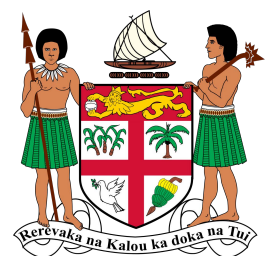




OFFICE *of the* AUDITOR GENERAL  
*Republic of Fiji*

# REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

## Provincial Councils Volume 1



PARLIAMENT OF FIJI  
PARLIAMENTARY PAPER NO. 64 OF 2019



OFFICE *of the* AUDITOR GENERAL  
*Republic of Fiji*

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# OFFICE OF THE AUDITOR GENERAL

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File: 102

9 May 2019

The Honorable Ratu Epeli Nailatikau  
Speaker of the Parliament of the Republic of Fiji  
Parliament Complex  
Gladstone Road  
**SUVA.**

Dear Sir

## **AUDIT REPORT ON PROVINCIAL COUNCILS – VOLUME 1**

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on Provincial Councils – Volume 1.

A copy of the report has been submitted to the Minister for Economy who as required under section 152(14) of the Constitution shall lay the report before Parliament within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ajay Nand', with a long horizontal line extending from the end of the signature.

Ajay Nand  
**AUDITOR-GENERAL**



Encl.

## **The Auditor-General and Office of the Auditor-General – Republic of Fiji**

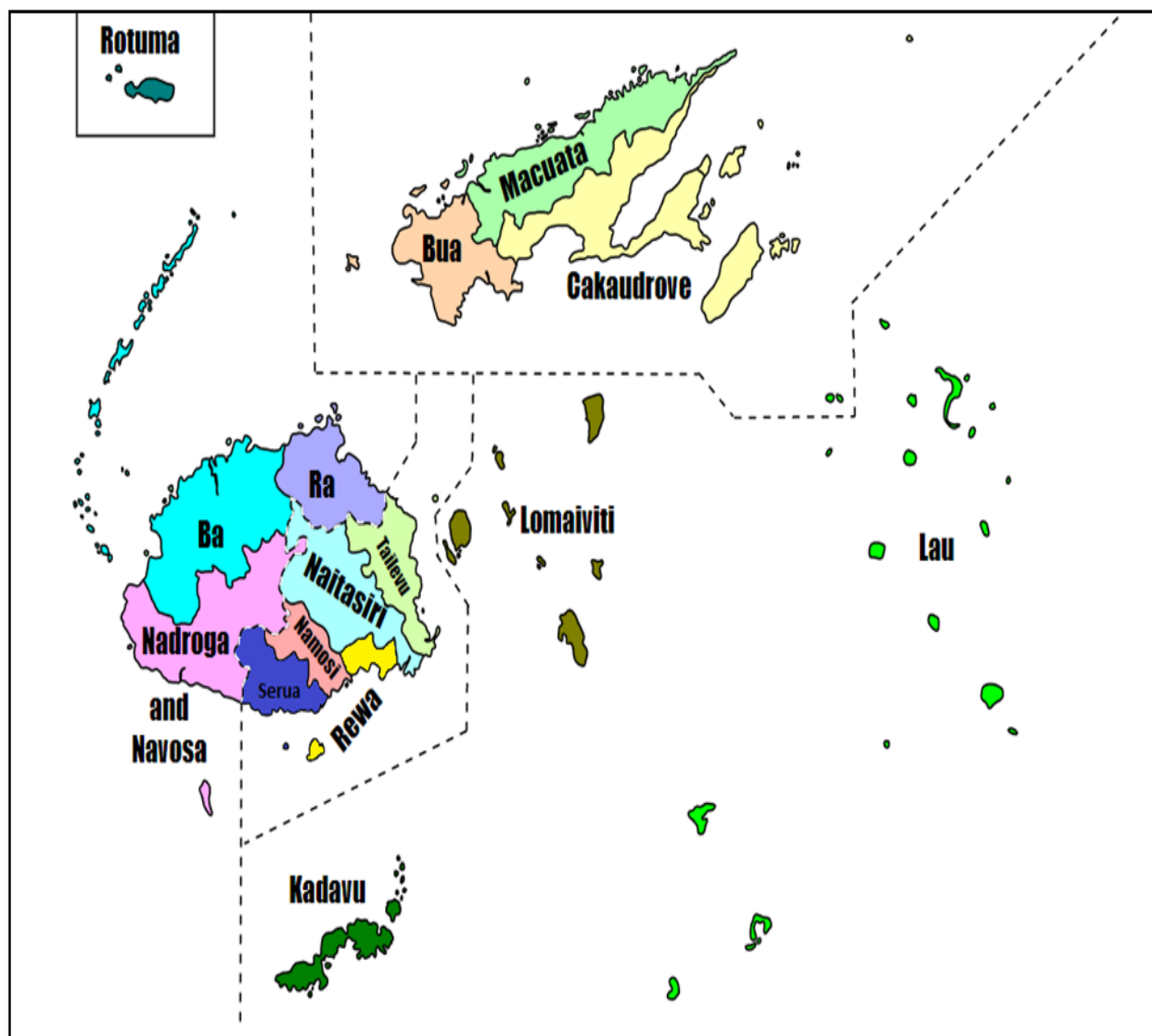
The roles and responsibilities of the Auditor General include expressing an opinion on the financial statements of the 14 Provincial Councils. The Auditor General has the mandate under the *iTaukei* Affairs (Provincial Councils) Regulations 1996 to audit the Provincial Councils. Sections 33(2) and 33(3) state that “*the accounts of every Council shall be audited by the Auditor General*” and that financial statements are to be submitted to the Auditor General by 1 April each year.

The Office of the Auditor-General is established as an Independent Office by the Constitution of Republic of Fiji and assist the Auditor General carry out the audits on behalf of Parliament.

At least once every year, the Auditor General must report to Parliament on the audits conducted and on *other significant matters* the Auditor-General wishes to bring to the attention of Parliament.

This report satisfies these requirements.

The Office of the Auditor-General notes the impact of its reports to Parliament on the ordinary citizens and strives for accuracy and high quality reporting including recommendations which are not only value-adding to the entity subject to audit but its customers, the general public as well.



(Source - [https://wikivisually.com/wiki/Provinces\\_of\\_Fiji](https://wikivisually.com/wiki/Provinces_of_Fiji))

There are 14 Provinces in Fiji comprising of 190 districts and 1172 *iTaukei* villages. A Provincial Council promotes the health, peace, order, welfare and good government of the *iTaukei* residing in that Province.

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## AUDITOR-GENERAL'S FOREWORD



I am pleased to present the first report on the financial audits of Provincial Councils since I took up Office on 16 January 2017. This is the first of the three reports for Provincial Councils planned to be submitted to Parliament in 2019.

Section 33 of the *iTaukei* Affairs (Provincial Councils) Regulations 1996 mandate the Auditor General to audit the accounts of the Provincial Councils. Nevertheless, financial accountability by the Provincial Councils in terms of financial reporting and making available to the members of the Provinces and public audited financial statements is seriously lacking. The financial audits of the Provincial Councils is substantially behind by 14 years or more as financial statements were not submitted annually to the Auditor General.

Between 2015 and 2018, the Office of the Auditor General received from the *iTaukei* Affairs Board 114 draft financial statements for the Provincial Councils. Except for one, all Provincial Councils have submitted for audit financial statements up to the year ended 31 December 2010. I am expecting to receive an additional 115 draft financial statements for the years 2011 to 2018 between FY 2019/2020. The enormous responsibility of resourcing the audits of this huge number of draft financial statements is a challenge that my Office has embraced for the past two years. From 1 August 2017, a Financial Audit Group was established to undertake the task of auditing the financial statements of Provincial Councils.

### Status of the Audits


I am pleased to report that we have completed the audit conduct of 81 of the 114 financial statements of which 30 Auditor's Reports have been issued and reported in this report. The remaining 51 audited financial statements are currently being reviewed and finalized to be issued to the *iTaukei* Affairs Board. The financial audits for 2008 to 2010 of 4 Provincial Councils are in progress while the audits of 21 draft financial statements for seven Provincial Councils will commence from 1 July 2019.

### Report

This report contains summaries and my analysis of the audit findings, the quality and timeliness of financial reporting by Provincial Councils, the audit opinions issued on the financial statements and the key reasons for such opinions, internal control assessments, other significant issues identified from the audits and high level recommendations aimed to strengthen financial reporting, governance and internal controls.

The issues discussed in this report require the immediate attention and prompt actions by the *iTaukei* Affairs Board, Provincial Councils and the Ministry of *iTaukei* Affairs to improve financial accountability by the Provincial Councils. On the same note, I would like to acknowledge the efforts already made by the *iTaukei* Affairs Board to improve financial reporting by the Provincial Councils.

I would also like to acknowledge the assistance and cooperation rendered to my Office by the *iTaukei* Affairs Board throughout the audit process. My Office is committed to fulfilling the immense task of updating the audits of the Provincial Councils and will continue to work with the *iTaukei* Affairs Board and the Provincial Councils to ensure that this is achieved.

  
Ajay Nand  
AUDITOR-GENERAL



## EXECUTIVE SUMMARY

### 1. Introduction

Provincial Councils

There are 14 Provincial Councils which the Auditor General has the mandate to audit under Section 33 of the *iTaukei* Affairs (Provincial Councils) Regulations 1996.

Status of Audits

The audits for all Provincial Councils are in backlog by 14 years and over. The delay in the audits is due primarily to the non-submission of draft financial statements to the Auditor General for audit, by 1 April annually.

Of the 114 draft financial statements received by the Auditor General, the audits of 30 financial statements for 6 Provincial Councils have been completed, audits of 51 financial statements are currently being finalized, audits of 12 financial statements are in progress and 21 financial statements will be audited from 1 July 2019.

### 2. Financial Reporting

Quality of Financial Reporting

The overall quality of financial reporting has been assessed ineffective and require improvements:

- We issued modified (Disclaimer of Opinion) audit opinions on all 30 financial statements audited.
- We reported to the *iTaukei* Affairs Board 126 significant matters concerning material accounting issues and deficiencies in internal controls.

Timeliness of Financial Reporting

Timeliness of financial reporting has been assessed ineffective and require substantial improvements. The audits for Provincial Councils are in backlog by 14 years.

### 3. Internal Controls

Assessment

Internal controls for the 6 Provincial Councils have been assessed as ineffective. The Provincial Councils need to strengthen controls over cash management, journals & reconciliation, purchases & payments and payroll.

### 4. Other Significant Matters

Common Findings

Other areas that require immediate attention by the *iTaukei* Affairs Board and the Provincial Councils for priority and prompt actions for resolutions include: - Submission of financial statements for audit, compliance with the accounting standards, limitation of scope due to insufficient supporting documents, records management, asset management, documentation for loans and advances to staff and public, review and update of policies & procedures, collection and recording of provincial rates, confirmations of investment with Provincial Companies and resolution on whether Provincial Councils are subject to VAT.

### 5. Audit Conclusion

Modified audit opinions (Disclaimer of Opinion) were issued on all the 30 financial statements audited which reflected negatively on the *iTaukei* Affairs Board and the Provincial Councils. Urgent and close attention should be given to address matters highlighted in the Auditors' Reports including the significant matters raised in Sections 3 & 4.



## 1.0 Introduction

The Provincial Councils “Councils” are established under Section 7 of the *iTaukei* Affairs Act 1944 and Section 3 of the *iTaukei* Affairs (Provincial Council) Regulation 1996. Each Provincial Council is a corporate body.

The functions of the Councils are:

- To formulate and implement policies for promoting the health, peace, order, welfare and good government of *iTaukei* residing in the Province;
- To formulate and implement policies for promoting the economic, cultural and social developments of the Province; and
- To carry out such other duties and functions, which the Minister for *iTaukei* Affairs or the Board may see fit to delegate to the Council.

The operations of the Councils are funded by Government Subventions disbursed through the Ministry of *iTaukei* Affairs and the *iTaukei* Affairs Board. Other operational costs not covered by Government Subvention are funded through the collection, on communal basis, of provincial rates.

The Auditor General has the mandate under the *iTaukei* Affairs (Provincial Councils) Regulations 1996 to audit the Provincial Councils. Sections 33(2) and 33(3) state that “*the accounts of every Council shall be audited by the Auditor General*” and that financial statements are to be submitted to the Auditor General by 1 April each year.

This report includes the audit results of 30 financial statements for 6 Provincial Councils as follows:

Provincial Council	Year
Tailevu	2002 - 2007
Naitasiri	2000 - 2007
Lau	2003 - 2007
Macuata	2005 - 2007
Rewa	2002 - 2005
Serua	2002 - 2005

The audits of Provincial Councils have been extensively delayed and is due primarily to the non-submission of financial statements annually to the Auditor-General. The audits of Provincial Councils are behind by more than 14 years.

An update on the progress of the Provincial Councils’ audits is provided under Section 1.4.

### 1.1 Legislative Framework

The following legislation establishes the financial accountability frameworks and legislative time frames to complete financial statements audits for the Provincial Councils:

1. *iTaukei* Affairs Act 1944
2. *iTaukei* Affairs (Provincial Councils) Regulations 1996
3. Audit Act 1969

The respective legislative frameworks indicate the minimum requirements for financial accountability and reporting such as:

- Good governance
- Financial management and performance

- Entity's performance against corporate intent or plan
- Financial reporting
- Annual reports

## 1.2 Accountability and Audit Requirements

The Auditor General has the mandate under the *iTaukei* Affairs (Provincial Councils) Regulations 1996 to audit the Provincial Councils. Sections 33(2) and 33(3) state that “*the accounts of every Council shall be audited by the Auditor General*” and that financial statements are to be submitted to the Auditor General by 1 April each year. Therefore, all Provincial Councils come under the provision of the Audit Act 1969.

The management of the Provincial Councils and the *iTaukei* Affairs Board are responsible for the preparation and fair presentation of the financial statements in accordance with applicable accounting standards, which is the Fiji Accounting Standards for the financial statements reported and requirements of applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Auditor-General may conduct audits in the manner considered appropriate but must ensure that they are conducted in a competent manner having regard to assessment of effectiveness of any relevant internal control system. The Auditor-General must carry out the audit in accordance with the relevant provisions of the standards on auditing determined by the Fiji Institute of Accountants or other relevant standards considered appropriate.

Following completion of an audit, the Auditor General must give an opinion on each set of financial statements audited. In addition, an audit memorandum or management letter should be issued to the responsible authority for each entity audited.

The Auditor General's responsibility is to express an opinion on these financial statements based on his or her audit in accordance with the International Standards on Auditing (ISA). Those standards require the Auditor General to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## 1.3 Types of Audit Opinions

In accordance with International Standards on Auditing, the Auditor General expresses an **unmodified opinion** when the financial statements are prepared in accordance with the relevant financial reporting framework and legislative requirements. This type of opinion indicates that material

misstatements, individually or in the aggregate, were not noted in our audit, which would affect the financial statements of an entity.

A **modified opinion** is issued when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

An **adverse opinion** is expressed when, having obtained sufficient appropriate audit evidence, conclude that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

A **disclaimer of opinion** when sufficient appropriate audit evidence is unable to be obtained on which to base the opinion, and we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

An **emphasis of matter** paragraph is included in the auditor's report to highlight an issue that will help users better understand the financial statements. An **other matter** paragraph highlights a matter that is relevant to users' understanding of the financial statements.

## 1.4 Status of Audits

As at 30 April 2019, a total of 114 draft financial statements for Provincial Councils were submitted to the Auditor-General for audit. Due to the significant number, resourcing to promptly complete these audits continued to be a challenge.

