paid a deposit when they contest a town council election.

MR. CHAIRMAN. - All right. So is that a refundable deposit?

MS. M. NAIR. - Yes, it is refunded when they are not successful.

MR. CHAIRMAN. - All right. So this probably \$1,240 must be for some mayors who were actually elected?

MS. M. NAIR. - Yes.

MR. T. RAM. - Mr. Chairman, councillors pay the nomination fees in order to contest the council election.

MR. CHAIRMAN. - For all councillors?

MR. T. RAM. - Yes, not only for mayors.

MR. CHAIRMAN. - What was the nomination fee for the councillor at that time?

MS. M. NAIR. - For Sigatoka, Sir, I am not very sure but it was about \$200 per person or \$250 per person.

MR. CHAIRMAN. - \$250 per person. All right. There is some information there, OAG, on what actually was the breakdown of that. It is just that we do not know who paid what amount and that is something that we need to substantiate.

HON. M.M.A. DEAN. - Honourable Chair, just a question out of interest. Does the council do their own auditing or is it outsourced?

MR. D. PRASAD. - Thank you, honourable member for that question. The Auditor General audits Sigatoka Town Council.

MR. CHAIRMAN. - There is no internal auditors?

MR. D. PRASAD. - No, there is no internal auditor.

MR. CHAIRMAN. - All right. That answers.

HON. M.M.A. DEAN. - So that means all the necessary books like the general ledger are within the confines of the Council?

MR. D. PRASAD. - Yes, that is why the council prepares the general ledger and the financial statements for auditing.

HON. M. M. A. DEAN. - All right.

MR. CHAIRMAN. - So let us look at bullet point two, honourable members. In the notation there,

“The Sigatoka Town Council is a Municipal Council and their financial statements are required to be prepared in accordance with the International Financial Reporting Standards (IFRS) or Small and Medium Entities (IFRS for SMEs). The Council is yet to comply with IFRS for SMEs as required for general purpose financial statements.

Accordingly, the audit was unable to determine the impact of the financial statements of the Council if any, adjustments which may be necessary if the financial statements were prepared under IFRS for SMEs.”

So what is the issue there Ms. Nair or CEO?

MR. T. RAM. - Mr. Chairman, we have been with IFRS for the last two years.

MR. CHAIRMAN. - For the last two years?

MR. T. RAM. - Yes.

HON. M.M.A. DEAN. - Just a supplementary question on that, Mr Chairman. This IFRS standard in terms of making accounts and all that, are the staff well-resourced or do they find problems with this system?

MR. T. RAM. - Mr. Chairman, at the moment, we do not have any problems with preparing the reports. In fact, our council is the first council which has unqualified accounts for the last two years.

MR. CHAIRMAN. - For the last two years unqualified?

MR. T. RAM. - Yes.

MR. CHAIRMAN. - So OAG?

HON. A.M. RADRODRO. - Are these issues continued?

MR. T. RAM. - No issues are continued now. All these issues have been solved?

HON. A.M. RADRODRO. - Inaudible.

MR. T. RAM. - We have resolved all these issues and we have taken action to answer, so we have no problems.

MR. CHAIRMAN. - OAG can you confirm that, they have been using IFRS for the past two years and that the issues are solved?

MR. D. PRASAD. - Yes. Mr. Chairman. In fact Sigatoka Town Council is the only council whose account is up-to-date. We have completed the 2016 audit in August and the audit report was signed in early September for 2016. It was a clean report.

In regards to the issue of \$57,817, the council is making some progress. I think, in 2016 they had actually indicated that they were finding the people who had deposits with them.

When we audited 2016, the amount that we had initially qualified the accounts for is not material anymore because before we qualified the accounts we looked at the materiality, how significant it is on the financial statements. So that amount however, was discussed in the draft audit memorandum to the council and probably would be part of the general report as well. But it is not, in any way, affecting the auditor's opinion for 2016. Actually the Auditor General is satisfied with the fairness of the overall balance sheet because it has changed from 2013. That was one of the reasons why the Auditor General has given a clean report in 2016.

But adding to that, the major reason for the disclaimer for the Sigatoka Town Council in 2013 was that their financial report was prepared under a different accounting framework which was not permitted by the Fiji Institute of Accountants.

MR. CHAIRMAN. - So there you go members. You have heard that Sigatoka Town Council is the only council to have updated accounts that augurs very well of Mr. Ram and the Finance Manager Ms. Nair. Congratulations, because we have had that issue with other councils where a lot of things have been pending. That is a good start and you have also implemented the IFRS system for SMEs, that should help the Committee and all the stakeholders in moving forward, because your accounts are up to date.

MR. T. RAM. - Thank you Mr. Chairman.

HON. A.M. RADRODRO. - Sir, just a question to Sigatoka Town Council. What is your total approximate rate payers' number?

MR. T. RAM. - Mr. Chairman we have 248 rate payers.

MR. CHAIRMAN. - 248. That includes both business and residential?

MR. T. RAM. - Yes.

HON. A.M. RADRODRO. - What is the percentage for business and what is the percentage for residential?

MR. T. RAM. - I do not have that breakdown.

MR. CHAIRMAN. - No worries about that. That is not an audit issue but for our general information.

HON. V.R. GAVOKA. - Mr. Chairman, just as a matter of interest, if they can indicate what is their township boundary? Thank you.

MR. T. RAM.- Mr. Chairman, physically, it is just before you reach the Sigatoka town, may be a kilometre before the bridge from the Suva side, and as soon as you leave Sigatoka,

going towards the hospital, the boundary ends there. Towards Valley Road as far as the Tadrakulu area.

MR. CHAIRMAN. - The settlement *Kulukulu*, is near the sand dunes, is that also part of the boundary?

MR. T. RAM. - Not at the moment.

MR. CHAIRMAN. - All right. Thank you for that and let us move to part 3.2.

Abridged Statement of Financial Performance- General Fund.

The only issue that is raised there CEO, is that the "Council recorded a deficit of \$505,677 in 2013; an increase of \$327,257 or 183 percent compared to the amount reported in 2012. This was mainly attributed to the increase in other expenditure by \$299,244 or 68 percent.

So what exactly is this other expenses you are talking about in here?

MR. T. RAM.- Mr. Chairman, I will ask Mohini to explain because there appears to be some typing errors or mistakes in the report.

MR. CHAIRMAN.- Yes, please.

MS. M. NAIR.- Thank you, Mr. Chair. As per Council's calculations, our deficit does not come to \$505,000 but \$135,000 because we have all our documents and we have also checked our records. If the Committee wants, we could always submit our copy to the Auditor-General.

MR. CHAIRMAN.- Yes, you can do that. OAG, how did that happen? They are saying that it was not \$505,000 in deficit; there are some addition error.

MR. D. PRASAD.- Thank you, Chair. If I can ask the Committee to report back after looking at this audit report. Actually I do not have it here with me so I can come back to the Committee.

MR. CHAIRMAN.- Please do that and in the meantime if you can supply those documents to us, that you referred to, we will provide it to the OAG as well.

HON. A.M. RADRODRO.- Chair, just a question to the Auditors. How did this instance come about, when you have your processes that should ensure that the figures that you are submitting in this report are correct and properly calculated if it does happen?

MR. D. PRASAD.- Normally, the scrutinising process is very clear in OAG; it goes through normal different lines of checking. But I need to check the records of the Council against our records to substantiate the claims that is made by the Council.

MR .CHAIRMAN.- So we will discuss that when that happens. Did you supply all those documents to the OAG at the time of this audit in 2013?

MS. M. NAIR.- Yes, Sir, we gave all the documents to them.

HON. A.M. RADRODRO.- There were some “addition” problems.

MS. M. NAIR.- No, this came after audit, Sir.

MR. CHAIRMAN.- The report came after audit. So that is when you noticed that there was an additional error?

MS. M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- What does “other expenditure” usually include? If the rest has been explained there: salary, wages, finance, garbage, roads, street lights. I guess road and street lights have now moved to FRA?

MS. M. NAIR.- Yes.

MR. CHAIRMAN.- “Market expenses, depreciation (upgrading footpath and road marking is also gone to FRA). General maintenance and then others” Others, there is an increase from \$439,831 to \$739,075 from 2012 to 2013. What does that include?

MS. M. NAIR.- Thank you, Sir. Actually that “others” is our capital expenditures. If you check my financials you can see the breakdown of the capital expenditures.

MR. CHAIRMAN.- Capital expenditure?

MS. M. NAIR.- Yes.

MR. CHAIRMAN.- Is that part of your submission that you have given to us?

MR. M. NAIR.- No, Sir, I have just given it for photocopying, details are there, Sir.

MR. CHAIRMAN.- So they are making a copy for us. So we will look into that.

HON. A.M. RADRODRO.- Just a question on the expenditures on street light. You have more than 100 percent increase on street light expenses. What is the reason for this increase? Did you have an increase in a street line numbers from \$2,043 to \$58,766 in 2013?

MS. M. NAIR.- Thank you, Sir. The increase was due to maintenance as we had been receiving a lot of complaints that the street lights were not working and complaints come from the Ministry’ so we made sure that all the street lights were being maintained and that led to the increased cost.

MR. CHAIRMAN.- Also on the “Revenue”, Table, there is an increase of rates revenue from \$295,000 to \$341,000. Does that represent an increase in rate payers or the rates went up in that year?

MS. M. NAIR.- Yes, Sir. Thank you, that was the increase in rate payers because we had re-valued one of the properties and they started to pay rates.

MR. CHAIRMAN.- So some people who were not paying rates started to pay rates?

MS. M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- That is good revenue for the Council. Interest has also increased. Are there substantial defaulters, in terms of rates?

MS. M. NAIR.- Yes, Sir. We had set up some strategies when collecting rates. When the people pay their rates they also pay their interest and that is the extra revenue for the Council.

MR. CHAIRMAN.- Bus stand charges remain approximately the same. There is only a few dollars difference. Business licenses also remain the same. I understand there were no new business opening up. Market fees, there is not much difference there but with taxi stand fees, there was a reduction, about \$7,000 in taxi stand fees. Was the deduction on bases?

MS. M. NAIR.- Yes, Sir. Actually we had removed some taxi bases and given some space for car parking spaces. Actually, Sir, we had some spaces which we allocated for taxis towards the other side.

MR. CHAIRMAN.- But then the base fees did not increase?

MS. M. NAIR.- Yes, because when the taxis were removed, that means there were more car parking space and less taxis because we did not erect any extra spaces for people. So whatever we had ...

MR. T. RAM.- (Inaudible)

MS. M. NAIR.- Sir, the existing taxis were within that as we did not have too many taxis that time, so whatever we had, we just shifted to the other side.

MR. CHAIRMAN.- So it's only a question of shifting the bases, but there is a drop in revenue for about \$7,000, how did that happen? I mean for example if you have 50 taxi bases, you close some and put them in a new place, they will still be paying you the base fee?

MS. M. NAIR.- Sir, can I add? In 2012, we had new bases so people had to pay transfer fees of \$700 at that time for the new transfer fees. New taxis have to pay a big amount of \$700 so that was the amount for that.

MR. CHAIRMAN.- Did this stabilise in 2013?

MS. M. NAIR.- Yes, Sir.

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

MS. M. NAIR.- Yes, Sir, our new transfer fee is \$544.

MR. CHAIRMAN.- When you want to transfer from one base to another?

MS. M. NAIR.- And if they want a new base.

MR. CHAIRMAN.- Are there any further questions on 3.2 before we move to 3.3?
Abridged Statement of Financial Position – General Fund.

The notation by the...

HON. A.M. RADRODRO.- Chair, question on the Abridged Financial Statement.
There is a finance costs of around \$137,000, what is this finance cost relating to?

MS. M. NAIR.- Thank you Sir. This finance cost is our operational cost like our bills, our FEA, our telephone and other small office expenses,

MR. CHAIRMAN.- The notation under Table 3.3 is that:

“The Council recorded negative net assets of \$114,814 in 2013 compared to a positive net asset of \$390,863 in 2012. The occurrence of the a negative net asset is attributed to a huge reduction in cash at bank by \$510,240 or 77% due to a payment of \$409,970 made to the FRA.”

So why was that payment of \$409,970 made to FRA?

MS. M. NAIR.- Thank you, Sir. In that time we were informed that FRA was taking all the roads so we had to pay them that amount and then it was reversed again.

MR. CHAIRMAN.- It was given back to you?

MS. M. NAIR.- Yes.

MR. CHAIRMAN.- So all the footpaths, roads and street lights were taken over by FRA?

MS. M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- For that you had pay FRA that amount?

MS. M. NAIR.- Yes, because it is like vice versa, they paid us and we paid them back the same amount. We have all the documents and the Agreement regarding that.

MR. CHAIRMAN.- So why was it necessary to pay them again?

MS. M. NAIR.- That was as per the agreement. I can send the records and a copy of the Agreement between the Council and the FRA.

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

MS. M. NAIR.- Yes, we paid them and they paid us back.

MR. CHAIRMAN.- Supposed to be zero balance up?

MS. M. NAIR.- Yes, we have all our documents regarding that.

MR. CHAIRMAN.- OAG, any comments on that, they had to pay FRA as per the Agreement and they paid them back, so it is supposed to be zero?

MR. D. PRASAD.- Thank you, Chair. I think there was a timing difference for this amount. The Council paid them in 2013 and the reimbursement came in 2014. One of the reasons why their “Others” is quite huge is because of that payment which was a one off payment. That payment was not made in 2012. If you looked at other expenditures, there is quite a big increase and that was one of the reasons why that expenditure was huge in 2013, but the reimbursement came in 2014 from FRA.

MR. CHAIRMAN.- So that would show in the book as surplus.

MR. D. PRASAD- Yes, for 2014.

HON. A.M. RADRODRO.- You record it as what went it gets paid back to you?