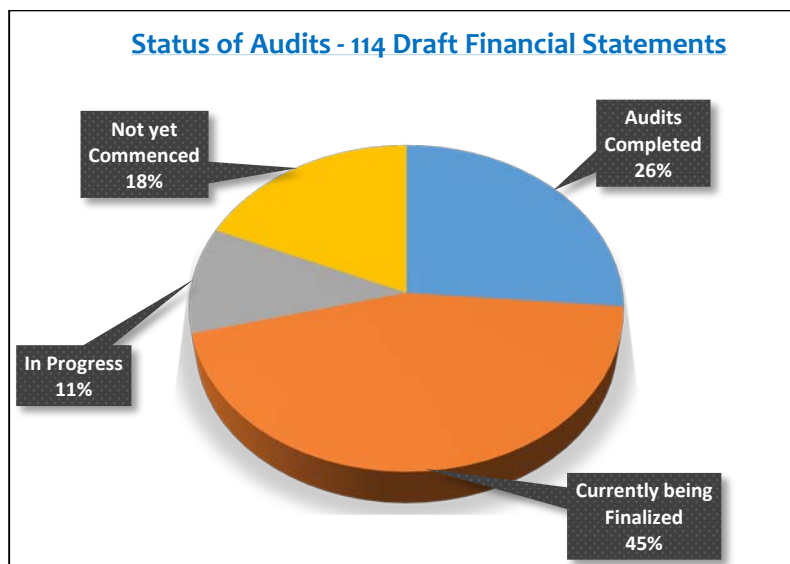
A Financial Audit Group has been established since 1 August 2017 to clear the backlog of audits for the 14 Provincial Councils.

Below is a summary of the status of audits as at 30 April 2019:

Provincial Council	Draft Financials Statements Received	Audits Completed	Audits currently being finalized	Audits in Progress	Audits not yet commenced as at 30 April 2019	Draft Financial Statements not yet received for audit
Tailevu	2002 - 2010	2002 - 2007			2008 - 2010	2011 - 2018
Naitasiri	2000 - 2010	2000 - 2007			2008 - 2010	2011 - 2018
Macuata	2005 - 2010	2005 - 2007			2008 - 2010	2011 - 2018
Lau	2003 - 2007	2003 - 2007				2008 - 2018
Serua	2002 - 2010	2002 - 2005	2006 - 2010			2011 - 2018
Rewa	2002 - 2010	2002 - 2005	2006 - 2010			2011 - 2018
Ba	2001 - 2010		2001 - 2007		2008 - 2010	2011 - 2018
Cakaudrove	2002 - 2010		2002 - 2007		2008 - 2010	2011 - 2018
Nadroga	2002 - 2010		2002 - 2007		2008 - 2010	2011 - 2018
Lomaiviti	2006 - 2010		2006 - 2007		2008 - 2010	2011 - 2018
Bua	2003 - 2010		2003 - 2007	2008 - 2010		2011 - 2018
Ra	2000 - 2010		2000 - 2007	2008 - 2010		2011 - 2018
Namosi	2001 - 2010		2001 - 2007	2008 - 2010		2011 - 2018
Kadavu	2002 - 2010		2002 - 2007	2008 - 2010		2011 - 2018
<b>Total</b>	<b>114</b>	<b>30</b>	<b>51</b>	<b>12</b>	<b>21</b>	<b>115</b>

Of the 114 draft financial statements submitted to the Auditor-General:

- Audits of 30 financial statements have been completed and reported in this report;
- Audits of 63 financial statements are currently being finalised or in progress and will also be reported to Parliament in 2019; and
- Audits of 21 financial statements will commence from July 2019.



Efforts are being made to complete in 2019 the audits of all the financial statements that have been received by the Auditor General.

It is envisaged that an additional 115 draft financial statements are expected to be submitted to the Auditor General in the financial years 2019/2020 and 2020/2021, to update the audits of Provincial Councils to 2018.

As the Auditor General is mandated to audit the Provincial Councils, the Office of the Auditor General is strongly committed to fulfilling this mandate and will continue to work closely with the *iTaukei* Affairs Board and the Provincial Councils to update the audits of all Provincial Councils by 2021.

## 1.5 Reference to Comments

As the draft financial statements for the Provincial Councils were submitted to the Auditor General by the *iTaukei* Affairs Board, all audited financial statements and management letters were issued to the Board.

As at 30 April 2019, we received responses from the *iTaukei* Affairs Board on the audits of 30 financial statements for 6 Provincial Councils reported in this report. The comments provided by the *iTaukei* Affairs Board are summarized on **Appendix E**. Comments received subsequently will be provided to the Parliamentary Standing Committee on Public Accounts when this report is tabled for discussion.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the *iTaukei* Affairs Board and the Provincial Councils.

## 2.0 Financial Reporting

Sound financial management require the important elements of accurate and timely financial statements. They bring accountability and transparency to the way public resources are utilized by the Provincial Councils. We have assessed financial reporting for the Provincial Councils by the following aspects:

- quality of financial reporting
- timeliness of financial reporting

### 2.1 Quality of financial reporting

The following two indicators assisted us in assessing the quality of the Councils' financial statements:

- modified and unmodified audit opinions; and
- significant matters reported to management and those responsible for governance of the Councils, in this case the iTaukei Affairs Board.

As shown in the Table below, we assessed the quality of financial reporting by the type of audit opinion issued on the financial statements and the impact and number of significant issues reported to management and those charged with the governance of the Provincial Councils:

Rating	Quality of financial reporting assessment
Effective	Unmodified opinions with minimal issues reported to the iTaukei Affairs Board
Ineffective	Modified opinions with more than five significant issues reported to the iTaukei Affairs Board

The modified audit opinions issued on all 30 financial statements for the six Provincial Councils and the prevalence of the significant matters reported across the Councils indicate that the overall quality of financial reporting is ineffective and require substantial improvements.

### Audit opinions

The main outcome of our audits are independent auditors' reports on the financial statements of the Provincial Councils that were produced and submitted to the Auditor-General by the iTaukei Affairs Board.

We issued 30 modified audit opinions on all the financial statements of the six Provincial Councils reported in this report. The modified audit opinions were all Disclaimer of Opinions as shown in the Table below:

Provincial Council	Year	Unmodified Opinion	Modified Opinion
			Disclaimer
Tailevu	2002 - 2007		✓
Naitasiri	2000 - 2007		✓
Lau	2003 - 2007		✓
Macuata	2005 - 2007		✓
Rewa	2002 - 2005		✓
Serua	2002 - 2005		✓

## Key Reasons for Disclaimed Audit Opinions

Provincial Council	Year	Limitation of Scope	Non-Compliance with relevant Accounting Standards	Significant Breakdown in internal controls
Tailevu	2002 - 2007	✓	✓	✓
Naitasiri	2000 - 2007	✓	✓	✓
Lau	2003 - 2007	✓	✓	✓
Macuata	2005 - 2007	✓	✓	✓
Rewa	2002 - 2005	✓	✓	✓
Serua	2002 - 2005	✓	✓	✓

Audit opinions were disclaimed due to the following major reasons:

- Limitation of scope - we were unable to obtain sufficient appropriate audit evidences to substantiate major components of the financial statements. The absence of records created significant limitations on the scope of the audits and restricted the performing of necessary audit procedures. The limitations were pervasive and material to understanding the financial information disclosed in the financial statements.

**Appendix A** lists the percentage of unsubstantiated balances due to unavailability of accounting and related records, which also affect our ability to quantify the financial effects to adjust and correct the financial statements.

- Statements of Cash Flow were not prepared and presented as components of the financial statements submitted for audit, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.
- Significant breakdowns in financial internal controls affected the reliability of financial reporting of the Provincial Councils.

**Appendix B** contain the qualification issues raised in the Auditors' Reports issued to the six Provincial Councils.

The financial statements of the 6 Provincial Councils audited are presented as **Appendix C**.

## Significant Matters Reported

The Audit Act 1969 requires that the Auditor General report on significant matters identified during the audit to those responsible for the governance of the Provincial Councils. This includes the *iTaukei* Affairs Board and the Roko Tui.

As the audits for several years were conducted together, the issues that were identified from the audit as significant for the individual Provincial Councils for those years were rated medium to high risks and were communicated to the *iTaukei* Affairs Board in one report or Management Letter.

Issues that are classified as medium to high risks are control and compliance weaknesses of such fundamental significance or substantial importance to the Provincial Councils that they require immediate attention by the *iTaukei* Affairs Board for priority and prompt actions for resolutions.



We reported to *iTaukei* Affairs Board 126 significant matters on the audits of the 30 financial statements for the 6 Provincial Councils.

Provincial Council	Year	No. of Significant Matters Reported
Tailevu	2002 – 2007	18
Naitasiri	2000 – 2007	15
Lau	2003 – 2007	27
Macuata	2005 – 2007	10
Rewa	2002 – 2005	27
Serua	2002 – 2005	29

An analysis and common significant issues across the 6 Provincial Councils are discussed further on Sections 3 & 4 of the report.

## 2.2 Timeliness of financial reporting

To assess the timeliness of draft acceptable financial statements, we have compared the date the draft financial statements were received for audit after allowing for at least 30 days before the legislative deadlines for our audit.

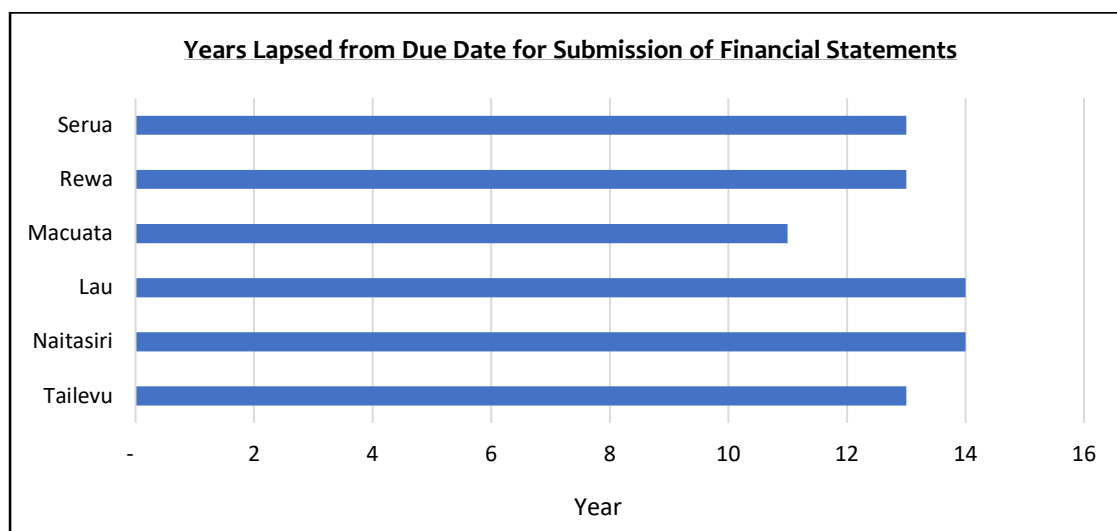
Rating	Timeliness of financial reporting assessment
 Effective	Acceptable draft financial statements received by 1 April each year
 Ineffective	Acceptable draft financial statements received more than 30 days after 1 April each year

The Table below shows the length of time for the submissions of financial statements to the Auditor General:

Provincial Council	Year	Due Date for submission	Date submitted
Tailevu	2002	01/04/03	19/01/17
	2003	01/04/04	19/01/17
	2004	01/04/05	07/02/17
	2005	01/04/06	24/02/17
	2006	01/04/07	28/03/17
	2007	01/04/08	09/10/17
Naitasiri	2000	01/04/01	06/08/15
	2001	01/04/02	06/08/15
	2002	01/04/03	06/08/15
	2003	01/04/04	06/08/15
	2004	01/04/05	06/08/15
	2005	01/04/06	06/08/15
	2006 – R	01/04/07	03/11/17
Lau	2007 – R	01/04/08	03/11/17
	2003 – R	01/04/04	22/05/18
	2004 – R	01/04/05	22/05/18
	2005 – R	01/04/06	28/06/18
	2006 – R	01/04/07	28/06/18
Macuata	2007 – R	01/04/08	28/06/18
	2005 – R	01/04/06	13/07/17
	2006	01/04/07	22/10/15
Rewa	2007	01/04/08	01/05/15
	2002	01/04/03	24/01/17
	2003	01/04/04	24/02/17
	2004	01/04/05	09/03/17
	2005	01/04/06	18/03/17



Provincial Council	Year	Due Date for submission	Date submitted
Serua	2002	01/04/03	13/01/17
	2003	01/04/04	13/01/17
	2004	01/04/05	13/03/17
	2005	01/04/06	13/03/17

**R – Revised Financial Statements**

All six Provincial Councils did not comply with the statutory requirements to submit to the Auditor General financial statements for audit by 1 April each year.

The submissions of financial statements to the Auditor General were more than 14 years behind the statutory deadlines. In some cases, multiples versions of the financial statements were presented for audit, which further delayed the audits for certain Councils.

The 2011 draft financial statements (refer to Section 1.4) which have yet to be submitted to the Auditor General for audit, are already more than 8 years behind as at 30 April 2019.

The timeliness of financial reporting is ineffective due to the length of time it took the *iTaukei* Affairs Board and the Provincial Councils to prepare and present the financial statements and submit them for audit.

## 2.3 Results Summary

Both the quality and timeliness of financial reporting for the 6 Provincial Councils have been assessed as ineffective and therefore require the immediate attention of the *iTaukei* Affairs Board for prompt resolutions.

The following Table summarizes our assessment of financial reporting processes:

Provincial Council	Year	Financial Reporting	
		Q	T
Tailevu	2002 – 2007	✖	✖
Naitasiri	2000 – 2007	✖	✖
Lau	2003 – 2007	✖	✖
Macuata	2005 – 2007	✖	✖
Rewa	2002 – 2005	✖	✖
Serua	2002 – 2005	✖	✖

T=Timeliness of financial reporting

Q=Quality of financial reporting

## 3.0 Internal Controls

### 3.1 Internal Controls Assessments

Good internal controls provide reasonable assurance that an entity is achieving its objectives relating to operations and reporting and support the production of effective financial statements.

We assess the financial controls used by the Provincial Councils using the following five key elements:

- (i) Control Environment (CE) – actions, attitudes and values that influence daily operations
- (ii) Risk Assessment (RA) – processes for identifying, assessing and managing risk
- (iii) Monitoring Activities (MA) – oversight of internal controls for existence and effectiveness
- (iv) Control activities (CA) – policies, procedures, and actions taken to prevent or detect errors
- (v) Information and Communication (IC) – systems to inform staff about control responsibilities

The five key elements are explained in detail on **Appendix D**.

When we identify that internal controls in any of these elements are missing or are not operating as intended, we refer to them as *control deficiencies (audit finding)*. If we identify that a control deficiency, either alone or in combination with other deficiencies, may lead to a material misstatement in the entity's financial statements, we refer to this as a *significant audit finding*. If we identify a deficiency (audit finding) with any of these internal controls as part of our audits, we report the finding to the entity's management.



A deficiency occurs when internal controls are unable to prevent, detect or correct errors in the financial statements or where controls are missing. A significant deficiency is a deficiency that either or alone or in combination with multiple deficiencies may lead to a material misstatement in the financial statements. It requires immediate management action.

The Results Summary in Section 3.3 shows the strength of controls in key elements for the 6 Provincial Councils for which 30 financial statements were audited.

Our audit indicated that all five components were areas where significant deficiencies were identified.

In 2015, the iTaukei Affairs Board issued a Financial Manual to supplement the existing Accounting Manual. However, we have yet to determine whether the supplementary Finance Manual has assisted the Provincial Councils to operate reliably and to produce effective financial statements.

The following Table outlines the rating we have used to assess internal controls:

Rating	Internal Control Assessment
 <b>Effective</b>	No deficiencies identified in internal controls
 <b>Ineffective</b>	Significant deficiencies identified in internal controls

It is important to note that the deficiencies detailed below were identified during our audit and may have been subsequently resolved by the iTaukei Affairs Board and the Provincial Councils. These have been included in this report as they impacted on the overall system of control of the Provincial Councils as at the dates of the financial statements.