MR. CHAIRMAN.- It will be his revenue, if it is an expenditure here, I think.

MR.D. PRASAD.- Yes, we can confirm that with the 2014 accounts.

HON. A.M. RADRODRO.- What we are interested in, because this is the first Council that we see that on the transfer, they pay. Other ministries and municipalities have not informed us that upon the transfer, they made payments to reflect the transfer.

MR.D. PRASAD.- Just to add on to the comments made by the Honourable Member. There was an agreement made between the Municipal Councils and FRA, and we had discussed that. Normally, what happens is that there were some works that were being carried out by FRA and there was a lapse of some time and an agreement that took place as to where this amount is being paid from. The arrangement was made in such a way, and it was a legal binding document and we were able to substantiate the payment that was made to FRA then, and then the reimbursement for the cost of the works that were carried out by the Council. Those amounts were refunded to the Council in the following year of the payment by FRA. So there is an agreement between FRA and the councils.

HON. A.M. RADRODRO.-Agreement? But the process of transferring the road has been highlighted here, that Sigatoka Town Council made a payment of \$409,000 to FRA. That is the issue that we wanted to seek clarification on.

MR. CHAIRMAN.- Because Suva, Nadi and Nausori municipalities did not make any such payment.

HON. A.M. RADRODRO.-There were no issues highlighted that on the transfer of the roads to FRA, the Councils had to make payment and they subsequently received back the payment.

MR. D. PRASAD.- Chair, there were a few Councils that have made the payment, but they made the payment in 2014. Sir, I think Nausori was one of them, I cannot really recall but they had also made that payment to FRA. Maybe the Ministry for Local Government can confirm on that arrangement?

MR. A. MATAILIVIA.- Can we seek clarification for this and come back to the Committee, please.

MR. T. RAM.- Mr Chairman if I can add, when I was the Chief Executive Officer of Ba Town Council, at that time, all councils were required to pay to FRA whatever the cost involved on the works being taken over by FRA in cases of repairing of roads, streetlights We paid FRA and they took over the works, and then at the end of the following year, they paid us back, and after that FRA is doing the works free of charge.

MR. CHAIRMAN.- So it was a one-off payment to the value of the work pending?

MR. T. RAM.- Yes. That was for all the councils, and which ever council who had the money at the time, paid, and I am not sure about the other councils. Whatever estimated costs for the works involved was taken over by FRA, we paid FRA, like the cutting of grass, road maintenance, streetlights and that was done only once.

MR. CHAIRMAN.- But then they paid it back so it balanced out? Is that the one they paid back?

MRT. RAM.- That is right, yes, in 2014.

MR. CHAIRMAN.- Also coming back to the same Table 3.3. There is a Term Deposit that is mentioned there. In 2012, there was no term deposit but in 2013 there was a term deposit of \$60,000. What is that term deposit for?

MS. M. NAIR. - Thank you, Sir. Actually, the Council received an amount of money from Carpenters for \$795,000 out of which we have done some kind of saving for term-deposit, but that term deposit also offsets our overdraft of \$60,000.

MR. CHAIRMAN.- So it is like a guarantee for the OD?

MS.M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- You received \$795,000 from Carpenters?

MS. M. NAIR.- That was way back in 2011, Sir.

MR. CHAIRMAN.- What was that payment for?

MS. M. NAIR.- For a piece of land, title of which was held by Carpenters Fiji Limited and it was under dispute, but after the dispute was resolved, Carpenters took that land back then paid Sigatoka Town Council all the rates outstanding and all the up-keeping money, Sir.

(Inaudible)

MR. CHAIRMAN.- So it was not a loan, Carpenters paid back any charges associated with that land. So where is that \$975,000 reflected in the books of that year?

MS.M. NAIR.- It will be in our cash at bank, Sir.

MR. CHAIRMAN.- Alright

HON. A.M. RADRODRO.- On this loan and lease liability of about \$1.3 million, can you advise what is this loan for?

MS. M. NAIR.- Thank you Sir, prior to 2000, the Council took a loan of \$1.2 million for the road maintenance and the erection of part of our new market, for which we are currently paying and paid our initial loan of \$700,000 to Westpac. We were with Westpac when we took a loan of \$700,000, then we changed our bank to BSP. We took a top-up loan and then \$700,000 was paid for the initial loan and the balance was for the maintenance of the market and our road, Sir.

HON. M.M.A. DEAN.- Honourable Chairman, still on Table 3.3, just need further clarification on that. 2012 cash at Bank that is \$663,050 and 2013 - \$152,810, what has constituted to this huge decline in the cash at bank?

MS. M. NAIR.- It is the FRA payment of \$409,000.

HON. M.M.A. DEAN.- \$409,000?

MS. M. NAIR.- Yes Sir.

HON. M.M.A. DEAN.- Alright.

HON. A.M. RADRODRO.- You have a loan of \$1.3million and the asset is only \$1.2 million, so how did you get this loan?

MS. M. NAIR.- That is based on the Sigatoka Town Council financial status.

HON. A.M. RADRODRO.- You had a loan of \$1.3 million but your asset is \$1.2 million, is that not a case over borrowing by the Council? And whether you also mentioned that it is part of the road upgrade? Did you also make this as a part of this payment to FRA in 2014?

MS. M. NAIR.- The payment was made to FRA until 2013.

HON. A.M. RADRODRO.- Yes, is that also part of the amount that you paid out as part of your upkeep of road in 2013? Did you also include that as part of the \$410,000?

MS. M. NAIR.- The sum of \$1.2 million did not include that \$409,000; that was paid from our Savings account.

MR. D. PRASAD.- Thank you Chair, the year 2013 was when the Council had to make the one-time payment to FRA, but in 2014 the status has reversed because they received a significant amount of money from FRA so their net deficiency and assets again became a positive figure.

(Inaudible)

MS. M. NAIR.- No, Sir that is different. This is for the normal operations, daily upkeep of roads. It is not the payment to FRA.

HON. M.M.A. DEAN.- I note that you had mentioned, and this is directed to the Auditor General's office, that in 2014 they got the considerable amount back. Would you have any idea what that figure would be?

MR. D. PRASAD.- No, Honourable Member, we do not have that figure at the moment, but I can provide that figure later. That receipt for reimbursement came from FRA as initially discussed. So FRA paid it to the Council in 2014.

HON. M.M.A. DEAN.- So rightfully, that reimbursement should be \$409,000.

MR. D. PRASAD.- No, not really. That reimbursement was after FRA did their own calculations, how much work that the Council did, which they were supposed to do, so based on that, they did their validation too and in respect of that, they did their reimbursement.

MR. CHAIRMAN.- Manager Finance, I am looking at the bank statement of the Council on cash on hand and I am trying to see where that \$975,000 from Carpenters is noted. This one was for year 2013, so it should be somewhere there in the 2013 accounts.

MR. M. NAIR.- Yes Sir, thank you. Sir, year 2012, as you can see our cash at bank (Page 2) is \$663,050 so that \$795,000 was there.

MR. CHAIRMAN. - Page 2 of the new document supplied?

MS. M. NAIR. - Yes. Page 2 of the report.

MR. T. RAM. - Inaudible.

MS. M. NAIR. - Yes and that is money we have been using for our operations.

MR. CHAIRMAN. - So that money plus the \$60,000 that is in term deposit?

MS. M. NAIR. - Yes.

MR. CHAIRMAN. - That should give you \$795,000.

MS. M. NAIR. - Yes.

MR. CHAIRMAN. - All right.

MR. D. PRASAD. - Mr. Chairman, if I can explain that?

MR. CHAIRMAN. - Yes.

MR. D. PRASAD. - The 2012 cash at bank of \$663,050 will not necessarily agree to that \$795,000, because they have got cash at bank, they get receipts from the normal operations which is rates and other revenues. On top of that, they received the \$795,000 payment form

Carpenters. So, the cash position for the council as at 31st December, 2012 was \$663,050. That includes the \$795,000 that is coming in.

MR. CHAIRMAN. - Add that to \$795,000 and subtract all the other operations?

MR. D. PRASAD. - Yes. And that was the amount that was left. And then they paid \$409,000, one of the significant amount in 2013 that reduced their cash position in 2013.

MR. CHAIRMAN. - But is there anywhere there in the books where that entry of \$795,000 from Carpenters will show as an incoming amount?

MS. M. NAIR. - Yes. We have our receipts and everything recorded in our general fund.

MR. CHAIRMAN. - Where should it show in the current accounts that we are looking at? It is a huge revenue for the council?

MS. M. NAIR. - That was for 2011, Sir. It will not show in this Account.

MR. CHAIRMAN. - All right. Any further questions on that Table, honourable members before we move forward?

HON. A.M. RADRODRO. - What is your loan term?

MR. CHAIRMAN. - What is your loan?

MS. M. NAIR. - Twenty five (25) years, Sir which started in year 2004.

MR. CHAIRMAN. - *Table 3.4. Abridged Statement of Financial Performance-Parking Meter Fund.*

The Council recorded a deficit of \$24,479 in 2013 compared to a surplus of \$8,621 in 2012.

The occurrence of the deficit was due to a decline in toll and fines revenue collected by \$4,683 or 10 percent and \$3,636 or 37 percent respectively.

So there is a decrease in revenue collected from parking metre and also increase in revenue from fines. With increase of motor vehicles around the country, it would be expected that your parking meter revenue would increase. What was the cause of that?

MS. M. NAIR. - Thank you, Sir. It depends on the customers' density. If we have high customer density, then it is like that. There is no major reason for that decrease.

MR. CHAIRMAN. - So, there is the possibility that at certain times of the year, the parking metres are vacant?

MS. M. NAIR. - Yes.

MR. CHAIRMAN. - Any questions around that members?

HON. M.M.A. DEAN. - Yes, on the parking metre, Honourable Chair. Do you have that new parking system, which prints out the ticket?

MR. T. RAM. - No, Mr. Chairman, we do not have that.

HON. M M.A. DEAN. - All right.

MR. CHAIRMAN. - It is called the lollypop system, the ones you put the coins in?

HON. M.M.A. DEAN. - What we have noted is that this new system is earning more revenue to the councils. The Nadi Town Council had stated that their revenue in the Namaka area had increased almost by 300 percent. Are there any plans to have that installed?

MR. T. RAM. - We will of course check with the other councils and see what we can do best, but at the moment our metres are working fine and it is cost effective.

MR. CHAIRMAN. - The issue there I think was that one lollypop costs about AUD\$700 to install and that machine costs about \$10,000 to \$11,000. So it services about 20 to 25 parking slots where you put the money and print that receipt out. So the maintenance and servicing of that one machine is cheaper than all that lollypops.

MR. T. RAM. - Yes, Mr. Chairman, like I said, we will probably have to sit down with other councils and see what is the best way out for us.

MR. CHAIRMAN. – All right, thank you.

HON. A.M. RADRODRO. - I note that fines have decreased. What fines are these? Are these traffic LTA fines?

(Inaudible).

HON. A.M. RADRODRO. - LTA parking metres. I think I have said this in previous meetings with Town Councils, too, are these fines you get from when issuing these tints, you have to cross check to ensure that these are not LTA funds that you are recording as revenue. This money that you collect from issuing of LTA tints for parking metres, you have to check and ensure that it is not a council money, it is LTA money.

MR. T. RAM. - Mr. Chairman, our council officers are authorised to act on behalf of the LTA officers but on the council premises and council areas, so whatever money is received within the council areas become council fund.

HON. A.M. RADRODRO. - The auditors can also check that, it is not your money it is legislated fee from LTA. The LTA Act legislated that fee.

MR. CHAIRMAN. - What we have heard from the previous councils is that those bookings are usually paid to the Council, if it is overtime if it is paid to the LTA as part of their recording, say, if someone takes their vehicle for fitness test and there is a parking fine, that fine will be paid there but there is usually an MOU where LTA will transfer that fine back to the Town Council. Is that what you have in Sigatoka?

MR. T. RAM.- Mr. Chairman, at the moment what happens is that if someone owes some money to the council and they go to the LTA, they are supposed to come back to the council and pay and take the receipt to LTA.

MR. CHAIRMAN. - So the parking infringement money remains with the council?

MR. T. RAM. - That is right.

MR. CHAIRMAN. - All right. So there is a system.

HON. A.M. RADRODRO. - If you can clarify that is just a collecting point. The ownership does not necessarily come with the funds.

MR. CHAIRMAN. - Whom does the money belong to? The parking metre money belongs to the council?

MR. T. RAM. - Mr. Chairman, that was what we understand.

HON. A.M. RADRODRO. - But the issue on that is based on LTA tickets, not the Town Council?

MR. T. RAM. - Yes. Mr. Chairman, we pay for the tickets and the books and our boys go for training which we pay for. I understand what the Honourable Member is saying, but we will have to check that.

MR. CHAIRMAN. - Yes. I think what he is saying is that the money should rightfully belong to LTA, under legislation, but I see it is the council staff who book the cars and they sign the document even at the collection time and they also appear in court So that money rightfully should go to the council.

MR. T. RAM. - That has been the practice, Mr, Chairman but we will have to check.

MR. CHAIRMAN. - All right.

HON. A.M. RADRODRO. - You have to check because you are not their only authorised agent. There is also the police who does the normal issuing of the same thing.

MR. CHAIRMAN. - Yes, but not for parking metres: Police do not issue parking metres.

HON. A.M. RADRODRO. - But the same principle applies. The LTA does not go to the Town Councils and issue, it is the council officers who are authorised?

MR. T. RAM. - Yes. Mr. Chairman, I have just been informed that we have a MOU with LTA where the money comes to the council.

MR. CHAIRMAN. - All right.

HON. A.M. RADRODRO. - Would you check with the Ministry because you need to clarify the actual ownership, otherwise you would be recording revenue here for something that is not yours.