## 3.2 Common findings

Internal control deficiencies identified were communicated to the iTaukei Affairs Board through our Management Letters. Common internal control weaknesses relate to the following main areas:

- Cash management
- Journals and reconciliation
- Purchases and payments
- Payroll

Our audits found the following internal control weaknesses to be prevalent:

### Cash management

- Monthly bank reconciliations were either not prepared or if performed were untimely and inaccurate. As a result, there were unreconciled variances between the Bank Reconciliation Statements and the General Ledger with neither balances reconciled to the confirmations provided by the banks.
- Receipts were not banked intact as deposits could not be traced to the bank statements. This indicated that receipts may have been utilized for cash payments, however, could not be properly substantiated due to missing records.
- Direct deposits to the bank could not be traced to the receipts which indicated that direct bank deposits were not always recorded in the receipt books and General Ledger.
- Daily or regular banking of receipts were not done.
- Accurate and timely cash flow analysis were not performed.
- Stale cheques were not appropriately dealt with.
- Cash records such as lodgment books, cheque books and cashbooks were not properly maintained resulting in the records not being able to be located for audit.

The various internal control weaknesses identified indicated that cash management for Provincial Councils is a high risk area that is susceptible to fraud and mismanagement.

### Journals and Reconciliations

- Inadequate supporting documents for journals posted to the General Ledger.
- Reconciliations for other key account balances were not prepared. Reconciliations were not reviewed or if reviewed, were not done independently and in a timely manner.
- Salary reconciliations were not performed. There were variances noted between the payroll advice and General Ledger.

Journals without appropriate controls and oversight increases the risk of error and fraud. The Provincial Councils need to improve the process in preparing and reviewing account reconciliations by performing timely reconciliations that are independently reviewed.

### Purchases and payments

Purchases and payments processes were not complied with as follows:

- LPOs were not issued for purchases.
- Competitive quotations were not obtained.
- Payment Vouchers and supporting documents were not stamped "PAID".
- Payments were not always supported with proper documents.

As records such as payment vouchers and supporting documentations have been misplaced, some payments made during the years could not be substantiated during the audit.

Improving internal controls for the purchases and payments functions for Provincial Councils are crucial to minimizing the risks of unauthorized purchases and fraud.

### Payroll

- Payments of wages were not supported with timesheets/timecards.
- Employee details were not updated in the Personnel Files such as Employment Agreements, salary rates and positions, and leave schedules.
- Some Personnel Files and Pay Run Reports were not provided for audit verification.
- Salary reconciliations were not performed.

Weaknesses in payroll controls could result in incorrect payments to employees due to either error or fraud. As employee salaries/wages and related costs represents the largest portion of total expenditures for Provincial Councils, effective payroll controls is crucial.

**Appendix E** provides a summary of the management comments received from the iTaukei Affairs Board.

## 3.3 Results Summary

For the years audited, we have assessed the internal controls for the Provincial Councils as ineffective. The common significant findings discussed in Sections 3 & 4 have contributed to this assessment.

The Table below summarizes our assessment of internal controls across the Provincial Councils which were audited:

Provincial Council	Year	Internal Controls				
		CE	RA	CA	IC	MA
Tailevu	2002 – 2007	✖	✖	✖	✖	✖
Naitasiri	2000 – 2007	✖	✖	✖	✖	✖
Lau	2003 – 2007	✖	✖	✖	✖	✖
Macuata	2005 – 2007	✖	✖	✖	✖	✖
Rewa	2002 – 2005	✖	✖	✖	✖	✖
Serua	2002 – 2005	✖	✖	✖	✖	✖

CE=Control Environment

RA=Risk Assessment

CA=Control Activities

IC=Information and Communication Control

MA=Monitoring Activities

## 4.0 Other Significant Matters

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The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which *could cause or is causing* severe disruption to the process or on the ability of the Provincial Councils to achieve process objectives and comply with relevant legislation, which are in addition to those discussed in Section 3.

It is likely that these issues may have an impact on the operations of the Provincial Councils in future, if necessary action is not taken to address them.

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the *iTaukei* Affairs Board and the Provincial Councils. These have been included in this report as they impacted on the overall system of control of the Provincial Councils as at the dates of the financial statements.

### 4.1 Common Findings

Other significant matters identified during the audit were communicated to the *iTaukei* Affairs Board through our Management Letters and they relate to the following areas:

- **Submission of financial statements for audit** – Significant delays in the submission of draft financial statements for audit, which is discussed in detail in Section 2 of this report. Lack of capacity has been identified as a contributing factor to preparing timely and accurate draft financial statements.
- **Compliance with the accounting standards** – Non-compliance with the requirements of the applicable financial reporting framework used. A significant non-compliance relate to the non-disclosure of Statement of Cash Flows in all the draft financial statements submitted for audit.
- **Limitation of scope** – Lack of sufficient appropriate supporting documents to substantiate the account balances reported in the financial statements. Refer to *Appendix A*. The absence of records created a significant limitation on the scope of the audits and restricted the performing of necessary audit procedures.
- **Records management** – Records management for the Provincial Councils were generally poor resulting in missing financial and related records to support most of the balances reflected in the financial statements.
- **Asset management** - The Provincial Councils have not reviewed the valuation of property, plant and equipment since 1999. In addition, the accuracy and completeness of the Fixed Assets Registers/Schedules could not be determined as the balances in the General Ledger and the Fixed Assets Schedule did not reconcile.

There was no capitalisation policy to set the threshold for recording expenditures related to fixed assets.

- **Loans and advances to staff and public** – Loans and advances to staff and public were not supported with appropriate documentations. The Provincial Councils were not effective in the

recovery process of loans and advances resulting in substantial provisions for doubtful debts for the years audited.

- **Policies and procedures** - Absence of clear policies that requires the development of strategic and operational plans. These include but not limited to strategic and corporate plans, business plans, risk management plans, disaster recovery plans.

We also looked at whether policies and procedures for various aspects of the Provincial Councils' operations exist and were updated. For the years audited, we noted that policies and procedures were not reviewed and updated.

- **Provincial rates** – The Provincial Councils did not maintain Rates Collection Registers. As such detailed listing of rates due and payable could not be determined. Consistent over projection of revenue from provincial rates over the years.
- **Confirmations for Investment with Provincial Companies** – The Provincial Councils hold various investments with the Provincial Companies. For 5 of the 6 Provincial Councils audited, investment confirmations were not provided by the Provincial Companies as such the audits were unable to determine the authenticity of the investments.
- **VAT** - Government grant and expenses related to government grants were not charged with VAT. The issue on whether the Provincial Councils are subject to VAT is long outstanding and has remained unresolved.

**Appendix E** provides a summary of the management comments received from the *iTaukei* Affairs Board.

## 5.0 Audit Conclusion and Recommendations

### 5.1 Audit Conclusion

Modified audit opinions (Disclaimer of Opinion) were issued on all the 30 financial statements audited which reflects negatively on the *iTaukei* Affairs Board and the Provincial Councils. Urgent and close attention should be given to address matters which have been highlighted in the Auditors' Reports including the significant matters raised in Management Letters.

Quality and timely financial reporting is a major issue which needs to be addressed by those charged with governance of the Provincial Councils. Delays in submission of financial statements for audit prevents the Auditor-General from giving an opinion on them on a timely basis and informing Parliament and other stakeholders of the outcome of such audits.

Good governance and internal controls is lacking because regulations, formal policies and procedures to govern all aspects of the Provincial Councils' operations were not reviewed and updated for a long period time or that they do not exist. This has not been given due considerations over the years. In addition, records management is poor resulting in missing financial records. There is no policy currently existing that is directed towards effective records management.

The monitoring role of the Ministry of the *iTaukei* Affairs and *iTaukei* Affairs Board on the operations of the Provincial Councils should be strengthened to improve financial accountability. It has been noted that it becomes challenging for entities to prepare annual financial statements when these have not been done for some time resulting in a backlog.

### 5.2 Recommendations

1. Management of the *iTaukei* Affairs Board and the Provincial Councils should urgently address all the issues that give rise to the audit qualifications, internal control deficiencies and other significant issues discussed identified on Sections 3 & 4 of this report.
2. Improving the quality and timeliness of financial statements should be given the utmost priority. Quality of financial reporting can be improved by involving suitably qualified Accountants in the Provincial Councils that are capable of preparing and presenting draft financial statements on time and in accordance with the requirements of the applicable financial reporting framework.
3. The *iTaukei* Affairs Board should consider the establishment of a robust and capable audit, risk and improvement committee to specifically look at the quality and timeliness of financial reporting by the Provincial Councils and formulate action plans to resolve governance and internal control deficiencies and significant audit findings reported by the Auditor General.
4. The *iTaukei* Affairs Board should consider reviewing and strengthening the capability of its internal audit function to assist in reviewing the systems and processes for the Provincial Councils and develop recommendations for improvements to those charged with governance.
5. Formulation of strategic plans and corporate plans including risk management plans for the Provincial Councils should be given due consideration. Regulations and formal policies and procedures to support effective governance and internal controls should be regularly reviewed and kept up to date or established for those that do not exist.



6. The *iTaukei* Affairs Board and the Provincial Councils need to ensure that plans, policies, standards and guidelines are available to all staff and that staff are aware of them. These should provide direction for the day-to-day operations of the Provincial Councils, promote consistency across the 14 Provincial Councils, clarify accountability and support compliance with laws and regulations by staff and management of the Councils.
7. Maintaining accurate and complete fixed assets records is important to ensure effective management of property, plant and equipment and accurate financial reporting. In addition, there should be a clear plan on asset valuations to ensure that the process is appropriately managed and documented.
8. The monitoring role of the Ministry of the *iTaukei* Affairs and *iTaukei* Affairs Board on the operations of the Provincial Councils should be strengthened to improve financial accountability.

## 6.0 Appendices

### Appendix A: Limitation of Scope – Unsubstantiated Balances

The audit was not provided with sufficient appropriate supporting documents to substantiate the balances reported in the financial statements:

Provincial Council	Account Areas	Balance as per Financial Statement \$	Balance unsubstantiated \$	Percentage Unsubstantiated
<b>Tailevu:</b>				
2002	Assets	1,540,922.00	1,196,031.00	78%
	Liabilities	862,890.00	545,049.00	63%
	Equity – Asset Revaluation Reserve	710,574.00	710,574.00	100%
	Prior Year Adjustments	130,719.00	130,719.00	100%
	Revenue	418,869.00	63,165.00	15%
2003	Assets	1,533,466.00	1,229,091.00	80%
	Liabilities	919,917.00	586,931.00	64%
	Equity – Asset Revaluation Reserve	710,574.00	710,574.00	100%
	Prior Year Adjustments	50,000.00	50,000.00	100%
	Revenue	413,973.00	5,888.00	1%
2004	Assets	1,478,159.00	1,222,450.00	83%
	Liabilities	876,301.00	610,662.00	70%
	Equity – Asset Revaluation Reserve	710,574.00	710,574.00	100%
	Prior Year Adjustments	108,716.00	108,716.00	100%
	Revenue	494,614.00	45,796.00	9%
2005	Assets	1,409,602.00	1,186,766.00	84%
	Liabilities	724,093.00	522,553.00	72%
	Equity – Asset Revaluation Reserve	710,574.00	710,574.00	100%
	Revenue	501,344.00	32,237.00	6%
2006	Assets	1,448,055.00	1,254,641.00	87%
	Liabilities	741,945.00	566,453.00	76%
	Equity – Asset Revaluation Reserve	710,574.00	710,574.00	100%
	Revenue	449,512.00	29,110.00	6%
2007	Assets	1,384,447.00	1,210,985.00	87%
	Liabilities	676,603.00	531,399.00	79%
	Equity – Asset Revaluation Reserve	710,574.00	710,574.00	100%
	Prior Year Adjustments	151,863.00	151,863.00	0%
	Revenue	608,621.00	16,976.00	3%
<b>Naitaisiri:</b>				
2000	Assets	481,386.00	130,069.00	27%
	Liabilities	145,000.00	129,713.00	89%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	415,136.00	53,133.00	13%
	Expenditure	400,400.00	375,662.00	94%
2001	Assets	507,968.00	131,141.00	26%
	Liabilities	206,210.00	148,696.00	72%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Prior Year Adjustments	3,053.00	3,053.00	100%
	Revenue	360,470.00	46,410.00	13%
	Expenditure	398,403.00	367,886.00	92%
2002	Assets	634,663.00	183,127.00	29%

Provincial Council	Account Areas	Balance as per Financial Statement \$	Balance unsubstantiated \$	Percentage Unsubstantiated
	Liabilities	307,839.00	208,961.00	68%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	458,843.00	68,615.00	15%
	Expenditure	433,507.00	100,000.00	23%
2003	Assets	644,886.00	165,448.00	26%
	Liabilities	389,059.00	226,191.00	58%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	384,225.00	39,704.00	10%
	Expenditure	455,252.00	100,000.00	22%
2004	Assets	647,233.00	180,694.00	28%
	Liabilities	441,371.00	303,533.00	69%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	457,328.00	35,842.00	8%
	Expenditure	507,923.00	100,000.00	20%
2005	Assets	671,857.00	144,210.00	21%
	Liabilities	441,220.00	289,276.00	66%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	491,316.00	46,273.00	9%
	Expenditure	466,541.00	100,000.00	21%
2006	Assets	775,038.00	139,192.00	18%
	Liabilities	449,561.00	202,624.00	45%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	394,223.00	34,224.00	9%
2007	Assets	775,038.00	205,717.00	27%
	Liabilities	449,561.00	221,164.00	49%
	Equity – Asset Revaluation Reserve	378,665.00	378,665.00	100%
	Revenue	394,223.00	38,663.00	10%
<b>Lau:</b>				
2003	Assets	643,920.00	456,787.00	71%
	Liabilities	352,057.00	40,412.00	11%
	Equity – Asset Revaluation Reserve	49,566.00	49,566.00	100%
	Revenue	398,774.00	36,644.00	9%
2004	Assets	737,422.00	570,721.00	77%
	Liabilities	403,345.00	149,680.00	37%
	Equity – Asset Revaluation Reserve	49,566.00	49,566.00	100%
	Revenue	421,585.00	31,810.00	8%
2005	Assets	781,009.00	565,428.00	72%
	Liabilities	448,893.00	154,943.00	35%
	Equity – Asset Revaluation Reserve	49,566.00	49,566.00	100%
	Revenue	385,385.00	47,323.00	12%
2006	Assets	885,694.00	721,098.00	81%
	Liabilities	420,961.00	136,598.00	32%
	Equity – Asset Revaluation Reserve	49,566.00	49,566.00	100%
	Revenue	451,631.00	70,498.00	16%
2007	Assets	1,002,598.00	721,723.00	72%
	Liabilities	414,548.00	130,185.00	31%
	Equity – Asset Revaluation Reserve	49,566.00	49,566.00	100%
	Revenue	409,079.00	31,975.00	8%
<b>Macuata:</b>				
2005	Assets	4,258,835.00	45,914.00	1%