MR. CHAIRMAN. - But it is good revenue for the council and they are recording if they are using that money too. It is not given to LTA. LTA has other avenues for collecting money.

HON. A.M. RADRODRO. - Yes, for proper accounting, you have to check.

MR. CHAIRMAN. - All right, the next is *Part B. Control Issues.*

Unless there is any question regarding *3.6. Abridged Program Information?*

There is a “General and Special Rate Fund; Revenue; Expenses; Net Cost of Services and Parking Meter Fund is also mentioned there.”

So parking metre currently makes up for the revenue of the council.

Part B. Control Issues.

3.7 Non-Adoption of International Financial Reporting Standards for Small Medium Enterprises.

I think that has been answered by the council. They have been doing that from 2015.

3.8 Lack of separation of duties. What is noted here is that:

“The audit noted that the Payments Clerk/Cashier is responsible for cash receipting, preparation of banking, writing of cheques, preparing payment voucher, maintaining and updating creditors and debtors’ subsidiary ledger and maintaining and updating of cash books. From the review of duties performed by the Accounts Officer, it was revealed that there is no separation of duties in the area of receipting and banking. Furthermore, no evidence existed that the officer’s work was being reviewed and checked by an independent authorised officer.

The anomaly poses a risk in that the cash could easily be mismanaged and concealed without being detected. “

The issue here is that your Payment’s Clerk/Cashier, collects the money and is also responsible for banking. So there is no supervision of that task. Can you give some explanation?

MR. T. RAM.- Mr. Chairman, the practice now is that the works are finally checked by me and we have a separation of duties at the moment.

MR. CHAIRMAN.- So currently there is a separation of duties and also a check and balance system?

MR. T. RAM.- That is right.

MR. CHAIRMAN.- Since when has this been implemented?

MR. T. RAM.- Since this last audit.

HON. M.M.A. DEAN.- Just on that note, how many Finance staff is there in the Council?

MR. T. RAM.- Finance Department has three officers .

HON. M.M.A. DEAN.- So how does the separation of duties work, which particular person is designated for which particular responsibility?

MR. T. RAM.- Mr. Chairman, as recommended, I finally check all the works.

MR. CHAIRMAN.- So one of those three is the Payments Clerks/Cashier, the other one is maintaining the books and writing the cheques? Separate?

MR. T. RAM.- That is done by Mohini and then finally comes to me.

MR. CHAIRMAN.- So that anomaly, OAG, there was a risk that funds could be easily mismanaged and concealed by the changing system.

3.9 Journal vouchers not supported-

“The Council passed general journal entries in the general ledger during the year. However, audit was not able to sight supporting documentation for general journals that was selected for inspection. Further review of general journals revealed that the Council does not maintain a journal voucher system for documenting and approval of the journal.”

That is the question that I also raised regarding that \$57,000. Is there now a system for maintaining journals of accounts as it is a very essential tool.

MS. M. NAIR.- Yes, Sir. We have implemented the same upto the 2016 accounts. It is not updated and we are doing it now.

MR. CHAIRMAN.- When it was implemented?

MS. M. NAIR.- After this report.

MR. CHAIRMAN.- So, OAG's Report actually causing some changes which is good. When there is only one or two bank accounts that are maintained journals are very important to know where the fund is coming from. So with this new system has been implemented I hope the future accounts will show that there is a clarity on that.

3.10 General Ledger – what was noted there is that:

“The accounting general ledger is a report that provides a detailed description of every general ledger account and the transactions that make up the balance in that account’ (that was what I was emphasising earlier).’ The general ledger holds all the financial information used to create the income statement and balance sheet reports, and serves several main purposes in the financial operation of the business.

The review of the general ledger revealed the following anomalies:

- Variances were noted between some revenue accounts as per financial statements and the general ledger. Refer to Annexure 1 for details. The audit was informed by the Manager Finance that listing was used to post entries in the financial statements. Audit was further advised by Manager Finance that it is a past practice to prepare financial statements in this manner.
- Some debtors balance recorded in the debtors' listings were paid off during the financial year but were not updated."
-

Those two debtors there, Patel Garments and Ravinesh Reddy. So what was the issue there and why was the general ledger not updated in terms of debtors listings?

MS. M. NAIR.- Thank you Sir. For your information I would like to inform the Committee that I was not an accounting expert then but after due training I was able to implement everything. It is all up to date now.

MR. CHAIRMAN.- So at that time, you were not the Finance Manager?

MS. M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- CEO, can you confirm that it is working now?

MR. T. RAM.- Mr. Chairman, it is in order now. I mean like she said she was not an expert at that time but she had done some training and is well versed with whatever is required now.

HON. M.M.A. DEAN.- CEO, just a question out of interest. I believe there is a mini-van operator there. How does their license work to operate, is it like on yearly basis they pay?

MR. T. RAM.- Mr. Chairman, before he gets the permission to operate, they have to pay upfront fees and once that is paid then they pay the base fees and business licence annually.

HON. M.M.A. DEAN.- This amount of \$2,204.15 has accumulated over the years, or is this an annual figure?

MS. M. NAIR.- Sir, that was accumulated.

HON. M.M.A. DEAN.- Still operating and yet he was not paying?

MS. M. NAIR.- No, he had left the Council and he was not there.

HON. M.M.A. DEAN.- He is no longer..

MS. M. NAIR.- He started his business without informing the Council. Unless and until he informs us in writing we can then change the record. Without the our record, Sir, we would continue to say that he was still our debtor.

MR. CHAIRMAN.- So has that base been allocated to someone else?

HON. M.M.A. DEAN.- He remains your debtor on the last day of his operation or even for the years he is not operating?

MS. M. NAIR.- Yes, Sir unless and until the day he informs us in writing, that would be the last day that he was not one of the Council's debtor anymore. So we just spoke to him and then he started paying off his arrears in instalments.

MR. CHAIRMAN.- But has that base been allocated to someone else now?

MS. M. NAIR.- No, the base is not specifically for anyone, everyone can use that base.

MR. CHAIRMAN.- But only one Ravinesh Reddy was in arrears?

MS. M. NAIR.- Yes, Sir, and he has paid off his arrears.

MR. CHAIRMAN.- He's paid off?

MS. M. NAIR.- Yes.

MR. CHAIRMAN.- So that money is coming.

HON. M.M.A. DEAN.- If someone suddenly leaves say in 2012 and did not inform you and it is now 2017, until and unless he informs the Council he would still be indebted to pay for those years, 2013, 2014, 2015. Is that the policy? Although, in reality he was not actually operating his business from there?

MR. T. RAM.- Mr. Chairman, for any business operator, the business licence expires in December of that year, so the following year if he does not renew his business licence that means he has ceased operations. We will follow up and check why he is not coming then, we will cancel his licence.

HON. M.M.A. DEAN.- So it is based on the annual renewal?