Provincial Council	Account Areas	Balance as per Financial Statement \$	Balance unsubstantiated \$	Percentage Unsubstantiated
	Liabilities	3,629,372.00	217,267.00	6%
	Revenue	1,014,085.00	19,956.00	2%
	Expenditure	674,943.00	126,128.00	19%
2006	Assets	4,290,366.00	385,130.00	9%
	Liabilities	3,621,138.00	3,620,328.00	100%
	Equity – Asset Revaluation Reserve	839,199.00	839,199.00	100%
	Revenue	984,715.00	984,715.00	100%
	Expenditure	945,819.00	945,189.00	100%
2007	Assets	4,316,927.00	472,500.00	11%
	Liabilities	3,588,337.00	3,589,173.00	100%
	Equity – Asset Revaluation Reserve	839,199.00	839,199.00	100%
	Revenue	934,382.00	934,382.00	100%
	Expenditure	860,073.00	860,073.00	100%
<b>Rewa:</b>				
2002	Assets	1,227,477.00	792,443.00	65%
	Liabilities	775,791.00	173,192.00	22%
	Equity – Asset Revaluation Reserve	451,686.00	220,936.00	49%
	Revenue	289,350.00	118,254.00	41%
	Expenditure	233,978.00	119,792.00	51%
2003	Assets	1,112,175.00	686,417.00	62%
	Liabilities	729,506.00	139,748.00	19%
	Equity – Asset Revaluation Reserve	382,669.00	220,936.00	58%
	Revenue	223,802.00	31,326.00	14%
2004	Assets	1,177,091.00	732,426.00	62%
	Liabilities	851,577.00	136,311.00	16%
	Equity – Asset Revaluation Reserve	325,514.00	220,936.00	68%
	Revenue	320,491.00	133,077.00	42%
2005	Assets	1,174,420.00	786,900.00	67%
	Liabilities	789,911.00	133,578.00	17%
	Equity – Asset Revaluation Reserve	375,509.00	220,936.00	59%
	Revenue	338,978.00	106,745.00	31%
<b>Serua:</b>				
2002	Assets	841,731.00	384,661.00	46%
	Liabilities	359,931.00	49,510.00	14%
	Revenue	187,982.00	20,152.00	11%
2003	Assets	968,599.00	468,974.00	48%
	Liabilities	352,438.00	42,017.00	12%
	Revenue	194,660.00	10,000.00	5%
2004	Assets	1,213,072.00	730,780.00	60%
	Liabilities	376,298.00	46,426.00	12%
	Revenue	207,012.00	3,320.00	2%
2005	Assets	1,352,917.00	824,102.00	61%
	Liabilities	344,914.00	96,735.00	28%
	Revenue	183,739.00	4,535.00	2%

## Appendix B: Qualification Issues

Due to the absence of documentations to appropriately support the balances reflected in the financial statements, we were unable to determine the necessary adjustments to correct the financial statements:

Provincial Council	Qualification Issues
<b>Tailevu:</b>	
2002	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$242,730 in the statement of financial position as at 31 December 2002. Although the bank had confirmed a total balance of \$190,441 at year end, the Council was unable to provide me with bank reconciliation statements and the supporting documents to the journal entries made to the cash General Ledger.</li> <li>2. The Council recorded loans and advances to staff of \$24,970, other assets of \$169,445, payables of \$336,463, and special funds held in trust of \$208,586 in the statement of financial position as at 31 December 2002. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$859,409 in the statement of financial position as at 31 December 2002. Included in the balance were investments with Tailevu Provincial Cooperative Dairy Farm Ltd and Tailevu Provincial Holdings Company Ltd for \$26,900 and \$731,986 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> <li>4. The Council recorded interest bearing borrowing of \$308,533 in the statement of financial position as at 31 December 2002. The Council did not provide appropriate documentations to support a loan of \$245,396 from the Small Business Advisory Unit of the ITaukei Affairs Board.</li> <li>5. The opening balance of accumulated funds included prior year adjustments for which the Council did not provide documentations to support the adjustments. The Council included a prior year adjustment of \$130,719 in the statement of changes in equity for the year ended 31 December 2002 which reduced the total accumulated funds by the same amount. The Council was unable to provide any supporting documentation relating to this adjustment.</li> <li>6. The Council recorded an asset revaluation reserve of \$710,574 in the statement of changes in equity, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2002, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>8. The Provincial Council was unable to provide various other records such as the receipts books for April to June, supporting documentations for journal entries taken up in the general ledger, vouchers and documents to support certain payments made during the year. The missing records have provided limitation to the scope of my audit.</li> </ol>

Provincial Council	Qualification Issues
2003	<ol style="list-style-type: none"> <li data-bbox="394 217 1426 488">1. The Council recorded cash of \$253,341 in the statement of financial position as at 31 December 2003. Included in the balance were \$218,705 for the bank current account, \$29,363 under bank savings account and \$5,273 as cash on hand. There was an unreconciled variance of \$96,492 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$29,363 under the savings account, \$5,273 cash on hand and the supporting documents to the journal entries made to the cash General Ledger.</li> <li data-bbox="394 526 1426 658">2. The Council recorded loans and advances to staff of \$40,210, other assets of \$176,654, payables of \$378,345, and special funds held in trust of \$208,586 in the statement of financial position as at 31 December 2003. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li data-bbox="394 696 1426 902">3. The Council recorded investments of \$809,686 in the statement of financial position as at 31 December 2003. Included in the balance were investments with Tailevu Provincial Cooperative Dairy Farm Ltd and Tailevu Provincial Holdings Company Ltd for \$26,900 and \$731,986 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> <li data-bbox="394 940 1426 1146">4. The opening balance for accumulated funds included prior year adjustments for which the Council did not provide documentations to support the adjustments. The Council included a prior year adjustment of \$50,000 in the statement of changes in equity for the year ended 31 December 2003 which reduced the total accumulated funds by the same amount. The Council was unable to provide any supporting documentation relating to this adjustment.</li> <li data-bbox="394 1184 1426 1323">5. The Council recorded an asset revaluation reserve of \$710,574 in the statement of changes in equity for the year ended 31 December 2003, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li data-bbox="394 1361 1426 1494">6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2003, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li data-bbox="394 1532 1426 1673">7. The Provincial Council was unable to provide various other records such as the receipts books for March, supporting documentations for journal entries taken up in the general ledger, vouchers and documents to support certain payments made during the year. The missing records have provided limitation to the scope of my audit.</li> </ol>
2004	<ol style="list-style-type: none"> <li data-bbox="394 1711 1426 1809">1. The Council recorded cash of \$245,001 in the statement of financial position as at 31 December 2004. The Council was unable to provide me with documentations to support the cash balance and the journal entries made to the cash General Ledger.</li> <li data-bbox="394 1848 1426 1989">2. The Council recorded loans and advances to staff of \$48,602, other assets of \$169,961, payables of \$402,076, and special funds held in trust of \$208,586 in the statement of financial position as at 31 December 2004. The Provincial Council was unable to provide any documentations to support the above balances.</li> </ol>

Provincial Council	Qualification Issues
	<ol style="list-style-type: none"> <li>3. The Council recorded investments of \$789,849 in the statement of financial position as at 31 December 2004. Included in the balance were investments with Tailevu Provincial Cooperative Dairy Farm Ltd and Tailevu Provincial Holdings Company Ltd for \$26,900 and \$731,986 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> <li>4. The opening balance for accumulated funds included prior year adjustments for which the Council did not provide documentations to support the adjustments.</li> <li>5. The Council recorded an asset revaluation reserve of \$710,574 in the statement of changes in equity for the year ended 31 December 2004, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>6. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$45,796 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2004.</li> <li>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2004, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>8. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, vouchers and documents to support certain payments made during the year. The missing records have provided limitation to the scope of my audit.</li> </ol>
2005	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$171,102 in the statement of financial position as at 31 December 2005. Included in the balance were \$134,256 for the bank current account, \$29,363 under bank savings account and \$7,483 as cash on hand. There was an unreconciled variance of \$151,702 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$29,363 under the savings account, \$7,483 cash on hand and the supporting documents to the journal entries made to the cash General Ledger.</li> <li>2. The Council recorded loans and advances of \$54,350, other assets of \$187,428, payables of \$313,967, and special funds held in trust of \$208,586 in the statement of financial position as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$803,427 in the statement of financial position as at 31 December 2005. Included in the balance were investments with Tailevu Provincial Cooperative Dairy Farm Ltd and Tailevu Provincial Holdings Company Ltd for \$41,900 and \$731,986 respectively. I was not provided with investment confirmations from the</li> </ol>



Provincial Council	Qualification Issues
	<p>companies which was necessary to confirm the existence and completeness of the balances.</p> <ol style="list-style-type: none"> <li>4. The Council recorded an asset revaluation reserve of \$710,574 in the statement of changes in equity for the year ended 31 December 2005, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$32,237 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2005.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2005, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> </ol>
2006	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$242,345 in the statement of financial position as at 31 December 2006. Included in the balance were \$212,477 for the bank current account, \$29,363 under bank savings account and \$505 as cash on hand. There was an unreconciled variance of \$230,729 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$29,363 under the savings account, \$505 cash on hand and the supporting documents to the journal entries made to the cash General Ledger.</li> <li>2. The Council recorded loans and advances of \$54,704, other assets of \$183,706, payables of \$357,867, and special funds held in trust of \$208,586 in the statement of financial position as at 31 December 2006. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded other assets of \$183,706 in the statement of financial position as at 31 December 2006. Included in the balance were other deposits of \$1,356, subvention claimed not received of \$2,250 and sundry debtors of \$156,418. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>4. The Council recorded investments of \$803,538 in the statement of financial position as at 31 December 2006. Included in the balance were investments with Tailevu Provincial Cooperative Dairy Farm Ltd and Tailevu Provincial Holdings Company Ltd for \$41,900 and \$731,986 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> <li>5. The Council recorded an asset revaluation reserve of \$710,574 in the statement of changes in equity for the year ended 31 December 2006, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> </ol>

Provincial Council	Qualification Issues
	<p>6. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$29,110 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2006.</p> <p>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2006, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</p>
2007	<p>1. The Council recorded cash of \$142,953 in the statement of financial position as at 31 December 2007. Although the bank had confirmed a total balance of \$10,701 at year end, the Council was unable to provide me with bank reconciliation statements and the supporting documents to the journal entries made to the cash General Ledger.</p> <p>2. The Council recorded loans and advances of \$56,318, other assets of \$237,828, payables of \$322,813, and special funds held in trust of \$208,586 in the statement of financial position as at 31 December 2007. The Provincial Council was unable to provide any documentations to support the above balances.</p> <p>3. The Council recorded investments of \$803,538 in the statement of financial position as at 31 December 2007. Included in the balance were investments with Tailevu Provincial Cooperative Dairy Farm Ltd and Tailevu Provincial Holdings Company Ltd for \$41,900 and \$731,986 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</p> <p>4. The Council included a prior year adjustment of \$151,863 in the statement of changes in equity for the year ended 31 December 2007 which reduced the total accumulated funds by the same amount. The Council was unable to provide any supporting documentation relating to this adjustment.</p> <p>5. The Council recorded an asset revaluation reserve of \$710,574 in the statement of changes in equity for the year ended 31 December 2007, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</p> <p>6. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$16,976 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2007.</p> <p>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2007, which is a departure</p>

Provincial Council	Qualification Issues
	from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.
<b>Naitaisiri:</b>	
2000	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$115,132 in the statement of financial position as at 31 December 2000. Included in the balance were \$62,706 for the bank current account, and \$52,426 under bank savings account. There was an unreconciled variance of \$33,636 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$52,426 under the savings account.</li> <li>2. The Council recorded loans and advances of \$14,937, and current liabilities of \$129,713 in the statement of financial position as at 31 December 2000. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2000, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>4. The Council recorded salary, wages and related payments of \$128,992, travelling and subsistence of \$7,569, occupancy of \$12,656, motor vehicle of \$24,108, administration cost of \$14,649, special events of \$26,980, Turaga ni Koro allowance of \$25,380, mail carrier allowance of \$1,041, development assistance scheme fund of \$100,000, personnel cost salaries of \$10,171, rates refund of \$17,034, interest and financial costs of \$3,022, Ka vakavanua of \$1,375, Soqosoqo Vakamarama of \$690, and youth and sports of \$1,994 in the statement of income and expenditure as at 31 December 2000. The Provincial Council was unable to provide sufficient supporting documents to support the above balances.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$53,133 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2000.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2000, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Provincial Council was unable to provide payment vouchers and related documents for January, March, May, July, August, September, November and December, to support payments made during the year. The missing records have provided limitation to the scope of my audit.</li> </ol>
2001	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$96,644 in the statement of financial position as at 31 December 2001. Included in the balance were \$45,618 for the bank current account, and \$51,026 under bank savings account. There was an unreconciled variance of \$22,730 between the bank reconciliation statement for the current account and the</li> </ol>

Provincial Council	Qualification Issues
	<p>amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$51,026 under the savings account.</p> <ol style="list-style-type: none"> <li>2. The Council recorded loans and advances of \$20,958, other assets of \$13,739, and current liabilities of \$148,696 in the statement of financial position as at 31 December 2001. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2001, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>4. The Council recorded salary, wages and related payments of \$138,231, travelling and subsistence of \$5,858, occupancy of \$8,776, motor vehicle of \$10,811, administration cost of \$17,797, special events of \$27,455, Turaga ni Koro allowance of \$23,280, mail carrier allowance of \$975, development assistance scheme fund of \$100,000, personnel cost salaries of \$13,020, motor vehicle cost of \$11,257, interest and financial costs of \$3,621, ka vakavanua of \$1,164, Soqosoqo Vakamarama of \$1,169, and youth and sports of \$4,472 in the statement of income and expenditure as at 31 December 2001. The Provincial Council was unable to provide sufficient supporting documents to support the above balances.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$46,410 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2001.</li> <li>6. The Council included a prior year adjustment in the statement of changes in equity for the year ended 31 December 2001 which increase the total accumulated funds by the same amount. The Council was unable to provide any supporting documentation relating to this adjustment.</li> <li>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2001, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>8. The Provincial Council was unable to provide payment vouchers and related documents for April, May, June, July, August, September, and October to support payments made during the year. The missing records have provided limitation to the scope of my audit.</li> </ol>
2002	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$39,598 in the statement of financial position as at 31 December 2002. Included in the balance were \$24,609 for the bank current account, and \$14,989 under bank savings account. There was an unreconciled variance of \$812 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$14,989 under the savings account.</li> </ol>

Provincial Council	Qualification Issues
	<ol style="list-style-type: none"> <li>2. The Council recorded loans and advances of \$22,943, other assets of \$120,586, current liabilities of \$140,894, and special funds of \$68,067 in the statement of financial position as at 31 December 2002. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded non-current liabilities of \$98,284 in the statement of financial position as at 31 December 2002. The Council did not provide appropriate documentation to support a loan of \$20,000 from the Small Business Advisory Unit of the iTaukei Affairs Board.</li> <li>4. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2002, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. The Council recorded development assistance scheme fund expenses of \$100,000 in the statement of income and expenditure as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balance.</li> <li>6. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$65,615 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2002.</li> <li>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2002, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> </ol>
2003	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$4,271 in the statement of financial position as at 31 December 2003. Included in the balance were \$2,482 for the bank current account, and \$1,789 under bank savings account. There was an unreconciled variance of \$2,461 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$1,789 under the savings account.</li> <li>2. The Council recorded loans and advances of \$27,716, other assets of \$133,461, current liabilities of \$166,409, and special funds of \$59,782 in the statement of financial position as at 31 December 2003. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2003, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>4. The Council recorded development assistance scheme fund expenses of \$100,000 in the statement of income and expenditure as at 31 December 2003. The Provincial Council was unable to provide any documentations to support the above balance.</li> </ol>

Provincial Council	Qualification Issues
	<ol style="list-style-type: none"> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$39,704 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2003.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2003, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> </ol>
2004	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$21,624 in the statement of financial position as at 31 December 2004. Included in the balance were \$17,315 for the bank current account, and \$1,789 under bank savings account, and cash on hand of \$2,250. There was an unreconciled variance of \$38,681 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$1,789 and \$2,520 under the savings account and cash on hand accounts.</li> <li>2. The Council recorded loans and advances of \$27,960, other assets of \$131,110, current liabilities of \$242,128, and special funds of \$61,405 in the statement of financial position as at 31 December 2004. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$35,842 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2004.</li> <li>4. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2004, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. The Council recorded development assistance scheme fund expenses of \$100,000 in the statement of income and expenditure as at 31 December 2004. The Provincial Council was unable to provide any documentations to support the above balance.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2004, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support certain payments made during the year, documents to support current salary rate, and timesheets/timecards of casual workers. The missing records have provided limitation to the scope of my audit.</li> </ol>