MR. CHAIRMAN.- Annual review. There is a general base that all these mini-van drivers use so if he has paid the licence he is expected to use it for the whole year, and there is a separate fee associated with that as well. If he has paid the licence and it does not operate from that site he is liable for that fees until he cancels the licence, informs the Council or the licence is not renewed.

HON. M.M.A. DEAN.- Particular year it is assumed that the business has ceased operation? Alright, thank you.

MR. CHAIRMAN.- But if he operates illegally, then the Council can said that his license not paid and....

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

MR. CHAIRMAN.- Bullet point 3:

“ A variance of \$1,800 was noted between the monetary contribution balance reported in the financial statements and the balance as per listing and general ledger.”

What is this “monetary contribution”?

MS. M. NAIR.- Sir, for your information, that was my error when I prepared the accounts. The Auditors have told me to adjust my books.

MR. CHAIRMAN.- What was that \$1,800 really for?

MS. M. NAIR.- Monetary contribution is what our CEO has said, the car space we give to people that is the figure. That is a one-off payment of monetary contribution.

MR. CHAIRMAN.- That has been transferred to another account now?

MS. M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- What account has it gone into?

MS. M. NAIR.- Now, it is into “car parking space”.

MR. CHAIRMAN.- Car parking space. That was an error it is now gone into car parking space.

Bullet point 4:

“Variances were also noted between the opening balance of some debtor accounts in the general ledger and closing balance as per the 2012 audited accounts.”

So in Table 3.3 for Fiji Sugar Corporation, the opening balance seems to be different.

“Fiji Sugar Corporation -There was no amount due from the Fiji Sugar Corporation in 2012. However, the general ledger noted an opening balance of \$4,556.00
WAF/Education/Labour - No general ledger account for WAF/Education/Labour was maintained by the Council.

Taxi, Carrier, Mini Van, others - There was no amount due from the Taxi, Carrier, Mini Van, others in 2012. However, the general ledger noted an opening balance of \$36,293.

DISMAC - No general ledger account for DISMAC was noted in the general ledger.”

Some of these amounts are noted there, but there should not have been any opening balance at all, so how did that eventuate?

MS. M. NAIR. - Sir again, I would like to apologise to the Committee, that was my error because I was just learning how to prepare the accounts.

MR. CHAIRMAN.- Well, at least, you are honest enough to tell us that it was an error and you should rectify it. There are some people who turn up here, tell us a lot of stories and say that it was not their fault, but anyway what has happened to that account now, has it been rectified?

MS. M. NAIR.- Sir, we have set up all our books and records, now it is all up to date.

MR. CHAIRMAN.- Alright.

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

MR. CHAIRMAN.- Oh yes.

MS. M. NAIR.- The one with zero is the right one.

MR. CHAIRMAN.- You are now maintaining a general ledger for WAF and DISMAC.

MS. M. NAIR.- Yes

MR. CHAIRMAN.- Alright.

“The Council recorded transactions relating to dishonoured cheques in two accounts in the general ledger, a debit to a debtors’ ledger and a debit to sundry advance account.”

Any comments on that? , What is the current practice with dishonoured cheques?, Where are you recording dishonoured cheques now?

MS. M. NAIR.- Sir, now all the dishonoured cheques are recorded in a special register with the supporting documents and details.

MR. CHAIRMAN.- And are you taking any steps to collect that money?

MS. M. NAIR.- Yes Sir. In fact, for your information we do not have much dishonoured cheques now, they are all paid to the Council.

MR. CHAIRMAN.- It is also a criminal offence when somebody issues a dishonoured cheque. Has there been any Police prosecution there or have they all paid up and you have settled.

MS. M. NAIR.- They have all paid up, we do not have any issues like that.

MS. CHAIRMAN.- On the second bullet point of Table 3.3

“Council was not able to provide evidence as how amount owed by DISMAC in 2012 of \$27,318 was adjusted to nil balance in 2013. Audit did not sight any receipt of payment from DISMAC or any approval for write off of this debtor in 2013”

So DISMAC owed you some money of \$23,718 and then it was adjusted to nil balance in 2013. What is the story there?

MS. M. NAIR.- Sir, in 2012 there was a big cyclone, flood so there was a big debris next to our bridge. We informed all the respective departments to help us clear it but none of them came forward, so we did it at our own costs and then we billed the respective departments but they did not pay up.

MR. CHAIRMAN.- Oh, it says that DISMAC owed you money, so that was DISMAC owing you for the services?

MS. M. NAIR.- Actually, we paid from the Council and billed DISMAC but they did not reimburse the Council.

MR. CHAIRMAN.- But did they pay you back?

MS. M. NAIR.- No.

MR. CHAIRMAN.- They have not?

t MS. M. NAIR. No, they have not.

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

MS. M. NAIR.- No Sir, we did not have any agreement.

MR. CHAIRMAN.- But you had adjusted it to nil balance in 2013. You have written that off?

MS. M. NAIR.- We treated that as Sigatoka Town Council's expense.

MR. CHAIRMAN.- Alright, for clearing the debt?

MS. M. NAIR.- Yes.

MR. CHAIRMAN.- Whose responsibility is it usually to clear this debris if it is there in the town?

MR. T. RAM.- Mr Chairman, in cases of disaster, we see what we can do as best we can. It all depends on the nature of the disaster. At the moment, there is a huge pile of debris next to the old bridge and we are trying to get somebody to have it cleared but nobody is coming up.

At that time in 2013, the Council needed to have it cleared, so we did that.

MR. CHAIRMAN.- The Council took the best step possible to clear it. Initially, the Council raised an amount to DISMAC without success and it then had to be adjusted and the Council took the responsibility.

HON. M.M.A. DEAN.- CEO, what does FSC owe to the Council?

MS. M. NAIR.- mows The cutting of grass and upkeep of the tramline was supposed to be paid by FSC. They used to pay that previously but have stopped paying that money.

HON. M.M.A. DEAN.- Why?

MS. M. NAIR.- Because after the bridge ...(inaudible)

HON. M.M.A. DEAN.- So the maintenance of all the FSC tramlines which are running through the Council areas, is the responsibility of the council or the FSC?

MR. T. RAM.- It is being done by the Council all the time and FSC was billed, but now FSC is not paying.

MR. CHAIRMAN.- Who is doing it now?

MR. T. RAM.- The Council is doing it.

HON. M.M.A. DEAN.- And rightfully FSC does not pay because it's...

MR. CHAIRMAN.- Not using the trams.

HON. A.M. RADRODRO.- (inaudible)...maintenance so is there any plans for FSC to utilise that?

MR. T. RAM.- Mr Chairman, we do not know at the moment what is in the future plan, but the bridge is still there and the tramline is still there and hopefully they start taking the tramline across.

MR. CHAIRMAN.- FSC can answer that.

HON. A.M. RADRODRO.- I am sorry, but has the Council any plans just utilise that for your own use, because FSC is not paying you for the services that you are doing there.

MR. T. RAM.- Yes, Mr Chairman. What we are doing is just cleaning up the area because we have tourists coming in everyday and using the tramline and to keep our town clean.