Provincial Council	Qualification Issues
2005	<ol style="list-style-type: none"> <li data-bbox="395 253 1430 488">1. The Council recorded cash of \$12,453 in the statement of financial position as at 31 December 2005. Included in the balance were \$5,832 for the bank current account, \$1,789 under bank savings account, and cash on hand of \$4,832. There was an unreconciled variance of \$36,246 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$1,789 and \$4,832 under the savings and cash on hand accounts.</li> <li data-bbox="395 526 1430 660">2. The Council recorded loans and advances of \$27,868, other assets of \$103,889, current liabilities of \$225,448, and special funds of \$63,828 in the statement of financial position as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li data-bbox="395 698 1430 934">3. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$46,273 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2005.</li> <li data-bbox="395 972 1430 1106">4. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2005, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li data-bbox="395 1144 1430 1245">5. The Council recorded development assistance scheme fund expenses of \$100,000 in the statement of income and expenditure as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balance.</li> <li data-bbox="395 1283 1430 1417">6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2005, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li data-bbox="395 1456 1430 1657">7. The Provincial Council was unable to provide various other records such as the payment vouchers and supporting documentation to support payments for June, supporting documentations for journal entries taken up in the general ledger, documents to support certain payments made during the year, documents to support current salary rate, and timesheets/timecards of casual workers. The missing records have provided limitation to the scope of my audit.</li> </ol>
2006	<ol style="list-style-type: none"> <li data-bbox="395 1704 1430 1939">1. The Council recorded cash of \$64,064 in the statement of financial position as at 31 December 2006. Included in the balance were \$57,060 for the bank current account, \$5,866 under bank savings account, and cash on hand of \$1,138. There was an unreconciled variance of \$3,624 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$5,866 and \$1,138 under the savings and cash on hand accounts.</li> <li data-bbox="395 1977 1430 2040">2. The Council recorded loans and advances of \$32,966, other assets of \$42,162, current liabilities of \$133,389, and special funds of \$69,235 in the statement of financial position</li> </ol>



Provincial Council	Qualification Issues
	<p>as at 31 December 2006. The Provincial Council was unable to provide any documentations to support the above balances.</p> <ol style="list-style-type: none"> <li>3. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$34,224 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2006.</li> <li>4. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2006, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance..</li> <li>5. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2006, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>6. The Provincial Council was unable to provide various other records such as the payment vouchers and supporting documentation to support payments for December, documents to support current salary rate, timesheets/timecards of casual workers, and documents to support certain payments made during the year. The missing records have provided limitation to the scope of my audit.</li> </ol>
2007	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$81,049 in the statement of financial position as at 31 December 2007. Included in the balance were \$45,738 for the bank current account, \$32,152 under bank savings account, and cash on hand of \$3,159. There was an unreconciled variance of \$3,911 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$32,152 and \$3,159 under the savings and cash on hand accounts.</li> <li>2. The Council recorded loans and advances of \$28,315, other assets of \$96,353, current liabilities of \$100,181, and special funds of \$120,983 in the statement of financial position as at 31 December 2007. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$38,663 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2007.</li> <li>4. The Council recorded an asset revaluation reserve of \$378,665 in the statement of changes in equity for the year ended 31 December 2007, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> </ol>

Provincial Council	Qualification Issues
	<p>5. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2007, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</p> <p>6. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support current salary rate, and timesheets/timecards of casual workers. The missing records have provided limitation to the scope of my audit.</p>
<b>Lau:</b>	
2003	<p>1. The Council recorded cash of \$7,593 and bank overdraft of \$22,266 in the statement of financial position as at 31 December 2003. Included in the balance were \$7,401 under bank savings account and cash on hand of \$192. The Council was unable to provide me with documentations to support the cash at bank and on hand of \$7,593.</p> <p>2. The Council recorded loans and advances of \$20,583, other assets of \$44,475 and other creditors of \$40,412 in the statement of financial position as at 31 December 2003. The Council was unable to provide any documentations to support the above balances.</p> <p>3. The Council recorded investments of \$445,615 in the statement of financial Position as at 31 December 2003. Included in the balance were investments with Fijian Holdings Ltd, Yatu Lau Investment and Colonial First State Investment of \$67,501, \$300,024 and \$16,611 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</p> <p>4. The Council recorded an asset revaluation reserve of \$49,566 in the Statement of Changes in Equity for the year ended 31 December 2003, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</p> <p>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$36,644 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2003.</p> <p>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2003, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</p> <p>7. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support current salary rate, and pay run reports. The missing records have provided limitation to the scope of my audit.</p>
2004	<p>1. The Council recorded cash of \$819 and bank overdraft of \$4,857 in the statement of financial position as at 31 December 2004. Included in the balance were \$673 under bank savings account and cash on hand of \$146. The Council was unable to provide me</p>

Provincial Council	Qualification Issues
	<p>with documentations to support the cash at bank and on hand of \$819 and bank overdraft of \$4,857.</p> <ol style="list-style-type: none"> <li>2. The Council recorded loans and advances of \$156,560, other assets of \$44,475, and other creditors of \$144,823 in the statement of financial position as at 31 December 2004. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$449,306 in the statement of financial position as at 31 December 2004. Included in the balance were investments with Fijian Holdings Ltd, Yatu Lau Investment and Colonial First State Investment of \$67,501, \$300,024 and \$1,342 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> <li>4. The Council recorded an asset revaluation reserve of \$49,566 in the statement of changes in equity for the year ended 31 December 2004, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$31,810 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2004.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2004, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support current salary rate, and pay run reports. The missing records have provided limitation to the scope of my audit.</li> </ol>
2005	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$441 and bank overdraft of \$27,886 in the statement of financial position as at 31 December 2005. The Council was unable to provide me with documentations to support the \$441 and \$27,886 under the cash and bank overdraft.</li> <li>2. The Council recorded loans and advances of \$196,063, and other creditors of \$127,057 in the statement of financial position as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$452,940 in the statement of financial position as at 31 December 2005. Included in the balance were investments with Fijian Holdings Ltd, Yatu Lau Investment and Colonial First State Investment of \$67,501, \$300,024 and \$1,399 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> </ol>

Provincial Council	Qualification Issues
	<ol style="list-style-type: none"> <li>4. The Council recorded an asset revaluation reserve of \$49,566 in the statement of changes in equity for the year ended 31 December 2005, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$47,323 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2005.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2005, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support current salary rate, and pay run reports. The missing records have provided limitation to the scope of my audit.</li> </ol>
2006	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$106,035 and bank overdraft of \$3,775 in the statement of financial position as at 31 December 2006. Included in the cash balance were \$105,599 for the bank current account, \$294 under bank savings account and cash on hand of \$7. The Council was unable to provide me with documentations to support the cash at bank and on hand of \$106,035 and bank overdraft of \$3,775.</li> <li>2. The Council recorded loans and advances of \$235,928, other assets of \$10,160, and other creditors of \$132,823 in the statement of financial position as at 31 December 2006. The Provincial Council was unable to provide any documentations to support the above balances..</li> <li>3. The Council recorded investments of \$456,929 in the statement of financial position as at 31 December 2006. Included in the balance were investments with Fijian Holdings Ltd, Yatu Lau Investment and Colonial First State Investment of \$67,501, \$300,024 and \$1,450 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</li> <li>4. The Council recorded an asset revaluation reserve of \$49,566 in the statement of changes in equity for the year ended 31 December 2006, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$70,498 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2006.</li> </ol>

Provincial Council	Qualification Issues
	<p>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2006, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</p> <p>7. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support current salary rate, and pay run reports. The missing records have provided limitation to the scope of my audit.</p>
2007	<p>1. The Council recorded cash of \$81,428 in the statement of financial position as at 31 December 2007. Included in the cash balance were \$60,488 for the bank current account, \$20,146 under bank savings account and cash on hand of \$794. The Council was unable to provide me with documentations to support the cash at bank and on hand of \$81,428.</p> <p>2. The Council recorded loans and advances of \$271,266, and other creditors of \$130,185 in the statement of financial position as at 31 December 2007. The Provincial Council was unable to provide any documentations to support the above balances.</p> <p>3. The Council recorded investments of \$501,282 in the statement of financial position as at 31 December 2007. Included in the balance were investments with Fijian Holdings Ltd, Yatu Lau Investment and Colonial First State Investment of \$67,501, \$300,024 and \$1,504 respectively. I was not provided with investment confirmations from the companies which was necessary to confirm the existence and completeness of the balances.</p> <p>4. The Council recorded an asset revaluation reserve of \$49,566 in the statement of changes in equity for the year ended 31 December 2007, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</p> <p>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$31,975 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates for the year ended 31 December 2007.</p> <p>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2007, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</p> <p>7. The Provincial Council was unable to provide various other records such as the supporting documentations for journal entries taken up in the general ledger, documents to support current salary rate, and pay run reports. The missing records have provided limitation to the scope of my audit.</p>
<b>Macuata:</b>	
2005	<p>1. The Council recorded cash of \$20,245 which comprises of cash at bank – savings account of \$16,865 and cash on hand of \$3,380 in the statement of financial position as at 31 December 2005. The Council also recorded a bank overdraft balance of \$118,477.</p>

Provincial Council	Qualification Issues
	<p>The Council was unable to provide me with bank reconciliation statements and the supporting documentations to the journal entries made in the cash General Ledger. The bank confirmation obtained did not reconcile to the cash at bank and overdraft balances reflected in the financial statements.</p> <ol style="list-style-type: none"> <li>2. The Council recorded gross receivables – loans and advances of \$414,927, provision for doubtful debts of \$397,754, other assets of \$8,496, payables of \$98,790 and prior year adjustments – Yasana Holdings investment taken by iTaukei Affairs Board of \$547,885 and a balance reflected as alignment of Amalgamated Telecom Holdings and Unit Trust of Fiji Investment of \$17,400 in the statement of financial position and the statement of changes in equity as at 31 December 2005. The Council was unable to provide any documentations to support the above balances.</li> <li>3. Due to the nature of the transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$19,956 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2005.</li> <li>4. The Council recorded expenditure of \$674,943 in the statement of income and expenditure for the year ended 31 December 2005. Included in the balance were travelling, subsistence and accommodation expenses of \$18,113; motor vehicle fuel expense of \$7,271; repairs and maintenance of \$9,671; administration cost of \$8,841; special events expenses of \$15,582 and Turaga-ni-koro allowance of \$66,650. The Council was unable to provide various other documentations to support the expenditures including the journal entries taken up in the general ledger made during the year. The missing records have provided limitation to the scope of my audit.</li> <li>5. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2006, which is a departure from the requirement of the Fiji Accounting Standard 1 – Preparation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> </ol>
2006	<ol style="list-style-type: none"> <li>1. The Council recorded cash of \$67,748 in the statement of financial position as at 31 December 2006. The Council was unable to provide me with bank reconciliation statements and the supporting documentations to the journal entries made in the cash General Ledger. The bank confirmation obtained did not reconcile to the cash balance reflected in the financial statements.</li> <li>2. The Council recorded gross receivables – loans and advances of \$419,451, provision for doubtful debts of \$397,754, other assets of \$10,710, payables of \$193,586 and interest bearing borrowings of \$3,426,742 in the Statement of Financial Position as at 31 December 2006. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$290,669 in the statement of financial position as at 31 December 2006. Included in the balance were investments with Fijian Holdings Limited of \$203,614, Macuata Fijian Cane Farmers of \$4,861 and Amalgamated Telecom Holdings Ltd of \$76,500. I was not provided with investment confirmations necessary to confirm the existence and completeness of the balances.</li> </ol>



Provincial Council	Qualification Issues
	<p>4. The Council recorded an asset revaluation reserve of \$839,199 in the statement of changes in equity for the year ended 31 December 2006, which had been carried forward from previous years. The Council was unable to provide any documentations to support the asset revaluation reserve balance.</p> <p>5. Due to the nature of the transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$48,961 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2006.</p> <p>6. The Council recorded income of \$984,715 in the Statement of Income and Expenditure for the year ended 31 December 2006. Included in the balance were government subvention for operating expenses of \$252,688, government subvention for fixed assets of \$1,648, income from investment of \$76,583, provincial rates of \$48,961, other income of \$10,328 and Macuata House rental income of \$594,507. The Provincial Council was unable to provide various other records such as the receipts books, supporting documentations for journal entries taken up in the general ledger, to support certain receipts during the year. The missing records have provided limitation to the scope of my audit.</p> <p>7. The Council provided expenditure of \$945,189 in the statement of income and expenditure for the year ended 31 December 2006. Included in the balance were expenses covered by subvention of \$250,293 and expenses not covered by subvention of \$694,896. The Provincial Council was unable to provide various other records such as payment vouchers, supporting documentations for journal entries taken up in the general ledger, vouchers and documents to support certain payments made during the year. The missing records have provided limitation to the scope of my audit.</p> <p>8. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2006, which is a departure from the requirement of the Fiji Accounting Standard 1 – Preparation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</p>
2007	<p>1. The Council recorded cash of \$147 in the statement of financial position as at 31 December 2007. The Council was unable to provide me with bank reconciliation statements and the supporting documentations to the journal entries made to the cash General Ledger. The bank confirmation obtained did not reconcile to the cash balance reflected in the financial statements.</p> <p>2. The Council recorded gross receivables – loans and advances of \$430,273, provision for doubtful debts of \$397,754, other assets of \$76,095, bank overdraft of \$54,517, payables of \$183,731 and interest bearing borrowings of \$3,350,925 in the statement of financial position as at 31 December 2007. The Council was unable to provide any documentations to support the above balances.</p> <p>3. The Council recorded investments of \$369,686 in the statement of financial Position as at 31 December 2007. Included in the balance were investments with Fijian Holdings Limited of \$203,614, Macuata Fijian Cane Farmers of \$4,861, Amalgamated Telecom Holdings Ltd of \$76,500 and CNB term deposits of \$78,764. I was not provided with</p>



Provincial Council	Qualification Issues
	<p>investment confirmation from the companies which was necessary to confirm the existence and completeness of the balances.</p> <ol style="list-style-type: none"> <li>4. The Council recorded an asset revaluation reserve of \$839,199 in the statement of changes in equity for the year ended 31 December 2007, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation reserve balance.</li> <li>5. Due to the nature of the transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$12,886 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2007.</li> <li>6. The Council recorded income of \$934,382 in the statement of income and expenditure for the year ended 31 December 2007. Included in the balance were government subvention for operating expenses of \$250,385, government subvention for fixed assets of \$1,648, income from investment of \$59,480, provincial rates of \$12,886, other income of \$25,796 and Macuata House rental income of \$584,187. The Provincial Council was unable to provide various other records such as the receipts books, supporting documentations for journal entries taken up in the general ledger, to support certain receipts during the year. The missing records have provided limitation to the scope of my audit.</li> <li>7. The Council provided expenditure of \$860,073 in the statement of income and expenditure for the year ended 31 December 2007. Included in the balance were expenses covered by subvention of \$246,254 and expenses not covered by subvention of \$613,819. The Provincial Council was unable to provide various other records such as payment vouchers, supporting documentations for journal entries taken up in the general ledger, vouchers and documents to support certain payments made during the year. The missing records have provided limitation to the scope of my audit.</li> <li>8. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2007, which is a departure from the requirement of the Fiji Accounting Standard 1 – Preparation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> </ol>
<b>Rewa:</b>	
2002	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$141,732 in the statement of financial position as at 31 December 2002. There was an unreconciled variance of \$112,809 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$91 and \$2,030 under the savings and cash on hand accounts.</li> <li>2. The Council recorded loans and advances of \$81,330, provision for doubtful debts of \$41,444, other assets of \$96,025, current liabilities of \$173,192 and special funds of \$80,000 in the statement of financial position as at 31 December 2002. The Provincial Council was unable to provide any documentations to support the above balances.</li> </ol>

Provincial Council	Qualification Issues
	<ol style="list-style-type: none"> <li>3. The Council recorded investments of \$764,849 in the statement of financial position as at 31 December 2002. Included in the balance were investments with Rewa Provincial Holding Limited for \$514,800. I was not provided with investment confirmations necessary to confirm the existence and completeness of the balances.</li> <li>4. The Council recorded an asset revaluation reserve of \$140,936 in the statement of changes in equity for the year ended 31 December 2002, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$31,200 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2002.</li> <li>6. The Council recorded income from investment of \$70,830, other income of \$16,224 and non-payroll expenditures of \$119,792 in the statement of income and expenditure for the year ended 31 December 2002. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2002, which is a departure from the requirement of the Fiji Accounting Standard 1 - Presentation of Financial Statements and Fiji Accounting Standards 7 - Cash Flows Statements.</li> <li>8. The Council was unable to provide various other records such as the receipts, payment vouchers and documents to support the payments made during the year and supporting documentation for journal entries taken up in the general ledger. The missing records have provided limitation to the scope of my audit.</li> </ol>
2003	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$68,056 in the statement of financial position as at 31 December 2003. There was an unreconciled variance of \$65,037 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$91 and \$2,658 under the savings and cash on hand accounts.</li> <li>2. The Council recorded loans and advances of \$85,060, provision for doubtful debt of \$41,444, other assets of \$59,943, current liabilities of \$139,748 and special funds of \$80,000 in the statement of financial position as at 31 December 2003. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$766,439 in the statement of financial position as at 31 December 2003. Included in the balance were investments with Rewa Provincial Holding Limited for \$514,800. I was not provided with investment confirmations necessary to confirm the existence and completeness of the balances.</li> <li>4. The Council recorded an asset revaluation reserve of \$140,936 in the statement of changes in equity for the year ended 31 December 2003, which had been carried</li> </ol>

Provincial Council	Qualification Issues
	<p>forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</p> <ol style="list-style-type: none"> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$31,326 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2003.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2003, which is a departure from the requirement of the Fiji Accounting Standard 1 - Presentation of Financial Statements and Fiji Accounting Standards 7 - Cash Flows Statements.</li> <li>7. The Council was unable to provide various other records such as the receipts, payment vouchers and documents to support the payments made during the year and supporting documentation for journal entries taken up in the general ledger. The missing records have provided limitation to the scope of my audit.</li> </ol>
2004	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$96,411 in the statement of financial position as at 31 December 2004. There was an unreconciled variance of \$62,195 between the bank reconciliation statement for the current account and the amount reflected in the financial statements. In addition, the Council was unable to provide me with documentations to support the \$91 and \$(36) under the savings and cash on hand accounts.</li> <li>2. The Council recorded loans and advances of \$91,685, provision for doubtful debt of \$41,444, other assets of \$70,974, current liabilities of \$136,311 and special funds of \$80,000 in the statement of financial position as at 31 December 2004. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$767,616 in the statement of financial position as at 31 December 2004. Included in the balance were investments with Rewa Provincial Holding Limited for \$514,800. I was not provided with investment confirmations necessary to confirm the existence and completeness of the investment balance.</li> <li>4. The Council recorded an asset revaluation reserve of \$140,936 in the statement of changes in equity for the year ended 31 December 2004, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$40,028 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2004.</li> <li>6. The Council recorded income from investment of \$55,892 and other income of \$37,157 in the statement of income and expenditure for the year ended 31 December 2004. The</li> </ol>

Provincial Council	Qualification Issues
	<p>Provincial Council was unable to provide documentations to support the above balances.</p> <p>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2004, which is a departure from the requirement of the Fiji Accounting Standard 1 - Presentation of Financial Statements and Fiji Accounting Standards 7 - Cash Flows Statements.</p> <p>8. The Council was unable to provide various other records such as the payment vouchers and documents to support the payments made during the year and supporting documentation for journal entries taken up in the general ledger. The missing records have provided limitation to the scope of my audit.</p>
2005	<p>1. The Council recorded cash at bank and on hand of \$153,017 in the statement of financial position as at 31 December 2005. There was an unreconciled variance of \$134,822 between the bank reconciliation statement for the current account and the amount reflected in the financial statements, In addition, the Council was unable to provide me with documentations to support the \$91 and \$(3,580) under the savings and cash on hand accounts.</p> <p>2. The Council recorded loans and advances of \$110,443, provision for doubtful debt of \$41,444, other assets of \$50,084, current liabilities of \$133,578 and special funds of \$80,000 in the Statement of Financial Position as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balances.</p> <p>3. The Council recorded investments of \$718,654 in the statement of financial position as at 31 December 2005. Included in the balance were investments with Rewa provincial Holding Limited for \$514,800. I was not provided with investment confirmations necessary to confirm the existence and completeness of the investment balance.</p> <p>4. The Council recorded an asset revaluation reserve of \$140,936 in the statement of changes in equity for the year ended 31 December 2005, which had been carried forward from previous years. The Provincial Council was unable to provide any documentations to support the asset revaluation balance.</p> <p>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Councils for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$39,084 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2005.</p> <p>6. The Council recorded income from investment of \$67,661 in the Statement of Income and Expenditure for the year ended 31 December 2005. The Provincial Council was unable to provide any documentations to support income from investment balance.</p> <p>7. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2005, which is a departure from the requirement of the Fiji Accounting Standard 1 - Presentation of Financial Statements and Fiji Accounting Standards 7 - Cash Flows Statements.</p>

Provincial Council	Qualification Issues
	8. The Council Was unable to provide various other records such as the payment vouchers and documents to support the payments made during the year and supporting documentation for journal entries taken up in the general ledger. The missing records have provided limitation to the scope of my audit.
<b>Serua:</b>	
2002	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$19,814 in the statement of financial position as at 31 December 2002. There was an unreconciled variance of \$2,200 between the bank reconciliation statement for the cash at bank account and the amount reflected in the financial statements. The Council was unable to provide me with documentations to support the cash on hand balance of \$112.</li> <li>2. The Council recorded advances of \$14,101, provision for doubtful debts of \$8,334 other assets of \$15,950, and current liabilities of \$49,510 in the statement of financial position as at 31 December 2002. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$406,466 in the statement of financial position as at 31 December 2002. Included in the balance were investments with Serua Provincial Cooperative Limited of \$285,747. I was not provided with investment confirmations necessary to confirm the existence and completeness of the balances.</li> <li>4. The Council recorded property, plant and equipment at a net value of \$71,053 in the statement of financial position as at 31 December 2002. Included in the balance were land of \$45,000, building of \$5,450, and motor vehicle of \$6,933. I was not provided with the title deeds for land and building and the registration details of the motor vehicle to confirm the existence and completeness of the balances.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Council for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$20,152 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2002.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2002, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Council was unable to provide various other records such as the receipts, payment vouchers and supporting documentation, documents to support the current salary rate and pay run reports. The missing records have provided limitation to the scope of my audit.</li> </ol>
2003	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$13,569 in the statement of financial position as at 31 December 2003. The Council was unable to provide me with documentations to support the cash at bank and on hand of \$13,569.</li> <li>2. The Council recorded advances of \$19,359, provision for doubtful debts of \$8,334, other assets of \$15,950, and current liabilities of \$42,017 in the statement of financial position</li> </ol>

Provincial Council	Qualification Issues
	<p>as at 31 December 2003. The Provincial Council was unable to provide any documentations to support the above balances.</p> <ol style="list-style-type: none"> <li>3. The Council recorded investments of \$97,149 in the statement of financial position as at 31 December 2003. Included in the balance were investments with Serua Provincial Cooperative Limited of \$376,397. I was not provided with investment confirmations necessary to confirm the existence and completeness of the investment balance.</li> <li>4. The Council recorded net value of property, plant and equipment of \$72,399 in the statement of financial position as at 31 December 2003. Included in the balance were land of \$45,000, building of \$5,300, and motor vehicle of \$1,733. I was not provided with the title deeds for land and building and the registration details of the motor vehicle to confirm the existence and completeness of the balances.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Council for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$10,000 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2003.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2003, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Council was unable to provide various other records such as the payment vouchers and supporting documentation, documents to support the current salary rate and pay run reports. The missing records have provided limitation to the scope of my audit.</li> </ol>
2004	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$8,479 in the statement of financial position as at 31 December 2004. There was an unreconciled variance of \$4,646 between the bank reconciliation statement for the cash at bank account and the amount reflected in the financial statements. The Council was unable to provide me with documentations to support the bank savings account of \$112 and cash on hand of \$888.</li> <li>2. The Council recorded loans and advances of \$19,583, provision for doubtful debts of \$8,334 other assets of \$71,160 and current liabilities of \$46,426 in the Statement of Financial Position as at 31 December 2004. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$652,521 in the Statement of Financial Position as at 31 December 2004. Included in the balance were investments with Serua Provincial Cooperative Limited of \$531,742. I was not provided with investment confirmations necessary to confirm the existence and completeness of the investment balance.</li> <li>4. The Council recorded property, plant and equipment at a net value of \$132,570 in the statement of financial position as at 31 December 2004. Included in the balance were land of \$45,000, building of \$5,150, and motor vehicle of \$58,000. I was not provided with the title deeds for land and building and the registration details of the motor vehicle to confirm the existence and completeness of the balances.</li> </ol>



Provincial Council	Qualification Issues
	<ol style="list-style-type: none"> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Council for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$3,320 is fairly stated in the financial statements and whether any adjustment might have been necessary in respect of the provincial rates income for the year ended 31 December 2004.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2004, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Council was unable to provide various other records such as the receipts, payment vouchers and supporting documentation for journal entries taken up in the general ledger, documents to support the current salary rate and pay run reports. The missing records have provided limitation to the scope of my audit.</li> </ol>
2005	<ol style="list-style-type: none"> <li>1. The Council recorded cash at bank and on hand of \$10,137 in the statement of financial position as at 31 December 2005. The Council was unable to provide me with documentations to support the cash at bank and on hand of \$10,137.</li> <li>2. The Council recorded loans and advances of \$20,680, provision for doubtful debts of \$8,334 other assets of \$37,211 and current liabilities of \$96,735 in the Statement of Financial Position as at 31 December 2005. The Provincial Council was unable to provide any documentations to support the above balances.</li> <li>3. The Council recorded investments of \$788,814 in the statement of financial position as at 31 December 2005. Included in the balance were investments with Serua Provincial Cooperative Limited of \$668,008. I was not provided with investment confirmations necessary to confirm the existence and completeness of the investment balance.</li> <li>4. The Council recorded property, plant and equipment at a net value of \$117,421 in the statement of financial position as at 31 December 2005. Included in the balance is land of \$45,000, building of \$5,000, and motor vehicle of \$46,400. I was not provided with the title deeds for land and building and the registration details of the motor vehicle to confirm the existence and completeness of the balances.</li> <li>5. Due to the nature of transactions inherent in the collection of provincial rates, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Provincial Council for provincial rates. Accordingly, the audit was unable to determine whether income from provincial rates of \$4,535 is fairly stated in the financial statements.</li> <li>6. The Council did not prepare and present a statement of cash flow as a component of the financial statements for the year ended 31 December 2005, which is a departure from the requirement of the Fiji Accounting Standard 1 – Presentation of Financial Statements and Fiji Accounting Standards 7 – Cash Flows Statements.</li> <li>7. The Council was unable to provide various other records such as the payment vouchers and supporting documentation for journal entries taken up in the general ledger, documents to support the current salary rate and pay run reports. The missing records have provided limitation to the scope of my audit.</li> </ol>



## Appendix C: Abridged Financial Statements

### Tailevu Provincial Council

#### Abridged Statement of Financial Performance:

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Govt subvention for operating expenses	276,914	303,300	387,076	405,099	377,540	415,333
Provincial rates	63,165	55,888	45,796	32,237	29,110	16,976
Income from investment	55,043	39,981	59,068	52,530	85,117	114,041
Other income	23,747	14,804	2,674	11,478	7,745	62,271
<b>TOTAL INCOME</b>	<b>418,869</b>	<b>413,973</b>	<b>494,614</b>	<b>501,344</b>	<b>499,512</b>	<b>608,621</b>
Personal cost	184,034	208,505	213,091	206,015	252,395	194,491
Travelling and subsistence	6,193	15,755	4,333	4,047	5,659	23,892
Fuel, repair and maintenance motor vehicle	18,907	14,858	21,241	17,844	26,761	26,349
Administration	32,117	40,757	30,555	15,750	14,613	22,135
Special events	24,684	31,262	31,923	19,572	30,284	27,359
Turaga ni Koro allowance	33,720	33,660	84,000	84,553	84,348	84,000
Mata ni Tikina allowance	---	---	15,476	10,373	8,191	5,863
Other expenses	8,421	8,939	10,138	7,234	7,421	5,981
<b>Total expenses covered by subvention</b>	<b>308,076</b>	<b>353,736</b>	<b>410,757</b>	<b>365,388</b>	<b>429,672</b>	<b>390,070</b>
Personal cost - salaries	4,675	---	2,825	---	1,255	15,379
Depreciation expenses	23,508	27,079	29,228	29,452	27,536	18,636
Other expenses	29,031	47,641	63,443	22,853	20,448	30,939
<b>Total expenses not covered by subvention</b>	<b>57,214</b>	<b>74,720</b>	<b>95,496</b>	<b>52,305</b>	<b>49,239</b>	<b>64,954</b>
<b>TOTAL EXPENDITURE</b>	<b>365,290</b>	<b>428,456</b>	<b>506,253</b>	<b>417,693</b>	<b>478,911</b>	<b>455,024</b>
<b>Net profit/(deficit)</b>	<b>53,579</b>	<b>(14,483)</b>	<b>(11,639)</b>	<b>83,651</b>	<b>20,601</b>	<b>153,597</b>

#### Abridged Statement of Financial Position

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Cash at bank and on hand	242,730	253,341	245,001	171,102	242,345	142,953
Other current assets	194,415	216,864	218,563	241,778	238,410	294,146
Property, plant and equipment	244,368	253,575	224,746	193,295	163,762	143,810
Investments	859,409	809,686	789,849	803,427	803,538	803,538
<b>TOTAL ASSETS</b>	<b>1,540,922</b>	<b>1,533,466</b>	<b>1,478,159</b>	<b>1,409,602</b>	<b>1,448,055</b>	<b>1,384,447</b>
Other creditors	336,463	378,345	402,076	313,967	357,867	322,813
Interest bearing borrowings	308,533	325,677	260,329	198,229	174,177	145,204
Special funds - funds held in trust	208,586	208,586	208,586	208,586	208,586	208,586
Deferred revenue	9,308	7,309	5,310	3,311	1,315	---
<b>TOTAL LIABILITIES</b>	<b>862,890</b>	<b>919,917</b>	<b>876,301</b>	<b>724,093</b>	<b>741,945</b>	<b>676,603</b>
<b>NET ASSETS</b>	<b>678,032</b>	<b>613,549</b>	<b>601,858</b>	<b>685,509</b>	<b>706,110</b>	<b>707,844</b>
Accumulated Funds	(32,542)	(97,025)	(108,716)	(25,065)	(4,464)	(2,730)
Asset revaluation reserve	710,574	710,574	710,574	710,574	710,574	710,574
<b>TOTAL FUNDS EMPLOYED</b>	<b>678,032</b>	<b>613,549</b>	<b>601,858</b>	<b>685,509</b>	<b>706,110</b>	<b>707,844</b>