(Inaudible)

MR. T. RAM.- Yes, Mr Chairman that is a good idea, we can use the idea and even the old bridge.

(Inaudible)

MR. CHAIRMAN.- Ghost Town is Tavua, not Sigatoka.

MR. T. RAM.- It is a Champion Town, Nadro.

MR. CHAIRMAN.- Stallions. I do not think the Council can use the tramline, they do not have locomotives or carts.

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

MR. T. RAM.- Mr Chairman, at the moment the tramline is used by locomotives coming from Cuvu to Town, bringing in tourists. We appreciate that, and that is why we are doing the extra work.

MR. CHAIRMAN.- That is running? The one that is parked near Coral Coast.

MR. T. RAM.- That is right Sir, and we appreciate them getting the tourist to the town, so this is part of our service to them.

MR. CHAIRMAN.- Alright. That is serving some purpose for the Council as well.

“Review of Council’s property, plant and equipment (PPE) revealed that the Council has no general ledger for (PPE). The audit further noted that posting to the financial statement is done from the fixed assets schedule.”

This is a practice that other councils are employing where they have a separate general ledger for the property plant and equipment. So what is the practice in Sigatoka now?

MS. M. NAIR.- Sir, after this audit report, we have improved and we are doing it the right way.

MR. CHAIRMAN.- So OAG, this issue is not being picked up again?

MR. D. PRASAD.- Yes, Mr Chairman, that has now been resolved.

MR. CHAIRMAN.- Alright, so those things have been resolved. There is only two pages left, so we can finish those two pages and then take a break. Unless the members think otherwise. No?

The next one is probably an important area.

“Tender Documents Not Available

It is imperative that the Council maintains at all times safe custody of tender documents and documents relating to the awarding of the tenders for transparency.

A tender advertisement was published in the Fiji Sun Newspaper on 8 December 2012 for the contract of various works required by the Council with the amount to be tendered being the lump sum payment for 5 years.

As per the Tender Committee meeting minutes dated 31 December 2012, The Council received four official tenders...”

That is;

“Pacific Safety & Risk Management (5 years) - \$3.1million	
Pacific Safety & Risk Management (5 years) - \$1.5 million	
Mohammed Yunus, Korotogo Sigatoka (1 year) - \$275,000	
Sudesh Transport (1 year)	- \$219,000

The audit found that the contract was awarded to Sudesh Transport & Co. However, the file containing the tender documents was not provided for verification. The audit was informed by the Manager Finance that the tender documents file was stolen from the Special Administrator’s Office. Hence, audit was not able to verify the necessary tender documentation

and the transparency in the awarding of the tender and the work of the tender committee relating to the Contract to Sudesh Transport & Co.

In the absence of tender document file the transparency of the tender process is highly questionable.”

So there are two or three issues here, once the tender was awarded and the tendered documents were in the files in the SA’s office, it was stolen. So somebody must have an interest in stealing the tendered document files.

MR. T. RAM. - Mr. Chairman, what had actually happened before the audit took place, there was some issues raised by the Special Administrator where he believed that something had happened under the table, with the contractor.

MR. CHAIRMAN. - Contractor Sudesh?

MR. T. RAM. - Sudesh.

MR. CHAIRMAN. - All right.

MR. T. RAM. - He had actually stopped the work by the contractor and after that, there were some issues relating to the CEO. He was suspended based on those issues and there was an investigation going on during the time. During this investigation, these files went missing and after that the auditors came and that is the reason why the files were not available.

MR. CHAIRMAN. - So the SA’s office, these files are kept in a secured position, locked in a cupboard or something?

MR. T. RAM. - At the moment it is locked in my office. I am looking after the office. At that time I am not aware where the files were kept but it went missing from his office.

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

MR. T. RAM. - Mr. J. White.

MR. CHAIRMAN. - Or J. R. White?

MR. T. RAM. - Mr. J. White

MR. CHAIRMAN. - J. R. White is a company. Who was the CEO at that time?

MR. T. RAM. - CEO at that time was Mr. Anand Pillay.

MR. CHAIRMAN. - He was the one suspended?

MR. T. RAM. - That is right Sir.

MR. CHAIRMAN. - All right. Is it FICAC or Court?

MR. T. RAM. - The case of the missing files and the tenders was reported to the Ministry but the process took its course and the tendering of the award was normal; the tender committee was there and everything was done before Mr. White came. When he came he saw

the papers he suspected something was wrong but it was not that. It was reported to the Ministry and the Ministry did its own investigation and found out that everything was normal. It was okay.

MR. CHAIRMAN. - But the fact that the file went missing raised suspicion?

MR. T. RAM. - But the file went missing for some reason.

MR. CHAIRMAN. - All right.

(Inaudible).

MR. T. RAM. - All these tenders were for one job, yes.

(Inaudible).

MR. CHAIRMAN. - Some for five years, some for one year.

(Inaudible).

MR. CHAIRMAN. - Yes. This 5 x 219 will not reach that \$3.1 million amount. What was the job for? What was the project?

MR. T. RAM. - Mr. Chairman, this was for grass cutting and drain cleaning.

MR. CHAIRMAN. - Grass cutting?

MR. T. RAM. - Yes.

MR. CHAIRMAN. - So someone, Pacific Safety Risk Management tendered, \$3.1 million for grass cutting for five years. Maybe planting the grass and then cutting it.

MR. T. RAM. - But this is huge work: Lots of work is involved, grass cutting throughout the town and cleaning of the drains, cleaning of the whole town, market and washing of the streets.

MR. CHAIRMAN. - All right.

HON. A.M. RADRODRO. - Overall?

MR. T. RAM. - Yes. Overall.

MR. CHAIRMAN.- Thank you for the information but I was just wondering that for the one contract of \$3.19 million, divide that by five, it will be \$638,000 per year for the same work where Sudesh Transport and Mohammed Yunus could do the same for \$275,000 and \$219,000 respectively. How is that possible?

HON. A.M. RADRODRO. - Inaudible.

MR. T. RAM. - Yes, Mr. Chairman, to answer you, these companies are established companies in Sigatoka.

MR. CHAIRMAN. - They are bigger ones?

MR. T. RAM. - They are small ones. The present one has been doing this work for some years and has got the manpower and all the equipment, that is why its cost would be probably less.

MR. CHAIRMAN. - When generally looking at it Sudesh Transport was the lowest bidder probably deserves that, but the issue of the file going missing is suspicious. So who is doing that work now?

MR. T. RAM. - It is being done by Sudesh Transport because he was legally awarded.

MR. CHAIRMAN. - But he was given for one year that time, has it been renewed over the years?

MR. T. RAM. - Yes, Mr. Chairman, he is doing it at the moment.

MR. CHAIRMAN. - All right. Is he cutting the grass well for the \$219,000?

MR. T. RAM. - His work is being monitored on weekly basis and if he does not, then we will take action.

MR. CHAIRMAN. - All right. Apparently that money that FSC would be paying now is included in that contract price for cutting grass near the tramlines?