## Naitasiri Provincial Council

## Abridged Statement of Financial Performance

	2000	2001	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Govt subvention for operating expenses	319,386	311,946	331,554	332,055	388,283	383,922	285,372	254,132
Provincial rates	53,133	46,410	68,615	39,704	35,842	46,273	34,224	38,663
Other income	42,617	2,114	58,674	12,496	33,203	61,121	74,627	62,044
<b>TOTAL INCOME</b>	<b>415,136</b>	<b>360,470</b>	<b>458,843</b>	<b>384,255</b>	<b>457,328</b>	<b>491,316</b>	<b>394,223</b>	<b>354,839</b>
Personal cost – Salary & wages	128,992	138,231	148,137	150,564	148,688	142,842	162,898	152,258
Travelling and subsistence	7,569	5,858	5,795	7,933	6,595	7,054	8,084	2,832
Occupancy	12,656	8,776	15,179	10,969	10,645	10,129	7,240	6,433
Motor vehicle	24,108	10,811	13,479	10,927	8,500	12,580	16,179	8,555
Repairs and maintenance	1,202	2,566	10,009	7,849	4,685	4,791	1,181	879
Administration cost	14,649	17,797	12,793	13,269	14,173	9,600	8,695	4,366
Special events	26,980	3,344	3,101	3,533	20,032	19,526	12,193	14,876
Turaga ni koro allowance	21,660	21,840	21,840	21,840	54,600	54,600	54,600	54,600
Mata ni tikina allowance	1,041	975	1,014	---	17,094	16,144	9,831	11,403
Other expenses	101,603	103,472	104,102	104,979	103,195	104,569	3,116	1,813
Total expenses covered by subv.	<b>340,460</b>	<b>313,670</b>	<b>335,449</b>	<b>331,863</b>	<b>388,207</b>	<b>381,835</b>	<b>284,017</b>	<b>258,015</b>
Depreciation	20,773	22,002	23,883	29,853	30,519	30,465	29,195	28,463
Personal cost - salaries	10,171	13,020	13,551	12,567	13,164	15,336	15,587	11,316
Motor vehicle cost	---	11,257	2,117	17,773	11,407	14,865	2,650	3,320
Interest and financial costs	3,022	3,621	5,068	11,086	10,493	10,708	10,252	12,079
Rates refund	17,034	---	16,431	15,935	2,750	---	800	---
Special events	---	24,111	23,753	25,804	4,337	---	150	767
Other expenses	8,940	10,722	13,255	10,371	46,416	13,332	7,068	4,549
Total expenses not covered by subvention	<b>59,940</b>	<b>84,733</b>	<b>98,058</b>	<b>123,389</b>	<b>119,086</b>	<b>84,706</b>	<b>65,702</b>	<b>60,494</b>
<b>TOTAL EXPENDITURE</b>	<b>400,400</b>	<b>398,403</b>	<b>433,503</b>	<b>455,252</b>	<b>507,293</b>	<b>466,5413</b>	<b>349,719</b>	<b>318,509</b>
<b>Net profit/(deficit)</b>	<b>14,736</b>	<b>(37,933)</b>	<b>25,336</b>	<b>(70,997)</b>	<b>(49,965)</b>	<b>24,775</b>	<b>44,504</b>	<b>36,330</b>

## Abridged Statement of Financial Position

	2000	2001	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank and on hand	115,132	96,644	39,598	4,271	21,624	12,453	64,064	81,049
Other current assets	14,937	34,697	143,529	161,177	159,070	131,757	75,128	124,668
Property, plant and equipment	351,299	376,357	410,372	446,559	415,664	435,852	519,494	524,456
Investment	---	---	41,164	32,879	50,875	91,795	116,352	121,605
<b>TOTAL ASSETS</b>	<b>481,368</b>	<b>507,698</b>	<b>634,663</b>	<b>644,886</b>	<b>647,233</b>	<b>671,857</b>	<b>775,038</b>	<b>851,778</b>
Other creditors	129,713	148,696	140,894	166,409	242,128	225,448	133,389	100,181
Loans	14,513	56,830	98,284	159,514	134,858	145,738	241,465	264,069
Deferred income	774	684	594	3,354	2,980	6,206	5,472	4,738
Special funds	---	---	68,067	59,782	61,405	63,828	69,235	120,983
<b>TOTAL LIABILITIES</b>	<b>145,000</b>	<b>206,210</b>	<b>307,839</b>	<b>389,059</b>	<b>441,371</b>	<b>441,220</b>	<b>449,561</b>	<b>489,971</b>
<b>NET ASSETS</b>	<b>336,368</b>	<b>301,488</b>	<b>326,824</b>	<b>255,827</b>	<b>205,862</b>	<b>230,637</b>	<b>325,477</b>	<b>361,807</b>
Accumulated funds	(42,297)	(77,177)	(51,841)	(122,838)	(172,803)	(148,028)	(53,188)	(16,858)
Assets revaluation reserve	378,665	378,665	378,665	378,665	378,665	378,665	378,665	378,665
<b>TOTAL FUNDS EMPLOYED</b>	<b>336,368</b>	<b>301,488</b>	<b>326,824</b>	<b>255,827</b>	<b>205,862</b>	<b>230,637</b>	<b>325,477</b>	<b>361,807</b>

## Lau Provincial Council

## Abridged Statement of Financial Performance

	2003 \$	2004 \$	2005 \$	2006 \$	2007 \$
Govt subvention for operating expenses	245,412	265,815	270,399	275,678	253,287
Income from investment	110,139	117,351	62,086	100,042	114,808
Provincial rates	36,644	31,810	47,323	70,498	31,975
Other income	6,579	6,609	5,577	5,413	9,009
<b>TOTAL INCOME</b>	<b>398,774</b>	<b>421,585</b>	<b>385,385</b>	<b>451,631</b>	<b>409,079</b>
Salary, wages allowance and related payments	188,208	176,273	168,846	177,400	169,994
Travelling and subsistence	33,720	9,484	14,326	11,934	7,747
Administration cost	23,491	21,315	20,292	12,063	7,763
Special events	45,092	13,866	26,941	13,923	18,689
Turaga ni Koro allowance	14,215	42,827	36,200	22,650	33,100
Mata ni Tikina allowance	---	9,683	7,656	9,297	7,954
Other expenses	25,494	17,536	12,928	12,202	13,348
<b>Total expenses covered by subvention</b>	<b>330,220</b>	<b>290,984</b>	<b>287,189</b>	<b>259,469</b>	<b>258,595</b>
Personal cost, allowance and related payments	18,279	20,073	18,342	14,452	16,001
Administration costs	769	7,195	6,655	3,781	7,764
Ka Vakavanua expenses	20,594	1,063	4,232	1,670	2,098
Special events	8,618	23,696	3,119	11,063	1,827
Soqosoqo Vakamarama	---	16,000	3,399	987	---
Grants to school	3,325	7,322	21,106	8,631	---
Other expenses	12,934	10,333	45,650	16,614	18,487
<b>Total expenses not covered by subvention</b>	<b>64,519</b>	<b>85,682</b>	<b>102,503</b>	<b>57,198</b>	<b>46,177</b>
<b>TOTAL EXPENDITURE</b>	<b>394,739</b>	<b>376,666</b>	<b>389,692</b>	<b>316,667</b>	<b>304,772</b>
<b>Net profit/ (deficit)</b>	<b>4,035</b>	<b>44,919</b>	<b>(4,307)</b>	<b>134,964</b>	<b>104,307</b>

## Abridged Statement of Financial Position

	2003 \$	2004 \$	2005 \$	2006 \$	2007 \$
Cash at bank and on hand	7,593	819	441	106,035	81,428
Other current assets	100,771	201,035	244,572	246,088	353,154
Property, plant and equipment	89,941	86,262	83,056	76,642	66,734
Investment	445,615		452,940	456,929	501,282
		449,306			
<b>TOTAL ASSETS</b>	<b>643,920</b>	<b>535,568</b>	<b>535,996</b>	<b>533,571</b>	<b>568,016</b>
Other creditors	40,412	144,823	127,057	132,823	130,185
Bank overdraft	22,266	4,857	27,886	3,775	---
Borrowings	289,379	253,665	293,951	284,363	284,363
<b>TOTAL LIABILITIES</b>	<b>352,057</b>	<b>403,345</b>	<b>448,894</b>	<b>420,961</b>	<b>414,548</b>
<b>NET ASSETS</b>	<b>291,863</b>	<b>132,223</b>	<b>87,102</b>	<b>112,610</b>	<b>153,468</b>
Accumulated funds	155,630	200,549	201,330	336,332	462,114
Assets revaluation reserve	49,566	49,566	49,566	49,566	49,566
Special funds	54,864	57,466	60,030	62,953	65,795
Deferred income	31,803	26,496	21,189	15,882	10,575
<b>TOTAL FUNDS EMPLOYED</b>	<b>291,863</b>	<b>334,077</b>	<b>332,115</b>	<b>464,733</b>	<b>588,050</b>

## Macuata Provincial Council

## Abridged Statement of Financial Performance

	2005	2006	2007
	\$	\$	\$
Government subvention for operating expenses	258,778	252,688	250,385
Macuata House rental	599,354	594,507	584,187
Income from investment	126,329	76,583	59,480
Provincial rates	19,956	48,961	12,886
Other income	9,668	11,976	27,444
<b>TOTAL INCOME</b>	<b>1,014,085</b>	<b>984,715</b>	<b>934,382</b>
Salary, wages allowance and related payments	119,869	134,429	130,250
Travelling, Subsistence and accommodation	18,113	8,590	8,190
Special Events	15,582	12,656	17,793
Turaga ni koro allowance	66,650	57,610	47,400
Mata ni Tikina Allowance	12,197	13,029	12,026
Repairs and Maintenance	9,671	6,746	10,063
Turaga ni koro allowance	8,841	8,755	7,877
Other Expenses	12,347	8,478	12,655
<b>Total expenses covered by subvention</b>	<b>263,270</b>	<b>250,293</b>	<b>246,254</b>
Interest and Financial Cost	332,342	351,192	395,101
Depreciation	62,265	67,301	60,324
Personal cost - salaries	3,900	5,940	4,380
Repairs and Maintenance - Macuata House	-	30,388	101,312
Insurance - Macuata House	7,985	23,015	11,500
Value Added Tax	-	197,188	36,576
Other Expenses	5,181	19,872	4,626
<b>Total expenses not covered by subvention</b>	<b>411,673</b>	<b>694,896</b>	<b>613,819</b>
<b>TOTAL EXPENDITURE</b>	<b>674,943</b>	<b>945,189</b>	<b>860,073</b>
<b>Net profit</b>	<b>339,142</b>	<b>39,526</b>	<b>74,309</b>

## Abridged Statement of Financial Position

	2005	2006	2007
	\$	\$	\$
Cash at bank and on hand	20,245	67,748	147
Loans and Advances	17,173	21,697	32,519
Other current assets	8,496	10,710	76,095
Property, plant and equipment	3,922,491	3,899,542	3,838,480
<b>Investment</b>	<b>290,430</b>	<b>290,669</b>	<b>369,686</b>
<b>TOTAL ASSETS</b>	<b>4,258,835</b>	<b>4,290,366</b>	<b>4,316,927</b>
Bank Overdraft	118,477	-	54,517
Other Payables	98,790	193,586	183,733
Interest Bearing Borrowings	3,409,647	3,426,742	3,350,925
Deferred Income	2,458	810	(838)
<b>TOTAL LIABILITIES</b>	<b>3,629,372</b>	<b>3,621,138</b>	<b>3,588,337</b>
<b>NET ASSETS</b>	<b>629,463</b>	<b>669,228</b>	<b>728,590</b>
Accumulated funds	(209,736)	(169,971)	(110,609)
Assets revaluation reserve	839,199	839,199	839,199
<b>TOTAL FUNDS EMPLOYED</b>	<b>629,463</b>	<b>669,228</b>	<b>728,590</b>

## Serua Provincial Council

## Abridged Statement of Financial Performance

	2002 \$	2003 \$	2004 \$	2005 \$
Government subvention for operating expenses	107,332	128,449	125,863	118,633
Income from investment	57,525	56,189	65,670	55,705
Provincial rates	20,152	10,000	3,320	4,535
Other income	2,973	22	12,159	4,866
<b>TOTAL INCOME</b>	<b>185,009</b>	<b>194,638</b>	<b>194,853</b>	<b>178,873</b>
Salary, wages allowance and related payments	71,925	82,349	78,809	71,444
Occupancy	8,043	6,784	4,008	4,225
Administration cost	5,817	11,712	9,405	5,186
Repairs and maintenance	6,115	6,368	8,263	2,753
Special events	9,380	11,352	5,556	7,571
Turaga ni koro allowance	5,760	5,820	15,150	14,400
Other expenses	7,862	7,407	13,323	15,222
<b>Total expenses covered by subvention</b>	<b>107,040</b>	<b>124,385</b>	<b>121,191</b>	<b>105,579</b>
Depreciation	7,135	7,600	5,029	15,149
Personal cost - salaries	3,191	---	3,500	300
Special events	2,349	5,157	10,632	6,300
Other expenses	928	6,400	1,412	6,226
<b>Total expenses not covered by subvention</b>	<b>12,675</b>	<b>12,757</b>	<b>19,161</b>	<b>21,749</b>
<b>TOTAL EXPENDITURE</b>	<b>119,715</b>	<b>137,142</b>	<b>140,352</b>	<b>127,328</b>
<b>Net profit</b>	<b>65,294</b>	<b>57,496</b>	<b>54,501</b>	<b>51,545</b>

## Abridged Statement of Financial Position

	2002 \$	2003 \$	2004 \$	2005 \$
Cash at bank and on hand	19,814	13,569	8,479	10,137
Other current assets	344,398	385,482	419,502	436,545
Property, plant and equipment	71,053	72,399	132,570	117,421
Investment	406,466	497,149	652,521	788,814
<b>TOTAL ASSETS</b>	<b>841,731</b>	<b>968,599</b>	<b>1,213,072</b>	<b>1,352,917</b>
Other creditors	49,510	42,017	46,426	96,735
Loans	310,421	310,421	329,872	248,179
<b>TOTAL LIABILITIES</b>	<b>359,931</b>	<b>352,438</b>	<b>376,298</b>	<b>344,914</b>
<b>NET ASSETS</b>	<b>481,800</b>	<b>616,161</b>	<b>836,774</b>	<b>1,008,003</b>
Accumulated funds	304,800	439,161	659,774	831,003
Assets revaluation reserve	77,000	77,000	77,000	77,000
Special funds	100,000	100,000	100,000	100,000
<b>TOTAL FUNDS EMPLOYED</b>	<b>481,800</b>	<b>616,161</b>	<b>836,774</b>	<b>1,008,003</b>

## Rewa Provincial Council

### Abridged Statement of Financial Performance

	2002	2003	2004	2005
	\$	\$	\$	\$
Government subvention for operating expenses	170,229	178,358	186,233	222,654
Provincial rates	31,200	31,326	40,028	39,084
Income from investment	70,830	13,251	55,892	67,661
Other income	17,091	867	38,338	9,579
<b>TOTAL INCOME</b>	<b>289,350</b>	<b>223,802</b>	<b>320,491</b>	<b>338,978</b>
Administration cost	11,045	6,495	2,544	8,110
Personal cost - salaries	112,057	119,009	100,429	105,598
Travelling and subsistence, meals	11,410	10,641	13,675	8,620
Staff training	-	-	34,884	22,880
Turaga ni koro allowance	12,860	14,081	4,653	3,114
Special events	20,091	35,550	19,882	25,991
Other expenses	13,053	12,848	13,258	13,384
<b>Total expenses covered by subvention</b>	<b>180,516</b>	<b>198,624</b>	<b>189,325</b>	<b>187,697</b>
Depreciation	14,619	15,625	15,799	16,476
Personal cost - salaries	2,129	1,695	1,200	6,945
Interest and financial costs	3,882	14,641	15,500	20,200
Ka vakavanua expenses	8,449	2,158	8,141	16,174
Rates refund	5,833	13,450	4,409	9,196
Special events	3,480	---	---	13,845
Scholarships and grants to schools	6,600	8,840	3,792	2,272
Turaga ni koro allowance	4,440	6,680	300	4,560
Other expenses	4,030	7,870	137,999	10,437
<b>Total expenses not covered by subvention</b>	<b>53,462</b>	<b>70,959</b>	<b>187,140</b>	<b>100,105</b>
<b>TOTAL EXPENDITURE</b>	<b>233,978</b>	<b>269,583</b>	<b>376,465</b>	<b>287,802</b>
<b>Net profit/(deficit)</b>	<b>55,372</b>	<b>(45,781)</b>	<b>(55,974)</b>	<b>51,176</b>