MR. T. RAM. - Yes, Mr. Chairman, he does the work for the tramline as well.

HON. M.M A. DEAN.- Just a question to OAG, we note the comment that when the Ministry did the investigation they found out that the tender process was in order but your comment here is quite concerning. After para 3.4, the second sentence, you said that 'the audit was informed by the manager finance that the tender documents file was stolen'. The word used is stolen.

Even though the Ministry has acknowledged that the whole process went okay, still does not solve the problem. In a case like this, what do you further recommend because as far as the Committee is concerned, whatever comments you make in your report, that is the underlying guidance for us to do our report. So you are saying 'stolen', how do we go about it from here? It will still remain stolen?

MR. D. PRASAD. - The clarification made by the council is that, as per the Ministry's comments, everything went right and that is what the Ministry knows. The auditors do not know that. We were not able to sight the documentations, we do not know what the process was and even though Sudesh Transport and Company tendered the lowest amount, it does not necessarily mean that the process was transparent and that is what we were not able to establish. There could be elements of fraudulent activities that we were not able to establish.

MR. CHAIRMAN. - Ministry of Local Government, your investigation cleared this particular incident but there is a notation of a 'stolen file' not 'missing file', but they still found that it was all clear.

HON. M.M.A. DEAN. - The Auditor General's Office did not even mention 'misplaced', they have mentioned 'stolen'.

MR. CHAIRMAN. - Any comments on that?

HON. M.M.A. DEAN. - From the Committees' point of view, that is very concerning.

MR. A. MATAIVILIA. - Thank you Chair. I think the Ministry investigated before the audit came through.

MR. CHAIRMAN. - All right.

MR. A. MATAIVILIA. - At that time may be that stolen thing happened but I can go back to the report of the investigation and report back to the Committee.

MR. CHAIRMAN. - Find the result of the investigation because we will need to mention that in the report. Is there a SA in Sigatoka Town now?

MR. T. RAM. - There is no SA in Sigatoka.

MR. CHAIRMAN. - So you are the boss, CEO?

MR. T. RAM. - It seems like that.

MR. CHAIRMAN. - So what systems as per the recommendation here, the council should ensure that in future any general documents are properly kept in a safe place to avoid such incidents? What sort of steps you have taken to safeguard the tender documents and the tender process?

MR. T. RAM. - Mr. Chairman, all the documents relating to any tender is kept in my office under lock and key now.

MR. CHAIRMAN. - All right. Any tender process, is it done by the council or do you have reps from the Ministry of Local Government when the tenders are opened?

MR. A. MATAIVILIA. - Thank you Sir. For the tenders, it is the same throughout for all the councils. They have to do their own tender process, go through the council committees and then submit it to the Ministry for scrutiny and management approval before they can award the tender.

MR. CHAIRMAN. - So those are the tender process, like all the other councils and submit everything to the Ministry of Local Government and they will check the tender process but your representative does not sit in the tender board?

MR. A. MATAIVILIA. - Not necessarily.

MR. CHAIRMAN. - That seems a uniform system across all councils for the time being.

HON. A.M. RADRODRO.- Mr. Chairman, just out of interest, is the council able to tell us about the Pacific Safety and Risk Management company. What is it, is it a local company or overseas? The tender is attracting such a huge amount?

MR. T. RAM. - Mr. Chairman, this company is mostly based in the airport and Denarau area so that is why their cost is high and they compare *Sigatoka* to *Denarau*. It is a local company.

MR. CHAIRMAN. - Thank you. *3.1 Sundry Deposit*. We have had discussion on that so that should be under control.

3.13. Car parking Fees and Rental Income Fees.

We have discussed the car parking fees, but the issue here is that:

“The audit noted from the review of revenue accounts that the Council earned car parking fees amounting to \$11,743 from general public and car park rental fees amounting to \$4,048.20 from Kasabias, from a land which is owned by Carpenters Fiji Limited. The audit further noted that there was no written agreement between the Council and Carpenters Fiji Limited or any approval from Carpenters Fiji Limited authorizing the Council to use its properties to earn rental income.

In the absence of a proper agreement or authorization by Carpenters Fiji Limited, the Council is exposed to legal action. The Council should enter into an agreement with Carpenters Fiji Limited for the use of the land”.

There are two issues here:

1. The rental income and the car parking fees that are not recorded properly; and
2. The Council is gaining rental income from a property that is owned by the Carpenters Fiji Limited.

That is 3.13. Is there any explanation on that CEO or Manager Finance?

MR. T. RAM.- Mr. Chairman, at the moment, we have a letter of approval from the Carpenters Fiji Limited, the owner of the land for us to receive the monies from the rental.

MR. CHAIRMAN.- Currently you have a letter?

MR. T. RAM.- That is right, Sir.

MR. CHAIRMAN.- And this income of car park and rental are recorded separately and properly now?

There is a Council’s comment there as well “The Council is in a legal battle with Carpenters Fiji Limited over the ownership of the subject land. With the case before the Court.” Is this the same one that had been settled and they had paid for?

MR. T. RAM.- (Inaudible)

MR. CHAIRMAN.- Well, Honourable Members, that was the last question we had for the Council and if there is no further questions or comments.....

HON. A.M. RADRODRO.- Chair, a question out of interest in terms of a Council'sI note that most of the Councils have their own facilities in terms of sports grounds. What you have at Sigatoka belongs to Sports Council. Any land by the Council in the future to have its own sports and facilities like in other Councils in the Western area?

MR. T. RAM.- Yes, that is true, Mr. Chairman. We do not have any facilities at the moment but we do not have any complaints from any sporting bodies, that there is a need for a separate ground, whoever wants to use the ground can use the ground, unless we have prior requests from other bodies.

MR. CHAIRMAN.- There is no further questions or comments.

First of all I would like to thank the Sigatoka Council for appearing before this Committee congratulations on two aspects:

1. You are the only Council that has got the accounts up to date and submitted a timely manner to OAG; and
2. You have implemented almost all if not all the recommendations that we have raised in 2014.

That is actually a practice that should be employed by all entities not only town councils, city councils and everyone else. When the Auditor-General makes a recommendation, it should be implemented and Sigatoka Town Council seems to be one of those very few entities that is doing that which has put your books in order, and I hope that when we review the future accounts, none of these issues will recur once again thank you for that.

Is there any final comment here before we close the session?

MR. T. RAM.- Mr. Chairman, I just want to thank you and the Committee Members for letting us be here and discussing our report with you. Like you have said, I am sure our future reports would be in order and we may not be required to come again.

MR. CHAIRMAN.- Yes, you are right, if there is no other issues that are raised in future reports we will not invite you probably we will send you a Christmas card, thanking you for a clear account.

With that Honourable Members thank you very much for your attendance. Let us adjourn for 20 minutes for tea. I invite the team from the Council and the media to join us for tea where we can have some general discussion and we will resume at 11.30 a.m. for other Committee business. Thank you.

The Committee Interview adjourned at 11.03 a.m.