### Abridged Statement of Financial Position

	2002	2003	2004	2005
	\$	\$	\$	\$
Cash at bank and on hand	141,732	68,056	96,411	153,017
Other current assets	135,911	103,559	121,215	119,083
Property, plant and equipment	184,985	174,121	191,849	183,666
Investment	764,849	766,439	767,616	718,654
<b>TOTAL ASSETS</b>	<b>1,227,477</b>	<b>1,112,175</b>	<b>1,177,091</b>	<b>1,174,420</b>
Other creditors	173,192	139,748	136,311	133,578
Loans	602,599	589,758	715,266	665,333
<b>TOTAL LIABILITIES</b>	<b>775,791</b>	<b>729,506</b>	<b>851,577</b>	<b>798,911</b>
<b>NET ASSETS</b>	<b>451,686</b>	<b>382,669</b>	<b>325,514</b>	<b>375,509</b>
Accumulated funds	220,894	152,744	96,770	147,946
Assets revaluation reserve	140,936	140,936	140,936	140,936
Deferred income	9,856	8,989	7,808	6,627
Special funds	80,000	80,000	80,000	80,000
<b>TOTAL FUNDS EMPLOYED</b>	<b>451,686</b>	<b>382,669</b>	<b>325,514</b>	<b>375,509</b>

## Appendix D: Key Elements of Internal Control Assessments

Internal controls are categorized against the following five components of internal control:

<b>Control Environment</b> <p>The set of standards, processes and structures that provide the basis for carrying out internal controls across the Provincial Council. These include commitment to integrity and ethical values, independence of management to exercise oversight for the development and performance of internal control, documented structures, reporting lines and appropriate authorities such as delegated levels of authority and responsibilities in the pursuit of the entity's objectives. It also includes commitment to attract, develop and retain competent individuals, and holding them accountable for their internal control responsibilities.</p> <p><i>Examples of issues which fall under this category are ethical breaches, gaps in internal controls or controls are non-existent, individuals are not held accountable for breaches in control or entities code of ethics, staff recruitment, and training and professional development, performance assessment and succession planning matters.</i></p>
<b>Risk Assessment</b> <p>This involves a dynamic process for identifying and analyzing risks to achieve the entity's objectives, forming a basis for determining how risks should be managed.</p> <p><i>Examples of issues which would fall under this category are absence of risk management framework, operational including fraud and enterprise risks not identified, assessed and mitigated and impact of changes in business processes on controls not identified and assessed.</i></p>
<b>Control Activities</b> <p>These are established by policies and procedures to help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of an entity and at various stages within business processes, and over the technology environment.</p> <p><i>Examples of issues which would fall under this category are general controls relating to information technology, documentation of procedures which have in-built checks and balances which are aligned to the policies of the entity. Specific control activities include those relating to authorization, performance reviews, information processing, physical controls, and segregation of duties.</i></p>
<b>Information and Communication Control</b> <p>Information is necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the entity with the information needed to carry out day-to-day controls. Communication enables personnel to understand internal control responsibilities and their importance for the achievement of objectives.</p> <p><i>Examples of issues which would fall under this category are reporting to the Council and the iTaukei Affairs Board and Ministry of iTaukei Affairs on matters relating to internal controls.</i></p>
<b>Monitoring Activities</b> <p>On-going evaluations, separate evaluations or some combination of the two are used to ascertain whether controls are present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner.</p> <p><i>Examples of issues which would fall under this category are self-assessment by entities to determine whether internal controls are present and function. This may include the establishment of independent internal audit functions within entities which would assist in identifying any gaps in controls.</i></p>



## Appendix E: Responses from iTaukei Affairs Board

We provided the Final Management Letters for the 6 Provincial Councils to the Chief Executive Officer of the iTaukei Affairs Board. The iTaukei Affairs Board is responsible for the accuracy, fairness, and balance of the comments for the Provincial Councils.

The Table below provides a summary of management comments received from the iTaukei Affairs Board on the significant issues highlighted in Sections 3 & 4.

### Section 3: Internal Controls

Cash Management:
<p>Internal controls have been strengthened including cash count, preparation of monthly bank reconciliations. The Senior Assistant Roko Tui has been tasked to conduct surprise checks and this process is verified by the internal audit function. This is an ongoing process</p> <p>Due to the unavailability of documents, we were unable to prepare Cash – flow statements. Cash flow statements will be prepared from 2008 onwards.</p> <p>Daily banking is now strengthened and is now enforced. Monthly bank reconciliations commenced in 2008 and continue to be done till to date. Unpresented Cheques have been cleared.</p> <p>Finance Manual has been reviewed to reflect that the Senior Assistant Roko are tasked on these necessary checks:</p> <ul style="list-style-type: none"> <li>• Internal Control have been strengthened on receipting and banking.</li> <li>• Appointment of Assistant Treasurer to ensure segregation of duties.</li> <li>• Spots checks on cash counts and daily banking reinforced.</li> <li>• Establishment of the internal queries process at the PCA unit, where we have desk officers that run through and examine financial returns submitted from the Provincial offices to ensure proper documentation.</li> </ul> <p>Recruitments of unqualified officers to the finance unit was a contributing factor to poor financial management. The manual system used in 2005-2007 provided no proper controls. Now the Board is recruiting qualified Accountants and with the acquisition of the new financial system, major improvements are expected.</p>
Journals & Reconciliations
<p>This is primarily due to missing records. Some old journals passed did not have supporting documents. Unavailability of old records were the main cause and some journals could not be located.</p> <p>We have now maintained a Journal Register to record all journals passed and filed in journal files. Record management has been improved.</p>
Purchases & Payments
<p>There has been workshops organized for Provincial Treasurers where re-fresher training are provided on procurement and payment procedures.</p> <p>Unavailability of records in these years have become a drawback. The Board now has proper storage for Provincial Councils records to ensure that they are accessible for audit when required. Filing and record management at the Council have been improved</p> <p>Proper check and balances now in place for all financial returns received from the Councils.</p>

Finance Manual and Standing Operating Procedures have been developed and compliance is strictly monitored by Supervisors and by the Internal Audit Function. Finance staff are instructed to strictly comply. Quality Assurance Check is conducted in – house on financial returns received from Provincial Councils on a bi-monthly basis. This is to ensure that anomalies are identified and addressed in a timely manner.

#### **Payroll**

Improvements now made in the payroll department. Salary files are now regularly updated. Currently salary reconciliations are carried out weekly for wage processing and fortnightly when processing salary.

Filing and record management systems have been improved for ease of reference. TAB has acquired a new HR system which is expected to go-live in November 2018. The new HR manual is expected to improve a lot of HR processes

### **Section 4: Other Significant Matters**

#### **Submission of financial statements for audit**

The Board is also concerned with the above. The iTaukei Affairs Board in its efforts to update audit of the Provincial Councils accounts has set up a taskforce primarily to reconcile and prepare annual accounts and have them ready for audit. Targets are tracked on a monthly basis. The Board is committed towards clearing this backlog and has acquired a new financial system that will integrate with the 14 provincial offices. Go Live date is set for August 2018. The change management in-house coupled with the adoption of OMRS has resulted in the recruitment of qualified accountants as Provincial Treasurers.

IFRS Training was organized for officers and Board will continue to build capacity of existing resources and ensure that qualified personnel is recruited for the Taskforce. Relevant trainings will be provided on financial reporting standards during Treasurers workshops in the 2018/2019 financial year.

#### **Compliance with the accounting standards**

Due to unavailability of documents, team were unable to prepare cash flow statements. Cash flow statements have been submitted for 2008 – 2010 accounts and will continue to be prepared for the remaining accounts. Recommendations noted and improvement made in the recent submission made for the audit.

IFRS Training was organized for officers and Board will continue to build capacity of existing resources and ensure that qualified personnel is recruited for the Taskforce. Relevant trainings will be provided on financial reporting standards during Treasurers workshops in the 2018/2019 financial year.

#### **Limitation of scope**

Unavailability of supporting documents for the FY 2002 is a major drawback. Treasurers were operating manually while data entry was centralised at Head office. The auditors were provided with the records that were available at the time of the audit. Presently data entry has been decentralised and treasurers are able to post financial data from their respective stations. Bi-monthly returns are sent to Head office for verification. Going forward record keeping methods have been improved and supervision strengthened.

In 2013, the Board managed to install an improved version of WINIZ systems where posting of financial transactions were de-centralized to the Council offices. Improvement in the reconciliation were noted however due to the non-integration of the financial system, the Board will now soon introduce an integrated software connecting the 14 Councils and HQ. More robust checks and reconciliations are expected to be carried out.

#### **Records management**

A 40'ft container has been purchased to store all financial records received from Provincial Councils. Going forward proper records management has been reemphasized to all Treasurers and supervision strengthened.

<b>Asset Management</b>
A recent valuation exercise is scheduled to be undertaken in the new financial year 2018/2019.
<b>Loans and advances to staff and public</b>
<p>The Provincial Councils have ceased loans to staff and public. The 2015 Finance Manual has clear provision on staff advances including a surcharge of 10% for late retirements. List of all staff imprest issued and retirements is reported during the monthly Senior Management Board meeting.</p> <p>Internal control has been strengthened such as all advances issued to Roko Tui requires Head Office assessment and approval. Strict measures now put in place for advances to staff. Retirement must be made within 7 days of return to station. No new advances issued to officers with outstanding imprest.</p>
<b>Policies &amp; Procedures</b>
<p>SDP for the next 4 years and Operations Plan now developed for the current financial period. Finance Manual has been developed and reviewed in 2015 that included asset capitalization criteria and will be again reviewed in 2018 following the installation of the new financial system.</p> <p>Internal Audit function has been strengthened to ensure compliance and strengthen internal controls.</p>
<b>Provincial Rates</b>
This is primarily due to missing records. Going forward rates reports are now maintained and are now submitted to the iTaukei Affairs Board for better tracking and monitoring. Provincial rate budget and utilisation awareness is ongoing during the Tikina Council / Village Council meeting. Rates collection has improved overall and revenue drive has been strengthened.
<b>Confirmations for Investment with Provincial Companies</b>
Request for audit confirmations were sent, however, no confirmation received till to date. We will continue to liaise with them on these confirmations
<b>VAT</b>
Currently awaiting responses from the Fiji Revenue Customs Services on our VAT stand.

## Appendix F: Glossary

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws.
Audit evidence	A difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Audit Memorandum	Management Letter highlighting areas where improvements can be made by an entity following an audit.
Audit Strategy	The strategy that sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan
Business continuity risk	Business interruption can result from natural occurrences and accidental or deliberate criminal acts. Those interruptions can have significant financial and operational ramifications. Over time, an organization will experience an event that will result in the loss of information, access to properties (tangible or intangible), or the services of personnel. Exposure to those types of risks and the planning for business continuity is an integral part of an organization's risk management process.
Capital works	Amount capitalized to the balance sheet for contributions by an entity to major assets owned by the entity, including expenditure on: <ul style="list-style-type: none"> <li>• capital renewal of existing assets that returns the service potential or the life of the asset to that which it had originally</li> <li>• capital expansion which extends an existing asset at the same standard to a new group of users.</li> </ul>
Deficiencies	Failing, weakness or shortcoming
Deposits from public	Deposits received from the public for specific purpose.
Depreciation	The systematic allocation of a fixed asset's capital value as an expense over its expected useful life to take account of normal usage, obsolescence, or the passage of time.
Development Assistance Scheme	Funds provided for capital assistance for the villages within the boundaries of the respective Provincial Councils.
Express an opinion	A written expression of the auditor's overall conclusion on the financial report based on audit evidence obtained.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Governance	Governance is defined as the manner in which those in vested authority uses its powers to achieve the institution's objectives, including its powers to design, implement and innovate the organization's policies, rules, systems and processes and to engage and involve its stakeholders.
Governing bodies/ Charged with governance	A body of persons or officers having ultimate control. They are mainly constituted for the purpose of administration.

Term	Definition
Government subvention for operating expenses	This is financial assistance provided by the Government to the Provincial Councils for the operational expenditures.
Impairment	When an asset's carrying amount exceeds the amount that can be recovered through use or sale of the asset.
"i-Taukei"	Includes every member of an aboriginal race indigenous to the Fiji. Also included every member of aboriginal race indigenous to Melanesia, Micronesia and Polynesia living in Fiji who has elected to live in an <i>iTaukei</i> village.
Fiji Accounting Standards	Standards adopted by Fiji Institute of Accountants for financial reporting by large and medium entities in Fiji.
"Ka Vakavanua"	A customary thing or way of the land. Expenses related to "Ka Vakavanua" includes kava, mats, whales tooth, etc.
"Koro"	A village.
Management	Those with the executive responsibility for conducting an entity's operations.
"Mata ni Tikina" (MNT)	Elected person from a <i>Tikina</i> who is appointed by the Minister of <i>iTaukei</i> Affairs to link the traditional structure (or Vanua) for his or her <i>Tikina</i> and the Provincial Council. He or she represents the <i>Tikina</i> at Provincial Council meetings. The MNT submit a monthly report on the physical development such as schools, hospitals and roads in the villages, and, outside of the periphery of the villages to the Provincial Council. The report is analyzed by the Provincial Council and is used to justify the payment of the allowance.
Material misstatement	A significant difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Materiality	This relates to the size or nature of the item or error judged in the particular circumstances of its omission or misstatement. Information is material if its omission or misstatement could influence the economic decisions of users, taken on the basis of the financial statements.
Misstatement	A difference between the amounts, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Non-government subvention expenditures	Generally refers to as non-operating expenses. The expenses incurred that are unrelated to the Council's core operations.
Other significant matters	Include control weaknesses which could cause or is causing severe disruption of the process or severe adverse effect on the ability of an

Term	Definition
	auditee to achieve process objectives and comply with relevant legislation.  It is likely that these issues may have an impact on the operations of the entities in future, if necessary action is not taken to address them.
Provincial rates	A rate imposed by the Council upon every <i>iTaukei</i> male of a Province between the ages of twenty one and sixty years. The rates are collected on communal basis and used to fund expenditures not covered by Government Subvention.
Valuation/Revaluation	The action of assessing the value of something again.
Risks	The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.
“Roko Tui”	Chief Executive Officer, Chief Accounting Officer and Secretarial to the Council. The <i>Roko Tui</i> is the main communication link between the modern and traditional government systems.
“Soqosoqo Vakamarama”	This refers to the <i>iTaukei</i> women’s organization that operates at a village level. Expenses related to <i>Soqosoqo Vakamarama</i> includes contribution of the Council to the women’s project
Standards on auditing	International Standards on Auditing adopted by Fiji Institute of Accountants and applied by Office of the Auditor-General for audits carried out.
“Tikina”	A District – established under the <i>iTaukei</i> Affairs Act 1944 or By-Laws.
“Turaga-ni-Koro”(TNK)	A village member elected by the village council and approved by the <i>Tikina</i> council or appointed in such manner as may be prescribed by the Board, to see to the carrying out of social services or to undertake such duties as may be prescribed. The TNK submits a monthly report on all issues including environmental, political and social at village level to the Provincial Council. The report is analyzed by the Council and is used to justify the payment of the allowances.
Valuation	The process of determining the fair value of an asset.
Value-adding	Financial or non-financial gains arising from improved compliance or mitigation of risks.
“Yasana”	A Province – established under the <i>iTaukei</i> Affairs Act 1944 or By-Laws.

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